

## Methodological guide to the Report

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**This sustainability report represents the** Non-Financial Statement (NFS) of Hera S.p.A. and its subsidiaries (the "Group") with reference to the year 2021 (from 1 January 2021 to 31 December 2021), drafted in compliance with articles 3 and 4 of Italian Legislative Decree 254/2016 (hereinafter also "Decree"), in implementation of Directive 2014/95/EU. The NFS reports the information relating to relevant environmental, social and personnel-related issues, as well as the respect for human rights and anti-corruption, helpful in ensuring an understanding of the activities carried out by the Group, its performance, its results and the impact generated by the latter. In order to define the aspects relevant to the Group and its stakeholders, a structured **materiality analysis** process was carried out which is described in the section "The materiality analysis and definition of contents" of this Methodological guide to the Report.

As established by Art. 5 of Italian Legislative Decree 254/2016, this document forms a separate report and is marked with specific wording in order to connect it to the Non-Financial Statement required by law.

Hera Group considers the NFS its sustainability report, a primary tool for managing and reporting its activities and results in the economic, environmental and social fields, as well as a fundamental tool for providing information to and engaging in dialogue with its stakeholders.

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The Sustainability Report has been drawn up and published yearly since 2002. Since 2007, it has been **approved by the Board of Directors of Hera Spa** when the annual and consolidated financial statements are approved and has been submitted to the Shareholders' Meeting. The most recent sustainability report was published in April 2021. This edition was approved by the Board of Directors of Hera Spa on 23 March 2022. This aspect demonstrates the **central role** of sustainability and corporate social responsibility in Hera Group's planning and control system, which brought forward the obligations introduced by the European directive on non-financial reporting by more than ten years.

The document is widely disseminated to all of the Group's stakeholders through publication on the company's website and distribution and presentation to all Group workers.

**In addition to the performances and goals achieved, the sustainability report provides the principles which guide Hera Group's actions, the future objectives, the results of its dialogue with stakeholders** and its **existing** initiatives.

The structure of the sustainability report is the direct consequence of the **strategic approach** aimed at **creating shared value** that Hera Group has adopted since 2016 to respond more effectively to the challenges of sustainable economic development at global and local level, and to make the value generated through the local area more tangible.

The appendix to this report also contains some **case studies**, i.e. descriptions of projects that provide further evidence of the Group's commitment to sustainability, the creation of shared value and the relevant results achieved in said areas.

The scope of reporting  
[102-5]  
[102-45]

The scope of the **economic and financial** data and information is the same as Hera Group's consolidated financial statements as at 31 December 2021. The scope of the **social and environmental** data and information includes all the companies consolidated using the line-by-line method in the Group's consolidated financial statements, as reported below.

### COMPANIES INCLUDED IN THE SCOPE OF REPORTING

HERA Spa	Hera Comm Spa	Herambiente Spa	AcegasApsAmga Spa	Marche Multiservizi Spa
<ul style="list-style-type: none"> <li>■ Acantho Spa</li> <li>■ AcegasApsAmga Spa</li> <li>■ Hera Comm Spa</li> <li>■ Hera Trading Srl</li> <li>■ Herambiente Spa</li> <li>■ Heratech Srl</li> <li>■ Inrete Distribuzione Energia Spa</li> <li>■ Marche Multiservizi Spa</li> <li>■ Uniflotte Srl</li> </ul>	<ul style="list-style-type: none"> <li>■ Amgas Blu Srl</li> <li>■ Eco Gas Srl</li> <li>■ Estenergy Spa               <ul style="list-style-type: none"> <li>- Ascopiave Energia Spa</li> <li>- Ascotrade Spa</li> <li>- Blue Meta Spa</li> <li>- Etra Energia Srl</li> </ul> </li> <li>■ Hera Comm Marche Srl</li> <li>■ Wolmann Spa</li> </ul>	<ul style="list-style-type: none"> <li>■ Aliplast Spa               <ul style="list-style-type: none"> <li>- Aliplast France</li> <li>- Aliplast Iberia</li> <li>- Aliplast Polska</li> </ul> </li> <li>■ ASA Scpa</li> <li>■ Biorg Srl</li> <li>■ Feronia Srl</li> <li>■ Frullo Energia Ambiente Srl</li> <li>■ Herambiente Servizi Industriali Srl:               <ul style="list-style-type: none"> <li>- Recycla Spa</li> <li>- Vallortigara Servizi Ambientali Spa and 2 subsidiaries</li> </ul> </li> <li>■ Hestambiente Srl</li> </ul>	<ul style="list-style-type: none"> <li>■ AcegasApsAmga Servizi Energetici Spa               <ul style="list-style-type: none"> <li>- Hera Servizi Energia Srl</li> <li>- Tri-Generazione Scarl</li> </ul> </li> <li>■ Aresgas EAD               <ul style="list-style-type: none"> <li>- Aresenergy Eood</li> <li>- Ares Trading EOOD</li> <li>- Atlas Utilities EAD and 1 subsidiary</li> <li>- Black Sea Gas Company Eood</li> </ul> </li> <li>■ Hera Luce Srl</li> </ul>	<ul style="list-style-type: none"> <li>■ Marche Multiservizi Falconara Srl</li> <li>■ Green Factory Srl</li> </ul>

[102-10]

These changes were made to the 2020 scope:

- **Hera Comm Nordest Srl** was merged by incorporation in EstEnergy Spa on 29 March 2021, with accounting effects backdated to 1 January 2021;
- **Ares Trading EOOD**, which trades in natural gas, was established by Aresgas EAD on 28 June 2021 and fully consolidated from 30 November 2021;
- **Atlas Utilities EAD and its subsidiary Primagas AD**, which distribute and sell natural gas, joined the Group's scope of consolidation on 30 June 2021 and were fully consolidated, with the income statement and balance sheet effects backdated to 1 May 2021;
- **Eco Gas Srl**, gas and electricity sale company, was fully consolidated from 31 December 2021, with the income statement and balance sheet effects backdated to 1 July 2021;
- **Biorg Srl**, specialised in the design, performance and management of waste management services was fully consolidated from 30 September 2021;
- **Green Factory Srl**, a company operating in the waste collection, transport, storage, treatment, disposal and/or recovery business, was fully consolidated from December 2021, effective for income statement and balance sheet purposes as at 1 January 2021;
- **Vallortigara Servizi Ambientali Spa and its equity investments (Vallortigara Angelo Srl, Hydro Mud Srl and Vegri Scarl)**, which deal with both waste management and laboratory analysis for the waste management sector, were fully consolidated from December 2021;
- **Recycla Spa**, specialised in industrial waste management, joined the Group's scope of consolidation from 30 June 2021 and was fully consolidated, with income statement and balance sheet effects backdated to 1 January 2021.

Any changes to the scope indicated above are appropriately reported in the document and, where present, do not compromise the proper representation of the business activity.

Even if not included in the scope of consolidation, information relating to the company **Enomondo Srl** (in which Herambiente holds a 50% interest) which manages a biomass plant, has been reported. This information includes the aspects linked to atmospheric emissions and waste disposal.

In order to compare data over time and to assess the performance of the Group's activities, the comparative data relating to the two previous years has been included, if available. In addition, in order to correctly represent the performances and ensure the reliability of the data, limited use has been made of estimates, and where these have been used, are based on the best methods available and reported accordingly.

### The reporting standards

[102-12]

[102-54]

This sustainability report/NFS has been drawn up in compliance with the “**Global Reporting Initiative Sustainability Reporting Standards**” defined by the Global Reporting Initiative (GRI) according to the “**In accordance**” – **Core option**.

For the definition of value added and its distribution to stakeholders the “**Standard GBS 2013 - Principles for drawing up sustainability reports**” defined by Gruppo di studio per il Bilancio Sociale (GBS) was also used.

Furthermore, as a result of the commitments undertaken by the Group in relation to the **Global Compact (United Nations)**, the report represents the yearly **Communication on Progress** that is submitted to this institution.



During 2020, the Hera Group aligned the NFS with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), published in 2017 by the Financial Stability Board, and the Guidelines of the European Union on the communication of information relating to the climate, published in June 2019 by the European Commission. The process of adhering to and aligning with the recommendations of the Task Force, approved by the Management Review Committee in 2020, saw the involvement of a designated interdepartmental team comprised of the Shared Value and Sustainability, Risk Management, Strategic Planning, Energy Management, and Administration, Finance and Control departments. The information in line with the Recommendations of the Task Force on Climate-related Financial Disclosures includes: an overview of the Group's greenhouse gas emissions by chain; a table with the main objectives and indicators in greenhouse gas in the appendix (updated in 2021 according to the document “Guidance on Metrics, Targets, and Transition Plans” published in October 2021 by the

Task Force; the description of the bonus system linked to climate objectives; the description of the governance processes regarding climate-related risk supervision and management; and lastly, some initiatives identified to reduce risks and anticipate the opportunities arising from climate change.

Finally, the Hera Group aligned its reporting with **EU Delegated Regulation 2021/2178 that supplements EU Regulation 2020/852**, which regulates the **taxonomy** of eco-sustainable activities. The paragraph dedicated to the "European taxonomy of eco-sustainable activities" includes the information required by the Regulation with some advances with respect to the obligations set forth for the 2021 NFS and some additional elements including the EBITDA taxonomy with an interpretation that makes it possible to compare it with the "shared value EBITDA" which the Group has reported since 2016.

## The reporting process

In addition to the previously listed guidelines, the sustainability report was drawn up in compliance with a specific Group internal procedure issued in 2012, updated in 2015 and 2019. This procedure describes the activities required for planning, achieving, approving, disclosing and presenting the report, as well as the associated roles and responsibilities.

The **social and environmental sustainability** objectives set out in the sustainability report were defined with reference to the planning and control instruments used by the Group: 2021-2025 business plan, 2022 budget and 2022 balanced scorecard. These interconnected instruments contain sustainability objectives which have an impact on stakeholders. In particular, the business plan includes sustainability-related indicators for which quantitative targets have been defined.

The **collation** and the **consolidation** of the information and data presented in the sustainability report took place by means of the use of dedicated software: data and information were directly communicated via the software by the contact individuals and were subsequently validated by the designated managers in the internal procedure.

[102-48] Any **changes in calculations** compared to previous years are properly listed in the notes to the tables.

The  
Management  
Review  
Committee and  
the work group  
[102-53]

The sustainability report was drawn up by the Shared Value and Sustainability Department of Hera Spa (bs@gruppohera.it), with the participation of numerous contact individuals, both in terms of data collection and for the descriptions and comments. The preparation and supervision of the work, as well as the approval of the improvement objectives and of the document to be submitted to the Board of Directors was carried out by the Management Review Committee, made up of the Executive Chairman of the Board of Directors, the Chief Executive Officer and 16 Group directors.

Thanks to all the 326 persons involved in the preparation of this Sustainability Report.

Auditing of the  
report  
[102-56]

The Consolidated non-financial reporting is subject to a limited audit ("limited assurance engagement" in accordance with the criteria indicated by the ISAE standard 3000, Revised version) by the independent auditing firm Audirevi Spa; these activities concluded with the issue of the "Independent auditors' report" presented at the end of this document.

It should be noted that the quantitative information contained in the Non-Financial Statement, which does not refer to the indicators reported in the "GRI Contents reference table", has not been specifically examined by the independent auditing firm Audirevi Spa. This information has been presented voluntarily, also on the basis of the materiality analysis, to supplement that required by Italian Legislative Decree 254/2016 and by the reporting standards adopted by the Hera Group.

Hera's  
stakeholders  
[102-21]  
[102-40]  
[102-42]  
[102-43]  
[102-44]

## The stakeholders and the materiality analysis

Hera Group's stakeholder map has been defined starting off from a survey of its stakeholders. Each category of stakeholders identified presents particular interests and priority topics and is listened to through specific dialogue and involvement initiatives. The infographic below provides a summary of the stakeholders identified and the main dialogue and consultation activities carried out during the year. For detailed information see the "Dialogue with our stakeholders" section (chapter "Governance and creation of value"). [Dialogo con i](#)



**The materiality analysis and definition of the contents [102-46]**

**Non-financial and sustainability reporting is preceded annually by the analysis and identification of material topics for the Hera Group and its stakeholders.** Specifically, the relevant aspects are selected according to the size of the impacts (positive and negative) generated and the repercussion they may have on stakeholders' decisions. The process for defining the material topics is based on the analysis of internal and external documents which brings to light the most relevant topics related to the shared value and sustainability, which the reporting must focus on.

To identify the topics linked to the Hera Group's activities with an economic, social and environmental impact, reference has been made to the **business plan** and **risk analysis**. The two documents highlight the strategic priorities and the main risks monitored and how these can affect the shared value and sustainability dimension.

In order to understand the material topics for stakeholders, the **external scenario** relating to the three drivers of shared value, the main **regulatory changes**, the **press review**, the issues raised during the **HeraLABs** and the main issues arising from other **engagement activities** (including the internal climate survey and the customer satisfaction survey) were taken into account.

So the external context concerning the **three drivers identified for the creation of shared value** was then analysed: pursuing carbon neutrality, regenerating resources and closing the loop, enabling resilience and innovating. For each of the three drivers, global, European, national and local **policies** were analysed in-depth to define the priorities for change towards sustainability; this involved more than 100 policies, including the 2030 UN Agenda, in relation to which the commitments and the most significant quantitative targets for Hera's activities were considered.

Regarding the **press review**, the presence of information regarding the Hera Group was analysed in the leading national, regional and local newspapers by highlighting the topics that showed greater visibility in more than one local area (articles and topics with overall negative visibility index above one thousand points or positive visibility index above five thousand points were selected).

The **HeraLABs** were then considered, encounters with stakeholders which have the purpose of proposing initiatives for involving the reference area and improving the sustainability of the services offered, periodically checking their effectiveness. During the various LAB meetings, aspects of interest to the categories of stakeholders which take part in them are proposed and analysed, and improvement initiatives are identified which are jointly planned by Hera and the LAB itself.

Lastly, the **annual customer satisfaction survey** assesses the quality of services offered and customers' satisfaction with the Group, also highlighting the aspects that are of particular importance in determining customers' overall satisfaction. The biennial employee satisfaction survey and dialogue with consumer associations also contributed to the definition of relevant topics.

The material topics identified as a result of this analysis are submitted annually to the Management Review Committee, which approves selection so that they can then be added to the full list of the material topics.

**[102-47]**  
**[102-49]**

The macro-topics emerging from all those involved in the materiality analysis are: circular economy, climate change and resilience. These are also the main topics that emerged in the shared value model of the Hera Group and to which the following three chapters, respectively, are dedicated: environment, energy and local area. There have been few changes with respect to the topics presented in the 2020 sustainability report. The themes relating to climate change have taken on more significance, also following approval of the European Fit for 55 policy, **and the cost of energy services**, due to the increase in the cost of energy carriers. Special attention has been focussed by stakeholders on **plant development** in three local areas: in Ferrara (in relation to the increase in the quantity of waste that can be disposed of in a waste-to-energy plant), in Padua (in relation to the construction of the fourth line of the waste-to-energy plant, replacing lines 1 and 2) and in Pesaro (in relation to the construction of a plant for the bio-digestion of organic waste aimed at the production of compost and biomethane). Account has been taken of these new aspects in drafting this report.

**Breakdown of the information required by Italian Legislative Decree No. 254/2016 and relevant aspects**

**[103-1]**

Each sphere of Italian Legislative Decree 254/2016 has been reported on within this report, in accordance with current legislation. The various material topics identified in the above-mentioned analysis are consistent with the Decree on the non-financial information.

The following table summarises the material topics, reported **in order of relevance**, and their relationship with the aspects of Italian Legislative Decree 254/2016 and the GRI Standards, used for the relevant reporting. By contrast, the link between the material topics and the policies/methods for managing them are shown in the appendix.

Description of material topic	GRI Standard	Areas of the decree
<p><b>Transition to a circular economy</b></p> <p>The Hera Group's business model, for the businesses managed, is geared increasingly more towards the circular economy. In fact, Hera is committed to increasing recycling and recovery, reducing transfers to landfills, promoting waste prevention initiatives and improving internal circularity.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, risk analysis, scenario analysis, regulations) and for the reference stakeholders (press review, HeraLAB).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, customers</p>	GRI 306: Waste 2020	Environmental topics: Art.3, paragraph 2, letter c

Description of material topic	GRI Standard	Areas of the decree
<p><b>Reduction of greenhouse gas emissions (climate change)</b></p> <p>The Hera Group produces greenhouse gas emissions, both in managing its activities and (in particular) through activities carried out by customers and suppliers originating from the sale of its services (gas, electricity). The Group is committed to reducing these emissions and, for said purpose, has set targets in line with the SBTi method.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, scenario analysis, regulations) and for the reference stakeholders (HeraLAB).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, customers, suppliers</p>	GRI 305: Emissions 2016	Environmental topics Art. 3, paragraph 2, letters a, b, c
<p><b>Integration of climate change in the governance, the strategy and the analysis of the risks</b></p> <p>The Hera Group produces greenhouse gas emissions, both in managing its activities and (in particular) through activities carried out by customers and suppliers caused by the sale of its services (gas, electricity). The Group is committed to integrating greenhouse gas emission reduction targets in its governance, risk analysis and company strategy. In fact, this reporting is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Union's Guidelines on reporting climate-related information.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, scenario analysis, regulations) and for the reference stakeholders (HeraLAB).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, customers, suppliers</p>	-	Environmental topics Art. 3, paragraph 2, letters a, b, c
<p><b>Resilience and adjustment</b></p> <p>As operator of water services and gas and electricity distribution services, the Hera Group has to handle the management of the water and energy networks following a rationale of resilience and adjustment to outside events.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, scenario analysis, regulations) and for the reference stakeholders (HeraLAB, ICS).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community</p>	-	Environmental topics: Art.3, paragraph 2, letters a, c
<p><b>Quality, costs of waste collection and city integrity service</b></p> <p>The Hera Group manages municipal waste collection services in the area served and, in order to guarantee the quality of the service provided, commits itself to observing minimum standards.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, regulations) and for the reference stakeholders (press review, HeraLAB).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, Public Administration</p>	GRI 306: Waste 2020 GRI 417: Marketing and labelling 2016	Social themes Art.3, paragraph 2, letters c, d

Description of material topic	GRI Standard	Areas of the decree
<p><b>Promotion of energy efficiency and spreading renewable energy</b></p> <p>The Hera Group, as an energy services provider, offers solutions aimed at energy efficiency and decarbonisation. Hera also fosters more widespread use of renewable energy, which it produces mainly by exploiting the organic media of waste (e.g.: biomethane) and which it offers to its customers by means of dedicated offers. Hera is also committed to the in-house reduction of energy consumption and to using renewable energy.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, scenario analysis, regulations) and for the reference stakeholders (HeraLAB).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, customers</p>	GRI 302: Energy 2016	Environmental topics: Art.3, paragraph 2, letters a, b, c
<p><b>Innovation, digitalisation, data analytics, artificial intelligence, cyber security</b></p> <p>The Hera Group, through the Innovation Department, develops innovative projects within the context of digitalisation, data analytics and business intelligence, committed to innovating and digitalising internal processes and external services, in order to make its business more efficient, reliable, secure and circular. <b>Within the Group, the company Acantho, which provides businesses and private customers with high-performance connectivity, telephony and data centre services, pays special attention to the issue of cyber security.</b></p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (risk analysis, business plan, scenario analysis, regulations) and for the reference stakeholders (HeraLAB, climate survey).</p> <p><i>Internal impact:</i> Group, Employees <i>External impact:</i> Local community, customers</p>	GRI 203: Indirect economic impacts 2016 GRI 418: Customer Privacy 2016	Social themes Art.3, paragraph 2, letter d
<p><b>Safety, cost and continuity of the service provided to customers</b></p> <p>The Hera Group handles basic services for customers and the local community, such as the supply of water, gas and electricity, as well as waste collection. For this reason, it undertakes to guarantee a safe and reliable service, limiting interruptions. The Group is committed to ensuring the resilience of its electricity grids and water networks, with a view to adaptation to the climate change.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (risk analysis, business plan) and for the reference stakeholders (press review, HeraLAB, ICS).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, Customers</p>	GRI 416: Consumer health and safety 2016	Social themes Art.3, paragraph 2, letter d

Description of material topic	GRI Standard	Areas of the decree
<p><b>Sustainable management of water resources</b></p> <p>The Hera Group, being an operator of water services, undertakes to guarantee its customers the perfect quality of the water together with all the technical services indispensable for maintaining the continuity of the supply. Furthermore, Hera is involved in water management activities (for its own consumption and that of its customers), along with sewage and wastewater treatment sector upgrade and network resilience activities.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, scenario analysis, regulations) and for the reference stakeholders (HeraLAB, ICS).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, Customers</p>	GRI 303: Water 2018	Environmental topics: Art.3, paragraph 2, letters a, c
<p><b>Air and soil quality</b></p> <p>When managing energy production and waste-to-energy plants, the Hera Group commits itself to maintaining the air quality levels much higher than the legal limits. Also when managing the company vehicle fleet, the Group aims to promote the vehicles with a lower environmental impact. Furthermore, the Group is involved in the development of its own offers in the electric mobility field and in the increase in the efficiency of the district heating service. With regard to land protection, the Group assesses the design and planning of its plants and infrastructures seeking to limit consumption.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (risk analysis, scenario analysis, regulations) and for the reference stakeholders (HeraLAB).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, Customers</p>	GRI 305: Emissions 2016	Environmental topics Art. 3, paragraph 2, letters b, c
<p><b>Training and professional development, remuneration and incentives</b></p> <p>The Hera Group considers the training and professional development of its employees to be fundamental, and demonstrates this through the average per capita training hours for its employees, the numerous training activities organised at HerAcademy, the leadership model and the development process, which assesses over five thousand employees each year. Furthermore, Hera defines and applies a remuneration and incentive policy aimed at attracting, motivating and retaining its human resources.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (business plan, regulations) and for the reference stakeholders (climate survey).</p> <p><i>Internal impact:</i> Employees <i>External impact:</i> -</p>	GRI 404: Professional training 2016	Aspects regarding HR management Art.3, paragraph 2, letter d

Description of material topic	GRI Standard	Areas of the decree
<p><b>Local development of the area, indirect economic impacts and social inclusion</b></p> <p>The activities managed by the Hera Group (water, waste management and energy services) generate significant indirect impacts on the reference area. These include the distribution of value added to the various categories of stakeholders in the local area, the lead-on employment of the suppliers, social responsibility in tenders with the social clause.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (regulations) and for the reference stakeholders (HeraLAB, ICS and Consumer Associations).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Suppliers, Shareholders, Local community, Public Administration</p>	<p>GRI 201: Economic performance 2016 GRI 203: Indirect economic impacts 2016 GRI 204: Approach to supplies 2016 GRI 401: Employment 2016 GRI 404: Professional training 2016 GRI 413: Local communities 2016</p>	<p>Social themes Art.3, paragraph 2, letter d</p>
<p><b>Quality and consumption of the mains water</b></p> <p>The Hera Group manages water services and has wastewater treatment and purification plants. Therefore, it is committed to ensuring high levels of wastewater treatment and purification, including through the planning of improvement measures for plants and networks.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (scenario analysis) and for the reference stakeholders (HeraLAB, ICS).</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, Customers</p>	<p>GRI 416: Consumer health and safety 2016 GRI 417: Marketing and labelling 2016</p>	<p>Social themes Art.3, paragraph 2, letter d</p>
<p><b>Occupational Health and Safety</b></p> <p>The Hera Group safeguards a healthy and safe work environment, committing itself to measures to reconcile the work-life balance, as well as to maintaining a consistently low lost time injury rate. Furthermore, Hera considers possession of the Iso 45001 certification to be a social criteria in the process for the identification, selection and monitoring of suppliers, and monitors the main lost time injury indexes for the main suppliers of goods and services.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (risk analysis) and for the reference stakeholders (press review).</p> <p><i>Internal impact:</i> Employees <i>External impact:</i> Suppliers</p>	<p>GRI 403: Occupational Health and Safety 2018</p>	<p>Aspects regarding HR management Art.3, paragraph 2, letters c, d</p>
<p><b>Diversity</b></p> <p>The Hera Group protects the rights of all the employees, undertaking to guarantee equal opportunities and to value diversity. In 2009 Hera signed the Equal Opportunities Charter and in 2011 established a Diversity manager who, together with a work group, defines projects, activities and initiatives concerning diversity and inclusion.</p> <p>This topic proved to be particularly significant for the Group, based on the materiality analysis (scenario analysis, regulations).</p> <p><i>Internal impact:</i> Employees <i>External impact:</i> -</p>	<p>GRI 401: Employment 2016 GRI 405: Diversity and equal opportunities 2016</p>	<p>Aspects regarding HR management Art.3, paragraph 2, letter d</p>

Description of material topic	GRI Standard	Areas of the decree
<p><b>Environmental impact of waste treatment plants (NIMBY syndrome)</b></p> <p>When managing the waste treatment plants also close to urban contexts, the Hera Group is particularly careful not to create inconveniences for the reference community. Hera carries out environmental impact assessment and screening procedures aimed at assessing the effects of the works (both at construction site level and in the project stage), on the environment and on human health and well-being. In addition, every waste-to-energy plant of the Hera Group possesses plant standards which help keep atmospheric emissions well below the legal and authorisation limits.</p> <p>This topic proved to be significant for the reference stakeholders in particular (press review, HeraLAB), based on the materiality analysis. The main critical issues at local press review level concern: the increased scope of the Ferrara waste-to-energy plant, the replacement of lines 1 and 2 of the Padua waste-to-energy plant with the construction of the 4th line and the construction of the bio-digester in Pesaro.</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community</p>	GRI 305: Emissions 2016	Environmental topics Art. 3, paragraph 2, letters b, c
<p><b>Compliance with environmental and social regulations</b></p> <p>When handling the services provided and managing its plants, the Hera Group observes the environmental and social legislation, also in the event of outsourced activities. From an environmental standpoint (emission limits and water quality), Hera sets itself more challenging objectives than those envisaged by the law, carrying out periodic checks care of its plants.</p> <p>This topic proved to be significant, based on the materiality analysis, for both the Group (regulations) and for the reference stakeholders (HeraLAB, Climate survey).</p> <p><i>Internal impact:</i> Group, Employees <i>External impact:</i> Local community</p>	GRI 307: Respect for environmental regulations 2016 GRI 419: Respect for regulations governing social issues 2016	Environmental topics: Art.3, paragraph 2, letters a, b, c
<p><b>Management of the supply chain</b></p> <p>The Hera Group also manages its business by outsourcing some activities relating to the services provided, generating significant indirect impacts on the reference territory.</p> <p>This topic proved to be significant for the Group in particular (risk analysis), based on the materiality analysis.</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Suppliers</p>	GRI 204: Approach to supplies 2016 GRI 307: Respect for environmental regulations 2016 GRI 308: Supplier environmental assessment 2016 GRI 414: Supplier social assessment 2016 GRI 419: Respect for regulations governing social issues 2016	Social themes Art.3, paragraph 2, letter d

Description of material topic	GRI Standard	Areas of the decree
<p><b>Commercial relations with customers through branches, call centres and the web</b></p> <p>The Hera Group manages essential services for customers and the local community, and believes it is fundamental to ensure a quality service, also with regard to assistance via physical and web channels. In fact, Hera is constantly committed to reducing the waiting time at branches and call centres.</p> <p>This topic proved to be significant for the reference stakeholders in particular (HeraLAB, Consumer associations), based on the materiality analysis.</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Local community, Customers</p>	-	Social themes Art.3, paragraph 2, letter d
<p><b>Economic value for the stakeholders</b></p> <p>The activities managed (water, waste management and energy services) generate economic value which the Hera Group distributes to the reference stakeholders. The main stakeholder categories affected are: suppliers (local supplies), employees (remuneration), shareholders (dividend distribution), local community (sponsorship and donations) and the Public Administration (taxes, levies, fees).</p> <p>This topic proved to be significant for the Group in particular (business plan), based on the materiality analysis.</p> <p><i>Internal impact:</i> Group, Employees <i>External impact:</i> Suppliers, Shareholders, Local community, Public Administration</p>	GRI 201: Economic performance 2016 GRI 415: Public Policy 2016	Social themes Art.3, paragraph 2, letter d
<p><b>Anti-corruption activities</b></p> <p>The topic is transversal to all the businesses managed and is material especially in the purchasing and tenders sphere and in the dealings with the institutions; the majority of Hera Group's supplies are in fact handled by means of tenders, important supply contracts and the like.</p> <p><i>Internal impact:</i> Group <i>External impact:</i> Suppliers</p>	GRI 205: Anti-corruption 2016	Fight against corruption Art.3, paragraph 2, letter f

\*Some material topics are not reported with specific GRI indicators, but are covered by the general information (GRI 102) and other indicators and information related to them, in particular in the following paragraphs: "Resilience and adjustment", "Customer relations" and "Risk management".

The issue of respect for human rights (Italian Legislative Decree 254/16: Art.3.2, paragraph e) is not regarded as material because the Group's operational offices are located mainly in Italy or in countries in which a significant risk from this point of view has not been noted. This assessment also takes into account the aspects indicated in the chapter "Innovation and contribution to development" (section: "The impact of supplies on the areas") where the origin of foreign supplies is highlighted. Supplier audits on social responsibility did not reveal any critical issues in this sphere (see chapter "Suppliers").

[102-12] The main **management models** (Art. 3.1, letter a) of Italian Legislative Decree 254/2016) adopted by the Group, relating to the aspects of Italian Legislative Decree 254/2016, are:

- Organisational model for corporate crime prevention (Italian Legislative Decree No. 231/2001)
- Management system for corporate social responsibility or supplier audit system which is based on criteria similar to that of the Sa 8000
- Environmental management system ISO 14001
- Quality management system ISO 9001
- Energy efficiency management system ISO 50001
- Occupational safety management system ISO 45001
- System for managing the prevention of corruption ISO 37001.

The **company policies** (Art. 3.1, letter b) of Italian Legislative Decree 254/2016), again with regard to these aspects, are the following (published on the Group's website):

- [Code of Ethics](#) and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)
- [Quality and sustainability policy](#)
- [Data protection policy](#)
- [Remuneration policy](#)
- Corruption prevention model. <https://www.gruppohera.it/documents/688182/3627323/Modello+per+la+prevenzione+della+corruzione.pdf/c3d9721e-a7b7-0636-62b7-9bf70fbacaf5?t=1594192409160>

The Hera Group has also signed the following commitment declarations:

- WBCSD's CEO guide to human rights
- Charter for equal opportunities and equality in the workplace (furthered by the Italian Ministry of Employment and the Italian Ministry for Equal Opportunities, Sodalitas Foundation, Impronta Etica, AIDAF, AIDDA and UCID)
- Manifesto Valore D, for female employment
- Patto Utilitalia for inclusion in the company
- CEOs call of Csr Europe "a New Deal for Europe"
- Women's Empowerment Principles (WEPs) of UN Global Compact and UN Women
- UN CEO Water Mandate
- New Plastics Economy Global Commitment of the Ellen MacArthur Foundation
- European strategy for plastics - voluntary pledges

it complies with the following organisations/programmes of international importance:

- UN Global Compact (Hera is a founding member of the Global Compact Network Italia Foundation)
- Ellen MacArthur Foundation

and supports the Task force on Climate-related Financial Disclosure (TCFD) set up by the Financial Stability Board.

Hera's **risk management model** (Art. 3.1, letter b) of Italian Legislative Decree 254/2016) is also supplemented by environmental and social topics, as described in the section "Sustainability and risk management". [Gestione della sostenibilità](#)

The appendix to this report includes two summaries which connect the material topics to the management policies/methods and to the risks identified by the ERM analysis.

## METHODS OF MANAGEMENT OF MATERIAL TOPICS

[103-2] The following table describes the management methods and policies for each material topic identified by the Hera Group, as specified in the chapter "Methodological guide to the Report", and their evaluation processes.

[103-3]

Further information on sustainability management and management systems/policies can be found in the sections "Sustainability and risk management" and "The quality, safety, environmental and social responsibility management system" (chapter "Governance and creation of value").

Description of material topic	Management methods and policies	Processes for evaluating policies and management methods
Transition towards a circular economy	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- A Circular Economy Project Management System (Afnor) is being implemented</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- New Plastics Economy Global Commitment of the Ellen Mac Arthur Foundation</li> <li>- European strategy for plastics - voluntary pledges</li> </ul> <p>2030 UN Agenda: Goal 12</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Transition to a circular economy" ("Environment" chapter).</p> <p>The paragraph also includes the following benchmarks: comparison of separate collection indicators with national performance; comparison of waste destination with Italy and Europe; comparison of network losses with national average and main Italian utilities.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Reduction of greenhouse gas emissions (climate change)	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- ISO 50001 Energy efficiency certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- Greenhouse gas emission reduction targets for 2030 approved by SBTi</li> <li>- Drafting of this report and, specifically, of the "Climate Change Mitigation" paragraph in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Commission's Guidelines on reporting climate-related information.</li> <li>- Annual participation in CDP project</li> </ul> <p>2030 UN Agenda: Goal 13</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Climate change mitigation" ("Energy" chapter).</p> <p>The Sustainability Report shows the final results of the four targets in line with the "well below 2 degrees" reduction scenario approved by SBTi.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>

Sustainable strategy and Shared value	Pursuing carbon neutrality	Regenerating resources and closing the loop	Enabling resilience and innovating
Governance and creation of value	Customers	People	Suppliers

Description of material topic	Management methods and policies	Processes for evaluating policies and management methods
Integration of climate change in the governance, the strategy and the analysis of the risks	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- ISO 50001 Energy efficiency certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- Greenhouse gas emission reduction targets for 2030 approved by SBTi</li> <li>- Drafting of this report and, specifically, of the "Climate Change Mitigation" paragraph in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Commission's Guidelines on reporting climate-related information.</li> <li>- Annual participation in CDP project</li> </ul> <p>2030 UN Agenda: Goal 13</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Climate change mitigation" ("Energy" chapter).</p> <p>The Sustainability Report describes Hera's governance system, strategy and identified risks/opportunities in relation to climate change. The external scenarios used to outline defined risks and opportunities and the initiatives and management methods identified to respond to opportunities and risks are also reported in detail.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Resilience and adjustment	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 9001 quality certification</li> <li>- ISO 22301 Business continuity management system being implemented</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>2030 UN Agenda: Goal 13, 11</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Resilience and adaptation" ("Area" chapter).</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Quality, costs of waste collection and city integrity service	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 9001 quality certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- New Plastics Economy Global Commitment of the Ellen Mac Arthur Foundation</li> <li>- European strategy for plastics - voluntary pledges</li> </ul> <p>2030 UN Agenda: Goal 12</p>	<p>The Group's activities, commitments, objectives and targets in relation to this issue are reported in the sections "Transition to a circular economy" ("Environment" chapter) and "Service costs" ("Customers" chapter).</p> <p>The paragraph also includes the following benchmarks: comparison of separate collection indicators with national performance; comparison of waste destination with Italy and Europe; comparison of network losses with national average and main Italian utilities.</p> <p>In the section "Service Costs", the development of the cost of bills from one year to the next is explained for its main components. This section also includes a comparison of the cost of environmental services for Hera's domestic and non-domestic customers compared to the average for Italy, northern Italy and major Italian municipalities.</p>
Promotion of energy efficiency and spreading renewable energy	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 50001 Energy efficiency certification</li> <li>- ISO 14001 environmental certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>2030 UN Agenda: Goals 7, 13</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the sections "Promotion of energy efficiency" and "Energy transition and renewables" ("Energy" chapter).</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Digitalisation,	Management systems:	The Group's activities, commitments,

Sustainable strategy and Shared value	Pursuing carbon neutrality	Regenerating resources and closing the loop	Enabling resilience and innovating
Governance and creation of value	Customers	People	Suppliers

Description of material topic	Management methods and policies	Processes for evaluating policies and management methods
innovation, data analytics, artificial intelligence, cyber security	<ul style="list-style-type: none"> <li>- ISO 9001 quality certification</li> <li>- Iso 27000 series information security certification (Acantho)</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Data protection policy</li> </ul> <p>2030 UN Agenda: Goals 9, 11</p>	<p>objectives, targets and initiatives in relation to this issue are reported in the section "Innovation and digitalisation" ("Area" chapter).</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Safety, cost and continuity of the service provided to customers	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 9001 quality certification</li> <li>- ISO 22301 Business continuity management system being implemented</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul>	<p>The Group's activities, commitments, objectives and targets in relation to this issue are reported in the sections "Service costs", "Service quality" and "Safety and continuity of the service" ("Customers" chapter).</p> <p>The paragraph also includes the following benchmarks: comparison between the change in Hera bills over the years, comparison between spending on consumption of bottled or tap water, % of compliance with commercial quality standards (ARERA).</p>
Sustainable management of water resources	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- ISO 9001 quality certification</li> <li>- AWS certification for the Val di Setta potability treatment plant</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- UN CEO Water Mandate</li> </ul> <p>2030 UN Agenda: Goal 6</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Sustainable management of water resources" ("Environment" chapter).</p> <p>The section also includes the following benchmarks: quality comparison between water distributed by Hera and natural mineral water on the market, quality of purified water compared to legal limits, percentage of analyses on water leaving purification plants that comply with the law.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Air and soil quality	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- EMAS registration for several sites with waste treatment plants</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>2030 UN Agenda: Goal 11</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Sustainable management of water resources" ("Environment" chapter).</p> <p>The section also includes the following benchmarks: atmospheric emissions of waste-to-energy plants compared to legal limits (detail per parameter and per plant), atmospheric emissions of waste-to-energy plants compared to permit limits, atmospheric emissions of the Imola cogeneration plant with legal and permit limits, comparison of the percentage of low environmental impact vehicles between Hera and the main Italian utilities.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Training and professional development,	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 9001 quality certification</li> <li>- ISO 45001 health and safety certification</li> </ul>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section</p>

Sustainable strategy and Shared value	Pursuing carbon neutrality	Regenerating resources and closing the loop	Enabling resilience and innovating
Governance and creation of value	Customers	People	Suppliers

Description of material topic	Management methods and policies	Processes for evaluating policies and management methods
remuneration and incentives	<ul style="list-style-type: none"> <li>- ISO 37001 corruption prevention certification.</li> <li>- Sa8000 social responsibility certification and Sa8000-inspired management systems</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Remuneration policy</li> </ul> <p>2030 UN Agenda: Goal 8</p>	<p>"Management of skills and training", "Development of individuals" and "Welfare" (chapter "People").</p> <p>The following benchmark is also included in the sections: comparison of average hours per capita in the main Italian utilities.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Local development of the area, indirect economic impacts and social inclusion	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- Sa8000 social responsibility certification and Sa8000-inspired management systems</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- Patto Utilitalia for inclusion in the company</li> </ul> <p>2030 UN Agenda: Goal 8</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Economic development and social inclusion" ("Area" chapter).</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Quality and consumption of the mains water	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- ISO 9001 quality certification</li> <li>- ISO 17025 accreditation of laboratories</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>2030 UN Agenda: Goal 6</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the sections "Sustainable management of water resources" ("Environment" chapter) and "Service quality" ("Customers" chapter).</p> <p>The section also includes the following benchmarks: Quality comparison between water distributed by Hera and natural mineral water on the market, Quality of purified water compared to legal limits, Percentage of analyses on water leaving purification plants that comply with the law.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Occupational Health and Safety	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- Sa8000 social responsibility certification and Sa8000-inspired management systems</li> <li>- ISO 45001 occupational safety certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul>	<p>The Group's activities, commitments, objectives and targets in relation to this issue are reported in the sections "Health and safety" (chapter "People") in relation to employees and "Contract management" (chapter "Suppliers") in relation to suppliers.</p> <p>The section also includes the following benchmarks: frequency index comparison in the main Italian utilities.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Diversity	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- Sa8000 social responsibility certification and Sa8000-inspired management systems</li> </ul>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the sections "Economic development and social inclusion"</p>

Sustainable strategy and Shared value	Pursuing carbon neutrality	Regenerating resources and closing the loop	Enabling resilience and innovating
Governance and creation of value	Customers	People	Suppliers

Description of material topic	Management methods and policies	Processes for evaluating policies and management methods
	<p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Remuneration policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- Charter for equal opportunities and equality in the workplace (furthered by the Italian Ministry of Employment and the Italian Ministry for Equal Opportunities, Sodalitas Foundation, Impronta Etica, AIDAF, AIDDA and UCID)</li> <li>- Manifesto Valore D, for female employment</li> <li>- Patto Utilitalia for inclusion in the company</li> <li>- Women's Empowerment Principles (WEPs) of UN Global Compact and UN Women</li> </ul> <p>2030 UN Agenda: Goal 5</p>	<p>and "Job creation and development of new skills" ("Area" chapter).</p> <p>The section also includes the following benchmark: Women in positions of responsibility in the main Italian utilities.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Environmental impact of waste treatment plants (NIMBY syndrome)	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- ISO 9001 quality certification</li> <li>- EMAS registration for several sites with waste treatment plants</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>2030 UN Agenda: Goal 12</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the sections "Transition to a circular economy" and "Protection of air, land, and biodiversity" ("Environment" chapter).</p> <p>The section also includes the following benchmarks: atmospheric emissions of waste-to-energy plants compared to legal limits (detail per parameter and per plant), atmospheric emissions of waste-to-energy plants compared to permit limits, atmospheric emissions of the Imola cogeneration plant with legal and permit limits, comparison of the percentage of low environmental impact vehicles between Hera and the main Italian utilities.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Compliance with environmental and social regulations	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 14001 environmental certification</li> <li>- EMAS registration for several sites with waste treatment plants</li> <li>- Sa8000 social responsibility certification and Sa8000-inspired management systems</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> </ul> <p>2030 UN Agenda: Goals 11, 12</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the sections "Sustainable management of water resources" and "Protection of air, land, and biodiversity" ("Environment" chapter).</p> <p>The section also includes the following benchmarks: quality of purified water compared to legal limits, percentage of analyses on water leaving the purification plants that comply with the law, atmospheric emissions of waste-to-energy plants compared to legal limits (detail per parameter and per plant), atmospheric emissions of waste-to-energy plants compared to permit limits, atmospheric emissions of the Imola cogeneration plant with legal and permit limits.</p> <p>In addition, the section "Dialogue with our stakeholders" describes, where appropriate, the sanctions imposed on the Hera Group for non-</p>

Sustainable strategy and Shared value	Pursuing carbon neutrality	Regenerating resources and closing the loop	Enabling resilience and innovating
Governance and creation of value	Customers	People	Suppliers

Description of material topic	Management methods and policies	Processes for evaluating policies and management methods
		compliance with environmental and social regulations.  The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.
Management of the supply chain	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- Sa8000 social responsibility certification and Sa8000-inspired management systems</li> <li>- ISO 9001 quality certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul> <p>Declarations of commitment:</p> <ul style="list-style-type: none"> <li>- Patto Utilitalia for inclusion in the company</li> </ul> <p>2030 UN Agenda: Goal 8</p>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Economic development and social inclusion" ("Area" chapter) and the "Suppliers" chapter.</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>
Commercial relations with customers through branches, call centres and the web	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 9001 environmental certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Quality and sustainability policy</li> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> </ul>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Customer relations" ("Customers" chapter).</p>
Economic value for the stakeholders	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- ISO 9001 quality certification</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> <li>- Quality and sustainability policy</li> </ul>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Economic value for the stakeholders" ("Area" chapter).</p>
Anti-corruption activities	<p>Management systems:</p> <ul style="list-style-type: none"> <li>- Organisational model for corporate crime prevention (Italian Legislative Decree No. 231/2001)</li> <li>- ISO 37001 corruption prevention certification.</li> </ul> <p>Policies:</p> <ul style="list-style-type: none"> <li>- Code of Ethics and related implementing systems (Ethics and Sustainability Committee and its functioning regulations)</li> <li>- Corruption prevention model.</li> </ul>	<p>The Group's activities, commitments, objectives, targets and initiatives in relation to this issue are reported in the section "Sustainability and risk management" ("Governance and creation of value" chapter).</p> <p>The management of this material issue affects the HERA Group's performance in the Esg ratings described in the "Shareholders" chapter.</p>

## CORRELATION OF MATERIAL ISSUES AND RISKS IDENTIFIED BY ERM ANALYSIS

Material issues	Risks						
	Natural events - catastrophic and climate change events	Operational safety and ICT	Safety and development of individuals	Strategic	Economic-financial	Competitive and regulatory	Legislation and compliance
Transition towards a circular economy				✓		✓	✓
Reduction of greenhouse gas emissions (climate change)	✓			✓	✓	✓	
Integration of climate change in the governance, the strategy and the analysis of the risks			✓	✓			
Resilience and adjustment	✓	✓	✓	✓		✓	
Quality, costs of waste collection and city integrity service	✓	✓		✓		✓	
Promotion of energy efficiency and spreading renewable energy				✓		✓	
Digitalisation, innovation, data analytics, artificial intelligence, cyber security		✓	✓	✓			✓
Safety, cost and continuity of the service provided to customers	✓	✓	✓	✓			
Sustainable management of water resources	✓	✓		✓		✓	✓
Air and soil quality		✓		✓			✓
Training and professional development, remuneration and incentives			✓				
Local development of the area, indirect economic impacts and social inclusion				✓			
Quality and consumption of the mains water		✓		✓		✓	✓
Occupational Health and Safety	✓		✓			✓	✓
Diversity			✓	✓			
Environmental impact of waste treatment plants (NIMBY syndrome)	✓	✓		✓		✓	✓
Compliance with environmental and social regulations				✓		✓	✓
Management of the supply chain				✓			
Commercial relations with customers through branches, call centres and the web	✓	✓					
Economic value for the stakeholders	✓	✓	✓		✓	✓	✓