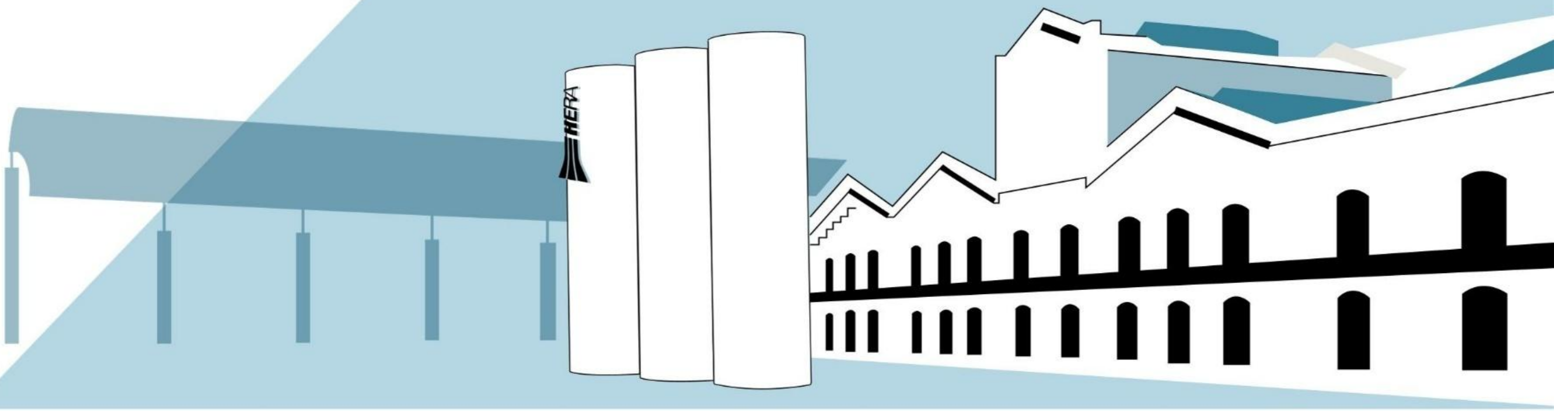
2025 CSV Report

Quantifying EBITDA and shared-value investments

Translation from the Italian original which remains the definitive version



What we said we would do, what we did, what we will do: we report on goals and results for the sustainability of today and tomorrow

GRUPPO HERA

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1. INTRODUCTION

1.1 Creating Shared Value (CSV)

The academic contribution "Creating Shared Value: How to Reinvent Capitalism and Unleash a Wave of Innovation and Growth" by Michael E. Porter and Mark R. Kramer, published in the Harvard Business Review (January/February 2011), brought the meaning and significance of the concept of "shared value creation" to the attention of the international community, and in particular to businesses.
This concept is based on the interconnections between economic, social, and environmental development, which also represent the three distinct dimensions of sustainable development. The theory of shared value calls for an analysis and redefinition of business strategies and plans in terms of products, processes, and markets throughout the entire value chain, with the aim of identifying social and environmental needs that may also represent business opportunities. Porter and Kramer argue that companies can create shared value through policies and practices that strengthen the company's competitiveness while addressing new societal challenges and the social and environmental needs of the communities in which the company operates. Companies must view society's new challenges and needs as opportunities, and by monitoring them adequately and consistently, they can identify new areas for the development and evolution of their products and services, define new offerings, and tap into the potential of previously untapped markets.
The creation of shared value must therefore not be viewed as "business as usual" and should not be confused with the redistribution to corporate stakeholders of the economic value generated by businesses through, for example, job creation and wages, purchases, and the payment of taxes and fees; rather, it requires the company itself to integrate into the social fabric not as an outsider but as an active participant in its development and well-being, ensuring that its activities have a positive impact on all facets of society.

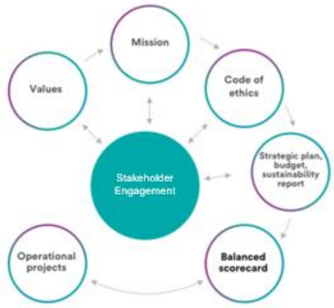
2. THE CREATING SHARED-VALUE MODEL – METHODOLOGICAL NOTE

2.1 Hera's approach to shared-value

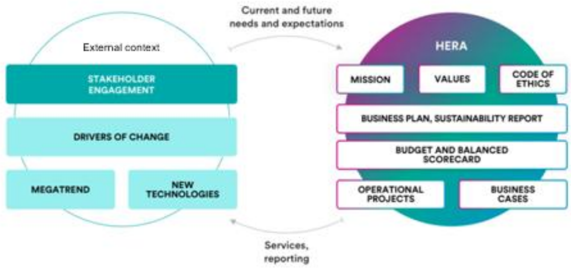
In 2016, Hera began the process of defining its approach to Creating Shared Value. This initiative was inspired by the guidelines provided by Porter and Kramer, taking into account the EU communication on Corporate Social Responsibility (CSR) issued that same year.
This process enabled Hera to develop its own definition of Shared Value Creation (CSV), which is guiding the evolution of its CSR approach and has enriched the Group's sustainability reporting with new perspectives, notably including the quantification of both the **EBITDA generated by "shared value" activities and projects** (hereinafter referred to as "**CSV EBITDA**") and the investments made in this area.
For the Hera Group, the creation of shared value stems from a holistic approach linked to all those business activities and projects that generate economic margins while simultaneously addressing the new challenges of the "global agenda", that is, the "calls to action" outlined by policies, ranging from international to local, and by the megatrends pointing toward a new direction for sustainability.
The concept of shared value, as interpreted by the Hera Group, translates into a systematic approach to identifying areas of the company's operations where there is a concrete intersection between the company's strategic objectives and the benefits generated for the community, particularly in the environmental and social spheres.
This definition of CSV forms the basis of an **evolving approach to social responsibility and sustainability** which, in addition to enriching the reporting available to Hera's stakeholders, has from the outset served, and continues to serve today, as an important source of inspiration for strategy and new initiatives, in line with the Sustainable Development Goals defined in the UN 2030 Agenda.
For Hera, the CSV approach serves as a well-established framework **for reclassifying financial results**, completed projects, and future objectives, as well as a guide for strategic investment decisions. These aspects are described in this report through a table of contents organized by the areas identified for the creation of shared value.
The Hera Group's CSV model is also described in the article "Measuring Shared Value: The Necessary Evolution in Corporate Reporting" by F.M. Bocchi and S. Venier, published by Harvard Business Review Italia (March 2019).

Hera's approach to CSR and Sustainability: a mix of familiar elements and new developments

From an approach that integrates CSR in our strategy and business activities



…to an explicit connection between the «Global Agenda» priorities and business



THE RELATIONSHIP BETWEEN CSR AND CSV ACCORDING TO HERA

Since 2016, the CSV perspective has been added to the integration of sustainability into the Group's strategy and business activities, an integration that has been in place since the Group's inception.
Consequently, since 2016, the Hera Group's approach to sustainability has been reflected in activities and projects that:

- **Improve its environmental and social sustainability performance**, primarily in relation to the businesses it manages (including, but not limited to, compliance with laws and industry regulations) (CSR);
- **Generate operating margins** while addressing the priorities of the "global agenda" (CSV).

This last point represents a significant evolution of the Hera Group's original approach to CSR, which **has the potential to increase the shared value generated** by addressing the overlap between business and the priorities of the "global agenda".

2.2 The "global agenda" and the drivers of change

The need for a move toward sustainability outlined in the "global agenda" represents a call to action for the Hera Group and, at the same time, presents both challenges and opportunities. Therefore, understanding this landscape is essential not only to make the Group's sustainability reporting more relevant, but above all to guide its strategy and operational processes in addressing this change, thereby contributing to the company's competitiveness.
In 2020, three years after its inception, the CSV model underwent a review and update, with the main new elements being the analysis of **global megatrends** and **the internal consultation process**, conducted through individual interviews and focus groups. Meanwhile, throughout 2025, in line with previous years, the analysis of the "global agenda" and the need for change it entails continued through an in-depth examination of global, European, national, and local policies.

POLICIES: SOURCES FOR IDENTIFYING CSV DRIVERS

The analysis underlying Hera's CSV model is based on a well-defined methodological premise: business activities are evaluated in terms of their alignment with the sustainability guidelines outlined in policies, action plans, and sector-specific regulations that establish objectives, measurable targets, or allocate dedicated resources. As the first phase of the process, the model involves analyzing and mapping regulatory sources (referred to as "policies") to subsequently define Hera's "global agenda." To this end, the policies analyzed are classified according to different levels and hierarchies, global, European, national, and local, in order to identify the relevant lines of action and related commitments with greater precision. This activity enables the identification of **commitments and targets that align with the lines of action contained in these policies**.
This approach represents an evolution from the previous approach to corporate social responsibility and sustainability which focused primarily on stakeholder engagement, by introducing a more structured and verifiable framework based on alignment with public policies that have concrete and measurable objectives.
The overarching framework is provided by the United Nations 2030 Agenda and the 17 Sustainable Development Goals (and the 169 targets that are an integral part of them). The 2030 Agenda is considered the highest-level roadmap for sustainability and an essential reference document. Consequently, the policies analyzed and used to support the definition of Hera's CSV model are consistent with the 2030 Agenda. A second criterion used for selecting the policies to be analyzed is their relevance to the services managed by Hera.
As emphasized by Porter and Kramer themselves, cited in the introduction, regulation is necessary for mature and functioning markets. However, the manner in which regulation is designed and implemented has effects on society and on companies' opportunities to create shared value. Regulation that promotes the alignment of companies' actions toward the creation of shared value has several key characteristics:

- sets clear and measurable targets (e.g., energy use) and prices for natural resources (such as water) that should reflect their actual costs;
- establishes benchmarks;
- defines the effective date. If this timeline is phased, it allows companies to develop new products and processes;
- introduces uniform systems for measuring and promptly reporting performance.

The following table highlights the hierarchies and types of policies analyzed by Hera in defining the CSV model.

Hierarchy of the sources considered

NAME	DESCRIPTION
Level 1: Worldwide	
IA – International Agreements	For example: the 2015 Paris Agreement (COP 21).
Level 2: European	
R – Regulation	As a binding legislative act, it must be applied in its entirety throughout the European Union.
L – Directive	A legislative act that sets out objectives that all EU countries must achieve. They are not directly applicable; it is therefore up to individual countries to determine, through national provisions, how to transpose and achieve these objectives. Unlike regulations and decisions, directives are not binding in their entirety.
D – Decision	Binding on its addressees (such as an EU country or an individual company) and directly applicable.
H – Recommendation	It is not binding and urges the recipient to adopt a specific course of action deemed to be in the best interest of all. A recommendation allows European institutions to make their positions known and to suggest courses of action without imposing legal obligations on the recipients.
A – Opinions	A tool that allows European institutions to express their position without imposing legal obligations on the recipients. An opinion is not binding. It may be issued by the main EU institutions (the Commission, the Council, and the Parliament), the Committee of the Regions, and the European Economic and Social Committee.
RSP – Resolution	An act adopted by the European Parliament, which votes unanimously on a report submitted to it by one of its committees. In this case, the resolution has the effect of a recommendation and is addressed to the Council of the European Union or the Commission of the European Communities.

NAME	DESCRIPTION
PC - Proposal for a Regulation/Directive of the European Parliament and of the Council (COM)	Proposals and other acts adopted as part of a legislative procedure.
DC – Other COM documents	Other documents produced by the Commission, such as communications, recommendations, reports, White Papers, and Green Papers.
SC – SEC and SWD documents	Staff working papers and joint staff working papers (impact assessments, summaries of impact assessments, other working papers).
JC – JOIN documents	Joint proposals, communications, reports, White Papers, and Green Papers adopted by the Commission and the High Representative.
Level 3: National	
LO – Ordinary Law	A legislative act adopted by Parliament in accordance with the standard procedure for the exercise of legislative power. Once approved by Parliament and promulgated by the President of the Republic, the law takes effect 15 days after its publication in the Official Gazette (known as the “vacatio legis”).
DL – Law Decree	A legal act issued by the government in extraordinary cases of necessity or urgency; it ceases to be effective as soon as it is issued (and thus has retroactive effect) if it is not converted into law by Parliament within 60 days.
D.Lgs. – Legislative Decree	Regulations enacted pursuant to a law passed by Parliament, which authorizes the Government to establish detailed rules governing a specific matter.
DM – Ministerial Decree	An administrative act issued by a minister of the Italian Republic within the scope of their ministry's jurisdiction.
LR – Regional Law	A law enacted by the Regional Council; it is effective only within the territory of the Region.
DE – Resolution	A legal act attributed to a collegial body.

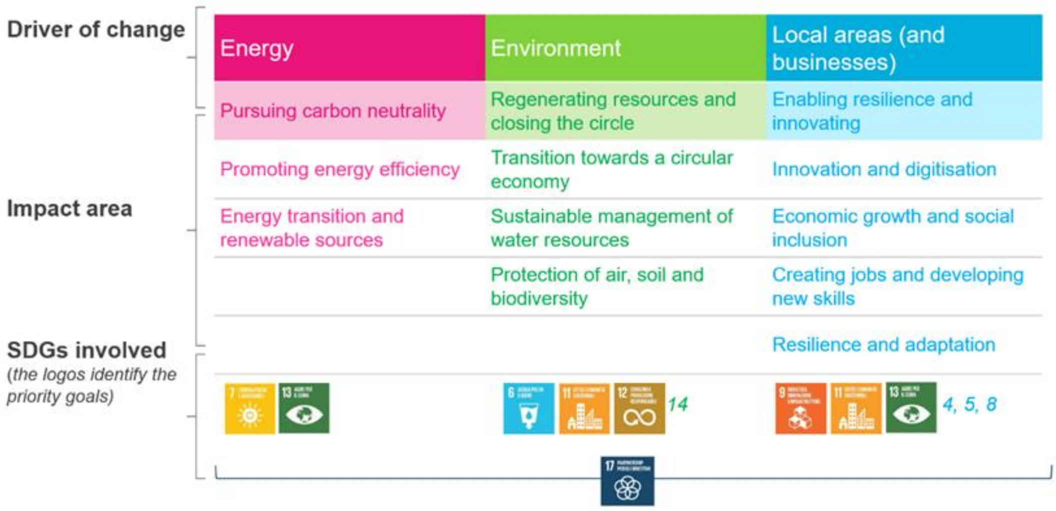
In addition to the European policies analyzed in the previous period, further strategic initiatives and regulatory measures were introduced during 2024–2025, which helped to strengthen and redefine the framework for sustainability, competitiveness, and resilience of the European system. The analysis highlights, in particular, the following areas of intervention:

- **strengthening the resilience of strategic resources and critical infrastructure**, with particular reference to water and energy management, through the European Strategy for Water Resilience (COM(2025) 280 final) and Recommendation (EU) 2025/1179, as well as the Action Plan for Affordable Energy (COM (2025) 79) and the reform of the European electricity market (Directive (EU) 2024/1711 and Legislative Decree 3/2026), aimed at reducing price volatility, strengthening security of supply, protecting consumers, and promoting investment in resilient infrastructure and flexibility systems;
- **the integration of decarbonization, industrial policy, and resource security**, pursued through the Clean Industrial Deal (COM(2025) 85 final), and the evolution of circular economy policies, as outlined in the Briefing on the Circular Economy Act—to be adopted in 2026—and in the Regulation on Packaging and Packaging Waste (Regulation (EU) 2025/40), which strengthen the market for secondary raw materials, extended producer responsibility, and the reduction of environmental impacts along production chains;
- **strengthening the internal market, economic competitiveness, and consumer protection** through a coherent set of initiatives, including the Action Plan for Affordable Energy, Directive (EU) 2024/825 on empowering consumers for the green transition (anti-greenwashing), and measures aimed at improving the transparency of environmental information, as well as the durability and reparability of products, thereby promoting more informed and sustainable consumer choices;
- **the development of innovation, digitalization, and strategic technologies**, with particular emphasis on artificial intelligence, through the Apply AI Strategy (COM (2025) 723 final) and the framework outlined in the Competitiveness Compass for the EU (COM(2025) 30), which view the digital transition as a key driver of the European Union’s productivity, strategic autonomy, and industrial competitiveness;
- **strengthening human capital and skills as an enabler of transitions**, through the “A Union of Skills” strategy (COM(2025) 90), which promotes an integrated approach to education, training, and the labor market, supporting workforce reskilling, lifelong learning, and the alignment of business needs with available skills, including in relation to the green and digital transitions;
- **Integrating a long-term perspective into European governance** by introducing the principle of intergenerational equity and strengthening the structural resilience of the economic and social system, as outlined in the European Strategy on Intergenerational Equity and the Competitiveness Compass for the EU, which promote “future-proof” investments, policy coherence, and the reduction of strategic dependencies.

The result of this analysis, which is specifically aimed at identifying the need for change within policies and the **quantitative targets** most **significant** to Hera’s operations, serves as a “**call to action**” (commitments, objectives, and actions) for Hera. Understanding and embracing the scenario outlined above allows the Group to guide its reporting and strategy, with the goal of addressing change and responding to the needs and expectations of the market and society, thereby enhancing Hera’s competitiveness in the market.

THE IMPACT AREAS AND THE DRIVERS OF CHANGE

The next phase of analysis for defining Hera's CSV model involves synthesizing the policy analysis according to **cross-cutting thematic areas**, which encompass multiple commitments and targets, defined as **nine impact areas**, which are in turn grouped into the three strategic areas for Hera's development, the **drivers of change**.
Finally, the three drivers of change and the impact areas were linked to the **Sustainable Development Goals** (hereinafter SDGs), which Hera has identified as priorities in relation to its business operations.
In 2018, an in-depth analysis of the **SDGs of the UN 2030 Agenda** was conducted, examining the **169 targets** and identifying the Group's activities, projects, or policies that contribute to their achievement. The contribution was classified as high, medium, or low, and only those goals with at least one target to which Hera contributes at a medium or high level were considered relevant. This process confirmed the ten goals already identified in 2017, to which Goal 17 was added. During the triennial review of the model conducted in 2020, seven of these eleven goals were identified as "priority" for Hera.
The **priority SDGs for the Hera Group** are those most **directly related to its business activities** and on which the Group **has a direct impact**. Goal 17 is among the priorities, as **partnerships are essential** for achieving the important sustainability goals that have been set. The priority SDGs are detailed below: Goal 6, Clean Water and Sanitation; Goal 7, Affordable and Clean Energy; Goal 9, Industry, Innovation, and Infrastructure; Goal 11, Sustainable Cities and Communities; Goal 12, Responsible Consumption and Production; Goal 13, Climate Action; and Goal 17, Partnerships for the Goals.
The other SDGs important to the Hera Group are goals on which the Group has an **indirect impact through internal processes** (e.g., human resources management) **or business activities** (e.g., protection of vulnerable customers). Below is a breakdown of the other important SDGs: Goal 4, Quality Education; Goal 5, Gender Equality; Goal 8, Decent Work and Economic Growth; and Goal 14, Life Below Water.



Correlation table between SDGs and Impact Areas

DRIVER	IMPACT AREAS	RELATED SDGS	AREAS OF ACTION HIGHLIGHTED BY THE TARGETS OF THE 11 SDGS TO WHICH HERA CONTRIBUTES IN SUPPORT OF THE SELECTION OF SDGS RELATED TO THE IMPACT AREAS
Energy	Promotion of energy efficiency	7	Improving energy efficiency and access to affordable, reliable, and modern energy services (7)
	Energy transition and renewables	7 and **13**	Increase the share of renewable energy in the energy mix and expand access to affordable, reliable, and modern energy services (7)
			Integrate measures to combat climate change (13)
Environment	Transition towards a circular economy	6 and **12**	Increase water recycling and safe reuse, as well as water use efficiency (6)
			Manage natural resources and waste sustainably and efficiently throughout their entire life cycle by reducing their production and release into the environment (12)
	Sustainable management of water resources	6 and 14	Improve water quality and ensure universal and equitable access to safe drinking water and sanitation (6)
			Conserve and sustainably use the oceans, seas, and marine resources for sustainable development (14)
	Protection of air, land, and biodiversity	11	Reduce negative environmental impacts, particularly with regard to air quality (11)
Local area (and business)	Innovation and Digitalization	9 and **11**	Develop high-quality, reliable, and sustainable infrastructure; promote inclusive and sustainable industrialization; upgrade infrastructure and modernize industries to make them sustainable (9)

DRIVER	IMPACT AREAS	RELATED SDGS	AREAS OF ACTION HIGHLIGHTED BY THE TARGETS OF THE 11 SDGS TO WHICH HERA CONTRIBUTES IN SUPPORT OF THE SELECTION OF SDGS RELATED TO THE IMPACT AREAS
			Promote inclusive and sustainable urbanization and reduce the negative environmental impact of cities, particularly with regard to air quality and waste management (11)
	Economic development and social inclusion	8	Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, and ensure decent work and employment for all (8)
	Creating jobs and development of new skills	4 and 5	Ensure educational programs for the younger generations (4)
			Ensure employment opportunities in the region, particularly for women (5)
	Resilience and adjustment	13	Strengthen resilience and the ability to adapt to climate-related risks and natural disasters (13)

The primary SDGs related to the impact areas are highlighted in bold.

2.3 Reporting criteria

CRITERIA FOR QUANTIFYING THE CSV EBITDA

Once the impact areas have been defined by mapping the relevant policies mentioned above, the next phase of the process consists of systematically cross-referencing these areas with the business activities actually managed by the Hera Group. The objective of this phase is to rigorously identify which activities can be included within the scope of shared value; only those activities that show a significant alignment with the impact areas resulting from active public policies are included.
The CSV EBITDA indicator measures the portion of the Hera Group's consolidated EBITDA generated by "shared value" activities. It is therefore designed to highlight the contribution to EBITDA generation made by all those business activities that align with the drivers of change and related impact areas described in the previous paragraph.
The **data source** is the consolidated income statement extracted from the Hera Group's management accounts. These data are reconciled with the income statement in the Group's consolidated financial statements.
The scope of the calculation is consistent with the Hera Group's consolidated financial statements, as it includes all companies consolidated in those financial statements on a line-by-line basis.
The methodology for calculating the CSV EBITDA under Hera's CSV model is based on the **specific criteria** listed below.
Through an analysis of all activities managed by the Hera Group, those consistent with the drivers and impact areas identified for the creation of shared value are identified. Consistency may be complete for those activities that fully meet the priorities defined by the policies analyzed and summarized in the nine CSV impact areas, or partial, in cases where only some of the activities within a given business area meet the requirements to be recognized as CSV. In cases of partial alignment, an indicator or parameter is identified to calculate the proportion of the activity aligned with shared value and, consequently, to allocate the corresponding portion of the activity's EBITDA to shared value.
For cases where the CSV EBITDA of a single organizational unit is considered in more than one driver or impact area, a dual calculation is performed:

- The gross value of the EBITDA is initially allocated to each of the identified areas to highlight the contribution of each impact area;
- A value for the consolidated CSV EBITDA is then determined, net of elimination.

In some cases, investments related to shared value creation drivers are also used to calculate the CSV EBITDA. This is the case, for example, with investments in innovation and digitalization, for which the company's average rate of return on investment (Group ROI) is used. For investments in the regulated service business areas, the WACC rate of return was used, as established by ARERA for the relevant year. For investments related to remote monitoring and regulated services, however, an average corporate rate of return on investments is applied (the average of all WACCs related to regulated services). The year from which the value of invested capital is calculated is 2016. The rates of return are applied to the value of invested capital net of amounts already amortized

Through an analysis of all activities managed by the Hera Group, those consistent with the drivers and impact areas that contribute to the creation of shared value are identified. For all activities identified as consistent, either in whole or partially, the total amount of invested capital is taken into account.

2.4 Accounting criteria

CRITERIA FOR QUANTIFYING CSV EBITDA

As indicated in the previous paragraph, the CSV EBITDA is calculated by taking into account the various business activities of the Hera Group that may generate partly or fully shared value. If the activity is fully aligned with the impact areas identified in the shared value framework, the resulting margin is considered in full; if, on the other hand, the activity generates only partial positive social and environmental impacts, the margin is calculated by applying a driver.

The following is a list of the business activities evaluated and, where applicable, the driver.

DRIVER	IMPACT AREA	BUSINESS ACTIVITY	APPLIED DRIVER
Energy: Pursuing carbon neutrality	Promotion of energy efficiency	Industrial cogeneration and energy efficiency services for government agencies, businesses, and apartment buildings	No driver applied
		Street lighting with energy-efficiency measures and electricity from renewable sources	CSV EBITDA share calculated based on electricity consumption in municipalities with consumption below 50 kWh/resident, 100% renewable energy, or 100% LED lighting (% of total)
		Sales of energy efficiency solutions (VAS and HVAC)	No driver applied
		White Certificates	No driver applied
	Energy transition and renewables	Sales of renewable electricity and natural gas with CO2 emissions offsetting on the open market	CSV EBITDA share, calculated based on the sales volumes of renewable electricity and gas sold on the open market, including households, businesses, SMEs, public administrations, and apartment buildings (% of total volumes sold on the open market)
		District heating with geothermal heat generation	CSV EBITDA share, calculated based on the amount of geothermal energy used for the district heating service (% of total energy used)
		Electricity distribution	No driver applied
		Renewable energy production (Photovoltaic)	No driver applied
		Anaerobic digestion of waste/biomethane production	No driver applied
		Energy efficiency through gas turboexpansion	No driver applied
		Biogas production from landfills	No driver applied
		Sales of technologies for renewable energy production	No driver applied
Environment: Regenerating Resources and Closing the Loop	Transition towards a circular economy	Municipal waste collection (sent for recycling or energy recovery)	CSV EBITDA share calculated based on the amount of municipal waste not sent to landfills and instead sent for recycling or energy recovery (% of total waste collected)
		Recycling and recovery of industrial waste (industrial waste treatment) (Hasi and its subsidiaries)	CSV EBITDA share, calculated based on industrial waste sent for recycling or energy recovery[1] (% of total industrial waste managed)
		Recycling and energy recovery from municipal and special waste (Waste-to-Energy)	CSV EBITDA share, calculated based on the renewable energy used to power the Group's waste-to-energy plants (% of total energy used)
		Recycling and recovery of municipal and special waste (waste sorting and brokerage)	CSV EBITDA share, calculated based on the quantity of sorted municipal and special waste sent for recycling or energy recovery (% of total municipal and special waste managed)
		Recycling and recovery of industrial waste (industrial waste treatment facilities) (chemical-physical treatment plants, dehydration plants, and the F3 Ravenna Waste-to-Energy plant)	CSV EBITDA share calculated based on the amount of industrial waste sent for recycling or energy recovery (% of total waste managed)
		Recycling and energy recovery from municipal and special waste (composting)	No driver applied
		Plastic recycling	No driver applied
		Reused wastewater	CSV EBITDA share, calculated based on the volume of wastewater reused both internally and externally, for both indirect agricultural reuse and technical reuse, through program agreements signed with public entities as well as private agreements with local companies (as a percentage of total treated wastewater)
	Sustainable management of water resources	Sustainable water resource management (water supply system)	CSV EBITDA share calculated based on the number of users served in areas covered by a water safety management plan that are technically closed until 2024 and formally closed starting in 2025, in accordance with the new regulations[2] (% of the total number of users served by the water supply service)
		Sustainable water resource management (sewerage and wastewater treatment)	CSV EBITDA share calculated based on the percentage of population equivalents in water service areas with more than 2,000 population equivalents that comply with regulations (% of the total number of water service areas with more than 2,000 population equivalents that make up the Group's sewer and wastewater treatment service)
		Environmentally friendly and electric vehicles (HVO and electric)	CSV EBITDA share calculated based on the number of electric vehicles and vehicles

DRIVER	IMPACT AREA	BUSINESS ACTIVITY	APPLIED DRIVER
			compatible with HVO fuel (% of the total number of vehicles in the company fleet)
	Protection of air, land, and biodiversity	Management of waste collection containers, bins, and trash cans	CSV EBITDA share, calculated based on the number of bins, containers, and trash cans used for separate collection, as well as bins, containers, and trash cans used for both separate and unsorted collection, provided they are equipped with a disposal monitoring system (so-called "Smarty") (% of the total number of bins, containers, and trash cans managed)
		District heating with heat generated through cogeneration and energy recovery from waste-to-energy plants	CSV EBITDA share calculated based on energy from cogeneration and waste-to-energy (% of total district heating energy)
		Electric mobility	No driver applied
		Remediation of contaminated soil	No driver applied
Local Area (and business): Enabling resilience and innovation	Economic development and social inclusion	Social Inclusion (Environmental Services Promoting Employment for Disadvantaged Individuals)	CSV EBITDA share calculated based on outsourcing costs to social cooperatives (% of total urban sanitation service costs)
		Social Inclusion (installment payment plans for customers in financial difficulty)	CSV EBITDA share calculated based on customers for gas, electricity, water, environmental services, and district heating who have at least one installment plan (% of total customers)
	Innovation and digitalization	Telecommunications	No driver applied
		Return on investment in innovation and digitalization	CSV EBITDA share, calculated by applying, for regulated services, the average rate of return on investments for the distribution of electricity, gas, and water, and for unregulated services, the Group's ROI percentage
		Installation of smart meter and gas NexMeter	No driver applied
	Resilience and adjustment	Water system user coverage under the water safety plan	CSV EBITDA share, calculated based on the number of users served in areas covered by water management plans that are technically in effect through 2024 and formally through 2025, in accordance with the new regulations[2] (as a percentage of the total number of users served by the water supply service)

[1] Recycled waste refers to both solid and liquid waste that is sent to treatment plants and then returned to the environment in accordance with Legislative Decree 152/2006.

[2] Legislative Decree 102/2025 amended Legislative Decree 18/2023 by stipulating that requests for approval of Water Safety Management Plans must be submitted exclusively by uploading the documentation to the ANTEA platform, accompanied by a specific notification; submission of this documentation marks the formal closure of the Water Safety Plan. Until 2024, Plans were considered "technically closed", that is, those for which the preliminary phase of the process (completion of the risk matrix and sharing of evidence with the working group) had been concluded without formal submission for approval..

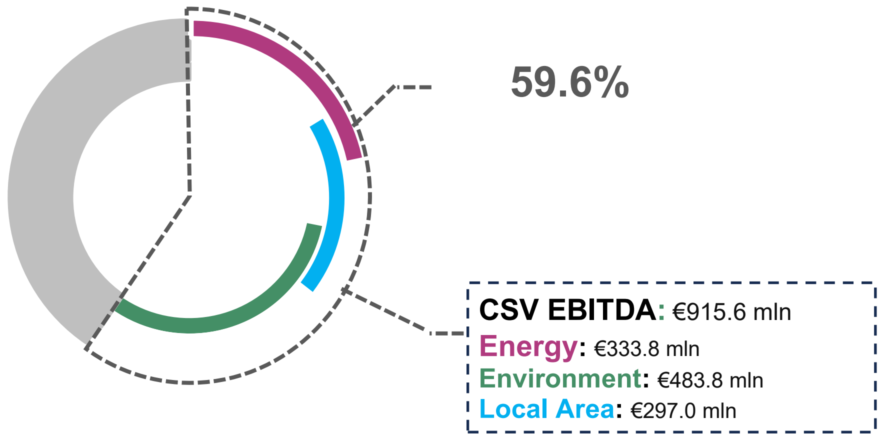
3. SHARED-VALUE EBITDA

3.1 2025 CSV EBITDA

EBITDA CSV

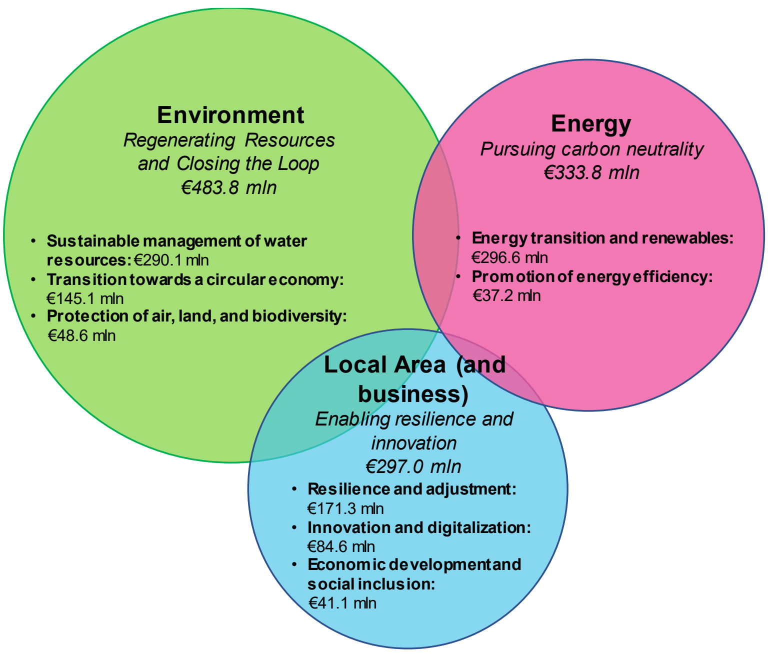
CSV EBITDA for 2025 is €915.6 million (60% of the Group's total EBITDA of €1,537.2 million). The 2025–2029 Business Plan projects a CSV EBITDA of €1,125 million in 2029, equal to 68% of the projected total EBITDA of €1,660.4 million. The increase in CSV EBITDA by 2029 is therefore €208 million compared to 2025 (+23%), exceeding the increase in total EBITDA, which is €123 million (+8%).

CSV EBITDA vs. Total EBITDA



The total CSV EBITDA does not equal the sum of the EBITDA of the individual drivers, due to activities attributable to more than one driver.

The largest share comes from activities and projects related to the Environment driver, which aim to “regenerate resources and close the loop” (€483.8 million), followed by those related to the Energy driver, which aim to “pursue carbon neutrality” (approximately €333.8 million). Meanwhile, projects and activities related to the Loca Area (and Business) driver aim to “build resilience and innovate,” contributing €297.0 million in 2025. It should be noted that the total CSV EBITDA does not correspond to the sum of the CSV EBITDA figures reported for the individual drivers, as some activities are attributable to more than one driver.



The total EBITDA CSV does not equal the sum of the EBITDA values of the individual drivers because of activities attributable to more than one driver

As shown in the chart, the CSV EBITDA generated in 2025 stems primarily from activities and projects that respond to the Global Agenda’s calls to action for the “**Environment**” driver, aimed at **regenerating resources and closing the loop** (the activities and projects in this driver contribute to generating €483.8 million, equal to 53% of total CSV EBITDA). In terms of impact areas, the Group plays a significant role in creating value through activities related to **sustainable management of water resources** (60% of CSV EBITDA for this driver) and the **transition towards a circular economy** (30%). Meanwhile, in the area of **air and land protection** (10%), the largest share of CSV EBITDA comes from remediation activities.

Activities and projects in areas aimed at **pursuing carbon neutrality** (**energy driver**) contribute to generating €333.8 million, equal to 36% of total CSV EBITDA. Eighty-nine percent relates to the **energy transition and renewables**. This area includes margins derived from: (i) the sale of renewable electricity with a Guarantee of Origin (Go) and natural gas with greenhouse gas emissions offsetting (guaranteed to every customer in the open market for a duration specified in the contractual terms), (ii) electricity distribution, (iii) district heating (for the portion of heat generated from geothermal

sources), (iv) production of renewable electricity from biogas derived from the anaerobic digestion of waste and landfills, and from photovoltaic systems, (v) production of biomethane.
While 11% of CSV EBITDA share comes from activities related to initiatives aimed at **promoting energy efficiency** through (i) industrial cogeneration, (ii) the gradual improvement of energy efficiency in public lighting services (with particular reference to the expansion of the number of municipalities in which only electricity from renewable sources is used, where electricity consumption per equivalent inhabitant is less than 50 kWh/inhabitant, or where all managed lighting fixtures are LED), (iii) commercial offers to energy customers that incorporate services and tools to reduce consumption (VAS), (iv) energy efficiency services for public administration, businesses, and apartment buildings.
Finally, the Hera Group's activities aimed at **enabling resilience and innovation** (the "**local area and business**" driver) contribute to generating 297.0 million in CSV EBITDA, equal to 32% of total CSV EBITDA. In the area of innovation and digitalization (28% of the CSV EBITDA related to the "**enabling resilience and innovation**" driver), CSV EBITDA is generated both through the sale of telecommunications services, via the company Herabit, and through the development of projects and investments aimed at digitizing operational processes, the services offered, and cities. In the area of economic development and social inclusion (14%), a portion of CSV EBITDA is achieved through contracts and partnerships with social cooperatives, resulting in the employment of disadvantaged individuals.
To highlight the Group's commitment to mitigating climate change adaptation risks and ensuring the resilience of the services it manages, and consequently of the territory it serves, the "Local Area" driver quantifies the portion of CSV-based EBITDA derived from resilience and adaptation activities (58%). Specifically, the "Local Area" driver includes the portion of water utility EBITDA determined by the percentage of citizens served who are "covered" by water safety management plans; this portion is also considered in the "Environment" driver, under the "sustainable water resource management" impact area.
It should be noted that the sum of the percentages representing the share of CSV EBITDA for each of the individual drivers listed above does not equal the percentage of total CSV EBITDA relative to total EBITDA, as there are activities attributable to more than one driver.

The chart depicting the CSV drivers and their respective impact areas highlights **overlaps** that are primarily generated by activities which, by their nature, **can address multiple calls to action on the "global agenda**," as highlighted in the case of the "resilience and adaptation" impact area illustrated above, or by the methodology for calculating the CSV EBITDA share, which considers profitability net of the portion attributable to another impact area. The main activities that account for these overlaps are:

- Implementation of water safety management plans: activities that address the calls to action related to the impact areas of "sustainable water resource management" (Environment driver) and "resilience and adaptation" (Local area driver).
- Installment payment plans for customers in financial difficulty: the CSV EBITDA share, relating to the "social inclusion" impact area (Local area driver), calculated based on the profit margin from the sale of gas, electricity, and district heating, net of the share already considered in the "energy transition and renewables" impact area (Energy driver).
- Environmental services outsourced to social cooperatives: the CSV EBITDA share related to the "social inclusion" impact area (Local Area driver), calculated based on the margin from urban sanitation, net of the share already considered in the "transition to a circular economy" impact area (Environment driver).

3.2 Financial Statements

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3.3 Explanatory notes

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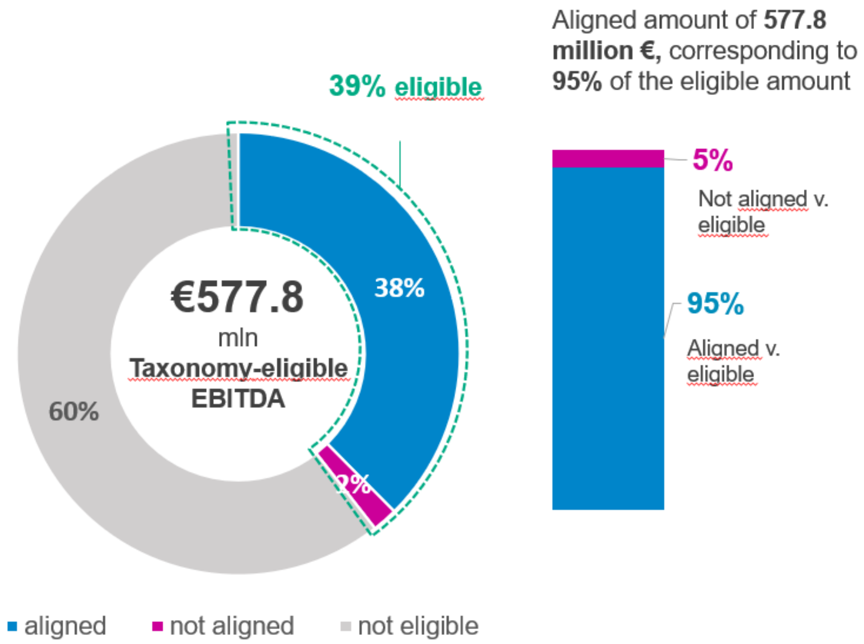
4. TAXONOMY-ALIGNED EBITDA AND CSV EBITDA

The Hera Group has decided to continue providing, for 2025 as well, the figure for EBITDA derived from the Group's activities that are eligible under the Taxonomy and aligned with the six environmental objectives of the European Taxonomy as established by Regulation (EU) 2020/852 and subsequent delegated acts. This information is provided on a voluntary basis and is not required under the reporting obligations set forth in current legislation. It should also be noted that the EBITDA indicated was determined according to criteria consistent with the calculation of EBITDA in the

Group's consolidated financial statements and is not limited to considering only operating expenses (OPEX) as specified by the Taxonomy Regulation and its delegated acts.

EU Taxonomy EBITDA (2025)



In 2025, the EBITDA related to eligible business activities aligned with the Taxonomy amounts to €577.8 million (40% of the Group total), representing 95% of the total eligible amount.
To provide more comprehensive disclosure, it is considered appropriate to compare "Taxonomy-aligned EBITDA" with CSV EBITDA; these two indicators have fundamental conceptual differences and, by their very nature, are two sets that do not perfectly overlap. The differences identified primarily affect the list of activities considered for quantification (what is referred to as "eligibility" in the Taxonomy) and, secondarily, the methods used to calculate the portion of activities to be considered.
From a conceptual standpoint, the CSV EBITDA addresses all six environmental objectives of the Taxonomy within its impact areas. In particular, responses to climate change mitigation can be found in "promotion of energy efficiency" and "energy transition and renewables"; those analogous to the climate change adaptation objective are found in "resilience and adaptation"; while, the remaining four environmental objectives of the Taxonomy can be identified in the impact areas of "transition to a circular economy," "sustainable water management," and "protection of air, soil, and biodiversity". This confirms the soundness of the approach adopted by the Group for years, which in fact anticipated European regulations.
The main differences between the two approaches, which are evident in the numbers, depend primarily on:

- the inclusion in the CSV framework of activities with social objectives, such as the "economic development and social inclusion" impact area, as well as activities that promote innovation and digitalization;
- the different selection of activities that contribute to the shared value, on the one hand, and to the environmental objectives of the Taxonomy, on the other;
- the different methods used to calculate the economic values of the assets included in both the shared value and the Taxonomy.

With regard to activities with social objectives in the CSV EBITDA, the report highlights contracts awarded to social cooperatives and initiatives to assist customers in financial difficulty through the installment payment of bills. In the area of innovation and digitalization, the report covers the development of projects and investments aimed at digitizing operational processes and services offered to cities, as well as the returns derived from investments in innovation.
The CSV EBITDA also includes other activities that are relevant from an environmental perspective and for achieving sustainable development, which are not included in the list of Taxonomy-eligible activities, in accordance with the approach adopted by the Commission:

- the sale of renewable electricity;
- the sale of natural gas with greenhouse gas emissions offsetting;
- the sale of energy efficiency solutions;
- efficient street lighting;
- energy recovery from waste-to-energy (considered only for the 51% share of energy from renewable sources).

It should also be noted that the CSV EBITDA excludes gas distribution activities, which the Taxonomy considers eligible and aligned for the portion related to the retrofitting of gas networks to integrate hydrogen and other low-carbon gases.

With regard to activities included in both the shared value and the Taxonomy, for which different accounting methods are used, in all reported cases, apart from the water supply system, these result in a higher CSV EBITDA than the Taxonomy-eligible EBITDA:

- Sewerage and wastewater treatment: In the CSV EBITDA, the margin takes into account the proportion of reusable wastewater and the percentage of compliance with European and national regulations on wastewater treatment for urban agglomerations with more than 2,000 population equivalents, whereas the Taxonomy criteria require, for the activity to be aligned, that the entire sewer system comply with the good ecological status of the relevant water bodies and that aerobic sludge digestion systems have energy consumption equal to or lower than that of anaerobic sludge digestion systems;
- Water supply: In the CSV framework, marginality is quantified by considering the customers served by water supply systems for which a water safety management plan has been developed and formally approved, whereas the Taxonomy criteria consider eligible only those activities that meet thresholds for water loss or energy efficiency in water abstraction, treatment, and distribution;
- Company fleet: The CSV EBITDA includes electric vehicles and those compatible with HVO, unlike the Taxonomy criteria, which provide for eligibility and alignment only for electric vehicles that also meet certain requirements regarding circularity and pollution prevention;
- Telecommunications: In the CSV Model, margin are fully recognized as falling under the “innovation and digitalization” impact area, while the taxonomic criteria consider only margin derived from data center operations that comply with the European Code of Conduct on Server Energy Efficiency to be eligible;
- Waste collection: In the CSV EBITDA, in addition to the margin derived from separate collection, the margin derived from unsorted waste sent for energy production and used in part to power the district heating system, is also taken into account. The Taxonomy considers only the margin derived from the separate collection of waste streams separated at the source and intended for material recovery to be eligible and aligned;
- For the sorting of municipal and industrial waste, the CSV model quantifies profitability by considering not only the percentage of waste sent for material recovery but also that destined for energy recovery, whereas the Taxonomy considers only the profitability of facilities that convert at least 50% of waste into secondary raw materials to be eligible.

Even in light of the differences mentioned above, which result in a substantial difference between the EU Taxonomy and the CSV, the Hera Group has been actively involved in the various consultation processes during the development of the regulations, providing input both directly, through the European Commission’s official channels, and indirectly, through the various industry associations in which the Group participates. Among these is the 2023 EU Taxonomy Stakeholder Request Mechanism, a questionnaire open to parties affected by the Regulation, designed to solicit evidence-based (scientific and/or technical) suggestions regarding new economic activities that could be added to the Taxonomy or potential revisions to the technical screening criteria for existing activities. As part of these processes, the Hera Group has expressed its position on certain issues under discussion within various institutional working groups at both the national and European levels. These include:

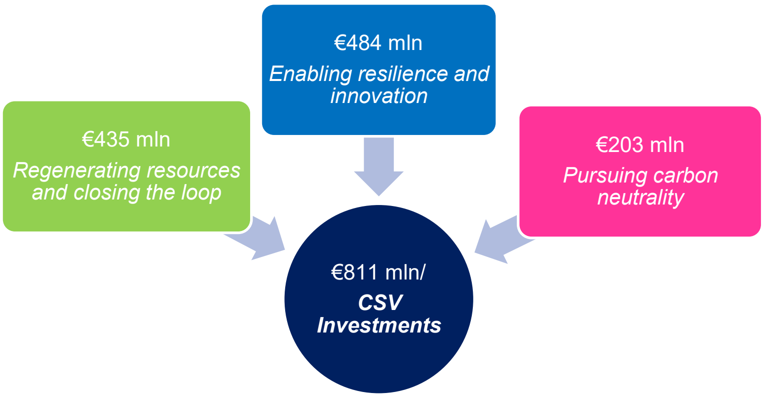
- Sale of renewable energy: To date, the Regulation does not include the sale of energy in the list of eligible activities, even though it is an important element of the entire value chain and plays a fundamental role in the decarbonization process by enabling the sustainable electrification of consumption. Companies operating in the sales sector that promote the consumption of renewable energy among their customers can make a significant contribution to the energy transition by steering demand. The Group maintains that the sale of renewable electricity should be considered a mitigation activity and should be accorded the same consideration and importance as electricity generation and distribution activities (which are currently included in the list of eligible activities).
- Role of waste-to-energy plants in the waste hierarchy: waste-to-energy plants with energy recovery are not included in the list of eligible activities. The Hera Group considers this type of facility indispensable in the transition to a circular economy, as they contribute to the disposal of non-recyclable waste fractions, avoiding landfilling (a much more environmentally harmful alternative), and can provide the heat necessary for the operation of high-efficiency district heating, thereby avoiding CO2 emissions from fossil fuels.
- The role of natural gas in the energy transition: On July 11, 2022, the European Parliament and the Council approved the Commission Delegated Regulation (EU) 2022/1214 on climate objectives (mitigation and adaptation), which includes, under strict conditions, specific activities related to nuclear energy and natural gas-based power generation in the list of eligible activities. According to the Commission, the criteria for these activities should help accelerate the transition from solid or liquid fossil fuels, including coal, toward a climate-neutral future. However, the Group considers the conditions for meeting the technical screening criteria to be excessively challenging: the emissions threshold to be met by existing plants, for example, set at 100 gCO2/kWh, does not seem to take adequate account of the state of available technologies and appears unrealistic in the absence of carbon capture solutions, the use of which entails high costs and operational complexities that are not always surmountable.
- Waste collection methods: On June 27, 2023, the European Parliament and the Council approved Delegated Act (EU) 2023/2486 concerning the remaining four environmental objectives; with regard to the objective of transitioning to a circular economy, this act includes the activity “Collection and transport of non-hazardous and hazardous waste” (Activity 2.3 CE). One of the technical criteria for establishing a substantial contribution to this objective requires that municipal solid waste collection take place “primarily through door-to-door

collection systems or controlled collection points, in order to ensure a high level of separate collection and low contamination rates." However, based on the Hera Group's experience, high levels of separate collection and low contamination rates can also be ensured through mixed collection methods. Therefore, the Group believes that these criteria should prioritize achieving a high level of separate collection, regardless of the collection methods used.

5. SHARED-VALUE INVESTMENTS

In 2025, the Hera Group allocated approximately **€810.9 million** to investments and corporate acquisitions aimed at creating shared value. This amount represents **78% of the total operating investments** made by the Hera Group, excluding capital grants totaling €1,033.2 million.

The chart below shows these investments and corporate acquisitions broken down by CSV driver..



The sum of investments in the three drivers does not equal the total CSV investments because some investments are attributable to more than one driver

In 2025, the main investments aimed at "**pursuing carbon neutrality**" focused on:

- energy efficiency measures in the waste sector;
- electricity customer acquisition;
- electricity distribution;
- measures to improve the efficiency of the district heating system (interconnections and geothermal energy);
- projects for the production of renewable energy;
- gas distribution.

With regard to the driver "**regenerating resources and closing the loop**," the main investment areas were:

- Integrated Water Service;
- equipment for recycling (trash cans, containers, and collection centers);
- projects to expand the infrastructure for waste recovery and recycling (Herambiente, Aliplast, Hasi, and their subsidiaries);
- fleet renewal.

Finally, under the "**enabling resilience and innovation**" driver, investments were primarily aimed at:

- resilience of networks and facilities against physical risks (hydrogeological instability, climate change, and other business continuity risks);
- innovation and digitalization (investments in innovation projects across various business units, information systems, and telecommunications);
- replacement and installation of meters for electricity, gas, and integrated water services.

The investments aimed at creating shared value outlined in the 2025–2029 business plan total approximately €4.2 billion (including funds obtained under the National Recovery and Resilience Plan, or PNRR); this amount represents 76% of the total (taking into account financial investments and corporate acquisitions). Investments related to initiatives under the "Regenerating Resources and Closing the Loop" driver total approximately €1.9 billion; initiatives under "Pursuing Carbon Neutrality," on the other hand, amount to approximately €1.3 billion, while €2.1 billion are allocated to investments for "Enabling Resilience and Innovation." Shared-value investments include projects funded by the National Recovery and Resilience Plan (PNRR) and linked to initiatives under Mission 2, "Green Revolution and Ecological Transition"; the total amount of grants obtained from the PNRR to finance the projects proposed by the Group is approximately €31.2 million.

APPENDIX – POLICIES ANALYSED TO IDENTIFY CSV DRIVERS

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INDEPENDENT AUDITORS’ REPORT

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Hera S.p.A.

2025 CSV Report

(with independent auditors' report thereon)

KPMG S.p.A.

6 May 2026

KPMG S.p.A.
Revisione e organizzazione contabile
Via Innocenzo Malvasia, 6
40131 BOLOGNA BO
Telefono +39 051 4392511
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report on the 2025 CSV Report

To the chief executive officer of
Hera S.p.A.

We have been engaged to perform a limited assurance engagement on the 2025 CSV Report (the "report") of the Hera Group (the "group"), prepared in accordance with the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note".

Our procedures did not cover the information set out in sections 4. "Taxonomy-aligned EBITDA and CSV EBITDA" and 5. "Shared-value investments" of the report.

Directors' responsibilities

The company's directors are responsible for the selection and definition of the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note" and for the preparation of the report in accordance with those criteria.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error.

Auditors' independence and quality management

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the report with the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note". We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International

Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following main procedures:

1 critical reading of the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note";
2 understanding the process adopted to process and prepare the quantitative information included in the report and the related calculation methods in accordance with the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note";
3 checking, on a sample basis through limited procedures, whether the quantitative information included in the report had been prepared in accordance with the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note".

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2025 CSV Report of the Hera Group has not been prepared, in all material respects, in accordance with the reporting criteria set out in paragraph 2.3 of section 2. "The creating shared-value model - methodological note".

Our conclusion on the report does not cover the information set out in sections 4. "Taxonomy-aligned EBITDA and CSV EBITDA" and 5. "Shared-value investments" of the report.

Emphasis of matter - CSV EBITDA reporting criteria

We draw attention to paragraph 2.3 of section 2. "The creating shared-value model - methodological note" which describes the CSV EBITDA reporting criteria. The report has been prepared to describe how the 2025 CSV EBITDA has been calculated. As such, it may not be suitable for other purposes. Our conclusion is not qualified in this respect.

Bologna, 6 May 2026

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit