

Methodological guide to this report

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This sustainability report is a **Consolidated non-financial statement** (NFS) drafted by Hera S.p.A. and its subsidiaries (the "Group") which refers to the financial year 2022 (from 1 January 2022 to 31 December 2022) and was prepared in accordance with Articles 3 and 4 of Legislative Decree 254/2016 implementing Directive 2014/95/EU. This NFS reports information regarding significant issues which concern the environment, social factors, personnel, human rights and anti-corruption, which are useful in understanding the Group's activities, including its performance and results, and their impact. The topics regarding the Group and its stakeholders were defined based on a well-structured **materiality analysis**, which is described in the section "Materiality analysis and definition of contents", part of the present Methodological guide to this report.

As provided for by Article 5 of Legislative Decree 254/2016, this document forms a separate report and is marked with specific wording, identifying it as a NFS, as provided for by legislation.

The Hera Group considers this NFS as its **sustainability report**, a primary tool for managing and reporting on its activities and results in the **economic, environmental and social spheres**, as well as a fundamental tool for **informing and communicating** with its stakeholders.

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The Group's sustainability report has been drafted and published annually since 2002, and since 2007 it has been **approved by the Board of Directors of Hera Spa** at the same time as the annual and consolidated financial statements, in addition to being presented at the Shareholders Meeting. This version was approved by the Board of Directors of Hera Spa on 21 March 2023 and published on 5 April 2023. This fact bears witness to the **central role** of sustainability and corporate social responsibility in the Hera Group's planning and control system, which anticipated by more than ten years the obligations introduced by the European directive on non-financial reporting.

The structure of this sustainability report is a direct consequence of the **strategic approach** aimed at **creating shared value** that the Hera Group has adopted since 2016, with the aim of responding more effectively to the challenges of sustainable economic development both globally and locally, and making the value created in the areas served more tangible.

In addition to the **results** and **targets achieved**, this sustainability report sets out the **principles** underlying the Hera Group's actions, its **future objectives** and the results of its **communication with stakeholders**.

The attachments to this report also include **case studies**, i.e. descriptions of projects and initiatives that are particularly representative of the Group's commitment to sustainability and to creating shared value.

This document is widely distributed to all Group stakeholders, through its publication on the company's website and other initiatives.

Scope of reporting

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The scope of the **operating and financial** data and information is the same as that of the Hera Group's consolidated financial statements at 31 December 2022. The scope of the **social and environmental** data and information includes all companies shown below, consolidated on a line-by-line basis in the Group's consolidated financial statements.

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"> ■ Acantho Spa ■ AcegasApsAmga Spa ■ Hera Comm Spa ■ Hera Trading Srl ■ Herambiente Spa ■ Heratech Srl ■ Inrete Distribuzione Energia Spa ■ Marche Multiservizi Spa ■ Uniflotte Srl | <ul style="list-style-type: none"> ■ Con Energia Spa ■ Eco Gas Srl ■ EstEnergy Spa <ul style="list-style-type: none"> – Etra Energia Srl ■ Hera Comm Marche Srl ■ Wolmann Spa | <ul style="list-style-type: none"> ■ Aliplast Spa <ul style="list-style-type: none"> – Alibardi Fiorenzo Srl – Aliplast France Recyclage Sarl – Aliplast Iberia SL – Aliplast Polska SP O.O. ■ ASA Scpa ■ Biorg Srl ■ Feronia Srl ■ Frullo Energia Ambiente Srl ■ Herambiente Servizi Industriali Srl: <ul style="list-style-type: none"> – Recycla Spa – Vallortigara Servizi Ambientali Spa and 2 subsidiaries ■ Hestambiente Srl | <ul style="list-style-type: none"> ■ AcegasApsAmga Servizi Energetici Spa <ul style="list-style-type: none"> – Hera Servizi Energia Srl – Tri-Generation Scarl ■ Aresgas EAD <ul style="list-style-type: none"> – Aresenergy EOOD – Ares Trading EOOD – Atlas Utilities EAD and 1 subsidiary – Black Sea Gas Company EOOD ■ Hera Luce Srl | <ul style="list-style-type: none"> ■ Marche Multiservizi Falconara Srl ■ Green Factory Srl ■ Macero Maceratese Srl |

Compared to 2021, the following changes in the scope of operations occurred:

- **Amgas Blu Srl** was merged by incorporation into Hera Comm Spa on 1 October 2022, with accounting effects backdated to 1 January 2022;
- **Ascopiave Energie Spa, Ascotrade Spa and Blue Meta Spa** were merged by incorporation into Estenergy Spa on 1 October 2022, with accounting effects backdated to 1 January 2022;
- **Vegri Scarl**, a subsidiary of Vallortigara Servizi Ambientali Spa, completed the liquidation process on 15 November 2022;
- **Alibardi Fiorenzo Srl**, a company involved in plastic material collection and production, was acquired by Aliplast Spa on 13 September 2022 and fully consolidated with accounting effects backdated to 1 July 2022;
- **Con Energia Spa**, specialising in gas and energy sales to end customers, was acquired by Hera Comm Spa on 13 April 2022 and fully consolidated with accounting effects backdated to 1 January 2022;
- **Macero Maceratese Srl** was acquired by Marche Multiservizi Spa on 30 June 2022 and fully consolidated with accounting effects backdated to 1 January 2022.

Any changes to the scope of operations described above have been noted in this document and, where present, do not compromise the proper representation of the company's activities.

Even though it is not included in the scope of consolidation, information on the company **Enomondo Srl** (50% owned by Herambiente Spa), which manages a biomass plant, is also reported. This information includes aspects related to atmospheric emissions and waste disposal.

In order to provide a comparison of data over time and an evaluation of the Group's business performance, comparative data for the previous two years have been included, where available. Furthermore, in order to offer a fair representation of Hera's performance and to ensure that the data is reliable, the use of estimates is kept to a minimum and, where they have been used, they are based on the best methodologies available and noted accordingly.

Reporting standards

This NFS was prepared in accordance with the methods and principles set out in the **GRI Sustainability Reporting Standards**, defined by the Global Reporting Initiative (GRI Standards). The paragraph entitled "GRI content index" presents all indicators reported in this NFS, including references to their position in the report and any possible omissions. Note that for the report concerning the 2022 financial year, the **GRI general standards published in 2021** were adopted, which updated the drafting process, the general disclosures and the process for identifying and evaluating material issues: GRI 1 Foundation principles; GRI 2 General disclosures; GRI 3 Material topics. GRI 1 Foundation 2021 defines the general principles of sustainability reporting (Reporting principles): accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

The "**2013 GBS Standards - Principles for drawing up sustainability reports**" defined by the Gruppo di Studio per il Bilancio Sociale (GBS) were also taken into account when drafting this statement as regards the definition and distribution of added value.

Even though they are not mandatory reporting standards and therefore were not used for the purposes of this NFS, a table correlating the **Sustainability Accounting Standards Board (SASB)** indicators has been included in the attachments.

As regards information concerning climate change, since 2020 the Hera Group has made reference to the **Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**, published in 2017 by the Financial Stability Board, and the **European Union Guidelines on climate-related disclosures**, published in June 2019 by the European Commission. The process of adhering to and aligning with the TCFD's Recommendations, approved in 2020 by the Management Review Committee, involved a dedicated cross-department team with members from the Shared Value and Sustainability, Risk Management, Strategic Planning and Energy Management Departments, as well as the Central Administration, Finance and Control Department. The information consistent with the TCFD's Recommendations includes: an overview of the Group's greenhouse gas emissions, broken down by supply chain; a table with the main greenhouse gas targets and indicators in the Attachments (updated in 2021 based on the document entitled "Guidance on Metrics, Targets, and Transition Plans", published

in October 2021 by the TCFD); a description of the incentive system linked to climate targets; a description of the governance processes regarding the supervision and management of climate-related risks; and lastly, some initiatives identified to reduce risks and anticipate opportunities arising from climate change.

The NFS (paragraph “Information concerning sustainable economic activities”) includes the information required by Article 8 of EU Regulation 2020/852, concerning the EU Taxonomy of sustainable activities. The EU Taxonomy sets out the conditions that an economic activity must fulfil in order to be considered sustainable. The information required by the obligations under the Regulation is accompanied by a few additional elements, such as the comparison between the Taxonomy Ebitda and the “Shared-value Ebitda” (CSV Ebitda) that the Group has been reporting since 2016.

The reporting process

In addition to the criteria listed above, this sustainability report was drafted in accordance with a specific **internal procedure** introduced by the Group in 2012 and updated in 2015 and 2019. This procedure sets out the activities required for planning, carrying out, approving, disclosing and presenting the report, as well as the related roles and responsibilities.

The **social and environmental sustainability targets** included in this sustainability report were defined based on the planning and control tools used by the Group: the 2022-2026 Business plan, the 2023 budget and the 2023 balanced scorecard. These interconnected tools 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 information and data presented in this sustainability report were **collected and consolidated** by using dedicated software. The data and information were directly communicated via the software by the contact persons and were subsequently validated by designated managers as part of the internal procedure.

In order to ensure consistency and comparability in the information, where considered necessary to correct any errors or take into account changes in the measurement methodology of the indicators or in the nature of the activity, the quantitative data presented and relating to previous periods may be recalculated and restated with respect to what was published in the previous year’s NFS. The related indications, recalculation criteria and effects are mentioned in the corresponding chapters and paragraphs.

[2-4] Any **changes in calculations** compared to previous years have been indicated in the notes to the tables.

Management Review Committee and work group [2-3]

This sustainability report was prepared by Hera Spa’s Shared Value and Sustainability Department (bs@gruppohera.it) with the participation of numerous contact persons, both in terms of data collection and for the descriptions and comments. The preparation and supervision of this work, as well as the approval of the improvement targets 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 CEO and 18 Group managers.

We would like to thank the 380 people who contributed in various ways to drafting this report.

Auditing the report [2-5]

This Consolidated Non-Financial Statement has undergone a limited audit by Audirevi S.p.A. in accordance with the principles and guidance contained in ISAE 3000 (International Standard on Assurance Engagements 3000 - Revised) of the International Auditing and Assurance Standards Board (IAASB). The Auditor’s Report is attached as an appendix to this document.

Note that the quantitative information in this Non-financial statement that does not refer to the indicators reported in the “Index of GRI contents” was not specifically examined by Audirevi Spa. This information has been presented on a voluntary basis, partially based on the materiality analysis, to supplement the requirements of Legislative Decree 254/2016 and the reporting standards adopted by the Hera Group.

Stakeholders and materiality analysis

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Hera's stakeholders

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The Hera Group's **stakeholder map** was defined based on a survey of the company's stakeholders. Each stakeholder category identified presents particular interests and priority topics and its input is received through communications and involvement initiatives. The infographic below shows a summary of the stakeholders identified and the main dialogue and consultation activities carried out during the year. For detailed information, see the section entitled "[Communication with our stakeholders](#)" (in the chapter "Governance and creating value").



Materiality analysis and definition of contents

[3-1]

The Group's sustainability reporting is preceded each year by a process that consists in **analysing and identifying material topics** for the Hera Group and its stakeholders. More specifically, as of this report, the process has been drafted in accordance with the **new GRI Universal Standards** published in 2021 (GRI 3). An analysis of internal and external sources has made it possible to identify and analyse the impacts generated or undergone by the Group, which are useful for prioritising the material topics presented in this section.

In order to understand the **external context and identify the material topics**, the following sources were analysed, among others:

- the scenario of **global, European, national and local policies** regarding the three drivers identified for creating **shared value**: pursuing carbon neutrality, regenerating resources and closing the circle, and enabling resilience and innovating;
- the **main risks** identified by the Enterprise Risk Management analysis and an analysis of climate risk;
- **legislative and regulatory changes** in the sectors in which the Hera Group operates;
- the main critical issues that emerged from the **press review**;
- the results of stakeholder communication activities, thanks to numerous activities organised during the year; in particular, the topics identified during HeraLABs, the results of the annual customer satisfaction survey, and the topics discussed in the communications with consumer associations were considered.

The most relevant topics were also identified by considering the corporate strategy, through an analysis of the Group's main goals identified in the **2022-2026 Business plan**, and the results of the biennial **employee satisfaction** survey.

Analysing these sources enabled the impacts generated and undergone to be **identified**, anticipating the provisions of EU Directive 2022/2464 (CSRD - Corporate Social Responsibility Directive) in terms of double materiality, on the economy, the environment and people, including human rights. Each impact was then defined as positive or negative and actual or potential. Based on these parameters, individual impacts were assessed according to their severity and likelihood of occurrence.

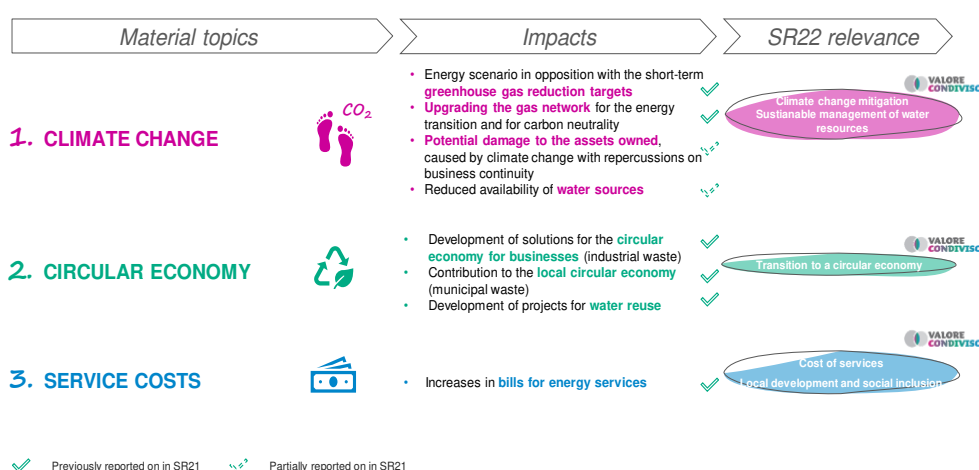
Following this assessment phase, the impacts were grouped into topics and **prioritised** based on their assessments.

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The material topics resulting from this analysis are submitted annually to the **Management Review Committee** and the Group's **Ethics and Sustainability Committee**.

Breakdown of the information required by Italian Legislative Decree No. 254/2016 and material topics in order of priority
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The most significant topics that emerged from the materiality analysis concern climate change, the circular economy and the cost of services, all of which are amply reported within this NFS. Compared to the topics in the 2021 Sustainability Report, those relating to **climate change** and the **cost of services** took on greater importance.







Within this report, each sphere of Legislative Decree 254/2016 has been taken into consideration, in accordance with current legislation. The various material topics identified by the analysis mentioned above are consistent with Legislative Decree 254/2016 on non-financial disclosures.







The following table summarises the material topics, listed **in order of relevance**, along with the impacts identified and an indication of their nature (impacts generated or undergone, positive or negative impacts, actual or potential impacts), and their relationship with the aspects of Legislative Decree 254/2016. In addition, for each topic, the commitments, policies and management methods put into practise by the Group are described and references are given to the paragraphs of this report along with a description of the actions, objectives and targets considered to manage the impacts, whether positive or negative.



| Material topic and description of impact | Leg. Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|---|------------------|--|---|
| Climate change mitigation | | | |
| Impacts generated: - Adaptation of the gas network to the energy transition and carbon neutrality, partially thanks to the incentive system introduced by ARERA and support coming from EU policies (Fit for 55 and REPowerEU). (positive; potential) - Trends in greenhouse gas emissions generated. In the coming years, due to the current energy scenario and the ensuing external factors, the reduction in emissions could be lower than the commitments made (negative; actual). Impacts suffered: - Reduced availability of water sources in the areas served by the Group most exposed to drought risk. (negative; potential) - Damage to property assets as a result of extreme natural phenomena (e.g. floods), partially caused by climate change. (negative; potential) | ● | Statements of commitment: - Greenhouse gas emission reduction targets to 2030 approved by SBTi - Drafting this report and, specifically, the "Climate change mitigation" section, following the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and the European Union Guidelines on Climate-related Disclosures - Annual participation in the CDP project Policies: - Quality and Sustainability Policy - Code of Ethics and its system for implementation (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 14001 environmental certification - ISO 50001 energy efficiency certification - EMAS registration | The actions, objectives, targets and their monitoring with regard to the impacts of this topic are reported under "Climate change mitigation" (chapter "Energy"). Within this sustainability report, the final results of the four targets in line with the "well below 2 degrees" reduction scenario, approved by SBTi, are reported. The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goal 13 |
| Circular economy | | | |
| Impacts generated: - Development of circular economy solutions for businesses (industrial waste). (positive; potential) - Contribution to the circular economy (municipal waste) (positive; actual) - Development of water reuse projects (positive; actual) - Promotion of the circular economy in households, public administrations and local businesses through awareness-raising and communications | ● | Statements of commitment: - New Plastics Economy Global Commitment of the Ellen MacArthur Foundation - European strategy for plastics - voluntary pledges Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) | The Group's activities, commitments, targets and initiatives with regard to the impacts of this topic are reported in the sections "Transition towards a circular economy" and "Economic value for stakeholders". This paragraph also includes the following benchmarks: comparison of sorted waste indicators with national performance; comparison of final destination of waste with Italy and Europe; comparison of network losses with national averages and the main |

| Material topic and description of impact | Leg- Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|--|---|---|--|
| activities (positive; actual) | | Management systems: <ul style="list-style-type: none"> - ISO 14001 environmental certification - Circular Economy Project Management System (AFNOR XP X30-901) | <p>Italian utilities.</p> <p>The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions".</p> <p>UN Agenda 2030: Goal 12</p> |
| Safety, cost and continuity of services | | | |
| Impacts generated: <ul style="list-style-type: none"> - Suspension of supplies to customers due to non-payment. (negative; potential) - Cost of district heating service, of which gas is one of the sources. (negative; actual) |   | Policies: <ul style="list-style-type: none"> - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) | <p>The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the sections "Cost of services", "Service quality", "Safety and continuity of services".</p> |
| Impacts suffered: <ul style="list-style-type: none"> - Rising cost of gas and electricity, which is negatively reflected in energy service bills for customers. (negative; actual) - Suspension of the operation of waste management facilities. (negative; potential) | | Management systems: <ul style="list-style-type: none"> - ISO 9001 Quality Certification - Ongoing implementation of the ISO 22301 Business Continuity Management System | <p>This paragraph also includes the following benchmarks: comparison of the change in Hera bills over the years, comparison of expenditure from consumption of bottled or tap water, % compliance with commercial quality standards (ARERA).</p> |
| Innovation and digital transformation | | | |
| Impacts generated: <ul style="list-style-type: none"> - Development of innovative projects for the services managed, through the Group's "Innovation strategy". (positive; potential) - Efficiency and improvement of metering systems for energy consumed, partially thanks to ARERA's bonus systems. (positive; potential) - Customer digitisation, for the improvement of the customer experience and increased interaction with the company. (positive; effective) - Use of advanced technologies for the digitisation of internal processes. (positive; effective) |  | Policies: <ul style="list-style-type: none"> - Quality and Sustainability Policy - Data protection policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) | <p>The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph "Innovation and digitisation".</p> |
| | | Management systems: <ul style="list-style-type: none"> - ISO 9001 quality certification - ISO 27000 series information security certification (Acantho) | <p>The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions".</p> <p>UN Agenda 2030: Goals 9, 11</p> |
| Quality and costs of waste collection and city cleanliness | | | |
| Impacts generated: <ul style="list-style-type: none"> - Citizens' perception of the quality of waste management services. (negative; actual) - Rising waste management services bills. (negative; actual) - Optimisation of waste |  | Policies: <ul style="list-style-type: none"> - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) | <p>The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the sections "Transition towards a and Sustainability Committee and circular economy" and "Cost of services".</p> |

| Material topic and description of impact | Leg. Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|---|--|---|---|
| management services and sorted waste collection (positive; potential) | | Management systems: - ISO 9001 quality certification | This paragraph also includes the following benchmarks: comparison of sorted waste indicators with national performance; comparison of final destination of waste with Italy and Europe; comparison of network losses with national average and the main Italian utilities. The paragraph "Cost of services" provides a comparison of the cost of waste management services for Hera's household and non-household customers and the average for Italy, northern Italy and the main cities in Italy. UN Agenda 2030: Goal 12 |
| Resilience and adaptation | | | |
| Impacts generated: - Interventions for the resilience of water networks. (positive; potential) - Interventions for the resilience of gas/electricity networks. (positive; potential) |  | Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 9001 Quality Certification - Ongoing implementation of the ISO 22301 Business Continuity Management System | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph "Resilience and adaptation". The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goals 13, 11 |
| Supply Chain Management | | | |
| Impacts generated: - Sustainability monitoring in the supply chain. (positive; actual) Impacts suffered: - Inability to provide services or works due to supplier default. (negative; potential) |   | Statements of commitment: - Utilitalia's pact for inclusion in the company Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - Certification for SA 8000 social responsibility and SA 8000-inspired management systems - ISO 9001 quality certification - Management system for the prevention of corruption ISO 37001 | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph "Economic growth and social inclusion" and the chapter "Suppliers". The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goal 8 |
| Customer relations | | | |
| Impacts generated: - Contract management not in line with expectations. (negative, |  | Policies: - Quality and Sustainability Policy - Code of Ethics and its | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported |

| Material topic and description of impact | Leg. Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|---|---|--|--|
| actual) - Customers' involvement in the definition of their offers and in customising the services provided. (positive; actual) | | implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 9001 environmental certification | in the section "Customer relations". |
| Energy efficiency and renewables | | | |
| Impacts generated: - Increased efficiency in the consumption of customers (households, businesses and public administrations) and of the Group (positive; potential) - Increased production of biomethane and renewable energies (positive; potential) |  | Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 50001 energy efficiency certification - ISO 14001 environmental certification | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraphs "Promoting energy efficiency" and "Energy transition and renewables sources". The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goals 7, 13 |
| Air protection | | | |
| Impacts generated: - Environmental impacts of waste treatment plants (NIMBY syndrome). (negative; potential) - Development of efficient and renewable district heating. (positive; potential) |  | Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 14001 environmental certification - ISO 9001 quality certification - EMAS registration for several sites with waste treatment plants - ISO 17025 laboratory accreditation | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the sections "Transition towards a circular economy"; "Protection of air, soil, and biodiversity" and "Sustainable management of water resources". The paragraph also includes the following benchmarks: atmospheric emissions from WTE plants compared to legal limits (details by parameter and by plant), atmospheric emissions from WTE plants compared to authorisation limits, atmospheric emissions from the Imola cogeneration plant compared to legal and authorisation limits, comparison of the percentage of low environmental impact vehicles between Hera and the main Italian utilities. The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goals 11, 12 |
| Occupational health and safety | | | |

| Material topic and description of impact | Leg- Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|---|--|---|--|
| Impacts generated: - Accidents on the workplace, including Group supplier sites. (negative; actual) |   | Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - Certification for SA 8000 social responsibility and SA 8000-inspired management systems - ISO 45001 occupational safety certification | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the sections "Health and safety" as regards employees and "Contract management" as regards suppliers. This paragraph also includes the following benchmarks: frequency rate comparison among Italy's main utilities. The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". |
| Local development and social inclusion | | | |
| Impacts generated: - Development of instruments and agreements supplementing regulations, to support weaker users (instalments and bonuses). (positive; actual) |   | Statements of commitment: - Utilitalia's pact for inclusion in the company Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - Certification for SA 8000 social responsibility and SA 8000-inspired management systems - ISO 9001 quality certification | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph "Economic growth and social inclusion". The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goal 8 |
| Diversity | | | |
| Impacts generated: - Protection of employment and diversity within the company. (positive; actual) |   | Statements of commitment: - Charter for equal opportunities and equality on the workplace (promoted by the Ministry of Labour and the Ministry of Equal Opportunities, Fondazione Sodalitas, Impronta Etica, AIDAF, AIDDA and UCID) - Value D Manifesto for female employment - Utilitalia's pact for corporate inclusion - Women's Empowerment Principles (WEPS) of UN Global Compact and UN Women Policies: - Quality and Sustainability Policy - Remuneration policies - Code of Ethics and its implementation system (Ethics and Sustainability Committee and | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraphs "Economic growth and social inclusion" and "Job creation and development of new skills". This paragraph also includes the following benchmark: women in senior roles in major Italian utilities. The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goal 5 |

| Material topic and description of impact | Leg. Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|--|---|---|--|
| | | its rules of operation) | |
| | | Management systems: <ul style="list-style-type: none"> - Certification for SA 8000 social responsibility and SA 8000-inspired management systems | |
| Training and professional development, remuneration and incentives | | | |
| Impacts generated: <ul style="list-style-type: none"> - Development of valuable professional figures. (positive; actual) |  | Policies: <ul style="list-style-type: none"> - Quality and Sustainability Policy - Remuneration policies - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: <ul style="list-style-type: none"> - ISO 9001 Quality Certification - Health and safety ISO 45001 certification - ISO 37001 corruption prevention certification - Certification for SA 8000 social responsibility and SA 8000-inspired management systems | <p>The Group's activities, commitments, objectives and targets with regard to the impacts of this theme are reported in the paragraphs "Management of skills and training", "Development of individuals" and "Welfare" (chapter "People").</p> <p>These paragraphs also include the following benchmark: comparison of average hours per capita in the main Italian utilities.</p> <p>The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions".</p> <p>UN Agenda 2030: Goal 8</p> |
| Anti-corruption activities | | | |
| Impacts generated: <ul style="list-style-type: none"> - Anti-corruption. (positive; actual) |  | Policies: <ul style="list-style-type: none"> - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) - Model for Corruption Prevention Management systems: <ul style="list-style-type: none"> - Organisational model for the prevention of offences against the company (Legislative Decree 231/2001) - ISO 37001 corruption prevention certification. | <p>The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph "Sustainability and risk management".</p> <p>The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions".</p> |
| Quality and consumption of network water | | | |

| Material topic and description of impact | Leg- Dec. 254/16 | Commitments, policies and management methods | Actions, objectives, targets and monitoring |
|---|------------------------|--|---|
| Impacts generated: - Ongoing and supplementary controls to ensure the quality of water resources. (positive; actual) | ● | Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 14001 Environmental certification - ISO 9001 Quality certification - ISO 17025 accreditation of laboratories | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraphs "Sustainable management of water resources" and "Service quality". This paragraph 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 of water leaving purification plants that comply with the law. The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goal 6 |
| Sustainable management of water resources | | | |
| Impacts generated: - Actions for protecting and saving water resources (positive; actual) | ● | Statements of commitment: - UN CEO Water Mandate Policies: - Quality and Sustainability Policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 14001 environmental certification - ISO 9001 Quality Certification - Aws certification for the Setta Valley drinking water plant | The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph "Sustainable management of water resources". This paragraph 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 of water leaving purification plants that comply with the law. The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "Shareholders and financial institutions". UN Agenda 2030: Goal 6 |
| Topics of Legislative Decree 254/16: ● Environment; ● Social; ● Personnel; ● Human rights; ● Preventing active and passive corruption | | | |

**Policies,
management
systems and
other
statements of
commitment**

The main **management systems** (Art.3.1(a) of Legislative Decree 254/2016) adopted by the Group, with regard to the topics falling under Legislative Decree 254/2016, are:

- Organisational model for preventing offences against the company (Legislative Decree 231/2001)
- Management system for corporate social responsibility or Supplier audit system based on criteria similar to those of SA 8000
- Environmental Management System ISO 14001
- Quality Management System ISO 9001
- Energy Efficiency Management System ISO 50001
- Occupational Safety Management System ISO 45001
- Management system for corruption prevention ISO 37001
- Data Security Management System ISO 27001
- Laboratory Accreditation ISO 17025
- Circular Economy Project Management System (AFNOR XP X30-901)
- Ongoing implementation of the ISO 22301 Business Continuity Management System
- EMAS registration

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

- [Code of Ethics](#) and its implementation system (Ethics and Sustainability Committee and its rules of operation)
- [Quality and sustainability policy](#)
- [Data protection policy](#)
- [Remuneration policies](#)
- [Model for corruption prevention](#).

The Hera Group has also signed the following declarations of commitment:

- WBCDS Human Rights CEO Guide (2021)
- Charter for equal opportunities and equality at work (promoted by the Ministry of Labour and the Ministry of Equal Opportunities, Fondazione Sodalitas, Impronta Etica, AIDAF, AIDDA and UCID) (2009)
- Value D Manifesto for female employment (2017)
- Utilitalia's pact for inclusion in the company (2019)
- CSR Europe CEOs call "a New Deal for Europe" (2019)
- Women's Empowerment Principles (WEPs) of the UN Global Compact and UN Women (2022)
- UN CEO Water Mandate (2019)
- Ellen MacArthur Foundation New Plastics Economy Global Commitment (2018)
- CO2 Coalition Italy, formal commitment to achieve climate neutrality (2022)
- Manifesto "Together to Fight Energy Poverty" promoted by the Energy Bank

The Group adheres to the following internationally significant organisations/programmes:

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

and supports the Task Force on Climate-related Financial Disclosure (TCFD) established by the Financial Stability Board.

Hera's **risk management model** (Art.3.1, letter b) of Legislative Decree 254/2016) is also integrated with environmental and social issues, as described within the paragraph "[Sustainability and risk management](#)".

The attachments to this report contain two tables correlating the material topics to the management policies/methods and risks identified by the Enterprise Risk Management analysis.

CORRELATION OF MATERIAL TOPICS AND RISKS IDENTIFIED BY ERM ANALYSIS

| Material Topics | Risks | | | | | | |
|--|--|------------------------------|---|-----------|---------------------|----------------------------|----------------------------|
| | Natural - catastrophic and climate change events | Operational security and ICT | Security and development of individuals | Strategic | Operating-financial | Competitive and regulatory | Regulations and compliance |
| Climate change mitigation | | | | ✓ | ✓ | ✓ | |
| Circular economy | | | | ✓ | | ✓ | ✓ |
| Service quality, safety, cost and continuity of services | ✓ | ✓ | ✓ | ✓ | | | |
| Innovation and digital transformation | | ✓ | ✓ | ✓ | | | ✓ |
| Cost of waste collection and urban cleanliness | ✓ | ✓ | | ✓ | | ✓ | |
| Resilience and adaptation | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Supply chain management | | | | ✓ | | | |
| Customer relations | ✓ | ✓ | | ✓ | | | |
| Energy efficiency and renewables | | | | ✓ | ✓ | ✓ | ✓ |
| Air protection | ✓ | ✓ | | ✓ | | | ✓ |
| Occupational health and safety | ✓ | | ✓ | | | | ✓ |
| Local development and social inclusion | ✓ | ✓ | | ✓ | | ✓ | |
| Diversity | | | ✓ | ✓ | | | |
| Training and professional development, remuneration and incentives | | | ✓ | | | | |
| Anti-corruption activities | | | ✓ | ✓ | | | ✓ |
| Quality and consumption of network water | ✓ | ✓ | | ✓ | | ✓ | ✓ |
| Sustainable management of water resources | ✓ | ✓ | | ✓ | | ✓ | ✓ |