

Methodological guide to this report

[2-3] 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 2023 (from 1 January 2023 to 31 December 2023) 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 relevant aspects 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.

[2-14] 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 26 March 2024 and published on 8 April 2024. 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
 [2-1] 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 2023. The scope of the **social and environmental**
 [2-2] 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 ■ Horowatt ■ Inrete Distribuzione Energia Spa ■ Marche Multiservizi Spa ■ Tiepolo Srl ■ Uniflotte Srl 	<ul style="list-style-type: none"> ■ EstEnergy Spa <ul style="list-style-type: none"> – Etra Energia Srl ■ Hera Comm Marche Srl ■ Wolmann Spa ■ F.Ili Franchini Srl 	<ul style="list-style-type: none"> ■ Aliplast Spa <ul style="list-style-type: none"> – Aliplast France Recyclage S.A.S. – Aliplast Iberia S.L.U. – Aliplast Polska SP.Z.o.o. ■ ASA Scpa ■ Biorg Srl ■ Feronia Srl ■ Frullo Energia Ambiente Srl ■ Herambiente Servizi Industriali Srl: <ul style="list-style-type: none"> – A.C.R. Spa – Recycla Spa – Vallortigara Servizi Ambientali Spa ■ Hestambiente Srl 	<ul style="list-style-type: none"> ■ Hera Servizi Energia Spa <ul style="list-style-type: none"> – Tri-Generazione Scarl ■ Aresgas EAD <ul style="list-style-type: none"> – Aresenergy EOOD – Ares Trading EOOD – Atlas Utilities EAD – Primagas AD – Black Sea Gas Company EOOD ■ Hera Luce Srl 	<ul style="list-style-type: none"> ■ Marche Multiservizi Falconara Srl ■ Green Factory Srl ■ Macero Maceratese Srl

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.

Compared to 2022, the following changes in the scope of operations occurred:

- **Alibardi Fiorenzo Srl**, a company involved in plastic material collection and production, was merged by incorporation into Aliplast Spa on 1 March 2023;
- **Con Energia Spa ed and Eco Gas Srl** were merged by incorporation into Hera Comm Spa on 1 October 2023, with accounting effects backdated to 1 January 2023;
- **Hera Servizi Energia Srl** was merged by incorporation into AcegasApsAmga Servizi Energetici Spa (then called Hera Servizi Energia Spa) with accounting effects backdated to 1 January 2023;
- **Hydro Mud Srl and Vallortigara Angelo Srl** were merged by incorporation into Vallortigara Servizi Ambientali Spa with accounting effects backdated to 1 January 2023;
- **A.C.R. Spa di Reggiani Albertino Spa** was 60% acquired by Herambiente Servizi Industriali Srl. The company is operating in the reclamation sector, in the treatment of industrial waste, in the decommissioning of industrial plants and in civil works, with headquarters in Mirandola (Modena). The company was fully consolidated as of 31 March 2023;
- **F.lli Franchini Srl** was 60% acquired by Hera Comm Spa on 29 June 2023. The Rimini-based company operates in the field of thermohydraulic/electrical installations and photovoltaic solutions for business customers. The company is fully consolidated;
- **Horowatt** was established on 11 May 2023 by Hera Spa and Orogel Società cooperativa agricola. The company, which will produce renewable energy through the construction of an agrivoltaic plant, is fully consolidated;
- **Tiepolo Srl** was wholly acquired by Hera Spa on 6 July 2023. The company, which will build and manage a solar photovoltaic plant in Bondeno (FERRARA), is fully consolidated.

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 has 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 contents index" presents all indicators reported in this NFS, including references to their position in the report and any possible omissions. It is to be noted that, since the reporting of the financial year 2022, the **GRI general standards published in 2021** have been adopted, which have updated the drafting process, the general information and the process of identifying and evaluating material topics: GRI 1 Foundation; GRI 2 General Information; GRI 3 Material Topics. The 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.

This NFS (see the paragraph “**Information on eco-sustainable economic activities**”) includes the information required by Article 8 of the EU Regulation 2020/852 on the taxonomy of the European Union on sustainable activities. The EU taxonomy establishes the conditions that an economic activity must meet to be considered sustainable. Inside the present NFS the values of capex, opex and eligible revenues are reported and aligned to the six environmental objectives provided for in the EU taxonomy. Hera has decided to bring forward a year’s reporting of the share of aligned capex, opex and revenues. With this report, Hera continues to bring forward by one year the obligation to report the share of capex, opex and aligned revenues established by the aforementioned EU Regulation and subsequent delegated acts EU 2021/2139 amended by delegated act 2023/2485, which regulates the eligibility and alignment of activities included in the Taxonomy according to the environmental objectives of climate change mitigation and adaptation, EU 2021/2178, as amended by Delegated Act 2023/2485, which specifies the disclosure and transparency requirements for companies subject to annual non-financial reporting, EU 2022/1214, which introduced the production of nuclear energy and energy from fossil gas among the activities eligible for the Taxonomy, EU 2023/2486 which regulates the eligibility and alignment of activities included in the Taxonomy according to four additional environmental objectives (i.e. sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution, and protection and restoration of biodiversity and ecosystems). In this report, not only the indicators related to activities eligible under the four of the six environmental objectives (Climate Change Mitigation, Climate Change Adaptation, Sustainable Use and Protection of Waters and Marine Resources, Transition to a Circular Economy, Pollution Prevention and Control, and Protection and Restoration of Biodiversity and Ecosystems) are reported, but also those related to aligned activities.

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 **shared value and sustainability targets** in this NFS were defined based on the planning and control tools used by the Group: the 2023-2027 Business plan, the 2024 budget and the 2024 balanced scorecard. These interconnected tools contain sustainability objectives which have an impact on stakeholders. In particular, the Business plan includes sustainability and share value related indicators for which quantitative targets have been defined.

The **collection and consolidation** of the information and data reported in the sustainability report was carried out through the use of a dedicated software: the data and information were directly communicated via the software by the contact persons and were subsequently validated by the persons designated in the internal procedure.

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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 relevant indications, recalculation criteria and effects are highlighted in the corresponding chapters and paragraphs.

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 17 Group managers.

We would like to thank the 338 people who contributed in various ways to drafting this report.

Auditing the report

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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 Independent Auditors' Report is attached 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 reported 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.

Hera's stakeholders
 [2-12]
 [2-29]

Stakeholders and materiality analysis

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 has been 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 the 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, the process is in line with the **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 line with the new ESRS standard (European Sustainability Reporting Standards) introduced by the EU Directive 2022/2464 (**CSRD** - Corporate Social Responsibility Directive) a first exercise was made to

integrate the impact materiality (inside-out perspective) with **financial materiality** (outside-in perspective). To this end, the following **internal sources** were analysed:

- Main **economic, reputational and sustainability risks considered as relevant** and the new emerging risk scenarios identified by the Enterprise Risk Management Analysis presented to the Board of Directors in early 2023;
- Progress of the annual **climate risk analysis**;
- **2023-2027 Business plan**, in which the Group’s strategic lines are evident;
- Growth of **shared value activities** that, in line with the Business Plan, will have a greater impact on the increase in Shared-value Ebitda.

Furthermore, 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;
- **Legislative and regulatory changes** in the sectors in which the Hera Group operates;
- The main critical issues and significant elements that emerged from the **press review**;
- The new European ESRS sustainability standards to be used from the 2024 budget onwards.

Finally, the results of the **main stakeholder communication activities**, thanks to numerous activities organised during the year, have been also analysed, in. In particular:

- the topics identified during HeraLABs, the results of the annual customer satisfaction survey,
- the topics discussed in the communications with consumer associations,
- the results of the business climate internal survey conducted in 2023,
- the issues that emerged from the latest update of the Code of Ethics and the work of the Ethics Committee on the management of reports received.

Each impact generated or suffered resulting from this analysis was then identified as positive or negative, actual or potential. Based on these parameters, the individual impacts were assessed depending on the severity and the probability of occurrence.

As a result of the evaluation phase, the impacts were grouped into topics and sorted by **priority** on the basis of their assessment.

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The results of the material topic analysis are validated annually by 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

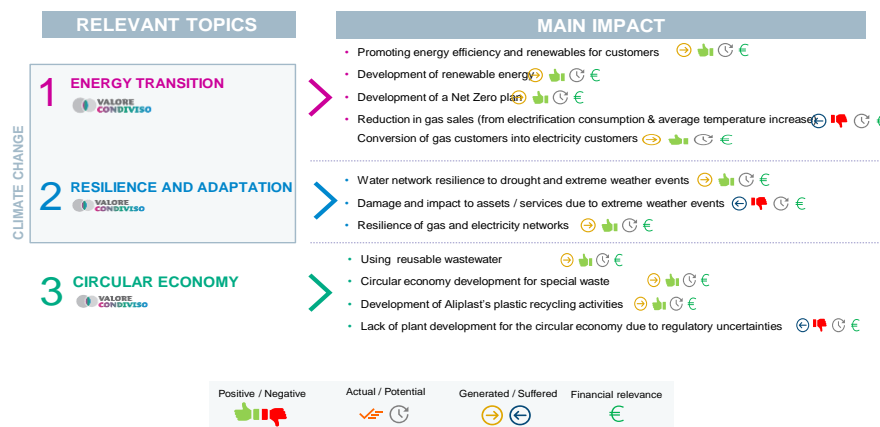
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The **most important material topics** emerged from the analysis of materiality were: energy transition, resilience and adaptation (climate change in particular) and circular economy, all widely reported within the NFS.

The topic “Resilience and adaptation” has become more important than in the 2022 NFS, while the topics “Safety, cost and continuity of the service” (regarding the cost of services) and “Innovation and digital transition” have become less important. In addition, the topic “Quality and consumption of network water” is no longer material.



Compared to the analysis carried out for the 2022 sustainability report, the following stand out:

- The merging of two topics (Energy Efficiency and Renewables and Climate Change) into one called “Energy Transition”;
- The renaming of a topic (Anti-bribery activities) into “Corporate Conduct”, which also includes the results of the listening activities for the updating of the Code of Ethics and the activities of the Ethics and Sustainability Committee.

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 suffered, 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 topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
Energy transition			
<p>The Hera Group, as an energy service provider, offers solutions aimed at energy efficiency and decarbonisation. Hera also promotes a wider use of renewable energy, which it generates especially by using organic waste as a source (e.g.: biomethane), and through geothermal and photovoltaic plants, provides its customers with dedicated offers. Even internally, Hera is committed to reducing energy consumption and using renewable energy. Hera is committed to reducing its consumption and using renewable electricity to cover its internal consumption. The Group is committed to reducing greenhouse gas emissions and, to this end, has set targets for all scopes validated by the Science Based Targets initiative.</p>			
<p>Impacts generated:</p> <ul style="list-style-type: none"> - Development of green energy deals for customers (positive; actual) - Development of renewable energy and testing of innovative solutions (positive; potential) - Energy efficiency of customers (households, businesses and public administrations) (positive; actual) - Development of a decarbonisation plan with the goal of achieving “net zero emissions” by 2050 (positive; potential) - Electrification of energy consumption (positive; potential) - Promoting cultural change to support energy transition (positive; actual) <p>Impacts suffered:</p> <ul style="list-style-type: none"> - Reduction in gas sales due to electrification of consumption (negative; potential) - Reduction in gas sales due to average temperature increase (negative; potential) 	●	<p>Declarations of commitment:</p> <ul style="list-style-type: none"> - 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 <p>Policies:</p> <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>Management systems:</p> <ul style="list-style-type: none"> - ISO 14001 environmental certification - ISO 50001 energy efficiency certification - EMAS registration 	<p>The actions, objectives, targets and their monitoring in reference to the impacts of this topic are reported within the paragraph “Climate change mitigation”, “Promoting energy efficiency” and “Energy transition and renewables”. (“Energy” chapter).</p> <p>This material topic affects the progress of CSV Ebitda. For more information please see the paragraph “Shared Value” (“Sustainable strategy and shared value” Chapter).</p> <p>The paragraph “Energy transition and renewables” explains how the development of biomethane is an example of circular economy and has a direct positive impact on the community, feeding the national gas network.</p> <p>Within this sustainability report, the final results of the four targets in line with the “well below 2 degrees” reduction scenario, approved by SBTi, have been reported.</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>This material topic is associated with incentive targets linked to the variable remuneration of executives and managers (for details see the section “Incentives also depend on sustainability”).</p>

Material topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
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UN 2030 Agenda:
SDGs: 7, 13

Resilience and adaptation

The Hera Group, as a waste management, water service and gas and electricity distribution provider, is committed to a resilient management of its own networks and plants, with a view to adapting to external events, in particular those due to climate change.

Impacts generated:

- Management of flood emergency in Emilia-Romagna and support to affected populations (positive; actual)
- Resilience of gas and electricity networks to cope with the energy transition and national targets for the electrification of consumption (positive; potential)
- Resilience of water network to cope with drought and extreme weather conditions, to reduce the risk of water scarcity (positive; potential)

Impacts suffered:

- Regulatory measures to combat water scarcity and strengthen water infrastructure (positive; actual)
- Reduced availability of water sources (negative; potential)
- Risk of floods and inundations (negative; potential)
- Potential damage to property assets as a result of extreme natural phenomena, also caused by climate change (negative; potential)
- Potential damage to property assets as a result of extreme natural phenomena (negative; 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](#)".

This material topic affects the progress of CSV Ebitda. For more information please see the paragraph "[Shared Value](#)" ("Sustainable strategy and shared value" Chapter).

The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph "[Shareholders and financial institutions](#)".

This material topic is associated with incentive targets linked to the variable remuneration of executives and managers (for details see the section "Incentives also depend on sustainability").

UN 2030 Agenda:
SDGs: 13, 11

Circular economy

The business model of the Hera Group is increasingly oriented towards the circular economy. Hera is committed, in fact, to increasing recycling and recovery, reducing landfill diversion, promoting initiatives for waste prevention and improving its internal circulation.

Impacts generated:

- Development of Aliplast's plastic recycling activities (positive; actual)
- Development of the circular economy for special waste, also thanks to corporate partnerships with companies



Declarations of commitment:




- Ellen MacArthur Foundation New Plastics Economy Global Commitment




Policies:




- Quality and Sustainability Policy
- Code of Ethics and its




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 material topic affects the progress of CSV Ebitda. For more

Material topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
<p>(positive; potential)</p> <ul style="list-style-type: none"> - Reuse waste water to cope with drought and extreme weather conditions, to reduce the risk of water scarcity (positive; potential) - Recovery of materials and energy from waste collection (positive; actual) <p>Impacts suffered:</p> <ul style="list-style-type: none"> - Lack of plant development for the circular economy, caused by regulatory uncertainties (negative; potential) - Development of the customer base thanks to new tenders that prefer circular economy solutions in public lighting (positive; potential) 		<p>implementation system (Ethics and Sustainability Committee and its rules of operation)</p> <p>Management systems:</p> <ul style="list-style-type: none"> - ISO 14001 environmental certification - Circular Economy Project Management System (Afnor XP X30-901) 	<p>information please see the paragraph “Shared Value” (“Sustainable strategy and shared value” Chapter).</p> <p>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 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>This material topic is associated with incentive targets linked to the variable remuneration of executives and managers (for details see the section “Incentives also depend on sustainability”).</p> <p>UN 2030 Agenda: SDG: 12, 17</p>
Air and soil protection			
<p>Impacts generated:</p> <ul style="list-style-type: none"> - Environmental impacts of waste treatment plants (NIMBY syndrome) (negative; actual) - Development of the land reclamation segment also thanks to corporate acquisitions (positive; potential) - Development of district heating from cogeneration and recovery (positive; potential) - Development of sustainable mobility (positive; potential) <p>Impacts suffered:</p> <ul style="list-style-type: none"> - Potential damage to property assets with negative consequences and consequent loss of reputation (negative; potential) - Development of efficient and renewable district heating, also thanks to the funds of the National Recovery and Resilience Plan (NRRP) (positive; potential) 		<p>Policies:</p> <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>Management systems:</p> <ul style="list-style-type: none"> - ISO 14001 environmental certification - ISO 9001 Quality Certification - EMAS registration for several sites with waste treatment plants - Laboratory Accreditation ISO 17025 	<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 circular economy”; “Protection of air, land and biodiversity” and “Sustainable management of water resources”.</p> <p>This 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.</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 2030 Agenda: SDGs: 11, 12</p>
Quality and costs of waste collection and city cleanliness			
<p>Impacts generated:</p> <ul style="list-style-type: none"> - Citizens’ perception of the quality of waste management services (reorganisations and door to door) (negative; actual) - Quantitative and qualitative 	 	<p>Policies:</p> <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 paragraph “Transition towards a circular economy”.</p> <p>This paragraph also includes the</p>

Material topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
development of separate collection, also thanks to targeted pricing (positive; potential) - Level of environmental projects in line with local needs (positive; actual)		Management systems: - ISO 9001 Quality Certification	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 2030 Agenda: SDG: 12
Safety, cost and continuity of the service			
Impacts generated: - Increased cost of energy services (negative; actual) - Cost of district heating service (negative; actual) - Cost of the water supply service (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: - 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 " Cost of services ". 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.
Sustainable management of water resources			
Impacts generated: - Completion of actions under water safety management plans (positive; potential) - Completion of wastewater treatment plant and sewer network (positive; potential) - Water saving also to reduce the risk of water scarcity (positive; potential)		Declarations 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 2030 Agenda: SDG: 6
Training and professional development, remuneration and incentives			
Impacts generated: - Development of valuable professional figures (positive; actual) - Support to work-life balance (positive; actual)		Policies: - Quality and Sustainability Policy - Remuneration policies - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation)	The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the sections " Management of skills and training ", " Professional development " and " Welfare ".

Material topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
		Management systems: - 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	These paragraphs also include the following benchmark: comparison of average hours per capita in 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 2030 Agenda: SDG: 8
Occupational health and safety			
Impacts generated: - Accidents at the workplace, including Group supplier sites. (negative; potential)		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 ".
Supply Chain Management			
Impacts generated: - Accomplishment of Hera's Goal also through the involvement of suppliers (positive; actual) Impacts suffered: - Inability to provide services or works by the supplier using subcontractors (negative; potential)		Declarations 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 corruption prevention 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 in the section " 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 2030 Agenda: SDG: 8
Local development and social inclusion			
Impacts generated: - Accomplishment of Hera's Goal also through the involvement of customers and local community (positive; actual) - Continuous support to customers in difficulty and fight against energy poverty,		Declarations 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	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 ". In the paragraph " Hera's contribution towards social inclusion ", it is explained how the employment of

Material topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
through instalment plans, (positive; potential)		and its rules of operation) Management systems: - Certification for SA 8000 social responsibility and SA 8000-inspired management systems - ISO 9001 Quality Certification	disadvantaged people through social cooperatives, in the area of entrustments, not only does it have a positive social impact on people entering the working world, but also an economic advantage for public administrations. 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 2030 Agenda: SDG: 8
Commercial relations with customers			
Impacts generated: - Contract management not in line with expectations. (negative, actual) - Ethics Committee suggestions to the energy services sales company to improve the clarity and completeness of information provided to customers (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 9001 environmental certification	The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph " Customer relations ".
Diversity			
Impacts generated: - Consolidation of an inclusive work environment, reflecting people diversity (positive; actual) - Promotion of gender equality for Group workers (positive; potential)	 	Declarations of commitment: - Charter for equal opportunities and equality at 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 inclusion in the company - Women's Empowerment Principles (WEPs) by 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 its rules of operation) - Gender equality policy Management systems: - Certification for SA 8000 social responsibility and SA 8000-inspired management systems - Gender equality management system certification UNI PdR 125:2022	The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the sections " Economic growth and social inclusion " and " Job creation and jobs 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 2030 Agenda: SDG: 5

Material topics and impact description	Legislative Decree 254/16	Commitments, policies and management methods	Actions, objectives, targets and monitoring
Innovation and digital transformation			
Impacts generated: - Development and installation of smart gas meters to promote efficiency and improvement of energy consumption measurement systems (positive; potential) - Commercial development of the telecommunications business (positive; potential)		Policies: - Quality and Sustainability Policy - Data protection policy - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) Management systems: - ISO 9001 Quality Certification - ISO 27000 series information security certification (Acantho)	The Group's activities, commitments, objectives and targets with regard to the impacts of this topic are reported in the paragraph " Innovation and digitalisation ". 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 2030 Agenda: SDGs: 9, 11
Corporate culture			
Impacts generated: - Promotion and dissemination of positive behaviours, in line with the Group's purpose-driven Code of Ethics (positive; actual)	    	Policies: - Code of Ethics and its implementation system (Ethics and Sustainability Committee and its rules of operation) - Model for Corruption Prevention Management systems: - Organisational model for preventing offences against the company (Legislative Decree 231/2001) - ISO 37001 corruption prevention certification.	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 ". The management of this material topic affects the Hera Group's performance in the ESG ratings described in the paragraph " Shareholders and financial institutions ".
Topics of Legislative Decree 254/16:  Environment;  Social;  Personnel;  Human rights;  Preventing active and passive corruption			

Policies, management systems and other declarations of commitment

The main **management systems** (Article 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 27000
- 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
- Management system for gender equality UNI PdR 125:2022

For an overview of the certifications held by the Group in relation to these management systems, see the chapter "[Governance and Creating value](#)".

The **company's policies** (Article 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)

- [Gender equality policy](#);
- [Quality and Sustainability Policy](#);
- [Data protection policy](#);
- [Remuneration policies](#)
- [Model for Corruption Prevention](#).

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

- 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)
- Ellen MacArthur Foundation New Plastics Economy Global Commitment (2018)
- Utilitalia's pact for inclusion in the company (2019)
- CSR Europe CEOs call "a New Deal for Europe" (2019)
- UN CEO Water Mandate (2019)
- WBCDS Human Rights CEO Guide (2021)
- Women's Empowerment Principles (WEPs) by UN Global Compact and UN Women (2022)
- CO₂ Coalition Italy, formal commitment to achieve climate neutrality (2022)
- Manifesto "Together to Fight Energy Poverty" promoted by the Energy Bank (2021)
- Manifesto "Business for People and Society" promoted by da UN Global Compact Network Italy (2023)

It 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

Hera's **risk management model** (Article 3.1, letter b) of Legislative Decree 254/2016) has been 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
Energy transition				✓	✓	✓	✓
Resilience and adjustment	✓	✓	✓	✓		✓	
Circular economy				✓		✓	✓
Protection of air and soil	✓	✓		✓			✓
Quality, cost of waste collection and city integrity service	✓	✓		✓		✓	
Safety, cost, and continuity of the service	✓	✓	✓	✓		✓	
Sustainable management of water resources	✓	✓		✓		✓	✓
Training and professional development, remuneration and incentives			✓				
Occupational Health and Safety	✓		✓				✓
Supply chain management				✓			
Local development and social inclusion	✓	✓		✓		✓	
Commercial relations with customers	✓	✓		✓			
Diversity			✓	✓			
Innovation and digital transformation		✓	✓	✓			✓
Corporate culture			✓	✓			✓