

A photograph of an industrial or urban landscape. In the background, there is a large, dark, cylindrical industrial tank. To the right, a multi-story brick building with arched windows is visible. In the foreground, there is a grassy area with several young trees planted in individual wooden frames. The sun is shining from behind one of the trees, creating a lens flare effect. The sky is clear and blue.

HERA GROUP **engagement with biodiversity**

We are determined to preventing and minimizing the impact of our activities on biodiversity wherever we operate

Biodiversity is an essential asset

- By respecting the local environment, **minimizing losses in biodiversity in its operations** and promoting a sustainable future, Hera **contributes to the UN's 2030 Agenda SDG's**.
- The **commitment of the Group to respecting biodiversity** is inspired by the guidelines and goals expressed in the main international documents on the subject
- To preserve the environment, Hera is **committed to do not develop any sort of operations in protected (IUCN Category) and World Heritage areas**. Furthermore, the Group carries out the **appropriate actions to ensure the supply chain's compliance** with this commitment



SUSTAINABLE DEVELOPMENT GOALS

Our mitigation hierarchy steps

- **Avoiding** - Situations are identified in which impacts can be avoided as early as in the planning and design stages; The prevention of negative impacts is based above all on **full compliance with biodiversity protection regulations** such as the Strategic Environmental Assessment (SEA) (ref. Dlgs 152/2006); **to avoid negative impacts Hera conducts the Environmental Impact Assessment (EIA) procedure and implements the European “Habitats” Directive (92/43/EEC) and “Birds” Directive (79/409/EEC) in line with the “Guidelines for the management of Natura 2000 sites” issued by the Ministry For Environment, Land and Sea Protection.** All the simulations carried out include an accurate characterisation of the sources and the assessment of the most unfavourable scenario, so as to provide a precautionary analysis.

- **Minimizing** - The company adopts **measures to minimize the duration, intensity or extent of any impacts** that cannot be completely avoided. Hera is committed to minimize also the impact on environment of its customers and suppliers through several initiatives. Paper waste management for example has permitted to **save about 20 million trees** over the last 5y, by recycling the wasted paper of customers, **avoiding about 90k tons of Co2**. Furthermore, "More trees in town" initiative see Hera donating trees to the cities served for every 50 new households that disposed their waste at the drop-off points or when passing to “digital” bills (avoiding paper use). This urban forestation project, now operational in several towns, became very popular and made it possible to **improve air quality and mitigate the negative effects of climate change**.

- **Restoring/Rehabilitating** - **Affected ecosystems are restored** and rehabilitated; The Seawater Protection Plan aims to eliminate swimming bans, **improve the water and sewage systems** and **reduce the marine pollution** measured in terms of COD by 90% by 2021, through structural measures on the sewage and purification system of the City of Rimini and the correct management of effluents.

- **Offsetting** - If the previous stages proved to be insufficient, **offsetting measures are adopted as a last resort**, seeking net gains for biodiversity; In those few cases, Hera put in place **measures to compensate for negative impacts** such as planting trees, install bird houses and constructed wetlands, creating natural environments and landscapes often chosen as refuges for various species of birds, amphibians and reptiles.

These steps are developed in close partnership with Institutes, Universities and Associations such as CNR-IIA, La Sapienza University, ULSS 16 of Padua, the University of Padua, Ausl of Bologna and the University of Bologna and Consorzio Bonifica Renana, among others. Hera is also a member of a specific working group created by the Italian Ministry for Environment, Land and Sea Protection and collaborates with reference Italian Bodies and Authorities.

No Net Loss Targets



ENHANCE WATER CYCLE

"Rimini Seawater Protection Plan" produced significant **environmental benefits, reducing marine pollution** (by avoiding effluents) and improving the quality of the water on the coast. By 2024 it will be fully operational. Part of measures planned under the Plan, developed in **partnership with the Municipality of Rimini, Romagna Acque and Amir**, are merging into the broader coastal redevelopment project called Sea Park.

Thanks to an innovative operation, in **partnership with the Experimental Geophysical Observatory**, our "smart" treatment plant of Servola is currently purifying 98% of the treated water, **Servola wastewater purification plant aims a ZERO-impact on local species**, with a **target to reach 100% of purified water by 2023**.

Ongoing projects aimed at **recovering the wastewater** allowed that reusable purified wastewater has reached 5.2% of the total in 2020 (was 3.4% in 2019). The objective is to increase this share to 9% in 2024, and **15% in 2030**.



INCREASE SOIL PROTECTION

Implementing procedures and methodologies aimed at **minimising the use of virgin land on construction sites**: Hera Group identifies technical solutions with external partners, aimed at reusing areas that have already been developed and/or **preserving the natural context of the land subject to intervention**. In the 2021-2024 period, the Groups plans to reuse about 256 thousand m² of land for infrastructure, amounting to 66% of the total land involved in new projects.



IMPROVE AIR QUALITY

Thanks to initiatives planned, including **additional expansion of district heating, energy upgrading for buildings, investment on cogeneration plants** and other new projects Hera set a **goal of a 37% reduction in emissions by 2030** (target certified by SBTi). **By 2024**, energy-saving measures already in place and those planned will allow a **decrease by 34% of carbon intensity index** of energy production, compared to 2013. But Hera's commitment goes beyond its own business operations, with actions towards suppliers (favouring those who use low environmental impact vehicles), employees (providing shuttle bus services, additional corporate welfare allowance for sustainable transportation) and customers (with 100% green offers such as Impronta Zero, Welcome Hera, Prezzo Netto, Nature Package, Hera Caldaia, Hera Scaldacqua, etc.).

Other initiatives



SCHOOL PROJECTS

Hera acts also in **children's and young people's education area** to preserve biodiversity, with programs such as "La Grande Macchina del Mondo" (The Great Engine of the World) and "Un Pozzo di Scienza" (Science well) which focus are mainly on the environmental issues of our core business: scarcity of resources, biodiversity and the reduction of polluting sources.

Hera **commitment to environment education projects did not stop** even in 2020, despite the difficult context of the healthcare emergency and its strong impact on education. The project for the 2020-2021 year has completely renovated content and educational methods with more remote activities being offered (i.e., streaming events, debates, web journals).

Subjects involved in Hera's Environmental education projects	2017	2018	2019	2020
Participating students	99,482	106,547	118,788	93,053
Teachers involved	8,169	8,821	10,128	8,039
Schools involved	1,213	1,278	1,440	1,281



Hera Group's Quality, Safety & Environmental Policies

- **CERTIFICATIONS**

UNI CEI EN ISO 50001, UNI EN ISO 9001 "Quality", UNI EN ISO 14001 "Environment", UNI ISO 45001 "Safety" and ISO 37001 "corruption prevention" are some of the certifications earned by the Group's companies which is also committed to a progressive **EMAS** registration project (Regulation (EC) No. 1221/2009) for all its plants.

- **COMPANY POLICIES**

All activities and processes are compliant with the **Code of Ethics, Prevention Quality and sustainability policy, Personal Data protection policy**, Remuneration policy and the **Corruption prevention model** (all published on the Group's website).

- **COMMITMENTS**

The Hera Group has signed the commitment declarations **UN CEO Water Mandate, New Plastics Economy Global Commitment, European strategy for plastics - voluntary pledges**, complies with the **UN Global Compact**, is member of the **Ellen MacArthur Foundation** and supports the **Task force on Climate-related Financial Disclosure (TCFD)**. The company has also declared its commitment to **personal data protection** and for the **respect of Human rights**.

Other Group's commitments: WASTE

▪ HAZARDOUS WASTE

Hera manages drop-off points for disposing of a wide range of categories of third parties (household and business clients) waste (including certain hazardous waste) and a door-to-door collection of certain types of hazardous waste (such as batteries and pharmaceuticals) at specific businesses. **Hazardous waste treatment facilities of third parties waste are constantly monitored** through screenings, EIA and audits. To encourage the reduction of third parties hazardous waste production, Hera is implementing a **“Pay for Use” billing** which rewards responsible waste sorting and recycling; to reduce hazardous waste improper treatments in Italy, the Group has recently started a **partnership with Eni Rewind** to strengthen the certified activities. Hera do not produce nor handles radioactive waste (Italian law enforces to have a special license for this activity).

▪ SOLID WASTE REDUCTION

Hera approach to own and third parties waste management follow the circular economy principles: starts from **minimising waste at source**, then to **material and energy recovery** and, only as last resort, disposal in landfills. The Group is committed to further **decrease solid waste and the use of landfills**: thanks to efficiency measures carried out on treatment processes and plants, use of complex technologies to recover the greatest possible amount of material from the incoming flow and **awareness campaigns to promote recycling, sorted waste and/or their reuse** (i.e “Cambia il finale”, “FarmacoAmico”, “Rifiutologo”, “Trashware”), the Group expect to achieve ambitious targets (having reached in advance UN ‘30 goals on landfill disposal).

Targets	2024	2030
Reduce use of landfills for urban waste	<4%	<2%
Increase recycling rate in urban waste	63%	67%
Increase plastic recycled by Aliplast	+83% vs 2017	+150% vs 2017

▪ LAND PROTECTION - SITE CLOSURES

Besides avoid and minimize environmental impacts, Hera always identifies technical solutions aimed at **reusing existing/already occupied infrastructure** and areas; **disposing of infrastructure and restoring/returning the area** at the end of its life cycle; reduce as much as possible the overall size of infrastructures seeking to **limit soil consumption** (see No Net Loss Targets). Build, update, rehabilitation and **decommission of sites, made in agreement with local authorities and communities, are planned well in advance and all steps are subject to EIA procedures** and strict auditing compliance with reports produced. Reporting of activities are also published in the Company's sustainability report.

Other Group's commitments: WATER

- **EFFLUENTS**

Hera own activities produce negligible wastewater. As second country play in Water business, the Group manage above 300 million cubic meters of fresh water/annum and the related wastewater for about 4 million customers. For discharges of wastewater, Group procedures are applied to manage and schedule the controls, to handle anomalies and non-conformities with the rules and regulations on the integrated water service, at EU, Italian, regional, and provincial level, in the served areas. Besides monitoring effluents, **the Group is committed to reduce, reuse and recycle effluents as much as possible**. To improve performances Hera is now member of **Knowledge-2-Implementation (K2I)**, a platform that addresses water sector issues, and is working with major utilities in Nevada and California (US), areas where water resiliency issues are at the forefront of attention. By 2021 one further intervention will be concluded in the Rimini Seawater Protection Plan, put in place also to eliminate effluent discharging from the surrounding area into the coastline. This Hera's project has been included among the best practices in the SDG Industry Matrix report published by the Global Compact and KPMG in 2017.

- **REDUCE CONSUMPTIONS**

Hera is strongly committed to reduce both internal water consumption and water consumption by customers and suppliers. **As for the internal water consumption the Group intends to reduce by 17% by 2024 and by 25% by 2030 (vs. 2017)**. Besides awareness campaigns, Hera has made available tools (Consumption Report for residential users; Water Management portal for business users) to help customers to reduce their water consumption. Treatment sections of purified wastewater for internal reuse in some purification plants came into service already in 2020. For the coming years several projects have been scheduled to allow the **recovery and reuse of process water** which would otherwise be discharged into public sewage and to **enhance the search for hidden leaks** downstream of meters (cosmic rays, radar on aircraft, predictive algorithms for breakage risks).

Other Group's commitments: ENERGY

▪ REDUCE NON-GHG AIR EMISSIONS

Fight climate change is embedded in Hera strategy which aims to reduce GHG emissions by 37% by 2030 (certified SBTi) vs. 2019 emission; this is one of the science based "most ambitious" targets set by a certified Italian company. Hera aims to reduce especially third parties emissions (Scope 3) promoting proper services.

To further improve the air quality in the served areas, **also non-GHG are monitored and the Group is committed to keep them as lower as possible**. Indeed, the values for nitrogen oxides (emissions mainly related to waste treatment plants devoted to reduce third parties impacts on environment) remain stable in the past 4 years and the concentrations measures at the chimney in 2020 for all pollutants (monitored in real-time 24h and publicly available on Hera's website in real-time) were once again in 2020 significantly lower than the regulatory limits (**59% below the regulatory limits for nitrogen oxides**). Furthermore, **emissions of the Imola cogeneration plant used for district heating are on average 80/85% lower than nationwide limit**. Connection with district heating networks of Hera Group's cogeneration plants help to improve the air quality of the towns where they are located. Thanks to them, many boilers have been replaced with modern, efficient systems to heat and supply hot water to buildings, contributing to further lower the atmospheric emissions.

Atmospheric emissions from Hera's waste-to-energy plants* and target to 2024

	2020	2024
Particulates	4.8	≤ 4.7
Hydrochloric acid	20.3	≤ 20.0
Nitrogen Oxides	718.6	≤ 715.0
Sulphur oxides	19.9	≤ 19.0
Carbon monoxide	81.1	≤ 81.0
Hydrofluoric acid	0.6	≤ 0.6
Total Organic Carbon	9.8	≤ 9.8

* source: Sustainability report 2020