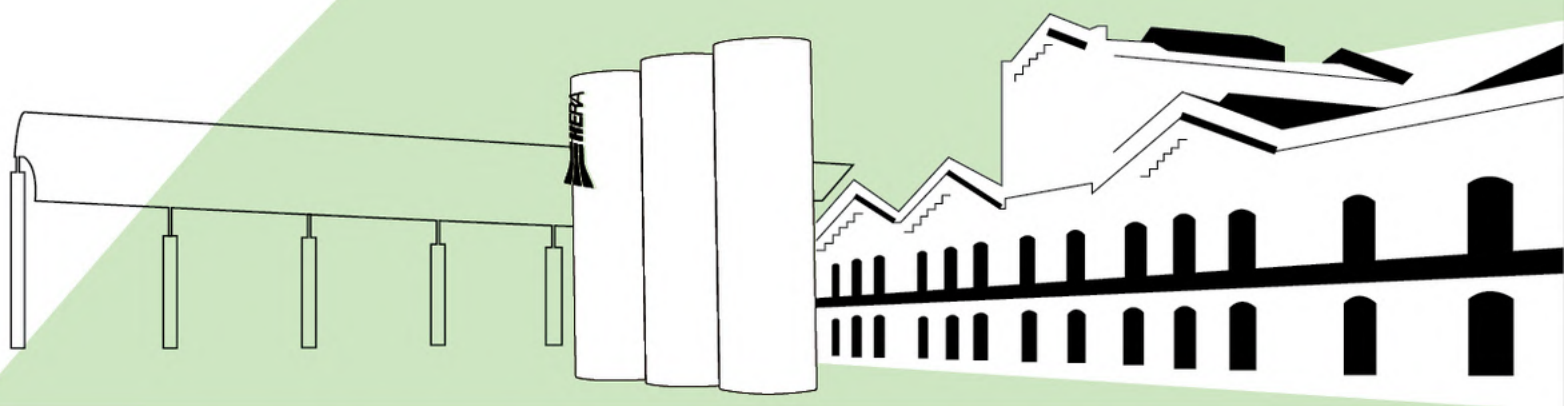


2025 Annual
financial report

FR/25



Numbers that speak of actions,
results that create value:
a sustainable future, together



2025 Annual
financial report

FR/25

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KEY



The Hera Group's 2025 annual financial report is set out in two chapters:

1. DIRECTORS' REPORT

This chapter examines the contexts in which the Group operated during the year and the scenarios that are expected to influence it in the future, the elements that give rise to the strategic approach adopted to respond to challenges, manage emerging risks and seize the opportunities that lie ahead. The operating and financial performance of each strategic business area is also analysed, including in terms of sustainability and shared value. In addition, the operating and financial performance of each strategic business area is analysed and, in a separate section, environmental, social and governance aspects are described according to the Corporate sustainability reporting directive (CSRD).

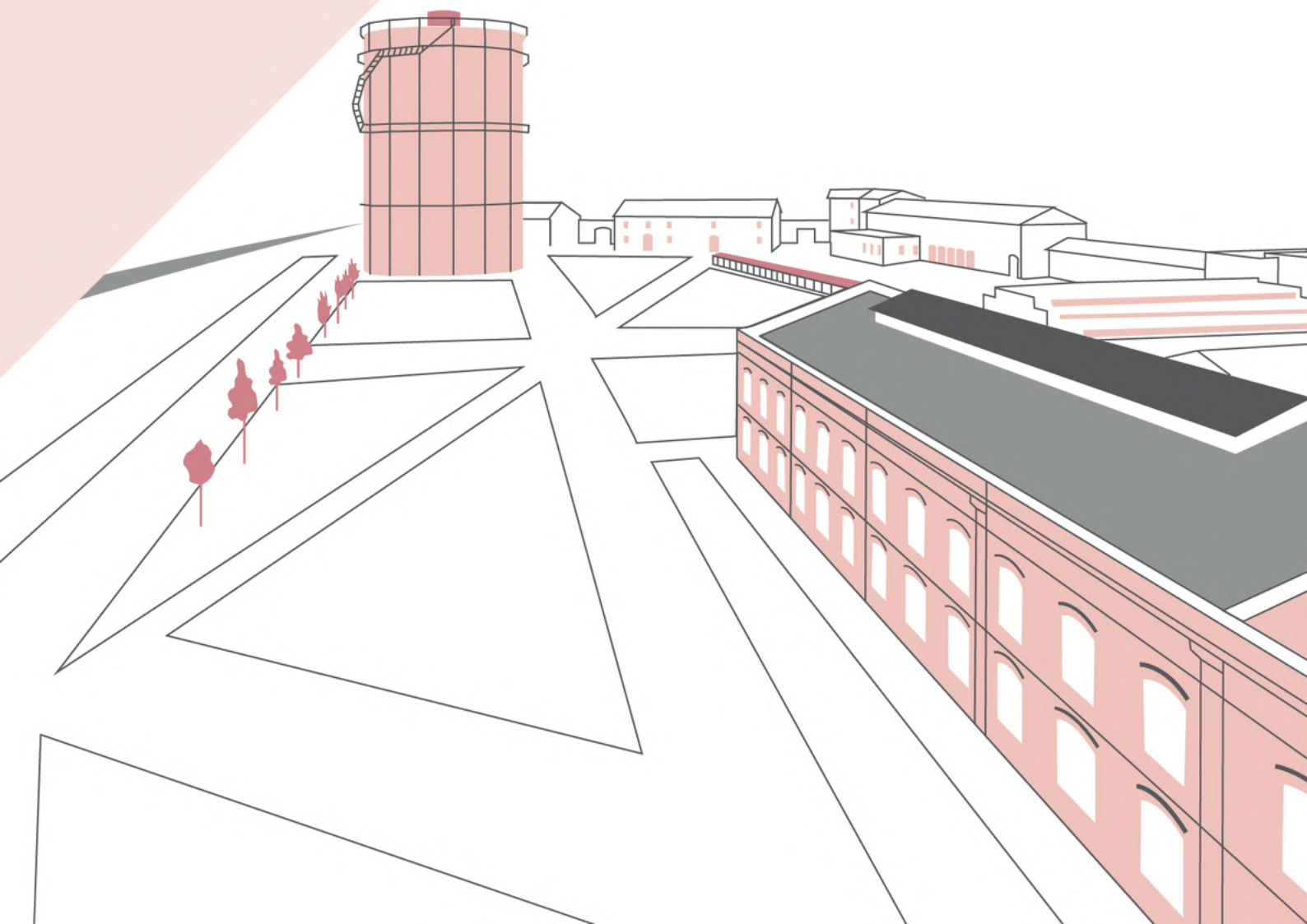
2. CONSOLIDATED FINANCIAL STATEMENTS

This overall report follows international standards in providing the economic results achieved and the financial position of the entire Group, with specific details about the individual figures in the financial statements and their respective valuation processes.

In order to provide a full and coherent vision of all the information Hera shares with its stakeholders, other reporting tools are also available.



INTRODUCTION



LETTER FROM THE CHAIRMAN TO SHAREHOLDERS

Dear Shareholders,

We closed FY 2025 with a strong performance across our key economic and financial indicators. Despite a geopolitical environment that continues to be characterised by a high degree of uncertainty, with significant repercussions also in the sectors managed by our Group, we have continued to develop our industrial operations, making operational investments that, for the first time in our history, exceeded €1 billion.

The financial statements – which we submit for your approval – confirm a path of growth characterised by responsible, sustainable and long-term-focused management, which is also able to respond to the social and environmental priorities of the communities in which we operate. This is the complex challenge that we have been tackling on a daily basis since 2002, ever since the very beginning of Hera's history, and that we continue to pursue, bolstered by our multi-business model, which is balanced between regulated and liberalised activities and constitutes our main lever for continuing to grow while keeping risk factors arising from external developments under control.

In 2025, our EBITDA reached almost 1.54 billion euro, and our profit for the year attributable to shareholders exceeded 0.46 billion, an increase of 4% on a like-for-like basis compared with FY 2024: results supported by the growth of all businesses in our portfolio, despite the fact that the temporary opportunities that the Group had successfully exploited over the previous two years gradually came to an end.

With regard to development by external lines, the focus on contexts that can be well integrated and are strongly synergistic with our own business portfolio was confirmed: indeed, in 2025 the Group further strengthened its activities in the waste management area through the acquisition of 100% of Ambiente Energia, a Veneto-based company specialising in the treatment of industrial liquid waste, while in the energy area the acquisition of the minority interests in EstEnergy and Hera Comm was completed.

This trend continued in the early months of 2026 with the acquisition of a 52% stake in the Marche-based company SEA, which operates in the treatment of industrial waste, in which we now hold an 83% stake, and of 100% of the Sostelia Group, a major privately owned Italian player in industrial and civil water technologies and treatment.

Our net financial position also improved as at 31 December 2025, standing at 3,944.4 million euro, compared with 3,963.7 million euro at the end of 2024.

Indeed, our robust cash flow generation enabled us to finance our external growth in full, to support a 19.5% increase in gross operating investments, and to increase the dividends paid out in 2025 by 7%.

Our capital and financial structure remains robust: at the end of 2025, our net debt/Gross Operating Income ratio was less than 2.6x, and the debt-to-equity ratio improved from 1 to 0.9. The results we have achieved enable us to continue along the path set out in the Business Plan approved in January, which envisages operating and external growth investments totalling €5.5 billion over the five-year period, and to continue addressing the challenges posed by the increasingly complex external environment.

In 2025, we continued to deliver value, with a Total Shareholder Return of over 21%, a return on invested capital (ROI) of 9.6% and a return on equity (ROE) of 11.6%.

Regarding our contribution to sustainable development, the gross operating profit generated by activities that simultaneously meet the goals set by the UN (Shared-Value EBITDA) rose to 60% of the total, an increase of 7% compared to the previous year and in line with our target of 68% by 2029. Meanwhile, the economic value distributed to stakeholders in the areas where we operate amounted to 2.1 billion euro in 2025 alone, and we estimate that this will reach 11.5 billion euro over the five-year period 2025–2029.

78% of our investments were aimed at increasing the resilience of our assets, developing circular economy initiatives and supporting decarbonization initiatives.

As at the end of 2025, the Group employed 10,456 people, an increase of 2%. During the year, our main national collective labour agreements were renewed, and we continued along the path we have been following for several years, focusing on skills development, the evolution of working methods, safety, and the well-being and inclusion of our people. Specifically, in 2025, we invested over €24 million in employee welfare and €15 million in training.

We have also signed a new procurement protocol with the main trade unions, which represents the practical application of our

corporate purpose and the core principles of our development strategy: dignity and fairness in the workplace, the safety of people, and shared and integrated responsibility throughout the supply chain. Social safeguards, advanced monitoring tools, ESG criteria in selection processes, and investments in training and digitalisation are levers for improving the quality of our procurement, the reliability of our suppliers, and therefore the overall efficiency of our operations, thereby consolidating an operational and cultural model of shared growth that delivers benefits for the entire ecosystem.

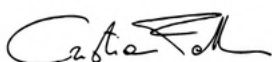
The positive results achieved in 2025 and our financial strength enable us to propose to the Shareholders' Meeting the distribution of a dividend of 16 euro cents per share, up 6.7%, compared to the dividend paid in 2025. This increase will feed through to the entire dividend policy over the plan period, reaching 19 euro cents per share in 2029 (+27% compared with the last coupon paid in 2025).

The approval of this report also brings to a close the three-year term of office of the Board of Directors, whom I would like to thank for their valuable work. In a period characterised by major geopolitical instability and extreme weather and climate phenomena, also impacting our businesses, we accelerated industrial growth by investing almost 3 billion euro, 43% more than in the previous three-year period, improving the resilience of our assets and our contribution to environmental sustainability. EBITDA margin has grown by almost 20%, while profit attributable to shareholders has grown continuously, up 44% overall. The cash flows generated enabled us to reduce debt and improve financial leverage. Shareholder Return increased overall by 77%, supported by 27% growth in dividends.

All our results confirm the direction we have taken, demonstrating that business growth and sustainable development can go hand in hand.

I would like to conclude these reflections by thanking the people who work for the Group, who have made it possible to achieve these results and who, every day, work with passion and dedication to grow the Company and provide quality services to millions of citizens.

Thank you for your attention,



Cristian Fabbri
Executive Chairman

MISSION

HERA AIMS AT BEING THE BEST MULTI-UTILITY IN ITALY

for its customers, workforce and shareholders. It intends to achieve this by further developing an original corporate model capable of innovating and forging strong links with the areas served, while respecting the local environment.

For Hera, being the best is a way of creating pride and trust for:



CUSTOMERS

who receive quality services that satisfy their expectations, thanks to Hera's constant responsiveness.



EMPLOYEES

because the women and men who work for the company, with their skills, engagement and passion, are the foundation of its success.



SHAREHOLDERS

confident that the economic value of the company will continue to be generated in full respect of the principles of social responsibility.



SUPPLIERS

because they are key elements in the value chain and partners in growth.



LOCAL AREAS SERVED

because economic, social and environmental wealth represents the promise of a sustainable future.



PURPOSE and STRATEGY

Hera pursues a multi-business growth strategy concentrated on three core business areas: waste management, water services and energy. This allows us to maintain a balanced portfolio that includes both regulated and free-market activities, which even when facing a scenario that shows increasingly frequent systemic crises lays the foundations for a path of steady growth.

The Group is distinguished by its search for excellent and innovative management models which embody the principles of a **circular economy** and move towards **carbon neutrality**, making the most of emerging technological innovations, ever more decisive in increasing efficiency and resilience in assets and services.

In much the same way, long-term **risk and opportunity** assessment and management is continuously improved within the Group's strategy, as it is required to guarantee the **fundamental services** it provides to all, even in extreme or extraordinary circumstances.

Measuring the shared value generated for the local area provides tangible, quantifiable evidence that Hera has adopted a model suitable to achieve **sustainable growth** and a "just" transition, in which stakeholders are invited to play an increasingly active role.

Overall, the Group's strategy combines business development with the needs of the ecosystem in which it operates, enhancing the reciprocal trust-based relationship it enjoys with its local areas, as is further shown by the formal inclusion of Hera's social and environmental purpose within its Articles of Association.

MAIN OPERATING INDICATORS

	Revenue	EBITDA	Profit for the year	CAPEX	NET DEBT	NET DEBT/ EBITDA
2025	12,812.2	1,537.2	508.3	947.6	3,944.4	2.57
VS	million euro					
2024	12,889.7	1,587.6	535.9	812.1	3,963.7	2.5
%						
	- 0.6%	- 3.2%	- 5.2%	+ 16.7%	- 0.5%	+ 2.6%

EBITDA **1,537,200,000** EURO

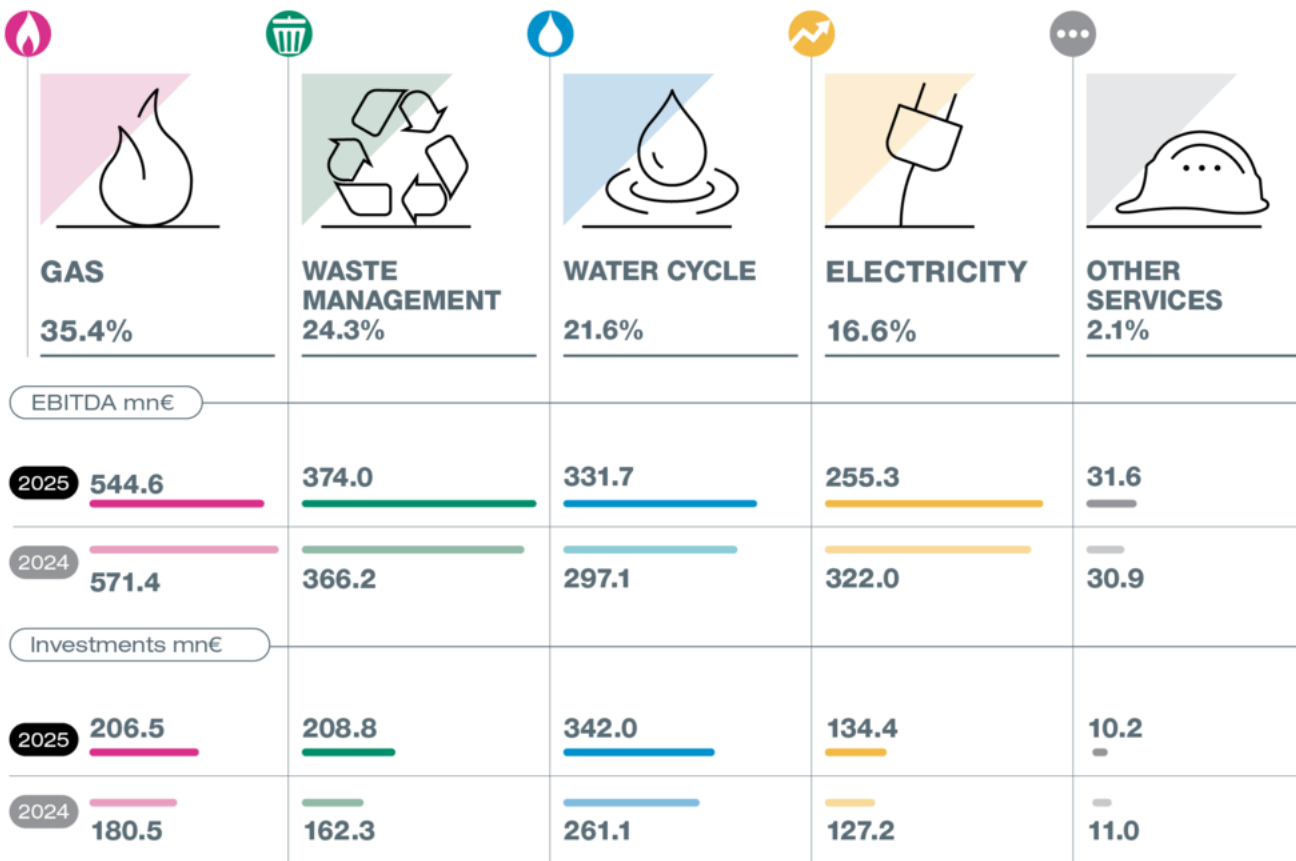
57% free market

882.0 mn€

43% regulated market

655.2 mn€

Trends by business and markets



OUR LEADERSHIP, BY BUSINESS AREA

1st**WASTE SERVICES OPERATOR,**

by waste treated



- Collection and street sweeping *
- Treatment and selection
- Recycling, recovery and disposal

7.6 million tons
of waste treated

2nd**WATER CYCLE OPERATOR,**

by volume of water supplied



- Abstraction, conveyance and treatment *
- Distribution and sales *
- Sewerage and purification *

285.8 mln/m³
of water supplied

3rd**ENERGY SALES OPERATOR,**

by number of customers served

4.4 million energy
customers served

3rd**GAS DISTRIBUTION OPERATOR,**

by volumes dispensed *

2.3 billion m³
distributed

5th**ELECTRICITY DISTRIBUTION OPERATOR,**

by volume dispensed *

2.7 thousand GWh
of energy distributed

5th**PUBLIC LIGHTING OPERATOR**

229
Municipalities served

661 thousand
lighting points

Rankings updated on 30 September 2025

* Activities regulated by Arera



HERA RANKING WITH RESPECT TO ESG STANDARDS

DOW JONES BEST-IN-CLASS INDEX



Throughout 2025, Hera continued to be included in the Dow Jones Best-in-Class Index (formerly the Dow Jones Sustainability Index) World and Europe. Based on a score of 83/100, achieved in November 2025, S&P Global included Hera in its 2026 Yearbook as a global leader in terms of sustainability in the multi-utility and water utility sector.

FTSE



Hera achieved a score of 4.0, placing it in the global Top 5 in its sector, and was included in the FTSE4Good Index by FTSE for the sixth year running.

REFINITIV DIVERSITY AND INCLUSION



In 2025, Hera was among the top 10 companies globally and the world's leading multi-utility in Refinitiv's ranking on the promotion of diversity, inclusion and employee development.

ESG IDENTITY CORPORATE INDEX

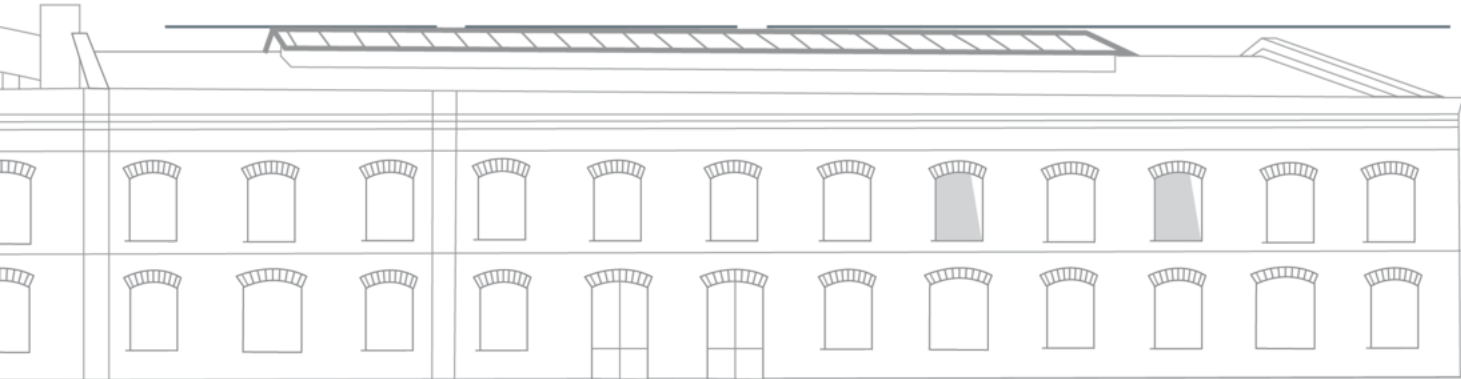


In 2025, Hera once again featured on the podium in the ranking compiled by Etica News for integrating sustainability policies into its business strategies.

TITLE AND RATING



6.0 billion euro
capitalisation at 31/12/2025.



SUSTAINABILITY AND SHARED VALUE



Sustainability and shared value are the foremost operating principles indicated in the Group's code of ethics, and one of the cornerstones upon which Hera's strategy is

developed, combining operating and financial targets with environmental and social objectives.

SHARED VALUE EBITDA*

2025	2024	2025 vs 2024
915.6 million euro	856.6 mn€	+59.0 mn€ (7%)
60% of total EBITDA	54% of total EBITDA	

The CSV framework consists of three drivers of change and nine impact areas, in turn linked to the 11 goals on the UN Agenda to which the Group contributes. Of these, seven are priorities for the Hera Group because they are most directly related to its business activities, and it has a direct impact on them. The other four are goals on which the Group has an indirect impact. *The total CSV Ebitda does not correspond to the sum of the Ebitda of the individual drivers, due to activities that have an impact on more than one component.

Drivers and impact areas of shared value

483.8 million euro 53% of total EBITDA	333.8 million euro 36% of total EBITDA	297.0 million euro 32% of total EBITDA
fields		
regenerating resources and closing the circle WASTE MANAGEMENT	pursuing carbon neutrality ENERGY	enabling resilience and innovating LOCAL AREAS (and enterprises)
impact areas		
Sustainable water resource management Transition towards a circular economy Protection of air, soil and biodiversity	Promoting energy efficiency Energy transition and renewables	Resilience and adaptation Innovation and digitisation Economic development and social inclusion

-18%
REDUCED CO₂ EMISSIONS
calculated with the SBTi method

75.8%
SORTED WASTE
(74.3% in 2024)

-27.9%
REDUCED INTERNAL
water consumption

97.1 k tons
PLASTIC RECYCLED
and sold by Aliplast Spa
(+63% compared to 2017)

ALONGSIDE STAKEHOLDERS, FOR A JUST TRANSITION

Over time, Hera has proven itself a leading figure in the multi-utility sector, continuing to display internal and external growth. The Group's strategy is shaped by focusing on the

interests of its various key stakeholders, understood as the protagonists of change within the context of a balanced and inclusive transition.

208.4
million euro



INVESTED IN INNOVATION

in three areas: energy transition, circular economy and digital transformation

42 DAYS OF ABSENCE

for accidents in 2025. Increasing corporate culture of health and safety for workers confirmed, with an extraordinary result in terms of days of absence due to accidents (compared to the 2020)

2.1
billion euros



IN ECONOMIC VALUE DISTRIBUTED TO LOCAL AREAS

61%



MOUNT OF SUPPLIES COMING FROM LOCAL BUSINESSES

307,867 HOURS OF TRAINING

(29.8 hours per capita. The Group's digital training plan further enhanced)

8 MILLION EURO IN WELFARE

dedicated to employees

111 ACTIONS TAKEN TO IMPROVE HEALTH AND SAFETY

over the course of the year

773 ENTRIES

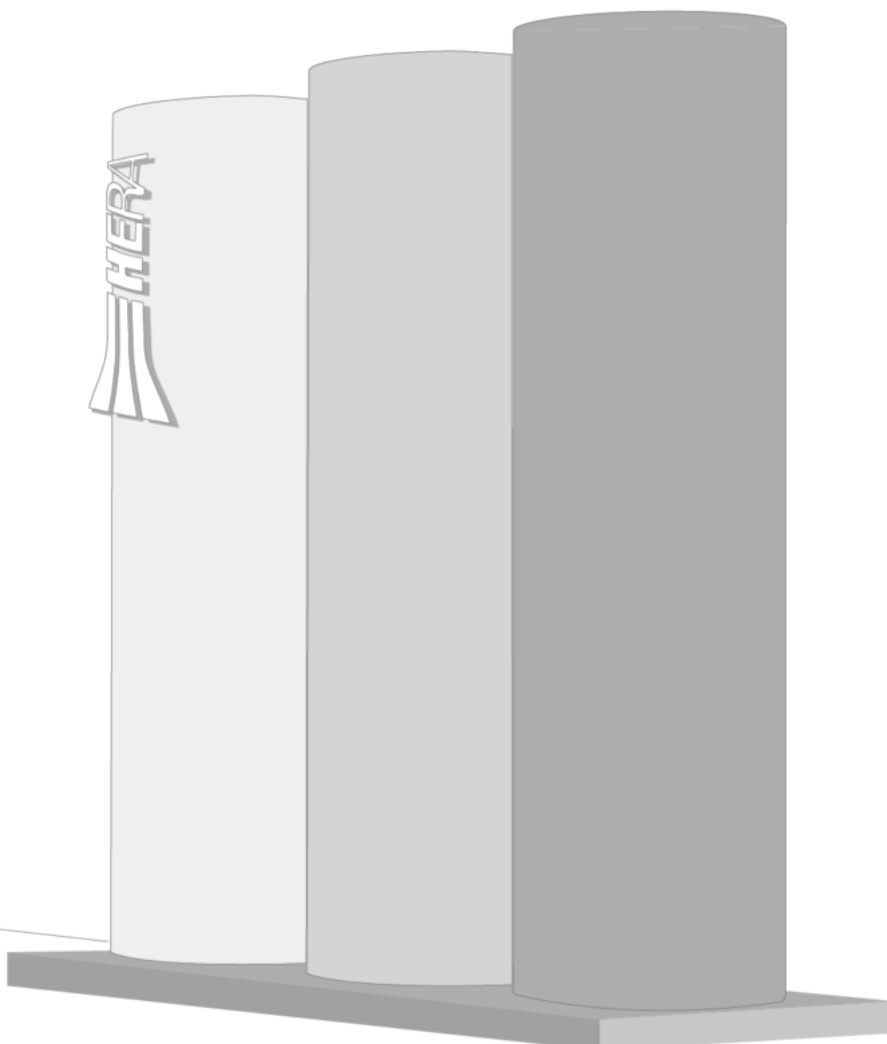
workers with open-ended contracts in 2025

REMOTE WORKING

for 75% of employees

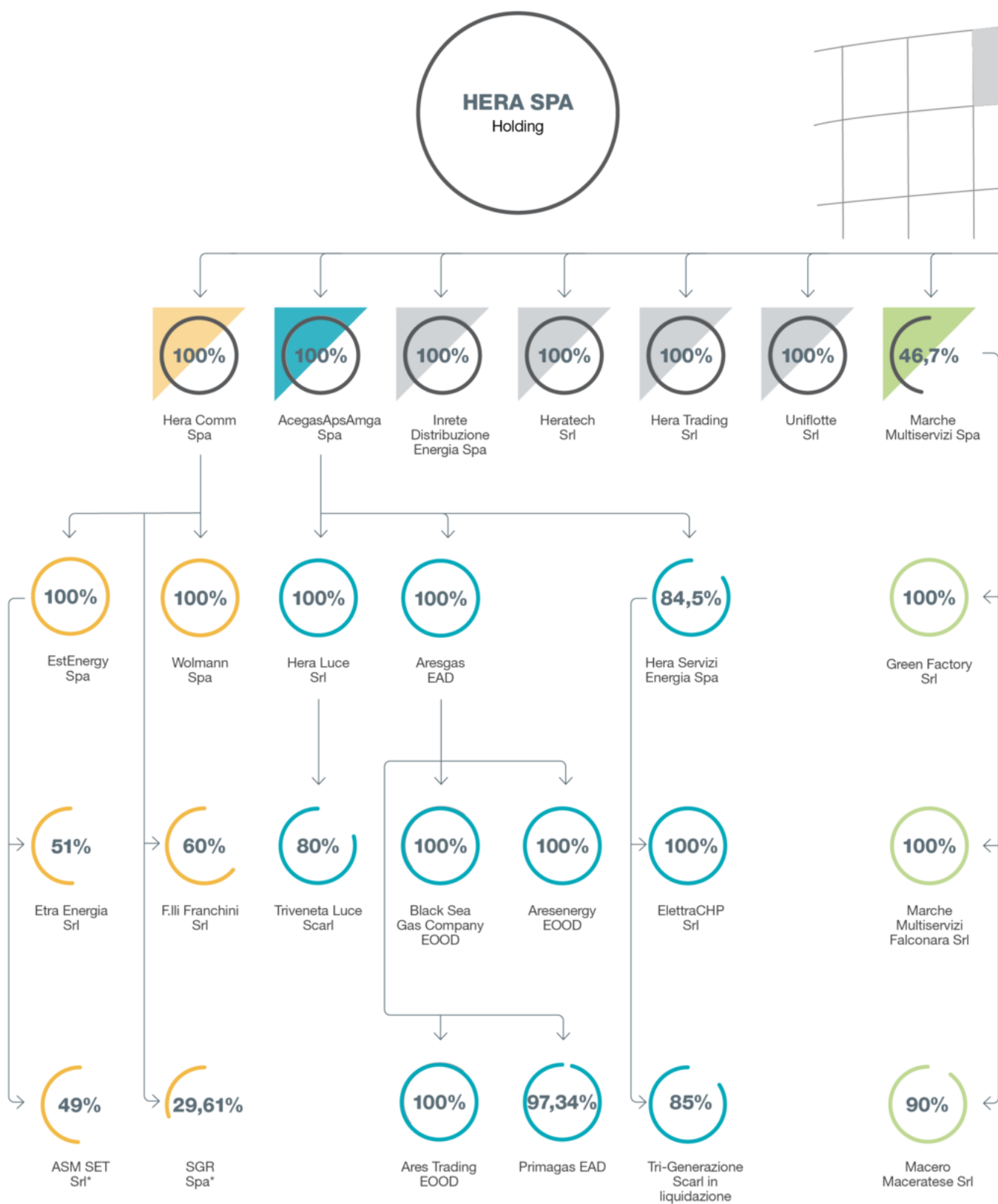
34.2% FEMALE PRESENCE

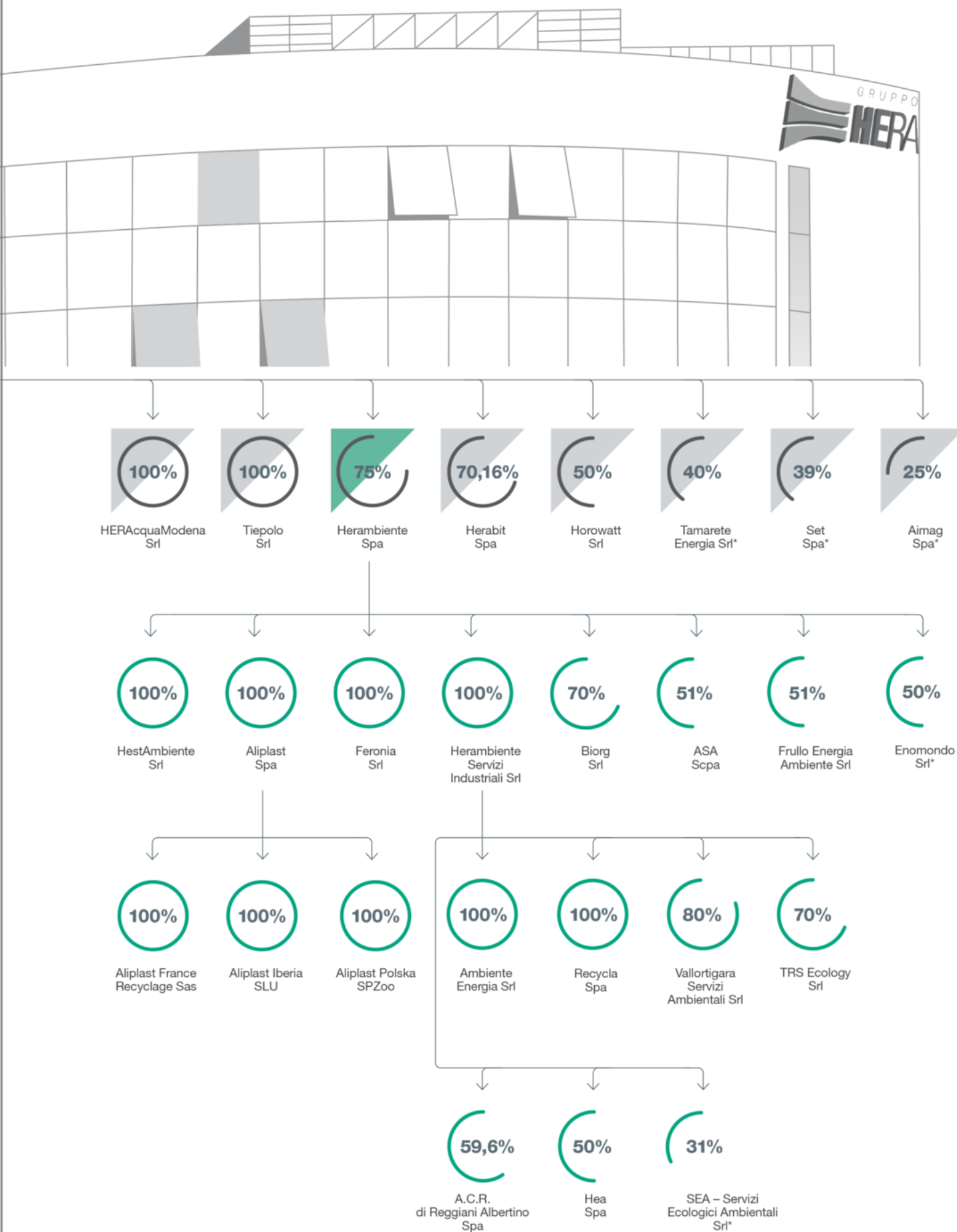
in roles of responsibility



GROUP STRUCTURE

AS OF DECEMBER 31, 2025



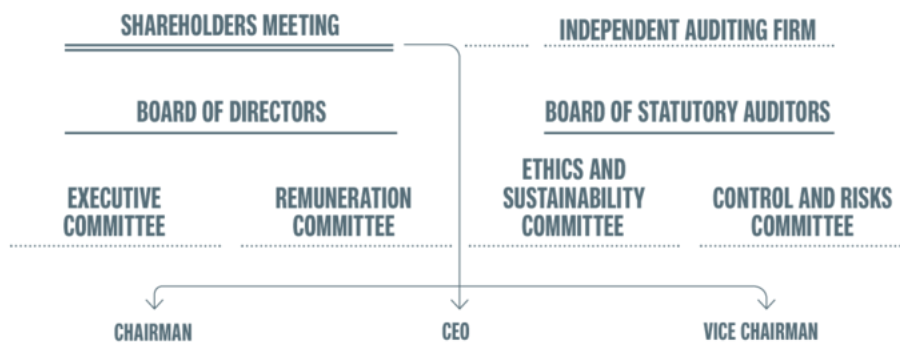


* Investments accounted for using the equity method

GOVERNANCE SYSTEM

Hera's corporate governance is aimed at understanding and evaluating the stimuli coming from an increasingly complex context, in order to continue growing and, at the same time, further consolidate the close links with the area served that have distinguished the Group since its establishment. Constant engagement and specific knowledge of the actors

involved have led us to develop an open and transparent way of doing business. This distinctive trait has been implemented over the years thanks to the creation of corporate bodies that are integrated with each other and, in line with the Corporate governance code and the Code of ethics, enable the expectations of all those interacting with Hera to be satisfied.



BOARD OF DIRECTORS					BOARD OF STATUTORY AUDITORS	INDEPENDENT AUDITING FIRM
MEMBER	EXECUTIVE COMMITTEE	REMUNERATION COMMITTEE	CONTROL AND RISKS COMMITTEE	ETHICS AND SUSTAINABILITY COMMITTEE		KPMG SPA
Cristian Fabbri Executive Chairman					Myriam Amato Chairman	
Orazio Iacono CEO						
Tommaso Rotella Vice Chairman					Antonio Gaiani Standing auditor	
Fabio Bacchilega Member					Marianna Girolomini Standing auditor	
Gianni Bessi Member						
Enrico Di Stasi Member						
Grazia Ghermandi Member						
Alessandro Melcarne Member						
Milvia Mingozzi Member						
Marina Monassi Member						
Monica Mondardini Member						
Francesco Perrini Member						
Paola G. M. Schwizer Member						
Bruno Tani Member						
Alice Vatta Member					Filippo Maria Bocchi Nicoletta Tranquillo	

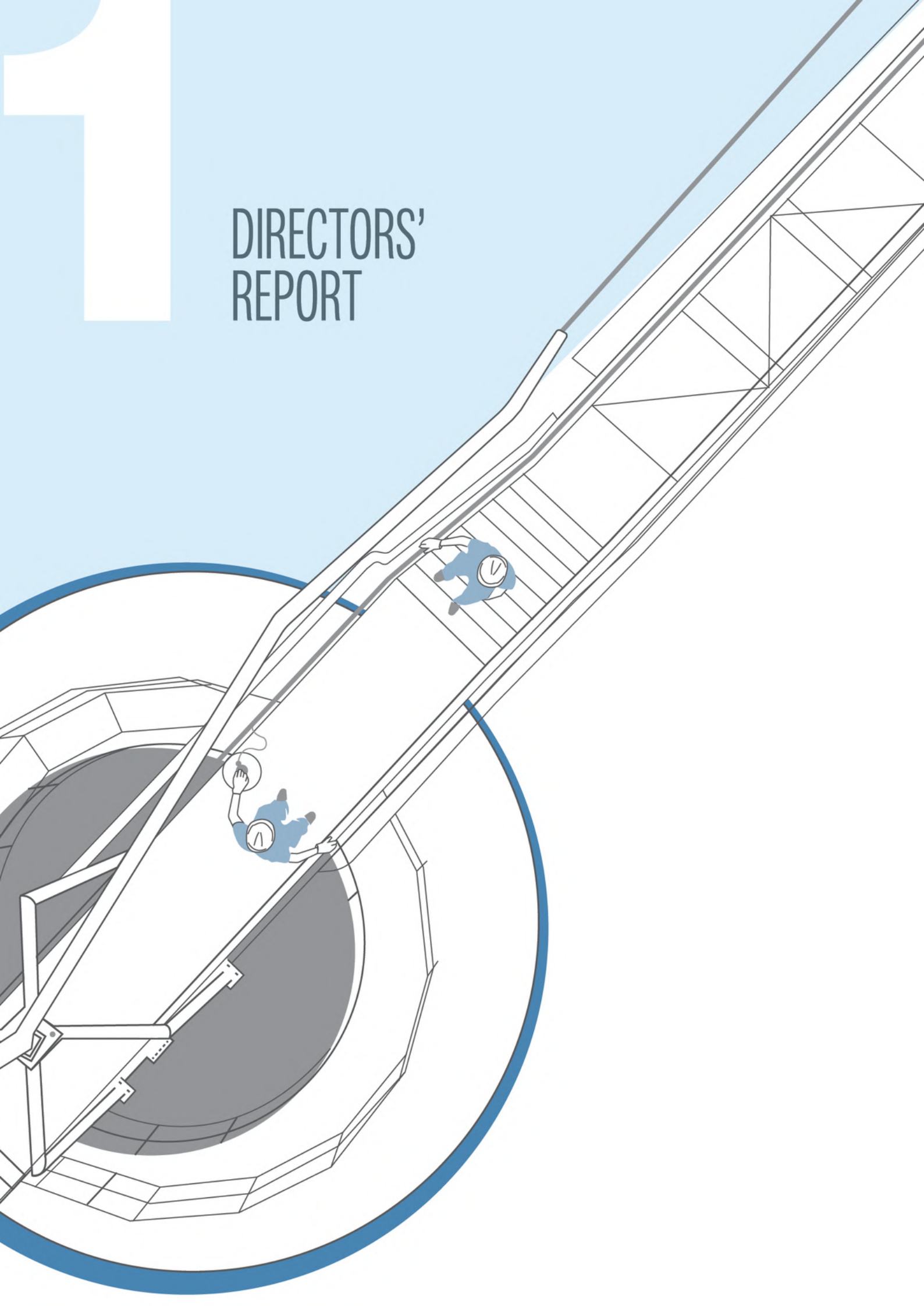
 Chairman of the Committee

 Vice-chairman of the Committee

 Member of the Committee

4

DIRECTORS' REPORT



1.01 CONTEXT TRENDS, STRATEGIC APPROACH AND MANAGEMENT POLICIES

1.01.01 Trends in the operating environment

The Hera Group (hereinafter also Hera or the Group) has always made ongoing efforts to interpret in advance the signs of change and evolution coming from the contexts in which it operates. The aim of this commitment is to continuously update its overall vision of its own future and that of its stakeholders. The main drivers of change and their essential interrelations are identified below. In particular, the macro-trends of the Group's reference contexts are identified, so that its main management policies, which contribute to an industrial strategy consistent with its corporate purpose, can be defined accordingly.

MACRO- ECONOMIC TRENDS

The scenario developed by the International Monetary Fund (IMF) and recently published in the World Economic Outlook (WEO) report projects a 3.3% increase in global gross domestic product (GDP) for 2025 (the same increase as in 2024). The negative effects of changed trade policies have been offset by the boost provided by technological investments, particularly in artificial intelligence, which has been more pronounced in North America and Asia, together with the support of fiscal and monetary policies, favourable financial conditions and the resilience of the private sector.

Global inflation remained broadly stable, standing at 4.1% in 2025. In recent months, trade tensions have followed a fluctuating pattern, making it difficult to predict how they will develop in the near future, and the risk of renewed escalation remains. The IMF stresses that central banks will need to adjust their monetary policies to safeguard price stability, in a global economic environment still characterised by very high uncertainty.

In 2025, the eurozone economy showed signs of recovery, achieving a growth rate of 1.4% compared to 2024. However, the manufacturing sector continued to face certain challenges, primarily due to rising energy costs and the strengthening of the currency on international markets. Consumer price inflation stood at around 2%; during the final three months of 2025, the moderate increase in service prices was offset by a slowdown in the rise in goods prices.

According to the International Monetary Fund, the development of the global economy could be jeopardised both by specific sectoral dynamics and by shocks linked to structural risk factors. World GDP is expected to increase by 3.3% in 2026 and 3.2% in 2027, in line with the growth recorded in the last two years but still below the historical average (+3.7%) seen in the decade preceding the pandemic. In the eurozone, on the other hand, growth is expected to remain more modest, with GDP expanding by 1.3% in 2026 and 1.4% in 2027, benefiting from an increase in domestic consumer demand and a recovery in external demand.

Over the next two years, global inflation is expected to continue its downward trajectory, reaching 3.8% in 2026 and 3.4% in 2027, with the US economy moving closer to the target more gradually than the other major economies. In the eurozone, inflation is expected to stabilise around the 2% target, with core inflation projected to converge to this level in 2027.

At the national level, the Bank of Italy's most recent projections estimate an increase in economic activity of 0.6% in 2025, a year in which the positive trend in investment continued, driven in part by tax incentives and measures under the National Recovery and Resilience Plan (NRRP), while the increase in private consumption remained modest. For the next two years, forecasts indicate a modest increase in Italian GDP, estimating +0.6% in 2026 and +0.8% in 2027. The expansion of economic activity is expected to be driven mainly by domestic demand: indeed, Italy's economic growth is projected to shift from an export-led model to one based on the resilience of the domestic market and on private spending.

According to preliminary estimates by the Bank of Italy, average inflation in the country in 2025 was 1.7%, mainly due to a sharp fall in energy prices and modest price growth in the services sector. Forecasts indicate moderate inflation rates for the coming years, at 1.4% in 2026 and 1.6% in 2027.

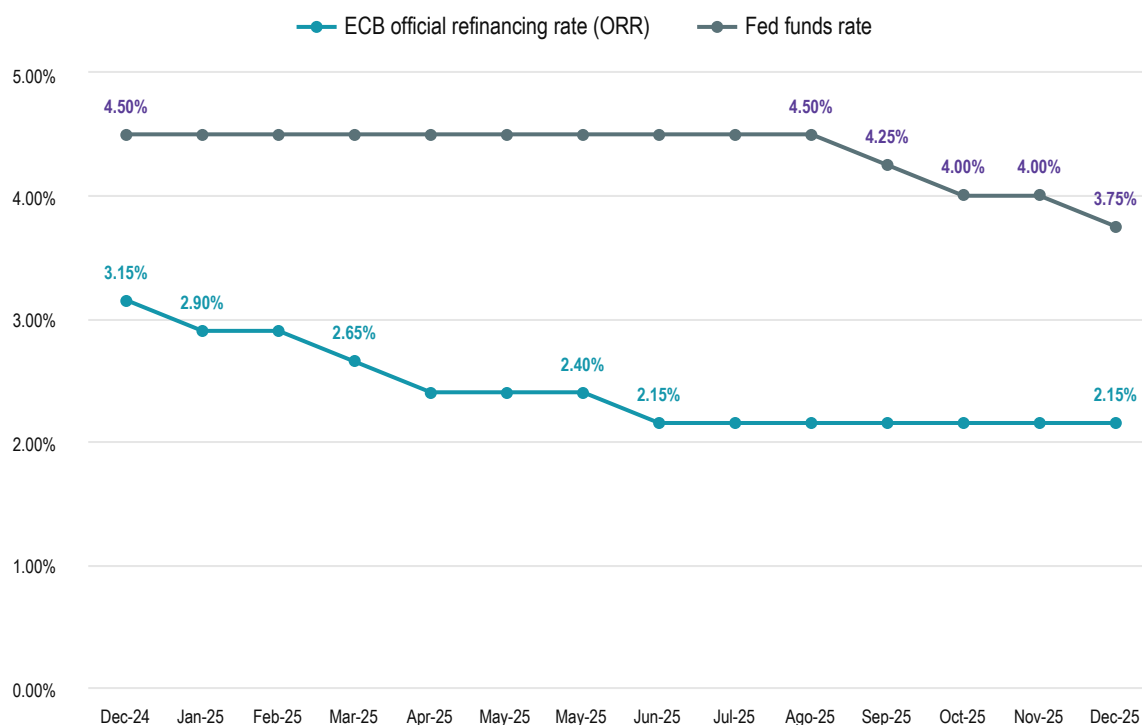
FINANCIAL TREND

The financial environment in 2025 emerged as a complex period of transition, characterised by moderate but resilient economic growth, a gradual easing of monetary policies, and marked volatility in equity markets, driven by optimism about artificial intelligence but also held back by concerns about overvaluation and ongoing geopolitical tensions. Against this backdrop, gold continued to post record performances, acting as a safe haven against geopolitical uncertainty and the weakening of the US dollar, while cryptocurrencies exhibited extreme volatility linked to trade tariffs.

After the uncertainties of the previous two years, 2025 saw the consolidation of interest rate cuts by the major central banks, albeit with different approaches and assessments. The ECB continued its easing cycle, making four consecutive 25-basis-point rate cuts in the first half of the year, bringing inflation closer to the 2% target, while from the second half of the year, it halted its rate-cutting programme, confirming the deposit rate at 2% and the main refinancing rate at 2.15% at the end of the year. The Federal Reserve, on the other hand, kept interest rates

unchanged for most of the year and only cut them three times in a row from September onwards, bringing them down to 3.75% in December.

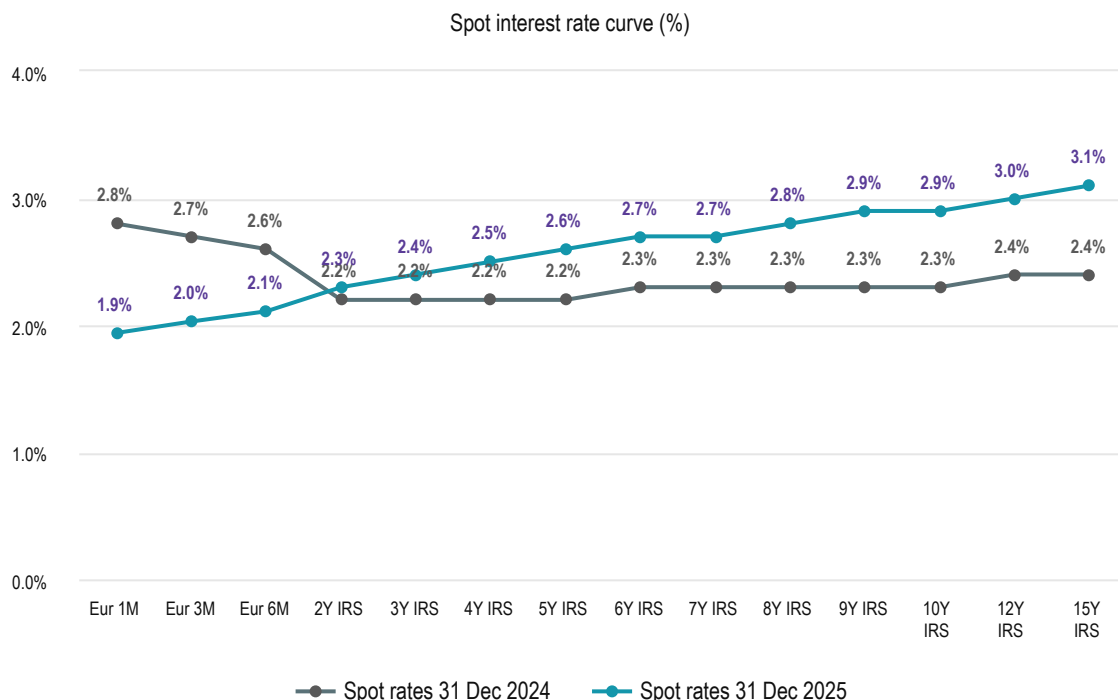
The outlook for future rate cuts remains highly uncertain, as the ECB and the Fed may adopt different policies in 2026 as well, with the ECB potentially acting with greater caution while monitoring economic growth and inflation trends, and the Fed potentially moving towards more neutral rates to avoid an economic slowdown.



In Europe, the ECB's rate cuts had an immediate effect on the short-term Eurozone interbank market reference rates (EURIBOR), which, at the end of the year, closed at a level approximately 70 basis points lower on average than at the end of the previous year, often falling below 2%. Against this backdrop of falling floating rates, the bond market benefited and, although yields remained moderate and subject to volatility, there was growing interest in long-dated bonds, in particular investment-grade securities, which offered protection and stable yields.

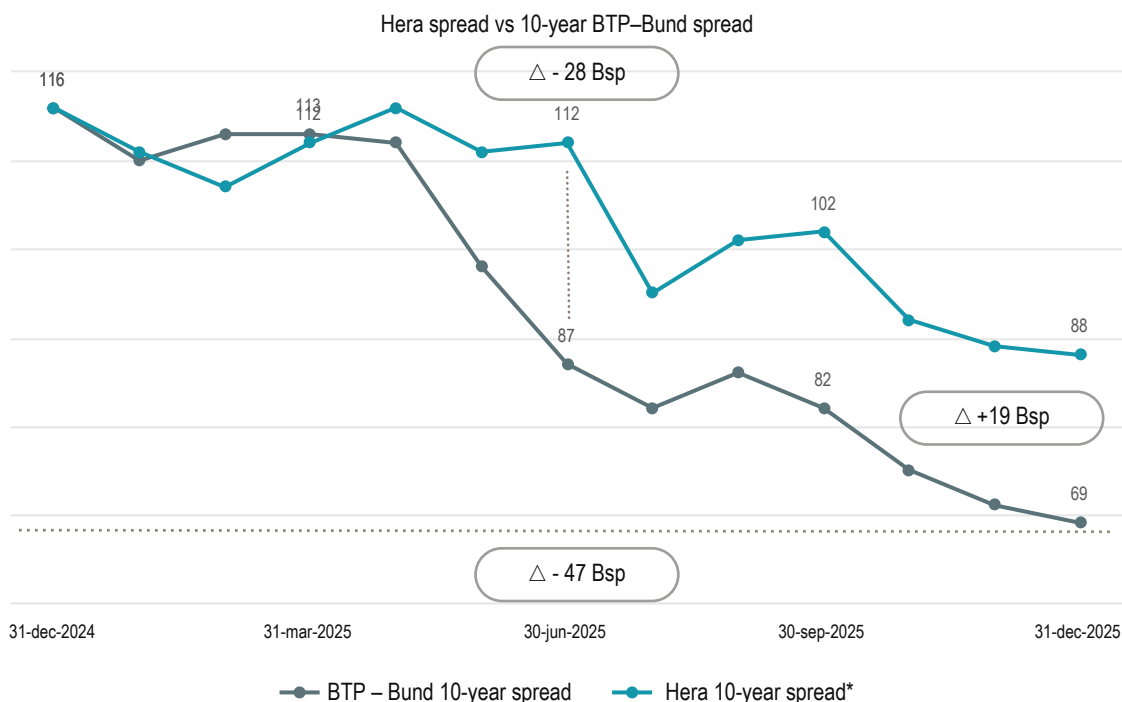


In contrast to Euribor rates, medium-to long-term interest rate swap (IRS) rates have shown a steady upward trend, significantly exceeding the level of short-term rates. Furthermore, there has been a gradual widening of the spread between variable rates (which are falling) and fixed rates (which are rising), partly due to hedging costs and geopolitical uncertainties affecting the long term. Therefore, at the end of the year, in line with the forecast scenario for the previous year, the yield curve returned to its normal shape, with medium-to long-term IRS rates higher than short-term rates, where IRS rates increased by an average of approximately 50 basis points compared to the end of 2024.



As regards the benchmark credit spreads for the cost of long-term funding (10-year benchmark), as at 31 December 2025, the yield on the 10-year Bund stood at 2.85%, compared to the yield on the Italian 10-year bond, which stood at 3.54%, resulting in a spread of 69 basis points, down by 47 basis points compared to the previous year. This decrease reflected increased investor confidence, driven by Italy's improved growth outlook and the associated lower credit risk, as also confirmed by the rating agencies S&P, Fitch and Moody's, which all upgraded the country's rating by one notch in 2025. On the secondary market, spreads also narrowed for the bonds issued by Hera; for example, the 8-year bond saw a favourable reduction in its spread of 28 basis points compared to the previous year, with a spread approximately 19 basis points higher than the Italian spread, in contrast to the previous year, when the spreads were almost in line.

Data source Bloomberg



*Spread on Hera bond with 2034 maturity

The European gas market remained fragile, although the trend of partial recovery from the period of severe turbulence in 2022–2023 continued throughout the financial year. The complete cessation of Russian gas flows via Ukraine, effective from 1 January 2025, contributed to price pressures, which once again exceeded the 50 euro/MWh threshold in the first weeks of 2025. Subsequently, prices showed a decline in absolute values and a reduction in volatility in the middle of 2025, although they remained at levels structurally higher than in the pre-crisis period, in a context of high dependence on liquefied natural gas (LNG) and ongoing uncertainty regarding global geopolitical dynamics.

Overall, Europe saw a decline in piped gas imports (-9% in the first half of 2025), only partially offset by a sharp increase in the use of liquefied natural gas (LNG) (+22%), resulting in greater dependence on fluctuations in the global LNG market.

In particular, the increasing alignment between European Title Transfer Facility (TTF) prices and Asian Japan/Korea Marker (JKM) prices – a record correlation in 2025 according to the International Energy Agency (IEA) – confirms the high degree of integration of global LNG markets and Europe's consequent vulnerability to extra-regional shocks. Gas storage levels at the start of the 2025–2026 winter season were considered adequate, averaging 83% across the EU and 92% in Italy, where, thanks to the incentive introduced by ARERA through Resolution 150/2025/R/Gas, bonuses (storage bonuses) were awarded to operators that maintained gas storage reserve levels above 90%, thereby reducing supply risks and ensuring the security of the national gas system, in implementation of the decrees of the Ministry of the Environment and Energy Security (MASE). Despite these precautionary measures, the supply outlook remains affected by uncertain global scenarios that expose the European Union to greater risks than in the past.

At the same time, different dynamics have emerged on the electricity front, strongly influenced by the growth of renewables and by climate and weather conditions.

In 2025, Europe continued to increase its generation from renewable sources, which accounted for nearly 50% of electricity generation, thereby ensuring greater price stability in the face of external factors and reducing the need to rely on thermoelectric technology, which is inherently exposed to the volatility of hydrocarbon prices.

In Italy, electricity demand was in line with 2024 levels (311 TWh), with 85% met by domestic generation: around 48% of this generation came from renewable sources, i.e., 41% of total demand.

Solar generation in the country increased by 25% compared to 2024 levels, becoming the leading source of renewable energy (14.5% of demand).

Conversely, there was a decrease in hydropower generation (-21%) due to weather conditions that returned to historical averages after the exceptional year of 2024 (in 2025, 13.5% of demand was met by hydropower, compared to 17% in 2024). The contribution of wind power remained broadly stable, at 7% of demand.

Furthermore, 2025 saw a significant increase in storage capacity (+1.7 GW), a key element in managing the intermittent nature of renewable energy, bringing the total installed capacity in Italy to over 7 GW.

With regard to the supply business, 2024 marked the definitive end of protection schemes for non-vulnerable domestic customers, and the transition process continued in 2025 with the introduction of further measures for customers in vulnerable categories, who were able to access the Transitional Protection Scheme (STG) until 30 June 2025. In an increasingly deregulated environment, the national churn rate recorded in 2025 was more than double the pre-pandemic level.

As regards the waste management and water businesses, while the data referring to 2025 is not yet available, the most recent figures published by the main national institutes are provided below.

The latest figures from the Italian National Institute for Environmental Protection and Research (ISPRA), published in the 2025 Urban Waste Report, show that in 2024, national urban waste generation rose to 29.9 million tonnes, an increase of 2.3% compared to 2023. The per capita figure stood at almost 508 kg per capita, up compared to the previous year, reflecting the performance of the national economy (GDP and final consumption up 0.7%).

The rate of sorted waste collection made further progress, reaching 67.7% (up 1.1 percentage points). However, regional disparities remain significant: North: 74.2%; Centre: 63.2%; South: 60.2%; however, the South is showing improvement.

The number of plants dedicated to urban waste management has risen to 625, more than half of which are dedicated to the organic fraction. Organic treatment reached 7.2 million tonnes (up 3.9%), while the recycling rate reached 52.3%, exceeding the EU target of 50%.

In the waste treatment and recovery sector, the trend of industrial consolidation through the acquisition of plants and specialised expertise continues. Companies are being called upon to respond to increasing pressure from European regulations, which aim to reduce the export of waste and encourage local waste management, with a significant impact on business models and the need for technologically advanced plants.

Regarding water, the climate situation continues to affect water availability and continuity, with episodes of prolonged drought and reservoir stress throughout 2025 placing a strain on Italy's infrastructure, which still requires improvement.

On the water and environment front, the problem of network losses persists: the latest official ISTAT data confirm that 42.4% of the water fed into the network is lost, equivalent to approximately 3.4 billion cubic metres.

Critical issues also persist in the field of wastewater treatment, with numerous urban areas still not complying with European directives, particularly in southern Italy, a factor that continues to pose a significant regulatory and infrastructural risk for the country.

The Blue Book 2025, published by the Utilitatis Foundation, confirms that the integrated water service in Italy remains significantly fragmented, despite the gradual consolidation of governance. In 2024, only 54% of the population lived in areas with fully industrialised water management, while approximately 7 million inhabitants were still served by in-house water management.

Capital expenditure continues to grow: investments made in the period 2021–2023 reached 7.1 billion euro, while the planned investments for 2024–2025 have brought the total figure for the five-year period to 13.2 billion euro.

According to preliminary estimates, the average investment per capita is expected to reach 80 euro in 2025, an increase compared to the previous period.

Turning to legislative factors, the most important interventions concerning the Group, issued in 2025, include:

- The conversion into law, with amendments, of Decree-Law 39 of 31 March 2025, containing urgent measures on catastrophic risk insurance (Law 78/2025), which postponed the effective date of the obligation for medium-sized enterprises to take out an insurance policy to 1 October 2025 and for small and micro-enterprises to 31 December 2025. For large companies, however, the deadline was 31 March 2025, with a transitional period of 90 days (until 30 June);
- The State Budget for the 2026 financial year and the multi-annual budget for the three-year period 2026–2028 (Law 199/2025, the '2026 Budget Law') which, among other measures, postponed the effective date of the plastic tax to 1 January 2027 and extended the deadline for approving financial plans, tariffs and regulations relating to the urban waste management service to 31 July. In addition, it extended the obligations to register in the National Electronic Waste Register to entities involved in the treatment, collection and transport of waste. The measure postponed by six months the mandatory requirements and checks on the parameters of water intended for human consumption – including those relating to Per- and Polyfluoroalkyl Substances (PFAS) – set out in Italian Legislative Decree No. 18/2023. Finally, it established a general obligation for all biomethane production plants, both new and converted, to be connected to the natural gas network, in accordance with the rules set by ARERA;
- The Annual Market and Competition Act 2025 (Law 190/2025), which strengthened oversight of local authorities. Indeed, during the annual review, local authorities are required to identify any problems in the management of services. If these problems are attributable to the operator, the authority must issue a policy directive requiring the operator to draw up corrective measures. The Italian Competition Authority (AGCM) monitors the implementation of these measures and submits an annual report to the Government and Parliament. The Act also introduced provisions to promote competition in the field of electric mobility. In particular, it stipulated that municipal procedures for authorising new charging infrastructure must encourage the presence of multiple operators in the area.

The following are the regulatory measures for 2025, broken down by sector of application:

- Electricity production:
 - The establishment of incentive mechanisms for the generation of electricity from renewable energy sources (RES-EE): including the so-called Ministerial Decree Fer-X Ministerial Decree, aimed at promoting the development of large-scale photovoltaic plants, and the amendments to the so-called Ministerial Decree Energy Release 2.0, which affects energy-intensive companies that, in return for a financial advance received to mitigate energy costs, are required to develop RES-EE generation equivalent to twice their annual consumption, including through third-party producers;
 - the Leg. Dec. of 26 November 2025, which supplemented Italian Legislative Decree 190/2024 (the Consolidated Renewable Energy Text), with the aim of strengthening and simplifying the authorisation regimes for carrying out medium-complexity interventions on renewable energy installations by using the Simplified Authorisation Procedure (SAP), in line with the EU provisions of Directive (EU) 2023/2413 (known as RED III).
- Energy efficiency and district heating:
 - The Decree of the Ministry of the Environment and Energy Security (MASE) of 21 July 2025, which updated the regulations on white certificates, as referred to in Article 7 of Italian Legislative Decree No. 115 of 30 May 2008, No. 115 of 30 May 2008, setting out national quantitative energy-saving targets and obligations for the period 2025–2030 and introducing new methods for recognising energy performance certificates;
 - the MD of 7 August 2025 (known as the Thermal Account 3.0), issued with the aim of providing incentives for energy efficiency measures and renewable heat production in the tertiary sector and in public administration, expanding the range of beneficiaries and eligible measures;
 - The conversion into law, with amendments, of Decree-Law 202 of 27 December 2024 (the Decree Law Milleproroghe 2025 ['2025 Omnibus Extension Decree']), which stipulated that, from 1 January 2026, there would be an obligation to increase the share of thermal energy from renewable energy sources in energy supplies exceeding 500 TOE per year.

- Electricity and gas market:
 - The conversion into law, with amendments, of Decree-Law 19 of 28 February 2025 (the Decree Law Bill Decree), which introduces tariff relief measures for the supply of electricity and natural gas to households and businesses. Among other measures, the provision has established that customers in vulnerable categories who, as of 31 March 2027, are still supplied under the transitional protection scheme, will automatically enter the greater protection service upon expiry of that service;
 - The conversion into law, with amendments, of Decree-Law 208 of 31 December 2024, which established measures to address situations of particular emergency and to implement the National Recovery and Resilience Plan, into law, with amendments; specifically, the Decree facilitates the development of long-term purchase and sale contracts for electricity produced from renewable sources.
- Waste management sector:
 - the Leg. Dec. No. 102 of 19 June 2025, which supplemented and corrected Italian Legislative Decree No. 18 of 23 February 2023, implementing Directive (EU) 2020/2184 on the quality of water intended for human consumption, amending certain definitions and conformity requirements for materials and products, and introducing monitoring parameters (including PFAS and microplastics), new assessment systems and authorisation procedures;
 - The conversion into law, with amendments, of Decree-Law No. 116 of 8 August 2025 (the so-called Law Terra dei Fuochi Decree-Law), which introduced urgent measures to combat illegal waste-related activities, to remediate the area known as Terra dei Fuochi, and to provide assistance to populations affected by natural disasters, introducing new criminal offences for the dumping and burning of waste;
 - Law No. 182 of 2 December 2025, which introduced measures to simplify and digitalise procedures related to economic activities and services for citizens and businesses. Among its main provisions, the Law amended the Environmental Code, expanding the locations where distributors may collect waste under the extended producer responsibility scheme. In addition, it amended the rules on groundwater treatment plants, removing the requirement to operate them directly on site. The law also updated the criteria for environmental impact assessments, which are now required only for plants that process elastomer-based products. New provisions on WEEE were also introduced, allowing distributors to collect very small household waste free of charge.

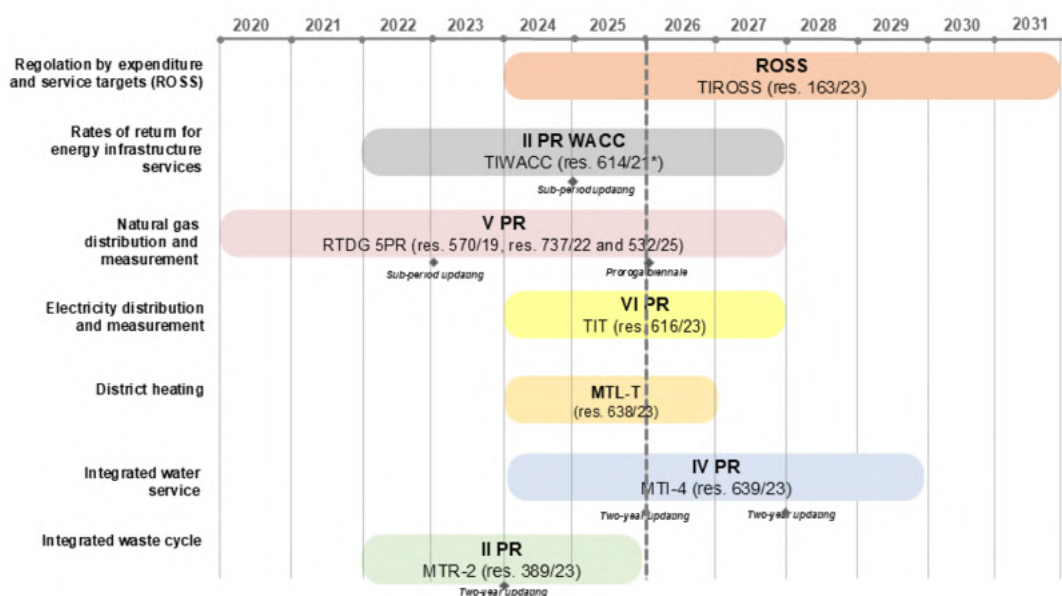
As regards new regulations, the measures having the most significance for the Group, adopted in 2025 by the Italian Regulatory authority for energy, networks and environment (ARERA) are as follows (divided up according to segment of interest):

- Market area:
 - Definition of the procedures for household customers in vulnerable categories to request access to the transitional protection scheme (Resolution 48/2025/R/eel) and of the duration of their stay in the transitional protection scheme (Resolution 110/2025/R/eel);
 - additions to 'the energy end customers' bill', some specific provisions for the bill of multi-site customers (Resolution 64/2025/R/com) and the extension of 'Bill 2.0' for customers served in the greater protection service (Resolution 223/2025/R/com);
 - the first urgent measures on the transparency and comparability of offers in the retail electricity and natural gas markets (Resolution 156/2025/R/com) and further measures to rationalise the prices of electricity and natural gas offers for domestic customers for the purposes of implementing Article 5(1) of Decree-Law 19/2025 (Resolution 386/2025/R/com);
 - the updating of the regulation of sales quality (TIQV), concerning assistance services to end customers of electricity and natural gas (Resolution No. 399/2025/R/com);
 - regulatory updates aimed at reconciling the development of electric mobility with the need for rational and efficient development of electricity grids (Resolution 22/2025/R/eel).
- Electricity networks:
 - the functional provisions for the initial implementation of the new Electricity Settlement regulations (Resolution 40/2025/R/eel) within the Integrated Information System;
 - the integration of some provisions concerning the accountability mechanism in the management of delta in-out (Resolutions 28 and 111/2025/R/gas);
 - definition of the calculation methods and other parameters relating to the benefit categories for cost-benefit analyses of electricity distribution network development initiatives (Resolution 112/2025/R/eel);
 - the initiation of proceedings for the adoption of the proposal on extraordinary multi-year investment plans for the purpose of the remodulation of electricity distribution concessions and the criteria for determining the related charges (Resolution 237/2025/R/eel);
 - ARERA's proposal to the Ministry of Economic Development and the Ministry of Economy and Finance regarding the decree on the restructuring of electricity concessions (Resolution 392/2025/R/eel);
 - the adjustment of specific instruments of ROSS-basic regulations and the experimental introduction of regulatory tools for the evolution of regulation towards ROSS-integral (regulation by expenditure and service objectives) for electricity distribution revenue (Resolution 390/2025/R/com);

- the revision of the criteria for the revaluation of capital costs for infrastructure services in the electricity and gas sectors as of the tariff year 2024 (130/2025/R/com);
- Verification of the activation of the trigger mechanism for the 2026 WACC for electricity distribution, confirming that the critical change threshold has not been exceeded and that, consequently, the currently applicable rate of return for electricity distribution, 5.6%, will be maintained for the next two years (Resolution 476/2025/R/com).
- Gas networks:
 - the closure of the proceedings to comply with the Council of State rulings that annulled Resolution 570/19 (concerning the 2020-25 gas distribution tariff regulation) on the recognised operating costs (Resolution 87/2025/R/gas) and the consequent redetermination of the reference tariffs for gas distribution and metering services for the years 2020-2023 (Resolution 98/2025/R/gas);
 - the revision of the provisions on procedures for verifying VIR-RAB deviations and tender notices in relation to updates of VIR values, when publishing tender documents (Resolution 142/2025/R/gas);
 - the revision of the regulations of the Standard Network Code for the natural gas distribution service (Crdg), on the subject of guarantees and payments (Resolution 222/2025/R/gas), which will take effect from 1 May 2026;
 - Arera's acceptance of the requests for admission to the revenue adjustment mechanism admitted for the application of the recognised operating cost reduction rate (customised X-factor) for the company-specific gas distribution service (Resolution 260/2025/R/gas);
 - The extension, for the years 2026 and 2027, of the provisions of the Consolidated Gas Distribution Act (TUDG) concerning tariffs and the quality of gas distribution and metering services, in continuity with the fifth regulatory period, which introduced, as its main new feature, the elimination of the X-factor on operating costs (Resolution 532/2025/R/gas);
 - the revision of the criteria for the revaluation of capital costs for infrastructure services in the electricity and gas sectors as of the tariff year 2024 (130/2025/R/com);
 - Verification of the activation of the trigger mechanism for the 2026 WACC for the natural gas distribution service, confirming that the critical change threshold has not been exceeded and that, consequently, the currently applicable rate of return for gas distribution, 5.9%, will be maintained for the next two years (Resolution 476/2025/R/com).
- District heating:
 - The update of the non-tariff provisions for the district heating service, including amendments to the supplementary texts on commercial quality (RQCT), the regulation of connections (TUAR), the metering service (TIMT) and the size class of operators (TUD), effective from 1 January 2026, with the possibility of further updates in the event of regulatory changes (Resolution 546/2025/R/tlr);
 - The extension to 2026 of the transitional tariff method for the district heating service, confirming the system in force for the two-year period 2024–2025, including the fuel cost cap for non-gas-fired plants and the safeguard clause, as well as introducing the option for operators subject to safeguard measures to submit an application for the recalculation of the pre-regulation tariff reduction coefficient (Resolution 580/2025/R/tlr).
- Water services:
 - the initiation of proceedings to amend and update the rules on the transparency of billing documents for the integrated water service (Resolution 122/2025/R/idr);
 - The publication of the final results of the application of the incentive mechanism for the regulation of technical quality (RQT1) and contractual quality (RQSII) of the integrated water service for the two-year period 2022–2023 (Resolutions 225/2025/R/idr and 277/2025/R/idr), with the preliminary approval of the methodological note outlining the verification process adopted by the Authority for the data provided by operators (Resolution 181/2025/R/idr);
 - the definition of the Model Tender Template for the assignment of the integrated water service (Resolution 347/2025/R/idr);
 - The strengthening of regulations on the contractual quality of the integrated water service, extending to the water service the approach set out in the consolidated text on the sale of energy services for the handling of complaints and requests for information; the new provisions are scheduled to come into force on 1 January 2027 (Resolution 579/2025/R/idr);
 - The update of the regulation on the technical quality of the integrated water service, introducing changes effective from 1 January 2026, unless otherwise specified, which includes, in particular, the refinement of the M0 macro-indicator, designed to determine the resilience of the existing water supply system in a given area, as well as the establishment of biennial reviews of the data submitted by the operator, to be carried out by a pool of experts drawn from the various local water authorities (Resolution 581/2025/R/idr);
 - The biennial update of the water tariff method for the fourth regulatory period (MTI-4), effective from the tariffs for the year 2026, aimed, in particular, at revising the economic and financial parameters for the valuation of the costs eligible for inclusion in the tariff. In addition, the deadline for submitting tariff proposals was rescheduled to 31 July 2026 (Resolution 582/2025/R/idr).

- **Waste:**
 - Provisions for the granting of the social waste bonus to domestic users of the integrated urban waste management service who are in disadvantaged socio-economic circumstances (Resolution 355/2025/R/rif), and certain operational adjustments concerning the flow of sensitive customer data (Resolution 584/2025/R/rif);
 - the publication of the directives for accounting and administrative unbundling in the urban waste sector (Resolution 373/2025/R/ref). Arera has amended and supplemented the Integrated Unbundling Text (TIUC) with specific provisions on accounting separation in the urban waste sector;
 - The finalisation of the technical quality regulation for the urban waste sector, which mandated the strengthening of the quality system by introducing the new macro-indicators R1 and R2 on recycling and R3 on the technical and environmental efficiency of the supply chain, along with plant-specific indicators. In addition, the existing indicators on waste, continuity of service and commercial quality were confirmed. The new measures will come into force from 2026 (r1, r2) and from 2028 (r3), with biennial audits, accompanied by simplifications to the TQRIF (Resolution 374/2025/R/rif);
 - The tariff structure for users of the urban waste management service, which will come into force in January 2028 (Resolution 396/2025/R/ref), and which has mandated a strengthening of ARERA's actions with the aim of more closely linking the recognition of efficient costs with the quantification of user charges. It provided for the introduction of a five-part structure that divides the tariff component into urban amenity, access to the service, collection and transport of urban waste, treatment and recovery, and treatment and disposal;
 - The definition of the Waste Tariff Method for the third regulatory period (MTR-3), which is scheduled to apply for the four-year period 2026–2029, has been established. While the general approach remains in line with that of the previous regulatory period, this method incorporates the new provisions of the technical quality regulation and the regulation on the award of the integrated urban waste management service, and also revises the economic and financial parameters and the criteria for selecting and applying the sharing factor (Resolution 397/2025/R/rif);
 - The initiation of the procedure for calculating the R3 macro-indicator on the technical and environmental efficiency of management, as envisaged by ARERA (Resolution 407/2025/R/rif);
 - The definition of the rates of return (WACC) for collection and treatment services, set at 6.1% for treatment (-50 basis points compared to current values) and 5.9% for collection (-40 basis points compared to current values), which will be in force from 2026 until 2029, subject to any changes that may be identified in the biennial update at the end of 2027. The decrease in the WACC is attributable to the reduction in stable country interest rates and the decrease in the KD graduality coefficient (Resolution 480/2025/R/rif).

A time-line showing the main regulatory periods and related measures introduced by ARERA, pertaining to the Group's sectors of activity, is provided below:



* Resolution 614/21 sets out the methodology for determining the rates of return on energy capital and establishes the WACCs for 2022 only; these values were confirmed by Resolution 654/22 for 2023 as well, while Resolution 556/23 updated the WACCs for 2024. From 2025, the second WACC sub-period, governed by Resolution 513/24, will commence.

Lastly, the table below indicates the main tariff references for each regulated sector, based on the regulatory framework in force in 2025 and expected to remain until the end of the current regulatory periods.

	 Natural gas distribution and measurement	 Electricity distribution and measurement	 Integrated water service	 Integrated cycle waste cycle
Regulatory period	2023–2025 Second sub-period of the 5th regulatory period (Resolution 737/22), extended for the two-year period 2026–27	2024–2027 6th regulatory period (Resolution 616/23) (1)	2024–2029 Second sub-period II of the MTi-4 (Resolution 639/23)	2024–2025 Second sub-period of MTR-2 (resolution 389/23) (2)
Regulatory governance	Single level (ARERA)	Single level (ARERA)	Two-tier (area governance body, ARERA)	Two-tier (regionally competent body, ARERA)
Invested capital recognised for regulatory purposes (RAB)	Previous cost revised (distribution) Weighted average between actual cost and standard cost (measurement) Parametric recognition (centralised capital)	As of 2024: Introduction of the ROSS which, for the capital cost of distribution, confirms the revised previous cost method As of 2022: For the capital expenses of the measure, recognition based on a comparison between the planned costs submitted to ARERA (RARI application) and the actual expenditure	Previous cost revised	Previous cost revised
Regulatory lag for the recognition of capital expenditure	1 year	1 year	2 years	2 years
Return on invested capital (3) (real pre-tax)	2024 6.5%. 2025 5.9%.	2024 6.0%. 2025 5.6%.	Years 2024–2025 6.1% +1% for investments from 2012, to cover the regulatory lag	Years 2024–2025 (4) 6.3% Collection 6.6% Treatment +1% for investments from 2018, to cover the regulatory lag
Recognised operating costs	Average actual cost values by company grouping (size/density), based on 2011 (for revenue until 2019) and 2018 (for revenue 2020–2027) (5) Sharing for efficiencies achieved against recognised costs Upgrade with price-cap	As of 2024: Actual cost for operator + efficiency incentive for operating costs calculated based on a regulatory menu that calls for sharing, with customers, the delta between the average actual cost for the operator based on 2022 (for revenue until 2027), called baseline, and the actual cost paid by the operator during the year	Efficiency-enableable costs: operator's actual 2011 costs adjusted for inflation Adjustable costs: actual costs with a 2-year lag Additional charges for specific purposes (forecast-based)	Collection and treatment Operator's actual costs with a 2-year regulatory lag Additional costs for quality improvement and changes to the scope of operations (forward-looking in nature) Additional charges for specific purposes (forward-looking in nature)
Annual efficiency improvement in operating costs	Annual X-factor (until 2025) From 2020: Distribution: 3.39% large companies 4.62% medium-sized companies Measurement: 0% Supply: 1.57%.	As of 2024: Distribution + Measurement: 0.5% if the high-potential menu is chosen 0% for the low-potential menu	Efficiency mechanism based on: 2016 operator sharing efficiencies Differentiated sharing level with respect to the distance between actual cost and efficient cost of the operator	
Incentive mechanisms		As of 2024: Z-factor: recognition of extra costs linked to the energy transition Public contribution: recognition of 10% of the value in three quotas	Sharing of electricity costs based on energy savings achieved Recognition of 75% of margins from activities aimed at environmental and energy sustainability	Collection Sharing on revenue from the sale of material and energy (range 0.3–0.6) and from Conai fees Treatment Sharing not explicitly recognised by the method, although it can be traced back to the general principles supporting the development of the circular economy

Annual limit on tariff increases	On an asymmetrical basis and depending on: - investment needs - cost-effectiveness of management - changes in scope of operations	Collection On an asymmetrical basis and depending on the presence of: - changes in scope of operations - improved service quality
	Mechanism to guarantee operating and financial balance	Treatment Limit to growth less tight since the efficiency factor is not provided for, it depending on: - inflationary growth - environmental impact of plants
		Collection and treatment Mechanism to guarantee operating and financial balance

(1) Resolution 616/23 defines the tariff regulation for electricity distribution and metering services for 2024-2027, implementing, for the determination of the recognised cost, the application criteria of the new ROSS-base (Regulation by expenditure and service targets) regulation, defined by resolution 497/23/R/com.

(2) Resolution 389/23 follows up on 363/2021/R/rif, which updated the previous regulatory period and introduced tariff regulation for treatment in the case of "minimum" facilities, i.e. essential for closing the urban waste cycle.

(3) For the energy and waste sectors, reference is made to the WACC methodology, while for the integrated water service the values refer to the coverage rate of financial and tax charges.

(4) For the years 2024–2025, the reference provision for the WACC in waste management is Resolution 7/2024/R/rif.

(5) Following ARERA's compliance with the Council of State's rulings on Resolution 570/2019, Inrete Distribuzione Energia Spa, the Group's main distributor, was granted a customised X-factor, which is lower than that applied to large companies (the cluster to which it belongs).

Advances in digital technology have led to a structural and ongoing acceleration of the main trends in Information and Communication Technology (ICT), which, in addition to rapidly surpassing the traditional paradigms of economic and social contexts, is redefining entire market segments, organisational models and the ways in which citizens, businesses and institutions interact. The convergence of Artificial Intelligence (including generative AI and its most recent developments towards agent-based models and Robotic Process Automation), the Internet of Things, advanced data governance and data analytics, cybersecurity, and increasingly distributed and hybrid cloud platforms has led to an exponential increase in the amount of data produced and a dramatic reduction in the time required to access and exploit information, thereby opening up new opportunities for innovation for organisations.

TECHNOLOGICAL
EVOLUTION

In particular, the widespread adoption of connected devices, smart sensors and digital systems for interacting with people and customers – such as advanced chatbots, virtual assistants and systems that digitise industrial processes – has generated a continuous, heterogeneous and high-frequency flow of data. This wealth of information has enabled not only increasingly timely and predictive analyses (real-time and near real-time analytics), but also greater precision in decision-making processes, supported by Artificial Intelligence systems that are rapidly improving in terms of reliability, contextualisation and their ability to support complex decisions. In this context, the focus has gradually shifted from the automation of individual processes to the intelligent orchestration of processes, data and services, with significant impacts on operational efficiency, service quality and sustainability.

At the same time, the issue of digital trust – which encompasses cybersecurity, data protection, infrastructure resilience and the responsible use of Artificial Intelligence – has taken centre stage. In this regard, in its Communication on the Digital Compass 2030, the European Commission reiterated the need for technological development that is simultaneously innovative, inclusive and ethically sustainable, thereby laying the foundations for a European digital ecosystem based on rights, transparency and data sovereignty.

In this context, close attention has been paid to the development of the European regulatory framework on Artificial Intelligence, and in particular the AI Act, which introduced a risk-based approach to regulating providers and users of AI systems. The aim is to adopt, from the outset, organisational models, processes and technological solutions that comply with the regulatory framework, so as to fully exploit the potential of Artificial Intelligence while ensuring security, reliability and respect for fundamental rights. This entails an increasing integration of technological, regulatory and data governance expertise within organisations.

The benefits of responsible digital development have also been recognised at the national level through the Strategy for Technological Innovation and Digitalisation, which identifies accelerating the transition to a mature digital society, in line with European targets, as one of the key challenges. This strategy promotes innovation as a lever for competitiveness and service quality, placing economic, environmental and social sustainability at the heart of the strategy and ensuring equal opportunities for access and participation. Consistently, the National Recovery and Resilience Plan represents a key enabling factor for the country's digital acceleration, supporting investment in infrastructure, skills, data and advanced digital services.

Given their role as intermediaries between public administrations, local communities and the SME sector, utilities play a strategic role in supporting digital transformation, not only by providing digital services to optimise production processes, but also by establishing data-driven digital ecosystems. Indeed, widespread sensors, Internet of Things

(IoT) platforms, monitoring systems and connected machinery enable advanced models of operational management, predictive maintenance and resource planning. Examples of this include data-driven energy management solutions, based on smart systems and devices installed in public buildings, as well as distributed sensor systems across the local area, supplemented by cloud and analytics platforms that process the big data generated to improve the quality, efficiency and sustainability of the services provided to the community.

HUMAN RESOURCES

An analysis of the context in which the Group operates revealed new, interrelated challenges and trends that called for a systemic approach to the human resources strategy, with the aim of empowering people and supporting business development in an effective and responsible manner.

A first contextual element related to purpose. The search for an alignment between the sense taken on by an organisation and an individual was a key lever in activating people's engagement in motion and transforming it into virtuous behaviour, above and beyond customer satisfaction and shareholder remuneration. Within this framework, values such as consistency and transparency, combined with trust, accountability and the quality of relationships, have become central to providing people with a valuable work experience and strengthening their bond with the company.

Other important dimensions were the social and cultural dimensions, which formed part of a context of permacrisis characterised by widespread and persistent tensions on various fronts. Against this backdrop, structural phenomena such as longer working lives, the coexistence of multiple generations in the workplace, rising inequalities, and an increasing focus on issues of personal well-being, mental health and equity have been observed. This context has also seen the evolution of diversity, equity and inclusion policies, which have required the ongoing updating of organisational and cultural approaches in response to demographic and social changes and the increasing complexity of work environments.

These dynamics have been accompanied by technological, energy and environmental transitions, which are profoundly transforming business models, operational processes and the organisation of work. In particular, the increasing prevalence of digital technologies and artificial intelligence has required, and continues to require, a structural rethinking of the development of skills, roles and working methods. Indeed, the shift towards more widespread use of artificial intelligence solutions may make it necessary to support people through informed pathways of change, strengthening technical, transferable and digital skills, promoting the responsible use of data, and paying attention to issues of security and information protection.

In a context characterised by accelerated innovation, a progressively older working population, and a growing need for professional retraining, training has proven to be a strategic asset in bridging the gap between industry needs and the education system. It has therefore become essential to invest in lifelong learning pathways, foster the development of key skills for the future, and support people's ability to adapt and actively contribute to transformation processes. Within this framework, alongside technical and specialist skills, there has also been an emergence of in-depth skills related to critical thinking, the ability to learn, collaboration and anticipating change.



1.01.02 Strategic approach and management policies

The Hera Group's Strategic Framework aims to align the needs of communities with those of the company, in line with the company's purpose. More specifically, the Group's path for development to generate value for shareholders and create shared value for its stakeholders is based on five strategic references and an enabling lever:

- profitability and financial sustainability, through a search for efficiencies and the identification of development initiatives with good profitability, even in challenging external scenarios, and at the same time the definition of an amount of investments that safeguards the Group's economic-financial balance;
- resilience, carefully selecting interventions that can ensure that the Group's assets and processes have the greatest possible capacity to cope with exogenous phenomena;
- carbon neutrality, pursuing decarbonisation goals within the Group's operational perimeter and supporting the energy transition in progress;
- resource regeneration, promoting and adopting circular business models to reduce the consumption of the planet's natural resources by encouraging responsible stakeholder behaviour;
- social equity and prosperity, contributing to the development of local ecosystems, thus benefitting businesses and citizens, with particular attention to situations of vulnerability.

Pursuing these strategic references will require leveraging the support offered transversally by innovation and digitalisation, to enhance the evolution of the Group's activities, thanks to the opportunities offered by the most advanced technologies, with the aim of increasing the efficiency and quality of the services provided, multiplying opportunities for stakeholder engagement and accelerating the widespread adoption of behaviours and skills capable of responding to the challenges of a constantly evolving context.

As can be seen from what has been stated thus far, sustainability issues pervade the Hera Group's strategy, being both an integral part of it and a point of reference. For a detailed representation of objectives and results, as better defined by the reference standards, see paragraph 1.05 Sustainability statement of this report.

In its new 2025–2029 business plan, the Hera Group has reaffirmed the strategic pillars that underpin its objective of generating tangible and sustainable value for communities and stakeholders, while maintaining a balanced portfolio of regulated and free-market activities, capable of seizing emerging opportunities and ensuring continuity and resilience even in an environment characterised by increasing uncertainty.

BUSINESS
AREA: THE
BUSINESS
STRATEGY

The Group reaffirms its commitment to decarbonisation and resource regeneration, with the aim of promoting and supporting the ecological transition in the areas it serves. In particular 1.3 billion euro, equal to 24% of the resources allocated in the Plan, will make it possible to reduce and contain climate-altering emissions, thanks to the development of renewable sources, energy efficiency initiatives and projects in partnership with our stakeholders. Regarding this commitment, in line with its emissions reduction targets by 37% by 2030, as validated by the international Science-Based Targets initiative (SBTi) network, the Hera Group plans to achieve a 35% reduction in climate-changing emissions by 2029 (compared to 2019), in line with the SBTi target.

With regard to resource regeneration, where certain activities can simultaneously serve to achieve multiple objectives, 35% of planned CapEx (2 billion euro) will enable a reduction in the consumption of natural resources by developing and adopting circular economy solutions and models, as well as interventions to protect ecosystems, and by enhancing recovery and regeneration activities, particularly for plastics and carbon fibre, with growth also expected in the soil remediation sector.

At the same time, to make it possible to respond effectively to increasingly frequent and intense exogenous events (climate, amongst others), 48% of the investments defined in the Plan (2.6 billion euro) will be allocated to further increasing the resilience of the assets under the Group's management and its operations, ensuring quality and continuity of service.

Finally 26% of investments (1.4 billion euro), will be directed to the application and development of cutting-edge technologies and the introduction of innovative solutions to increase efficiency and achieve a competitive advantage in all the industrial sectors covered.

63% of the investments will be allocated to the development of regulated services, with the aim of enhancing the Group's asset readiness to cope with the effects of climate change and the path towards the energy transition. The remaining 37% will support the industrial development of liberalised businesses in order to expand plant capacity and drive commercial development.

The Group's strategy for its free-market businesses is based on three strategic levers: developing the customer base, expanding and diversifying the commercial offering, and strengthening the plant portfolio and renewable generation. In energy supply, the Group, which is currently the third largest national player in terms of number of customers, intends to continue developing its customer base by capitalising on the important leap in size that took place in 2024 with the award of the 7 lots of the transitional protection scheme tender, and to reach 4.5 million customers by 2029 through the development of a comprehensive and diversified portfolio of decarbonisation services.

The growing demand for energy solutions coming from public administrations, industrial customers and apartment blocks will lead the Group's Escos to introduce new multi-business commercial proposals with an integration and differentiation of the offer, which will be developed in services for energy requalification, sustainable mobility, public lighting and smart cities.

To achieve its ambitious decarbonisation targets on the photovoltaic electricity generation front, the Hera Group confirms its goal of installing more than 370 MW of generation capacity by 2029, favouring plant solutions at consumption centres and at the Group's sites that do not involve further land consumption. With regard to renewable gases, the construction of the two Hydrogen Valleys in Trieste and Modena is nearing completion; when fully operational, these facilities will produce more than 620 tonnes of green hydrogen per year.

In the waste treatment and recovery market, the Group aims to further consolidate its nationwide leadership and strengthen its presence in Europe, by leveraging the integration of plant development and commercial growth, addressing the needs of an increasingly diversified and qualified customer base.

Thanks to its plant portfolio for the treatment of urban and special waste, which includes the commissioning of the fourth line at the Padua WtE plant in 2029, the multi-utility expects to reach a total of over 10 million tonnes of waste treated and sold by 2029, compared to 8.5 million tonnes in 2024 (+18%).

With regard to business development, the goal is to acquire new large-scale customers and further develop Global Waste Management services, broadening the scope of action both geographically and in terms of the service portfolio. Significant development is also expected in the remediation business, given the renewed and widespread focus on environmental restoration and soil remediation issues, an area in which the Hera Group has significantly strengthened its market leadership through the recent acquisition of the company ACR from Reggiani Albertino Spa.

In the plastics recovery market, Group subsidiary Aliplast Spa, one of Italy's main operators in the flexible plastics segment, will continue along its path of growth, increasing volumes of recycling and, at the same time, expanding the range of polymers processed thanks to the development of an innovative multi-matrix plant. The increasing European legislative push (Sup Directive and Ppwr Regulation) will support a progressive growth in demand, for which the Group is preparing itself by completing work under the Nrrp (carbon fibre recovery in Imola and regeneration of high-quality rigid plastics in Modena) and by preparing to build a new PE-LD recycling plant in Borgolavezzaro (Novara).

Under the scope of the regulated businesses, the development axes of the network business envisage enabling infrastructures for the energy transition, focusing on efficiency and resilience and the intensive use of innovation to achieve advanced levels of quality and safety.

Regarding the integrated water service, Hera, Italy's second-largest operator in the sector, envisages strategic initiatives to strengthen the resilience, continuity and quality of the drinking water supply service through an integrated management of sources, transport, treatment and distribution, to ensure security of supply, protection of the resource and ability to respond to the needs of the local areas. Interventions aimed at improving the efficiency of sewage networks for the disposal of rainwater and at updating purification processes in line with EU developments will also help to maximise environmental and energy sustainability in wastewater management. The Group will also continue to promote the regeneration and circularity of water resources by increasing the reuse of treated water.

With regard to electricity distribution, in order to support the electrification of local areas and respond to the increasing generation of electricity from renewable sources, the Group intends to build new infrastructure and renew existing infrastructure to ensure greater reliability and flexibility of assets and to improve the quality and continuity of service, including through the use of digital technologies and predictive management models. The goal is to increase the network's hosting capacity by 30%, through the development of primary and secondary substations and smart grid initiatives.

In the area of gas networks, which will continue to play a crucial role in supporting final energy consumption over the coming decades, the Group aims to ensure security through innovation while also promoting decarbonisation by leveraging green gases (biomethane and hydrogen).

Innovative projects in gas distribution include the installation during the plan period of approximately 480 thousand NexMeter gas smart meters (proprietary patent), with advanced safety functions in the event of leaks or earthquakes and also usable for mixtures with green gas; over 1,700 NexAction solenoid valves, the first fully self-powered and patented system for the remote automation of network valves, which allows timely interventions in the event of emergencies, minimising the dispersion of emissions into the atmosphere and the intervention of operational teams in the field, and over 250 Sentinel sensors to remotely monitor networks located in areas at hydrogeological risk.

Among the activities aimed at facilitating the energy transition in the areas served, district heating will be further developed, with the goal of avoiding a total of 65,000 tonnes of carbon dioxide emissions by 2029. The development of this service involves the progressive replacement of fossil fuels, in line with European regulations, through a growing mix of renewable sources and waste heat from industrial processes.

Finally, in the urban hygiene sector, the Group aims to achieve 78% sorted waste collection by 2029, with the goal of improving the quality of this service at the same time.

The business strategy and the projects outlined in the new Business Plan project an overall structural growth in the EBIT of approximately 350 million euro, with an average annual growth rate of around 5%, which will enable the Group to achieve a total EBIT of 1,760 million euro by 2029, up from the previous Plan target for 2028. Over the five-year period, a 30% increase in shared-value EBIT is also expected, which will reach 68% of the EBIT in 2029, reflecting the growing weight of initiatives that, in addition to contributing to the development of the company, are in line with the objectives of the UN Agenda and with the development of the local area and communities.

In this sense, on the path towards a "just transition", characterised by initiatives aimed at the prosperity of the communities of reference and with a strong focus on social equity, the Hera will continue to generate positive repercussions for all its stakeholders of reference with an economic value distributed over the five years of the Plan estimated at over 11.5 billion euro.

During the period 2025-2029, the Business Plan foresees gross investments of 5.5 billion euro, a financial commitment 6% higher than the previous strategic document and 39% higher than the total resources invested in the last 5 years. Of this amount, approximately 500 million euro come from NRRP funds and contributions from other institutions (MASE, PNISSI and FONI).

In terms of the breakdown by business segment, 57% of investments (3.1 billion euro) will be allocated to networks to ensure the resilience and adaptation of assets, thereby confirming networks as the most capital-intensive business segment. Waste management follows, with 23% of total investments (1.3 billion euro), and energy with 19% (1.1 billion euro).

Demonstrating its commitment to complying with the requirements of the European framework, the Group estimates that operating capital expenditure of 2.9 billion euro (equivalent to 95% of eligible investments) will be aligned with the EU Taxonomy for sustainable projects.

In line with the previous strategic document, also during the period 2025-2029, the important financial commitment aimed at supporting capital expenditure for the benefit of organic development and to expand the perimeter with external growth operations, will be fully financed by significant cash generation, which will also allow financial leverage to be kept below the reference threshold of 3x, for a target of 2.6x by 2029, reconfirming the Group's financial strength and leaving further flexibility that can be used to seize additional opportunities.

The improvement in the objectives of the new Business Plan and the positive economic and financial forecasts have enabled us to revise the dividend policy upwards by proposing an increase of 27% in 2029, with a dividend of 19 cents per share.

The Hera Group's financial structure is based on an attentive long-term planning of the necessary financial resources, which it carries out, based on its Business plan, by estimating, analysing and monitoring prospective cash flows, with a view to keeping it flexible and efficient. The average cost of debt, in particular, is constantly monitored, through financial risk management activities aimed at limiting the risk of interest rate fluctuations, and through the evaluation of liability management operations aimed at seizing favourable market opportunities and maintaining a debt repayment profile that is evenly distributed over time.

Whereas the Group's financial structure at year end showed 93.2% of fixed-rate debt, by the end of the outlook of the Business plan, in 2029, it is expected that 54% of the current debt will be residual, of which 49% will be fixed-rate. For the remaining 46%, progressive refinancing has been planned in relation to residual needs, whose type of rate will be defined on the basis of future market conditions and within the limits of the financial risk policy. In addition, the strategy of meeting financial requirements primarily through bond issues, including green and/or sustainable bonds, and through subsidised finance lines (including loans granted by the European Investment Bank) has been confirmed, in order to meet the Group's investment needs with further efficiency gains and thus guarantee the implementation of innovative and sustainable projects in the waste management, water and energy sectors. The funding strategy is reflected in the actions included in the Business Plan for projects to reduce greenhouse gas emissions and increase the amount of recycled plastic.

Most of the Group's business is concentrated in Italy, and Hera's rating is thus closely linked to the country's rating, macroeconomic context and political scenario. Hera's actions and strategies are oriented towards maintaining and improving adequate ratings; its habitual communications with the rating agencies Moody's and Standard & Poor's (S&P) have resulted in positive feedback in terms of the solidity and balance of its business portfolio, and in terms of its excellent operating performance, efficient and proactive risk management and resilient creditworthiness indicators. In 2025, Moody's upgraded Hera's rating to Baa1, with a stable outlook, in line with the upgrade of the sovereign rating (Baa2), against which Hera's rating could not be placed at a level more than 1 notch higher. In May, S&P's rating was affirmed at BBB+ with a stable outlook, now in line with the sovereign rating, thus remaining among the best compared to other Italian and European utilities, which confirms the significant growth trajectory pursued over the years and the consistent alignment of results with multi-year forecasts.

In October 2021, Hera published its Sustainability-linked financing framework, updated in December 2023, which includes two environmental indicators and related intermediate and long-term targets. In particular, the first indicator concerns the Group's greenhouse gas emissions (Scope 1+2+3 from downstream electricity and gas sales), while the second involves the amount of plastics recycled by the Group. As part of this framework, the Group issued two Sustainability-Linked Bonds in 2021 and 2023, expanding its debt portfolio with sustainable funding instruments.

Over the period covered by the plan, adopting financial sustainability reporting best practices envisages support for the Group's green financing and ratings. Hera has been committed to green funding for some time, since it was the first Italian company to issue a Green Bond in 2014 and adopted a Green financing framework (GFF) in 2019. In 2022, the Green financing framework was updated and aligned with the latest regulatory changes on sustainability, becoming Taxonomy compliant. In January 2026, Hera updated its Green Financing Framework by incorporating the other four objectives of the EU Taxonomy and aligning it with the Blue Finance Guidelines, thereby enabling it to issue Blue Bonds and Blue Loans to finance taxonomy-related activities associated with its integrated water service. Over the years, the Hera Group has issued three additional Green Bonds, in 2019, 2022 and 2025.

Also of particular interest to the Group is Regulation (EU) 2023/2631 on the European Green Bond Standard (EuGBS), which establishes a set of benchmarks that bond issuers can make public and voluntarily choose to follow. By adopting the benchmarks, the issuer may label its bond as an EU Green Bond (EU GB). Specifically, the Regulation stipulates that, prior to issuing a European Green Bond, the issuer must prepare a Fact-sheet in accordance with the structure set out in Annex I to the Regulation. This fact-sheet may relate to a single issue or may be a forward-looking document covering multiple issues.

In January 2026, Hera published its European Green Bond Fact-sheet, a pre-issue policy document detailing the characteristics of the European Green Bonds that Hera will issue in accordance with Regulation (EU) 2023/2631. These bond issues may only finance or refinance projects that are aligned with the EU Taxonomy.

In this context, the Group's presence in the Dow Jones Best-in-Class Index (formerly the Dow Jones Sustainability Index) as one of the world's leading companies in terms of sustainability in its sector, bears witness to the validity and credibility of the path undertaken. Recognitions of this type, in fact, act above all as a stimulus and allow Hera to identify the areas to be developed for further improvement in its performance and, at the same time, to include among its reference investors those who are engaged in socially responsible investing (SRI), a segment that, as mentioned above, is undergoing considerable and continuous expansion.

TECHNOLOGICAL:
GREEN
INNOVATION AND
THE DIGITAL
STRATEGY

Advances in the chemical and engineering industries are at the forefront of technological developments in production processes, and concern the waste management (plastics first and foremost) or energy (biofuels and bio-combustibles) sectors, in a search for concrete solutions that may prove to be fruitful in facing the challenge of adapting to climate change or combating the depletion of natural resources. The Group directs strategic use of these advances in order to identify plastic recycling processes that are complementary to mechanical recycling and make the process effective even for less pure and less valuable portions of plastic. These same advances make it possible, for example, to test solutions that use surplus renewable electricity (which would otherwise be unusable) to split water molecules into hydrogen and oxygen and then convert them into synthetic natural gas by adding carbon (from CO₂).

Hera has adopted a Group-wide data strategy aimed at systematically leveraging all available information, ensuring high-quality, reliable and rapid information flows to support decision-making and operational processes. The strategy is based on an organisational approach to data architecture, which involves organising information by business domain, developing it according to a product-focused logic, using a self-service technology platform, and adopting a federated governance model capable of combining standardisation with the autonomy of individual units.

The data strategy model and the associated guidelines are supported by dedicated training programmes for the company's business units, with the aim of disseminating the data strategy across all levels of the organisation and fostering a shared data culture. Indeed, the growing centrality of information requires widespread expertise in data management, analytics and the informed use of digital technologies, so that data can be recognised and managed as a strategic asset of the Group.

To enhance the ability to detect anomalous events and support increasingly timely decision-making models, data sources must be progressively expanded, fostering convergence between the management environment (applications) and the industrial environment (Group plants). In this context, vulnerability assessment activities in both environments play a crucial role in preventing attacks on information systems and industrial plants. The adopted model envisages distributed actions and responsibilities, which will be further strengthened during the plan period through projects aimed at enhancing monitoring capabilities and developing prevention and response tools.

Given the dynamism of the sectors in which the Group operates, which are situated within a market and regulatory environment characterised by high levels of instability and constantly changing scenarios, the ability to rapidly test and adopt new digital and technological solutions is essential. It is therefore strategic to develop and consolidate agile innovation processes that can also leverage opportunities from open innovation channels to deliver tangible solutions that support the Group's adaptation and resilience strategies.

Technological and digital developments require the continuous updating of employees' skills and the associated training needs. In this context, the Group's decision to adopt cloud-based platforms as tools for collaboration and for increasing individual productivity, thereby fostering new working models based on cooperation between people and technology, is confirmed as a strategic choice. Advanced generative artificial intelligence capabilities have been introduced on these platforms, offering significant potential for the digitalisation of document-related tasks and the

optimisation of information exchange. Indeed, generative AI can support activities such as the drafting, summarising and categorising of documents, intelligent information retrieval, knowledge management and the standardisation of communications, delivering cross-cutting benefits in both business processes and corporate functions. At the same time, structured adoption programmes have been launched, supporting employees from the initial stages of familiarisation with the new functionalities through to the definition of operational best practices, while also encouraging bottom-up initiatives to identify new use cases for AI in business processes.

The development of the data strategy is increasingly focused on transforming the Group into a data-driven organisation, in which decisions based on data – interpreted in an ethical and responsible manner – generate value for both people and the business. This includes the progressive digitalisation of human resources management processes and the creation of a reference architecture for the integration of existing systems and data, thereby enabling the evolution towards prescriptive analytics models to support strategic and operational decisions.

In light of the challenges and transitions described above, the Hera Group's human capital strategy is based on the following people value proposition: we aim to create value for people, the company and the community by developing innovative approaches guided by our purpose and based on individual responsibility, skills, well-being and the uniqueness of people.

HUMAN
RESOURCES

In light of the context and the strategic direction outlined, the enhancement of the Group's people is structured around the following development axes, which guide its policies and initiatives in the medium term:

- Strengthening a work environment based on belonging, consistency and transparency, where trust, dialogue and empowerment foster the active participation of people, the quality of relationships, and sustainable individual and collective growth;
- Supporting the development of the behaviours and skills needed to consciously address the energy, digital and environmental transitions by promoting lifelong learning, critical thinking and the ability to anticipate future scenarios;
- Understanding and anticipating changes in the environment in order to reshape the strategy, operational and organisational models, processes and technologies that support the business, thereby fostering a balanced integration of people, innovation and the responsible use of data;
- Promoting a work environment focused on well-being and inclusion, which recognises and values individual uniqueness and enables everyone to fully realise their potential;
- To evolve HR processes in order to provide personalised solutions, enabling people to be engaged, informed and in control of their own career paths.

The identified development axes are implemented through a coordinated set of initiatives that enable the strategic guidelines to be translated into concrete actions, thereby supporting the Group's ability to generate value for people, the company and the community over time.

1.02 RISK FACTORS: PLAYERS, METHODOLOGY AND AREAS OF MANAGEMENT

1.02.01 Risk governance

The organisational structure adopted by the Hera Group is designed to uphold management effectiveness and profitability across the entire value chain while at the same time monitoring and managing any risk exposure arising from its businesses.

Hera's corporate governance system enables strategies to be handled uniformly and consistently. The Risk committee is the main policy-making, monitoring and reporting organ for risk management strategies.

Additionally, under article seven of the Self-Governance Code, the Control and risk committee oversees the internal auditing system, the efficiency of corporate operations, the reliability of financial reporting and compliance with laws and regulations, as well as the protection of company assets.

In order to maximise the consistency of the management strategy, these bodies meet periodically. During 2025, the Risk committee met five times and the Control and risk committee met eight times.

The Group has adopted a three-tier risk defence strategy, appropriately distinguishing between:

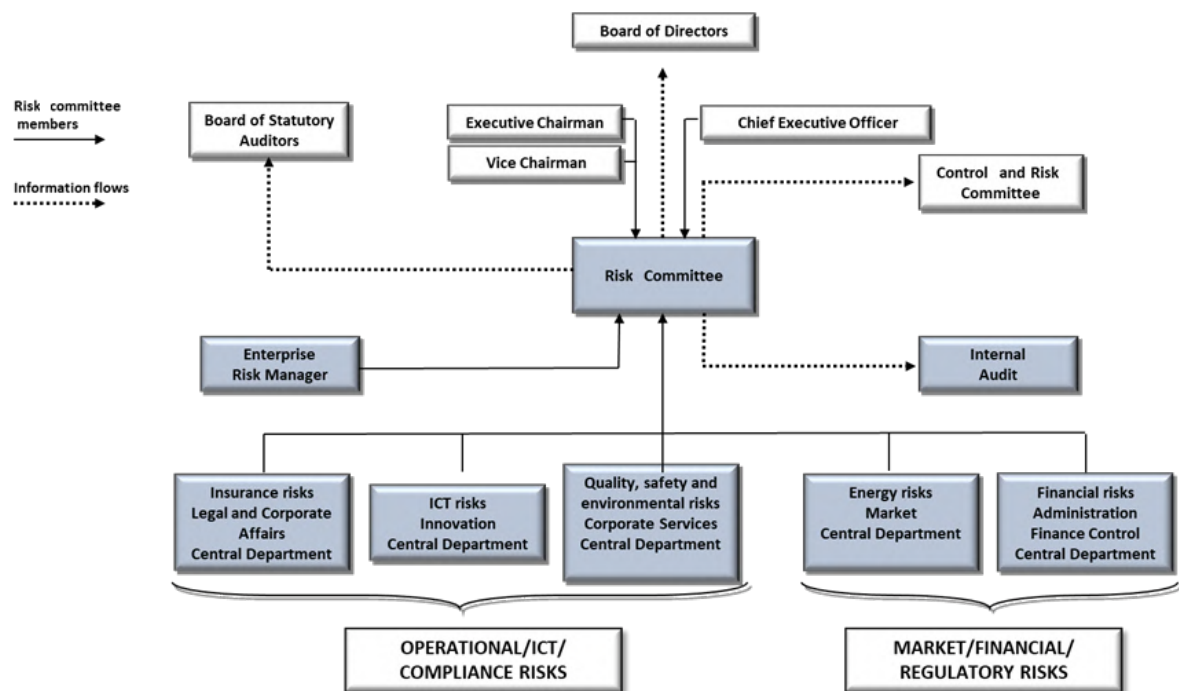
- the role of risk management, entrusted to the risk owners in charge of the various organisational sections;
- the role of risk guidance and control, entrusted to the Risk committee, which relies on risk specialists who carry out second-level controls, i.e. who are responsible for defining, applying and updating risk analysis methodologies and carrying out control activities for the areas under their responsibility (review challenge and control);
- the role of assessing the effectiveness of risk management processes and the internal control and risk management system, entrusted to the Internal auditing department.

The Risk committee sets the general risk management guidelines, maps and monitors corporate risks, ensures that risk policies are set forth and outlines the information protocols targeted to the Control and risk committee, the Internal auditing department and the Board of statutory auditors.

The Board of Directors approves the risk policies and measurement parameters, and guides and assesses the adequacy of the internal control and risk management system. The Control and risk committee supports the Board of Directors in defining internal control and risk management guidelines.

The Executive Chairman and the CEO supervise, each within their area of responsibility, the internal control and risk management functions. The Vice Chairman oversees coordination between the Risk committee and the Control and risk committee, maintaining an independent status.

The risk governance structure is outlined below:



1.02.02 Management methodology

Hera has adopted the Enterprise risk management (ERM) process, to provide the Board of Directors with useful elements for assessing the nature of corporate risks and defining the Group's risk profile, particularly in the medium to long term. The definition of the risk profile is made explicit by the Board of Directors itself through the approval of the Group risk management policy and the risk limits established therein.

The risk management framework is formulated through three key elements:

- the risk model, which identifies the types of existing and emerging risks to which the Group is potentially exposed, and is subject to periodic review;
- the Group's risk propensity, which defines acceptable risk levels consistently with risk management strategy, through the identification of:
 - key risk factors;
 - risk metrics;
 - the limitations associated with each key risk;
 - monitoring, escalation and updating processes to ensure that corrective actions are identified and implemented;
- risk management activities, which ensure effective monitoring and management of the risk universe to which the Group is potentially exposed. The activities are broken down into:
 - ongoing risk management, including by means of sectoral management entrusted to dedicated risk specialists/risk owners;
 - enterprise risk management, aimed at analysing the evolution of the Group's overall risk profile, to support informed risk-taking and the identification of strategic objectives.

On 24 February 2026, the eleventh Enterprise risk management report on the 2025-2029 Business plan was presented to the Board of Directors.



Throughout 2025, the ERM analysis team conducted further in-depth studies and refined its methodology with a view to continuously improving its risk management and assessment system, with the aim of strengthening and developing its ESG risk identification and assessment framework. Particular attention was paid to more accurately quantifying the expected economic effects of risks, extending the time horizons for assessments, and extending assessments to the entire value chain.

The ERM analysis did not reveal any critical risks terms of reputational or operating-financial impact. In the area of material risks, compared to the previous year, there is a risk related to interest rate volatility, due to the fact that, as mentioned above, almost half of the Group's current debt is scheduled for gradual refinancing, the type of which and the determination of the interest rate for which will be decided on the basis of future market conditions, in accordance with the limits set out in the financial risk policy.

In the same area, the risk of a reputational impact deriving from possible proceedings undertaken by supervisory/regulatory/investigation bodies was confirmed, generated by the degrees of discretion on the start of verification/investigation procedures, in the presence of non-univocal interpretative guidelines (despite the Group's conduct always complying with the law), as was an operating-financial risk, deriving from high-intensity seismic events relating to networks.

The risk arising from the possibility of fires at waste treatment and recovery plants, while confirmed, has a negligible impact in terms of consequences on the Group's results and none whatsoever for the environment and business continuity. However, due to the growing social awareness on the issue, such events can lead to significant reputational consequences due to perceived risk.

As part of a process of continuous development and refinement of its risk control and management system, the Hera Group has launched a project focused on developing its climate change risk management framework in an integrated manner with respect to the existing ERM model. The aim is to strengthen the Group's ability to identify and quantify climate risks and to verify the robustness of its climate risk response measures (both tangible and intangible), assessing possible improvements through the involvement of the business with a view to enhancing the Group's climate resilience.

With regard to the management of tax-related activities, the Group continued to implement its tax control framework model, extending it in 2025 to also cover the company AcegasApsAmga Spa, in order to enable the identification, measurement, management and control of tax risk, understood as the risk of violating tax regulations or acting contrary to the principles and objectives of the legal system.

Thanks to the implementation of this control model and the successful completion of the audit activities carried out by the Italian Revenue Agency, at the end of the financial year, the company was formally admitted to the collaborative tax compliance scheme.

Finally, it is recalled that the Hera Group has adopted a tax strategy that outlines the principles for managing tax variables and strategic lines aimed at ensuring compliance with regulations, as well as processes and procedures to mitigate tax risk, providing for a decision-making escalation correlated to the magnitude of the risk.



1.02.03 Risk areas

The existing and emerging risks which Hera faces belong to different types: risks deriving from the evolution of the operating and financial, business (regulatory and competitive), environmental, technological and human capital contexts, including a constantly increasing attention towards climate change and sustainable development. Paragraph 1.01, "Context, trends, strategic approach and Group management policies", provides a detailed analysis of the factors constituting some of the fundamental prerequisites for identifying these risks.

In order to mitigate exposure to these risks, introduce optimisation measures (including technological and efficiency improvements) within current structures and develop strategic planning that offers coherent responses, Hera carries out the specific analysis, measurement, monitoring and management activities described below.

RISK TREATMENT AND MANAGEMENT

AREA	TYPE	IDENTIFICATION
OPERATIONS AND FINANCE 	Debt market	Fluctuation in interest rates, exchange rates, credit spreads and liquidity crises.
	Commodity Prices	Fluctuation in commodity prices.
	Counterparties	Counterparties unable to meet the obligations undertaken, both in respecting the economic conditions and in the execution of contractual clauses.
BUSINESS AND REGULATIONS 	Competitive and Macroeconomic	Business activities involving increasing competition on the free market, carried out mainly in Italy, with an economic context of limited growth: • changes in energy consumption; • reduced production of volumes of waste treated at Hera's plants, compromising the achievement of pre-set targets.
	Regulatory and Legislative	• Interventions by the regulatory Authorities of the sectors in which Hera operates; • Regulatory interventions with a possible impact on both network / municipal waste collection and free-market businesses.
	Strategic	• Failure to achieve the strategic targets set in the long-term planning process; • Loss of the necessary licenses, authorisations and permits for the regular performance of the company's activities.
CLIMATE AND THE ENVIRONMENT, TECHNOLOGY AND HUMAN CAPITAL 	Environmental-catastrophe and caused by Climate change	• Failure to comply with environmental standards and related legal limits, with worsening of environmental conditions and exposure to possible sanctions; • Climate change impacting both economically and in terms of service quality, arising from physical and transitional scenarios.
	Operational security and ICT	• Negative externalities that compromise business continuity and may increase the financial requirements for the restoration of the Group's regular operations; • Reduced operational security of distribution networks (fluids and electricity), reduced logical security of information, reduced security of communication networks and information systems, and reduced reliability of remote control systems.
	Safety and personal development	• Reduced occupational health and safety and limited social protection for workers; • Skills mismatch; • Reduced attractiveness of the workplace environment.

MANAGEMENT

- Diversified and optimised structure of financing sources and balanced maturity profile;
 - Careful monitoring of the Group's financial indicators and use of derivative financial instruments.
-
- Effective management of procurement and hedging activities, with a strong focus on skills and a single interface for constant market monitoring.
-
- Structured process of origination and selection of counterparties through credit checks;
 - Constant monitoring of positions towards counterparties;
 - Possible external transfer of risk through credit assignment.
-
- Continuous innovation in and timely presentation of the commercial offer;
 - High degree of flexibility in supply sources for energy commodities, along with timely management of hedging activities;
 - Diversified plant equipment with high-performance environmental technologies, and strategy focused on the circular economy, specifically in the industrial waste cycle: entry in the process of recovering and recycling polymeric materials and in producing biogas.
-
- Communication with national and local authorities through an organisational structure designated for this purpose;
 - Timely alignment of commercial offers with guidelines specified by the Regulator;
 - Enhancement of technical capacity and management efficiency to meet customer expectations (in terms of service range and quality).
-
- Structured approach to strategic risk analysis, aimed at evaluating the robustness of the Business plan in handling multiple adverse risk scenarios following an enterprise-wide rationale;
 - Constant monitoring of authorization processes and the requirements for maintaining them.
-
- Adequate environmental control system, both as regards the governance of environmental certification processes and related audits, and as regards the operational management of controls and assessments;
 - Reporting on company performance and commitment in the area of climate change;
 - Activating projects to promote the production and consumption of energy from renewable sources and reduce energy consumption;
 - Support for customers in reducing their own greenhouse gas emissions;
 - Incentivizing recovery strategies.
-
- Continuous improvement of the crisis management model and implementation of the business continuity management system;
 - Centralized and constantly operating network monitoring systems, with real-time detection of potential critical factors;
 - Continuous technological assessment and improvement of the Security by Design process;
 - Governance and organisational structures intended for this purpose and training;
 - Attentive monitoring of key Cyber Security indicators.
-
- Precise identification of hazards and assessment of emerging needs;
 - Continuous and targeted initiatives to raise awareness about improving protection and prevention processes in terms of safety, and technical-regulatory training accompanied by training to develop risk perception awareness;
 - Constant monitoring and identification of evolving needs in terms of skills, and qualitative adjustment of existing skills and those to be acquired;
 - Establishment of a welfare system based on attention to people.
-

Operating and financial area

Identifying commodity price risk

The Group operates in an integrated manner in the supply and sale of electricity and gas at different stages of the value chain. Hera is therefore exposed to risks arising from the volatility of energy markets, which can be mitigated by an integrated assessment of these markets and associated management strategies. Energy market risks are centralised in the Market Central Department, which is responsible for the purchase and sale of electricity and gas.

Managing commodity price risk

In order to standardise the approach to risk taken by the various corporate structures involved and with the aim of optimising the use of the market for hedging operations, the Group has adopted specific policies aimed at setting guidelines and operating procedures for the energy risk control and management process. Hera has structured these processes to achieve an effective management of procurement and hedging, with a clear focus on the skills involved. The Group's approach provides for a single interface for the management of risk deriving from the energy market, the company Hera Trading.

A unified risk management approach, in compliance with the assigned policies, provides advantages in terms of achieving higher levels of coverage, cost optimisation by resorting less to the market, and greater flexibility in structuring procurement and supplying customers.

Identifying risks associated with the debt market

The operating and financial area, in addition to being characterised by fluctuating energy and commodity prices, may show different scenarios as a result of changes in interest rates, exchange rates, the credit spread and as an effect of possible liquidity crises. These fluctuations may have an impact on Group results, future growth and strategic investments (e.g. due to high refinancing costs).

The Group might not be able to meet its payment obligations due to an inability to raise new funds, or it may only be able to do so on unfavourable economic terms, due to an inability to liquidate assets on the market, or due to a changed risk perception.

Among the factors determining this perceived risk, the creditworthiness assigned to Hera by rating agencies plays a key role, as it influences the possibility of accessing sources of funding and the related economic conditions.

The Group's debt structure is not subject to financial covenants on debt balances. Mandatory early repayment is provided for only in the event of a significant change of control over the Group, in the event that a concession having significant weight for the Group is revoked (concession event), or assets are divested (sale of assets event), resulting in downgrading the Group to a sub-investment grade, or termination of the publication of the rating by at least one rating Agency.

Managing risks associated with the debt market

Hera's financial management is centralised in the Administration, Finance and Control Central Department, which aims to maintain an adequate balance between the maturities of assets and liabilities, matching investments to consistent sources of financing in terms of duration and repayment methods while taking into account the need to refinance the current debt structure.

In order to meet its medium- and long-term commitments, Hera's strategy involves diversified financing sources and a balanced maturity profile, constantly monitoring rating indicators and the availability of long-term credit lines, both committed and uncommitted. This strategy is considered effective in minimising liquidity risk even in the event of particularly critical scenarios. Approximately 89% of the Group's financial debt is medium-long term (42% over five years) and 79% of this is represented by bonds with repayment at maturity. See note 19 to the consolidated financial statements, "Financial liabilities", for further details in terms of worst-case scenarios.

Moreover, the Group's activities and strategies are particularly focused on ensuring that an adequate rating level is maintained, as appears in its BBB+ rating with a stable outlook confirmed by S&P in May, or the Baa1 rating with a stable outlook increased by Moody's in November, following the upgrade of the sovereign rating.

Financial risk control and management processes are based on a careful monitoring of the Group's financial indicators, as well as a permanent presence on the benchmark markets, to minimise the impact of interest rate and spread volatility so as to ensure efficient debt servicing. The Group also uses derivative financial instruments, where necessary, to reduce its exposure to interest and exchange rate fluctuations.

At 31 December 2025, the Group's exposure to the risk of interest rate fluctuations was 6.8% of its structured debt, while the remaining 93.2% of debt is at a fixed rate.

Identifying risks from counterparties

Hera conducts business with counterparties that may be unable to fulfil their obligations, both in terms of meeting economic conditions and performing contractual provisions (delivery of goods or services). Furthermore, credit risk has a cross-cutting impact, particularly in the areas where the company operates: the sale of energy commodities and services, waste treatment activities, and telecommunications services.

Managing risks from counterparties

For effective credit risk management, Hera has for some time now provided itself with a structured origination process, formalised in specific credit risk management procedures; this process allows the Group to adequately select its counterparties through credit checks and requests for specific guarantees, where applicable. In addition, the

Group continuously monitors its exposures to counterparties and implements comprehensive, proactive measures to manage these exposures.

Expected losses are constantly estimated and monitored; the Group employs measures of default probability, exposure at default and loss-given default developed on the basis of its own historical series, customer payment behaviour and current credit processes. In order to test the soundness of the models, both internal and external information is used that may serve as a benchmark for the evolution of the macroeconomic environment.

In 2025, the estimated 24-month unpaid ratio related to invoices issued in 2024 of the Group's main sales companies came to 0.78%.

Regulatory and business area

Identifying competition and economic risks

Within the Group's final reference market, which is mainly limited to Italy, the economic and geopolitical context, volatility in the prices of energy and other raw materials, as well as the difficulties connected to global logistics chains, all contribute to putting pressure on sales margins which, added to the increased competition on the free market, may impact the Group's profitability.

The difficulty in forecasting volumes to cover the needs of the sales portfolio, continuously changing partially due to the effect of more contained consumption and higher efficiency in the sector, may furthermore require Hera to purchase or sell additional energy on potentially unfavourable terms.

A potential reduction in waste production, related to the economic context and European and national regulatory frameworks and from new trends in customer behaviour, together with a possible temporary unavailability of treatment and recovery infrastructures, may have a negative impact on the Group's ability to pursue its objectives. The risks of the waste management business related to the management of its set of plants are concentrated in Herambiente Spa.

COMPETITIVE
AND
ECONOMIC IN
NATURE

Managing competition and economic risks

The Group has maintained elevated flexibility in energy commodity procurement sources while at the same time developing hedging activities to minimise exposure to operating risks from electricity generation, thus ensuring alignment with the market and maximising natural hedging.

In waste management and treatment activities, the Group's diversified plant equipment features advanced technologies that are very high-performance in terms of environmental impact, which to date have enabled the Group to achieve the strategic objectives assigned. The implementation of the circularity strategy, for example through the polymer material recycling process carried out by Aliplast SpA, and the development of recycling lines for additional types of plastics, with the further innovation of tackling the recovery of rigid plastics, also enable the Group to capitalise on opportunities offered by changes in European legislation.

The Group's portfolio includes free-market businesses, which have gained increasing importance, contributing significantly to its operating performance but also exposing it to growing competition. The Group responds to the challenge of competition by continuously innovating its sales offers and introducing new products in a timely manner, increasing its presence and customer base on the free market and aiming to ensure the fulfilment of expectations in terms of service range and quality.

Risk analyses deriving from changes in the economic context (GDP and inflation) and energy market conditions (gas and electricity prices) make it possible to quantify the sensitivity of the Group's EBIT to changes in primary operating and financial indicators. In particular, with regard to liberalised businesses, which are sensitive to changes in sales volumes, a 1% decrease in GDP compared to the assumptions made in the business plan scenario would result in an average annual decrease in the EBIT of approximately 2.4 million euro. A 1% reduction in the inflation rate compared with the scenario referred to in the Business plan would lead to, with reference to regulated businesses, an average annual drop in the EBIT coming to approximately 11.7 million euro (regulated market). This particularly adverse scenario takes into account only the negative effect resulting from the decrease in regulated revenue and not the associated positive effect of a reduction in operating expenses (due to their different responsiveness to inflationary trends), which could materialise, even if only partially, in the years following the business plan horizon.

With regard to business activities where commodities represent the production input or output (i.e., activities other than supply), an increase of 1 euro/MWh in the price of gas and a consequent increase of 2 euro/MWh in the price of electricity on the wholesale market, compared to the assumptions made in the business plan scenario, would result in an average annual change in EBIT of approximately 0.6 million euro.

Identifying regulatory risks

Hera carries out part of its activities in regulated segments, and its operations are therefore influenced by the regulatory measures taken by the sector authorities and the government (in particular concerning tariffs and market structure), the concessions granted through tenders by local authorities (for regulated activities relating to waste collection services, gas distribution, the integrated water service and public lighting) and national authorities (for electricity distribution), as well as the impacts expected from changes in the market structure and its liberalisation, and from the evolution of supply and demand in the energy and waste management sectors.

Periodic updates of the legislative and regulatory framework, both at national and European levels, may therefore significantly impact the sectors in which Hera operates, influencing its profitability as a consequence.

REGULATORY
IN NATURE

Regulatory risks impact network businesses (water cycle, gas and electricity distribution and district heating) and the urban waste collection business and the related waste treatment, and result in the introduction or modification of economic, organisational and IT requirements to be met by Hera, and on potential market structure changes caused by them.

The tenders for the integrated water service and for the collection and street sweeping of urban waste scheduled over the plan period give rise to a potential risk of losing some of the areas currently managed, particularly in territorial contexts where there is a high level of competition. This risk is partially mitigated by the compensation, provided for in the event of failure, by the new incoming operator for the portion of invested capital that has not yet been amortised.

Managing regulatory risks

The Group's organisational structure liaises with national and local authorities and carries out extensive consultation with institutional stakeholders, actively taking part in working groups established by authorities and adopting a transparent, co-operative, proactive approach towards possible situations of regulatory instability.

The Group operates by making the most of its technical skills and management efficiency. Indeed, Hera's focus on service quality, cost efficiency and innovative solutions is a competitive strength in tenders for gas distribution, the integrated water service and waste collection and street sweeping services.

Identifying strategic risks

Strategic risks, associated with long-term planning, financial sustainability, involvement in strategic initiatives and appropriate investment decisions, affect the soundness of results for the various supply chains and business units. Moreover, the Group's ability to achieve its strategic objectives may be compromised if the necessary licences, authorisations and permits to carry out its regular activities are not maintained or obtained.

Achieving the planned results is therefore conditioned by the different endogenous and exogenous risks that are simulated, measured and controlled as appropriate.

Managing strategic risks

Hera has developed a well-planned strategic risk analysis model designed to gauge the soundness of its Business plan against a variety of adverse risk scenarios, which supports an integrated risk projection from an enterprise-wide viewpoint. Thanks to this model, it is possible to carry out scenario analyses, stress testing and what-if analyses of plan forecasts, through an effective analysis of risk factors and related variables, and enables an adequate assessment of the risk level of the various business sectors.

Hera constantly monitors the authorisation processes and proactively participates in the working tables for obtaining permits, licences and authorisations, to reduce the possibility of jeopardising the regular performance of its activities.

Environmental disaster-related, climate-related, technological and human capital-related areas

Seismic, atmospheric and other climatic events may impact the Group's performance. Hera intends to continue to optimise its assets and ensure that they are preserved and developed, so as to continue to enjoy their benefits in the future.

The physical and transitional risks linked to climate change, as well as accidents in plant equipment, may generate potential environmental damage, and therefore the operating and strategic implementation of best practices in risk management deriving from climate change are a fundamental objective for the Group.

Risks arising from cybercrime, which Hera also assesses in terms of their impact on service continuity, are also given increasing attention.

Since accidents may pose a risk to people's rights and freedoms, i.e. if they cause physical, material or immaterial damage, the Group's policies regarding the parameters and acceptability thresholds are published on its web portal.

The risk management approach is organised according to the specific areas in which environmental, technological and human capital risks occur.

Identification of environmental disaster and climate change risks

Hera, while aware of the need to preserve natural resources, uses them to provide essential services to its customers. The Group's activities, in turn, make use of environmental, water and carbon resources, and therefore adopting mitigation and adaptation measures to reduce environmental-catastrophe risks is increasingly crucial.

In line with the challenging goal of reducing greenhouse gas emissions below the current level recommended by international bodies, a project has been launched to develop the Group's climate change risk management framework, with the aim of strengthening the Group's ability to identify and quantify climate risks and verifying the robustness of its (tangible and intangible) climate risk response measures.

The analysis carried out across the Group made it possible, through a scenario analysis, to identify and assess opportunities, as well as physical and transition risks, using an approach integrated with the Group's Enterprise Risk Management system. The physical and transitional risks from climate change scenarios pertinent to the Group's activities have been classified according to their potential consequences on business, and submitted to further impact and mitigation assessments in relation to their criticality (some examples include acute weather phenomena such as whirlwinds, floods and droughts as well as health and economic risks).

Specifically, the Group took as its starting point a sample of climate scenarios defined by international bodies (IPCC, IEA) that consider a range of global temperature increases by 2100 ranging from less than 1.5°C to around 5–6°C. In particular, the NZE 2050 transition scenario, produced by the International Energy Agency, was selected as the ambitious climate scenario used to identify transition risks, which envisages a pathway characterised by significant decarbonisation efforts to keep the temperature increase below 1.5°C. The IPCC RCP 8.5 physical scenario was also selected as the worst-case scenario, which envisages a business-as-usual trajectory and a consequent significant temperature increase (around 4.5°C), and was used to identify physical risks.

The scenario analysis made it possible to identify 16 risks related to physical events and 33 transition risks, each associated with an assessment time horizon, a severity level and one or more management approaches.

In order to assess potential impacts on the Group's assets and networks resulting from extreme natural phenomena, including those related to climate change dynamics, an update of the flood and earthquake risk analysis, with a medium- to long-term time horizon, is currently underway. Risk assessment activities are also continuing with the appropriate level of detail, especially with regard to transition risks and their modelling. Based on the current analyses, there are no risks that could lead to the need review valuation of the Group's assets. For higher assessments of the potential effects in terms of impairment tests, specifically in relation to gas distribution and sale, see note 25 of the consolidated financial statements in paragraph 2.02, "Explanatory notes".

As regards the environmental standards with which Hera must comply in carrying out its businesses, the Group's activities are subject to various types of legislation and regulation, including those relating to CO₂ emissions, emissions of other substances produced by combustion, water discharge and the handling of hazardous and solid waste. Non-compliance with CO₂ limits contributes to climate change, while non-compliance with legal limits on other environmental aspects leads to worsened environmental conditions and exposes the Group to potential fines.

Scarcity of water resources, or possible contamination of water reserves, may affect the regular water supply and cause service interruptions or significant environmental, economic and social damage, worsening the water stress by which these natural resources are affected by their very nature, in order to meet water demand.

In addition, note the risks stemming from the impact on the Group of weather variability in relation to the electricity and gas demand deriving from the various scenarios.

Management of environmental disaster and climate change risks

Investments aimed at preventing and reducing the frequency of harmful events, along with measures to curb their severity, play a key role.

Hera has launched a series of initiatives with the aim of mitigating the effects of climate change, particularly those resulting from extreme events, which are expected to become more frequent, while at the same time reducing its carbon footprint. One or more management approaches have been assigned to each risk: some of the resulting actions have already been incorporated into the investments made and are reflected in the business plan.

The Group's commitment to reducing carbon dioxide production involves reporting on its own performance and commitments in the area of climate change, alongside projects to promote energy production from renewable sources, reduce energy consumption, and provide customers with opportunities to cut their own greenhouse gas emissions. The investments and the mitigation and adaptation actions planned to date, defined on the basis of the energy transition towards carbon neutrality and the environmental transition towards a circular economy, as well as technological evolution, including through the continuous improvement of the production fleet, are in line with European strategies and the energy efficiency goals set out in the UN 2030 Agenda, have become part of the Group's *modus operandi* and are often carried out ahead of the estimated time-frame thanks to the Group's positive results.

Hera has adopted an environmental control system that is effective both in terms of the governance of environmental certification processes and related audits, and in terms of the operational management of controls and surveys. The Group is able to face environmental hazards by constantly monitoring potential pollution factors and ensuring transparency in surveys, as well as through substantial investments in technological plants that ensure consistently better air and water quality than required by legal limits. In line with its circular economy strategy, the Group has also invested (and continues to do so in the medium-to-long term) in sorting, recovery and composting plants, increasing

the amount of waste treated while at the same time reducing the use of landfills, thus anticipating the requirements of European and national regulations.

The reduction of the Group's water footprint is pursued through the water management system, which aims to promote a sustainable management of this resource both inside the Group (by preventing network leaks, reducing diffuse consumption, recovering rainwater for irrigating green areas and washing vehicles) and externally (by monitoring domestic consumption and offering advice and solutions to optimise it, providing support with technological solutions for water-demanding customers, and providing support for the construction of treatment plants to reuse/recover water). The implementation of water safety plans in the integrated water service also ensures an approach to water quality management based on risk assessment and management, and thus on prevention and control.

Regarding weather-variable risks, the Group relies on advanced energy demand-forecasting tools that ensure an optimal use of the available sources. It also relies on adequate flexibility in the supply sources of energy commodities, ensuring their availability at market rates. A 1°C increase in the average winter temperature, compared with the scenario set out in the Business plan, would lead to an average annual drop in EBIT of approximately 11.6 million euro.

For an in-depth discussion of all initiatives implemented by the Group to manage environmental risks, see paragraph 1.07.01 of the Sustainability Statement.

Identifying business continuity and ICT security risks

Despite careful planning and insurance coverage, the negative externalities generated by exceptional events can jeopardise business continuity and increase the financial resources required to restore normal operations. Therefore, the provision of public utility services requires both preventive measures – in this regard, the Group has completed a Business Impact Analysis and a Risk Assessment of its priority macro-processes in order to identify the main critical issues – and actions to address service interruptions, delays or inadequate service levels.

Technological risks include the operational continuity of distribution networks (utilities and electricity), the logical security of information, the security of communication networks and information systems, and the reliability of remote control systems. The main threats to on-premises systems (hosted at the Company's data centres) or cloud-based systems include identity theft, phishing aimed at taking control of a personal computer in order to subsequently attack central systems, and attacks on exposed services, such as public websites.

The security of the information used, produced and processed by the Company depends on how it is managed and on the human and technological resources involved. The loss of the confidentiality, integrity and availability of company information, whether it concerns business-critical information or personal information (i.e., any data relating to natural persons, as further defined by the European General Data Protection Regulation (GDPR) and the Italian Privacy Code, Legislative Decree No. 196/03), No. 196/03), could result in significant financial losses and consequent damage to the Company's reputation in the market. A business impact analysis has also been carried out on all the ICT systems used within the Group, and an annual security risk analysis is conducted to identify and assess risks using a methodology based on a framework that considers three dimensions of security: availability, integrity and confidentiality.

Managing business continuity and ICT security risks

To ensure the resilience of the services it manages, which is a strategic corporate objective, the Group has implemented a Business Continuity Management System designed to manage, monitor, analyse, maintain and improve business continuity, i.e., the Group's ability to continue providing products and services at predefined acceptable levels following a disruption.

The main service for managing operational risks is the centralised monitoring of networks (remote monitoring of fluids and the electricity grid), which enables the networks to be continuously monitored and supervised in real time and, in some areas, managed remotely. In operational terms, centralised monitoring enables the prompt reporting of potential critical issues to the technical emergency response teams and, where possible, direct intervention to resolve the potential critical issue. These systems have been deployed in a wide range of situations, enabling the restoration of service within an appropriate time-frame and ensuring that the services provided are sufficiently resilient.

With regard to cybersecurity, the Group's Security Operations Centre (SOC) is operational; this is the centralised service for real-time monitoring of events affecting IT systems, IT infrastructure and operational technology (OT) environments. In operational terms, the service operates through the use of hardware probes and software agents, and is seeing a continuous increase in alerts stemming both from external factors (a steady rise in the number of attacks and their level of sophistication) and from the expansion of the scope of analysis due to the increase in the Group's IT and operational technology systems. The service is undergoing continuous development in terms of introducing new correlation rules and adjusting existing rules, in order to combat false positives and ensure that it remains effective in identifying anomalous events in the early stages of potential compromise chains. In addition to the SOC service, as in previous years, vulnerability assessment activities continued in order to continuously evaluate the level of penetrability of exposed systems and the security of networks, by analysing the Group's internet-facing perimeter. With regard to human factor risk, awareness-raising campaigns targeting all Group employees continued, in addition to regular ethical phishing simulations. As regards technical exercises, simulations of a cyber incident were conducted in both the IT and OT environments, with a particular focus on the ability to follow procedures and the readiness to contain the incident. Throughout 2025, the implementation of measures aimed at ensuring the

confidentiality, integrity and availability of Hera's systems continued. By way of example, in the context of industrial plants, work continued on the development of a convergent cybersecurity monitoring model spanning the IT (Information Technology) and OT (Operation Technology) domains. In order to detect any vulnerabilities in systems or applications that could be exploited by an attacker, vulnerability assessment activities also continued for industrial plants.

Identifying people's safety and development risks

People and their behaviour are having an increasingly significant impact on the effectiveness of corporate strategies. Therefore, the protection of people remains a key element, both in terms of occupational health and safety and in terms of social protection. Consequently, the Group pays ongoing attention to the needs and emerging requirements of all employees.

Hera's structured process for identifying hazards and assessing the associated health and safety risks is based on an analysis of roles, work activities, processes, workplaces, equipment, vehicles, plants and the substances used.

The risk mitigation measures adopted and the effectiveness of their implementation are periodically monitored and reviewed. To this end, a specific control check-list has been developed for the periodic monitoring of personnel conduct by the heads of the various organisational units.

With the aim of identifying, measuring and monitoring the risks that threaten the Group's assets and the continuity with which it provides essential services, a risk assessment model has been implemented for the physical security of these assets. This model aims to prevent and mitigate threats and impacts caused by events (malicious, culpable or accidental) such as fire, theft and acts of sabotage/vandalism and terrorism.

Managing people's safety and development risks

In order to ensure worker health and safety and mitigate on-the-job injury risk, the Group is constantly committed to measures promoting better monitoring as well as to the enhancement of safety protection and prevention practices aimed at reducing the frequency and severity of accidents.

The prevention and protection measures put in place by the Group aim to minimise the probability of an adverse event occurring, and lower the severity of the consequences following the event.

For further methodological details, see the section dedicated to "Workers in the value chain" in paragraph 1.05.03 Social disclosures.



1.03 GROUP PERFORMANCE

1.03.01 Key events during the year

Business and financial events

GREEN BOND

On 8 January 2025, the Hera Group successfully placed its fourth green bond, under its Euro Medium Term Note Programme (EMTN) bond issue programme. This bond is in line with the Group's Green Financing Framework (GFF), prepared on the basis of the principles of the International Capital Market Association (ICMA), in alignment with the criteria of the EU Taxonomy and certified by an independent firm.

The issue attracted a significant interest from international investors, receiving orders for approximately 2.8 billion euro, almost 5.5 times the amount offered. The placed bond has a notional value of 500 million euro, repayable over 6.5 years, with a coupon of 3.25% and an effective yield of 3.396%.

The funds raised will be used to finance or refinance a number of projects, already implemented or defined in the Group's Business plan and selected on the basis of the content of its Green Financing Framework (GFF), which pursue one or more Sustainable Development Goals (SDGs) included in the UN 2030 Agenda, divided into 3 areas:

- integrated water service, with the construction and extension of infrastructures for water collection, treatment and supply, with wastewater collection and treatment projects;
- circular economy, pollution prevention and control, with advanced projects in plastics regeneration, anaerobic digestion of organic waste to produce compost and biomethane, and waste collection and transport systems;
- energy efficiency and infrastructures, with the production of renewable electricity through photovoltaics and geothermal energy, the development of district heating networks, the installation, maintenance and repair of energy efficiency equipment and renewable energy technologies, including electricity transmission and distribution grids.

FIB3R

On 11 March 2025, FIB3R (Recover, Reduce, Reuse), the first industrial plant in Europe dedicated to the recycling of carbon fibre composites, designed and built by Herambiente Spa, was inaugurated in Imola. The aim of the plant is to reduce the use of virgin carbon fibre, thereby helping to lower the environmental impact associated with its production. The European Union has awarded FIB3R funding of over 2.2 million euro under the NextGenerationEU programme, in recognition of the innovative nature of the technology used and the strategic importance of the materials processed. The Hera Group has allocated a total investment of approximately 8 million euro for the construction of the Imola plant.



FOTOVOLTAIC FARM BONDENO

On 4 April 2025, the photovoltaic farm for the production of renewable electricity built by the Hera Group in Santa Bianca di Bondeno (Ferrara) began operating. The new photovoltaic plant, which comprises 12,880 solar panels installed on a 9-hectare site, has a capacity of 9 megawatts. Work began in September 2024, thanks to an investment of approximately 7 million euro. This project forms part of the investment plan aimed at promoting the generation of renewable electricity, with the goal of making a tangible contribution to the decarbonisation of energy consumption and supporting the areas served by the Group in their ecological transition.

SUPPLIER CODE OF CONDUCT

On 25 June 2025, the Hera Group's Board of Directors approved the new Supplier Code of Conduct. This is an innovative sustainability agreement with suppliers that reinforces the multi-utility's commitment to promoting an increasingly responsible supply chain in line with ESG (Environmental, Social, Governance) principles. The Code was developed through a participatory process, which actively involved a representative group of suppliers in order to share principles and rules on sustainability and business ethics and to jointly design a genuine sustainability pact,

with the aim of fostering sustainable growth throughout the entire value chain. With the Code of Conduct, the Hera Group renews its commitment to recognising and rewarding companies that adopt high ethical, social and environmental standards, including by introducing incentives in tenders or in the supplier qualification process. This Code is closely linked to the Hera Group's Code of Ethics and reflects its core values of responsibility, integrity, transparency and consistency. Its introduction is a further step on the path towards a business model that views sustainability as a driver of growth and competitiveness.

On 18 September 2025, the results of the tender procedure were published, following which Acquirente Unico Spa selects the suppliers of the default distribution service (FDD) for natural gas; this service was introduced by the Italian Regulatory Authority for Energy, Networks and the Environment (ARERA) and is provided throughout the country, across macro-regional areas, without interruption and in the event of certain situations in which customers, although still without a supplier, are able to draw gas without an active supply contract. Following this public tender procedure, Hera Comm Spa was confirmed as the supplier for all the geographical areas already under its responsibility for the two-year period from 1 October 2025 to 30 September 2027.

DEFAULT
DISTRIBUTION
SERVICE

Significant corporate operations

On 27 February 2025 in Bologna, a binding agreement was signed between Herambiente Servizi Industriali Srl (Hasi Srl, a subsidiary of Herambiente Spa) and Manifattura Lane Gaetano Marzotto & Figli Spa (Marzotto Group) for the acquisition of 100% of Ambiente Energia Srl. The acquisition was completed on 22 July 2025, following the fulfilment of the conditions precedent set out in the agreement.

AMBIENTE
ENERGIA SRL

The operation aims to strengthen the global waste management offered by Herambiente Servizi Industriali Srl in one of the most productive and dynamic areas of the country, where the Hera Group is already established with its subsidiaries Vallortigara Spa in Torrebelficino and Marano Vicentino (VI), Aliplast Spa in Ospedaletto d'Istrana (TV) and Recycla Srl in Resana (TV) and Maniago (PN). The Ambiente Energia plant, is able to treat numerous types of liquid and sludge, hazardous and non-hazardous waste thanks to its advanced technological equipment. This capacity will create greater flexibility and capacity in constructing the waste management and recovery projects offered by Herambiente Servizi Industriali Srl to local companies. Ambiente Energia Srl's existing customers, instead, will be able to make the most of the know-how accumulated by Hasi Srl and its subsidiaries in developing resource optimisation and circular economy projects, beyond the treatment of liquid and sludge waste.

Other corporate operations

On 1 April 2025, Aliplast Spa, a subsidiary of Herambiente Spa, acquired the PET recycling business of Gurit Italia, which operated at the Carmignano di Brenta (Province of Padua) plant. The acquisition forms part of the Hera Group's broader strategy, which aims to meet the growing demand for recycled PET and to respond appropriately to changes in the European and Italian regulatory framework, which, among other requirements, stipulates that, from 1 January 2025, plastic containers for liquid foodstuffs must be made from at least 25% recycled raw material.

GURIT
BUSINESS

On 7 May 2025, Hera Servizi Energia Spa established ElettraCHP Srl. The purpose of the company is to operate and maintain the trigeneration plants and the power plant of Elettra Sincrotrone Trieste S.c.p.A. The company has been operational since July 2025.

ELETTRA CHP
SRL

On 26 May 2025, a binding agreement was signed for the acquisition by the Hera Group, through A.C.R. di Reggiani Albertino Spa (ACR Spa), of the business unit known as Gerotto EAR from Gerotto Federico Srl, based in Campodarsego (Padua), effective, subject to certain standard conditions precedent, from 1 July 2025. The business unit is the division of Gerotto Federico Srl that specialises in work in confined spaces or areas at risk of interference, thanks to the specialist expertise of its operators and the use of non-invasive, high-tech machinery. In addition to the acquisition of the business unit, which comprises 21 highly specialised employees (fully absorbed by ACR Spa, which will thereby exceed 600 employees) and various operational resources, the parties have signed a series of agreements aimed at strengthening the partnership between the Hera Group and Gerotto Federico Srl. One of the most significant points is the supply of suction equipment and robots to ACR Spa.

GEROTTO
BUSINESS

On 24 June 2025, the sale of 25% of the share capital of EstEnergy Spa to Hera Comm Spa was finalised through the exercise of the option to sell by Ascopiave Spa, with the transfer of the shares and the payment of the corresponding consideration, amounting to 234.1 million euro, as stipulated in the sale agreement signed on 16 December 2024, the effects of which had already been reflected in the consolidated financial statements as at 31 December 2024. Also in 2025, but on 8 October, an agreement was signed for the repurchase of 3% of the share capital of Hera Comm Spa, which had been sold to Ascopiave Spa pursuant to the partnership agreement between the two groups concluded in the 2019 financial year.

CONCLUSION
OF
AGREEMENT
WITH
ASCOPIAVE

Significant events after the reporting period

SAVL BUSINESS

On 18 December 2025, with effect from 1 January 2026, Hera Spa acquired the Savl business unit from Acquedotto Valle del Lamone Srl, thereby taking over the existing business unit lease agreement between Con.Ami and Savl Srl for the concession of use, in favour of the latter company, of water diversion structures and facilities owned by Con.Ami.

SOSTELIA

On 19 January 2026, the Hera Group entered into a binding agreement to acquire 100% of STA Spa and the associated stakes in the subsidiaries belonging to the Sostelia Group, a major Italian player in industrial and civil water technologies and treatment, thereby further strengthening its leadership position in waste management. The transaction, with an enterprise value of 138 million euro, was completed on 16 March 2026 following the fulfilment of the standard conditions precedent. When fully operational, this transaction is estimated to contribute approximately 20 million euro to the growth of the Hera Group's consolidated EBIT, in addition to the value of the synergies expected from the integration.

SEA SRL

On 9 March 2026, the Hera Group further consolidated its leading position in the treatment of industrial waste by acquiring control of SEA - Servizi Ecologici Ambientali Srl (SEA Srl), which operates a multifunctional special waste storage and treatment facility located in Camerata Picena (Ancona).

The transaction relates to 52% of the share capital of SEA Srl, in addition to the 31% already acquired by the Group in 2021. The sale and purchase transaction forms part of the framework agreement signed between the parties and took place following SEA Srl's receipt of authorisation to revamp the entire Camerata Picena plant complex, creating a centre of environmental excellence for central Italy. Once operational, this hub will prioritise the recovery of materials from industrial waste, in line with the European Union's circular economy principles. Therefore, the aim is not to dispose of more waste, but to dispose of it better, transforming waste into a resource. Furthermore, the new project aims to achieve energy independence and significantly reduce environmental impact by using the best available technology in all areas of the new facility.

CONFLICT IN THE MIDDLE EAST

The growing geopolitical instability that led to the outbreak of the conflict in Iran at the end of February 2024, following a period of progressively escalating tensions in the Middle East, has had a range of economic and financial consequences, with a particular impact on the energy markets in which the Group operates, the development of which is currently uncertain and difficult to predict. Against this backdrop, the prices of energy commodities have risen further and significantly in recent weeks, with particularly pronounced upward trends. Against this backdrop, the risk of tensions affecting the global supply of oil and natural gas is becoming increasingly significant, linked to the possible disruption of flows through the Strait of Hormuz, a strategic choke point through which a substantial proportion of the world's hydrocarbon trade passes, estimated at around one-fifth of global volumes of oil and liquefied natural gas. In this respect, the Hera Group is not directly exposed to the risk of unavailability of gas supplies from this area, as it has no direct supply lines running through the region affected by the conflict. However, if this situation persists, it could lead to broader systemic impacts to which the Group could be indirectly exposed through further increases in energy commodity prices and the resulting inflationary effect, with repercussions on consumption, economic growth and energy demand. These potential scenarios are already covered by the Group's risk management processes, which also include the quantification of the associated economic and financial effects as part of sensitivity analyses, as reported in the dedicated Section 1.02 of the Directors' Report.

In a context characterised by high market volatility and commodity prices that are significantly higher than the average levels of previous years, the trends described above could also be reflected in an increase in net working capital. From this perspective, it should first be noted that the Group can rely on a customer base that has historically demonstrated strong payment performance, which has already been positively evidenced during recent periods of heightened stress, such as the pandemic and the energy crisis following the onset of the Russia-Ukraine conflict. This is complemented by the high efficiency of the Group's operational processes for managing the receivables cycle, in particular the meter-to-cash process. These structural factors constitute an inherent risk mitigation factor against any increase in net working capital associated with potential scenarios of heightened market and commodity price volatility. It should also be noted that the Group possesses considerable financial flexibility, as it has committed credit lines totalling over 1 billion euro, as well as other instruments for managing its short-term financing needs.

Over the coming months, the Group will continue to closely monitor developments in the situation and their potential impact on its economic, financial and equity performance.

From an accounting perspective, the Group's management has determined that the conflict in Iran constitutes a non-adjusting event in accordance with the provisions of IAS 10 and, therefore, no need was seen to adjust the values measured for the items recognised in the Group's consolidated financial statements as at 31 December 2025, also with reference to the potential recovery of the goodwill posted.

1.03.02 Alternative performance measures

The Hera Group uses alternative performance measures (APMs) to convey information concerning trends in the profitability of the businesses in which it operates, as well as its statement of financial position. In accordance with the guidelines published on 4 March 2021 by the European securities and markets authority and in keeping with the provisions of Consob communication no. 5/21 of 29 April 2021, the content of and the criteria used in defining the APMs used in this report, if present, are explained below. Any operating, financial and tax special items are described below, as are any adjustments related to management (managerial adjustments) considered to be useful in understanding the results.

The Hera Group determines its operating indicators for the reporting period by classifying as special items any significant components of income that: (i) derive from non-recurring events or transactions, or any transactions or events that are not frequently repeated during the usual course of business; (ii) derive from events or transactions that do not represent normal business activities. At the same time, certain accounting items are adjusted using a managerial valuation criterion, if and when the latter facilitates the analysis of certain specific business trends. In light of the fact that the managerial adjustments referred to above have an impact on the consolidated financial statements, their effects are provided as an adjustment of the financial indicators described below.

The indicators illustrated below are used as financial targets in internal presentations (business plans) and in external documents (for analysts and investors). They provide useful measures for assessing the Group's operating performance (as a whole and within each business unit), including comparisons between the reporting period in question and previous periods as regards operating profitability.

The managerial adjustments indicated in the calculation of the single APMs are described, if present, in a specific table provided in the section below entitled "Special items and managerial adjustments/consolidated financial statements reconciliation", as are any operating, financial and tax special items.

EBITDA is calculated as the sum of revenue, other income, raw and other materials, service costs, personnel costs, other operating expenses and capitalised costs.

Adjusted EBITDA (hereinafter referred to as EBITDA*) is calculated based on EBITDA, as described above, adding or subtracting managerial adjustments and special items.

The **EBIT** is calculated by adding depreciation, amortisation, provisions and impairment losses to EBITDA. This indicator corresponds to the operating profit or loss in the statement of profit or loss.

The **adjusted EBIT** is calculated based on the EBIT, as described above, adding or subtracting any managerial adjustments and special items.

The **pre-tax profit or loss** corresponds to the Pre-tax profit (loss) shown in the statement of profit or loss.

Adjusted pre-tax profit or loss is calculated by adding or subtracting managerial adjustments and financial special items to the pre-tax profit or loss described above.

The **profit (loss) for the year** corresponds to the profit (loss) for the year as shown in the statement of profit or loss.

Adjusted profit (loss) for the year is calculated by adding or subtracting special items and managerial adjustments from the profit (loss) for the years described above.

Profit from special items is aimed at drawing attention to the result of the special item entries.

Profit (loss) for the year corresponds to the profit for the year shown in the statement of profit or loss.

Adjusted profit (loss) for the year is calculated by adding the profit from special items to the adjusted profit (loss) for the year, as described above. This indicator therefore includes any managerial adjustments used to bring certain accounting valuation items back into line with managerial criteria.

Adjusted EBITDA on revenue, the **adjusted EBIT on revenue** and **adjusted profit (loss) for the year on revenue** measure the Group's operating performance as a proportion, expressed as a percentage, of adjusted EBITDA, the adjusted EBIT and adjusted profit (loss) for the years divided by the revenue shown in the statement of profit or loss.

Capital expenditure (CapEx) is the sum of investments in property, plant and equipment (Note 21), intangible assets (Note 23) and equity investments (Note 26), net of the capital grants received (as shown in paragraph 1.03.03 of the Directors' report).

Net non-current assets are calculated as the sum of: property, plant and equipment, right-of-use assets, intangible assets, goodwill, equity-accounted investees, other equity investments, and deferred tax assets and liabilities.

Adjusted net non-current assets are calculated by adding or subtracting management adjustments and special items from the net non-current assets described above.

Net working capital is made up of the sum of: inventories, trade receivables and payables, current tax assets and liabilities, other current assets and liabilities, the current portion of assets and liabilities for financial derivatives on commodities (Note 29) and contract assets and liabilities in the statement of financial position.

Adjusted net working capital is calculated by adding or subtracting managerial adjustments and special items from the net working capital described above.

Provisions are defined as the sum of the items employee benefits and provisions in the statement of financial position.

Invested capital is defined by calculating the sum of net fixed assets, net working capital and provisions, as described above.

Adjusted invested capital is calculated by adding or subtracting managerial adjustments and special items from the invested capital described above.

ALTERNATIVE
PERFORMANCE
MEASURES
(APMS)

ECONOMIC
INDICATORS
AND
INVESTMENTS

CAPITAL AND
FINANCIAL
INDICATORS

Adjusted equity is obtained by adding the economic effects of managerial adjustments to the total equity in the statement of financial position.

The **net financial Debt** (at times referred to below as Net debt) is a measure of the company's financial structure determined in accordance with ESMA guidelines 32-382-1138, adding the value of non-current financial assets.

Sources of financing are obtained by adding net financial position and equity.

OPERATING-
FINANCIAL
APMS

The **Net debt/EBITDA** ratio (hereinafter **Net debt/EBITDA**), expressed as a multiple of EBITDA, is a measure of the operating management's ability to pay back its net financial position.

The **Net debt/Adjusted EBITDA** ratio (hereinafter **Net debt/EBITDA***) is calculated as the ratio described above, net of special items and managerial adjustments.

Funds from operations (hereinafter **FFO**) are calculated beginning with EBIT, subtracting provisions for the loss allowance (Note 33), financial expense, uses of employee benefits and provisions for risks (net of releases from provisions and increases due to changes in assumptions on future outlays following revised estimates on current landfills – Notes 30 and 31) and taxes.

Adjusted funds from operations (FFO*) are calculated as the FFO described above, net of special items and managerial adjustments.

The **FFO/Net debt** indicator (hereinafter **FFO/Net debt**), expressed as a percentage, provides a measurement of the operating management's ability to pay back its net financial position.

The **Adjusted FFO/Net debt** ratio (hereinafter **FFO*/Net debt**), is the FFO/Net debt ratio described above, stated net of managerial adjustments and special items.

The **ROI**, i.e., the return on invested capital, is calculated as the ratio of the EBIT, as described above, to invested capital. It is intended to measure the ability to generate wealth through operational management and thus to provide a return on equity attributable to the parent and non-controlling interests.

Adjusted ROI is the ROI described above, stated net of managerial adjustments and special items.

ROE, i.e., the return on equity, is the ratio of profit for the year to equity. It is intended to measure the return obtained by investors in relation to the risk taken.

Adjusted ROE is the ROE described above, stated net of managerial adjustments and special items.

Cash flow is calculated as operating cash flow net of dividends paid. Operating cash flow is calculated as the adjusted EBIT, to which the following are added:

- Amortisation, depreciation, provisions and impairment losses for the period, not including the loss allowance;
- Changes in net working capital (*);
- provisions to funds, net of releases from provisions (**);
- uses of employee benefits;
- the difference between changes tax assets and liabilities (***);
- operating and financial investments;
- divestitures;
- financial charges and finance income (****);
- current taxes.

(*) net of the effects arising from the fair value measurement of commodity derivatives recognised as cash flow hedges and net of any changes in NWC arising from changes in the scope of consolidation.

(**) minus releases from provisions and increases caused by modifications in estimated future expenses following revised appraisals for operating landfills.

(***) net of fiscal effects related to the cash flow hedge accounting of hedging derivatives.

(****) minus the effects of discounting deriving from the application of accounting standards IAS 37 and IAS 19 and the profits coming from associates and joint ventures, plus the dividends received from the latter, and gains/losses on sales of investments (excluding special items, if present).

The Hera Group's APMs are provided in the following table:

OPERATING APMS AND INVESTMENTS (MNE)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Revenue	12,812.2	12,889.7	(77.5)	(0.6%)
EBITDA	1,537.2	1,587.6	(50.4)	(3.2%)
EBITDA/Revenue	12.0 %	12.3 %	(0,3 p.p)	- %
EBIT	802.9	829.9	(27.0)	(3.3%)
EBIT /Revenue	6.3 %	6.4 %	(0,1 p.p)	- %
Adjusted profit (loss) for the year	508.3	488.1	20.2	4.1 %
Adjusted profit (loss) for the year/Revenue	4.0 %	3.8 %	+0,2 p.p	- %
Capital expenditure	947.6	812.1	135.5	16.7 %

FINANCIAL APMS (MNE)	DEC-25	DEC-24	CHANGE ABS.	CHANGE
Net non-current assets	8,980.7	8,496.4	484.3	5.7 %
Net working capital	143.7	227.2	(83.5)	(36.8%)
Provisions	(780.3)	(773.0)	(7.3)	0.9 %
Invested capital	8,344.1	7,950.6	393.5	4.9 %
Net financial debt	3,944.4	3,963.7	(19.3)	(0.5%)
Sources of financing	8,344.1	7,950.6	393.5	4.9 %

OPERATING-FINANCIAL APMS	DEC-25	DEC-24	CHANGE ABS.
NetDebt/EBITDA	2.57	2.50	0.07
Ffo/NetDebt	28.2 %	28.7 %	(0.5 p.p.)
ROI	9.6 %	10.4 %	(0.8 p.p.)
ROE adjusted	11.6 %	12.2 %	(0.6 p.p.)
Cash flow	(101.8)	(143.0)	41.2



Special items and managerial adjustments/Consolidated financial statements reconciliation

The following table provides a reconciliation between the managerial statement of profit or loss and the consolidated statement of profit or loss drafted pursuant to accounting standards.

mn€	DEC-25			DEC-24		
	Published figures	Special item	Managerial figures	Published figures	Special item	Managerial figures
Revenue	12,812.2		12,812.2	12,889.7		12,889.7
Other income	156.6		156.6	154.7		154.7
Raw and other materials	(7,149.6)		(7,149.6)	(7,056.4)		(7,056.4)
Service costs	(3,614.4)		(3,614.4)	(3,724.9)		(3,724.9)
Personnel costs	(707.2)		(707.2)	(667.5)		(667.5)
Other operating expenses	(87.0)		(87.0)	(97.3)		(97.3)
Capitalised costs	126.6		126.6	89.3		89.3
EBITDA	1,537.2		1,537.2	1,587.6	-	1,587.6
Depreciation, amortisation, provisions and impairment losses	(734.3)		(734.3)	(757.7)		(757.7)
EBIT	802.9		802.9	829.9	-	829.9
Net finance expense	(108.6)		(108.6)	(106.0)	(47.8)	(153.8)
Share of profits (losses) pertaining to joint ventures and associates	16.5		16.5	12.3		12.3
Pre-tax profit or loss	710.8		710.8	736.2	(47.8)	688.4*
Taxes	(202.5)		(202.5)	(200.3)		(200.3)
Profit (loss) for the year	508.3		508.3	535.9	(47.8)	488.1*
Attributable to:						
Adjusted owners of the parent	464.3		464.3	494.5	(47.8)	446.7*
Non-controlling interests	44.0		44.0	41.4		41.4
Profit from special items					47.8	47.8
Profit (loss) for the year	508.3		508.3	535.9	-	535.9
Attributable to:						
Owners of the parent	464.3		464.3	494.5		494.5
Non-controlling interests	44.0		44.0	41.4		41.4

* adjusted results, as described above

At the end of 2024, the income from the fair value measurement involved in the revision of the option to sell granted to the minority shareholder of subsidiary EstEnergy Spa, amounting to 47.8 million euro, was classified under special items, following the agreement to exercise the residual 25% signed by the parties at the end of 2024, which will come into effect during 2025, following the fulfilment of the condition precedent linked to payment by the Hera Group.

1.03.03 Financial results and investments

The Hera Group closed FY 2025 with a strong performance, delivering growth in both profit (loss) for the year and capital expenditure compared to the same period of the previous year, in line with the company's objectives and strategies. These results are even more significant when one considers that the temporary opportunities (primarily related to the last resort electricity and gas markets and the 110% super ecobonus incentive), which the Group successfully exploited over the previous two years, gradually came to an end, resulting in a decline in gross margins in 2025. The measures implemented by the Group, through its now well-established multi-business strategy, which balances regulated and freely competitive activities, organic growth and market opportunities through the development of external lines, enabled the Group to maintain a growth trend in profit for the year* of 4.1% compared to the previous financial year and to limit the decrease in EBITDA to 3.2% and in EBIT to 3.3%. This was also achieved thanks to the contribution of sound and efficient financial management and a tax rate of 28.5%, a slight decrease compared to 2024.

Operating investments growth were up to 19.5% compared to 2024, reflecting the Group's ongoing focus on increasing, enhancing and strengthening the resilience of the assets under management.

Finally, with regard to the financial position, a robust capital structure is confirmed: the Net Debt/EBITDA ratio stands at 2.57 points, the ROI is 9.6% and the ROE is 11.6%.

The 2025 results must be considered against an external scenario that showed less volatility in energy commodity prices, allowing the Hera Group to operate once again in a more stable market context, even if not yet back to the levels seen prior to the crisis.

With regard to growth opportunities through the acquisition of external businesses, it is worth noting in particular that, during 2025, the Hera Group continued to strengthen its activities in waste management by expanding its scope through the acquisition of Ambiente Energia Srl, a major company operating in the treatment of industrial liquid waste through its plant in Schio. Detailed information on this matter is provided in paragraph 1.04.04 below.

It should be noted that Hera Comm Spa was awarded seven of the nine lots for the Safeguard service for 2025 and 2026, an increase of five lots compared to the previous two-year period. Detailed information on this matter is provided in paragraph 1.04.02. Finally, it should be noted that the Group was awarded all nine lots of the default gas distribution service (for customers in arrears) for the period from October 2025 to September 2027; detailed information on this will be provided in section 1.04.01.

INCREASING
PROFIT FOR
THE YEAR AND
CAPITAL
EXPENDITURE
(CAPEX)

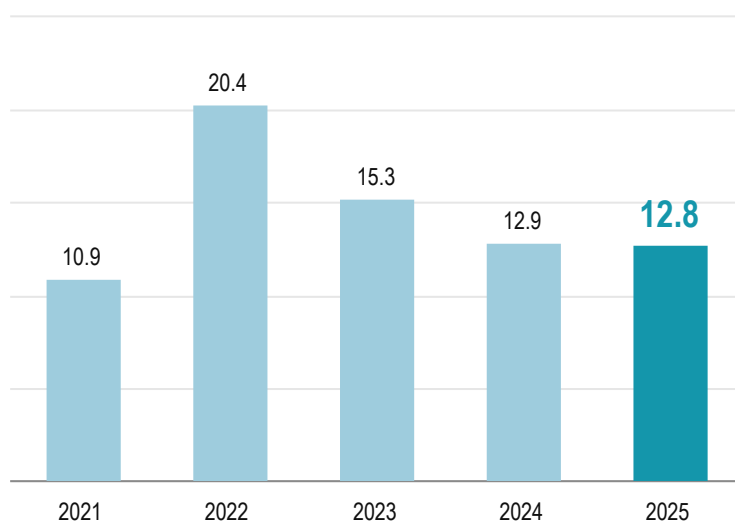


The following table shows operating profit or loss at 2025 and 2024:

STATEMENT OF PROFIT OR LOSS (MNE)	DEC-25	% %	DEC-24	% %	CHANGE ABS.	CHANGE %
Revenue	12,812.2		12,889.7		(77.5)	(0.6%)
Other income	156.6	1.2 %	154.7	1.2 %	1.9	1.2 %
Raw and other materials	(7,149.6)	(55.8%)	(7,056.4)	(54.7%)	93.2	1.3 %
Service costs	(3,614.4)	(28.2%)	(3,724.9)	(28.9%)	(110.5)	(3.0%)
Other operating expenses	(87.0)	(0.7%)	(97.3)	(0.8%)	(10.3)	(10.6%)
Personnel costs	(707.2)	(5.5%)	(667.5)	(5.2%)	39.7	5.9 %
Capitalised costs	126.6	1.0 %	89.3	0.7 %	37.3	41.8 %
EBITDA	1,537.2	12.0 %	1,587.6	12.3 %	(50.4)	(3.2%)
Depreciation, amortisation, provisions and impairment losses	(734.3)	(5.7%)	(757.7)	(5.9%)	(23.4)	(3.1%)
EBIT	802.9	6.3 %	829.9	6.4 %	(27.0)	(3.3%)
Net finance expense *	(108.6)	(0.8%)	(153.8)	(1.2%)	(45.2)	(29.4%)
Share of profits (losses) pertaining to joint ventures and associates	16.5	0.1 %	12.3	0.1 %	4.2	34.3 %
Pre-tax profit or loss*	710.8	5.5 %	688.4	5.3 %	22.4	3.3 %
Taxes	(202.5)	(1.6%)	(200.3)	(1.6%)	2.2	1.1 %
Profit (loss) for the year*	508.3	4.0 %	488.1	3.8 %	20.2	4.1 %
Attributable to:						
Adjusted owners of the parent*	464.3	3.6 %	446.7	3.5 %	17.6	3.9 %
Non-controlling interests	44.0	0.3 %	41.4	0.3 %	2.6	6.3 %
Profit from special items	-	- %	47.8	0.4 %	(47.8)	(100.0%)
Profit (loss) for the year	508.3	4.0 %	535.9	4.2 %	(27.6)	(5.2%)
Attributable to:						
Owners of the parent	464.3	3.6 %	494.5	3.8 %	(30.2)	(6.1%)
Non-controlling interests	44.0	0.3 %	41.4	0.3 %	2.6	6.3 %

* These figures do not include Special Items, which are presented separately as outlined in section 1.03.02.

Revenue (bn€)



12.8

BILLION EURO IN
REVENUE

(-0.6%)

In 2025, revenue decreased slightly by 0.6% representing a difference of -77.5 million euro compared to the previous year. The energy sectors recorded a decrease of 330 million euro: there was lower consumption of gas sold to end customers, lower revenue from trading activities in the electricity business, and lower revenue from system charges. These effects are only partially offset by higher volumes of gas brokered, a slight increase in the volumes of electricity sold to end customers, and a rise in the average annual prices of energy commodities, despite the decreases recorded in both gas and electricity in the final quarter of 2025.

Revenue from network services grew by a total of 203.8 million euro, due both to higher tariff revenue as a result of the Authority's resolutions, a description of which is provided in chapter 1.04 of the business areas, and to the bonuses that the Authority recognised to the Hera Group for the Integrated Water Service, as confirmation of the excellent performance achieved by the Group in terms of quality in the management of the service itself. In total, the above-mentioned revenue contributes approximately 102 million euro. Revenue from orders on goods under concession, connections and services to customers contributes a total of about 93 million euro. Finally, there was an increase in revenue from district heating and from operations in Bulgaria.

Revenue in the Waste management area increased due to the significant expansion in the recovery market, growth in the industrial market due to the development in the remediation business, and higher revenue in the urban waste service due to both tariff adjustments and increased supplementary services offered.

Finally, lower revenue was reported as a result of the reduction in incentivised activities on energy-saving services, in residential buildings, following changes in incentives offered for energy-saving regulations.

For further details, see the analyses of each individual business area in paragraph 1.04.

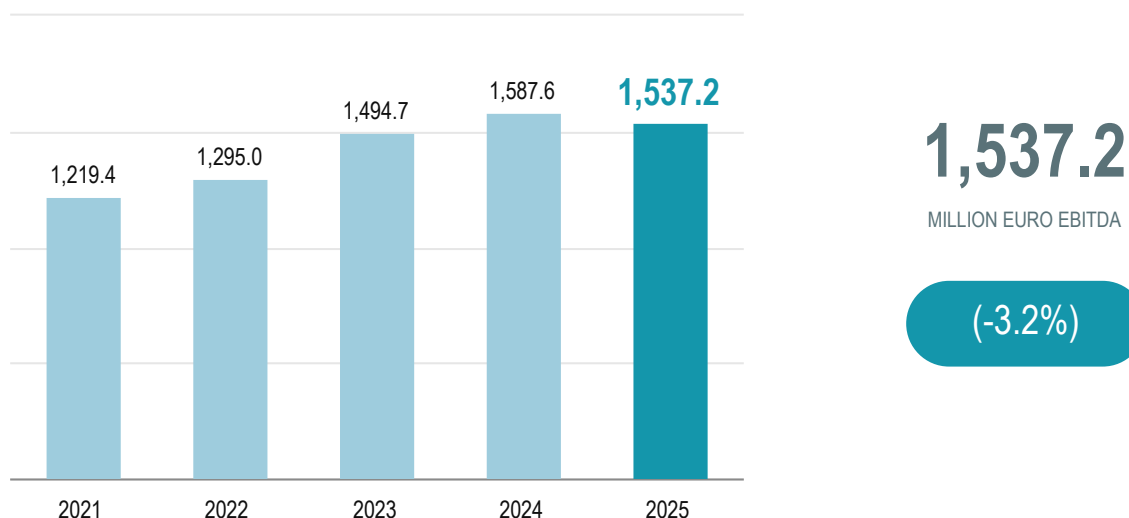
Other income in December 2025 was up by 1.9 million euro compared to the same period in 2024. This trend is mainly attributable to higher recoveries of expenses, greater contributions received, despite lower revenue for energy efficiency certificates due to the decrease in the obligation assigned to the Group's distribution companies for the year 2025.

Costs for raw and other materials rose by 93.2 million euro compared to December 2024. This increase is mainly attributable to higher volumes of gas traded and to the rise in volumes sold to end customers in the electricity segment, despite the aforementioned lower volumes of gas sold to end customers and the decrease in trading activity in the electricity business, as described under revenue.

Other operating costs dropped by 120.8 million euro (lower service costs amounting to 110.5 million euro and lower operating expenses coming to 10.3 million euro). Costs related to the transport, storage and transmission of gas decreased, mainly due to the reduction in volumes sold to end customers and the lower transmission tariffs in 2025. System charges also decreased, especially in electricity, despite the increase in gas; for more details, see Chapters 1.04.01 and 1.04.02. Finally, there was an increase in transmission costs for electricity, primarily due to higher sales volumes. Overall, the above-mentioned effects contribute to a general decrease in costs of approximately 223 million euro. Energy services for energy efficiency saw a decline in costs for works amounting to approximately 42 million euro, related to the trend in revenue. Finally, higher costs were related to orders on goods under concession amounting to approximately 145 million euro.

Personnel costs increased by 5.9% compared to December 2024 and amounted to 39.7 million euro. This increase is mainly related to salary increases under the national collective labour agreement and the higher average attendance recorded in 2025.

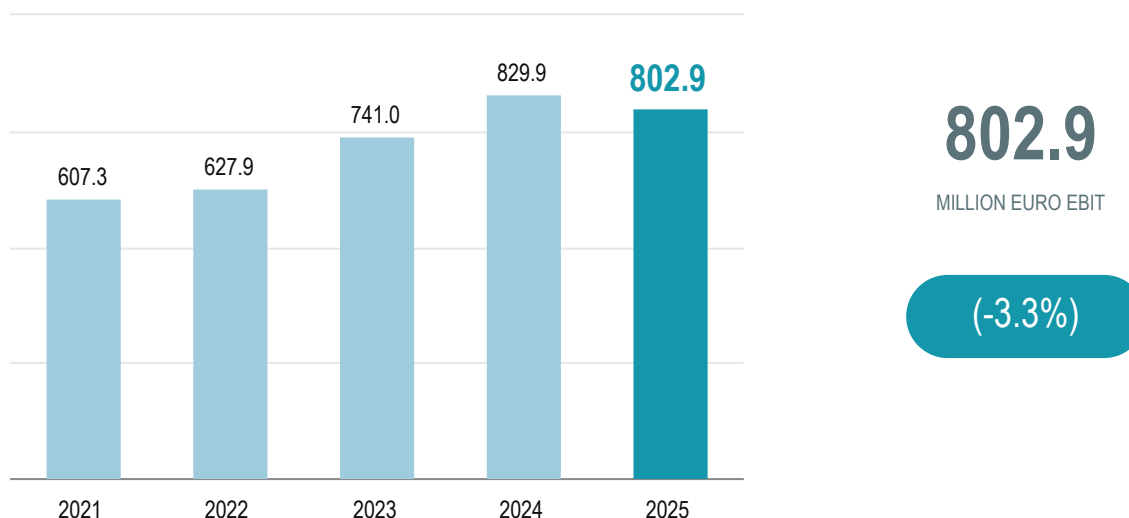
Capitalised costs totalled 126.6 million euro in December 2025, up compared to the previous year due to higher capitalised works on Group-owned assets.

EBITDA (mn€)

EBITDA stood 1,537.2 at, a decrease of 3.2% amounting to 50.4 million euro compared to 2024. The decrease in the energy areas, amounting to 93.5 million euro, is only partly offset by the positive contribution of the water cycle, coming to 34.6 million euro, the strong performance of the waste management area, up by 7.8 million euro, and other services, up by 0.7 million euro.

For further details, see the analyses of each individual business areas.

Depreciation, amortisation, provisions and impairment losses in December 2025 decreased overall by 23.4 million euro, or 3.1%, compared to the previous year. Higher depreciation/amortisation was mainly due to new operating investments in particular in the regulated and waste treatment segments. Provisions for risks decreased due to the fact that the specific provisions made in December 2024 cannot be repeated in 2025. Accruals to the loss allowance also decreased, mainly due to the drop in volumes managed in the gas last resort markets.

EBIT (mn€)

The EBIT amounted to 802.9 million euro, down by 3.3% compared to December 2024. The decrease in EBITDA is only partially offset by the reduction in depreciation, amortisation and provisions, as described above.

Financial management decreased by 45.2 million euro compared to the previous year, due to the ongoing efforts to streamline the financial structure and the contribution of lower notional charges. Approximately 11 million euro of the decrease in notional charges relates to the valuation costs of a option to sell held by Ascopiave Spa on its 25% stake in EstEnergy Spa, which was exercised in 2024 and paid in June 2025. It should be noted that the variance is also positively impacted by the 27 million euro in impairment losses recorded in the 2024 financial year (of which 22.1 million euro relates to SET and 4.9 million euro to Aimag).

The share of profits (losses) pertaining to joint ventures and associates include the effects of the measurement using the equity method for the companies included in the scope of consolidation. At December 2025, these amounted to 16.5 million euro, up 4.2 million euro compared to the previous year.

The pre-tax profit or loss showed a 3.3% increase compared in December 2024, since the result deriving from the EBIT was accompanied by the trend in the net finance result and the companies valued according to the equity method, as mentioned above.

Taxes as at 31 December 2025 amounted to 202.5 million euro, broadly in line with the 200.3 million euro recorded as at 31 December 2024, despite an increase in adjusted pre-tax profit or loss. The tax rate was 28.5%, down from 29.1% in the corresponding period of 2024 (when pre-tax profit or loss had been adjusted for special items with no tax effect). Excluding certain non-recurring tax changes that affected both financial years in a broadly similar manner, this change is primarily attributable to a lower percentage impact of IRAP (Italian regional production tax) on pre-tax profit or loss, due to the sharp reduction in financial management income, which is typically excluded from the IRAP tax base.

Profit for the year stood at 508.3 million euro, an increase of 4.1%, amounting to 20.2 million euro; the increase resulting from pre-tax profit was offset by higher taxes.

In 2024, there were special items with a total value of 47.8 million euro. Detailed descriptions of their content can be found at the beginning of section 1.03.02, 'Alternative performance measures'.

As a result of all the events described above, profit for the year decreased by 27.6 million euro compared to the 5.2% observed in December 2024.

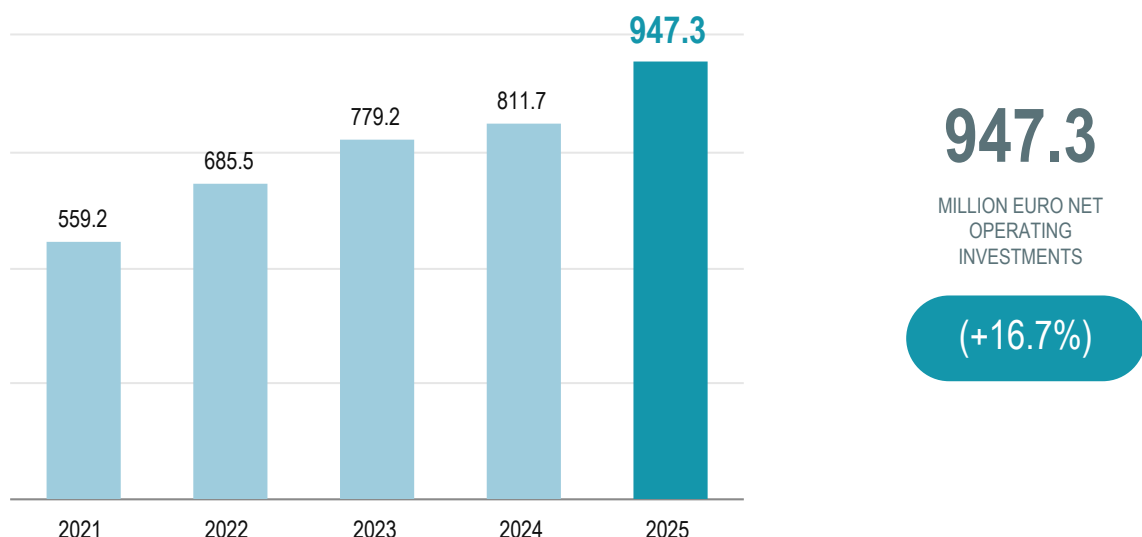
In FY 2025, the Group's capital expenditure (CapEx) amounted to 947.6 million euro, up 135.5 million euro compared to the previous year. This increase is recorded mainly in operating investments in the water cycle and the waste management area.

Capital grants amounted to 80.6 million euro, of which 9.6 million euro were related to FoNI investments, as foreseen by the tariff method for the integrated water service, and increased by a total of 32.0 million euro over the previous year.

CAPITAL
EXPENDITURE
(CAPEX) RISES
TO 947.6
MILLION EURO

The following table provides a breakdown by business area, with separate mention of capital grants:

TOTAL INVESTMENTS (MN€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Gas area	206.5	180.5	26.0	14.4 %
Electricity area	134.4	127.2	7.2	5.7 %
Integrated water service area	342.0	261.1	80.9	31.0 %
Waste management area	208.8	162.3	46.5	28.7 %
Other services area	10.2	11.0	(0.8)	(7.3%)
Headquarters	126.0	118.1	7.9	6.7 %
Total gross operating investments	1,028.0	860.3	167.7	19.5 %
Capital grants	80.6	48.6	32.0	65.8 %
of which FoNi (New Investments Fund)	9.6	6.8	2.8	41.2 %
Total net operating investments	947.3	811.7	135.6	16.7 %
Financial investments	0.2	0.4	(0.2)	(50.0%)
Total capital expenditure (CapEx)	947.6	812.1	135.5	16.7 %

Total net operating investments (mn/euro)

Including capital grants, the Group's operating capital expenditure reached a record 1,028.0 million euro in works performed, up by 167.7 million euro compared to the previous year. Operating investments mainly involved work on plants, networks and infrastructure. In addition, regulatory upgrading was carried out, especially in the gas distribution sector for the large-scale metre replacement, and in the purification and sewage sector. Comments on investments in the individual areas are provided in the analyses by business area.

At Group headquarters, investments concerned interventions on corporate buildings, IT systems and the vehicle fleet, as well as laboratories and remote control structures.

Overall, investments in structures amounted to 126.0 million euro, up 7.9 million euro on the previous year, mainly due to investments in the Group's IT systems and corporate fleets.

01.03.04 Financial structure and adjusted net financial debt

What follows is an analysis of trends in the Group's invested capital and sources of financing at 31 December 2025.

INVESTED CAPITAL AND SOURCES OF FINANCING (MNE)	31/12/25	% INC.	31/12/24	% INC.	CHANGE ABS.	% CHANGE
Net non-current assets	8,980.7	107.6 %	8,496.4	106.9 %	484.3	5.7 %
Net working capital	143.7	1.7 %	227.2	2.9 %	(83.5)	(36.8%)
(Provisions)	(780.3)	(9.4%)	(773.0)	(9.7%)	(7.3)	0.9 %
Invested capital	8,344.1	100.0 %	7,950.6	100.0 %	393.5	4.9 %
Equity	4,399.7	52.7 %	3,986.9	50.1 %	412.8	10.4 %
Non-current net financial debt	4,228.5	50.7 %	4,051.3	51.0 %	177.2	4.4 %
Net current financial position	(284.1)	(3.4%)	(87.6)	(1.1%)	(196.5)	224.3 %
Net financial debt	3,944.4	47.3 %	3,963.7	49.9 %	(19.3)	(0.5%)
Total sources of financing	8,344.1	100.0 %	7,950.6	100.0 %	393.5	4.9 %

At 8,344.1 million euro, invested capital (NIC) increased by 393.5 million euro compared to 31 December 2024. This change is primarily due to the increase in net fixed assets, driven by significant investment in both development and maintenance, as well as by corporate transactions carried out during the period, including the acquisition of a stake in Ambiente Energia Srl, a company operating in the treatment of industrial liquid waste.

Net working capital amounted to 143.7 million euro at the end of 2025, down from 227.2 million euro at the end of 2024. The change is primarily attributable to the reduction in tax credits related to works eligible for the 110% superbonus incentive, as a result of tax offsets made during the period.

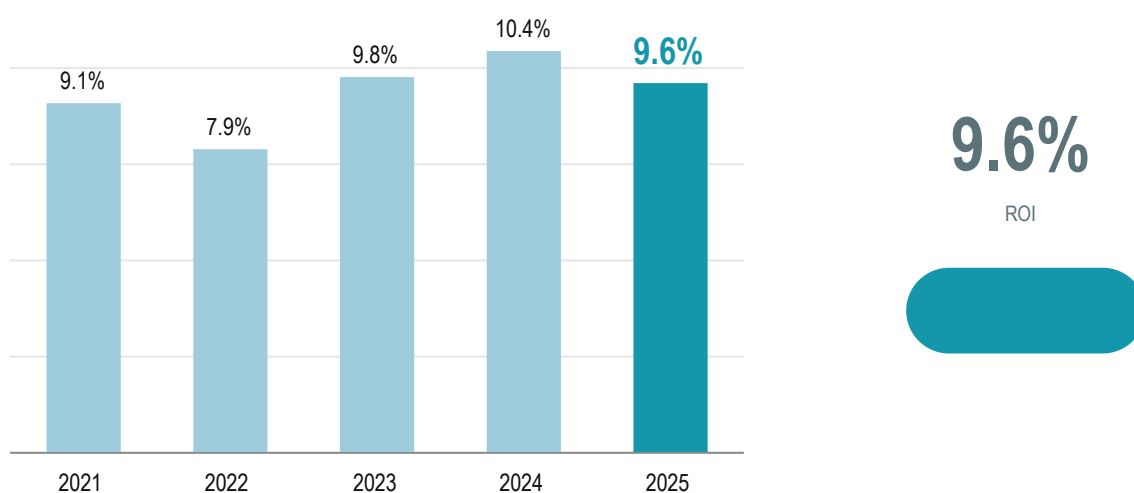
As regards the amount of trade and other receivables, no critical issues appeared in the performances of collections.

In 2025, provisions amounted to 780.3 million euro, in line with the figure of 773 million euro recorded at the end of the previous year. This result is the consequence of the provisions made during the period, which more than offset the drawdowns, primarily relating to provisions for post-closure landfill liabilities and the restoration of third-party assets.

Equity increased from 3,986.9 million euro in 2024 to 4,399.7 million euro in 2025, strengthening the Group's financial position, driven by the positive net operating profit or loss for 2025, amounting to 508.3 million euro, and the effect of the sale of 36.9 million treasury shares held in the portfolio, partially offset by the distribution of dividends.

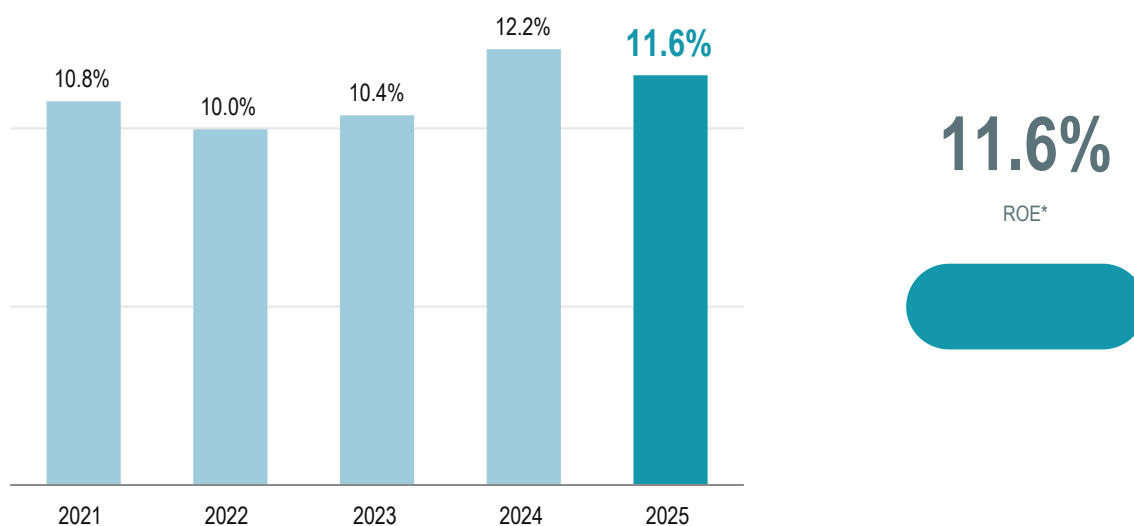
The return on invested capital (ROIC) stood at 9.6% in 2025, down from the ROIC of 2024 at 10.4% as a result of the increase in invested capital (NIC) due to significant investing activity.

ROI (%)



Operating performance yielded a return on equity (ROE) of 11.6%, a slight decrease compared to the levels recorded in 2024. This increase was due to a rise in the equity proportionally higher than the increase in profit for the year.

ROE*



*adjusted for non-recurring entries

An analysis of adjusted net financial debt is shown in the following table:

MN€	31/12/2025	31/12/2024
Cash	845.3	1,315.6
Cash equivalents	-	-
Other current financial assets	75.1	23.1
Liquidity	920.4	1,338.7
Current financial debt	(226.9)	(525.8)
Current portion of non-current financial debt	(408.0)	(474.1)
Current financial indebtedness	(634.9)	(999.9)
Net current financial position	285.5	338.8
Non-current financial debt	(864.2)	(712.6)
Debt instruments	(3,485.0)	(3,401.3)
Non-current trade and other payables	-	-
Non-current financial debt	(4,349.2)	(4,113.9)
Total financial debt	(4,063.7)	(3,775.1)
Non-current financial receivables	151.8	158.0
Net financial position (excluding option to sell)	(3,911.9)	(3,617.1)
Nominal amount - fair value option to sell	(27.4)	(318.4)
Adjusted net financial debt with option to sell (Adj net debt put option)	(3,939.3)	(3,935.5)
Portion of future dividends - fair value option to sell	(5.1)	(28.2)
Net financial debt (Net debt)	(3,944.4)	(3,963.7)

The total value of net financial debt amounts to 3,944.4 million euro, broadly in line with the figures recorded as at 31 December 2024.

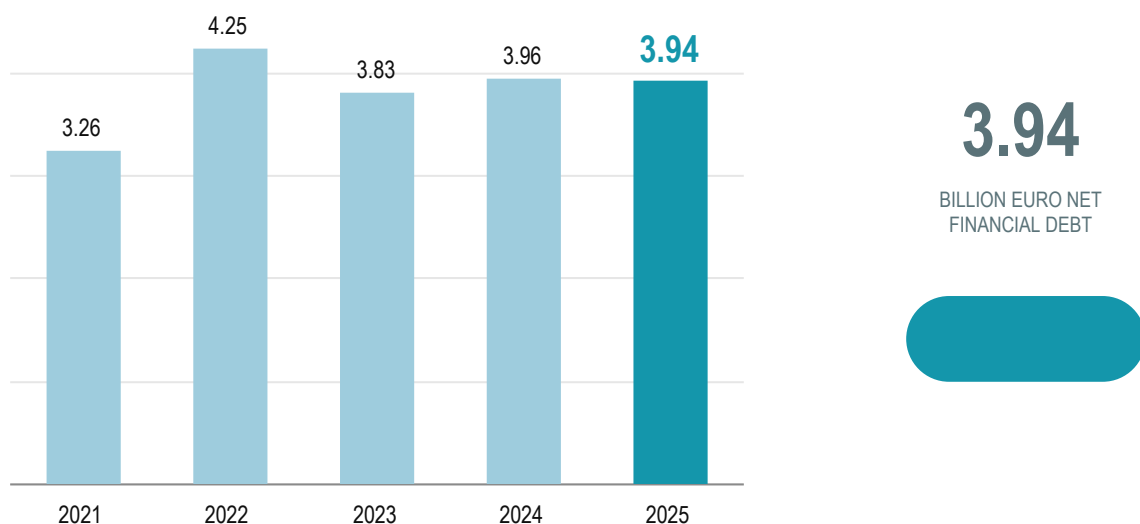
Current financial assets increased by about 52 million euro, mainly due to the disbursement in March 2025 of the 30 million euro shareholder loan to Aimag Spa.

The financial structure shows a total current debt of 634.9 million euro, down 365 million euro from the December 2024 figure, and includes bank debt, accrued interest expenses on financial debt, and other liabilities: the positive variance is mainly due to the repayment of maturing mortgages and bank lines.

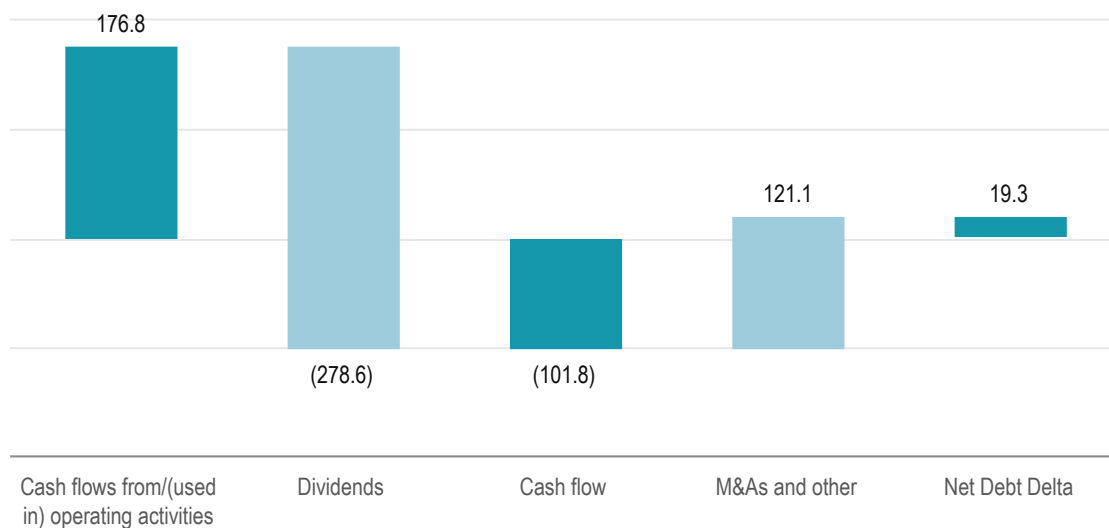
Non-current financial debt amounted to €4,349.2 million, an increase of approximately €235.3 million compared to the previous period, primarily due to new bank loans taken out by the Group.

Cash decreased from 1,315.6 million euro in 2024 to 845.3 million euro at 31 December 2025.

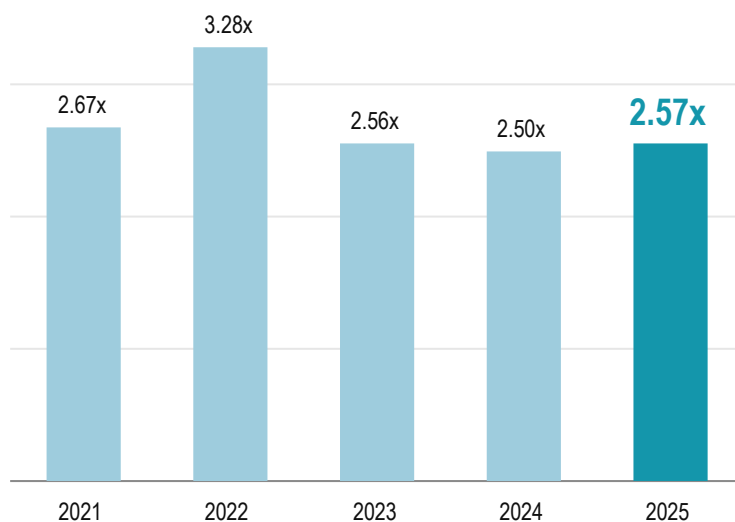
At 31 December 2025, 79% of non-current debt consisted of bonds with repayment at maturity. Non-current debt, 93% of which is at a fixed rate, has an average remaining term of approximately four years and ten months. 41% of the debt matures in more than five years.

Net financial debt (Net debt) (bn€)

Operating cash flow showed a positive balance of 176.8 million euro after financing 947.0 million euro of operating capital expenditure during the period. Operating cash flow, together with the sale of treasury shares (included under M&A and other), contributed to the payment of dividends amounting to 278.6 million euro. Mergers and acquisitions (M&As) included the acquisition of Ambiente Energia Srl.

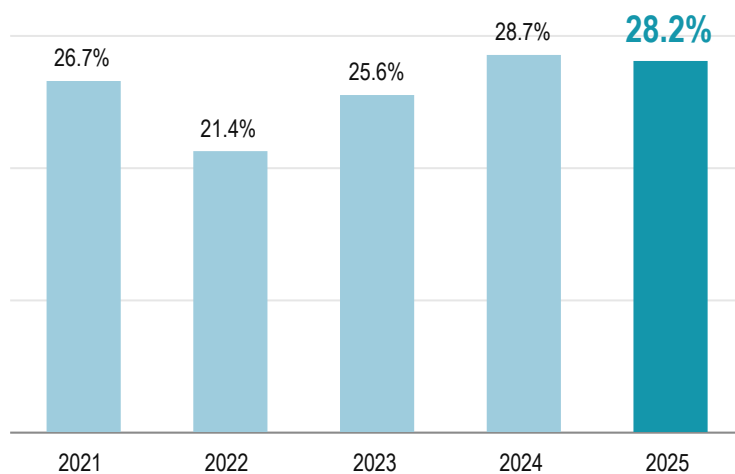
Cash flow (mn€)

The Net Debt/EBITDA ratio in 2025 is 2.57x, in line with the 2.50x in 2024.

Net debt/EBITDA (x)**2.57X**

NET DEBT/EBITDA

The FFO/Net debt ratio settled at 28.2%, confirming the Group's financial solidity and its ability to meet its financial obligations.

FFO/Net Debt (%)**28.2%**

FFO/NET DEBT

1.03.05 Operating performance of the Parent

The following table provides the main indicators of operating performance for the year, pursuant to article 2428 of the Italian Civil Code:

MN€	2025	2024	CHANGE ABS.	CHANGE %
Revenue	1,846.0	1,781.6	64.4	3.6 %
EBITDA	280.3	285.2	(4.9)	(1.7%)
EBIT	108.6	119.4	(10.8)	(9.1%)
Profit for the year	268.6	267.3	1.3	0.5 %

To understand this performance and the changes compared to the previous financial year, it is necessary to take into account the operational structure of the Parent, which directly manages certain businesses (urban hygiene, integrated water service, cogeneration and district heating) and holds significant equity interests, in addition to providing typical corporate services to numerous Group companies.

The EBIT decreased slightly, due to an increase in operating expenses, mainly attributable to higher costs for work on behalf of third parties and for the maintenance and management of IT infrastructure, business applications and cybersecurity systems. This effect is also attributable to the higher costs of procuring energy components, given the rising prices of raw materials. For further details, see chapter 1.04 "Analysis by business area".

A summary of the reclassified financial information at 31 December 2025, compared to the 31 December 2024 data, is provided below:

ANALYSIS OF INVESTED CAPITAL AND SOURCES OF FINANCING (MN€)	31-DIC-25	%	31-DIC-24	%	CHANGE ABS.	CHANGE %
Non-current assets	4,073.1	105.3 %	4,103.2	104.5 %	(30.1)	(0.7%)
Net working capital	(33.8)	(0.9%)	0.9	0.0 %	(34.7)	(3,852.2%)
Provisions	(171.0)	(4.4%)	(177.8)	(4.5%)	6.8	(3.8%)
Invested capital	3,868.3	100.0 %	3,926.3	100.0 %	(58.0)	(1.5%)
Total equity	2,844.9	73.5 %	2,641.1	67.3 %	203.8	7.7 %
Net financial debt	1,023.4	32.7 %	1,285.2	32.7 %	178.9	13.9 %
Sources of financing	3,868.3	106.2 %	3,926.3	100.0 %	(58.0)	(1.5%)

With regard to the other information required by Article 2428 of the Italian Civil Code, the following points are noted:

- Research and development activities: please refer to paragraph 1.05 of the directors' report, 'Sustainability Statement';
- Relations with subsidiaries, associates, parent companies and companies controlled by the latter: as required by Article 2428, paragraph 3, point 2 of the Italian Civil Code, see the financial statement contained in the Italian version of this report at chapter 3.03, prepared in accordance with Consob Resolution 15519/2006, relating to the separate financial statements of Hera Spa; finally, note that these financial statements do not contain any atypical or unusual transactions.
- Treasury shares: regarding the other information required by article 2428, paragraph 3, points 3 and 4 of the Italian Civil Code, the number and nominal value of the shares comprising the share capital of Hera Spa, the number and nominal value of the treasury shares in its portfolio at 31 December 2025, in addition to the changes in the above that occurred in 2025, see Note 15 of paragraph 3.02.04 and the statement of changes in equity, paragraph 3.01.05, part of the separate financial statements of Hera Spa represented in the Italian version of this report.
- Outlook: regarding the performance of the businesses units that make up the current structure of the Parent, see paragraph 1.01.02 of the Directors' report, "Strategic approach and management policies".
- Branch offices: the Parent has no branch offices;
- Significant events and events after the reporting period: please refer to the information provided in paragraph 1.03.01, 'Key significant events'.

1.03.06 Share performance and investor relations

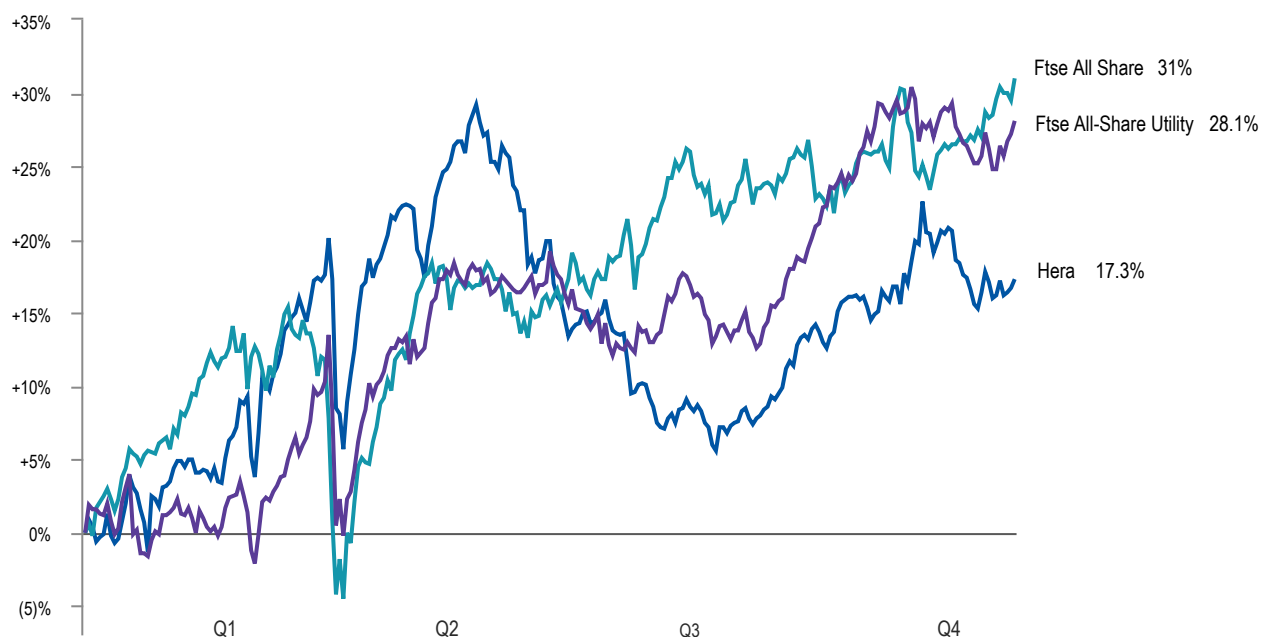
In 2025, global equity markets performed positively, however, were marked by considerable volatility due to trade tensions arising from the introduction of tariffs on imports of goods into the US. The economic framework proved resilient, with governments maintaining expansionary fiscal policies to finance defence spending and foster growth in sectors considered strategic, while central banks were able to progressively reduce the level of interest rates by containing inflationary dynamics.

The Italian FTSE All Share index rose by +31%, buoyed by the performance of the banking sector (+65.7%), which accounts for about one third of the total capitalisation.

Following its strong performance in 2024 (+15.1%), the Hera share continued to rise in 2025, posting an increase of +17.3% and benefiting from the positive trend that characterised the entire utilities sector.

The performance shown by the stock, which fully recovered the dividend payment, was also reinforced by the road show that took the Group's top management to in the main financial centres and by participation in sector conferences, which provided an opportunity to illustrate in person the strategy and the results achieved to the portfolio managers of the world's main institutional funds.

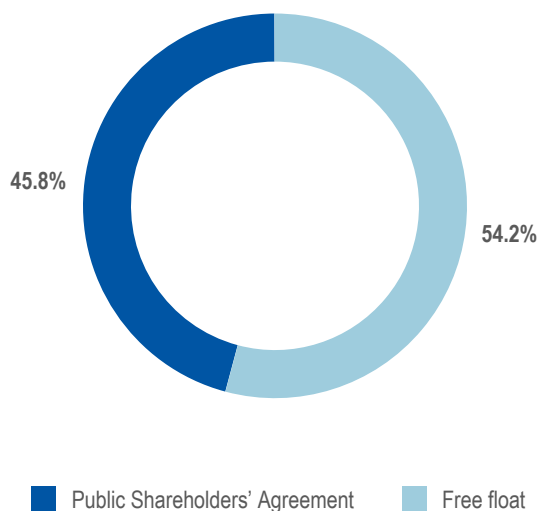
2025 performance of Hera stock, Italian utilities and Italian market performance comparison



Hera's Board of Directors, which met on 26 March 2025 to approve the year-end results for 2024, decided to propose to the Shareholders' Meeting a dividend per share of 15 cents, up +7% on the previous year, and consistent with the indications contained in the Business plan. Following the approval coming from shareholders at the meeting, held on 30 April 2025, the ex-dividend date was set at 23 June, with payment on 25 June. Hera thus confirmed its ability to remunerate shareholders thanks to the resilience of its business portfolio, which has enabled it to pay steady and growing dividends since its listing.

The joint effect of the rise in the price of the stock and the dividends paid ensured a total shareholders return of +21.6% in 2025. Thanks to the uninterrupted return to shareholders through dividend payments and the rise in the share price over the years, the Group's total shareholder return has remained positive at all times since the 2002 IPO, reaching over +387% at the end of the reporting period.

The financial analysts covering the stock (Banca Akros, Equita Sim, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux and Mediobanca) almost unanimously expressed positive or neutral opinions at the year end, with an average target price set at 4.43 euro and a 10.4% upside potential.

SHAREHOLDER BREAKDOWN AT 31 December 2025

At 31 December 2025, the shareholder breakdown showed its usual stability and balance, with 45.8% of shares belonging to 110 public shareholders located across the areas served and brought together by a stockholders agreement, and a 54.2% free float. The shareholding structure includes high number of public shareholders (110 municipalities, the largest of which holds shares amounting to less than 10% of the total) and a large number of private institutional and retail shareholders.

Since 2006, Hera has adopted a treasury share repurchase program, most recently renewed by the Shareholders Meeting held on 30 April 2025 for a further 18 months, for an overall maximum amount of 240 million euro. This plan is aimed at financing M&A opportunities involving smaller companies, and smoothing out any abnormal market price fluctuations vis-à-vis those of the main comparable Italian companies. At 31 December 2025, Hera held 11.2 million treasury shares.

Intense communications with financial market players continued in 2025 as well. Following the business plan road-show in the first quarter, over the subsequent two quarters, senior management took part in conferences hosted by JP Morgan, Goldman Sachs, Unicredit, Mediobanca and Borsa Italiana in London and Milan, while in the final quarter, the Investor Relations Director attended the Mediobanca conference in Sydney. In addition, the usual discussions with financial market participants took place to answer questions regarding the Governance and Remuneration documents published prior to the Shareholders' Meeting. The intensity of the Group's commitment to dialogue with investors helps strengthen its reputation on the markets and constitutes an intangible asset to the benefit of Hera's stock and stakeholders, as also confirmed by the stock performance in the first few months of the current year.

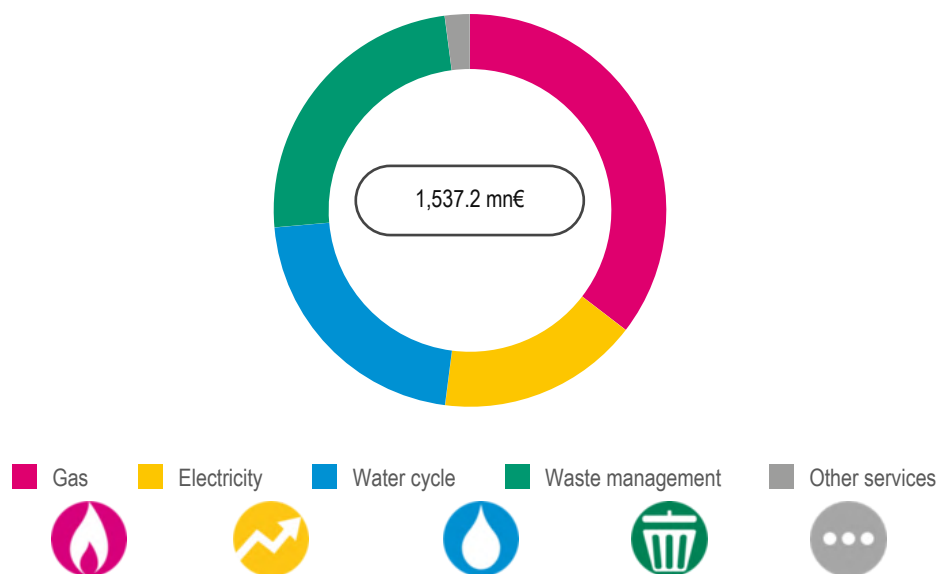


1.04 ANALYSIS BY BUSINESS AREA

A MULTI-BUSINESS STRATEGY

An analysis of the operating profit or loss achieved in the Group's business areas is provided below, including: the gas area, which covers services in natural gas distribution and sales, district heating and energy services; the electricity area, which includes electricity generation, distribution and sales services and public lighting services; the integrated water service area, which covers aqueduct, purification and sewerage services; the waste management area, which covers services in waste collection, treatment and recovery; the other services area, which includes telecommunications and other minor services.

EBIT December 2025



The Group's statements of profit or loss include corporate headquarters costs and account for intercompany transactions at arm's length.

The following analyses of each single business area take into account all increased revenue and costs, having no impact on the EBIT, related to the application of IFRIC 12. The business areas affected by this accounting standard are: natural gas distribution services, electricity distribution services, all integrated water service services, waste collection services and public lighting services.



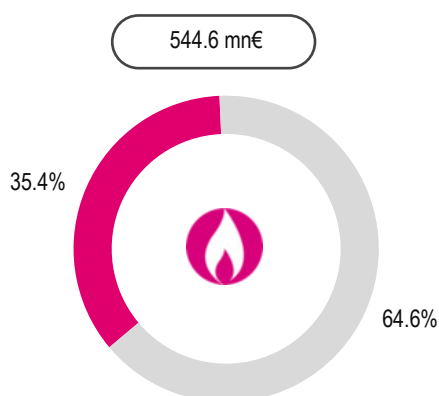
1.04.01 Gas

The results for 2025 show a downward trend compared to the previous year, which was characterised by particularly strong results, due to lower margins from last-resort markets and energy performance activities following changes to the regulations on energy-saving measures, despite an increase in brokerage fees and higher regulated revenue from gas distribution and energy sales prices.

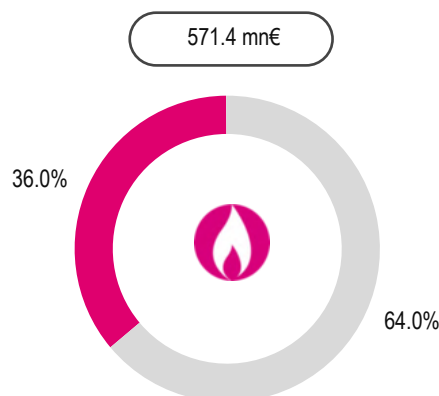
The Group maintains a leading presence in the last-resort markets, thanks to the award, for Hera Comm Spa, of tenders for the following lots throughout Italy:

- eight of the nine lots as last resort gas service supplier (for customers providing public services or without a supplier) for the period from 1 October 2023 - 30 September 2025, in: Valle d'Aosta, Piedmont, Liguria, Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Apulia, Lazio and Campania. In the previous tender, Hera Comm was awarded six out of nine lots;
- all nine lots of the default gas distribution service (for customers in arrears), for the period from 1 October 2025 - 30 September 2027, in: Valle d'Aosta, Piedmont, Liguria, Lombardy, Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Apulia, Lazio, Campania, Sicily and Calabria. In the previous tender as well, Hera Comm was awarded nine out of nine lots;

EBITDA, Gas Division 2025

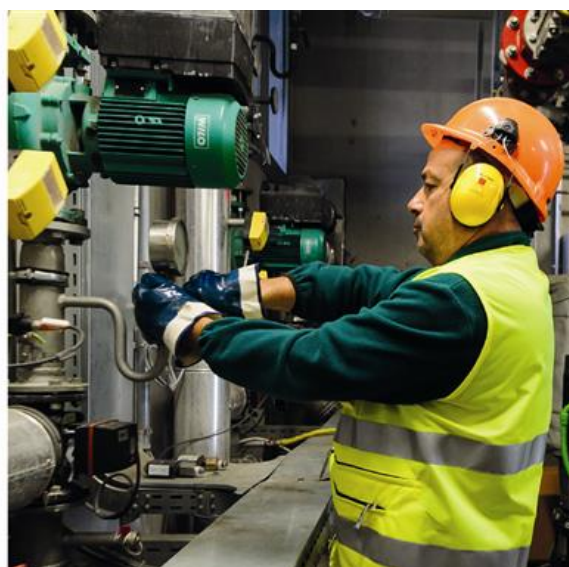
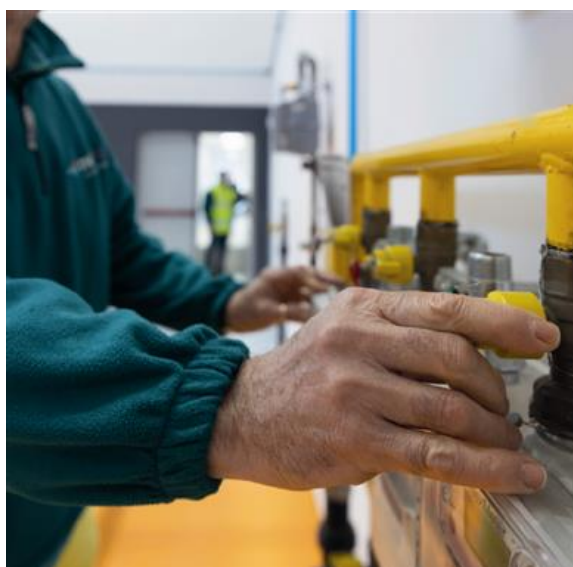


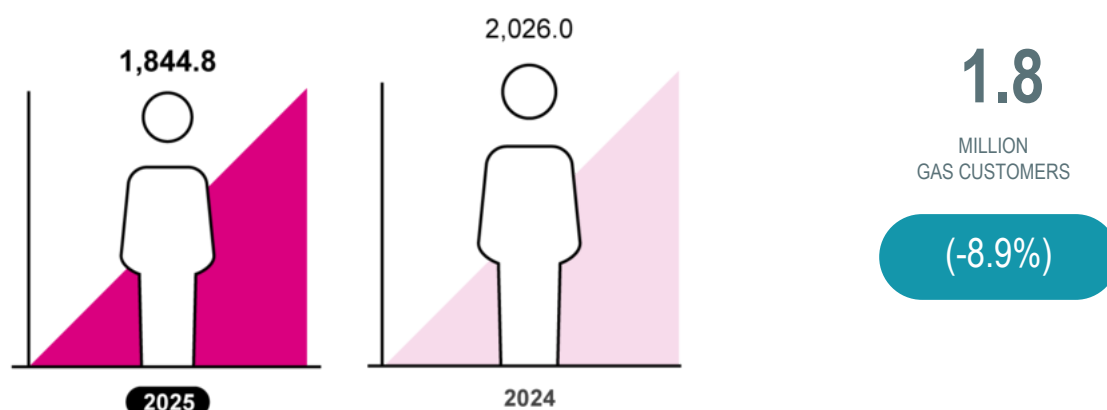
EBITDA, Gas Division 2024



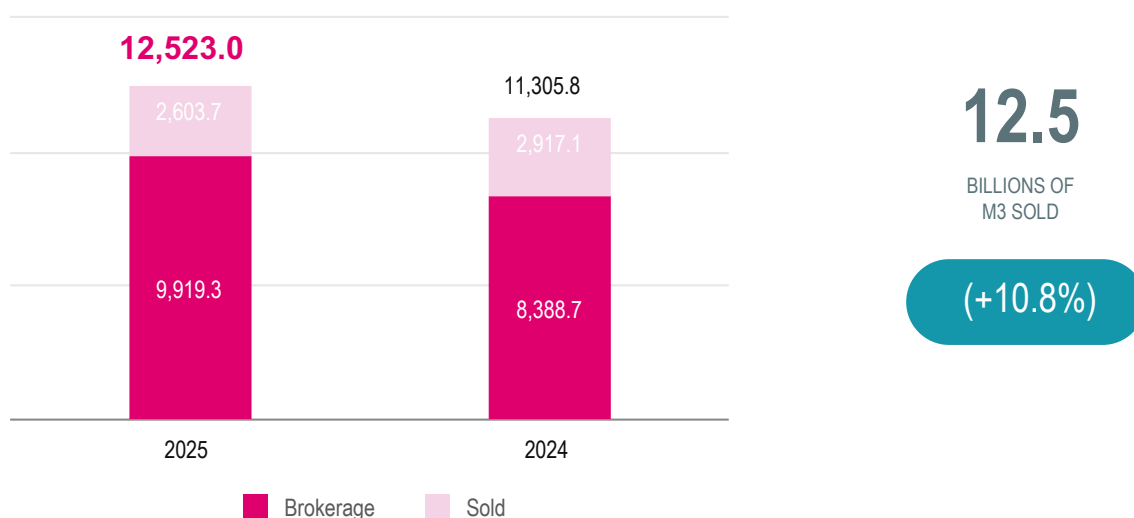
The following table shows the changes occurred in terms of the EBITDA:

MN€	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Area EBITDA	544.6	571.4	(26.8)	(4.7%)
Group EBITDA	1537.2	1587.6	(50.4)	(3.2%)
Percentage weight	35.4 %	36.0 %	(0.6) p.p.	



Customers (thousands)

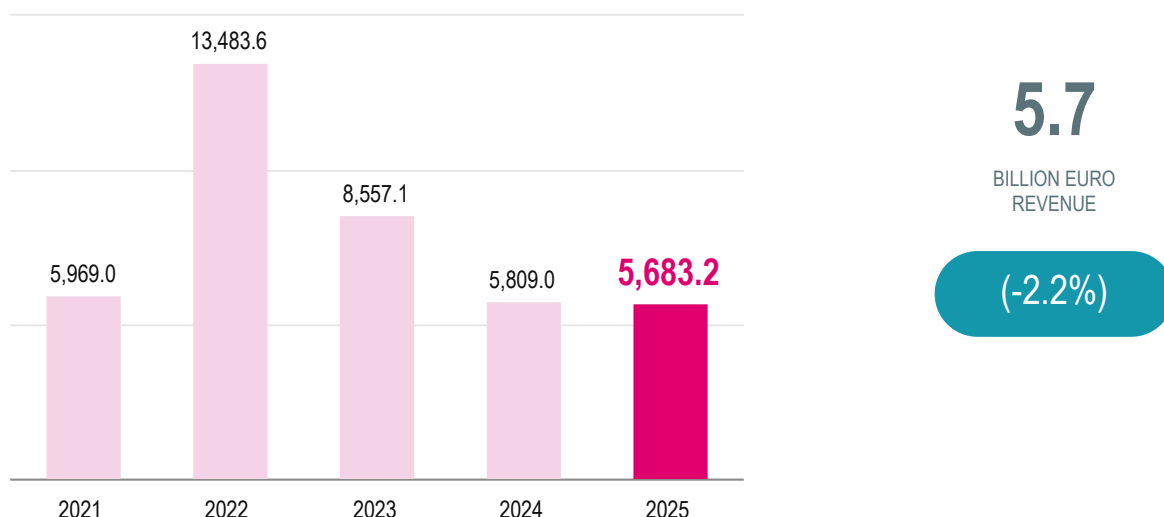
The total number of gas customers is 181.2 thousand lower than in the same period of the previous year, mainly in the traditional markets (down 120.5 thousand customers) and, to a lesser extent, in the last resort markets (down 60.7 thousand customers), following the natural expiry of the tender for the last resort supply service for the period 1 October 2023 – 30 September 2025.

Volumes sold (mln/m3)

Total volumes of gas sold increased by 1,217.2 million m3 (10.8%), due to a rise in trading amounting to 1,530.6 million m3. Volumes sold to end customers fell by 313.4 million m3 (-10.7%), due to both traditional markets, down 215.2 million m3 (-8.2%) and last resort markets for 98.1 million m3 (-34.5%). This trend is mainly influenced by the decline in the customer base and the energy-saving behaviour of customers.

The following table summarises operating profit or loss for the gas area:

STATEMENT OF PROFIT OR LOSS (MLN/€)	DEC-25	%	DEC-24	%	CHANGE ABS.	CHANGE %
Revenue	5,683.2		5,809.0		(125.8)	(2.2%)
Operating expenses	(5,050.0)	(88.9%)	(5,139.5)	(88.5%)	(89.5)	(1.7%)
Personnel costs	(123.0)	(2.2%)	(121.5)	(2.1%)	1.5	1.2 %
Capitalised costs	34.3	0.6 %	23.3	0.4 %	11.0	47.2 %
EBITDA	544.6	9.6 %	571.4	9.8 %	(26.8)	(4.7%)

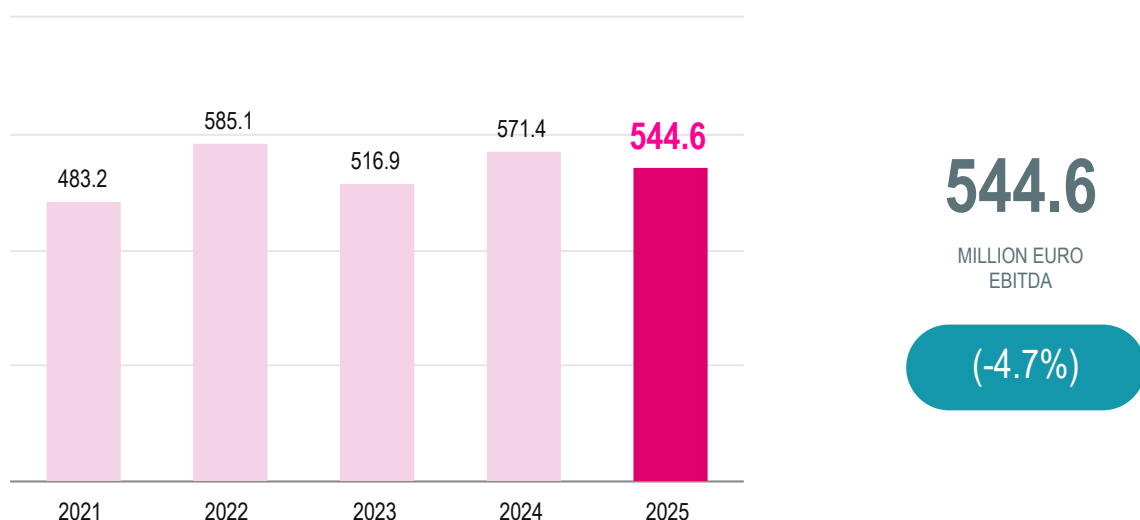
Revenue (mln/€)

Compared to the previous year, there has been a decline of 125.8 million euro. Overall, sales and brokerage activities were affected by a decrease of 100.0 million euro, primarily due to lower consumption by the customer base, despite the increase in system charges following ARERA Resolution 599/2024/R/com, higher brokerage volumes, and energy sales prices.

Energy performance activities show a drop in revenue of 58.7 million euro, following the aforementioned regulatory changes to renovation and ecobonuses, which reduced the percentage deduction from 50-65% in 2024 to 36-50% in 2025.

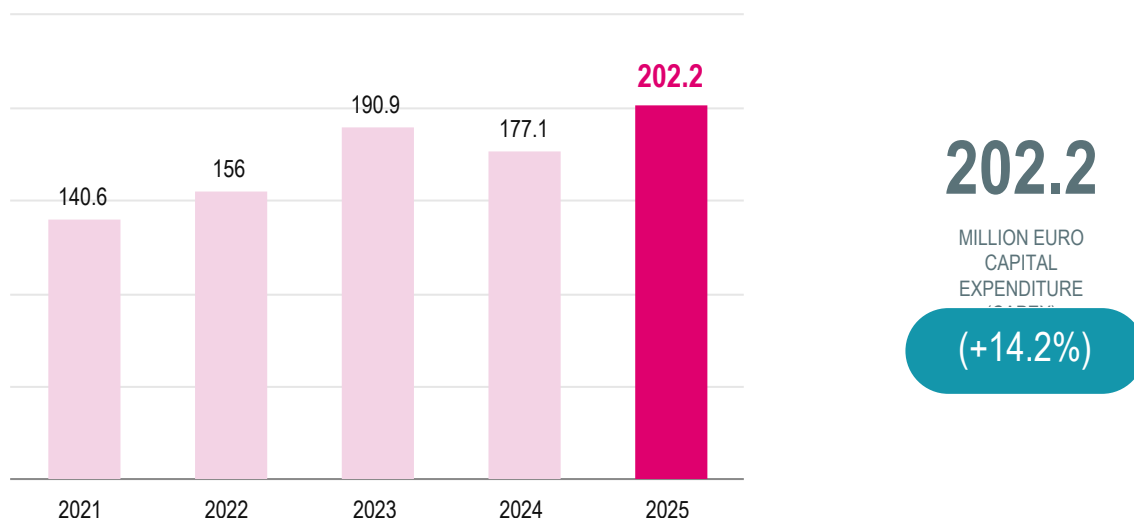
There was also an increase in district heating revenue, resulting from the rise in the amount of energy sold and energy prices. Further contributions come from the concession contracts, from activities in Bulgaria and from white certificates, for smaller quantities. Together, these factors resulted in an increase of approximately 7 million euro. Regulated revenue is up by 25.9 million euro, mainly due to the redetermination of tariffs for distribution and metering services in accordance with Resolutions 87/2025/R/gas and 98/2025/R/gas, the growth of the Regulatory asset base (Rab) of the Group's owned assets, and the incorporation of the inflationary increase, despite the decrease in the rate of return on invested capital (WACC) of gas distribution activities from 6.5% in 2024 to 5.9% in 2025, as a result of Resolution 513/2024/R/com, published at the end of 2024.

The increase in revenue is reflected in operating expenses, which show an overall decrease of 89.6 million euro. This trend is primarily attributable to lower consumption by the customer base, which also contributes to a reduction in gas transmission and storage, and to a decrease in energy performance activities, despite higher system charges.

EBITDA (mln/€)

In 2025, the EBITDA declined from a particularly strong 2024 to 26.8 million euro, or -4.7%, due to lower margins in the last resort markets, traditional sales markets, brokerage activities and energy performance activities. The positive performance of regulated distribution revenue offset this decrease.

Capital expenditure (CAPEX) gas (mln/€)



Capital expenditure (CAPEX) in the gas area amounted to 202.2 million euro, up 25.1 million euro compared to the previous year. The increase in gas distribution amounts to 10.7 million euro and derives mainly from the investment in the hydrogen production plant in Trieste, a project accessing NRRP (National Recovery and Resilience Plan) grants, as well as from growth of extraordinary maintenance work on networks and plants in the territories served.

In gas sales, investments decreased by 2.8 million euro, due to activities related to the acquisition of new customers.

In district heating and energy services, investments were up by a total of 18.1 million euro compared to the previous year, increasing primarily due to the significant works on district heating networks and plants. Investments in energy services are also up with the activities of the company Hera Servizi Energia Spa.

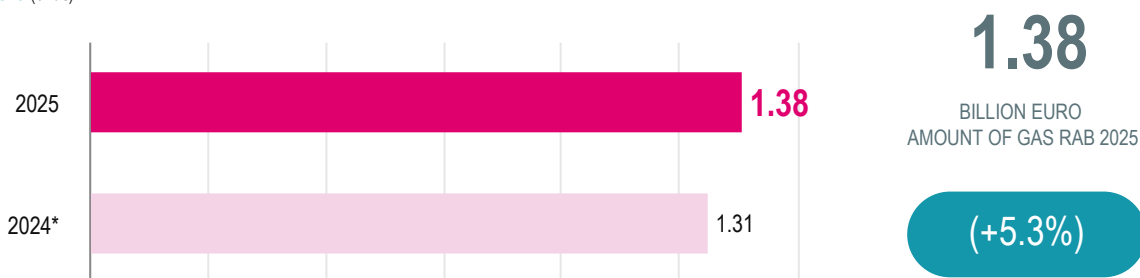
Requests for new connections in the gas area in 2025 decreased compared to the previous year.

Details of operational investments in the gas area are as follows:

GAS (MLN/€)	DEC-25	DEC-24	CHANGE ABS.	% CHANGE
Networks and plants	128.3	117.6	10.7	9.1 %
Acquisition gas customers and other sales	20.4	23.2	(2.8)	(12.1%)
DH/Energy services	57.8	39.7	18.1	45.6 %
Total gas gross	206.5	180.5	26.0	14.4 %
Capital grants	4.3	3.5	0.8	22.9 %
Total gas net	202.2	177.1	25.1	14.2 %

The Regulatory asset base (RAB) for assets owned by the Group in the gas area, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2024.

Rab (bln/€)



* As of the current financial year, the RAB has been supplemented by any receivables that will be subject to onerous transfer upon the commencement of the management of the ATEMs (Autonomous Territorial Energy Agencies) under future tenders. The asset value of these receivables is currently recorded in the Hera Group's asset register. Consequently, the presentation of the 2024 RAB has been adjusted.

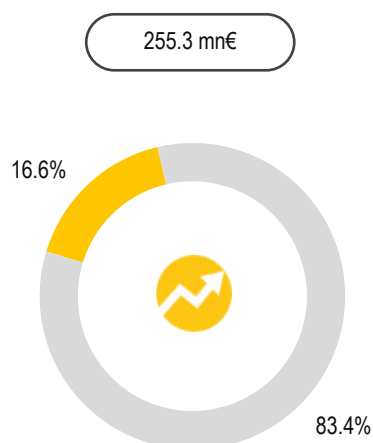
1.04.02 Electricity

The results for 2025 show a year-on-year decrease, due to the reduction in sales margins attributable in particular to the effects of the new tenders for the Electricity Safeguard Service and the Transitional protection scheme (STG), despite the increase in volumes sold to end customers, the increase in Pun prices and the increase in regulated revenue from electricity distribution.

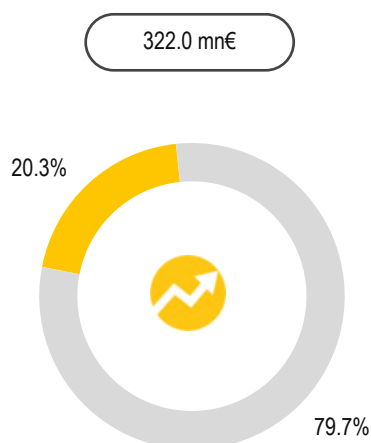
In summary, Hera Comm was awarded:

- seven of the nine lots for the Safeguard service for 2025 and 2026 in: Lombardy, Trentino-Alto Adige, Veneto, Emilia-Romagna, Friuli-Venezia-Giulia, Marche, Tuscany, Sardinia, Lazio, Umbria, Campania, Abruzzo, Calabria and Sicily, winning five more lots than in the previous two-year period;
- seven lots (the maximum allowed out of a total of 26) in the tender for the transitional protection scheme for domestic customers for the period from 1 July 2024 to 31 March 2027 in 37 Italian provinces, strengthening its presence in several Italian regions (Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche, Tuscany, Abruzzo, Lazio, Umbria, Liguria, Piedmont, Lombardy and Campania);
- one of the 12 lots in the transitional protection scheme for supplying electricity to micro-businesses for the period from 1 April 2023 to 31 March 2027 in: Friuli-Venezia Giulia, Trentino-Alto Adige and in the Provinces of Belluno, Venezia and Verona.
- one of the 17 lots in the Consip EE22 tender for supplying electricity to public administrations in 2025 in Calabria, compared to the four lots awarded in the previous tender.

EBITDA electricity area 2025



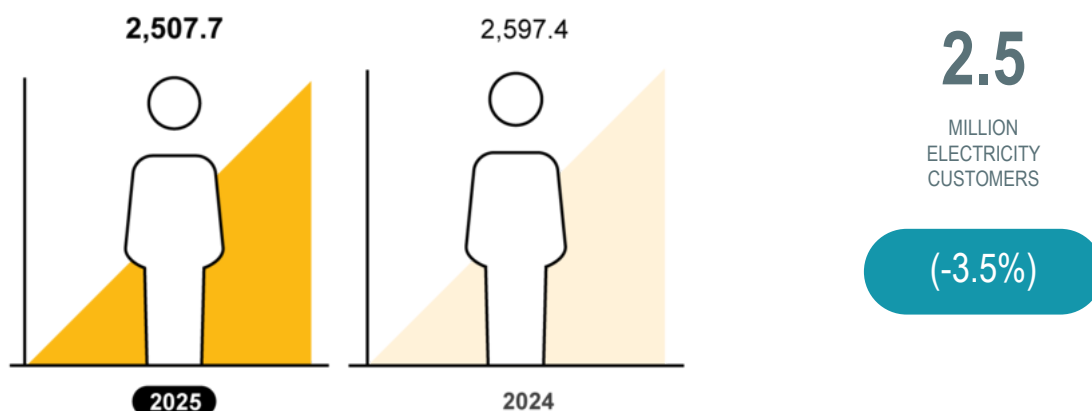
EBITDA electricity area 2024



The following table shows the changes occurred in terms of EBITDA:

(MLN/€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Area EBITDA	255.3	322.0	(66.7)	(20.7%)
Group EBITDA	1,537.2	1,587.6	(50.4)	(3.2%)
Percentage weight	16.6 %	20.3 %	(3.7) p.p.	

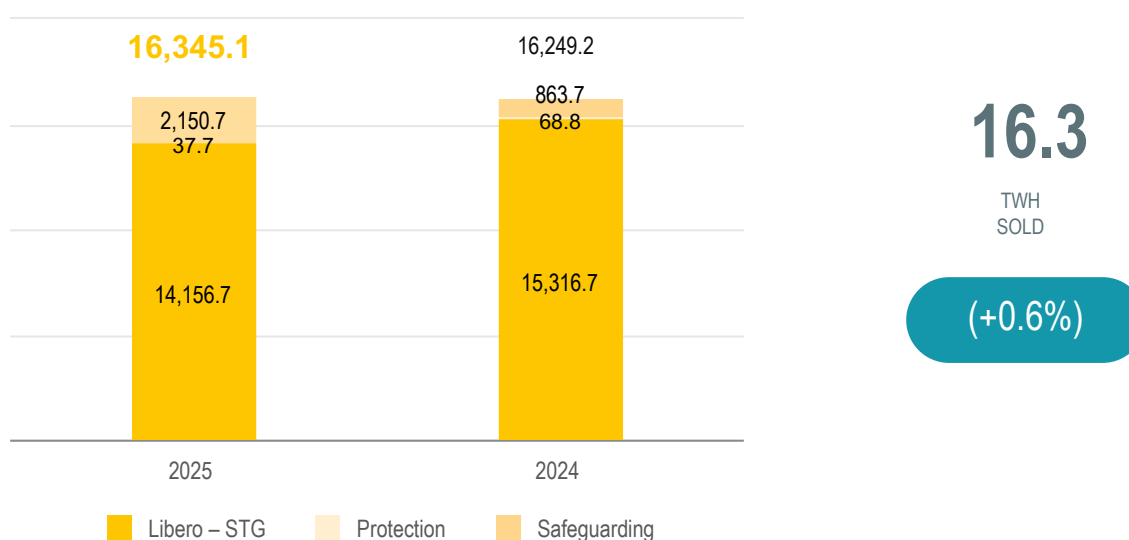
Customers (thousands)



In December 2025, customers of the Group's electricity sales dropped by 89.7 thousand units (-3.5%) compared to the same period of 2024. The decrease in the free market of approximately 126.0 thousand customers is primarily attributable to the impact of the STG market (108.5) and the decrease in customers from Consip tenders (30.1). Customers in the Safeguard market increased by about 37.3 thousand, due to the new tender 2025-2026.

Customer appreciation and loyalty was confirmed, including the value-added services offered by the Group, which were requested by more than 100 thousand customers at December 2025, up 23.6% compared to 2024.

Volumes sold (GWh)



The volumes of electricity sold increased by 95.9 GWh, equal to +0.6%, compared to the same period of the previous year. This trend is driven by an increase in volumes in the Safeguarded market of 1,287.0 GWh (149.0%), partly offset by a decrease in the free market of 1,159.9 GWh (-7.6%) following the resulting decrease in Consip tenders of 1,270.9 GWh, which was in turn partially mitigated by the positive effects of the STG households scope (which commenced in July 2024). In addition to these effects, there was a drop in protection volumes of 31.2 GWh (-45.3%), mainly due to the option granted to customers in vulnerable categories to access the TSG following Resolution 10/2025/R/eel as of January 2025 (confirmed by Resolution 267/2025/R/eel).

The main indicators for public lighting are as follows:

QUANTITY	DEC-25	DEC-24	CHANGE ABS.	% CHANGE
Public lighting				
Lighting points (k)	660.9	645.1	15.8	2.4 %
of which LED	63.5 %	52.9 %	10.6 p.p.	
Municipalities served	229	226	3	1.3 %

In 2025, the Hera Group acquired approximately 29.3 thousand lighting points in 6 new municipalities.

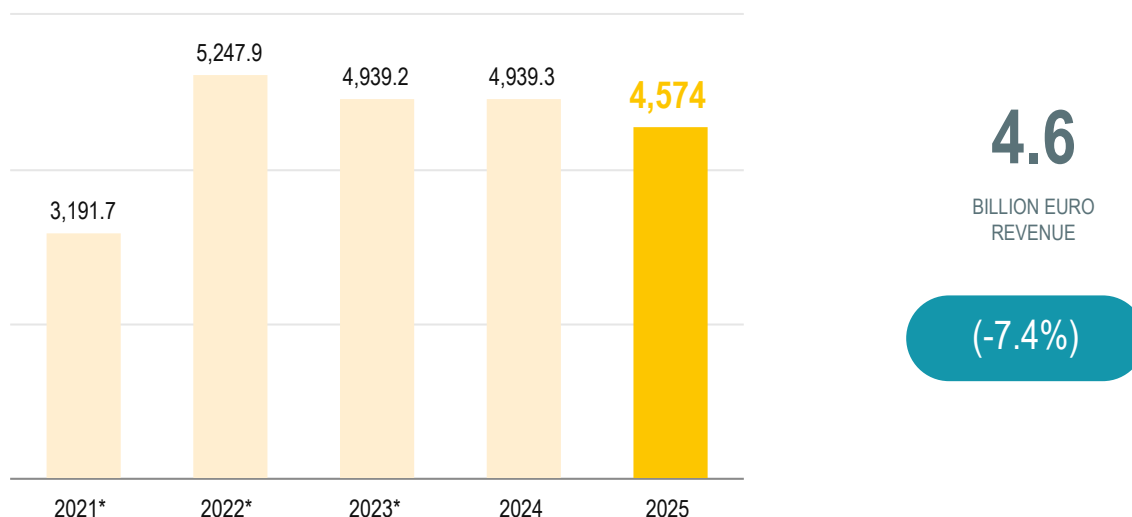
In geographical terms, the most significant acquisitions were made in Triveneto, with approximately 12.7 thousand lighting points, Emilia-Romagna, with approximately 9.4 thousand lighting points, Lombardy, with approximately 2.4 thousand lighting points, Abruzzo, with approximately 2.3 thousand lighting points, and Umbria, with approximately 1.7 thousand lighting points. Lastly, note the acquisitions made in other regions, mainly in central Italy, amounting to roughly 0.8 thousand lighting points. The increases during the period fully offset the loss of 13.5 thousand lighting points and 3 municipalities managed, mainly in Friuli-Venezia Giulia and Emilia-Romagna.

The percentage of lighting points managed using LED lamps increased to 63.5%, up 10.6 percentage points. This trend highlights the Group's constant focus on an increasingly efficient and sustainable management of public lighting.

The following table summarises operating profit or loss for the gas area:

STATEMENT OF PROFIT OR LOSS (MLN/€)	DEC-25	% %	DEC-24	% %	CHANGE ABS.	CHANGE %
Revenue	4,574.2		4,939.3		(365.1)	(7.4%)
Operating expenses	(4,274.2)	(93.4%)	(4,574.0)	(92.6%)	(299.8)	(6.6%)
Personnel costs	(77.0)	(1.7%)	(71.9)	(1.5%)	5.1	7.1 %
Capitalised costs	32.2	0.7 %	28.7	0.6 %	3.5	12.2 %
EBITDA	255.3	5.6 %	322.0	6.5 %	(66.7)	(20.7%)

Revenue (mln/€)



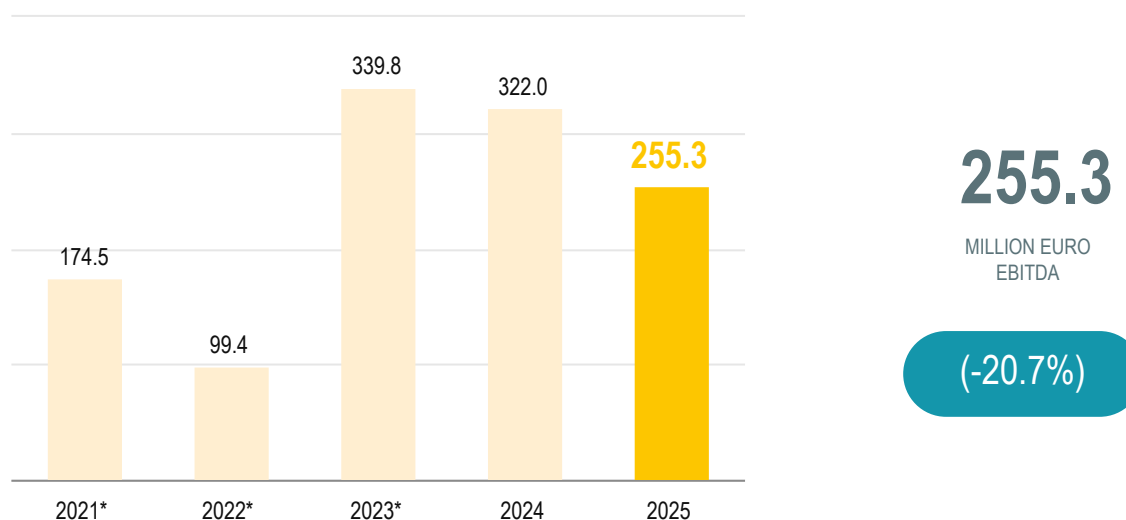
* This data has been restated, reclassifying the Public lighting segment from Other services to Electricity

Revenue decreased by 365.1 million euro compared to the same period of the previous year. Overall, the sales, trading and generation businesses contributed a decrease of 399 million euro, with the main drivers of this trend being the reduction in trading and generation activities and the effects of Decree-Law 19/2025, which provided for an extraordinary utility bill subsidy for households experiencing financial hardship and, for small and medium-sized enterprises, the elimination of general system charges related to the support of renewable energy sources for the six-month period from 1 March to 31 August 2025. These effects are partially offset by higher raw material prices and a slight increase in sales volumes.

Regulated revenue increased by 13 million euro, despite the decrease in the rate of return on invested capital (WACC) for electricity distribution activities from 6.0% in 2024 to 5.6% in 2025, following Resolution 513/2024/R/com, published at the end of 2024. There was also higher revenue for Ifric 12 concession assets of about 9 million euro.

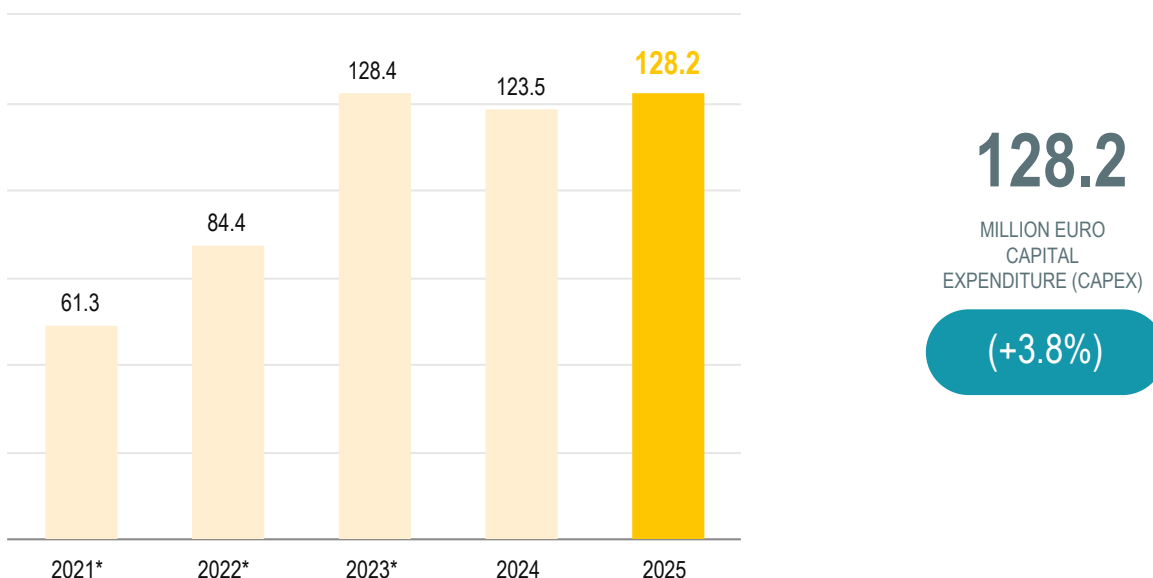
Revenue from value-added services to customers increased by 3 million euro and the street lighting business grew by 7 million euro, thanks to the progress of the energy upgrading works compared to 2024.

The drop in revenue is reflected on operating expenses, which fell by 299.6 million euro. This trend is primarily attributable to intermediation, lower system charges, and services related to increased public lighting system upgrading activities, despite the rise in raw material prices.

EBITDA (mln/€)

* This data has been restated, reclassifying the Public lighting segment from Other services to Electricity

The EBITDA decreased by 66.7 million euro compared to 2024. This decrease is attributable to the lower margins on sales activities as a result of the new 2025-2026 Safeguard tender, compared to the economic benchmarks for the 2023-2024 tender, which was launched during a period of particularly high prices, and which is not fully offset by the growth in electricity distribution, value-added services and public lighting.

Capital expenditure (CAPEX) electricity (mln/€)

* The figures have been restated by reclassifying the public lighting segment from 'Other services' to 'Electricity' for the years 2021 to 2023.

In the electricity segment, capital expenditure (CAPEX) amounted to 128.2 million euro, an increase of 4.7 million euro compared to the previous financial year.

In the area of electricity distribution, the interventions carried out mainly concern the extraordinary maintenance and upgrading of distribution plants and networks in the Modena, Imola, Trieste and Gorizia areas, as well as interventions to improve the resilience of the network, and amount to 98.2 million euro, an increase of 16.0 million euro compared to the previous year.

In energy sales, investments in activities related to the acquisition of new customers decreased by 9.2 million euro compared to the previous year, while investments in public lighting remained broadly in line.

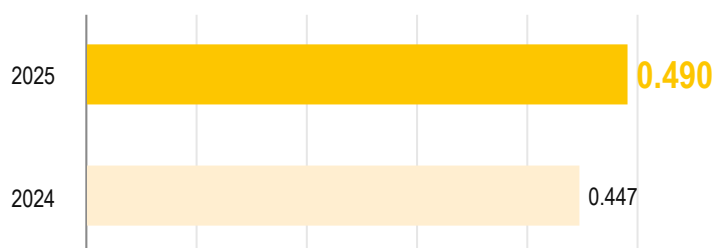
Requests for new electricity connections are also comparable to the previous year across all the areas served.

Operating investments in the electricity area were as follows:

ELECTRICITY (MLN/€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Networks and plants	98.2	82.2	16.0	19.5 %
EE customer acquisition	33.2	42.4	(9.2)	(21.7%)
Public lighting and traffic lights	3.0	2.7	0.3	11.1 %
Total electricity gross	134.4	127.2	7.2	5.7 %
Capital grants	6.2	3.8	2.4	100.0 %
Total electricity net	128.2	123.5	4.7	3.8 %

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2024.

Rab (bln/€)



0.490

BILLION EURO
AMOUNT OF ENERGY RAB

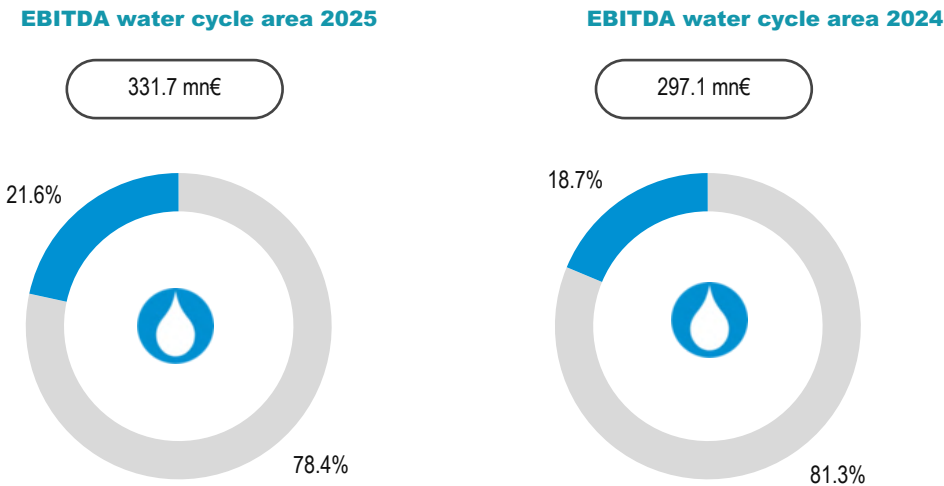
(+9.8%)



1.04.03 Integrated water service

In 2025, the integrated water service area showed increased results compared to the previous year, with the EBITDA standing at 331.7 million euro.

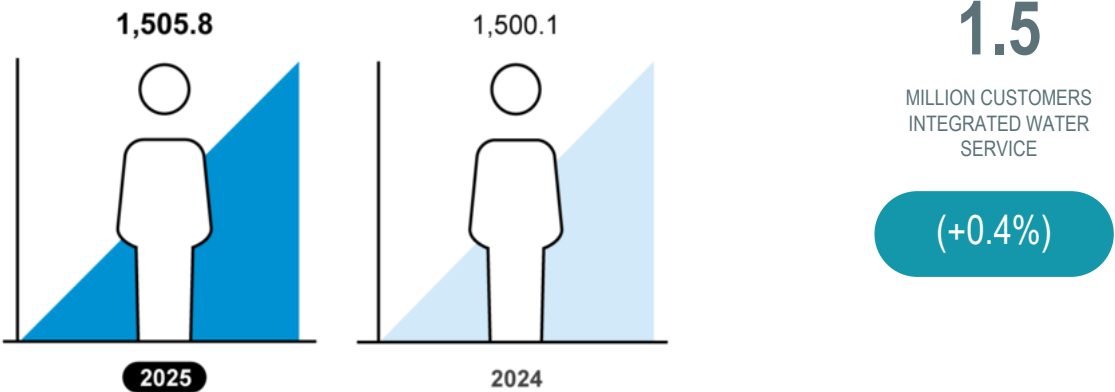
From a regulatory point of view, note that 2025 is the second year in which the tariff method defined by the Authority for the fourth regulatory period (MTI-4), 2024-2029 (Resolution 639/2023/R/idr) was applied. MTI-4 will have a duration of six years, and, among other new elements, it calls for the component covering the cost of electricity, which has been subject to sharp fluctuations in recent years, to be updated. Each operator is recognised a revenue (VRG - guaranteed revenue cap) determined on the basis of operating and capital expenses, according to the investments made, with a view to increasing cost efficiency, in addition to measures to promote and enhance the sustainability and resilience of the areas served. And it is precisely thanks to the significant investments made in the last 5 years that Arera's incentive mechanism for the integrated water service, through Resolutions 225/2025 and 277/2025, has awarded the Hera Group 26 total bonuses for the two-year period 2022-2023 for the technical and contractual quality results achieved: a particularly significant result because it concerns all nine territorial areas managed through the parent Hera Spa and the companies AcegasApsAmga Spa and Marche Multiservizi Spa.



The following table shows the changes occurred in terms of the EBITDA:

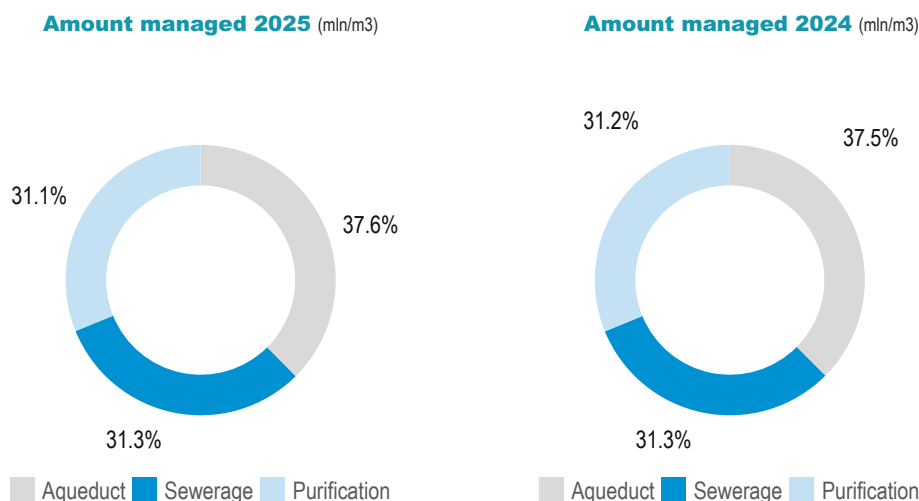
(MLN/€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Area EBITDA	331.7	297.1	34.6	11.7 %
Group EBITDA	1,537.2	1,587.6	(50.4)	(3.2%)
Percentage weight	21.6 %	18.7 %	2.9 p.p.	

Customers (k)



The number of water customers increased compared to December 2024 by approximately 6 thousand units, equal to +0.4%, confirming the moderate trend of organic growth seen in the areas served by the Group. This growth mainly occurred in Emilia-Romagna served by Hera Spa.

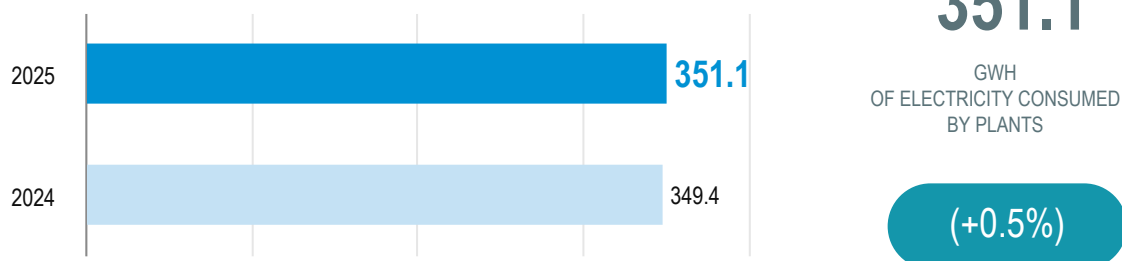
Below are the main quantitative indicators of the area:



Volumes supplied through aqueducts stood at 285.8 million cubic metres, increasing by 0.3% compared to December 2024, for an amount of 0.8 million cubic metres.

As at December 2025, the volumes managed for sewerage amounted to 238.3 million cubic metres, broadly in line with last year's figures, while the volumes managed for wastewater treatment amounted to 236.9 million cubic metres, also in line with December 2024. The volumes supplied, following the Authority's resolution 639/2023, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation due to regulations that provide for the recognition of a regulated revenue independently of the volumes distributed.

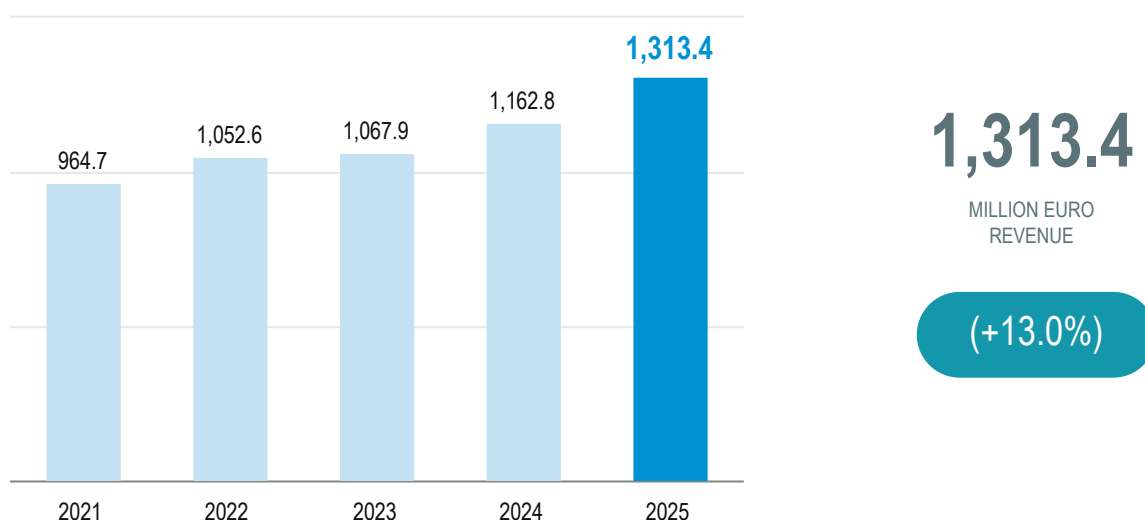
Electricity consumed (GWh)



The electricity consumed by plants amounted to 351.1 GWh, essentially in line with the previous year.

The following table summarises operating profit or loss for the gas area:

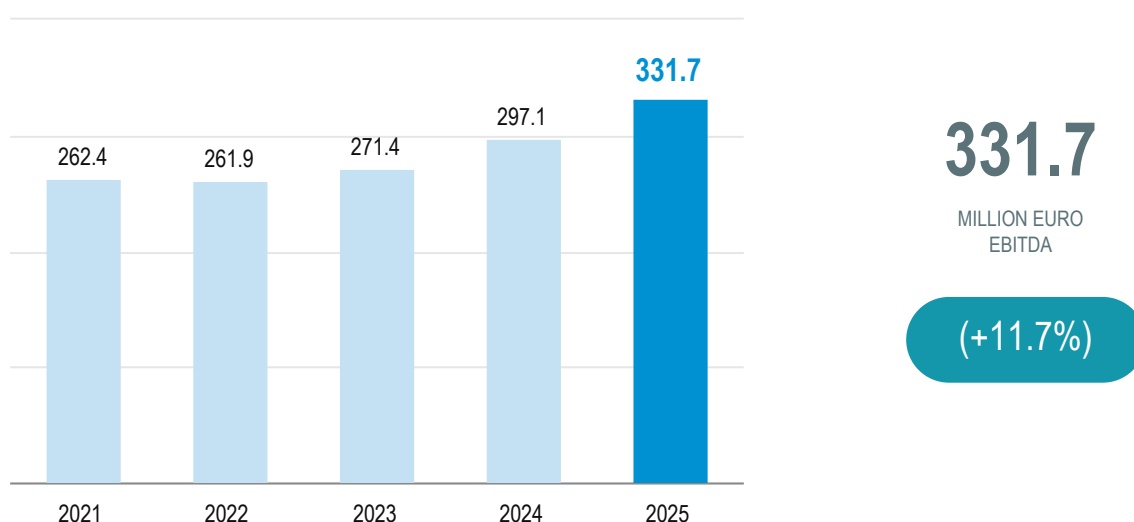
STATEMENT OF PROFIT OR LOSS (MLN/€)	DEC-25	% %	DEC-24	% %	CHANGE ABS.	CHANGE %
Revenue	1,313.4		1,162.8		150.6	13.0 %
Operating expenses	(778.5)	(59.3%)	(670.2)	(57.6%)	108.3	16.2 %
Personnel costs	(214.5)	(16.3%)	(201.5)	(17.3%)	13.0	6.5 %
Capitalised costs	11.4	0.9 %	5.9	0.5 %	5.5	92.5 %
EBITDA	331.7	25.3 %	297.1	25.5 %	34.6	11.7 %

Revenue (mln/€)

Water cycle revenue increased by +13.0% year-on-year, going from 1,162.8 million euro in December 2024 to 1,313.4 million euro in December 2025.

This trend is attributable to the higher revenue for equalisations of energy components and higher regulated revenue due to the adjustments resulting from the application of the MTI-4 tariff method, introduced by ARERA resolution 639/2023/R/idr. These are augmented by the revenue from Technical and Contractual Quality bonuses in the management of the Water Service, already mentioned at the beginning, which confirm the excellent quality standards achieved by the Group. Altogether, these effects generate growth of approximately 63 million euro. Lastly, higher revenue coming to roughly 73 million euro was mainly related to orders on goods under concession.

The increase in operating expenses in December 2025 is mainly attributable to the higher orders realised on goods under concession mentioned above, and to the increase in the prices of all major supplies of materials and services. In addition, the higher costs of energy components as a consequence of a scenario with rising commodity prices compared to the same period in 2024 are also highlighted.

EBITDA (mln/€)

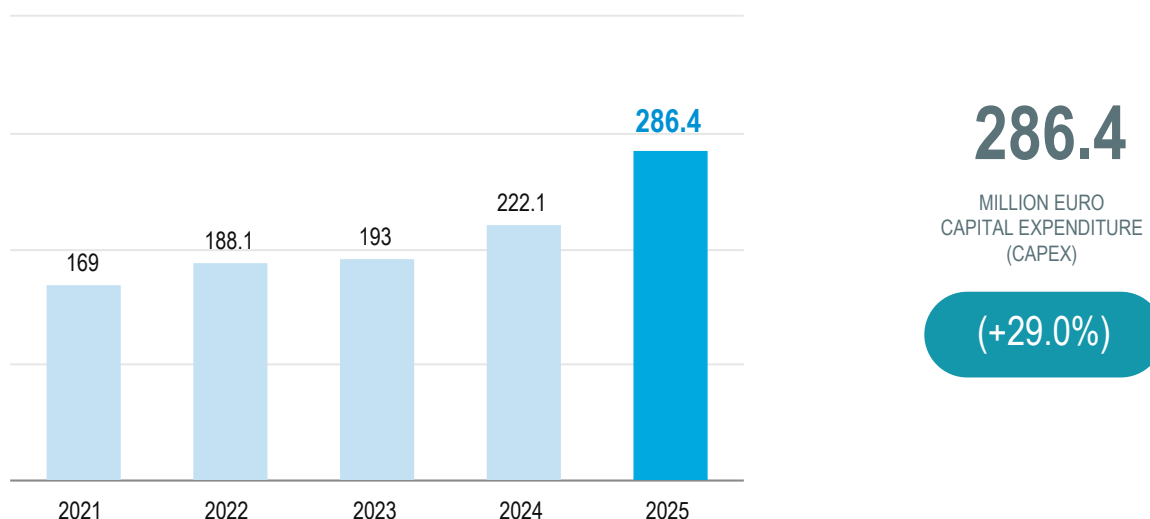
The EBITDA increased by 34.6 million euro, equal to +11.7%, going from 297.1 million euro in December 2024 to 331.7 million euro in the same period of 2025.

The higher regulated revenue and the recognition of the above-mentioned bonuses are partially offset by the higher operating expenses resulting from the increase in energy components and the rise in the price lists of all major supplies.

In 2025, capital expenditure (CAPEX) in the integrated water service area amounted to 286.4 million euro, up 64.3 million euro compared to the previous year. Including the capital grants received, the investments made amounted to 342.0 million euro in works performed.

The investments mainly involved extensions, reclamation and upgrading on networks and plants, as well as regulatory adjustments mainly in the purification and sewerage area, and amounted to 213.6 million euro in the aqueduct, 86.8 million euro in the sewerage area, and 41.7 million euro in the purification area.

Capital expenditure (CAPEX) in the water cycle (mln/€)



The main interventions include: in the aqueduct, ongoing remediation activities on networks and connections related to ARERA resolution 917/2017 on the regulation of the technical quality of the integrated water service, the interventions to resolve the interference of the water network with the works for the construction of the fourth lane of the A14 motorway in the Imola section and the extension of the Modena ring road and the development of the new tramway - red line, in the municipality of Bologna. The installation of smart meters continues, with a view to reducing network losses.

In sewerage, alongside the continuation of the implementation of Rimini's Bathing Water Protection Plan (PSBO), mention should be made of maintenance works to upgrade the sewer network across other areas served, the drains adjustments works in accordance with Regional Government Decree no. 201/2016, the construction of a first-flush rainwater basin in the municipality of Cattolica, and the sewage works associated with the extension of the Forlì and Modena bypasses, in addition to the major project to construct a sewage backbone in the municipality of San Giovanni in Persiceto.

In the water purification sector, note the construction of the new Power to gas plant at the IDAR purification plant in Bologna, as well as upgrading and expansion on the Lugo and Ravenna purification plants.

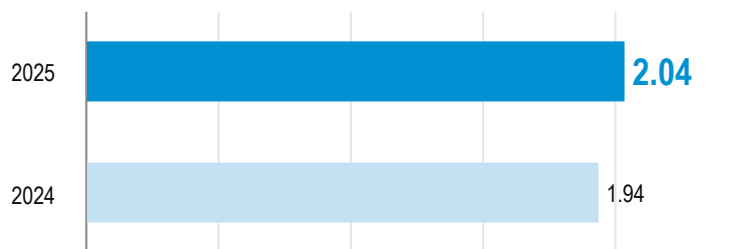
Requests for new water and sewage connections were slightly down on the previous year. Capital grants, standing at 55.6 million euro, were up by 16.7 million euro over the previous year and included contributions from projects accessing NRRP funds, as well as 9.6 million euro from the tariff component of the tariff method for the New Investment Fund (FoNI).

Details of operating investments in the integrated water service area are as follows:

INTEGRATED WATER SERVICE (MLN/€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Aqueduct	213.6	164.0	49.6	30.2 %
Purification	41.7	41.3	0.4	1.0 %
Sewerage	86.8	55.8	31.0	55.6 %
Total integrated water service gross	342.0	261.1	80.9	31.0 %
Capital grants	55.6	38.9	16.7	42.9 %
of which Fund for New Investments (FoNI)	9.6	6.8	2.8	41.2 %
Total integrated water service net	286.4	222.1	64.3	29.0 %

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2024.

Rab (bln/€)



2.04

BILLION EURO
VALUE OF
RAB WATER CYCLE 2025

(+4.9%)



1.04.04 Waste management

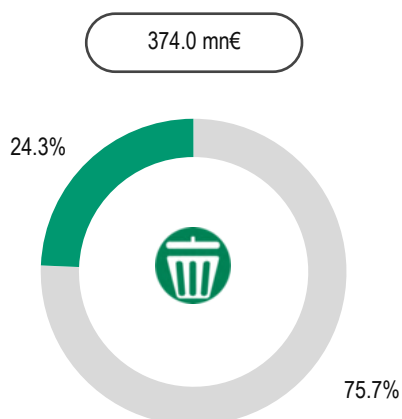
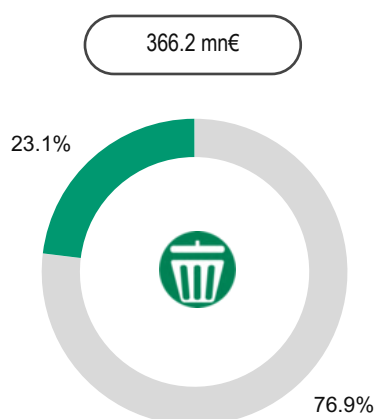
The 2025 results for the Waste management area contributed to the Hera Group 24.3%'s profit, with the EBITDA up by 7.8 million euro compared to the previous year. The Group therefore continues to perform strongly in this business area, thanks to the diversification of its offer, the breadth of its customer portfolio and its responsiveness in providing the services it offers, despite a complex macroeconomic context with repercussions in the markets covered.

Ecological transition, environmental sustainability and innovation continue to be the drivers steering the Group's plant and business development. With this in mind, the main initiatives have been aimed at:

- Expanding the Group's scope through the acquisition of external businesses that complement its commercial offering, including in areas where the Group has not historically been present, such as the recent acquisition of Ambiente Energia Srl, a Marzotto Group company operating in the treatment of industrial liquid waste through its plant in Schio (Vicenza);
- Material recovery, such as the production of composite materials, recycled polymers and biofertilizers for agriculture;
- Producing renewable energy, in particular biomethane;
- Development, leveraging the market leadership and operational capabilities of the subsidiary ACR Spa, with new technologies for the management of remediation and decommissioning services for industrial plants.

In 2025, the Hera Group also played a leading role in innovation, continuing to make significant and tangible progress towards the circular economy of the future by inaugurating in Imola the first plant of its kind in Europe, capable of regenerating carbon fibre on an industrial scale. It is known as FIB3R, a name under the banner of the three 'R's (recover, reduce and reuse) that form the basis of a unique project, capable of recovering carbon fibre and reusing it, thus reducing the use of virgin fibre and thus the environmental impact that would be required to produce it.

Protecting environmental resources and maximising their reuse continue to be a priority objective; in addition to the initiatives cited above, this is demonstrated by the special attention devoted to the development of sorted waste collection, which, thanks to the significant commitment shown by the Group in all areas served, increased by one and a half percentage points compared to 2024.

EBITDA waste management area 2025**EBITDA waste management area 2024**

The following table shows the changes occurred in terms of EBITDA:

(MLN/€)	DEC-25	DEC-24*	CHANGE ABS.	% CHANGE
Area EBITDA	374.0	366.2	7.8	2.1 %
Group EBITDA	1,537.2	1,587.6	(50.4)	(3.2%)
Percentage weight	24.3 %	23.1 %	1.2 p.p.	

* The figures have been restated by reclassifying the circular economy segment from other services to waste.

The table below analyses the volumes commercialised and treated by the Group:

QUANTITY (K TONS)	DEC-25	DEC-24*	CHANGE ABS.	CHANGE %
Urban waste	2,187.5	2,254.8	(67.3)	(3.0%)
Market waste	3,372.3	3,311.0	61.3	1.9 %
Waste commercialised	5,559.9	5,565.9	(6.0)	(0.1%)
Plant by-products	2,022.5	1,965.4	57.1	2.9 %
Waste treated by type	7,582.4	7,531.2	51.2	0.7 %

* The 2025 figure for by-products has been net of waste. Therefore, in the above table, the 2024 figures have been recalculated to reflect the same view.

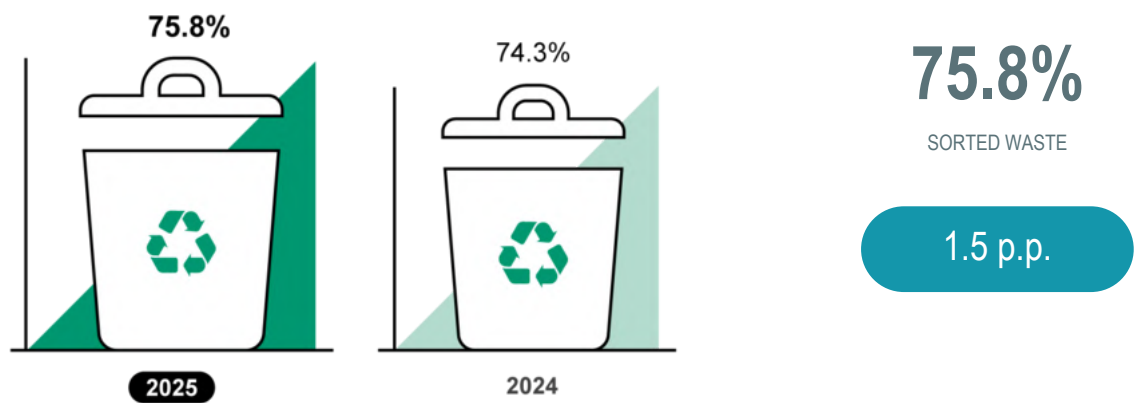
The analysis of the quantitative data shows growth in waste treated due to the full capacity of the plants and the expansion of owned and third-party plants.

Urban waste in December 2025 recorded a decrease of 3.0%, mainly related to higher deliveries by the collection service operator to external plants not managed by the Group, in accordance with the guidelines of the Urban Waste public service concessions awarded by tender.

Market waste increased by 1.9% mainly in the Recovery and Industry market due to the consolidation of existing business relations and the development of the customer portfolio. This trend is partially offset by the contraction in both the liquid waste trade segment and the brokerage segment.

Finally, the volumes of plant by-products increased compared to the previous year, primarily due to the higher rainfall recorded in 2025.

Sorted waste (%)

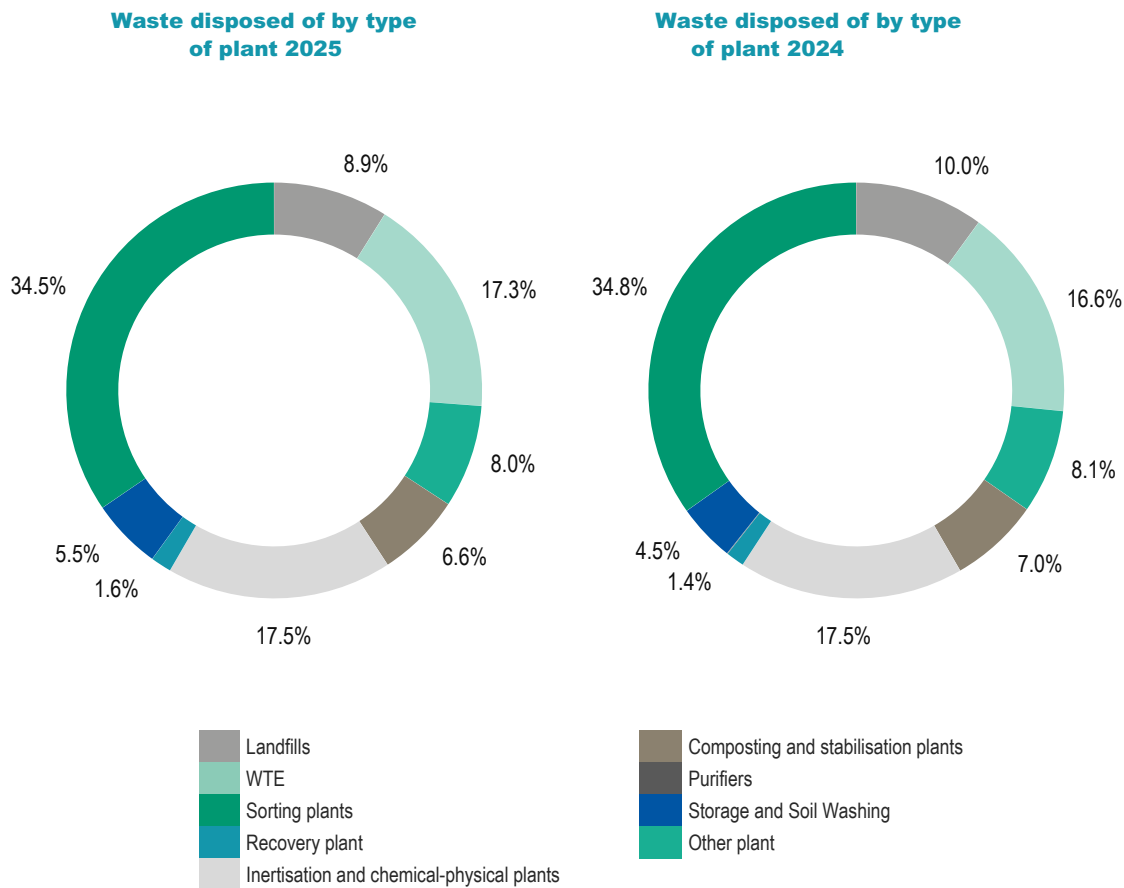


As already mentioned in the introduction, separated collection of urban waste stood at 75.8%, up 1.5 percentage points over the previous year, thanks to the development of numerous projects in the local areas managed by the Group.

The Hera Group operates in the entire waste cycle, with 94 plants for treating urban and special waste and regenerating plastic materials. Thanks to the cutting-edge technologies available, the know-how of their staff and their network of international partners, the Group is able to respond fully to the needs of the reference territory and companies, through innovative and sustainable services and solutions for the complete management and treatment of any type of waste.

The main plants include: 17 sorting plants, whose main objective is to recover materials to be sent to chain consortia for recycling; 10 waste-to-energy plants, confirming Italy's leading position in this sector in terms of both numbers and plant technology; 11 composting and digester plants, which transform wet waste from separated waste collection into compost or produce electricity from renewable sources of energy and biomethane, a green fuel, with significant benefits for air and environmental quality

5 material recovery plants, including the new FIB3R plant in Imola, already mentioned previously.



QUANTITY (K TONS)	DEC-25	DEC-24*	CHANGE ABS.	CHANGE %
Landfills	677.1	754.6	(77.5)	(10.3%)
WTE	1,309.0	1,248.0	61.0	4.9 %
Selecting plants and other	608.0	610.0	(2.0)	(0.3%)
Composting and stabilisation plants	501.3	526.6	(25.3)	(4.8%)
Inertisation and chemical-physical plants	1,329.4	1,320.1	9.3	0.7 %
Recovery plant	123.8	107.7	16.1	14.9 %
Purifiers	0.0	3.1	(3.1)	(100.0%)
Storage/Soil Washing	415.3	339.5	75.8	22.3 %
Other plant	2,618.5	2,621.7	(3.2)	(0.1%)
Waste treated by plant	7,582.4	7,531.2	51.2	0.7 %
Plastic recycled by Aliplast	97.1	83.9	13.2	15.7 %

* The quantity of waste treated in 2025 has been net of effluent. Therefore, in the above table, the 2024 figures have been recalculated to reflect the same view.

The total volume of waste treated in 2025 shows a slight increase of 0.7%, compared to 2024. Analysing the individual supply chains, decreasing quantities are reported in landfills mainly due to the conclusion of the transfers to the Tre Monti (BO) and Il Pago (FI) plants at the end of 2024 while, as regards waste-to-energy plants, the increasing trend is primarily due to greater volumes treated in the Rimini and Modena plants, both of which were shut down in the first six months of 2024.

It should also be noted that the subsidiary Herambiente won the tender to manage the Montale waste-to-energy plant from January 2025, making its know-how accrued over so many years of experience in this activity, available to the plant.

Slight decrease in the quantities in sorting plants and composting and stabilisation plant, mainly due to lower quantities treated in the stabilisation plant at Tre Monti (Bo) and in the digesters at Spilamberto and Nonantola, while in the inertisation and chemical-physical plant chain, the increased quantities were mainly due to the volumes of liquid waste also treated as a result of the higher rainfall recorded during the 2025.

In recovery plants, input volumes are increasing due to higher market demand. There was an increase in the amount of waste treated both at purification plants and in the storage/soil washing chain, also thanks to the acquisition of TRS Ecology in the second half of 2024. Lastly, in other plants, the quantities rose due to increased by-products to third-party plants compared to the same period of the previous year.

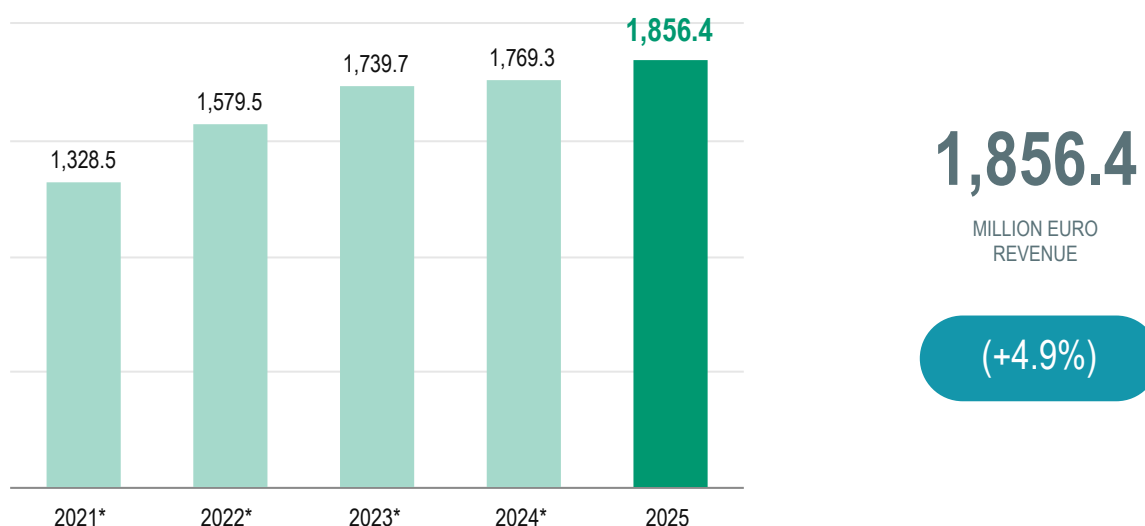


The following table summarises operating profit or loss for the waste management area:

STATEMENT OF PROFIT OR LOSS (MLN/€)	DEC-25	% %	DEC-24*	% %	CHANGE ABS.	CHANGE %
Revenue	1,856.4		1,769.3		87.1	4.9 %
Operating expenses	(1,249.2)	(67.3%)	(1,172.4)	(66.3%)	76.8	6.6 %
Personnel costs	(279.3)	(15.0%)	(259.1)	(14.6%)	20.2	7.8 %
Capitalised costs	46.1	2.5 %	28.4	1.6 %	17.7	62.2 %
EBITDA	374.0	20.1 %	366.2	20.7 %	7.8	2.1 %

* The figures have been restated by reclassifying the circular economy segment from other services to waste.

Revenue (mln/€)



* The figures have been restated by reclassifying the Circular Economy segment from 'Other Services' to 'Waste' for the years 2021 to 2024.

At the end of 2025, revenue increased by 4.9% compared to last year. Note should be taken of the significant expansion in both the recovery and Industry markets owing to the development of ACR Spa's business, as well as the recent acquisition of Ambiente Energia already mentioned in the introduction and the full contribution of TRS Ecology, the latter consolidated from July 2024.

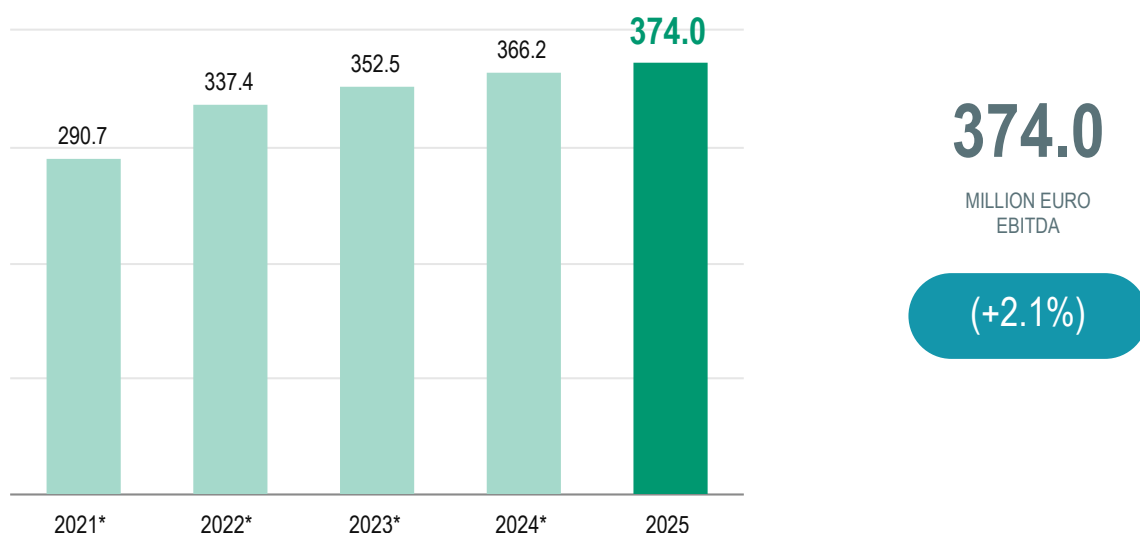
In the recovery segment, growth was driven by Aliplast Spa's strong performance, primarily due to higher sales volumes, as well as increases in unit prices, particularly in the PET segment, which reflected the rises in raw material costs recorded in the first half of the year.

In the urban waste service, higher regulated revenue was reported, mainly related to inflation adjustments and higher supplementary services required in the tender areas. Partially offsetting this, there was a decrease in energy revenue, primarily due to lower commodity prices compared to the previous financial year.

Operating expenses increased by 6.6% in 2025.

In the recovery and remediation market, there was an increase in costs incurred related to the previously mentioned revenue trend.

Also as regards urban waste collection, note the higher costs for activities related to the development of new sorted waste collection projects and higher supplementary services requested.

EBITDA (mln/€)

* The figures have been restated by reclassifying the Circular Economy segment from 'Other Services' to 'Waste' for the years 2021 to 2024.

The EBITDA increased by 7.8 million euro compared to the same period of the previous year due to the positive contribution of treatment and recovery activities due to the higher volumes sold by Aliplast Spa, and the strong performance of ACR Spa, which fully compensated the drop in energy management related to the decrease in commodity prices. Environmental hygiene activities also grew, in particular due to the recognition of inflation and the increased demand for supplementary services in the managed areas that were the subject of tenders in previous years.

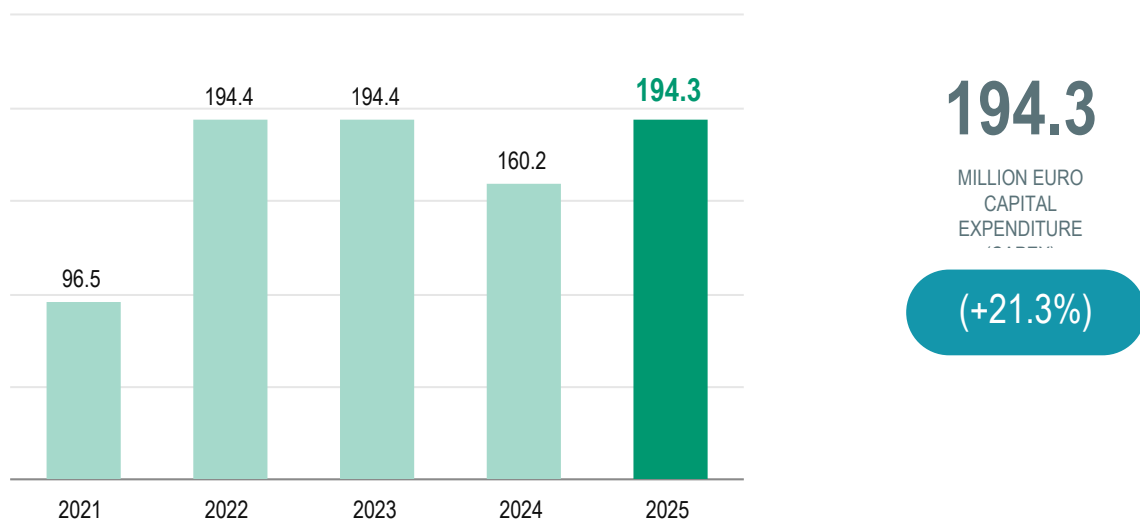
Capital expenditure (CAPEX) in the waste management area involved the maintenance and upgrading of waste treatment and recovery plants, and amounted to 194.3 million euro, up 34.1 million euro compared to the previous year.

Investments in the composting/digester business increased by 0.4 million euro compared to the previous year, mainly due to work carried out at the Valtana plant, while investments in landfill facilities decreased by 5.2 million euro compared to the previous year, mainly due to the more extensive work carried out at the Serravalle Pistoiese and Feronia Srl plants in the previous financial year.

In the Waste-to-Energy (WtE) segment, capex increased by 15.9 million euro, primarily as a result of work carried out by HestAmbiente Srl on line 4 of the Padua plant, while in the industrial waste plant segment, capex increased by 2.4 million euro, mainly due to the revamping of the F3 plant in Ravenna.

Investments in the recycling point and collection equipment segment increased by 11 million euro, while in the sorting and recovery plant segment, there was an overall increase of 22.2 million euro due to the work carried out to expand the Pozzilli wastewater treatment plant, in addition to the platforms of the companies Hea Spa and TRS Ecology Srl.

Capital grants totalled 14.5 million euro and related to the NRRP.

Capital expenditure (CAPEX) - waste management (mln/€)

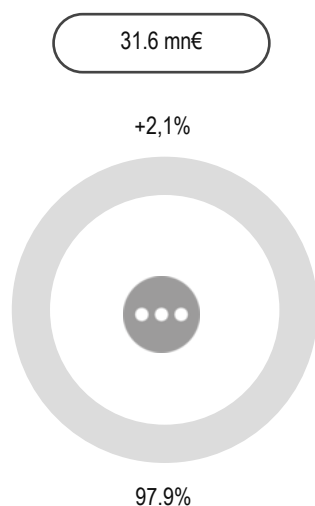
Details of operating investments in the waste management area are as follows:

WASTE (MLN/€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
Composters/digesters	6.1	5.7	0.4	7.0 %
Landfills	13.1	18.3	(5.2)	(28.4%)
WTE	53.3	37.4	15.9	42.5 %
RI installations	5.9	3.5	2.4	68.6 %
Collection areas and equipment	35.8	24.8	11.0	44.4 %
Transshipment, selecting and other plants	94.7	72.5	22.2	30.6 %
Total waste management gross	208.8	162.3	46.5	28.7 %
Capital grants	14.5	2.1	12.4	590.5 %
Total waste management net	194.3	160.2	34.1	21.3 %

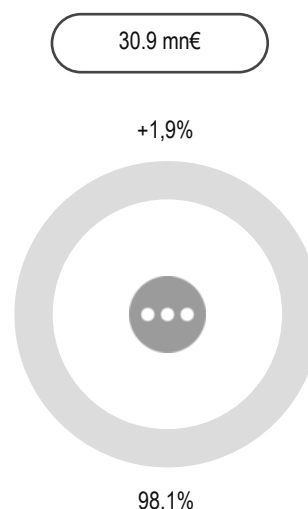
1.04.05 Other services

The other services area covers the minor businesses managed by the Group, including telecommunications, in which the Group offers, through its own digital company, connectivity for private customers and companies, telephone and data centre services, and cemetery services, the latter only found in the municipality of Trieste, with twelve cemeteries managed in total. In December 2025, results from the other services area stood at 31.6 million euro, up by 0.7 million euro compared to the same period of the previous year.

EBITDA other services 2025



EBITDA other services 2024



The changes occurred in terms of EBIT are as follows:

(MLN/€)	DEC-25	DEC-24*	CHANGE ABS.	CHANGE %
Area EBITDA	31.6	30.9	0.7	2.3 %
Group EBITDA	1,537.2	1,587.6	(50.4)	(3.2%)
Percentage weight	2.1 %	1.9 %	+0,2 p.p.	

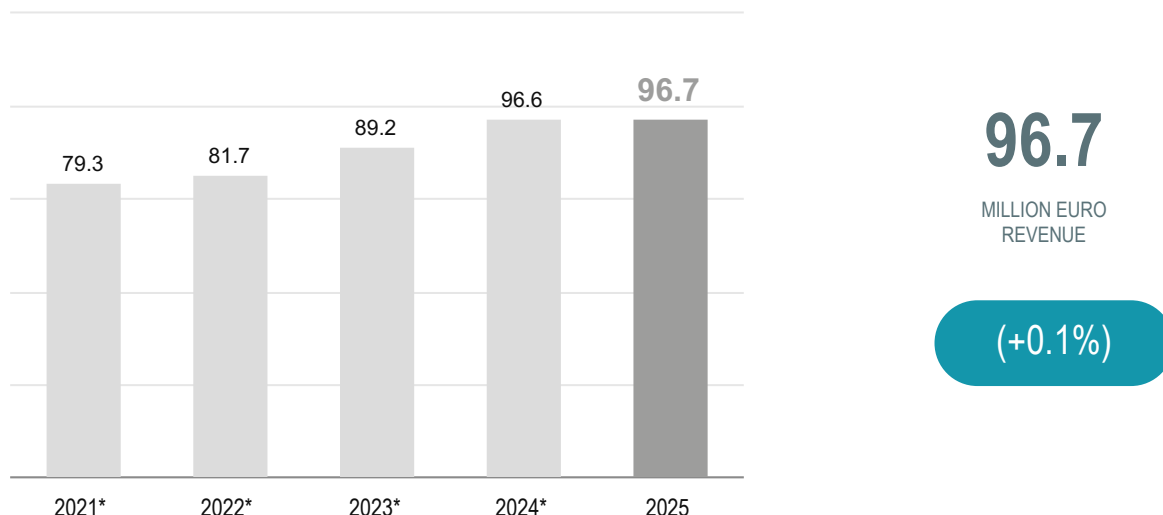
* The figures have been restated by reclassifying the circular economy segment from other services to waste.

Quantitative indicators in the other services area also include the more than 6,800 km of proprietary ultra-wideband fibre optic network that the Hera Group owns through its digital company, Herabit Spa. This network serves the main cities in Emilia-Romagna, as well as Padua and Trieste, and provides companies and individuals with high-performance connectivity, high reliability and maximum security for systems, data and service continuity.

The area's operating profit or losses are provided in the table below:

STATEMENT OF PROFIT OR LOSS (MLN/€)	DEC-25	% %	DEC-24*	% %	CHANGE ABS.	CHANGE %
Revenue	96.7		96.6		0.1	0.1 %
Operating expenses	(54.4)	(56.3%)	(55.1)	(57.0%)	(0.7)	(1.3%)
Personnel costs	(13.3)	(13.8%)	(13.4)	(13.9%)	(0.1)	(0.7%)
Capitalised costs	2.6	2.7 %	2.8	2.9 %	(0.2)	(7.0%)
EBITDA	31.6	32.6 %	30.9	32.0 %	0.7	2.3 %

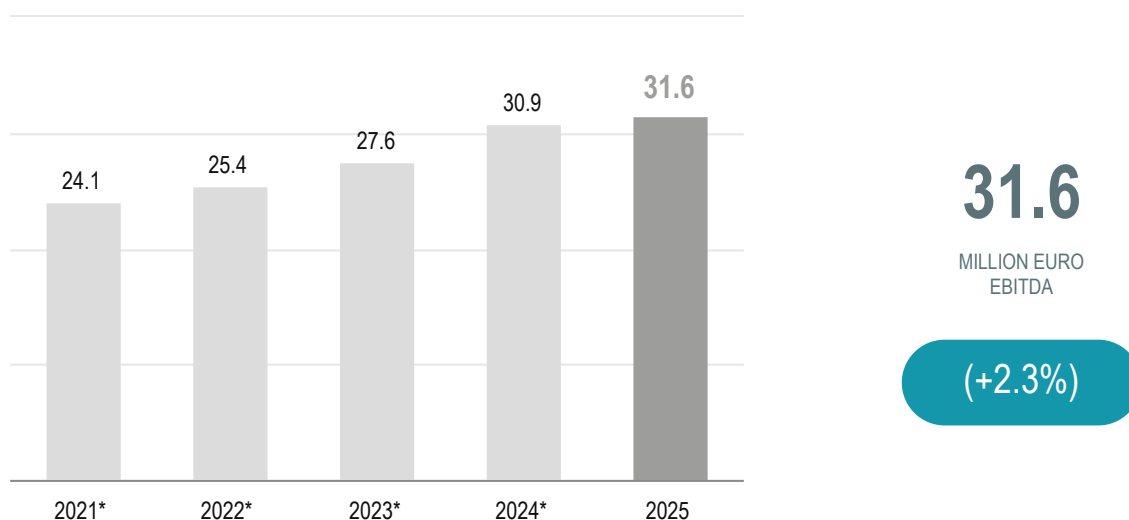
* The figures have been restated by reclassifying the circular economy segment from other services to waste.

Revenue (mln/€)

* The figures have been restated by reclassifying the Circular Economy segment from Other Services to Waste for the years 2021 to 2024, and by reclassifying the Public Lighting segment from Other Services to Electricity for the years 2021 to 2023.

In 2025, revenue amounted to 96.7 million euro, broadly in line with the previous year's levels. 96% of turnover comes from the Telecommunications business, which comprises telephony and connectivity services, the design and development of security systems, the marketing of Data Centre services, and other technology services offered to the market.

On the cost side, there was a slight decrease of 0.7 million euro, mainly related to the telecommunications sector, due to efficiencies achieved on operating expenses, in particular for consultancy and services purchased from other market operators.

EBITDA (mln/€)

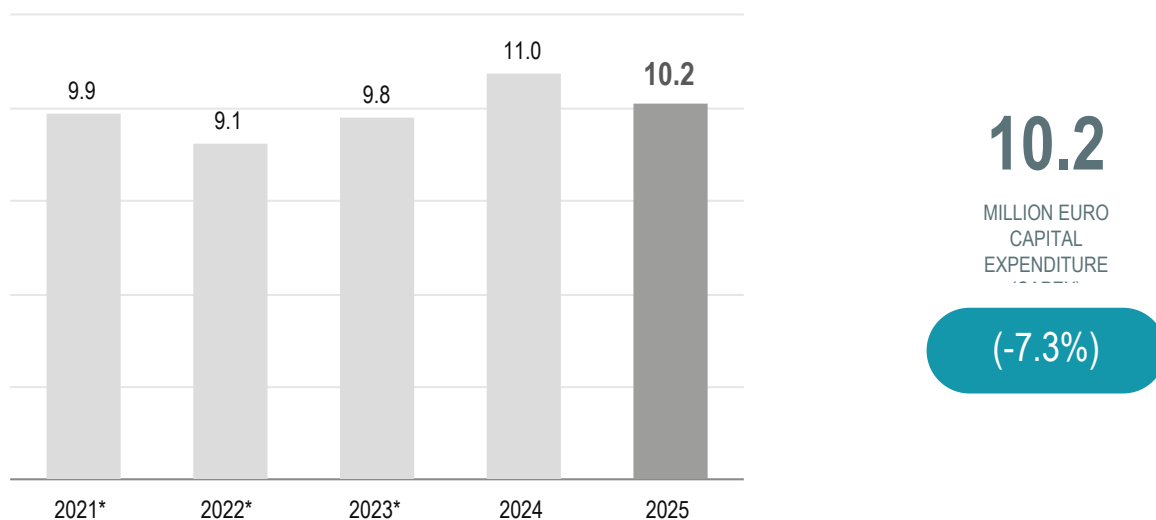
* The figures have been restated by reclassifying the Circular Economy segment from Other Services to Waste for the years 2021 to 2024, and by reclassifying the Public Lighting segment from Other Services to Electricity for the years 2021 to 2023.

Overall, the EBITDA of the Other Services business grew 2.3% by, amounting to 0.7 million euro, rising from 30.9 million euro in December 2024 to 31.6 million euro in 2025, driven primarily by the contribution of the Telecommunications business, mainly as a result of the efficiencies achieved, which made it possible to contain operating expenses and increase overall margins.

In December 2025, capital expenditure (CAPEX) in the other services area amounted to 10.2 million euro, down by 0.8 million euro year-on-year.

Investments were made in the telecommunications service for network and TLC services, aimed at the construction, development, installation, maintenance, management and supply of public and private telecommunications networks and TLC services as well as Internet Data Centres.

Capital expenditure (CAPEX) other services (mln/€)



* The figures have been restated by reclassifying the public lighting segment from 'Other services' to 'Electricity' for the years 2021 to 2023.

Details of operating investments in the other services area are as follows:

OTHER SERVICES (MLN/€)	DEC-25	DEC-24	CHANGE ABS.	CHANGE %
TLC	10.1	11.0	(0.9)	(8.2%)
Other	0.1	-	0.1	+0,0%
Total other services gross	10.2	11.0	(0.8)	(7.3%)
Capital grants	-	-	-	+0,0%
Total other services net	10.2	11.0	(0.8)	(7.3%)



1.05 SUSTAINABILITY STATEMENT

1.05.01 General disclosures

Strategy and business model

The Hera group

The Hera Group is one of the leading multi-utility companies in Italy. It provides energy services (gas and electricity distribution and sales, district heating, public lighting and energy efficiency services), water services (aqueduct, sewerage and purification) and environmental services (waste collection, recycling and treatment, environmental reclamation) to residents and businesses. Through the company Herabit, Hera also provides telecommunication services and, through the companies F.Ili Franchini and Wolmann, sells and installs photovoltaic panels.

Hera operates throughout the entire national territory, providing free-market services nationwide and regulated public services in 316 municipalities spread across five of the country's regions (Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche and Tuscany). Taking into account both regulated services and free-market services, approximately 7.5 million citizens – more than 10% of the Italian population – receive at least one service provided by the Hera Group. Furthermore, through AresGas, a subsidiary of AcegasApsAmga, provides methane gas and electricity distribution and sales services to about 29.6 thousand customers in Bulgaria. The Group is present in other European countries by way of the plastic recycling plants owned by subsidiary Aliplast.

The Group's main strengths are:

- A balance between free-market and regulated services;
- Its deep local roots and the integration of sustainability into its strategy and management;
- a diversified shareholder base, with approximately 22.5 thousand shareholders.

Services operated (2025)

	ENERGY SERVICES	INTEGRATED WATER SERVICES	WASTE MANAGEMENT SERVICES
Customers	Gas: 1.9 million Electricity: 2.5 million District heating: 13 thousand	Water: 1.5 million	
Municipalities served	Gas distribution: 225 Electricity distribution: 26 District heating: 14 Public lighting: 229	Aqueduct: 227 Sewerage and wastewater treatment: 228	Waste collection: 188
Residents served	3.3 million	3.6 million	3.2 million
Volumes	Gas sold: 12.5 billion cubic metres Electricity sold: 16.3 TWh	Water sold: 285.9 million cubic metres	Urban waste treated: 2.2 million tonnes Waste treated: 7.6 million tonnes

Residents and municipalities served in local areas (regulated services, 2025)

	ENERGY SERVICES	INTEGRATED WATER SERVICES	WASTE MANAGEMENT SERVICES	AT LEAST ONE SERVICE
Resident citizens served	3.3 million	3.6 million	3.2 million	4.2 million
% of the total	60 %	67 %	59 %	78 %
Municipalities served	231 municipalities	228 municipalities	188 municipalities	316 municipalities

Residents citizens served, percentage with respect to the total number of residents in the province and municipalities served (at 1 January 2025; source: ISTAT) in which Hera manages at least one energy service (gas, electricity or district heating distribution), water service (aqueduct, sewerage or purification) or waste management service (sorted waste collection, non-sorted waste collection and street sweeping).

Integrating sustainability in the Group's operations

Hera Spa adopts a business model that integrates sustainability and corporate social responsibility into its operations, in line with its purpose, mission and the values and operating principles contained in the Code of Ethics.

Hera's purpose, or why Hera exists:

The Company's business model aims at creating long-term value for its shareholders by creating a value that is shared with its stakeholders. For this purpose, the Company organises and carries out its business activities also in order to promote social equity and contribute to achieving carbon neutrality, the regeneration of resources and the resilience of the services system managed for the benefit of customers, the local ecosystem and future generations. (Hera for the Planet, People and Prosperity).

This purpose was introduced into the Articles of Association by the Shareholders Meeting of Hera Spa on 28 April 2021.

What Hera is called upon to achieve today and in the future, and how it intends to do it:

Hera aims at being the best multi-utility in Italy for its customers, workforce and shareholders.

It intends to achieve this by further developing an original corporate model capable of innovating and forging strong links with the areas served, while respecting the local environment.

- For Hera, being the best is a source of pride and trust for:
- customers, who receive quality services that meet their expectations, thanks to Hera's constant responsiveness;
- employees, because the women and men who work for the company, with their skills, engagement and passion, are the foundation of its success;
- shareholders, confident that the economic value of the company will continue to be generated, in full respect of the principles of social responsibility;
- the local areas served, because economic, social and environmental wealth represents the promise of a sustainable future;

Hera assumes as its own ethical values: integrity, transparency, personal responsibility and consistency.

Hera takes as its operating principles: Sustainability and shared value, service quality and excellence, efficiency, innovation and continuous improvement, involvement and valorisation: sharing knowledge to improve and willingness to choose.

The Company's mission, values and operational principles have been drawn up with the involvement of all Hera Group employees and approved by the Board of Directors of Hera Spa. They can be found, set out in full, on the Group's website, on the company's intranet and in its Code of Ethics, adopted since 2007, which is subject to update every three years with the employees' involvement.

The Code of Ethics sets out the commitments and responsibilities that everyone working at Hera undertakes in carrying out all company activities. Its purpose is to guide individual behaviour and corporate management towards the company's purpose and mission, in alignment with ethical values and operating principles. Hera places such importance on the Code of Ethics because it recognizes the benefits it brings in three key areas: increased internal cohesion and consistency in individual behavior, which in turn lead to greater organizational efficiency and a positive corporate reputation among its stakeholders.

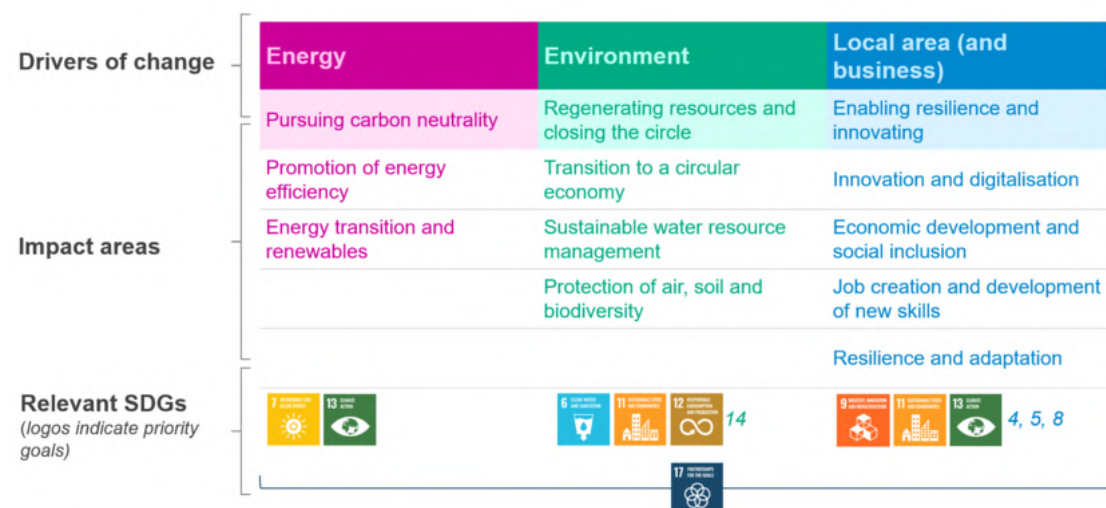
The seventh version of the Code of Ethics was approved by the Board of Directors in February 2026. As in the past, for the sixth update, it was decided to engage Hera's workforce through a questionnaire sent to the entire company population and a workshop attended by a group of ambassadors who have contributed to the updating process over the years. Trade unions were also consulted.

In terms of the main changes to the text, twenty articles have been amended and six new articles have been added. In this update, greater emphasis has been placed on issues such as the digital transition and artificial intelligence, the social role of the company, the importance of dialogue and trust between Hera and local communities, Hera's environmental responsibility in terms of its commitment to Net Zero emissions, the circular economy and resource regeneration, and the resilience of the services it manages. Furthermore, with regard to Hera's people, the value of intergenerational dialogue was affirmed, along with the importance of the link between well-being, professional and personal development, and productivity. Lastly, it was deemed necessary to emphasise the role of everyone in implementing and disseminating the Code.

For a description of the strategy, business model and value chain, see the Directors' report.

With reference to the Hera Group's approach to shared value, the following figure shows the areas of shared value creation (drivers and impact areas) and the UN 2030 Agenda goals of interest to Hera.

The areas of shared value creation for Hera (CSV framework): Drivers of change, impact areas, and UN 2030 Agenda goals of interest to Hera



THE MISSION

ESRS 2 SBM-1

THE
COMPANY'S
VALUES,
OPERATING
PRINCIPLES
AND CODE OF
ETHICS
BUSINESS
OPERATING
PRINCIPLES
OPERATING
PRINCIPLES
AND THE CODE
OF ETHICS

ESRS 2 SBM-1

SUSTAINABILITY
INTEGRATED
INTO THE
STRATEGY

ESRS 2 SBM-1

The seven priority SDGs for Hera Group are goals that are more directly related to business activities and on which the Group has a direct impact: goal 6, clean water and sanitation; goal 7, clean and affordable energy; goal 9, business, innovation and infrastructure; goal 11, sustainable cities and communities; goal 12, responsible consumption and production; goal 13, combating climate change; and goal 17, partnership for the goals. This latter is one of the priorities, because partnerships are indispensable for achieving the entire set of important sustainability goals.

The other four SDGs important to the Hera Group are goals on which the Company has an indirect impact through internal processes (e.g., human resource management) or business activities (e.g., protection of vulnerable users): goal 4, quality education; goal 5, gender balance; goal 8, decent work and economic growth; and goal 14, life under water.

Management systems are based on a series of requirements to improve the management of business processes in order to increase the quality of the service offered to the end customer, environmental, energy and sustainability performance, as well as to protect the health and safety of one's own people and of suppliers and partners in the performance of work activities. The high diffusion of certified management systems in Group companies is described below.

Certified management systems at Group companies (2025)

MANAGEMENT SYSTEM	NUMBER OF COMPANIES	% WORKERS
ISO 9001– Quality	29	99 %
ISO 14001 – Environment	27	88 %
ISO 45001- Health and safety	25	87 %
ISO 50001 – Energy	12	68 %
UNI/PDR 125:2022– Gender balance	11	76 %

Excluding the sales companies (Hera Comm and subsidiaries, Hera Trading) from the calculation of the percentage of workers with environmental certification (ISO 14001), the value totals 98.8%. The percentage of energy consumed in Group companies with ISO 50001 energy certification is 95.8% of the total, essentially stable compared to 2024.

In addition to the certified management systems described above, Group companies hold the following certifications:

- SA 8000 (social accountability): AcegasApsAmga Spa, Hera Luce Srl, Hera Servizi Energia Spa, Marche Multiservizi Spa;
- ISO 22301 (Business Continuity Management Systems): Hera Spa (water supply), AcegasApsAmga Spa;
- ISO 37001 (anti-bribery management systems): Hera Spa, Marche Multiservizi Spa, ACR Reggiani Spa;
- Uni 11352 (energy service companies - ESCO): Hera Spa, Hera Servizi Energia Spa, Hera Luce Srl, Marche Multiservizi Spa;
- ISO 17025 (testing and calibration laboratories): Heratech Srl, Herambiente Servizi Industriali Srl, Marche Multiservizi Spa, Recycla Spa;
- ISO 27001, ISO 27017 and ISO 27018 (a set of standards that encompass information security and cloud privacy systems), ANSI/TIA-942 Rated 3 (an international standard that assesses the configuration and maintenance of key aspects of data centres), ISO/IEC TS 22237 Class 3 (certification of best practices and criteria to ensure the energy efficiency, reliability, security and sustainability of data centres): Herabit Spa, which is qualified by the ACN (Italy's National Cybersecurity Agency) to provide cloud services for public administration bodies;
- ISO 27701 (privacy information management system): AresGas EAD, Herabit Spa;
- AFNOR (circular economy project management system): Hera Spa, Acegas-Aps-Amga Spa;
- ISO 22000 (food safety management system), ISO 28000 (supply chain safety management system), RecyClass (packaging recyclability and recycled content of LDPE film and PET sheet): Aliplast Spa;
- CPR (Certification of construction materials - aggregates): Herambiente Servizi Industriali Srl;
- UNI PdR 88:2020 (Certification of recycled and/or recovered and/or by-product content in aggregates): Herambiente Servizi Industriali Srl;
- F-GAS (Companies authorised to operate with fluorinated greenhouse gases): Hera Servizi Energia Spa;
- Mass Balance (private regulation owned by MATREC for the creation of a management system for the application of mass balances): Hera Servizi Energia Spa, Hera Luce Srl;
- certiClaim Sustainability Programme (certifies the admissibility, truthfulness, compliance, ethics and sustainability of an organisation's claims): Hera Servizi Energia Spa;
- Biomethane: (based on the National sustainability certification for biofuel and bioliquids): Herambiente Spa, Biorg Srl;

- Biofuels (based on the National sustainability certification for biofuel and bioliquids): Hera Spa, AcegasApsAmga Spa and Marche MultiServizi Spa;
- UNI PdR 74:2019 Bim (Building information modelling; a methodology for managing works projects): Heratech Srl.

In 2025, the Hera Group companies maintained or renewed the validity of all existing ISO 9001, ISO 14001, ISO 45001, ISO 50001, SA 8000 and UNI/PdR 125 certificates; AcegasApsAmga and Hera Spa (for water supply management only) obtained ISO 22301 certification for business continuity.

In 2025, the certification body conducted its own audit activities on the various certification schemes, for a total of approximately 550 days/auditor included, highlighting substantial compliance with the requirements of the reference standards and proposing cues for improvement that enable it to constantly evolve and improve its management systems.

By the end of 2025, a total of 38 sites will be EMAS-registered, these include all major waste treatment plants of the Group.

To date, all of the Herambiente Group's active sites are ISO 14001 certified; it follows that 100% of the waste treated by the Group was treated at plants with ISO 14001 certification

The Hera Group has signed the following declarations of commitment in terms of sustainability:

- Charter for equal opportunities and equality at work (promoted by the ministry of labour and Ministry of equal opportunities, Sodalitas Foundation, Impronta Etica, Aidaf, Aidda and Ucid) (2009);
- Value D Manifesto for female employment (2017);
- Women's Empowerment Principles (WEPs) by UN Global Compact and UN Women (2017);
- Ellen MacArthur Foundation New Plastics Economy Global Commitment (2018);
- Utilitalia's pact for inclusion in the company (2019);
- UN CEO Water Mandate (2019);
- WBCDS Human Rights CEO Guide (2021);
- Manifesto "Together to Fight Energy Poverty" promoted by the Energy Bank (2021);
- Manifesto "Business for People and Society" promoted by UN Global Compact Network Italy (2023).

PUBLIC
STATEMENTS
OF
COMMITMENT

The Hera Group adheres to the UN Global Compact sustainability promotion programme of international relevance and is a founding member of the Global Compact Network Italia Foundation.

Governance

The main governance bodies of Hera are the Board of Directors, the Executive Committee, the Board of Statutory Auditors, the Executive Committee, the Remuneration Committee, the Control and Risk Committee, the Ethics and Sustainability Committee.

The Board of Directors is the body that holds the broadest powers for the ordinary and extraordinary management of the Company, without limitation, with the power to perform all acts deemed necessary or appropriate for the achievement of the corporate purposes, excluding only those that, by law or by the Articles of Association, are reserved to the competence of the Shareholders Meeting.

The administrative body also defines the most functional corporate governance system for conducting business and the pursuit of its strategies and promotes, in the most appropriate forms, dialogue with shareholders and other stakeholders relevant to the Company.

In addition, the Board of Directors has the task of guiding the Company by establishing its strategies, also for the reference Group, consistent with the pursuit of sustainable success and monitoring their implementation.

The Shareholders Meeting of 27 April 2023 appointed a Board of Directors consisting of 15 members to serve for three financial years, i.e. until the approval of the financial statements for FY 2025.

Of the current 15 members, 13 (or approximately 87%) are non-executive directors: 11 (73% of all members) are independent directors and two are non-independent directors.

Only the Executive Chairman and the CEO have an executive role. Among the current 15 directors, three are between 30 and 50 years of age, six are between 51 and 60 years of age and six are over 60 years of age, expressing a total average age of about 60 years.

Hera adopts diversity criteria, including gender criteria, in the composition of the administrative body, ensuring that members have the necessary skills and professionalism. In fact, among the current 15 directors, six belong to the least represented gender (women), in accordance with current legislation. As of 2020, in fact, the presence of the least represented gender on the Board of Directors is increased to at least 40% (from the previous 33%), so there are six women and nine men.

It must be noted that the Hera Board of Directors does not provide for the presence of a representative of the Company's employees.

BOARD OF
DIRECTORS

ESRS 2 GOV-1
ESRS 2 GOV-2

The Board of Directors, supported by the preliminary activities of the Control and Risk Committee and the Risk Committee, is responsible for approving the guidelines for identifying, measuring, managing and monitoring the risks to which the Group is exposed, through the approval of the Group risk management policy and subsequent amendments.

Pursuant to the Regulation on the functioning of the Board of Directors, the Company's Internal Committees (the majority of which are composed of members of the Board of Directors), when carrying out investigative activities on behalf of the Board of Directors, may avail themselves of external consultants and have adequate financial resources to fulfil their tasks, including activities in the area of sustainability.

The members of the Board of Directors have proven expertise in the sector, in financial, economic, legal and sustainability, social and environmental issues, as well as information and communication technology.

In fact, the 15 members of the Board of Directors include: 11 members who are experts in the sector in which the company operates, seven members with proven expertise in sustainability, six members with expertise in risk management and nine members with expertise in finance.

This combination of experience, skills and cultural background of the members of the Board of Directors guarantees the company significant contributions in the context of the various decision-making processes, also with regard to sustainability. In particular, the consolidated background of the Board members includes the following expertise in sustainability matters:

- strategic and specialised consulting in infrastructure and technology with a view to environmental, social and economic-financial sustainability and with a strong orientation towards Esg principles for corporate social growth;
- teaching activities in the fields of civil and environmental, industrial and spatial engineering, sustainable development and climate change;
- experience in various research projects and publications in the field of sustainability;
- experience in technical-scientific committees for the assessment of environmental impacts and marine protection, as well as scientific publications in waste management (environmental protection, marine pollution and ecosystem defence);
- teaching activities in the field of strategic analysis, Esg and financial assessments, business ethics and corporate social responsibility, sustainability strategy, as well as research experience on sustainability and value
- teaching activities in the field of economics and management of innovation and sustainability, as well as environmental economics.

With regard to the experience of the members of the Board of Directors relating to the businesses and local areas served by the Group, specific in-depth sessions and visits to Hera Group plants were organised in FY 2025 in order to ensure that the Board of Directors (as well as the Board of Statutory Auditors) acquired an adequate knowledge of sustainability topics.

The in-depth sessions are listed below:

- On 25 June 2025: an in-depth session on the company Marche Multiservizi Spa, highlighting, among other things, areas of focus in the field of sustainability;
- On 25 September 2025, an in-depth session on tariff regulation mechanisms, the objectives of which also include financial sustainability in relation to gas distribution, electricity distribution and the water cycle;
- On 15 October 2025, an in-depth session on the commercial situation in the energy sector (the transitional protection scheme and market changes), providing details on the evolution of the business model, including from a sustainability perspective;
- On 17 December 2025: an in-depth session on the progress of the Hera Group's main projects, including those financed with funds from the national recovery and resilience Plan.

These issues were also discussed at a number of Board meetings.

In particular:

- At its meeting on 22 January 2025, the Board of Directors resolved to appoint the Officer Responsible for Attesting the Compliance of the Sustainability Statement, granting this officer the appropriate resources and powers to perform the functions and issue the attestation required by the applicable legislation, and in particular by Article 154-bis, paragraph 5-ter of the Consolidated Law on Finance, with regard to the Sustainability Statement for FY 2024;
- At its meeting on 26 March 2025, the Board of Directors resolved to approve the draft financial statements at 31 December 2024, including the 2024 Sustainability Statement, and took note of the report of the Officer in Charge of Attesting the Compliance of the Sustainability Statement for the year 2024;
- At its meeting on 14 May 2025, the Board of Directors resolved to appoint the Officer in Charge of Sustainability Reporting in accordance with the provisions of Article 154-bis, paragraph 5-ter, of the Consolidated Law on finance and article 29 of the articles of association, as amended by the Extraordinary Shareholders' Meeting of Hera S.p.A. held on 30 April 2025;

- At its meeting on 25 June 2025, the Board of Directors resolved to adopt the text of the Code of Conduct – Sustainability Pact with Suppliers (which sets out in detail the ethical and sustainability standards to be observed throughout the supply chain);
- At its meeting on 30 July 2025, the Board of Directors was updated on the progress of the Hera Group's projects that have received funding under the national recovery and resilience Plan;
- At its meeting on 15 October 2025, the Board of Directors was informed of the signing of the Hera Group's New procurement protocol, a virtuous example of a procurement agreement in terms of protection, quality, sustainability, digitalisation, participation and safety.
- At its meeting on 17 December 2025, the Board of Directors resolved to approve the update to the Euro Medium-Term Notes Programme, which provides for the possibility of also issuing Green Bonds and Sustainability-Linked Bonds in accordance with the principles of the International Capital Market Association, and Blue Bonds in accordance with the principles of the International Finance Corporation, as set out in the new, updated Green financing framework, as well as the possibility of issuing EU Green Bonds.

In addition, further training and skills development sessions will be scheduled for the coming year, aimed at ensuring continuous updating in relation to the monitoring and management of Hera's material impacts, risks and opportunities.

Lastly, with regard to sustainability governance, note that:

- the Central Strategy, Regulation and Risk Management Department, on the staff of the Executive Chairman (also Chairman of the Board of Directors), is responsible, among other things, for establishing the Group's strategic guidelines, also translating them into economic and investment objectives, guaranteeing the overall integration of the main initiatives with the Group's strategic references, including those relating to the commitments made in the Hera Group's Climate transition plan. The Executive Chairman also chairs the Executive Committee;
- the Shared Value and Sustainability Department, on the staff of the Chief Executive Officer, is responsible for proposing and establishing, at Group level, corporate guidelines relating to corporate social responsibility and the creation of shared value, as well as policies on reporting and accountability on shared value and sustainability, liaising with all corporate stakeholders involved in these issues. It is also responsible for coordinating the process of defining the balanced scorecards linked to the incentive scheme, which, since 2006, has stipulated that part of the incentive is also linked to the achievement of sustainability targets. Furthermore, the head of the Department is also a member of the Group's Ethics and Sustainability Committee.

The Board of Statutory Auditors is the body that supervises proper administration, assessing the adequacy of the organisational, administrative and accounting structure adopted by the directors and whose composition is regulated by Art. 26 of the Articles of Association.

Hera's Board of Statutory Auditors consists of five members, three regular and two alternates, who meet the requirements of honourableness and professionalism laid down by the regulations.

The members of the Board of Statutory Auditors have an average age of approximately 55: all members are between 50 and 60 years of age.

The Board of Statutory Auditors was appointed at the Shareholders Meeting held on 27 April 2023, following the presentation of three lists, one by the majority and two by the minority, which also ensured that the composition of the body complied with the regulatory provisions on gender balance (three members belonging to the least represented gender out of a total of five members), and therefore with 60% reserved for women.

The Board of Statutory Auditors thus appointed will remain in office for three financial years, i.e. until the approval of the Financial Statements for the year 2025.

The skills/knowledge of the members of the Board of Statutory Auditors include in particular:

- management processes and corporate organisation, corporate governance and internal audit;
- internal control systems and risk management methodologies;
- statutory audit discipline;
- technical expertise in the legal field as well as in administrative, accounting and tax matters;
- expertise in sustainability as well as in finance and the functioning of financial markets;
- expertise in remuneration policies;
- industry knowledge of investment and equity management activities.

With regard to the experience, relative to the businesses and local areas served covered by the Group, of the standing members of the Board of Statutory Auditors, the following is reported.

In FY 2025, all the standing members of the Board of Statutory Auditors participated in the aforementioned in-depth session on 17 December 2025 regarding the progress of the Hera Group's main projects, which are also financed with NRRP funds, while the majority of the standing statutory auditors took part in the visits to the Hera Group's plants, which were organised to ensure that the Board of Directors and the Board of Statutory Auditors acquired an adequate understanding of sustainability-related issues; these issues were analysed at several meetings of the Board of Directors, in which the standing members of the Board of Statutory Auditors participated, as reported in the section on the Board of Directors.

BOARD OF
STATUTORY
AUDITORS

ESRS 2 GOV-1
ESRS 2 GOV-2

The Board of Statutory Auditors, as part of its self-assessment activities, has expressed its positive opinion with reference, in particular, to the functioning, composition and characteristics of its members in relation to the requirements of eligibility, independence, honourableness and professionalism established by current legislation, also in relation to the subjects and sectors of activity connected or inherent to the companies' business, thus guaranteeing the independence and professionalism of its function in compliance with principle VIII of the Corporate Governance Code.

As far as sustainability issues are concerned, the Board of Statutory Auditors verifies that the Sustainability Statement is drawn up and published in accordance with the relevant regulatory provisions, as well as the adequacy of the organisational, administrative, reporting and control system adopted, in order to allow for a correct and complete representation of the activities performed, the results and impacts relating to non-financial issues.

EXECUTIVE
COMMITTEE

Article 23.3 of the Articles of Association stipulates that the Board of Directors may appoint an Executive Committee and establish its composition and powers.

This body has the task of expressing a prior opinion, with respect to the presentation to the Board of Directors, on particularly relevant issues, including in the area of sustainability:

- annual establishment of the Group's business plan;
- calculation of the budget;
- Preparation of the draft financial statements, including the sustainability statement;
- proposals for the appointment of managers responsible for each functional area.

In addition, the Executive Committee is vested with the following powers:

- passing resolutions on contracts and agreements inherent to the corporate purpose with a value in excess of euro two million per individual contract;
- to deliberate on the calling of tenders and/or the stipulation, modification or termination of contracts for investments of an amount exceeding euro 20 million for each individual operation for works, services and supplies necessary for the transformation and maintenance of buildings and plants and of an amount exceeding 10 million euro for each individual transaction for purchases and sales of furnishings, equipment, machinery and movable property.

The Committee also has a decision-making role on matters with economic-financial implications that are larger than the limits set for the Executive Chairman and the Chief Executive Officer, but which are not strategically significant when compared to the Group's economic-financial magnitude.

The Executive Committee consists of four members: Chairman, Vice Chairman and two other members, one of whom is the CEO and the other a director.

The members of the Executive Committee have an average age of about 59 years: three members are between 50 and 60 years old and one member is between 61 and 70 years old.

With regard to the composition of the Executive Committee, women currently make up 25% of its members.

The members of the Executive Committee have proven professional experience in the sector, in financial, economic and legal matters and in the field of sustainability, social and environmental issues.

In fact, among the four members of the Executive Committee, there are: three members who are experts in the sector in which the Company operates, two members with proven expertise in sustainability, two members who are experts in risk management and two experts in finance.

This mix of experience, skills and cultural background of the members of the Executive Committee ensures that the Company receives significant contributions in the context of the various decision-making processes, including with regard to sustainability. In particular, the consolidated background of the members includes the following expertise in sustainability matters:

- strategic and specialised consulting in infrastructure and technology with a view to environmental, social and economic-financial sustainability and with a strong orientation towards Esg principles for corporate social growth;
- experience in technical-scientific committees for the assessment of environmental impacts and marine protection, as well as scientific publications in waste management (environmental protection, marine pollution and ecosystem defence).

With regard to the experience of the members of the Executive Committee, all of whom are also members of the Board of Directors, in relation to the businesses and regions overseen by the Group, the following information is provided. The majority of the members of the Executive Committee participated, in FY 2025, in specific in-depth sessions and visits to Hera Group plants organised in order to ensure that the Board of Directors, as well as the Board of Statutory Auditors, acquired adequate knowledge of sustainability topics; these topics were analysed during several meetings of the Board of Directors, in which the members of the Executive Committee participated as advisors to the administrative body.

In accordance with the Regulations on the Functioning of the Board of Directors, the Company's internal committees, including the Executive Committee, may, in carrying out investigative activities on behalf of the Board of Directors, make use of external consultants and have adequate financial resources available to them for the fulfilment of their tasks (including activities in the field of sustainability).

The Remuneration Committee is responsible for making proposals to the Board of Directors regarding the remuneration of the Executive Chairman, the Deputy Chairman and the Chief Executive Officer, as well as, on the basis of information provided by the Executive Chairman, for the adoption of general criteria for the remuneration of executives. In addition, the Committee periodically reviews the appropriateness, overall consistency and practical application of the general policy adopted for the remuneration of executive directors.

In the performance of its duties, the Remuneration Committee has access to the information and corporate functions necessary to perform its duties, including work in the field of sustainability, availing itself of an independent external consultant, if deemed necessary.

At the express invitation of the Committee's Chairman, the Chairman of the Board of Directors and the Chief Executive Officer, among others, may take part in the Committee's work.

The Remuneration Committee is chaired by the Deputy Chairman and three other non-executive and independent directors.

The members of the Remuneration Committee have an average age of about 58: two members are between 50 and 60 and two members are over 61.

With reference to the composition of the Remuneration Committee, women currently make up 50% of its members.

The members of the Remuneration Committee have proven professional experience in the sector, in financial, economic and legal matters and in the field of sustainability, social and environmental issues, as well as information and communication technology. In fact, among the four members of the Remuneration Committee, there are: two members who are experts in the sector in which the Company operates, one member with proven expertise in sustainability and information and communication technology, two members who are experts in risk management and four experts in finance.

This mix of experience, skills and cultural background of the members of the Remuneration Committee ensures that the Company receives significant contributions in the context of the various decision-making processes, including with regard to sustainability.

With regard to the experience of the members of the Remuneration Committee, all of whom are also members of the Board of Directors, in relation to the businesses and regions overseen by the Group, the following information is provided. Some members of the Remuneration Committee participated, in FY 2025, in specific in-depth sessions, while only one member of the Committee took part in the visits to Hera Group facilities organised in order to ensure the acquisition of adequate knowledge of sustainability issues; these issues were analysed at several meetings of the Board of Directors, in which the members of the Remuneration Committee participated as Directors of the Board.

In addition to assisting the Board of Directors on remuneration matters by performing investigative, advisory, proposal-making and monitoring functions, the Committee is also responsible, among other things, for drawing up the remuneration policy, which is formulated taking into account practices common in the relevant sectors and for companies of a similar size, and which is geared towards achieving Hera's sustainable success. In addition, the Committee submits proposals or provides opinions on the remuneration of executive directors and directors holding special offices, and also sets performance targets related to the variable component of their remuneration, including those linked to sustainability issues.

In compliance with Recommendations 33 and 35 of the Corporate Governance Code, the Control and Risk Committee is the Board body established to support the Board of Directors' decisions and assessments on the internal control and risk management system, including those related to climate change and sustainability, with adequate preliminary activities.

In particular, the Committee examines the content of periodic financial and non-financial information and assesses its suitability to correctly represent the business model, Hera's strategies, the impact of its activities and the performance pursued.

The Committee has access to the information and corporate functions necessary to perform its tasks (including sustainability activities), can dispose of financial resources and can avail itself - at the Company's expense - of external consultants, within the limits of the autonomous expenditure budget approved by the Board of Directors.

In accordance with Recommendation 35 of the Corporate Governance Code, the Control and Risk Committee is chaired by an independent director, who has adequate knowledge and experience in accounting and finance or risk management, and composed of only non-executive directors, the majority of whom are independent.

The Committee for Transactions with Related Parties, whose composition coincides with the Control and Risk Committee, has the task of ensuring, by issuing a specific opinion, the substantial correctness of transactions with related parties.

The Control and Risk Committee consists of four members, three of whom are independent and non-executive and one non-independent and non-executive member.

As far as the composition of the Control and Risk Committee is concerned, women currently make up 25% of the Committee members.

The members of the Control and Risk Committee have an average age of about 50: two members are between 40 and 50 years old and two members are aged between 51 and 60.

The members of the Control and Risk Committee have proven professional experience in the sector, in financial, economic and legal matters and in the field of sustainability, social and environmental issues.

In fact, the four members of the Control and Risk Committee include: an expert in the sector in which the Company operates, two members with proven expertise in sustainability, two members who are experts in risk management and three experts in finance.

This mix of experience, skills and cultural background of the members of the Control and Risk Committee guarantees that the Company will benefit from significant contributions in the context of the various decision-making processes, including with regard to sustainability.

In particular, the following sustainability-related skills are included in the consolidated background: teaching activities in the field of economics and management of innovation and sustainability, as well as environmental economics.

With regard to the experience of the members of the Control and Risk Committee, all of whom are also members of the Board of Directors, in relation to the businesses and regions overseen by the Group, the following information is provided. In 2025, the majority of the members of the Control and Risk Committee participated in specific in-depth sessions, while only one Committee member took part in the visits to Hera Group facilities organised to ensure that the Board of Directors, as well as the Board of Statutory Auditors, acquired adequate knowledge of sustainability issues; these issues were analysed during several meetings of the Board of Directors, in which the members of the Control and Risk Committee participated in their capacity as Directors of the Board.

As defined in the Code of Ethics, all powers concerning the promotion of the dissemination and implementation of the Code of Ethics are reserved to the Board of Directors, which appoints a special Committee with the task of:

- receive reports of possible behaviour that does not comply with the Code of Ethics and decide whether or not to open an investigation; based on the outcome of the investigation, the Committee may issue a declaration of violation or non-violation of the Code of Ethics;
- monitors the implementation of sustainability policies;
- draw up, at the request of the Board of Directors, an opinion on specific sustainability issues,
- examines company procedures on social and environmental issues;
- previously assesses the Sustainability Statement to be submitted to the Board of Directors.

The Ethics and Sustainability Committee draws up and submits a summary report on its activities to the Board of Directors every six months.

With regard to sustainability expertise, the Committee includes an external member who is an expert in the field of social responsibility and sustainability, as stipulated in the Code of Ethics. The current independent directors are industry experts with expertise in risk management, finance, information and communication technology, and Esg. In addition, after the appointment of a new Committee, an induction session dedicated to the topics of sustainability and shared value is envisaged. On the basis of the needs that emerge during the meetings, the Committee invites expert and competent managements on the topics examined.

The Ethics and Sustainability Committee is made up of four members: two independent, non-executive directors, the Director of Shared Value and Sustainability, and an external member with expertise in social responsibility and sustainability. Fifty per cent of the committee members are women and their average age is 52: two members are between 40 and 50 and two are over 50.

In 2025, the Ethics and Sustainability Committee received six reports: three from employees, two from customers, and one from a supplier. The issues reported by employees related to the following articles of the Code of Ethics: 6 – Responsibility for disseminating and implementing the Code, 12 – Valuing diversity and commitment to inclusion, 26 – Protection of individuals and relationships between colleagues, 32 – Listening, dialogue and engagement, 33 – Protection of health and safety, 50 – Working conditions, health and safety of suppliers' workers, and 57 – Environmental initiatives. The issues reported by customers, on the other hand, related to the following articles: 12 – Valuing diversity and commitment to inclusion, 19 – Attention to customer needs, 21 – Quality, continuity and safety of service, and 23 – Fairness in contracts and business relations. The issue reported by the supplier related to Articles 53 – Selection criteria and tenders and 54 – Fairness in the management of contracts.

With regard to the report submitted by an employee, the Committee found conduct that did not comply with the Code of Ethics, amounting to harassment and classified by the reporting party as not serious, committed by a male employee of Herambiente's client companies' suppliers toward a female Herambiente employee. This incident occurred at a Hera Group site. In relation to this report, the Committee acknowledged the corrective measures promptly implemented to protect the employee and recommended that Herambiente's client company initiate actions to promote the Code of Ethics. With regard to another report from an employee, the Committee found that an employee had engaged in conduct that did not comply with the Code of Ethics towards a colleague. In this case, the Committee took note of the measures taken by the Central Personnel and Organisation Department and of the remedial actions taken by the employee in question. With the exception of these incidents, the Committee did not identify any cases of conduct that did not comply with the Code of Ethics, including those relating to the areas covered by the Standard & Poor's Corporate Sustainability Assessment questionnaire: corruption, discrimination, customer privacy data, conflicts of interest, money laundering and insider trading. For all other reports, the Committee conducted investigations and did not identify any conduct that did not comply with the Code of Ethics. In response to a report from a client, the Committee initiated actions to improve the activities and processes of the unit concerned. In the case of an anonymous report received from employees concerning environmental and health and safety issues, the Committee informed the Supervisory Board.

It is specified that reports are handled by protecting the confidentiality of the identity of the whistleblower, who must be informed that information and testimonies given may, with consent, not remain confidential for the purposes of carrying out investigations.

With regard to sustainability activities, in accordance with the agreed work plan, during 2025 the Committee:

- Reviewed the Sustainability Statement in advance of its submission to the Board of Directors, including the results of the double materiality assessment;
- Supervised the work on the three-yearly update of the Code of Ethics and Sustainability – 7th edition.

Furthermore, it shared and deepened

- the Code of Conduct – Sustainability Pact with Suppliers;
- Thematic sustainability reports: In Good Waters, Tracking Waste, Creating Shared Value;
- the 2025 Green financing framework;
- sustainability training activities, including those related to the Code of Ethics;
- The functions of Sustainability Committees in other Italian and foreign companies.

During the first sessions in 2026, the Committee shared the repercussions on reporting of the double materiality assessment and the main contents of this Sustainability Statement.

Finally, again in 2025, the annual meeting with the Supervisory Board was held to discuss common issues for effective and mutual cooperation.

Hera adopts an organisational structure that appropriately and conscientiously manages the exposure and risk appetite arising from its business, defining an integrated approach aimed at ensuring the effectiveness, profitability and sustainability of management throughout the entire value chain.

Top management plays a fundamental role in this process and is called upon to express the medium- long-term vision of the desired risk profile for the Group defining the risk areas within which the Group intends to move.

The Group's risk appetite is managed through three fundamental pillars which are:

- the establishment of a Governance system that through the definition of roles and responsibilities approves risk limits and the risk management policy;
- the development of a method to measure risk exposure in relation to which risk limits are set;
- the implementation of a risk monitoring and management process and remediation actions in the event of overrun.

The Hera Group's organisational structure is geared towards ensuring efficiency and profitability along the entire value chain, while maintaining careful control over the risks arising from its activities. The governance system adopted makes it possible to consistently direct and monitor strategies, ensuring that risk management is always aligned with corporate objectives.

In this context, the Risk Committee, a management body, plays a central role by, among other things, overseeing risk management policies and monitoring their implementation. Alongside this, the Control and Risk Committee is responsible for supervising the internal control system, operational effectiveness and regulatory compliance.

The Hera Group pursues its business objectives by maintaining a low risk profile, consistent with its prudent approach to risk, which is monitored annually through the risk assessment process. To this end, the Group has equipped itself with an organisational structure and a risk management framework suitable for guaranteeing appropriate management of the risks to which it is exposed, particularly over a medium-long time horizon.

The framework for calculating risk appetite is subject to an annual review as defined in the enterprise risk management process and subsequent resolution by the Board of Directors, which, through the approval of the Group risk management policy, risk limits and the risk model contained therein, ensures constant and transparent management of corporate risks.

Reporting to the Board of Directors takes place on a regular basis, which allows members to be constantly informed about the progress of risk management policies. During 2025, the members of the Board of Directors reviewed the main risks, including those related to sustainability issues on several occasions.

On 24 February 2026, the annual Enterprise Risk Management Report was presented, which incorporated the main findings of the Climate Change risk analysis conducted in 2025 by the Enterprise Risk Manager across the entire Hera Group and highlighted further methodological refinements aimed at increasingly integrating the risk model with the Esg dimension in order to facilitate the identification of environmental, social and governance risks, as input for the double materiality assessment.

Sustainability-related incentive schemes

The incentive systems linked to sustainability issues for members of the governing bodies apply to the positions of Executive Chairman and Chief Executive Officer, and consist mainly of two forms of variable remuneration.

The first is short-term variable remuneration, which gives the Executive Chairman and the Chief Executive Officer a variable remuneration linked to the achievement of Group performance targets. This consists of a bonus equal to 50% of the fixed annual emolument in relation to the achievement of the target economic-financial and sustainability results for the year of reference, including EBITDA (weight 20%), profit (loss) for the year (weight 20%), net debt (weight 20%), Csv EBITDA (weight 20%) and customer satisfaction (weight 20%). If the assigned targets are exceeded, a maximum growth in the result of 15% is expected, generating a maximum variable remuneration of 57.5%.

The second is deferred variable remuneration for the retention of executive directors, based on three-year results linked to Group performance targets. This is broken down into a target bonus equal to 120% of the fixed annual emolument in the event of the achievement of financial and sustainability results, such as Eva (weight 33%), net debt/EBITDA ratio in the last year (weight 33%), and Csv contribution, i.e. the percentage of Csv EBITDA on the total year-end EBITDA in the last year of the three-year period (weight 33%).

Therefore, a significant portion of the total remuneration of the Executive Chairman and Chief Executive Officer is directly related to the achievement of indicators linked to the Esg objectives and represent a significant part in the determination of the parameters of the short and medium-long term variable remuneration.

The indicators CSV EBITDA for the short-term variable with a relative weight of 20%, and contribution Csv for the medium-long term variable with a weight of 33.3%, represent the objectives directly linked to sustainability issues. Both measure the portion of EBITDA derived from activities that generate tangible social and environmental benefits in three areas of shared value creation (pursuing carbon neutrality, regenerating resources and closing the loop, enabling resilience and innovation) by contributing to 11 goals of the UN 2030 Agenda.

Achieving 100% of these indicators generates a variable component of total remuneration (the sum of the short-term variable component and the deferred variable component), which stands, on an annual basis, at 23.7% of the fixed annual remuneration according to the following schedule:

- Short-term variable
 - Goal: CSV EBITDA, weighting 20%
 - Variable remuneration related to the achievement of 100% of the target: Euro 32,000
- Medium- to long-term variable
 - Goal: CSV contribution, weighting 33.3%
 - Variable remuneration related to the achievement of 100% of the target: Euro 53,280
- Incidence % remuneration related to Esg objectives
 - Total variable remuneration related to Esg objectives: Euro 85,280
 - Total variable remuneration in the short + medium-long term: Euro 360,000
 - % of incidence: 23.7%.

The processes for approving and updating the terms and conditions of sustainability-related incentive schemes are the responsibility of the Remuneration Committee, which makes proposals to the Board of Directors for the remuneration of the Executive Chairman, Deputy Chairman and Chief Executive Officer, periodically assessing the adequacy and overall consistency of the policy for the remuneration of directors and management. The BoD defines, reviews and approves the policy for the remuneration of directors, including Executive Directors.

Statement on Due diligence

Due diligence is the process by which undertakings identify, prevent, mitigate and account for how they address the actual and potential negative impacts on the environment and people connected with their business. Therefore, the due diligence for sustainability purposes guides the company's assessment of relevant impacts, risks and opportunities.

The Hera Group adopts an integrated approach to due diligence, aimed at ensuring regulatory compliance and consistency with its values and principles. This commitment is reflected in structured processes to integrate due diligence into governance, in the involvement of stakeholders at key stages of due diligence, in assessments of impacts, risks and opportunities for people and the environment, with action taken in the event of incidents, and in monitoring tools that systematically cover all areas of concern to the Group.

Hera operates in accordance with national and international norms and standards, such as the United Nations Guiding Principles on Business and Human Rights, labour and environmental protection standards, including the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and its eight core Conventions, the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the Charter of Fundamental Rights of the European Union, and the EU's directives and guidelines on the protection of the environment and natural resources, which are also referenced in the Group's Code of Ethics and in the Code of Conduct – Sustainability Pact with Suppliers. The company also adopts procedures based on the principles of SA8000 for social accountability and certified systems such as ISO 37001 for the prevention of bribery and corruption and ISO 45001 for occupational health and safety.

Human rights due diligence therefore constitutes a fundamental pillar of the governance model and is addressed in greater detail in the following documents published on the Group's official website: 'Hera's commitment for the respect of Human rights' and 'Due diligence process on Human rights in Hera Group'. These documents cover areas such as

child and forced labour, human trafficking, health and safety, freedom of association, non-discrimination, disciplinary practices, working hours and fair remuneration. Particular focus is placed on the supply chain, through qualification processes, questionnaires, on-site audits and staff training, as well as reporting channels and tools for dialogue with stakeholders.

The information disclosed by the company includes the relevant impacts, risks and opportunities associated with its upstream and downstream value chain, based on the results of the due diligence process.

The table below is structured to provide a clear and comprehensive overview of the information contained in the Sustainability Statement regarding the Hera Group's duty of due diligence, as required by the ESRS. For each key element of the duty of due diligence, the section of the report where the topic is addressed is indicated, together with the corresponding disclosure requirement, which specifies the relevant regulatory framework and provides contextual information explaining how this content contributes to the due diligence process.

BASIC ELEMENTS OF THE DUE DILIGENCE	PARAGRAPHS OF THE SUSTAINABILITY STATEMENT	BACKGROUND INFORMATION
a) Integrating due diligence into governance, strategy and business model	• The company's values, operating principles and Code of Ethics (ESRS 2 SBM-1) • Sustainability integrated into management (ESRS 2 SBM-1) • Description of the double materiality assessment process and its results (ESRS 2 IRO-1) • Description of material impacts, risks and opportunities (ESRS 2 SBM-3) • Governance (ESRS 2 GOV-1, GOV-2) • Sustainability-related incentive schemes (ESRS 2 GOV-3) • Policies and objectives (E1-2, E2-1, E3-1, E4-2, E5-1, S1-1, S2-1, S3-1, S4-1, G1-1) • Supplier management, Metrics (G1-2) • Prevention and detection of corruption and bribery (G1-3) • Information on environmentally sustainable economic activities (EU Regulation 2020/852)	As a basis for integrating due diligence into its governance, strategy and business model, Hera adopts various types of tools and policies, including: • Code of Ethics; • 'Hera's commitment for the respect of Human rights'; • 'Due diligence process on Human rights in Hera Group'; • Shared value creation model; • Certified management systems (e.g. UNI ISO 45001; ISO 37001); • UNI PDR 125: Gender balance; • Public statements of commitment; • Organisational Model 231; • Model for the prevention of corruption and fraud; • Quality and Sustainability Policy and sustainability-related policies as set out in this report; • Code of Conduct – Sustainability Pact with Suppliers has been approved and published; • Decent Work Pact; • Climate Transition Plan. The Group incorporates due diligence into the governance of the following processes: • Operation of the governing bodies; • Risk governance, structured across three levels: management (risk owner), direction and control (Risk Committee), assessment of the adequacy of processes (Internal Auditing Department), and the Enterprise Risk Management (ERM) process; • Internal management systems for quality, safety and the environment; • Analysis of environmental and social risks, which feed into the double materiality assessment process and form part of the due diligence framework, in conjunction with ERM; • The Ethics and Sustainability Committee, which ensures the dissemination and implementation of the Code of Ethics and performs functions related to sustainability; • Reporting channels (Whistleblowing, Ethics and Sustainability Committee); • Incentive schemes linked to sustainability objectives for the administrative, management and control bodies; • Supplier management, through qualification, selection and evaluation, supported by the Code of Conduct – Sustainability Pact with Suppliers.

BASIC ELEMENTS OF THE DUE DILIGENCE	PARAGRAPHS OF THE SUSTAINABILITY STATEMENT	BACKGROUND INFORMATION
b) Involving stakeholders in all key stages of due diligence	- Governance (ESRS 2 GOV-2) - Description of the double materiality assessment process and its results (ESRS 2 IRO-1) - Stakeholder engagement activities (ESRS 2 SBM-2) - Stakeholder engagement processes relating to impacts (S1-2, S2-2, S3-2, S4-2) - Policies (G1-1) - Supplier management (G1-2)	To ensure stakeholder engagement at all key stages of due diligence, Hera has implemented dedicated tools and processes: - Governance and management of reports: the Ethics and Sustainability Committee handles reports of potential breaches of the Code of Ethics, while the Whistleblowing channel directs suspected breaches of the 231 Model or other alleged crimes or offences of any nature to the Supervisory Board; - Stakeholder engagement: internal stakeholders participate actively and directly in the double materiality assessment process, while external stakeholders are engaged indirectly, through consultations and feedback mechanisms. Indeed, the Group organises dialogue and engagement initiatives for each stakeholder category: employees, customers, shareholders and financiers, suppliers, associations, local communities and public authorities; - Listening and dialogue processes: Hera conducts a biennial satisfaction survey for workers and an annual satisfaction survey for customers, and uses listening and dialogue tools such as HeraLAB; - The Code of Ethics is reviewed and updated on a regular basis, with the involvement of all Group employees and trade unions; - Relations with suppliers: in addition to dedicated surveys and qualification processes, Hera promotes engagement activities through working groups with suppliers (e.g., Esg courses as part of the Supplier School) and has involved suppliers in the co-development of the Code of Conduct – Sustainability Pact with Suppliers, thereby strengthening collaboration and transparency along the value chain.
c) Identifying and assessing negative impacts	- Governance (ESRS 2 GOV-1, GOV-2) - Description of the double materiality assessment process and its results (ESRS 2 IRO-1) - Description of material impacts, risks and opportunities (ESRS 2 SBM-3) - Own workforce (S1-3) - Prevention and detection of corruption and bribery (G1-3, G1-4) - Supplier management (G1-2)	To identify and assess negative impacts, Hera adopts an integrated approach: - Ethics governance and monitoring: the Ethics and Sustainability Committee manages and monitors ethics-related reports, and verifies the implementation of Esg policies and compliance with sustainability procedures; - Anti-corruption and reporting tools: the anti-corruption system and the whistleblowing channels under the 231 Model for reporting alleged offences or other misconduct are used to identify and prevent negative impacts related to unlawful conduct; - Process for identifying adverse impacts and context analysis: the double materiality assessment and assessment methodologies enable the identification and measurement of adverse impacts. To support this, Hera conducts reputational due diligence, based on information checks using public sources, to assess potential risks posed by natural persons, legal entities or organisations that have relationships with the Group; - Employee engagement: Employee satisfaction surveys include targeted questions (e.g. on work-life balance) to identify any negative impacts and understand employees' perspectives; - Supplier management: The procedures for qualifying, selecting, assessing and monitoring suppliers, as well as the methods for engaging them, are integrated with management systems and monitoring metrics in order to identify any adverse impacts in the supply chain. - Occupational health and safety management system procedures for hazard identification and risk assessment.

BASIC ELEMENTS OF THE DUE DILIGENCE	PARAGRAPHS OF THE SUSTAINABILITY STATEMENT	BACKGROUND INFORMATION
d) Taking action to address negative impacts	• Policies and objectives (E1-1) • Actions and resources (E1-3, E2-2, E3-2, E4-3, S1-3, S2-3, S3-3, S4-3, S4-4)	To address negative impacts, Hera has defined policies, objectives and action plans that are integrated into the company's strategy: • Policies and objectives: The Group adopts Esg policies and specific objectives for managing impacts, with a particular focus on environmental, social and governance sustainability; • Climate Transition Plan: Hera has developed a climate transition plan to achieve climate neutrality by 2050, in line with European and national commitments; • Dedicated actions and resources: The specific chapters of the Report describe the concrete actions and resources allocated to mitigate negative impacts, including initiatives on energy, the circular economy, occupational safety and social inclusion; • Monitoring and continuous improvement: The initiatives are supported by monitoring systems and performance measures to ensure the effectiveness of the measures, the achievement of the set objectives, and ongoing adaptation to regulatory changes.
e) Monitor the effectiveness of interventions and communicate	• Governance (ESRS 2 GOV-1, GOV-2) • Objectives (E1-4, E2-3, E3-3, E4-4, S1-5) • Metrics (E1-/5/6, E2-4, E3-4, E4-5, S1-6 to S1-17) • Supplier management (S2-4) • Supplier management – Payment terms (G1-6) • Prevention and detection of corruption and bribery (G1-3)	To monitor the effectiveness of its measures and ensure transparent communication, Hera has implemented a structured system that includes: • Governance and reporting: the Ethics and Sustainability Committee conducts investigations based on the relevant reports received and, where necessary, proposes improvement measures, communicating the results to the Board of Directors through half-yearly reports; • Monitoring of targets and metrics: the effectiveness of interventions is assessed using quantitative and qualitative indicators and specific KPIs for each Esg area; • Supply chain management: monitoring is carried out through digital check-lists, internal and external audits, and SAP reporting, as well as through communication with suppliers and management, supported by vendor rating systems and qualification procedures; payment term metrics are used to ensure fairness and transparency. • Prevention of corruption: Hera uses regular audits, whistleblowing channels and reports to the Board of Directors to verify and communicate the effectiveness of its anti-corruption measures, in line with the 231 Organisational Model and the compliance system. These activities and processes enable Hera to initiate continuous improvement practices through monitoring.

Risk management and internal controls on sustainability reporting

The internal control and risk management system is integrated into Hera's broader organisational and corporate governance structures and takes due account of the recommendations of the Corporate Governance Code, as well as relevant models and best practices at the national and international levels. The objective of the internal control and risk management system is to ensure the reliability, accuracy, trustworthiness and timeliness of the financial and sustainability information provided.

In order to provide the market and various stakeholders with complete and accurate data and information and, consequently, to establish a sufficiently robust and integrated sustainability reporting process within the organisation, the Hera Group has adopted an Internal Control and Risk Management System model that also covers sustainability reporting (SCIRS), building on the system already in place for financial reporting. As in the case of financial reporting, this model is based on the CoSO Framework, developed by the Committee of Sponsoring Organisations of the Treadway Commission, which is used internationally as a reference for establishing, updating, reviewing and evaluating the system of internal control.

The Hera Group's sustainability reporting control model is based on the performance of the activities listed below. With regard to the certification of the sustainability report in terms of its compliance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and the requirements set out in Regulation (EU) 2020/852, a dedicated Sustainability Reporting Officer (hereinafter also referred to as the 'Sustainability Reporting Officer') has been appointed. In carrying out their activities, the Sustainability Officer is supported by the Compliance (Italian Law 262/05) and Tax Risk Control function, which also supports the Financial Reporting Officer. The Sustainability Reporting Officer also maintains a mutual exchange of information with the Control and Risk Committee and the Board of Directors, and periodically informs the Board of Statutory Auditors, and, where deemed appropriate, the Ethics and Sustainability Committee, about the activities carried out and the adequacy of the internal control system.

The process for managing and assessing the Group's SCIRS involves defining its scope (so-called 'scoping') according to a risk-based approach, taking into account the results of the dual-materiality assessment, in order to ensure that the reporting areas most exposed to the risk of material misstatement, which are relevant to the report itself, are adequately covered.

RISK
MANAGEMENT
IN RELATION
TO
SUSTAINABILITY
REPORTING

ESRS 2 GOV-5

DEFINITION OF
"SCOPING"

ESRS 2 GOV-5

Once the scoping of the SCIRS (Sustainability Officer's Plan) has been defined, it is updated annually on the basis of the data and information from the previous year's Sustainability Statement by carrying out the following activities:

- Identification of the Group companies included in the scope of the Sustainability Statement;
- Identification of a set of indicators:
 - Quantitative indicators linked to the material sustainability topics identified on the basis of the double materiality assessment;
 - associated with the EU Taxonomy objectives related to the sustainability topics identified on the basis of materiality;
- Determination, based on the application of a pre-established threshold (the same threshold used for financial reporting), of the companies that ensure that the threshold is met, based on their contribution to the Group's total value for the indicator;
- The result of specific quantitative assessments, which may be supplemented by qualitative assessments, should it be determined that, due to the materiality of certain individual indicators and/or specific risk factors, particular companies should be considered material.

The set of indicators identified in this way may be supplemented on the basis of judgemental assessments by the Sustainability Officer.

Based on the above, the companies and the relevant data covered by the internal control and risk management system are identified.

**RISK
ASSESSMENT
AND
DEFINITION OF
CONTROLS**

To mitigate risks that cut across multiple business areas, the absence or malfunctioning of which could compromise the reliability of sustainability reporting, the Hera Group has identified and assessed so-called Entity-Level Controls (ELCs). As part of the process of defining these controls, the various control objectives were assigned to the five internal control components (control environment, risk assessment, control activities, information and communication, and monitoring) and to the 17 principles identified in the CoSO Framework, and the methods for carrying out the controls were mapped out for each objective.

Once defined, the controls are subject to a dedicated assessment.

ESRS 2 GOV-5
**REPORTING
AND
INFORMATION
FLOWS**

In relation to a selected set of relevant quantitative indicators identified as defined during the scoping process, the Hera Group has prepared specific Risk Control Matrices (RCMs), which set out the Process-Level Controls (PLCs) identified and assessed for the purpose of defining and analysing the controls. These controls identify the main risks associated with sustainability reporting and the corresponding control objectives, which are primarily linked, by way of example but not limited to, the completeness and accuracy of the sustainability information provided for reporting purposes, as well as the authorisation, correct recording and, where applicable, estimation of this information.

The Hera Group will extend the work carried out to date to additional processes/companies, as set out in the Sustainability Plan of the Officer in Charge of Sustainability.

ESRS 2 GOV-5**MONITORING**

The identified controls are subject to periodic assessment of their adequacy and effective operation through specific monitoring activities (testing), in accordance with existing best practices in this area.

The heads of the company departments identified as relevant within the scope of the SCIRS must ensure, each for their own area of responsibility, that control activities are designed and effectively implemented, and that the appropriate verification activities are carried out on a regular basis.

The monitoring and evaluation of controls may reveal instances of non-compliance with the characteristics expected of these controls under the SCIRS reference model, in which case it is necessary to define and implement specific corrective actions to remedy these instances.

For each corrective action, the person responsible for its implementation is identified, and the time-frame for the action is defined.

For any deficiencies identified, a follow-up activity is planned to verify that the corrective actions have been effectively implemented and that the identified SCIRS deficiencies have consequently been addressed.

With regard to the process of preparing the sustainability report, the Hera Group has adopted a specific corporate procedure and corresponding regulations to govern the new requirements introduced by the legislation in terms of activities, responsibilities and reporting principles.

The sustainability information to be reported is recorded in a dedicated IT tool and validated by the designated managers according to their area of responsibility.

As part of the SCIRS verifications, the Sustainability Officer receives, via the IT system, declarations of responsibility from the relevant company departments regarding the adequacy of the information provided, the completeness and accuracy of the information for which they are responsible, and its alignment with the instructions provided and the relevant reporting principles used.

ESRS 2 GOV-5

Description of the process and results of the double materiality assessment

The double materiality assessment is the starting point for reporting on sustainability issues in accordance with the CSRD and the ESRS. A sustainability issue is 'material' if it meets the criteria defined for impact materiality (inside-out) or for financial materiality (outside-in), or both.

In 2025, the double materiality assessment, first established in 2024, was updated. This analysis comprises several stages, including: understanding the internal and external context, updating the long list of sustainability-related impacts, risks and opportunities (hereinafter, IROs), updating the assessment of their materiality and, through the application of thresholds, selecting a short list of material IROs.

The double materiality assessment is coordinated by the Shared Value and Sustainability Department, which involves several corporate departments and Group companies: Strategy, Regulation and Risk Management Department, Quality, Safety and Environment Department, Procurement and Contracts Department, Central Department for Relations with Local Authorities, Central Department for Communications and External Relations, Central Department for Human Resources and Organisation, Investor Relations Department, and Hera Comm.

The initial analysis of the Group's internal and external context enabled a review of the company's activities and business relationships identified in 2024, with a particular focus on its upstream and downstream value chain and the mapping of key stakeholders, in order to understand the key elements for identifying potentially material impacts, risks and opportunities.

Based on the outputs of the context analysis, and thanks to the involvement of the aforementioned departments and companies, the long list of potentially material impacts, risks and opportunities associated with the Group's operations, with respect to its services and its upstream and downstream value chain, was updated. In order to align the double materiality exercise with existing management processes, and to update and assess risks and opportunities, the following internal and external sources were used: the ERM risk analysis, the opportunity analysis from the 2024–2028 Business Plan, and the climate risk and opportunity analysis, which was first carried out in 2019 in line with the TCFD recommendations and updated in 2025. Current or potential positive or negative impacts were identified on the basis of multiple sources, including: the double materiality assessment and the previous year's sustainability report; the guidelines set out in the Business Plan; press and social media reviews; questionnaires from the main rating agencies; the results of the annual customer satisfaction survey; the results of the employee satisfaction survey; interviews conducted as part of the HeraLab stakeholder involvement project; topics discussed during dialogue with consumer associations; the work of the Ethics and Sustainability Committee in managing the reports received; a benchmark of the impacts of peers; and any regulations relevant to the analysis (the Natura 2000 Directive and the E-PRTR Regulation). For each impact, risk and opportunity, the reasonably expected time horizon (long, medium and short term) was identified, and for pollution, biodiversity and ecosystems, and water and marine resources, a site-specific analysis was carried out, also taking into account the specific European regulations referred to in the ESRS.

In order to determine the impacts, risks and opportunities that are material for the Group based on the principle of double materiality, the impact materiality and the financial materiality were assessed separately, and the results were then aggregated.

Impacts were assessed based on severity (magnitude, scale and irreversibility) and likelihood, on a scale of 1 to 4. Any details regarding assessments before or after mitigation measures are provided in the 'Description of material impacts, risks and opportunities' sections of the relevant topic chapters. In the case of a potential negative human rights impact, the severity of its impact takes precedence over its likelihood of occurrence.

The risk assessment was fully aligned with the results of the risk analysis carried out in accordance with the Group's ERM methodology, using scales from 1 to 4 for probability of occurrence and magnitude, which assesses the economic and financial impact on the Net Financial Position (NFP) and the reputational impact. Climate risks were also assessed over the long term and before the implementation of mitigation measures.

In line with the Group's ERM methodology, opportunities were assessed by estimating their financial magnitude, determined on the basis of their impact on EBIT over the time horizon of the Business Plan. The probability of occurrence is always assessed at the maximum score, as these are opportunities included in the Business Plan.

In order to identify material impacts, risks and opportunities, appropriate and consistent quantitative and qualitative thresholds, as defined by the Group, were applied. In particular, the materiality threshold used for risks corresponds to the risk appetite defined by the Board of Directors as part of the risk management framework and monitored through the ERM process. This threshold is also used as a reference when determining the materiality of impacts and opportunities, in order to ensure consistency with the provisions of the ERM process.

The double materiality assessment process identified 42 material impacts, six material risks (including four climate-related risks), and five material opportunities.

In conclusion, all the topics covered by the sector-agnostic ESRS were found to be material. Specifically, 24 sub-topics are material for the Hera Group, 12 of which also relate to activities along the value chain.

Consequently, all the disclosure requirements set out in the ESRS were found to be material.

For further information, please refer to the Reconciliation Table in the appendix.

At a more detailed level, the following 13 sub-topics were found to be non-material: pollution of living organisms and food resources; substances of concern; substances of very high concern; microplastics; marine resources; direct impact factors on biodiversity loss; impacts on species status; impacts and dependencies in terms of ecosystem services; civil and political rights of communities; rights of indigenous peoples; protection of whistleblowers; animal welfare; and active and passive corruption.

ESRS 2 IRO-1
ESRS 2 IRO-2

ESRS 2 IRO-1
ESRS 2 IRO-2

The impacts, risks and opportunities that are material for the Hera Group are reported, broken down by sub-topic, in the 'Impacts, risks and opportunities' sections of each chapter on the topic-specific standards. These sections include a description of the individual IROs, including details of their position within the value chain and their interaction with the company's strategy and business model.

Any current material financial effects related to risks and opportunities are reported in the sections 'Description of material impacts, risks and opportunities'.

The Sustainability Statement has been supplemented with a number of indicators specific to the Hera Group, some of which were already reported in previous years. These indicators have mainly been included in the section on actions and resources.

ESRS 2 BP-1

In line with the results of the double materiality assessment, the following disclosures requested from stakeholders in the value chain are included in this Sustainability Statement:

- Climate change (E1): Scope 3 GHG emissions data, partly obtained through the involvement of suppliers;
- Pollution (E2): information on suppliers' vehicles (e.g., types of fuel used) and on the atmospheric emissions of the Enomondo waste-to-energy plant;
- Water and marine resources (E3): water withdrawals in Romagna, carried out by Romagna Acque;
- Circular economy (E5): data on resource inflows (purchased products) obtained through the engagement of suppliers;
- Workers in the value chain (S2): information on job placements through social cooperatives and data on supplier accidents obtained through supplier engagement;
- Consumers and/or end-users (S4): Information on the methods used to select sales agencies and the procedures for monitoring their commercial conduct (including in relation to the handling of customers' sensitive data).

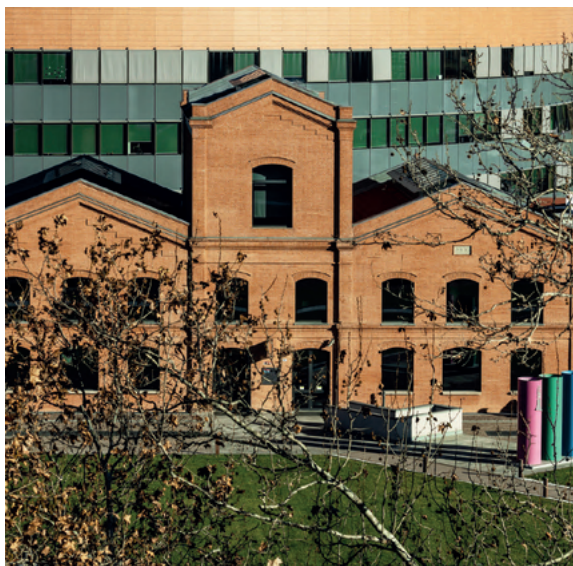
In line with the analyses carried out by Hera on plant operations, it was confirmed that the ESRS thematic standard E4 – Biodiversity and Ecosystems – is to be considered relevant only at the site-specific level. For further details and in-depth information, please refer to the dedicated chapter.

A further site-specific aspect that emerged from the dual-materiality assessment concerns ESRS E3 – Water and Marine Resources: in fact, only certain provinces are classified as experiencing high water stress (Bologna, Ferrara, Forlì-Cesena, Pesaro-Urbino, Ravenna, Rimini). Further details, including those relating to the reporting of risk mitigation actions and resources, are presented and discussed in greater depth in the dedicated chapter.

With regard to the materiality of the impacts of pollutant emissions, as detailed in the relevant chapter, the analysis was based on the requirements of ESRS E2 (and the corresponding reference to Regulation (EC) No 166/2006 on the E-PRTR) for both the identification of the plants and the pollutants to be reported on, identifying a total of 36 plants within the scope for which the topic is material.

Finally, for the results of the double materiality assessment concerning the information elements set out in Annex B of ESRS 2, please refer to the table in the annex to this Sustainability Statement.

The double materiality assessment will be updated annually in order to identify any changes in the Hera Group's impacts, risks and opportunities compared to the previous reporting period. The results of the double materiality assessment were validated by senior management and shared with the Ethics and Sustainability Committee.



Stakeholder engagement activities

Hera's strong commitment to stakeholder engagement has been firmly established in the operating procedures of the organisational units responsible for relations with the various stakeholder categories, and this commitment continued throughout 2025.

Each identified stakeholder category has specific interests and priorities and is the target of targeted dialogue and engagement initiatives. These initiatives enable us to consider any requests or concerns, and to implement the appropriate mechanisms for participation and information regarding the company's outlook, initiatives and decisions.

The table below provides a summary of the identified stakeholders and the main dialogue and engagement activities carried out during the year.

ESRS 2 SBM-1
ESRS 2 SBM-2

Stakeholder engagement activities (2025)

STAKEHOLDERS	MAIN DIALOGUE AND ENGAGEMENT INITIATIVES
Workers (employees, non-employees and trade union representatives)	• Biennial employee satisfaction survey (89% of the company workforce participated in the survey conducted in 2025) • First Group onboarding event held in 2025 • Smart working and the #Conciliamo project • Performance dialogue between manager and employee as part of the development process • Involvement of staff through worker safety representatives to ensure an effective safety management system
Customers (mass market, residential, business, consumer associations)	• Annual residential customer satisfaction survey (approximately 14,000 respondents) and follow-up surveys after customer contact • A dedicated web portal for consumer associations, as well as four meetings held with both local and national consumer associations • The MyHera app, offering a range of features • Call centres for residential customers and for the business segment • Branches • 165,000 interviews conducted to monitor contact channels
Shareholders and financiers (public and private shareholders, including potential shareholders, ethical investors, banks, the bond market)	• 387 contacts with investors
Suppliers (suppliers of goods, services and works, local suppliers)	• Over 400 suppliers participated in the 'Growing Together' convention • 76 suppliers participated in the 'Hera_Pro_Empower' capacity-building initiatives, and 509 in the 'Supplier Sustainability School', to support the growth and development of suppliers' technical, operational and quality capabilities (capacity building) • First edition of the 'Supplier Awards', recognising 13 suppliers who excelled in various categories in terms of service quality, punctuality, reliability and commitment to safety • Over 90 one-to-one meetings with more than 80 suppliers, selected on the basis of the volume and criticality of the services or products they provide
Local community (various associations, media and social media, technicians and experts)	• 133 meetings held by HeraLAB since the start of the project (2013) and 175 participants involved (30 participants involved in 2025) • Over 100,000 pupils taking part in environmental education initiatives in local schools • Il Rifiutologo: an app for proper separated waste collection and for submitting environmental reports (and more) • More than 12,000 people in Emilia-Romagna engaged through participation initiatives in connection with changes to the separated waste collection systems • Engagement of local communities in the vicinity of new plants built by Heratech and Herambiente • Engagement of citizens during the development of separate waste collection initiatives
Public administration (relevant local authorities, regulatory and supervisory bodies, universities and research institutes, the State)	• Over 4,500 relationships with local stakeholders managed by Area Managers • Special listening initiative dedicated to over 200 administrators from municipalities served in Emilia-Romagna • Approximately 450 interactions with more than 210 municipalities in the Triveneto area

Structure of the document

This document constitutes the Hera Group's second Sustainability Statement for FY 2025 (1 January 2025 to 31 December 2025) and has been prepared in accordance with Italian Legislative Decree 125/2024 implementing Directive (EU) 2022/2464 of the European Parliament and of the Council, also known as the Corporate Sustainability Reporting Directive (CSRD), and in accordance with the European Sustainability Reporting Standards (ESRS).

STRUCTURE
AND
METHODOLO-
GICAL NOTE

ESRS 2 BP-1
ESRS 2 BP-2
ESRS IRO-2

Specifically, the document is structured in accordance with ESRS 1 (paragraph 115), which stipulates that four sections be provided: general disclosures; environmental disclosures (including disclosures pursuant to Article 8 of EU Regulation 2020/852, also known as the Taxonomy); social disclosures; and governance disclosures. The tables required by the Taxonomy can be found in the appendix.

As envisaged by Art. 3 of Italian Legislative Decree 125/2024, the Sustainability Statement forms an integral part of the Group's Directors' Report and contains the information necessary to understand the company's impact on sustainability issues and how these issues affect the company's performance, results and position.

The sections entitled 'Hera's commitment (objectives and results)' in the following chapters set out both quantifiable and measurable objectives through specific targets, and qualitative commitments outlining the Group's future actions and strategies. It should be noted that, where objectives have been defined in line with national, European or international targets or sector-specific regulations, these are duly highlighted in the relevant chapters.

In addition, this document has undergone a limited review by KPMG Spa. The Independent Auditors' Report can be found in the appendix to this document.

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

There are no omissions regarding EU classified and sensitive information, or information on intellectual property, know-how or innovation outputs.

Throughout this report, references to time horizons (short term: 2024; medium term: 2025–2028; long term: beyond 2028) are aligned with the provisions of the ESRS 1.

The Sustainability Statement does not include information required by other regulations.

In order to avoid duplicating content and to ensure that the document is concise, the Sustainability Statement includes information by reference. In particular, in the 'General disclosures' section, certain content relating to the SBM-1 disclosure requirement is referred to in the Directors' Report.

USE OF
TRANSITIONAL
PROVISIONS

The Hera Group has decided to omit the following information, in accordance with Appendix C of ESRS 1:

- SBM-3, paragraph 48(e) – Expected financial impacts
- E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities;
- E2-6 - Anticipated financial effects from pollution-related impacts, risks and opportunities;
- E3-5 - Anticipated financial effects from water and marine resources- related impacts, risks and opportunities;
- E4-6 - Anticipated financial effects arising from risks and opportunities related to biodiversity and ecosystems;
- E5-6 - Anticipated financial effects from material resource use and circular economy-related risks and opportunities;
- S1-7 - Characteristics of non-employee workers in the company's own workforce (for self-employed workers only).

ESRS 2 BP-2

Reporting scope

The scope of the economic and financial data and information contained in the Sustainability Statement is the same as that of the Hera Group's consolidated financial statements as at 31 December 2025. The scope of social and environmental disclosures includes all companies consolidated on a line-by-line basis in the Group's consolidated financial statements, reported below.

REPORTING
SCOPE

ESRS 2 BP-1
ESRS SBM-1

HERA SPA	HERA COMM SPA	HERAMBIENTE SPA	ACEGASAPSAMGA SPA	MARCHE MULTISERVIZI SPA
• Herabit Spa • HERAcquamodena Srl • AcegasApsAmga Spa • Hera Comm Spa • Hera Trading Srl • Herambiente Spa • Heratech Srl • Horowatt Srl • Inrete Distribuzione Energia Spa • Marche Multiservizi Spa • Tiepolo Srl • Uniflotte Srl	• EstEnergy Spa (and its subsidiary: Etra Energia Srl) • F.li Franchini Srl • Wolmann Spa	• Aliplast Spa (and its subsidiaries: Aliplast France Recyclage SAS; Aliplast Iberia SLU; Aliplast Polska Sp. z o.o.) • ASA Scpa • Biorg Srl • Feronia Srl • Frullo Energia Ambiente Srl • Herambiente Servizi Industriali Srl (and its subsidiaries: A.C.R. di Reggiani Albertino Spa; Ambiente Energia Srl; Recycla Spa; TRS Ecology Srl; Vallortigara Servizi Ambientali Spa) • Hestambiente Srl	• Hera Servizi Energia Spa (and its subsidiaries: ElettraCHP Srl; Tri-Generazione Scarl) • Aresgas Ead (and subsidiaries: Aresenergy Eood; Ares Trading Eood; Primagas AD; Black Sea Gas Company Eood) • Hera Luce Srl (and its subsidiary: Triveneta Luce Scarl)	• Marche Multiservizi Falconara Srl • Green Factory Srl • Macero Maceratese Srl

Although it is not part of the scope of consolidation, information is also provided on Enomondo Srl (50% owned by Herambiente S.p.A.), which operates a biomass plant. This information relates to aspects concerning atmospheric emissions and waste disposal.

The Group has determined that there are no investee companies to which the concept of operational control, as set out in the ESRS reporting standards, can be applied.

Changes, estimates and reporting errors

During the reporting period, methodological updates and extensions to the scope of calculation of certain sustainability indicators were introduced, including with regard to value chain disclosures.

These changes result from the ongoing improvement of data collection processes and the estimation methodologies used.

Changes compared to the previous reporting period are indicated in the explanatory notes for the individual indicators or in the relevant detailed tables.

Where necessary, comparative data have been restated in order to ensure the consistency and comparability of the information over time, in accordance with the requirements of the ESRSs.

ESRS 2 BP-2

1.05.02 Environmental disclosures

Climate change

Description of the material impacts, risks and opportunities

The double materiality assessment, together with the climate risk analysis first carried out in 2019 in line with the TCFD recommendations and updated in 2025, identified climate change as one of the most material topics, which was further broken down into the following sub-topics: climate change mitigation, climate change adaptation, and energy. The topic of climate change is linked to the following shared value creation impact areas presented in the 'General disclosures' chapter: promotion of energy efficiency; energy transition and renewables; and resilience and adaptation. For each shared value creation area, the actions and targets related to climate change are reported later in this chapter.

ESRS 2 IRO-1
ESRS 2 SBM-3

Climate change impacts, risks and opportunities

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Climate change mitigation	Generation of Scope 1 emissions from waste-to-energy plants and landfills, from energy services and other activities Current long-term negative impact related to the Group's own activities
	Scope 3 emissions from the sale of natural gas and from the sale and consumption of electricity Current long-term adverse impact related to the activities of suppliers and customers
	Increase in ETS prices and expansion of the scope of assets involved Long-term risk related to own activities
	Introduction of/tighter regulations on energy efficiency and emissions reduction (e.g., Methane Emissions Regulation) Long-term risk related to own activities
Climate change adaptation	Tornado event affecting the Group's assets (Bologna, Ferrara, Modena and Padua clusters) Medium- to long-term risk related to the Group's own operations
	Decline in margins due to reduced efficiency of waste treatment plants as a result of rising temperatures and strong wind events Long-term risk related to own activities
Energy	Purchase of electricity from certified renewable sources (Scope 2) Current long-term positive impact related to the Group's own operations
	Promotion of energy efficiency solutions and sale of renewable energy to customers Current short-term positive impact related to the Group's own activities and those of its customers
	Increase in sales of energy performance solutions Medium- to long-term opportunity related to the company's own activities
	Increase in the generation and sale of renewable electricity Medium- to long-term opportunity related to the company's own activities

The methodological references for identifying and assessing material sustainability issues are provided in the 'General Information' paragraph.

The significant adverse environmental impacts related to the generation of greenhouse gas emissions concern Scope 1 and Scope 3 of the Hera Group.

With regard to the Group's own operations (Scope 1), the main emissions are those generated by waste treatment plants (waste-to-energy plants and urban waste landfills) and by energy services (district heating and cogeneration/trigeneration plants serving industrial customers). Other emissions arise from internal fuel consumption, including that of the company's vehicle fleets, and from gas network losses.

The Group's upstream and downstream activities (Scope 3) primarily generate emissions from the sale of the services provided (electricity and gas sales).

For further details on the Group's emissions inventory, please refer to the 'Metrics' section (ESRS Disclosure E1-6).

Positive impacts related to the Group's commitment to decarbonisation have also been identified, in particular with regard to the purchase of renewable electricity for the Group's own operations (Scope 2), the promotion of energy efficiency solutions, and the sale of renewable energy to the Group's customers.

In light of the external context and regulatory developments in the field of decarbonisation, and in line with the business plan, two significant opportunities related to climate change have been identified. Specifically, these opportunities relate to the growth in sales of energy efficiency solutions and the growth in the generation and sale of renewable electricity. Also noteworthy is an opportunity, reported in Chapter E5, relating to the development of plants for the recycling of plastics and the production of secondary raw materials, which was found to be significant in the medium to long term, including in the context of Scope E1, due to the increased attractiveness and competitiveness of products using alternative raw materials as a result of the rise in the price of fossil-fuel-related commodities.

The significant risks identified relate to: the possible occurrence of tornadoes affecting several of the Group's plants; the loss of efficiency of waste treatment plants due to rising temperatures and strong wind events; and two regulatory risks, the first concerning the EU Emissions Trading System (EU ETS), the European system for trading greenhouse gas emission allowances, and the second concerning the possible introduction or tightening of regulations on energy efficiency and emissions reduction. These risks were found to be material before the application of mitigation measures. The only risk relating to the increase in ETS prices also emerges as a material issue in the assessments carried out net of mitigation measures. For further information on this topic, please refer to the section 'Analysis of climate risks and opportunities' below.

Analysis of climate risks and opportunities

In 2025, with a view to continuously improving its risk management system, the Hera Group launched a plan focused on developing its climate change risk management framework. The main objectives of this Group-wide project included strengthening the Group's ability to identify and quantify climate risks, assessing climate-related risks and opportunities, reviewing existing measures to enhance resilience, and further strengthening its approach to climate-related reporting. As part of the project, an in-depth study was also launched on the sites of the Group's main suppliers and the networks it manages.

The work plan was structured around three complementary work-streams: scenario analysis, assessment of risks and opportunities, and business strategy responses.

The analysis of climate scenarios marked the start of the process and enabled the identification of climate, physical and transition-related opportunities and risks, based on a solid scientific and methodological foundation. The results of this initial activity served as the starting point for the subsequent phase, which involved analysing climate risks and opportunities.

The analysis of climate risks and opportunities made it possible to assess each identified element according to the economic metrics of the Group's ERM (Enterprise Risk Management) scales, favouring a quantitative approach in the assessment process. In line with the reporting requirements set out by the CSRD, each risk was assessed both gross of and net of any mitigation measures.

When addressing business strategy responses, the working group identified the most appropriate initiatives and methods to mitigate risks and seize the opportunities revealed by the analysis of transition risks and opportunities.

To conduct its analysis, the Group used as a reference a sample of climate scenarios defined by leading international bodies in this field (the IPCC, Intergovernmental Panel on Climate Change, and the IEA, International Energy Agency) and considered a range of global temperature increases by 2100 ranging from less than 1.5°C to approximately 5–6°C.

Specifically, for the analysis of transition risks and opportunities, the IEA's NZE 2050 scenario was selected, which, when combined with the IPCC's SSP1-RCP1.9 socio-economic scenarios, depicts a future characterised by robust decarbonisation processes capable of keeping the temperature rise below the 1.5°C threshold, in line with the Paris Agreement target. The decision to consider this scenario reflects international best practices in climate risk management, enabling the Group to assess the implications of a highly ambitious transition pathway that requires significant adaptation efforts.

For the analysis of physical risks, on the other hand, the IPCC's RCP 8.5 scenario was selected, which posits a pessimistic pathway characterised by a sharp increase in greenhouse gas emissions, projecting rapid economic growth fuelled by fossil fuels and limited implementation of climate policies. This scenario depicts extreme climate conditions, assuming an intensification of extreme weather events and severe impacts in terms of global warming, enabling the Group to assess the potential impacts of a business-as-usual trajectory.

Based on the above scenarios, 16 risks and three opportunities related to physical phenomena, as well as 33 risks and 23 opportunities related to the transition, were identified. Each risk/opportunity was associated with:

- A time horizon: short-term (one year, the reference period used by the company in its financial statements); medium-term (the time horizon of the business plan); long-term (the time horizon beyond the business plan);
- a severity level (determined by combining the probability of occurrence and the associated magnitude in terms of the economic and financial impact on the net financial position, using the Group's ERM scales), assessed both gross and net of mitigation measures;

ESRS 2 IRO-1
ESRS 2 SBM-3

SCENARIO
ANALYSIS

- One or more management approaches (safeguards/mitigation measures for risks, strategic/operational levers for opportunities).

The analysis of the RCP 8.5 climate scenario carried out by the Hera Group identified 11 risks related to acute physical events to which the Group's assets may be exposed, selected on the basis of the climate-related hazard classification in the EU Taxonomy Delegated Act (EU) 2021/2139 on climate and analysed at the level of individual assets, as well as five risks and three opportunities related to chronic phenomena with widespread impacts on the Group's businesses, making a total of 16 risks and three opportunities related to physical phenomena.

The analysis of acute risks focused on 54 of the Group's own assets (selected on the basis of their economic and strategic importance) and 11 supplier sites (selected with the aim of maximising the representativeness of the assessments), as well as on any extreme weather events recorded in the past, in order to ensure coverage of the Group's taxonomy activities and its various business operations. For each asset, a climate exposure analysis was carried out, using publicly available tools to assess the current situation and forecast data to assess how it will evolve by 2030 and 2050. Based on these results, the potential economic consequences, both gross and net of mitigation measures, were estimated in terms of direct damage to facilities (property damage) and indirect damage resulting from the interruption of business activities (business interruption). In addition, the compilation of mitigation measures designed to reduce the impact of these events and the analysis of existing insurance policies made it possible to estimate the residual economic impacts.

In contrast, the analysis of chronic issues adopted a perspective focused on the Group's business as a whole and was carried out using an assessment methodology in line with the Enterprise Risk Management process, i.e., by estimating the impact of the risk in a qualitative and quantitative manner and determining its likelihood through direct discussions with the risk owners. Overall, one acute physical risk and one chronic physical risk were identified as material before the implementation of mitigation measures, as shown in the table below, whereas, based on the assessments carried out after the implementation of mitigation measures, these risks do not emerge as material.

Physical risks and management approaches

PHYSICAL RISK	TIME HORIZON	PRIORITIES	MANAGEMENT APPROACH
Tornado event affecting Group assets (Bologna, Ferrara, Modena and Padua clusters)	Medium and long term	Medium-high	• Structural risk mitigation through plant design standards • Insurance coverage for catastrophic events
Intensification of extreme events, such as rising temperatures leading to a loss of efficiency in waste-to-energy plants and strong wind events affecting waste treatment plants	Long-term	Medium-high	• Waste-to-energy plants: where possible, replacement of air-cooled condensing systems with cooling towers and an increase in the number of air coolers • Specific interventions in the event of an emergency to repair roofs and associated plant systems

With regard to the climate risks reported in the previous report, the analysis carried out in 2025 enabled some of these risk events to be classified as no longer material, based on the limited economic impacts identified for the sites analysed, which fell below the materiality threshold defined in accordance with the Group's ERM scales, and the low probability of occurrence of the extreme events considered. These include, in particular, the risk of flooding and the risk of drought, which are nevertheless issues of significant concern to the Group and in relation to which numerous activities are carried out, especially with a view to network resilience, and which will therefore still be described in this report.

The risks and opportunities associated with the transition to a low greenhouse gas emissions economy were identified through an analysis of the IEA's NZE 2050 scenario, which envisages a strong global commitment to decarbonisation and the achievement of net-zero emissions by 2050. Based on this scenario, the main industry trends and their associated drivers (market, regulatory, technological and reputational) were identified in order to update the register of transition risks and opportunities. The impact and probability assessment was carried out in accordance with the ERM process, directly involving company representatives, and included a review of existing and planned mitigation measures. The analysis identified 33 transition risks and 23 transition opportunities, taking into account internal documentation, benchmark and literature analyses, as well as examples of climate-related transition events as recommended by the TCFD and also suggested by the CSRD, primarily linked to increasing electricity demand, regulatory developments to reduce emissions, technological developments, and the adaptation of renewable energy infrastructure. The table below provides details of the two risks identified as significant before the application of mitigation measures, both of which are regulatory in nature. Based on the assessments carried out, net of existing safeguards, the risk associated with the increase in ETS prices and the expansion of the scope of the assets involved emerges as significant.

PHYSICAL
RISKS

TRANSITION
RISKS

Transition risks and management approaches

TRANSITION RISK	TIME HORIZON	PRIORITIES	MANAGEMENT APPROACH
Increase in ETS prices and expansion of the scope of assets covered	Long-term	High	Potential mitigation through the installation of carbon capture and storage (CCS) systems at waste-to-energy plants
Introduction and/or tightening of regulations on energy efficiency and emissions reduction (e.g., Methane Emissions Regulation)	Long-term	Medium-high	• Ongoing monitoring of regulatory developments related to the green transition • Preparation of scenarios for compliance with regulatory obligations

The transition opportunities deemed significant in the long term based on the context analyses carried out in preparation for the Business Plan to 2029, although not deemed material in the assessments conducted by business contacts with regard to the economic and financial impact thresholds, are listed in the table below.

Transition opportunities and management approaches

TRANSITION OPPORTUNITIES	TIME HORIZON	PRIORITIES	MANAGEMENT APPROACH
Increase in sales of energy performance solutions	Medium- and long-term	High	Development of initiatives to improve the energy performance of the Group and its customers
Development of plant capacity for the recycling and production of secondary raw materials	Medium- and long-term	High	• Investments and new projects to meet a potential increase in demand for recycled plastic and/or bioplastics • Construction of innovative plants for the production of rigid plastics and carbon fibre
Increase in the generation and sale of renewable electricity	Medium- and long-term	High	Gradual increase in the Group's renewable assets, implementing a development strategy coordinated with the sales divisions

With regard to the material risks and opportunities identified, there are no material current financial impacts.

Policies and objectives

In order to manage the material impacts, risks and opportunities related to climate change, the Hera Group has established its purpose (Article 3 of the Articles of Association), the Code of Ethics, the shared-value creation model, and the Quality and Sustainability Policy as its points of reference.

In line with the company's mission, the Code of Ethics sets out Hera's commitments to the environment, understood as a complex system of living and non-living elements that interact with each another and, as a whole, ensure the survival of life on the planet. Hera recognises the environment as a primary asset and employs the most appropriate technologies, tools and processes to contribute, in line with its purpose, to the ecological transition, to prevent risks, to reduce direct and indirect, current and potential adverse environmental impacts, and to preserve natural resources for the benefit of future generations. Hera aims to achieve Net Zero emissions by adopting a Climate Transition Plan. This Plan includes initiatives to expand the use of renewable energy and promote energy efficiency, with the aim of reducing the Group's direct and indirect emissions, eliminating residual emissions, and delivering benefits in terms of greenhouse gas emissions avoided. Hera is committed to ensuring the resilience of the services it manages by assessing the risks associated with its operations and implementing projects and investments aimed at preventing and minimising service disruptions. Hera promotes environmental commitment among all its stakeholders. Hera aims to make a tangible contribution to a just ecological transition that combines climate and environmental action with social inclusion.

These commitments are also set out in the Group's Quality and Sustainability Policy, which was adopted by the Board of Directors in March 2022 and whose implementation is the responsibility of senior management. Recognising the central importance of its role, Hera is committed to implementing concrete actions aimed at mitigating climate change. At the operational level, these commitments are translated into procedures and instructions that are defined and implemented as part of the management systems adopted by the various Hera Group companies in accordance with ISO 9001:2015, 14001:2015 and 50001:2018, and also extend to the value chain. Indeed, the special tender specifications used by the Group to select its suppliers for outsourced activities, the documentation accompanying the contracts themselves (Code of Conduct – Sustainability Agreement with Suppliers), and the company's operational documents all contain specific requirements related to environmental protection; these include the reduction of climate-damaging emissions and ozone-depleting substances, as well as the pursuit of energy efficiency and energy savings.

The Quality and Sustainability Policy is communicated to employees through dedicated company notices and posted on internal notice boards, and is made available to various stakeholders through publication on the Hera Group website; on the other hand, the company documentation established and implemented within the management systems is available via internal company channels, and its implementation is periodically verified through dedicated audits.

The Hera Group's Climate Transition Plan also serves as an internal policy to guide actions and targets with the aim of achieving Net Zero emissions.

All of this translates into numerous initiatives, both internal and external, which the Hera Group implements in line with its model of creating shared value between the company and its stakeholders, in order to continue its journey towards carbon neutrality by reducing direct and indirect greenhouse gas emissions and enhancing the resilience of its business activities, assets and infrastructure. This is crucial to support the achievement of the Paris Agreement goal of limiting the increase in global warming to 1.5°C above pre-industrial levels and reaching net-zero emissions across the value chain by 2050.

These actions are addressed in the Group's business plan through: the promotion of energy efficiency in its assets and in the provision of services to third parties; the development of renewable electricity and gas sources, both within the Group and for the benefit of customers and the public; the generation of bioenergy; the recovery of heat and energy from processes; the upgrading of its infrastructure; and the development of technological solutions. In addition to mitigation, the Group is also focusing on adapting to climate change in order to make its infrastructure resilient to changes in the external environment, minimising interruptions and disruptions, and ensuring the quality and continuity of services even in emergency situations.

In line with this commitment and with the aim of enhancing transparency regarding its environmental performance, the Group supplements its climate strategy with reporting in accordance with the EU Taxonomy. Continuing the process initiated in 2021, it was decided, on a voluntary basis, to also supplement the financial reporting with information on the share of investments in eligible activities aligned with the six environmental objectives set out in the 2025–2029 business plan.

With the aim of strengthening the governance of climate change-related issues, the following internal documents have been updated over the past few years: Management System Manual, Group Risk Management Policy (guideline), Management Control Planning (guideline), Management Review of the Management System (procedure), Investment Authorisation Process (procedure), and Business Impact Analysis and Risk Assessment Methodology (procedure). In particular, a reference to the analysis of medium- to long-term climate scenarios has been added to the Group Risk Management Policy guideline, while the Management Control Planning guideline specifies that the strategic planning process must encompass medium- to long-term business development in line with the Company Purpose, and therefore with the pursuit of carbon neutrality, one of the three areas of shared value creation.

The Board of Directors is responsible for implementing this policy and ensuring that the company's practices are in line with regulations and third-party initiatives.

In response to the challenge and urgency posed by climate change, over the past few years, Hera has expanded its reporting in this area, using the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) as a reference to describe its governance, strategy, targets and performance. This work has enabled the Group to analyse various climate scenarios, along with their associated risks and opportunities, and to assess the resilience of its business under different assumptions regarding future developments.

Defining risk management methods and identifying initiatives to seize the opportunities arising from climate change were the preparatory steps for setting greenhouse gas emission reduction targets, first with a medium-term horizon (in line with the criteria of the Science Based Targets initiative and aiming for 2030), and then with a long-term horizon (2050, Net Zero ambition).

With this in mind, the Group has drawn up its first Climate Transition Plan, which sets out its strategy and commitment to achieving Net Zero emissions by 2050, outlining the key aspects and future objectives in the short, medium and long term, as well as the actions and levers planned to promote the transition to a low greenhouse gas emissions economy.

The Hera Group's medium-term target, validated in 2021 by the Science Based Targets initiative and in line with the 'well below 2°C' level of ambition, calls for a 37% reduction in Scope 1 + Scope 2 + Scope 3 emissions from the sale of gas and electricity by 2030, compared to 2019. In detail:

- An absolute reduction of 28% in Scope 1 + Scope 2 emissions by 2030, compared to 2019;
- Increase in the share of certified renewable electricity purchased to cover internal consumption, from 83% in 2019 to 100% by 2023;
- A 30% absolute reduction in Scope 3 emissions from gas sales by 2030, compared to 2019;
- 50% reduction in the Scope 3 carbon intensity index from electricity sales by 2030, compared to 2019.

The long-term Net Zero target, on the other hand, calls for a reduction of around 90% in greenhouse gas emissions by 2050 (Scope 1 + Scope 2 + Scope 3 from the sale of gas and electricity, again compared to 2019), in line with scientific guidance and trajectories to limit global warming to 1.5°C by the end of the century, and the removal of all residual emissions that cannot be reduced at the end of the decarbonisation process. Specifically, the greenhouse gas emission reduction targets aligned with the IPCC scenarios for achieving Net Zero are as follows:

- Scope 1 + Scope 2 + Scope 3 from gas and electricity sales: reduction of around 90% by 2050 compared to 2019;
- Scope 2: Commitment to maintaining 100% certified renewable electricity purchased to cover internal consumption;
- Carbon removal: commitment to neutralise residual emissions by 2050 through carbon dioxide removal tools and technologies.

Among the internal decarbonisation levers, the Group has planned: the installation of carbon capture and storage (CCS) technologies at several waste-to-energy plants, starting with the Ferrara plant, which will be the first example on an industrial scale of carbon capture and storage applied to a plant of this type in Italy (Scope 1); the continued coverage of all internal electricity consumption with certified renewable energy (eliminating Scope 2 emissions); the gradual electrification of the customer base, resulting in the supply of energy from renewable sources (>75% by 2050) and the provision of solutions for energy savings and the generation of photovoltaic energy (Scope 3).

On the external front, trends in electrification and consumption efficiency, the penetration of renewable sources and the introduction of renewable gases into the national energy mix will promote the decarbonisation of the system as a whole, thereby supporting a further reduction in the emissions included in Hera's inventory.

Finally, the Group's Net Zero strategy is complemented by the use of tools to remove carbon dioxide from the atmosphere in order to neutralise all residual emissions that cannot be further eliminated.

Thanks to these levers and actions, the Hera Group expects to have no emissions that could jeopardise its medium- and long-term reduction targets, but rather residual emissions that cannot be eliminated by 2050, which will be managed using the aforementioned tools (waste-to-energy plants on which, based on current expectations, it will not be possible to install carbon capture systems, cogeneration units and thermal power plants serving district heating, and methane gas leaks from the distribution network).

Based on the reporting required by the EU Taxonomy for sustainable investments (Regulation (EU) 2020/852), the eligible aligned investments related to the implementation of the levers and actions described in the Climate Transition Plan and set out in the 2025–2029 business plan amount to approximately 1,331.4 million euro.

The Climate Transition Plan was approved by the Board of Directors of Hera S.p.A., which is responsible for the Group's policies, as an integral part of the company's strategy, confirming the commitment to chart a development path for the Group that is consistent with its corporate purpose (and therefore also with the explicit objective of contributing to climate neutrality) and that aims to make its business increasingly sustainable and resilient, fully integrating climate issues into its strategy and day-to-day operations.

Taken together, all the commitments made attest to the Board of Directors' intention to pursue the pathways set out for the European Union's climate neutrality by 2050, enabling the Group to fully align its activities with the transition outlined by the Sustainable Development Goals set by the United Nations Agenda for 2030.

In 2025, the Hera Group invested 14.4 million euro in gas-related economic activities and made no investments (0.0 million euro) related to coal and oil. The gas-related investments relate to activities 4.30 High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels and 4.31 Production of heat/cold from gaseous fossil fuels in an efficient district heating and cooling system, as set out in the EU Taxonomy for Sustainable Investments.

Finally, it should be noted that the Hera Group falls within the EU Paris-aligned benchmarks, as defined by Article 12 of Delegated Regulation 2020/1818, as in 2025 it generated:

- Less than 50% of its revenue derived from gas-related activities (44% of total revenue were generated by the distribution, sale and brokerage of natural gas, by heat management and cogeneration/trigeneration activities for apartment buildings, businesses and public authorities, and by district heating activities; when considering gas distribution activities alone, this share was 4% in 2025);
- Less than 50% of revenue from electricity generation (approximately 0.2% of total revenue).

The sustainability targets related to climate change are set annually on the basis of consolidated planning and control processes at Group level, which are used to determine the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main climate change targets and commitments (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These targets are aimed at managing climate change and addressing the associated significant impacts, risks and opportunities. They are presented below within the framework of shared value creation, as set out in the Climate Change Policy: promoting energy efficiency, the energy transition and renewables, climate change mitigation, and resilience and adaptation.

WHAT WE SAID WE WOULD DO

WHAT WE HAVE DONE

WHAT WE WILL DO

PROMOTION OF ENERGY EFFICIENCY

10% reduction in energy consumption by 2028 compared to 2013, through the energy improvement plan involving ten Group companies.

Further increase the number of customers with at least one energy-saving offer for gas and electricity, such as the Consumption Diary.

62% of the 658,000 lighting points managed to be LED by 2028, through energy performance measures in public lighting.

8.8% reduction in energy consumption by the end of 2025 (8.0% by 2024), compared to 2013, thanks to the measures implemented by the Group.

43.1% of free-market household customers to have the Consumption Diary by 2025 (compared to 30.9% in 2024).
60,900 energy transition products and solutions sold between 2023 and 2025 (39,300 by 2024).

Energy performance measures in public lighting also continued in 2025: 63.5% of lighting fixtures are LED (compared to 52.9% in 2024).

10.3% reduction in energy consumption by 2029 compared to 2013 (306,346 TOE), through the energy improvement plan under the ISO 50001 energy management systems, which involves 11 Group companies.

Increase the share of customers using the Consumption Diary by 2029.
139,000 energy transition products and solutions sold between 2023 and 2029.

62% of the 685,000 lighting points managed to be LED by 2029, through energy efficiency measures in public lighting. (target set out in the Business Plan and determined on the basis of the 2024 actual results).

ENERGY TRANSITION AND RENEWABLES

58% of the electricity sold by Hera Comm and its subsidiaries to customers on the free market to be renewable, out of 12.7 TWh by 2028.

147 GWh of renewable gas produced by 2028, through:

- Biomethane development: 111 GWh of production (11.7 million cubic metres) by 2028, through anaerobic digestion plants for the organic fraction of separated waste and the power-to-gas plant at the Bologna Corticella wastewater treatment plant (IDAR);
- 770 tonnes/year of hydrogen production by 2028, thanks to the construction, by 2026, of plants at the decommissioned landfill site in Modena and the waste-to-energy plant in Trieste.

52.5% of renewable electricity sold on the free market out of 12.8 TWh in 2025 (compared to 49.1% in 2024).

101.2 GWh of renewable gas produced in 2025, thanks to the 10.7 million cubic metres of biomethane produced from organic waste (10.1 million in 2024).
At the Idar wastewater treatment plant, an experimental power-to-methane plant is being built to produce biomethane using hydrogen obtained from the electrolysis of water (first feed-in scheduled for 2026).
Construction of the green hydrogen production plants in Modena and Trieste has begun.

58% of renewable electricity sold by Hera Comm and its subsidiaries to free-market customers, out of 13 TWh by 2029 (100% for household customers)

147 GWh of renewable gas produced by 2029, through:

- Biomethane development: 116 GWh of production (12.3 million cubic metres) by 2029 by the two anaerobic digestion plants for the organic fraction of separated waste collection in Sant'Agata Bolognese (Bologna) and Biorg Spilamberto (Modena), and the power-to-gas plant at the Bologna Corticella wastewater treatment plant;
- 622 tonnes/year of green hydrogen production by 2029, thanks to the construction of plants at the decommissioned landfill site in Modena and the waste-to-energy plant in Trieste by 2026.

More than 300 MW photovoltaic power installed by 2028 (owned, sold and at third-party sites, such as energy parks and agrivoltaic systems), of which 177 MW at Hera sites

To develop smart grids to support the electrification of consumption and increase the electricity grid's capacity to receive and manage energy from renewable sources (hosting capacity):

- 21 primary substations operated by 2028 (compared to 18 in 2024);
- Revamping of 20 secondary substations by 2028;
- 1,300 robotised secondary substations by 2028 (compared to 1,038 in 2023).

71.5 MW of installed photovoltaic capacity by 2025 (compared to 44.1 MW in 2024), including 16.5 MW at Hera sites and plants and at third-party locations (5.2 MW in 2024) and 55.0 MW sold (38.9 MW by 2024).

At 2025:

- 1,584 MW of hosting capacity (compared to 1,581 in 2024);
- 18 primary substations managed;
- 78 secondary substations upgraded during the year;
- 1,529 robotised secondary substations (compared to 1,432 in 2024).

More than 370 MW photovoltaic power installed by 2029 (owned, sold and at third-party sites, such as energy parks and agrivoltaic systems), of which 200 MW at Hera sites

To develop smart grids to support the electrification of consumption and enhance the electricity grid's ability to receive and manage energy from renewable sources by increasing the hosting capacity to 2,044 MW by 2029:

- 22 primary substations operated by 2029 (compared to 18 in 2025);
- 1,774 robotised secondary substations by 2029 (compared to 1,529 in 2025).

CLIMATE CHANGE MITIGATION

A 32% reduction in the Group's greenhouse gas emissions by 2028, based on the SBTi methodology, compared to 2019 emissions (11.8 million tonnes of CO₂), thanks to internal and customer decarbonisation initiatives.

~90% reduction in the Group's greenhouse gas emissions by 2050 compared to 2019 (11.8 million tonnes of CO₂), including the elimination of all residual emissions, to achieve Net Zero.

Reduction in the Group's greenhouse gas emissions by 2025, compared to 2019 emissions:

- -24% for Scope 1 and Scope 2;
- 100% electricity from renewable sources for internal consumption;
- -23% Scope 3 emissions from downstream gas sales (excluding last resort gas services);
- -31% carbon intensity index of electricity sales.

In summary: 18% reduction in greenhouse gas emissions by 2025 compared to 2019 (excluding gas last resort markets).

A 35% reduction in the Group's greenhouse gas emissions by 2029, based on the SBTi methodology, compared to 2019 emissions (11.8 million tonnes of CO₂), thanks to internal and customer decarbonisation initiatives.

~90% reduction in the Group's greenhouse gas emissions by 2050 compared to 2019 (11.8 million tonnes of CO₂), including the elimination of all residual emissions, to achieve Net Zero.

RESILIENCE AND ADAPTATION

Electricity service resilience: 67.5 km network adjusted by 2025, representing 100% of the total Electricity Resilience Plan in the Province of Modena. 12.3 km of network strengthened in Bologna and Modena in 2025.	Resilience and adaptation of the electricity service: 69.1 km of network upgraded by 2025, equivalent to 102.5% of the overall electricity resilience plan for the province of Modena (compared to 61.5 km by 2024, equivalent to 91.2%); 5.8 km of network strengthened in Bologna and Modena in 2025.	Electricity service resilience: 12.3 km of network upgraded in Bologna and Modena by 2026, as part of the NRRP project; - Completion of the ARERA plan in Modena; 46 km of low-voltage network replaced, with the renewal of 480 riser poles (55% of the low-voltage network renewed) by 2029
Gas service resilience: 2,055 gas sensors for monitoring landslide events installed by 2028 (compared to 120 in 2024).	Gas service resilience: 145 Sentinel gas sensors for monitoring landslide events installed by 2025 (compared to 120 by 2024).	Gas service resilience: 1,750 Nexaction solenoid valves installed by 2029; 255 Sentinel gas sensors installed by 2029.
Resilience of the sewerage and wastewater treatment service: 28 interventions to upgrade sewage networks and pumping stations by 2026. - Commencement of the implementation of the urban drainage master-plan in Ravenna. - Numerous interventions to relocate sewage networks at risk of flooding and to construct new pipelines and pumping stations in the Marche region.	Resilience of the sewerage and wastewater treatment service: - Numerous interventions to upgrade sewage networks and pumping stations were initiated and continued in Emilia-Romagna, Triveneto and Marche in 2025; - The master-plan for urban drainage in the Ravenna area has been launched: a memorandum of understanding has been signed with the stakeholders involved, and field surveys of the sewer network and the associated measurement campaigns have commenced; - Work has begun to make the Marche region's sewerage system safer, through the construction of new pumping stations and pipelines. In addition, work has begun on the construction of the new Serra Sant'Abbondio wastewater treatment plant, with the aim of eliminating a number of primary treatment facilities located in areas prone to flooding.	Resilience of the sewerage and wastewater treatment service: - In Emilia-Romagna, implement interventions by 2029 to mitigate the risk of flooding and improve the efficiency of sewerage and wastewater treatment systems, including measures to upgrade networks and pumping stations; - In the Triveneto region, various interventions in the Padua area to mitigate the risk of flooding in urban settings; - In the Marche region, various works will be completed to make the sewer systems affected by the 2022 floods safe and to decommission several primary treatment plants in areas at risk of flooding, thanks to the new Serra Sant'Abbondio wastewater treatment plant.

Actions and Resources

Listed below are the main actions implemented, underway or planned by Hera to achieve the Group's objectives and manage the IROs in the following areas: promotion of energy efficiency, energy transition and renewables, climate change mitigation, and resilience and adaptation.

MAIN ACTIONS**BRIEF DESCRIPTION****PROMOTION OF ENERGY EFFICIENCY**

Energy improvement plans	Planning and implementation of initiatives in the various business areas in which Hera operates, aimed at achieving energy savings within the Group
Energy transition for customers	Provision of services and products that enable customers to monitor and reduce their consumption and promote the use of energy from renewable sources
Energy efficiency for multi-unit residential buildings, businesses and public administration	Provision of energy efficiency services for multi-unit buildings, business customers and public authorities

For several years now, Hera Group has set itself the target of reducing energy consumption by 10% by 2030 compared to 2013, implementing an energy improvement plan within the framework of ISO 50001 energy management systems, with specific measures to be carried out. This target, which is expected to be achieved ahead of the target year, is calculated across the following ISO-certified companies: Hera Spa, Inrete Distribuzione Energia, HERAcquaModena, AcegasApsAmga, Marche Multiservizi, Herambiente, Herambiente Servizi Industriali, HestAmbiente, and Frullo Energia Ambiente. In addition to these companies are Aliplast and Biorg, which are not ISO 50001 certified but are nonetheless participating in the Energy Improvement Plan.

To date, significant energy savings have been achieved in the water cycle, thanks to the optimization of wastewater treatment plants and water supply systems; in district heating, through the maximization of heat recovery from existing cogeneration units and the use of renewable sources (geothermal energy and waste-to-energy plants); and in gas distribution networks, through the retrofitting of thermal power plants for preheating. Other measures are being implemented in treatment and recycling facilities, company offices, vehicles, and environmental services.

The 857 interventions implemented by the end of 2025 and included in the energy improvement plan since the base year have resulted in savings of approximately 27,000 toe, equivalent to 8.8% of consumption in the Plan's base year (306,343 toe), exceeding the target set for 2025 (8.1%).

These savings are equivalent to the annual energy consumption of 22,000 households (consuming 2,700 kWh of electricity and 1,200 cubic meters of natural gas) and a reduction in greenhouse gas emissions of 45,800 metric tons (which rises to 54,000 metric tons when accounting for the measures planned for implementation in the coming years).

E1-3

ENERGY
IMPROVEMENT
PLANS

In 2025, Hera Comm and its subsidiaries once again demonstrated their focus on energy efficiency for their household customers by providing a wide range of value-added services and products for monitoring and reducing consumption.

All household customers on the free market have free access to the Consumption Diary (when activating their contract or independently via the online services and the MyHera app), a digital service that enables them to view detailed and personalised overviews of their consumption, which are useful for monitoring their consumption, understanding their consumption habits and identifying opportunities for energy savings.

The Hera LED range enables customers to purchase up to two kits of ten high-efficiency LED bulbs per contract, offering electricity savings of up to 80% compared to incandescent bulbs and 70% compared to halogen bulbs. The offer also includes the LED Smart package, which comprises a kit of LED bulbs with advanced features and user experience, such as remote switching on and off and the ability to change colour and brightness.

Hera Thermo is the smart thermostat that enables users to remotely control their home heating system and save on gas consumption.

Finally, the energy efficiency product range is rounded off by Hera Clima and Hera Caldaia, which offer the sale and turnkey installation of high-efficiency heat pump air conditioners and latest-generation condensing boilers, respectively; the latter reduce gas consumption by up to 30% compared to a conventional boiler. With hybrid heat pump boilers, it is also possible to benefit from the tax deductions provided for by current legislation.

Energy transition solutions for customers

	2025	2024
Electricity and gas contracts at the end of the year with consumption tracking (% of total free-market household contracts)	43.1 %	30.9 %
Energy transition products and solutions sold (cumulative from 2023 – thousands)	60.9	39.3

These figures do not include the company AresGas. The energy transition products and solutions sold refer to Hera Led, Hera Led Smart, Hera Thermo, Hera Clima and Hera Caldaia products sold to household customers, public and private charging stations installed and sold, and photovoltaic panels sold to household and business customers.

As of 2025, there were approximately 1.2 million free-market contracts with an active consumption log, accounting for 43.1% of the customer base (compared to 30.9% in 2024). In addition, 60,900 energy transition products and solutions have been sold since 2023 (39,300 as of 2024). These indicators are calculated excluding contracts relating to the traditional protection scheme, vulnerability protection, safeguard, default and last resort supply services, as, by their very nature, it is not possible to make offers in these markets that are in line with the Group's commercial strategy.

Thanks to the sale of services and products related to energy transition, approximately 25,300 metric tons of greenhouse gas emissions are estimated to be avoided by 2025 (rising to 32,000 metric tons when taking into account projected sales by 2029).

Through its subsidiary Hera Servizi Energia (HSE), the Hera Group is actively engaged in the energy efficiency sector, operating across a broad spectrum and targeting primarily apartment buildings, large industrial customers and public authorities.

With regard to the energy upgrades of apartment buildings, HSE carries out work on opaque and transparent surfaces, as well as developing temperature control systems and modernising thermal or electrical energy generation units by installing renewable energy systems (solar thermal and photovoltaic) and high-efficiency thermal power plants. Apartment buildings that simultaneously carried out energy upgrades on their building envelope and upgraded their thermal energy production units achieved energy savings ranging from 30% to over 50%. Throughout 2025, HSE managed a total portfolio of approximately 100 apartment buildings that underwent energy upgrades, achieving an improvement of at least two energy classes. These upgrades were divided between energy services and retrofit work, representing a decrease compared to previous years (900 in 2024) due to the expiry of the tax incentives available to the sector.

With regard to services for businesses, HSE offers multi-year contracts for consumption decarbonisation services through the construction and operation of photovoltaic renewable energy generation units, cogeneration/trigeneration plants and high-efficiency thermal power plants, all dedicated to meeting customers' primary energy needs. As of 2025, HSE had three decarbonisation contracts in place and 29 customers, with a managed plant portfolio comprising four photovoltaic generation units, 23 cogeneration/trigeneration plants and 12 thermal power plants. For some clients, Hse provides multiple services simultaneously by combining several energy efficiency technologies at the same industrial facility.

In the public administration market, Hse operates through tenders for integrated works and services, including those related to public-private partnership proposals – a contractual arrangement that enables significant investments aimed at reducing greenhouse gas emissions through the generation of energy using photovoltaic and solar thermal systems, condensing boilers and heat pumps, as well as reducing the energy required to maintain building comfort by insulating building envelopes through the installation of thermal insulation and the replacement of more energy-efficient windows and doors. The savings that can be achieved through multiple interventions range from 6% to 74%,

depending on consumption levels and the work already carried out on the building envelope, and can be combined with the seismic retrofitting of buildings.

In addition, Hera Luce (including through its subsidiary Triveneta Luce) and Marche Multiservizi manage 661,000 lighting points, ensuring the efficiency of public lighting services in 229 municipalities across 13 regions: Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche, Abruzzo, Lazio, Liguria, Lombardy, Piedmont, Sardinia, Tuscany, Umbria, and Valle d'Aosta. In some areas, traffic signal systems are also managed, for a total of approximately 8,600 traffic signal lights.

Lighting points and traffic light units managed

NUMBER	2025	2024
Municipalities served (no.)	229	226
Lighting points as at 31/12 (no.)	660,886	645,115
of which LED (%)	63.5 %	52.9 %
of which equipped with energy consumption optimisation management systems (%)	88.4 %	82.9 %
Traffic light units (no.)	8,553	8,563
of which LED (%)	76.7 %	73.0 %

At 88.4% of the lighting points managed by the three companies, management systems for optimising energy consumption (intensity reduction, partial shut-down, etc.) are in operation. LED lamps are used at 63.5% of the lighting points. Finally, 96.6% of the lighting points use energy-efficient lamps (non-mercury-vapour lamps that can be classified as Class G according to the energy rating system developed by Hera Luce based on minimum environmental criteria).

Thanks to the energy efficiency measures implemented by Hera Servizi Energia, Hera Luce, Triveneta Luce and Marche Multiservizi at third-party sites, savings equivalent to avoiding 25,700 tonnes of greenhouse gas emissions were achieved in 2025. The measures planned for implementation over the next few years are expected to result in an estimated 163,000 tonnes of greenhouse gas emissions avoided.

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), eligible investments related to the promotion of energy performance in 2025 amounted to 16.8 million euro. In contrast, the eligible capital expenditure (CapEx) envisaged in the 2025–2029 Business Plan amounts to 52.2 million euro.

MAIN ACTIONS

BRIEF DESCRIPTION

ENERGY TRANSITION AND RENEWABLES

Development of biomethane	Production of biomethane for use in motor vehicles and public transport, and construction of new facilities
Development of hydrogen	New business opportunities in the development of hydrogen for use in the residential sector, public transport and hard-to-abate sectors
Development of photovoltaics	Installation of photovoltaic systems on owned sites and at external sites
Renewable energy for our customers and development of widespread self-consumption	Supply of electricity from certified renewable sources and support for the development of initiatives for renewable energy communities, collective self-consumption by apartment buildings, and remote individual self-consumption
Development of smart grids	Development of smart grids to support the electrification of consumption and increase the electricity grid's capacity to receive and manage energy from renewable sources, including through the construction and robotisation of new substations

DEVELOPMENT OF BIOMETHANE

In 2025, total biomethane production reached 10.7 million cubic metres (equivalent to approximately 101.2 GWh). Of this total, 7.5 million cubic metres were produced by Herambiente's plant in Sant'Agata Bolognese (Bologna) and 3.2 million cubic metres by the plant in Spilamberto (Modena) operated by the subsidiary Biorg. This production was made possible by the treatment of approximately 167,000 tonnes of urban organic waste, lignocellulosic waste, sludge and other agro-industrial liquid waste. The biomethane produced was fed into the grid and used for road transport.

At the IDAR purification plant in Bologna, a pilot plant called Power-to-methane is currently being built, closely integrated with the urban wastewater treatment process. At this plant, it will be possible to produce additional biomethane, derived in part from the upgrading of the biogas produced at the treatment plant and in part from the methanation of the carbon dioxide present in the biogas itself, using hydrogen obtained from the electrolysis of water. The first biomethane is expected to be injected into the grid in the first half of 2026.

Thanks to the biomethane produced in 2025, it is possible to estimate a benefit in terms of greenhouse gas emissions avoided of approximately 22,100 tonnes (rising to 27,000 tonnes taking into account the production forecast for 2029).

The Hera Group is assessing new business opportunities in the field of hydrogen development for use in the residential sector, public transport and hard-to-abate sectors.

In Modena and Trieste, work has begun to convert disused industrial sites into new hydrogen valleys, with the aim, once completed, of achieving an annual green hydrogen production of 622 tonnes – 230 tonnes from Modena and 392 tonnes from Trieste – equivalent to approximately 20.8 GWh (with a maximum potential of 1,150 tonnes). Hydrogen production is scheduled to commence in 2026; at the target production level, it will be possible to achieve an estimated benefit in terms of greenhouse gas emissions avoided of approximately 10,000 tonnes.

In Castelfranco Emilia, in the Modena area, work is continuing on the injection of hydrogen into the urban gas distribution networks, where Inrete Distribuzione Energia has launched the first national trial of hydrogen for residential use, with a number of temporary injections taking place in 2022, 2023 and 2025. This can make a tangible contribution to decarbonising household consumption and reducing the energy dependence associated with traditional fossil fuels. In January 2025, a dedicated operational protocol was signed between Inrete Distribuzione Energia, the Ministry of the Environment and Energy Security, and the Italian Gas Committee to assess the feasibility of using mixtures of hydrogen and natural gas in the grid to supply households with increasing percentages of hydrogen, between 5% and 10%. In line with the agreement signed, Inrete Distribuzione Energia launched the third experimental injection, containing 5% hydrogen, in March 2025. The positive outcome enabled a fourth and final experimental injection of a 10% mixture, to be carried out in December 2025, which also proceeded smoothly and without any issues. Evidence gathered during the tests is currently being collated for sharing with the Ministry of the Environment and Energy Security and the Italian Gas Committee.

Several photovoltaic systems of various sizes have been installed at various Hera Group sites, with a total capacity of 15.5 MW as of 2025 (4.2 MW as of 2024). Partly thanks to the establishment of its Renewable Energy business unit, the Hera Group is intensifying its efforts in this area through initiatives of various types and scales: conventional photovoltaics, floating photovoltaics, agrivoltaics, green hydrogen, and the development of energy parks and plants at the Group's sites, on closed landfill sites, and at water cycle plants.

Below are the main developments in 2025:

- In 2025, four new photovoltaic systems were commissioned at the Modena, Pisa, Ravenna and Trieste sites, and the system at the Pesaro site was expanded (providing an additional total capacity of 2.5 MW); the system at the Hera Forlì site (0.7 MW) and three further systems at the Trieste site (a total of 284.5 kW) are nearing completion. Two further systems, with capacities of 99 kW and 132.7 kW, will also be installed at the Trieste site;
- Projects at a number of water cycle plants are currently under construction, including Hera's Santa Giustina wastewater treatment plant (Rimini) and the San Vitale water treatment plant in Calderara di Reno (Bologna), with a total capacity of 6.1 MW, scheduled to become operational by the end of 2026, and the Codevigo wastewater treatment plant (Padua), with a capacity of 99.8 kW, also scheduled to become operational by 2026;
- A plant on the closed landfill site in Castel Maggiore (Bologna) is under construction, and a plant on the closed landfill site in Ravenna, with a total capacity of 11.7 MW, is in the process of obtaining planning permission, with both plants expected to become operational by 2027 and 2028, respectively; a plant at the Giarizzole waste collection centre (Trieste), with a capacity of 11.4 kW, is also under construction and expected to become operational by 2026;
- The 9 MW plant in Tiepolo (Bondeno) has been in operation since March 2025;
- Construction has begun on the Horowatt project, a company established with Orogel in Cesena for an advanced 5.1-MW agrivoltaic plant, with completion of the works expected by June 2026;
- The construction of hydrogen production plants at the hydrogen valleys in Trieste (5 MW) and Modena (6.3 MW, in collaboration with Snam) is underway, with completion expected by June 2026;
- Construction of the 14-MW Faenza Energy Park (Ravenna) is underway, with the aim of completing the project by the end of 2026; the Bologna Energy Park project (14 MW) has been awarded a public-private partnership contract and is currently in the permitting phase, with commissioning expected in early 2028.

With regard to the Horowatt project in Cesena, it should be noted that this will be an advanced agrivoltaic plant built on an area of approximately 10 hectares, capable of producing around 8 GWh of renewable energy per year, 80% of which will be used for self-consumption by Orogel's plants, with the remainder being fed into the grid. Thanks to this initiative, it will be possible to test a beneficial coexistence between agrivoltaic technology and agricultural crops, without consuming land and creating synergies with the crops, which will be protected from excessive temperatures and will benefit from increased soil moisture. Indeed, the photovoltaic panels will be installed at a height of approximately three metres, thereby enabling all agricultural activities to be carried out below them. They will also be oriented to follow the sun's path, ensuring maximum production efficiency, as well as to meet specific agricultural needs, for the benefit of the crops below.

For details on the Energy Parks, please refer to the chapter on Biodiversity and Ecosystems.

It should be noted that grants from the NRRP have been obtained for the plants at Horowatt, Hydrogen Valley and the Faenza Energy Park.

In addition to these initiatives, HSE has installed several photovoltaic systems at customer companies and public administration facilities, including one 1.0-MW system currently in operation. Therefore, by 2025, the total capacity of

the photovoltaic systems installed at the Group's sites and plants or at third-party locations will reach 16.5 MW, tripling the capacity installed by 2024 (5.2 MW).

Thanks to the electricity generated by photovoltaic systems in 2025, it is possible to estimate a benefit in terms of greenhouse gas emissions avoided of approximately 9.4 thousand tonnes (rising to 81 thousand tonnes taking into account the projected generation by 2029).

In 2025, Hera Comm and its subsidiaries continued to provide solutions to help customers reduce their carbon footprint by supplying electricity from renewable sources (certified through Guarantees of Origin). This option is already included in all offers for residential customers in the open market.

In 2025, 6,702.1 GWh of renewable energy were supplied to the free market, accounting for 52.5% of total sales (compared to 49.1% in 2024). Of this total, 6,171.0 GWh was covered by Guarantees of Origin (GO) certificates, while the remaining portion (531.0 GWh) corresponded to the residual share of renewable electricity in the national complementary energy mix (estimated at 8.04% according to the latest available GSE data).

Renewable electricity sold

GWH	2025	2024
Renewable electricity sold	6,702.1	7,003.4
Electricity sold on the free market	12,776.1	14,257.1
Renewable electricity sold (% of volumes sold on the free market)	52.5 %	49.1 %

The calculation takes into account the Guarantees of Origin purchased by Hera and, for the remaining portion of electricity, the latest available GSE data on the national complementary energy mix. These figures do not include the company AresGas.

Specifically, 92.9% of consumption in the household segment, 75.9% in the multi-unit residential segment, 36.3% in the business segment and 20.4% in the Consip segment is covered by renewable electricity.

Hera Comm's range of offerings also includes the Hera Fotovoltaico option, which enables customers to purchase photovoltaic systems through a turnkey service that covers everything from the technical site survey to the management of administrative and tax procedures. In 2025, 111 photovoltaic systems were sold, with a total capacity of over 16 MW, of which 1.1 MW was allocated to widespread self-consumption initiatives. Since the service was launched, a total of 3,001 systems have been sold, with a combined capacity of 55 MW (compared to 38.9 MW as of 2024).

Thanks to the sale of renewable electricity on the free market and the sale of photovoltaic panels, it is possible to estimate a benefit in terms of greenhouse gas emissions avoided in 2025 of approximately 3.1 million tonnes (rising to 3.3 million tonnes when the sales forecast for 2029 is taken into account).

The Hera Group is also continuing its commitment to promoting renewable energy in the area of distributed self-consumption, supporting the various stakeholders involved in the production and sharing of energy at the local level. These initiatives form part of the Group's broader energy transition strategy and support the construction of new renewable energy generation plants, thereby creating shared value for local communities. Changes to the relevant regulatory framework and the establishment of operational rules by the GSE have made it possible to develop new configurations for distributed self-consumption, with dedicated incentives for the virtual sharing of energy between producers and end customers. In this context, throughout 2025, Hera Comm continued to support various stakeholders in the construction of new photovoltaic systems – each with a capacity of less than 1 MW – aimed at sharing renewable energy through new configurations for distributed self-consumption.

In the context of Renewable Energy Communities (RECs), taking advantage of the existence of a legal entity already established by three municipalities in the Rimini area, in 2025, support was provided to the REC to secure a NRRP grant for the construction of its first photovoltaic system, with an output of approximately 15 kW. The system will be installed on the roof of a retirement home and will be completed in 2026. Also intended for a new Renewable Energy Community, a photovoltaic system with a capacity of approximately 1 MW is being installed on the site of the Ca' Asprete landfill operated by Marche Multiservizi in Tavullia (PU), with commissioning scheduled for March 2026.

In the context of collective self-consumption in apartment buildings, Hera Comm offers its services to apartment building owners as a strategic partner throughout all project phases: from the initial design to the installation of the photovoltaic system, as well as in supporting the building manager in establishing the collective self-consumption group, applying for access to incentives, and providing long-term technical and administrative management of the configuration. As of 2025, six Collective Self-Consumption Groups have been established, four of which are operational, with four systems with a total capacity of approximately 100 kW, connected to the grid and benefiting from the GSE incentive scheme, involving around 60 households. During the year, support was also provided to two apartment buildings to help them obtain a non-repayable grant under the NRRP, covering approximately 40% of the costs incurred for the installation of the system.

Finally, in the context of remote individual self-consumption, a 1 MW photovoltaic system was installed on the roof of a food company's plant in Cesena, again using a turnkey sales model. This configuration enables the company to benefit from twenty-year incentives on shared energy via the off-take points of its four plants, which are located within the same primary substation as the newly installed system.

In 2025, work also continued on the electricity distribution networks operated by Inrete Distribuzione Energia and AcegasApsAmga to enable greater electrification of final consumption and to increase the networks' hosting capacity, i.e., the system's ability to accommodate additional electricity generated from renewable sources.

In the municipalities of Imola (BO), Modena and Frignano (MO) and the surrounding areas served by Inrete Distribuzione Energia, a project funded by the European Union through the NextGenerationEU instrument and included in the NRRP is currently underway (specifically: M2C2.2.1 – Mission 2, Component 2, Area 2: Upgrading and digitising grid infrastructure – Investment 2.1: Strengthening the Smart Grid). This project focuses on these key areas, as there are currently strong upward trends in the number of renewable energy installations and in requests for off-take connections. The following activities are underway:

- Replacement of the overhead medium-voltage switchgear at the Modena Nord primary substation with a new metal-clad switchgear unit with a higher busbar rating;
- Replacement of two high-to-medium-voltage transformers at the Ortignola primary substation in the municipality of Imola with new, more powerful transformers;
- Construction of a new high-to-medium-voltage primary substation in the municipality of Pavullo nel Frignano (Modena);
- Further work on the construction of new primary substations;
- Replacement of 60 medium-to-low-voltage transformers at various secondary substations located in the municipalities of Imola, Modena and neighbouring areas with new, more powerful transformers;
- Further upgrading and renewal of primary substations, secondary substations and medium-voltage lines, with the aim of increasing hosting capacity and loadability.

In Trieste, AcegasApsAmga has completed all the preparatory construction work for the installation of high- and medium-voltage equipment, as well as high-to-medium-voltage transformers, at the Roiano primary substation, where work will be completed in 2026 with the activation of the sixth primary substation operated by AcegasApsAmga. During the year, all the high- and medium-voltage lines included in the project were laid, and the replacement of 20 plant oil transformers was completed.

Overall, at Group level, in 2025, 18 primary substations (all robotised) with a total capacity of 1.4 GW and 5,339 secondary substations (including 1,529 robotised) with a total capacity of 1.3 GW are operated. During the year, 78 secondary substations were upgraded and 78 transformers, with a total capacity of 30.5 MW, were replaced. The hosting capacity of the managed grids is 1,584 MW (essentially unchanged compared to 2024).

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), eligible investments related to the development of biomethane, hydrogen and photovoltaics in 2025 amounted to 28.3 million euro. In contrast, the eligible investments envisaged in the 2025–2029 business plan for the development of biomethane, hydrogen and photovoltaics amount to 228.3 million euro.

MAIN ACTIONS	BRIEF DESCRIPTION
RESILIENCE AND ADAPTATION	
The resilience of networks and plants	Interventions to enhance the resilience of plants, electricity and gas distribution networks, and the sewerage and wastewater treatment system.

As part of the Group's risk analysis, a risk assessment project entitled 'Analysis of Hydraulic Risk in the Context of Climate Change' was carried out in 2022. The aim of the project was to investigate the water-related risk, in terms of property damage and business interruption, to which the Hera Group's physical assets (plants and infrastructure) may be exposed, by assessing their vulnerability to both the current climate situation and a hypothetical future climate situation, which will affect precipitation and the frequency and severity of extreme events such as floods. The outcome of the project was to provide Group companies with a range of tools to support decision-making aimed at increasing resilience to flood-related weather events.

Inrete Distribuzione Energia is implementing two main action plans to enhance the resilience of the electricity system: the first, in accordance with the ARERA guidelines, focuses on preventing the formation of ice and snow sleeves, while the second, under the NRRP (M2C2.2.2) and financed by the European Union (NextGenerationEU fund), aims to strengthen the medium-voltage grid by focusing primarily on the weakest backbone sections, which currently compromise both the resilience and the thermal limit capacity of the grid to which they belong.

The ARERA plan comprises 54 interventions aimed at reducing the risk of service disruptions and upgrading power supply lines, and covers 12 municipalities in the Modena Apennines. As of 2025, 50 projects had been completed, covering a total of 69.1 km of medium-voltage lines, which corresponds to 102.5% of the total planned (exceeding the scope of the planned upgrades even before the completion of the project plan, thanks to synergies that arose during the authorisation and construction phases, also linked to the evolution of network needs over the years). Of the four projects still to be carried out, two are currently underway and two have received approval from the relevant authorities. The failure to complete the interventions in line with the set target is linked to the different authorisation procedures introduced over the years.

The NRRP project comprises 13 interventions and covers approximately 12.3 km of electricity distribution network in the municipalities of Imola (Bo), Mordano (Bo), Pavullo nel Frignano (Mo) and Zocca (Mo). A total of 83.9 km of distribution network and 222 network nodes in the municipalities of Imola (Bo), Mordano (Bo), Guiglia (Mo), Montese (Mo), Pavullo nel Frignano (Mo) and Zocca (Mo) will benefit, encompassing four primary substations serving 861.3 km of network. Depending on the network sections replaced, it will also be possible to reduce the environmental impact of the lines themselves by reducing the first-approximation distances and thus the areas affected by electromagnetic fields. As of 2025, eight interventions had been completed, covering a total of 5.8 km of medium-voltage lines, which represents 47.2% of the total planned.

The risk identification and assessment processes that determine the selection of the priority interventions carried out and to be carried out under the ARERA Resilience Plan in the Modena area are based on the criteria set out in ARERA Resolutions 668/2018/R/EEL and supplemented in accordance with the guidelines contained in the Ministry of Economic Development's Memorandum of 30 November 2017 on the prevention and management of adverse weather events. With regard to the NRRP project, the same regulatory criteria mentioned above are adopted, with additional focus on interventions that maximise the criteria set out in NRRP call M2C2.2.2, in particular concerning the relationship between the network subject to the interventions and the beneficiary network; the identification of interventions is supported by advanced IT modelling and mapping systems applied to the electricity distribution network.

In 2026, the construction of a further 5.2 km of network related to the ARERA resilience plan (three projects) and 6.8 km to complete the NRRP M2C2.2.2 call for proposals is planned. The final completion of the Plan under the ARERA framework is contingent on the outcome of negotiations with the private landowners affected by the works. These projects will be complemented by further network maintenance and development work to ensure that high levels of service quality and continuity are maintained. The various projects aimed at enhancing the resilience of electricity networks also include new operational methods for remote inspection and management, such as the use of drones, robotisation initiatives, and the expansion of remote control for secondary substations.

It should be noted that in 2025, the electricity distribution service was not affected by any significant outages due to weather and climate events in any of the areas managed by Inrete Distribuzione Energia and AcegasApsAmga, thanks in part to the planned and scheduled extraordinary maintenance work included in the resilience plans described herein. Routine maintenance and renewal activities were also carried out with a view to improving and maintaining the quality of service.

In response to the adverse weather events and hydrogeological instability experienced in the Emilia-Romagna region, Inrete Distribuzione Energia, the Emilia-Romagna Regional Authority and the Civil Protection Department have been working closely together in recent years to secure funding for emergency recovery measures and to enhance collaboration between infrastructure operators and public authorities. Indeed, Inrete Distribuzione Energia also operates power lines and gas networks in hilly and mountainous areas, which are often prone to instability; this makes close collaboration with the bodies responsible for safeguarding the area both necessary and desirable. The Civil Protection Department is responsible for carrying out a preliminary reconnaissance phase to identify any problems in the region. Following the collection of reports, which may be submitted by infrastructure operators, municipalities, public bodies and land reclamation consortia, the proposed interventions are assessed and, if approved, funded.

Between 2019 and 2025, a total of 43 interventions (40 in the gas sector and three in the electricity sector) were submitted to the Emilia-Romagna Region for consideration, with a view to the possible award of a total of 15.4 million euro in funding covered by the Region. Of these, 39 interventions received approval for a total regional grant of 14.2 million euro; of the four interventions not funded by the Region, two were nevertheless completed using internal financial resources, and two were included in subsequent surveys following further events. As of 2025, 23 of the 39 projects approved by the Region have been completed, while the remaining 16 are either under construction (13) or in the planning stage (three). In addition, approximately 65% of the highly urgent repair work to repair damage caused by adverse weather events in Emilia-Romagna in recent years (currently estimated at a total of around 4.8 million euro) has been carried out, while approximately 42% of the safety-related work (around 13.5 million euro) has been completed.

The risk identification and assessment processes used to determine the priority interventions that have been carried out and those still to be carried out – where they have not been developed in response to an immediate management/operational need arising from the obvious causes of unforeseeable events that have occurred – are also conducted with the support of predictive IT applications. This software, which is capable of interpolating data from the measurements provided by landslide monitoring systems, supplies data and information that can be used to classify each critical issue identified and initiate mitigation measures (e.g., the installation of NexAction remotely controlled valves and Sentinel remotely controlled sensors) or to feed network flow simulation systems, thereby testing the potential fluid dynamic impacts of any critical incidents. In particular, NexAction automated valves (35 installed as of 2025) enable the remote monitoring and control of underground valves under any conditions, immediately detecting any leaks or anomalies and reporting them to the distributor, thereby reducing intervention times and operational risks. The Sentinel remote-controlled sensors (145 by 2025), integrated into the gas pipeline monitoring system in areas at hydrogeological risk, combine satellite data and geographical information to estimate the risk of pipeline rupture based on the movement of landslide fronts, and recommend targeted mitigation measures to prevent network losses.

In the areas managed by Marche Multiservizi, no plans have currently been drawn up in collaboration with other stakeholders, such as the Regional Authority, the Fire Service or the Civil Protection Service. However, Marche

Multiservizi carries out annual monitoring of the main critical points in areas subject to hydrogeological risks, through site inspections and, where necessary, the installation of on-site monitoring systems. As of 2025, there are 14 landslide-prone points (the lengths of the sections are still being determined), where monitoring was carried out during the year using mechanical systems (expansion joints) or visual inspections. Looking ahead, the plan is to secure these sections of the network in the landslide-prone area. In 2025, a landslide occurred in Montecalende (PU), affecting the medium-pressure network and causing two ruptures. Following this event, a project was drawn up to relocate the entire pipeline in 2026, with the installation of monitoring systems.

The resilience of the sewage and wastewater treatment system is a crucial factor in ensuring the sustainability and efficiency of integrated water service management. Changes in the climate scenario and the consequent increase in the frequency and magnitude of extreme weather events in recent years have highlighted the need for a major coordination effort between all stakeholders involved in the planning, scheduling and management of the water network (river basin authorities, regional governments, land reclamation consortia, integrated water service operators, municipalities).

In this context, the Hera Group carries out the collection and conveyance of wastewater into the sewer system, the treatment of wastewater at wastewater treatment plants in all the areas it manages and, in Emilia-Romagna, the operation and routine and extraordinary maintenance of rainwater networks.

The Hera Group manages 19,969 km of sewage network in the areas it serves, broken down as follows:

- 10,604 km of combined sewer network (53.1% of the total);
- 3,566 km of 'white network' (17.9% of the total);
- 5,799 km of black network (29.0% of the total).

As part of the initiatives aimed at increasing the resilience of the sewerage and wastewater treatment system, we would like to highlight the aspects related to integrated planning for urban drainage systems, achieved through the establishment of joint working groups with stakeholders and the implementation of numerous interventions to mitigate flood risk and reduce non-revenue water flows within the sewerage and wastewater treatment systems of the integrated water service.

In 2025, Hera Spa began preparing the master plan for urban drainage in the Ravenna area, in collaboration with stakeholders from the Province of Ravenna. Work will proceed with the completion of the information framework, hydraulic modelling and an analysis of the condition of the urban drainage systems in order to identify their functional limitations and critical issues in relation to the changing climate scenario and their interaction with other water bodies, with the ultimate aim of determining the most effective measures to eliminate/mitigate these critical issues. Specifically, in 2025, a memorandum of understanding was signed with the stakeholders involved, and field survey activities on the sewage network and the associated measurement campaigns were launched.

In the Triveneto area, at the level of the Eastern Alps District River Basin Authority, AcegasApsAmga is participating as a stakeholder in the activities to update the Flood Risk Management Plan (Pgra), in implementation of Directive 2007/60/EC.

As part of its climate change management policies and tools, the Veneto Region, through Regional Council Resolution No. 459 of 2024, adopted the Preliminary Document of the Regional Climate Change Adaptation Strategy. Throughout 2025, AcegasApsAmga participated in several thematic meetings with key stakeholders to identify actions and measures required to adapt to climate change, providing input on the assets it manages.

The Padua City Council recently began the process of drafting the new Water Plan, which will serve as a new tool for analysing and managing the local area. In collaboration with the Bacchiglione Basin Authority, the Brenta Reclamation Consortium, AcegasApsAmga and appointed professionals, it therefore promoted various initiatives in 2025, including meetings with the public to enhance dialogue on the issues of water, flood risk and climate change.

Pursuant to Regional Law No. 4/2023 FVGGreen and the process of drafting the FVG Climate Strategy and Plan, the Friuli-Venezia Giulia Region has initiated the definition of climate impact chains, an activity aimed at identifying, understanding, systematising and prioritising the various factors that determine climate change risks and territorial vulnerability. As the operator of the integrated water service, throughout 2025, AcegasApsAmga participated in thematic round tables with the aim of identifying the effects of weather and climate factors on the various types of water bodies, on water transport and distribution infrastructure, and on water consumption for different uses, as well as the factors that increase their vulnerability and the adaptive capacity that can, on the other hand, enhance their resilience in the face of changing climate conditions.

In terms of operational measures, the proper management of the sewage and wastewater treatment systems is ensured, partly thanks to the extensive remote monitoring of the pumping and treatment plants, as well as routine operation and maintenance activities (scheduled maintenance of network overflows and Imhoff tanks, and preventive cleaning of the sewage networks).

Risk identification and assessment are managed annually through the Enterprise Risk Management process, which identifies both risks and mitigation actions, assessing risk events and their impact. During 2025, the risk scenario related to the suspension of water distribution due to natural events associated with flooding was confirmed, and the potential reputational and public health repercussions of a prolonged suspension of the water supply, sewerage and wastewater treatment services following flooding (landslides/flooding) were assessed.

To ensure the proper planning and prioritisation of interventions, AcegasApsAmga has adopted a cost-benefit analysis model capable of assessing and comparing different projects on the objective basis of the benefits they offer from an

economic, social and environmental point of view. In addition, AcegasApsAmga is developing a fluid dynamics model of the sewerage system it manages in order to improve knowledge, asset management and investment planning. In order to identify potential vulnerabilities and the corresponding mitigation measures, a climate resilience analysis of the integrated water service assets managed by AcegasApsAmga was initiated in 2025, and from 2026, this analysis will continue to focus specifically on wastewater treatment plants. The main objective of this work is to carry out a screening phase to identify the most significant climate hazards, assess the vulnerability of infrastructure, and provide a knowledge base for planning future mitigation and adaptation measures. The analysis was developed in accordance with the European Commission's Technical Guidelines for Climate-Proof Infrastructure for the period 2021–2027 (2021/C 373/01) and using new tools such as the Dataclime platform, developed by the CMCC Foundation, which is capable of providing high-resolution climate projections.

In the Marche Multiservizi area, analyses are carried out based on the historical occurrence of critical events, which can be used to plan priority interventions.

In Emilia-Romagna, the numerous planned interventions and measures to mitigate the risk of flooding and to improve the efficiency of the sewerage and wastewater treatment systems across all the areas under management continued: upgrading of sewerage systems, refurbishment of collectors, and enhancement of pumping stations.

In the Padua area, in 2025, AcegasApsAmga initiated several projects to address critical water-related issues and to upgrade, extend and strengthen sewage networks, with the aim of mitigating the effects of climate risks, particularly in terms of flooding in urban areas.

In the Marche region, work began in 2025 to make the sewage system in Cagli (PU) safe, with the construction of new pumping stations and pipelines to improve the safety and efficiency of the town's sewage network. Work also began on the construction of the new wastewater treatment plant in Serra Sant'Abbondio, which will enable the removal of a number of primary treatment facilities located in flood-prone areas. Finally, work is underway to make the new sewer systems safe in the municipalities of Cantiano and Frontone, which were already affected by the 2022 floods.

Following the floods that affected the Emilia-Romagna region in May 2023 and in September and October 2024 (and to a lesser extent in March 2025), numerous projects have been initiated to restore and secure the damaged facilities and networks. These projects (reconstruction of sewer mains, construction and revamping of pumping stations, upgrading of wastewater treatment plants) are set out in the successive ordinances issued over the two-year period 2023–2024 and are characterised by their large number, varying technical complexity, the need for rapid execution, coordination with the authorities granting permits and other implementing bodies, and their significant overall value. These ordinances also include infrastructure projects benefiting from NRRP funds. By June 2026, 26 infrastructure projects will have been carried out using NRRP funds (17.5 million euro).

Metrics

The Hera Group's energy consumption reflects the Group's multi-business nature; the Group primarily operates:

- cogeneration plants;
- waste-to-energy plants;
- turbo-expanders;
- geothermal heat recovery plants.



The table below shows the organisation's internal energy consumption, calculated in megawatt-hours (MWh) based on data collected primarily through metering.

Energy consumption and energy mix

MWH	2025	2024
1) Fuel consumption from coal and coal products (MWh)	-	-
2) Fuel consumption from crude oil and petroleum products (MWh)	151,030	154,333
3) Fuel consumption from natural gas (MWh)	1,518,418	1,511,209
4) Fuel consumption from other fossil sources (MWh)	1,884,297	1,778,128
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	-	-
6) Total fossil energy consumption (MWh)	3,553,745	3,443,669
Share of fossil sources in total energy consumption (%)	56.1 %	56.1 %
7) Consumption from nuclear sources (MWh)	-	-
Share of consumption from nuclear sources in total energy consumption (%)	- %	- %
8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	1,889,239	1,796,671
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	564,490	570,341
10) Consumption of self-generated non-fuel renewable energy (MWh)	322,196	332,530
11) Total renewable energy consumption (MWh)	2,775,925	2,699,541
Share of renewable sources in total energy consumption (%)	43.9 %	43.9 %
Total energy consumption (MWh)	6,329,670	6,143,211

To calculate energy consumption, the units of measurement and calorific values specified in the Eurostat document 'Energy balance guide – Methodology guide for the construction of energy balances & Operational guide for the energy balance builder tool' [2019] were used, which is the methodology generally employed by Eurostat for the preparation of national and EU energy balances.

The energy consumed within the organisation in 2025 amounted to approximately 6,330 GWh, a slight increase compared to the previous year (+3.0%). The share of energy consumed internally derived from fossil fuels amounted to 56.1% of the total (the same as in 2024), while the remaining share (43.9%) came from renewable sources (the renewable component of waste, biogas, geothermal energy, solar thermal energy, electricity from the grid, photovoltaics and HVO biodiesel).

The fossil fuels consumed by the Hera Group (items 2, 3 and 4 in the table) are: diesel, gas oil, petrol and LPG; natural gas; urban waste treated in waste-to-energy plants (49% of the total, a flat-rate estimate of the non-biodegradable fraction present in the waste treated, as defined by the Italian Ministerial Decree of 6 July 2012); and special waste. The renewable fuels consumed (items 8 and 10) are: urban waste treated in waste-to-energy plants (51%, a flat-rate estimate of the biodegradable fraction of the total waste treated, as defined by the Italian Ministerial Decree of 6 July 2012) and HVO; grid electricity purchased with certificates of guarantee of renewable origin and purchased solar thermal energy; biogas self-produced from sewage treatment plants, digesters and landfills; thermal energy from geothermal sources; photovoltaic energy; and solar thermal energy.

In 2025, in line with previous years, 100% of the internal electricity consumption of the Group's companies was covered by energy from certified renewable sources, in accordance with the greenhouse gas emission reduction target validated by the Science Based Targets initiative and with the Group's Climate Transition Plan.

Energy intensity per net revenue

MWH/MILLION EURO	2025	2024
Total energy consumption from activities in sectors with a high climate impact (MWh)	6,329,670	6,143,211
Net revenue from activities in sectors with a high climate impact (mn€)	12,812	12,890
Total energy consumption from activities in sectors with a high climate impact per net revenue from these activities	494	477

ENERGY
INTENSITY
PER NET
REVENUE

E1-5

The energy intensity per net revenue ratio deteriorated by 3.6% between 2025 and 2024, due to a slight increase in energy consumption against a broadly stable net revenue figure (-0.6%). The ratio was calculated using the revenue figure reported in the Group's consolidated financial statements.

All Group companies, with the exception of Herabit (telecommunications), Heratech (design and engineering) and Uniflotte (vehicle rental), fall within the definition of companies operating in sectors with a high climate impact, as set out in the ESRS standard. Given that the net revenue of each of these three companies is less than 1% of the

Group's net revenue, and in order to ensure a better reconciliation between the accounting figure used here and the carrying amounts in the consolidated financial statements, the Group's net revenue was used to calculate the Energy and Climate Efficiency Ratio. This figure is in line with the revenue used to calculate the KPIs related to the Taxonomy.

The table below shows the gross electricity generation of the Group's plants, i.e., also taking into account the energy required to meet the consumption associated with production itself (auxiliary consumption).

Electricity generated

GWH	2025	2024	INSTALLED CAPACITY (2025, MW)
Waste-to-energy (renewable share: 51%)	422.4	417.5	62.0
Combustion of landfill biogas	40.5	34.9	13.9
Combustion of biogas from composting	25.5	25.0	3.0
Combustion of biogas from wastewater treatment	3.8	5.2	3.6
Photovoltaic	19.3	4.0	15.5
Photovoltaic at third-party sites	1.5	1.2	1.0
Total renewable sources	513.0	488.0	99.0
Cogeneration	119.1	169.9	117.2
Industrial cogeneration at third-party sites	180.9	151.2	36.5
Turbo-expansion	4.3	4.3	8.5
Total cogeneration and turbo-expansion	304.2	325.5	162.2
Waste-to-energy (non-renewable share: 49%)	428.4	415.0	64.6
Total from conventional sources	428.4	415.0	64.6
Total electricity produced	1,245.6	1,228.5	325.8

The total gross electricity generated by the Group's plants in 2025 amounted to 1,245.6 GWh, in line with the previous year. 65.6% of the electricity generated came from renewable sources and from cogeneration and turbo-expansion plants: specifically, electricity generation from renewable sources in 2025 amounted to 513.0 GWh, 41.2% of the total (compared to 39.7% in 2024), an increase compared to the previous year, partly due to the rise in generation from the Group's photovoltaic plants (+392% compared to 2024).

Generation from cogeneration and turbo-expansion plants accounted for 24.4% of the total, down by 6.5%, primarily due to the shut-down of the Imola Casalegno plant for almost the entire year.

Thermal energy produced

GWH	2025	2024	INSTALLED CAPACITY (2025, MW)
Geothermal	43.9	89.6	14.0
Waste-to-energy (renewable share: 51%)	75.0	55.1	38.7
Combustion of biogas from wastewater treatment	3.9	4.1	5.3
Solar thermal	0.2	0.2	0.6
Total renewable sources	123.1	149.0	58.6
Cogeneration	108.1	117.6	110.2
Industrial cogeneration at third-party sites	119.5	98.6	32.0
Total cogeneration	227.6	216.2	142.2
Thermal plants	282.9	242.6	522.5
Thermal power plants operated by third parties	206.3	202.6	85.7
Waste-to-energy (non-renewable share: 49%)	72.1	52.9	37.2
Sludge incineration	0.2	1.3	0.9
Total from conventional sources	561.4	499.3	646.3
Total thermal energy produced	912.1	864.5	847.1

In 2025, thermal energy generation totalled 912.1 GWh, an overall increase of 5.5% compared to 2024, primarily attributable to higher generation from industrial cogeneration plants installed at third-party sites, as well as from waste-to-energy plants and thermal power plants. The latter offset the lower energy generation from the Ferrara geothermal plant (-51.0% due to works related to the construction of a new well) and from the Imola Casalegno cogeneration plant (-8.1% due to being shut down for most of the year).

The total energy generated by the Group in 2025 (electricity, thermal energy and biomethane) amounted to 2,258.9 GWh, of which 737.9 GWh came from renewable sources (32.6%, down from 33.5% in 2024).

The Hera Group's greenhouse gas emissions inventory includes direct emissions (Scope 1), indirect emissions from purchased and consumed energy (Scope 2), and indirect emissions from other activities along the upstream (Scope 3 upstream) and downstream (Scope 3 downstream) value chain.

Scope 1 emissions include the following activities: waste treatment (waste-to-energy plants and urban waste landfills); district heating; energy services for industry, multi-unit residential buildings and public administration; other internal energy consumption of fuels; gas network losses; and the company fleet.

The Hera Group's Scope 1 emissions also include greenhouse gas emissions from plants subject to EU ETS regulations (accounting for 6.7% of the Group's total direct emissions): in 2025, this concerned nine plants, all of which were involved in energy generation to serve district heating networks.

Scope 2 emissions relate to the use of electricity purchased from the grid for internal consumption.

Finally, Scope 3 emissions relate to activities such as: customer consumption of the natural gas sold (downstream emissions); generation of the electricity sold to customers (upstream emissions); procurement of goods, works and services, including capital goods (upstream emissions); production of the natural gas sold to customers (upstream emissions); production of fuels and combustibles consumed internally; and other minor emissions related to energy production and consumption (not already included in Scope 1 or 2) or to the services provided.

GREENHOUSE
GAS
EMISSIONS

E1-6

Greenhouse gas emissions

KT CO2E	2025	2024
SCOPE 1 GHG EMISSIONS		
Gross GHG scope 1 emissions	1,177.5	1,177.0
Percentage of GHG scope 1 emissions covered by regulated emissions trading schemes (%)	6.7 %	8.2 %
SCOPE 2 GHG EMISSIONS		
Gross Scope 2 location-based GHG emissions	132.6	167.1
Gross Scope 2 market-based GHG emissions	-	-
SIGNIFICANT SCOPE 3 GHG EMISSIONS		
Total gross indirect GHG emissions (Scope 3)	11,797.2	12,456.1
1. Purchase of goods and services	382.6	320.0
2. Purchase of capital goods and services	713.1	577.3
3. Fuel and energy-related activities (not included in scope 1 or 2)	5,144.0	5,251.6
4. Upstream transport and distribution activities	75.1	85.7
11. Use of products sold	5,201.2	5,835.7
12. End-of-life treatment of sold products	1.8	2.3
15. Investments	279.5	383.4
TOTAL GHG EMISSIONS		
Total GHG emissions (location-based)	13,107.3	13,800.2
Total GHG emissions (market-based)	12,974.7	13,633.1

Starting in 2025, the scope of Scope 3 categories used to calculate greenhouse gas emissions has been expanded to include emissions from Categories 1 and 2, following gradual improvements in estimation methodologies and data availability. To ensure better comparability, data for 2024 have also been recalculated using the same approach, employing average-based and spend-based methodologies based on available information and, where applicable, supplemented with data provided by suppliers.

The Group's total greenhouse gas emissions (Scope 1 + Scope 2 (market-based) + Scope 3) in 2025 amounted to approximately 13.0 million tonnes of CO₂e, down by 4.8% compared to 2024.

Specifically, the emissions directly generated by the Group (Scope 1) amount to approximately 1.2 million tonnes of CO₂e, of which 78,500 tonnes are recorded by facilities covered by the EU ETS, accounting for 9.1% of the Group's

total emissions. Indirect emissions from the electricity consumed by the Group (Scope 2), calculated using the market-based method, are zero, thanks to the fact that all consumption is covered by energy from renewable sources certified by a Guarantee of Origin. However, when calculated using the location-based method, which applies national average emission factors for electricity consumption without taking into account the company's specific purchasing decisions, Scope 2 emissions amount to approximately 132,600 tonnes. Compared to 2024, Scope 1 and Scope 2 (market-based) emissions remained stable in 2025: emissions from district heating plants decreased (due to the shut-down of the Imola cogeneration plant for most of 2025 and the building efficiency measures implemented in recent years, partly offset by a harsher winter between the two years and increased output from boilers), as did emissions from the gas network in the form of leaks, partly thanks to predictive maintenance. Emissions from waste treatment plants remained stable, despite the addition of the Montale waste-to-energy plant (thanks to the gradual reduction in waste sent to urban waste landfills), as did emissions from the company's vehicle fleet. Finally, emissions from fuel consumption at the Group's plants and at HSE plants serving third parties increased.

Emissions indirectly generated by the Group's activities along the value chain (Scope 3) amount to approximately 11.8 million tonnes of CO₂e (-5.3% compared to 2024), or 90.9% of the Group's total emissions. This reduction is primarily due to lower volumes of natural gas sold (downstream emissions in category 11), despite the impact of weather conditions, and as a result of a smaller customer base, more responsible behaviour on the part of customers (including businesses) and lower volumes sold in last-resort services, and to a lesser extent, to lower emissions from joint-venture power generation plants (downstream emissions in category 15) and from the urban waste collection and transport service (upstream emissions in category 4). Emissions from electricity sales (the larger share of category 3 upstream emissions) remained stable, as a result of the increase in total volumes sold and the decrease in renewable energy sold, offset by an improved emission factor compared to 2024 applied to the share of non-renewable energy sold. Finally, emissions from the procurement of goods, services and works (including capital goods) (upstream emissions in categories 1 and 2) increased. However, this increase is primarily attributable to the availability for 2025 of more granular primary data provided by suppliers, thanks to the intensive engagement efforts launched last year, which made it possible to expand the use of the average-based method over the spend-based method and thus calculate emissions with greater precision.

To calculate direct emissions (Scope 1), the Ministry of the Environment's coefficient set out in the 2025 National Standard Parameters Table (expressed in CO₂e) was used for natural gas consumption in stationary plants, and the DEFRA 2025 coefficients (expressed in CO₂e) were used for the consumption of fuels for industrial purposes (diesel, LPG) and in vehicles (diesel, HVO, petrol, natural gas, LPG). Greenhouse gas emissions from landfill sites were estimated by taking into account the methane contained in the biogas emitted from the landfill body and the carbon dioxide produced by the combustion of the captured biogas, from which the proportions corresponding to the presence of biodegradable matter were subtracted. For waste-to-energy plants, emissions are derived from the monitoring activities carried out as required by Directive (EU) 2023/959. Leaks from the gas network were estimated by applying an algorithm that determines the volumes lost, which are considered to be completely dispersed into the atmosphere. The global warming potential (GWP) considered for methane is 28 (Source: IPCC 5th Assessment Report). Emissions of greenhouse gas refrigerants released into the atmosphere were assessed and found to be negligible.

To calculate emissions from electricity consumption (Scope 2) using the location-based method, the coefficients from ISPRA's report 'CO₂e Emissions in the National and Regional Electricity Sector 2025' were used for consumption in Italy, and those from AIB's 'European Residual Mixes Results for the Calendar Year 2024' were used for consumption in Bulgaria, France, Spain and Poland (both expressed in CO₂e); for the market-based method, AIB's 'European Residual Mixes Results for the Calendar Year 2025' were used.

From 2025, the Hera Group's greenhouse gas inventory also includes Scope 3 emissions relating to categories 1 (upstream indirect emissions from the purchase of goods and services) and 2 (upstream indirect emissions from the purchase of capital goods). To calculate Scope 3 emissions for these categories, the average-based (based on activity data received from suppliers and applying industry-average emission coefficients) and spend-based (based on expenditure incurred for the various categories of goods and services) methodologies were used, drawing on the available data and in conjunction with direct information collected from suppliers as part of their reporting of input resource flow data. Specifically, under the average-based method, activity data relating to the type of goods purchased, such as mass and percentage of recycled content, were used, and these data were combined with the Ecoinvent coefficients (Cut-off Cumulative LCIA, version 3.11). In the spend-based method, on the other hand, expenditure data relating to the purchase of each category of good or service were used, and these data were combined with the EPA coefficients (NAICS CO₂eq. – USD 2022 version), appropriately converted into euros using exchange and inflation rates. For the purchases of certain Group companies that are insignificant in relation to the total, and in the absence of detailed data on the specific product groups purchased, financial statement data were used, applying EPA coefficients. Of the Scope 3 Category 1 and Category 2 emissions, 56% were calculated using the average-based method and 44% using the spend-based method.

The calculation of Scope 3 Category 3 emissions (upstream indirect emissions from the consumption and sale of fuels and energy) includes emissions from the generation of the electricity sold, from the fuels and motor fuels consumed internally, from the natural gas sold, and from grid losses of the electricity consumed internally; the DEFRA 2025 coefficients (expressed in CO₂e) were used, with the exception of emissions from the generation of the non-renewable electricity sold, for which the coefficient from ISPRA's National Inventory Report 2025 (expressed in CO₂) was used, and emissions from the production of HVO consumed in vehicles, for which the coefficient from the RED II Directive was used.

The calculation of Scope 3 Category 4 emissions (upstream indirect emissions from transport and distribution activities) includes emissions from the collection and transport of waste by the providers of these services; the DEFRA 2025 coefficients (expressed in CO₂e) were used.

The calculation of Scope 3 Category 10 emissions (downstream indirect emissions from the use of sold products) includes emissions from customers' consumption of the natural gas sold; the Defra 2025 coefficients (expressed in CO₂e) were used.

The calculation of Scope 3 Category 12 emissions (downstream indirect emissions from end-of-life treatment of sold products) includes emissions from the recycling of urban paper, glass and plastic waste collected through separate collection and destined for recycling; the Defra 2025 coefficients (expressed in CO₂e) were used.

The calculation of Scope 3 Category 15 emissions (downstream indirect emissions from investments made) includes direct emissions from energy production at three joint-venture power plants (Sparanise, Tamarete and Teverola), as well as Scope 1, Scope 2 and, where relevant, Scope 3 emissions from four companies in which the Hera Group holds a stake (Aimag, Sea, Set and Sgr Servizi).

The inventory does not include Scope 3 emissions relating to categories 4 (limited to the transport of compost and plastic sold to customers, carried out by the Hera Group), 5, 6, 7, 8, 9 and 12 (limited to the end-of-life disposal of plastic sold), as these emissions are considered insignificant in relation to total emissions based on the assessments carried out.

The Hera Group's greenhouse gas inventory does not include Scope 3 emissions relating to categories 10, 13 and 14, as these are not present in the value chain.

The Hera Group has set emission reduction targets for 2030, compared to 2019, in line with the methodology of the Science Based Targets initiative (in particular, with regard to the Well-Below 2°C level, which aims to limit the increase in the global average temperature to well below 2°C). The scope of the targets covers both the Group's emissions (Scope 1 and 2) and those of its customers (Scope 3, relating to the sale of electricity and the sale of natural gas downstream), and therefore accounts for 86.5% of the Group's total emissions in 2019.

The objectives defined in this way were validated by the Science Based Targets initiative in 2021, and are as follows:

- Scope 1+2: An absolute reduction of 28% by 2030 compared to 2019 (includes biogenic emissions from the consumption of bioenergy and the incineration of the biodegradable fraction of urban solid waste);
- Scope 2: To increase the share of certified renewable electricity purchased to cover internal consumption from 83% to 100% by 2023;
- Scope 3 – downstream natural gas sales: an absolute reduction of 30% by 2030 compared to 2019;
- Scope 3 – Electricity sales: 50% reduction in carbon intensity (t CO₂e/MWh) by 2030 compared to 2019, in line with the Sectoral Decarbonisation Approach (SDA);

Based on these objectives, the reduction in greenhouse gas emissions for the defined scope is projected to be 37% by 2030 compared to 2019.

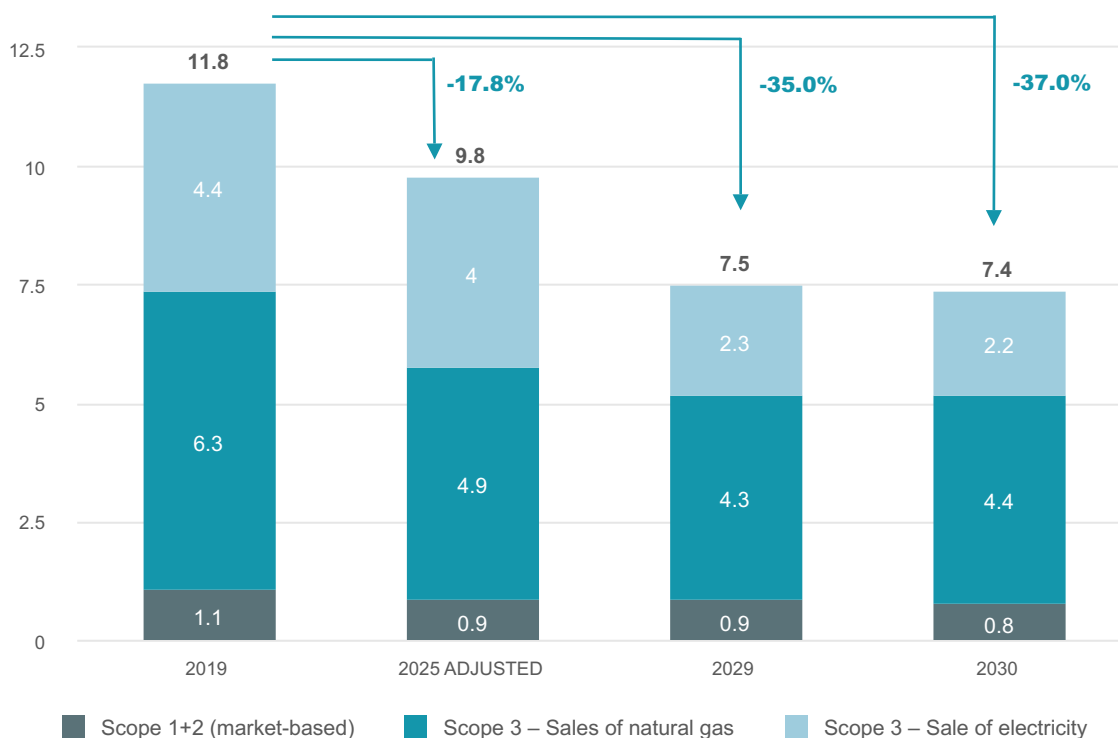
The greenhouse gas emissions for the period 2019–2025, the forecast for 2029 based on the business plan, and the 2030 targets validated by the SBTi are shown below.

Greenhouse gas emissions and science-based reduction targets

	2019 (BASE YEAR)	DELTA 2025/2019 (ADJUSTED)	2029 (FORECAST)	TARGET 2030
Direct and indirect Scope 1+2 emissions (market-based)	1,131.0 kt CO ₂ e	(24)%	(16 %)	(28 %)
Scope 2 indirect emissions (market-based)*	48.4 kt CO ₂ e	(100)%	(100 %)	(100 %)
Scope 3 indirect emissions, downstream from natural gas sales	6,263.5 kt CO ₂ e	(23)%	(31 %)	(30 %)
Carbon intensity of electricity sales – Scope 3, upstream	0.365 t CO ₂ e/MWh	(31)%	(52 %)	(50 %)
Total SBT target scope	11,781.2 kt CO₂e	(18)%	(35 %)	(37 %)

*Corresponding to 100% renewable electricity purchased for internal consumption.

REDUCTION
OF
GHG
EMISSIONS:
TARGETS AND
RESULTS

Hera Group greenhouse gas emissions (million t CO_{2e})

The Scope 1 data on gas network losses do not include AresGas. Scope 3 data relating to the sale of natural gas do not include AresGas. Scope 3 data relating to the sale of methane gas do not consider the transitory increases in volumes sold linked to last-resort gas supply services.

Over the period 2019–2025, Scope 1 and Scope 2 emissions decreased by 24%. This result was achieved primarily through: the purchase of exclusively renewable electricity for the Group's internal consumption; lower internal fuel consumption, including for district heating, resulting in part from energy efficiency measures and in part from weather conditions; lower fuel consumption at thermal and cogeneration plants installed at third-party sites; a reduction in emissions from waste treatment plants, thanks to the closure of the Ravenna urban waste-to-energy plant in 2020 and the gradual reduction in urban waste sent to landfill; and lower fugitive losses from the gas network, partly due to predictive maintenance.

With regard to Scope 3 emissions related to the sale of natural gas (downstream), the emissions recorded in the period 2019–2025 decreased by 23% (–20% if the extraordinary and temporary increase in volumes sold to gas last-resort services is also taken into account), in proportion to the decrease in volumes sold resulting from milder temperatures and more responsible behaviour on the part of customers, including businesses.

With regard to the absolute Scope 3 emissions associated with the sale of electricity, the reduction recorded over the period 2019–2025 was 9%, thanks to the higher volumes of renewable energy sold on the free market (from 30.2% in 2019 to 52.5% in 2025, against an overall increase in electricity sold on the free market of 29.4%). At the same time, the carbon intensity index of electricity sales decreased by 31%.

In summary, considering the scope of greenhouse gas emissions for which the 2030 reduction target has been set, the sixth annual report, following the validation of the targets by the SBTi, shows a reduction of 18% compared to 2019, based on the same volumes sold in the gas last resort services. Taking into account the increase in volumes sold under the gas last-resort services, which have been significantly affected by recent energy market trends, the overall emissions within the scope of the SBT target are down by 16% compared to the base year.

Greenhouse gas intensity based on net revenue

T CO _{2e} /MLN EURO	2025	2024
Total GHG emissions (location-based) (t CO _{2e})	13,107,274	13,800,230
Total GHG emissions (market-based) (t CO _{2e})	12,974,709	13,633,129
Net revenue (mn€)	12,812	12,890
Total GHG emissions (location-based) based on net revenue	1,023	1,071
Total GHG emissions (market-based) based on net revenue	1,013	1,058

The 2024 data have been supplemented by the calculation of Scope 3 emissions for categories 1 and 2.

The climate intensity ratio based on net revenue in 2025 was 1,023 tonnes per million euro for the location-based calculation and 1,013 tonnes per million euro for the market-based calculation, both representing an improvement of 4% compared to 2024, thanks to lower emissions in 2025 (down 5% according to both the location-based and market-based methods), against a background of broadly stable net revenue (down 0.6%).

Like the energy intensity ratio, this ratio was calculated using the revenue figures reported in the Group's consolidated financial statements. This figure is in line with the revenue used to calculate the KPIs related to the Taxonomy.

The Hera Group's greenhouse gas removals currently include the sequestration of carbon dioxide by trees planted as a result of the Group's initiatives, for example through ECO Alberi. Between 2012 and 2025, a total of 24,610 trees were donated to the local area, resulting in the absorption of 2,460 tonnes of carbon dioxide per year (estimate based on the average annual carbon dioxide absorption of 12 tree species). The tree plantings carried out were the result of reward schemes linked to specific virtuous behaviours, such as depositing separated waste at recycling centres or opting for electronic rather than paper electricity bills.

In 2050, at the end of its decarbonisation journey towards Net Zero, the Hera Group expects to still have a quantity of residual emissions that cannot be further eliminated, amounting to approximately 10% of the emissions within the scope of the 2019 target. To neutralize all residual emissions from 2050 onwards and fully implement the Group's Net Zero strategy, the use of technologies to remove carbon dioxide from the atmosphere is planned.

The Hera Group offsets the emissions resulting from the sale of natural gas to customers who sign up for plans that include carbon offsetting (for a duration specified in the contract terms) by purchasing carbon credits certified under international standards (Verified Carbon Standard – VCS).

In 2025, the Hera Group, through its sales companies Hera Comm, EstEnergy, and Etra Energia, canceled over 690,000 carbon credits (corresponding to an equal number of tons of greenhouse gases, approximately 14% of Scope 3 emissions from gas sales by Hera Comm and its subsidiaries), related to emission reduction offset projects. These credits are broken down as follows: 19,488 VCS credits for the construction of a hydroelectric power plant in Brazil; 274,876 VCS credits for the construction of a hydroelectric power plant in India; 83,000 VCS credits for the construction of a hydroelectric power plant in Turkey; 312,748 VCS credits for the construction of a photovoltaic plant in India.

At present, there are no plans to use carbon credits associated with carbon sequestration projects. In the 2026–2029 period, it is expected that a total of approximately 2.9 million carbon credits will be retired, all resulting from the sale of natural gas with emissions offsetting to customers. This forecast may change following the introduction of ETS2 starting in 2028.

GREENHOUSE
GAS
REMOVALS
AND CARBON
CREDITS

E1-7

Pollution

Description of the impacts, risks and opportunities identified

The double materiality assessment identified pollution as one of the most material topics, broken down into the following sub-topics: pollution of air, pollution of water and pollution of soil. The following areas of shared value creation, as presented in the 'General disclosures' section, are associated with the topic of pollution: sustainable management of water resources; protection of air, soil and biodiversity. For each shared value creation area, the actions and targets related to pollution are reported.

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks and opportunities related to pollution

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Pollution of air	Air emissions from large-scale energy facilities (E-PRTR) Current short-term negative impact related to the Group's own operations
	Air emissions from vehicles used for the Group's services Current short-term negative impact related to the Group's own operations and those of its suppliers
	Air emissions from large waste treatment plants and waste-to-energy plants (E-PRTR) Current short-term negative impact associated with the Group's own operations
	Release of harmful substances from fires at waste treatment/sorting plants Potential medium-term adverse impact associated with the Group's own operations
	Risk associated with fires at treatment/sorting plants Medium-term risk associated with the Group's own operations
Pollution of water	Discharges of pollutants into water from large wastewater treatment plants (E-PRTR) and from wastewater treatment plants/areas that do not comply with regulations Current short-term negative impact related to the company's own operations
Pollution of soil	Reduction of soil pollution through remediation activities Current short-term positive impact related to the company's own activities
	Development of the remediation sector Long-term opportunity related to the company's own activities

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

With regard to the assessment of significant impacts related to emissions of pollutants into the air, water and soil, Regulation (EC) No 166/2006 (E-PRTR), as required by ESRS E2-4, was adopted as the reference framework. This involved identifying the Hera Group's plants with potentially more significant pollutant emissions and limiting the scope of application for the Hera Group to a total of 36 large-scale plants to be reported on, also in line with information already reported to the competent authorities under other regulations (see the reference to the aforementioned E-PRTR Regulation). Therefore, two of the negative environmental impacts related to air pollution are associated with air emissions from large-scale energy plants and waste-to-energy plants, as they exceed the size threshold specified in Regulation (EC) No 166/2006 (E-PRTR).

Similarly, a current negative impact associated with the discharge of pollutants into water has been identified for large wastewater treatment plants, as well as for certain urban areas that do not yet comply with European and/or regional regulations. With regard to the value chain, air pollution associated with the consumption of fossil fuels by vehicle fleets, particularly vehicles used for the management of the Group's own waste and that of its suppliers, was identified as a negative environmental impact. The assessment took into account the number of vehicles and their use, including in urban areas.

The Hera Group makes a positive contribution to reducing soil pollution and regenerating land through advanced remediation projects that employ innovative technologies. The development of the remediation segment also represents an opportunity for the Group's economic growth, which is assessed as significant in the long term.

Finally, based on the ERM analyses, a potential risk related to air pollution was identified, associated with the release of toxic substances following fires at waste treatment/sorting plants. This risk is associated with a related potential negative impact resulting from the release of harmful substances in the event of fires at waste treatment/sorting plants.

With regard to the material risk identified, there are no significant current financial impacts.

With regard to the identified opportunity, the Group noted a 13% increase in the turnover of the remediation segment, which in 2025 amounted to approximately 215 million euro. In particular, the Hera Group has succeeded in leveraging its distinctive expertise in a sector that requires increasingly skilled operators, equipped with cutting-edge technologies and capable of integrating the remediation and regeneration of contaminated sites, which are particularly prevalent in Italy.

Policies and objectives

In order to manage the material impacts, risks and opportunities related to pollution, the Hera Group has established its purpose (Article 3 of the Articles of Association), the Code of Ethics, the shared value creation model, and the Quality and Sustainability Policy as its points of reference.

In line with the company's mission, the Code of Ethics sets out Hera's commitments to the environment, understood as a complex system of living and non-living elements that interact with each other and, as a whole, ensure the survival of life on the planet. Hera recognises the environment as a primary asset and employs the most appropriate technologies, tools and processes to contribute, in line with its purpose, to the ecological transition, to prevent risks, to minimise direct and indirect, current and potential adverse environmental impacts, and to preserve natural resources for the benefit of future generations. It adopts environmental and energy management policies, actions and systems aimed at preventing and mitigating water, air and soil pollution. Hera promotes a commitment to the environment and to future generations among all its stakeholders.

Within the Group, the shared value approach encompasses the impact areas related to the sustainable management of water resources and the protection of air, soil and biodiversity. The first area includes measures to monitor the quality and safety of the water supplied to communities and to return treated water to the environment at a quality level that maintains the ecological status of water bodies, in accordance with European legislation. The second area of impact includes initiatives aimed at protecting air quality, through the use of technologies that replace more polluting alternatives, such as district heating and cogeneration heat production, and soil quality, such as the remediation of contaminated sites.

These commitments are also set out in the Group's Quality and Sustainability Policy, which was adopted by the Board of Directors in March 2022 and for the implementation of which senior management is responsible. As part of this Policy, the Group also undertakes to reduce its environmental impact through design, innovation and the use of the best available technologies, and to ensure close and ongoing monitoring of compliance with current legislation and applicable requirements.

At the operational level, these commitments are translated into procedures and instructions that are defined and implemented as part of the management systems adopted by the various Hera Group companies in accordance with ISO 14001:2015 and the EMAS Regulation, and also extend to the value chain. Indeed, both in the special tender specifications used by the Group to select its suppliers for outsourced activities and in the documentation accompanying the contracts themselves (Code of Conduct – Sustainability Agreement with Suppliers), specific requirements are set out relating to the prevention of pollution and the reduction of the environmental impact of the Group's activities. These requirements include the reduction of atmospheric emissions of gases, dust, vapours and odours; the conservation of water resources and the proper management of water discharges; the proper management and reduction of waste; the proper use of hazardous substances employed in the performance of activities, prioritising alternative solutions to reduce their potential risks; and the reduction of microplastic pollution.

Also included are operational procedures for managing any emergency situations involving air pollution and/or the release of pollutants into water or soil.

The Quality and Sustainability Policy is communicated to employees through dedicated company notices and posted on internal notice boards, and is made available to various stakeholders through publication on the Hera Group website; on the other hand, the company documentation established and implemented within the management systems is available via internal company channels, and its implementation is periodically verified through dedicated audits.

In addition, the Hera Group has adopted specific procedures to define the roles, responsibilities, behavioural principles and operating methods that all personnel, in relation to their respective activities, must comply with in order to avoid committing significant environmental offences under Italian Legislative Decree No. 231/2001, including the offence of environmental pollution. The system of delegated authority implemented within the Group assigns specific responsibilities to the delegated managers regarding compliance with environmental regulations for the plants/services they manage.

The Group's policies are focused on specific objectives, such as reducing soil and air pollution through the Group's activities, vehicles and plants.

To combat air pollution in cities, for example, the Group promotes the development of district heating systems, which enable the replacement of domestic boilers with high-efficiency centralised systems powered by renewable energy or by the recovery of heat from other processes; another example of an initiative aimed at combating pollution is the ongoing focus on the company's vehicle fleet, which involves upgrading the fleet's technology to reduce its air pollution impact when operating on the road. Finally, another example of an initiative to combat pollution is the programme for the development and refurbishment of waste-to-energy plants, which results in a smaller quantity of higher-quality slag being produced, making it more suitable for subsequent recovery.

Among the initiatives implemented to protect and reuse land by extending the useful life of its assets, the Hera Group identifies technical solutions aimed at reusing already developed areas and/or preserving the natural environment of the areas subject to intervention. This applies both to the network sector, through the upgrading and rehabilitation of existing pipelines, and to the plant sector, through the reuse of existing/occupied infrastructure and areas, or through the restoration/return of the area at the end of its life cycle, or through the use of technological solutions to reduce the footprint of the infrastructure.

The Group carries out all activities that may have an impact on water resources in accordance with the Consolidated Environment Act, which regulates soil protection and the fight against desertification, the protection of water against pollution, and the management of water resources, also implementing Directive 2000/60/EC establishing a framework for Community action in the field of water policy.

With regard to the protection of human health and the issue of drinking water, the Group has always implemented structured prevention and control plans, in compliance with regulatory requirements, with ongoing monitoring carried out through the scheduling of targeted checks across the entire drinking water production chain, from supply sources to distribution. In this regard, an annual Analytical Monitoring Plan for the integrated water service is drawn up in accordance with the risk assessment criteria set out in Directive (EU) 2020/2184.

The Board of Directors is responsible for implementing this policy and ensuring that the company's practices are in line with regulations and third-party initiatives.

The sustainability targets relating to pollution are set annually on the basis of Group-wide consolidated planning and control processes aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main targets and commitments relating to pollution (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These targets are aimed at preventing and controlling air, water and soil pollution and at addressing the associated significant impacts, risks and opportunities, and therefore may have a direct or indirect impact on the metrics reported in this chapter. They are presented below within the framework of shared value creation set out in the Policy related to pollution: Sustainable Management of Water Resources and Protection of Air, Soil and Biodiversity.

HERA'S
COMMITMENT
(TARGETS
AND RESULTS)

E2-3

WHAT WE SAID WE WOULD DO

WHAT WE HAVE DONE

WHAT WE WILL DO

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

100% of urban agglomerations with a population equivalent (p.e.) of over 2,000 to be upgraded by 2025, thanks to the continuation of the sewerage and wastewater treatment sector upgrade plan.

In addition, upgrade all 226 managed agglomerations with a population equivalent (p.e.) of between 200 and 2,000 by 2028, of which:

- 33 out of 189 managed agglomerations with a population equivalent (p.e.) of between 200 and 2,000 in Emilia-Romagna to be upgraded;
- 1 out of 37 managed agglomerations with a population equivalent (p.e.) of between 200 and 2,000 in the Triveneto region to be upgraded.

99.9% of urban agglomerations with a population equivalent (p.e.) of more than 2,000 will have been upgraded by 2025, thanks to the sewerage and wastewater treatment sector upgrade plans.

In addition, 165 out of 190 managed agglomerations with a population equivalent (p.e.) of between 200 and 2,000 will have been upgraded by 2025, of which:

- 153 out of 178 managed agglomerations in Emilia-Romagna upgraded;
- 12 out of 12 agglomerations managed in Triveneto will have been upgraded.

100% of urban agglomerations with a population equivalent (p.e.) of over 2,000 to be upgraded by 2027, thanks to the continuation of the sewerage and wastewater treatment sector upgrade plan.

In addition, to upgrade all 178 agglomerations managed in Emilia-Romagna with a population equivalent (p.e.) of between 200 and 2,000 by 2027.

To complete all 14 interventions set out in the Rimini Seawater Protection Plan by 2027.

As of 2025, 11 of the 14 planned interventions have been completed, with the remaining three currently under construction.

To complete all 14 interventions set out in the Rimini Seawater Protection Plan by 2027.

AIR PROTECTION

To achieve a district heating coverage of 23 million cubic metres by 2028 (up 4% compared to 2023), thereby improving air quality in the cities served (Modena, Bologna, Ferrara, Imola, Forlì-Cesena, Ravenna).

74% of district heating energy to be derived from renewable sources, cogeneration and energy recovery, out of 640,000 MWh by 2028.

These targets will also be achieved through the construction of new interconnections in Bologna, Cesena and Forlì, and the doubling of geothermal generation in Ferrara.

A 1.7% increase in the volume served by district heating in 2025 compared to 2023 (+1.4% in 2024 compared to 2022).

53.7% of the energy produced in 2025 will come from renewable sources, cogeneration or recovery (58.8% in 2024). The decrease is temporary, as it is due to the geothermal energy upgrade works in Ferrara and the shut-down of the Imola cogeneration plant.

Projects partially funded by the NRRP and the Ministry of the Environment and Energy Security are underway in the areas of Bologna, Ferrara and Forlì. Work has begun on the interconnection of two systems in Cesena.

25.6 million cubic metres of volume served by district heating by 2029 (+8.5% compared to 2024), thereby improving air quality in the cities served (Modena, Bologna, Ferrara, Imola, Forlì-Cesena).

76% of district heating energy to be derived from renewable sources, cogeneration and energy recovery, out of a total of 615 GWh by 2029. These targets will also be achieved through the construction of new interconnections in Bologna, Cesena and Forlì, and the doubling of geothermal generation in Ferrara (107,000 residential units served by district heating in 2029, compared to 99,000 in 2024).

>35% of the company fleet to be made up of electric or diesel-compatible vehicles powered by 100% renewable raw materials by 2028.

31.4% of the company's vehicle fleet to be electric or compatible with diesel produced entirely from renewable raw materials by 2025 (compared to 23.4% in 2024).

39% of the company's vehicle fleet to be electric or compatible with diesel produced entirely from renewable raw materials by 2029.

SOIL PROTECTION

One million square metres of land reused by 2028 in infrastructure projects designed by HeraTech (over 70% of the total land used in projects completed between 2018 and 2028).

870,000 square metres of soil reused in the construction of infrastructure designed by HeraTech from 2018 to 2025 (76% of the total soil involved) (74% by 2024).

1.5 million square metres of land reused by 2029 in HeraTech infrastructure projects (over 70% of the total land used in projects completed between 2018 and 2029).

Actions and resources

Listed below are the main initiatives that Hera has implemented, is currently implementing or plans to implement in order to achieve the Group's objectives and manage its IROs in the following areas: sustainable water resource management; and protection of air, soil and biodiversity.

With regard to biodiversity, it should be noted that this chapter covers actions related to the remediation of contaminated soil.

MAIN ACTIONS

BRIEF DESCRIPTION

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

Expansion and improvement of wastewater treatment	Interventions to improve the treatment performance and/or expand the operated wastewater treatment plants in terms of the population equivalent served.
Effectiveness of wastewater treatment	Ensuring that the wastewater treatment plants managed effectively remove pollutants in accordance with legal limits.
Compliance with the regulations of the area served	Interventions to ensure compliance with regulations on sewerage and wastewater treatment in urban areas.
Rimini seawater protection plan	Implementation of 14 measures aimed at achieving significant environmental benefits, reducing the quantities of organic substances (COD/BOD) discharged into the sea during severe weather events.
Constructed wetland treatment	Management of constructed wetland treatment systems that, through natural processes, use soil and vegetation as filters to treat wastewater, thereby helping to reduce water pollution.

In 2025, the Hera Group operated sewerage and wastewater treatment services in 228 municipalities, serving a total of 3.6 million citizens and treating a total of 388.8 million cubic metres of wastewater (unchanged from 2024). The effectiveness of pollutant removal in relation to the legal limits for wastewater is linked to the treatment plant's capacity and the technologies used. The water discharged from wastewater treatment plants must comply with current legislation (Italian Legislative Decree No. 152/2006) and the requirements of the relevant permits. For urban wastewater discharges in agglomerations with a population equivalent of more than 2,000, which are required to comply with the tables in Annex 5 of Italian Legislative Decree No. 152/2006, No. 152/2006, a protocol is drawn up between the service operator and ARPA (the Regional Environmental Protection Agency) to ensure that monitoring activities are carried out correctly, with the aim of planning the number of annual discharge inspections required to assess the compliance of discharges. For discharges in agglomerations with a population equivalent of less than 2,000, the acceptability limits and appropriate treatment methods are instead set by the regional authorities. Through Group procedures, inspections, anomalies and non-conformities arising from laws and regulations relating to the integrated water service are managed and planned at the EU, national, regional, provincial and municipal levels within the relevant territory.

The Hera Group is carrying out various projects to upgrade and adapt the wastewater treatment plants it operates. In 2025, work was completed on the improvement and/or upgrading of five wastewater treatment plants, serving a total of 76,500 population equivalent. These interventions involved bringing the Hera Spa wastewater treatment plant in Pioppe a Marzabotto (BO) and the HERAcquaModena wastewater treatment plant in Verica a Pavullo nel Frignano (MO) into regulatory compliance, as well as upgrading three AcegasApsAmga wastewater treatment plants in the Pieve area to improve their performance in terms of BOD5, nitrogen and phosphorus treatment.

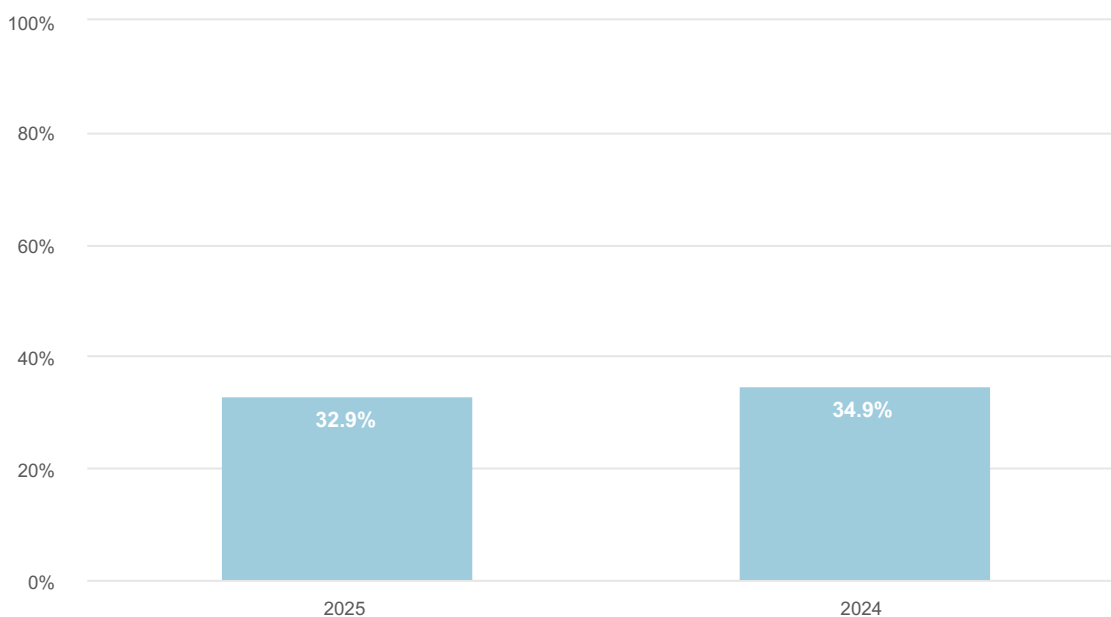
Meanwhile, work is underway on nine wastewater treatment plants (six of which are scheduled for completion by 2026 and the remainder within the planning period), serving a total of 716,090 population equivalent; these include: the revamping of the anaerobic digester at the Gramicia treatment plant in Ferrara (FE) to improve sludge management; the upgrading of the Ravenna treatment plant; the expansion of the Ca' Nordio treatment plant (PD), which will enable the upgrading of the entire Padua sewerage and treatment system, even under adverse weather conditions, and is aimed at optimising treatment capacity; the refinement of the tertiary treatment stage at the Zaule treatment plant (TS) to improve nitrogen and phosphorus removal; and the upgrading of the Calcinelli plant in Colli al Metauro (PU) to accommodate wastewater from neighbouring areas.

The effectiveness of pollutant removal in relation to the legal limits, summarized by the indicator shown in the graph, is linked to the treatment plant's treatment capacity and the technologies used. A lower value for this indicator signifies better quality of the treated water.

EXPANSION
AND
IMPROVEMENT
OF
WASTEWATER
TREATMENT

EFFECTIVE-
NESS OF
WASTEWATER
TREATMENT

Quality of treated water in relation to legal limits (optimal values: <100%)



This indicator relates to plants serving more than 10,000 population equivalent and is calculated based on the ratio between the measured concentrations of BOD5, COD, TSS, ammoniacal nitrogen, phosphorus and total nitrogen and the corresponding maximum concentrations permitted by Italian Legislative Decree No. 152/2006 or by the permits in force for the individual plants.

At Group level, this indicator averages 32.9% of the legal limits (an improvement on the 34.9% recorded in 2024) when BOD5, COD, TSS, ammoniacal nitrogen, phosphorus and total nitrogen are taken into account.

For the Emilia-Romagna area, treatment performance was confirmed across all the provinces managed. The values are well below the limit values set by the regulations (35.0% of the legal limits for Hera Spa and 29.6% for HerAcquaModena).

In the Triveneto area, the indicator shows a further improvement (24.1% of the 2025 limits, compared to 37.0% in 2024), in line with the improvement trend initiated several years ago thanks to significant investments, ongoing extraordinary maintenance and continuous measures to optimise processes.

The Marche region also showed a very positive result, 28.6% of the limit, a significant improvement compared to 2024 (50.7%).

COMPLIANCE WITH REGULATIONS IN THE AREA SERVED

The quality of wastewater treatment can also be represented by monitoring the trend in the compliance of urban agglomerations, defined as areas in which populations and production activities are concentrated to such an extent that it is technically and economically feasible to build an independent wastewater treatment system. As stipulated by Directive 91/271/EEC, Italian Legislative Decree Italian Legislative Decree 152/2006, the Regional Water Protection Plans and the forthcoming Directive (EU) 2024/3019, for an urban agglomeration to be considered compliant, the following conditions must be met:

- The existence of a wastewater collection system suitable for the entire agglomeration (with high connection rates in accordance with the technical indicators adopted in the management plans);
- The capacity of the wastewater treatment plants must exceed the population equivalent of the agglomeration itself, with secondary and, where necessary, tertiary treatment (e.g. in sensitive areas).

At Group level, at the end of 2025, 137 out of 138 agglomerations with more than 2,000 population equivalent (p.e.) had been brought into compliance with Italian Legislative Decree No. 152/2006, 152/2006 will number 137 out of 138, accounting for 99.9% of the total population equivalent. In Emilia-Romagna and the Triveneto region, 100% of the agglomerations with a population equivalent (p.e.) of over 2,000 served in the area are compliant with wastewater treatment regulations. In the Marche region, this percentage is 98.8%. In this region, work has been completed to bring the Gallo-Cappone and San Costanzo agglomerations into compliance (resulting in the closure of the EU infringement procedure for the Pesaro-Urbino area), while work has begun on upgrading the Tavullia agglomeration (which, as of 2024, is included on the list of agglomerations with more than 2,000 p.e.), with completion expected by 2027. Therefore, by 2027, all urban agglomerations with a population exceeding 2,000 population equivalent in the areas served by the Hera Group will be compliant with the regulations.

With regard to agglomerations with less than 2,000 p.e. (population equivalent between 200 and 2,000 p.e.), as of 2025, in Emilia-Romagna (and in Tuscany, where three agglomerations are managed), 153 out of 178 agglomerations are compliant, covering a total of approximately 115,000 population equivalent (88.5%). In the Triveneto area served by the Group, all agglomerations are already compliant with the regulations (12), covering a total of approximately 9,300 population equivalent. As regards the Marche region, no formal documents have been published to date declaring whether or not agglomerations with a load between 200 and 2,000 p.e. are compliant. Therefore, taking into account Emilia-Romagna, Tuscany and the Triveneto area, as of 2025, there are 190 agglomerations with a population equivalent of between 200 and 2,000 PE, of which 165 are compliant, accounting for 89.2% of the population equivalent.

At Group level, the total number of agglomerations compliant with wastewater treatment regulations is 302 out of 328, accounting for 99.6% of the total population equivalent.

THE PLAN TO SAFEGUARD BATHING IN RIMINI

The Optimized Seawater Protection Plan for Rimini was launched in 2013 with the aim of eliminating bathing bans resulting from heavy rainfall events, through the implementation of structural measures to the city's sewerage and wastewater treatment system. Indeed, intense rainfall events cause the flow rate that can be managed by the sewer system to be exceeded, resulting in the emergency discharge of untreated water into the environment. Thanks in part to the availability of a hydraulic model of the Rimini sewerage network and the associated opportunity to conduct an in-depth analysis of the main weather and sea events that have occurred since 2013, together with a detailed identification of the vulnerabilities of the Rimini sewerage system, the Plan subsequently incorporated a number of modification projects, which made it possible to add an increase in the area's hydraulic safety to the Plan's objectives. The progressive implementation of the measures set out in the Plan will lead to a gradual reduction in critical issues, ultimately achieving a 90% reduction in the pollution impact (measured in terms of COD not discharged into the environment) compared to the system's initial state. To date, 8,000 metres of beach, equivalent to almost 75% of the city's coastline, have been freed from bathing bans.

As of 2025, Hera had completed 11 of the 14 interventions. Among these, the doubling of the Santa Giustina wastewater treatment plant and the conversion of the Rimini Marecchiese wastewater treatment plant are examples of projects aimed at improving wastewater treatment processes, both of which were completed in 2016 and 2018, respectively.

In 2025, construction of the new pumping station serving the Pradella basin was completed.

Currently, the final three major projects are underway:

- Completion of the separation of the sewage networks in the northern part of Rimini, divided into several lots, some of which have already been completed and others of which are currently underway. This separation will enable the remediation of the water basins of seven consortium septic tanks in the northern area. Following the last remediation project completed in 2025 (the Viserbella basin), the Brancona basin remains to be remediated, with completion scheduled for 2026;
- The Ausa backbone sewer, which is currently under construction and scheduled for completion in 2026;
- The construction of the southern treatment tanks and the associated underwater pipelines, serving the Rodella and Colonnella treatment plants in Rimini, with completion of the works scheduled for 2027.

Phytopurification is a natural process for treating polluted water that uses the soil–vegetation system as a biological filter. It is based on filtration ponds comprising gravel beds, surface water and macrophytic vegetation. This process, which already occurs naturally in the wild (examples include lagoons, ponds and vegetated watercourses), is entirely environmentally friendly and does not involve the use of chemicals. The wastewater passes through a layer of gravel and aquatic plants, where microorganisms remove the pollutants present. The presence of plants is essential, as it is in their roots that the microorganisms responsible for the purification processes develop: they absorb the oxygen produced by the vegetation and initiate the processes required for the proper purification of wastewater.

As of 2025, the Hera Group operates 21 small- or medium-small-capacity constructed wetland treatment plants located in the Provinces of Bologna, Florence, Forlì-Cesena, Pesaro-Urbino, Rimini and Ravenna. These plants carry out secondary biological treatment, following primary sedimentation, or tertiary treatment, which is used as the final stage of wastewater treatment before final discharge.

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), eligible capital expenditure in the sewerage and wastewater treatment area in 2025 totalled 128.2 million euro and also included the initiatives described above. In contrast, the eligible capital expenditure (CapEx) envisaged in the 2025–2029 Business Plan amounts to 642.1 million euro.

MAIN ACTIONS

BRIEF DESCRIPTION

AIR PROTECTION

Reduction of emissions from waste-to-energy plants	Management of systems to reduce pollutant emissions from waste-to-energy plants, monitoring of emissions and/or initiatives to further reduce emissions (including through the construction of new plants and the refurbishment of existing ones).
Development of district heating systems	Increasing the area served by district heating, interconnecting systems and improving the energy mix to enhance air quality in the cities served.
Upgrading the company's and suppliers' vehicle fleets	Streamlining and optimising the use of vehicles, prioritising the selection (including among suppliers, through incentive criteria during the tender process) of technologically advanced vehicles that are more up-to-date in terms of anti-pollution directives.
Development of electric mobility for customers	Installation of public charging stations for electric vehicles and sale of home or business charging systems to end customers.

The Hera Group's waste-to-energy plants are equipped with advanced emission abatement and flue gas treatment systems, designed to ensure high performance, versatility and reliability. These systems include technologies such as dual reaction and filtration systems to reduce pollutant concentrations (at eight out of 11 plants). In addition, dual flue gas monitoring systems are in place (at nine out of 11 plants), which are useful both for process control and for the continuous monitoring of stack emissions.

Furthermore, in terms of controlling emissions and environmental impact, the following checks are carried out periodically:

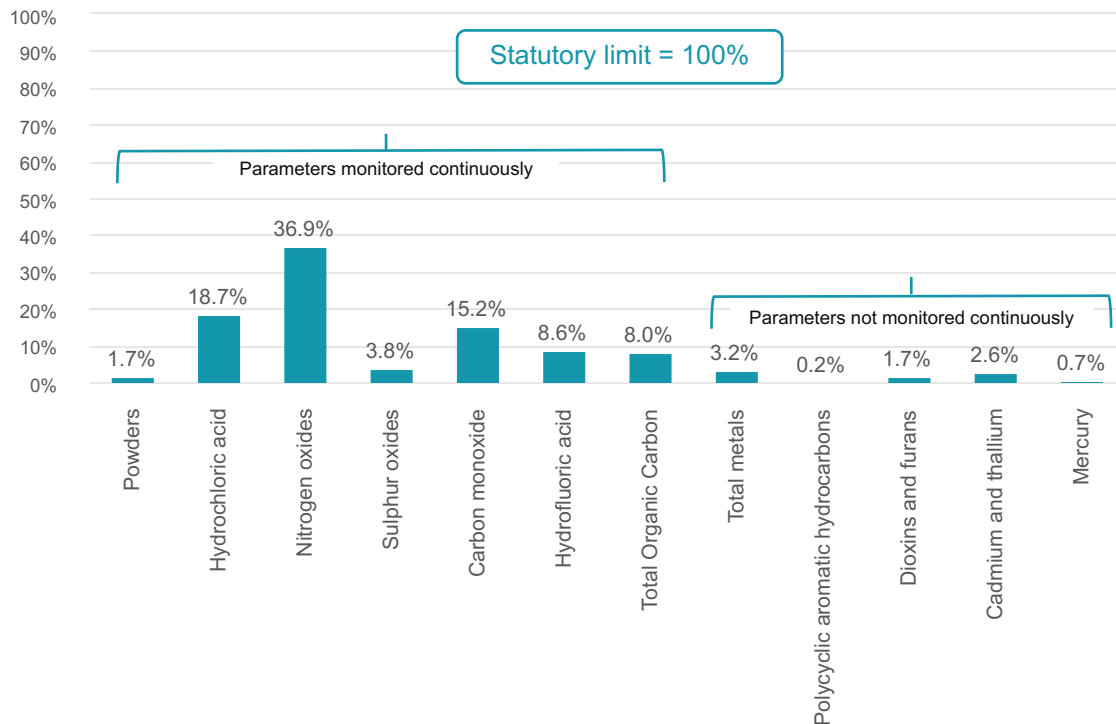
- Spot checks at the stacks for parameters that cannot be monitored continuously, at frequencies specified in the integrated environmental permits and using accredited laboratories;
- Checks on the impact of pollutants on the external environment: through external monitoring programmes stipulated in the individual permits, analyses of soil deposition and air quality are carried out in collaboration with universities and research institutions to ensure that, although within the strict legal limits, emissions do not have any significant impact on the surrounding environment. In 2025, monitoring was underway at the waste-to-energy plants in Ferrara, Forlì, Granarolo dell'Emilia, Modena and Padua.

Over the years, the upgrading of plant facilities has led to significant improvements in the rates of pollutant emission reduction. In 2025, work continued on the construction of Line 4 at the Padua waste-to-energy plant, which will replace the current Lines 1 and 2 and will be equipped with a dual flue gas monitoring system.

Legislative Decree 152/2006 requires continuous monitoring of stack emissions for seven specific parameters: dust, hydrochloric acid, nitrogen oxides, sulphur oxides, carbon monoxide, hydrofluoric acid and total organic carbon. In addition, at the plants in Granarolo dell'Emilia, Ferrara, Forlì, Modena, Montale, Padua, Pozzilli, Ravenna and Rimini, mercury is also monitored continuously.

The graph below shows the emissions data for the ten waste-to-energy plants operated in the areas of Granarolo dell'Emilia (BO), Ferrara, Forlì, Modena, Montale (PT) (under management since 2025 under a three-year contract), Padua, Pozzilli (IS), Ravenna, Rimini and Trieste, as well as the data for the biomass plant in Faenza (RA), operated by Enomondo, a company 50% owned by Herambiente and not fully consolidated.

ATMOSPHERIC EMISSIONS FROM WASTE-TO-ENERGY PLANTS COMPARED TO LEGAL LIMITS* (optimal values: < 100%) (2025)



Including the Enomondo waste-to-energy plant. Mercury is continuously monitored at the Granarolo plants in Emilia, Ferrara, Forlì, Modena, Montale, Padua, Pozzilli, Ravenna and Rimini. * The legal limits refer to Italian Legislative Decree 152/2006.

In 2025, once again, all the average concentrations of continuously monitored pollutants measured at the stack were, on average, 86.7% lower than the permitted regulatory limits (13.3% of the legal limits), with reductions ranging from 63.1% (nitrogen oxides) to 98.3% (particulate matter). In 2003, this percentage stood at 59%. For parameters not monitored continuously, all values also remained well below the legal limits, with reductions ranging from at least 96.8% (total metals) to 99.8% (polycyclic aromatic hydrocarbons).

The results are also excellent in relation to the limits set by the Integrated Environmental Authorizations (AIA), with the concentrations of the monitored pollutants being, on average, 88.0% lower than the most stringent limits.

Since 2008, the Group's website has provided access to the average values for the previous day and the half-hourly averages of emissions from the Group's waste-to-energy plants. The online data are updated every half-hour with the average values recorded over the previous 30 minutes. The data is transmitted automatically by the monitoring systems, which operate 24 hours a day at all plants, located in the Provinces of Bologna, Ferrara, Forlì-Cesena, Modena, Rimini, Isernia, Padua and Trieste.

At the sorting and recovery plant in Coriano (Rn), on 1 June 2025, a fire broke out near the storage area for pressed recovered plastic (i.e., plastic that had already undergone sorting) collected from the local urban waste stream. The fire started from a plastic bale awaiting dispatch for further recovery operations at third-party plants and affected part of the existing storage area. Following an alert from the plant's staff, the fire brigade responded and began extinguishing the fire, while the ARPAE Regional Service carried out an inspection and the necessary assessments. The fire caused limited damage, affecting the doors of the building adjacent to the affected area and part of the outdoor lighting system. In addition to the measures implemented immediately, over the following days, the affected area and surrounding areas, as well as the sewage system, were cleaned, and the wastewater generated by the fire extinguishing operations and the cleaning activities was managed. After analytical characterisation, the material affected by the fire was sent for disposal at an authorized facility. A technical report describing the incident and the measures taken to manage it, in compliance with the requirements set out in the inspection reports issued by the ARPAE Regional Service, was submitted to the competent authority. According to the ARPAE report on the incident, no impacts on environmental matrices were detected.

DEVELOPMENT OF DISTRICT HEATING SYSTEMS

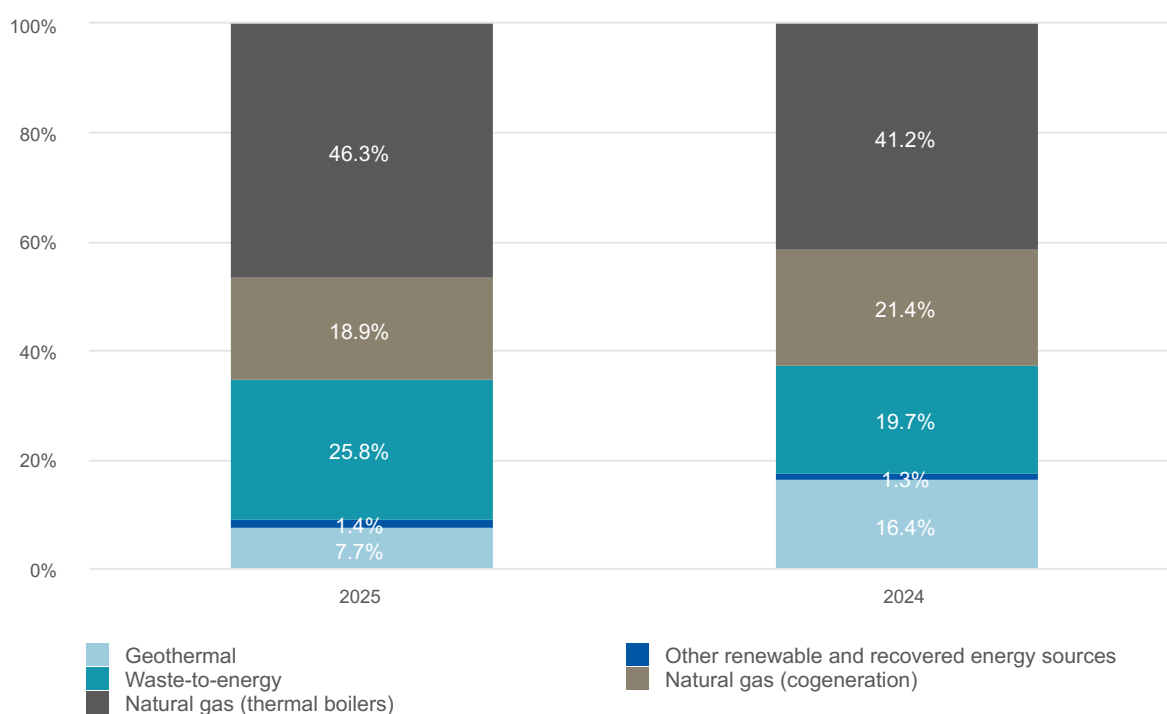
Hera Spa operates 22 district heating systems in the Bologna, Ferrara, Forlì-Cesena, Imola, Modena and Ravenna areas, providing an efficient and less polluting alternative to conventional boilers. In 2025, approximately 435.1 GWh of thermal energy were sold (up by 4.9% compared to 2024), serving a volume of 23.7 million cubic metres (up by 1% compared to 2024).

District heating is a service that involves selling customers heat generated at production facilities that are more efficient and better controlled than traditional independent or communal boilers, distributing this heat through insulated networks to supply heating to buildings via heat exchangers, without emitting pollutants to the user. The benefits for the customer include greater safety and lower operating and maintenance costs, while still being able to

regulate the temperature independently; from an environmental perspective, district heating provides a solution to air pollution problems in cities by replacing the large number of independent boilers scattered throughout the city (some of which are still fuelled by diesel) with high-efficiency, centralised production sources, which can also be powered by renewable energy or energy recovered from other processes. Thanks to Hera's district heating systems, in 2025, more than 13,000 tonnes of oil equivalent, 26,000 tonnes of greenhouse gases and 15 tonnes of nitrogen oxides were avoided compared to a conventional system.

Projects partially funded by the NRRP and the Ministry of the Environment and Energy Security are currently being implemented in the Bologna, Ferrara and Forlì areas. The implementation of these projects will enable the optimisation of the generation mix, further improvements in service continuity with the aim of mitigating technical risk, increased efficiency in heat production, and the maximisation of the integrated use of renewable sources and waste heat. In Bologna, work continued on the interconnection of the four systems – CAAB/Pilastro, Sede Berti/San Giacomo, Bologna Fiera and Navile – in order to extend the network and increase the amount of waste heat recovered from the waste-to-energy plant. In Forlì, work also continued on the interconnection of the Forlì waste-to-energy plant system with the Campus system. Finally, in Ferrara, work has begun to double the capacity of the geothermal energy source in order to increase the share of renewable energy in the system's energy mix. In 2025, work also began on the interconnection of the two district heating systems in Cesena Bufalini and Ippodromo. In addition to enabling better management of the generation sources, this interconnection will improve service continuity by allowing the networks to provide mutual support, i.e., ensuring the supply of heat even in the event of sudden failures or scheduled maintenance at one of the generation plants. At the same time, routine work continued on developing connections to the Group's various district heating systems, resulting in an activated capacity of approximately 3.7 MW.

Sources used for district heating



In 2025, 34.8% of the thermal energy produced came from renewable or recovered sources (compared to 37.4% in 2024). When cogeneration is also taken into account, this percentage rises to 53.7% (58.8% in 2024). During the year, two key events occurred that affected the thermal energy production mix: the shut-down of the geothermal wells in Ferrara from the beginning of May 2025 to enable work to double the capacity of this source, in line with the NRRP (National Recovery and Resilience Plan) project; and the prolonged shut-down of the turbines at the Imola Casalegno cogeneration plant until November 2025, following the fire that occurred in November 2024. As a result, the production of thermal energy from the Ferrara waste-to-energy plant and from the Ferrara and Imola boilers increased.

The systems that, in 2025, meet the definition of efficient district heating as set out in EU Directive 2012/27/EU (i.e., systems that use, as an alternative, at least: 50% renewable energy, 50% waste heat, 75% cogenerated heat, or 50% of a combination of the above) are Bologna Caab-Pilastro, Ferrara, and Forlì Waste-to-Energy Plant. Overall, these systems sold approximately 177.2 GWh (40.7% of the total) and supplied 37.2% of the total volume supplied by Hera.

Also in 2025, during its only month of operation, the absolute specific emissions of pollutants from the largest district heating cogeneration plant among those managed by the Group, Imola Casalegno (with an installed capacity of 80 MW of electricity and 65 MW of heat), remained at extremely low levels, well below those stipulated in the

Integrated Environmental Authorisation, which in turn sets limits for the pollutants most commonly found in flue gases (NOx and CO) that are 75–80% lower than those set out in Italian Legislative Decree 152/2006.

Atmospheric emissions from the Imola cogeneration plant

mg/Nm ³	STATUTORY LIMIT VALUE	AUTHORISED LIMIT VALUE	2025	2024
Nitrogen oxides (NOX)	50	14.5	10.6	9.7
Carbon monoxide (CO)	30	9.5	0.8	1.3
Ammonia slip (NH3)	Not required	2	0.1	0.1
Total fine particulate matter (TSPM)	Not required	4	0.015	0.015
PM10	Not required	1	0.004	0.004

The permitted emission limits for the Imola cogeneration plant are based on the Integrated Environmental Authorisation, as amended (with more stringent limits than those set out in Italian Legislative Decree 152/06). The CO, NOx, NH3 and TSP values correspond to the annual average values measured continuously by the continuous monitoring system. The PM10 values are derived from the average of the values measured during self-monitoring (carried out on a quarterly basis). All permitted limit values correspond to the daily average.

At the end of 2025, the Hera Group's fleet consisted of 4,172 vehicles, of which those complying with the most recent anti-pollution directives (Euro 5, Euro 6 and electric vehicles) accounted for 88.4% of the total, an increase compared to the previous year (up 3 percentage points).

In terms of fuel sources, 851 vehicles run on fuels with a lower environmental impact (natural gas, LPG, fully electric or hybrid), accounting for 20.4% of the total (compared to 754 vehicles, or 18.8%, in 2024).

In 2025, the use of HVO (a biofuel of renewable origin) as a substitute for conventional diesel continued to be expanded in the 1,202 compatible vehicles, accounting for 39.2% of diesel-powered vehicles (compared to 30%, or 894 vehicles, in 2024). Overall, 1.2 million litres of HVO were consumed in 2025, accounting for 9.5% of the total diesel consumed (compared to 4.2% in 2024), which also yielded benefits in terms of reducing greenhouse gas emissions.

Meanwhile, electric vehicles accounted for 2.6% of the fleet in 2025 (compared to 1.0% in 2024).

Vehicles with a lower environmental impact

%	2025	2024
Total Euro 5, Euro 6 or electric vehicles	88.4 %	85.5 %
Total HVO-compatible or electric vehicles	31.4 %	23.4 %
of which HVO-compatible vehicles	28.8 %	22.3 %
of which electric vehicles	2.6 %	1.0 %

In addition to the company vehicle fleet, there are 341 leased cars allocated to managers and sales staff at Group companies. In 2025, all of these cars are Euro 6, and 80.4% are hybrid or fully electric (compared to 70.0% in 2024).

The data refer to all vehicles owned by Uniflotte, Marche Multiservizi, Marche Multiservizi Falconara and Macero Maceratese, as well as to vehicles owned by other Group companies that are maintained or managed by Uniflotte.

The Group's commitment to using vehicles with a lower environmental impact also extends to its supply chain: in its supplier selection criteria, as well as in tenders for urban waste services, the Group rewards the most virtuous suppliers by giving preference to those that use vehicles with a reduced environmental impact. In 2025, 94.9% of the vehicle fleet of the suppliers and partners that manage environmental services for Hera S.p.A., AcegasApsAmga and Marche Multiservizi (2,952 vehicles) consisted of vehicles with more recent registrations (Euro 5 and 6, including electric vehicles), thereby continuing the process of renewing the vehicle fleet of environmental service contractors (this figure was 89.0% in 2024).

In 2025, Hera also continued to develop its electric vehicle charging infrastructure network by commissioning 20 new public charging facilities, bringing the total number of public charging points installed to 680 (approximately 340 charging stations), which supplied more than 1.5 GWh of electricity in 2025. This initiative will continue further, thanks to the award of new tenders, including those financed by NRRP funds, and the signing of additional memoranda of understanding.

The Group's commitment to electric mobility also extends to private charging, through offers to individuals and businesses for the provision of wallboxes and charging stations. Over the course of the year, more than 230 private charging points were sold, bringing the total to approximately 2,300 units by 2025.

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), the eligible capital expenditure related to the development of district heating systems, the upgrading of the company fleet, and the development of electric mobility for customers in 2025 amounted to 52.0 million euro. The eligible investments envisaged in the 2025–2029 Business Plan amount to 221.4 million euro.

MAIN ACTIONS

BRIEF DESCRIPTION

SOIL PROTECTION

Remediation of contaminated soil	Remediation interventions to reclaim and make safe contaminated urban areas and industrial sites, thereby contributing to the regeneration of the local area.
Land reuse in design projects	Technical solutions aimed at reusing already developed areas or preserving the natural environment of sites affected by plant construction.

Since 2009, the Hera Group has been operating in the environmental remediation sector. When ACR Reggiani joined the Group, the remediation business unit was transferred to it, thereby expanding the range of services it offers. ACR now provides remediation and restoration services for the safety and reclamation of contaminated urban areas and industrial sites, as well as decommissioning operations; it offers a comprehensive service that includes all the technical and administrative management activities associated with the reclamation of a disused urban and/or industrial area: from the planning of the fact-finding survey, through the economic feasibility study relating to environmental liabilities and environmental consultancy on the sale and purchase, to the execution of environmental remediation and restoration works on degraded areas for regeneration.

Remediation activities are carried out in accordance with qualification certificates. In addition, activities on sites are carried out in accordance with the international standards ISO 9001, ISO 14001 and ISO 45001.

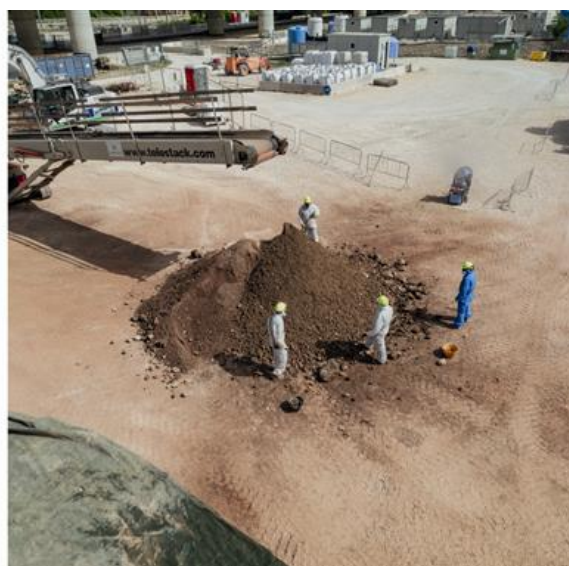
Over the years, particular attention has been paid to increasingly sustainable and low-environmental-impact approaches. Key sustainability requirements include low energy consumption, minimising the use of chemical soil improvers, and, finally, the ability to apply treatments directly in situ, i.e. remediating contaminated soil and groundwater directly at their original location of origin, without removing the contaminated material (e.g., by injecting chemical reagents that convert the pollutant into harmless compounds). In parallel with in-situ treatment interventions, on-site and off-site intervention technologies have also been developed. On-site remediation involves the contaminated soil being excavated and subsequently treated on the site (soil washing, biological treatment of the soil using biopiles) in order to recover the contaminated environmental matrix and reuse it, whereas off-site remediation involves the contaminated soil being excavated and subsequently treated off the site, at authorised treatment plants or in landfills.

REMEDICATION
ACTIVITIES TO
PROTECT THE
LOCAL AREA

Completed and ongoing environmental remediation projects

NO. OF SITES	2025	2024
In-situ interventions	112	146
On-site interventions	-	-
Off-site interventions	388	368
Total	500	514

As at the end of 2025, there were 500 active remediation projects (i.e., excluding 'dormant' projects, where the work carried out consists of mere monitoring) either completed or in progress. These include four Sites of National Interest (SINs): Bussi sul Tirino (PE), Caffaro (BS), the Mantua Petrochemical Plant, and the Val del Rio landfill in Chioggia (VE). Compared to 2024, there has been a slight increase in the number of sites undergoing off-site treatment and a decrease in the number of sites undergoing on-site treatment. In 2025, as part of its remediation and global service activities, ACR treated 269,500 tonnes of waste, a decrease of 13% compared to 2024, primarily due to the progress of certain contracts and the completion of others.



REUSE OF
LAND IN
PROJECTS

The Hera Group implements strategies to reduce the use of virgin land, favouring the reuse of areas that are already developed or occupied.
In 2025, approximately 197,000 square metres (77%) of the 255,000 square metres of land used for new infrastructure were reused. From 2018 to 2025, it was possible to reuse 75.7% of the land used in projects, mainly for water supply (45% of the total), gas (25%) and sewerage (13%) works.

POLLUTION OF
AIR, WATER
AND SOIL

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), the eligible investments related to land remediation projects to protect the local area in 2025 amounted to 2.5 million euro. The eligible investments envisaged in the 2025–2029 Business Plan amount to 8.0 million euro.

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Metrics
The methodology set out in the ESRS and used for reporting on pollutants establishes a reporting scope covering plants that are subject to EU Regulation 166/2006 (E-PRTR). This Regulation applies only to processes and plants that exceed certain size thresholds set out in Annex 1; for these plants, pollutants that exceed the annual mass flow thresholds specified in Annex 2 to the Regulation are reported.
The Hera Group plants falling within the scope of pollutant reporting are: all ten waste-to-energy plants operated by the Group, as they exceed the capacity threshold of 3 t/h; two power generation plants (the trigeneration plant serving the Bologna Fiera district heating system and the cogeneration plant serving the Imola district heating system), as they have an output exceeding 50 MW; 18 urban wastewater treatment plants (located in the provinces of Bologna, Ferrara, Forlì-Cesena, Modena, Padua, Pesaro-Urbino, Ravenna, Rimini and Trieste); and six liquid waste treatment plants operated by Herambiente S.p.A. and Herambiente Servizi Industriali, as they exceed the capacity threshold of 100,000 p.e.
The Hera Group's emissions are well below the legal limits (and permit limits, where applicable), as indicated in part on the previous pages.
There are no plants that emit pollutants into the soil.
The table below shows the pollutant emissions from plants that exceed the annual mass flow thresholds set out in Annex 2 of the E-PRTR Regulation; for emissions to air, only the waste-to-energy plants in Bologna, Isernia and Trieste exceed these thresholds, while for emissions to water, 23 of the 24 wastewater treatment plants operated by Group companies exceed these thresholds for at least one pollutant. Emissions of pollutants that have exceeded the thresholds at at least two plants are reported.



Pollution of air, water and soil

AIR EMISSIONS (KG)	ANNUAL THRESHOLD	2025	2024
Nitrogen oxides (NOx/NO2)	100,000	437,204	437,827
		(3 plants)	(3 plants)

EMISSIONS TO WATER (KG)	ANNUAL THRESHOLD	2025	2024
Chlorides (expressed as total chlorine)	2,000,000	118,648,674	121,798,280
		(13 plants)	(12 plants)
Nitrogen (N)	50,000	1,812,552	1,980,135
		(12 plants)	(13 plants)
Total organic carbon (TOC) (expressed as total carbon or COD/3)	50,000	2,102,006	1,853,904
		(13 plants)	(14 plants)
Phosphorus (P)	5,000	141,677	165,274
		(10 plants)	(11 plants)
Fluorides (expressed as total fluorine)	2,000	14,076	16,452
		(2 plants)	(3 plants)
Zinc and its compounds (Zn)	100	12,464	12,937
		(19 plants)	(18 plants)
Chromium and its compounds (Cr)	50	5,099	3,035
		(8 plants)	(7 plants)
Copper and its compounds (Cu)	50	1,127	1,628
		(10 plants)	(10 plants)
Phenols (expressed as total carbon)	20	2,383	2,554
		(3 plants)	(4 plants)
Nickel and its compounds (Ni)	20	1,164	1,281
		(8 plants)	(9 plants)
Lead and its compounds (Pb)	20	1,137	1,175
		(13 plants)	(11 plants)
Arsenic and its compounds (As)	5	1,565	399
		(13 plants)	(11 plants)
Cadmium and its compounds (Cd)	5	369	311
		(16 plants)	(15 plants)
Mercury and its compounds (Hg)	1	66	52
		(10 plants)	(9 plants)

According to the ESRS standard, substances of concern are those that:

- meet the criteria set out in Article 57 and are identified in accordance with Article 59(1) of REACH Regulation (EC) No 1907/2006 'concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals [...]';
- Are classified in Part 3 of Annex VI to CLP Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures in one of the hazard classes or categories listed in the table below.

SUBSTANCES
OF CONCERN
AND
SUBSTANCES
OF VERY HIGH
CONCERN

According to the ESRS, Substances of Very High Concern (SVHCs) are those that meet the criteria set out in Article 57 and are identified in accordance with Article 59(1) of the REACH Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals.

Substances of very high concern are included on the Candidate List, which is the list of substances that could have serious and irreversible effects on human health and the environment and are therefore candidates for authorisation. This list is published and updated every six months by the European Chemicals Agency (ECHA) in accordance with the REACH Regulation. At the time of this report, the most recent update of the list published on the ECHA website is dated 4 February 2026.

E2-5

ECHA's authorities and scientific committees assess whether the risks posed by substances can be managed, while the authorities may prohibit hazardous substances if the risks posed are not manageable, and may also decide to restrict a use or make it possible only subject to authorisation.

The authorisation procedure aims to ensure that substances of very high concern are progressively replaced by less hazardous substances or technologies, where technically and economically viable alternatives are available.

In line with European principles, the Hera Group has adopted, as a priority measure to prevent risks to health, safety and the environment, the replacement of substances or mixtures containing substances of concern or substances of very high concern with less hazardous substances or mixtures, where technically feasible. This principle has also been extended to suppliers through the signing of the Code of Conduct – Sustainability Pact with Suppliers.

The scope of this report covers substances used directly by Group companies in the management of their operational processes, excluding, at this reporting stage, substances used by suppliers; where data on actual use is not available, the quantities purchased are indicated. Substances or mixtures assigned to more than one hazard class have been counted only once, in order of hazard priority.

During the reporting period, the Hera Group did not purchase or use any substances of very high concern in its operations or production processes.

Substances of concern used or purchased

SUBSTANCES OF CONCERN (T)	2025	2024	MAIN USES
SUBSTANCES OF CONCERN HAZARDOUS TO HEALTH			
Carcinogenic, categories 1A and 1B	653	526	Fuel (petrol) for company vehicles and laboratory reagents
Mutagenic, categories 1A and 1B	-	-	
Reproductive toxicity, categories 1A and 1B	18	19	Oil and protective products for cogeneration and maintenance engines, and laboratory reagents
ED – Human endocrine disruptor	-	-	
Carcinogenic, category 2	9,997	9,360	Fuel (diesel) for company vehicles and generators
Mutagenic, category 2	48	29	Water disinfection products (ozone)
Reproductive toxicity, Category 2	12	2	Water disinfection products (potassium permanganate) and laboratory reagents
Respiratory sensitisation, category 1	33	56	Process reagents for plastic recycling plants
Skin sensitisation, category 1	6,189	5,081	Process reagents for waste treatment plants, odouriser for gas distribution, product for sanitising water in district heating networks, and sealants, lubricants and cleaners for vehicle maintenance
Specific target organ toxicity (repeated exposure), categories 1 and 2	97	75	Water disinfection products (sodium chlorite), antifreeze, and additives for waste treatment plants and vehicle maintenance
Specific target organ toxicity (single exposure), categories 1 and 2	3,509	713	Methanol for wastewater treatment plants and process reagents for waste treatment plants
SUBSTANCES OF CONCERN THAT ARE HAZARDOUS TO THE ENVIRONMENT			
Persistent, bioaccumulative and toxic (PBT) or very persistent and very bioaccumulative (vPvB) properties	-	-	
ED – Endocrine disruptor for the environment	-	-	
Chronic hazard to the aquatic environment, categories 1 to 4	5,920	5,472	Process reagents for waste treatment plants, water disinfection products, and polyelectrolytes and odourisers for gas distribution, sealants, lubricants, and cleaners for vehicle maintenance
Hazardous to the ozone layer	-	-	
Total quantity of substances of concern used or purchased	26,476	21,333	

The 2024 figures have been aligned with the calculation methods adopted for FY 2025.

The levels of Category 1 and 2 carcinogens are increasing compared to 2024 due to higher consumption of petrol and diesel, respectively. The levels of Category 2 mutagens and substances with specific target organ toxicity (repeated exposure) in Categories 1 and 2 are increasing compared to 2024 due to changes in water treatment methods. Category 1 skin sensitizers and substances with specific target organ toxicity (single exposure) in Categories 1 and 2 are also increasing due to higher consumption of process reagents in waste treatment plants; this increase is necessary to maintain a stable and optimal biological treatment process as a result of changes in the composition of the treated wastewater and changes in the composition of the reagent used.

There are no cases of substances of concern or substances of very high concern used in production processes that leave the plants in the form of monitored emissions exceeding the permitted limits.

The quantities of carcinogenic substances (categories 1 and 2) reported mainly relate to the fuels (diesel and petrol) used to refuel transport vehicles and, to a lesser extent, to the use of equipment.

The quantities of substances with chronic aquatic hazard and skin sensitisers reported relate in part to the use of odorisers in the gas distribution sector, which are necessary to ensure safety in accordance with the relevant UNI technical standards that specify minimum odoriser concentrations.

The reported quantities of mutagenic substances (Cat. 2), substances toxic to reproduction (Cat. 2), substances with specific target organ toxicity, and substances posing a chronic hazard to the aquatic environment also include certain substances used in wastewater treatment and water purification through the degradation of organic substances and the control of bacterial load. Indeed, the presence of chlorine is essential to ensure that the water supply remains safe at all times and complies with the quality parameters for water intended for human consumption. At the concentrations used to disinfect drinking water, chlorine does not pose a health risk; on the contrary, its presence is a positive indicator that the water has been treated and made safe for consumption.

Water and marine resources

Description of the material impacts, risks and opportunities

The double materiality assessment identified the protection of water and marine resources, under the sub-topic of water, as one of the most material topics for the Hera Group. The results of the double materiality assessment reflect the Hera Group's primary role in the management of the water service. In the areas it serves, Hera is responsible for the integrated management of all the stages required to make water usable and available for domestic and industrial use and consumption: from abstraction to treatment to distribution to users (water supply system), and from the management of sewerage systems to treatment to the return of water to the environment (sewerage and treatment system). The Hera Group's water supply sources consist of groundwater, surface water and, to a lesser extent, springs. In Romagna, the water distributed is purchased in bulk from Romagna Acque – Società delle Fonti. The following shared value creation areas, presented in the 'General disclosures' section, are associated with the topic of water and marine resources: sustainable water resource management; resilience and adaptation; and the transition to a circular economy. For each shared value creation area, the actions and targets related to the protection of water and marine resources are reported.

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks, and opportunities related to water and marine resources

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Water	Water consumption in plant operation Current medium-term negative impact related to the Group's own operations in areas of high water
	Water leaks in distribution networks Current medium-term negative impact associated with the Group's own operations
	Water withdrawal in areas subject to high water stress Current medium-term negative impact associated with the company's own operations and those of its customers in areas subject to high water stress
	Implementation of water safety management plans Current short-term positive impact associated with the company's own operations
	Promotion of customer initiatives to reduce water consumption Current short-term positive impact associated with the Group's own activities and those of its

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

The process of identifying impacts related to water and marine resources took into account the location of areas subject to water withdrawal, both in the context of water service management and in relation to water consumption associated with the Group's other activities. The main significant adverse impacts relating to the management of the water service are: water losses in the distribution network, i.e. water that is not invoiced, either due to pipe ruptures or because it is not metered; and the withdrawal of water for the water treatment service in areas of high water stress (the provinces concerned are listed in the chapter below). The impact also extends to the value chain, with regard to water withdrawals in Romagna by the supplier Romagna Acque. With regard to the Group's other services, water consumption by plants located in areas of high water stress or affected by periods of drought was identified as a negative impact.

The implementation of the new water safety management plans, aimed at ensuring high-quality drinking water, represents a positive impact.

In addition, through customer-focused initiatives that include consumption analysis campaigns (Water Consumption Diary), the Group generates positive impacts by promoting virtuous and conscious behaviour that encourages the responsible use of water resources and a consequent reduction in consumption.

Policies and objectives

In order to manage material impacts, risks and opportunities related to water and marine resources, the Hera Group has established its purpose (Article 3 of the Articles of Association), its shared-value creation model, its Code of Ethics, and its Quality and Sustainability Policy as points of reference.

In line with the company's mission, the Code of Ethics sets out Hera's commitments to protecting the environment, which is understood as a complex system of living and non-living elements that interact with one another and, taken together, ensure the survival of life on the planet. Indeed, Hera recognises the environment as a primary asset and employs appropriate technologies, tools and processes to contribute, in line with its purpose, to the ecological transition, prevent risks, reduce direct and indirect, current and potential negative environmental impacts, and preserve natural resources for the benefit of future generations. Hera adopts environmental management policies, actions and systems aimed at protecting water and marine resources. Hera is committed to regenerating resources and maximising recycling through circular economy initiatives that reduce the exploitation of resources, whether water, soil, raw materials or other resources.

Within the Group, the shared value approach encompasses the impact area of sustainable water resource management, which includes measures to monitor the quality and safety of the drinking water supplied, using the risk-based approach of the Water Safety Plans, and to return treated water to the environment of a quality that maintains the ecological status of water bodies, in accordance with European legislation. In addition, the impact area 'Transition to a circular economy' includes water circularity initiatives aimed at reducing losses in water networks, lowering internal consumption and that of the Group's customers, and reusing wastewater and process water. Lastly, the resilience and adaptation impact area includes activities to enhance the resilience of the water supply system in order to cope with the consequences of climate change, such as droughts and floods.

With regard to health protection and drinking water, the Group implements structured prevention and control plans to ensure the safety of drinking water throughout the entire production chain, from abstraction to distribution; furthermore, Hera's approach includes analytical control plans for the water service and water safety management plans within the time-frames set out in Italian Legislative Decree 18/2023.

The Hera Group, also in its capacity as the operator of the integrated water service, carries out all activities that may have an impact on water resources in accordance with the Consolidated Environment Act, which regulates soil protection and the fight against desertification, the protection of water against pollution, and the management of water resources, also implementing Directive 2000/60/EC establishing a framework for Community action in the field of water policy.

The new European Wastewater Directive (2024/3019) will bring numerous challenges, particularly in relation to the need to treat micro-pollutants, the lowering of discharge limits (especially for nitrogen and phosphorus parameters), and future energy neutrality targets for wastewater treatment plants. The overarching objective in water resource management is to develop measures to safeguard the quality of both drinking water and treated water and to protect the environment. The aim of all these efforts is to consolidate sustainable and resilient water resource management, promoting reduced consumption, circularity through wastewater reuse, and energy efficiency.

Hera promotes the agricultural and industrial reuse of treated water through specific agreements with local authorities and companies, supported by rigorous analysis protocols to ensure its quality. With regard to the management of sewage sludge, the Group is committed to reducing landfill disposal and recovering the value of the sludge, promoting innovative solutions for its reuse.

The integrated water service is inevitably affected by the impacts of climate change on the availability of water resources and on the management of the sewerage and wastewater treatment service. As the Group operates primarily in areas of high water stress, mitigating the impacts and risks associated with climate change is an essential part of its approach to water resource management. This is reflected in initiatives aimed at increasing resilience and management efficiency, including in the face of emergencies caused by extreme weather events. The resilience of the water supply system and the local area is achieved through: diversifying water supply sources, interconnecting water supply systems, prioritising the use of surface water over groundwater, and continuously monitoring the sources managed. The efficient use of water sources must be reinforced by reducing leakage and improving consumption efficiency: this is undoubtedly a multi-faceted approach, as it is the synergy between various measures that amplifies their effect. Initiatives to reduce network losses include the creation of district networks, pressure optimisation, the active detection of leaks using both traditional and innovative methods, the widespread installation of smart meters, predictive maintenance, and the ongoing renewal of networks and connections. Numerous initiatives have also been undertaken to reduce water consumption by the Group (at the plants it manages and at its offices) and by the customers it serves, through the distribution of the Consumption Diary, a report aimed at raising customer awareness of the need to adopt more sustainable water consumption practices. All of these measures also help to limit water withdrawals, both internally and downstream, and constitute established management practices for the Group.

Hera's commitment to protecting water resources is also underpinned by its signing of the UN CEO Water Mandate in 2019. At the local level, in 2024, Hera joined the Water Pledge promoted by Impronta Etica, with the aim of defining and monitoring a shared approach to water resource protection at the local level.

The Board of Directors is responsible for implementing this policy and ensuring that the company's practices are in line with regulations and third-party initiatives.

The sustainability targets relating to water resources are set annually on the basis of consolidated planning and control processes at Group level, which are used to determine the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main objectives and commitments relating to water and marine resources (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These objectives focus on managing water and marine resources and addressing the associated significant impacts, risks and opportunities. They are presented below within the framework of shared value creation, as set out in the Water and Marine Resources Policy: transition to a circular economy, sustainable water management, and resilience and adaptation.

HERA'S
COMMITMENT
(TARGETS
AND RESULTS)

E3-3

WHAT WE SAID WE WOULD DO

WHAT WE HAVE DONE

WHAT WE WILL DO

TRANSITION TO A CIRCULAR ECONOMY

26.2% reduction in internal water consumption by 2028 compared to 2017 consumption (1.5 million cubic metres).	27.9% reduction in internal water consumption by 2025 compared to 2017 consumption levels (previously 25.5% by 2024), achieved through targeted water conservation initiatives.	26.5% reduction in internal water consumption by 2029 compared to 2017 consumption (1.5 million cubic metres). (target set out in the 2025–29 Business Plan and determined on the basis of the 2024 actual figures).
500,000 customers with a 'Water Consumption Diary' by 2028, representing 57% of the total.	380,000 domestic customers with a 'Water Consumption Diary' by 2025 (43.9% of resident domestic customers; this figure was 40.8% at the end of 2024).	500,000 customers with a 'Water Consumption Diary' by 2029, representing 57% of the total.
Reduce linear water losses by 10% by 2028 compared to 2024 (8.4 m³/km/day).	Linear water losses to improve by 2025 (7.8 m³/km/day); -8% compared to 2024 (8.4 m³/km/day).	To reduce linear water losses by 12% by 2029 compared to 2024.

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

100% of customers served (over 1.7 million) in areas with a Water Safety Plan in place by 2028, in line with the targets set by the European Union.	76.5% of users served in areas covered by a Water Safety Plan at 2025. This figure was 76.3% at the end of 2024.	Increase the percentage of customers served in areas with a Water Safety Plan (EU requirement: 100% of customers served by 2029)

RESILIENCE AND ADAPTATION

Water service resilience: 30,600 km of network undergoing predictive maintenance (99% of the total) and 27,400 km of district-based network (89% of the total) by 2028; - Numerous interventions to upgrade water supply systems, interconnect water distribution systems and strengthen water supply networks in Emilia-Romagna, the Triveneto region and the Marche region, in order to improve resilience to the risk of drought.	Water service resilience: 30,600 km of network undergoing predictive maintenance (86.2% of the total) and 24,300 km of district-based network (68.6% of the total) by 2025; - Numerous interventions have been carried out to upgrade water supply systems, interconnect water distribution systems, and strengthen water supply networks in Emilia-Romagna, the Triveneto region and the Marche region in order to improve resilience to the risk of drought.	Water service resilience: 30,700 km of network subject to predictive maintenance (99% of the total) and 29,200 km of district-based network (82% of the total) by 2029; - Numerous interventions to upgrade water supply systems, to interconnect aqueduct systems, and to upgrade/renew water supply networks in Emilia-Romagna, the Triveneto region and the Marche region in order to improve resilience to the risk of drought; revamping interventions at water treatment plants, and the construction of new wells, springs and reservoirs in Emilia-Romagna in order to increase the water reserve and meet the needs of the area.

Actions and resources

The main initiatives implemented, under way or planned by Hera to achieve the Group's goals, as well as the management of IROs in the following areas, are set out below: transition to a circular economy, sustainable water resource management, and resilience and adaptation.

E3-2

MAIN ACTIONS

BRIEF DESCRIPTION

TRANSITION TO A CIRCULAR ECONOMY

Reductions in water consumption	Planning and implementation of initiatives aimed at reducing water consumption both within and outside the Group.
Reduction of water consumption by customers (residential and business)	Activities aimed at improving the use of water resources by the Group's customers

REDUCTION
OF WATER
CONSUMPTION

The water management project was launched in 2019 with the aim of setting water consumption reduction goals and targets for the Hera Group in the operation of its plants and sites, and of implementing initiatives to raise awareness of conscious consumption among the users it serves. The project includes initiatives aimed at water conservation, reuse and recovery, and covers all mains water consumption by all Group companies in the areas where Hera Spa operates the water supply service.

With regard to the target of reducing the volume of water consumed at sites and plants, by 2025, a reduction in water consumption of approximately 27.9% compared to the 2017 baseline (equivalent to around 1.5 million cubic metres) had already been achieved, corresponding to an absolute value of approximately 427,000 cubic metres per year, which is equivalent to the annual water needs of nearly 8,500 people. This achievement is the result of ongoing efforts to identify areas for improvement in water consumption, the optimisation of systems, the implementation of water reuse and recovery initiatives, and the continuous monitoring and management of water consumption.

By 2025, all the water efficiency initiatives identified had been completed, with the exception of two interventions at the Group's wastewater treatment plants, which will be implemented over the coming years. The main initiatives that have contributed to reducing water consumption and that will be continuously monitored and maintained include:

- The construction of treatment sections for the recovery and reuse of purified wastewater (in the Provinces of Bologna, Modena, Ravenna and Rimini);
- The construction of tanks for the collection and recovery of rainwater for process uses (in the Provinces of Bologna and Ravenna);
- The optimisation of irrigation systems at closed landfill sites under management (in the Provinces of Bologna and Ravenna);
- Enhanced efforts to detect and reduce losses on district heating networks (in the Provinces of Bologna, Ferrara and Modena).

As a result of these initiatives, in recent years, there has been a gradual reduction in the use of water drawn from the water supply network, offset by an increase in the use of wastewater and rainwater.

REDUCING
WATER
CONSUMPTION
AMONG
CUSTOMERS
(DOMESTIC
AND BUSINESS)

At the same time as the Water Management project was launched within the Hera Group, it became clear that it was important to extend the project to customers, both residential and business. Consequently, campaigns were designed to analyse consumption and provide support for reducing it, with the aim of encouraging and developing responsible and conscious water consumption behaviour among our customers as well. In 2019, we introduced the Consumption Diary, a pilot project that analyses the water consumption of household customers, providing them with personalised reports on their consumption compared to the average consumption of similar customers and that of the most responsible customer, as well as advice on how to reduce their water consumption. This service will be extended to a further 50,000 customers in 2025, bringing the total number of active domestic customers to over 380,000, equivalent to 43.9% of domestic customers in the Emilia-Romagna region.

MAIN ACTIONS

BRIEF DESCRIPTION

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

Preparation of water safety management plans (Water Safety Plans)	Ensure the quality and safety of the water supplied by monitoring the quality of the water delivered to customers, based on the retrospective testing of analytical parameters in accordance with a risk-based assessment.
Reduction of water network losses	Implementation of measures to reduce physical and administrative water losses in relation to the water supplied and fed into the network

PREPARATION
OF WATER
SAFETY
MANAGEMENT
PLANS

Legislative Decree No. 18/2023, as amended, which transposes Directive (EU) 2020/2184, introduced a new regulatory framework for water intended for human consumption, focused on protecting health through a preventive risk assessment aimed at identifying potential hazardous events along the entire drinking water supply chain at an early stage (a risk-based approach). The risk-based approach involves monitoring emerging contaminants and assessing the vulnerability of drinking water systems to the effects of climate change. Legislative Decree 18/2023, as amended, stipulates, with regard to the planning of analytical monitoring, that analytical monitoring programmes shall be defined by the local health authorities at the regional level and by the operators, taking into account the results of the risk assessment of drinking water supplies and the catchment areas of the sampling points (Article 12 of Italian Legislative Decree 18/2023). The result is a dynamic and adaptive monitoring plan, closely integrated with the Water Safety Plans (WSPs), which are central tools for protecting human health and ensuring the security of the drinking water supply.

Italian Legislative Decree 18/23, supplemented and amended by Italian Legislative Decree 102/2025, also introduces important changes regarding Water Safety Plans (WSPs). In particular, it stipulates that requests for approval must be submitted exclusively by uploading the documentation to the ANTEA platform – WSP area (currently still in the testing phase) and clarifies that WSPs developed prior to the decree's entry into force must also comply with the new requirements, as detailed in the ISTISAN 25/4 Approval Guidelines.

In light of these regulatory updates, and given that the ANTEA-area platform is not yet operational, the reporting of WSPs developed as at 31/12/2025 relates solely to those formally submitted to CeNSIA via certified email (PEC).

The previous reporting method, based on 'technically closed' WSPs, which represented a preliminary stage of the process (completion of the risk matrix and sharing of evidence with the working team) but did not yet constitute a formal submission for approval, has therefore been superseded.

In 2025, the Hera Group continued to implement Water Safety Plans, achieving coverage of 76.5% of the end-users served across the entire area under its management. In Emilia-Romagna, the percentage rose to 78.8%, thanks in part to Hera S.p.A.'s completion of four new plans: one in the Bologna area (Mirandola) and three in the Alta Valmarecchia area of Rimini. Of the plans developed, only a portion are eligible for approval, i.e., they comply with the requirements set out in Italian Legislative Decree 18/2023 and Istisan Guidelines Nos. 22/33 and 25/4; specifically, six plans for Hera S.p.A. and one plan for HERAcquaModena are eligible for approval.

Resolution 581/2025, which updated Resolution 917/2017, did not introduce any changes to the loss indicator; therefore, the criterion for determining linear and percentage losses has remained unchanged compared to previous years.

With a view to the sustainable management of water resources, Hera has developed a system of measures aimed at reducing water network losses. Losses can be physical or real (caused by ruptures in pipes or hydraulic components) and administrative or apparent losses (meter measurement errors, illegal consumption); the latter result in water that is actually delivered to the end customer but is not metered and therefore not invoiced.

Water losses are calculated in accordance with the specifications of ARERA Resolution 917/2017, which defines linear losses and percentage losses. The 2025 figure has been calculated on the basis of the information available at the date of approval of these financial statements and may be subject to change during the consolidation of the final ARERA registers, which is scheduled for the end of March 2026. However, the final figure is not expected to change significantly.

REDUCTION IN
WATER
NETWORK
LEAKS

Percentage and linear water losses

	2025	2024
Percentage water losses (%)	29.3 %	31.0 %
Linear water losses (m ³ /km/day)	7.8	8.4

The water loss data reported are those available at the date of preparation of these financial statements, which are not yet official for the purposes of the forthcoming reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025.

In 2025, the Hera Group saw a significant reduction in the value of linear losses (-8%) and the value of percentage losses (-6%) compared to the previous year. These significant improvements can be observed throughout the area under management and can be attributed to the joint initiatives implemented. Specifically, we would like to highlight the extraordinary interventions funded by the NRRP to reduce losses in water distribution networks, the increase in activities to detect hidden losses, and the digitalisation and monitoring of networks (zoning of networks, installation of smart meters, network renewal). The initiatives funded by the NRRP will be completed in 2026.

In 2025, the Hera Group recorded water losses of 29.3%, which is lower than the national average of 37.9% and linear water losses of 7.8 m³/km/day, which are also lower than the national average of 24 m³/km/day (source: Blue Book 2026 published by the Utilitatis Foundation – 2024 data).

Compared to other water service operators at the national level (Acea, Iren, Acquedotto Pugliese, Metropolitana Milanese, Smat Torino, Publiacqua and Acque Veronesi), the Group achieves better performance in terms of both linear losses (8.4 m³/km/day in 2024, compared to the average value of its peers of 20.6 m³/km/day) and percentage losses (31.0% in 2024, compared to the average value of its peers of 36.6%). The figures were compiled internally by retrieving data published in the sustainability reports of the aforementioned companies.

In the context of water resource protection, a number of integrated measures are being implemented to reduce the volume of water lost along the network. One of the main strategies is the division of the network into districts, which involves subdividing the supply and distribution system into sub-systems known as districts. Each district is monitored using flow meters located at strategic points, which record the inflows and outflows within an area defined by permanent boundaries. This approach enables a detailed analysis of the hydraulic behaviour of each area and the implementation of measures to limit the operating pressure, thereby reducing the risk of leaks. In the near future, the plan is to further strengthen this process, both by creating new districts and by redefining the boundaries of existing ones, with the aim of increasing the number of monitored areas and improving the ability to identify any critical issues. District zoning is also particularly useful for leak detection, as it enables the precise identification of the areas where the greatest amount of recoverable water is found. Leak detection and repair activities are then initiated in these areas, using acoustic methods that exploit the noise generated by escaping water. Operators use instruments such as leak detection rods, geophones, correlators and noise loggers, while smart meters equipped with built-in hydrophones can also be used to support traditional techniques.

Another key initiative concerns the replacement of water meters, which is being carried out on a large scale in accordance with current regulations. The installation of smart meters not only improves the accuracy of billing data, but also enables the collection of information useful for the operational management of the network, such as the water balance and the monitoring of zones. This enables the adoption of an increasingly adaptive and automated management system, capable of responding promptly to the diverse needs of different types of users.

Lastly, predictive maintenance represents a further step forward in the efficient management of the water network. By using forecasting models based on machine learning algorithms, such as Random Forest, it is possible to identify the

areas and pipelines most at risk of failure, by calculating the probability of leakage for each section of the network. This model, developed in collaboration with the University of Bologna, is based on historical data on georeferenced leaks and on map information on the pipelines, thereby enabling the planning of targeted and timely interventions to prevent bursts.

In the Triveneto area, efforts to reduce network losses are also managed through the analysis of pressure transients to ensure the integrity of the asset. This technique aims to identify and mitigate the root causes of mechanical stress on the pipelines. By locating the sources of stress, it is possible to implement targeted mitigation measures, taking preventive action to reduce the frequency of ruptures.

In 2025, the Group inspected 22,762 km of water network for leaks, representing 64.1% of the total network, an increase of over 20% compared to 2024. The largest increase was achieved in the areas managed by Hera Spa (+5,556 km compared to 2024) and HERAcquaModena (+1,287 km compared to 2024), and is linked to the achievement of the target set out in the NRRP call for proposals (Call M2C4-I4.2 – Reduction of leaks in water distribution networks, including digitalisation). The network was inspected using a variety of technologies, including systematic searches using geophones, as well as more advanced equipment such as flow and pressure meters with transit time measurements.

Water network subject to leak detection

KM	2025	2024
Total water network subject to active leak detection	22,762	14,868
Total water network	35,506	35,479
Network subject to active leak detection	64.1 %	41.9 %

The district metering of the water network, which was extended to over 24,000 km in 2025, covering 68.6% of the network under management, remains a priority in order to reduce leaks. In 2025, the Hera Group increased the percentage of the network divided into districts by approximately 22 percentage points compared to the previous year, achieving a significant milestone in this area. The largest increase was achieved in the areas managed by Hera Spa (+5,298 km compared to 2024) and by HERAcquaModena (+1,278 km compared to 2024), and is linked to the achievement of the target set out in the NRRP call for proposals (Call M2C4-I4.2 – Reduction of leaks in water distribution networks, including digitalisation).

The main interventions involved the installation of meters, which enabled the creation of new districts and the establishment of reduced-pressure zones. By remotely monitoring key parameters, the creation of network districts enables a more targeted and active search for leaks, identifying sections of the network with abnormal values for key variables, which are monitored remotely.

District water network

KM	2025	2024
Total district water network	24,340	16,650
Total water network	35,506	35,479
Total district water network (%)	68.6 %	46.9 %

In addition, the predictive maintenance project enables advanced monitoring to prevent water pipe ruptures, and in 2025, this model was used across 86.2% of the managed network.

Water network subject to predictive maintenance

KM	2025	2024
Total water network subject to predictive maintenance	30,598	30,185
Total water network	35,506	35,479
Total water network subject to predictive maintenance (%)	86.2 %	85.1 %

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), eligible capital expenditure (CapEx) related to the water supply network in 2025 amounted to 200.2 million euro. In contrast, the eligible capital expenditure (CapEx) envisaged in the 2025–2029 Business Plan amounts to 870.5 million euro.

MAIN ACTIONS

BRIEF DESCRIPTION

RESILIENCE AND ADAPTATION

Resilience of the water supply system

Identification and assessment of drought risk and implementation of measures to increase the resilience of the water supply system

To mitigate the risk and impacts of climate change, it is essential to maintain high-quality relationships with institutional bodies that play a role in both regional planning and the management of emergency events. The extreme weather events that occurred between 2022 and 2024 (water scarcity and flooding) highlighted the need for ongoing dialogue between local stakeholders in order to develop a shared vision of management.

With regard to spatial planning issues, the National Climate Change Adaptation Plan is the primary planning tool for addressing climate emergencies. At the river basin level, the knowledge frameworks and sectoral plans developed by the District Basin Authorities are essential. The activities of these authorities intersect with the important role played by the regions and their agencies, both in the planning phase and in the management of emergency events. The Emilia-Romagna, Veneto and Friuli-Venezia Giulia Regions set out the knowledge frameworks on availability and demand, as well as the lines of action, in their Water Protection Plans (currently being updated for Emilia-Romagna).

The Optimal Territorial Area Governance Body (EGATO) approves the integrated water service investment plans, which, for each territorial area, set out not only the standard interventions for the maintenance and development of services, but also those aimed at increasing the resilience of water supply, conveyance and distribution systems, as well as urban drainage systems. However, these plans do not include major strategic projects (e.g., reservoirs), which require exceptional planning, financing and implementation processes.

For water supply, dedicated working groups are set up, coordinated by the regional government and/or the Civil Protection Agency. A commendable example of cooperation and interaction between authorities aimed at water resilience is the implementation of agreements for the reuse of treated water that Hera is promoting in the region.

Among the main interventions is the upgrading of the Castel Bolognese water supply system, which aims to reorganise, optimise and interconnect the existing aqueduct systems in the area in order to ensure a larger water reserve, provide higher-quality treated water, offer greater service flexibility, and accommodate the expected increase in consumption and the residential and industrial expansion envisaged in the urban development plans.

The project focuses on Castel Bolognese, Riolo Terme, Solarolo, Bagnara di Romagna, Mordano and Imola, with the aim of progressively reducing the use of groundwater in favour of surface water. In addition, the project also aims to optimise the treatment of water for industrial use, which is to be transferred to the water treatment plants in Castel San Pietro Terme, S. Agata sul Santerno, Conselice and Imola for treatment for domestic use.

This is a 50 million euro project comprising three functional sections:

- A new domestic water supply and distribution network of approximately 7.4 km and a new industrial water pipeline of approximately 2.5 km in the area between the Bubano water treatment plant and Imola;
- A new domestic water supply network of approximately 9 km from Imola, with a branch serving the urban area, to Castel Bolognese;
- A new water treatment plant in Bubano, with a direct intake from the lake, which will increase drinking water production from 40 l/s to 160 l/s and introduce a sand filtration section for industrial water treatment and a sludge treatment section.

The project will also involve the decommissioning of the existing water treatment plants in Castel Bolognese, Solarolo and Bubano, as well as the sealing of the Solarolo well and six wells in the Borello area.

In addition to operational interventions, the interconnection of water supply systems in the areas served by Hera Spa was of considerable importance, particularly in the Modena and Bologna Apennines, which are historically more vulnerable to the risk of drought.

With regard to the main investments, the following is a list of the projects that, over the course of the plan period, will be partly designed and partly implemented by Hera Spa and HERAcquaModena:

- Construction of the new reservoir and upgrading of the supply pipeline serving the Borgo Tossignano (Bo) water network;
- Renovation of the wells at the Tiro a Segno treatment plant, in the municipality of Calderara di Reno (Bo);
- Upgrading of the water supply system from the lowlands to the mountains in the municipalities of Prignano sul Secchia and Sassuolo (MO);
- Replacement of floodplain wells and installation of new wells at the Stellata treatment plant, in the municipality of Bondeno (FE);
- Upgrading of the water supply network in Santarcangelo di Romagna (RN);
- Streamlining of the Senatello system in the municipality of Casteldelci (RN).

During the period covered by the plan, work on the aqueduct covered by the funding line for the post-flood Commissioner's Orders Nos. 6/2023, 17/2024 and 33/2024 will also be completed.

In order to make the management of the system more resilient and to operate the water network in a flexible manner, ensuring continuity of service even in the event of emergency situations, numerous extraordinary maintenance interventions on the water networks and aqueduct facilities have also been carried out or planned, which will enable both the operational efficiency of the water systems and the reduction of leakage.

RESILIENCE OF
THE WATER
SUPPLY
SYSTEM

ESRS 2 IRO-1

In the Padua area, two interconnections with the MOSAV regional water supply system are in operation, specifically serving the Saccisica area, which is partially supplied by water drawn from the Adige River, i.e., from a surface water source that is more susceptible to seasonal variability and quality issues. Integration with the regional system has made it possible to diversify water sources, increase operational flexibility and reduce overall vulnerability in the event of critical incidents.

In the Vicenza area, where the majority of water abstractions are concentrated, the interconnections between aqueducts have been strengthened in order to increase redundancy and ensure alternative supplies in the event of emergencies, breakdowns or unscheduled maintenance, thereby improving the reliability of the service.

In the Trieste area, there are interconnections with Slovenia and neighbouring systems, which are currently used primarily for supply purposes. However, these connections represent a strategic asset from the perspective of supra-local and cross-border cooperation for the integrated management of the resource.

At the same time, thanks to NRRP funds, measures have been taken to improve district-based management and to implement advanced monitoring systems, with the aim of reducing water losses and optimising operational management. Indeed, reducing water losses is a key factor in increasing the efficiency and sustainability of the system.

With regard to the interventions financed by the National Plan for Infrastructure and Water Sector Safety Interventions (PNIISSI), the following are worth noting:

- Upgrading and expansion of the supply network leaving the Boscochiario water treatment plant in the province of Venice;
- In the province of Padua, the completion of the third aqueduct through the connection between the Brentelle water treatment plant and the Montà water treatment plant, and the interconnection between the DN900 supply pipeline and the Brentelle water treatment plant;
- In the province of Trieste, the DN 2000 bypass pipeline supplying the Randaccio water treatment plant.

Finally, in terms of quality resilience, the activated carbon plant at the Saviabona treatment plant (Vicenza) was revamped in order to enhance the treatment processes and ensure high-quality standards for the water supplied.

In the area managed by Marche Multiservizi Spa, numerous water infrastructure upgrading and renewal projects were carried out, with the aim of increasing the network's capacity and resilience.

In line with previous years, leak detection activities also continued, including scheduled campaigns and measures to reduce tank overflows, which are crucial for water resource recovery and the overall efficiency of the network. In 2025, the design and execution of the highly urgent interventions in the municipalities affected by the flood of 15 September 2022, which are necessary to restore the damaged networks, continued.

Among these, the commitment under the Nrrp continues, with the implementation of designs and works aimed at reducing water losses through digitisation, district-based management and the renewal of networks in the area. The detailed designs for the Ca Dondo reservoir in the Municipality of Urbino and the Ganga reservoir in the Municipality of San Lorenzo in Campo were completed.

Furthermore, the project launched as part of the Pnissi for the extraordinary maintenance of the main water supply pipeline, a key infrastructure for supplying the coastal area, using trenchless technology, remains strategic and will be completed by 2029.

Aqueduct master-plans

A master-plan is a set of documents outlining the infrastructure development guidelines required to ensure effective and efficient service conditions in the medium and long term. The aim of the initiative is to adopt an integrated planning approach to strategic interventions in the integrated water service across all the areas managed, by drawing up regional master-plans. These master-plans describe the impact of socio-economic, environmental and climate scenarios on the availability of water resources and the resulting infrastructure needs, in order to support strategic investment planning. Starting from the current state of functionality, the master-plan sets out a list of prioritised infrastructure interventions designed to ensure that the systems in question remain in an adequate state of functionality under medium- to long-term regional development scenarios, taking into account trends in natural and human-induced variables that may alter the stress conditions of the systems in question.

The development of the master-plans involves several phases, including the collection of data on existing assets, the definition of regulatory, environmental and territorial development scenarios, the modelling of water supply networks (which serve as an enabling factor for the preparation of the master-plans) and the resulting infrastructure development scenarios. The development of the master-plans requires the involvement of local stakeholders, starting with Hera's member municipalities, which strengthens Hera's role as a competent and reliable service provider.

In 2025, the Ravenna rainwater master-plan and the Modena sewerage and wastewater treatment systems master-plan were launched, with an initial regional focus on Pavullo. In 2026, in addition to continuing the activities already underway, the launch of two new master-plans for the Ferrara area is planned: the first will focus on the water supply systems, while the second, covering the sewerage and wastewater treatment systems, will initially concentrate on the Ferrara agglomeration served by the Gramicia wastewater treatment plant.

Since 2018, AcegasApsAmga, in collaboration with the University of Ferrara, has been engaged in research and development activities aimed at analysing and optimising the management of the Padua and Trieste water supply systems, with a particular focus on plant efficiency, the assessment and reduction of water losses, and the characterisation of the quality of the water supplied. As part of these projects, the treatment plants and facilities serving the two water supply systems were analysed, and potential efficiency improvements aimed at reducing energy consumption were identified, while ensuring that the infrastructure remained reliable and resilient. The

assessments covered both the internal operation of the plants and their interaction with the distribution networks, adopting a systems-based approach aimed at optimising overall operating procedures. With specific reference to water distribution networks, the activities focused on quantifying and managing water losses in the various districts. To this end, particular attention was paid to monitoring the hydraulic parameters resulting from the division of the network into districts (pressures, flow rates, delivered volumes) and to integrating these parameters with smart consumption metering systems, in order to better identify the areas characterised by greater uncertainty in water balances and/or higher levels of leakage.

The hydraulic simulation model of the Padua and Trieste water supply systems is continuously updated and recalibrated in response to structural changes in the networks, significant variations in consumption patterns or modifications to operational management methods, thereby ensuring that it remains a reliable decision-support tool.

Drought risk monitoring systems

To enhance drought monitoring in the water supply systems managed by Hera Spa, the near-real-time drought monitoring platform (Resilient dashboard) has been consolidated. This platform calculates a Global Drought Score to assess the criticality of the water supply system. Specifically, the variables of interest – namely temperature and rainfall, spring flow rates, and river or reservoir levels, as well as well levels – are compared with time series data at varying depths, enabling the statistical measurement of the trend of each variable for each water supply macro-area. Using a dynamic weighting system, the Resilient Dashboard enables an assessment of the water stress status of the macro-areas, including in relation to water demand trends. The performance of these variables over the course of the year showed a positive trend, primarily due to the high rainfall that year.

AcegasApsAmga, together with the other operators that are part of the Viveracqua consortium, decided to entrust the Euro-Mediterranean Climate Change Centre (CMCC) with an important task: the development of the Dataclime platform. This project was carried out by the Regional Models and Geo-Hydrological Impacts Division (REMHI), which forms part of the CMCC Foundation's Institute for Climate Resilience (ICR).

The Dataclime platform aims to provide valuable support in assessing climate hazards at the local level, analysing climate risk, and developing effective adaptation strategies. In practical terms, it is an innovative tool that provides users with a range of climate indices and indicators, enabling them to view detailed climate analyses for the Veneto and Friuli-Venezia Giulia regions.

One of Dataclime's main features is the ability to view maps showing climate changes, complete with uncertainty assessments and projections extending up to 70 years into the future. In addition, the platform enables users to analyse time series of climate data to identify trends and to view climate maps for specific reference periods.

Marche Multiservizi and ASET have commissioned the Universities of Marche, Urbino and Bologna to develop an Action Plan for the adaptive management of this resource. The plan analyses short- and long-term needs and intervention scenarios, setting out a strategy to make the water system resilient to the climate crisis.

Water supply via tanker trucks

Risk identification and assessment are managed annually through the Enterprise Risk Management process. As part of this process, both risks and mitigation actions are identified, and risk events and their associated impact are assessed. In 2025, the risk scenario related to the suspension of water distribution due to natural events was again confirmed, taking into account the possibility of a prolonged drought event and assessing the potential reputational impact of a prolonged suspension of service in areas without multiple water supply systems (the Romagna and Bologna Apennines).

The mitigation strategy to reduce this risk includes the use of tanker trucks, the development of operational guidelines for a systematic approach to the emergency, and the assessment of more structural remediation measures.

The gradual reduction in the need to supply water by tanker, achieved through the structural and operational measures implemented, is a tangible indicator of the effectiveness of the actions taken. Indeed, network interconnection activities, the upgrading and extraordinary maintenance of infrastructure, together with advanced monitoring systems and the planning set out in the master-plans, are helping to significantly increase the resilience of the water supply infrastructure, improving its operational reliability and its ability to respond to water stress in the areas it serves.

The drought risk mitigation measures implemented in the past have made it possible, over the years, to significantly reduce the need to supply mountain reservoirs by tanker in situations where spring water sources are particularly scarce. In 2025, 53.6 thousand cubic metres of water were distributed by tanker due to water shortages (compared to 78.5 thousand cubic metres in 2024), accounting for 0.02% of the Group's total sales, 98% of which was in the Marche region and the remainder in Emilia-Romagna. Compared to 2021, in 2025, the volume of water distributed by tanker decreased by 59% at Group level, by 98% in Emilia-Romagna and by 37% in the Marche region.

Metrics

Areas of high water stress were identified at the provincial level using the 'Water Stress' indicator from the World Resources Institute's Aqueduct database, as specified by the ESRS standards. Therefore, the provinces that can be classified as experiencing high water stress are: Bologna, Ferrara, Forlì-Cesena, Pesaro-Urbino, Ravenna and Rimini, while the provinces of Modena, Padua and Trieste are found to have a low or moderate level of water stress. With regard to the identification of water-stressed areas, in accordance with the ESRS standards, an assessment was also carried out on a provincial scale to determine which territories contain a river basin in which at least one water body is not in good ecological status, i.e., the quality of the water within it is impaired. Such impairment occurs when

one or more parameters, as defined by European regulations (Directive 2000/60/EC, known as the Water Framework Directive, Directive 2008/105/EC) and by national legislation (Italian Legislative Decree 152/2006 and Italian Ministerial Decree No. 260/2010), do not comply with the levels considered optimal for the health of the aquatic ecosystem and for water consumptions. Based on data published by the regional environmental protection agencies, which assess the quality of local water bodies, the entire area in which the Group operates is located in water-risk zones, as there is at least one water body in less than good ecological status in each province.

The Group's most water-intensive activities, listed in descending order by volume consumed, are:

- sewage and wastewater treatment;
- waste treatment;
- district heating;
- management of company sites.

The tables below shows the Hera Group's water withdrawals (from the water supply network, groundwater and surface water) and the volumes of recycled and reused water (rainwater or from other sources).

For all users connected to the domestic or industrial water supply, the consumption volumes shown in the table have been calculated based on billed quantities; for water withdrawals from groundwater or surface water and for volumes of reused water, the quantities have been calculated using measuring instruments at the individual points of withdrawal or water use.

Water withdrawals

THOUSANDS OF M ³	2025	2024
Total water withdrawal	4,776	4,707
of which in water-stressed areas, including those with high water stress	4,776	4,707
of which in high water stress areas	3,065	3,391

In 2025, the total water withdrawal for the Group as a whole amounted to 4.8 million cubic metres, broadly in line with the 2024 figure. Water withdrawal in areas of high water stress decreased from 3.4 to 3.1 million cubic metres.

The main types of water consumption relate to integrated water service treatment plants, chemical-physical waste treatment plants, waste-to-energy plants and district heating, a service for which the Imola cogeneration plant records annual consumption of approximately 266 thousand cubic metres.

In 2025, the Group's water withdrawals came mainly from the water supply network (72% of total withdrawals) and from groundwater (18% of the total), with a marginal contribution from surface water (10%).

The Group's plants produce a total of 388.6 million cubic metres of water discharges, a figure significantly higher than the total water withdrawals due to the nature of the business operated by Hera (in particular, urban wastewater treatment plants and liquid waste treatment plants); almost all discharges are made directly into the environment from waste treatment plants, and only 0.7% are discharged into the sewer system from waste treatment plants and other facilities. Taking into account the above information regarding discharges and the data in the water withdrawals table, the Hera Group's water consumption can be considered to be zero.

Water recycled and reused

THOUSANDS OF M ³	2025	2024
Total volume of water recycled and reused	7,118	7,878
of which in water-stressed areas, including those with high water stress	7,118	7,878
of which in high water stress areas	3,928	4,563
Ratio of recycled and reused water to total water withdrawal	1.5	1.7
of which in high water stress areas	1.3	1.1

The volume of recycled or reused water is 1.5 times the volume of water withdrawn, mainly due to the reuse of treated wastewater directly in the Group's wastewater treatment plants or other facilities and the recovery of process water (for washing vehicles and bins and in waste treatment plants); in areas of high water stress the volume of reused water in 2025 amounted to 3.9 million cubic metres, 1.3 times the volume of total water abstractions. Water management initiatives include the installation of dedicated wastewater reuse plants in the Provinces of Bologna, Rimini and Modena, the expansion of rainwater harvesting tanks at various sites, and the optimisation of water loss management in district heating networks.

If stored water is defined as water held in reservoirs for water supply or hydroelectric power generation, this quantification does not apply to the Hera Group.

The management of all water collection, treatment and distribution facilities up to the point of delivery to the end customer constitutes the so-called water supply service. The Hera Group's water supply sources consist of groundwater, surface water and, to a lesser extent, springs. In Romagna, the water distributed is purchased in bulk from Romagna Acque – Società delle Fonti.

Water withdrawn and supplied to the network, by source of supply

THOUSANDS OF M ³	2025	2025 (%)	2024	2024 (%)
Groundwater	212,960	52.0 %	209,710	50.2 %
Surface waters	163,848	40.1 %	174,518	41.8 %
Minor springs and sources	32,265	7.9 %	33,527	8.0 %
Total	409,073	100.0 %	417,756	100.0 %

The figures presented show a decrease in the total volume of water fed into the network compared to 2024 (down 2%). The total volume of water withdrawn in 2025 decreased compared to the previous year due to leak detection activities and work related to the NRRP (construction of new districts, renewal of network sections, pressure management). Specifically, in 2025, withdrawals from groundwater increased (+2%), while withdrawals from surface water, springs and minor sources decreased by -6% and -4% respectively. From a geographical point of view, the composition of water supply sources can vary significantly: for example, the percentage share of groundwater is low in the area served by Marche Multiservizi (17.2%), it is predominant in the Triveneto region (93.5%), and it stands at 42.3% in the Emilia-Romagna region, where the most widely used source is surface water (44.7%).

Water intensity per net revenue

The water intensity index was calculated using the revenue figure reported in the Group's consolidated financial statements. This figure is in line with the revenue used to calculate the KPIs for the Taxonomy.

	2025	2024
Total water consumption in own operations compared to net revenue (m3/thousands of euro)	373	365
Total Group water consumption (thousands of m ³)	4,776	4,707
Net revenue (mn€)	12,812	12,890

The water intensity index was calculated using the revenue figure reported in the Group's consolidated financial statements. This figure is in line with the revenue used to calculate the KPIs related to the Taxonomy.

Biodiversity and ecosystems

Description of the material impacts, risks and opportunities

The double materiality assessment identified biodiversity and ecosystems as one of the most material topics, which is further divided into the following sub-topic: impacts on the extent and condition of ecosystems. The topic of biodiversity and ecosystems is linked to the following shared value creation area, presented in the 'General disclosures' chapter: protection of air, soil and biodiversity. For this shared value creation area, the actions and targets related to biodiversity and ecosystems are reported.

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks and opportunities related to biodiversity and ecosystems

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Impacts on the extent and condition of ecosystems	Impact on biodiversity of facilities located in or adjacent to protected areas Potential medium-term negative impact associated with the Group's own operations

The operations of the Group's plants located within and/or in the vicinity of protected areas and/or Natura 2000 network sites may potentially cause interference with local biodiversity, ecosystem balances and native plant and animal species if not managed with a view to sustainability. The day-to-day operation of the plants, as well as any proposed expansions or upgrades, may have an impact on the surrounding area and local biodiversity. Therefore, operational activities and any planned interventions are monitored and assessed in order to ensure the sustainability of these activities and to prevent any potential disturbance or adverse impact on habitats and their specific conservation status.

E4-1

In order to identify potential impact factors arising from the Group's plant operations, plants located within or in the vicinity of Sites of Community Importance (SCIs), Special Areas of Conservation (SACs) and Special Protection Areas (SPAs) of the Natura 2000 network were examined to determine whether they might have a negative impact on species and habitats. As reported in the following sections, in line with the Group's biodiversity management practices, the in-depth assessments carried out during the various authorisation procedures (in particular, screening/ impact assessments pursuant to Presidential Decree 357/1997) were verified and taken into account, including on the

basis of specific requests from the competent authority and/or requirements issued during the preliminary assessment phase.

In this regard, it should be noted that the initiation of an Impact Assessment procedure for a new construction, extension and/or renovation project is independent of the distance between the project and the Natura 2000 site, but must be linked to the specific features of the project itself, taking into account the sensitivity of the ecosystems present in the area. Therefore, the concept of proximity should not be understood as an absolute threshold value: given the diverse nature of potential impacts on biodiversity, the critical distance between the plant and the site may vary depending on the nature of the project and the characteristics of the ecosystems potentially affected.

In particular, an assessment was made as to whether the plant activities, both during the construction phase and during operational management, could have significant adverse effects on the network sites, i.e., whether they could lead to the deterioration of the natural habitats and species for which the specific SCI/SPA/SAC was established. In the routine management of its plants and/or for planned new activities, the Group takes all possible measures, in line with the relevant legislation and the requirements set out in the permits, to control, mitigate or, where necessary, offset pressures on ecosystems and to promote the protection of natural habitats.

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

Policies and objectives

In order to manage material impacts, risks and opportunities related to biodiversity and ecosystems, the Hera Group has established its purpose (Article 3 of the Articles of Association), the Code of Ethics, the Shared Value Creation Model, and the Quality and Sustainability Policy as its reference points.

In line with the company's mission, the Code of Ethics sets out Hera's commitments to the environment, understood as a complex system of living and non-living elements that interact with each other and, as a whole, ensure the survival of life on the planet.

Hera recognises the environment as a primary asset and employs the most appropriate technologies, tools and processes to contribute, in line with its purpose, to the ecological transition, to prevent risks, to reduce direct and indirect, current and potential adverse environmental impacts, and to preserve natural resources for the benefit of future generations. It adopts environmental policies, actions and management systems aimed at reducing the risk of adverse impacts on biodiversity and ecosystems. Hera promotes a commitment to the environment and to future generations among all its stakeholders.

Hera's approach to biodiversity is aligned with the relevant European regulatory framework for the protection of biodiversity and ecosystems and is based on Directive 2009/147/EC (Birds Directive) and Directive 1992/43/EEC (Habitats Directive), which established the Natura 2000 ecological network. This network comprises Sites of Community Importance (SCIs), Special Areas of Conservation (SACs) and Special Protection Areas (SPAs), with the aim of conserving habitats and species of Community importance. Article 6 of the Habitats Directive sets out measures for the management and conservation of these sites, introducing proactive, preventive and procedural provisions. In particular, paragraphs 3 and 4 govern the Appropriate Assessment for plans and projects that could have a significant impact on protected habitats, ensuring a balance between local development and conservation objectives.

At the national level, the Habitats Directive was transposed by Presidential Decree 357/97, as amended by Presidential Decree 120/2003. The technical, administrative and procedural guidelines for the application of Impact Assessments are set out in the National Guidelines for Impact Assessments (VINCA) – Directive 92/43/EEC (Habitats Directive), Article 6(3) and (4), adopted on 28 November 2019 by agreement between the Government, the regions and the Autonomous Provinces of Trento and Bolzano.

The various regional administrations have adopted specific directives in line with the ministerial guidelines that establish the framework for the Impact Assessment procedure, with which the Hera Group complies in order to ensure adherence to the regulations in force.

The Group's approach to managing, controlling and mitigating its impacts and potential environmental effects on natural areas and biodiversity involves activities that are fully compliant with European and national regulations, with a particular focus on the application of Impact Assessment (VINCA) protocols and on compliance with ministerial and regional guidelines. In addition, the Group implements ongoing monitoring measures where necessary to ensure that its operations do not jeopardise ecosystem balances, using control and management tools to prevent adverse impacts on and/or interference with nature and habitats of conservation interest.

The Board of Directors is responsible for implementing this policy and ensuring that the company's practices are in line with regulations and third-party initiatives.

At present, the Group has not set any specific targets relating to biodiversity and ecosystems. However, Hera continuously monitors its activities and implements solutions for the protection and sustainable management of biodiversity and ecosystems, as described in the section 'Actions and resources'.

Actions and resources

Listed below are the main actions that Hera has implemented, is currently implementing or plans to implement to manage its ORI in the following area: protection of air, soil and biodiversity.

POLICY

E4-2

HERA'S COMMITMENT (TARGETS AND RESULTS)

E4-4

E4-3

MAIN ACTIONS

BRIEF DESCRIPTION

PROTECTION OF AIR, SOIL AND BIODIVERSITY

Tools for environmental protection and monitoring	Environmental assessments of plant operations to conduct an in-depth analysis of potential environmental impacts: the Group implements monitoring and mitigation measures, supplementing regulatory obligations with voluntary protocols.
Capiamo Project: Environmental biomonitoring using bees	A biomonitoring project that aims to use bees as bioindicators to assess the quality of the environment around certain plants and landfill sites managed by the Group.
Energy Park	Development of two renewable energy plants with positive impacts on biodiversity.

The Hera Group adopts a structured and integrated approach to the protection of biodiversity and ecosystems in the context of all permit procedures initiated for the plants it manages, specifically in Environmental Impact Assessment (EIA: an environmental assessment tool used to analyse and predict the significant impacts that a project or activity may have on the environment; it is applied to projects, such as infrastructure and plants, to ensure that adverse effects on the environment are identified and mitigated through prevention and mitigation measures) and Appropriate Assessment (AA: an environmental assessment tool required when a project may potentially interfere, directly or indirectly, with protected sites) procedures, in accordance with current legislation, combining compliance with regulatory obligations with voluntary monitoring and mitigation measures.

According to the legislation, a Vinca is required if a project could potentially interfere, directly or indirectly, with protected sites. In this context, it is the proponent who initially assesses whether to initiate a screening procedure or an Impact Assessment (depending on the scale of the proposed project, the potential impact factors and the specific sensitivities of the Natura 2000 Network sites that may be affected), while always complying with any requirements imposed by the competent authority.

To ensure the responsible and sustainable environmental management of its plant operations, the Hera Group always initiates an impact screening (the first phase of analysis aimed at determining whether or not a project/intervention may have a significant impact) whenever a new project or a plant modification under consideration for authorisation reveals potential disturbance factors at one or more Natura 2000 Network sites. During the preliminary assessment phase, the competent authority assesses the adequacy of the assessments carried out and either issues an opinion on the matter or requests further investigation by initiating an appropriate assessment (the second phase of analysis, which involves the preparation of an impact assessment report aimed at identifying and evaluating the actual and potential adverse effects on the environment, taking into account the conservation objectives of the Natura 2000 site in question) or, in the event of a positive outcome indicating that the impact is not significant, issues any necessary requirements.

To date, the Group's approach has yielded positive results in terms of the sustainability of the projects undertaken and the assurance that there will be no significant impacts on Natura 2000 sites.

Between 2011 and 2025, Impact Assessment procedures (Screening/EIA) were initiated for projects involving more than 35 facilities. Of the plants assessed: 11 are located within the Natura 2000 Network, nine (including landfill sites where disposal has ceased or which are in post-operational management) are adjacent, and the remainder are located within a radius of up to approximately eight kilometres.

Following the assessments, where conditions are imposed, Hera takes all possible measures to comply, developing mitigation measures and/or compensatory actions in successive stages based on the needs and requirements of the regulatory authority.

For more details on the requirements received, please refer to the 'Metrics' section.

Among the initiatives launched over the years, since 2020, Herambiente has been running an innovative biomonitoring project to further study the environment surrounding some of its plants and any impacts they may have on it. To this end, the project, called Capiamo, aims to use bees as bioindicators to provide early warning of the onset of changes that could adversely affect biodiversity.

The Capiamo project, which was already underway at the waste-to-energy plant in Pozzilli (Isernia), the composting plant in Sant'Agata Bolognese (Bologna) and the landfill site in Serravalle Pistoiese (Pistoia), was extended in 2025 to include the waste-to-energy plant in Padua, the landfill site in Cordenons (Pordenone) and the waste-to-energy plant in Bologna. At each site, three bee colonies were established over the course of the year. These colonies exhibited excellent health and a remarkable ability to adapt, demonstrating that even urban and industrial environments can be conducive to their development.

In the municipality of Faenza, an Energy Park is planned, which will cover a total area of approximately 70 hectares and will include the construction of an advanced agrivoltaic plant for the production of energy from renewable sources and the creation of ecological facilities for biodiversity known as an Urban Forest. The total capacity of the agrivoltaic plant will be approximately 14 MW, with an estimated annual electricity output of around 21 GWh. The plant will cover an area of approximately 27 hectares, divided into four sub-fields, and will consist of support structures for the photovoltaic panels, positioned at a height of three metres above the ground, which will allow the agricultural vehicles used for cultivation to pass underneath. The agrivoltaic plant will prevent the emission of approximately 9,700 tonnes of CO₂ per year.

The Urban Forest, which will cover a total area of approximately 15 hectares, will help to increase plant and animal biodiversity and will be able to provide ecosystem services to local residents. For this reason, it will be located closer

TOOLS FOR
ENVIRONMENTAL
PROTECTION
AND
MONITORING

ESRS 2 SBM-3

'CAPIAMO'
PROJECT:
ENVIRONMENTAL
BIOMONITORING
USING
BEE

ENERGY PARK

to the city and will consist of alternating dense tree clumps, shrub belts, clearings and tree rows. Specifically, the Urban Forest will comprise:

- Traditional forest planting over approximately 5.3 hectares, with a total of 1,500 plants planted;
- Plantings using the Miyawaki method over approximately 1.5 hectares: this is a specialised reforestation technique designed to accelerate the growth of native forests in urban and peri-urban environments. The main features of this method are: a diversity of native plant species to recreate the complexity and resilience of natural ecosystems; and a high density of tree and shrub species, with 26,000 plants, to promote competition, rapid growth and the development of a self-sustaining ecosystem;
- Public area: Four hectares of the Urban Forest will be accessible to the public. In these areas, the spaces will be more open, and there will be paved and dirt paths to encourage active travel, whether on foot or by bicycle;
- Tree rows and isolated trees: The rural landscape of the first hill is dotted with isolated trees that serve as landmarks, vegetated strips that follow the ditches, and tree rows that provide shade along the paths. The project will preserve the existing specimens and enhance these sections of the countryside with 2,500 plants over an area of more than three hectares.

To ensure the enhancement and protection of biodiversity in the area, the University of Bologna's Department of Biological, Geological and Environmental Sciences has drawn up a monitoring plan that will enable the growth of biodiversity to be measured and quantified in the years to come, compared with the current agricultural landscape. The initiative has been approved for the investment support measures provided for in the NRRP for agrivoltaic plants. Work began at the end of August 2025, and the plant-related part of the project is expected to be completed by June 2026, while the external landscaping and the final work on the Urban Forest are scheduled for completion by 2026.

The Energy Park planned for the municipality of Bologna, in the northern quadrant of the city, will cover a total area of approximately 89 hectares. Of this area, 68 hectares will be arable land, with approximately 28 hectares dedicated to the installation of an advanced agrivoltaic system for the production of renewable electricity. The height of the photovoltaic panels above the ground and their positioning will enable energy to be produced while allowing normal agricultural activities to continue.

At the time of preparing this sustainability report, the agrivoltaic plant is planned to have a peak power output of 14 MW and an annual energy production of 20 GWh, using a direct connection model with an end energy user; this model is known as a 'simple production and consumption system'.

The agrivoltaic plant will prevent the emission of approximately 9,200 tonnes of CO₂ per year.

The area designated for biodiversity conservation, the Urban Forest, is planned to be created on a peri-urban site covering approximately 21.5 hectares in an area south of the plot occupied by the agrivoltaic plant, and will be divided as follows:

- Urban park with groves and clearings: an area accessible to the public covering approximately two hectares, with over 150 trees;
- Low-density biodiversity: an area accessible to the public covering nine hectares, with approximately one thousand shrubs and grassland;
- Compact biodiversity: this will comprise three areas covering a total of 9.5 hectares. As it is not intended for public use, this will be a dense woodland comprising species planted without a specific layout or pattern, with a total of approximately 2,500 plants;
- Miyawaki biodiversity forest: This will cover an area of approximately one hectare and will not be accessible to the public.

To ensure the development and protection of biodiversity in the Urban Forest area, a monitoring plan will be put in place to measure and quantify this increase compared with the current situation.

The plan is to complete the project's permit process by the first half of 2027, which would enable the initiative to be launched and completed by the first half of 2028.

Metrics

Listed below are the Group's main plants and plant units which, between 2011 and 2019, as part of authorisation procedures for plant modifications, were subject to Vinca assessments and received requirements from the competent authority that remain in force during the current reporting period.

E4-4

E4-5

Plants/plant facilities with conditions and the Natura 2000 Network

HERA GROUP PLANT AND SITE	PLANT AREA SIZE (HA)	DISTANCE FROM NATURA 2000 SITE (KM)	NATURA 2000 NETWORK SITE (SCI/ SPA/SAC)
HERAMBIENTE			
Ravenna 2.6 km compartment (landfills under post-operational management, sludge dewatering plant, waste-to-energy plant no longer in operation, industrial waste storage facility)	90	Adjacent	SCA/SPA IT4070003 San Vitale Pine Forest, Bassa del Pirottolo
Baiona Ecological Centre and Cà Ponticelle multifunctional platform under construction (industrial waste-to-energy plant, industrial water treatment plant, waste treatment)	20	0.1	SCA/SPA IT4070003 San Vitale Pine Forest, Bassa del Pirottolo
Finale Emilia landfill site (MO)	24	1.6	ZPS IT4040018 Le Melegghine
Cordenons Landfill (PN)	18	Adjacent	ZPS IT3311001 Magredi di Pordenone

With regard to biodiversity protection measures as part of the authorisation procedures initiated, Herambiente implements, including in response to requests from the competent authority, mitigation and/or compensation measures aimed at enhancing the local area, the landscape and the natural environment. Each proposed intervention is specifically tailored to the local context, with the aim of respecting and harmonising with the unique features of the existing habitats and the characteristics of the local landscape.

Overall, for the sites mentioned above, the Vinca assessments have always been favourable, determining that the submitted projects do not have a significant impact. For some modification projects, the competent authority issued specific requirements, the main ones of which are listed below:

- Ensure that waste treatment operations are carried out in accordance with the law;
- Carry out targeted biodiversity monitoring to verify that the plant operations have no impact;
 - In the event that opportunistic species become established (e.g., gulls and rats on operational landfill sites): periodically cover the waste; test non-lethal methods for controlling and reducing these opportunistic species; carry out regular pest control and rodent control measures;
 - Avoid mowing grass in spring, so as not to disturb nesting species and to encourage the reproduction of plants and invertebrates;
- Plant native tree and shrub species (e.g., through greening initiatives, nature restoration for mitigation purposes, or landscape enhancement projects);
- For certain specific projects, the Group undertakes nature restoration and landscape enhancement initiatives.

Within Hera Spa, Marche Multiservizi and AcegasApsAmga, over the past three years, no Vinca projects that received instructions as part of authorisation procedures for new plants or plant modifications have been completed, with the exception of the Ravenna wastewater treatment plant, for which an instruction related to the first phase of the expansion works was in effect in 2024. In 2025, the prescription is no longer valid, as the work phase to which it related has come to an end.

Resource use and circular economy**Description of the material impacts, risks and opportunities**

The double materiality assessment identified resource use and the circular economy as among the most material topics, which were broken down into the following sub-topics: resource inflows, including resource use; resource outflows related to products and services; and waste. The topic of resource use and the circular economy is linked to the following shared value creation area, presented in the 'General disclosures' chapter: Transition to a circular economy. For this shared value creation area, the actions and targets related to resource use and the circular economy are reported.

HERAMBIENTE

E4-5

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks, and opportunities related to resource use and the circular economy

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Outflows of resources related to products and services	Production of biomethane and compost from urban and industrial organic waste Current long-term positive impact related to the Group's own activities
Waste	Management of urban and industrial waste from a circular economy perspective Current medium-term positive impact related to the company's own activities
	Development of plants for the recycling of plastics and the production of secondary raw materials Medium- to long-term opportunity related to the Group's own activities
	Development of the recovery/recycling of industrial waste Medium- to long-term opportunity related to the company's own activities
Inflows, including the use of resources Outflows of resources related to products and services Waste	Initiatives to promote internal and external circularity Current medium-term positive impact related to the Group's own activities, as well as those of suppliers and customers

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

In order to generate the positive impacts described above, Hera is implementing various projects to increase separated waste collection and circular economy solutions, which will be discussed in more detail in the Actions and resources section. The positive impacts identified are linked to the Group's activities, such as the management and recovery of urban and industrial waste, including through the generation of biomethane and compost. Indeed, by recovering recyclable materials, Hera transforms waste into resources, thereby reducing the use of virgin materials. In addition, the company makes a positive contribution to the development of the circular economy through internal circularity initiatives relating to the waste it generates and its supplies, and through external initiatives, including strategic partnerships with businesses, thereby promoting collaboration and innovation in the industrial sector. In order to enhance the positive impacts described above, the Group has identified an opportunity to develop a plant for the recycling of plastics and the production of high-value secondary raw materials, such as carbon fibre. Furthermore, in light of the growing demand for the recycling of waste generated by industrial customers, the Group has identified opportunities for growth in the industrial waste recovery and recycling sector, including through global service contracts, i.e., contracts that encompass a range of services in place of standard maintenance activities, with the contractor assuming full responsibility for the results.

With regard to the opportunities identified in the field of recycling and the production of secondary raw materials, growth is being driven by the subsidiary Aliplast, which specialises in the production of recycled plastic polymers and which, in 2025, recorded significant growth of 7% in its turnover, reaching approximately 175 million euro.

Policies and objectives

In order to manage the significant impacts, risks and opportunities associated with the use of resources and the circular economy, the Hera Group has established its purpose (Article 3 of the Articles of Association), its Code of Ethics, its shared value creation model, and its Quality and Sustainability Policy as points of reference.

In line with the company's mission, the Code of Ethics sets out Hera's commitments to the environment, understood as a complex system of living and non-living elements that interact with each another and, as a whole, ensure the survival of life on the planet. Hera recognises the environment as a primary asset and, in line with its purpose, employs the most appropriate technologies, tools and processes to contribute to the ecological transition, to prevent risks, to minimise direct and indirect, current and potential adverse environmental impacts, and to conserve natural resources for the benefit of future generations. It adopts environmental and energy management policies, measures and systems aimed at limiting the use of resources, reducing its waste generation, and increasing waste recycling and recovery. Hera promotes environmental commitment with a forward-looking approach towards all its stakeholders. Once again, in line with its purpose and its Code of Ethics, Hera is committed to regenerating resources and maximising recycling through circular economy initiatives that reduce the exploitation of resources, whether water, soil, raw materials or other resources.

Within the Group, the shared-value approach includes initiatives to promote the reuse, recycling and recovery of resources, such as the separate collection of urban waste, the recycling and material/energy recovery of special and industrial waste, and the production of recycled plastic, including through closed-loop models. In addition, initiatives for the reuse of wastewater and process water are planned, enabling circularity and improved management of water resources. The Energy Transition and Renewables impact area includes activities for the production of biogas, biofuel and compost through the use of anaerobic digesters. In addition, the air and soil protection impact area includes initiatives aimed at regenerating and reusing soil.

These commitments are also set out in the Group's Quality and Sustainability Policy (adopted by the Board of Directors in March 2022, with senior management responsible for its implementation).

The Group aims to adopt the principles of the circular economy in order to ensure greater adaptability to market challenges and to improve its position vis-à-vis its competitors, by developing projects in line with these principles and fostering industrial synergies.

At the operational level, these commitments are reflected in the documentation system defined and implemented as part of the management system put in place by Hera Spa and AcegasApsAmga, in accordance with the AFNOR XP X30-901:2018 standard, and are also extended to the other Group companies involved in circular economy projects, ensuring the involvement and participation of all company departments concerned in the development of these projects, right from the conception phase. When defining the strategy for circular economy projects, in accordance with the AFNOR XP X30-901:2018 standard, the seven areas of action (sustainable sourcing, eco-design, industrial symbiosis, service economy, responsible consumption, extending product life and efficient management of products and materials) and their potential contribution to the three dimensions of sustainable development (environment, economy and society) are examined, setting out the priorities for the specific areas identified and the corresponding action plan for the activities to be undertaken in managing the project in question.

In addition, the Hera Group has obtained the following certifications for its waste-derived biofuel production chain:

- For the collection and transport of used vegetable oils, in accordance with the framework set out in the Ministerial Decree of 7 August 2024 and the European ISCC EU scheme; of 7 August 2024 and the European ISCC EU scheme;
- For the plant for the production of biogas from organic waste, in accordance with the scheme set out in the Ministerial Decree of 7 August 2024 and the European ISCC EU scheme; 07 August 2024.

The Quality and Sustainability Policy is communicated to employees through dedicated company notices and posted on internal notice boards, and is made available to various stakeholders through publication on the Hera Group website; on the other hand, the company documentation established and implemented within the management systems is available via internal company channels, and its implementation is periodically verified through dedicated audits.

For many years, resource regeneration and the promotion of the circular economy have been one of the cornerstones of the Group's strategy and constitute one of the areas for the creation of shared value for Hera. The main development axes for the adoption of circular models, aimed at minimising the exploitation of resources – whether water, soil, raw materials or any other scarce resource – encompass all the businesses managed by the Group and can be grouped under the following areas of intervention:

- In the waste management area, the aim is to take advantage of the significant growth in demand and its increasingly sustainable orientation, in order to move beyond the mere treatment of waste and adopt circular models. Indeed, Hera is committed to encouraging separated waste collection and thereby reducing landfill disposal, by switching to a pay-as-you-throw system and introducing new equipment and technologies. Hera promotes waste prevention and increased recycling and recovery through public engagement initiatives, such as the new 'Non riciclare scuse' (No Recycling Excuses) communication campaign or projects for the recovery of specific types of waste (e.g. pharmaceuticals, used oils, bulky waste) developed in collaboration with local communities and businesses. All of this is aimed at further improving the Group's already excellent performance in waste recycling and at achieving the collection targets set out in the Regional Plan for Waste Management and the Remediation of Polluted Sites (PRRB) in all the local areas managed by the Group. The Group is also committed to expanding its plastics processing capacity and developing new solutions for recovering scrap and waste for the production of biofuels or biomethane.
- In the field of networks, the Group is promoting the development of Power-to-gas technology to convert renewable electricity into synthetic natural gas, solutions for reusing wastewater treatment by-products, measures to reduce water wastage, and smart district heating powered by renewable sources.
- In the water sector in particular, since 2018, the Hera Group has been committed to signing programme agreements with remediation consortia and local companies with the aim of increasing the reuse of treated wastewater. In addition, initiatives are being implemented to promote material recovery, in particular the recovery of sewage sludge.

To certify its commitment to the circular economy, since 2018, and with a renewal in 2025, Hera has been a signatory to the Ellen MacArthur Foundation's 'New Plastics Economy Global Commitment', in partnership with the United Nations Environment Programme (UN Environment). This initiative aims to tackle and reduce the problem of plastic pollution at source and to make the entire supply chain more circular by eliminating single-use products as far as possible, producing and using only recyclable, reusable or compostable packaging, and promoting the use of recycled plastic.

By extending the analysis to the value chain, with the aim of also involving suppliers in the achievement of sustainability objectives from a shared-value creation perspective, the Hera Group integrates the management and monitoring of Esg issues throughout the supply chain, covering every stage of the procurement process.

In particular, during the qualification phase, a predictive rating is assigned that takes into account the supplier's Esg maturity level (with a maximum score of 55 out of 100 points) and that influences the frequency of invitations to private tenders.

During the selection phase, technical and economic scoring model mechanisms are used to reward socio-environmental sustainability aspects. Contracts include termination clauses in the event of non-compliance with the values and principles set out in the Code of Conduct – Sustainability Pact with Suppliers. Indeed, adherence to the Code of Conduct is a prerequisite for inclusion on the Hera Group's supplier list and forms an integral part of contractual relationships.

During the contract execution phase, suppliers are continuously monitored, with a particular focus on environmental protection, energy efficiency, quality requirements, safety, corruption prevention and corporate social responsibility, covering all parties involved across the entire supply chain, including subcontractors and sub-suppliers.

With a view to supporting and promoting the sustainable growth of its value chain by fostering the mutual exchange of values, skills and information, the Hera Group launched the Hera_Pro_Empower and Supplier Sustainability School capacity-building programmes in 2024, and in 2025 it approved the Code of Conduct – Sustainability Pact with Suppliers. Co-designed with a representative group of suppliers, the Code promotes the ethical and sustainable growth of the value chain across the three fundamental Esg (Environment, Social, Governance) dimensions: in addition to the mandatory requirements, it encourages the adoption of best practices that strengthen the alignment of the supply chain with the Group's Esg objectives, thereby protecting the environment and people.

The Board of Directors is responsible for implementing this policy and ensuring that the company's practices are in line with regulations and third-party initiatives.

The sustainability targets related to climate change are set annually on the basis of consolidated planning and control processes at Group level, which are used to determine the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main targets and commitments relating to resource use and the circular economy (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These objectives are aimed at managing the circular economy and the use of resources, and at addressing the associated material impacts, risks and opportunities. They are presented below within the framework of shared value creation, as set out in the Policy related to Resource Use and the Circular Economy: Transition to a Circular Economy.

WHAT WE SAID WE WOULD DO	WHAT WE HAVE DONE	WHAT WE WILL DO
TRANSITION TO A CIRCULAR ECONOMY		
14.4% of wastewater to be reusable and reused by 2028 (in compliance with the limits set out in Italian Legislative Decree No. 152/06) out of approximately 369 million cubic metres of wastewater by 2029.	By 2025, 12% of the Group's total wastewater to be reusable and reused (stable compared to 2024).	14.5% of wastewater to be reusable and reused by 2029 (in compliance with the limits set out in Italian Legislative Decree No. 152/06) out of approximately 371 million cubic metres of wastewater by 2029.
78% separated collection out of 1.9 million tonnes of urban waste collected by 2028, partly thanks to significant investment focused on engaging citizens and businesses.	75.8% separated waste collection in 2025, an increase compared to 74.3% in 2024. (In 2025: 78.9% for Hera, 57.7% for AcegasApsAmga, 73.1% for Marche Multiservizi.)	78% separated collection out of 2 million tonnes of urban waste collected by 2029, partly thanks to significant investment focused on engaging citizens, businesses and local authorities, developing platforms for direct communication with stakeholders, and improving assets to promote high-quality separated collection.
68% packaging recycling rate by 2028, exceeding the European targets for 2030.	71% packaging recycling rate in 2024 (compared to 66% in 2023). The overall recycling rate was 61% in 2024 (unchanged from 2023). The 2025 figures will be presented in the 'Tracking Waste' report.	75% packaging recycling rate by 2029, exceeding the European targets for 2030.
Increase in plastic recycled: +165% plastic recycled by Aliplast, totalling 157,900 tonnes, by 2028 (compared to 60,000 tonnes in 2017).	+63% plastic recycled by Aliplast, totalling 97,100 tonnes, in 2025 (compared to 2017). (+41% in 2024 compared to 2017).	Increase in plastic recycled: +145% plastic recycled by Aliplast, totalling 146,000 tonnes, by 2029 (compared to 60,000 tonnes in 2017).
Development of plastic recycling facilities: - In 2026, commissioning of a recycling/upcycling plant in Modena for the production of high-quality polymers from post-consumer industrial and urban waste; - By 2026, build a second line at the innovative carbon fibre recycling plant in Imola; - In 2026, establish an LDPE (low-density polyethylene) recycling plant that will produce extremely high-quality, near-food-grade recycled material, approaching the standards required for food packaging.	Development of plastic recycling facilities: - In Modena, the construction of a new and innovative rigid plastics recovery plant has been completed, which will enable the treatment of 30,000 tonnes of rigid plastics per year and the production of 27,000 tonnes per year; - In Imola, the first carbon fibre recovery line is in industrial operation, and the second line is under construction and will be installed and commissioned by 2026; - In Novara, approval has been obtained and construction has begun on a new section of the LDPE plastic production plant, with the aim of increasing the plant's production capacity.	Development of plastic recycling facilities: - In 2026, we plan to commission a plant in Modena for the recovery of rigid plastics from post-consumer industrial and urban waste. - Commission the second line of the carbon fibre recycling plant in Imola; - In 2027, commission the new LDPE production line in Novara, which will produce extremely high-quality, near-food-grade LDPE that closely meets the standards required for food packaging.
Definition of a strategic approach to reporting on circular procurement, based on data collected in 2024 with the involvement of suppliers and aimed at guiding procurement decisions.	In 2025, the model for reporting data on the circularity of incoming materials was refined, providing greater detail on the material composition of the products supplied and extending reporting to include indirect purchases under works contracts. 66% of the volume of direct materials purchased was reported (compared to 57% in 2024), as was 54% of outsourced work (new in 2025).	In 2026, launch a dedicated initiative on GHG emissions and circular projects to identify further improvement measures with the main relevant suppliers/purchasing categories, with a view to monitoring and reducing suppliers' Scope 3 emissions.

Actions and resources

Listed below are the main actions that Hera has implemented, is implementing or plans to implement in order to achieve the Group's goals, as well as to manage the associated impacts, risks and opportunities, in the following area: transition to a circular economy.

E5-2

MAIN ACTIONS	BRIEF DESCRIPTION
TRANSITION TO A CIRCULAR ECONOMY	
Reuse of treated wastewater	Signing of agreements to promote the reuse of treated wastewater for irrigation purposes and development of solutions for industrial reuse.
Increasing separate collection, raising the recycling rate and reducing the use of landfills for urban waste	Development of separated waste collection projects and the resulting increase in the recycling rate, the packaging recycling rate, and a reduction in waste sent to landfill.
Development of plant and equipment	Planning and implementation of plant upgrades to support the circular economy.
Circular economy solutions for industrial customers	Services for the recovery and recycling of waste generated by industrial customers and partnership agreements with businesses.
The circular economy in the supply chain	Application of circularity criteria in procurement within the supply chain.
Development of internal circularity	Development of the recycling of sludge produced by wastewater treatment plants, recovery of slag produced by waste-to-energy plants, and management of waste generated by company operations.

The above actions reflect the waste prevention and management hierarchy set out in European Directive 2008/98/EC:

- Prevention;
- Preparation for reuse;
- Waste recycling;
- Other forms of recovery, e.g. energy recovery;
- Disposal.

Water management must be approached from a holistic perspective, in which the point at which treated water is returned to the environment is no longer the end of a system, but rather a transition to another phase of the water cycle. The availability of water resources for various uses is inevitably affected by the impacts of climate change: therefore, the overarching objective in water resource management is to develop integrated measures to protect water quantity and quality in an environmentally responsible manner, with the aim of consolidating sustainable water management.

THE
RECOVERY OF
TREATED
WASTEWATER

Since 2018, the Hera Group has been committed to signing agreements with consortia and third-party organisations with the aim of increasing the reuse of wastewater for indirect irrigation and industrial purposes. The reuse of treated wastewater is outlined as follows:

Indirect reuse in agriculture:

- Agreement with the Emilia-Romagna Region, ARPAE, ATERSIR and the Bonifica Renana Consortium for the recovery of 7.5 million cubic metres of wastewater (IDAR Bologna wastewater treatment plant);
- Memorandum of Understanding between Hera and the Bonifica Renana Consortium, for 8.8 million m³ (Bologna wastewater treatment plants located within the irrigation area managed by the Consortium);
- Programme Agreement for the reuse of wastewater between the Emilia-Romagna Region, ARPAE, ATERSIR and the Burana Land Reclamation Consortium, for 2.5 million cubic metres;
- Operational agreement with the Municipality of Modena, for 1.7 million m³ (plus a Single Environmental Authorisation);
- Agreement with the Emilia-Romagna Region, ARPAE, ATERSIR and the Romagna Land Reclamation Consortium for 6 million m³ (Cesena wastewater treatment plant);
- Single Environmental Authorisation for the Ravenna and Lido di Classe wastewater treatment plants, for 3.1 million cubic metres;
- Indirect agricultural reuse in the Triveneto area, without formalised agreements, at three wastewater treatment plants, amounting to 6.0 million cubic metres.

Industrial and technical reuse: 7.5 million cubic metres (of which 0.3 million cubic metres at external plants belonging to companies including Ecoeridania and Technogym, 3.4 million cubic metres at Herambiente Group plants, and 3.8 million cubic metres at the Group's own wastewater treatment plants).

Reusable and reused purified wastewater (% of total purified wastewater)

MILLION M ³	2025	2024
Reusable and reused treated wastewater (million m ³)	43.0	43.6
Total treated wastewater (million m ³)	364.8	368.1
Reusable and reused purified wastewater (% of total purified wastewater)	11.8 %	11.9 %

In 2025, the volume of wastewater that could be reused for irrigation purposes on the basis of the agreements signed, as well as the volume reused at the Group's plants or at other companies, amounted to 43.0 million cubic metres, representing 11.8% of the total volume of treated wastewater, which was essentially unchanged compared to 2024. This figure is calculated by taking into account reusable treated wastewater indirectly used for agriculture (defined as potentially reusable treated wastewater leaving plants in Emilia-Romagna for which reuse agreements have been signed with the relevant authorities, and treated wastewater discharged into canals for irrigation purposes in the Triveneto region) and treated wastewater reused directly in industrial plants, whether within or outside the Group. Specifically, 33.7 million cubic metres are allocated for indirect use in agriculture, 5.6 million cubic metres for industrial reuse, and 3.6 million cubic metres for use at the Group's own plants. It should be noted that the final data and targets for reuse for irrigation purposes refer to the indirect reuse of treated wastewater in accordance with Italian Legislative Decree No. 152/2006, and not to direct reuse, which is governed by EU Regulation No. 741/2020, which has not yet been transposed at the national level.

INCREASE IN
SEPARATE
WASTE
COLLECTION,
RECYCLING
RATE AND USE
OF LANDFILLS
FOR URBAN
WASTE

The Hera Group plays a leading role in urban waste management, serving 188 municipalities in five regions, with a total population of 3.2 million inhabitants. In Emilia-Romagna, Hera Spa manages the urban waste service in six provinces, serving a total of 136 municipalities. Through Marche Multiservizi, it serves 38 municipalities in the Provinces of Pesaro-Urbino and Ancona, while through AcegasApsAmga, it manages eight municipalities in the Provinces of Padua and Trieste.

The Hera Group's waste management system is structured around five main services, differentiated by homogeneous geographical area:

- Local collections: widely distributed collection points throughout the area, aimed at households and small non-domestic users;
- Pavement bins: located in accordance with the basic recycling point model, where the main waste collection streams are grouped together at individual points; in recent years, electronic traceability systems for monitoring waste deliveries have been increasingly deployed (e.g., the 'lid' model for mixed waste);
- Door-to-door collections: carried out at users' premises, with waste collected on pre-arranged days and at pre-arranged times;
- Home collections from target users: aimed at non-domestic users who produce waste similar to urban waste, such as cardboard from shops, glass or cans from bars, or organic waste from canteens and restaurants;
- Separate waste collection centres: Also known as recycling centres, these facilities are available in almost all the municipalities served by Hera. They offer a wide range of options for the safe disposal of urban waste, including hazardous, bulky or heavy waste. In some areas, a discount scheme is in place to reward the separation of waste delivered.

The main types of waste collected separately by the Hera Group include:

- Packaging and similar items: paper, cardboard, plastic, glass, aluminium and steel cans, wood;
- Durable goods: iron, waste from electrical and electronic equipment, bulky waste;
- Organic waste: organic kitchen waste and green waste from mowing and pruning;
- Other waste: inert waste from households, used mineral and cooking oils, batteries, accumulators, pharmaceuticals, and hazardous urban waste.

There are also other waste fractions with small volumes, known as 'minor' waste, for which the Hera Group has been operating a separate collection service for some time. These collections include waste from electrical and electronic equipment, toner cartridges, textiles and cooking oils, which are managed through recycling stations, kerbside collections or one-off collections. Where there is no collection point, mobile containers are used to collect small electronic waste and other fractions.

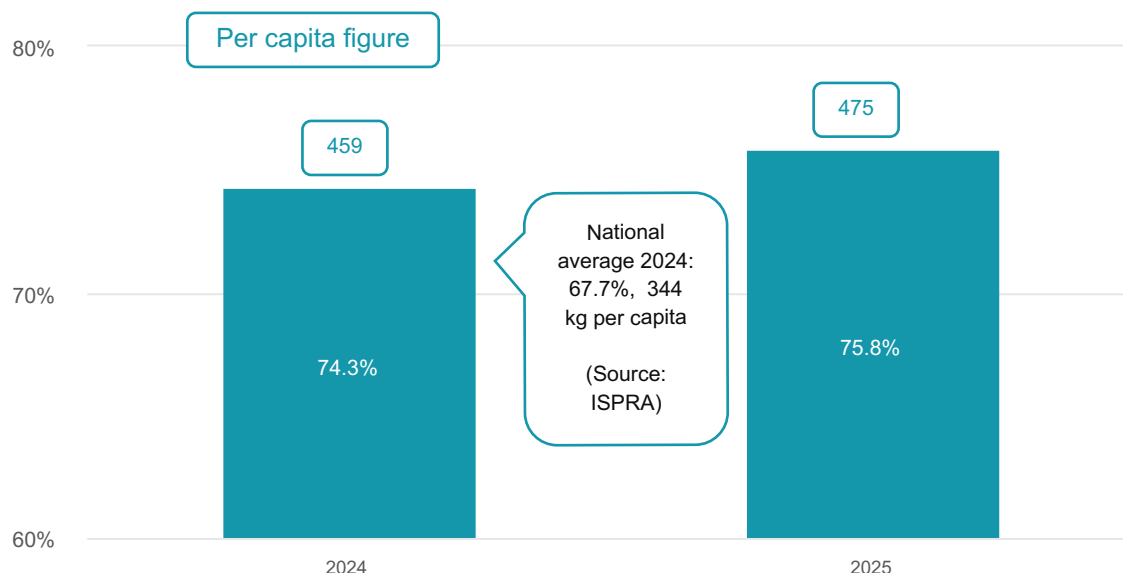
In Emilia-Romagna, Regional Law 16/2015 introduced the pay-as-you-throw (PAYT) tariff, which requires payment for the urban waste service based not only on the size of the dwelling and the number of occupants, but also on the quantity of unsorted waste generated, thereby enabling each end-user to monitor their own waste disposal. The PAYT (Pay-As-You-Throw) tariff (TCP) is a method of calculating the charge for the urban waste collection service that is based on the 'pay-as-you-throw' principle. Unlike the urban waste tax (TARI), in addition to the fixed charges, the PAYT tariff also includes a variable charge based on the number of times the mixed-waste containers are emptied. There is a minimum number of empties per year, above which an additional variable charge is applied. As of 2025, Hera Spa had introduced the PAYT system in 39 municipalities, including Modena, Ferrara and Ravenna.

This objective was confirmed in the Emilia-Romagna Region's 2020–2025 Mandate Programme and in the Regional Waste Management and Remediation Plan (PRRB), which aims to achieve 80% separated waste collection by 2027. Since its launch in 2017 in a single municipality in Emilia-Romagna, by the end of 2024–2025, the PAYT pricing system had reached approximately 590,000 inhabitants in 39 municipalities (ten more than in 2024) out of the 133 municipalities managed, equivalent to 29% of the residents of Emilia-Romagna served by the Hera Group through its integrated urban waste management service. As of 2025, Hera Spa had introduced the PAYT system in 39 municipalities, including Modena, Ferrara and Ravenna.

In other regions served by Hera, separate collection targets have also been set through regional plans. The Veneto Region has set a separate collection rate of 84% by 2030, while Friuli-Venezia Giulia has set a target of 75% by 2027;

in the Marche Region, the separate collection plans have not been updated, and the most recent target set remains 70% by 2020.

Sorted waste



Total waste and sorted waste are calculated in accordance with Regional Government Decree 2218/2016, thereby excluding neutral fractions. Separated collection also includes waste similar to urban waste sent for recovery by the producer, even if it has left the urban waste collection service, as well as waste collected by voluntary organisations or directly by municipalities (data estimated on the basis of the previous year's official ORSo figures). The total waste volume comprises separated waste (accepted EER codes sent for recovery, accepted household compost/community compost) and unsorted waste (urban solid waste and waste sent for disposal). Waste collected following major natural disasters is considered a 'neutral fraction', in line with ARPAE guidelines, and is therefore excluded from the total waste volume; in 2025, this concerns the waste streams related to the floods of September 2024, October 2024 and March 2025.

In 2025, the volume of separated waste collected increased compared to the previous year, reaching 1,524.4 thousand tonnes (up 50.9 thousand tonnes compared to 2024, +3%). The separated waste collection rate in the areas served reached 75.8% (up 2.5 percentage points), well above the national average for 2024 of 67.7% (source: Ispra, 2025 Report on urban waste). Separated waste collection per capita also increased by 3.5%, reaching 475 kg per capita. This result is also attributable to the excellent performance of the provinces of Modena, Pesaro, Ravenna, Forlì-Cesena and Rimini, which significantly improved their separated waste collection rates.

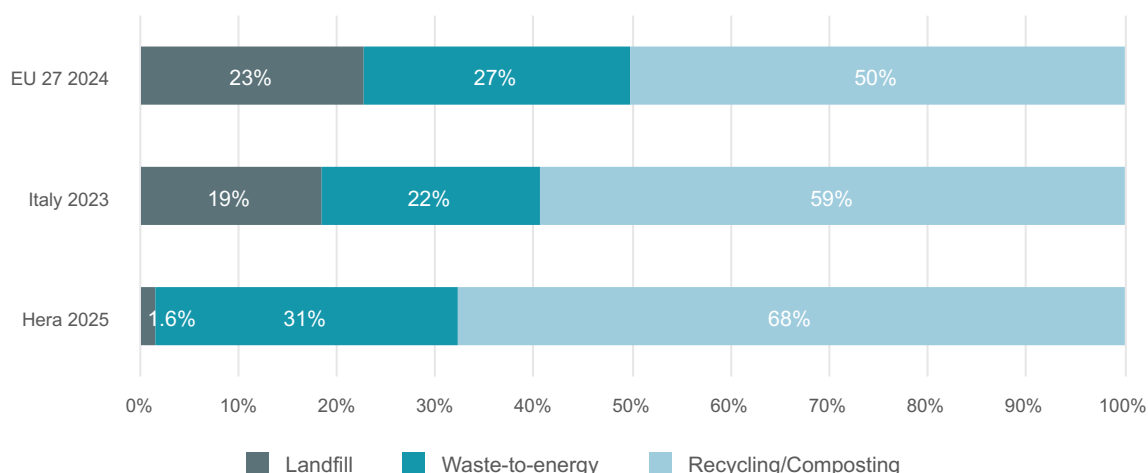
At the regional level: in Emilia-Romagna, separated collection increased from 77.0% to 78.9%; in the Triveneto region, it remained stable at 57.7%; and in the Marche region, there was a slight increase from 72.6% to 73.1%.

The areas with the best performance include: Ferrara and Cesena, which exceed 80% separated collection; Bologna, Modena and Ravenna, which exceed 70%; Rimini, Pesaro and Padua, with over 65%. In the municipality of Trieste, separated collection remained virtually unchanged at 46%. In 2025, a total of 128 municipalities (7 more than in 2024) achieved a separate waste collection rate of over 75%, covering 54% of the population served.

Based on the analyses presented in the Urban Ecosystem report published by Legambiente in 2025, in the eight provincial capitals managed by the Hera Group, the separated collection rate in 2024 stood at 70.8%, compared to an average of 57.6% across all provincial capitals nationwide.

Based on the data analysed in the aforementioned report, it should also be noted that, in 2024, among the provincial capitals with a population of over 100,000 inhabitants, five of the top ten cities in Italy in terms of per capita separate waste collection performance are managed by the Hera Group. Of these, Ferrara ranks first, followed by Ravenna in second, Modena in fifth, Rimini in sixth and Padova in tenth place. Ferrara also ranks first in terms of the percentage recycling rate, at 88.3%.

On the other hand, when considering provincial capitals with a population of over 300,000 inhabitants, Bologna ranks first in Italy both in terms of separated waste collection per capita (retaining the top spot it held last year) and in terms of the percentage of separated waste collection (72.0% in 2024), followed by Milan (62.3%) and Florence (60.3%).

Urban waste management in Europe and Italy and Hera's positioning

Hera continues to stand out for the extensive coverage of its services and its effectiveness in recovering materials, exceeding the national averages for most types of waste. In 2025, the share of urban waste sent to landfill after pre-treatment (i.e., the mechanical separation of mixed waste) stood at 1.6%, a further decrease from 2.2% in 2024, compared to an Italian average of 20.1% for 2023 (source: Eurostat), and therefore below the 2035 target of 10% set by European directives. In the areas served by the Hera Group, landfill disposal is non-existent in Emilia-Romagna and the Triveneto region, and stands at 19% in the Marche region. At the European level, the use of landfill as a method of disposing of urban waste remained stable compared to the previous year, with significant differences from country to country: across the EU-27, the figure for 2023 was 23.4% (source: Eurostat). Again according to Eurostat, in Italy, the percentage of waste sent to landfill continues to decline (19% in 2023 compared to 21% in 2022), while the percentage sent to waste-to-energy plants remains stable at 21%.

Landfill remains the main treatment method in eight European countries, with peaks of up to 81% in Greece and over 75% in Romania, Cyprus and Malta. In contrast, in Belgium, Finland, Estonia, Sweden, Germany and the Netherlands, the use of landfill ranges from 0% to 1%; in these exemplary countries, waste-to-energy treatment accounts for between 31% and 59% of waste, while the remainder is sent for recycling. Hera is in line with these countries in terms of recycling, with further improvements planned for the coming years.

The Hera Group also confirms its targets for packaging recycling and landfill reduction, demonstrating that it is ahead of both European targets for urban waste, as reported annually in the 'Sulle Tracce dei Rifiuti' ('Tracking Waste') report, which is available on the Group's website.

**DEVELOPMENT
OF THE PLANT
FACILITIES**

In 2025, the Herambiente Group made operating investments in the circular economy totalling €50 million. Investments in the circular economy were calculated by taking into account the total investments, both for maintenance and for development, in the composting and anaerobic digestion business units and in the sorting plants.

At the end of 2025, there were ten plant development projects either completed or in the process of industrial commissioning, and 19 projects under construction (at the permit-approval or construction site stage), including the following:

- In Imola, line one for the recovery of carbon fibre is in industrial operation, and line two is under construction in the workshop and will be installed and commissioned by 2026. The plant recovers carbon fibres from composite materials in order to expand the range of recoverable waste and increase the quantity of secondary raw material produced. When fully operational, the plant will produce up to 160 tonnes of recycled material per year;
- In Modena, the construction of a new, innovative rigid plastics recovery plant operated by the subsidiary Aliplast has been completed; this plant will process 30,000 tonnes of rigid plastics per year and produce 27,000 tonnes per year of PP, PE, HDPE, PO, etc. pellets and flakes;
- In Padua, lines one and two are being replaced by a new waste-to-energy plant line in order to increase the plant's energy recovery capacity and ensure continuity of service. The new Line 4 is expected to become operational in 2027;
- In Caorso (PC), the revamping and expansion of the platform for the storage and pre-treatment of industrial waste is underway, with the aim of increasing its treatment capacity; this work is expected to be completed by the end of 2026;
- In Ravenna, the permitting process has been initiated for the construction of a pilot plant for the production of crotonic acid from sewage sludge treated at the TAS plant as part of the Cross Life project;
- In Pozzilli (Isernia), the expansion of the wastewater treatment plant was completed in order to increase its capacity for treating liquid waste;
- At the Raghianti (PI) site, a project is underway to revamp the soil washing plant in order to improve the efficiency of the system, including for remediation purposes;

- In Ponticelle (RA), a new platform for the storage and pre-treatment of industrial waste is being built in order to increase its treatment capacity;
- In Novara, the construction of a new section of the PE plastic production plant operated by Aliplast has been authorised and has commenced, with the aim of increasing the plant's production capacity and expanding the types of recoverable waste it can process.
- In Mirandola (Modena), construction has begun on a new soil washing plant, which will enable the remediation of contaminated land and will have a maximum authorised capacity of 45 tonnes of waste;
- In Padua, the construction of a sorting plant for separately collected waste is underway, with the aim of recovering paper and plastic (with a potential capacity of 30,000 tonnes per year).

Herambiente Servizi Industriali (Hasi) is the Group company that provides environmental solutions and services specifically for businesses. Today, it is the largest Italian company dedicated to the treatment of industrial waste and, together with its subsidiaries and other Herambiente Group companies, boasts a plant portfolio that is unique in Italy. The plant complexes, owned by Herambiente and its subsidiaries, are located in various parts of Italy and Europe: Tuscany, Lombardy, Piedmont, Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Molise, Umbria, France, Poland and Spain. There are 44 lines dedicated to storage, chemical-physical treatment, sludge treatment and inertisation, soil washing, the production of secondary solid fuel, material processing, sorting, energy recovery and the final disposal of waste generated primarily by businesses.

Below is a list of the main types of industrial waste management plants:

- 11 chemical-physical liquid treatment plants;
- 10 storage centres or treatment platforms;
- 5 sludge treatment/inertisation plants;
- 2 secondary solid fuel production plants;
- 1 soil-washing plant;
- 1 waste-to-energy plant for solid and liquid waste, including hazardous waste;
- 1 inert waste treatment plant;
- 13 other plants (material processing, landfills and sorting).

Key elements of Hasi's offering are maximum traceability, compliance with all environmental regulations, and the identification of the optimal recovery and recycling solution that minimises landfill disposal.

In 2025, Hasi strengthened its leadership in waste management by acquiring 100% of Ambiente Energia, a company operating in the treatment of industrial liquid waste through its plant in Schio (Vicenza). With an annual capacity of over 120,000 tonnes and state-of-the-art technological equipment, Ambiente Energia's chemical-physical plant is able to treat numerous types of liquid and sludge waste, both hazardous and non-hazardous, such as, for example, paint and washing water, acids and bases, and water from chemical-physical treatment processes. Therefore, this service is fully geared towards the industrial sectors in the Veneto region, including textiles, leather tanning, metalworking and eyewear. Ambiente Energia extends the global waste management offered by Hasi in one of the most productive and dynamic areas of the country, where the Hera Group is already established with its subsidiaries Vallortigara Servizi Ambientali in Torrelvico (VI) and Marano Vicentino (VI), Aliplast in Ospedaletto d'Istria (TV) and Recycla in Resana (TV) and Maniago (PN).

In addition to the global waste management and remediation services provided through its subsidiary ACR Reggiani, Hasi also offers services aimed at large manufacturing groups, including the operation and maintenance of private waste treatment plants, the implementation of improvement/efficiency plans, and solutions to maximise recovery and reduce the overall amount of waste generated, such as managing certain waste streams as by-products.

Hasi guarantees its customers the traceability of the waste treated. On the Herambiente website, there is a dedicated customer area where customers can remotely view the status of their deliveries, the validity of their permits, and the status of their payments, as well as book their deliveries online. For each contract, information on treatment operations, including details of individual destinations and the percentage of recovery achieved in relation to the total waste delivered, is provided in real time, among other details.

Waste destination - Herambiente Servizi Industriali (Hasi) and subsidiaries

THOUSANDS OF TONNES	2025	2024
Total waste produced after treatment and process or intermediate losses	1,969.6	1,771.4
of which sent for material recovery	615.1	563.3
of which sent for energy recovery	118.4	107.2
of which sent for treatment	407.0	232.5
of which directed for disposal in landfills	289.6	246.6
of which sent for other forms of disposal	539.5	621.8
Waste generated or intermediated sent for material or energy recovery, including treatment (% of total)	57.9 %	51.0 %

Waste sent for treatment includes waste and/or wastewater which, following biological treatment, is discharged into the environment in full compliance with the environmental requirements set out in Italian Legislative Decree 152/2006.

Disposal of solid, sludge and/or powdery waste – Herambiente Servizi Industriali (Hasi) and subsidiaries

THOUSANDS OF TONNES	2025	2024
Total waste produced after treatment and process or intermediate losses	1,048.7	962.4
of which sent for material recovery	571.0	518.6
of which sent for energy recovery	115.2	103.2
of which sent for treatment	-	1.0
of which directed for disposal in landfills	289.6	246.6
of which sent for other forms of disposal	72.9	93.0
Waste generated or brokered sent for material or energy recovery (% of total)	65.4 %	64.7 %

Destination of liquid waste – Herambiente Servizi Industriali (Hasi) and subsidiaries

THOUSANDS OF TONNES	2025	2024
Total waste produced after treatment and process or intermediate losses	920.9	809.1
of which sent for material recovery	44.2	44.7
of which sent for energy recovery	3.2	4.0
of which sent for treatment	407.0	231.5
of which directed for disposal in landfills	-	-
of which sent for other forms of disposal	466.6	528.8
Waste generated or intermediated sent for material or energy recovery, including treatment (% of total)	49.3 %	34.6 %

Waste sent for treatment includes waste and/or wastewater which, following biological treatment, is discharged into the environment in full compliance with the environmental requirements set out in Italian Legislative Decree 152/2006.

In 2025, the volume of waste generated or handled by Hasi and its subsidiaries (ACR Reggiani, Recycla, Vallortigara, TRS Ecology and Ambiente Energia), both through the brokerage service and through treatment at its own plants, amounted to 1,969.6 thousand tonnes (+11% compared to 2024), of which 58.0% (approximately 1,140.5 thousand tonnes) was sent for material recovery (including wastewater and liquid waste), energy recovery or recovered directly as secondary raw material, while the remainder was sent for disposal (mainly to chemical-physical plants, incineration plants or other operations prior to further disposal processes).

There was a significant increase in the Hera Group's waste volume compared to the previous year, by 198,000 tonnes, as well as in the overall recovery rate.

This increase is attributable to the consolidation of Ambiente Energia, which contributed 101.6 thousand tonnes, mainly wastewater recovered downstream of the treatment process, with the water resource being returned to surface waters, and to the development of Vallortigara's intermediation services (+76.2 thousand tonnes) for the management of a high-speed rail construction site, with the waste mainly destined for material recovery.

Of the total waste generated or brokered, 1,048,700 tonnes is solid, sludge-like or powdery, which is broadly in line with 2024, and 65% of this waste is sent for material or energy recovery. The remaining 920,900 tonnes consisted of liquids, which increased compared to the previous year; 49% of these were sent for recovery, mainly following the wastewater treatment process and discharge into the environment (a marginal proportion of liquid waste, mainly solvent-based or hydrocarbon-rich waste, was sent for energy recovery).

In 2025, Hasi and its subsidiaries treated 882,800 tonnes of waste at their plants, of which 69% (approximately 611,000 tonnes) was sent for recovery or recovered to produce secondary raw materials (compared to 56% in 2024). The 13-percentage-point increase is attributable both to the contribution of water recovery by Ambiente Energia and to the treatment of soil at Hasi's Soil Washing facility, which recovered a significant proportion of the material produced and sent it to the ASA landfill for reprofiling; there was also an increase in the secondary raw material produced by ACR's crusher and in the volume sent for energy recovery by TRS Ecology's platform.

Through the brokerage service and the management of ACR Reggiani's construction sites, in 2025, Hasi and its subsidiaries managed 1,086,800 tonnes of waste on behalf of their customers, of which 48.8% (529,800 tonnes) was sent for material or energy recovery, a slight increase compared to the previous year (47.9% in 2024).

The overall decrease of 28,000 tonnes in the volumes brokered by the company is attributable to the lower volumes generated by ACR Reggiani's construction sites, as in 2025, compared to the previous year, core customers favoured on-site activities (remediation treatments that reduce the waste leaving construction sites) over off-site activities.

In addition to treating industrial waste, through its subsidiary ACR, Hasi is able to offer a contaminated soil remediation service throughout the country, ensuring high performance standards in terms of both service and environmental impact. Compliance with environmental matrices is evident both from the high percentage of land

reclaimed as part of contaminated soil remediation activities and from the high percentage of remediation interventions carried out through on-site treatment, which enables direct action to be taken on the contaminated environmental matrix (soil or groundwater) without removing it. In addition to on-site treatment, both on-site and off-site technologies have been developed. On-site treatment involves excavating the contaminated soil and treating it directly at the site. Off-site treatment, on the other hand, involves excavating the contaminated soil and transporting it off-site for treatment at authorised facilities or disposal in landfills.

Main types of waste treated through remediation processes

THOUSANDS OF TONNES	2025	2024
Soil treated through remediation processes for material disposal	42.8	73.9
Soil from remediation treatments for material recovery	31.4	49.7
Total soil treated	74.2	123.6
Other waste for disposal (water, coal, construction and demolition materials (CDM), other minor waste)	92.4	76.7
Total	166.5	200.3

Compared to 2024, the volume of waste generated during remediation operations decreased considerably due to a reduced need for soil treatment. There was also a significant increase in the proportion of land recovered compared to the total.

In 2025, the Hera Group's internal circularity development focused primarily on the following areas:

- Development of the recycling of sludge produced by wastewater treatment plants;
- Recovery of slag produced by waste-to-energy plants;
- Treatment of sludge from chemical, physical and biological plants;
- Management of waste generated by electricity distribution activities.

In 2025, the Hera Group produced 156.1 thousand tonnes of sludge from its water treatment plants. In line with the circular economy approach, 3.1% of the sludge produced was sent for direct agricultural reuse for the production of fertilisers and composting, and 81.4% was sent for indirect agricultural reuse. 12.1% was sent for dedicated incineration at the IDAR plant in Bologna, while no sludge was sent to landfill for disposal, also in line with the requirements of the ARERA guidelines. This result enables us to achieve, ahead of schedule, the target of a 1.5% share of sewage sludge sent to landfill for disposal by 2030.

In 2025, the nine waste-to-energy plants operated by Herambiente for urban waste (including the Montale waste-to-energy plant, which has been under its management since January 2025, and excluding the F3 plant in Ravenna) produced a total of 272,000 tonnes of slag, which accounts for 21.4% of the waste treated. Of this total, 95.7% was sent to recovery plants for the recovery of ferrous and non-ferrous metals and for the production of cement and cementitious aggregates. Only a small portion was disposed of in landfills, with the percentage of disposal decreasing significantly: from 97% in 2021, to 81% in 2022, to 17% in 2023, to 16% in 2024, and to 4.3% in 2025. A ferrous metal separation system was implemented at the waste-to-energy plants in Ferrara, Bologna and Rimini, which enabled the recovery of 4,444 tonnes of metals in 2025, a figure in line with the 4,690 tonnes recovered in 2024. As regards flue gas filter dust from waste-to-energy plants, a total of 53,791 tonnes was produced in 2025, of which 51,763 tonnes (96%) was sent for recovery, while the remainder was sent for disposal (4%). Sodium-based dust is collected by Solvay Italia for the recovery of residual bicarbonate, while calcium-based dust and dust from electrostatic precipitators are sent to Germany for reuse in disused mines.

Sludge from the chemical, physical and biological treatment plants operated by Herambiente is sent abroad, where it is processed into cement granules that can be used in geoenvironmental applications, such as land levelling and land reclamation. Furthermore, the granulate is also used in civil engineering, for the construction of foundations and roads. Biostabilised material, a product derived from sludge treatment, is reused to prepare the daily landfill covers and, in some cases, also for the final cover.

In 2025, Inrete Distribuzione Energia generated approximately 200 tonnes of waste, including mixed metals, plastic, copper cables, aluminium cables and other materials, compared to 160 tonnes the previous year, primarily as a result of the disposal of transformers (medium-voltage and low-voltage, respectively), as well as the completion of the disposal campaign for wooden reels stored in warehouses. 92% of this waste was sent for material or energy recovery, of which 99% was sent for recovery or disposal at Group plants. During the construction of new underground infrastructure for the development and renewal of the distribution network, excavations were carried out, with backfilling using recycled material in over 50% of cases.

In 2025, AcegasApsAmga generated approximately 71 tonnes of waste from its electricity distribution activities, of which 75% by weight was sent for recovery, while the remaining 25% was sent for disposal. All waste generated is processed by specialised external companies.

In addition, all equipment removed by AcegasApsAmga staff is first assessed by the relevant department before being classified as waste, in order to direct it to other recovery processes, such as: reuse at other sites, removal of still usable components, reuse in the event of an emergency, and/or resale as second-hand/refurbishable equipment.

The activities of Inrete Distribuzione Energia and AcegasApsAmga also include the large-scale replacement of electricity meters with next-generation meters. The large-scale replacement of electricity meters is outsourced to third-party companies, which also handle the end-of-life recovery of the removed old-generation electricity meters. Indeed, as part of the service contract specifications, the companies undertake to recover at least 85% of the disposed-of meters by weight. This commitment is periodically verified by the contracting authority through audits and regular on-site inspections.

Based on the reporting required by the EU Taxonomy (EU Regulation 852/2020 and subsequent delegated acts), eligible investments related to the transition to the circular economy in 2025 totalled 151.9 million euro and also included the actions described above. In contrast, the eligible capital expenditure (CapEx) envisaged in the 2025–2029 Business Plan amounts to 433.4 million euro.

Metrics

Starting in 2024, the Hera Group established a methodology for collecting and analyzing the data used to estimate and report on indicators relating to the circularity of relevant incoming resource flows associated with its supply chain. A phased approach was therefore adopted, which for 2024 involved reporting only on relevant materials purchased directly (i.e., within the Goods category), with a subsequent, progressive extension—by 2026—to also include materials purchased indirectly (i.e., as part of orders relating to the Services and Works categories), where relevant. In line with this approach, in 2025 reporting was extended to include materials purchased indirectly within the Works category. With regard to the Services category, a preliminary qualitative analysis was carried out by commodity group, which led to the conclusion that the related incoming flows were negligible and therefore not material for reporting purposes. For the Goods category, 2025 also saw an improvement in the quality of information, both in terms of greater granularity of the data collected (through the mapping of key materials for each reported cluster) and in terms of the scope of suppliers involved, with data collection focused on the most significant suppliers based on purchase volumes.

The effects of these methodological developments are described later in this section and form the main basis for comparison between the 2025 data and those reported for 2024.

In 2025, the reporting scope included the following Group companies, which together accounted for over 95% of the costs for the procurement of goods and works: Hera Spa, Inrete Distribuzione Energia, Heratech, HERAcquaModena, Herambiente, Frullo Energia Ambiente, Herambiente Servizi Industriali, ACR Reggiani, HestAmbiente, Uniflotte, AcegasApsAmga, Hera Servizi Energia, Hera Luce, Hera Comm, Estenergy, Fratelli Franchini, Marche Multiservizi, Herabit, Etra Energia, Aliplast. In addition to representing inflows deemed significant in relation to total volumes, these companies also provide sufficiently integrated data, with a good level of information tracking in the Group's management systems.

Continuing the process initiated in 2024, also for the 2025 financial year and with a view to continuous improvement, the Hera Group has refined its data collection and analysis methodology by focusing on three areas:

- Optimising supplier engagement by focusing on engaging only the most significant suppliers in terms of 2025 procurement value across the most important product clusters, and leveraging internal data where available;
- Extending the scope of analysis to include the main works contracts;
- Improving the quality of the data collected through a questionnaire tailored to each product cluster, with specific questions aimed at reporting the material composition and related circularity of the products supplied, in order to identify opportunities and levers for improvement in the area of circularity.

Once again for 2025, in order to maximise supplier engagement and the quality of the data collected, the Group provided support to suppliers involved in reporting through the following initiatives:

- Conducting a webinar – held on two separate dates – which involved over 100 suppliers, with the aim of explaining the principles and requirements of the ESRS and how to collect the required data, and publishing the materials in a dedicated section of the Hera_Pro Empower website;
- Engaging all major works suppliers through targeted meetings and/or a dedicated workshop to share the questionnaire and the data collection methods;
- Updating the questionnaire completion guide – which contains definitions, practical examples, answers to frequently asked questions, and practical guidance to support data collection;
- Providing communication channels to support suppliers (i.e., a dedicated email in-box and a messaging system integrated into Hera_Pro) and conducting recall activities, with the option of providing support with completing the questionnaire.

Continuing the approach taken in 2024, for the 2025 as well, with regard to directly procured goods, the analysis focused on the most significant product clusters for the Group in terms of the value of purchases (over €300 million, accounting for approximately 70% of the total purchases in the goods category) or the weight of the products belonging to these clusters: 1) construction materials; 2) Aliplast waste and incoming material; 3) chemical products; 4) fuels; 5) waste containers; 6) pipes, fittings, valves, pumps and accessories; 7) street lighting systems and installations; 8) spare parts and components for systems; 9) electrical and electronic equipment; 10) meters. Data relating to Aliplast has been highlighted in a dedicated cluster, in view of the specific nature of the business it operates: Indeed, Aliplast is a Group company specialising in plastic recycling. The data for the Street lighting systems and installations cluster were obtained in conjunction with the material balance developed by Hera Luce.

With regard to materials purchased indirectly through works contracts, the Hera Group focused its analysis on the most significant suppliers in terms of economic value (54% of the total value of works purchased, equivalent to approximately €284 million).

The questionnaires sent to suppliers yielded a response rate of over 90% in terms of the purchase volumes of the suppliers of goods and works involved. It should be noted that, when completing the questionnaire, all suppliers involved were asked to take responsibility for the accuracy of the information provided, and that data verification and control procedures were carried out for all the questionnaires collected.

By consolidating both the data collected through the questionnaire and the data available internally, and as a result of the improvement measures implemented, there has been a significant increase in the percentage of procurement volumes reported in terms of the quantities and types of incoming materials. Indeed, for the purposes of calculating the indicators relating to the circularity of resource inflows, the reported data accounts for 66% of the total purchased for goods (compared to 57% in 2024) and 54% of the total purchased under works contracts (these data had not been reported in 2024).

Overall, this corresponds to 59% of the total economic value of goods and works procured (in 2024, direct goods procurement accounted for 22% of the total value of goods and works procured). This value is considered optimal with regard to the application of the principle of reasonable effort in data collection: further increasing the involvement of suppliers associated with lower purchase volumes would not lead to significant increases in the reporting of incoming material flows.

The results are presented in the table below, divided into 10 product analysis clusters for goods and a single cluster for works. The figures for each cluster include the contribution of packaging. The total weight of materials is calculated as the sum of the weights of technical and bio-based materials, the definitions of which are based on the recommendations of the Ellen MacArthur Foundation.

Inflows	2025			2024		
	TOTAL WEIGHT OF RELEVANT MATERIALS PURCHASED DIRECTLY (T)	TOTAL WEIGHT OF REUSED OR RECYCLED COMPONENTS OR MATERIALS (T)	PERCENTAGE OF REUSED OR RECYCLED COMPONENTS OR MATERIALS (%)	TOTAL WEIGHT OF RELEVANT MATERIALS PURCHASED DIRECTLY (T)	TOTAL WEIGHT OF REUSED OR RECYCLED COMPONENTS OR MATERIALS (T)	PERCENTAGE OF REUSED OR RECYCLED COMPONENTS OR MATERIALS (%)
Construction materials	257,818	7,725	3 %	81,816	6,199	8 %
Waste and input material (Aliplast)	153,229	126,042	82 %	112,028	106,269	95 %
Chemical products	74,186	14,393	19 %	78,253	7,449	10 %
Fuels	8,440	2,234	26 %	8,372	408	5 %
Waste containers	5,249	1,719	33 %	4,321	1,484	34 %
Pipes, fittings, valves, pumps and accessories	2,937	1,232	42 %	3,312	915	28 %
Street lighting installations and infrastructure	2,328	297	13 %	Included in the 'Spare parts and components for systems' and 'Electrical and electronic equipment' clusters		
Electrical and electronic equipment	1,903	126	7 %			
Spare parts and components for plants	1,502	129	9 %	1,836	547	30 %
Meters	717	152	21 %	970	220	23 %
Total Assets	508,307	154,049	30 %	291,784	123,662	42 %
Total Works	723,118	143,799	20 %	Not reported		
Total	1,231,425	297,848	24 %	Matches the Total for Goods		

Overall, the Group recorded a total weight of relevant materials purchased of approximately 1,231,000 tonnes – of which 508,000 tonnes related to goods and 723,000 tonnes related to works – with the percentage of bio-based materials sourced from a sustainable supply chain amounting to approximately 0.1% and a total weight of reused or recycled components or materials of approximately 297,000 tonnes – of which 144,000 tonnes related to works and 153,000 tonnes related to goods – representing approximately 24% of the total weight.

Compared to 2024, there has been an increase in the tonnes reported for goods, mainly attributable to construction materials with generally low percentages of recycled content, which has led to a decrease in the overall percentage of recycled content (excluding this impact, the percentage of recycled content would be over 40% and in line with 2024).

The Group purchased 2,000 tonnes of bio-based materials from sustainable supply chains, representing approximately 0.2% of the total weight of relevant materials purchased and 0.4% when considering only the weight of materials purchased within the goods category. These materials are mainly concentrated in the clusters of fuels (where they account for 15% of the total weight, equivalent to approximately 1,300 tonnes), Aliplast's waste and input materials (where they account for 0.2% of the total weight, equivalent to approximately 300 tonnes) and waste containers (where they account for 5% of the total weight, equivalent to approximately 300 tonnes).

Overall, across the various goods clusters, the weight of packaging was limited – on average, less than 1% by weight – with a share of bio-based material of approximately 2% and a share of reused or recycled components or materials of approximately 14%. It should also be noted that Hera requires that the packaging for the products supplied be preferably made of wood, cardboard or recycled material, and that the printing be carried out using environmentally friendly water-based or vegetable-oil-based inks.

Within construction materials – which account for 21% of the total weight of reported supplies

CONSTRUCTION MATERIALS

The construction materials cluster – which accounts for 21% of the total weight of reported supplies (51% of goods supplies) – mainly includes materials for covering landfill sites and other construction materials (e.g., aggregates, cementitious and bituminous mixes). The data reported by suppliers indicate that the percentage of reused or recycled materials is approximately 3% of the total materials included in this cluster. Compared to 2024, there is a significant increase in the weight of reported supplies consisting of materials that, due to regulatory constraints, do not contain recycled components. Steel, on the other hand – although it maintained percentages of recycled components well above the average and in line with 2024 – saw a significant reduction in its relative weight within the cluster.

WASTE AND INCOMING MATERIAL AT ALIPLAST

The cluster dedicated to Aliplast's incoming flows – which accounts for approximately 12% of the total weight of reported supplies (30% of goods supplies) – consists mainly of plastic waste, which is subsequently recycled to produce reclaimed polymers and which has been considered in its entirety as recycled or reused components or materials. The remaining share consists mainly of virgin plastic materials. Overall, the percentage of recycled components for Aliplast is approximately 82% of the total input materials (waste and other materials), while the percentage of waste sent for material recovery is approximately 84%. From a methodological point of view, it should be noted that, for 2025, the internal reporting data have been enhanced to provide greater coverage of inputs, including other materials consisting mainly of virgin material, which have had an impact on the overall percentage of recycled materials and components.

It is important to highlight the circular economy project, which involves the use of reels manufactured by Aliplast from post-consumer recycled plastic to produce the separated waste collection bags used by the Hera Group: since 2020, all polyethylene bags distributed by Hera as part of its waste collection activities have been produced under this project (approximately 28 million bags per year, equivalent to 1,100 tonnes of material).

It should be noted that only the tonnes of waste and plastic material entering Aliplast are included in the Group indicator calculated above; the tonnes of bags supplied by Aliplast to other Group companies are not taken into account, as they are considered intercompany flows.

Also worth mentioning is the 'Hera Future Bins' project, launched in 2023, which aims to make use of processing waste from items produced using recycled plastic. Specifically, Aliplast receives plastic from separate packaging waste collections and processes it to create new products, which in turn generates waste (polyethylene terephthalate – known as PET flakes). This waste is then refined and reprocessed to produce the waste bins in the 'Hera Future Bins' range. As part of the reorganisation of environmental services in the Municipality of San Lazzaro di Savena, the delivery of approximately 7,500 under-sink organic waste bins and over 400 composters from the Hera Future Bins product line to the area began at the end of June 2025.

CHEMICAL PRODUCTS

The category of chemical products – which accounts for 6% of the total weight of reported supplies (15% of goods supplies) – includes a variety of products, from sodium bicarbonate to hydrated lime and aluminium-derived products: for this cluster, the data provided by suppliers indicates that the percentage of reused or recycled components is approximately 19%. Contributing to the percentage of recycled products are, firstly, the use of sodium bicarbonate to purify the flue gases from waste-to-energy plants – the constituents of which are partly derived from the recovery of ash from Hera's own waste-to-energy plants – and, secondly, the use of sodium aluminate, which is used in wastewater treatment plants as a flocculant, since aluminium hydroxide, one of the main components used in its production, is recovered in its entirety as a waste product by companies that process aluminium. Conversely, this percentage is limited by the specific characteristics of the synthesis processes used to produce other base chemicals.

FUELS

The data relating to fuels – which account for 1% of the total weight of reported supplies (2% of goods supplies) – were derived from internal measurements of quantities, supplemented by information from suppliers on recycled and bio-based components. Where supplier data was not available, the percentage of recycled components was taken into account solely for the HVO fraction, and the percentage of bio-based materials from a sustainable supply chain was determined by taking into account not only the HVO fraction but also the minimum percentage of biofuels required by legislation. This latter percentage varies according to the availability of each biofuel in the geographical areas where the Group's vehicles operate.

There was a 150% increase in the use of HVO, from 400 tonnes in 2024 to over 1,000 tonnes in 2025, of which over 650 tonnes of HVO were obtained from the recycling of used vegetable oils as part of the partnership between the Hera Group and Eni.

The improvement in circularity performance for this cluster can be attributed to Hera's commitment to increasing the use of HVO and expanding the associated vehicle fleet. Any improvements beyond the use of HVO depend to a significant extent on the sustainable development trajectory of the Italian oil and gas supply chain.

The waste container cluster – which accounts for approximately 1% of the total weight of the reported goods supplies – is particularly diverse, as it includes skips, bins, containers, baskets and bags of various sizes and materials. Therefore, the predominant material – depending on the item supplied – ranges from steel to plastic, including bioplastics. The presence of the latter material – used for biodegradable bags – contributes to bringing the percentage of bio-based materials from a sustainable supply chain to around 5% of the cluster's total weight.

Based on data collected from suppliers, factors contributing to an increase in the percentage of reused or recycled components to around 33% include, on the one hand, the use of plastic waste collection containers containing between 30% and 40% recycled plastic and, on the other hand, the use of recycled steel containers, with percentages ranging from 20% to 30%. For both materials, a number of commendable cases were recorded where the proportion of recycled material exceeded 50%.

Here are some examples of best practices in circularity that are specific to this cluster:

The first example involves the supplier collecting used polyethylene containers that are to be disposed of when the new containers are delivered. This not only reduces CO₂ emissions by making transport more efficient, but, more importantly, enables the selection and control of the material to be recycled, which is crushed and reintroduced into the production cycle, thereby increasing the proportion of recycled content in the final product while maintaining its technical properties. In 2025, approximately 37,600 used polyethylene containers, totalling around 805 tonnes, were returned.

The second example concerns disused iron containers, which are to be sold to scrapyards, enabling the iron to be recovered for the production of other products, including new waste containers. In 2025, approximately 6,600 bins, totalling around 1,172 tonnes, were sold.

Lastly, there is the refurbishment of containers that are damaged or broken. These containers are collected by specialist suppliers, who, after appropriately repairing and refurbishing them, return them to Hera, thereby avoiding the need to produce and purchase new containers. In 2025, approximately 5,300 containers were refurbished, equivalent to around 1,060 tonnes.

For the cluster of pipes and related fittings, valves, pumps and accessories – which accounts for less than 1% of the total weight of reported goods supplies – the data provided by suppliers shows an average percentage of recycled components of 42%, thanks to the extensive use of recycled components or fractions of steel, brass, cast iron, aluminium and plastic.

With regard to plastic pipes for drinking water, it should be noted that there is a regulatory restriction that does not permit the use of recycled material, which limits the potential to increase the degree of circularity.

However, there is a trial underway involving the installation of gas distribution pipes made from polyethylene derived from biomass/plant-based materials.

The Street Lighting Systems and Works cluster was introduced in 2025 in order to make the most of the data already collected by the Hera Group as part of Hera Luce's Material Balance (in 2024, the data collected from suppliers had been reported in aggregate form under other clusters). This cluster – which accounts for less than 1% of the total weight of reported goods supplies – has an average percentage of recycled components of 13%. This cluster includes both lighting fixtures and supports, as well as the associated construction and electrical works. Excluding civil engineering works, which typically involve the use of predominantly virgin materials such as concrete for plinths and manholes, lighting fixtures and supports have a recycled/reused component content of over 50%, primarily due to the use of recycled aluminium and steel.

The electrical and electronic equipment cluster – which accounts for less than 1% of the total weight of reported goods supplies – has an average percentage of recycled components of 7%, to which the use of recycled steel and copper, used, for example, to manufacture components for power grids and cables, contributes.

It should be noted that, in line with the Hera Group's efforts to achieve its 'circularity' objectives, for its electricity distribution service, Inrete Distribuzione Energia continues to use corrugated pipes made from recycled plastic to construct the underground building infrastructure required to house the electrical infrastructure of the distribution network. For FY 2025, the average percentage of recycled pipe out of the total number of metres of pipe used in works related to the electricity distribution service exceeded 75%.

The Plant Spare Parts and Components cluster – which accounts for less than 1% of the total weight of reported goods supplies – has an average percentage of recycled components of 9%, thanks to the use of recycled steel and plastic, for example, to manufacture components for cogeneration and air treatment plants. It should be noted that, for the 2025 reporting period, some suppliers with high percentages of recycled material – which in 2024 belonged to this cluster – are included in the 'Street lighting systems and works' cluster.

WASTE CONTAINERS

E5-4

PIPES, FITTINGS, VALVES AND ACCESSORIES

E5-4

PUBLIC LIGHTING SYSTEMS AND INSTALLATIONS

E5-4

ELECTRICAL AND ELECTRONIC EQUIPMENT

E5-4

SPARE PARTS AND COMPONENTS FOR PLANT SYSTEMS

E5-4

METERS

For the meters cluster – which accounts for less than 1% of the total weight of reported supplies – the percentage of recycled components is approximately 21%, primarily due to the use of recycled metals – in particular brass and steel – as well as recycled plastic.

E5-4

The Group has installed over 255,000 2G meters, which are fitted to 92% of Inrete Distribuzione Energia's active electricity customers. The meters are manufactured using recycled plastic: 48% of the weight of the new meters is made up of reclaimed material, while their end-of-life recyclability is estimated at 79% by weight.

In addition to this commitment, a further circularity project focused on meters decommissioned as a result of large-scale replacement operations: 80% by weight of the materials used to manufacture the old 1G meters was recovered by redirecting them to specialised facilities. In 2025, the circularity project was extended to meters for other services that were decommissioned as a result of replacement activities, achieving the following percentages of weight recovery for the materials used in the removed meters: 70% for gas meters, 85% for water meters and 75% for district heating meters, which were also sent to specialised facilities.

The main new development for 2025 was the extension of reporting on incoming material flows to include works contracts, a cluster that accounts for 59% of the total weight of reported supplies. The main materials by weight were aggregates, cementitious mixes, cement-bound mixes and geomix, and asphalt mixes.

The works cluster has an average percentage of recycled components of 20%, to which the use of recycled aggregates, cement-bound mix and geomix in particular contributes.

It should be noted that some works suppliers have launched specific circularity initiatives (some of which were requested by the Hera Group itself in the tender scoring models), relating, for example, to:

- The regeneration, at specialised recovery plants, of excavated soil and rock extracted from construction sites (with percentages exceeding 90% of the total weight extracted for some suppliers), and the reuse, where possible, of materials extracted on the construction sites themselves;
- The handover of pipes excavated on construction sites – both plastic and metal – to companies specialising in material recovery, with percentages of recovered material exceeding 60% for some suppliers;
- The use of recovered or recycled materials or components to produce site signage, which, for some suppliers, reaches percentages in excess of 50%.

RESOURCE
OUTFLOWS –
PRODUCTS
SOLD

E5-5

Over the years, the Hera Group has established itself as a driving force behind the circular economy, including through the production of secondary raw materials – both recycled plastic products and compost – and, through its subsidiary Aliplast, has also consolidated its role in the circular economy by selling recycled plastic products.

Aliplast manages the integrated plastic cycle, transforming waste into finished recycled plastic products that have the same properties as virgin plastic. With regard to the products sold in 2025, the main categories were PE products and polymers (38%), PET products and polymers (54%), and granules/flakes of other polymers (8%). Its main commitment is to make the life cycle of plastic sustainable by collecting and recycling it to produce new materials, with the lowest possible environmental impact. Through ongoing research and development and continuous technological innovation (in terms of products, services and processes), Aliplast oversees a traceable plastics supply chain capable of transforming a fragmented chain into a virtuous cycle and ensuring high-quality, efficient and more cost-effective end production than traditional materials.

The plants it operates process waste from both industrial sources and urban sorted collections. This waste is transformed into new products or, to a very limited extent, sent to third-party companies specialising in recycling. Aliplast directly recycles the majority of the incoming waste, while only a small percentage is discarded because it consists of non-recyclable polymers or due to weight loss caused by the presence of liquids or impurities. Approximately 84% of the waste is sent for material recovery. The secondary raw material obtained from the waste is then sold or used in the production of recycled plastic products.

In 2025, Aliplast sold 119.1 thousand tonnes of plastic products, an increase of 19% compared to the previous year. The proportion of recycled plastic contained in the products sold also increased significantly compared to 2024: 97.1 thousand tonnes in 2025 (up 63%) compared to 60 thousand tonnes in 2017 (the baseline for the New Plastics Economy Global Commitment). Despite the fact that the market environment remains challenging, affected by inflows of recycled materials from outside the EU and characterised by a slowdown in demand for plastics due to the global industrial production slowdown, Aliplast has succeeded in increasing its market share.

The food industry demands compliance with high safety standards and requires strict adherence to current food regulations. Aliplast's product range, which is fully certified at European level for food contact, comprises polymer granules and flakes, as well as PET sheet for thermoforming and extrusion, which are ideal for the production of food trays and bottles.

Aliplast's products offer durability comparable to those made from virgin materials, while the recyclable content of both the products and their packaging is 100%.

Compost is an organic soil improver produced by treating separately collected organic waste (kitchen waste, garden prunings, agro-industrial waste). Composting is a complex biological process that transforms fresh organic matter into a stable product rich in nutrients and humus, which is useful for improving soil and supporting plant growth.

Herambiente operates various types of plants for the processing of organic matter. This can be achieved through an aerobic bio-oxidation process at the plants in Ozzano dell'Emilia (Bologna), Ostellato (Forlì-Cesena), Nonantola

(Modena) and Faenza (Ravenna); or through anaerobic digestion at the plants in Sant'Agata Bolognese (Bologna), Rimini, Cesena (Forlì-Cesena), Voltana (Ravenna) and Spilamberto (Modena).

Biogas can be used to directly generate energy through cogeneration engines (electricity and heat) or, as is the case in Sant'Agata Bolognese and Spilamberto, it can be refined to produce clean and safe biomethane, which is then fed into the gas distribution network for use in the automotive sector.

In 2025, a total of 38,000 tonnes of both mixed compost soil improver and compost soil improver with sludge were produced, an increase of 13% compared to 2024 (89.1% of which was used for extensive agriculture and fruit growing on local farms, 9.6% for the pellet industry, 0.4% for small-scale private users, and 0.9% for field trials and landscaping/gardening). Approximately 6,500 tonnes of green compost soil improver were also produced, an increase of 50% compared to 2024 (99.9% of which was used by the soil and substrate production industry, with the remainder going to small-scale local gardeners). Mixed composted soil improver is the recovered product from the processing of the organic fraction of urban solid waste (comprising both organic waste and pruning waste); depending on the plant, a proportion of sewage sludge from urban wastewater treatment may be added to this soil improver.

The Group primarily produces two types of soil improver: mixed composted soil improver, which is the product of processing the organic fraction of urban solid waste, and green composted soil improver, which is the recovered product of processing pruning waste from the maintenance of urban green spaces.

The increase in mixed compost soil improver is a natural consequence, determined by process variables and the variety and quantity of incoming waste. The same applies to green compost soil improver, where the increase is due to the plant operating at a consistent level compared to 2024 (less maintenance), i.e. it operated at full capacity.

FIB3R, inaugurated by the Hera Group in Imola in March 2025, is the first European plant on an industrial scale for the regeneration of carbon fibre using a pyrogasification process, with the investment partially financed by the NRRP. The plant comprises two parallel production lines, each with a nominal capacity of 160 tonnes per year, giving a total of 320 tonnes per year, and operates on a continuous cycle. In 2025, 37.3 tonnes of composite waste were processed, and 17.9 tonnes of recycled carbon fibre were produced, classified as a secondary raw material and ready for sale. The process ensures maximum traceability and promotes a circular economy model, enabling companies to reintegrate recycled fibre into their production cycles. A life-cycle analysis conducted by the University of Bologna showed that producing 1 kilogram of recycled fibre requires 95% less energy and reduces CO₂ emissions by 92% compared to virgin fibre; the thermal integration system significantly improves energy efficiency. FIB3R has received numerous awards for ecological transition and technological innovation, establishing itself as an international benchmark for industrial sustainability and the reduction of environmental impact.



OUTPUT
STREAMS –
WASTE
GENERATED

Overall, the Group generated 2,645.6 thousand tonnes of waste (compared to 2,619.8 tonnes in 2024), of which 44% was not sent for disposal (compared to 43% in 2024), 10% was sent for waste-to-energy treatment or incineration, 32% was sent for other forms of disposal (mainly biological or chemical-physical treatment plants), and 14% was sent to landfill.

E5-5

Waste generated by the Hera Group

THOUSANDS OF TONNES	2025	2025 (%)	2024	2024 (%)
Total waste generated	2,645.6	100.0 %	2,619.8	100.0 %
Waste diverted from disposal	1,161.4	43.9 %	1,129.9	43.1 %
Hazardous waste	102.9	3.9 %	102.9	3.9 %
Recycling	32.6	1.2 %	32.9	1.3 %
Recovery of organic fraction	1.0	- %	0.8	- %
Reuse and preparation for reuse	2.5	0.1 %	2.4	0.1 %
Other recovery operations	66.8	2.5 %	66.8	2.5 %
Non-hazardous waste	1,058.5	40.0 %	1,027.0	39.2 %
Recycling	167.2	6.3 %	171.0	6.5 %
Recovery of organic fraction	237.6	9.0 %	228.4	8.7 %
Reuse and preparation for reuse	60.9	2.3 %	56.6	2.2 %
Other recovery operations	592.8	22.4 %	571.1	21.8 %
Waste directed to disposal	1,484.3	56.1 %	1,489.9	56.9 %
Hazardous waste	208.3	7.9 %	206.3	7.9 %
Incineration	33.7	1.3 %	31.3	1.2 %
Waste-to-energy	27.6	1.0 %	24.0	0.9 %
Landfill	89.3	3.4 %	90.5	3.5 %
Biological treatment	-	- %	-	- %
Physical-chemical treatment	26.6	1.0 %	37.1	1.4 %
Other disposal operations	31.1	1.2 %	23.4	0.9 %
Non-hazardous waste	1,275.9	48.2 %	1,283.6	49.0 %
Incineration	0.5	- %	1.0	- %
Waste-to-energy	213.0	8.1 %	212.2	8.1 %
Landfill	281.7	10.6 %	283.2	10.8 %
Biological treatment	33.0	1.2 %	32.5	1.2 %
Physical-chemical treatment	636.4	24.1 %	609.5	23.3 %
Other disposal operations	111.3	4.2 %	145.3	5.5 %

The 2024 figures have been aligned with the calculation methodologies adopted for FY 2025, considering only the quantities of substances defined as waste by Legislative Decree 152/2006 and therefore excluding liquid effluent volumes when not classified as waste under said Decree.

Excluding Herambiente, the companies that contribute most to waste generation are Hera Spa, Marche Multiservizi, Macero Maceratese and AcegasApsAmga; at these companies, the main types of waste generated are sewage sludge from wastewater treatment, leachate from the Marche Multiservizi landfills, and non-recyclable waste from waste sorting at Macero Maceratese. The other companies, partly due to the nature of their business, generate significantly lower quantities of waste.

In 2025, the Group companies (excluding Herambiente and its subsidiaries) generated a total of 253,300 tonnes of waste, of which 60% (151,300 tonnes) was sent for recycling and recovery and 40% (102,000 tonnes) was sent for disposal. It should be noted that only 14% of the waste produced by Group companies (excluding Herambiente and its subsidiaries) is sent to landfill for disposal, and that 18% of the waste, mainly of a liquid nature, is sent for biological or chemical-physical treatment. Of the waste sent for recovery, 44% is destined for recycling, while the remaining 56% is destined for composting.

In view of Herambiente's role, it was also decided to describe the waste that Herambiente itself generates in the course of its waste management activities, both for Hera Group companies and for customers outside the Group. It should be noted that, in the tables below, waste generated also includes waste that leaves a Group plant to be treated at another plant operated by Herambiente and its subsidiaries.

In 2025, Herambiente and its subsidiaries generated 2,392,300 tonnes of waste (+2.8% compared to 2024), 87% of which (2,082,000 tonnes) was non-hazardous waste and the remainder (310,700 tonnes) was hazardous waste. Of the latter, 66.9% was sent for disposal (66.7% in 2024), while 33.1% was sent for recycling (33.3% in 2024). With regard to non-hazardous waste, 56.4% was sent for disposal (unchanged from 2024), mainly through chemical-physical treatment. The total amount of waste generated by Herambiente and its subsidiaries for disposal increased by 39,000 tonnes, mainly comprising leachate from landfills and liquid waste from ACR Reggiani's construction sites. The portion not destined for disposal increased by 27,000 tonnes, mainly due to waste from waste-to-energy plants sent for recovery following the closure of the ASA landfill site as of May 2025.

Information on environmentally sustainable economic activities (EU Regulation 2020/852)

As part of the Action Plan on Sustainable Finance, EU Taxonomy Regulation 2020/852 and its subsequent Delegated Acts introduce, for the first time, a classification system that provides a clear list of environmentally sustainable economic activities, based on common criteria at the European level, with the aim of supporting the growth of sustainable investments and implementing the Green Deal, thereby creating certainty for investors and supporting companies in the environmental and energy transition.

The Taxonomy defines six environmental goals: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, and the protection and restoration of biodiversity and ecosystems. An economic activity is considered environmentally sustainable if it contributes substantially to one of these objectives, does not cause significant harm to the others (do not significant harm principle, Dnsh), complies with the minimum safeguards, and meets the technical criteria established by the Commission. The European Commission periodically reviews these criteria in the light of scientific and technological developments.

In accordance with the recommendations of Delegated Act (EU) 2021/2178, which introduces disclosure obligations relating to the Taxonomy, a multi-step process was developed to analyse the applicability of the Taxonomy across the entire value chain, taking into account all of the Group's consolidated companies. The process covered all six Taxonomy objectives, for which Delegated Acts 2021/2139, 2022/1214 and 2023/2486 set out the list of activities that contribute substantially to these objectives and the list of technical screening criteria and Dnsh's principles that these activities must meet in order to be classified as environmentally sustainable, with the aim of identifying the Group's eligible aligned, eligible non-aligned and non-eligible activities.

Eligible

Aligned eligible activity: an activity carried out by the Hera Group that is explicitly included in the Taxonomy Regulation, meets the established technical screening criteria, and complies with the Do No Significant Harm (DNSH) principle and the minimum safeguards.

Non-aligned eligible activity: an activity carried out by the Hera Group that is explicitly included in the Taxonomy Regulation but does not meet the technical screening criteria and/or does not comply with the Do No Significant Harm

Non-eligible

Non-eligible activity: an activity carried out by the Hera Group that has not been explicitly included in the Taxonomy Regulation because it does not make a substantial contribution to any environmental objective.

In January 2026, Delegated Regulation (EU) 2025/4568 was published with the aim of introducing certain simplifications to the Taxonomy framework in order to reduce the administrative burden on companies. The main changes concern:

- exemption from the eligibility and alignment assessment for activities deemed not to be financially significant, i.e. accounting for less than 10% of revenue, capital expenditure or operating expenditure;
- the requirements of the DNSH on pollution prevention and control;
- The new tabular reporting templates, which reduce the amount of data required.

Although these measures are already applicable for FY 2025, the regulation allows companies to adopt them from FY 2026, an option that the Hera Group has chosen in order to ensure their smooth integration into its data collection, control and reporting processes.

The analysis conducted in 2025 was carried out in accordance with the following steps:

- In line with the approach taken in previous years, the Group's activities were analysed in relation to the six environmental objectives that make up the Taxonomy, in order to assess their eligibility, with attention also being paid to overlaps between eligible activities that may contribute to the achievement of more than one objective. As part of this mapping exercise, 36 eligible activities associated with 33 Group companies were identified;
- once the eligible activities within the Group's portfolio had been identified, the technical representatives of the Group's departments and companies were engaged in order to verify compliance with the technical screening

criteria and the DNSHs set out in the Regulation and subsequent delegated acts. In order to verify compliance with the technical criteria associated with the DNSHs relating to climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, and the protection and restoration of biodiversity and ecosystems, the support of the Quality, Safety and Environment Department and the Strategy, Regulation and Risk Management – Risk Analysis and Control Department was also required, as part of the ERM process. In particular, please refer to Chapter E1 of this Sustainability Statement for information on the DNSH relating to climate change adaptation, and to Chapter E4 for information on the DNSH relating to the restoration of biodiversity and ecosystems. At the same time, the management control managers of the companies and departments concerned were engaged with the aim of determining the availability and granularity of the economic data required to quantify the KPIs relating to revenue, OpEx and CapEx associated with the Group's activities that are eligible under the Taxonomy;

- Compliance with the minimum safeguard requirements, as set out in Regulation (EU) 2020/852, was verified. Hera is committed to respecting human rights, in accordance with the provisions of the Group Code of Ethics and the public commitment documents Hera's commitment for the respect of Human rights and Due diligence process on Human rights in Hera Group. With regard to the supply chain, in 2025, the Hera Group approved the Code of Conduct – Sustainability Pact with Suppliers, further strengthening its commitment to ethical and sustainable governance, in line with the company's human rights commitments. Within the company, various processes are in place to identify, assess and monitor risks in this area: the Group's ERM approach, the risk assessment of product categories carried out on the supply chain, and the health and safety assessment of the Group's workers, including the harassment risk assessment. Hera takes measures to cease, prevent and mitigate these risks through structured and well-established procedures and processes that cut across the various departments affected by the issue, committing to propose remedial actions where possible. Finally, the company also discloses, through its Sustainability Statement, the ways in which these risks have been addressed. The Group promotes the fight against corruption and fraud by adopting a commitment to zero tolerance, which is reaffirmed not only in the Code of Ethics but also in the Corruption Prevention Model. As part of the implementation of procedures and controls for the management and control of tax risk (Tax Control Framework), Hera has defined and formalised its own tax strategy. The values expressed in this strategy are inspired by and consistent with the Group's Code of Ethics and guide the company's operations, setting out specific guidelines that Hera intends to adhere to in order to achieve its strategic objectives. With regard to competition, please refer to the information provided in the 'Consumers and end-users' section of this Sustainability Statement (Policies and objectives, S4-1);
- Finally, the economic KPIs (turnover, OpEx and CapEx) have been quantified in accordance with the accounting principles described below under 'Accounting principles'.



Overview of the Hera Group's activities in accordance with the Taxonomy

		ELIGIBLE		NON-ELIGIBLE
	ALIGNED	NOT ALIGNED	NON-ELIGIBLE	
 GAS (including renewable gases)	- Upgrading of gas networks to integrate hydrogen and other low-carbon gases - Gas smart meters - Turbo-expansion - Hydrogen production	Industrial cogeneration	Gas trading and sales	
 Electricity	- Electricity distribution - Energy production from photovoltaics - Electric mobility		Electricity trading and sales	
 Integrated water service	- Sewage and wastewater treatment - Aqueduct			
 INTEGRATED WASTE SERVICE	- Sorted collection of non-hazardous waste - Urban and industrial waste sorting plants (10/11 plants considered) - Recycled plastic production - Anaerobic digestion - Composting - Production of biomethane from organic waste - Capture and use of biogas from closed landfill sites - Treatment of hazardous waste (75% of total waste treated)¹ - Collection and transport of hazardous waste (93% of the activity carried out using vehicles that comply with at least the Euro V standard) - Remediation - Demolition and dismantling of industrial plants	- Waste sorting plants (1/11) - Treatment of hazardous waste (25% of the total waste treated) - Collection and transport of hazardous waste (7% of operations carried out using vehicles that do not meet at least the Euro V standard)	- Non-separate waste collection - Sweeping - Waste-to-energy and energy recovery - Management of active landfill sites	
 DISTRICT HEATING	- District heating, distribution via efficient systems (71% of thermal energy sold) - District heating – generation (geothermal)	- District heating, distribution via inefficient systems (29% of thermal energy sold) - District heating, generation (cogeneration and thermal boilers) - Imola cogeneration plant	District heating, generation (WtE)	
 Other services	Energy efficiency and renewable energy initiatives²	- Data centre - Company fleet	- Property management and facility management - Information systems - Public lighting	

¹ Hazardous waste does not include waste generated by the company HEA, as it was not operational in 2025.

² Renewable energy interventions include the installation, maintenance and repair of photovoltaic solar systems, solar water heating panels, heat pumps, storage units, heat recovery and heat exchange systems, and micro-cogeneration plants. Energy efficiency measures include the addition of external building envelopes and the replacement and installation of windows and heating and ventilation systems.

In order to ensure that the results of this analysis are correctly presented and interpreted, it should be noted that the data on turnover, OpEx and CapEx eligible under the Taxonomy relate to the following environmental objectives: climate change mitigation, sustainable use and protection of water and marine resources, transition to a circular economy, and pollution prevention and control.

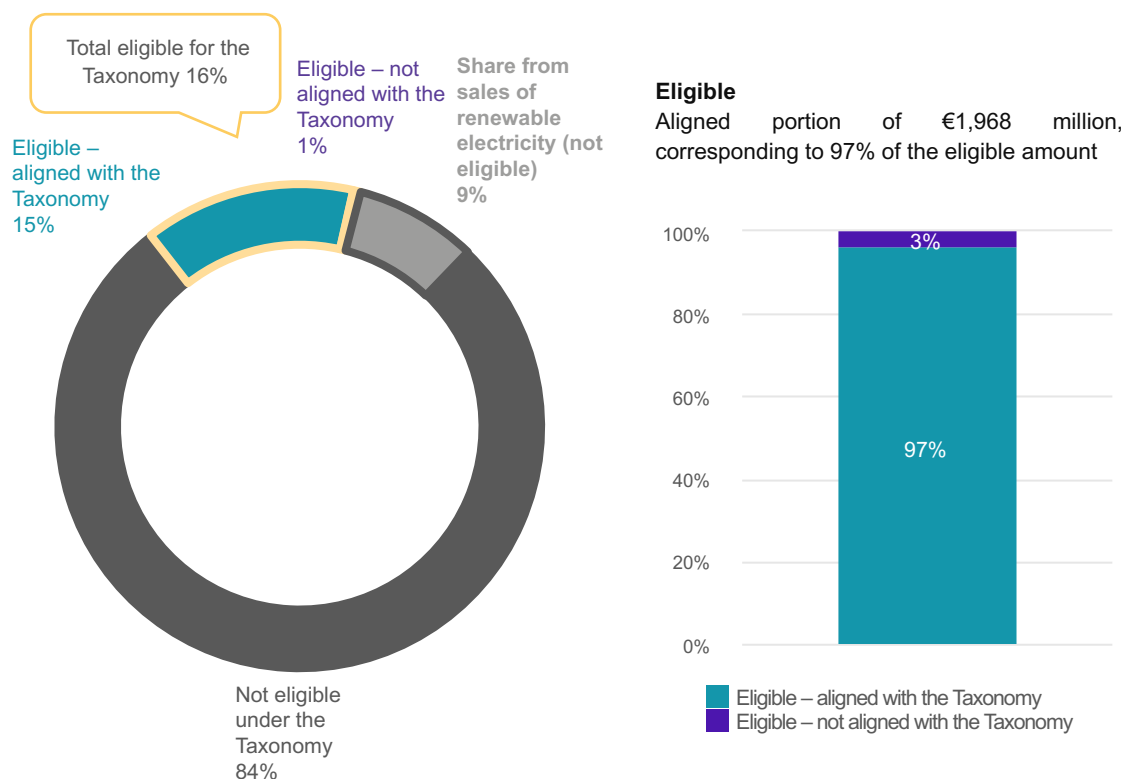
In accordance with the European Commission's FAQs published in the Official Journal on 20 October 2023 (C/2023/305), the reporting focused on the climate change mitigation objective and not on the climate change adaptation objective, as capital expenditure related to adaptation is already included in capital expenditure related to mitigation and is difficult to distinguish (see point 8 of the aforementioned FAQs).

It should also be noted that no Group activities eligible under the objective of protecting and restoring biodiversity and ecosystems have been identified.

MANAGING
OVERLAPS

The Group also analysed compliance with the technical alignment criteria for those activities that exhibit mutual overlaps between the various environmental objectives covered by the legislation. The analysis provided a detailed picture of the overlaps between eligible activities, highlighting some differences in the ability of individual activities to meet the technical alignment thresholds. The Group calculated the eligible and aligned shares of revenue, CapEx and OpEx by assessing the contribution of each individual activity to at least one environmental objective, thereby maximising the contribution to the objectives of the Regulation and avoiding double-counting in the management of overlapping activities. This approach made it possible to measure the contribution to the achievement of multiple Taxonomy objectives.

Revenue KPIs (year 2025)



Revenue: overall, the Group's total revenue amounted to €12.8 billion, as reported in Note 1 "Revenue" to the consolidated financial statements, broadly in line with the previous year. In 2025, revenue from eligible business activities aligned with the Taxonomy amounted to approximately €2.0 billion, i.e. 97% of the total eligible share. Overall, the aligned eligible revenue, amounting to 15%, increased compared to the previous year's figure of 11%, primarily as a result of:

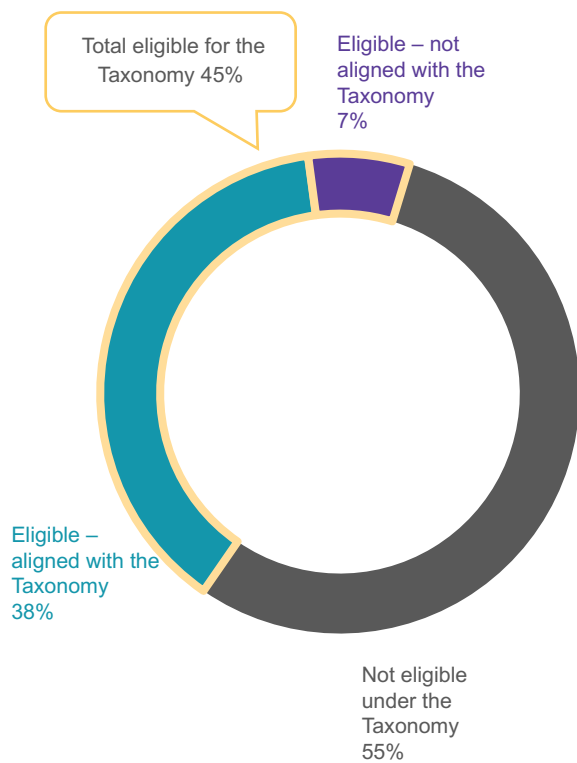
- activity 5.5 Ccm: Collection and transport of non-hazardous waste in fractions separated at source, for which in-depth analyses were carried out, resulting in the overall alignment of the activities performed by Hera Spa, including those carried out in partnership (temporary joint venture) with other entities;
- activity 4.14 Ccm – Transmission and distribution networks for renewable and low-carbon gases, where only the revenue related to the return on capital invested in distribution assets, which are suitable for the integration of hydrogen and other low-carbon gases, was considered aligned;
- Activity 2.2 Wtr – Urban wastewater treatment: primarily due to the overall alignment of the company AcegasApsAmga Spa following the expansion of the service's carbon footprint analysis, carried out in collaboration with the Polytechnic University of the Marche;
- activity 5.1 Ccm Construction, expansion and operation of water collection, treatment and supply systems, due to the increase in regulated revenue and service bonuses.

For a correct interpretation of the data, it is important to note that 9% of the non-eligible revenue relates to the sale of renewable electricity (this figure is estimated on the basis of revenue from the sale of electricity on the free market and the volumes of renewable electricity sold during the year). This is a sustainable activity but is not included in the Taxonomy list for the mitigation objective, due to the rationale behind the European Commission's selection of activities, which is to prioritise the NACE sectors with the highest emissions impact in terms of Scope 1 emissions, considering them more strategic for promoting the energy transition. In the Group's view, this activity constitutes an important element in the decarbonisation process, enabling the sustainable electrification of consumption. Assuming that the activity of selling renewable electricity were eligible and aligned with the Taxonomy, the aligned eligible direct revenue would account for 24% of the Group's total.

Furthermore, overall, more than two-thirds of the Group's revenue relates to the sale and trading of electricity and gas, activities that are not eligible under the Taxonomy and that are subject to significant price fluctuations dictated by the energy market, which can lead to annual variations in the share of eligible and non-eligible revenue.

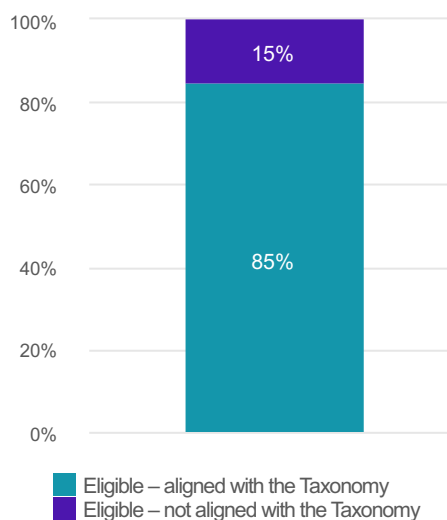
For more details on the methods used to calculate the financial data, refer to the information provided in the section 'Accounting standards'.

OpEx KPIs (year 2025)



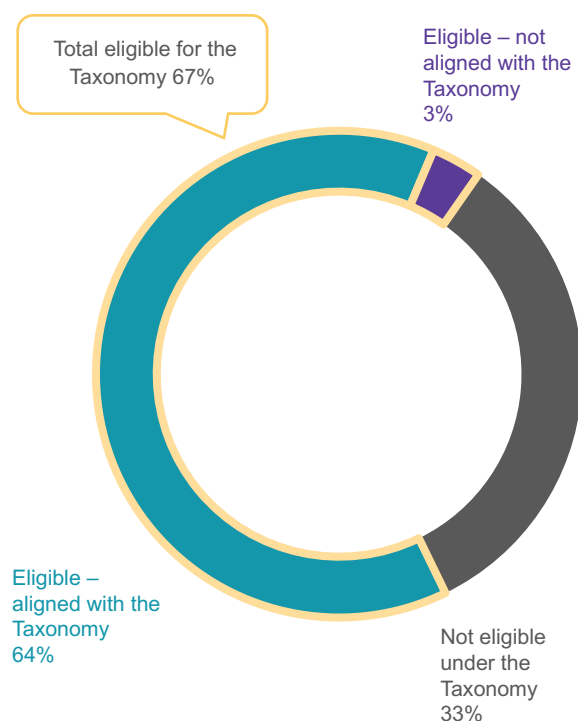
Eligible

Aligned portion of €123 million, corresponding to 85% of the eligible amount



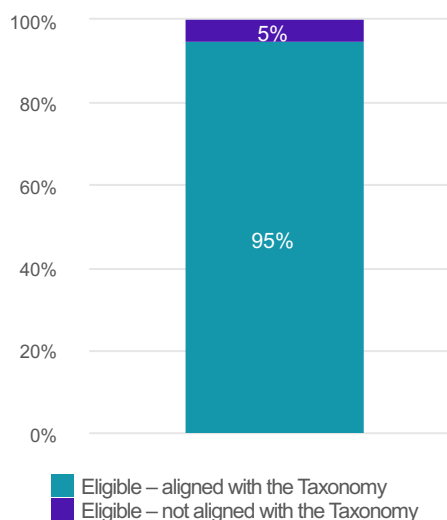
OpEx: in 2025, OpEx relating to eligible business activities aligned with the Taxonomy amounted to €123 million, i.e. 85% of the total eligible amount. Overall, the eligible and aligned OpEx, amounting to 38%, decreased by 40% compared to the previous year's figure. For more details on the methods used to calculate the financial data, refer to the information provided in the section 'Accounting standards'.

CapEx KPIs (year 2025)



Eligible

Aligned portion of €672 million, corresponding to 95% of the eligible amount



CapEx: overall, the Group's gross operating capital expenditure, amounting to €1,057 million, including €1,028 million in increases in tangible and intangible fixed assets and €29 million in increases in right-of-use assets (IFRS 16), was up compared to the previous year. For further details, please refer to Note '21 Property, plant and equipment', Note '22 Right-of-use assets' and Note '23 Intangible assets' in the consolidated financial statements. In 2025, direct CapEx relating to eligible business activities aligned with the Taxonomy amounted to €672 million, i.e. 95% of the total eligible amount. Overall, the Group's eligible aligned CapEx, amounting to 64% of total operating investments including capital grants, increased by 55% compared to the previous year, primarily due to:

- Activity 2.2 Wtr – Urban wastewater treatment: due to increased investments in the sewerage area and the overall alignment of the company AcegasApsAmga Spa following the expansion of the service's carbon footprint analysis, carried out in collaboration with the Polytechnic University of the Marche;
- activity 5.1 Ccm: Construction, expansion and operation of water collection, treatment and supply systems, due to increased investments in the water supply service, remediation activities to reduce network losses, and interventions financed by the NRRP;
- activity 5.5 Ccm: Collection and transport of non-hazardous waste in fractions separated at source, due to increased investments in separated waste collection, including the vehicles and containers used;
- activity 4.15 Ccm – Distribution of district heating/district cooling, and Activity 4.22 Ccm – Production of heat/cold from geothermal energy, due to the planned investments in networks and plants, including works on the Bologna, Ferrara and Forlì-Cesena systems (for further details, please refer to the sections on 'Development of district heating systems' in the 'Pollution' section);
- activity 7.3 Ccm: Installation, maintenance and repair of energy performance devices, due to increased capital expenditure on energy performance measures for the public sector.

For more details on the methods used to calculate the financial data, refer to the information provided in the section 'Accounting standards'.

ACCOUNTING STANDARDS

Below, we outline the accounting principles that the Hera Group has applied in order to calculate the economic KPIs presented.

To determine the numerator for the various economic KPIs required by the regulations, as already mentioned, we began with a detailed analysis of the map of activities carried out by the Hera Group, identifying those that fall within the description of economic activities included in Delegated Act 2021/2139, Annexes I and II, and Delegated Act 2023/2485. To allocate the amounts relating to turnover, CapEx and OpEx to the aligned and non-aligned eligible activities, priority was given to the information contained in the Group's accounting systems for general, cost and regulatory accounting, which constitute the primary source of both quantitative and qualitative information. In some cases, in order to better describe the extent to which the company's activities are associated with the economic activities considered eligible pursuant to Articles 3 and 9 of Regulation (EU) 2020/852 and subsequent delegated acts, it was also necessary to use appropriate drivers to ensure the most accurate identification of the relevant values. In any case, the Group's cost accounting system, which oversees the allocation and distribution of each accounting item, ensures that the KPI numerator values are not duplicated across the various economic activities covered by the Taxonomy.

The denominator of the various economic KPIs required by the regulations is calculated in line with the activities deemed eligible for the Taxonomy; however, it refers to the Group as a whole, excluding intra-company transactions and activities carried out for internal Group consumption, the data for which are reported separately, as required by the regulations.

The accounting principles adopted to calculate the KPIs described below and applied for the first two environmental objectives may be subject to changes and modifications in future financial years in light of regulatory developments relating to the Taxonomy or established practices for its reporting.

The Taxonomy KPIs were calculated as follows:

- Turnover: the share of aligned and non-aligned eligible turnover, as referred to in Article 8(2)(a) of European Regulation 852/2020, is defined as the portion of consolidated net revenue generated from the sale of products or services, including intangible assets, associated with economic activities eligible under the Taxonomy/total net revenue. Net revenue is consistent with the figures in the Group's consolidated financial statements, which have been prepared in accordance with International Accounting Standards, and complies with the provisions of IAS 1, paragraph 82(a), as adopted by EC Regulation 1126/2008. Specifically, for the calculation of this indicator, the items included in the value of production for revenue from sales and services were taken into account, excluding other revenue and additions to fixed assets from in-house work.
- CapEx: the share of eligible aligned and non-aligned CapEx, as referred to in Article 8(2)(b) of European Regulation 852/2020, is calculated as the portion of capital expenditure associated with eligible activities and defined in accordance with the criteria set out in point 1.1.2.2 of the Delegated Act/the total CapEx from the Group's consolidated financial statements, defined in accordance with the criteria set out in point 1.1.2.1 of the Delegated Act. Specifically, the capital expenditure taken into account, gross of grants, is that which generates increases in assets relating to property, plant and equipment, investment property and intangible assets for the reporting period, considered before depreciation and any impairment or revaluation, excluding investments in financial holdings. Increases in right-of-use assets, as defined by IFRS 16, are also taken into account. There are no expenditures related to a 'CapEx plan' within the meaning of point 1.1.2.2 of Annex I to Delegated Regulation

(EU) 2021/2178.

In 2022, the Hera Group issued its first Green Bond aligned with the EU Taxonomy, the proceeds of which are earmarked for sustainable water and wastewater management (aligned with SDGs 6, 13 and 14), the circular economy and pollution prevention and control (aligned with SDGs 11, 12 and 13), and energy efficiency and energy infrastructure (aligned with SDGs 7, 11 and 13). This was followed by a second Green Bond of 500 million euro in 2025, also aligned with the Taxonomy. The funds raised were used to finance or refinance numerous projects that pursue one or more of the goals of the UN 2030 Agenda: energy efficiency (SDGs 7 and 13), the circular economy and sustainable waste management (SDG 12), and sustainable water and wastewater management (SDGs 6 and 14).

- **OpEx:** the share of eligible OpEx, as referred to in Article 8(2)(b) of European Regulation (EU) 2020/852, is calculated as the portion of non-capitalised expenditure associated with eligible activities and defined in accordance with the criteria set out in point 1.1.3.2 of the Delegated Act/the total OpEx from the Group's consolidated financial statements, defined in accordance with the criteria set out in point 1.1.3.1 of the Delegated Act. Specifically, this KPI includes the costs shown in the statement of profit or loss of the Group's consolidated financial statements prepared in accordance with IAS-IFRS, associated with research and development, building renovation work, short-term leases, maintenance and repairs, as well as other direct costs related to the routine day-to-day maintenance of tangible assets necessary to ensure the continuous and efficient operation of these assets, whether carried out in-house or outsourced to third-party companies. Therefore, these costs include portions of labour costs, external costs for services, and costs for the purchase of materials that are directly attributable to such routine maintenance.

The table below sets out in detail the results of the analysis described above. Specifically, for each activity eligible under the Taxonomy, the following information is shown in columns: the relevant business area and the associated activity, the numerical code, the abbreviation of the objective to which the activity may contribute, and the name of the eligible activity (followed by a description based on the Group's business). In addition to this information, qualitative justifications are provided to support whether or not the technical criteria required to establish alignment (CVT and DNSH) have been met. Where applicable, the horizontal band with a grey background details any overlaps with activities that have similar descriptions and may contribute to the achievement of different objectives. Finally, the [] icon indicates those activities that have been selected for the purpose of calculating the KPIs and that enable the Group to optimise the valuation of the KPIs for its contribution to the objectives of the Regulation.

Eligible Hera Group activities – aligned and non-aligned

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY		OVERALL COMPLIANCE WITH CVT AND DNSH
	Aqueduct		5.1 CCM Construction, extension and operation of water collection, treatment and supply systems Construction, extension and operation of water collection, treatment and supply systems	Aligned: The collection, conveyance, distribution and metering systems for the water supply networks and facilities under consideration for AcegasApsAmga and Hera Spa meet the energy consumption threshold of 0.5 kWh/m ³ . The systems of HERAcquaModena and Marche Multiservizi comply with the alternative criterion for water losses, calculated in accordance with the requirements of ARERA Resolution No. 917/17 (RQTI), with reference to macro-indicator M1a – linear water losses. ARERA Resolution 917/17 (RQTI), with reference to macro-indicator M1a – linear water losses. Overall compliance with the Dnsh criteria for applicable targets Not aligned: -
Overlaps: This activity overlaps with activity 2.1 WTR – Water supply.				
		2.1 WTR	Water supply Water supply	Aligned: The water supply activities of Hera Spa, HERAcquaModena and Marche Multiservizi comply with the criterion relating to water losses, calculated in accordance with the requirements of ARERA Resolution No. 917/17 (RQTI), with reference to macro-indicator M1a – linear water losses. ARERA Resolution 917/17 (RQTI), with reference to macro-indicator M1a – linear water losses. Water is used on the basis of water withdrawal licences issued by the competent authorities. Overall compliance with the Dnsh criteria for applicable targets. Not aligned: AcegasApsAmga's water supply activities do not comply with the criterion relating to water losses, calculated in accordance with the requirements of ARERA Resolution No. 917/17 (RQTI), with reference to macro-indicator M1a – linear water losses. ARERA Resolution 917/17 (RQTI), with reference to macro-indicator M1a – linear water losses.

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY		OVERALL COMPLIANCE WITH CVT AND DNSH
	Sewage and wastewater treatment 	2.2 WTR	Urban waste water treatment Construction, extension, upgrade, operation and renewal of urban wastewater infrastructure, including treatment plants, sewer networks, storm water management structures, connections to the waste water infrastructure, decentralised wastewater treatment facilities, including individual and other appropriate systems, and discharge structures for treated effluent. The activity may include innovative and advanced treatments, including the removal of micropollutants.	Aligned: The wastewater treatment systems of AcegasApsAmga, Hera Spa, HERAcquaModena and Marche Multiservizi meet the criteria for the good ecological status and potential of water bodies, the good ecological status of marine waters, and discharge requirements. The systems comply with Directive 91/271/EEC. Systems with a capacity of 100,000 population equivalent (p.e.) or more are equipped with anaerobic digesters or aerobic digestion systems with a comparable energy requirement, as verified by an energy audit. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
		Overlap: this activity overlaps with activity 5.3 of the CCM – Construction, extension and operation of waste water collection and treatment		
	Plastic recycling	5.3 CCM	Construction, extension and operation of waste water collection and treatment Construction, extension and operation of centralised waste water systems, including collection (sewer network) and treatment.	Aligned: The wastewater collection and treatment systems, regardless of the treatment level (including primary treatment), considered for Hera Spa, HERAcquaModena and Marche Multiservizi (with the exception of those listed in the 'Not aligned' section) meet the net energy consumption thresholds per population equivalent (kWh/p.e.). Overall compliance with the DNSH criteria for applicable targets. Not aligned: The wastewater collection and treatment systems, regardless of the treatment level (including primary treatment), operated by AcegasApsAmga and Borgheria (Marche Multiservizi) do not meet the net energy consumption thresholds per population equivalent (kWh/p.e.).
		3.17 CCM	Manufacture of plastics in primary form Manufacture of resins, plastics and non-vulcanisable thermoplastic elastomers, the mixing and blending of resin on a custom basis, as well as the manufacture of non-customised synthetic resins.	Aligned: Aliplast's washing and regeneration plants manufacture plastics in primary form entirely through the mechanical recycling of plastic waste. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
		1.1 CE	Manufacture of plastic packaging goods Manufacture of plastic packaging goods	Aligned: Aliplast's PE film products have an average recycled plastic content of approximately 80%. The packaging produced is recyclable in practice and on a large scale. The plastic packaging material meets the minimum recycling target rate for plastic packaging waste set by Directive 94/62/EC. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
	Sorted non-hazardous waste 	5.5 CCM	Collection and transport of non-hazardous waste in source segregated fractions Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling.	Aligned: All non-hazardous waste collected separately and transported by AcegasApsAmga, ACR, Hasi, Hera Spa, Macero Maceratese, Marche Multiservizi, Recycla, TRS and Vallortigara is separated at source and destined for preparation for reuse or recycling. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
		Overlap: This activity overlaps with activity 2.3 CE – Collection and transport of non-hazardous and hazardous waste, with regard to the collection and transport of non-hazardous waste.		

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY	OVERALL COMPLIANCE WITH CVT AND DNSH
	Collection and transport of hazardous waste 	2.1 PPC Collection and transport of hazardous waste Separate collection and transport of hazardous waste prior to treatment, material recovery or disposal, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, such as hazardous waste transfer stations, as a means for appropriate treatment.	Aligned: Hazardous waste managed by AcegasApsAmga, Hera Spa, Herambiente Servizi Industriali, Marche Multiservizi, Recycla, TRS and Vallortigara is separated at source and collected separately from non-hazardous waste to prevent cross-contamination. Appropriate measures are taken to ensure that, during separated collection and transport, hazardous waste is not mixed or diluted with other categories of hazardous waste or with other waste, substances or materials. For transport, the proportion of vehicles used that comply with at least the Euro V standard totals 93%. Overall compliance with the DNSH criteria for applicable targets. Not aligned: Hera Spa, Herambiente Servizi Industriali, Marche Multiservizi, Recycla and TRS also use vehicles that do not comply with at least the Euro V standard. At these companies, the overall proportion of the Group's vehicles used for the collection and transport of hazardous waste that do not comply with at least the Euro V standard is 7%.
Overlap: This activity overlaps with activity 2.3 CE – Collection and transport of non-hazardous and hazardous waste, with respect to the portion relating to the collection and transport of hazardous waste destined for material recovery.			
	Collection and transport of non-hazardous and hazardous waste	2.3 CE Collection and transport of non-hazardous and hazardous waste Separate collection and transport of non-hazardous and hazardous waste aimed at preparing for re-use or recycling, including the construction, operation and upgrade of facilities involved in the collection and transport of such waste, such as civic amenity centres and waste transfer stations, as a means for material recovery.	Aligned: Waste is collected and transported separately and is intended for preparation for reuse or recycling. Door-to-door collection and controlled roadside collection are prevalent (>50%) for all companies to which the criterion applies, with the exception of the information reported in the 'non-aligned' section for AcegasApsAmga. Regarding transport, the share of vehicles used by AcegasApsAmga, ACR, Hera Spa, Herambiente Servizi Industriali, Macero Maceratese, Marche Multiservizi, Vallortigara, Recycla, and TRS that are at least Euro V compliant stands at 93% overall. Full compliance with DNSH (Do No Significant Harm) criteria for the applicable objectives. Not aligned: In the Trieste area, AcegasApsAmga primarily provides kerbside collection services for non-hazardous urban waste and non-urban waste. The overall share of Group vehicles used for the collection and transport of hazardous waste that do not comply with at least the Euro V standard stands at 7%.
		4.13 CCM Manufacture of biogas and biofuels for use in transport and of bioliquids Production of biogas or biofuels for transport and of bioliquids.	Aligned: The biomethane plants in S. Agata Bolognese (operated by Herambiente) and Spilamberto (operated by Biorg) produce biomethane for use in transport, ensuring a reduction in greenhouse gas emissions of at least 65% compared to the emissions of the relevant fossil fuel benchmark. No agricultural or forestry biomass is used for production, and the process meets Criteria 1 and 2 of Section 5.7. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
		5.7 CCM Anaerobic digestion of bio-waste Construction and operation of dedicated facilities for the treatment of separately collected bio-waste through anaerobic digestion with the resulting production and utilisation of biogas and digestate and/or chemicals.	Aligned: The Herambiente Group's three anaerobic digestion plants (Voltana, Rimini and Cesena) use the digestion process to convert separately collected urban organic waste into the following products: 1) Biogas, which is used directly to generate electricity; 2) Digestate, which is used as a fertiliser. A monitoring and emergency plan is in place to minimise methane leaks at the plants. The biogas is used to generate heat or electricity, and the digestate produced is used as fertiliser. The organic waste used for anaerobic digestion is separated at source and collected separately. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
Overlap: This activity overlaps with activity 2.5 CE – Recovery of organic waste through anaerobic digestion or composting.			

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY	OVERALL COMPLIANCE WITH CVT AND DNSH
	Anaerobic digestion	2.5 CE Recovery of bio-waste by anaerobic digestion or composting Construction and operation of facilities for the treatment of separately collected bio-waste through anaerobic digestion or composting, with the resulting production and utilisation of biogas, biomethane, digestate, compost or chemicals.	Aligned: The organic waste fed into anaerobic digestion systems originates from the separate collection of the wet fraction of canteen and kitchen waste; the waste delivered to the plant is mainly in compostable plastic bags, the certification standard for which is EN 13432:2000. At Herambiente's Sant'Agata, Rimini, Cesena and Voltana plants, organic waste from separate waste collection accounts for at least 70% of the waste fed into anaerobic digestion as an annual average, with percentages ranging between 75% and 90%. The plants produce compost or digestate that meets the requirements of current national and European legislation. Compost and digestate are not sent to landfill and, in the case of anaerobic digestion, the biogas produced is used directly to generate electricity and converted into biomethane for use as a fuel. Overall compliance with the DNSH criteria for applicable targets. Not aligned: At the Biorg plant, separately collected organic waste accounts for 59% of the total input feedstock.
	Composting	5.8 CCM Composting of bio-waste Construction and operation of dedicated facilities for the treatment of separately collected bio-waste through composting (aerobic digestion), with the resulting production and utilisation of compost.	Aligned: The Herambiente Group's two composting plants (Ozzano and Ostellato) produce compost from separately collected organic waste. The compost produced is used as fertiliser in accordance with EU and Italian regulations. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
	Urban and industrial waste sorting plants	 2.7 CE Sorting and material recovery of non-hazardous waste Construction, upgrade, and operation of facilities for the sorting or recovery of non-hazardous waste streams into high quality secondary raw materials using a mechanical transformation process.	Aligned: The raw materials fed into ACR's aggregate crushing plant, Herambiente's carbon fibre plant, Herambiente Servizi Industriali's soil washing plant, the Vallortigara plant in Marano and the Maceratese plant in Macero originate mainly from separately collected and transported waste and/or from separately collected construction and demolition waste that has otherwise been segregated at source. At least 50% by weight of the waste input at the six sorting plants of the Herambiente Group is converted into secondary raw materials (according to the data on the recycling rate per plant taken from the 2024 'Sulle Tracce dei Rifiuti' ['Tracking Waste'] report). All plants apply Best Available Techniques (BAT) to improve their overall environmental performance. Overall compliance with the DNSH criteria for applicable targets. Not aligned: The Macero Maceratese plant also carries out sorting and recovery activities on waste that it does not directly convert into secondary raw materials.
Overlap: this activity overlaps with activity 5.9 Ccm – Recovery of materials from non-hazardous waste			
		5.9 CCM Material recovery from non-hazardous waste Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving mechanical reprocessing, except for backfilling purposes.	Aligned: ACR's aggregate crushing plant, Herambiente's six urban and special waste sorting plants, Herambiente's carbon fibre plant, and the Macero Maceratese plant convert at least 50% of waste into secondary raw materials. Overall compliance with the DNSH criteria for applicable targets. Not aligned: Herambiente Servizi Industriali's soil washing plant and the Vallortigara plant in Marano do not convert at least 50% of waste into secondary raw materials.

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY	OVERALL COMPLIANCE WITH CVT AND DNSH
	Capture and use of landfill biogas	5.10 CCM Landfill gas capture and utilisation Installation and operation of infrastructure for landfill gas capture and utilisation in permanently closed landfills or landfill cells using new or supplementary dedicated technical facilities and equipment installed during or post landfill or landfill cell closure.	Aligned: All permanently closed landfill sites did not enter into operation after 8 July 2020. The landfill gas produced is used to generate electricity or heat in the form of biogas. Methane emissions from the landfill and leaks from landfill gas collection and utilisation facilities are subject to the control and monitoring procedures set out in Annex III to Council Directive 1999/31/EC. Overall compliance with the DNSH criteria for applicable targets.
			Not aligned: -
	Remediation	2.3 PPC Remediation of legally non-conforming landfills and abandoned or illegal waste dumps Remediation of legally non-conforming landfills and of abandoned or illegal waste dumps that have been closed and are not taking in further waste other than possibly inert or biostabilised waste to be used as landfill cover material (as far as allowed in the environmental permit for the remediation project). (...)	Aligned: The ACR remediation activity is not undertaken by the operator that caused the contamination, by a waste producer, or by a person acting on behalf of such an operator; the relevant contaminants are removed, controlled, contained, or reduced so that the contaminated area no longer poses a significant risk of causing adverse effects on human health and the environment. The activity is prepared and carried out in line with industry best practices. Overall compliance with the DNSH criteria for applicable targets.
			Not aligned: -
		2.4 PPC Remediation of contaminated sites and areas This activity includes: a) The decontamination or remediation of the soil and groundwater of the polluted area, either in situ or ex situ, in particular using physical, chemical or biological methods; b) The decontamination or remediation of contaminated industrial plants or sites. (...)	Aligned: The ACR remediation activity is not carried out by the operator that caused the pollution, by a waste producer, or by a person acting on behalf of such an operator; the relevant contaminants are removed, controlled, contained or reduced so that the contaminated area no longer poses a significant risk of causing adverse effects on human health and the environment. The activity is prepared and carried out in line with industry best practices. The requirement is met that at least 70% of the non-hazardous construction, demolition or other waste materials generated on the site during remediation are prepared for reuse, recycling and other forms of material recovery, including backfilling operations using the waste to replace other materials. Overall compliance with the DNSH criteria for applicable targets.
			Not aligned: -
	Hazardous waste treatment	2.2 PPC Treatment of hazardous waste Construction, repurposing, upgrading and operation of dedicated facilities for the treatment of hazardous waste, including the incineration of non-recyclable hazardous waste (D10 operations), biological treatment of hazardous waste (D8 operations) and physico-chemical treatment (D9 operations). (...)	Aligned: This activity is carried out by Ambiente Energia, Herambiente, Herambiente Servizi Industriali, Recycla and TRS in accordance with the requirements set out in the Best Available Techniques (BAT) conclusions for waste treatment or waste incineration. Reception facilities are in place, equipped with an on-site laboratory for the analysis of samples and documented standard operating procedures for analysis, with the option of subcontracting analyses to accredited external laboratories on a contractual basis, documented sampling procedures, analysis of the physical-chemical parameters relevant to treatment, and a dedicated area for the quarantine storage of waste, as well as written procedures for the management of non-accepted waste. The dissolved organic carbon (DOC) limit for output waste is complied with. The proportion of hazardous waste treated in accordance with the technical criteria accounts for 76% of the total hazardous waste treated by the Group. Overall compliance with the DNSH criteria for applicable targets.
			Not aligned: ACR and Hea do not have an on-site laboratory or a sampling procedure, and do not carry out a documented analysis of the physical-chemical parameters relevant to the treatment process. ACR and Vallortigara do not comply with the dissolved organic carbon (DOC) limit for output waste. The share of hazardous waste treated by these companies accounts for 24% of the total hazardous waste treated by the Group.

Overlaps: This activity overlaps with activity 2.4 CE – Treatment of hazardous waste.

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY	OVERALL COMPLIANCE WITH CVT AND DNSH
		2.4 CE Treatment of hazardous waste Construction, upgrade, and operation of dedicated facilities for the treatment of hazardous waste as a means for material recovery operations. (...)	Aligned: The activity carried out by Herambiente Servizi Industriali's soil washing plant in Ragghianti (Pisa) involves the recovery of secondary raw materials from hazardous waste separated at source, which replace primary raw materials and comply with industry specifications and with European and national regulations. Overall compliance with the DNSH criteria for applicable targets. Not aligned: At Herambiente Servizi Industriali's Via Malpasso facility, waste leaves the plant with operation code 'R' without ceasing to be classified as waste. No secondary raw materials are produced at Herambiente Servizi Industriali's Pozzilli wastewater treatment plant.
	Demolition and dismantling of industrial plants	3.3 CE Demolition and wrecking of buildings and other structures The demolition and wrecking of buildings, roads and runways, railways, bridges, tunnels, waste water treatment works, water treatment works, pipelines, wells and boreholes, power-generating plants, chemical plants, dams and reservoirs, mines and quarries, offshore structures, near shore works, ports, waterway works or land formation and reclamation (...)	Aligned: ACR's activities comply with the design requirements agreed with the client and are in line with the EU protocol for the management of construction and demolition waste. In addition, ACR delivered 99% of its construction and demolition waste to the recovery sector. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -.
	Energy production from photovoltaics	4.1 CCM Electricity generation using solar photovoltaic technology Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology	Aligned: The plants operated by AcegasApsAmga, Biorg, Herambiente, Hera Spa, Hse, Inrete Distribuzione Energia, Marche Multiservizi, Recycla and Vallortigara generate electricity using photovoltaic solar technology. Overall compliance with the DNSH criteria for applicable targets. Not aligned:
	Electricity distribution	4.9 CCM Transmission and distribution of electricity Construction and operation of transmission systems that transport electricity on the extra high-voltage and high-voltage interconnected system. Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.	Aligned: The electricity distribution networks of AcegasApsAmga and Inrete Distribuzione Energia form part of an interconnected European system. The company also provides services for the installation of transmission and distribution transformers that comply with European requirements, the construction and operation of equipment and infrastructure to increase the generation and use of electricity from renewable sources, the installation of equipment to enhance the controllability of the electricity system and integrate renewable energy sources, and the installation of smart metering systems. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
	Electric mobility	7.4 CCM Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) Installation, maintenance, and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Aligned: The activity involves the installation, maintenance or repair of charging stations for electric vehicles. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY	OVERALL COMPLIANCE WITH CVT AND DNSH
	Upgrading of gas networks to integrate hydrogen and other low-carbon gases	4.14 CCM Transmission and distribution networks for renewable and low-carbon gases Conversion, repurposing or retrofit of gas networks for the transmission and distribution of renewable and low-carbon gases. Construction or operation of transmission and distribution pipelines dedicated to the transport of hydrogen and other low-carbon gases.	Aligned: The upgrading of the gas distribution networks of AcegasApsAmga, Inrete Distribuzione Energia and Marche Multiservizi enables the integration of hydrogen and other low-carbon gases into the network, in line with the provisions of the Ministerial Decree. 3 June 2022, which sets a maximum hydrogen blending threshold of 2%. This assessment was confirmed by the first national trial of hydrogen injection into the gas distribution network, carried out by Inrete Distribuzione Energia, with temporary injections in 2022, 2023 and 2025 (including injections at 5% and 10%). The Group's three companies detect leaks and repair existing gas pipelines and other network components in order to reduce methane losses. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
	Cogeneration	4.30 CCM High-efficiency co-generation of heat/cool and power from fossil gaseous fuels Construction, refurbishment and operation of heat/cooling and electricity cogeneration plants using gaseous fuels. This activity does not include high-efficiency cogeneration of heating/cooling and electricity using exclusively non-fossil, renewable gaseous and liquid fuels, as well as biogas and bioliquids.	Aligned: - Not aligned: HSE's industrial cogeneration plants and the Imola cogeneration plant do not meet the 100 g CO ₂ /kWh threshold for greenhouse gas emissions over the cogeneration life cycle.
	Hydrogen production	3.10 CCM Manufacture of hydrogen Manufacture of hydrogen and hydrogen-based synthetic fuels	Aligned: As part of the authorisation process for AcegasApsAmga's hydrogen production plant, an LCA was carried out in accordance with ISO 14040/2021 and 14044/2021, including for the purpose of obtaining NRRP (National Recovery and Resilience Plan) funding (which was obtained). Each year, the maintenance of a GHG emissions reduction of at least 73.4% will be certified in accordance with the calculation methodology set out in Article 28(5) of EU Directive 2018/2001 and verified in line with Article 30 of EU Directive 2018/2001. Overall compliance with the DNSH criteria for applicable targets. Not Aligned: -
	Gas smart meters	7.5 CCM Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	Aligned: AcegasApsAmga, Inrete Distribuzione Energia and Marche Multiservizi install, maintain and repair smart meters for gas, heating, cooling and electricity. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -
	District heating (distribution)	4.15 CCM District heating/cooling distribution Construction, refurbishment and operation of pipelines and associated infrastructure for distribution of heating and cooling, ending at the substation or heat exchanger.	Aligned: 71% of the thermal energy distributed (and sold) through the heating and cooling distribution pipelines and associated infrastructure is generated by district heating systems that meet the EU definition of efficient district heating or for which investments to bring them into compliance begin within a three-year period. Overall compliance with the DNSH criteria for applicable targets. Not aligned: 29% of the thermal energy distributed (and sold) through the heating and cooling distribution pipelines and associated infrastructure is generated by systems that do not meet the EU definition of efficient district heating.

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY		OVERALL COMPLIANCE WITH CVT AND DNSH
	District heating (generated from geothermal energy)	4.22 CCM	Production of heat/cool from geothermal energy Construction and operation of facilities that produce heat/cool from geothermal energy.	Aligned: The Ferrara geothermal plant produces heating and cooling while meeting the threshold of 100 gCO ₂ /kWh of life cycle greenhouse gas emissions, calculated in accordance with regulatory guidelines and verified by a third party. Overall compliance with the DNSH criteria for applicable targets Not aligned: -
	District heating (production from cogeneration and thermal boilers)	4.31 CCM	Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system Construction, refurbishment and operation of heat generation plants that produce heating/cooling using gaseous fuels and are connected to efficient district heating and cooling systems as defined in Article 2(41) of Directive 2012/27/EU of the European Parliament and of the Council. This activity does not include the production of heating/cooling from efficient district heating and from the exclusive use of non-fossil renewable gaseous and liquid fuels, as well as biogas and bioliquids.	Aligned: - Not aligned: One of the three efficient district heating plants under consideration, which partly uses boilers powered by gaseous fossil fuels, does not meet the threshold of 100 gCO ₂ /kWh for life cycle greenhouse gas emissions from heat/cooling generation. Data are not available for the remaining two plants.
	Company fleet	6.5 CCM	Transport by motorbikes, passenger cars and commercial vehicles Purchase, financing, leasing and operation of vehicles designated as categories M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or category L (two- or three-wheel vehicles and quadricycles).	Aligned: - Not aligned: None of the non-electric light-duty vehicles (weighing less than 3.5 tonnes) that Uniflotte purchases, rents and manages, belonging to categories M1 and N1, meet the emission thresholds of 50 g CO ₂ /km (until 2025) and 40 g CO ₂ /km (from 2026). All light-duty electric vehicles (weighing less than 3.5 tonnes) that Uniflotte purchases, leases and operates, belonging to categories M1 and N1, do not comply with the Decree of the President of the Council of Ministers on the Prevention and Reduction of Pollution, as the tyres are not compliant with tyre rolling noise requirements (which impact the vehicle's energy performance), and the product recyclability requirements have not been verified.
		6.6 CCM	Freight transport services by road Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of the EURO VI, step E or its successor for freight transport services by road.	Aligned: - Not aligned: The non-electric heavy goods vehicles that Uniflotte purchases, rents and operates, belonging to categories N2 and N3 and with a mass not exceeding 7.5 tonnes, do not meet the definition of a 'zero-emission heavy goods vehicle' as set out in EU legislation.
		7.3 CCM	Installation, maintenance and repair of energy efficiency equipment Individual renovation measures involving the installation, maintenance or repair of energy efficiency equipment.	Aligned: The work carried out by Hse involves adding insulation to components of the existing building envelope, such as external walls, attics and basements, as well as replacing existing windows with energy-efficient windows. In addition, both Hse and Hera Comm carry out the installation, replacement, maintenance and repair of heating, ventilation, air-conditioning and water heating systems. Overall compliance with the DNSH criteria for applicable targets. Not aligned: -

AREA	GROUP BUSINESS	CODE AND DESCRIPTION OF THE ACTIVITY AS DEFINED BY THE EU TAXONOMY	OVERALL COMPLIANCE WITH CVT AND DNSH
		7.6 CCM Installation, maintenance and repair of renewable energy technologies On-site installation, maintenance and repair of renewable energy technologies	Aligned: Hera Comm, HSE and Inrete Distribuzione Energia carry out the installation, maintenance and repair of photovoltaic solar systems. Hera Comm and Inrete Distribuzione Energia also carry out the installation, maintenance and repair of electrical or thermal energy storage units. Inrete Distribuzione Energia installs, maintains and repairs heat recovery systems/heat exchangers. In addition, HSE installs, maintains and repairs solar panels for hot water, as well as heat pumps and high-efficiency micro-cogeneration plants. Overall compliance with the DNSH criteria for the applicable objectives. Not aligned: -
	Data centre	8.1 CCM Data processing, hosting and related activities Storage, manipulation, management, movement, control, display, switching, interchange, transmission or reception of diversity of data through data centres, including edge computing.	Aligned: - Not aligned: Herabit carries out the management, movement, control, display, switching, interchange, transmission or processing of data via data centres that do not comply with the expected practices set out in the European Code of Conduct on Data Centre Energy Efficiency.

1.05.03 Social disclosures

Own workforce

Description of the material impacts, risks and opportunities

The double materiality assessment identified the Hera Group's own workforce as one of the most significant topics for the Group, broken down into the sub-topics of working conditions, equal treatment and equal opportunities for all, and other employment-related rights.

The topic of the company's own workforce is linked to the impact area of shared value creation, presented in the 'General disclosures' chapter: employment development and the development of new skills. For this area of shared value creation, the actions and targets relating to the Group's own workforce are reported later in this chapter.

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks and opportunities related to the company's own workforce

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Working conditions	Enhancement of employee awareness through safety training initiatives Current short-term positive impact related to the Group's own activities Workplace injuries and serious accidents involving Group employees Potential short-term negative impact related to own activities
Equality of treatment and opportunity for all	Promotion of diversity in the workplace Current short-term positive impact related to the Group's own activities Promotion of gender balance Current short-term positive impact related to the Group's own activities Effective management of the employee training process Current short-term positive impact related to the Group's own activities Cases of discrimination within the company workforce Potential short-term negative impact related to own activities
Other work-related rights	Compromise of the confidentiality and integrity of employees' personal data Potential short-term negative impact related to own activities

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

With regard to working conditions, the significant positive impacts for the Group relate to the safety culture and the promotion of equal opportunities, including through in-house training activities. In particular, the promotion of training and awareness-raising initiatives on the safety culture enhances understanding of safe practices in the workplace, while also strengthening employee engagement and participation.

A potential short-term negative impact related to occupational injuries and serious accidents involving the Group's employees was identified and assessed as material before the implementation of mitigation measures.

The process of identifying hazards and assessing health and safety risks is carried out in accordance with the requirements of Articles 17, 18, 28 and 29 of Italian Legislative Decree 81/2008 Consolidated Act on safety in the

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workplace. Within this framework, the employers of the various companies or organisational units collaborate with the health and safety department and the company doctor.

Within the Hera Group, specific procedures under the occupational health and safety management system have been adopted to define roles and responsibilities for the hazard identification and risk assessment process. The objectives of the risk assessment are as follows:

- to identify the sources of hazards and assess their potential impact on workers, with the aim of eliminating the hazards at source or reducing them to the lowest possible level;
- if the hazard cannot be eliminated, to implement appropriate prevention and protection measures, giving priority, where possible, to collective measures over individual measures;
- to plan and implement the necessary risk information and training programmes.

In addition, with regard to occupational safety, workers within the Hera Group are involved in the hazard identification and risk assessment process through prior consultation with their worker safety representatives.

With regard to equal treatment and opportunities for all, the two positive impacts of promoting diversity and gender balance in the workplace are the result of significant work carried out by the Group over the years, through the development of models, management policies and structured processes for managing inclusion, diversity and equal opportunities. Furthermore, since 2011, the Hera Group has appointed a Diversity Manager and a cross-functional working group on diversity and equal opportunities in order to provide additional perspectives for monitoring and to propose specific initiatives aimed at developing a culture that fully values diversity. At the same time, in 2023, the Group achieved UNI/PDR 125:2022 certification, fully in line with its adopted management model and serving as an additional safeguard against potential negative impacts related to cases of discrimination within its workforce.

A further positive impact relates to the effective management of employee training activities, which are designed to support Hera's workforce in the development of new skills, including those related to the ongoing transformations.

Finally, a potential negative impact related to the compromise of the confidentiality and integrity of employees' personal data was identified and assessed as significant before the implementation of mitigation measures. With regard to this impact, please refer to the chapter 'Consumers and end-users' for information on privacy management.

The first employee satisfaction survey was conducted 20 years ago, in 2005: today, after 11 surveys, we can confirm that the Group has taken the right path.

Employee satisfaction index

ESI (FROM 0 TO 100)	2025	2023
Employee Satisfaction Index (eSI)	70	70
Percentage of employees participating in the survey (%)	89 %	82 %
Percentage of satisfied employees (%)	81 %	71 %

The overall employee satisfaction index (ESI) increased by twenty points and, in general, the various areas covered by the questionnaire (me, my team and my manager, the company, the culture and the image) received scores indicating full satisfaction.

In 2025, following the 2023 employee satisfaction survey, the Hera Group's main investments were focused on ensuring that the purpose, mission and values are shared, protecting employee safety, upgrading facilities (workspaces, canteens, equipment and devices), improving internal communication, and developing HR levers, including training, leadership, employee welfare, organisational agility and performance management.

The process of continuously listening to people has supported the Group not only in managing and supporting change processes, but also in facilitating the integration of the various entities that have become part of the Company over time, thereby contributing to the alignment and development of a shared corporate culture.

Following the 2025 satisfaction survey, the Group will work to address the issues identified, ensuring continuity in the improvement process already underway and strengthening initiatives to support well-being, engagement, people development and communication.

Based on the results of the survey, the Group is developing a structured plan of improvement actions that will be progressively implemented throughout 2026. These initiatives are aimed, on the one hand, at consolidating and strengthening the areas that have already received high ratings, by building on the practices and behaviours identified as strengths, and, on the other hand, at taking targeted action in areas for improvement, with the goal of closing the gaps that have emerged and providing a tangible response to people's expectations.

This approach is part of a strategy of ongoing listening and continuous improvement, aimed at supporting people and developing the company culture.

In 2025, the Hera Group consolidated its employee engagement initiatives in both recruitment and onboarding. With regard to the recruitment process, the Group continued to use artificial intelligence tools to improve the candidate experience. With regard to the onboarding process, initiatives and activities were carried out both at Group level and at the level of individual departments/companies, with the aim of improving the experience of newly recruited employees through engagement and information/training sessions. In particular, the first Group-wide onboarding event was held in 2025, and onboarding sessions for individual departments/companies continued. New hires also

continued to participate in the Alfabetico training programme, which is designed to provide them with immediate awareness of the principles and content of the Company's Code of Ethics.

As part of the development process, each individual has the opportunity to play a meaningful role by taking a proactive part, in particular, in the initial self-assessment and peer assessment phase and in the performance review dialogue phase. The self-assessment provides each individual with an opportunity to reflect on their performance and conduct during the year under review, while the peer assessment involves other people within the organisation who can provide their perspective. The dialogue phase with the employee's manager provides an opportunity for a two-way exchange of views, during which the assessments made and mutual expectations for the future are discussed. At the end of the process, a summary sheet is made available to each person assessed, summarising the various inputs gathered (self-assessment, peer assessment, manager assessment).

Employees can also use two channels for dialogue with the company:

- the Ethics and Sustainability Committee, to which reports of potential breaches of the Code of Ethics can be submitted;
- the Whistleblowing reporting channel, addressed to the Supervisory Board, for suspected breaches of the Model for the Prevention of Corruption or Fraud (Model 231) or any other alleged crime or offence of any other nature, including those related to gender balance (e.g., harassment).

For more details on these two channels, please refer to the chapters 'General disclosures' and 'Governance disclosures'.

Policies and objectives

In order to manage the material impacts, risks and opportunities related to its workforce, the Hera Group has defined the following as reference points: its purpose (Article 3 of the Articles of Association), its Code of Ethics, its shared value creation model, its Quality and Sustainability Policy, its remuneration and people development policies, its Gender Balance Policy, and its protocols and agreements with trade unions.

In addition, each year, the Personnel and Organisation Department defines its strategic priorities in relation to human capital, updating their content in response to the challenges posed by the relevant context in a manner that is closely integrated with the company's strategy. In light of the current challenges, the people strategy is based on the company's people value proposition: "we wish to generate value for people, the company and the community, developing innovative approaches guided by our purpose and based on individual responsibility, skills, well-being and the uniqueness of people".

With regard to ethical values and corporate culture, the Code of Ethics is one of the main tools underpinning Hera's commitment to human rights and workers' rights, and ensures that the relevant international documents are applied within the company and disseminated to all stakeholders. The main ethical references of the Code are the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, its eight core conventions, the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Charter of Fundamental Rights of the European Union.

The implementation and dissemination of the Code depend on the commitment of all those to whom it is addressed, and in particular on those who hold the highest positions of responsibility at Hera, whether institutional or organisational, who must set an example for everyone. Hera promotes, among all its stakeholders, an ever-increasing awareness of the need to recognise and value diversity among individuals, through a culture of inclusion free from prejudice. Hera opposes all forms of discrimination and the stereotypes that fuel it, whether based on physical condition, disability, opinions, nationality, religion, sex, gender identity, sexual orientation or any other characteristic that may give rise to discrimination and exclusion.

The Code of Ethics makes it clear that Hera views all employees first and foremost as human beings, with their inherent and absolute dignity. Hera protects its people from sexual or other forms of harassment, from acts of physical and psychological violence, and from any behaviour that is discriminatory or harmful to the individual. Hera supports professional and personal development, recognising that well-being, professional growth and productivity are closely interlinked. Hera promotes a work environment based on communication, listening, dialogue and engagement, fostering a climate of mutual trust.

Within the Group, the shared-value approach encompasses the impact area of developing employment and new skills for Hera's workers, which specifically includes initiatives relating to Hera's contribution to employment development, the promotion of diversity and inclusion, and the development of skills related to the energy, environmental and digital transitions. Hera's people are among the agents of change who contribute to the creation of shared value.

Hera's Quality and Sustainability Policy aims to improve the working conditions of its employees by identifying and implementing effective measures to prevent accidents and occupational diseases in order to minimise health and safety risks, in compliance with the applicable national and supranational regulations and the relevant national collective bargaining agreements. The Policy also aims to promote the involvement and participation of employees and their representatives in the implementation, development and continuous improvement of the health and safety management system.

The Group's management systems aim to mitigate or enhance impacts related to equal treatment and opportunities for all, with a particular focus on gender balance and diversity, and to employees' working conditions, with a particular focus on occupational health and safety issues and on training and professional development.

POLICY

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All Group employees are included in and affected by these policies, in addition to any external stakeholders (e.g., suppliers and human resources networks, stakeholders in the education system, etc.). With regard to the formulation of policies, some processes involve employees and/or other stakeholders through working groups, targeted focus groups, interviews, and the use of feedback channels. The policies are communicated to all stakeholders through structured communication and sharing processes.

With regard to occupational health and safety, the Group is continuously engaged in technological innovation activities, combined with the training and involvement of the entire workforce, with significant investments in terms of both hours provided and financial resources. In particular, the Safety Culture project, launched in 2019 and confirmed to date, aims to increase awareness of the role and responsibility of all employees with regard to safety issues, through information, training and communication initiatives, as well as dedicated infrastructure (training centres). A key element in this area is the safety leadership training project, specifically designed for managers, which was launched in 2021 and continued in subsequent years. The aim of this initiative is to further develop awareness of the role of safety managers, including with regard to the aspect of supervising the behaviour of the people for whom the manager is responsible.

With regard to employee remuneration and development, Hera adopts a policy aimed at supporting the Group's medium- and long-term strategy, which is viewed as a factor that contributes to improving the company's performance and creating sustainable value for stakeholders over time. Therefore, the main objectives of the policy are: to increase shareholder value; to attract, retain and motivate staff who possess the professional qualities required to achieve the Group's objectives; and to pursue the company's purpose, mission and values, including in the areas of sustainability and equity, with a particular focus on Esg issues. Finally, the Policy is formulated in line with a system of overall employee value enhancement (total reward), based on development initiatives structured around four dimensions: role (job rotation, job enlargement, job enrichment, etc.), soft initiatives (coaching, mentorship, counselling, etc.), specialised training (EMBA, professional master's degrees, management programmes, etc.), and remuneration enhanced by the introduction and consolidation of new welfare and benefits policies aimed at increasing the attractiveness, motivation and retention of employees.

With regard to industrial relations, it is worth mentioning the recent Good Work Pact, signed in 2024, which is a concrete, innovative and forward-looking positioning document resulting from a joint project between the Hera Group and the relevant trade unions. In the current context, where environmental and social challenges are intertwined in a complex web of cause and effect, the aim of the Pact is to chart a sustainable path that can simultaneously pursue economic prosperity, collective well-being and the protection of our planet. To meet this crucial challenge, five key pillars have been defined to guide the objectives and set out joint, concrete commitments to measure change: health and safety; integrated supply chains and procurement; equality and inclusion; well-being, professional development and productivity; and sustainability and shared value. In 2025, numerous agreements were signed and related projects launched in line with the Good Work Pact. Among the most important are the agreement on improving the regulations on physiological rest for on-call staff, the agreement on harmonising second-level contractual provisions for employees of companies recently acquired by the Hera Group, and the new procurement protocol, promoted by the Company and trade unions through extensive communication initiatives.

The Board of Directors and the Personnel and Organisation Department are responsible for implementing this policy, ensuring that the rights of the Company's workforce are protected and that the Company's practices are in line with regulations and third-party initiatives.

The sustainability targets related to own workforce are set annually on the basis of Group-wide consolidated planning and control processes aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main objectives relating to the Company's own workforce (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These objectives are aimed at managing the Company's workforce and addressing the associated material impacts, risks and opportunities. They are presented below, broken down into the area of shared value creation, as set out in the policy related to own workforce (development of employment and new skills), and into other areas (skills management and training, people development, employee welfare, and health and safety).

WHAT WE SAID WE WOULD DO

WHAT WE HAVE DONE

WHAT WE WILL DO

JOB CREATION AND DEVELOPMENT OF NEW SKILLS

Implementation of the learning plan aimed at enhancing diverse skills: An average of 27 hours of training per person in 2028. Targets for the relevant company workforce by 2028: 80% will achieve digital proficiency; 56% will achieve green and energy proficiency; 62% will achieve artificial intelligence proficiency (by 2025).	An average of 30 hours of training per person provided in 2025 (unchanged from 2024). In 2025: 70% of the company workforce will have achieved digital proficiency (compared to 63% in 2024). 51% and 54% of the company workforce will have achieved energy and green proficiency, respectively (compared to 46.4% and 46.8%, respectively, in 2024). 69% of the company workforce will have achieved artificial intelligence proficiency.	Implementation of the learning plan aimed at enhancing diverse skills: An average of 27 hours of training per person in 2029. Targets for the relevant company workforce by 2029: 85% will achieve digital proficiency; 58% will achieve green and energy proficiency.
To hold four events on inclusive language for the entire company workforce in 2025. Implement the strategic plan as part of the gender balance certification.	In 2025, a series of four sessions was held to encourage conscious reflection on the role of language in building a more inclusive society and workplaces. The sessions explored the topics of disability and neurodiversity, linguistic sexism, racialisation and ageism. As part of the gender balance certification process in accordance with UNI PDR 125 (which involves 11 Group companies), a strategic plan was drawn up containing a series of actions and objectives aimed at improving the indicators required by the certification.	To continue the awareness-raising and training programme on gender-based violence in 2026 as well: - release on the MyAcademy platform of two courses focused on recognising and preventing situations of violence or harassment in the workplace; - develop awareness-raising initiatives on neurodiversity, longevity and multiculturalism; - continue the initiative on inclusive language by updating the reference document and holding awareness-raising sessions. Implement the strategic plan as part of the gender balance certification.

SKILLS MANAGEMENT AND TRAINING

Ensure continuity in training new employees with AlfabEtico, including by involving workers as trainers. 900 workers will receive training between 2025 and the first few months of 2026.	In 2025, the AlfabEtico training programme - the ABC of the Code of Ethics, for all new permanent employees continued. 405 employees trained in 2025.	Continue to provide training for new hires through AlfabEtico, including by involving employees as trainers and revising the format on the occasion of the sixth update of the Code of Ethics.

PERSONAL DEVELOPMENT

Continue to meet at least 40% of staffing needs through internal mobility in 2025.	42.6% of staffing needs were met through internal mobility in 2025 (compared to 40% in 2024).	To continue to meet 42% of staffing needs through internal mobility in 2026.

WELFARE

To develop new welfare initiatives with a longer-term focus to guide people's choices in a forward-looking manner with respect to demographic trends; the main initiatives will relate to personal well-being, financial education and prevention.	The Group continued its commitment to employee well-being by continuing to promote health-related initiatives and by launching a structured financial education programme aimed at helping employees understand financial decisions, pension planning and income protection.	To develop new welfare initiatives with a longer-term focus to guide people's choices in a forward-looking manner with respect to demographic trends; the main initiatives will relate to personal well-being, financial education and prevention.

HEALTH AND SAFETY

Reduce the accident frequency rate (≤ 10.0 by 2028).	The accident frequency rate achieved in 2025 was 9.8 (compared to 9.5 in 2024).	Reduce the accident frequency rate (9.3 by 2029).
Adopt additional training and awareness-raising initiatives on Safety Culture, also through new communication and training formats. Continue to plan and deliver awareness-raising events.	The planned awareness initiatives on health and safety were completed, also through the introduction of discussion and gamification activities. Awareness-raising events for managers were also promoted in 2025.	Adopt further training and awareness initiatives on safety culture, also through the use of virtual reality to increase engagement and training effectiveness with positive impacts on day-to-day activities.
Complete the installation of the variable-message sign on the vehicles of the Central Networks Department.	90% of the 334 variable-message signs planned for the vehicles of the Central Networks Department have been installed to improve the safety of roadside operations (over 300 signs installed).	Complete the installation of the variable-message sign on the vehicles of the Central Networks Department.

S1-3
S1-4

Actions and resources

Listed below are the main initiatives that Hera has implemented, is currently implementing or plans to implement in order to achieve the Group's objectives and to manage impacts, risks and opportunities in the following areas: employment and new skills development, skills management and training, people development, employee welfare, and health and safety.

MAIN ACTIONS	BRIEF DESCRIPTION
JOB CREATION AND DEVELOPMENT OF NEW SKILLS	
Development of new skills	Training activities to help employees acquire new skills related to the ongoing transitions (digital, energy and environmental).
Promoting diversity and inclusion	Promoting diversity and inclusion through awareness-raising, recognition of inclusive language, and other initiatives.

DEVELOPING
NEW SKILLS

In 2025, the Hera Group once again developed various training projects and initiatives to address the shift towards new skills related to the ongoing transitions (cultural and managerial; digital; energy; environmental), drawing on the findings of the Strategic Workforce Planning process, which sets out the expected evolution of roles and skills within the various business areas, based on the relevant context and business development objectives.

The main initiatives already underway or planned for 2026 include the following:

- Training initiatives aimed at updating managerial skills (leadership and team manager programme);
- Training initiatives aimed at further developing and strengthening the widespread culture of occupational health and safety;
- Continuation of Her@futura training initiatives to develop digital skills within the company (with a focus on the new HER@futura 2026 assessment);
- Continuation of ecoHERA training initiatives to develop skills related to knowledge of the networks, energy and environment business sectors, as well as the energy and environmental transitions (with a focus on the new ecoHERA 2026 assessment);
- Change management programme in the area of venture building;
- Rise4Hera change management programme.

As part of the ecoHERA program, the delivery of training content on skills related to the networks, energy and environment business value chains, as well as the energy and environmental transitions, continued; in addition, specialist thematic courses on environmental topics (e.g., critical raw materials) were delivered. In 2025, 51% and 54% of the relevant company workforce achieved energy transition proficiency and green transition proficiency, respectively.

With regard to the Her@futura programme, the delivery of the change plan aimed at the entire relevant company workforce continued, with the provision of training content tailored to the results of the 2023 assessment and a dedicated programme for upgrading to and adopting Microsoft Copilot. By 2025, 70% and 69% of the relevant company workforce will have achieved digital proficiency and artificial intelligence proficiency, respectively.

PROMOTING
DIVERSITY AND
INCLUSION

In 2023, Hera launched an initiative to raise awareness of and recognise inclusive language, which continued in 2024 with the involvement of the entire company workforce through a dedicated event, the distribution of a document to support its practical application, and the publication of in-depth materials on the company intranet. In 2025, this initiative was consolidated through a series of events entitled 'Words as a Common Space'. Four interactive sessions with experts on language and diversity, designed to encourage conscious reflection on the role of words in building a more inclusive society and workplaces. The sessions explored the topics of disability and neurodiversity, addressing the recognition and overcoming of ableism in language; linguistic sexism, with a focus on the use of professional forms of address and the relationship between language and social change; racialisation, promoting greater awareness of the dynamics of exclusion and the use of language that is respectful of cultural diversity; and finally, ageism, analysing age-related stereotypes and fostering intergenerational dialogue based on the language used in everyday and work contexts.

In 2025, the central focus of the Group's Diversity program was the issue of gender-based violence, which was addressed through a structured programme of listening, training and awareness-raising. Internally, the programme involved Group employees in listening-focused focus groups aimed at identifying perceived gaps, which then guided the design of subsequent training initiatives. Based on these findings, classroom training sessions were held specifically for the HR department, and a company event was organised on 25 November to provide a space for reflection on the cultural roots of gender-based violence and possible prevention strategies. During the year, the Hera Group also strengthened its collaboration with the PARI association, of which it is a founding member, which provided awareness-raising sessions and webinars. 2025 also saw the launch of activities under the #Riparto initiative (which runs for 24 months, from May 2025 to May 2027), with dedicated welfare allocations, awareness-raising through webinars and classroom training, psychological support, and a dedicated section on the Parents' Portal. The aim is to support female employees returning from maternity leave and, more generally, to help promote informed and shared

parenting. In 2026, the Group will continue its awareness-raising and training programme on gender-based violence (once again in partnership with Pari), starting with the launch on the MyAcademy platform of two courses on recognising and preventing situations of violence or harassment in the workplace, aimed at HR staff and middle management respectively and available to the entire company workforce. Activities under the #Riparto call will also continue. In addition to this workstream, awareness-raising initiatives on neurodiversity, longevity and multiculturalism will be developed in 2026, with training and cultural events aimed at the company workforce and, in some areas, also at external audiences. Finally, the cross-functional initiative on inclusive language will continue, with an update to the reference document and awareness-raising sessions held at the Group's most remote locations as well.

As part of the gender balance certification process in accordance with UNI PDR 125 (which involves 11 Group companies), a strategic plan was drawn up containing a series of actions and objectives aimed at improving the indicators required by the certification.

In 2024, 12 objectives were identified in the following areas: recruitment and hiring; career management; pay equity; work-life balance; parenting and care; and activities to prevent all forms of physical, verbal and digital abuse (harassment) in the workplace.

MAIN ACTIONS	BRIEF DESCRIPTION
SKILLS MANAGEMENT AND TRAINING	
Training initiatives and the Learning Plan Learning Plan	Implementation of training initiatives in various areas and a Learning Plan.
Professional academies	Knowledge management system comprising professional academies, which serve as hubs for organising and managing learning.

With regard to the various types of training initiatives delivered in 2025, the Group's training plan is structured around the following six areas: corporate and managerial training; sales and market training; information systems training; technical and professional training; ethical values, corporate culture and quality; and health, safety and the environment. In addition, the Group allows employees to dedicate one working day to their professional development through distance learning courses.

As part of the 2026 Learning Plan, training projects and initiatives are outlined that aim to enhance:

- Skills for the cultural and managerial transition, with a focus on future skills and the development of team managers;
- Occupational health and safety culture and skills, with a focus on regulatory compliance and ongoing engagement;
- Skills for the digital, energy and environmental transition, with a focus on new trends and findings;
- skills related to the ecosystem, with a focus on new partnerships and the exploration of new areas;
- Skills related to the evolution of the learning experience for individuals, with a focus on integrated, experience-oriented formats.

The Hera Group's knowledge management system is based on the model of professional academies, which are defined as spaces for organising and managing learning aimed at the transfer and innovation of knowledge. These academies are structured according to homogeneous areas of knowledge, based on the characteristics of the relevant professional categories and business processes. The current system of professional academies incorporates the path taken by the Group since its inception, known as the School of Trades, which aims to ensure the transfer and development of the company's technical expertise. Below is an update on the Hera Group's professional academies as of 2025:

- 10 existing professional academies (Water, Procurement and Contracts, Environment, Administration, Finance and Control, Compliance & Auditing, Energy Distribution, Engineering, Information and Communication Technologies, Marketing, Sales and Customer Management, and Human Resources and Organisation);
- Approximately 70 founders and 130 members are involved.

MAIN ACTIONS

BRIEF DESCRIPTION

PERSONAL DEVELOPMENT

The leadership model	A model that outlines the skills required to bring the culture and values to life and to achieve strategic results, and which is promoted and disseminated annually through targeted training.
The development process	A personnel development process aimed at assessing performance and behaviour, setting clear expectations for results and conduct, and evaluating professional development initiatives.
Incentive schemes	The performance bonus for employees, middle managers, office staff and manual workers is based on profitability, productivity and additional company-specific indicators. The incentive scheme for executives and middle managers is linked to the balanced scorecard system.
Smart working	An initiative to rethink new ways of working by focusing on four different aspects – culture, time and performance, workspaces, and technology – through the option of working remotely.
Internal mobility	A corporate approach aimed at leveraging the professional skills of employees in various fields and regions within a multi-business organisation.
Career progression	Internal career paths within the Group aimed at empowering and motivating employees through professional and personal development.

THE
LEADERSHIP
MODEL

Since 2010, the Hera Group has been applying a structured and constantly evolving leadership model to its business and people management processes on a daily basis. The model is based on a number of distinctive elements: widespread participation, ongoing skills development, clarity of purpose, and practical integration into the company's operational processes.

In 2025, efforts focused on the widespread dissemination of the leadership model updated in 2023. All company employees were reached through multimedia and interactive e-learning content, videos and podcasts were produced with input from colleagues and disseminated throughout the year, and 700 senior managers and middle managers took part in in-person training sessions aimed at exploring and internalising the principles of the model.

To support this initiative, an in-person inspirational event was also held, which was attended by around 500 people from all levels of the company, with the aim of further promoting the sharing of the model's content.

Throughout the year, we also continued to roll out the Leadership app, which is designed to help managers observe the leadership behaviours demonstrated by the people on their teams. The app supports individuals by using generative artificial intelligence to record observations, link them to the competencies of the leadership model, and assign ratings, thereby freeing up valuable time that can be devoted to ongoing dialogue between people within the organisation on the day-to-day adoption of leadership behaviours.

THE
DEVELOPMENT
PROCESS

For the Group, people are the true asset that sets it apart and gives it a competitive advantage: the quality and efficiency of internal processes and the achievement of results depend on people. Therefore, the effective management of people – the enhancement of human capital – is of strategic importance to the Group.

The development process forms part of this framework and pursues three main objectives:

- To assess performance and conduct over the reporting year, identifying each individual's strengths and areas for improvement in relation to their role.
- To clearly state what is expected of each individual in terms of performance and conduct;
- To assess the most targeted and effective professional development measures.

In detail, the process is based on the assessment of two areas – performance and managerial skills – and is applied once a year in a consistent manner across the company workforce covered by the process: up to 2024, it covered more than five thousand people, including office staff, managerial staff, middle managers and senior managers. As of the 2025 appraisal campaign, manual workers have also been included, thereby achieving full coverage of the company workforce.

A distinctive feature of the process is the performance dialogue: a two-way exchange between manager and employee, in which the manager's responsibility for clarity and effectiveness is coupled with a commitment on the part of the individual to use the feedback as a tool for continuous learning.

In 2025, the performance and leadership behaviours of 8,685 Group employees for the year 2024 were assessed.

Compared to the number of Group employees as at 31 December 2024 (10,241), the percentage of employees involved in the appraisal process is 85% of the total workforce.

The difference is mainly attributable to employees of foreign companies, employees of companies in the process of aligning with Group processes, and staff who did not meet the minimum service requirements in the appraisal year (e.g., due to long periods of absence).

INCENTIVE
SCHEMES

For the year 2025, the performance bonus for middle managers, office staff and manual workers is set out in the Group's three-year supplementary agreement signed on 19 June 2024 (Patto del Buon Lavoro) and is based on profitability, productivity and additional indicators specific to each company, which may also include sustainability indicators such as occupational safety and energy efficiency. In addition, as required by current legislation, employees may, on a voluntary basis, convert their performance bonus into cash through company welfare services, up to a maximum of 50% of the annual bonus.

Since 2006, the incentive system for executives and middle managers at the Hera Group has been linked to the balanced scorecard system: under this system, the annual variable remuneration of each middle manager and

executive is calculated as a percentage of their gross annual salary and is determined on the basis of the results achieved in relation to the targets set at the start of the year. The individual balanced scorecard is structured in three parts:

- The first part consists of specific project objectives;
- The second part contains the financial targets set out in the annual budget.
- The third part involves an assessment of the behaviours set out in the leadership model.

In 2025, 50% of the variable remuneration of Hera Group executives is linked to the achievement of target projects; 32% is linked to the achievement of economic and financial budget targets; and the remaining 18% is linked to compliance with the behaviours set out in the leadership model.

For middle managers, 70% of their variable remuneration is linked to the achievement of target projects and/or the achievement of budgeted economic targets, while the remaining 30% is linked to alignment with the behaviours set out in the leadership model.

Since 2006, the incentive system linked to the balanced scorecard has stipulated that part of the incentive is also linked to the achievement of sustainability targets. In 2025, 42% of the variable remuneration of the Group's executives and middle managers is linked to sustainability target projects (improvements in quality, environmental impact, image, staff engagement, professional development, and stakeholder dialogue), with target projects focused on creating shared value accounting for 19%.

2025 Balanced Scorecard: composition of variable remuneration in the areas of sustainability and shared value creation (CSV)

SCOPE	% VARIABLE REMUNERATION
Pursuing carbon neutrality	6 %
Regenerating resources and closing the circle	6 %
Enabling resilience and innovating	7 %
Total CSV areas	19 %
Other sustainability areas	23 %
Total CSV and sustainability	42 %

The final payment of the bonus for all executives and middle managers depends on the achievement of the targets set out in their individual balanced scorecards, but is also weighted on the basis of the results achieved in relation to certain Group parameters: the company's economic and financial performance (EBIT, profit for the year and net debt), the customer satisfaction index for residential customers and, since 2021, also the shared-value EBIT, reflecting the increasing importance of the UN 2030 Agenda goals in the Group's strategy.

In 2025, the balanced scorecard system will be applied to all Group companies, covering both executives and middle managers, with the exception of ACR Reggiani and TRS Ecology, which are in the process of being aligned.

Sustainability has also been incorporated into the deferred management retention incentive plan, which is reserved for a small number of executives selected on the basis of the importance of their organisational role, an assessment of their performance in the development process, and market risk. In this context, shared-value EBIT is one of the indicators included in the assigned three-year plan. In addition, a sales incentive scheme is in place, aimed at directing the staff concerned towards the achievement of predefined targets by providing a competitive financial incentive in line with market practice. This scheme applies to middle managers and employees in business areas and companies whose organisational roles are directly linked to sales responsibilities.

According to Hera's model, smart working involves addressing four different aspects: culture, time and performance, and workspaces and technologies. In this sense, since 2016, it has represented a comprehensive approach to rethinking new ways of working.

Since mid-2020, more than 4,000 employees have been permanently involved in the project.

In line with the provisions of the Good Work Pact, as of November 2024, the option to work remotely has shifted from a weekly to a monthly scheduling basis, thereby allowing greater flexibility in the planning of working days. Provisions have also been made to increase the number of monthly remote working days for specific cases and situations (e.g., temporary physical/mobility impairments; parents until their child reaches the age of one, etc.).

As part of the company's smart working model mentioned above, since 2023, particular focus has also been placed on the workspace aspect.

Based on the activity-based working approach, a redesign of the workspaces was planned to better meet the professional needs of the teams involved, ensuring that the spaces were suitable for the various activities. The project will continue over the next few years and will be further implemented by extending it to other organisational areas.

INTERNAL
MOBILITY

The Hera Group's multi-business structure provides an ideal environment for accessing a wide range of professional opportunities; indeed, the diversity of activities offers employees the chance to develop their professional skills in different areas and regions. In 2025, 349 internal transfers took place, helping to meet 42.6% of the total staffing needs, and 266 internal job postings were published (an increase of 9% compared to 2024).

CAREER
ADVANCE -
MENTS

In 2025, there were 1,145 career advancements, of which 317 involved female employees, accounting for 27.8% of all career advancements (an increase of 2% compared to 2024). Excluding manual workers, where the female workforce accounts for approximately 2% of the total, career advancements involving female employees accounted for 43.1% of the total.

MAIN ACTIONS

BRIEF DESCRIPTION

WELFARE

Hextra: the welfare scheme	A corporate welfare plan comprising a series of initiatives and services that are in line with the Group's culture and values and are designed to enhance the individual and family well-being of its employees from both an economic and a social perspective.
HeraSolidale	A project to promote solidarity and support for social projects, involving Hera Group employees and the company itself.

HEXTRA: THE
HERA GROUP'S
WELFARE
SYSTEM

Once again in 2025, the Hera Group's welfare system, Hextra, provided its employees with a range of initiatives and services designed to enhance individual and family well-being from both an economic and a social perspective. This is an integrated, flexible system that can be tailored to individual preferences, and the user experience has consistently been positive. The flexible welfare allowance of 395 euro for employees was confirmed, with the option of converting the 2024 performance bonus into additional benefits. Hextra has reached over 9,000 members, with approximately 8 million euro having been used.

Over the past 10 years of the welfare program, the issue of well-being has been addressed in a comprehensive and flexible manner, adopting a systemic approach and placing increasing emphasis on the sustainability of individual choices and on well-being throughout the entire working life. In line with this approach, health support initiatives have been implemented, which have enhanced access to health prevention programmes, screenings, check-ups and information on healthy lifestyles. Our commitment to health and prevention continued with the 'Autunno della Prevenzione' (Autumn of Prevention) project, which aims to promote well-being and active longevity: in collaboration with LILT (the Italian Cancer Association), two free screening programmes for melanoma and head and neck cancer were organised, with over 2,400 participants.

At the same time, a structured financial education programme was launched, aimed at helping employees understand financial decisions, pension planning and income protection, in line with a welfare strategy focused on active longevity and the well-being of the various generations within the company.

Hextra's distinctive and long-standing initiatives continued, including university scholarships (50 scholarships worth 750 euro each) and in-depth language study programmes abroad (13 university scholarships worth between 3,000 euro and 10,000 euro). A total investment of over 1.5 million euro has been confirmed for children's education, with more than 5,500 applications received, ranging from nurseries and primary schools to secondary schools, summer camps and babysitting services.

As part of the activities overseen by the mobility management team, it was once again possible this year to include in Hextra the reimbursement of expenses incurred by employees or their family members for regional or inter-regional public transport services. In addition, the additional mobility allowance was confirmed, with the aim of further promoting and supporting sustainable mobility for commuting to and from work, for all Group employees who use public passenger transport, with 370 applications received, representing a contribution of over 69,000 euro.

Dedicated promotions on electricity, gas, boilers and photovoltaics, as well as internet connections in partnership with Herabit, were consolidated and further enhanced. At the same time, the communication plan was enhanced to increase the visibility of the entire system of opportunities and agreements related to the welfare plan and to more effectively promote the use of allowances for sports, wellness, entertainment, travel and online shopping.

HERASOLIDALE

In 2025, HeraSolidale continues, with the aim of promoting solidarity and support for social projects through the involvement of Hera Group employees and the company itself.

The fifth edition of the project, which will run until March 2026, was launched in September 2023. In this latest edition, Group employees voted to choose four of the ten organisations selected by the company based on the following criteria: reputation and transparency of activities, contribution to one or more objectives of the UN 2030 Agenda, and areas of activity related to Hera's services (secondary criterion). The four organisations selected by the employees are the Ant Italia Onlus Foundation, Ageop Ricerca, the AIRC Foundation and Médecins Sans Frontières. UNHCR was added to these organisations in order to continue fund-raising in support of the Ukrainian people, given the ongoing conflict.

From September 2023 to December 2025, approximately 344 thousand euro was donated to the five partner organisations of the fifth edition of the project, thanks to contributions from employees, who donated through their payroll and Hextra, the company's welfare scheme, and from the companies Hera Comm, Hera Comm Marche and EstEnergy.

MAIN ACTIONS

BRIEF DESCRIPTION

HEALTH AND SAFETY

The Safety Culture Project	Promotion of the Safety Culture project.
Prevention and protection projects	Implementation of projects and initiatives for the prevention of accidents and the protection of workers.

Over the past few years, various initiatives have been implemented on the subject of occupational health and safety, particularly with regard to developing a safety culture and risk awareness at all levels of the organisation. In 2023, 2024 and 2025, dedicated Safety Culture events were held for safety managers. Furthermore, in the knowledge that investment in training always yields a positive return, projects are underway to enhance safety training, incorporating discussion and gamification activities and, in the near future, the use of virtual reality to make training more engaging and effective, with a direct impact on day-to-day work.

In parallel with these training activities, the Ferrara Training Centre was inaugurated in 2022, and since 2024, work has been underway to further develop training activities focused on specific risks present in the Group's operations, such as road risk, work at height, work in excavations and work in confined spaces, with training activities scheduled to begin in the second half of 2026. These initiatives, together with targeted measures to improve vehicles, plant, machinery and equipment, and the thorough analysis and investigation of accidents and near misses, have enabled us to achieve significant results in terms of preventing accidents and work-related illnesses. The role of the occupational health service is to develop the health protocol to which Hera Group employees are subject, through the health surveillance service. The Group has implemented prevention measures, which aim to reduce the likelihood of an adverse event occurring, and protection measures, which act by reducing the severity of the consequences of an event.

Work continues on the development of the 'Uomo a terra' (Man Down) app and its roll-out across the Group. This project was launched in 2020 with the aim of developing an IT tool (a mobile app that can be installed on employees' work mobile phones) to alert the Forlì remote control centre in the event that a worker operating alone finds themselves in an emergency situation and/or suffers an illness and falls to the ground. The installation of over 300 illuminated panels with variable text messages on network vehicles, as part of the road safety technology project launched in 2023, has been completed, with the aim of improving the safety of operators working on roads where there is vehicular traffic. In 2025, following an initial testing phase, a project was launched to upgrade vehicles in the environmental area, which includes a blind-spot obstacle warning system, thereby improving safety not only for Hera operators but also for all road users, particularly the most vulnerable, such as pedestrians and cyclists. The project for a system to alert warehouse forklift drivers to the presence of people in the vehicle's path is still in the testing phase, while a solution for forklifts used at waste disposal facilities has already been implemented.

As part of the memorandum of understanding between the Regional Fire Service Command (Emilia-Romagna) and the Hera Group (signed in 2023 to improve operational procedures in order to ensure not only greater protection for users but also greater safety for the Group's own operators, and to develop comprehensive technical and management standards), following the training and joint emergency drill held in 2024 (CBRN unit), mutual familiarisation continued in 2025, including through joint training sessions. In 2025, a further joint emergency exercise was conducted with the Trieste Fire Brigade. Further training and emergency drills are also planned for 2026. The Hera Cardioprotected project, which involves the installation of automated external defibrillators (AEDs), continues, with 35 AEDs installed at the Group's main sites currently being managed. All installed AEDs are equipped with a remote monitoring system to ensure they are functioning correctly and to identify any need for preventive maintenance. Further installations are being considered.

Another major IT project undertaken by the Group, developed to help improve the health and safety of workers, is the EHS PPE solution. Introduced in May 2020 for Hera and Herambiente (in 2022 for AcegasApsAmga, and currently being rolled out for Marche Multiservizi, with go-live scheduled for mid-2026), the app featuring the EHS PPE information system aims to computerise and make more transparent the management of personal protective equipment (PPE) and workwear within the company. It is available on PCs, tablets, smartphones or kiosks located at fixed points on company sites.

In addition to the projects developed by the Group, a key role is played by the workers' safety representatives. They participate in the hazard identification and risk assessment process, providing input to continuously improve health and safety conditions in the workplace. Through regular consultations, the Representatives are involved in sharing information on key issues such as health surveillance, accident management and safety improvement plans.

Since 2023, a specific risk assessment for harassment, discrimination and other forms of abuse in the workplace has been introduced, with the aim of providing an additional tool to protect the well-being and dignity of all employees. Effective prevention measures stem from the adoption of company codes, the existence of an organisational model that provides for appropriate tools for detecting, monitoring and managing adverse events, and the implementation of information and training programmes aimed at workers.

In 2025, an assessment of crime-related risks was completed. Crime-related risks are defined as the range of man-made security risks inherent in the workplace in the broadest sense, which do not arise directly from the production

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process or from the company's activities in the strict sense, but from an external source. Although the results of the assessment of crime-related risks did not reveal any particularly serious issues, it was deemed advisable to consolidate the countermeasures already in place and to implement a number of specific improvement measures aimed at limiting the consequences should such an event occur.

Metrics

As at 31 December 2025, the Group's companies employed 10,456 workers, of whom 10,144 had permanent contracts and 312 had fixed-term contracts, including 31 on agency contracts.

Workers in employment at the end of the year

NUMBER	2025	2024
Managers	158	156
Middle managers	632	612
White-collar workers	5,672	5,593
Blue-collar workers	3,682	3,560
Permanent employees	10,144	9,921
Temporary employees	281	273
Total employees	10,425	10,194
Non-guaranteed hours employees (staff leasing contracts)	31	47
Total workforce at the end of the year	10,456	10,241

In 2025, the number of permanent employees increased by 223, 20 of whom joined as a result of new companies entering the Group. The overall increase is the result of 773 new hires and 550 departures, and is primarily attributable to the expansion of the customer base, new plant lines, and new contracts in waste management. The increase of two employees with executive status is the result of six promotions from middle management to executive status and the departure of four executives in 2025. The number of middle managers increased by 20, as a result of 11 new hires, 42 promotions from office worker to middle manager, and 33 departures (including six promotions from middle manager to executive). The number of office workers increased by 79 (including 12 changes due to changes in the scope of consolidation). The number of manual workers increased by 122 compared to 2024 (of which eight were due to changes in the scope of consolidation). In 2025, there were 576 new hires and 584 departures among fixed-term employees, including 277 conversions to permanent contracts. In total, 170 employees are based abroad, working for the company AresGas, which distributes and sells natural gas in Bulgaria, and for three Aliplast Group companies that operate plastic sorting and recycling plants in France, Poland and Spain (Aliplast France Recyclage, Aliplast Polska and Aliplast Iberia).

Workers by place of work at the end of the year

NUMBER	2025	2025 (%)	2024	2024 (%)
Emilia-Romagna	6,520	62.4 %	6,406	62.6 %
Triveneto	2,524	24.1 %	2,475	24.2 %
Marche	680	6.5 %	665	6.5 %
Other Italian regions	562	5.4 %	526	5.1 %
Abroad	170	1.6 %	169	1.6 %
Total	10,456	100.0 %	10,241	100.0 %

Data refers to the total number of permanent and non-permanent employees.

WORKERS

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Employees by contract type and gender

	2025			2024		
	FEMALES	MALES	TOTAL	FEMALES	MALES	TOTAL
Number of employees (in number of people)	2,959	7,497	10,456	2,902	7,339	10,241
Number of permanent employees (in number of people)	2,860	7,284	10,144	2,795	7,126	9,921
Number of temporary employees (in number of people)	85	196	281	88	185	273
Number of non-guaranteed hours employees (staff leasing contracts) (in number of persons)	14	17	31	19	28	47
Number of employees with flexible working hours (in number of people)	-	-	-	-	-	-
Number of full-time employees (in number of people)	2,621	7,430	10,051	2,556.0	7,276	9,832
Number of part-time employees (in number of people)	338	67	405	346	63	409

The average age of employees is 46.4 years (substantially unchanged from 46.3 in 2024). The average length of service is 13.6 years, down from 13.8 years in 2024.

The total average number of workers in the Hera Group is 10,477.2, comprising 10,059.8 permanent employees (96.0%), 361.4 fixed-term employees (3.5%) and 56 non-employee workers (approximately 0.5%) employed under other flexible arrangements (staff leasing contracts). Therefore, the Group's clear intention to limit the use of flexible employment arrangements to urgent situations (seasonality, exceptional and temporary peaks in workload, replacement of temporarily absent workers) is confirmed. However, workers employed under flexible arrangements constitute a priority recruitment pool for permanent positions. In 2025, 550 permanent employees left the company, a decrease of 1% compared to the previous year, including 224 retirements, 236 voluntary departures, 27 dismissals, 12 deaths and 51 departures for other reasons (mutually agreed termination, incapacity for work, failure to pass the probationary period). The staff turnover rate for 2025 was 5.5% for permanent employees. This indicator is calculated by dividing the total number of departures recorded during the year by the total number of employees at the end of the previous year.

2025 was the year in which all the measures (e.g., parental leave, new rules on flexible working, professional qualifications, etc.) and the various initiatives set out in the Good Work Pact, signed with the trade unions in 2024, were implemented.

Among the most significant agreements signed in 2025, in line with the commitments made through the Good Work Pact, the following are worth mentioning:

- Agreement of 28 March 2025 on the harmonisation and improvement of the regulations on physiological rest for on-call staff involved in night-time operations;
- Agreement of 22 September 2025 on the harmonisation of second-level contractual arrangements for employees of companies acquired by the Hera Group;
- A new procurement protocol, promoted by the Company and the trade unions through a number of significant joint media initiatives (press conference in Bologna on 2 October and press conferences in Padua and Trieste on 2 December).

In addition, the Bilateral Equal Opportunities Committee was established and its work commenced, and all the planned committees/trials were launched, specifically:

- Safety and Training Committee;
- Single-Operator Safety Committee;
- Market Area Committee, on the multi-skilling of front- and back-office roles;
- Committee on working from home for coordinators and assistants.

During the year, further significant agreements were also signed:

- Agreement dated 11 March 2025 on the transfer of a business unit following the establishment of the company HERAcquaModena;
- Agreement of 30 May 2025 on the transfer of the billing business unit of AcegasApsAmga to Hera Spa;
- Agreement of 30 June 2025 on the 2025–2027 performance bonus and the 2026–2028 flexible welfare package;
- Agreement on the New Skills Fund (21 March 2025) and Agreement on Funded Training 2025 (14 April 2025);
- Agreement of 14 April 2025 on the achievement of the 2024 targets, with the consequent payment of the performance bonus in 2025;
- Agreement of 19 May 2025 on on-call duty within the Information Services Department (turbobilling invoicing project).

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RELATIONS

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In line with the process of harmonising second-level contractual arrangements, which had already been initiated and confirmed by the Group agreement of 22 September 2025, a number of additional agreements were signed:

- Agreement of 15 April 2025 on the payment of the first instalment of the welfare package at ACR Reggiani, in line with the Group's harmonisation process;
- Agreement of 24 June 2025 on the performance bonus at Recycla, in line with the Group's harmonisation process;
- Agreement of 9 July 2025 on the three-year harmonisation of performance bonuses, welfare benefits and parental leave at Aliplast;
- Agreement of 6 October 2025 on the introduction of the first welfare allowance at TRS Ecology, in line with the Group's harmonisation process;
- Agreement of 9 December 2025 on the performance bonus at F.Ili Franchini.

During 2025, various agreements were signed regarding plant modifications or the installation of new video surveillance systems at several Group sites (Ferrara, Pozzilli, Granarolo dell'Emilia, Rimini, Imola and Bellaria). Various agreements were also signed on the subject of Rentri at several Group companies (Hasi, TRS, Vallortigara, Recycla, ACR Reggiani and the Environmental Services Department of Hera Spa).

In waste management, a number of further significant agreements were also signed:

- Agreement dated 20 March 2025 with Aliplast for the transfer of a business unit of Gurit to Aliplast, including the transfer of personnel;
- Agreement dated 5 May 2025 for the establishment of an on-call service at Uniflotte dell'Emilia-Romagna;
- Agreement dated 18 December 2025 at Herambiente for the acquisition of the staff providing the waste collection service in the Vatican City State.

With regard to Herabit, an agreement was signed on 28 April 2025 to finalise the performance bonus indicators for the year 2024. Furthermore, in line with the agreements reached at Group level, a specific agreement was signed on 11 July 2025 to define the new productivity indicators for the 2025 performance bonus. Also on 11 July 2025, the harmonisation agreement, which became necessary following the merger by absorption between Acantho and AscoTLC, was signed.

There was also very intensive collaboration with employers' associations at the negotiating tables for the renewal of the Group's three main national collective bargaining agreements, all of which were signed during the year, namely:

- Renewal of the National Collective Labour Agreement for the Electricity Sector, 11 February 2025;
- Renewal of the Gas-Water National Collective Labour Agreement on 8 May 2025;
- Renewal of the National Collective Labour Agreement for Environmental Services, 9 December 2025.

Throughout 2025, networking activities between the Industrial Relations department, third-party companies, associations and professional firms were strengthened, enabling the department to remain continuously up to date, including with regard to developments outside the Group. As usual, internal awareness-raising and training activities on topics of common interest to the Human Resources professional community also continued, as did advisory and collaborative activities with other departments on employment law issues.

Permanent employees who are members of a trade union

	2025	2024
Number of employees who are members of a trade union	3,321	3,275
Percentage of employees as at 31/12	32 %	33 %

These figures do not include the company AresGas, which employs 1% of the Group's workforce.

32% of the Group's permanent employees are members of a trade union. This percentage is approximately 1 point lower than in 2024. In terms of employee categories, the unionisation rate for white-collar workers decreased from 29% to 28%, for blue-collar workers from 44% to 42%, and for middle managers from 12% to 11%.

Below is a summary of the strike actions for the year 2025:

- National general strike called by Usb, Flaica and Fp-Cgil Bologna, involving all public and private sectors, for the entire day of Friday, 8 March 2025. This strike was called in protest against femicides and male violence against women, against job insecurity, and in response to other grievances;
- A nationwide general strike called by the Cub, Usb and Sgb confederations for the whole day of 20 June 2025. The strike was called to demand an immediate ceasefire in Ukraine, the unblocking of collective agreements, and other grievances;

- National general strike called by the Usb trade union for the whole day of 22 September 2025, in protest against the war in the Gaza Strip;
- National general strike called by Cobas, Usb, Sgb, Cub and Cgil for the whole day of 3 October 2025, in protest against the war in the Gaza Strip;
- National general strike called by Fp-Cgil, Fit-Cisl, Ultrasporti-Uil and Fiadel, for the whole day of 17 October 2025, to demand the renewal of the national collective agreement for Environmental Services workers;
- National general strike called by Cobas, Usb and Rdb, for the whole day of 28 November 2025, against the war in the Gaza Strip and other social issues;
- National general strike called by the Cgil for the whole day of 12 December 2025, against the government's economic policies.

It should be noted that 100% of the Hera Group's employees are covered by national collective bargaining agreements, with the exception of Poland, where employment relationships are governed by specific national laws; all employees are covered by worker representatives.

In 2025, the ratio within the Hera Group between the total remuneration of the highest-paid employee (paid in 2025) and the median remuneration of employees was 18.8. Total remuneration includes: gross annual salary, notional short-term variable remuneration upon achievement of 100% of targets, notional long-term remuneration upon achievement of 100% of annualised targets, notional variable remuneration linked to sales targets upon achievement of 100% of targets, and the notional performance bonus.

REMUNERATION

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With regard to employees based abroad, the Hera Group ensures that salaries are in line with local regulations and are adequate in relation to the applicable minimum wage. In Bulgaria, AresGas employees receive remuneration that exceeds the minimum wage set out in Article 244 of the Labour Code, which is updated annually by the Council of Ministers. For Aliplast employees in France and Spain, pay is determined by the respective national collective bargaining agreements: in France, under the Récupération (industries et commerces) collective agreement, and in Spain, under the Recuperación de residuos agreement, with qualifications and reference levels in line with the duties performed. In Poland, the company's employees receive remuneration in line with legal requirements, with the minimum wage determined by the Minimum Wage Act of 10 October 2002 and updated periodically by decrees of the Council of Ministers to ensure compliance with current standards.

Below are the data recorded by the Hera Group on the gender pay gap by job category in 2025, calculated as the ratio of the average pay of male employees to that of female employees.

Gender pay gap by job category

%	2025	2024
Managers	15.3 %	15.5 %
Middle managers	3.5 %	3.3 %
White-collar workers	7.2 %	7.9 %
Blue-collar workers	6.6 %	2.2 %
Total	(4.4 %)	(3.4 %)

When comparing the average hourly pay of all men and women, the Group's overall pay gap stands at -4.4% in favour of women, due to the high proportion of men in manual worker roles. Nevertheless, this figure represents an improvement compared to the benchmark for the utilities sector, which stands at -9.8% (source: Gender Gap Report 2025 – Job Pricing Observatory). However, this is a so-called 'raw' figure, i.e., a figure that does not compare men and women on an equal basis in terms of position held, responsibilities, seniority and individual performance level. When these factors are taken into account, it is possible to obtain an indication of the so-called adjusted pay gap, which, in 2025, stood at 3.45% in favour of men at Group level (excluding foreign companies, ACR Reggiani, Fratelli Franchini, Macero Maceratese, Recycla, Vallortigara, TRS Ecology and Ambiente Energia). When the adjusted pay gap is analysed by job category, the gap for executives is 1.8%, for middle managers and office staff it is 4%, and for manual workers it is zero.

In 2025, the proportion of female staff among middle managers and executives stood at 34.2%, an increase compared to 2024. The percentage of women in contractual roles with managerial responsibilities was 35.7% in 2025. 31% of new middle managers and executives are women. With regard to the composition of the Board of Directors, it should be noted that the Company fully complies with the regulations on gender balance, in accordance with the provisions of Italian Law 160/2019 and the European Directive of 17 October 2022: the quota reserved for women is 2/5 of the current Board of Directors.

DIVERSITY

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Female staff by job category

%	2025	2024
Managers	22.2 %	23.1 %
Middle managers	37.2 %	36.5 %
Total senior executives and middle managers	34.2 %	33.8 %
Executive office staff	36.5 %	36.5 %
Total executives, middle managers and managerial office staff	35.7 %	35.6 %
Non-managerial office staff	47.2 %	47.2 %
Total white-collar employees	44.4 %	44.4 %
Blue-collar workers	2.5 %	2.0 %
Total female personnel	28.3 %	28.3 %

Data refer to the number of employees at the end of the reporting period and to the total number of permanent and non-permanent employees. For senior management, all managerial positions are taken into account.

In 2025, Hera retained its gender balance certification, in accordance with the UNI/PDR 125:2022 reference practice, for its 11 largest companies: further confirmation of the results achieved in this area, which are the result of its commitment to creating an inclusive and people-focused corporate culture.

Workforce by age group

%	2025	2024
Under 30	7.8 %	7.7 %
Between 30 and 50 years old	50.1 %	50.5 %
Over 50	42.1 %	41.8 %
Total	100.0 %	100.0 %

Data refer to the number of employees at the end of the reporting period and to the total number of permanent and non-permanent employees.

There are 4,404 employees over the age of 50, accounting for 42.1% of the total workforce, 5,240 employees aged between 30 and 50, and 812 employees under the age of 30.

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For all its companies and in all the areas in which it operates, the Hera Group complies with the obligations set out in Italian Law 68/1999, which establishes a defined quota for the mandatory recruitment of staff belonging to protected categories. The regulations on the right to work of persons with disabilities stipulate that companies which, due to the specific nature of their business, are unable to employ the full percentage of eligible workers (persons with disabilities) may apply for partial exemption from the recruitment obligation, provided that they pay the Regional Fund for the Employment of Persons with Disabilities an amount of 39.21 euro for each worker not employed and for each working day not worked; the maximum percentage of exemption that may be granted is 60%. The Hera Group also makes use of this option, which requires individual Group companies to make payments to the provinces where the proportion of disabled workers is lower than the legal requirement. According to the legislation, which aims to promote the entry into and integration into the labour market of certain categories of people (persons with disabilities, orphans, etc.), the worker's integration process may also involve arrangements agreed between the company, the local employment centre and the worker themselves.

At the end of 2025, 375 people belonging to the categories protected by Law 68/1999 were employed by the Group's companies, of whom 328 (representing 3.19% of the workforce) were employed pursuant to Article 3 of the law (persons with disabilities) and 47 (representing 0.46% of the workforce) were employed pursuant to Article 18.

Persons belonging to the categories specified in Law 68/1999

	2025	2024
Persons belonging to the categories covered by Law 68/1999 (number)	376	383
Persons belonging to the categories covered by Italian Law 68/1999 (% of total)	3.7 %	3.7 %

Below are the figures for the number of maternity, paternity and parental leave periods taken within the Hera Group.

Maternity, paternity and parental leave

NUMBER	2025	2024	S1-15
Women who took maternity leave	109	103	
Men who took paternity leave	203	198	
Men who took parental leave	218	252	
Women who have taken parental leave	300	321	
Total parental leave taken	518	573	

These figures do not include the company Aresgas. 1.2% of the Group's employees work for this company.

Within the Hera Group, all employees are entitled to take parental leave if the objective criteria are met.

In 2025, there was a slight increase in compulsory maternity and paternity leave, as a result of a higher number of births among Group employees, while optional parental leave was slightly down compared to the previous year. The number of employees who took compulsory maternity and paternity leave was 312 (109 women and 203 men). The number of employees who took optional parental leave was 518 (of which 300 were women and 218 were men).

Of the employees who took compulsory paternity or maternity leave in 2025, all have returned to work.

In addition to paternity, maternity and parental leave, it is also necessary to consider the issue of leave for caring for disabled family members. Within the Group, there are 1,114 potential beneficiaries of Law 104 for family members (an increase of 36 compared to the previous year, equivalent to 11% of the total workforce), and 116,271 hours of leave were taken in 2025. In addition, there are 88 employees entitled to benefits under Law 104 due to their own disability (down 17 compared to the previous year).

Through the public programmes and schemes provided for by law, all Hera Group employees are covered by social protection against loss of income due to illness, unemployment, accidents, parental leave and retirement, both in Italy and at companies abroad. When the Group's most recent Supplementary Agreement, applicable to employees working in Italy, was renewed, additional provisions were included regarding parental leave, specifically an additional seven days of leave before the child reaches the age of one; an additional two days of leave before the child reaches the age of three to facilitate their transition to nursery school; and, finally, one day of paid leave to accompany the child on their first day of primary school.

At the end of December 2025, a total of 6,420 employees were enrolled in pension funds, representing 63% of the Group's total workforce. The main collective pension funds are: Pegaso for workers covered by the gas–water and electricity collective agreements, Previambiente for those covered by the Federambiente collective agreement, and Previndai for managers.

Performance of the main pension funds (balanced sub-fund)

%	2025	2024	SOCIAL PROTECTION
Pegaso	3.9 %	3.5 %	
Previambiente	4.5 %	10.7 %	S1-11
Previndai	6.9 %	6.9 %	

In addition to the measures provided for under the Hextra corporate welfare programme, the Hera Group offers various forms of supplementary healthcare for employees, as defined in accordance with the applicable collective bargaining agreement. In particular:

- Employees covered by the Gas and Water National Collective Labour Agreement: with effect from 1 January 2012, supplementary health care is provided by the FASIE fund;
- Employees covered by the Electricity National Collective Labour Agreement: since 9 July 1996, supplementary health care has been provided by funds managed by the company's CRAEMs (Regional Health Care Funds);
- Employees covered by the Environmental Services National Collective Labour Agreement: with effect from 1 October 2014, supplementary health care is provided by the FASDA fund;
- Employees covered by the Chemical Industry National Collective Labour Agreement: pursuant to the National Agreement of 29 July 2003 between Federchimica and the national sectoral trade unions, national sectoral trade unions, supplementary health care is provided by Faschim;
- Employees covered by the National Collective Labour Agreement for managers of public utility companies: Supplementary health care is provided through enrolment in the FASI fund and Poste Assicura. The FASI Fund and the supplementary FASI policy can be extended to cover the family members of executives.

In 2017, when the National Collective Labour Agreements were renewed, insurance policies were also established to cover the event of premature death (Electricity National Collective Labour Agreement) and the event of premature death and permanent disability (Gas and Water National Collective Labour Agreement).

EMPLOYEE
TRAINING AND
DEVELOPMENT

Below are the figures for the total and average hours of training provided by the Hera Group.

Total training hours by area of focus

HOURS	2025	2024
Sales and market	15,454	20,056
Corporate and managerial	33,876	32,164
Quality, safety and the environment	108,289	80,869
Information systems	24,526	26,132
Technical and professional	100,119	112,452
Ethical values and corporate culture	25,601	20,656
Total	307,867	292,329

The 2025 figures do not include the following companies: Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Ambiente Energia, ASA, Green Factory, and TRS Ecology. 1.2% of the Group's employees work at these companies.

In 2025, in line with 2024, training hours were predominantly delivered in the technical/professional and quality, safety and environment areas, accounting for 80% of the total hours provided.

The main training initiatives delivered in 2025, broken down by area of focus, are listed below.

With regard to the Sales and Market pillar:

- Training initiatives on data governance and data strategy skills;
- Training programme for Area Managers, with a focus on sales leadership;
- Resumption of the Sales Evolution training programme for Hera Comm's front office and sales staff, with a focus on boiler sales.

With regard to the corporate and managerial area:

- Training initiatives related to the leadership model;
- A corporate programme for middle managers, with the aim of promoting the transition to the new qualification within the Group and the external recruitment of individuals holding this qualification;
- Training programme for team managers, aimed at developing awareness, sharing the company culture and providing useful tools for enhancing the company and managing people.

With regard to the Quality, Safety and Environment pillar:

- Continuation of regular training activities on occupational health and safety issues;
- Organisation of the 'Ciak! Si gira... in sicurezza' ('Lights, camera, safety!') contest, Si gira...in sicurezza' contest, aimed at raising awareness of and fostering engagement with the safety culture;
- Organisation of the Equilibrium event for employers and safety managers as part of the Safety Leadership Change Plan.

With regard to the technical and professional area:

- Continuation of the training and knowledge management initiatives carried out within the professional academies;
- Training programme on recruitment and employer branding for line managers;
- Organisation of the Business Plan Kick-off meeting, aimed at exploring the key aspects of the new Plan in greater depth, highlighting its strategic priorities, challenges and operational implications for the various budget units;
- Nego PRO training programme on managerial negotiation;
- Launch of the change plan for the SAP Rise project;
- Continuation of the Procurement & Supply Chain course for buyers and completion of the Hera_PRO training programme for business units;
- Continuation of the change management plan within the Networks Central Management unit;
- Delivery of the pilot session of the virtual training project for Inrete;
- In the area of the environment, design and launch of the advanced training course on critical raw materials: regulatory, technical and environmental frameworks. Analysis of industrial sectors and opportunities for recovery and recycling"; and delivery of training for drivers on the correct use of the tachograph•
- As part of the ecoHERA programme, the delivery of training content on understanding the company's business value chains continued, and two virtual factories – application projects to support the energy and environmental transition – were implemented.

Average hours of training per employee by category

HOURS	2025	2024
Managers	47.6	41.4
Middle managers	48.0	43.1
White-collar workers	27.5	28.4
Blue-collar workers	29.6	30.0
Average	29.8	30.1

The 2025 figures do not include the following companies: Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Ambiente Energia, ASA, Green Factory, and TRS Ecology. 1.2% of the Group's employees work at these companies.

Training hours per head by gender

HOURS	2025	2024
Men	30.8	30.2
Women	27.2	29.6
Average	29.8	30.1

The 2025 figures do not include the following companies: Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Ambiente Energia, ASA, Green Factory, and TRS Ecology. 1.2% of the Group's employees work at these companies.

The final total of training hours for 2025, amounting to 29.8 hours per employee, remains in line with recent years and exceeds the Group-wide target of 26.3 hours. Throughout 2025, classroom and digital learning methods were the most common, accounting for 52% and 27% respectively of the total number of training hours delivered.

In 2025, more than 8,600 Group employees were appraised (on their performance and conduct in 2024). Compared to the number of Group employees as at 31 December 2024 (10,241), the percentage of employees appraised was 85% (86% for women and 84% for men). The difference is mainly attributable to employees of foreign companies, employees of companies not yet fully integrated into the process, and staff who, in the year covered by the appraisal, did not meet the minimum service requirements (e.g., due to prolonged absences).

Employees who received a regular performance appraisal (2025)

NUMBER	MEN	WOMEN
Managers	117	35
Middle managers	347	200
Executive office staff	880	514
White-collar workers	1,892	1,683
Blue-collar workers	2,955	62
Total	6,191	2,494
Percentage of employees who participated in regular performance reviews	90.4 %	90.1 %

Data as at 31 January 2025, based on the total number of permanent and non-permanent employees.



Below are the data on the accident rates recorded by the Hera Group in 2025 and 2024.

Accident rates (all accidents)

S1-14

	2025	2024
Lost-time injury frequency rate (LTIFR)	12.3	12.5
Number of accidents in the workplace	213	212
Number of occupational accidents with serious consequences (absence of more than six months)	1	2
Number of fatalities resulting from occupational accidents	-	-
Number of days lost due to injuries and/or fatalities	5,535	5,017
Severity index	0.3	0.3
Number of hours worked	17,254,709	16,924,113

The lost-time injury frequency rate (LTIFR) (including commuting accidents and accidents resulting in less than three days' absence) is calculated as the number of accidents divided by the number of millions of hours worked. The severity rate (including commuting accidents and accidents resulting in less than three days' absence) is calculated as the number of days absent due to an accident divided by the number of thousands of hours worked.

Following a significant decrease in 2021, the trend in the Group's accident frequency and severity rates has stabilised. The total number of incidents recorded (including 0-day medical treatment incidents, which totalling 16 incidents in 2025; without these injuries, the frequency rate would be 11.5) in 2025 remained stable compared to the previous year, as did the frequency rate and the severity rate.

In 2025, the Hera Group's lost-time injury frequency rate stood at 12.3, 30.5% lower than the average for Italian utility companies analysed in Utilitalia's 2025 Sustainability Statement, where it stood at 18.

Accident rates (only accidents resulting in more than three days' absence)

	2025	2024
Lost-time injury frequency rate (LTIFR)	9.8	9.5
of which commuting accidents	2.3	2.8
Number of accidents in the workplace	167	160
of which commuting accidents	39	48
Severity index	0.3	0.3
of which commuting accidents	0.1	0.1
Number of hours worked	16,994,709	16,924,113

The 2025 data do not include Aresgas where an accident occurred that did not result in serious consequences. The lost-time injury frequency rate (LTIFR) rate is calculated as the number of accidents divided by the millions of hours worked. The severity rate is calculated as the number of days absent due to accidents divided by the number of thousands of hours worked.

In 2025, the Group's accident frequency rate for incidents resulting in more than three days' absence was 9.8, a slight increase compared to the figure of 9.5 recorded last year, which had seen a sharp decrease compared to the previous year. This rise is due to a significant increase in the number of accidents resulting in more than 3 days' absence, with the number of hours worked remaining the same. However, 9.8 is a better result than in 2021, 2022 and 2023, and is in line with the trend forecast for the Group as a whole over the coming years, which already exceeds the existing targets of a frequency rate of less than 10 from 2027 onwards.

The accident severity rate remained stable at 0.31, confirming the positive result achieved in 2024. The public health emergency and the subsequent lockdown led to the introduction of significant organisational changes (expansion of flexible working and home-based working for operational staff), which had a positive impact on the incidence of commuting-related road traffic accidents. In 2025, the main Group companies recorded 39 commuting road accidents, down compared to the previous year and indicating a stabilising trend, in contrast to the national trend reported by INAIL (INAIL data: in 2025, commuting accidents were up 3.2% compared to the previous year).

The trend of higher accident rates among manual workers is confirmed, as they are more exposed to injury risk due to the nature of their activities. The total number of recorded accidents (including incidents with zero days of absence) is overall lower than in 2024. The frequency rate for operational staff in 2025 was 23.3, showing an improvement compared to 2024 and returning to levels seen in 2023 (25.0 in 2024 and 23.7 in 2023). Among manual workers in environmental services, the frequency rate remains higher than that observed in network services (26.0 for environmental services compared to 19.3 for network services), reflecting a higher level of operational activity in the former.

In 2026, we plan to continue to focus on the education and training of our operational staff, including through the opening of a section of the Ferrara Training Centre dedicated to higher-severity risks (work at height, work in confined spaces, roadworks), scheduled for the second half of 2026. The objective remains to continue steadily reducing the

frequency rate, with a particular focus on the operational workforce, who, due to the nature of their work, are more exposed to risks.

With regard to near misses, a total of 1,368 near misses were reported in 2025 (compared to 1,208 near misses reported in 2024), more than six times the number of recorded accident events. The main types of near misses analysed by the health and safety department related to incidents caused by behavioural factors (such as distraction), defects in vehicles or equipment, and the working environment. Accidents and near misses were analysed by the company departments in collaboration with the Health and Safety Service. The most complex cases are analysed using the in-depth systematic cause analysis technique. In addition, Hera promotes the proactive reporting of hazard factors, seeking to develop a culture of reporting, which is an integral part of a mature system that, by its very nature, precludes the penalisation of anyone who may have made a mistake and of anyone who reports mistakes made by others. Where necessary, analyses of incidents result in corrective actions to improve safety and prevent their recurrence.

With regard to the accident that occurred in Bologna on 24 July 2020, involving two Hera Spa employees (one of whom died) on board a bulky waste collection vehicle that collided with an underpass, it should be noted that the Bologna Public Prosecutor's Office has served four company employees with a notice of indictment. In November 2022, the four suspects were notified that the preliminary investigations had been concluded. The Court of Bologna has ordered the indictment of the defendants. The proceedings are currently at the trial stage. There are no updates.

In relation to the accident that occurred in Padua on 14 October 2020 involving two employees of AcegasApsAmga (one of whom died) while working on a water pipeline, the Padua Public Prosecutor's Office served a notice of indictment on three senior executives and three employees of the company (as well as external parties). After carrying out the non-repeatable technical assessments, the Court of Padua issued an order to dismiss the case against all the suspects, with the exception of two employees (and one external party), in respect of whom the Public Prosecutor's Office decided to proceed through the ordinary channels. In September 2024, the two suspects were notified that the preliminary investigations had been concluded, and the preliminary hearing before the Preliminary Hearing Judge is currently underway.

With regard to the accident that occurred in Spilamberto (MO) on 20 January 2022, involving a Biorg employee who fell into a disused tank at the Spilamberto plant, the Court of Modena committed the company's employer for trial. Following the final hearing on 13 November 2025, the Court of Modena issued a judgement of acquittal on the grounds that the offence did not exist.

In relation to the accident that occurred in Granarolo dell'Emilia (Province of Bologna) on 14 March 2023, in which a Herambiente employee was hit by a forklift truck (operated by a contractor) that was manoeuvring in the yard of a Herambiente sorting and recovery plant, the Bologna Public Prosecutor's Office served notices of the conclusion of preliminary investigations on four Herambiente employees (as well as one external party). Therefore, as at the date of preparation of these financial statements, the proceedings are awaiting the holding of the pre-trial hearing.

In 2025, 32 reports of occupational illness were submitted at Group level, compared to 26 in 2024, confirming the increase that has also been observed at national level, as indicated by INAIL (INAIL data: +11.3% reports of occupational illnesses in 2025). Historically, the highest number of reports of occupational illnesses within the Hera Group have been for musculoskeletal disorders, a trend that was also confirmed in 2025, when there were 28 reports of this type. Since occupational disease trends have been tracked, the rates of successful claims have been low: in 2025, only two claims (6.3% of the total) relating to musculoskeletal disorders were successful. As Group companies handled asbestos-containing materials (e.g., asbestos-cement pipes) until the late 1980s, there have been a number of claims for asbestos-related occupational diseases over the years. Due to the long latency period for these diseases (over 30 years), almost all of the workers concerned were already retired when the Hera Group was established in 2002. In 2025, no claims for asbestos-related occupational diseases were submitted.

Within the Hera Group, the occupational health service is provided in accordance with the requirements of Section V (Health Surveillance) of Italian Legislative Decree 81/2008. In particular, several company doctors operating in the various regions have been identified and appointed, led by a company doctor with a coordinating role. Based on the information contained in the health and safety risk assessment document, the company doctors developed the health protocol. For each organisational role, this document sets out the health checks required to monitor the health status of workers and to determine their fitness for the specific role assigned to them. Throughout 2025, all employees for whom a medical examination had been scheduled underwent health surveillance on a regular basis, as required by the Group's health protocol.

It should be noted that in 2025, there were no incidents of work-related discrimination; furthermore, no serious human rights incidents were reported by the Ethics and Sustainability Committee, the Supervisory Board, trade unions or in the legal sphere.

S1-17

Workers in the value chain

Description of the material impacts, risks and opportunities

The double materiality assessment identified workers in the value chain as one of the most material topics, which was further broken down into sub-topics relating to working conditions, equal treatment and equal opportunities for all, and other labour-related rights. The following areas of shared value creation, as presented in the 'General disclosures' chapter, are associated with the topic of workers in the value chain: economic development and social inclusion;

ESRS 2 IRO-1
ESRS 2 SBM-3

employment development and new skills. For each shared value creation area, the actions and targets relating to workers in the value chain are reported.

Impacts, risks and opportunities related to workers in the value chain

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Working conditions	Unsatisfactory working conditions for workers employed by suppliers, subcontractors and sub-subcontractors Potential short-term negative impact related to suppliers' activities Occupational injuries and accidents along the value chain, with adverse consequences for the health and well-being of workers Potential short-term adverse impact related to suppliers' activities
Other work-related rights	Compromise of the confidentiality and integrity of suppliers' personal data Potential short-term negative impact related to suppliers' activities

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

The first of the potential negative impacts identified concerns the possibility of unsatisfactory working conditions for workers employed by suppliers, subcontractors and sub-subcontractors, as a result of practices that may not be aligned with the Hera Group's values on working conditions, remuneration, diversity and inclusion, fairness and equal opportunities, freedom of association, and work-life balance. With regard to this impact, which has been mapped as having a low likelihood in light of the numerous control systems in place under the supplier qualification and assessment system (for which reference should be made to the 'Business Conduct' chapter), it should be noted that, as specified in paragraph 45 of ESRS 1, as this impact is relevant to human rights, severity was given priority over likelihood in its assessment. In addition, a potential negative impact related to occupational injuries and accidents along the value chain was identified and assessed as significant before the implementation of mitigation measures. Finally, a potential negative impact related to the compromise of the confidentiality and integrity of suppliers' personal data was identified, which was also assessed as material before the implementation of mitigation measures. With regard to this impact, for information on privacy management, please refer to the chapter 'Consumers and end-users'.

Workers along the value chain make a crucial contribution to the quality of the services provided, to operational efficiency, and to the achievement of the Group's results. For this reason, engagement and dialogue with these workers are of strategic importance. The main ways in which Hera promotes active participation and communication with workers in the value chain are described below.

Workers along the value chain have two channels for engaging in dialogue with the Hera Group:

- the Ethics and Sustainability Committee, to which reports of potential breaches of the Code of Ethics can be submitted;
- the whistleblowing channel, addressed to the Supervisory Board, for suspected breaches of the Model for the Prevention of Corruption and Fraud, the 231 Model, or any other alleged crime or offence of any other nature, including those relating to gender balance (e.g. harassment).

For more details on these two channels, please refer to the General disclosures and Governance disclosures sections.

The following measures are also in place:

- Interviews with workers as part of supplier control audits carried out at the client's construction sites and/or places of performance and as part of corporate social responsibility audits carried out at the suppliers' premises;
- Ongoing monitoring of outsourced activities (services and works) carried out by the contractual contact person, using check-lists that require detailed information on the working conditions of suppliers' workers.

At the time of qualification, each supplier is required to accept the Code of Conduct – Supplier Sustainability Agreement. Furthermore, this requirement is reinforced by a specific declaration that is systematically requested from each company at the contracting stage (Annex 10: Declaration regarding the workers to be employed under the contract and the training they have received) to ensure that the workers employed in the performance of the contract have received appropriate training on various internal documents, including the aforementioned Code.

Policies and objectives

In order to manage material impacts, risks and opportunities related to workers in the value chain, the Hera Group has established the following reference documents: its purpose (Article 3 of the Articles of Association), the Code of Ethics, the Shared Value Creation Model, the Quality and Sustainability Policy, and the Code of Conduct – Sustainability Pact with Hera Group suppliers and the Procurement Protocol signed with national trade unions.

The Hera Group's Code of Ethics highlights the commitment to responsible management of procurement and working conditions in the supply chain. In accordance with the terms and conditions of its contracts, Hera monitors the working conditions of its suppliers in order to safeguard the health and safety of their workers. Hera actively collaborates with

suppliers to ensure that occupational health and safety measures are implemented, in line with national and international regulations and the principles of social fairness. Hera is committed to developing cooperative relationships with its suppliers through the mutual exchange of expertise and information, supporting them in the process of creating shared value, including through specific initiatives aimed at raising awareness, promoting continuous improvement, and supporting their development. In 2025, Hera developed the Code of Conduct – Sustainability Pact with Suppliers through a process of dialogue and co-design involving a representative group of its most established suppliers, with the aim of helping to build an efficient and sustainable supply chain that contributes to the creation of shared value and the protection of the environment and people. Suppliers' signature of this document is a prerequisite for inclusion on the Hera Group's supplier list and forms an integral part of the contractual relationship. All suppliers are required to comply with the Code and to apply it throughout their own value chain as well.

The shared value approach encompasses the impact area of economic development and social inclusion, which specifically includes initiatives aimed at promoting the employment of disadvantaged individuals through social cooperatives. In addition, the impact area of employment development and new skills includes social clauses to guarantee employment in procurement contracts. Hera's suppliers are among the agents of change who contribute to the creation of shared value.

These commitments are also set out in the Group's Quality and Sustainability Policy, which was adopted by the Board of Directors in March 2022 and whose implementation is the responsibility of senior management. Within this Policy, the Group promotes the procurement of efficient and sustainable services and products, and assesses its suppliers, including in terms of their commitment to complying with the principles set out in the Policy. At the operational level, these commitments are translated into procedures and instructions that are defined and implemented as part of the management systems adopted by the various Hera Group companies in accordance with ISO 9001:2015, ISO 14001:2015 and the EMAS Regulation, ISO 45001:2018, ISO 37001:2016 and SA 8000:2014, and are also extended to the value chain. Indeed, both in the special tender specifications used by the Group to select its suppliers for outsourced activities and in the documentation accompanying the contracts themselves (Code of Conduct – Sustainability Pact with Suppliers), specific requirements are set out relating to the working conditions of workers in the supply chain, including requirements on: child and juvenile labour, forced labour, fair remuneration, working conditions and hours, overtime, equality and non-discrimination, respect for diversity and communities, inclusion, protection from violence and harassment, freedom of association and freedom of speech, and health and safety protection.

The Quality and Sustainability Policy is communicated to employees through dedicated company notices and posted on internal notice boards, and is made available to various stakeholders through publication on the Hera Group website; on the other hand, the company documentation established and implemented within the management systems is available via internal company channels, and its implementation is periodically verified through dedicated audits.

Hera operates a rigorous verification system which, through regular audits and workplace inspections, assesses whether the working conditions of suppliers' employees comply with quality, safety and corporate social responsibility requirements, and takes corrective action in the event of non-compliance.

On 22 September 2025, the new Procurement Protocol was signed with the national trade unions, replacing the previous 2016 protocol, which had established itself as a benchmark in the sector by introducing pioneering tools for protection and transparency in supplier management. The agreement represents a further step in reinforcing the company's commitment to increasingly short, transparent and responsible supply chains – an ethical pact to build a sustainable and fair value chain together with suppliers. Social clauses have been strengthened, stringent rules on collective agreements to be applied to combat wage dumping have been introduced, new monitoring tools have been identified, including digital check-lists, and a ban on sub-subcontracting has been introduced. Finally, greater involvement of trade unions has been established, ranging from prior information to consultations before and after the award of contracts.

The Board of Directors is responsible for implementing this policy, ensuring that the rights of workers in the value chain are in line with regulations and third-party initiatives.



HERA'S
COMMITMENT
(TARGETS
AND RESULTS)

S2-5

The sustainability targets relating to workers in the value chain are set annually on the basis of Group-wide consolidated planning and control processes aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main targets relating to workers in the value chain and the supply chain (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These objectives are aimed at managing workers in the value chain and the supply chain and addressing the associated material impacts, risks and opportunities. They are presented below, broken down into the areas of shared value creation set out in the Policy on Workers in the Value Chain (economic development and social inclusion, and the development of employment and new skills) and into other areas (contract management and supplier qualification, selection and evaluation, and support for the development and sustainable growth of suppliers).

WHAT WE SAID WE WOULD DO

WHAT WE HAVE DONE

WHAT WE WILL DO

MANAGEMENT OF CONTRACTS

Analysis of all accident events reported by the Hera Group's service and works suppliers and compile the corresponding accident rates.

Completed an accident monitoring survey for 775 suppliers (compared to 544 in 2024), representing 77% (compared to 66% in 2024) of the value of service and works contracts. Analysed all accident events reported by service and works suppliers in 2025: 232 accidents reported (compared to 179 in 2024) and a frequency rate of 15.2 (compared to 16.6 in 2024).

Analyse all accident events reported by the Hera Group's service and works suppliers and compile the corresponding accident rates.

ECONOMIC DEVELOPMENT AND SOCIAL INCLUSION

Supplier selection: In environmental services, continue to promote the employment of disadvantaged individuals in 2025 as well.

One thousand disadvantaged individuals placed in employment through partnerships between the Group and social cooperatives in 2025.

Supplier selection: In environmental services, continue to promote the employment of disadvantaged individuals in 2026 as well.

JOB CREATION AND DEVELOPMENT OF NEW SKILLS

To continue, also in 2025, to include the social clause guaranteeing employment in contracts for emergency network interventions and customer management-related services (excluding cases of in-house provision).

In 2025, the employment guarantee clause was included in 15 of the most significant tenders.

In line with the new Procurement Protocol, continue in 2026 to include the social clause guaranteeing employment in contracts for emergency network interventions and customer management-related services (excluding cases of insourcing).

SUPPORT FOR THE DEVELOPMENT AND SUSTAINABLE GROWTH OF SUPPLIERS

Monitoring suppliers' corporate social responsibility towards their employees: in 2025, continue to systematically carry out audits inspections at suppliers (offices and construction sites) held to be the most critical.

Monitoring suppliers' corporate social responsibility towards their workers: 53 audits/ inspection visits were carried out at suppliers' premises (offices and construction sites) in 2025.

Monitoring suppliers' corporate social responsibility towards their employees: in 2026, continue to systematically carry out audits inspections at suppliers (offices and construction sites) held to be the most critical.

Continue, also in 2025, to assign a significant score to environmental and social sustainability aspects when awarding contracts based on the most economically advantageous tender.

32/100: average score allocated to sustainability in contracts awarded on the basis of the most technically and economically advantageous tender in 2025.

In 2026, continue to assign a significant score to environmental and social sustainability aspects when awarding contracts based on the most technically and economically advantageous proposal.

SUPPORT FOR THE DEVELOPMENT AND SUSTAINABLE GROWTH OF SUPPLIERS

Promote the improvement of suppliers' Esg maturity by 2028, as well as their technical-implementation and qualitative capabilities, through the promotion of the Hera_Pro_Empower capacity-building programme and the Supplier Sustainability School

Further promoted the Hera_Pro_Empower capacity-building programmes (27 active agreements for growth support services and 76 participating suppliers) and the Supplier Sustainability School (20 training seminars on safety and CSRD issues, with over 500 suppliers involved) to support the improvement of suppliers' 'Esg maturity', as well as their technical, implementation and quality capabilities.

Continue to support the improvement of suppliers' Esg maturity by 2028, as well as their technical-implementation and qualitative capabilities, through the promotion of the Hera_Pro_Empower capacity-building programmes and the Supplier Sustainability School

To develop a code of conduct for suppliers in 2025, with their direct involvement, using an approach designed to foster awareness and growth on sustainability issues.

The Code of Conduct – Sustainability Pact with Suppliers has been approved and published. Co-designed with a representative group of suppliers. In addition to mandatory requirements ("must-haves"), it encourages the adoption of best practices that strengthen supply chain alignment with the Group's value creation objectives, safeguarding the environment and people. Adherence to the Code by suppliers is a necessary condition for collaborating with the Hera Group.

Update the Esg qualification questionnaire and the associated rating to further encourage and promote the adoption of best practices ('nice to have') set out in the Code of Conduct – Sustainability Pact with Suppliers.

Actions and resources

Listed below are the main initiatives that Hera has implemented, is currently implementing or plans to implement in order to achieve the Group's objectives, as well as the management of the Integrated Regulatory Objectives (IROs) in the following areas: contract management, economic development and social inclusion, employment development, and new skills.

For actions related to 'Qualification, selection and evaluation of suppliers', please refer to the 'Business conduct' chapter.

S2-3

MAIN ACTIONS

BRIEF DESCRIPTION

MANAGEMENT OF CONTRACTS

Monitoring and analysis of suppliers' occupational accidents.

Monitoring and analysis of accidents and near misses involving workers of service and works suppliers, as reported to Hera by the suppliers.

In line with the Hera Group's principles and objectives, and in order to obtain a comprehensive picture of the accident-related impact of its activities, both direct and indirect, the Hera Group monitors the accident rates of its works and services suppliers. The relevant specifications and contracts require the supplier to report the following to Hera:

- Accidents, near misses and environmental incidents, which must be reported, no later than the first working day following the event, by entering the information on the Hera Group's e-procurement platform;
- Upon contract expiry, or by mid-February for multi-year contracts, the supplier must prepare an Annual Accident Summary, again by entering the information on the Hera Group's e-procurement platform.

This data collection and analysis phase was initially computerised using the SAP S/4HANA platform and, since November 2023, the new Hera Pro platform, with changes to the operating procedures and the need for training for contract representatives and suppliers, who will also be significantly involved throughout 2025. Engaging suppliers in the Hera Group's Esg policies is a crucial factor in ensuring healthy and safe working environments for all workers. This is achieved by working together to integrate prevention and protection processes, and by engaging suppliers as active participants in the achievement of health and safety objectives.

Engagement begins with sharing the Group's health and safety policies and ensuring awareness of the company's risk management procedures that may potentially involve works and service providers (e.g., work in confined spaces, work permits). To facilitate knowledge sharing with suppliers of works and services, the Quality and Sustainability Policy documents and the Code of Conduct – Sustainability Pact with the Group's suppliers are sent to them when the contract is signed. Prior to the activation of a works and services contract, the active involvement of suppliers is essential for the prior assessment of interference risks and the identification of appropriate measures to mitigate these risks; the procedure governing these arrangements was updated in 2025. Joint meetings have been held, and continue to be held, with suppliers (particularly those considered strategic) to foster cooperation and to develop a shared safety culture, with the aim of transforming the client-supplier relationship into a partnership in day-to-day operations.

MONITORING
OF SUPPLIERS'
OCCUPATIO-
NAL
ACCIDENTS

S2-3
S2-4

Number of accidents and accident rates for service and works providers

	2025	2024
Number of accidents in the workplace	232	179
Lost-time injury frequency rate (LTIFR)	15.2	16.6
Number of workplace accidents resulting in serious consequences (absence of more than 6 months, excluding fatalities)	1	-
Number of deaths resulting from accidents at work	-	-
Number of hours worked	15,245,271	10,815,547

The lost-time injury frequency rate (LTIFR) is calculated as the number of accidents divided by 1 million hours worked. The fatality rate is equal to the number of fatalities divided by the millions of hours worked. The data do not include the following companies: A.C.R., Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

In 2025, 775 suppliers (compared to 544 in 2024) submitted summary data on accidents, covering a total contract value of 890.1 million euro (compared to 631 suppliers in 2024), which represents 77% of the value of services and works contracts (professional services and consultancy services are excluded as they are considered insignificant from an occupational safety perspective). The reported accidents were analysed and validated by the contractual contact persons, and the corresponding summaries were analysed by these same contact persons, supported by the relevant company departments. After a decline over the past two years, the percentage of summaries received in relation to the value of the Group's total contracts has risen significantly to 77% (compared to 66% in 2024), despite the increase in the base amount covered by the summaries. This result was achieved thanks to the combined efforts of the departments involved, through a number of improvements to the reporting platform, and to the extensive training and awareness-raising activities carried out in 2025 for contract contact persons and suppliers through

capacity-building initiatives (Supplier Sustainability School and Hera Pro Empower) driven by the Supplier Sustainability Pact launched in 2025.

A total of 232 accidents were reported; analysis of the data revealed an average frequency rate of 15.2 (compared to 16.6 in 2024) and a severity rate of 0.38 (0.34 in 2024). Therefore, the frequency rate has improved and the severity rate has slightly worsened compared to last year, but both rates are significantly lower than the figures recorded in 2023 (22.3 and 0.55, respectively).

An analysis of the data for the most significant product categories in terms of accidents reveals the following rates:

- For the works category, the frequency rate is 14.8 and the severity rate is 0.53 (in 2024, these figures were 10.8 and 0.22, respectively, and in 2023, 17.7 and 0.75, respectively);
- For the environmental services category, the frequency rate is 17.0 and the severity rate is 0.33, both of which have been steadily decreasing over the years (in 2024, they were 26.0 and 0.43 respectively, and in 2023, 35.2 and 0.6).

MAIN ACTIONS	BRIEF DESCRIPTION
ECONOMIC DEVELOPMENT AND SOCIAL INCLUSION	
Employment of disadvantaged persons through social cooperatives	Introduction of a clause to safeguard outsourcing to social cooperatives, thereby promoting social inclusion projects.

EMPLOYMENT
PLACEMENT
THROUGH
SOCIAL
COOPERATI-
VES

In 2025, the environmental services companies managed by the Hera Group allocated approximately 94 million euro to social cooperatives for work and services, a slight decrease compared to 2024. In Padua and Trieste, disadvantaged individuals are also employed in the maintenance of public green spaces and in cemetery services.

Procurement from social cooperatives

	2025	2024
Social cooperatives or consortia (no.)	56	56
Value of supplies (thousands of euro)	94,509	95,694
Disadvantaged individuals placed in employment (no.)	1,000	999

Workers employed for periods of less than one year were also counted among the disadvantaged individuals placed in employment. The data includes placements related to partnerships between Hera and social cooperatives, i.e., temporary joint ventures for the management of waste management services for which Hera Spa is the principal contractor.

Workers employed for periods of less than one year were also counted among the disadvantaged individuals placed in employment. The data includes placements related to partnerships between Hera and social cooperatives, i.e., temporary joint ventures for the management of waste management services for which Hera Spa is the principal contractor. The contracts and partnerships involved 56 cooperatives and consortia of social cooperatives, resulting in the employment of 1,000 disadvantaged individuals (pursuant to Article 4 of Italian Law 381/91). At the regional level, 814 people were placed in Emilia-Romagna, with the remainder placed in Triveneto and Marche.

The National Collective Agreement for Environmental Services includes a clause to safeguard outsourcing to social cooperatives. This clause also stipulates that 5% of outsourced activities, such as street sweeping, waste collection and transport, are exempt from the obligation to apply the national agreement, thereby promoting social inclusion projects. This quota may be increased to 15% at the company level. Hera applies the 15% quota based on a 2012 trade union agreement.

MAIN ACTIONS	BRIEF DESCRIPTION
EMPLOYMENT DEVELOPMENT AND NEW SKILLS	
Social responsibility initiatives in procurement	Application of the procurement protocol signed with the trade unions, with particular reference to award criteria aimed at promoting the employment inclusion of disadvantaged workers, a clause limiting the percentage discount, and a clause requiring authorisation for the use of agency workers.

SOCIAL
RESPONSIBILI-
TY MEASURES
IN PROCURE-
MENT

The Hera Group's impact on employment also stems from its concrete social responsibility initiatives in procurement, which the Group continued to implement in 2025, in line with the principles of the Group's Code of Ethics and with a focus on working conditions in the supply chain.

The Procurement Protocol, signed with the trade unions in 2025, together with the 2024 Fair Work Pact and the 2025 Code of Conduct – Sustainability Pact with Hera Group suppliers, forms part of an initiative aimed at building a sustainable, transparent and responsible supply chain. Greater protection for workers is envisaged through the mandatory application of sectoral national collective bargaining agreements to combat wage and contractual dumping, and through the guarantee of employment continuity via the inclusion of social clauses, thereby consolidating and strengthening the practices already in place within the Hera Group. This approach is characterised

by enhanced controls, using digital tools and transparent procedures for managing subcontracts and monitoring contractors, with a particular focus on occupational safety. Trade unions are expected to play an active role, ensuring ongoing and collaborative monitoring of the impact on employment.

In 2025, the employment guarantee clause was included in the 15 most significant tenders.

When selecting suppliers, preferential criteria are taken into account that are aimed at promoting the employment inclusion of people with disabilities, gender balance, and the employment of young people and women.

The discount limitation clause is generally no longer included in the Group's tender templates, as it was deemed no longer necessary in view of the systematic and binding application of the sectoral National Collective Labour Agreements and the mechanisms for verifying the adequacy of bids, both of which are aimed at combating wage dumping.

In 2025, in the Group's standard specifications for the categories of works and services used in tender procedures, both the clause requiring authorisation for the use of agency workers and the clause prohibiting the use of ancillary work services (formerly known as 'vouchers') in the performance of works or service contracts were retained.

It should be noted that in 2025, there were no serious human rights incidents involving workers in the Group's value chain reported by the Ethics and Sustainability Committee, the Supervisory Board or the legal department. Furthermore, there were no very serious non-conformities as defined by the Hera Group's supplier management system.

S2-4

Affected communities

Description of the material impacts, risks and opportunities

The double materiality assessment identified affected communities as one of the most material topics, with a sub-topic on the economic, social and cultural rights of communities. The following areas of shared value creation, presented in the 'General disclosures' section, are associated with the topic of affected communities: the transition to a circular economy, and the development of employment and new skills. For these shared value creation areas, the actions and targets relating to affected communities are reported.

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks and opportunities related to affected communities

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Communities' economic, social and cultural rights	Community concerns regarding Group facilities (NIMBY syndrome) Potential short-term negative impact related to the Group's own activities
	Promotion of cultural change for the environmental transition Current medium-term positive impact related to the Group's own activities and those of its customers
	Economic support for local communities Current positive medium-term impact related to the Group's own activities
	Environmental and social benefits for communities resulting from the provision of the Group's services Current short-term positive impact related to customers' activities

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

In view of the Group's activities and its presence in the local area through the services it provides and the plants it operates, a negative impact associated with NIMBY syndrome has been identified. NIMBY syndrome refers to the concern of local communities about the presence or planned construction of Group plants that could have a potentially negative impact on the health, well-being and quality of life of local communities. The stakeholders most affected by this impact are those who live and work in the areas surrounding the plants managed by the Group, with particular reference to waste treatment and energy production plants. For further details on how potential negative environmental impacts of concern to local communities are managed, please refer to Chapter E2 – 'Pollution', which provides information on the environmental parameters monitored. On the other hand, Hera's widespread presence in the areas it serves enables the Group to play a very important role in promoting cultural change, providing economic support to communities, and generating significant environmental and social benefits for local communities. In particular, the Group has a positive impact on local communities through:

- Providing donations and sponsorships;
- Sustainable waste management to support the transition to a circular economy and to reduce public health risks by promoting a cleaner, safer and healthier environment for residents;
- Promoting a cultural shift to support the environmental transition, which involves raising awareness and encouraging responsible behaviour among citizens, customers and businesses.

HeraLAB is the stakeholder involvement project aimed at strengthening the Group's relationship with local areas and fostering dialogue with local communities. Overseen by the Central Department for Relations with Local Authorities,

TOOLS FOR
ENGAGING
STAKEHOLDER
COMMUNITIESESRS 2 SBM-2
S3-2
S3-3

the project has been active since 2013 and, over the years, has been implemented in seven geographical areas of Emilia-Romagna, evolving to respond to constantly changing objectives and contexts. In 2025, HeraLAB confirmed its focus on carbon neutrality, an issue shared with the departments most closely involved in the LABs' activities.

In June 2025, the work of the Ravenna LAB, which had begun at the end of 2024, was concluded with a visit to the FIB3R plant in Imola. From the three working groups focusing on energy communities, energy efficiency and agrivoltaics, three projects emerged that were supported by the 16 stakeholders involved:

- **4-Season Agrivoltaics:** This project proposes a sustainable model that integrates agricultural production and renewable energy, through trials involving different types of crops. The project aims to generate environmental, economic and social benefits by enhancing the role of the farmer, promoting proximity between production and consumption, and creating replicable public-private networks.
- **Education on the rational use of energy:** This project aims to promote a widespread culture of responsible energy use, involving citizens, institutions and businesses. The initiative aims to reduce consumption, enhance security and support the most vulnerable groups, through a cross-sectoral and replicable model.
- **Shared Energy:** This project addresses the challenges of launching Renewable Energy Communities (RECs) by engaging third-party producers capable of providing plants, resources and expertise. The model supports the establishment of RECs, enhances the Esg performance of the participating companies, and promotes the reinvestment of incentives in local communities.

By June 2026, a working group will be established to launch the activities of the Education for the Rational Use of Energy project, in collaboration with Acer Ravenna, the main sponsor of the initiative.

In the second half of 2025, work on HeraLAB Forlì-Cesena began and was completed in December. The workshop focused on three main areas – district heating, energy efficiency and renewable energy – and concluded with a visit to the Forlì network remote control centre.

During the first two meetings, the 14 HeraLAB members worked on two project areas.

- **Towards a thermal community:** This project arose from discussions between companies, public bodies and energy operators, with the aim of piloting an innovative model of local heat exchange, in which heat users can also become producers, feeding energy back into the grid. The initiative aims to make the most of industrial waste heat, transforming it into a shared resource that can reduce waste and improve the efficiency of local energy systems. The project is designed as a preparatory trial, anticipating future regulatory developments and helping to promote a shared energy culture, with potential environmental, economic and social benefits for the local area.
- **Shared energy:** This project, on the other hand, is based on the principle of interconnection between society and the production system, promoting collaboration between large companies, SMEs and public bodies in order to create operational synergies and new opportunities for energy efficiency. The initiative envisages the creation of a sharing platform to collate the needs, ideas and potential of the various stakeholders involved, which will then be translated into concrete, replicable initiatives. A strategic component of the initiative is the mapping of energy networks and consumption, which supports integrated planning and more efficient use of available resources.

By 2026, a dedicated working group is expected to be established to assess the feasibility of the Towards the Thermal Community project, with the involvement of companies, trade associations and energy sector institutions.

Between 2013 and 2025, HeraLAB held 133 meetings, engaging 175 local stakeholders and devoting a total of 3,300 hours to listening. Participation in the LABs is free of charge; the attendance fee paid to participants is allocated to local sustainability projects. As at the end of 2025, 142,700 euro had been donated to 28 public and non-profit organisations.

For the fourth edition of HeraLAB, which is being planned for 2026, Hera intends to revamp the project model by building on the experience gained over more than ten years. HeraLAB will evolve into a new concept that, moving beyond the local area dimension, will involve regions with similar interests, needs and business approaches. The aim is to respond in a more targeted manner to the needs of local areas and business units, sharing the model at all project stages and strengthening the role of the LAB as a space for discussion, networking and relationship building.

In 2025, the Area Management functions, which had previously formed part of the Central Strategy, Regulation and Local Authorities Department, established a new unit dedicated entirely to fostering closer ties between the Group and the regions it serves, called the Central Local Authority Relations Department, which reports directly to senior management.

In line with past practice, the new department continuously manages relations with municipalities in the Emilia-Romagna region. The Area Managers continue to act as the interface between local authorities and all the Group's activities: they oversee institutional relations, with a particular focus on public administrators, facilitate operational relations between the relevant technical units, and support HeraLAB's activities.

The organisational structure aims to simplify the relationship between municipalities and Hera's complex organisation, through a privileged dialogue and an overall view of the areas of focus and the sensitivities of the local communities with regard to the Group's businesses. Therefore, relations with local authorities enable direct and accessible contact to respond to requests regarding both regulated and liberalised public services.

Following the 2024 local elections, which involved around 80% of the municipalities served in Emilia-Romagna, in 2025, the Area Managers launched a special listening initiative aimed at over 200 administrators from the municipalities served in Emilia-Romagna, using a qualitative and quantitative survey to identify the areas on which to

focus dialogue initiatives. The study identified Hera's network services and environmental operations as the areas to which local authorities assign a strategic role in achieving local development objectives and in which it is most important to invest in targeted mutual engagement initiatives. In addition, work continued on mentoring and supporting the HeraLABs, facilitating the necessary coordination between relations with local authorities and relations with other local stakeholders.

Finally, in 2025, Area Managers managed over 4,500 interactions with local stakeholders. The majority of these engagements concerned the integrated water service (36%) and environmental services (26%), followed by other network services (9%), the market area (8%) and general corporate issues (13%).

In Friuli-Venezia Giulia and Veneto, relations with shareholder municipalities and other local authorities served by the Group are managed through AcegasApsAmga's Local Authority Relations department. Throughout 2025, AcegasApsAmga's Area Managers provided ongoing support in the areas served, initiating approximately 450 opportunities for contact with more than 210 municipalities and establishing themselves as a key point of reference for the company's business units in their dialogue with local authorities. The topics discussed mainly concerned public lighting (30%), energy services (28%), the water cycle (13%), corporate issues (9%), environmental services (8%) and cross-cutting technical services (7%).

With regard to the involvement of local communities in the vicinity of new plants built by Heratech, channels for dialogue and discussion are established prior to the opening of construction sites, with the sponsorship and support of the municipalities, which convene the various interest groups – such as committees, associations and special-purpose cooperatives – to present the work and activities to be carried out, to listen to their requests, and to agree on measures that are compatible with the construction requirements. Other engagement initiatives, falling within the scope of non-verbal communication, are conveyed through the panels surrounding the construction sites, which describe the works in progress and indicate the developers and other entities supporting and/or involved in the works. With regard to the construction sites in Rimini, Vasche Sud, meetings were held with local residents and, separately, with the operators of seaside businesses and hotels, and information boards describing the work and showing a rendering of the project were placed along the entire perimeter of the fencing around the Colonnella and Rodella construction sites.

Where appropriate, Herambiente also establishes channels for dialogue and engagement with local communities during the permit-issuing phase and/or during the construction of the works and/or during the operation of the plant by the municipality in which the plant is located. In general, these channels consist of public meetings, the establishment of technical working groups, and the reporting of activities within open council committees.

By way of example, the above-mentioned initiatives include the following:

- Participation in numerous public meetings in the municipality of Galliera (Province of Bologna) as part of a process of engagement with the public regarding the landfill expansion project, which also involved citizen representatives and the local authority in visits to a similar facility, the Loria landfill (Province of Treviso). This process led to a very in-depth discussion between the public, the local authority and Herambiente's technical staff; at the end of the process, the decision was taken to abandon the initiative;
- Participation in public meetings in the municipality of Serravalle Pistoiese (Province of Pistoia) for the regular reporting of the landfill's environmental performance;
- Participation in the municipal monitoring committee for the management of the Loria (TV) landfill, established by the municipality and comprising citizen representatives, which autonomously and independently carries out checks, including analytical tests, on the waste delivered to the landfill;
- Participation in a meeting at the waste-to-energy plant in Pozzilli (IS) with representatives of the Mamme per la Salute committee, aimed at discussing the plant's operation and its environmental impact.

As regards the involvement of the public in initiatives to develop separated waste collection, a number of activities were carried out.

The advertising campaigns aim to raise public awareness of the issue of individual responsibility for the quality of separate waste collection and of the mistakes that are sometimes made, which compromise the recycling process. In 2025, it was decided to disseminate these campaigns by setting up information points in the busiest shopping centres in some of the geographical areas where Hera Spa manages the urban waste service. Direct contact between residents and environmental communicators enabled face-to-face discussion, facilitated communication and the exchange of information, and thereby reached over 5,000 people at 15 shopping centres in the Bologna–Imola, Ravenna–Cesena and Modena areas.

In schools, projects have been launched using gamification and edutainment techniques. Activities to engage the public at public events and information points aim to capture the interest of children and adults through eco-games and by using humour to address the topic of separate waste collection. Examples of such events include Missione Raee (around 1,500 students took part, collecting over 2,400 kg of small household appliances), Notti Bianche (more than 2,000 members of the public took part and were given information material), Risate di Quartiere (a tour that engaged over 2,500 people with shows and quizzes on the environment), and Swap Party (over a thousand people took part in Bologna and Rimini, collecting around 2,000 kg of WEEE and bulky waste).

In the Triveneto area, significant measures were implemented to reorganise waste collection methods in the municipalities of Trieste, Padua and Abano Terme (Padua). In Trieste, smart bins for mixed waste collection were

introduced, and the collection of used oil was expanded, involving 7,500 users. In one district of Padua, waste collection was switched from kerbside collection to door-to-door collection, smart bins for mixed and organic waste were introduced, and the multi-material glass-plastic-tin collection scheme was replaced by separate collections for glass and for plastic-tins (4,338 users were involved, and 25,000 were informed about the new arrangements). In Abano Terme, the conversion of the entire kerbside collection system was completed, with the exception of organic waste, through the introduction of smart bins with card-controlled access (around 8,000 people were involved). In all the areas concerned, comprehensive communication campaigns were launched, targeting residents, apartment buildings and businesses, with the aim of guiding and supporting the change in waste disposal methods. In the area managed by Marche Multiservizi, there were no significant changes to the services; therefore, the institutional campaigns to promote separated waste collection and activities in schools continued.

For further details on the tools for engaging with communities, please refer to the chapter 'Consumers and end-users', which provides in-depth information on the following: the Rifiutologo service, the whistleblowing reporting portal, the reporting channel to the Ethics and Sustainability Committee, the customer service department, which includes a toll-free call centre, the technical call centre service, and the customer service desks.

Policies and objectives

In order to manage material impacts, risks and opportunities related to the communities affected, the Hera Group has established the following as reference points: its purpose (Article 3 of the Articles of Association), its Code of Ethics, its shared value creation model, and its Quality and Sustainability Policy.

The Code of Ethics sets out Hera's commitments to 'local communities', defined as the group of people who, with their traditions and cultures, share a specific territory, understood as a physical space with its landscape and its characteristics: natural and historical features, and public and private economic and social organisations. Hera is committed to building a relationship of trust with the communities in the areas in which it operates, based on listening and paying attention to their concerns. To this end, it carries out information, listening, consultation and engagement initiatives, using appropriate tools and paying particular attention to the communities located near its current and future plants. Hera aims to contribute to the ecological transition of the areas it serves, in partnership with local communities, through collaborations capable of delivering tangible environmental and social benefits. Hera seeks the active participation of citizens and promotes positive behaviour on their part. Hera recognises that the company's growth and the prosperity of the communities in which it operates are interdependent.

Within the Group, the shared value approach encompasses the impact areas of the transition to a circular economy, which includes partnerships with communities to reduce waste, and the development of employment and new skills, as exemplified by Hera Educational for work-related learning and agreements with universities, the business school, research centres, and environmental education for schools. In line with the company's purpose, the shared-value approach enables the delivery of benefits to local areas and communities.

Hera's Quality and Sustainability Policy aims to promote initiatives focused on excellence, the continuous improvement of management systems, services and performance, and the agility of business processes. The company encourages dialogue and engagement with all stakeholders, taking their concerns into account and implementing appropriate mechanisms for participation and communication of the company's perspective, with the aim of creating shared value and preventing all forms of crime.

In the context of relations with local communities, the Central Department for Relations with Local Authorities continuously maintains relations with local authorities by providing direct and accessible contact for all services managed by the Group, ensuring effective and timely communication and acting as a point of contact for interactions with the Group.

The participation of local communities is also expressed through local multi-stakeholder meetings known as HeraLABs, which have been active since 2013 and provide a structured channel for dialogue aimed at exploring priority issues for the local area and identifying areas for collaboration, including through the implementation of projects.

Engagement is also demonstrated in a significant way in the field of waste management, through the development of a culture of environmental responsibility aimed at improving the urban waste collection system in order to achieve the targets for the quantity and quality of separate collection. For example, to support citizens in raising their awareness and increasing their participation, engagement and communication tools are used that enable them to take targeted actions and receive specific information, as is the case with the Il Rifiutologo app, which is also aimed at improving the appearance of urban spaces. In this context, Hera develops partnerships with local communities, engaging in particular with non-profit organisations, with which it has collaboration agreements focused on waste prevention with a social purpose.

Synergy with local communities is also demonstrated through collaboration with technical institutes, universities, business schools and innovation centres to train people on key issues such as the green and digital transition, through various initiatives, including: programmes for cross-cutting skills and career guidance (formerly work-related learning), curricular integration programmes, doctoral programmes and research projects, presentations and guided tours led by expert Group staff. For several years, Hera has been signing framework agreements and partnership agreements with the leading universities and business schools in the areas where it operates, with the aim of promoting multidisciplinary activities and projects in various fields, such as research, technological development, sustainability and social innovation.

Through environmental education and science outreach projects, free educational activities are offered to schools in the areas served, covering topics such as water, energy, waste, science, research, innovation and sustainability. The aim is to raise young people's awareness of environmental protection and the importance of science in promoting sustainable lifestyles, by supporting teachers and supplementing the school curriculum.

Lastly, each year, the Group invests in local initiatives to promote culture, sport, exhibitions, festivals and music events, with the aim of encouraging participation and benefiting the local community. Donations and sponsorships represent a further opportunity for the company to demonstrate its commitment to and support for the local area, contributing to the social, cultural and environmental development of communities. As stated in the Code of Ethics, when supporting social and cultural initiatives and providing sponsorship in general, Hera follows a specific procedure and considers only initiatives that offer a guarantee of quality and that are consistent with the company's purpose, mission, strategic objectives, principles of environmental and social responsibility, and the guidelines adopted by the Board of Directors. Each year, Hera reports on the amount of funding provided and the main initiatives it has supported.

The Board of Directors is responsible for implementing this policy, ensuring that the rights of affected communities are protected and that the company's practices are in line with regulations and third-party initiatives.

The sustainability targets relating to affected communities are set annually on the basis of Group-wide consolidated planning and control processes aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These interlinked tools include sustainability targets, which are also accompanied by quantitative targets where possible.

Below are the main objectives and commitments relating to affected communities (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These objectives are aimed at managing the affected communities and addressing the relevant impacts, risks and opportunities associated with them. They are presented below in the context of our dialogue with our stakeholders.

HERA'S
COMMITMENT
(TARGETS
AND RESULTS)

S3-5

WHAT WE SAID WE WOULD DO	WHAT WE HAVE DONE	WHAT WE WILL DO
DIALOGUE WITH OUR STAKEHOLDERS		
Continue listening to and involving stakeholders on the topic of carbon neutrality. Launch HeraLAB in two areas in 2025.	In 2025, HeraLAB confirmed its focus on carbon neutrality through the completion of the Ravenna LAB project activities and the implementation of the Forlì-Cesena LAB.	In 2026: Establish two working groups to launch the activities of the 'Education on the Rational Use of Energy' project (HeraLAB Ravenna) and to assess the feasibility of the 'Towards a Thermal Community' project (HeraLAB Forlì-Cesena). Design the fourth edition of HeraLAB with the aim of responding more effectively to local needs and strengthening its role as a space for dialogue, networking and relationship-building.

Actions and resources

Listed below are the main initiatives that Hera has implemented, is currently implementing or plans to implement in order to achieve the Group's objectives and manage impacts, risks and opportunities in the following areas: support for affected communities, transition to a circular economy, and the development of employment and new skills.

S3-3

S3-4

MAIN ACTIONS	BRIEF DESCRIPTION
SUPPORT FOR AFFECTED COMMUNITIES	
Sponsorships and donations	Support for local initiatives promoting culture, sport, exhibitions, festivals and music events.
TRANSITION TO A CIRCULAR ECONOMY	
Partnerships with communities to reduce waste	CiboAmico, FarmacoAmico and Cambia il finale: partnerships with communities through waste reduction projects.
JOB CREATION AND DEVELOPMENT OF NEW SKILLS	
Hera Educational for work-related learning and partnerships with universities, business schools and research centres	Programmes for cross-cutting skills and career guidance in Emilia-Romagna, aimed at supporting students through practical work experience in the company and career guidance sessions, and the establishment of partnerships between the Hera Group and the leading universities in the regions where it operates, through the HerAcademy Corporate University.
Environmental education	Educational activities for schools in the areas served, aimed at raising young people's awareness of sustainability.

In 2025, the Hera Group supported and sponsored more than 230 initiatives, contributing a total of 3.3 million euro (81% of which was spent in the local area) to culture (exhibitions, theatre, festivals, music, cinema), sport (tennis, sailing), and environmental and sustainability promotion initiatives. Through social media campaigns and a dedicated communications plan, the multi-utility promoted initiatives in partnership with the leading organisations in the region, encouraging participation and making them accessible to as many members of the public as possible.

In 2025, the Group also made donations totalling 675 thousand euro, 86% of which went to the local area. These contributions supported projects aimed at promoting solidarity and inclusion. Hera reaffirmed its social commitment

SPONSOR-
SHIPS AND
DONATIONS

through the HeraSolidale initiative, which raises funds for five organisations chosen by employees (AIRC Foundation, AGEOP, the Ant Italia Onlus Foundation, Médecins Sans Frontières, UNHCR). The company also supported: the Genitori Ragazzi con Disabilità Association (of Parents of Children with Disabilities) and families with children with disabilities in the process of integration into all social settings (school, work and leisure); the Bimbo Tu Association, which provides support to the families of young patients; the Psicologo di Base project, which offers free psychological counselling at medical centres in the Bologna area; and the Don Oreste Benzi Foundation, in connection with the activities organised to mark the centenary of the birth of the founder of the Pope John XXIII Community. In 2025, the multi-utility also confirmed its support for organisations engaged in inclusion and socialisation activities, including the Mus-e project, which offers arts programmes for schools in disadvantaged areas, aimed at helping children discover themselves and others.

PARTNERSHIPS
WITH
COMMUNITIES
TO REDUCE
WASTE

For many years, the Hera Group has been running waste reduction projects in collaboration with local non-profit organisations and with the support of Last Minute Market, a social enterprise and accredited spin-off of the University of Bologna that promotes the fight against waste and environmental sustainability. CiboAmico, FarmacoAmico and Cambia il finale are well-established, structured initiatives that promote good reuse habits and generate positive social benefits through the activities carried out by the non-profit organisations involved, in line with the Hera Group's principles of social responsibility and environmental protection.

Launched in 2009, CiboAmico is a concrete initiative developed by the company to promote the development of the circular economy, bringing together various local organisations in the spirit of shared social responsibility and providing practical assistance to those most in need. Recovered meals are donated to non-profit organisations that provide shelter and support to people in need on a daily basis. The project operates in eight company canteens: Bologna, Granarolo dell'Emilia, Rimini, Ferrara, Ravenna, Modena, Forlì and Cesena. Since the project began, a total of almost 168,000 meals have been donated (including around 13,000 in 2025 alone), with an economic value of approximately 684,000 euros. This has prevented the generation of nearly 74 tonnes of waste (equivalent to over 162 waste bins) and the emission of over 304 tonnes of CO₂.

Since 2022, CiboAmico has expanded beyond the confines of company canteens to engage businesses and manufacturing companies in the fight against food waste, through the 'Non si butta via niente' ('Nothing gets thrown away') project.

FarmacoAmico is the project promoted by Hera to collect unexpired medicines and create a local network for their reuse, with the aim of preventing the generation of waste by promoting best practices and supporting organisations that support vulnerable groups in the community. Undamaged medicines, with at least six months of shelf life remaining and in an appropriate state of preservation, are thus reused by non-profit organisations working on local or decentralised cooperation projects. Launched in 2013, FarmacoAmico now involves 63 municipalities in the Emilia-Romagna region, 267 pharmacies and 36 non-profit organisations, some of which operate in Italy and others abroad, as well as various partners, institutions, trade associations and businesses. Since the project began, approximately 700,000 medicine packs have been collected and sent for reuse (including more than 90,000 in 2025 alone), with a total economic value of over 8.6 million euro, part of which potentially represents cost savings for the national health system.

During 2025, there was an increase in both the weight and the economic value of medicines sent for reuse (up 20%). This increase is due to a rise in both the number of pharmacies participating in the project (from 214 to 267, an increase of 24.8%) and the number of participating municipalities (from 38 to 63).

Cambia il Finale is a project now in its twelfth year of operation that enables the collection of all items in good condition, which would otherwise be destined for disposal, in order to facilitate their reuse, thanks to a network of non-profit organisations operating throughout the region that can give new life to goods donated by the public and collected from people's homes, thereby replacing the service provided by Hera, which is aimed at recycling or disposal. At the end of 2025, the project had 16 non-profit partner organisations, spread across the entire Emilia-Romagna region served by Hera, ensuring coverage of all major cities. Since the project began, more than 7,800 tonnes of waste have been avoided (including more than 1,000 tonnes in 2025 alone), resulting in significant savings for the environment and lower costs associated with waste collection.

HERA
EDUCATIONAL:
SCHOOL-TO-
WORK
TRAINING AND
PARTNERSHIPS
WITH
UNIVERSITIES,
BUSINESS
SCHOOLS AND
RESEARCH
CENTRES

In 2025, the Hera Group collaborated with schools and universities to train the next generation in technical and transferable skills, thereby strengthening its network of partnerships with stakeholders in the education system.

As part of Hera Educational, for the 2024/2025 school year, the Hera Group continued its activities with the education system by developing 82 School-to-Work Training programmes for the Emilia-Romagna region, comprising 74 individual in-company programmes and 8 career guidance sessions for class groups. For the 2025/2026 school year, in line with the three-year Memorandum of Understanding signed between the Hera Group and the Regional Education Authority for Emilia-Romagna, 82 programmes have been planned, including 74 individual programmes and eight career guidance sessions for class groups.

In 2025, the following activities were also pursued:

- Activities related to curricular integration programmes as part of strategic workforce planning, which include a teaching phase at the educational institution led by Hera Group experts, plant visits, and individual in-company placements designed to align with the topics covered in the teaching phase;
- Collaboration on the pilot project for the TRED Secondary School (Secondary School for the Ecological and Digital Transition) which, coordinated by Elis, a non-profit organisation operating in the field of education, offers a four-year educational programme focused on the topics of the ecological and digital transitions.

In 2025, collaboration initiatives with universities and business schools also continued, encompassing higher education and distinctive initiatives, doctoral projects as a host company, and research and consultancy initiatives.

In 2025, work continued on consolidating HerAcademy as a Stakeholder University capable of engaging with all stakeholders in the national education system in order to launch projects based on public-private partnerships and to define initiatives aimed at supporting innovation processes within the relevant ecosystem. In particular, on 26 November 2025, the HerAcademy Workshop entitled 'Preparing for the Unforeseeable: New Opportunities for Industrial Evolution' was held in a hybrid format (in person in Bologna and via live streaming), with the aim of fostering multidisciplinary reflection on how to transform increasingly frequent changes into a competitive advantage, both in terms of the socio-economic landscape and in terms of the potential impact on the labour market and on companies. In addition, on 16 October, the event 'HerAcademy and the Education System: Building the Future Together' was held to mark the tenth anniversary of the memorandum of understanding with the Regional Education Authority for Emilia-Romagna, with the aim of sharing best practices and helping to strengthen employer branding activities aimed at younger generations.

Hera's Corporate University, HerAcademy, has maintained agreements with the main local universities, including the University of Bologna and others in Emilia-Romagna, Veneto, Tuscany, Lombardy and Friuli-Venezia Giulia. In 2025, collaboration continued with lecturers from the University of Bologna, the University of Milan, the University of Padua and the MIB Business School in Trieste to develop and deliver HerAcademy's activities, with a particular focus on the annual workshop.

In 2025, the Hera Group continued its collaboration on the Tred High School pilot project, which, coordinated by Elis, a non-profit organisation operating in the field of education, offers a four-year educational programme focused on the topics of the green and digital transitions.

In 2025, the initiatives set out in the partnership agreement with the Bologna Business School Foundation continued, with the aim of consolidating and expanding activities and further enhancing collaboration by leveraging potential mutual synergies. The partnership between Hera and the company Crif, through the BOOM knowledge hub, also continued, with a view to developing joint training programmes.

In addition, the Group actively collaborates with a number of business schools and innovation centres, including: Luiss Business School, the MIB School of Management Consortium in Trieste, MIP Polytechnic University of Milan, the SAFe Centre for Studies and Research, SDA Bocconi, The European House – Ambrosetti, and the HRC Group.

For almost 20 years, the Hera Group has been offering free environmental education activities to schools in the areas it serves, with courses on the topics of water, energy, waste and sustainability, in order to support teachers and supplement the school curriculum. The aim is to raise awareness among young people aged 4 to 19 and engage them on the topics of respect for the environment, the responsible use of resources and the importance of science, while promoting sustainable lifestyles. Each year, the 'La grande macchina del mondo' ('The Great World Machine') and 'Un pozzo di scienza' ('A Well of Science') programmes are updated with new activities, topics and innovative methodologies to make the workshops more effective and engaging for children.

In 2024–2025, a total of 76 educational activities were made available to schools in the area, all of which focused on the objectives of the UN 2030 Agenda. Of these, 35 activities (four of which were new) were made available exclusively to pupils aged four to thirteen, organised by age group, including: experiential, play-based, digital and arts-and-creatives workshops; online events on key international environmental days; and activities focusing on understanding resources and using them responsibly, on water and energy conservation, on sustainable waste management and recovery, and on the circular economy. Among the activities that Hera has committed to continuing for schools in 2025 are guided tours of the Group's facilities, both in person and virtually, aimed at making the invisible visible and giving children a close-up view of the technological cycle and the importance of innovation in the sustainable management of water, energy and waste.

For the nineteenth year running, the science outreach programme Un pozzo di scienza (A Well of Science) engaged secondary school students in order to stimulate their curiosity about scientific topics, encourage critical thinking, and empower them to shape their own future. The activities and events, both in person and live-streamed online, were designed to help participants understand how science, research, technology and innovation are powerful drivers and tools for finding more sustainable solutions. The 2024–2025 edition, entitled Beyond the Limit – Visionaries for the Future, offers a wide range of 41 activities. These include science workshops on specific goals of the 2030 Agenda (Goals 6, 12, 13 and 14), interviews and live-streamed events with scientists, experts, and research and innovation centres, science conferences in partnership with local universities, outdoor citizen science activities, discussion games, and plant tours, with the addition of a new feature: a virtual tour of the Cesena wastewater treatment plant. A wide range of current topics were covered: the climate crisis and the ecological transition, renewable energy, fast fashion, food, factory farming, water recovery, plastic treatment and recycling, artificial intelligence, and fake news.

For the second year running, the #GMMCHALLENGE25 engagement initiative was held – the major challenge for the planet – which, from February to June 2025, involved not only the classes that took part in the environmental education workshops, but also families and all citizens in the creation of a forest. The aim of the challenge was to raise awareness and engage people of all ages on the positive impact of small, sustainable actions and the significant benefits that trees bring to our environment. Thanks to the commitment of the individual participants, who carried out and shared a total of 1,064 actions, the target of 600 actions was met, securing a collective reward: a biodiversity oasis comprising 300 plants. For every two green actions shared by participants, Hera planted a nectar-producing plant, thereby creating the second oasis of La Grande Macchina del Mondo (The Great World Machine) in Rimini, developed in collaboration with its scientific partner 3Bee. The initiative forms part of Europe's commitments to

reforestation and the protection of biodiversity and combines the planting of nectar-producing species with advanced monitoring technologies that enable the large-scale assessment of biodiversity indices.

In collaboration with Legambiente, Marche Multiservizi continued to promote the environmental campaign A scuola di Sostenibilità ('Learning about Sustainability'), which engaged eight schools in Pesaro through classroom activities and plant visits. The initiative focused on the topics of waste, water and the value of bees in the ecosystem, with the aim of raising pupils' awareness of issues that are crucial for ensuring sustainable development and protecting the environment.

Herambiente offers guided tours of its waste treatment and recovery plants as a way of demonstrating its commitment to environmental issues. The guided tours, which can also be booked online, were created to raise awareness of one of the most advanced plant complexes in Europe. In 2025, 2,711 visitors attended the tours, spread over 130 days. The tours covered waste-to-energy plants (1,763 visitors), sorting and recovery plants (589 visitors), composting and anaerobic digestion plants (339 visitors), and other plants (20 visitors).

In 2025, environmental education activities involved a total of 100,243 pupils and 7,377 teachers across 1,252 schools.

S3-4

It should also be noted that in 2025, there were no serious human rights incidents involving the Group's stakeholder communities reported by the Ethics and Sustainability Committee, the Supervisory Board or the legal department.

Consumers and end-users

Description of the material impacts, risks and opportunities

The double materiality assessment identified consumers and end-users as one of the most material topics, which was broken down into the following sub-topics: personal safety of consumers and/or end-users, impacts related to information for consumers and/or end-users, and social inclusion of consumers and/or end-users. The topic of consumers and end-users is associated with the following shared value creation area, presented in the 'General disclosures' chapter: economic development and social inclusion. For this shared value creation area, the actions and targets relating to consumers and end-users are reported.

Impacts, risks and opportunities related to consumers and end-users

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Personal safety of consumers and/or end-users	Disruption to service continuity as a result of extreme weather events (drought, heavy rain, heavy snowfall) Potential short-term negative impact on the Group's own operations Guarantee of a continuous and safe service Current short-term positive impact on the company's own operations Quality of services Current positive medium-term impact related to the company's own activities
Impacts for consumers and/or end-users	Compromise of the confidentiality of customers' personal data (including by sales agencies) Potential short-term negative impact on the company's own operations
Social inclusion of consumers and/or end-users	Support for customers in difficulty and combating energy poverty Potential positive medium-term impact related to the company's own activities

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

The services provided by Hera are essential for the daily activities of the residents of the areas in which it operates. In this context, one potential negative impact identified relates to the disruption of service continuity due to extreme weather events: periods of drought can lead to difficulties in water abstraction and, consequently, in water supply; heavy rainfall can cause flooding that affects the sewerage system and other facilities under management, leading to the disruption of services, including those related to waste collection; heavy snowfall and other extreme weather events can cause damage to infrastructure and power outages. All of this can cause damage and inconvenience to customers and end-users. In this regard, a positive impact is noted in terms of the Group's ability to support the development of the areas it serves through an increasingly smart and resilient infrastructure that ensures the continuity and security of essential services. This impact reflects the importance of the procedures in place to manage any service interruptions and to ensure the personal safety of customers using the services.

In addition to this, there is a further positive impact related to the quality of services, in terms of efficient operational processes, preventive maintenance and digital tools that help to reduce interruptions and disruptions, thereby improving the quality of the Group's services and customer satisfaction. This impact is also confirmed by the results of the Group's customer satisfaction survey.

Among the impacts mapped, given the volume of personal data managed, which is necessary for the proper provision of services, we highlight the potential compromise of the confidentiality of customer data held by Hera, due to the possible inadequacy of the methods used by business partners to process such data, which could result in adverse impacts and erode customer trust in the Hera Group. This impact was assessed as significant before the implementation of mitigation measures. Finally, a further positive impact was identified, relating to support for customers in difficulty, which aims to ensure equitable access to services even for those experiencing financial

ESRS 2 IRO-1
ESRS 2 SBM-3

hardship. In this case, the positive impact on consumers relates to the implementation of tools such as bill payment instalment plans and represents a proactive approach to helping customers better manage the cost of services, thereby improving their well-being and quality of life.

Since 2005, Hera has been using a system to assess the satisfaction of the Group's customers, both residential and business, through annual surveys aimed at identifying areas for improvement.

CUSTOMER
ENGAGEMENT
TOOLS

Residential customer satisfaction

ICS (FROM 0 TO 100)	2025	2024
Overall Customer Satisfaction Index (ICS)	73	74
Overall satisfaction index for services (ICS Services)	75	77
Percentage of satisfied residential customers (%)	92 %	93 %

ESRS 2 SBM-2
S4-2
S4-3

Since 2005, the customer satisfaction survey on the quality of the services provided has been conducted by an external company and is based on an internationally recognised methodology. The number of interviews conducted for the 2025 survey was 13,700. For the first time, the sample also includes customers awarded lots in the tender for the transitional protection scheme. Interviews were conducted at two separate points in the year: June–July and September–October. The survey was conducted by telephone using the CATI (computer-assisted telephone interviewing) method, with quotas applied to ensure the representativeness of the sample. Monitoring is carried out by interviewing the Hera contract holder within the household, using a questionnaire that enables the monitoring of the various components of satisfaction and the measurement of future behaviour towards the company. The results are evaluated using numerical scales corresponding to different levels of satisfaction: below 50 points, insufficient; up to 60, minimal satisfaction; between 60 and 70, good level of satisfaction; above 70 points, high satisfaction.

In 2025, the satisfaction index confirmed the trend of the past seven years, stabilising at 73 points out of 100, once again above the high-satisfaction threshold. The level of satisfaction with the various services shows a slight decrease: specifically, electricity 77 points, gas 76 points, water service 74 points, and waste management services 72 points. The percentage of satisfied residential customers (customers who gave a satisfaction rating of six or higher) in 2025 was 92%, remaining virtually unchanged from the previous year.

Since 2017, customer contact channels (call centres, branches, online services and the app) have been monitored through daily interviews conducted the day after contact, in order to gauge customer satisfaction in the moment. The portal used to analyse customer ratings has enabled the continuous improvement of channel performance. In 2025, over 165,000 interviews were conducted to monitor contact channels.

Hera Comm is responsible for the Group's customer engagement activities, ensuring that the insights gained from these activities guide the company's strategy and business model.

Since 2011, the Group has operated a web portal dedicated to consumer associations: a section of the Group's corporate website reserved exclusively for representatives of the main associations operating in the areas served by the Group, who act as key intermediaries for the Company in its relations with end customers. Through this interface with Hera, consumer associations can manage complaints and cases, thereby preventing disputes and reducing response and resolution times. In 2025, the consumer associations portal recorded 5,258 visitors (up 33% compared to 2024) and a total of 15,404 page views (up 37% compared to the previous year). In addition to the portal, the representatives and staff of the associations also have access to the standard email and telephone contact details, which, together with the web section, constitute a dedicated communication channel for them. In 2025, this channel handled cases relating to 341 customers (compared to 384 in 2024), all of which were resolved positively, with an average handling time of 3 working days. Furthermore, with the aim of cultivating positive relationships and fostering an ongoing open dialogue, in 2025 Hera once again organised regular meetings for the provincial and local representatives of consumer associations in the areas it serves in Emilia-Romagna; these meetings have been held online since 2020. In total, two meetings were held in 2025, involving a total of 24 representatives from the main associations operating in the region. During the meetings, topics of interest to the associations were discussed, including the presentation of the new bill, the progress of the Water Leakage Fund, the protection system (progress of ARERA conciliations and the extension of the protection system to waste management), the performance of the channel dedicated to consumer associations, a description of Inrete Distribuzione Energia's end-to-end metering management process and customer technical services, and the presentation of the 2024 editions of the sustainability reports In Buone Acque and Sulle Tracce dei Rifiuti. As in previous years, dialogue with the associations remained open and active throughout the year, including through the organisation of two further meetings, again held online, in response to requests for information from certain associations in the Modena and Bologna areas, which were required for monitoring the integrated water system.

The Rifiutologo is a tool for dialogue with citizens and customers: a free, feature-rich app dedicated to environmental services. In addition to providing support for proper separated waste collection, it enables users to interact with environmental services and make the best use of them: it is available online, both on Hera's website and as a mobile app for smartphones and tablets. The app is geolocated and provides information and services in the municipalities where Hera manages environmental services. Overall, in 2025, it recorded nearly seven million sessions and almost 600,000 active users. One of the main features is the 'waste search' function, which allows users to check whether their waste is being disposed of correctly in the separate collection system, consult the door-to-door collection

schedules for their area, set up notifications to remind them when to put out their waste, check information on the nearest recycling centre, and find information on points of interest such as special separate collection schemes, mobile collection points, and material distribution points. In addition, users can also download illustrative materials. The environmental reporting feature enables users to report issues such as abandoned waste or damaged bins using georeferenced photographs; in 2025, 224,000 such reports were made, almost 5% more than in the previous year. The barcode scanning feature enables users to identify packaging materials based on product barcodes and determine the correct disposal method; throughout the year, approximately 203,000 requests were made using the barcode scanning function. To date, more than 1,900,000 barcodes of products in circulation in Italy have been registered. The app also allows users to book free home collection of bulky waste (and, in municipalities where the service is available, garden waste as well). The Rifiutologo app is also available through the Alexa Skill, the voice assistant that users can ask for all kinds of information about waste collection.

Throughout 2025, the Hera Group further enhanced its digital tools to support customer engagement and self-management, with the release of a new version of the MyHera mobile app. The app is aimed at customers of Hera Spa, Hera Comm and EstEnergy, and enables simplified, integrated management of their services, offering features such as bill payment, access to the document archive, submission of self-readings, advanced consumption monitoring, and the ability to locate recycling points, charging stations and Hera customer service points.

The new version of the MyHera app has been designed in accordance with the latest usability best practices, featuring a revamped layout and a presentation of features that enables intuitive navigation and instant access to the information most relevant to the customer.

In particular, the section dedicated to consumption monitoring has been completely overhauled and now incorporates advanced analysis tools thanks to the introduction of the latest-generation electricity meters. This development has made it possible to incorporate the features previously available in the Hera 2G app, as well as integrating the main functions of the Acquologo app, further simplifying the user experience.

Today, the MyHera app is an effective tool for customers to independently manage the services offered by the Group, promoting transparency, timely access to information, and the ability to directly activate additional services, such as support requests, environmental reports, requests for the collection of bulky waste from the customer's home, and reports of leaks in the water network. These innovations help to strengthen the relationship of trust with customers and to promote greater awareness and responsibility in the use of services.

Consumers and end-users also have two channels for engaging with the Hera Group:

- the Ethics and Sustainability Committee, to which reports of potential breaches of the Code of Ethics can be submitted;
- the whistleblowing channel, addressed to the Supervisory Board, for suspected breaches of the Model for the Prevention of Corruption and Fraud, the 231 Model, or any other alleged crime or offence of any other nature, including those relating to gender balance (e.g. harassment).

For further details on these two channels, please refer to the 'General disclosures' and 'Governance disclosures' sections.

Relations with citizens and customers are managed through a comprehensive system of physical counter services, call centres tailored to different target groups, and digital channels. Attention has been paid to all contact channels with the aim of improving the level of service and supporting customers and citizens in managing their utility accounts. The existence of a customer relationship management platform has enabled the contact channels to handle a wide range of requests and situations: from the changes that have occurred in the energy market in recent years to the transition of new municipalities to the unit-based tariff, as well as the support required in response to the recurrence of certain flooding events with a significant impact on the local area.

The focus on contact channels has made it possible both to manage the aforementioned specific situations and to improve existing channels: in this regard, in 2025, efforts continued to revamp the layout of our branches and to develop our digital channels (with the new app and the smart bill).

Also available to customers and members of the public served by the Hera Group are the customer service department, accessible via a toll-free call centre, and the technical call centre service, which operates 24 hours a day with 15 toll-free numbers to provide an emergency response service, in addition to numerous branches located throughout the country.

Policies and objectives

In order to manage material impacts, risks and opportunities related to consumers and end-users, the Hera Group has established its purpose (Article 3 of the Articles of Association), the Code of Ethics, the Shared Value Creation Model, and the Quality and Sustainability Policy as its points of reference.

Hera's Code of Ethics sets out the company's commitments to its customers and the public, ensuring fair treatment and appropriate levels of quality, continuity and safety in the services provided. The document outlines the Group's commitment to providing clear, complete and truthful information, and to fostering transparent and ongoing dialogue with customers, with a particular focus on the most vulnerable. Hera guarantees integrity and fairness in the conclusion and performance of contracts and in contractual and commercial relations, in order to protect consumers' rights and in compliance with the principles of fair competition, the codes of business conduct of the relevant authorities and the regulations in force, giving priority to the out-of-court resolution of any disputes between the company and customers. Hera bases its selection of sales agencies on these principles and undertakes to ensure that the sales agents of its appointed agencies comply with the same rules of fairness adopted by Hera, monitoring their conduct. Hera ensures the confidentiality of the personal data in its possession.

Within the Group, the shared value approach encompasses the impact area of economic development and social inclusion, which includes: measures to support customers experiencing financial difficulties, such as payment instalments and the provision of social bonuses; the prevention of supply disconnections, through agreements signed with local authorities; and the protection of water service customers from high bills, through the adoption of per capita tariffs or the use of the Leakage Fund in the event of hidden water leaks. Hera's customers are among the agents of change who contribute to the creation of shared value.

Hera's Quality and Sustainability Policy sets out the Group's objectives and guidelines to ensure that the services it provides are in line with consumer expectations. Through a sustainable business model, the Group aims to create shared value with its customers and the citizens it serves, pursuing growth objectives that promote social equity, resource efficiency and the transition to carbon neutrality. This approach involves adopting circular economy principles and implementing innovative technologies, not only to support energy efficiency but also to ensure the quality, continuity and security of services. Finally, transparency in processes and proactive communication with consumers are key elements in securing consumer trust and continuously improving the company's performance.

Hera Comm's commercial policies are designed to manage the relationship with consumers and end-users in full compliance with contractual agreements and the stipulated commercial quality standards at all times. Hera Comm ensures maximum transparency in its relationships by implementing strict controls on commercial conduct to protect consumers' rights. Furthermore, the company offers the financial terms for contract renewal only upon the expiry of supply contracts, providing advance notice in the manner and within the time-frames set out in the Code of Business Conduct, thereby ensuring a fair and sustainable service that meets the needs and expectations of its customers. In the context of regulated services, the Hera Group operates in compliance with the standards and charters that govern the quality levels to be guaranteed, with the aim of achieving ever greater continuity and security in the services provided to its customers.

Hera Comm positions itself as an enabling partner for the green transition of its customers and the public, offering them value-added product and service solutions to promote resource efficiency and carbon neutrality.

In line with its sustainability strategies, the Group also promotes and implements initiatives to reduce its environmental impact in its relationships with customers, which are increasingly focused on reducing paper consumption and on digitalisation.

Mediation, as an alternative, fairer and more accessible dispute resolution tool, enables citizens and customers to play an active role in resolving disputes, thereby improving accessibility and satisfaction and helping to reduce the risks associated with conflicts.

Finally, with regard to information security and privacy protection, the Hera Group adopts a 'security by design' approach, incorporating the protection of personal data into the design of its services from the earliest stages. Governance is supported by a rigorous and continuously updated system of documented guidelines, specific policies and responsibilities. In addition, advanced security measures, such as active system monitoring and ongoing staff training, are ensured.

The Board of Directors is responsible for implementing this policy, ensuring that consumer rights are protected and that the company's practices are in line with regulations and third-party initiatives.

The sustainability objectives relating to consumers and end-users are set annually on the basis of Group-wide consolidated planning and control processes aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives, which are also accompanied by quantitative targets where possible.

Below are the main objectives and commitments relating to consumers and end-users (What we will do), together with a description of the progress made (What we have done) in relation to the targets published in the 2024 Sustainability Statement (What we said we would do).

These objectives are aimed at managing consumers and end-users and addressing the relevant impacts, risks and opportunities associated with them. They are presented below, broken down into the area of shared value creation, as set out in the Consumer and End-User Policy (economic development and social inclusion), and into other areas (quality of service, security and continuity of service, customer relations).

POLICY

S4-1

HERA'S
COMMITMENT
(TARGETS AND
RESULTS)

S4-5

WHAT WE SAID WE WOULD DO

WHAT WE HAVE DONE

WHAT WE WILL DO

ECONOMIC DEVELOPMENT AND SOCIAL INCLUSION

Continue to provide payment instalment plans and other voluntary concessions for customers experiencing financial difficulties. To renew the memoranda of understanding that are due to expire (5 in 2025) and to propose to other municipalities the signing of a memorandum of understanding to prevent the suspension of supplies (143 municipalities in 2024).	257,000 instalment payment plans granted in 2025, with a value of €187 million (compared to 272,000 plans and €179 million in 2024). 164 municipalities with active memoranda of understanding (compared to 143 in 2024).	Continue to provide payment instalment plans and other voluntary concessions for customers experiencing financial difficulties. Renew expiring memoranda of understanding and propose to other municipalities the signing of a memorandum of understanding to prevent supply disconnections.

QUALITY OF THE SERVICE

92% second-generation smart electricity meters (approximately 464,000 meters).	At the end of 2025, 85.5% of electricity meters are second-generation meters, totalling 422,000 meters (compared to 74.0% in 2024).	91% second-generation smart electricity meters by 2029 (approximately 462,000 2G electricity meters installed).
97% of electronic gas meters installed and remotely read (approximately 1.6 million meters) and 31% of advanced NexMeter gas meters installed by the end of 2028 (approximately 523,000 meters).	At the end of 2025, 93.9% of electronic gas meters will be remotely readable (compared to 89.0% in 2024), and 262,000 NexMeter gas meters (15.6% of the total) will be installed (compared to 290,000 meters, or 17% of the total, in 2024).	98% of gas meters to be electronic, installed and remotely read (approximately 1.6 million meters) and 29% of gas meters to be advanced NexMeter meters installed by 2029 (approximately 479,000 meters).
40% of smart water meters installed by 2028 (approximately 642,000).	Approximately 256,000 smart water meters installed (representing 15.8% of the total; at the end of 2024, there were 89,000, representing 5.6%).	33% of smart water meters installed by 2029 (approximately 538,000).

SERVICE SAFETY AND CONTINUITY

Gas emergency intervention: in 2025, maintain a level significantly higher than ARERA's requirements in the percentage of calls with arrival within 60 minutes	96.2%: the percentage of calls responded to with arrival at the call location within 60 minutes in 2025 (compared to a service obligation of 90%) (in line with 2024).	Gas emergency intervention: in 2026, maintain a level significantly higher than ARERA's requirements in the percentage of calls with arrival within 60 minutes
To continue improving the Group's cybersecurity level, by stepping up vulnerability assessment and penetration testing activities and enhancing the monitoring capabilities of the Security Operations Centre in the area of industrial plants.	In 2025, the Group continued to enhance its cybersecurity capabilities, with a particular focus on initiatives related to the European NIS2 Directive. In particular: - The ICT incident management process was updated and approved by the Board of Directors; - Monitoring of IT and OT cybersecurity continued, through collaboration with the operational departments that manage the industrial plants subject to monitoring; - The vulnerability assessment plan was completed, extending the quarterly assessments to the entire scope exposed on the internet, with a private bug bounty programme targeting the Hera Group's corporate website; - Work continued on securing Shadow systems through detailed analysis and the identification of appropriate measures or the decommissioning of the systems. In addition, awareness-raising efforts continued through campaigns covering the entire company workforce, regular ethical phishing campaigns, and four cyber incident simulation exercises.	To continue the process of improving the Group's cybersecurity level, including through the implementation, from 2026, of the new ICT incident management process approved by the Board of Directors. In addition, plans are in place to expand the scope of the vulnerability assessment and to make technological improvements to the log collection and correlation platforms for the purpose of monitoring cybersecurity events.
To increase the number of cyber incident simulation exercises (4 new exercises planned for 2025).		

RELATIONS WITH CUSTOMERS

To achieve an average waiting time of 12 minutes at branches and a 95% success rate for calls to the call centre in 2025.	8 minutes average wait time at service desks (9 minutes in 2024) and 94.5% of calls successfully handled in 2025.	To achieve an average waiting time of 10 minutes at branches and a 95% success rate for calls to the call centre in 2026.

Actions and resources

Listed below are the main initiatives that Hera has implemented, is currently implementing or plans to implement in order to achieve the Group's objectives and manage the IROs in the following areas: economic development and social inclusion, service quality, service security and continuity, and customer relations.

S4-3
S4-4

MAIN ACTIONS

BRIEF DESCRIPTION

ECONOMIC DEVELOPMENT AND SOCIAL INCLUSION

Payment of bills in instalments	Payment of bills in instalments for customers experiencing financial difficulties.
Prevention of supply disconnections	Agreements to support the most vulnerable social groups, facilitating the continuity of services for domestic customers receiving assistance from social services and preventing the disconnection of supplies, through Memoranda of Understanding with municipalities.
Social bonuses	Provision of social benefit discounts to support domestic customers experiencing financial hardship.
Per capita water service tariff	Adoption of per capita tariffs in accordance with ARERA Resolution 665/2017.
Water Service Leakage Fund	Protection of water service customers from high bills caused by hidden water leaks downstream of the meter.

The Hera Group supports residential customers experiencing financial difficulties by offering the option of paying their bills in instalments. Instalment plans are also available for VAT-registered customers, apartment buildings and companies, subject to a credit check.

INSTALMENT
PAYMENT OF
BILLS

Number and value of instalment payment plans

	2025	2024
Instalment payment plans (no.)	256,620	272,236
of which mass market (no.)	251,172	266,677
of which business (no.)	5,448	5,559
Instalment payment plans (thousands of euro)	187,194	179,142
of which mass market (thousands of euro)	124,533	120,138
of which business (thousands of euro)	62,661	59,005

These figures do not include the company AresGas, which has 29,000 customers, equivalent to 1% of the Group's gas customers.

In 2025, 256,620 instalment payment plans were granted, 6% fewer than in 2024, with a total value of 187.2 million euro (+4% compared to 2024).

The Hera Group's focus on the most vulnerable sections of society was maintained in 2025, a year during which the Group continued to implement memoranda of understanding aimed at preventing the suspension of services for assisted persons, as reported by municipal social services and organisations providing personal services. The Hera Group's commitment to the most vulnerable sections of society is also reflected in a service dedicated to supporting the social services of public authorities in order to prevent and manage specific situations of financial hardship, which is a distinctive feature of Hera within the multi-utility and sales company sector. Indeed, for over eight years, Hera has maintained a dedicated channel staffed by specialised operators who provide support and advice to social workers through facilitated debt management arrangements designed for the economically vulnerable segment of the population. Close collaboration with the authorities makes it possible to avoid service disconnection or to restore service if it has been disconnected, thereby optimising the management of financial contributions by the authorities themselves.

PREVENTION
OF SUPPLY
DISCONNECTIO
NS

As of 2025, memoranda of understanding had been signed with 164 municipalities. During the year, new memoranda of understanding were signed in areas of the Bologna Apennines, including the new memorandum known as the Bologna Apennines Municipalities Union, thereby consolidating and expanding the current scope of application of the memoranda, and expiring memoranda were renewed. Approximately 20,000 requests reported by social workers were handled, a decrease of 9% compared to 2024. The percentage of service suspensions avoided was 80% and increased compared to 2024 due to the consolidation of the frequency of sending advance notices, with the aim of promptly notifying local authorities of contracts nearing the point at which services are restricted or terminated, thereby providing social services with an up-to-date overview of the debt in order to limit its uncontrolled growth and give them the opportunity to act promptly to prevent services from being restricted or terminated.

The Group provides support to Hera Spa and Hera Comm customers experiencing financial difficulties or physical hardship through the Hera SOSstegno guide, which is available on the Group's website and regularly updated with all the information on social benefits for energy, gas, water and district heating. This is an easy-to-use resource that also provides information on how to arrange payment plans for bills, the types of payment plans available, and what to do

in the event of late payments, including specific details on what happens in the event of late payments or insolvency. Advice on best practices for reducing consumption is also provided. In addition, the Energy Tutor project, which continued throughout 2025 in the Marche region, provided training on energy consumption and energy needs analysis for staff from organisations working with the most vulnerable individuals.

With regard to the water service, in accordance with the regulations, Hera does not suspend the supply to end customers who cannot be disconnected and who belong to one of the following categories:

- Direct customers who are beneficiaries of the social water bonus, in accordance with ARERA's provisions;
- Public-sector customers whose supply cannot be cut off and who fall into one of the following categories: hospitals; nursing and care homes; emergency operations centres associated with military and security facilities; prisons; educational institutions of all types and levels; and any other public utilities that, in any case, provide a service necessary to ensure the health and physical safety of the public, or for which any suspension of supply could lead to problems of public order and national security.

The social bonus is a benefit that reduces the cost of electricity and gas bills for domestic customers experiencing financial hardship. As of 1 January 2024, the ISEE (Equivalent Economic Situation Indicator) thresholds for automatic eligibility have been confirmed at 9,530 euro for most households and €20,000 for large families (with at least four dependent children). The current legislation has reinstated the standard calculation system, eliminating the temporary benefit categories introduced during the 2023 energy emergency. Consequently, in 2024, the supplementary bonuses and Category D (which covered ISEE levels up to 15,000 euro with an 80% discount) were abolished, leading to a reduction in the maximum amounts received by users. The amount of the benefit, which is applied directly to the bill, is updated quarterly by ARERA based on energy price trends and the size of the household.

For the gas sector, no changes to the ISEE thresholds have been planned for 2025; therefore, the standard thresholds already in force in 2024 remain valid. However, the bonus amounts are adjusted to take into account changes in market costs. For the electricity sector, the introduction of an extraordinary subsidy of 200 euro has been planned for 2025. This allowance is payable not only to those who are already beneficiaries of the hardship bonus, but also to households with an ISEE of less than 25,000 euro. For 2024, the electricity bonus guarantees annual savings of between 189.90 euro and 315.05 euro for households experiencing financial hardship, and between 139.08 euro and 450.18 euro for households with a member who requires medical electrical equipment due to a serious health condition. For 2025, these amounts range from 167.90 euro to 240.90 euro for the first type of bonus, and from 167.90 euro to 543.85 euro for the second. The gas benefit, on the other hand, varies according to the climate zone and, for 2024, provides annual savings of between 36.60 euro and 179.20 euro, while for 2025, the annual savings range from 36.49 euro to 190.19 euro.

With regard to water services, ARERA Resolution 897/2017 introduced the social water benefit for domestic customers experiencing financial hardship as of 1 January 2018. Subsequently, ARERA Resolution 3/2020 updated the procedures for applying the benefit. In addition to the benefit established by ARERA, in Emilia-Romagna there is also the supplementary benefit introduced by ATERSIR.

Since 2010, Hera has been offering a voluntary district heating benefit for customers with income requirements similar to those for gas benefits.

For environmental services, ARERA Resolution 355/2025 governs the new social waste benefit, which will be paid for the first time in 2026 in respect of 2025. The social waste benefit is applied automatically, without the need to submit an application. It is intended for households with an ISEE of up to 9,530 euro, or up to 20,000 euro if they have at least four dependent children. The benefit granted to eligible households is 25% of the bill amount. In addition, any further benefits introduced by individual municipalities remain in force.

Bonuses disbursed

	2025	2024
Number of gas and electricity benefits disbursed	502,464	380,111
Value of gas and electricity benefits disbursed (thousands of euro)	91,221	44,359
Number of district heating bonuses awarded	1,091	1,180
Value of district heating benefits provided (thousands of euro)	158	161
Number of water benefits provided	137,266	134,472
Value of water benefits provided (thousands of euro)	19,107	16,410

The 2024 figures for gas and electricity bonuses differ from those published in the 2024 sustainability report due to a change in the calculation methodology, which, starting with this report, considers the amounts attributable to the year as of January 31, 2026.

For the 2025 accrual period, as at 31 January 2026, the Hera Group had disbursed a total of 502,464 gas and electricity benefits, an increase of 32% compared to the previous year, with a total value of 91.2 million euro (up 106% compared to the previous year). The increase recorded is mainly attributable to the extraordinary subsidies (Resolution 132/2025 and Resolution 144/2025) granted in the electricity sector. Customers in the gas and electricity sectors receiving the bonus account for 13% of the total number of household customers.

With regard to district heating benefits, for 2025, approximately 1,091 applications are estimated, with a total value of 158,000 euro. Compared to 2024, applications decreased by 8%, while the total amount disbursed decreased by 2%.

Finally, in 2025, 137,266 water benefits were disbursed (+2% compared to 2024), totalling 19.1 million euro (+16%, partly as a result of amounts paid in 2025 but relating to the previous year's tariffs).

Pursuant to ARERA Resolution 665/2017, a per capita tariff for all resident domestic users was introduced in all municipalities served by the water service. As of 2025, for resident domestic customers, Hera applies this tariff based on the actual number of household members in 104 municipalities, while in the remaining 63 municipalities served, a standard number of three household members is used if the actual number of residents has not been reported by customers. As at 31 December 2025, the actual per capita tariff was applied to over 81% of the resident domestic customers served. All 16 municipalities in the Triveneto region and all 46 municipalities in the Marche region have adopted the per capita tariff.

PER CAPITA
TARIFF FOR
THE WATER
SERVICE

Hera Spa has established the Leakage Fund, a mechanism to protect water service users who, as a result of hidden water leaks downstream of the meter (i.e. on their own property's water system), find themselves having to pay very high bills. Joining the fund is voluntary and entails an annual fee of 9 euro for direct customers (previously 15 euro until July 2023). The fund partially covers bills for consumption resulting from accidental and unknown leaks along the customer's private network, enabling reimbursement of the invoiced amount for volumes exceeding 80% of the customer's average usual consumption, up to a maximum of 20,000 euro (previously 10,000 euro until July 2023). As of July 2022, ARERA also introduced tariff safeguards (Resolution 609/2021) to partially cover the cost of water bills in the event of hidden leaks downstream of the meter. Despite this, Hera Spa's Leakage Fund, established in 2014, has been retained in order to supplement the coverage not provided by ARERA. This measure made it possible to revise the Fund's regulations, increasing the coverage ceilings and reducing the membership fee charged to customers (from 15 to 9 euro for direct users), with the changes taking effect on 1 July 2023.

THE LEAKAGE
FUND:
PROTECTING
WATER
SERVICE
CUSTOMERS

Leakage fund and beneficiary customers

	2025	2024
Funds disbursed (thousands of euro)	15,094	12,691
Beneficiary customers (no.)	15,710	14,732
Average refund (€)	967	862

During 2025, 15,710 users benefited from the fund, with an average reimbursement of 967 euro. Less than 4% of Hera customers are not covered by the fund. Since its establishment, the fund has reimbursed more than 150,000 users, totalling over 182 million euro. As at 31 December 2025, Hera Spa's leakage fund had a positive balance of approximately 330,000 euro, with a decrease of over 3.6 million euro since the beginning of the year, attributable both to the increase in the number of claims (+7%) and, more importantly, to the higher average reimbursement per claim (+12%) as a result of the increase in tariffs. This trend will inevitably make it necessary, in the course of 2026, to revise the fund's membership fees in order to avoid negative balances. The figures shown include those for Hera Spa and HERAcquamodena.

AcegasApsAmga, on the other hand, has a policy for hidden losses (which supplements ARERA's protection and was renewed in 2025) that covers customers at an annual cost of 6 euro for domestic customers in Padua, 9 euro for domestic customers in Trieste, and 18 euro for non-domestic customers. In 2025, 506 claims were settled, totalling 1.5 million euro.

Marche Multiservizi applies the provisions of Resolution 14/2022 of the local authority, which deems daily consumption exceeding twice the average daily consumption over the previous two years to be abnormal. In such cases, the customer may notify the company of the presence of a leak that cannot be directly and clearly detected externally, and request the adjustment of bills showing abnormal consumption. In 2025, 962 customers benefited from this adjustment.

MAIN ACTIONS

BRIEF DESCRIPTION

QUALITY OF THE SERVICE

Ensuring commercial and contractual quality	Compliance with commercial and contractual quality standards in the services provided
Installation of electronic meters	Installation of electronic meters for gas, electricity and water services

The commercial quality of electricity and gas sales services is regulated by ARERA and covers the handling of written customer requests, such as complaints, enquiries and reports of double billing. The standards set in this area include general obligations and, in particular, specific standards relating to response times and the handling of written communications; failure to comply with these standards results in the automatic payment of compensation to the customer.

ENSURING
COMMERCIAL
QUALITY

The regulation of the quality of electricity and gas distribution services divides the standards to be met into general and specific standards. Failure to comply with the specific standards for reasons attributable to the distributor results in the payment of automatic compensation to the end customer (in most cases, through the sales company, which requests services from the distributor on behalf of the end customer). For electricity, the basic automatic compensation varies (from 40.25 euro to 161 euro) depending on the supply voltage (low or medium) and the type of

end customer (domestic or non-domestic), while for gas, the basic automatic compensation varies (from 35 euro to 140 euro) depending on the metering group class. The basic automatic compensation may be increased in relation to delays in the performance of the service or the timing of payment. The relevant Regulatory Authority measures in force in 2025 are Resolution 569/2019/R/gas for the gas service and Resolution 617/2023/R/eel for the electricity service.

When operating the integrated water service, the operator undertakes to comply with certain quality standards set out in the Service Charter, i.e. the characteristics of the main services provided by the operator and the time-frames within which they must be performed. This document has been drawn up in accordance with the template provided by the relevant authorities and annexed to the signed agreements, and its content complies with current national regulations. ARERA Resolution 655/2015 regulates the contractual quality of the water service as of 1 July 2016, setting out minimum service levels that operators must meet for activities related to user requests, such as emergency response, billing, access to customer service counters and the call centre, and complaint handling. The resolution also introduced the payment of a basic automatic compensation of 30 euro in the event of non-compliance with specific quality standards; with the exception of certain specific services, this amount increases in proportion to the delay in performance, up to a maximum of 90 euro in cases where the performance time exceeds three times the standard time.

For the district heating sector, the commercial quality of the service is defined by ARERA regulation (Resolution 546/2025/R/tlr), which sets out the financial values of the automatic compensation payments applicable to the various customer categories in relation to specific quality standards, such as the time-frames for activating the supply, discontinuing the supply, and reactivating the supply in the event of suspension due to non-payment.

ARERA Resolution 15/2022/R/rif introduces contractual quality for the urban waste management service, i.e., the set of obligations and standards governing the relationship between the operator and the user with regard to the methods and time-frames for handling requests for service activation, modification and termination, complaints, requests for information, and services involving technical intervention. It also covers points of contact with users, payment and refund methods, as well as the transparency and traceability of the responses provided, in order to ensure minimum service levels. The indicators provided for include those relating to on-call services and emergency response. With regard to on-call services, the operator guarantees a standard time of 15 working days for the collection of waste from customers' homes; in 2024 (data from the most recent report submitted to ARERA), in the municipalities with a pay-as-you-go tariff managed by Hera Spa, there were 40,488 requests for the collection of bulky waste, WEEE, green waste or garden prunings, with an average collection time of 9 working days. With regard to emergency response, the response time to the location of the call in the event of reports of hazardous situations related to the service, submitted by the relevant public authority bodies, must be no more than 4 hours; in 2024 (data from the most recent report submitted to ARERA), in the PAYT municipalities managed by Hera Spa, there were 94 reports of hazardous situations, with an average response time of 37 minutes.

Compliance with quality standards

%	2025	2024	NO. OF SERVICES (2025)
Sale of gas	97.9 %	97.3 %	17,668
Gas distribution (end customers and sales companies)	99.1 %	99.1 %	213,352
Sale of electricity	97.1 %	97.2 %	18,349
Electricity distribution (end customers and sales companies)	97.9 %	97.4 %	49,597
Integrated water service	99.9 %	99.9 %	11,641,948
District heating	95.9 %	94.7 %	782
Total	99.8 %	99.8 %	11,941,696

Data relating to services for which customers are automatically compensated in the event of non-compliance with the standard for reasons attributable to the company. The sales data exclude last-resort services, for which there are no obligations to monitor commercial quality. The figures do not include AresGas, which has approximately 30,000 customers, representing 1% of the Group's gas customers. The service quality data reported are those available at the date of preparation of these financial statements, which are not yet official for the purposes of the next reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025. The 2024 figures have been aligned with the calculation methods used for 2025.

In 2025, the Group provided a total of 11.9 million services requested by customers (down 5.5% compared to 2024), meeting the Authority's target response times in 99.8% of cases, a figure that remained stable compared to 2024, confirming the robustness of the Group's operational processes and the effectiveness of the optimisation measures implemented over the years. In particular, performance improved slightly in the areas of gas sales (from 97.3% to 97.9%), electricity distribution (from 97.4% to 97.9%) and district heating (from 94.7% to 95.9%), while it remained stable in the areas of electricity sales (97.1%), gas distribution (99.1%) and the integrated water service (99.9%).

In the gas sector, the large-scale meter replacement programme is nearing completion, with 93.9% of the gas meter fleet now equipped with remotely readable meters (89.0% as of 2024). The NexMeter project is also making progress, with 262,000 of these meters installed, representing 15.6% of the total. NexMeter is the 4.0 gas meter developed by the Hera Group, which offers advanced safety features: the meter is equipped with dedicated monitoring and alert tools (algorithms, sensors and ultrasound) that enable real-time monitoring of the pressure and flow conditions of the

supply system and the network, immediately reporting any anomalies or irregularities (small, latent leaks; large, immediate leaks with a high flow rate) and cutting off the supply, thereby instantly securing the system and preventing accidents. Following the restoration work, it can perform a test to ensure that the user's system is operating correctly, enabling the service to be resumed promptly. It is also capable of detecting seismic events in real time and, in such cases, also suspends the gas supply, thereby further enhancing safety. It is already designed to handle biomethane and so-called blended gases, i.e., mixtures of methane and hydrogen. Over the past few years, technical tests and analyses have been carried out to study the resistance of the NexMeter gas meter made from recycled plastic (NexMeter Green) under various environmental stresses (exposure to sunlight, cold, salt, etc.), to analyse the compatibility of these materials with natural gas, and to assess the feasibility of installing them at customers' premises.

In the electricity sector, too, the large-scale replacement of next-generation meters is in full swing, and 85.5% of the meters managed as of 2025 have already been replaced with the new 2G systems (compared to 74.0% at the end of 2024). In addition, more than 268,000 meters are made from recycled plastic (54.4% of the total). 2G meters provide comprehensive and timely data on customer consumption, enabling the distributor to manage the network more efficiently, reliably and cost-effectively, with a series of knock-on benefits throughout the entire energy supply chain. For example, on the supplier side, the availability of granular and timely data makes it possible to offer proposals and services that are increasingly tailored to customers' needs and specific circumstances, while also reducing the costs of obtaining meter readings; on the customer side, this fosters positive awareness of consumption, thereby leading to energy and cost savings.

In the water sector, the project for the remote reading of meters for the most water-intensive customers continued in 2025. These customers now have access to a dedicated dashboard for monitoring their consumption, which enables them to receive important alerts – including for suspected leaks in their internal systems – that help them take prompt action and reduce water wastage. As of 2025, there were more than 255,000 electronic water meters in total (compared to 89,000 at the end of 2024), accounting for 15.8% of the Group's total meters. At the end of the year, the remotely read volume accounted for 24.2% of the water sold (12% as of 2024).

MAIN ACTIONS**BRIEF DESCRIPTION****SERVICE SAFETY AND CONTINUITY**

Security and continuity of the gas distribution service	Inspection, gas network maintenance and emergency response activities to minimise leakage and ensure continuity and safety of service.
Security and continuity of the electricity distribution service	Monitoring of service continuity in relation to the standards defined by the Authority.
Technical call centre management	Management of emergency calls for energy and water services.
Continuity of water service	Enhancement of leak detection in the water network, including through the use of innovative technologies. Please refer to the actions 'Reducing water leaks' and 'Drought risk mitigation activities' in the chapter 'Water and marine resources'.
Cybersecurity	Strengthening measures to defend against and prevent cyberattacks in order to ensure the continuity and security of the services provided.

The Hera Group manages gas distribution with the aim of ensuring high standards of safety and service continuity, having long since anticipated the requirements set by ARERA in Resolution 569/2019 for the 2020–2025 regulatory period.

The main safety indicators for the gas distribution service include:

- the response time to the call-out location for emergency services;
- the annual percentage of the high and medium pressure network inspected;
- the annual percentage of the low pressure network inspected;
- the annual number of leaks located per km of network inspected;
- the annual number of leaks located in response to reports from third parties per km of network;
- the annual conventional number of measurements of degree of natural gas odouriser per thousand end customers.

To monitor these indicators, dedicated dashboards have been implemented, enabling the timely identification of any critical issues and the implementation of corrective measures.

The Consolidated Text of the Provisions for the Regulation of the Quality and Tariffs of Gas Distribution and Metering Services for the 2020–2025 Regulatory Period (ARERA Resolution 569/2019) stipulates that the distribution company is required to meet a minimum annual service obligation of 90% of calls, with a maximum response time to the call location for emergency assistance of 60 minutes.

Gas service emergency response

	2025	2024
Average time to arrive at the call location (minutes)	36	37
Calls with an arrival time at the call location of less than 60 minutes (%) (service obligation: 90%)	96.2 %	96.2 %

The data does not include AresGas, a company operating in Bulgaria which distributes 3% of the total gas distributed at Group level. The figures reported are those available at the date of preparation of these financial statements and are not yet official for the purposes of forthcoming reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025.

Monitoring of gas emergency response times confirms full compliance with regulatory obligations, as 96.2% of all calls were responded to with an on-site arrival time of less than 60 minutes.

Gas network inspections and leakages

	2025	2024
High- and medium-pressure network inspected as a percentage of the total (service obligation: 100% over three years)	55.1 %	61.8 %
Low-pressure network inspected out of the total (service obligation: 100% in four years)	72.5 %	70.6 %
Number of leaks on the distribution network identified following inspection per 1,000 km of network inspected	63.0	77.6
Number of leaks on the distribution network identified following reports from third parties per 1,000 km of network	45.6	25.9

The data does not include AresGas, a company operating in Bulgaria which distributes 3% of the total gas distributed at Group level. The figures reported are those available at the date of preparation of these financial statements and are not yet official for the purposes of forthcoming reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025.

With regard to network inspection and leak detection activities, in 2025, once again, the proportion of the network inspected significantly exceeded the minimum standards set by ARERA, with 55.1% of the high- and medium-pressure network and 72.5% of the low-pressure network inspected. In this regard, it should be noted that Hera plans to inspect 100% of the high-pressure network and the network in areas prone to hydrogeological instability on an annual basis, in addition to ARERA's obligation to also inspect the entire network annually for materials that do not comply with the Authority's requirements. In 2025, inspections of the gas network, including underground and overhead connections, continued. In this context, an artificial intelligence-based system has been in operation since 2019 to optimise scheduled leak detection across the network, enhancing the effectiveness of daily inspections in terms of leaks detected and reducing travel and maintenance times, as well as the associated environmental impact. The increased effectiveness of the scheduled leak detection system is evident from the consistent reduction in the number of leaks detected following inspections per kilometre of network inspected: in 2019, this figure was 104.5 leaks per thousand kilometres of network inspected, improving to 63.0 in 2025 (it was 77.6 in 2024). With regard to leaks reported by third parties, in 2025, 45.6 leaks per thousand kilometres of network were recorded, an increase compared to 25.9 in 2024.

ARERA Resolution 569/2019 required operators to replace gas networks made of non-compliant materials by 2025. In 2019, Inrete Distribuzione Energia operated approximately 160 km of non-compliant networks, mainly made of asbestos cement and concentrated in Forlì, Ravenna and Codigoro (FE); the decommissioning of these pipelines was successfully completed in 2025 in the Ravenna and Codigoro areas, while for Forlì, ARERA granted an extension until 2029 for the completion of the work. To enable the operational implementation of the ongoing multi-year work plan, specific contracts have been signed with specialist companies for the replacement of gas networks and connections made of non-compliant materials. During 2025, Inrete Distribuzione Energia decommissioned a further 14 km of pipelines made of non-compliant materials, relocating or renewing the corresponding service connections on the newly installed pipelines, bringing the total decommissioned network to almost 105 km. These activities also continued in the areas served by AcegasApsAmga, making it possible to decommission 1.3 km of grey cast-iron pipes in Trieste, 3.4 km of asbestos cement or PVC pipes in Gorizia, and 4.8 km of asbestos cement pipes in Udine; it should be noted that, in Trieste, ARERA granted the request for an exemption, agreeing to the target of replacing the non-compliant network by 2032. In Gorizia, the final 325 metres remain to be decommissioned due to the lack of authorisation from the company occupying the land; an application for an exemption has been submitted to ARERA, which has so far been rejected. In the area served by Marche Multiservizi, there are no sections of network that do not comply with ARERA's requirements.

To further reduce risks and enhance the effectiveness of the gas distributor's operations, Inrete Distribuzione Energia and AcegasApsAmga have developed Siris Gas, a network behaviour simulation system that uses actual measurements or measurements derived from artificial intelligence-based forecasting models. These simulations are based on input data drawn from various existing company systems (mapping, management data, remote monitoring and remote management) and integrated into a single, centralised platform, enabling near-real-time network modelling and the estimation of consumption and flow rates at the most critical points in the network, thereby providing important information for assessment. Thanks to its processing speed and the ability to use it on mobile

devices, Siris' intelligence can be taken into the field to support operators carrying out emergency response and maintenance work, as well as design and planning activities.

SECURITY AND CONTINUITY OF THE ELECTRICITY DISTRIBUTION SERVICE

The continuity of the electricity distribution service is regulated in accordance with the Authority's provisions on the quality of electricity distribution and metering services for the 2024–2027 regulatory period (Resolution 617/2023/R/eel).

The Authority specifies the indicators for measuring outages, the monitoring systems and the reference standards. The indicators relating to outages originating on the medium- and low-voltage network are: the total annual duration of long unannounced outages per low-voltage customer; the total annual number of long and short unannounced outages per low-voltage customer.

Continuity of electricity service

	2025	2024	AVERAGE 2025-2024	2025 TREND LEVEL
Average number of outages per customer in high concentration areas	0.9	1.0	0.9	0.8
Minutes of interruption per customer in high concentration	10.0	10.8	10.4	11.0
Average number of outages per customer in medium demand areas	1.4	1.4	1.4	1.7
Minutes of interruption per customer in medium demand	14.2	18.1	16.2	23.6
Average number of outages per customer in low concentration	4.5	4.3	4.4	3.5
Minutes of outage per customer in low concentration	26.2	34.1	30.1	39.8

The average number refers to low-voltage service interruptions occurring without prior notice and for reasons for which the operator is responsible. The minutes of outage refer to outages lasting more than three minutes. The figures reported are those available at the date of preparation of these financial statements and are not yet official for the purposes of forthcoming reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025.

The 2025 data confirm a good level of continuity in the electricity distribution service, although not all of the reference indicators fall below the target levels set by ARERA.

The System Average Interruption Duration Index (SAIDI), calculated as the sum of all customer outage durations divided by the total number of customers served by Inrete Distribuzione Energia and AcegasApsAmga, improved to 0.22 hours/user in 2025 (compared to 0.26 hours/user in 2024).

The Hera Group's technical call centre service, located in Forlì, operates 24 hours a day and offers 14 separate freephone numbers for the various services (gas, water, district heating, public lighting, electric mobility) and geographical areas (Emilia-Romagna, Triveneto, Marche), including two numbers dedicated to public authorities (for networks and the environment). In 2025, 514,000 calls were received (+1% compared to 2024).

The technical call centre carries out remote control activities for plants throughout the Hera Group: remote control, monitoring, automation and continuous, real-time supervision of the water supply, sewerage, gas distribution and district heating networks, covering all the areas managed in Emilia-Romagna, three municipalities in Tuscany, the Marche region and the Triveneto area. As of 2025, 10,968 plants were connected to the technical call centre's remote monitoring system (approximately 500 more than in 2024).

The receipt and diagnosis of telephone calls to the emergency service's toll-free numbers, handled by the Hera Group's technical call centre, are crucial in the event that these calls result in the actual detection of a service anomaly.

TECHNICAL CALL CENTRE MANAGEMENT

Technical call centre: Percentage of calls answered within 120 seconds

%	2025	2024
Gas emergency response (minimum percentage required by ARERA: 90%)	95.9 %	96.4 %
Water emergency response (overall level: 90%)	83.9 %	92.3 %

The gas and water emergency response rate for each individual company is calculated in accordance with the criteria defined by ARERA, i.e. using the number of calls answered and calls abandoned within 120 seconds as the numerator, and the total number of calls received as the denominator. The figures reported are those available at the date of preparation of these financial statements and are not yet official for the purposes of forthcoming reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025.

Average waiting time at the technical call centre

SECONDS/NUMBER	2025	2024
Average waiting time for gas emergency response	53	58
Average waiting time for emergency water service call-outs	81	67
Number of calls for gas emergency response	91,745	94,685
Number of calls for integrated water service emergency response	293,896	282,120

The figures reported are those available at the date of preparation of these financial statements and are not yet official for the purposes of forthcoming reports to the Authority. Therefore, these figures may potentially be subject to change compared with what will actually be reported to the Authority in the course of 2026 for the calendar year 2025.

In 2025, the technical call centre received over 385,000 calls for gas and water services. The percentage of calls answered within 120 seconds remained broadly stable for the gas service (96%), while it decreased for the water service (from 92.3% to 84%). The latter decrease was due to the introduction of a new management application, which affected response times for several months of the year; consequently, the average waiting time for the water service increased (from 67 to 81 seconds).

In 2025, the customer satisfaction survey, conducted using an automated post-call tool at the end of conversations, recorded a participation rate of 6.2% and an overall satisfaction level indicating that at least 84% of respondents were 'very satisfied'.

The 24-hour technical call centre service for electricity enables users to report faults or hazardous situations and to obtain information on power outages.

The technical call centre handles reports from Emilia-Romagna and Friuli-Venezia Giulia for the areas where electricity distribution is managed by Inrete Distribuzione Energia or AcegasApsAmga. Each region has a toll-free emergency number and a dedicated number for public bodies.

Average waiting time at the electricity technical call centre

SECONDS/NUMBER	2025	2024
Average waiting time for electricity emergency response	49	57
Number of calls for electricity emergency response	20,469	22,639

In 2025, the electricity technical call centre handled approximately 20,000 calls, with an average waiting time of 49 seconds, representing a reduction in both indicators compared to the previous year.

The development of the Group's multi-year cybersecurity improvement plan continued in 2025, with a particular focus on initiatives related to the European NIS2 Directive, which strengthens the security of Europe's critical infrastructures by imposing stringent risk management measures. In addition to the formal registration requirements for Group companies that are NIS-relevant, the ICT incident management process has been updated, with approval by the Board of Directors and implementation of the new process from 2026.

In 2025, the Group's Security Operations Centre (SOC) continued to converge IT (management information systems) and OT (industrial physical systems) cybersecurity monitoring, placing greater emphasis on verifying OT sensors, in collaboration with the operational departments that manage the industrial plants being monitored.

Overall, in 2025, there was a slight increase in the number of anomalous events analysed by the SOC compared to 2024. Taking into account that the number of such events is steadily rising, primarily due to the continued increase in external attacks and the expansion of the scope of monitored systems, but offset by improvements in monitoring and, where possible, by automated responses, this slight increase is, overall, a result in line with expectations.

The 2025 vulnerability assessment plan was completed by supplementing the quarterly assessments, which were extended to cover the entire scope exposed on the internet, with a private bug bounty programme targeting the Group's corporate website.

With regard to the Shadow systems catalogued in 2024, work continued in 2025 to secure them through detailed analysis and the identification of appropriate measures or the decommissioning of the systems.

In terms of awareness, efforts continued through campaigns aimed at the entire company workforce, regular ethical phishing campaigns, and cyber incident simulation exercises, both technical and tabletop (emergencies), covering both the IT and OT domains.

With regard to the six incidents recorded in 2025 (there were four in 2024), the majority were low-severity events. Specifically, four incidents were classified as low severity, one as medium severity, and one as severe. The latter incident affected the IT systems of a single Group company and resulted in the unavailability of certain management systems at that company alone for two weeks, without impacting industrial production activities or other Group systems.

MAIN ACTIONS

BRIEF DESCRIPTION

RELATIONS WITH CUSTOMERS

Monitoring the quality of the sales network to ensure proper business conduct	Strengthening the sales network's control systems to ensure the transparency and quality of commercial practices. Adoption of additional safeguards for customers, for example by making it easier for them to exercise their right to reconsider.
Management and improvement of contact channels: Call centre	Ensure the quality of the service provided through call centres in terms of waiting times, calls answered and customer satisfaction.
Management and improvement of contact channels: Branches	To ensure the quality of the service provided through the counter service in terms of waiting times.
Complaint management	Reducing complaint response times and the complaint-to-contract ratio.
Conciliation as a dispute resolution method	Successful resolution of disputes through the mediation process, thereby avoiding recourse to the ordinary courts.
Information security and privacy protection	Management of information security and data protection, integrated from the design stages and supported by a continuously updated document management system.

Hera Comm's sales agencies operate in the market as multi-firm agents with exclusive sales rights in the energy markets within the territories defined by their agency agreements. These partners can operate both through telephone channels (telesales) and through in-person channels, such as door-to-door sales. In some territories, they manage customer service points (service centers or counters) on behalf of Hera Comm.

The selection of potential partners is carried out through market scouting (including the use of specialized research firms) and direct reports from Hera's Area Managers. The criteria for selecting agencies primarily concern the number of years in the market, loyalty to the partner, and the sector in which they operate.

The agency onboarding process includes a structured mandatory training program for all involved staff, which begins before the contractual relationship is established. The training covers energy markets, the product portfolio, and relevant regulations—including the Code of Commercial Conduct and data protection regulations—and is designed to ensure proper, transparent conduct that is fully compliant with the regulatory framework.

In line with regulatory developments in the sector, Hera Comm has further strengthened its commitment to the quality and professionalism of its sales network. With the "Utility Bills Decree," approved in 2025, the legislature officially recognized the role of consultant for the management of energy and telecommunications services, citing certification under the UNI 11782 standard as the benchmark for professional qualification.

In this context, Hera Comm has entered into a partnership with a leading association in the utility management sector, launching a program that provides for the progressive training of its agent network aimed at obtaining Utility Manager certification, in accordance with UNI 11782. This program enables sales representatives not only to operate in compliance with internal quality standards and the Group's Code of Ethics, but also to be certified by an independent body and registered in a dedicated public registry, in line with the new legislative framework.

At the same time, Hera Comm has invested in the digitization of its sales processes by adopting a digital tool for contract signing, integrated into the operational workflows of its agent network. The platform enables the creation of digital contracts, the structured collection of information, and the traceability of the entire signing process, thereby reducing the risk of operational errors and strengthening control and compliance measures.

Access to digital sales tools is contingent upon the completion of required training programs and the verification of acquired knowledge through structured competency validation mechanisms. This approach ensures that only adequately trained operators who are aware of market rules, product features, and regulatory obligations may participate in the contract execution phase, thereby further strengthening customer protection and the overall quality of the sales network.

Overall, this model integrates training, professional certification, and process digitization, thereby enhancing transparency, business integrity, and customer trust in the Group.

For Hera, it is essential to obtain the customer's consent in a clear, informed and unambiguous manner, and therefore the company carries out targeted quality checks in line with the requirements of the Consumer Code in order to effectively monitor the quality of the sales channel and, if necessary, take action against the agent or agency as stipulated in the signed sales mandate.

Among other things, this mandate sets out operational instructions on the specific characteristics of each sales channel and specifies the relevant penalty system for each channel, with particular emphasis on the issue of privacy and customer consent when signing contracts.

In 2025, Hera Comm continued its auditing of sales agencies, carrying out 78 on-site inspections at the premises of a sample of agencies selected on the basis of risk parameters, resulting in a total of over one thousand inspections being completed. The results of these checks were formalised in dedicated documents, which are managed in order to monitor the remedial actions taken to address any non-conformities.

In addition to direct monitoring of agencies and agents, the monitoring and control processes draw information from other activities, such as detective activities, which involve managing information derived directly from calls made by Hera Comm to customers who have signed a contract, and business intelligence activities, which rely on analysing data already held in the company's systems, appropriately aggregated and logged.

Throughout 2025, calls continued to be made to customers who had signed a contract with Hera Comm. The purpose of these calls is to ensure that the customer has been reliably identified, to ascertain the customer's willingness to enter into a contract, to verify the customer's understanding of the financial terms and the services to which they have

MONITORING
THE QUALITY
OF THE SALES
NETWORK TO
ENSURE
APPROPRIATE
BUSINESS
CONDUCT

subscribed, and to verify that the sale was carried out in full compliance with the operating instructions established for the relevant sales channel. These calls are made with a specific focus on contracts concluded by agents who are already under monitoring for poor sales performance, and if the customer does not respond, the contract is not activated in such cases. Throughout 2025, the number of agents under monitoring remained in line with the figure at the end of 2024, covering approximately 30% of the contracts concluded through indirect sales channels.

Should the aforementioned monitoring activities reveal evidence of conduct that does not meet expectations, depending on the severity of the non-compliance identified, penalties are applied both to the agents and to the agencies for which they work. These sanctions are governed by the sales mandate and entail the application of penalties which, depending on their severity, range from financial penalties of varying degrees of severity to the immediate termination of the contractual relationship in the most serious cases. During 2025, around 3,000 cases of non-compliance were identified and sanctioned.

In 2025, new software for the acquisition of contracts via electronic devices (primarily tablets) was also designed and implemented. This software has been in operation since May 2025 and has enabled an improvement in the quality of the contract documents acquired. It also represents a significant step forward in terms of verifying the customer's consent to finalise the signed contract. In fact, the contract is not activated unless the customer has first confirmed, either by telephone or by accessing a personal URL, their personal details and their intention to enter into the contract. At the end of the software roll-out period, the process for obtaining consent to enter into a contract was standardised for household customers who had signed up via paper application as well, making the quality assurance call made to customers after the orders have been uploaded and the documents verified a mandatory step.

Both during the validation of the contract via tablet and during the quality calls, the customer can choose which offers/services to activate. This preferred channel for managing newly signed contracts complements the company's existing customer management channels: call centre, post, email and web.

The Hera Group's call centres are operated by external staff from specialised companies with operational and registered in Italy. Sales promotion activities are entrusted to Italian agencies with operational units in Italy and staff directly employed by these agencies, on the basis of formal agency agreements with Hera Comm's sales companies.

Residential call centre quality

	2025	2024
Average call centre waiting time for residential customers (seconds)	49	38
Successful calls for residential customers (%)	94.5 %	95.8 %
Call centre contacts for residential customers (thousands)	7,334	7,952

The average waiting time, in the context of a telephone call from a customer requesting to speak to an agent, is the time that elapses between the request to speak to an agent and the start of the conversation. It does not take into account the initial route through the automated response system. The figures do not include the company AresGas, which has approximately 30,000 customers, equivalent to 1% of the Group's gas customers.

In 2025, calls to residential call centres decreased by 8% compared to 2024 (-618,000); despite this, the average waiting time increased from 38 to 49 seconds, and the percentage of calls answered within 120 seconds decreased slightly from 95.8% to 94.5%, although it remained at a high level. This is due to the fact that, in the middle of the year, the Group held new tenders to outsource the management of its call centres to external providers, which led to a natural initial adaptation phase and a temporary drop in overall performance.

The Hera Group operates 252 branches throughout Italy, 72 of which are equipped with queue management systems, a slight increase from the 248 branches in 2024, reflecting the Group's ongoing expansion.

Average waiting time at the counter

MINUTES	2025	2024
Average waiting time at the counter	8	9
Number of contacts (thousands)	1,149	1,134

The data refer to branches where a queue monitoring system is in place. The data do not include the companies Etra Energia (for which approximately 3,500 contacts were recorded, 0.3% of the total) and AresGas, which has approximately 30,000 customers, equivalent to 1% of the Group's gas customers.

In 2025, the Hera Group's customer service counters recorded a slight increase in customer traffic (+1.3%), which was concentrated in the areas where the switch to the pay-per-use tariff for environmental services took place. Despite this, there was a further reduction in the average waiting time, from 9 to 8 minutes, thanks to the recruitment of new staff, the upgrading of reception desks, and targeted and effective communications to the public regarding the pay-as-you-go tariff.

Throughout 2025, investment in the network of local customer service points continued: numerous customer service points were refurbished, creating larger waiting areas, installing new sound-absorbing technology to protect privacy, establishing a new reception desk to receive and provide faster, more targeted responses to customer needs, and creating display areas to share the commitment to energy efficiency and energy savings with the public and

customers. Within AcegasApsAmga, it is worth noting the consolidation of the counters for water and environmental services, with a view to achieving organisational synergy. These investments confirm the Group's genuine commitment to also investing in the physical contact channel of its customer service, which is a key point of contact between the Group's companies and the public and customers, where personalised support, advice on tariffs and the provision of essential services for local communities can be delivered.

Complaints responded to

	2025	2024
Average complaint response time (days)	9	10
Complaints responded to within the standard (%)	97.5 %	97.4 %
of which complaints relating to the sale of gas and electricity	97.5 %	97.3 %
Complaints responded to (no.)	48,414	58,851

COMPLAINT MANAGEMENT

The complaint response time is expressed in calendar days, with a benchmark of 40 days. The figures relate to Hera Comm and EstEnergy. The data exclude last-resort services, for which there are no commercial quality monitoring obligations.

Hera Comm and EstEnergy handled 48,414 cases, a decrease of 18% compared to 2024. As a result, the average response time also decreased, from ten to nine days, further demonstrating the benefits of the full adoption of the new customer relationship management system by all Group facilities and companies in 2025. The ratio of complaints to contracts decreased as compared to last year.

At AcegasApsAmga, the average response time increased from 12 calendar days to 20, while 100% of complaints continued to be responded to within the standard time-frame (40 days).

At Marche Multiservizi, the average response time increased slightly, from two to three calendar days, while still ensuring that 100% of complaints received a response within the standard time-frame.

Overall, in 2025 the Hera Group handled 54,670 complaints, a decrease of 19% compared to 2024. Complaints decreased for all services except district heating: -21% in energy services (-22% for gas sales, -21% for electricity sales, +52% for district heating and -20% for gas distribution), -1% in water services and -34% in waste management services.

Alternative dispute resolution (ADR) is an increasingly popular method of resolving disputes without resorting to the ordinary courts, and is a cost-effective option for customers, who can take part in the dispute resolution process either directly or through a representative. The service is free of charge, and most meetings take place online, making it easier to participate. The success of the procedure is confirmed by a high rate of positive resolutions and by increasing user satisfaction.

MEDIATION AS A DISPUTE RESOLUTION METHOD

Since January 2017, it has been mandatory to attempt conciliation for gas and electricity services, and since July 2023, also for water and district heating services. Attempting conciliation is a condition of admissibility for any subsequent legal action. As of October 2025, ADR has also been introduced for waste management, although it is not currently mandatory (until a new ARERA resolution, it is up to the operator to decide whether or not to participate) and does not constitute a condition of admissibility. Dispute resolution bodies must meet the requirements set out in the Italian Commercial Code and be registered in the register maintained by ARERA.

In addition to ADR mediation, there is also joint mediation, but its use is steadily declining due to its greater complexity and increased bureaucracy.

In 2025, 1,694 requests for ADR mediation were received, 82.9% of which related to energy services. Out of 1,525 requests closed, 1,204 resulted in an agreement, giving a success rate in the free market of 85.4% (compared to 82.3% in the previous year). The average time to resolution was 59 days.

At the end of 2025, there were 818 pending disputes involving Hera Group companies, of which 776 involved Hera Comm and its subsidiaries. These disputes mainly concerned issues relating to the application of the tariff regime for the services provided, challenges to the safeguard regime to which customers are assigned by the relevant distributor, and cases arising from objections to injunction orders served in connection with the enforced recovery of debts. The pending disputes mentioned above also include those initiated by electricity customers seeking the refund of provincial excise duty surcharges paid in 2010 and 2011, following the rulings of the Court of Cassation.

In addition to the disputes with customers and suppliers, at the end of 2025, a further 18 disputes were pending concerning the disconnection of gas supplies to end customers in arrears who, having entered into contracts with suppliers for delivery points located on the distribution network operated by Inrete Distribuzione Energia, were subject to administrative disconnection in accordance with ARERA regulations (in particular, the Consolidated Text on Gas Arrears). For this latter group of disputes, there has been a significant reduction compared to previous years following the entry into force of ARERA Resolution 379/2024, which raised the sub-threshold limit from 500 to 5,000 cubic metres; therefore, as of September 2024, it is no longer mandatory to initiate legal proceedings for annual consumption of less than 5,000 cubic metres.

Information security management within the Hera Group is integrated from the design stages, adopting the principle of security by design to effectively protect company data, in particular personal data, and to pursue privacy by design.

INFORMATION SECURITY AND PRIVACY PROTECTION

Security management concerns all of the Group's stakeholders: citizens, customers, employees and suppliers. The governance of this area takes the form of a multi-risk approach to data and information processing, aimed at enhancing the resilience – with a defined level of reliability – of information and network systems against events that could compromise their availability, authenticity, integrity or confidentiality. To this end, an up-to-date business impact analysis is maintained for all of the Group's information systems, supported by a comprehensive and continuously updated document system that includes the Information Security Policy guideline, the Personal Data Protection Policy, and a series of information security policies that set out the guiding principles for all information security activities, including the assignment of responsibilities to clearly defined organisational roles.

Senior management is involved in defining the acceptable level of risk through the Risk Committee, which conducts an annual information security assessment and proposes mitigation initiatives, which are continuously monitored, based on the methodology of the national cybersecurity framework and in accordance with the applicable regulations. Since 2024, a priority project has been underway to bring the Group's companies into compliance with the NIS2 Directive, which has strengthened cybersecurity obligations and expanded the number of sectors and entities affected, including the supply chain.

Also with a view to improving the protection of data availability, the Group has launched a modular ISO 22301 certification project. ISO 22301 is the international standard developed to guide organisations in identifying potential threats to their business processes and in building effective backup systems and processes to ensure operational continuity. In this context, a specific and dedicated focus has been placed on the continuity of IT systems for critical processes.

Particular attention is also being paid to the impacts of adopting artificial intelligence solutions within the Group, including in light of European Regulation 2024/1689, which has led to the adoption of a specific Group policy on the use of artificial intelligence. With regard to compliance with GDPR 679/2016, the protection of privacy is one of the Group's priorities, achieved through the systematic analysis of new legislation and decisions issued by the Italian Data Protection Authority, and a particular focus on the exercise of the rights of data subjects, including members of the public, customers, employees and suppliers.

Complaints regarding breaches of customer privacy

NUMBER	2025	2024
Complaints received from free-market customers	37	143

In 2025, the decrease in complaints from free-market customers concerning issues related to the processing of personal data (privacy) is attributable to a gradual improvement in activities related to the processing of customer data at all stages of managing the contractual relationship.

S4-4

It should also be noted that in 2025, there were no serious human rights incidents involving the Group's customers reported by the Ethics and Sustainability Committee, the Supervisory Board or the Legal Department.



1.05.04 Governance disclosures

Business conduct

Description of the material impacts, risks and opportunities

The double materiality assessment identified business conduct as one of the most material topics, broken down into the following sub-topics: corporate culture, political engagement and lobbying activities, and management of supplier relationships, including payment practices.

ESRS 2 IRO-1
ESRS 2 SBM-3

Impacts, risks and opportunities related to business conduct

MATERIAL SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Corporate culture	Promotion and dissemination of ethical behaviour Current short-term positive impact related to the company's own activities
Political engagement and lobbying	Advocacy with institutions on issues related to sustainable development Current short-term positive impact associated with the company's own activities
Management of relationships with suppliers including payment practices	Growth and development of suppliers in the areas of safety and environmental sustainability through capacity-building programmes Current short-term positive impact related to the activities of suppliers and business partners Improvement of transparency and sustainability in the supply chain through shared responsibility and alignment with Esg criteria Current short-term positive impact related to the activities of suppliers and customers Risks arising from the unintentional selection of sub-suppliers/sub-contractors not aligned with the Group's Esg principles Medium-term risk related to the Group's own activities and those of sub-suppliers/sub-contractors

The methodological references for identifying and assessing material sustainability issues are provided in the 'General disclosures' chapter.

The positive impacts related to Hera's governance concern activities aimed at promoting and disseminating conduct in line with the Group's Code of Ethics, with the goal of consolidating a purpose-driven corporate culture through the empowerment and engagement of Hera's stakeholders. With regard to the context outside the organisation, Hera engages in advocacy activities vis-à-vis institutions on issues related to sustainable development, thereby generating a positive impact on legislation. In addition, the Group promotes awareness-raising activities on sustainability issues, including among its suppliers. In particular, through its supplier qualification, selection and evaluation activities, which include the implementation of a qualification rating based on Esg criteria and the conduct of corporate responsibility monitoring audits, the Group improves the sustainability profile of its supply chain year on year through shared responsibility and alignment with Esg criteria. In this regard, Hera designs capacity-building initiatives for suppliers and business partners aimed at improving suppliers' health and safety expertise, facilitating access to opportunities for economic growth, and enhancing the resilience and competitiveness of supplier companies, as well as encouraging the adoption of sustainable and responsible practices, thereby creating an integrated and collaborative value chain. Finally, based on the ERM analyses, a risk was identified associated with the unintentional selection of sub-suppliers/sub-contractors not aligned with the Group's Esg principles. With regard to active and passive corruption, it should be noted that, although the impact in question was found to be non-material according to the defined assessment metrics, in line with previous reporting and with the expectations and information needs of stakeholders on this topic in terms of potential cases of corruption, it was decided to include it in the disclosure in any case, for the sake of completeness and comparability with previous reporting periods.

With regard to the material risk identified, there are no significant current financial impacts.

Policies and objectives

The core elements of the Group's corporate culture are the purpose, mission, values and operating principles set out in the Code of Ethics, to which the Quality and Sustainability Policy is added.

Through its policies on business conduct, the Hera Group aims to promote and disseminate positive behaviours that help to enhance cohesion and consistency, improve the organisation's efficiency, and build a positive reputation.

The Code of Ethics guides the company's management and individual conduct towards compliance with Hera's ethical values and operating principles. The Code of Ethics is the document that expresses the Group's corporate culture and sets out the ethical commitments and responsibilities that all individuals, in their various capacities and with their different responsibilities, are required to adhere to in order to achieve the company's objectives. Since 2007, the Code of Ethics has been reviewed and updated every three years through a participatory process involving all employees and trade unions.

POLICY

G1-1

The main ethical references of the Code are the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, its eight core conventions, the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Charter of Fundamental Rights of the European Union.

To ensure the implementation and dissemination of the Code, the Board of Directors appoints the Ethics and Sustainability Committee, which reports regularly on its activities to the Board of Directors. For further information on the Ethics and Sustainability Committee, please refer to the General disclosures section.

The Code of Ethics is provided to all new employees as part of the company welcome kit, is communicated both internally and externally, and is available on the company website. The content of the Code of Ethics forms the basis of the 'Code of Conduct – Sustainability Agreement with Suppliers', which suppliers are required to sign as a prerequisite for inclusion on the Hera Group's supplier list and which constitutes an integral part of the contractual relationship. In addition, it is the subject of annual training initiatives, which are discussed in more detail in the section 'Business conduct training'.

The Boards of Directors of Hera S.p.A. and the Group's main subsidiaries have adopted the 231 Organisational, Management and Control Model with the aim of ensuring fairness and transparency in the conduct of the company's business and activities. The Model is aimed at preventing all 231 offences, including bribery and corruption; cases of conflicts of interest are regulated, and measures are in place to protect the confidentiality of information. The model incorporates the principles of conduct formalised in the Code of Ethics. There are various internal training activities, both specific and general, covering both anti-corruption (ISO 37001) and the 231 Model. In addition, there are dedicated banners and publications on the company intranet, as well as a dedicated section that can also be accessed from the Group's website.

Since 2010, in its business and people management processes, the Hera Group has been applying, on a daily basis, a clear leadership model – a compass to guide the conduct of all employees – which sets out the skills required to bring the Company's mission and values to life and to achieve its strategic objectives. This model is not static but is continuously evolving, with a particular focus on a number of distinctive elements: widespread participation, the development of skills, purpose, and day-to-day application in the Company's operational processes.

The new leadership model, introduced in 2024, is centred on Purpose-driven leadership and comprises two dimensions: one temporal (today–tomorrow) and one relating to people (me–us); four objective areas are therefore defined, each encompassing two competencies.

The assessment of the behaviours set out in the leadership model is one of the three components underpinning the Hera Group's incentive system: the balanced scorecard. The entire company workforce is involved both in the regular activities to update the model and in the annual training and development activities to strengthen managerial skills related to the model, including through the use of multimedia and interactive content available on the Group's e-learning platform.

The Corruption and Fraud Prevention Model and the 231 Compliance Model

Corruption, fraud and 231 offences pose significant risks to business activities, as they can severely damage a company's reputation and image, as well as cause substantial financial harm. Hera promotes the fight against these offences by adopting a commitment to zero tolerance of corruption and fraud in any form, as stated both in the Code of Ethics and in the Corruption Prevention Model, which was adopted in 2019 and subsequently supplemented in July 2023 to also cover the scope of fraud, of which corruption is a specific instance. In addition, three Group companies have an ISO 37001-certified anti-bribery management system, including Hera Spa since 2019.

Hera's commitment applies to both employees and third parties (e.g. consultants, suppliers and business partners), and is implemented through appropriate preventive measures, training activities, a disciplinary system and the inclusion of specific ethical clauses that all employees and third parties must accept and endorse.

In 2025, the Internal Auditing Department carried out all its activities in accordance with best practices compliant with the international Quality Assurance Review certification.

Risk assessment activities, both for processes and for 231 purposes, are carried out by the Internal Auditing Department and cover all of the Hera Group's business processes. Every three years, a mapping exercise is carried out of the activities performed by the business and staff areas, identifying their exposure to risks. The risks examined are: regulatory compliance, reliability and integrity of information, safeguarding of company assets, and effectiveness and efficiency of operations. The risk mapping process employs approaches and assessment scales in line with those used by Enterprise Risk Management (ERM). This includes the risks of fraud, corruption and offences covered by Italian Legislative Decree 231/2001. Specifically, more than one thousand risk scenarios have been identified, the monitoring of which is continuously updated. For each of these scenarios, the inherent risk was initially assessed and, following the mitigation measures implemented by the internal control system, the residual risk was also assessed. This activity was carried out on the basis of the findings of previous assessments, the results and critical issues identified by the audits conducted and subsequent follow-up activities, the ERM analysis presented annually to the Board of Directors of Hera Spa, and the definition of ERM risk limits, as well as in relation to sector-specific risks derived from benchmarks of other peer companies. In addition, processes that have never been audited are also assessed. The assessments, which focused on the risk event, were guided by and calibrated to the type of processes, the business and the Group's specific characteristics. The risks pursuant to Italian Legislative Decree no. 231/2001 were identified by macro-process, evaluated through ad hoc assessments and included in the risk assessment as part of regulatory compliance risks.

The risk assessment process resulted in a risk-based audit plan for the Hera Group. The risk assessment, developed for the three-year period 2025–2027, was approved by the Board of Directors of Hera Spa on 18 December 2024.

G1-1

G1-3

RISK
ASSESSMENT,
PROCESS RISK
ASSESSMENT
AND 231 RISK
ASSESSMENT
ACTIVITIES,
AND THE
CORRUPTION
AND FRAUD
PREVENTION
SYSTEM

G1-4

The audit plan is developed on a three-year basis and updated annually: the 2026 audit plan was approved by the Board of Directors of Hera S.p.A. on 17 December 2025.

Based on the matrix identified in the risk assessment, the Hera Group's Internal Auditing Department placed a specific focus on fraud and corruption risks. In 2025, the planned audits, which also had relevance for anti-corruption and anti-fraud purposes, were carried out. The Internal Auditing Department's analyses did not identify any incidents of fraud or corruption, nor any issues related to 231 offences.

Hera has implemented a comprehensive compliance system comprising tools and policies aimed at preventing and combating fraud and active and passive corruption, in addition to the provisions of the Group's Code of Ethics and the 231 organisational model.

The Group's corruption and fraud prevention system comprises the following:

- Code of Ethics;
- Quality and Sustainability Policy;
- A model for the prevention of corruption and fraud, which supplements the existing 231 organisational model, which already covered the types of corruption covered by Italian Legislative Decree 231/2001;
- Regular audits and training activities focused on preventing fraud and corruption;
- Whistleblowing system for the management of reports of offences of any kind, including fraud, corruption and offences potentially falling under the 231 Model.

In the risk assessment activities carried out by the Internal Auditing Department, the areas at risk of corruption offences are identified primarily, but not exclusively, in the Group's dealings with public supervisory and control authorities and bodies, for example, when participating in public tender procedures, applying for licences, administrative measures and authorisations, submitting financial reports, and entering into and performing contracts with public authorities. These areas, together with aspects such as procurement, supplier management and control, donations and sponsorships, entertainment expenses, and the management of receivables and tax risk, are subject to ongoing monitoring. In addition to these areas, there are those exposed to the offence of corruption between private parties, such as the management of active contracts (preparation, participation in tenders, negotiation, etc.), commodity trading, relations with third parties, the selection, recruitment and administrative management of personnel, the procurement of goods, works and services, and information technology activities.

The Boards of Directors of Hera S.p.A. and the Group's main subsidiaries have adopted the 231 organisational, management and control model with the aim of ensuring fairness and transparency in the conduct of the company's business and activities. The model incorporates the principles of conduct formalised in the Code of Ethics. In December 2021, the Hera Group approved a revision of its organization, management and control model for the purposes of Italian Legislative Decree 231/2001, which renewed the Hera Group's commitment to combating corruption and all offences relevant for the purposes of Decree 231, and to preventing situations that pose a risk of offences being committed, by promoting a culture of ethics and compliance with the law.

The companies that have adopted a 231 model are: Hera Spa, Herabit Spa, AcegasApsAmga Spa, A.C.R. Spa, Aliplast Spa, ASA Scpa, Biorg Srl, EstEnergy Spa, Etra Energia Srl, F.lli Franchini Srl, Feronia Srl, Frullo Energia Ambiente Srl, Hera Comm Spa, Hera Luce Spa, Herambiente Servizi Industriali Srl, HEA Spa, Herambiente Spa, Hera Servizi Energia Spa, HERAcquaModena Srl, Heratech Srl, Hera Trading Srl, HestAmbiente Srl, Inrete Distribuzione Energia Spa, Marche Multiservizi Spa, Marche Multiservizi Falconara Srl, Macero Maceratese Srl, Recycla Spa, Uniflotte Srl, Vallortigara Servizi Ambientali Spa. Together, these companies account for 97.2% of the Group's employees. Marche Multiservizi Spa, Marche Multiservizi Falconara Srl, Macero Maceratese Srl and A.C.R. Reggiani Spa each have their own 231 model.

All Hera Group companies that have adopted the Group's 231 organizational model have implemented the model for the prevention of corruption and fraud, which supplements the existing 231 model for the prevention of offences. The model defines the concepts of bribery and corruption, both active and passive, and sets out measures to prevent offences, corruption and prohibited conduct in the context of the various relationships at risk of offence: with public officials, with customers, with suppliers and with all other business partners of the company.

The Supervisory Board acts as the Compliance function for the prevention of corruption, reviews the findings of the audits carried out for this purpose by the Internal Auditing Department, and monitors the risk of corruption as well as preventive and risk mitigation measures.

Following a mapping of company activities susceptible to the risks of offences covered by Italian Legislative Decree 231/2001, the Group companies, with the support of the Supervisory Board and the Group Internal Auditing Department, 231/2001, have established 29 protocols to be followed when carrying out sensitive business processes, as they are exposed to the potential risk of 231 offences being committed, and some of these protocols have been adapted to meet the company's specific needs. In addition, the companies periodically provide 41 information flows that inform the Supervisory Board regarding processes at risk of 231 offences, including corruption. The protocols are widely disseminated to all employees through their publication and regular updating on the company intranet. Their implementation is reviewed and monitored during the audit phase.

There are channels for submitting reports to the Supervisory Board, both by post and by email, as well as verbally, in addition to a web-based tool that enables reports to be submitted promptly and in complete anonymity. These

channels are made public through a notice on the Group's website and are accessible to all stakeholders, including Hera Group employees and contractors, suppliers, customers, shareholders and members of the public. Reports, the results of investigations and the measures taken (e.g., training or actions to strengthen the internal control system) are reviewed and monitored by the Supervisory Board and brought to the attention of senior management and the Board of Directors as part of the reporting systems, including for the purposes of ISO 37001. The whistleblowing procedure includes measures to protect the confidentiality of whistleblowers and establishes a dedicated channel for receiving reports of corruption, fraud and 231 offences, in addition to the channel provided for in the Group's Code of Ethics.

During 2025, the Supervisory Board received 8 reports; none of these led to the identification of 231 offences or offences of any other nature. The reports deemed relevant mainly concerned: supplier management, customer sales management, personnel management, and health and safety. It should be noted that both the Supervisory Board, which oversees the reports, and the auditors, who handle the investigations at the operational level, are independent, both in terms of their reporting line and in terms of their operational responsibilities, with respect to the specific reports. Any conflicts of interest are promptly managed.

It should be noted that in 2025, there were no convictions for violations of anti-corruption laws.

FRAUD PREVENTION MODEL

As already mentioned in the previous sections, the Hera Group has adopted the Group's Corruption and Fraud Prevention Model, which aims to define the principles, roles and responsibilities relating to the prevention, detection and investigation of actual and/or potential fraud, and to promote conduct within the organisation that is consistent and aligned with the stated principles. The Corruption and Fraud Prevention Model defines the concept of fraud and sets out measures to prevent prohibited conduct in the context of the various relationships at risk of offences, as already described in the preceding paragraphs. This model complements the 231 model and the Quality and Sustainability Policy, which guarantee the Group's commitment to not tolerating any form of wrongdoing or fraud and establish a system of sanctions for such conduct, while also encouraging the reporting of unlawful or even suspected unlawful acts, without fear of retaliation. As of August 2025, the Fraud Risk Oversight and Relations with Specialist Associations function was established within the Internal Auditing Department, serving as a Group-wide, cross-functional unit for fraud prevention and countermeasures.

In the risk assessment activities carried out by the Internal Auditing Department, as referred to in the relevant section above, the areas at risk of internal and external fraud offences are identified primarily, but not exclusively, in the management of: access to information systems, authorisation processes, and schemes implemented by internal staff and/or individuals external to the Group. A more specific and detailed risk assessment for the prevention of internal and external fraud will be developed, tailored to the relevant processes and integrated into the Internal Auditing Department's process risk assessment and 231 risk assessment.

THE 262 COMPLIANCE SYSTEM IN THE AREA OF FINANCIAL REPORTING

As part of the Compliance 262/05 activities, the Risk Control Matrices (RCM) are supplemented to include fraud risks, where deemed potential; the results of the testing activities are considered to cover both compliance risk and fraud risk.

With regard to compliance activities under Italian Law 262/05, the schedule set by the Officer in Charge for the year 2025 was adhered to, except for adjustments made as a result of changes that occurred during the year. The controls included in the matrices used to verify processes are supplemented with fraud risks, where the risk exists; the result of the test for the purpose of correctly preparing financial reporting also covers the associated fraud risk. If the test results reveal gaps in design and/or operational effectiveness, remediation actions are proposed and agreed upon with the process owners; these actions are monitored to ensure they are implemented correctly.

With regard to the segregation of duties, checks continued to be carried out to ensure that roles were correctly defined, in order to avoid functional overlaps and operational allocations that concentrate critical activities on a single individual, taking into account the proper alignment between IT staff profiles and their corresponding organisational roles, in particular for the accounts receivable and accounts payable cycle in the Group's IT system.

TRAINING ON BUSINESS CONDUCT

In 2025, across the Group, a total of 2,939 hours of training were delivered, involving 2,376 employees, on business conduct topics through the following initiatives:

- Alfabetico training sessions, aimed at new permanent employees and staff from company acquisitions, with the objective of communicating the principles and content of the Code of Ethics and facilitating the integration of new employees into the Hera Group. The activities were conducted in a blended format (in-person and remotely) and were delivered with the support of 14 internal facilitators from various Group divisions and companies, who are committed to providing training and promoting ethical conduct within the company with dedication and enthusiasm;
- E-learning course on Corporate Social Responsibility and the Code of Ethics in day-to-day management, with a focus on supplier monitoring, which aims to promote the culture of the principles set out in the section of the Code of Ethics dedicated to relations with suppliers, contractual contacts and their assistants. The course is available on the company's e-learning platform, MyAcademy;
- E-learning course on the Prevention of Offences under Italian Legislative Decree 231/2001, aimed at the entire company workforce;
- E-learning course on How to manage a conflict of interest, aimed at all employees, regardless of their role, which explores the topic in depth through in-depth analyses, case studies and assessment tests;

- Training modules on inclusion and gender balance, aimed at promoting respect for diversity, inclusion and gender balance, in line with the principles of the Code of Ethics and with the objective of preventing discriminatory and unethical behaviour and contributing to the creation of a respectful, safe and governance-compliant work environment.

Supplier management

As stated in the Code of Ethics, the management of contracts with suppliers is based on fairness, avoiding any possible form of abuse. When entering into a contract, Hera informs suppliers about the nature and risks of production, the payment terms and schedule, and any other aspects of particular importance to the supplier. To this end, Hera provides complete, clear and comprehensible information that eliminates any potential for ambiguous interpretation. In its relations with suppliers, Hera does not exploit any position of power or advantage it may hold.

In 2025, 4,340 companies supplied goods, services, professional services and works to the Hera Group and had active orders or contracts with consumption, a decrease compared to 2024, mainly due to measures aimed at streamlining requirements through the consolidation of Group tenders.

RELATIONS
WITH
SUPPLIERS

G1-2

Suppliers active during the year, by product category

NUMBER	2025	2024
Goods	1,544	1,361
Services	2,849	2,704
Works	496	605
Total	4,340	4,788

Some suppliers may fall into more than one category; therefore, the sum of the individual items does not correspond to the total number of suppliers. The data do not include the following companies: ACR Reggiani, Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

The main activities outsourced by the Hera Group in the area of environmental services relate to mechanized waste collection, the door-to-door waste collection service, street sweeping and washing (manual or mechanised), the washing of street bins, and the operation of separate waste collection centres. With regard to network services, the Group companies primarily use external suppliers to carry out highly specialised maintenance and plant engineering activities, as well as meter-related services (readings, disconnections, connections, etc.). In addition, facility management (global service), the sales call centre and customer service activities are outsourced.

In terms of economic value, in 2025, the Hera Group generated purchases from suppliers amounting to 1.7 billion euro, of which nearly 1 billion euro (61%) was from suppliers located in the areas served by the Hera Group (Emilia-Romagna, Friuli-Venezia Giulia, Veneto, Marche, Tuscany, Molise), approximately 700 million euro was from other domestic suppliers, and only approximately 31 million euro was for purchases from foreign suppliers (26 million euro from European suppliers and 5 million euro from non-European suppliers based in the following countries: Switzerland, the United Kingdom, Norway, the United States of America, San Marino, Moldova, and Canada).

QUALIFICATION,
SELECTION
AND
ASSESSMENT
OF SUPPLIERS

The supplier qualification and assessment system enables the verification of technical, economic and organisational quality requirements, as well as compliance with environmental, safety, anti-corruption and corporate social responsibility standards, and acceptance of the Code of Conduct – Sustainability Pact with the Group's suppliers.

Among the numerous criteria identified for the qualification and selection of new suppliers, the following examples are confirmed as being of particular importance in terms of environmental and social considerations:

- Declaration of acknowledgement and acceptance of: Hera Group's Code of Conduct – Sustainability Pact with Suppliers; Hera Group's Model for the Prevention of Corruption and Fraud; Hera Group's Quality and Sustainability Policy; Hera Group's Personal Data Protection Policy; Hera Group's Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2011;
- A declaration of comprehensive knowledge of the principles and standards on Corporate Social Responsibility and a commitment to comply with the principles and requirements set out therein, to participate in the monitoring and audit activities carried out by the Hera Group, and to assess any corrective measures that may be required;
- Compliance with the occupational safety obligations stipulated by Italian law;
- Compliance with current legislation on the right to work of persons with disabilities; presence of disadvantaged employees in the company workforce as a proportion of the total workforce; registration on the regional register of social cooperatives, where applicable;
- Possession of a certificate of registration on the National Register of Environmental Operators, relevant to the activities of the product group, where required;
- Registration on the list of suppliers not subject to attempted mafia infiltration (the so-called 'white list') for suppliers belonging to product groups that fall within the scope of activities at particular risk of mafia infiltration;
- Possession of ISO 9001 or ISO 14001 system certifications, or alternatively EMAS registration; ISO 45001; SA 8000 or alternatively PAS 24000; ISO 50001; ISO 37001; ISO 27001; Legality Rating; possession of a

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governance system and a 231 Supervisory Board; preparation of a sustainability report; percentage of permanent employees; reduction in the accident rate;

- Completion of a further 36 optional questions aimed at assessing suppliers' level of Esg maturity (this set of questions will be updated in 2026);
- Inclusion in tenders of technical and economic scoring model mechanisms designed to reward socio-environmental sustainability aspects.

As part of its corporate social responsibility, the Hera Group ensures that the INPS/INAIL contribution compliance of all active suppliers on the Hera Group's supplier list is continuously monitored through the relevant Single Social Security and Construction Workers' Fund Contact Point.

Furthermore, following the award of a contract, compliance with the requirements declared in the tender is verified by consulting the Virtual Economic Operator File held by ANAC (the National Anti-Corruption Authority) and, if the file does not cover the relevant requirement, by making direct enquiries with the relevant bodies: criminal records, compliance with Italian Law 68/1999 on persons with disabilities, tax compliance, the Anti-Mafia Database and the ANAC Register.

THE VENDOR MANAGEMENT SYSTEM

Since 2012, the vendor management system has served as the model for the self-registration and qualification of suppliers and is aimed at all companies interested in voluntarily applying to be included on the Hera Group's supplier list.

The Hera_Pro supplier portal (introduced in 2023) is integrated and interoperable with the ANAC platforms, thereby ensuring compliance with the requirements of the Public Procurement Code, where applicable. Hera_Pro is a transparent, equitable and traceable tool for qualifying for and participating in tenders issued by the Hera Group. In addition to the supplier qualification and tender management modules, the portal also includes a contract management module that ensures the digitalisation of information flows from the qualification phase to the executive phase of contract management. This enables qualified suppliers to benefit from significant document synergy across the different stages of the process (qualification, tender and contract execution), so that they do not have to resubmit certificates or declarations already provided at other stages of the process. In addition, Hera_Pro simplifies communication through the use of dedicated chats for the management of each contract and through an automatic notification system.

The supplier qualification and management model (revised in 2023) is designed to enhance the technical, quality and sustainability capabilities of the supply chain. The vendor management model incorporates a qualification and monitoring process that is tiered according to the criticality of the product categories in question, and the use of a vendor qualification rating that takes into account economic and financial soundness, Esg parameters, and technical and reputational requirements.

The predictive vendor qualification rating (ranging from 0 to 100) takes into account three factors: the supplier's Esg maturity level (55/100), an economic and financial KPI (40/100), and possession of ISO 9001 quality certification (5/100). This qualification rating affects the frequency of invitations to participate in private tender procedures.

MONITORING THE ESG MATURITY OF SUPPLIERS

The Esg maturity level is measured using 11 mandatory indicators, for which dedicated ratings are awarded up to a maximum of 51 points out of 100 (possession of ISO 14001 quality certification or, alternatively, EMAS registration; ISO 50001; ISO 45001; SA 8000 or, alternatively, PAS 24000; ISO 37001; ISO 27001; legality rating; preparation of a sustainability report; possession of a governance system and a 231 Supervisory Board; reduction of the accident rate; percentage of permanent employees), plus a further 36 optional detailed questions, which together can award a maximum of 4 points out of 100.

In 2025, responses to the optional questionnaire were received from approximately 3,000 suppliers, representing an increase in the response rate compared to 2024 (+8%) and accounting for 56% of the total number of qualified suppliers. 24% of the responding suppliers (up from 17% in 2024) reported a medium-high overall Esg maturity level. The volume of purchases (consumption) generated by suppliers with a medium-high Esg maturity level amounted to approximately 700 million euro (40% of the total; 24% of the total in 2024).

SUPPLIER RELATIONS AND CAPACITY BUILDING TOOLS FOR THE SUSTAINABLE GROWTH OF THE SUPPLY CHAIN

In 2025, the Hera Group approved its new Code of Conduct – Sustainability Pact with Suppliers, thereby strengthening its commitment to ethical and sustainable supply chain governance, in line with the sustainability and shared-value objectives set out in the company's purpose.

The Code has a number of distinctive features:

- It is based on the Hera Group's purpose, mission, values, operating principles and Code of Ethics;
- It is the result of a process of dialogue and co-design involving a representative group of suppliers with whom Hera has a well-established relationship and with whom Hera wished to share principles and rules on the topics of sustainability and business ethics;
- It is a genuine sustainability pact, through which Hera asks its suppliers to share the same ethical benchmarks, with the aim of achieving alignment between Hera's commitments and those undertaken by its suppliers, based on the common goal of creating shared value and protecting the environment and people;
- It promotes the ethical and sustainable growth of the value chain across the three fundamental Esg dimensions (Environment, Social, Governance), encouraging the adoption of best practices ('nice-to-haves') that go beyond

mandatory requirements ('must-haves') and strengthen the supply chain's alignment with the Group's sustainability objectives.

Adherence to the Code of Conduct is a prerequisite for inclusion on the Hera Group's supplier list and forms an integral part of contractual relationships; breach of the Code may result in termination of the contract and temporary suspension from or permanent removal from the supplier list.

The Code, together with other practical capacity-building tools to support suppliers, such as the Hera_Pro Empower programme and the Supplier Sustainability School, forms part of a broader strategic vision that recognises collaboration throughout the supply chain as a key factor in generating shared value.

Indeed, since 2024, the Hera Group has been running the Hera_Pro Empower and Supplier Sustainability School capacity-building programmes.

Joining the Hera_Pro_Empower programme entails signing the so-called Growth Pact, under which Hera provides participating suppliers with a range of services on preferential terms to support sustainable growth. Indeed, the programme provides tools for the development of technical, operational and quality-related skills, for staff training and recruitment, and for raising awareness of Esg best practices (with a particular focus on CSRD reporting, obtaining certifications, and training on safety, sustainability and circularity, etc.). Specifically, the programme is structured around the following areas: energy and environmental services (energy efficiency, renewable energy and industrial waste management), connectivity and cybersecurity, certification processes, technical and managerial training, financial, insurance and financing services, sustainability and Esg, operational vehicles and fleets, and recruitment and selection. As at the end of 2025, 76 suppliers had joined the programme, and 27 agreements had been signed with 14 providers, nine of which were external and five of which were internal: Hera Comm, Hera Servizi Industriali, Herabit, Hera Servizi Energia and Hera Luce.

As part of the Supplier Sustainability School, various initiatives aimed at promoting a safety culture were launched, including the 'Cooperating Safely' seminar and dedicated meetings at the premises of selected suppliers. Other training events covered recent regulatory developments and the new sustainability reporting standards. Workshops were also held to co-design the Supplier Code of Conduct, as well as practical webinars on the use of the Hera_Pro portal and on how suppliers should complete questionnaires relating to materials intended for Hera. In total, 20 events were held, involving over 500 companies and approximately 1,800 participating workers.

The capacity-building initiatives involved well over 500 suppliers; of these, 138 suppliers classified as significant participated, representing 35% of the total number of significant suppliers (as defined in the section on Supplier Monitoring (Tier 1)) and the most significant subcontractors and sub-subcontractors (non-Tier 1).

Capacity building programs support

	2025	2024
Total number of suppliers participating in the Hera_Pro Empower capacity-building programme	76	38
Total number of suppliers participating in courses under the Supplier Sustainability School capacity building programme	509	502
Total number of suppliers in capacity building programs	138	77
% of unique significant suppliers in capacity building programs	35 %	21 %

The definition of a significant supplier is provided in the section 'Monitoring of the most significant suppliers (Tier 1) and subcontractors and subcontracting agents (non-Tier 1)'. The total number of significant suppliers is shown in the Supplier screening table in the section on Monitoring of the most significant suppliers (Tier 1) and subcontractors and sub-subcontractors (non-Tier 1). The data do not include the following companies: A.C.R., Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

In July, the annual Growing Together convention was held, with over 400 participants, focusing on the Group's strategic suppliers. This event provides an important opportunity for discussion, with presentations on specific topics by both internal and external speakers.

Specifically, the central theme of the 2025 convention was 'Excellence is a team effort', with targeted presentations and focus sessions aimed at promoting a new vision of supplier relations based on collaboration, trust and mutual growth.

In this context, the new Code of Conduct – Sustainability Pact with Suppliers was presented, and the first edition of the Supplier Awards was launched, with awards presented to 13 suppliers who excelled in various categories for service quality, punctuality, reliability and commitment to safety.

During the event, as in the previous year, themed corners were set up to present the main tenders included in the business plan, providing an opportunity for the company to engage in direct dialogue with its suppliers. In addition, throughout the year, the Hera Group continued its dialogue and engagement with its strategic suppliers, organising over 90 one-to-one meetings with more than 80 suppliers, selected on the basis of the volume and criticality of the services or products they provide.

Throughout 2026, the Hera Group will continue to monitor the Esg maturity of its suppliers through the Esg qualification questionnaire, which, by awarding a bonus score as part of the qualification rating, provides an incentive for suppliers to enhance their Esg performance. This questionnaire and the related rating will be updated in 2026 to further encourage and recognise progress promoted by the Code of Conduct – Sustainability Pact with suppliers:

indeed, there will be a realignment of the incentive elements linked to sustainability best practices ("nice to have") envisaged by the Code.

In line with this approach, Hera also intends to launch a dedicated initiative on greenhouse gas emissions and the circular economy, with the aim of identifying, together with its main suppliers, measures to reduce Scope 3 emissions and increase circular procurement.

In addition, to encourage the improvement of suppliers' technical, production and quality expertise, as well as their Esg maturity, the Hera_Pro_Empower and Supplier Sustainability School programmes will be further promoted through new training seminars.

Finally, the second edition of the supplier satisfaction survey, entitled Voice of Supplier, is scheduled for the first half of 2026. The survey is conducted every two years (the first edition was held in 2024) among a small cluster of approximately one hundred suppliers selected from the Group's most strategic business activities. The purpose of the survey is to investigate how the Hera Group is perceived as a customer by its suppliers, identifying any critical issues, strengths and areas for improvement, with the aim of further strengthening dialogue and collaboration with its operational supply chain and aligning it with the Group's objectives.

SUPPLY CHAIN RISK MANAGEMENT AND MITIGATION

The Hera Group manages supply chain risk through an integrated, multi-tiered Supply Chain Risk Management system, which is applied at all stages of the supplier management process, from the qualification/selection phase through to the execution of contracts, with a particular focus on risks related to the impact on the business, on the end customer, and on Esg considerations.

The process begins with a risk assessment of the product groups in order to map the product categories according to their degree of criticality, based on a joint assessment of the following variables: impact on the business and on the end customer, relevance of the principles of the Group's integrated management system, and Esg parameters. The criticality level of the product group is a key indicator in the Supply Chain Risk Management model, as it informs both the supplier qualification process and the prioritisation of timely monitoring of existing contracts, with a differentiated qualification process and more specific and frequent checks during the contract execution phase based on the criticality level of the product group.

In addition, each supplier is assigned a predictive qualification rating (see 'Vendor Management System' and 'Monitoring the Esg Maturity of the Supplier Base') and a performance rating during the contract execution phase (see section 'Vendor Rating System, Supplier Assessment and Monitoring'). Through an initial segmentation of suppliers by risk level, this enables suppliers with higher ratings to be invited more frequently to participate in private tenders.

In addition, a risk analysis tool called the Vendor Risk Tool has been developed, which enables suppliers with active contracts to be segmented according to their risk level. The system assesses various factors, including the supplier's strategic positioning in terms of outsourced volumes and the criticality of the product categories managed, the impact on the business and on customers, the performance of economic and financial indicators, and the number and type of non-conformities identified, as well as taking into account negative reputational events or reports. This regular analysis generates a vendor card for each supplier, highlighting its level of reliability and strategic positioning, thereby enabling the identification of the most critical suppliers in order to guarantee quality and ensure continuity of service.

Since April 2023, summary reports on the vendor cards of the 30 most critical suppliers have been distributed periodically to procurement managers and company contacts, accompanied by specific recommendations to mitigate any risks, ranging from the need for specific corrective actions and enhanced monitoring to the need to propose specific audits. Company contacts were involved in the implementation of these actions, with a focus on safety, employee management and environmental compliance, through document checks and site visits. Finally, additional measures have been implemented, such as the recording of specific non-conformities, the organisation of dedicated audits at sites, or requests to develop specific corrective actions. Please refer to the section 'The vendor rating, supplier assessment and monitoring system' for information on supplier monitoring and audits, which are key tools for preventing and mitigating risk in the supply chain.

This integrated approach enables Hera to maintain a high level of transparency, control and sustainability, ensuring targeted and timely interventions to minimise risks and improve supplier performance, particularly for service providers, throughout the supply chain (including subcontractors), thereby helping to ensure that contractual performance meets sustainability and safety requirements and protecting workers and the environment at every stage of the process.

MAPPING AND MONITORING OF THE MOST SIGNIFICANT SUPPLIERS (TIER-1) AND SUBCONTRACT ORS (NON- TIER-1)

Through the integrated supply chain risk management system described above, the most significant Tier 1 and non-Tier 1 suppliers in terms of consumption of highly critical product groups with a significant impact on the business and Esg aspects are identified.

In 2025, there were more than 270 Tier 1 suppliers that were significant in terms of volume across critical product categories, accounting for 67% of total volumes. There are 121 non-Tier 1 suppliers (subcontractors and sub-suppliers) that are significant in terms of volume for critical product categories.

Targeted actions were carried out on these suppliers in terms of risk mitigation, performance monitoring (including the management of corrective action plans for any non-conformities identified) and capacity-building initiatives.

Supplier screening

	2025	2024
Total number of Tier-1 suppliers	4,340	4,788
Total number of significant suppliers in Tier-1	272	280
Percentage of total spend on significant suppliers in Tier-1	67 %	59 %
Total number of significant suppliers in non Tier-1	121	83
Total number of significant suppliers (Tier-1 and non Tier-1)	393	363

The data do not include the following companies: ACR Reggiani, Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

All significant suppliers (tier 1 and non-tier 1) undergo a document-based assessment, which involves verifying their qualification requirements, on-site monitoring during the execution phase, and, for some suppliers, on-site audits.

Supplier Assessment and/or Development

	2025	2024
Total number of suppliers assessed via desk assessments/on-site assessments	393	363
% of unique significant suppliers assessment	100 %	100 %
Number of suppliers assessed with substantial actual/potential negative impacts	240	138
% of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100 %	100 %
Number of suppliers with substantial actual/potential negative impacts that were terminated	3	2

The definition of supplier takes into account both the most significant direct suppliers (tier 1) and the most significant subcontractors and sub-suppliers (non-tier 1). The data do not include the following companies: ACR Reggiani, Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

Corrective action plan support

	2025	2024
Total number of suppliers supported in corrective action plan implementation	240	138
% of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100 %	100 %

The definition of supplier takes into account both the most significant direct suppliers (tier 1) and the most significant subcontractors and sub-suppliers (non-tier 1). The data do not include the following companies: ACR Reggiani, Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

The Hera Group has implemented an integrated control system to ensure that the entire supply chain, including subcontractors and sub-suppliers, operates in compliance with rigorous standards in terms of the environment, quality, safety, corruption prevention and corporate social responsibility. Monitoring covers all parties involved in contracts and includes:

- Within the vendor management system, verification of qualification requirements, both at the stage of registration on the supplier register and at the selection/contracting stage;
- During the contract execution phase, ongoing monitoring carried out by company contact persons, with the results recorded periodically by completing general and/or specific digital check-lists, which include standardised completion procedures;
- Third-party inspections at suppliers' premises, conducted by certified auditors to ensure transparency and independence (in collaboration with the Supply Chain Audit and Monitoring function);
- Technical audits of goods supplies at suppliers' premises;
- Regular internal audits of company contacts and supplier sites to ensure compliance with the Group's procedures during the contract execution phase.

These checks make it possible to improve procurement management and to ensure that all parties involved comply with the same control standards. In particular, inspections and check-lists monitor key aspects such as quality, safety, the environment, energy efficiency, corruption prevention and social responsibility, also encompassing subcontractors and companies operating within consortia.

VENDOR
RATING,
EVALUATION
AND
MONITORING
SYSTEM FOR
SUPPLIERS

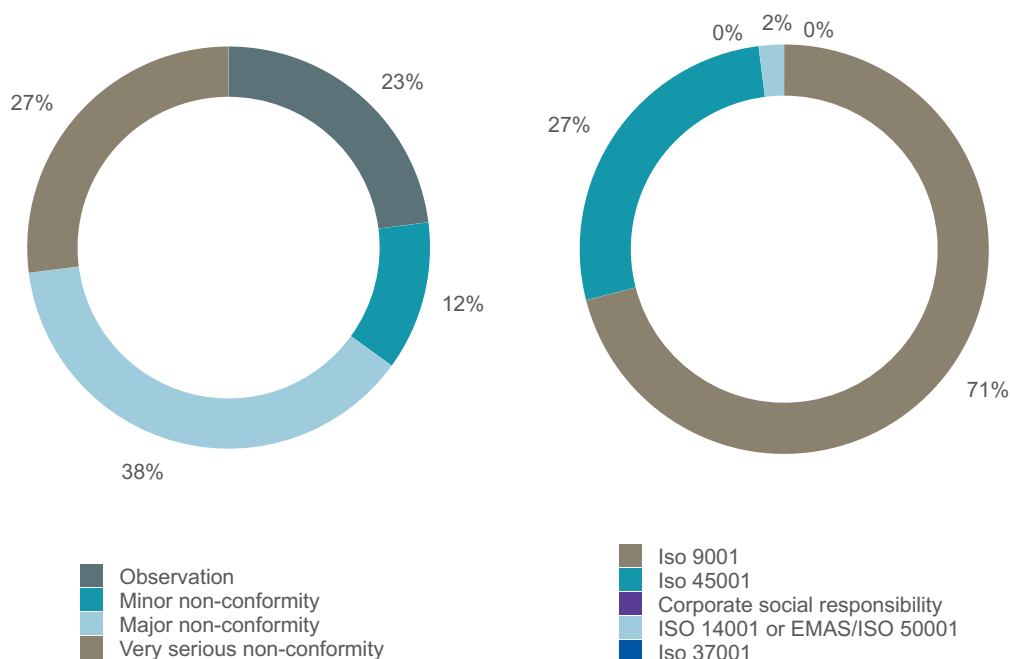
As of July 2024, the supplier performance monitoring and evaluation model has been revised, digitising the monitoring check-lists and stipulating that they be completed by company contacts at different frequencies depending on the criticality of the product group in question (quarterly for the most critical product groups, half-yearly for those of medium criticality, and annually for those of low criticality). In addition to the regular check-lists, the company contact person may complete additional check-lists on an ad hoc basis if anomalies are identified or to ensure a more thorough inspection. The completed check-lists are always shared with suppliers in order to gather any counter-arguments in the event that non-conformities are recorded. The anomalies identified during each monitoring exercise are then aggregated and consolidated, with the most serious non-conformity from each control check-list for the entire contractor pool recorded in the SAP QM management system, thereby ensuring that the analysis of all findings made is consistently monitored and controlled.

The non-conformities identified are classified according to the Group's main certifications (ISO 9001, ISO 14001, ISO 45001, ISO 50001 and ISO 37001) and corporate social responsibility (SA 8000). These classifications enable the ongoing and accurate assessment of active suppliers, ensuring compliance with operational standards and the protection of workers involved in service provision throughout the supply chain.

At Group level, 661 non-conformities were identified in 2025 (across 230 suppliers), an increase compared to the previous year (19%). Of the total, 328 non-conformities (approximately 50%) had been closed as at 31 December 2025. 65% of the non-conformities were found to be serious or very serious, broadly in line with the previous year.

For each non-conformity recorded and closed, the supplier's score is reduced, based on the definitions set out in specific standardised tables drawn up according to the severity of the non-conformities identified, and then recalculated using a formula that also incorporates a corrective factor (reparameterisation factor).

Non-conformities identified (2025)



The data do not include the following companies: ACR Reggiani, Aliplast France Recyclage, Aliplast Iberia, Aliplast Polska, Aliplast, Ambiente Energia, Ares Trading, Aresenergy, Aresgas, ASA, Biorg, Black Sea Gas Company, ElettraCHP, F.lli Franchini, Feronia, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Primagas, Recycla, Tiepolo, Tri-Generazione Scarl, Triveneta Luce Scarl, TRS Ecology, Vallortigara Servizi Ambientali, Wolmann.

In 2025, the Hera Group continued to conduct audits and inspections at suppliers' premises, with a specific focus on corporate social responsibility. In some cases, partial non-conformities were identified, which were reported promptly and led to requests for corrective action to be taken in order to enable a subsequent detailed audit. Specifically, 18 audits were carried out at suppliers' premises by certified auditors (in collaboration with the Supply Chain Audit and Monitoring department), 26 joint audits were conducted at the premises of contract contact persons and at the Group's construction sites in collaboration with the Quality, Safety and Environment departments (also with a specific focus on CSR aspects), and nine cross-departmental inspections were carried out at material suppliers' premises.

These monitoring activities complement the regular audits carried out by the company's contract contact persons, including with regard to the proper management of subcontracts, where applicable. In addition, on-the-job training sessions were organised to ensure that check-lists are completed correctly and consistently.

The performance rating update model, designed to reward supplier performance and reduce supply chain risks, includes:

- A periodic assessment of suppliers with active contracts, with the award of bonuses if no irregularities are found during the assessment period;
- A reduction in the score at the end of the non-conformity analysis and management process, which involves defining and implementing the resulting corrective actions for all parties involved in the execution of the contracts.

It should be noted that the process of revising, standardising and digitising the monitoring check-lists for all Hera Group companies, which are also published on the company intranet, ensures greater consistency in monitoring and fairness in assessments. Score reductions are applied in a standardised manner to companies responsible for non-compliant conduct, including lead companies in temporary joint ventures, executing companies in consortia, and subcontractors/sub-suppliers. In the event of serious or very serious non-conformities, suppliers may be suspended from invitations to new tenders for a period of three to six months. However, no suspensions were applied in 2025, while two recovery plans were managed and concluded for suppliers with performance ratings below the warning threshold (25 points).

Suppliers can independently view the performance rating for each product category for which they are qualified via the supplier portal. The scores are divided into five bands, which are used to guide the rotation and selection of suppliers in private tender processes. Suppliers in the critical band are excluded from invitations to tender, unless they demonstrate improvement through targeted corrective action plans.

AREA TYPE	SCORE RANGE	RELIABILITY LEVEL
Green area	= 80 points and ≤ 100 points	Very reliable
Green area	= 50 points and ≤ 80 points	reliable
Yellow area	= 35 points and ≤ 50 points	moderately reliable
Yellow area	= 25 points and ≤ 35 points	sufficiently reliable
Red area	≤ 25 points	critical

Since 2008, the Hera Group's procurement guidelines have prioritised the best technical and economic bid as the criterion for evaluating tenders.

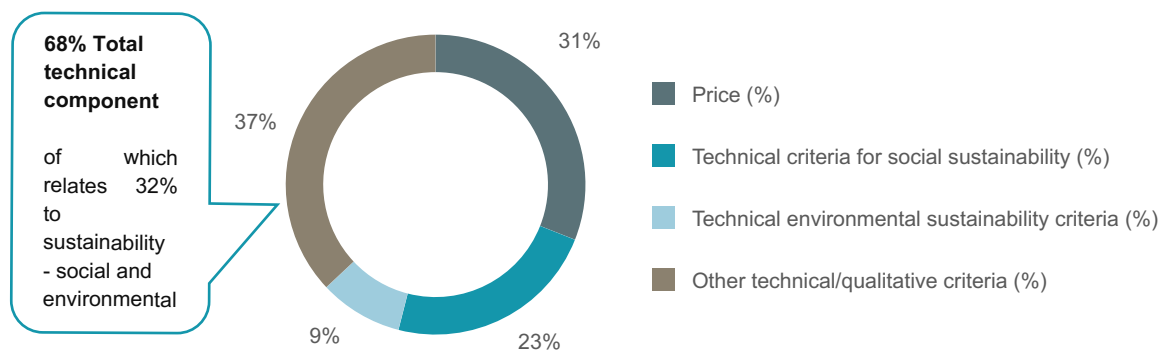
Within the areas identified by the guidelines – specifically, respect for the environment, social commitment, service quality and economic value – sustainability criteria have been defined on the basis of experience gained in managing tenders awarded using the best technical and economic bid method for the most economically advantageous tender, in accordance with relevant legislation and consistent with the Group's objectives.

For each business area, a minimum number of sustainability criteria to be taken into account when selecting a supplier is established, based on the value and criticality of the contract.

The main criteria adopted include: the management of air emissions and noise; waste prevention, reuse and recyclability; the circular economy; energy efficiency; the reduction of the hazardousness of the substances used; the reduction of water consumption; the adoption of the supplier's own Code of Ethics; the employment of disabled and disadvantaged workers; accident prevention and safety training (social commitment); the quality of materials, work vehicles and equipment; professional qualifications and skills; and technical performance and output. In addition, the company's procedures stipulate that, if the business unit expressing the requirement identifies that the outsourced activity or asset has a significant impact on the Group's energy consumption, it must assess the energy performance requirements on the basis of a specific guidance document.

In 2025, with regard to all contracts awarded (public tenders and private negotiations), 64% of the value of the contracts was awarded using the best technical and economic bid method: of these, 96%, again in terms of value, were awarded using technical criteria that also included sustainability criteria. The average score awarded for the technical component was almost 68 points out of 100, of which approximately 32 points related to sustainability criteria: nine points related to environmental aspects (including six points for circularity aspects) and 23 points related to social aspects.

Total contracts awarded based on the best technical and financial bid: scores assigned to the various components (weighted average by value) (2025)



THE USE OF SUBCONTRACTING AGREEMENTS

The subcontracting authorisation process assigns the following responsibilities: project managers and company contract managers are responsible for document verification; Hera Spa's Supply Chain Audit and Monitoring department is responsible for validating the process, verifying social security compliance, checking the list of qualified suppliers and their scores, consulting the ANAC (National Anti-Corruption Authority) electronic register and, where necessary, requesting anti-mafia information from the prefecture, with direct access to the national anti-mafia database, as well as requesting criminal records. All documentation relating to requests, checks and authorisations has been standardised at Group level and is kept up to date with changes to the relevant legislation by the Group's Process Governance and Regulatory Compliance Unit. This documentation is also made available to companies in the restricted document area of the supplier portal and to all employees via the company intranet.

The monitoring of the activities of subcontractors on site (supplier monitoring check-list) includes the obligations required to enable smooth, accurate and timely monthly administrative reporting, including the timely verification of payments and the payment of wages to workers.

In accordance with the relevant legislation, the Group's standard specifications stipulate that the contractor must pay its subcontractors and, upon request, provide the Project Manager with adequate proof of payment in relation to the various progress reports and/or service completion forms issued. In the absence of such proof, the Project Manager/company contract contact person shall notify the relevant administrative department that payment of the unaccounted-for portion of the subsequent work progress reports or service completion forms will be suspended until the situation has been rectified. This method is an alternative to direct payment of subcontractors, which can be implemented directly at the start of the contractual relationship for micro/small enterprises, as required by law, or during the course of the project in other cases.

In 2025, the value of subcontracts and sub-agreements amounted to approximately 206 million euro, representing around 16% of the total value of works and services outsourced by the Group.

THE 2025 PROCUREMENT PROTOCOL

The new Procurement Protocol, signed in 2025 by Hera and the trade unions, represents a significant evolution of the model launched in 2016, strengthened in light of the new Procurement Code (Italian Legislative Decree No. 36/2023) and the 2024–2025 amendments, to ensure the ethical and responsible management of working conditions by contractors in the supply chain. This Protocol, together with the 2024 Decent Work Pact and the 2025 Code of Conduct – Sustainability Pact with Hera Group suppliers, forms part of an ongoing effort to promote a sustainable, transparent and responsible supply chain, which also includes reward mechanisms for companies that demonstrate the highest Esg performance.

The Procurement Protocol is structured around three key pillars: greater protection, greater oversight, and greater participation:

- Greater protection for workers in the supply chain, through the mandatory application of sectoral collective bargaining agreements to combat wage and contractual dumping, and by ensuring continuity of employment through the inclusion of social clauses in the event of a change of contractor, thereby consolidating and strengthening the practices already in place within the Hera Group;
- Strengthened controls over the execution chain, through digital tools and transparent procedures for managing subcontracts and monitoring contractors, with a particular focus on occupational safety;
- Active participation by trade unions, to ensure ongoing, shared monitoring of activities outsourced by the Hera Group.

In fact, the Protocol strengthens the involvement of trade unions by making the tendering phases more transparent and relevant information more traceable. Mechanisms are in place to provide trade unions with timely information, both in advance, prior to the publication of each call for tenders, and during the procurement phase, with dedicated consultation sessions for high-impact tenders and specific briefings for contracts relating to major infrastructure projects. It is also possible to report critical issues to the Safety Committee or to initiate targeted discussions on

specific operational aspects, such as compliance with contractual clauses or the correct application of National Collective Labour Agreements.

Therefore, the Procurement Protocol represents a concrete commitment aimed at laying the foundations for improving working conditions, not only within the Group but also throughout the entire supplier network, ensuring fair treatment and providing a virtuous model of social responsibility and collaboration for all the companies involved.

Metrics

The Hera Group's practice in terms of paying supplier invoices involves various payment terms, which are primarily differentiated as follows:

- 30 days from the invoice date, for supplies relating to the urban waste sector, managed through contracts awarded within the scope of the provisions of the Public Procurement Code;
- 60 days from the date of the invoice or payment certificate (in the case of works supplies), for supplies relating to special sectors (water, energy, including the generation of electricity through the management of urban solid waste), as well as for supplies managed through contracts awarded outside the scope of the provisions of the Public Procurement Code.

In addition to the aforementioned practice, the Group also adopts different payment terms, provided they are agreed, contractualised and in line with the relevant sector, which, in the majority of cases, are less than 30 days.

For the Hera Group, the weighted average payment time for a supplier invoice paid in 2025 is around 48 days from the invoice date, while invoices paid in 2025 within 60 days account for approximately 87% of the total payables for invoices due and paid during the year.

There are currently no legal proceedings pending with suppliers due to late payments.

The Hera Group is represented at the highest levels of the organisations that represent the system of local public-sector services, most notably Utilitalia. Hera actively participates in the activities of these associations and supports institutional communication by appointing its own representatives to the various working groups set up by the associations with the regulators. At the local level, Hera actively participates in Confservizi Emilia-Romagna, Confservizi Veneto and Confservizi Marche (the regional associations of companies, enterprises and public and private bodies that manage local public services in the respective regions), as well as in Confindustria and Unindustria in many of the geographical areas under its remit. Hera is also a member of various associations and foundations in the fields of energy, corporate social responsibility, sustainability and waste management, and contributes to research activities in the public utilities sector.

In the energy sector, the Group is also a member of AIRU (Italian District Heating Association), RENAEL (National Network of Local Energy Agencies), FIRE (Italian Federation for the Rational Use of Energy), OPG (Open Power Grid Association), ASSORISORSE (Association for Natural Resources and Sustainable Energy), APCE (Association for the Protection against Electrolytic Corrosion), UNI (Italian Standardisation Body) and CTI (Italian Thermotechnical Committee), and it participates in the work of CIG (Italian Gas Committee). At the European level, it participates in the CEC (Council of European Cooperation), in particular on issues related to the energy transition.

In waste management, the Group is also a member of the national association Fise Assoambiente and the European association for hazardous waste, Eurits, as well as, again at the European level, the RDF Industry Group, which brings together organisations from across the waste-derived fuel supply chain. The Group is also a member of the chain consortia CONIP and CIC, as well as of UNICHIM (the Association for Unification in the Chemical Industry Sector).

With regard to corporate social responsibility and sustainability, Hera is also a member of the ASPIH Foundation (which promotes the integration of people with disabilities through the use of Information and Communication Technology) and of Impronta Etica (an association of companies promoting social responsibility); it is also a member of Sustainability Makers (for sustainability issues) and of the Global Compact Network Foundation (which promotes a culture of corporate citizenship).

The Group also contributes to research activities in the public utilities sector carried out by leading institutions, both as a commissioning party for specific research projects and by participating in the scientific debates promoted by these institutions, with contributions published in the proceedings: AGICI Finanza d'Impresa, Fitchner, REF Ricerche and Ambrosetti Club.

In addition, the Group focuses its advocacy efforts on institutions on issues related to sustainable development, balancing the maximisation of social well-being with the economic sustainability of businesses in order to ensure the continuity of the services provided and support for investment. The main areas of focus are:

- To strengthen relations with local authorities in order to consolidate the Group's local roots, with the mission of creating shared value, i.e., economic value for the company and, at the same time, for the community and the local area, guided by collective priorities;
- To contribute to the energy transition and decarbonisation by supporting the uptake of renewable electricity sources and green gases, initiatives related to energy consumption reduction and energy efficiency, and the testing of solutions and business models that facilitate the establishment of a hydrogen supply chain and market;
- To promote the development of the circular economy, directing support towards the recycling market and the dissemination of secondary raw materials derived from it, starting with the enhancement of high-quality waste collection;

CONTRACTUAL
PAYMENT
TERMS

G1-6

POLITICAL
INFLUENCE
AND
LOBBYING
ACTIVITIES:
ASSOCIATIONS
IN WHICH HERA
PARTICIPATES

G1-5

- To support improvements in water consumption efficiency, the resilience of supply systems, and the quality of the service provided to users, ensuring that user tariffs remain affordable and that management is efficient and flexible; furthermore, to promote incentives for initiatives aimed at energy and environmental sustainability, such as water reuse and material recovery, and to ensure a clearer allocation of costs among all parties involved;
- To identify business solutions and technologies that are instrumental to the ecological transition and that, by their very nature, serve the general public interest, but which are not yet fully developed and therefore require forms of public support to develop a market;
- To guide the work of ARERA's national regulatory body in businesses subject to public regulation, supporting the objectives of operational efficiency, environmental and social sustainability, accessibility to services and consumer protection – pursued by ARERA itself – and ensuring that these objectives are balanced with the objectives of economic and financial sustainability of the services provided.

On the Board of Directors, 3 out of 15 directors held positions in public administration or regulatory authorities in the two years prior to their appointment.

In 2025, in line with the provisions of its Code of Ethics and the Group's 231 Protocol, the Hera Group did not make any direct or indirect contributions to political parties, organisations or associations with political aims, or to any initiatives of a political nature or character.

1.05.05 Appendices

Information on environmentally sustainable economic activities (EU Regulation 2020/852) – Templates for key performance indicators

[illegible]

[illegible]

FINANCIAL YEAR N		2025		SUBSTANTIAL CONTRIBUTION CRITERIA							DNSH CRITERIA (“DO NO SIGNIFICANT HARM”)									
ECONOMIC ACTIVITIES	BUSINESS CODE	ABSOLUTE	PROPORTION OF	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD GUARANTEES	TAXONOMY-ALIGNED PROPORTION OF TURNOVER, YEAR N-1	ENABLING ACTIVITY	TRANSITION ACTIVITY	
		TURNOVER	TURNOVER																	
		(MILLION €)	(%)																	
		€	%	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	A		
Of which enabling		197.3	1.5%	1.5%	—%	—%	—%	—%	—%	Y	Y	Y	Y	Y	Y	Y	2.2%	A		
Of which transitional		112.7	0.9%	0.9%						Y	Y	Y	Y	Y	Y	0.8%				
A.2. Taxonomy eligible but not environmentally sustainable activities (activities not taxonomy aligned)																				
2.1 Collection and transport of hazardous waste/ 2.3 Collection and transport of non-hazardous and hazardous waste	2.1 PPC/ 2.3 CE	1.1	0.0%	N/EL	N/EL	N/EL	EL	EL	N/EL								—%			
2.2 Treatment of hazardous waste/ 2.4 Treatment of hazardous waste	2.2 PPC/ 2.4 CE	8.7	0.1%	N/EL	N/EL	N/EL	EL	EL	N/EL								0.2%			
2.7 Sorting and recovery of materials from non-hazardous waste/ 5.9 Recovery of materials from non-hazardous waste	2.7 CE / 5.9 CCM	10.5	0.1%	EL	N/EL	N/EL	N/EL	EL	N/EL								—%			
4.15 District heating/cooling distribution	4.15 CCM	8.5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%			
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30 CCM	26.8	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%			
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31 CCM	6.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%			
8.1 Data processing, hosting and connected activities	8.1 CCM	6.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%			
Turnover from taxonomy eligible but not environmentally sustainable activities (activities not taxonomy aligned) (A.2)		67.9	0.5%	0.4%	—%	—%	0.1%	0.1%	—%								2.4%			
Turnover of taxonomy eligible activities (A.1+A.2)		2,036.3	15.9%	11.8%	—%	2.6%	1.1%	0.4%	—%								13.8%			
B. Activities not taxonomy eligible																				
Turnover of activities not taxonomy eligible		10,775.9	84.1%																	
Total		12,812.2	100.0%																	

SHARE OF TURNOVER/TOTAL TURNOVER

	TAXONOMY ALIGNED BY TARGET	TAXONOMY ELIGIBLE BY TARGET
CCM	11.5%	11.8%
CCA	0.0%	0.0%
WTR	2.6%	2.6%
CE	0.3%	0.4%
PPC	1.0%	1.1%
BIO	0.0%	0.0%
TOT	15.4%	15.9%

[illegible]

A.2. Taxonomy eligible but not environmentally sustainable activities (activities not taxonomy aligned)

[illegible]

FINANCIAL YEAR N	2025			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DO NO SIGNIFICANT HARM")									
ECONOMIC ACTIVITIES	BUSINESS CODE	ABSOLUTE CAPEX (MILLION €)	PROPORTION OF CAPEX	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD GUARANTEES	TAXONOMY- ALIGNED PROPORTION OF CAPEX, YEAR N-1	ENABLING ACTIVITY	TRANSITION ACTIVITY
		€	%	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	A	T
4.15 District heating/cooling distribution	4.15 CCM	3.3	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9%		
4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30 CCM	13.3	1.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.4%		
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31 CCM	1.1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
6.5 Transport by motorbikes, passenger cars and commercial vehicles	6.5 CCM	4.9	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.5%		
6.6 Road freight transport services	6.6 CCM	0.2	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
8.1 Data processing, hosting and connected activities	8.1 CCM	1.1	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
CapEx from taxonomy eligible but not environmentally sustainable activities (activities not taxonomy aligned) (A.2)		35.5	3.4%	2.3 %	—%	—%	1.0%	0.1%	—%								5.8%		
CapEx of taxonomy eligible activities (A.1+A.2)		707.8	66.9%	51.8 %	—%	12.1%	2.4%	0.6%	—%								61.2%		
B. Activities not taxonomy eligible																			
CapEx of activities not taxonomy eligible		349.6	33.1%																
Total		1,057.4	100.0%																

SHARE OF CAPEX/TOTAL CAPEX

	TAXONOMY ALIGNED BY TARGET	TAXONOMY ELIGIBLE BY TARGET
CCM	49.6%	51.8%
CCA	0.0%	0.0%
WTR	12.1%	12.1%
CE	0.6%	0.6%
PPC	1.3%	2.4%
BIO	0.0%	0.0%
TOT	63.6%	66.9%

FINANCIAL YEAR N	2025			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DO NO SIGNIFICANT HARM")											
ECONOMIC ACTIVITIES	BUSINESS CODE	ABSOLUTE OPEX (MILLION €)	PROPORTION OF OPEX	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD GUARANTEES	TAXONOMY- ALIGNED PROPORTION OF OPEX, YEAR N-1	ENABLING ACTIVITY	TRANSITION ACTIVITY		
		€	%	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	A	T		
A. Taxonomy eligible activities																					
A.1. Environmentally sustainable activities (aligned with the Taxonomy)																					
1.1 Manufacture of plastic packaging goods	1.1 CE	0.8	0.2%	N/EL	N/EL	N/EL	N/EL	Yes	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%	-	-		
2.1 Collection and transport of hazardous waste/ 2.3 Collection and transport of non-hazardous and hazardous waste	2.1 PPC/ 2.3 CE	0.3	0.1%	N/EL	N/EL	N/EL	Yes	Yes	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	-	-		
2.2 Treatment of hazardous waste/ 2.4 Treatment of hazardous waste	2.2 PPC/ 2.4 CE	4.5	1.4%	N/EL	N/EL	N/EL	Yes	Yes	N/EL	Y	Y	Y	Y	Y	Y	Y	2.2%	-	-		
2.2 Urban wastewater treatment/ 5.3 Construction, expansion and operation of wastewater collection and treatment systems	2.2 WTR / 5.3 CCM	22.2	6.9%	Yes	N/EL	Yes	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	7.3%	-	-		
2.4 Remediation of contaminated sites and areas	2.4 PPC	0.3	0.1%	N/EL	N/EL	N/EL	Yes	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	-	-		
2.7 Sorting and recovery of materials from non-hazardous waste/ 5.9 Recovery of materials from non-hazardous waste	2.7 CE / 5.9 CCM	4.1	1.3%	Yes	N/EL	N/EL	N/EL	Yes	N/EL	Y	Y	Y	Y	Y	Y	Y	1.2%	-	-		
3.10 Manufacture of hydrogen	3.10 CCM	0.1	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-				
3.17 Manufacture of plastics in primary forms	3.17 CCM	2.9	0.9%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.4%	-	T		
4.1 Production of electricity by means of solar-photovoltaic technology	4.1 CCM	0.1	0.0%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	-	-		
4.9 Electricity transmission and distribution	4.9 CCM	6.3	1.9%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.2%	A	-		
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids/ 2.5 Recovery of organic waste through anaerobic digestion or composting	4.13 CCM / 2.5 CE	2.5	0.8%	Yes	N/EL	N/EL	N/EL	Yes	N/EL	Y	Y	Y	Y	Y	Y	Y	0.8%	-	-		
4.15 District heating/cooling distribution	4.15 CCM	0.7	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	-	-		
4.22 Production of heating/cooling from geothermal energy	4.22 CCM	0.5	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.2%	-	-		
5.1 Construction, extension and operation of water collection, treatment and supply systems/ 2.1 Water supply	5.1 CCM / 2.1 WTR	43.6	13.5%	Yes	N/EL	Yes	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	12.6%	-	-		

[illegible]

FINANCIAL YEAR N	2025			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DO NO SIGNIFICANT HARM")									
ECONOMIC ACTIVITIES	BUSINESS CODE	ABSOLUTE OPEX (MILLION €)	PROPORTION OF OPEX	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MITIGATION	ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD GUARANTEES	TAXONOMY- ALIGNED PROPORTION OF OPEX, YEAR N-1	ENABLING ACTIVITY	TRANSITION ACTIVITY
		€	%	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	YES; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	A	T
4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31 CCM	0.7	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
6.5 Transport by motorbikes, passenger cars and commercial vehicles	6.5 CCM	2.2	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.6%		
6.6 Road freight transport services	6.6 CCM	1.6	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6.7%		
8.1 Data processing, hosting and connected activities	8.1 CCM	5.5	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3%		
OpEx from taxonomy eligible but not environmentally sustainable activities (activities not taxonomy aligned) (A.2)		22.1	6.8%	6.7%	0.0%	—%	0.1%	0.1%	—%								15.7%		
OpEx of taxonomy eligible activities (A.1+A.2)		145.3	45.1%	34.9%	—%	6.9%	1.7%	1.6%	—%								55.9%		
B. Activities not taxonomy eligible																			
OpEx of activities not taxonomy eligible		177.0	54.9%																
Total		322.3	100.0%																

SHARE OF OPEX/TOTAL OPEX

	TAXONOMY ALIGNED BY TARGET	TAXONOMY ELIGIBLE BY TARGET
CCM	28.2%	34.9%
CCA	0.0%	0.0%
WTR	6.9%	6.9%
CE	1.5%	1.6%
PPC	1.6%	1.7%
BIO	0.0%	0.0%
TOT	38.2%	45.1%

ACTIVITIES RELATED TO NUCLEAR ENERGY

1	The company carries out, finances or has exposures to research, development, demonstration and implementation of innovative power generation plants that produce energy from nuclear processes with a minimum amount of fuel cycle waste.	NO
2	The company carries out, finances or has exposures to the construction and safe operation of new nuclear power plants for the generation of electricity or process heat, including for district heating purposes or for industrial processes such as hydrogen production, and improvements in their safety with the help of the best available technology.	NO
3	The company carries out, finances or has exposures to the safe operation of existing nuclear power plants that generate electricity or process heat, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, and improvements to their safety.	NO

FOSSIL GAS ACTIVITIES

4	The company carries out, finances or has exposures to the construction or operation of power generation plants using gaseous fossil fuels.	YES
5	The company carries out, finances or has exposures to the construction, upgrading and operation of combined heat/cool and power generation plants using gaseous fossil fuels.	YES
6	The company carries out, finances or has exposures to the construction, upgrading and operation of heat generation plants that produce heat/cooling using gaseous fossil fuels.	YES

ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (DENOMINATOR)

ECONOMIC ACTIVITIES ALIGNED WITH THE TURNOVER (DENOMINATOR)							
LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (M€)	%	AMOUNT (M€)	%	AMOUNT (M€)	%
Turnover							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	26.8	0.2 %	26.8	0.2 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	6.1	0.0 %	6.1	0.0 %	0.0	0.0 %
7	Amount and proportion of other aligned economic activities not included in the above rows in the turnover denominator	12,779.3	99.7 %	12,779.3	99.7 %	0.0	0.0 %
8	Total turnover	12,812.2	100.0 %	12,812.2	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (NUMERATOR)

ECONOMIC ACTIVITIES RELATED WITH THE TAXONOMY (NUMERATOR)		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
LINE	ECONOMIC ACTIVITIES	AMOUNT (M€)	%	AMOUNT (M€)	%	AMOUNT (M€)	%
Turnover							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	1,968.4	15.4 %	1,968.4	15.4 %	0.0	0.0 %
8	Total turnover	1,968.4	100.0 %	1,968.4	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ELIGIBLE FOR THE TAXONOMY BUT NOT ALIGNED WITH THE TAXONOMY

ECONOMIC ACTIVITIES CONTRIBUTING TO THE TAXONOMY-ELIGIBLE TURNOVER WITH THE FOLLOWING							
LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
Turnover							
(…)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	26.8	0.2 %	26.8	0.2 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	6.1	0.0 %	6.1	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	35.0	51.5 %	35.0	51.5 %	0.0	0.0 %
8	Total turnover	67.9	0.5 %	67.9	0.5 %	0.0	0.0 %

ECONOMIC ACTIVITIES NOT ELIGIBLE FOR TAXONOMY

ECONOMIC ACTIVITIES NOT ELIGIBLE FOR TAXONOMY							
LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
Turnover							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	10,775.9	84.1 %	10,775.9	84.1 %	0.0	0.0 %
8	Total turnover	10,775.9	100.0 %	10,775.9	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (DENOMINATOR)

ECONOMIC ACTIVITIES RELATED WITH THE TURNOVER (DENOMINATOR)							
LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
CapEx							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	13.3	1.3 %	13.3	1.3 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	1.1	0.1 %	1.1	0.1 %	0.0	0.0 %
7	Amount and proportion of other aligned economic activities not included in the above rows in the turnover denominator	1,043.0	98.6 %	1,043.0	98.6 %	0.0	0.0 %
8	Total CapEx	1,057.4	100.0 %	1,057.4	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (NUMERATOR)

		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
LINE	ECONOMIC ACTIVITIES	AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
CapEx							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
7	Amount and proportion of other aligned economic activities not included in the above rows in the turnover denominator	672.2	63.6 %	672.2	63.6 %	0.0	0.0 %
8	Total CapEx	672.2	100.0 %	672.2	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ELIGIBLE FOR THE TAXONOMY BUT NOT ALIGNED WITH THE TAXONOMY

ECONOMIC ACTIVITIES ELIGIBLE FOR THE TAXONOMY BUT NOT ALIGNED WITH THE TAXONOMY							
LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
CapEx							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	13.3	0.0 %	13.3	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	1.1	0.0 %	1.1	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	21.1	59.5 %	21.1	59.5 %	0.0	0.0 %
8	Total CapEx	35.5	100.0 %	35.5	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES NOT ELIGIBLE FOR TAXONOMY

		CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
LINE	ECONOMIC ACTIVITIES	AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
CapEx							
(...)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	349.6	33.1 %	349.6	33.1 %	0.0	0.0 %
8	Total CapEx	349.6	100.0 %	349.6	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (DENOMINATOR)

LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
OpEx							
(...)							
5	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the turnover	11.2	3.5 %	11.2	3.5 %	0.0	0.0 %
6	Amount and share of economic activity aligned to the taxonomy in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the turnover	0.7	0.2 %	0.7	0.2 %	0.0	0.0 %
7	Amount and proportion of other economic activities eligible for the taxonomy but not aligned and not reported in rows 1 to 6 above, in the turnover denominator	310.5	96.3 %	310.5	96.3 %	0.0	0.0 %
8	Total OpEx	322.3	100.0 %	322.3	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY (NUMERATOR)

LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
OpEx							
(...)							
5	Amount and share of economic activity aligned to the taxonomy in section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the turnover	0.0	100.0 %	0.0	100.0 %	0.0	0.0 %
6	Amount and share of economic activity aligned to the taxonomy in section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the turnover	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
7	Amount and proportion of other economic activities eligible for the taxonomy but not aligned and not reported in rows 1 to 6 above, in the turnover denominator	123.3	38.2 %	123.3	38.2 %	0.0	0.0 %
8	Total OpEx	123.3	100.0 %	123.3	100.0 %	0.0	0.0 %

ECONOMIC ACTIVITIES ELIGIBLE FOR THE TAXONOMY BUT NOT ALIGNED WITH THE TAXONOMY

LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
OpEx							
(…)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	11.2	0.0 %	11.2	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	0.7	0.0 %	0.7	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	10.2	6.8 %	10.2	6.8 %	0.0	0.0 %
8	Total OpEx	22.1	46.3 %	22.1	46.3 %	0.0	0.0 %

ECONOMIC ACTIVITIES NOT ELIGIBLE FOR TAXONOMY

LINE	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE MITIGATION (CCM)		CLIMATE CHANGE ADAPTATION (CCM)	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
OpEx							
(…)							
5	4.30 - High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
6	4.31 - Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	0.0	0.0 %	0.0	0.0 %	0.0	0.0 %
7	Amount and share of other taxonomy-aligned economic activities not included in lines 1 to 6 in the numerator of the applicable KPI	177.0	54.9 %	177.0	54.9 %	0.0	0.0 %
8	Total OpEx	177.0	100.0 %	177.0	100.0 %	0.0	0.0 %

List of disclosure requirements under the cross-cutting and topical standards deriving from other EU legislation (ESRS 2-Appendix B).

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	RELEVANCE TO HERA (PARAGRAPH)
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Board of Directors Board of Statutory Auditors Executive Committee Remuneration Committee Control and Risk Committee Ethics and Sustainability Committee
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Board of Directors Board of Statutory Auditors Executive Committee Remuneration Committee Control and Risk Committee Ethics and Sustainability Committee
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Due diligence Statement
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		About us
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not relevant
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12 Delegated Regulation (EU) 2020/1816, Annex II		Not relevant
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12 Delegated Regulation (EU) 2020/1816, Annex II		Not relevant
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2	The Climate Transition Plan

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	RELEVANCE TO HERA (PARAGRAPH)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	ADelegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		The Climate Transition Plan
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Hera's commitment (targets and results)
ESRS E1-5 fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Hera Group energy consumption
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Hera Group energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Energy intensity per net revenue
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5, 6 and 8		Greenhouse gas emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8		Carbon intensity indicators
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2	Greenhouse gas removals and carbon credits
ESRS E1-9 Exposure of the benchmark portfolio to climate- related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phase-in

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	RELEVANCE TO HERA (PARAGRAPH)
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phase-in
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).					
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Metrics
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Policy
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Policy
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not relevant
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Metrics
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Metrics
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Metrics
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not relevant
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Metrics
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not relevant
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not relevant

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	RELEVANCE TO HERA (PARAGRAPH)
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				Not relevant
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				Metrics
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				Metrics
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not relevant
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not relevant
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Policy Code of Ethics Diversity
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Policy
ESRS S1-1 PRocesses and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not relevant
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Policy
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				People engagement tools
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Metrics
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Metrics
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Metrics

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	RELEVANCE TO HERA (PARAGRAPH)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Metrics
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12		Metrics
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not relevant
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Policy
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Policy
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12		Policy
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Policy
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Social responsibility initiatives in procurement
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Policy
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		AnDelegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12		Policy
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Actions and resources
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Policy

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	RELEVANCE TO HERA (PARAGRAPH)
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12		Policy
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Actions and resources
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				The Corruption and Fraud Prevention Model and the 231 Compliance Model
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				The Corruption and Fraud Prevention Model and the 231 Compliance Model
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		The Corruption and Fraud Prevention Model and the 231 Compliance Model
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Not relevant

List of disclosure requirements included in the sustainability statement (ESRS 2, para. 56).**ESRS STANDARDS****PARAGRAPH OF THE SUSTAINABILITY STATEMENT****General disclosures ESRS 2**

Basis for preparation BP-1 General basis for preparation of sustainability reports [Data point: 3-5]	Description of the process and results of the double materiality assessment Structure and methodological note Reporting scope
BP-2 Disclosures in relation to specific circumstances [Data point: 6-17]	Structure and methodological note Use of transitional provisions Changes, estimates and reporting errors
GOVERNANCE	
GOV-1 – The role of the administrative, management and supervisory bodies [Data point: 18-23]	Governance
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [Data point: 24-26]	Governance
GOV-3 – Integration of sustainability-related performance in incentive schemes [Data point: 27-29]	Incentive schemes linked to sustainability issues for the administrative, management and supervisory bodies
GOV-4 – Statement on due diligence [Data points: 30-33]	Due diligence Statement
GOV-5 – Risk management and internal controls over sustainability reporting [Data points: 34-36]	Risk management and internal controls on sustainability reporting
STRATEGY	
SBM-1 – Strategy, business model and value chain [Data points: 38-42]	The Hera group Integrating sustainability in the Group's operations Stakeholder engagement activities The reporting scope Strategic approach and management policies: areas of focus (Directors' Report)
SBM-2 – Interests and views of stakeholders [Data points: 43-45]	Stakeholder engagement activities Strategic approach and management policies: areas of focus (Directors' Report)
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 46-50]	Description of the material impacts, risks and opportunities
MANAGING IMPACTS, RISKS AND OPPORTUNITIES	
IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities [Data point: 51-53]	Description of the process and results of the double materiality assessment
IRO-2 – Disclosure requirements in ESRSs covered by the undertaking's sustainability statement [Data point: 54-59]	Description of the process and results of the double materiality assessment Structure and methodological note

Environmental disclosures E1

GOVERNANCE	
ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes [Data point: 13]	Incentive schemes linked to sustainability issues for the administrative, management and supervisory bodies
STRATEGY	
E1-1 – Transition plan for climate change mitigation [Data points: 14-17]	The Climate Transition Plan
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 18-19]	Description of the material impacts, risks and opportunities Analysis of climate risks and opportunities
IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT	
ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities [Data point: 20-21]	Description of the material impacts, risks and opportunities Analysis of climate risks and opportunities
E1-2 – Policies related to climate change mitigation and adaptation [Data point: 22-25]	Policy
E1-3 Actions and resources in relation to climate change policies [Data point: 26-29]	Actions and resources
METRICS AND TARGETS	
E1-4 – Targets related to climate change mitigation and adaptation [Data point: 30-34]	Hera's commitment (targets and results)
E1-5 – Energy consumption and mix [Data points: 35-43]	Hera Group energy consumption Energy intensity per net revenue
E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions [Data points: 44-55]	Greenhouse gas emissions Carbon intensity indicators
E1-7 – GHG removals and GHG mitigation projects financed through carbon credits [Data points: 56-61]	Greenhouse gas removals and carbon credits
E1-8 – Internal carbon pricing [Data points: 62-63]	The Hera Group does not apply internal carbon pricing systems.

E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities [Data point: 64-70]	Phase-in

Environmental disclosures E2

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

ESRS 2 IRO -1 - Description of the processes to identify and assess material pollution-related impacts, risks and opportunities [Data point: 11]	Description of the material impacts, risks and opportunities

E2-1 – Policies related to pollution [Data point: 12-15]	Policy

E2-2 - Actions and resources related to pollution [Data point: 16-19]	Actions and resources

METRICS AND TARGETS

E2-3 - Targets related to pollution [Data point: 20-25]	Hera's commitment (targets and results)

E2-4 – Pollution of air, water and soil [Data point: 26-31]	Pollution of air, water and soil

E2-5 – Substances of concern and substances of very high concern [Data point: 32-35]	Substances of concern and substances of very high concern

E2-6 – Anticipated financial effects from pollution-related impacts, risks and opportunities [Data point: 36-41]	Phase-in

Environmental disclosures E3

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities [Data point: 8]	Description of material impacts, risks and opportunities: Resilience of the water supply system

E3-1 – Policies related to water and marine resources [Data point: 9-14]	Policy

E3-2 - Actions and resources related to water and marine resources [Data point: 15-19]	Actions and resources

Metrics and targets E3-3 - Targets related to water and marine resources [Data point: 20-25]	Hera's commitment (targets and results)

E3-4 – Water consumption [Data point: 26-29]	Water consumption of the Hera Group

E3-5 - Anticipated financial effects from water and marine resources-related impacts, risks and opportunities [Data point: 30-33]	Phase-in

Environmental disclosures E4

STRATEGY

E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Description of the material impacts, risks and opportunities

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model	Description of the material impacts, risks and opportunities Actions and resources

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Description of the material impacts, risks and opportunities

E4-2 – Policies related to biodiversity and ecosystems	Policy

E4-3 – Actions and resources related to biodiversity and ecosystems	Actions and resources

METRICS AND TARGETS

E4-4 – Targets related to biodiversity and ecosystems	Hera's commitment (targets and results) Actions and resources

E4-5 – Impact metrics related to biodiversity and ecosystems change	Metrics

E4-6 - Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Phase-in

Environmental disclosures E5

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities [Data point: 11]	Description of the material impacts, risks and opportunities

E5-1 – Policies related to resource use and circular economy [Data point: 12-16]	Policy

E5-2 – Actions and resources related to resource use and circular economy [Data point: 17-20]	Actions and resources
METRICS AND TARGETS	
E5-3 – Targets related to resource use and circular economy [Data point: 21-27]	Hera's commitment (targets and results)
E5-4 - Resource inflows [Data point: 28-32]	Resource inflows
E5-5 – Resource outflows [Data points: 33-40]	Resource outflows – Products sold Resource outflows – Waste generated
E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities [Data points: 41-43]	Phase-in

Social disclosures S1

STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders [Data point: 12]	People engagement tools
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 13-16]	Description of material impacts, risks and opportunities

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

S1-1 – Policies related to own workforce [Data points: 17-24]	Policy
S1-2 - Processes for engaging with own workers and workers' representatives about impacts [Data point: 25-29]	People engagement tools Actions and resources
S1-3 – Processes to remediate negative impacts and channels for own workforce to raise concerns [Data point: 30-34]	People engagement tools Actions and resources
S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions [Data point: 35-43]	Actions and resources

METRICS AND TARGETS

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [Data point: 44-47]	Hera's commitment (targets and results)
S1-6 – Characteristics of the undertaking's employees [Data points: 48-52]	Workers
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce [Data points: 53-57]	Workers
S1-8 – Collective bargaining coverage and social dialogue [Data points: 58-63]	Trade union relations Remuneration
S1-9 – Diversity metrics [Data points: 64-66]	Diversity
S1-10 – Adequate wages [Data points: 67-71]	Remuneration
S1-11 – Social protection [Data points: 72-76]	Social protection
S1-12 – Persons with disabilities [Data points: 77-80]	Diversity
S1-13 – Training and skills development metrics [Data points: 81-85]	Employee training and development
S1-14 – Health and safety metrics [Data points: 86-90]	Health and safety
S1-15 – Work-life balance metrics [Data points: 91-94]	Diversity
S1-16 – Compensation metrics (pay gap and total compensation) [Data points: 95-99]	Remuneration
S1-17 – Incidents, complaints and severe human rights impacts [Data points: 100-104]	Metrics

STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders [Data point: 9]	Tools for engaging workers in the value chain
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 10-13]	Description of the material impacts, risks and opportunities

Social disclosures S2

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

S2-1 – Policies related to value chain workers [Data points: 14-19]	Policy
S2-2 - Processes for engaging with value chain workers about impacts [Data point: 20-24]	People engagement tools
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns [Data point: 25-29]	People engagement tools Actions and resources
S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions [Data point: 30-38]	Actions and resources

METRICS AND TARGETS

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [Data point: 39-42]	Hera's commitment (targets and results)

Social disclosures S3

STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders <i>[Data point: 7]</i>	Tools for engaging stakeholder communities
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model <i>[Data point: 8-11]</i>	Description of the material impacts, risks and opportunities

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

S3-1 – Policies related to affected communities <i>[Data points: 12-18]</i>	Policy
S3-2 – Processes for engaging with affected communities about impacts <i>[Data points: 19-24]</i>	Tools for engaging stakeholder communities
S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns <i>[Data point: 25-29]</i>	Tools for engaging stakeholder communities
S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions <i>[Data point: 30-38]</i>	Actions and resources

METRICS AND TARGETS

S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities <i>[Data point: 39-42]</i>	Hera's commitment (targets and results)

Social disclosures S4

STRATEGY

ESRS 2 SBM-2 – Interests and views of stakeholders <i>[Data point: 8]</i>	Description of the material impacts, risks and opportunities
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model <i>[Data point: 9-12]</i>	Description of the material impacts, risks and opportunities

IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

S4-1 – Policies related to consumers and end-users <i>[Data points: 13-17]</i>	Policy
S4-2 – Processes for engaging with consumers and end-users about impacts <i>[Data point: 18-22]</i>	Customer engagement tools
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns <i>[Data point: 23-27]</i>	Customer engagement tools Actions and resources
S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions <i>[Data point: 28-37]</i>	Actions and resources

METRICS AND TARGETS

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities <i>[Data point: 38-41]</i>	Hera's commitment (targets and results)

Governance disclosures G1

GOVERNANCE

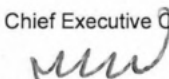
ESRS 2 GOV-1 – The role of the administrative, supervisory and management bodies <i>[Data point:]</i>	Governance
ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities <i>[Data point: 6]</i>	Description of the material impacts, risks and opportunities
G1-1 – Corporate culture and business conduct policies and corporate culture <i>[Data points: 7-11]</i>	Policy The Corruption and Fraud Prevention Model and the 231 Compliance Model
G1-2 – Management of relationships with suppliers <i>[Data points: 12-15]</i>	Supplier management
G1-3 – Prevention and detection of corruption and bribery <i>[Data points: 16-21]</i>	The Corruption and Fraud Prevention Model and the 231 Compliance Model
G1-4 – Confirmed incidents of corruption or bribery <i>[Data points: 22-26]</i>	231 risk assessment activities and reporting channels Whistleblowing
G1-5 – Political influence and lobbying activities <i>[Data points: 27-30]</i>	Political influence and lobbying activities: the associations in which Hera participates
G1-6 – Payment practices <i>[Data points: 31-33]</i>	Contractual payment terms

1.05.06 Assurance statement on the sustainability statement

The undersigned Orazio Iacono, who holds the office of CEO, and Filippo Bocchi, acting as Manager responsible for the compliance certification of Sustainability Reporting, of Hera Spa, certify, considering the provisions of Article 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the Sustainability Reporting included in the directors' report has been prepared:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council, of 26 June 2013, and Legislative Decree no.125 of 6 September 2024;
- with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council, of 18 June 2020.

The Chief Executive Officer



Orazio Iacono

Bologna, 25 March 2026

The Manager responsible for the compliance certification
of Sustainability Reporting



Filippo Bocchi

1.05.07 - Independent auditor's report



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

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

Independent auditors' limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

*To the shareholders of
Hera S.p.A.*

Conclusion

Pursuant to articles 8 and 18.1 of Legislative decree no. 125 of 6 September 2024 (the "decree"), we have been engaged to perform a limited assurance engagement on the 2025 consolidated sustainability statement of the Hera Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report (the "consolidated sustainability statement").

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group's 2025 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in the "Information on environmentally sustainable economic activities (EU Regulation 2020/852)" section of the consolidated sustainability statement has not been prepared, in all material respects, in accordance with article 8 of Regulation (EU) 852 of 18 June 2020 (the "taxonomy regulation").

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under that standard are further described in the "*Auditors' responsibilities for the sustainability assurance engagement*" section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.



Hera Group

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31 December 2025

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

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the directors and board of statutory auditors (“Collegio Sindacale”) of Hera S.p.A (the “parent”) for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the “materiality assessment process”) and for the description of these procedures in the “Description of the process and results of the double materiality assessment” section of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in the “Information on environmentally sustainable economic activities (EU Regulation 2020/852)” section with article 8 of the taxonomy regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree’s provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the consolidated sustainability statement, regarding future events and the group’s actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

The disclosures provided by the group about Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative value chain Scope 3 emissions information.

Auditors’ responsibilities for the sustainability assurance engagement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or



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31 December 2025

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures to address disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing the sustainability limited assurance engagement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

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

We have performed the following main procedures:

- we gained an understanding of the group's business model, strategies and operating environment with regard to sustainability matters;
- we gained an understanding of the process adopted by the group to identify and assess material sustainability-related impacts, risks and opportunities (IROs), based on the double materiality principle. Moreover, on the basis of the information acquired, we evaluated any emerging inconsistencies that may indicate the presence of sustainability matters not addressed by the group in its materiality assessment process; Specifically, mostly through inquiries, observations and inspections, we gained an understanding of how the group:
 - considered the interests and opinions of the stakeholders involved;
 - identified its sustainability-related IROs, assessing their consistency with our knowledge of the group and its sector;
 - defined and assessed material IROs by analysing the qualitative and quantitative materiality thresholds it determined, assessing their consistency with the outcomes of the ERM process;
- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement, including of the reporting boundary, through interviews and discussions with the group's personnel and selected procedures on documentation;
- we identified the disclosures associated with a risk of material misstatement, whether due to fraud or error;



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31 December 2025

- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement, including:
 - for information gathered at group level:
 - with reference to qualitative information and, in particular, the sustainability-related policies, actions and targets, we held inquiries and performed limited procedures on documentation;
 - with reference to quantitative information, we carried out analytical procedures, inspections, observations and recalculations on a sample basis;
 - for information gathered at plant level, we visited the Ecocity cogeneration plant, the Longiano C.A.F.A.R. trigeneration plant, the photovoltaic plant at the Modena HSE - Hera Servizi Energia headquarters, the Boscochiaro (Venice) water treatment plant, the ACR Mirandola waste treatment plant and the Aliplast plant, which we selected on the basis of their business and contribution to the metrics of the consolidated sustainability statement. During these visits, we interviewed group personnel and obtained documentary evidence supporting the calculation of the metrics;
- we gained an understanding of the process adopted by the group to determine taxonomy-eligible economic activities and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the group's consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records or management accounts;
- we checked the compliance of the structure and presentation of disclosures included in the consolidated sustainability statement with the ESRS;
- we obtained the representation letter.

Bologna, 3 April 2026

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit

1.06 SHAREHOLDERS MEETING RESOLUTIONS

The Shareholders' Meeting of Hera Spa:

- Having taken note of the Board of Directors' report on operations;
- having taken note the report by the Board of Statutory Auditors;
- having taken note of the Independent auditor's report;
- Having examined the financial statements as at 31 December 2025, which show a profit of 268,607,612.83 euro;

resolves:

- To allocate the profit for the financial year from 1 January 2025 to 31 December 2025, amounting to 268,607,612.83 euro, as follows:
 - 13,430,380.64euro to the legal reserve; and
 - to distribute a total dividend of 0.160 euro gross per ordinary share outstanding (therefore excluding treasury shares held by the company) on the dividend payment date; and
 - To the extraordinary reserve, in the amount of 16,851,032.99 euro, which shall be increased by the dividends relating to the treasury shares held by the company on the dividend payment date.

The total distributable dividend amounts to 238,326,199.20 euro, corresponding to 0.160 euro per ordinary share;

- To pay the dividend from 24 June 2026, with ex-dividend date no. 24 on 22 June 2026, which shall be paid on shares registered at 23 June 2026;
- To authorise the Board of Directors, and on its behalf its Chair, to determine in due course, based on the final number of shares outstanding, the exact amount of profit to be distributed and, therefore, the exact amount of the extraordinary reserve.

1.07 NOTICE CONVENING THE SHAREHOLDERS MEETING



HERA S.p.A.
Holding Energia Risorse Ambiente
Viale Carlo Berti Pichat no. 2/4 40127 Bologna
tel. 051.287.111 fax 051.287.525
www.gruppohera.it

Shareholders are convened in an Ordinary Shareholders' Meeting at the head office of *Hera S.p.A.* – *Viale C. Berti Pichat n. 2/4, Bologna* – at “*Spazio Hera*” – on **29 April 2026 at 10.00 in a single call** to discuss and decide on the items on the following:

Agenda

1. Financial statements as at 31 December 2025 of Hera S.p.A.: related and consequent resolutions. Presentation of the consolidated financial statements as at 31 December 2025 Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors.
2. Proposed allocation of profit for the period: related and consequent resolutions.
3. Report on the remuneration policy and fees paid: resolutions relating to Section I – Remuneration policy.
4. Report on the remuneration policy and fees paid: resolutions relating to Section II – Fees paid.
5. Renewal of the authorisation to purchase treasury shares and the disposal procedure thereof: related and consequent resolutions.
6. Appointment of the members of the Board of Directors: related and consequent resolutions.
7. Determination of the remuneration of the members of the Board of Directors: related and consequent resolutions.
8. Appointment of the members of the Board of Statutory Auditors and of the Chairman: related and consequent resolutions.
9. Determination of the remuneration of the members of the Board of Statutory Auditors: related and consequent resolutions.

The full text of the proposed resolutions, together with the explanatory reports, and the documents that are to be submitted to the Shareholders' Meeting will be made available to the public at the Company's registered office and on the Company's website (www.gruppohera.it), as well as on the authorised storage web site IInfo (www.linfo.it) within the term set out in law for each of the items on the agenda.

Appointment of the Board of Directors and of the Board of Statutory Auditors

For the appointment of the Board of Directors, the procedure is in accordance with current legislation and pursuant to Article 17 of the Articles of Association:

- 1) shareholders who represent at least 1% of the share capital in the Ordinary Shareholders' Meeting have the right to submit lists aimed at the appointment of fifteen members of the Board of Directors. Each list must contain a number of candidates belonging to the least represented gender that ensures, for the composition of the Board of Directors, compliance with the gender balance at least to the minimum extent required by the applicable law and regulations and by the Articles of Association.

Tax Code / Register of Companies no. 04245520376
“Hera Group” VAT Group. IVA 03819031208
Fully paid up Share Capital € 1,489,538,745.00

- 2) the lists referred to above, in which the candidates must be listed and marked by a progressive number, may not contain a number of candidates greater than the number of members to be elected, must be submitted at the registered office, under penalty of forfeiture, at least twenty-five days before the date of the Shareholders' Meeting and, therefore, by 4 April 2026. The lists can be submitted in the following ways: i) by delivery to the company's registered office in Viale C. Berti Pichat no. 2/4, Bologna, by contacting the Central Legal and Corporate Department during office hours (Monday to Friday from 9:00 a.m. to 5:00 p.m.) or ii) by email to societario@gruppohera.it, provided that the persons who submit the lists can be identified. The lists will be made available to the public at the company's registered office, on the Company's website and on the authorised storage site Info by 8 April 2026. Eleven members of the Board of Directors shall be taken from the list that has obtained the highest number of votes, according to the progressive order in which they are listed, at least four of which from the least represented gender. For the appointment of the remaining four members, the votes obtained by each of the lists other than the list that received the largest number of votes, and who were not submitted or voted by shareholders associated with, in accordance with the law in force, the shareholders who submitted or voted for the same list, are then divided by one, two, three and four. The quotients thus obtained are progressively awarded to the candidates of each list, in the order indicated by the list. The candidates are then placed in a single decreasing ranking, according to the quotients awarded to each candidate. The candidates elected are those who have obtained the highest quotients up to the remaining members to elect, at least two of which should be of the least represented gender. If there is a draw of quotients of candidates on different lists, for the last member to be elected preference will go to the member on the list that has obtained the highest number of votes or, in the case of further parity, the most senior candidate, in compliance with the gender balance provided by the applicable law and regulations.
- If the minimum number of directors belonging to the least represented gender is not elected, the candidate of the most represented gender who ranks last in the ranking of candidates elected from the most voted list will be replaced by the candidate of the least represented gender who was ranked first of the candidates not elected of the same list and so on up to the minimum number of directors of the least represented gender. If, even after applying this criterion, the minimum number of directors belonging to the least represented gender is still not attained, the replacement criterion indicated will be applied to the minority lists, starting from the most voted list;
- 3) together with the lists, the presenters must also submit:
- i) a description of the candidates' professional CV;
 - ii) irrevocable acceptance of office by the candidates (a condition for their appointment);
 - iii) certification of the non-existence of any causes of ineligibility and/or forfeiture;
 - iv) certification that they meet the requirements of integrity pursuant to Art. 147-quinquies of Legislative Decree no. 58/1998;
 - v) if appropriate, the declaration of meeting the requirements of independence established by Art. 147-ter, paragraph 4, of Legislative Decree no. 58/1998 and those provided for by the Corporate Governance Code drawn up by the Corporate Governance Committee;
- 4) each list must include at least two candidates that meet the requirements of independence required for Auditors by Article 148, paragraph 3 of Italian Legislative Decree no. 58/1998, and at least half the candidates must meet the requirements of independence required by the Corporate Governance Code drawn up by the Corporate Governance Committee;
- 5) any list for which the above provisions are not complied with or which does not include candidates of different genders in accordance with current legislation shall be considered as not

submitted;

- 6) no one may be a candidate in more than one list and acceptance of candidacy in more than one list are grounds for ineligibility;
- 7) each Member may submit or take part in submitting and voting only one list; adherence to and votes cast in breach of this prohibition shall not be allocated to any list.

The Board of Directors has decided to express to the Shareholders its guidelines regarding the managerial and professional figures whose presence in the new administrative body is deemed appropriate. These guidelines have been made available well in advance on the company's website (www.gruppohera.it) and on the authorised storage site IInfo (www.IInfo.it).

For the appointment of the Board of Statutory Auditors, the procedure is in accordance with current legislation and pursuant to Article 26 of the Articles of Association:

- 1) Shareholders, who alone or together with others represent at least 1% of the share capital in the Ordinary Shareholders' Meeting, have the right to submit lists for the appointment of the members of the Board of Statutory Auditors. In particular:
 - i) the Municipalities, Provinces or Consortia established pursuant to Article 31 of Legislative Decree no. 267/2000, or other public bodies or authorities, as well as the consortia or joint-stock companies directly or indirectly controlled by them, will jointly submit a single list;
 - ii) the other Shareholders shall have the right to submit lists for the appointment of one standing statutory auditor and one alternate auditor.

Each list must contain a number of candidates belonging to the least represented gender that ensures compliance with the gender balance at least to the minimum extent required by the applicable law and regulations.

Two standing statutory auditors and one alternate auditor shall be taken from the list that has obtained the highest number of votes, according to the progressive order in which they are listed, at least one standing auditor of which from the least represented gender. The third standing auditor and the other alternate auditor will be drawn from the other lists, electing respectively the first and second candidate in the list which gained the second highest quotient, of which at least one alternate auditor of the least represented gender. The chairmanship of the Board of Statutory Auditors goes to the first candidate on the list which has gained the second highest quotient;

- 2) the above lists shall contain a number of candidates not exceeding the number of members to be elected, listed in progressive order; each candidate may appear in only one list on pain of ineligibility;
- 3) each Shareholder may submit or participate in submitting one list only.
- 4) in the event of a breach of this rule, the vote of the Shareholder with respect to any of the lists submitted shall not be taken into account;
- 5) such lists must be filed at the company's registered office, under penalty of forfeiture, at least twenty-five days before the date of the Shareholders' Meeting and, therefore, by 4 April 2026. The lists can be submitted in the following ways: i) by delivery to the company's registered office in Viale C. Berti Pichat no. 2/4, Bologna, by contacting the Central Legal and Corporate Department during office hours (Monday to Friday from 9:00 a.m. to 5:00 p.m.) or ii) by email to societario@gruppohera.it, provided that the persons who submit the lists can be identified. The lists will be made available to the public at the company's registered office, on the Company's website and on the authorised storage site IInfo by 8 April 2026;
- 6) the submitted lists must be accompanied by:
 - i) the declaration certifying the absence of agreements or links of any kind with other shareholders who have submitted other lists;

- ii) comprehensive information on the personal and professional characteristics of the candidates;
 - iii) the declarations with which the individual candidates accept their candidacy and declare, under their own responsibility, the non-existence of causes of ineligibility, forfeiture and incompatibility provided for by law as well as the existence of the requirements of integrity and professionalism prescribed by law for members of the Board of Statutory Auditors, and provide the list of administrative and control positions held by them in other companies;
- 7) any list for which the above provisions are not complied with or which does not include candidates of different genders in accordance with current legislation shall be considered as not submitted;
- 8) each person entitled to vote may vote for only one list.

Each list submitted for the appointment of the members of the Board of Directors and the Board of Statutory Auditors must be accompanied by the identity of the Shareholders submitting it and the overall percentage shareholding held by them. The communication from the intermediary certifying ownership of the shareholding held on the date of submitting the list may also be sent at a later date, provided that it is before the deadline for publication of the lists, and therefore by 5 p.m. on 8 April 2026, by email to hera@pecserviziottitoli.it.

Pursuant to Art. 144-sexies paragraph 5 of the Consob Issuers' Regulation, in the event that on the deadline of 4 April 2026 only one list has been submitted for the appointment of the Board of Statutory Auditors, or only lists that are connected to each other have been submitted, the shareholding percentage necessary for submitting a list is reduced to 0.5% of the share capital and the submission may be made up to 7 April 2026 in the following ways: i) by delivery to the registered office in Viale C. Berti Pichat no. 2/4, Bologna, by contacting the Central Legal and Corporate Department during office hours (Monday to Friday from 9:00 a.m. to 5:00 p.m.) or ii) by email to societario@gruppohera.it, provided that the persons who submit the lists can be identified.

Right to attend and participate by proxy

Anyone who holds voting rights at the end of the accounting day of 20 April 2026 (*record date*) and for whom the related notices from the authorised intermediaries have been received by the end of the third day of trading prior to the date established for the Shareholders' Meeting, namely by 24 April 2026, shall be entitled to attend the Shareholders' Meeting. Attendees shall in any case have the right to speak and vote even if the above communications have been received beyond said term, provided they are received before the start of the shareholders' meetings. Anyone who has become a shareholder after 20 April 2026 will not have the right to attend and vote at the Shareholders' Meeting.

Any person entitled to intervene may be represented at the Shareholders' Meeting pursuant to the law with the right to use the proxy form available on the Company's website (www.gruppohera.it), where the methods that interested parties may use to notify the Company of proxies also electronically can also be found.

The Company has appointed Computershare S.p.A. as a representative to whom the holders of voting rights may confer, by 27 April 2026, a proxy with voting instructions on all or some of the proposals on the agenda. The proxy to the aforementioned representative must be conferred according to the procedures and using the specific proxy form available through the Company's website (www.gruppohera.it).

The proxy to the designated representative shall not have effect with respect to proposals for which voting instructions have not been given.

Other rights of Shareholders

Shareholders may raise questions on the items on the agenda before the Shareholders' Meeting, provided they do so no later than 20 April 2026, following the procedure indicated on the Company's website (www.gruppohera.it).

Questions received within the above deadline will be answered no later than 27 April 2026, following verification of their relevance and the legitimacy of the applicant, via publication in the section of the aforementioned website dedicated to the Shareholders' Meeting.

Shareholders who, even jointly, represent one fortieth of the share capital may request, within 10 days of the publication of this notice, that items be added to the agenda, specifying the additional topics proposed in their request, or may submit proposed resolutions for items already on the agenda. Requests must be submitted in writing in the manner indicated on the Company's website (www.gruppohera.it).

Bologna, 3 March 2026

The Executive Chairman of the Board of Directors
(Cristian Fabbri)

2

CONSOLIDATED FINANCIAL STATEMENTS



2.01 CONSOLIDATED FINANCIAL STATEMENTS

2.01.01 Statement of profit or loss

MN€	NOTES	2025	2024
Revenue	1	12,812.2	12,889.7
Other income	2	156.6	154.7
Raw and other materials	3	(7,149.6)	(7,056.4)
Service costs	4	(3,614.4)	(3,724.9)
Personnel costs	5	(707.2)	(667.5)
Other operating expenses	6	(87.0)	(97.3)
Capitalised costs	7	126.6	89.3
Depreciation, amortisation, provisions and impairment losses	8	(734.3)	(757.7)
Operating profit		802.9	829.9
Finance income	9	124.9	202.5
Financial expenses	10	(233.5)	(308.5)
Net finance expense		(108.6)	(106.0)
Share of profits (losses) pertaining to joint ventures and associates	11	16.5	12.3
Pre-tax profit (loss)		710.8	736.2
Income tax expense	12	(202.5)	(200.3)
Profit (loss) for the year		508.3	535.9
Attributable to:			
Owners of the parent		464.3	494.5
Non-controlling interests		44.0	41.4
Earnings (loss) per share:			
Basic	17	0.317	0.343
Diluted	17	0.317	0.343

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate statement of profit or loss outlined in paragraph 2.03.01 of these consolidated financial statements.

2.01.02 Statement of comprehensive income

MN€	NOTES	2025	2024
Profit (loss) for the year		508.3	535.9
Items that may be reclassified to profit or loss		-	-
Fair value gains (losses) on derivatives	29	0.5	(72.7)
Related tax		(0.1)	20.5
Equity-accounted investees - share of OCI	26	(0.1)	(0.1)
Items that will not be reclassified to profit or loss		-	-
Actuarial gains/(losses)	30	0.1	1.8
Equity investments measured at fair value	26	6.6	(3.9)
Related tax		(0.1)	(0.3)
Comprehensive income (expense)		515.2	481.2
Attributable to:		-	-
Owners of the parent		468.9	449.7
Non-controlling interests		46.3	31.5

2.01.03 Statement of financial position

MN€	NOTES	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
Property, plant and equipment	21, 25	2,321.9	2,160.7
Right-of-use assets	22, 25	92.3	84.2
Intangible assets	23, 25	5,240.6	4,945.8
Goodwill	24, 25	950.0	933.0
Equity-accounted investments	26, 27	137.2	127.3
Other equity investments	26	54.0	47.3
Non-current financial assets	18	151.8	158.0
Deferred tax assets	14	340.1	342.9
Total non-current assets		9,287.9	8,799.2
Current assets			
Inventories	32	213.2	168.1
Trade receivables	33	2,605.9	3,172.5
Current financial assets	18	75.1	23.1
Current tax assets	13	56.2	31.3
Contract assets	35	89.5	263.9
Other current assets	37	778.5	1,104.5
Derivative instruments	29	178.5	182.4
Cash and cash equivalents	18	845.3	1,315.6
Total current assets		4,842.2	6,261.4
TOTAL ASSETS		14,130.1	15,060.6

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate statement of financial position outlined in paragraph 2.03.02 of these consolidated financial statements.

MN€	NOTES	31/12/2025	31/12/2024
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	1,477.7	1,440.8
Reserves	15	2,139.4	1,744.8
Profit (loss) for the year	15	464.3	494.5
Equity attributable to owners of the parent		4,081.4	3,680.1
Non-controlling interests	16	318.3	306.8
Total equity		4,399.7	3,986.9
Non-current liabilities			
Non-current financial liabilities	19	4,317.9	4,154.6
Non-current lease liabilities	22	62.4	54.7
Employee benefits	30	74.3	79.9
Provisions	31	706.0	693.1
Deferred tax liabilities	14	155.4	144.8
Total non-current liabilities		5,316.0	5,127.1
Current liabilities			
Current financial liabilities	19	611.9	1,226.7
Current lease liabilities	22	24.4	24.4
Trade payables	34	1,839.9	2,723.9
Current tax liabilities	13	12.8	48.2
Contract liabilities	36	26.1	203.2
Other current liabilities	38	1,696.3	1,512.8
Derivative instruments	29	203.0	207.4
Total current liabilities		4,414.4	5,946.6
TOTAL LIABILITIES		9,730.4	11,073.7
TOTAL EQUITY AND LIABILITIES		14,130.1	15,060.6

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate statement of financial position outlined in paragraph 2.03.02 of these consolidated financial statements.

2.01.04 Statement of Cash flows

MN€	NOTES	31/12/2025	31/12/2024
Pre-tax profit (loss)		710.8	736.2
Adjustments to reconcile profit for the year to the cash flow from operating activities			
Depreciation, amortisation and impairment losses	8	591.7	563.4
Provisions	8	142.6	194.3
Share of profit (loss) of equity-accounted investees	11	(16.5)	(12.3)
Net financial expense	9, 10	108.6	106.0
(Capital gains) losses and other non-monetary items		(23.7)	(1.2)
Change in provisions	31	(49.7)	(34.9)
Change in provision for employee benefits	30	(9.5)	(10.0)
Total Cash flows before changes in net working capital		1,454.3	1,541.5
(Increase) decrease in inventories	39	(26.0)	39.5
(Increase) decrease in trade receivables	39	403.2	(800.9)
Increase (decrease) in trade payables	39	(886.8)	(49.0)
Increase/decrease in other current assets/liabilities, including contract assets/liabilities	39	537.1	438.2
Changes in working capital		27.5	(372.2)
Dividends received	39	14.4	12.8
Interest received	39	68.3	56.8
Interest expense and net losses on derivatives paid	39	(174.7)	(192.6)
Taxes paid	39	(165.0)	(193.3)
Cash flows from (for) operating activities (a)		1,224.8	853.0
Investments in property, plant and equipment	31	(340.8)	(282.1)
Investments in intangible assets	23	(687.1)	(578.2)
Investments in subsidiaries and business units net of cash and cash equivalents	28	(25.1)	(33.1)
Other equity investments	28	-	(0.4)
Proceeds from disposals of property, plant, equipment and intangible assets		5.6	8.0
Divestment of equity investments and contingent consideration	26	0.3	-
(Increase) decrease in other investing activities	28	(37.3)	81.2
Net cash flows from/(used in) investing activities (b)		(1,084.4)	(804.6)
New issue of long-term financial debt	20	702.9	471.1
Repayments of non-current financial liabilities	20	(122.3)	(7.9)
Repayments and other net changes in financial liabilities	20	(787.6)	(252.9)
Repayments of lease liabilities	20	(24.5)	(20.6)
Proceeds from the sale of shares without loss of control	20	0.9	-
Acquisition of investments in consolidated companies	20	(254.9)	(1.3)
Increase in non-controlling interests	20	1.0	1.3
Dividends paid out to Hera shareholders and non-controlling interests	20	(274.3)	(248.8)
(Repurchase) sale in treasury shares	15	148.1	(6.5)
Net cash flows from/(used in) financing activities (c)		(610.7)	(65.6)
Increase (decrease) in cash and cash equivalents (a+b+c)		(470.3)	(17.2)
Cash and cash equivalents at the beginning of the year	18	1,315.6	1,332.8
Cash and cash equivalents at the end of the year	18	845.3	1,315.6

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate cash flow statement outlined in paragraph 2.03.03 of these consolidated financial statements.

2.01.05 Statement of changes in equity

MN€	SHARE CAPITAL	RESERVES	HEDGING RESERVES	ACTUARIAL RESERVES	FAIR VALUE RESERVES	PROFIT FOR THE YEAR	EQUITY	NON-CONTROLLING INTERESTS	TOTAL
Balance at 1 Jan 24	1,443.0	1,549.3	44.5	(33.1)	(6.9)	441.4	3,438.2	313.4	3,751.6
Profit for the year						494.5	494.5	41.4	535.9
Other components of comprehensive income:									
Fair value of derivatives, change for the year			(42.3)				(42.3)	(9.9)	(52.2)
Remeasurements of defined benefit plans				1.4			1.4		1.4
Fair value of other equity investments, change for the year					(3.8)		(3.8)		(3.8)
Other business components measured at equity		(0.1)					(0.1)		(0.1)
Total comprehensive income	-	(0.1)	(42.3)	1.4	(3.8)	494.5	449.7	31.5	481.2
Change in treasury shares	(2.2)	(4.3)					(6.5)		(6.5)
Non-controlling interests							-	0.2	0.2
Change in equity investments		(0.2)					(0.2)	(1.1)	(1.3)
Other changes		0.8					0.8	0.2	1.0
Allocation of profit for the year:									
Dividends paid						(201.9)	(201.9)	(37.4)	(239.3)
Allocation to reserves		239.5				(239.5)	-		-
Balance at 31 Dec 2024	1,440.8	1,785.0	2.2	(31.7)	(10.7)	494.5	3,680.1	306.8	3,986.9
Balance at 01 Jan 25	1,440.8	1,785.0	2.2	(31.7)	(10.7)	494.5	3,680.1	306.8	3,986.9
Profit for the year						464.3	464.3	44.0	508.3
Other components of comprehensive income:									
Fair value of derivatives, change for the year			(1.8)				(1.8)	2.2	0.4
Remeasurements of defined benefit plans							-	0.1	0.1
Fair value of other equity investments, change for the year					6.5		6.5		6.5
Other business components measured at equity			(0.1)				(0.1)		(0.1)
Total comprehensive income	-	-	(1.9)	-	6.5	464.3	468.9	46.3	515.2
Change in treasury shares	36.9	111.2					148.1		148.1
Non-controlling interests							-	1.0	1.0
Change in equity investments		0.4					0.4	0.5	0.9
Other changes		4.0					4.0	(3.9)	0.1
Allocation of profit for the year:									
Dividends paid						(220.1)	(220.1)	(32.4)	(252.5)
Allocation to reserves		274.4				(274.4)	-		-
Balance at 31 December 2025	1,477.7	2,175.0	0.3	(31.7)	(4.2)	464.3	4,081.4	318.3	4,399.7

2.02 EXPLANATORY NOTES

2.02.01 Introduction

Hera S.p.A. is a joint-stock company established in Italy, listed on the Milan Stock Exchange and with registered office in Bologna, Viale Berti Pichat 2/4. Hera Spa and its subsidiaries (the Hera Group) operate mainly in Italy in the waste management (waste management and treatment), water (aqueduct, sewerage and purification) and energy (distribution and sale of electricity, gas and energy services) sectors; it also offers services for public lighting and telecommunications.

The consolidated financial statements at 31 December 2025 were prepared in compliance with Regulation (EC) No. 1606/2002 of 19 July 2002, observing the International Accounting Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) and endorsed by the European Commission, as well as the provisions enacted in implementing Article 9 of Italian Legislative Decree no. 38/2005. IFRSs also include the International Accounting Standards (IAS) currently in force, the interpretative documents issued by the International Financial Reporting Standards Interpretation Committee (IFRSIC) and the previous Standing Interpretation Committee (SIC).

The directors considered the applicability of the going concern in drafting the consolidated financial statements and decided that such assumption is appropriate in that no financial, managerial or other indicators were found that could signal critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular during the next 12 months. In making this assessment, the current context resulting from the outbreak of the conflict in the Middle East was also taken into account.

Sufficient obligatory information to present a true and fair view of the Group's financial position, results of operations and cash flows has been provided. Information on the Group's activities and on significant events that occurred after year end is provided in the Directors' report, in paragraph 1.03 "Main significant events", including considerations consequent to the conflict in the Middle East.

The general principle adopted in preparing these consolidated financial statements is the cost principle, except for the assets and liabilities (including the derivative instruments), which were measured at fair value. In drawing up the consolidated financial statements, management was required to use estimates; the major areas characterised by valuations and assumptions of particular significance together with those having notable effects on the situations accounted for here are provided in the paragraph "Significant estimates and valuations" at the end of this section.

These consolidated financial statements at 31 December 2025 were drawn up by the Board of Directors and approved by the same at the meeting held on 25 March 2026. These financial statements were audited by KPMG Spa.

Basis of preparation

These consolidated financial statements comprise:

- primary financial statements: these are the same as those already used for the consolidated financial statements as at 31 December 2024 and have the following characteristics:
 - the statement of profit or loss includes individual items analysed by type. We believe that this type of presentation, which is also used by major industry operators and is in line with international practice, best represents Group results;
 - the statement of comprehensive income is presented in a separate document distinguishing between items that may and may not be reclassified subsequently to profit and loss;
 - the statement of financial position presents current and non-current assets and current and non-current liabilities separately, with a description in the explanatory notes for each asset and liability item of the amounts expected to be collected or settled within or beyond 12 months after the consolidated financial statements date;
 - the statement of cash flows presents cash flows from operating, investing and financing activities. Cash flows from operating activities are reported using the indirect method, whereby operating income is adjusted for the effects of non-cash transactions, any deferrals or accruals of previous or future operating cash collections or payments, and revenue items associated with cash flows from investing or financing activities;
 - the statement of changes in equity reports the items of the comprehensive statement of profit or loss, as well as the operations that took place with our shareholders;
- explanatory notes.

In the consolidated financial statements any non-recurring costs and revenue are indicated separately. Moreover, with reference to Consob resolution 15519 of 27 July 2006 on financial statements, specific supplementary formats of

statement of profit or loss, statement of financial position and statement of cash flows have been included, highlighting the most significant balances with related parties, in order to avoid altering the overall clarity of the financial statements.

The consolidated financial statements and the information included in the explanatory notes are expressed in millions of euro with one decimal point, unless otherwise indicated.

Scope of consolidation

The consolidated financial statements at 31 December 2025 include the financial statements of the Parent Hera Spa and those of its subsidiaries. Control is obtained when the Parent has the power to determine the financial and operational policies of a company, by way of currently valid rights, in such a way as to obtain benefits from the company's activity. Jointly controlled assets (joint operations), in the form of corporate vehicles, are recognised in proportion to the Group's shareholding. Equity investments in joint ventures in which the Hera Group exercises joint control with other companies, as well as the companies over which the Group exercises significant control are consolidated with the equity method.

Small-scale subsidiaries and associates are excluded from overall consolidation and measured at fair value. These companies are reported in note 26, item "Other equity investments".

Changes in the scope of consolidation and transactions to acquire control

During FY 2025, the following changes occurred in the scope of consolidation:

COMPANY	EVENT
Ambiente Energia Srl	Acquisition of controlling
ElettraCHP Srl	Incorporation
HERAcquaModena Srl	Incorporation

On 22 July 2025, Herambiente Servizi Industriali Srl acquired 100% of the share capital of Ambiente Energia Srl from Manifattura Lane Gaetano Marzotto & Figli Spa. The company is active in the treatment of liquid industrial waste through its plant in Schio (Vi).

On 7 May 2025, Hera Servizi Energia Spa established ElettraCHP Srl, a vehicle whose purpose is to operate and maintain the trigeneration plants and the power plant of the customer Elettra Sincrotrone Trieste Scpa. Following the company's incorporation, the special purpose company Tri-generazione Scarl, which represented the previous operator of the customer Elettra Sincrotrone Trieste Scpa, was put into liquidation.

With effect from 1 July 2025, the company HERAcquaModena Srl, which was incorporated in the first half of FY 2025 and became operational following the transfer of the business unit relating to the integrated water system in the Modena area by the parent company Hera Spa, is fully consolidated.

In addition, during the financial year, further business combination transactions, as detailed below, were carried out through the acquisition of business units.

The acquisition of the 'Gurit' branch by the subsidiary Aliplast Spa took place in March 2025, with effect from 1 April 2025. Specifically, this is a group of assets organised for the operation of plastics sorting and recycling activities at the industrial site in Carmignano di Brenta (Pd).

With an effective date of 1 July 2025, A.C.R. di Reggiani Albertino Spa acquired from Gerotto Federico Srl the Gerotto Ear business unit, which specialises in the remediation and regeneration of contaminated sites in complex and risky environments, through the use of high-tech robotic machinery and exclusive know-how.

For an overview of the control acquisition operations carried out during the period, see section 1.03 "Key events during the year" of the Directors' report and the "Business combinations (supplementary information)" in section 2.02.10 "Other Information" for accounting implications and the valuation details of assets and liabilities acquired.

Change in equity investments

On 27 June 2025, the company Herambiente Servizi Industriali Srl sold 0.4% of the shares in the company A.C.R. di Reggiani Albertino Spa to the two minority shareholders, resulting in the shareholding changing from 60% to 59.6%.

The difference between the amount adjusting the non-controlling interest and the fair value of the consideration paid was reported directly in equity and attributed to the shareholders of the parent company.

Other corporate operations

On 13 January 2025, the newco CircularYard Srl was established, with Herambiente Servizi Industriali Srl holding 55%, A.C.R. di Reggiani Albertino Spa 5% and Fincantieri Spa 40%. The partnership aims to manage the industrial waste produced by Fincantieri and to implement a new integrated waste treatment system. The company has not been consolidated for the purposes of these financial statements due to the immateriality of its values.

On 24 June 2025, the shares previously held by Ascopiave Spa, representing 25% of the share capital of EstEnergy Spa, were transferred to Hera Comm Spa, as stipulated in the transfer agreement signed on 16 December 2024. Consequently, the Hera Group's legal ownership percentage is 100% of the share capital.

On 2 July 2025, Herambiente Spa acquired from the minority shareholder Rogroup Srl the entire stake held by the latter in Aliplast Spa, equal to 20% of the share capital, thus holding 100% of the company.

On 5 August 2025, Marche Multiservizi Spa acquired from the minority shareholders a portion of their stake in Macero Maceratese Srl, equal to 20% of the share capital, thereby increasing its ownership of the company to 90%.

However, the three companies mentioned above were already included in the scope of consolidation with a 100% ownership interest pursuant to the contractual agreements signed between the parties, which provided for a option to sell in favour of the respective minority shareholders.

On 28 July 2025, Hera Luce Srl acquired from the minority shareholders a portion of their stake in Triveneta Luce Scarl, equal to 50% of the share capital, thereby increasing its ownership of the company to 80%. The company was already 100% consolidated by virtue of the contractual agreements signed between the parties, which provided for a deferred payment to the minority shareholders for the purchase of the entire share capital, to be made at various points in time following the fulfilment of certain conditions precedent.

Finally, it should be noted that on 8 October 2025, an agreement was signed for the repurchase of 3% of the share capital of Hera Comm Spa, which had been sold to Ascopiave Spa in the 2019 financial year pursuant to the partnership agreement between the two groups. The sale of the 3% stake did not result in the derecognition of the equity investment but represented the taking out of a fixed-rate loan, which is measured in the Hera Group's consolidated financial statements using the amortised cost method.

Accounting policies and basis of consolidation

The financial statements used for the preparation of the consolidated statement of financial position and statement of profit or loss schedules were those which the companies included within the scope of consolidation reclassified and adjusted (on the basis of specific instructions issued by the Parent) for the purposes of consistency with the accounting standards and principles of the Group. In processing the values referred to the companies measured at equity, adjustments to their respective financial statements were considered in order to adapt them to accounting standards and Group policies.

When drawing up the consolidated statement of financial position and statement of profit or loss, the assets and liabilities as well as the income and expenses of the companies included in the scope of consolidation are included on a line-by-line basis. However, the receivables and payables, income and expenses, gains and losses resulting from operations carried out between companies included in the scope of consolidation have been eliminated. The book value of the equity investments is cancelled by the corresponding portion of investees' equity.

On first-time consolidation, the positive difference between the book value of the equity investments and the fair value of the assets and liabilities acquired, was allocated to the asset and liability items and on a residual basis to goodwill. The negative difference was immediately recorded in the statement of profit or loss, as illustrated in the following section "Business combinations".

The total of share capital and reserves of subsidiaries pertaining to non-controlling interests is recorded within equity in the line item "Non-controlling interests". The portion of the consolidated result relating to non-controlling interests is recorded in the caption "Non-controlling interests".

The valuation of the financial statement items has been carried out on the basis of the general criterion of accrual, with a view of the business as a going concern. For the purposes of the accounting entries, priority is given to the economic substance of the transactions rather than their legal form.

In preparing these consolidated financial statements, the accounting policies and principles were the same as those adopted in the previous period, considering the new accounting standards reported in the dedicated section "Changes to accounting standards" of paragraph 2.02.10 "Other information". As far as the statement of profit or loss is concerned, the costs and revenue stated include those recorded at year-end, which have a balancing entry in the statement of financial position. In this regard, income is included only if realised by the closing date of the reporting period, while account has been taken of the risks and losses even if known after said date.

The transactions with minority shareholders are recognised as equity transactions. Therefore, for purchases of additional shares after control is attained, the difference between the cost of acquisition and the book value of the shares purchased from non-controlling interests is recognised in Equity attributable to owners of the parent.

The functional and presentation currency adopted by the Group is the euro. The assets and liabilities of foreign companies denominated in currencies other than the euro which are included in the scope of consolidation are translated using the exchange rates applicable at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Conversion differences are included in an equity item until the shareholding is sold. The main exchange rates used to convert the value of the investees outside the euro zone are as follows:

	2025	31/12/2025	2024	31/12/2024
	Average	Specific	Average	Specific
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Polish Zloty	4.2397	4.2210	4.5652	4.5969

The standards and criteria adopted are outlined here below.

Property, plant and equipment – These are recognised at purchase cost or production cost, including accessory expenses, or at the value based on expert appraisals, if relating to purchased companies, net of the related accumulated depreciation and any impairment. The production cost includes the portion of direct and indirect costs reasonably attributable to the asset (e.g. personnel costs, transport, customs duty, costs for the preparation of the installation location, final test and inspection costs, notary fees, land registry expenses). The cost includes any professional fees and, for certain assets, capitalised financial charges up to the moment the asset enters into service. The cost includes any costs for dismantling, restoration and reclamation of the site on which the asset is located. Ordinary maintenance costs are charged in full to the statement of profit or loss. Improvement, upgrading and transformation costs that increase the value of the assets are recorded as assets.

Property, plant and equipment are stated gross of grants for plant and equipment, which are recorded in the statement of profit or loss over the period required to match them with their related costs; in the statement of financial position, they are stated by recording the grant as deferred income.

Depreciation begins to be applied when the assets enter the production cycle. They are classified as in progress when the process of economic use has not yet begun. Property, plant and equipment are systematically depreciated in each accounting period using the depreciation rates considered representative of the remaining useful lives of the assets. The depreciation rates for property, plant and equipment are outlined here below:

Category	rates
Buildings	1.8% - 2.8%
Distribution plants	1,4% - 5,9%
Production plants	2,5% - 25,0%
Other plants	3,9% - 7,5%
Equipment	5,0% - 20,0%
Electronic machines	16,7% - 20,0%
Vehicles	10,0% - 20,0%

Land is not depreciated, with the exception of land in which landfills are located, which is depreciated based on the quantity of waste disposed of with respect to the total conferable capacity.

Property investments - Property investments have been recorded at cost. As such, these assets are reported at cost minus depreciation and any impairment losses.

Right-of-use assets - The right-of-use of a good or service is initially valued by the Group at cost.

Service components that may be included in the contract are excluded from projections of future lease payments and accounted for separately under operating expenses on a straight-line basis.

After the initial recognition, the value of the right-of-use is reduced by accrued depreciation and impairment losses and is adjusted for any restatements of the lease liability.

Intangible assets and goodwill - Identifiable and controllable intangible assets are stated at cost and, if they have a definite useful life, they are amortised systematically over the period of the estimated useful life. The amortisation begins when the asset is available for use or in any case begins to generate economic benefit for the Group. Work in progress includes costs relating to intangible assets for which the process of economic use has not yet commenced. If the intangible assets have an indefinite useful life, they are not amortised but rather subjected to an annual impairment test, even in the absence of indicators signalling impairment losses.

Concessions mainly comprise the rights associated with networks, plants and other facilities related to gas and integrated water service services managed by the Group and are instrumental to the management of these services. These concessions were listed as intangible assets even before the IFRIC 12 - Service concession arrangements - interpretation was first applied.

Amortisation of the concessions is calculated on the basis of the provisions of the respective conventions, and namely: i) according to a constant rate for the shorter of the following two periods: the useful life of the assets granted in concession and the duration of that same concession, provided that, when this concession expires, the outgoing operator is not granted any compensation value (Residual industrial value, or RIV); ii) on the basis of the useful life of the individual assets, if an indemnity value (IV) is paid to the outgoing operator upon expiry of the concessions.

Public services under concession include the rights over networks, plants and other facilities related to gas, integrated water service, and electricity (with the sole exception of the assets related to the territory of Modena, which are classified among the assets owned by virtue of the associated acquisition) and public lighting services (for the latter, except for what highlighted in the following note describing the significant accounting policies applied to the "Receivables and Loans" item) linked to services managed by the Group. These arrangements are accounted for by applying the intangible asset model provided for the IFRIC 12 interpretation, since it was considered that the underlying concession arrangements do not guarantee the existence of an unconditional right in favour of the concessionaire to receive cash or other financial assets. Construction and improvement services carried out on behalf of the grantor are accounted for as assets from contracts with customers. Considering that most works are contracted out externally and that on construction activities carried out internally the job margin cannot be identified individually from the benefits included in the remuneration for the service, these activities are reported on the basis of costs actually incurred.

This category also includes the extension and modernisation of infrastructure owned by asset-holding companies (so-called asset companies, established pursuant to Article 113 of Italian Legislative Decree No. No. 267/00), which are managed by the Group under business unit lease agreements. These contracts, in addition to establishing the fees due, also include clauses governing the restitution of assets, normally maintained, upon payment of a balance corresponding to the net book value or the residual industrial value (also taking into account the recovery funds) of these assets.

The depreciation of these rights is carried out based on the useful life of the individual assets, also in view of the relevant legislation which, in the event of a change in service provider, calls for compensation to be paid to the outgoing operator in the amount of the Residual industrial value (RIV) for assets constructed under their ownership, or at Net book value (NBV) for assets manufactured under a business unit leasing contract.

The intangible assets acquired following a business combination are recorded separately from goodwill if their fair value can be reliably determined and are depreciated over the useful life estimated during the purchase.

Intangible assets are stated gross of grants for plants and equipment, which are reported in the statement of profit or loss over the period necessary to match them with their related costs; in the statement of financial position, they are stated by recording the grant as deferred revenue.

The amortisation rates of intangible assets are outlined here below:

Category	rates
IT applications	20,0%
Patents and trademarks	10,0%
Buildings under concession	1,8% - 3,5%
Distribution plants under concession	1,8% - 10,0%
Other plants under concession	2,5% - 12,5%
Equipment under concession	12,5%

Cost of acquiring new contracts - Incremental costs, represented by commissions paid to agents for the acquisition of new contracts, are recognised as intangible assets and are amortised according to the average useful life of the acquired customers (churn rate). For this purpose, only the types of commissions related to new customers not present in the Group's customer base are recognised.

Business combinations - Any positive difference between the cost of the operation and the fair value at the date the assets and liabilities are acquired is attributed to goodwill. If the process of allocating the purchase price shows a negative difference, such difference is immediately charged to the statement of profit or loss at the date of acquisition. For the purpose of determining the goodwill or the negative differential, the fair value assessment of options to sell granted to minority shareholders on their own shares is also considered within the cost of the operation.

Any consideration subject to conditions, including those related to future results (earn-out), as set forth in the business combination contract is measured at fair value on the acquisition date and considered in the value of the consideration paid for the business combination, for the purposes of calculating the goodwill.

Non-controlling interests on the acquisition date are measured at fair value or according to the pro rata amount of the net assets of the acquired company. The valuation method selected is stated for each transaction.

Impairment losses - In order to assess any impairment losses, the Group takes into consideration the book value of property, plant and equipment, right-of-use assets and intangible assets, comparing it with the recoverable amount of these assets to define the value of any impairment losses. The recoverable value is calculated as a right of use. Where it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the unit generating the cash flows to which said assets belong. Future cash flows are discounted to present value at a rate (net of taxation) that reflects the current market value and takes into account the risks associated with the specific business activities.

Equity-accounted investments - Shareholdings entered in this item refer to long-term investments in associates and joint ventures. The excess price over the Group's share of the fair value of an associated company's identifiable assets, liabilities and contingent liabilities at the date of acquisition is recognised as goodwill embedded in the value of the shareholding.

Other equity investments - This category includes shareholdings that are not included in the scope of consolidation, including shareholdings in negligible size subsidiaries, associates and joint ventures. For these investments, upon initial recognition, it is irrevocably determined whether subsequent changes in fair value are recognised in other comprehensive income; otherwise, changes in fair value are periodically recognised in profit or loss. The risk arising from any losses exceeding the carrying value of the shareholding is recognised in a special provision to the extent that the holder is obliged to fulfil legal or implicit obligations vis-à-vis the investee company or in any event cover its losses.

Financial assets - The Group classifies financial assets through the business model adopted for managing them and on the basis of the features of contractual cash flows. In relation to the previous conditions, financial assets are subsequently valued as follows:

- amortised cost;
- fair value of the other comprehensive income components;
- fair value of the profit (loss) for the fiscal period.

Management determines their classification when they are first recorded.

Receivables and loans - This category includes assets not represented by derivative instruments and not listed on an active market, from which fixed or determinable payments are expected. Since the business model generally adopted by the Group provides for the holding of these financial instruments solely for the purpose of collecting the contractual cash flows, these assets are valued at amortised cost on the basis of the effective interest rate method.

The value of the assets is reduced on the basis of the expected losses, using information that is available without unreasonable charges or efforts, including historical, current and prospective data.

Losses determined by an impairment test are recognised in the statement of profit or loss, as are any subsequent reversals of impairment losses.

These assets are classified as current assets, except for the portions accruing after 12 months, which are included amongst the non-current assets.

This category includes, as provided by the interpretation IFRIC 12, the financial assets associated to those public service under concession for which the Group has the unconditional contractual right to receive cash from the issuer for the construction services rendered. The Group uses the financial asset model for the contracts of public lighting service provision, in view of their characteristics, in which increasingly frequently the issuer guarantees the area provider a specific amount, or at any rate an amount which can be reliably determined, not depending on the use of the infrastructure by the end customer. Under that model, the financial asset reported in the balance sheet in relation to the issuer for an amount equal to the fair value of the construction services rendered.

Financial assets measured at fair value through other comprehensive income components - This category includes assets, other than derivatives, held by the Group for the purpose of receiving contractual cash flows (represented by equity and interest payments) or for monetisation through sale.

These assets are valued at fair value, the latter determined by referring to the market prices at the balance sheet date or using financial measurement techniques and models. Classification as a current or non-current asset depends on management's plans and on the real tradability of the security. Those expected to be sold during the next 12 months are recorded as current assets.

Assets measured at fair value through profit or loss - This category includes the financial assets acquired for short-term trading purposes, in addition to the derivatives, which are described in the specific paragraph below.

The fair value of these instruments is determined by referring to the market value on the date the registration period ends. Classification under current and non-current reflects management's expectations regarding their trading: current assets include those whose trading is expected within 12 months or those identified as held for trading.

Cash and cash equivalents - The item regarding cash and cash equivalents and cash equivalents includes cash and bank accounts and deposits repayable on demand and other short-term financial investments with high liquidity that are readily convertible into cash and are subject to an insignificant risk regarding their change in value.

Trade receivables - These refer to financial assets arising from the provision of goods and services and are valued at amortised cost, adjusted for any impairment. These assets are derecognised in the event of sale which transfers all risks and benefits associated with their management to third parties.

Other current assets - These are stated at par value and possibly adjusted for any impairment losses corresponding to the amortised cost.

Environmental bonds - The Group complies with the various regulations issued in relation to the environment that require compliance with restrictions established through the use of certificates or bonds. Therefore, the Group is obliged to meet a need in terms of grey certificates (emission trading) and white certificates (energy efficiency instruments). The development of markets in which these bonds/certificates are traded has also made it possible to initiate a trading activity. These bonds are valued according to the intended use.

The bonds held to meet the company's requirement are recorded as assets at cost. If the bonds in the portfolio prove to be insufficient to meet the need, a liability is recorded to guarantee adequate coverage when the certificates are delivered to the operator. Bonds held for trading are recognised as assets and are measured at fair value through profit or loss.

Contract assets - This item includes the recording of commissioned work in progress on behalf of customers. Where the outcome of a construction contract can be estimated reliably, contract work in progress is measured on the basis of revenue accrued with reasonable certainty, according to the percentage of completion accounting method, so as to apportion revenue and costs to the relevant financial years in proportion to the stage of completion of the work in question. Contract revenue, in addition to the contractual payments, include the variations, the price review and the recognition of the incentives to the extent it is probable that they represent effective revenue which can be determined reliably.

When the outcome of a contract cannot be reliably estimated, the revenue referable to the related contract are recorded solely within the limits of the contract costs incurred which will probably be recovered. The contract costs are recorded as expenses during the accounting period in which they are incurred. When the total contract costs are likely to be greater than the contractual revenue, the expected loss is immediately stated at cost.

Inventories - Inventories are recorded at cost, including directly attributable costs, or net estimated realisable value, whichever is the lower. The cost configurations used for the valuation of stocks are the average cost measured on a continuous basis (used for raw materials and consumables) and the specific cost of other inventories. Inventories of work in progress are valued at weighted average manufacturing cost for the period, which comprises the raw materials, the consumables and the direct and indirect production costs excluding general expenses.

Share capital - Share capital is recorded at par value, reduced, if necessary, by costs directly attributable to transactions involving the issuing or repurchase of equity instruments.

Treasury shares - Treasury shares are recognised as a reduction in equity, and any differences generated by future purchase or sale transactions are recorded directly as changes in equity.

Earnings per share - The earnings per share are represented by the profit for the year for the year attributable to the shareholders holding ordinary shares, taking into account the weighted average of the ordinary shares outstanding during the period. The diluted earnings per share are obtained by means of the adjustment of the weighted average of the shares outstanding, taking into account all the potential ordinary shares with dilution effect.

Transactions between entities under common control – With regard to transactions between entities under common control, the Group adopts an accounting policy in line with the Assirevi Preliminary Guidelines (Opi 1 and Opi 2), which provide shared technical guidance on the correct application of International Financial Reporting Standards in the absence of specific regulations. These guidelines are used to ensure the consistent, reasonable and uniform application of accounting policies, in line with the practice adopted at the national level. With regard to transactions involving the acquisition and contribution of business units and equity interests, the Group follows the provisions of document Opi1 for transactions that do not have a material effect on cash flows. With regard to business unit acquisition transactions, the Group recognises the assets and liabilities of the business unit being transferred at their historical carrying amounts as shown in the Group's consolidated financial statements. Any difference between the transfer value and the historical carrying amounts constitutes a transaction with shareholders, which is recognised, depending on the circumstances, as a contribution to or a distribution from the equity of the entities involved in the transaction. With regard to business unit transfers, on the other hand, the Group recognises the assets and liabilities at their historical values, but the difference between the transferred value and the historical carrying amounts is not treated as a transaction between shareholders, as no monetary transfer takes place between the entities involved in the transaction. Consequently, the receiving entity must recognise the transferred business at its historical value and increase its equity by the same amount, while, conversely, the transferring entity recognises an interest in the receiving entity for an amount equal to the increase in the receiving entity's equity. The approach described above does not envisage the occurrence of negative differences between the carrying amount of the transferred business and the fair value of the equity instruments, as such a situation would represent an impairment of the business, which would have been recognised directly in the transferring entity's financial statements prior to the transaction.

With regard to transactions involving the acquisition of controlling interests with a cash contribution, the Group assesses whether the transaction is carried out under normal market conditions; if so, the selling entity derecognises the investment at its carrying amount and recognises the difference between the carrying amount and the cash received as a capital gain or loss in the statement of profit or loss. Conversely, the acquiring company recognises the equity investment at cost, based on the consideration paid. If the transaction is not carried out under normal market conditions, any difference between the market value of the equity investment and the consideration paid for the transaction is recognised as a transaction carried out by the shareholder in its capacity as a shareholder. However, in the case of transactions involving the transfer of a controlling interest, if the transaction has commercial substance, the transferring entity derecognises the transferred interest and recognises the interest in the transferee at fair value. If, on the other hand, the transaction lacks commercial substance, the transferring entity does not recognise any impact on the statement of profit or loss for the financial year, as the transferred investment is reclassified as an investment in the transferee without any change in its value.

For restructuring mergers between companies under common control, the Group adopts the criteria set out in the OPI, applying the book value continuity method. Specifically, balance sheet items are recognised at their historical carrying amounts as reported in the Group's consolidated financial statements, with no impact on the statement of profit or loss. Any differences arising from the exchange ratio or from the value attributed to the transferred assets are recognised in a dedicated equity reserve.

In the consolidated financial statements, all transactions between under common control entities are eliminated.

Financial liabilities - This item is initially stated at cost, corresponding to the fair value of the liability net of the transaction costs which are directly attributable to the issue of said liability. Following their initial recognition, financial liabilities, with the exception of derivatives, are valued on the basis of amortised cost, using the original effective interest rate method. If the estimates of payments are revised, the adjustment of the liability is stated as income or expense in the statement of profit or loss, except for lease liabilities.

Lease liabilities - As at the effective date of the contract, lease liabilities are calculated as the present value of payments due, discounted using the marginal lending rate.

This rate refers to the average rate at which the Group borrows, broken down by contractual maturity. It is determined annually in the budget on the basis of the final figures for previous financial year and is applied to contracts signed from 1 January of each subsequent financial year. It is updated during the period in the event of significant changes to the Group's average borrowing rate. For contracts with a life of more than four years, the Group uses the medium/long-term borrowing rate, while for contracts with a life of four years or less, the equivalent short-term rate is adopted.

Employee benefits - Liabilities related to defined-benefit plans (such as the employee severance accrued before 1 January 2007) are reported net of any plan assets on the basis of actuarial assumptions and on an accrual basis, in keeping with the service necessary to obtain benefits. The liability is valued by independent actuaries. Actuarial gains and losses are reported as other comprehensive income/losses. Following Law 296 of 27 December 2006, for companies with more than 50 employees, the severance payment amounts accruing after 1 January 2017 qualify as a defined-benefit plan.

Provisions - The provisions are accrued, on the basis of the best estimate of the costs required to meet the obligation, on the reporting date, and are discounted to present value when the effect is significant and the necessary information is available. In such event, the reserves are determined by discounting to present value the future cash flows at a pre-tax discount rate that reflects the current market valuation and takes into account the risk associated with the business activities.

When the discounting to present value is carried out, the increase in the reserve due to the passing of time is recorded amongst the financial charges. If the liability relates to property, plant and equipment (e.g. restoration of sites), the contra-entry to the provision made is an increase of the asset to which the liability refers; on the other hand, the financial charges are expensed out through the depreciation process of the item of property, plant and equipment to which the charge refers.

Trade payables - These refer to payables derived from commercial supply transactions and are recorded at amortised cost.

Contract liabilities - This includes amounts relating to payments made by customers before the transfer of goods or services stipulated by the contract takes place. Recording takes place when payment is made or when payment is due. This liability is reported as revenue only when the contractual obligation has been fulfilled.

Other current liabilities - These concern sundry transactions and are stated at nominal value, corresponding to the amortised cost.

Derivative instruments - The Group holds derivative instruments for the purpose of hedging its exposure to the risk of interest rate and exchange rate fluctuations and the risk of changes in methane gas and electricity prices. In relation to said activities, the Group must handle the risks associated with the misalignment between the index-linking formulas relating to the purchase of gas and electricity and the index-linking formulas linked to the sale of said commodities. The instruments the Group uses for handling price risk, both with regards to the price of the goods and the related euro/dollar exchange rate, are aimed at pre-establishing the effects on the sales margins irrespective of the changes in the aforementioned market conditions.

In relation to commodity derivatives, operations are managed through OTCs - over the counter financial instruments (index swaps), currency derivatives (forward purchases in dollars), derivative instruments traded on the regulated platforms, as well as through brokerage contracts that provide for the physical delivery of the underlying to be regulated in the future (so-called physical contracts). In particular, the accounting method used for physical contracts varies according to their purpose: contracts related to procurement activities are subject to the own-use exemption and the related economic effects are recognised on an accrual basis only at the time of actual delivery, while contracts signed with reference to price or volume risk management activities are considered derivative financial instruments and measured at fair value from the time they are signed. Given the nature of physical contracts, in order to give a more consistent representation of the actual transactions carried out, at the time they become operational, regardless of their purpose, the settlement is recorded in the statement of profit or loss either in the item "Revenue" or in the item "Raw and other materials" depending on whether the sale or procurement of commodities was involved.

From an operational point of view, a commercial portfolio has been identified, which includes physical and financial contracts signed for the management of procurement, and a trading portfolio, which includes physical and financial contracts signed for speculation, based on pure position taking logics whenever there is a market opportunity, always within the risk limits defined by the Board of Directors of the parent company.

The fair-value changes pertaining transactions that, in observance of the risk management policies, meet the requirements for hedge accounting treatment are recorded as part of the other components of comprehensive income, while those that despite being entered into for hedging purposes, do not meet the requirements are recognised in profit or loss in the period in which they occur. Operations identified from their outset as speculative are recognised in profit or loss in the reporting period. Fair value is established with adequate valuation models for each type of instrument, according to the reference market value as more fully described below.

For accounting purposes, the hedging transactions are classified as fair value hedges if they cover the risk of fluctuations in the market value of the underlying asset or liability; or as cash flow hedges if they cover the risk of changes in cash flows deriving both from an existing asset or liability, or from a future transaction, including transactions on commodities.

As far as derivative instruments classified as fair value hedges are concerned, which observe the conditions for the accounting treatment as hedging transactions, the gains and losses deriving from the determination of their market

value are recognised through profit or loss. The gains and losses deriving from the adjustment to fair value of the element underlying the hedge are likewise recognised through profit or loss.

For instruments classified as cash flow hedges and that qualify as such, the fair value changes are recorded, only as far as the effective amount is concerned, in a specific equity reserve called "Hedging reserve" through the statement of comprehensive income.

This reserve is recorded to income as soon as the underlying hedged instrument is realised. The change in fair value referring to the ineffective portion is immediately recorded in the statement of profit or loss of the period.

If the underlying transaction should no longer be considered highly probable, or the hedging relationship can no longer be demonstrated, the corresponding portion of the "Hedging reserve" is immediately reversed to income.

If, on the other hand, the derivative instrument is sold and therefore the hedging of the risk for which the transaction was created no longer qualifies as effective, the amount of "Hedging reserve" relating to it is kept until the economic effects of the underlying contract arise.

Whenever applicable, the Group adopts the fair value option.

Assets and liabilities held for sale - Assets and liabilities are classified under this category the moment the sale operation is considered highly likely and the assets and liabilities are immediately available for sale in their current condition.

Revenue and cost recognition - Revenue and income are recognised net of returned items, discounts and rebates, and net of taxes directly related to the sales of products and services rendered. These are broken down into revenue deriving from operating activities and finance income which accrues between the sale date and the payment date.

In particular:

- revenue from energy, gas and water sales are recognised and recorded at the moment of the provision of the service and include the services provided but not yet invoiced (estimated on the basis of historical analyses determined according to previous consumption levels);
- revenue from the distribution are recognised on the basis of the tariffs paid by the Authority and are subject to equalisation at year end to reflect in accordance with the competence criterion the compensation recognised by the Authority in relation to the investments made;
- revenue is booked at the time (or as) the obligation is fulfilled, transferring the promised good or service to the customer. The transfer occurs when (or as) the customer gains control over the good or service. The revenue recorded corresponds to the price attributed to the obligation to be recorded. Revenue is recorded only if the consideration for the goods or services transferred to the customer is likely to be received. When an obligation is fulfilled over time, assets resulting from contracts with customers are recognised, representing a contractual provision provided by transferring goods or services to the customer before the price is paid or payment is due. Accordingly, assets resulting from contracts with customers represent the right to the contracted price in exchange for goods or services that have already been transferred to a customer. In the case of an unconditional right to receive the contractual payment, subject only to the passage of time before payment is actually due, then a trade receivable is recognised.
- costs are accounted for in accordance with the accrual principle.

Grants - Capital grants are recognised in the statement of profit or loss over the period necessary for correlating them to the related costs. They are represented in the statement of financial position by recording the grant as deferred revenue. Operating grants, including those received from users for connection purposes, are considered to be revenue for services rendered during the fiscal period and are therefore recorded on an accrual basis.

Lease payments - Lease payments relating to lease contracts for low-value assets and leases with a contract duration of 12 months or less (short-term leases) are recorded in the statement of profit or loss as charges for the period. The Group has set a threshold of 10 thousand euro for deeming the individual underlying asset to be of modest value.

Financial income and expense - Finance income and expense are recognised on an accrual basis. Dividends from "Other equity investments" are recorded in the statement of profit or loss, at the time the right to receive payment is established, the economic benefits arising from the dividends are likely to be received by the Group and their value can be assessed reliably.

Taxes - Taxes are the sum of current, deferred and possible substitute taxes. Current taxes are calculated on the taxable income for the financial period. "Current tax liabilities" are calculated on the basis of the tax rates applicable on the balance sheet date.

In determining tax rates for the period, the Group took into due consideration the effects of the IAS tax reform introduced by Law 244 of 24 December 2007 and in particular the reinforced derivation principle established by Article 83 of the Italian Income Tax Code. This regulation calls for entities that use IFRSs to apply, including in a departure from the provisions of the TUIR, the criteria for the determination, recognition and classification in the financial statements provided for by said accounting standards.

Deferred taxes are calculated having regard to timing differences in taxation, and are recorded under the item "Deferred tax liabilities". "Deferred tax assets" are recognised to the extent that the existence of a taxable income at least equal to the amount of the differences to be offset is considered probable when the timing differences will reverse. Deferred taxes are determined on the basis of the tax rates foreseen to be in force during the financial year in which the tax asset will be conferred or the tax liability will be extinguished, on the basis of tax rates established by provisions in force or substantively in force at the date of the financial statements. These changes are recognised in profit or loss or in equity, depending on how the difference in question was originally recorded.

Finally, substitute taxes may be recorded when legal provisions exist that allow the Group to take advantage of special tax regimes. These are, by nature, non-recurring taxes, which may be attributed to the Group's desire to opt or not for the related tax regime.

In the event that the substitute tax is paid pursuant to a tax regulation that allows the balance sheet value of an asset to be aligned, in whole or in part, with its corresponding tax value, the Group proceeds to recognise the total value of future tax benefits (tax assets) and, at the same time, the entire substitute tax in the financial year in which management makes the decision to take advantage of this opportunity.

Conversion of foreign currency balances criteria - Foreign currency transactions are initially recorded using the exchange rate in force as of the transaction date. Foreign currency assets and liabilities, with the exception of fixed assets, are recorded using the exchange rate in force as at the period end date and the related exchange gains and losses are recognised through profit or loss. Any net gain that might arise is set aside in a specific restricted reserve until the date of realisation.

Related party transactions - Related party transactions take place on an arms'-length basis, in observance of efficiency and cost-effectiveness criteria. Some specific transactions are remunerated on the basis of rates established by Arera resolutions.

Risk management

Credit risk

The credit risk faced by the Group originates from the broad structure of the client portfolios in the main business areas in which it operates; for the same reason, this risk is spread out over a large number of clients. In order to manage the credit risk, the Group established procedures for selecting, monitoring and evaluating its customer portfolio. The Italian market is the benchmark market.

The Group's credit management model makes it possible to analytically determine the different risks associated with the collectability of trade receivables as soon as they arise and progressively according to their increasing seniority. This approach allows the company to reduce the concentration and exposure to credit risk posed by both business and household customers. With regard to receivables from small-sized customers, accruals to the loss allowance are carried out on the basis of future-oriented analysis regarding the amount of probable future income, taking into consideration the seniority of the receivables, the type of recovery action undertaken and the status of the creditor. From time to time, analyses are conducted on the individual credit positions yet to be resolved, identifying any criticality, and if the amounts outstanding are uncollectible, in whole or in part, the related receivables are written down.

Liquidity risk

Liquidity risk concerns the inability to meet the financial obligations taken on due to a lack of internal resources or an inability to find external resources at costs that are sustainable for the Group. Liquidity risk is mitigated by adopting policies and procedures that optimise the efficiency of management of financial resources and maintain an adequate balance of the financial structure. For the most part, this is accomplished through the centralised management of cash inflows and outflows (centralised treasury service); in the prospective assessment of the liquidity conditions; in obtaining adequate lines of credit; and preserving an adequate amount of liquidity.

The financial planning of requirements and management focused on the availability of medium- to long-term financing lines allow effective management of liquidity risk.

Interest rate risk and currency risk on financing operations

The cost of financing is affected by interest rate fluctuations. In the same way, the fair value of financial liabilities is also subject to interest rate and exchange rate fluctuations on currency positions that are no longer in place at the end of the financial period.

The Group regularly assesses its exposure to such risks and manages them by means of derivative financial instruments, in accordance with its risk management policies. To mitigate interest rate volatility risk and simultaneously ensure a correct balance between fixed rate debt and variable rate debt, the Group has stipulated interest rate derivatives in relation to a portion of its financial liabilities. At the same time, to mitigate exchange rate volatility risk, the Group plans to sign foreign exchange derivatives to fully hedge loans in foreign currencies. Under these guidelines, derivative financial instruments may only be used to manage its exposure to interest and exchange rate fluctuations related to cash flows and balance sheet assets and liabilities. These policies do not enable speculative activities to be carried out.

Market risk and currency risk on commercial transactions

Concerning the wholesale business carried on by Hera Trading Srl, the Group manages risks related to the misalignment between indexation formulas related to the purchase of gas and electric energy and the indexation formulas related to the sales of the same commodities (including contracts entered into at fixed prices) as well as exchange rate risks in case the trading contracts for the commodities are denominated in currencies other than the euro (U.S. dollar).

In relation to these risks, the Group has set up a number of instruments, including different types of commodity derivatives (which may also include physical delivery) aimed at pre-establishing the effects on sales margins irrespective of changes in market conditions. The organisational model adopted and the supporting management systems make it possible to identify the nature of the transaction (hedging vs. trading) and produce the information required for a formal identification of the purpose of these instruments. Specifically, from an operational standpoint, the Group identified a commercial portfolio, including contracts signed to manage the Group's procurement activities, and a trading portfolio, including instruments whose purpose cannot be strictly related to the underlying procurement activities.

For an exhaustive discussion of how the Group analyses, measures, monitors and manages exposure to these risks, please refer to paragraph 1.02.03 "Risk areas" in the Directors' report, in which are presented the identification and management of risk factors.

Significant estimates and judgements

Preparation of the consolidated financial statements and related notes requires the use of estimates and valuations by the directors, with effects on the balance sheet figures, based on historical data and on the forecasts of specific events that are reasonably likely to occur on the basis of currently available information. These estimates, by definition, are an approximation of the final figures. Hence the main areas characterised by valuations and assumptions that could give rise to variations in the values of assets and liabilities by the next reporting period are reported below.

Recognition of revenue

Revenue for the sale of electricity, gas and water are recognised and accounted for at supply only if the consideration is expected to be collected. They include the allocation for services rendered between the date of the last reading and the end of the financial year, but still not billed. This allocation is based on estimated of the customer's daily consumption, based on the historic profile, adjusted to reflect the weather conditions or other factors which might affect consumption under evaluation.

Accrual to the loss allowance

These provisions were made using the same procedures as in previous years. For more detail on how receivables are valued, please refer to the Risk Management section above.

Provisions to funds

These provisions were made by adopting the same procedures as in previous years, with reference to reports by the legal advisors and consultants that are following the cases, and on the basis of developments in the relevant legal proceedings as well as of the updates of the hypotheses concerning future expenses for post-mortem costs of the landfills, following the revision of the estimated costs identified by external consultants.

Amortisation/depreciation

Amortisation/depreciation is calculated on the basis of the useful life of an asset. The useful life is determined by Management at the time the asset is recognised in the balance sheet; valuations of the duration of useful life are based on historical experience, market conditions and the expectation of future events that could affect the useful life itself, including technological changes. Therefore, the actual useful life might differ from the estimated useful life.

Impairment test

The Group carries out an analysis of the recoverable amount of goodwill as well as of its investment (not majority investment) in companies holding assets for generating thermoelectric energy, through impairment tests, at least once a year. This test is based on the calculation of its value in use, which requires the use of estimates as specified in notes 25 and 27 of the explanatory notes to the financial statements.

Deferred tax assets

Accounting for deferred tax assets takes place on the basis of expectations of taxable income in future fiscal periods. The evaluation of the taxable income expected for the purposes of accounting for deferred tax assets depends on factors that may vary over time and significantly affect the recoverability of deferred tax assets.

Fair value assessment and evaluation process

The fair value of financial instruments, both on interest rates and foreign exchange rates, derives from market prices. In the absence of prices quoted in active markets, the method of discounting back future cash flows is used, taking the parameters observed on the market as reference. The fair value of contracts on commodities are determined using directly observable market inputs, where available. The methodology for calculating the fair value of these instruments includes the assessment of the non-performance risk, where relevant. All derivative contracts entered into by the Group are with leading institutional counterparties.

Fair Value Hierarchy

The financial instruments measured at fair value are classified through a three-level hierarchy based on the way the fair value was determined, i.e., with reference to the factors used in determining the value:

- **level 1**, financial instruments the fair value of which is determined on the basis of quoted prices in active markets;
- **level 2**, financial instruments the fair value of which is determined using valuation techniques that employ parameters that are directly or indirectly observable on the market. Instruments valued on the basis of the market forward curve and short-term differential contracts are classified in this category;
- **level 3**, financial instruments the fair value of which is determined using valuation techniques that employ parameters that cannot be observed on the market, using internal estimates exclusively.

2.02.02 Operational and financial performance

The financial results for the period by comparison with the previous period are outlined below.

	NOTES	2025	2024
Revenue	1	12,812.2	12,889.7
Other income	2	156.6	154.7
Raw and other materials	3	(7,149.6)	(7,056.4)
Service costs	4	(3,614.4)	(3,724.9)
Personnel costs	5	(707.2)	(667.5)
Other operating expenses	6	(87.0)	(97.3)
Capitalised costs	7	126.6	89.3
EBITDA		1,537.2	1,587.6
Depreciation, amortisation, provisions and impairment losses	8	(734.3)	(757.7)
Operating profit		802.9	829.9
Finance income	9	124.9	202.5
Financial expenses	10	(233.5)	(308.5)
Net finance expense		(108.6)	(106.0)
Share of profits (losses) pertaining to joint ventures and associates	11	16.5	12.3
Pre-tax profit (loss)		710.8	736.2

A breakdown of the most significant operating items by business sector is provided in the section "Reporting by operating sector" included in paragraph 2.02.10 "Other Information".

Operating revenue and costs decreased during the financial year, primarily due to a decline in the energy businesses, which was partially offset by increases recorded in the network businesses and the processing segment. In particular, the impact on the energy businesses is linked to the decrease in wholesale electricity trading activities and the reduction in volumes sold on the natural gas end markets, which were only partially offset by higher commercialised volumes in the electricity sales business and by wholesale natural gas trading activities. EBITDA is an alternative performance measure monitored by the Group, the definition of which is provided in section 1.03, 'Group performance'. Gross operating profit or loss was 1,537.2 million euro, decreased due to lower margins in the end markets for the sale of natural gas (both traditional and last resort markets) and electricity (in connection with the new tenders awarded for FY 2025), as well as a reduction in incentives for improving the energy performance of buildings. In contrast, the network-managed businesses performed positively, thanks to the tariff adjustments stipulated by ARERA resolutions, as did the environment business, primarily related to waste treatment, owing to an ongoing process of service development and the optimisation of operational management.

'Depreciation, amortisation, provisions and impairment losses' decreased as a result of lower allocations compared to the comparative period for the bad debt provision and the provision for risks.

Financial performance was essentially in line with the previous financial year, with a significant decrease in both income and expenses. On the one hand, finance income for the year decreased significantly, due both to lower positive adjustments resulting from the fair-value measurement of options to sell and to lower income related to tax credits arising from invoice discounts, which are held in the portfolio for the purpose of intra-Group offsetting. In addition, during the previous financial year, the derivatives designated as hedges of interest rate and foreign exchange risks and of the fair value of foreign currency liabilities matured, as they were linked to a bond denominated in Japanese yen that was repaid at maturity. On the other hand, this resulted in a corresponding reduction in expenses from the fair value measurement of the bond loans. The financial performance for the period also benefited from the optimisation of receivables factoring transactions and the absence of impairment losses on equity investments in the 2024 financial year, following the results of the impairment test.

1 Revenue

	2025	2024	CHANGE
Revenue from sales and services	12,963.7	13,058.4	(94.7)
Change in work in progress	(151.5)	(168.7)	17.2
Total	12,812.2	12,889.7	(77.5)

'Revenue from sales and services': the decrease compared to the previous year is primarily attributable to the following offsetting effects:

- A decrease in trading activities on the wholesale electricity markets, partially offset by an increase in trading activities on the wholesale natural gas markets;
- A decrease in the volume of natural gas sales to end customers due to the smaller customer base served, despite a context of higher average energy commodity prices compared to the previous reporting period;
- A decrease in revenue from energy efficiency services, due to the significant reduction in subsidies for building renovations, particularly for apartment buildings;
- An increase in revenue from network services (in particular, the water cycle), which benefited from tariff increases based on new yield benchmarks approved by ARERA for all regulated businesses and, to a lesser extent, from changes in the volumes supplied and the customer base served. With regard to network businesses, there was also a significant increase in all areas where the Group operates with infrastructure under concession, in accordance with the intangible asset accounting model, linked to the substantial rise in capital expenditure compared to the previous financial year.

Due to the particular types of business the Group oversees, "Revenue from sales and services" include significant accruals for supplies made to end customers and not yet invoiced as of the balance sheet date. Below are the values of invoices to be issued pertaining to the period, with reference to the commodities most impacted by the estimated year-end accruals.

	2025	2024	CHANGE
Electricity sales	321.0	397.9	(76.9)
Gas sales	271.2	465.7	(194.5)
Water	222.5	269.1	(46.6)
Total	814.7	1,132.7	(318.0)

A breakdown of revenue from sales and services by geographical area is shown below.

	2025	2024	CHANGE
Italy	10,801.3	10,966.4	(165.1)
European Union	474.6	572.8	(98.2)
Non-European Union	1,687.8	1,519.2	168.6
Total	12,963.7	13,058.4	(94.7)

The revenue generated outside Italy mainly refers to wholesale sales of natural gas and electricity, which amounted to 2,053.7 million euro for 2025 (1,997 million euro for 2024).

"Changes in work in progress", includes the economic effect for the year of changes in contract work, determined on the basis of the percentage of work in progress. This item is mainly attributable to energy efficiency improvements carried out for end customers, typically apartment buildings, which decreased significantly compared to the previous reporting period following the completion of ongoing projects as at 31 December 2024. These projects have not been replaced by new initiatives due to the effective end of the 110% superbonus incentive and, more generally, the regulatory restrictions introduced by the government in recent years on incentives for energy efficiency improvements in residential properties.

Revenue from related parties are presented in section 2.03.01, "Income statement as per Consob Resolution 15519/2006".

2 Other income

	2025	2024	CHANGE
White certificates	22.9	40.3	(17.4)
Operating grants	21.9	16.5	5.4
Grants related to plants	15.9	14.5	1.4
Gains from asset disposals	2.8	3.8	(1.0)
Other income	93.1	79.6	13.5
Total	156.6	154.7	1.9

"White certificates" represent the revenue calculated on the basis of energy efficiency objectives as established by the GSE and regulated in relation to the Cassa per i Servizi Energetici e Ambientali, amounting to 22.9 million euro (40.3 million at 31 December 2024). The change compared to the previous financial year is attributable to the obligation to purchase white certificates, which is lower than in the previous financial year due to the entry into force of the new ministerial decree, which redefined the national energy savings targets for the period 2025–2030; however, the measure provides for a gradual increase in obligations in subsequent financial years.

"Operating grants" mainly involve subsidies received for the operation of plants producing electricity from renewable sources. The increase compared to the previous reporting period is due to the recognition, during the reporting period, of grants to reimburse operating expenses incurred in managing the flood emergency that affected Emilia-Romagna in September and October 2024.

"Grants related to plants" represent the proceeds for the period associated with the amortisation rate of the investments subject to grants.

"Other income" also includes recovery of expenses for 20 million euro (18.4 million euro at 31 December 2024) and insurance reimbursements of 7.3 million euro (9.9 million euro at 31 December 2024). Compared to 31 December 2024, this item includes income recognised in respect of penalties charged to suppliers as compensation for damages resulting from breaches of contract in subcontracts relating to energy efficiency improvements for apartment buildings.

3 Raw and other materials

	2025	2024	Change
Raw materials	6,734.7	6,682.4	52.3
Plastic materials	62.4	65.5	(3.1)
Environmental certificates	39.3	67.2	(27.9)
Charges and revenue from derivatives	9.6	(30.8)	40.4
Maintenance and other materials	303.6	272.1	31.5
Total	7,149.6	7,056.4	93.2

"Raw materials", net of changes in stocks and the provision for impairment losses introduced, mainly include supplies of natural gas, electricity and water earmarked for sale. On a residual basis, they also include the procurement of methane gas and electricity to power the Group's production plants, as well as the purchase of fuels and lubricants for fleet management. The change for the reporting period is due to the increase in volumes traded on the wholesale natural gas market, partially offset by the decrease in wholesale electricity trading activities.

"Plastic materials", net of changes in stocks, include the cost of purchasing plastic raw materials destined for subsequent processing and transformation as part of Aliplast's activities. The change in costs, with volumes remaining substantially unchanged, is attributable to the slight decrease in the prices of waste plastics, which occurred mainly in the second half of FY 2025.

"Environmental certificates" include the purchase cost of white certificates, which are supplied in accordance with the obligations assigned to the distribution companies. This item also includes the environmental certificates in stock, made up of grey certificates as well as certificates of origin for electricity purchased from renewable sources in relation to contracts signed with end customers and the valorisation of commitments for purchasing greenhouse gas emission allowance trading contracts. The decrease compared to the previous reporting period is primarily attributable to the reduced requirement for energy efficiency certificates allocated to the Group, as already discussed in Note 2, 'Other income'.

“Charges and revenue from derivatives” include the effects of derivatives on commodities, as described in note 29, “Derivative instruments”.

“Maintenance and other materials”, net of changes in stocks, mainly include consumables used in the management of the Group's operating activities and, marginally, products purchased to be resold to end customers. The significant increase during the reporting period is attributable both to higher volumes of goods purchased for investments in services operated under concession and to higher procurement prices for materials.

4 Service costs

	2025	2024	Change
Transport and storage	1,759.0	1,982.1	(223.1)
Work and maintenance expenses	662.8	548.3	114.5
Waste transportation, disposal and collection	598.8	580.1	18.7
IT and data processing services	105.8	94.9	10.9
Technical services	71.7	116.6	(44.9)
Fees paid to local authorities	69.6	72.5	(2.9)
Professional services	57.5	64.5	(7.0)
Commissions and other costs related to agents	35.6	35.6	-
Other service costs	253.6	230.3	23.3
Total	3,614.4	3,724.9	(110.5)

“Transport and storage” include the costs of transporting and storing gas as well as the costs of gas and electricity distribution, including system charges. The latter, in particular, represent cost components charged to end customers and therefore not substantially affecting the Group's results. The change compared to the previous financial year is primarily attributable to the following offsetting effects:

- Lower natural gas storage and transport costs, due both to the lower volumes managed directly at Remi substations and to lower unit tariffs;
- Lower system charges for the electricity business, primarily as a result of Italian Decree-Law 19/2025, which provided for an extraordinary utility bill subsidy for households experiencing financial hardship and, for small and medium-sized enterprises, the elimination of general system charges related to the support of renewable energy sources for the period from 1 March to 31 August 2025;
- Higher system charges for the natural gas business following the changes to unit rates introduced by ARERA as of January 2025 in relation to the Ug2 component;
- higher electricity distribution costs mainly due to the increase in volumes sold.

“Works and maintenance expenses” refer to the costs for the construction or improvement of infrastructures under concession pursuant to the application of the accounting model for intangible assets for public services held under concession, costs for maintaining the plants managed by the Group and costs incurred for carrying out energy efficiency measures. The change compared to the previous reporting period is primarily attributable to increased capital expenditure related to the integrated water service business.

“Waste transportation, disposal and collection”, mainly include the operating costs of urban sanitation and waste treatment activities. The change from the previous period was mainly due to:

- the activation of additional services and projects aimed at achieving greater volumes of sorted waste collection, which also led to an increase in revenue for the year, insofar as subject to tariff coverage;
- higher waste transport and treatment costs due both to a rise in the volumes treated and an increase in the unit costs of service.

“IT and data processing services” include costs for maintaining and managing the Group's IT and telecommunications infrastructure, as well as corporate applications and cybersecurity systems. The increase is attributable to the rise in activities related to cybersecurity and data analytics, and to the greater number of projects developed during the financial year as part of the digitalisation of the Group's processes.

“Technical services” mainly include costs for technical studies and consultancy services requested by the Group from external professionals. The decrease is due to the regulatory restrictions introduced in previous financial years, which significantly curtailed incentives for energy performance improvements in buildings, leading to a substantial reduction in these activities and, consequently, in the associated costs.

The item "Fees paid to local authorities" includes the charges incurred for the use of public owned networks, fees paid to companies that own these assets for the rent of gas, water and electricity cycle assets. It also includes, marginally, the fees paid for the use of telecommunications and district heating networks.

"Professional services" include charges for commercial, legal, notary, administrative and tax services. This item includes fees paid for the audit of financial statements and the issuance of certifications. The change compared to the previous financial year is attributable to lower costs for the documentary management of receivables resulting from the application of the invoice discount for the energy efficiency improvement business for apartment buildings.

In line with the previous financial year, 'Commissions and other costs relating to agents' includes the remuneration paid to sales agents and intermediaries for customer loyalty activities, for the sale of value-added services, and for marketing campaigns.

"Other service costs" include all other costs for services not specified in the above categories. This item also includes third party services provided for remediation activities totalling 27.1 million euro (23.9 million euro at 31 December 2024) and bank commissions in the amount of 12.2 million euro (16 million euro at 31 December 2024). Note that the item "Other service costs" also includes instalments relating to short-term leases and low-value leases.

5 Personnel costs

	2025	2024	Change
Salaries and wages	501.7	472.7	29.0
Social security costs	162.4	154.2	8.2
Other costs	43.1	40.6	2.5
Total	707.2	667.5	39.7

The increase compared to the previous year is mainly attributable to:

- the increase in the average number of employees;
- changes in salaries provided for by the national collective labour agreements.

The average and specific number of employees for the period in question, analysed by category, is as follows:

	AVERAGE			SPECIFIC		
	2025	2024	CHANGE	2025	2024	CHANGE
Managers	158	157	1	158	156	2
Middle managers	616	596	20	632	613	19
White-collar workers	5,883	5,743	140	5,842	5,785	57
Blue-collar workers	3,820	3,672	148	3,824	3,687	137
Total	10,477	10,168	309	10,456	10,241	215

The average cost of labour per capita for 2025, increased from comparative period, is as follows:

THOUSAND EURO	2025	2024	CHANGE
Average cost of labour per capita	67.5	65.6	1.9

6 Other operating costs

	2025	2024	CHANGE
Taxes, fees and non-income taxation	24.9	25.2	(0.3)
Fees paid to institutional Authorities	15.6	16.1	(0.5)
Losses on the sale and disposal of assets	14.5	18.7	(4.2)
Other expenses	32.0	37.3	(5.3)
Total	87.0	97.3	(10.3)

"Taxes, fees and non-income taxation" mainly relate to taxes on buildings and plants, stamp duties and registration fees, public area occupation fee, waste tax and fees related to the landfills managed and excise duties.

"Fees paid to Institutional Authorities" paid to the regions, land reclamation consortia, sector agencies and mountain-area communities, mainly regarding the withdrawal and use of water, as well as maintenance and management costs for hydraulic works. The item also includes fees for the safeguarding of hydrogeological protection areas in mountain municipalities (as provided for by Regional government decree. 933/2012) and fees paid for the operation of Atersir.

"Losses on the sale and disposal of assets" were mainly due to the disposals carried out during the year of plants and equipment related to network-managed businesses, in particular methane gas and electricity distribution and waste treatment.

"Other expenses" comprise other residual items including membership fees, indemnities, sanctions and fines. The change compared to the previous financial year is due to the lower amount of regulatory fines and penalties recognised during the year.

7 Capitalised costs

	2025	2024	CHANGE
Increase of self-constructed assets	126.6	89.3	37.3

The increase compared to the previous financial year is mainly attributable to the construction of the new line at the Padua waste-to-energy plant, the extension of district heating networks, and the installation of photovoltaic systems.

8 Depreciation, amortisation, provisions and impairment losses

	2025	2024	Change
Depreciation, amortisation and impairment losses	591.7	563.4	28.3
Provisions	142.6	194.3	(51.7)
Total	734.3	757.7	(23.4)

Details of the item Depreciation, amortisation, provisions and impairment losses are as follows:

	NOTES	2025	2024	CHANGE
Depreciation and amortisation	21, 22, 23	590.3	562.4	27.9
Impairment losses	21, 22, 23	1.4	1.0	0.4
Total		591.7	563.4	28.3

Depreciation and amortisation relates to property, plant and equipment, right-of-use assets and intangible assets; please refer to the notes to the financial statements for details of their composition and changes.

Impairment losses mainly refer to projects for which the Group's management assessed that the conditions for recovering the costs incurred no longer exist.

Details of the item Provisions are as follows:

	NOTES	2025	2024	CHANGE
Accruals to the loss allowance	33	99.4	122.9	(23.5)
Provisions to funds	31	51.0	73.9	(22.9)
De-provisioning	31, 33	(7.8)	(2.5)	(5.3)
Total		142.6	194.3	(51.7)

Provisions include accruals to the loss allowance and provisions to funds. De-provisioning includes the re-verification of funds in view of the fact that the underlying risks no longer exist.

9 Finance income

	2025	2024	CHANGE
Customers	40.7	29.5	11.2
Discounting of energy efficiency receivables	33.0	51.5	(18.5)
Bank interest	24.7	23.7	1.0
Dividends	7.6	7.9	(0.3)
Discounting of non-current financial receivables	7.0	6.8	0.2
Income from fair value measurement of financial assets and liabilities	5.3	50.6	(45.3)
Income from derivatives	-	26.6	(26.6)
Other finance income	6.6	5.9	0.7
Total	124.9	202.5	(77.6)

"Customers" mainly include interest on arrears in the gas and electricity sales, in particular in last-resort markets. The change compared to the same period of the previous financial year is attributable to the increase in the number of areas managed under the safeguard regime as a result of the award of new tenders for the two-year period 2025–2026.

"Discounting of energy efficiency receivables" represents the measurement at amortised cost of tax credits deriving from the application of the discount included in invoices for apartment building redevelopment work intended to be compensated within the Group by using its tax capacity, mainly related to the 110% superbonus allowance. The significant change from the previous year reflects the smaller volume of receivables on the tax drawers of the Group's companies at the end of the year, as compared to 2024.

"Bank interest", which is broadly in line with the previous financial year, includes income from the short-term use of available cash in the Group's current accounts.

"Dividends" represent the portions of profit paid by companies classified as "Other equity investments", specifically referring to the equity investment in Ascopiave Spa, Veneta Sanitaria Spa and Calenia Energia Spa.

"Discounting of non-current financial receivables" mainly includes the effect of valuation at the amortised cost the receivables for construction and improvements of assets recorded as part of applying the financial activity model for public services under concession.

"Income from fair value measurement of financial assets and liabilities": This item includes the positive effects arising from the revision of estimates of liabilities recognised in the financial statements in previous reporting periods in relation to extraordinary acquisition transactions. The figure for the previous financial year included, for an amount of 47.8 million euro, the updated valuation of the option to sell held by Ascopiave Spa on its non-controlling interest in EstEnergy Spa, based on the agreement signed between the parties in December 2024, which provided for the exercise of said option and the corresponding payment by the Group in June 2025 for an equity value of 234.1 million euro. The fair value measurement of the options to sell for FY 2025 was limited solely to the adjustment of the remaining liabilities, which were of a less significant amount. For further details, please refer to Note 19, 'Financial liabilities'.

'Other finance income' primarily includes the reversal of impairment losses on the portion of previously impaired financial receivables from the associated company Tamarete Energia Srl, amounting to 3 million euro.

For a breakdown of the item 'Income from derivatives', which amounted to 26.6 million euro in the comparative reporting period, please refer to Note 29, 'Derivative instruments'.

10 Financial expenses

	2025	2024	CHANGE
Expenses from bonds and loans	135.1	119.9	15.2
Factoring charges and disposals of tax credits	28.5	58.2	(29.7)
Valuation at amortised cost of financial liabilities	28.1	30.3	(2.2)
Discounting of provisions	23.5	26.4	(2.9)
Trading expenses	12.6	-	12.6
Discounting of options and consideration on shareholdings	6.3	11.6	(5.3)
Leases	3.0	2.9	0.1
Impairment losses on equity investments	-	27.0	(27.0)
Expenses from derivatives	-	8.1	(8.1)
Expenses from measurement at fair value of financial assets and liabilities	(8.1)	16.9	(25.0)
Other financial expenses	4.5	7.2	(2.7)
Total	233.5	308.5	(75.0)

"Expenses from bonds and loans" include interest for the period relating to bond instruments issued by the parent company Hera Spa and interest relating to loans provided by the banking system and other financing institutions. The change compared to the previous financial year is attributable to the higher average exposure to the financial system during the period and to the higher interest rates on the new bond and the loan taken out in the second half of 2024.

"Factoring charges and disposals of tax credits" includes the following:

	NOTES	2025	2024	CHANGE
Disposals of trade receivables and other operating receivables		22.7	44.5	(21.8)
Disposals of tax credits	37	5.8	13.7	(7.9)
Total		28.5	58.2	(29.7)

- Sale of trade receivables and other operating receivables: the change compared to the previous financial year is attributable to the optimisation of sale transactions and the reduction in the relevant market rates for these transactions.
- Sale of tax credits: this item decreased as a result of the lower amount of tax credits sold to banks in 2025 compared to the significant amount in the previous reporting period, as well as an improvement in the terms and conditions under which these transactions were carried out. This expense is offset on the Group's results for the period by the termination of the evaluation position entered when first recognised, as reported in the commentary to "Expenses from valuation at fair value of financial assets and liabilities".

"Valuation at amortised cost of financial liabilities" include imputed charges necessary to bring the face cost of debt in line with that calculated using the effective interest rate method. This item also includes notional charges amounting to 2.6 million euro (3.2 million euro as at 31 December 2024) relating to the option to sell held by Ascopiave Spa on its non-controlling interest in Hera Comm Spa, which was recognised for accounting purposes as a loan and was repaid during the financial year, as disclosed in Note 19, 'Financial liabilities'.

"Discounting of provisions" is broken down as follows:

	NOTES	2025	2024	CHANGE
Post-closure landfills	31	19.5	18.6	0.9
Post-employment benefits and other employee benefits	30	2.0	2.4	(0.4)
Restoration of third-party assets	31	1.8	5.2	(3.4)
Plant dismantling	31	0.2	0.2	-
Total		23.5	26.4	(2.9)

See the explanatory notes to the respective financial statements items for an analysis of the change in expenses for discounting of provisions from the comparison period, where significant.

'Trading expenses': This item includes the effect of the partial buyback on the market of a bond with a remaining nominal value of 599 million euro, maturing in the 2028 financial year. The transaction, which involved an outlay of 122.3 million euro, resulted in the partial repayment of the debt for the repurchased nominal amount, totalling 115.4 million euro (with a carrying amount measured at amortised cost of 110.1 million euro), and the recognition of net charges of 12.6 million euro.

"Discounting of options and consideration on equity investments" mainly includes notional discounting charges related to the fair value valuation of options to sell granted to minority shareholders, as reported in note 19 "Financial liabilities". The decrease is primarily attributable to the lapse of the option on Estenergy Spa as a result of the exercise by the minority shareholder mentioned above.

"Leases" includes finance charges relating to lease liabilities, calculated as the present value of the payments due, discounted using the Group's marginal borrowing rate.

The item "Expenses from valuation at fair value of financial assets and liabilities" includes the following:

	NOTES	2025	2024	CHANGE
Bonds	29	-	21.2	(21.2)
Options to sell and contingent consideration	19	-	0.7	(0.7)
Energy efficiency credits	37	(8.1)	(5.0)	(3.1)
Total		(8.1)	16.9	(25.0)

- In 2024, bonds represented valuation adjustments, in application of the fair value hedge, of a bond loan in foreign currency that was repaid during FY 2024 and for which the relation was effective until the maturity date;
- In 2024, options to sell and contingent consideration represented the negative effects of updating the estimates of liabilities recognised in previous years in connection with non-recurring company acquisition operations;
- Energy efficiency credits involved the valuation at market value of receivables related to the application of the discount included in invoices to end customers for energy efficiency measures. The accounting policy adopted by the Group foresees that in the event of a subsequent disposal, the final charge correlated to the transaction is recognised under the item "Factoring charges and disposals of tax credits", and at the same time closing the valuation position opened previously, generating a substantially offsetting effect, while in the event of compensation within the Group, the valuation is made at amortised cost, recording a corresponding finance income by way of the cash savings generated.

'Other financial expenses', which are of a residual nature, mainly include interest on current account overdrafts, financial intermediation charges and interest on deferred payments.

For a breakdown of the item 'Impairment losses', which amounted to 27 million euro in the comparative financial year, please refer to Note 26, 'Equity investments accounted for using the equity method and Other equity investments'.

For a breakdown of the item 'Derivative charges', which amounted to 8.1 million euro for the comparative year, please refer to Note 29, 'Derivative instruments'.

11 Share of profits (losses) pertaining to joint ventures and associates

	2025	2024	Change
Share of profits of joint venture	3.9	2.4	1.5
Share of profits of associates	12.6	9.9	2.7
Total	16.5	12.3	4.2

The share of profits and losses of joint ventures and associates includes the effects generated by the valuation of the companies included in the scope of consolidation carried out using the equity method. For details, please refer to note 26 "Shareholdings valued using the equity method and other equity investments".

2.02.03 Taxation

	2025	2024	CHANGE
Earnings before taxes	710.8	736.2	(25.4)
Taxes	(202.5)	(200.3)	(2.2)
Profit (loss) for the year	508.3	535.9	(27.6)
Tax rate	28.5 %	27.2 %	

The tax rate for the comparative financial year was significantly affected by the positive impact on profit or loss of income arising from the fair value measurement of a option to sell with no tax relevance, which were classified as a special item in the management statement of profit or loss format discussed in the directors' report. Excluding this effect, which can be quantified at approximately 1.6%, the tax rate for the 2024 financial year would have been higher than that for the current financial year.

The tax rate for FY 2025 benefits from the non-recurring effect of the 50% tax exemption on income derived from the exploitation of certain intangible assets (the so-called Patent Box), totalling 5.7 million euro.

12 Taxes

This item is made up as follows:

	2025				2024				CHANGE
	CURRENT	PREPAID	DEFERRED	TOTAL	CURRENT	PREPAID	DEFERRED	TOTAL	
IRES	150.6	(5.3)	13.3	158.6	167.3	(28.5)	(3.8)	135.0	23.6
IRAP	39.7	(1.1)	5.3	43.9	45.4	(3.5)	0.6	42.5	1.4
Substitute tax	-	-	-	-	13.2	-	-	13.2	(13.2)
Non-recurring subsidies	-	-	-	-	9.6	-	-	9.6	(9.6)
Total	190.3	(6.4)	18.6	202.5	235.5	(32.0)	(3.2)	200.3	2.2

For FY 2025, the current tax burden is significantly lower than in the previous year, despite the fact that pre-tax profit or loss has decreased to a lesser extent compared to 31 December 2024. This effect is primarily attributable to the recognition of the Patent Box tax benefit, as described above, as well as to additional benefits provided for by current tax legislation that the Group has been able to take advantage of.

Pre-paid taxes include the effect of temporary changes in income components not deductible from tax income for the year, related mainly to the provision for bad debts and the allocation to provisions. Last year, this item included IRES and IRAP tax benefits resulting from the release of capital gains generated by business combination transactions, totalling 23 million euro (IRES and IRAP deferred tax assets), against the payment of substitute taxes amounting to 13.1 million euro. Deferred tax liabilities include temporary differences in economic items that are not taxable in the taxable income for the financial year, mainly relating to interest on overdue payments invoiced but not collected from customers as at 31 December 2025, which increased significantly during the financial year compared to the comparative period.

Finally, it should be noted that, during the previous financial year, the Group, also in light of the opinion of its legal advisors, had deemed it no longer probable that it would recover the receivable recognised for the payment made in previous financial years by EstEnergy Spa in relation to the extraordinary solidarity levy established for the year 2022 by Italian Legislative Decree No. 21/2022, and recognised the expense in the 2024 reporting period.

Already in previous years, the Group adopted the temporary exception provided for by IAS 12 to the recording of prepaid and deferred taxes related to the application of the Pillar 2 provisions, which were introduced into Italian law with effect from 1 January 2024 by Legislative Decree No. 209 of 28 December 2023. Based on this decree, Hera Spa qualifies as an Ultimate Parent Entity (UPE) since it fully consolidates the assets, liabilities, revenue, costs and cash flows of the Group companies in which it holds an interest (directly and indirectly). Based on the results of the calculation of the Transitional CbCR Safe harbour (TSH) test relating to the 2025 tax period carried out by UPE, the Group (understood as all the companies consolidated for accounting purposes by the UPE) benefits from the TSH in all jurisdictions and is therefore not required to pay a supplementary tax in Italy on the income of foreign subsidiaries with an effective tax rate of less than 15%.

For further analysis of trends in the tax rate, see paragraph 1.03.03 "Financial results and investments" in the Directors' Report, where both the pre-tax profit or loss and the tax burden, wherever necessary, have been adjusted on a managerial basis, in order to define a fully comparable adjusted tax rate.

The statutory tax rate determined on the basis of the configuration of taxable income for the purposes of IRES is equal to 24%. The reconciliation with the effective rate is shown below.

	2025		2024	
	NOMINAL EFFECT	PERCENTAGE EFFECT	NOMINAL EFFECT	PERCENTAGE EFFECT
Earnings before taxes	710.8		736.2	
IRES				
Standard rate	(170.6)	(24.0%)	(176.7)	(24.0%)
IRAP deduction	1.0	0.1 %	1.2	0.2 %
Shareholdings	0.8	0.1 %	(5.9)	(0.8%)
Maxi and hyper amortisation	5.6	0.8 %	6.0	0.8 %
IRES previous years	4.7	0.7 %	-	- %
Other changes (increases and/or decreases)	(0.1)	- %	20.7	2.8 %
IRAP and other current taxes				
IRAP	(43.9)	(6.2%)	(42.5)	(5.8%)
Exemption	-	- %	6.5	0.9 %
Non-recurring subsidies	-	- %	(9.6)	(1.3%)
Taxes	(202.5)	(28.5%)	(200.3)	(27.2%)

This reconciliation is performed only in connection with the IRES, given that, as a result of the rules governing the IRAP, reconciliation between the statutory tax rate derived from financial statement information and the effective tax rate, is not very meaningful.

The item 'Shareholdings' includes the non-recurring effect of valuations that are not fiscally relevant, primarily for companies valued at equity in the consolidated financial statements.

The item "Maxi and hyper depreciation" decreased in absolute terms due to the end of the period of tax benefits for the portion of investments in new instrumental goods made by the Group in past years. Note that beginning in FY 2020, this benefit was replaced by a tax credit recognition mechanism.

The item 'IRES for previous financial years' mainly includes the non-recurring benefit deriving from the Patent Box incentive, amounting to 4.8 million euro, as previously mentioned.

The item 'Other changes (increases and/or decreases)' decreased significantly compared to the previous financial year, partly as a result of the reduction in non-tax-relevant components of pre-tax profit or loss relating to the fair value measurement of options to sell and earn-outs vis-à-vis minority shareholders (5.3 million euro as at 31 December 2025, compared to 50.6 million euro as at 31 December 2024). This non-recurring effect, primarily related

to the valuation of the option on EstEnergy's non-controlling interest, therefore resulted in an IRES benefit on the previous financial year's tax rate of approximately 1.6%.

The item 'IRAP' increased both in absolute terms and as a percentage. Although the figure as at 31 December 2024 was affected by the non-recurring effect of the benefits from the tax realignments carried out during 2024, amounting to 3.1 million euro (no benefit in FY 2025), as previously noted, the pre-tax profit or loss included income from the valuation of the option to sell, which resulted in a reduction in the percentage tax rate compared to the actual figure.

The item "Exemption", not recognised at 31 December 2025, during the comparison year included the net benefit only on IRES taxes resulting from the exemption for the higher values arising from business combination, amounting to 6.5 million euro (the IRAP benefit is classified under "IRAP" above).

For the item 'Extraordinary contributions', which amounted to 9.6 million euro as at 31 December 2024, please refer to the comments provided above.

13 Current tax assets and liabilities

	31/12/2025	31/12/2024	Change
Income tax assets	55.4	30.5	24.9
IRES refund assets	0.8	0.8	-
Total current tax assets	56.2	31.3	24.9
Income tax liabilities	12.8	48.2	(35.4)
Total current tax liabilities	12.8	48.2	(35.4)

"Income tax assets" refer to the excess of advances paid for direct IRES and IRAP taxes with respect to the current tax burden for the year.

"Income tax liabilities", mainly include provisions for IRES and IRAP taxes on income produced during the year, net of advances paid and any prior balances not yet compensated.

The significant increase in the net tax liability compared to the previous financial year is primarily due to a decrease in taxable income compared to the 2024 financial year, which, as a result of the mechanism for paying direct taxes on account on a historical basis, led to a net tax receivable as at 31 December 2025, compared to a net tax payable in the previous financial year.

14 Deferred tax assets and liabilities

	31/12/2025	31/12/2024	CHANGE
Deferred tax assets	470.1	468.9	1.2
Offsetting of deferred taxes	(130.2)	(126.4)	(3.8)
Substitute tax credit	0.2	0.4	(0.2)
Total net deferred tax assets	340.1	342.9	(2.8)
Deferred tax liabilities	285.6	271.2	14.4
Offsetting of deferred taxes	(130.2)	(126.4)	(3.8)
Total net deferred tax liabilities	155.4	144.8	10.6

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against the corresponding current tax liabilities.

Deferred tax assets and liabilities relating to 2025 refer specifically to the following temporary difference between the value attributed to assets and liabilities according to accounting standards and their corresponding values for tax purposes.

DEFERRED TAX ASSETS	2025			2024		
	TEMPORARY DIFFERENCES	TAX EFFECT (IRES + IRAP)	CHANGES IN EQUITY	TEMPORARY DIFFERENCES	TAX EFFECT (IRES + IRAP)	CHANGES IN EQUITY
Deferred tax assets with effect on the statement of profit or loss and statement of comprehensive income						
Amortisation and depreciation	747.3	194.2		738.1	191.5	
Loss allowance	401.6	95.4		389.4	93.0	
Provisions	292.6	82.8		274.7	76.7	
Shareholdings	155.5	43.8		179.8	50.3	
Cash flow hedge	0.6	0.2		18.2	5.1	
Other	202.4	53.7		201.5	52.3	
Total tax effect	1,800.0	470.1	(0.1)	1,801.7	468.9	1.0
Credited (or debited) amount to the statement of comprehensive income		(5.1)			(12.3)	
Credited (or debited) amount to the statement of profit or loss		6.4			32.0	

Deferred tax liabilities	2025			2024		
	Temporary differences	Tax effect (IRES + IRAP)	Changes in equity	Temporary differences	Tax effect (IRES + IRAP)	Changes in equity
Deferred tax liabilities with effect on the statement of profit or loss and statement of comprehensive income						
Amortisation and depreciation	908.3	198.0		875.4	187.2	
Provisions	25.0	7.3		26.7	7.8	
Discounted financial liabilities	2.6	0.6		7.5	1.8	
Cash flow hedge	1.2	0.4		18.3	5.3	
Other	319.8	79.3		278.4	69.1	
Total tax effect	1,256.9	285.6	0.7	1,206.3	271.2	4.4
Credited (or debited) amount to the statement of comprehensive income		4.9			33.0	
Credited (or debited) amount to the statement of profit or loss		(18.6)			3.2	

“Changes in equity” do not affect the statement of profit or loss and statement of comprehensive income for the year, as they include the balances of deferred tax assets and liabilities arising from business combinations carried out in FY 2025 (for which, see paragraph 2.02.10 “Other Information”) and reclassifications arising between deferred tax assets and liabilities.

“Deferred tax assets” arise from temporary differences between the value attributed to assets and liabilities according to statutory criteria and the corresponding values for tax purposes. The value for the reporting period is broadly in line with that for the comparative period, albeit with uneven changes in individual cases.

As regards the assets recorded in 2021 for the realignment of goodwill defined by specific legal provisions, for which tax regulations provide for annual utilisation on a straight-line basis over a period of 50 years from the date of recognition, the Group's management confirms its assessment of full recoverability, considering the temporal extension of predictability for regulated distribution businesses, the particularly limited impact of the taxable income required to recover these pre-paid taxes on the overall taxable income generated by the distribution assets with a residual useful life of several decades, as well as the tax consolidation regime under which the Group operates, which makes it possible to offset any tax losses across all businesses.

“Deferred tax liabilities” arise from timing differences between reported profit and taxable profit. The item also includes the significant tax effects of recognising or adjusting assets and liabilities in the consolidated financial statements. The increase compared to 31 December 2024 is primarily due to late payment penalties charged to customers but not yet collected at the financial statement date (included under the item ‘Other’), an effect partially offset by changes in the fair value of commodity derivatives designated as cash flow hedges.

Reporting on tax litigation

IRES, IRAP, VAT AND WITHHOLDINGS

COMPANY TAX	DESCRIPTION OF LITIGATION	STATUS OF LITIGATION	DISPUTED AMOUNT*	AMOUNTS PAID (INCLUDING PROVISIONALLY)**	PROVISIONS BOOKED IN THE FINANCIAL
Ascotrade Spa IRES, IRAP and VAT	Notice of assessment for the years between 2013 and 2020 concerning the deductibility of a number of components of the purchase cost of raw material and the irregular VAT deduction.	For the years 2013 to 2018, the second-instance rulings of the Tax Court, which were favourable to the company, have become final. For the year 2019, the Tax Court of First Instance upheld the company's appeal, against which the Revenue Agency lodged an appeal at second instance. A date for the hearing is pending. For the year 2020, the Tax Court of First Instance upheld the appeal lodged by the company. We are awaiting a possible appeal by the Revenue Agency.	3.1	0.3	5
Herambiente Spa IRAP	Notices of assessment for the years from 2009 to 2013, focused on eligibility for the IRAP "tax wedge" relief in favour of the company.	In relation to the tax years for which notices were received, proceedings are pending before the Court of Cassation following the appeals lodged by the losing party (the rulings are both favourable and unfavourable to the company).	4.1	4.1	-
Hera Spa Ires	Notice of assessment for the year 2019 challenging the deductibility of the capital loss incurred by the company on the sale of 48% of Estenergy Spa to Ascopiave Spa.	The company received the draft notice of assessment in 2025. With regard to this dispute, the company is awaiting the notice of assessment in order to lodge an appeal with the competent Tax Court.	2.5	-	-
Hera Comm Spa IRES, IRAP and VAT	Notice of Assessment for the year 2019, contesting the deduction of ancillary charges related to exempt supply transactions, the deduction of non-related costs, and the non-deductibility of VAT on exempt transactions.	The notice of assessment was served in 2025. Following the unsuccessful outcome of the attempt to reach a settlement, the company lodged an appeal.	0.4	-	-
Hera Comm Spa (company acquiring Hera Comm Marche Srl) Ires	Draft notice of assessment for the year 2019 challenging the deduction of bad debt losses on the grounds that the deductibility requirements were not met.	The draft notice of assessment was served in 2025. With regard to this draft notice, the company submitted its observations and initiated an adversarial procedure with the Tax Office.	0.6	-	-
Herambiente Spa Withholdings on dividends	Notices of assessment towards non-application of withholding tax on dividends paid to Ambiente Arancione U.A. and European Waste Holding Ltd in the years 2016, 2017, 2018 and 2019.	With regard to the 2016 and 2017 proceedings, in the course of 2024 first degree rulings were filed, both in favour of the company. The Revenue Agency has lodged an appeal, and therefore the case is pending at the second instance. With regard to the tax assessment notices for the years 2018 and 2019 received in 2024, the first-instance rulings are also favourable to the company. The time limits for the appeal at second instance are still pending.	7.0	-	-

Marche Multiservizi Spa IRES, IRAP and VAT	Notices of assessment for the years between 2009 and 2016 and for 2019 to objection to the deduction of provision to landfill post management allowance.	For the years 2009 to 2011, following appeals filed by the losing party against unfavourable rulings, the second instance Tax Court issued rulings in favour of the Office, against which the company appealed in cassation. For the years 2012, 2013, 2014 and 2015, the First Instance Court of Justice ruled in favour or partially in favour of the company, resulting in an appeal by the Office to the Second Instance Tax Court of Justice. For 2016, the Tax Court of First Instance issued its ruling rejecting the company's appeal. An appeal was lodged within the prescribed time limit, and a hearing date is currently pending. For the year 2019, the Court of Tax Justice at first instance has postponed the hearing of the appeal lodged by the company until 27 March 2026. As of today, we are awaiting the outcome of the conciliation attempt currently under discussion between the Company and the tax authorities, with a view to settling all pending disputes.	2.7	1.1	0.7
Inrete Distribuzione Energia S.p.A. IRES and IRAP	IRES and IRAP notices of assessment for the years 2016, 2017 and 2018 concerning the undue deduction of discounting charges, the erroneous determination of the maxi-amortisation and hyper-amortisation relief (the latter contested for 2017 and 2018) concerning the ancillary charges for the installation of smart meters, or the undue deduction of employee-related costs for IRAP purposes (2016 only). Draft IRES assessment notice for the 2019 tax period.	With regard to the IRAP claim, the company settled the dispute with the Revenue Office and paid the tax due (of a modest amount). With regard to the two IRES assessments, against which an appeal was lodged, in 2022 the Tax Court ruled in the first degree in favour of the company. Consequently, the Revenue Office filed an appeal. The proceedings are currently pending in the second degree. With regard to the 2017 assessment notice, in the course of 2024 first degree ruling was filed in favour of the company. The Revenue Agency lodged an appeal in 2025, and therefore the proceedings are pending at the second instance. Pending the hearing, the company has provisionally paid 1/3 of the tax and interest due. Reimbursement by the Revenue Office following the above-mentioned favourable ruling is pending. During 2024, the company received the assessment notice for the 2018 tax year, against which the appeals were lodged with the appropriate Tax Court. Pending the hearing, the company has provisionally paid 1/3 of the tax and interest due. In 2025, the company received notification of the draft assessment for the 2019 tax period, followed by the notice of assessment, which was served in early 2026. The company will lodge an appeal within the prescribed time limit.	4.9	0.3	-
Hera Luce Srl IRES and IRAP	Notice of assessment for the year 2013 concerning the deductibility of routine maintenance costs.	An appeal was lodged with the Second Degree Tax Court against the first degree ruling, which cancelled the penalties but confirmed the higher taxes claimed. The Company settled the case by resorting to the tax dispute settlement procedure pursuant to Article 1(197) et seq. of Italian Law No. 197 of 29/12/2022 (2023 Budget Law). The company is awaiting notification of the termination of the dispute is pending.	0.6	0.3	-

* "redetermined amount" means the original amount of the claim with no interests, unless it was redetermined as a result of judicial conciliation, assessment with adhesion, partial annulment in judicial proceedings or on self-defence.

** the amounts paid include interest, where due.

OTHER TAXES

COMPANY TAX	DESCRIPTION OF LITIGATION	STATUS OF LITIGATION	DISPUTED AMOUNT*	AMOUNTS PAID (INCLUDING PROVISIONALLY)**	PROVISIONS BOOKED IN THE FINANCIAL STATEMENT
Herambiente Spa Eco-tax	Dispute documents related to the Sommacampagna landfill for the periods 2014-2017.	For the 2014 tax period, a hearing was held and the publication of the ruling was suspended. For the 2015 period, the ruling of the second instance Tax Court was favourable to the company. The Veneto Region has lodged an appeal, and therefore the case is pending at the second-instance level. For the 2016 and 2017 tax years, the first-degree ruling was filed and is partially favourable to the company. The Second-Instance Tax Court upheld the Company's cross-appeal. The time limits for appealing to the Court of Cassation are currently running.	7.0	-	1.5
Hera Servizi Energia Spa Building bonus tax credits	Cancellation of invoice discount notification under Article 121 of Italian Decree-Law 34/2020.	During 2024, the Italian Revenue Agency cancelled a number of invoice discount notices relating to cases involving apartment buildings. The company filed the relevant appeals and succeeded in obtaining a waiver from the Revenue Agency to discontinue the dispute for the majority of the cases. With regard to the dispute concerning the subdivisions carried out by certain apartment buildings shortly before the start of the works, the Court of Tax Justice at first instance upheld the company's appeal in January 2026, confirming that the company was entitled to the tax relief. The Revenue Agency may appeal this ruling within the prescribed time limit.	1.4	-	-
Herambiente Spa ICI/IMU	Notices of assessment for the years 2008 to 2023 following the re-classification in the real estate registry of the Ferrara waste-to-energy plant.	The proceedings were concluded for the 2008-2013 notices with a favourable ruling for the company. The 2014 and 2015 tax periods are pending at first instance awaiting the outcome of the estate registry disputes. The years 2016-2023 were fully settled through conciliation with the municipality.	2.8	1.3	1.9
Herambiente Spa ICI/IMU	Notices of assessment for the years between 2011 and 2023 concerning the classification in the real estate registry of land, facilities and buildable areas located in Ravenna.	For the years 2011-2020, partially favourable and partially unfavourable rulings were given. For the purpose of payment of the amount due, the outcome of the real estate registry disputes is awaited. For the remaining issues related to the years 2016-2023 the company settled the claims through conciliation with the municipality. With reference to the 2021-2023 assessments, the company paid what was contained in the notices of assessment	2.4	1.4	1.3
Herambiente Spa ICI/IMU	Notice to regularise the situation and to attend a meeting to discuss the issues raised for the years 2019 to 2024 in relation to the Imola biostabiliser plant.	Invitation to a joint consultation and to regularise the situation received. Discussions with the relevant department are ongoing.	0.6	-	0.6
AcegasApsAmga Spa Excise on self-consumption	Technical-administrative audit of the Padua and Trieste waste-to-energy plants carried out by the Customs Agency for the years 2012 to 2015 in relation to the installation of measuring instruments for detecting electricity produced and used for self-consumption and associated payment of the excise.	With reference to the Padua waste-to-energy plant, the Court of Cassation upheld the appeal and sent the case back to the Second Instance Tax Court. In its judgement of 15 September 2025, the Veneto Regional Court of Tax Appeals, sitting as a court of second instance, upheld the Customs Agency's arguments in relation to the application for reinstatement of proceedings. The company intends to appeal to the Court of Cassation. With reference to the Trieste waste-to-energy plant, following the sentence of the Tax Court that had granted the entitlement to the reduced excise tax, the Revenue Office appealed to the Court of Cassation. The judgement is pending.	2.1	1.1	-

	Notices of assessment for the tax periods from 2013 to 2017, notified by the Municipality of Riccione for the permanent occupation of public land with waste bins.	Tosap proceedings for the years 2013 to 2016 are pending before the Court of Cassation following the filing of appeals against the second instance rulings partially unfavourable to the company. While the COSAP proceedings for the year 2017 is pending before the Court of Appeal of Bologna. The first-degree ruling is partially favourable to the Company.	1.2	1.2	
Hera Spa COSAP/TOSAP	COSAP notice of objection for the tax periods from 2018 and 2019, notified by the Municipality of Riccione for the permanent occupation of public land with waste bins.	With reference to both tax periods, the first instance rulings were partially unfavourable for the company. An appeal was filed against these rulings before the Court of Appeal of Bologna.	0.5	0.5	1.0
	TOSAP notices of assessment for the tax years 2014-2018, notified by the Municipality of Coriano for the permanent occupation of public land with waste bins.	With regard to the year 2014, the second-instance judgement was unfavourable to the company. The company will lodge an appeal with the Court of Cassation. The case relating to the year 2015 is currently pending before the Emilia-Romagna Regional Court of Tax Appeals (Second Instance). The first-degree ruling was unfavourable to the company. Concerning the notices for 2016, 2017 and 2018, the first instance rulings were unfavourable and therefore the company has filed an appeal. The case is pending before the Tax Court of Emilia-Romagna.	0.9	0.7	

* "redetermined amount" means the original amount of the claim with no interests, unless it was redetermined as a result of judicial conciliation, assessment with adhesion, partial annulment in judicial proceedings or on self-defence.

** the amounts paid include interest, where due.

As regards the disputes in question, having consulted its lawyers, the Group has decided to allocate the provisions indicated. In cases in which no provision has been allocated, the alleged violations have been deemed groundless.

2.02.04 Capital and financial structure

	31/12/2025	31/12/2024	Change
Equity	4,399.7	3,986.9	412.8
Net financial debt	3,944.4	3,963.7	(19.3)
Net financial debt/equity	0.90	0.99	

Compared to 31 December 2024, equity increased, mainly due to the combination of the following:

- profit (loss) for the year amounting to 508.3 million euro, down from 535.9 million during the comparison period;
- dividend payments amounting to 252.5 million euro;
- a positive change resulting from operations carried out on treasury shares totalling 148.1 million euro;
- An increase in other components of comprehensive income of 6.9 million euro, primarily driven by the change in reserves relating to equity investments measured at fair value.

The net financial debt is an alternative performance measure, as reported in Section 1.03.02 "Alternative performance measures". The reference value at 31 December 2025 has slightly improved compared to the previous period. During FY 2025, the Group maintained solid performance in terms of cash generation from operations before the changes in net working capital. As shown in the statement of cash flows in section 2.01.04, net working capital made a slight contribution to cash generation for the year, mainly as a result of the offsetting of the portions of the 110% superbonus tax credits relating to the period, an effect that was partially offset by trends in net trade and other receivables and payables. Compared to the previous financial year, cash generated from operating activities was also positively affected by the payment of taxes totalling 165.0 million euro, down from 193.3 million euro in 2024, and by the lower impact of net outflows for the period relating to finance income and expenses.

The significant operating cash flow generation, up 371.8 million euro compared to 2024, made it possible to self-finance investing activity, including business combinations. Finally, it should be noted that during the financial year, the Group issued bonds and long-term loans totalling 702.9 million euro and undertook the partial redemption/buyback of maturing bonds and loans totalling 512.3 million euro, as well as paying dividends totalling 273.8 million euro and acquiring non-controlling interests totalling 251.5 million euro. The cash outflow resulting from financing activities was supported by the sale of part of the treasury shares held in the portfolio, for a total of 148.1 million euro. For more details, see Section 1.03.04 "Financial structure and adjusted net financial position" under note 19 "Financial Liabilities" and the explanatory notes commenting on the cash flows in the statement of cash flows.

Equity

15 Equity attributable to owners of the parent

	31/12/2025	31/12/2024	CHANGE
Share capital (nominal value)	1,489.5	1,489.5	-
Treasury share reserve	(11.1)	(48.0)	36.9
Share capital increase costs	(0.7)	(0.7)	-
Share capital	1,477.7	1,440.8	36.9
Legal reserve	159.5	146.1	13.4
Other reserves	1,964.6	1,699.2	265.4
Components of other comprehensive income (OCI)	(35.6)	(40.2)	4.6
Reserve for treasury share operations	50.9	(60.3)	111.2
Reserves	2,139.4	1,744.8	394.6
Profit (loss) for the year	464.3	494.5	(30.2)
Total	4,081.4	3,680.1	401.3

The share capital at 31 December 2025 amounted to 1,489,538,745 ordinary shares with a nominal value of 1 euro each and is fully paid-up. The number of treasury shares held by the Group at 31 December 2025 was 11,165,079 (48,042,438 at 31 December 2024).

The item Legal reserve of the parent company Hera Spa increased as a result of the allocation of the legally required portion of the previous year's profit, as resolved by the Shareholders' Meeting upon approval of the financial statements at 31 December 2024.

"Other reserves" consist of the profits generated in previous years and reserves established on capital contributions or equity investments.

The "Reserve for transactions involving treasury shares" reflects the transactions carried out as at 31 December 2025, as already indicated above.

As at 31 December 2025, a portion of equity, amounting to 67.3 million euro, consists of capital and reserves subject to tax deferral, the distribution of which would give rise to tax liability under current legislation.

16 Non-controlling interests

	31/12/2025	31/12/2024	Change
Share capital and reserves	277.1	270.5	6.6
Other comprehensive income (OCI)	(2.8)	(5.1)	2.3
Profit (loss) for the year	44.0	41.4	2.6
Total	318.3	306.8	11.5

This item mainly comprises the minority equity interests of the Herambiente Group, the Marche Multiservizi Spa Group and Herabit Spa. The change compared to the previous financial year is primarily attributable to the profit for the year, which amounted to 44 million euro, against dividends paid to minority shareholders totalling 32.4 million euro.

As regards the acquisition of non-controlling interests achieved through business combinations, various contractual agreements entered into by the Group provided for granting irrevocable options to sell to minority shareholders, to be exercised within specific time-frames. The existence of these rights owned by minority shareholders has led to the need to classify the options on the shares/quotas of the acquired companies held by minority shareholders as financial liabilities in the consolidated financial statements, thus considering the related shareholdings as fully owned. For further details on the calculation of the fair value of the option to sell debt, see note 19 "Financial liabilities".

Reconciliation statement

The following is a reconciliation statement between the Parent's separate financial statements and the consolidated financial statements as at and for the years 2025 and 2024.

	PROFIT (LOSS) FOR THE YEAR 2025	EQUITY AT 31/12/2025
Balances as per parent's separate financial statements	268.6	2,844.9
Excess of equity (including the result for the year) over the carrying amounts of investments in consolidated companies	559.8	783.6
Intra-group dividends	(352.1)	-
Consolidation adjustments		
equity valuation of companies recognised in the separate financial statements at cost	8.0	53.6
difference between purchase price and corresponding equity	(13.6)	418.9
elimination of intra-group transaction effects	(6.4)	(19.6)
Total	464.3	4,081.4
Allocation of third-party holdings	44.0	318.3
Balances as per the consolidated financial statements	508.3	4,399.7

	PROFIT (LOSS) FOR THE YEAR 2024	EQUITY AT 31/12/2024
Balances as per parent's separate financial statements	267.3	2,641.1
Excess of equity (including the result for the year) over the carrying amounts of investments in consolidated companies	492.3	849.9
Intra-group dividends	(303.5)	-
Consolidation adjustments		
equity valuation of companies recognised in the separate financial statements at cost	1.9	45.7
difference between purchase price and corresponding equity	37.2	157.1
elimination of intra-group transaction effects	(0.7)	(13.7)
Total	494.5	3,680.1
Allocation of third-party holdings	41.4	306.8
Balances as per the consolidated financial statements	535.9	3,986.9

17 Earnings per share

	2025	2024
Profit (loss) for the year attributable to owners of the parent (A)	464.3	494.5
Weighted average number of shares outstanding for the purposes of calculating earnings (loss) per share		
basic (B)	1,466,615,251	1,441,374,819
diluted (C)	1,466,615,251	1,441,374,819
Earnings (loss) per share (in euro)		
basic (A/B)	0.317	0.343
diluted (A/C)	0.317	0.343

Basic earnings per share are calculated on the operating profit or loss attributable to holders of ordinary shares of the Parent. Diluted earnings per share are equal to the basic as there are no classes of shares other than ordinary shares and there are no instruments that can be converted into shares.

At the writing of these consolidated financial statements, the share capital of the parent company Hera Spa consisted of 1,489,538,745 ordinary shares, unchanged from 31 December 2024, which were used in determining basic and diluted earnings per share.

Net financial debt

What follows is the financial debt prepared in accordance with Guideline no. 39, issued on 4 March 2021 by ESMA, as implemented by CONSOB in its communication 5/2021 of 29 April 2021. The Group also monitors its financial performance through the net financial position indicator, which adds non-current financial receivables to the regulatory statement.

	NOTES	31/12/2025	31/12/2024
A Cash	18	845.3	1,315.6
B Cash equivalents	18	-	-
C Other current financial assets	18	75.1	23.1
D Liquidity (A+B+C)		920.4	1,338.7
E Current financial debt	19	(228.3)	(777.0)
F Current portion of non-current financial debt	19, 22	(408.0)	(474.1)
G Current financial indebtedness (E+F)		(636.3)	(1,251.1)
H Net current financial indebtedness (G+D)		284.1	87.6
I Non-current financial debt	19, 22	(895.3)	(808.0)
J Debt instruments	19	(3,485.0)	(3,401.3)
K Non-current trade and other payables		-	-
L Non-current financial debt (I+J+K)		(4,380.3)	(4,209.3)
M Total financial position (H+L) ESMA guidelines 32 - 382 - 1138		(4,096.2)	(4,121.7)
Non-current financial receivables	18	151.8	158.0
Net financial debt		(3,944.4)	(3,963.7)

To better understand the events associated with the financial exposure that occurred during the course of FY 2025, see the cash flow statement and the comments shown in the Directors' report in paragraph 1.03.04 "Financial structure and adjusted net financial debt".

For the statement of financial position with related parties, see paragraph 2.03.04.

The following is an analysis of the financial statements items included in the determination of net financial position, with the exception of financial assets and liabilities related to interest rate derivative financial instruments, which, where present, are detailed in note 29 "Derivative instruments", and lease liabilities, which are shown in note 22 "Right-of-use assets and lease liabilities".

18 Financial assets, cash and cash equivalents and cash equivalents

	31/12/2025	31/12/2024	Change
Receivables for construction services	114.1	102.2	11.9
Loan receivables	6.5	15.6	(9.1)
Portfolio securities	2.0	2.0	-
Other financial receivables	29.2	38.2	(9.0)
Total non-current financial assets	151.8	158.0	(6.2)
Loan receivables	39.1	4.7	34.4
Receivables for construction services	8.3	-	8.3
Other financial receivables	27.7	18.4	9.3
Total current financial assets	75.1	23.1	52.0
Total cash	845.3	1,315.6	(470.3)
Total financial assets and cash and cash equivalents	1,072.2	1,496.7	(424.5)

"Receivables for construction services" from municipalities for the construction of public lighting systems identified in keeping with the financial asset model provided by the IFRIC 12 interpretation, as shown in greater detail in the

section describing the evaluation criteria for the item “Loans and receivables” in section 2.02.01 “Introduction”. The increase compared to 31 December 2024 reflects the increased activities carried out by the Group during the reporting period.

“Loan receivables”, comprises loans, regulated at market rate, made to the following companies:

	31/12/2025			31/12/2024		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Aimag Spa	-	30.0	30.0	-	-	-
Set Spa	1.8	3.6	5.4	5.4	3.5	8.9
Tamarete Energia Srl	-	0.5	0.5	-	-	-
Aloe SpA	-	-	-	3.8	0.8	4.6
Other minor companies	4.7	5.0	9.7	6.4	0.4	6.8
Total	6.5	39.1	45.6	15.6	4.7	20.3

The increase compared to 31 December 2024 is primarily due to the following offsetting effects:

- Establishment of a revolving credit facility for the associated company Aimag Spa in the amount of 30 million euro;
- Early repayment of the loan to Aloe Spa following the sale of the shareholding by the Hera Group.

Loans to companies that serve as vehicles through which the Group holds production shares in electricity generation plants (Set Spa and Tamarete Energia Srl) were subjected to impairment tests, the results of which led to the need to reverse previously written-down carrying amounts for the company Tamarete Energia Srl in the amount of 3 million euro.

“Portfolio securities” mainly include bonds and funds guaranteeing post-mortem management of the landfill held by subsidiary Asa Scpa whose book value was essentially aligned with the fair value at year-end. These securities are measured at fair value through other comprehensive income components.

“Other financial receivables” include the following:

	31/12/2025			31/12/2024		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Acosea Impianti	12.8	-	12.8	12.7	-	12.7
Municipality of Padua	7.3	1.7	9.0	9.0	1.6	10.6
Market data exchange	-	7.1	7.1	-	-	-
Collinare Consortium	5.8	0.5	6.3	13.5	-	13.5
Cato and Veneto Region	-	4.6	4.6	-	5.4	5.4
Former CMV municipalities	2.6	-	2.6	2.6	-	2.6
Other financial receivables	0.7	13.8	14.5	0.4	11.4	11.8
Total	29.2	27.7	56.9	38.2	18.4	56.6

- Acosea Impianti refers to a security deposit left with the parent company Hera Spa;
- Municipality of Padua is mainly related to the construction of photovoltaic systems. The repayment of this credit, which is regulated at a market rate, is scheduled in annual instalments with a time frame extending to 2030;
- Data market exchange includes advance payments relating to electricity exchange contracts concluded on the EXX and ICE platforms, which provide for the daily settlement of unrealised fair value differentials. As at 31 December 2024, this item showed a payable of 0.4 million euro;
- The item Collinare Consortium represents the compensation owed to the outgoing provider when the gas distribution services contract comes to an end in a number of municipalities of the Friuli-Venezia Giulia region. During FY 2025, an agreement was signed under which the Group received advance payment of part of the amounts it would otherwise have received only at the end of the service concession period;
- Cato and Veneto Region reflects government grants that will be collected after the balance sheet date;

- Comuni ex CMV relates to the compensation payable to the outgoing operator upon the expiry of the concession for the management of the gas distribution service in the municipalities of Goro and Castello d'Argile;
- Other financial receivables mainly include financial advances for participation in future tenders to award the methane gas distribution service.

"Cash and cash equivalents" consist solely of bank and postal deposits amounting to 845.3 million euro at 31 December 2025 (1,315.6 million euro at 31 December 2024). To better understand the change in the amount of cash and cash equivalents, see the statement of cash flows.

19 Financial liabilities

	31/12/2025	31/12/2024	CHANGE
Bonds and loans	4,286.3	4,113.3	173.0
Minority shareholder' option to sell	31.1	39.6	(8.5)
Payables to acquire controlling shareholdings and potential consideration	0.3	1.4	(1.1)
Other financial liabilities	0.2	0.3	(0.1)
Total non-current financial liabilities	4,317.9	4,154.6	163.3
Bonds and loans	394.6	450.0	(55.4)
Overdrafts and interest liabilities	161.4	151.9	9.5
Payables to acquire controlling shareholdings and potential consideration	3.1	20.8	(17.7)
Minority shareholder' option to sell	1.4	251.2	(249.8)
Other financial liabilities	51.4	352.8	(301.4)
Total current financial liabilities	611.9	1,226.7	(614.8)
Total financial liabilities	4,929.8	5,381.3	(451.5)

Changes in the non-current portion of 'Bonds and loans' are due, in addition to the reclassification to the current portion of the portions of loans and bonds maturing in the following financial year, primarily to the net effect of the following transactions:

- Issuance of a Green Bond, listed on the regulated markets of the Irish, Luxembourg and Italian stock exchanges, with a nominal value of 500 million euro, a term of 6.5 years and a nominal coupon of 3.25%;
- Taking out, during the financial year, various bank loans totalling 206 million euro, of which 3.7 million euro was recognised under non-current liabilities. These are primarily variable-rate loans, with principal repayment in a single instalment at maturity and an average term of approximately three years;
- Partial repurchase of a bond maturing in FY 2028 with an interest rate of 5.20%, for a total outlay of 122.3 million euro. The transaction resulted in the extinguishing of the debt for the repurchased nominal amount, totalling 115.4 million euro, against a carrying amount measured at amortised cost of 110.1 million euro.

During the reporting period, following the Group's acquisition of 25% of the shares in EstEnergy Spa, the value of the option to sell related to Ascopiave Spa's 3% non-controlling interest in Hera Comm Spa was repaid. Pursuant to the contractual provisions, this option to sell had been classified as a loan and measured using the amortised cost method. The changes during the period are shown below, highlighting the cash outlay related to the repayment of the loan, totalling €58.4 million.

	OPENING VALUE	FINANCIAL EXPENSES	FLows PAID OUT	CLOSING VALUE
FY 2024	55.3	3.2	(2.7)	55.8
FY 2025	55.8	2.6	(58.4)	-

The current portion of "Bonds and loans" includes the amounts of non-current debt due within the next financial year, in addition to a bond loan with a residual nominal value of 325.4 million euro maturing in October 2026. Compared to 31 December 2024, the following developments are noted:

- The repayment, upon maturity, of various bank loans taken out during the 2022 financial year, totalling 375 million euro;
- The repayment of a bond with a remaining notional value of 15 million euro.

The main conditions of the bonds outstanding at 31 December 2025 are as follows:

Bonds	Duration (years)	Maturity	Nominal value (mn€)	Coupon	Annual rate
Sustainability-linked bond	12.5	25/04/34	500 Eur	Fissa, annuale	1.00 %
Sustainability-linked bond	10	20/04/33	600 Eur	Fissa, annuale	4.25 %
Green bond	6.5	15/07/31	500 Eur	Fissa, annuale	3.25 %
Green bond	7	25/05/29	500 Eur	Fissa, annuale	2.5 %
Bond	10	14/10/26	325,44 Eur	Fissa, annuale	0.875 %
Bond	10	03/12/30	500 Eur	Fissa, annuale	0.25 %
Bond*	15/20	5/14/2027-2032	102,5 Eur	Fissa, annuale	5.25 %
Green bond	8	05/07/27	357,2 Eur	Fissa, annuale	0.875 %
Bond	15	29/01/28	483,63 Eur	Fissa, annuale	5.20 %

* Unlisted instrument

At 31 December 2025, the outstanding bonds, totalling a face value of 3,868.7 million euro (3,499.1 million euro 31 December 2024) and recorded at amortised cost of 3,807.4 million euro (3,414.4 million euro at 31 December 2024), have a fair value of 3,749.9 million euro (3,382.2 million euro at 31 December 2024) determined by market quotations where available.

There are covenants on some loans that require compliance with the corporate rating limit, which must be rated, even only by a single rating agency, no lower than investment grade (BBB-). As of the balance sheet date this covenant has been complied with.

“Overdrafts and interest liabilities” mainly include payables for the signing of short-term loans, in the form of hot money, for 82 million euro (75 million euro at 31 December 2024) and interest expense for the year not yet paid at 31 December 2025, for 72.2 million euro (71.7 million euro at 31 December 2024).

“Minority shareholders' option to sell”, which includes the fair value measurement of the sale options that are granted, with specific contractual arrangements, to minority shareholders on their own shares.

The Group's policy is not to represent the holdings of minority shareholders in the component of results for the period, and therefore the value of debts for the options (to be paid at the date of exercising the option according to the contractual mechanism agreed between the parties) is increased by the dividends expected to be paid by the subsidiaries along the hypothetical life of the options themselves. The fair value recognised as a liability in the Statement of financial position is therefore not only the present value of the expected price of the option to sell at the date of its exercised, but also contains the discounted estimate of future dividends paid as part of the variable consideration due to the counterparty. Given the structure of the operation, during the period in which the option is exercised, the profit generated by the subsidiaries will be distributed according to their respective nominal shareholdings. This mechanism means that the portion of the fair value of the option to sell that will be settled through the distribution of future dividends is actually self-liquidating, since the necessary financial resources (i.e. dividends of non-controlling interests) will be directly generated by the subsidiaries, without thus determining during that period a real additional financial need for the Group.

The following are the changes for the period, compared with the previous period:

	Opening value	Acquisitions	Financial expense	Changes under the scenario	Flows paid out	Closing value
31-dic-24						
Equity value	281.9	8.6	9.9	(37.8)	-	262.6
Future dividends	45.9	2.3	1.6	(12.1)	(9.5)	28.2
Total	327.8	10.9	11.5	(49.9)	(9.5)	290.8
31-dic-25						
Equity value	262.6	-	5.2	(3.1)	(237.3)	27.4
Future dividends	28.2	-	1.0	(1.7)	(22.4)	5.1
Total	290.8	-	6.2	(4.8)	(259.7)	32.5

Regarding the changes occurring during the year:

- financial expense include the notional effects of discounting the liability recognised at the previous reporting date;
- changes in assumptions represent the effects of updating the variables underlying the determination of the fair value of the options themselves. More specifically, the fair value of these options is calculated by referring to the future exercise scenario deemed most probable by Group management, taking into account the partial exercises carried out, consistently with the updated planning assumptions, adopting criteria according to the conditions agreed between the parties and discounting the corresponding future cash flows, using the average cost of the Group's long-term debt at the date of the transaction as the discount rate. In FY 2025, the revision of estimates resulted in the recognition of income of 4.8 million euro;
- The cash flows paid mainly include:
 - The residual exercise by Ascopiave Spa of the option to sell it held for 25% of the shares in EstEnergy Spa, for a consideration of 234.1 million euro, as stipulated in the sale and purchase agreement dated 16 December 2024, which was subject to a condition precedent until the actual payment was made in June 2025;
 - The partial exercise by the minority shareholders of the option to sell they hold for 20% of the shares in Macero Maceratese Srl, for a consideration of 3.2 million euro;
 - The amounts paid to minority shareholders for the payment of dividends to which they are entitled, of which 22 million euro relate to the minority shareholders of EstEnergy Spa (9 million euro as at 31 December 2024).

"Payables to acquire controlling shareholdings and potential consideration" include the amounts still to be paid to transferor shareholders as part of the business combination transactions concluded in the period or in previous periods, as well as the estimate of the potential payments foreseen by the agreements signed at the time of the acquisition, as of the balance sheet date. The change compared to the previous financial year is mainly due to the payment of the deferred consideration for the acquisition of the non-controlling interest in Aliplast Spa, amounting to 17.4 million euro, as well as the payment of the earn-out amounts that became due, amounting to 0.9 million euro.

"Other financial liabilities" mainly refer to:

	31/12/2025			31/12/2024		
	NON-CURRENT PORTION	CURRENT PORTION	TOTAL	NON-CURRENT PORTION	CURRENT PORTION	TOTAL
Factoring	-	23.6	23.6	-	332.8	332.8
Fund for energy and waste management services (CSEA)	-	17.1	17.1	-	5.7	5.7
RAI subscription charge	-	5.9	5.9	-	3.5	3.5
Centralised treasury	-	3.7	3.7	-	3.7	3.7
Other minor items	0.2	1.1	1.3	0.3	7.1	7.4
Total	0.2	51.4	51.6	0.3	352.8	353.1

- Factoring mainly includes collections yet to be transferred to financial institutions at the end of the year, in relation to receivables subject to non-recourse assignments for which the Group has maintained collection activities on behalf of factor companies;

- Fund for energy and waste management services (CSEA) mainly includes revenue to be retroceded since they have already been advanced by CSEA mainly in relation to the reports made by the Group for the activities carried out in the gas and electricity sales markets subject to tenders, as detailed in note 38 "Other current liabilities" which can be consulted for more details;
- Rai licence fee: This item includes payables to the tax authorities relating to the collection of the Rai licence fee charged to customers in their electricity bills by the Group's sales companies;
- Centralised treasury: This item includes the payable to the associated company ASM SET Spa for the centralised management of collection and payment activities by the parent company, Hera Spa.

The following table shows financial liabilities broken down by nature at 31 December 2025, with an indication of their maturity:

TYPE	AMOUNT AS AT 31/12/2025	PORTION DUE WITHIN THE YEAR	PORTION DUE WITHIN 2ND YEAR	PORTION DUE WITHIN THE 5TH YEAR	PORTION BEYOND THE 5TH YEAR
Bonds	3,807.4	322.4	407.7	1,455.2	1,622.1
Loans	873.5	72.2	54.2	362.4	384.7
Minority shareholders' options to sell	32.5	1.4	11.5	12.7	6.9
Liabilities to acquire controlling shareholdings and potential consideration	3.4	3.1	0.2	0.1	-
Other financial liabilities	51.6	51.4	0.1	0.1	-
Overdrafts and interest liabilities	161.4	161.4	-	-	-
Total	4,929.8	611.9	473.7	1,830.5	2,013.7

The table below shows the worst-case scenario, in which assets (cash, financial and trade and other receivables) are not taken into account, unlike financial liabilities for bonds, financing and overdrafts, shown in the capital and interest portion, trade and other payables and interest rate derivatives, where present. Financial lines were assumed to be revoked on demand, while loans were assumed to be repaid at the earliest date provided for in the contractual terms.

WORST CASE SCENARIO	31/12/2025			31/12/2024		
	FROM 1 TO 3 MONTHS	MORE THAN 3 MONTHS TO 1 YEAR	FROM 1 TO 2 YEARS	FROM 1 TO 3 MONTHS	MORE THAN 3 MONTHS TO 1 YEAR	FROM 1 TO 2 YEARS
MN€						
Bonds	25.1	422.4	511.3	31.1	102.3	412.2
Financial and other liabilities	175.0	84.0	76.6	163.7	458.7	70.1
Payables to suppliers	1,839.9	-	-	2,723.9	-	-
Total	2,040.0	506.4	587.9	2,918.8	561.0	482.3

Current cash and lines of credit, in addition to the resources generated by the operating and financing activities, are deemed sufficient to meet future financial needs. The following is a summary of the credit lines available at 31 December 2025, compared with the previous year:

	31/12/2025	31/12/2024
Committed lines of credit	1,165.0	1,005.0
Uncommitted credit facilities	755.0	720.0
Total	1,920.0	1,725.0

The credit lines are distributed among the leading Italian and international banks and allow for adequate diversification of counterparty risk and competitive conditions.

Sureties and guarantees

	31/12/2025	31/12/2024
Bank sureties and guarantees	3,659.7	3,054.4
Insurance sureties and guarantees	564.9	827.5
Total	4,224.6	3,881.9

For "Bank sureties and guarantees", the value at 31 December 2025, compared with the previous period, comprises the following:

	31/12/2025	31/12/2024
Bank sureties	1,520.8	1,023.2
Letters of patronage	2,138.9	2,031.2
Total	3,659.7	3,054.4

In particular:

- bank sureties are related to sureties made to public institutions (the Ministry of the Environment and Energy Security, the regions, provinces and municipalities) and private entities to guarantee the suitable management of plants for treating and disposing of waste, for the suitable provision of waste disposal and intermediation services, for reclamation work and for the proper fulfilment of contractual commitments on wholesale energy commodity markets;
- letters of patronage are issued mainly to guarantee the timely payment of raw material supplies and energy commodity transport and distribution services.

"Insurance sureties and guarantees" refers to sureties issued to public entities (provinces, municipalities and the Ministry of the Environment and Energy Security) and third parties to guarantee the suitable management of public utility and waste disposal services, the proper execution of the work to lay company pipelines across land owned by private individuals, reclamation work, managing waste treatment and disposal systems.

During FY 2025, there was greater recourse to bank guarantees at the expense of insurance guarantees, particularly in relation to the waste disposal and waste brokerage business. In addition, there was a significant increase in the value of both bank guarantees and letters of comfort provided by the parent company, Hera Spa, in favour of the energy sales companies, in relation to the supply and dispatch of electricity and natural gas.

Note, lastly, that at 31 December 2025, the Hera Group provided the guarantees for certain bank loans, in the amount of 13.9 million euro.

20 Cash flows related to financing activities

Changes in financial liabilities

The following is a breakdown of information on changes in financial liabilities during FY 2025, differentiating between cash flows and non-cash flows.

TYPE	31/12/2025	31/12/2024	CHANGE (A)	NON-CASH FLOWS				CASHFLOW S (F)=(A)- [(B)+(C)+(D) +(E)]
				ACQUISITION S AND DISPOSALS (B)	VALUATION- RELATED ECONOMIC COMPONENT S (C)	CHANGES IN FAIR VALUE (D)	OTHER CHANGES (E)	
Non-current financial liabilities	4,317.9	4,154.6	163.3	1.5	29.1	(4.6)	(389.2)	526.5
Current financial liabilities	611.9	1,226.7	(614.8)	1.3	5.3	(0.7)	112.8	(733.5)
Cash flows related to financial liabilities	4,929.8	5,381.3	(451.5)	2.8	34.4	(5.3)	(276.4)	(207.0)
of which								
New issue of long-term bonds								702.9
Repayments of non-current financial liabilities								(122.3)
Repayments and other net changes in financial liabilities								(787.6)
Lease liabilities	86.8	79.1	7.7	2.8			29.4	(24.5)
Financial liabilities generated by financing activities	5,016.6	5,460.4	(443.8)	5.6	34.4	(5.3)	(247.0)	(231.5)

"Acquisitions and divestitures" include the effects arising from the control acquisition transactions carried out in FY 2025, as explained in the section "Business combination (supplementary information)" in Section 2.02.10 "Other information".

"Economic valuation components" include:

- charges from the amortised cost valuation of bonds and loans in the amount of 28.1 million euro, as reported in note 10 "Financial expenses";
- discounting charges related to the options to sell of non-controlling interests and earn-outs contracted as part of the acquisition of control over companies and business units, amounting to 6.3 million euro, as reported in note 10 "Financial expenses".

'Fair value changes' primarily include the fair value adjustment of the carrying amount of options to sell recognised in respect of minority shareholders in connection with transactions to acquire control carried out in previous financial years, which resulted in the recognition of income in the amount of 4.8 million euro, as reported in Note 19, 'Financial liabilities'.

"Other changes" include effects mainly due to:

- Disbursements in relation to options to sell held by minority shareholders for a total equity value of 237.3 million euro, in addition to disbursements for the acquisition of non-controlling interests, for which the related payable was recognised as deferred consideration, totalling 17.6 million euro. In the cash flow statement, the related cash flow is represented amongst acquisition of investments in consolidated companies, although it is accounted for as a change in the financial liability already previously recorded (this mechanism is explained in note 19 "Financial liabilities");
- payment of dividends to minority shareholders with whom the Group contracted options to sell at the time of acquiring control, amounting to 22.4 million euro. In the statement of cash flows, the related cash flow is represented in dividends paid out, although it is accounted for as a change in the financial liability already previously recorded (this mechanism is explained in note 19 "Financial liabilities");
- the recognition of liabilities related to leases entered into during the year and the remeasurement of outstanding lease liabilities generated by an update of the underlying assumptions about renewal, purchase, or early termination options, as reported in note 22, "Right-of-use assets and Lease Liabilities".

Proceeds from the sale of shares without loss of control

This figure relates to the amount received in connection with the sale to minority shareholders of 0.4% of the share capital of the subsidiary A.C.R. di Reggiani Albertino Spa.

Acquisition of investments in consolidated companies

This value primarily relates to:

- The amount paid in connection with the exercise of the option to sell held by Ascopiave Spa, a minority shareholder of EstEnergy Spa, as disclosed in Note 19, 'Financial liabilities';
- The amount paid in connection with the acquisition of the non-controlling interest in Aliplast Spa, which was recognised as deferred consideration, as disclosed in Note 19, 'Financial liabilities'.

Increase in non-controlling interests

This amount relates to the increase in the share capital subscribed and paid up by the minority shareholders of Horowatt Srl.

Dividends paid out to Hera shareholders and non-controlling interests

The value refers to dividends paid out during FY 2025 to:

- parent company's shareholders in the amount of 220.1 million euro;
- minority shareholders in the amount of 54.2 million euro, of which 22.4 million euro were paid to minority shareholders to whom the Group had recognised payables for options to sell in previous years, as mentioned above.

Finally, it should be noted that non-monetary flows due to exchange rate differences were absent in 2025.

2.02.05 Investing activities

Assets increased compared to the previous financial year, primarily as a result of new investments in plant, networks and infrastructure. Furthermore, goodwill of 17 million euro was recognised in connection with the business combination transactions carried out during the financial year.

The following notes comment on the composition of and main changes within each asset category; note that additional information concerning investments made during the period can be found in paragraph 1.04 "Analysis by strategic business area" of the Directors' Report.

The value of all items of property, plant and equipment and intangible assets, including goodwill and rights-of-use assets, was subjected to impairment testing, the results of which can be found in note 25 "Impairment tests on assets".

21 Property, plant and equipment

	31/12/2025	31/12/2024	CHANGE
Land and buildings	683.0	663.3	19.7
Plant and machinery	1,147.3	1,126.9	20.4
Other movable assets	131.8	114.6	17.2
Assets under construction	358.2	254.2	104.0
Total operating assets	2,320.3	2,159.0	161.3
Investment property	1.6	1.7	(0.1)
Total	2,321.9	2,160.7	161.2

Operating assets, stated net of their accumulated depreciation, are broken down below with details of the changes during the year:

	NET OPENING BALANCE	INVESTMENTS	DISINVESTMENTS	DEPRECIATION AND IMPAIRMENT LOSSES	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER CHANGES	NET CLOSING VALUE	OF WHICH GROSS CLOSING VALUE	OF WHICH DEPRECIATION PROVISION
31/12/2024									
Land and buildings	635.7	15.2	(4.0)	(22.6)	1.7	37.3	663.3	1,014.2	(350.9)
Plant and machinery	1,067.9	79.3	(6.4)	(130.5)	0.1	116.5	1,126.9	3,300.7	(2,173.8)
Other movable assets	107.7	23.7	(0.4)	(25.8)	0.7	8.7	114.6	508.5	(393.9)
Assets under construction	246.1	163.9	(0.2)	-	0.5	(156.1)	254.2	254.2	-
Total	2,057.4	282.1	(11.0)	(178.9)	3.0	6.4	2,159.0	5,077.6	(2,918.6)
31/12/2025									
Land and buildings	663.3	12.0	(0.2)	(23.6)	3.5	28.0	683.0	1,057.9	(374.9)
Plant and machinery	1,126.9	79.8	(4.7)	(133.8)	3.7	75.4	1,147.3	3,440.0	(2,292.7)
Other movable assets	114.6	31.6	(0.9)	(28.4)	2.6	12.3	131.8	543.4	(411.6)
Assets under construction	254.2	217.4	(1.2)	-	0.5	(112.7)	358.2	358.2	-
Total	2,159.0	340.8	(7.0)	(185.8)	10.3	3.0	2,320.3	5,399.5	(3,079.2)

"Land and buildings" consist of 123.4 million euro in land and 559.6 million euro in buildings. These are owned sites that house the Group's production plants and, to a lesser extent, its offices.

"Plant and machinery" is made up mainly of distribution networks and plants relating to business not falling within the scope of the concession system such as district heating, electricity in the Modena area, waste disposal and waste treatment as well as plastic production plants. The main capital expenditure for the financial year related to waste treatment activities, amounting to 36.5 million euro, energy services, amounting to 19.7 million euro, and electricity distribution, amounting to 10.3 million euro. Disinvestments concern demolitions and divestitures of obsolete or damaged plant.

'Other movable assets' mainly include, with reference to the businesses that have not yet been tendered for the award of the service, waste collection equipment and bins valued at 76.1 million euro (68.7 million euro as at 31 December 2024) and vehicles valued at 55.7 million euro (45.9 million euro as at 31 December 2024).

"Assets under construction" mainly consist of investments in progress for waste and plastic treatment plants amounting to 194 million euro, for developing the district heating network amounting to 53.5 million euro and for the electricity distribution network amounting to 39.9 million euro.

"Other changes" covers the in-progress reclassification of assets under construction to the specific categories for assets brought into operation during the financial year, as well as possible reclassifications from right of use assets (in the event of the redemption of leased assets) and from/to intangible assets, especially for goods used in activities under concession.

For the column "Change in the scope of consolidation," please refer to the section "Business combinations (supplementary information)" contained in paragraph 2.02.10 "Other information".

For additional details on guarantees granted in favour of third parties and in relation to property, plant and equipment held by the Group, see note 19 "Financial liabilities".

22 Right-of-use assets and lease liabilities

The following tables show the breakdown of right-of-use assets (reported net of the accumulated depreciation) and lease liabilities at the transition date and the related movements. Contracts taken over as part of business combinations are separately reported in movements and classified as "Changes in the scope of consolidation".

	31/12/2025	31/12/2024	Change
Right-of-use land and buildings	60.6	52.1	8.5
Right-of-use plant and machinery	4.5	5.4	(0.9)
Right-of-use other movable assets	27.2	26.7	0.5
Total	92.3	84.2	8.1

	NET OPENING BALANCE	NEW CONTRACTS AND CONTRACTUAL CHANGES	DECREASES	AMORTISATION AND IMPAIRMENT LOSSES	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER CHANGES	NET CLOSING VALUE	OF WHICH GROSS CLOSING VALUE	OF WHICH AMORTISATION PROVISION
31/12/2024									
Right-of-use land and buildings	59.1	5.4	-	(8.7)	-	(3.7)	52.1	102.8	(50.7)
Right-of-use plant and machinery	6.4	0.4	-	(1.3)	0.4	(0.5)	5.4	12.4	(7.0)
Right-of-use other movable assets	25.1	11.0	-	(10.4)	1.6	(0.6)	26.7	46.6	(19.9)
Total	90.6	16.8	-	(20.4)	2.0	(4.8)	84.2	161.8	(77.6)
31/12/2025									
Right-of-use land and buildings	52.1	17.4	-	(9.4)	2.7	(2.2)	60.6	116.6	(56.0)
Right-of-use plant and machinery	5.4	0.5	-	(1.3)	-	(0.1)	4.5	13.5	(9.0)
Right-of-use other movable assets	26.7	11.5	-	(10.7)	0.1	(0.4)	27.2	53.0	(25.8)
Total	84.2	29.4	-	(21.4)	2.8	(2.7)	92.3	183.1	(90.8)

"Right-of-use land and buildings" consists of 50.8 million euro in right-of-use of buildings and 9.8 million euro in right-of-use of land. The right-of-use assets for buildings refers mainly to contracts concerning the real estate structures used for headquarters, offices and customer service help-desks.

"Right-of-use plant and machinery" refer to contracts regarding purification and composting plant.

"Right-of-use other movable assets" refer mainly to contracts underwritten for the use of IT infrastructures (especially data centres), operational vehicles and cars.

The column "New contracts and contractual changes" shows the leases signed during the year, as well as the change in the assumptions regarding the duration, renewal or termination options of the existing contracts. The change compared to the previous financial year is mainly due to the renewal of a large company site and a plot of land on which the Group is building a hydrogen plant.

The column "Other changes" includes the residual value of leased assets redeemed during the period and reclassified under property, plant and equipment due to their nature.

Financial liabilities show the following composition and change, compared with the previous year:

	NET OPENING BALANCE	NEW CONTRACTS AND CONTRACTUAL CHANGES	DECREASES	FINANCIAL EXPENSES	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER CHANGES	NET CLOSING VALUE
31/12/2024							
Lease liabilities	81.3	16.7	(23.5)	2.9	1.7	-	79.1
of which							
non-current liabilities	56.8						54.7
current liabilities	24.5						24.4
31/12/2025							
Lease liabilities	79.1	29.4	(27.5)	3.0	2.8	-	86.8
of which							
non-current liabilities	54.7						62.4
current liabilities	24.4						24.4

The column "New contracts and contractual changes" includes the new contracts signed in the period and the re-assessment of the debt of some of the existing contracts, generated by the update of the assumptions underlying the contracts themselves concerning options of renewal, purchase or early termination. The amounts reported are the same as those shown in the corresponding column of the table detailing changes in right-of-use assets.

"Decreases" are generated by the reimbursement of contractual fees scheduled during the course of the financial period and exemption options exercised.

In accordance with its procurement policies, the Group subscribed contracts in line with market standards for all types of underlying assets. In the case of offices, customer service desks, cars and IT infrastructure, the contracts do not contain any binding clauses or special fees in the event of annulment, as these assets are perfectly interchangeable and are offered by a large number of counterparties. The liability reported in the financial statements therefore represents the most likely total sum of disbursements that the Group will have to make in future periods. For the same reasons, moreover, the renewal clauses, when they exist, are not currently expected to be exercised, possibly assessing their cost-effectiveness in the future or the option of signing new contracts with different counterparties.

The table below shows the lease liabilities broken down by category according to their expiration date range:

TYPE	TOTAL	PORTION DUE WITHIN THE YEAR	PORTION DUE WITHIN 2ND YEAR	PORTION DUE WITHIN THE 5TH YEAR	PORTION BEYOND THE 5TH YEAR
FY 2024	79.1	24.4	15.3	23.5	15.9
FY 2025	86.8	24.4	16.2	27.8	18.4

23 Intangible assets

	31/12/2025	31/12/2024	CHANGE
IT applications	141.6	103.8	37.8
Concessions and other rights	76.5	88.5	(12.0)
Public services under concession	3,604.1	3,480.0	124.1
Customer lists	532.5	571.9	(39.4)
Other intangible assets	134.3	134.7	(0.4)
Intangible assets under development, public services under concession	637.4	443.4	194.0
Intangible assets under development	114.2	123.5	(9.3)
Total	5,240.6	4,945.8	294.8

Intangible assets, stated net of their accumulated amortisation, are broken down below with details of the changes during the year:

	NET OPENING BALANCE	INVESTMENTS	DISINVESTMENTS	AMORTISATION AND IMPAIRMENT LOSSES	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER CHANGES	NET CLOSING VALUE	OF WHICH GROSS CLOSING VALUE	OF WHICH AMORTISATION PROVISION
31/12/2024									
IT applications	105.3	11.6	-	(48.5)	0.2	35.2	103.8	683.8	(580.0)
Concessions and other rights	100.7	0.1	-	(13.8)	1.3	0.2	88.5	486.4	(397.9)
Public services under concession	3,315.7	182.7	(8.7)	(203.1)	12.8	180.6	3,480.0	6,251.9	(2,771.9)
Customer lists	605.6	-	-	(45.1)	11.4	-	571.9	820.3	(248.4)
Other intangible assets	119.4	66.6	(1.1)	(53.0)	-	2.8	134.7	396.6	(261.9)
Intangible assets under development, public services under concession	380.3	245.6	-	-	-	(182.5)	443.4	443.4	-
Intangible assets under development	92.6	71.5	(1.9)	(0.6)	-	(38.1)	123.5	123.5	-
Total	4,719.6	578.1	(11.7)	(364.1)	25.7	(1.8)	4,945.8	9,205.9	(4,260.1)
31/12/2025									
IT applications	103.8	8.3	-	(64.0)	-	93.5	141.6	785.7	(644.1)
Concessions and other rights	88.5	0.6	-	(14.9)	-	2.3	76.5	488.9	(412.4)
Public services under concession	3,480.0	193.7	(8.3)	(207.3)	-	146.0	3,604.1	6,554.8	(2,950.7)
Customer lists	571.9	-	-	(39.4)	-	-	532.5	820.3	(287.8)
Other intangible assets	134.7	54.9	(0.4)	(58.5)	-	3.6	134.3	453.0	(318.7)
Intangible assets under development, public services under concession	443.4	336.6	(0.7)	-	-	(141.9)	637.4	637.4	-
Intangible assets development	123.5	93.0	(0.9)	(0.4)	-	(101.0)	114.2	114.2	-
Total	4,945.8	687.1	(10.3)	(384.5)	-	2.5	5,240.6	9,854.3	(4,613.7)

"IT applications" refers to costs incurred in purchasing licenses and implementing corporate information systems. The increase in amortisation compared to the previous financial year primarily reflects the effect of capitalisations made during the period, which show a significant increase, as can be seen by comparing the amounts for the item 'Other changes' between the two financial years.

"Concessions and other rights" mainly include:

- concessions, for 20.7 million euro, primarily involving the rights relating to the activities of gas distribution and integrated water service, classified as intangible assets even before the IFRIC 12 interpretation "Service concession arrangements" was first applied;

- the authorisation to operate the Serravalle Pistoiese landfill, for 39.7 million euro, an asset recorded as part of a business combination operation carried out in previous periods and amortised on the basis of the number of tons consigned.

The item "Public services under concession" includes assets relating to gas distribution, electricity distribution (Imola area), the integrated water service and public lighting activities (except for the latter, as specified in note 18 "Current financial assets, cash and cash equivalents and cash equivalents") provided through contracts awarded by the respective public bodies. These concession relationships and associated assets involved in carrying out the activities for which the Group holds the use rights, are accounted for by applying the intangible asset model as set forth by IFRIC 12 interpretation. Capital expenditure (CapEx) for the financial year mainly related to water networks (116.4 million euro), gas distribution networks (60.9 million euro) and electricity distribution networks (11.8 million euro).

"Customer lists" are recorded as a result of business combination transactions and the consequent valuation of the assets acquired. The amortisation period of these customer lists is correlated to the churn rate identified for each individual transaction. The decrease in amortisation compared to the previous financial year is due to the expiry, during the 2024 financial year, of the useful life of certain customer lists relating to transactions carried out in the Energy segment and in the Waste Treatment business.

"Intangible assets under development and public services under concession" includes investments related to concessions that are still to be completed at the end of the period and mainly refers to the water networks, in the amount of 408.3 million euro, gas distribution networks, in the amount of 128.8 million euro and urban sanitation in the amount of 48.9 million euro, as well as to electricity distribution networks for 40.6 million euro.

The item "Other intangible assets" refers mainly to the incremental costs incurred for obtaining new sale contracts represented exclusively by commissions. Investments were significant for FY 2025 as well, as a result of the sales development strategy implemented, amounting to 53.5 million euro (against 65.5 million euro in 2024).

"Intangible assets development" essentially comprises IT projects not yet completed.

"Other changes" includes reclassifications of assets under construction to their specific categories for assets that began to be used during the year and reclassifications to tangible assets, especially when goods used in activities under contract are involved.

"Change in scope of consolidation" reflects the control acquisitions made during the year, for details of which please refer to the section "Business combinations (supplementary information)" contained in Section 2.02.10 "Other information".

24 Goodwill

	31/12/2025	31/12/2024	Change
Goodwill	950.0	933.0	17.0

The value of goodwill at 31 December 2025 mainly reflects the following operations of acquisition of control during previous financial periods:

- Ascopiave commercial activities, totalling 431.2 million euro (2019);
- the Meta Group, as a result of the merger of Meta Spa into Hera Spa, totalling 117.7 million euro (2005);
- the integration resulted in the creation of Hera Spa, totalling 81.3 million euro (2002);
- merger of Sat Spa into Hera Spa, amounting to 54.9 million euro (2008);
- merger of Agea Spa, amounting to 41.7 million euro (2004);
- A.C.R. Spa, amounting to 27.1 million euro (2023);
- the Aliplast Group, amounting to 25 million euro (2017);
- TRS Ecology Srl, amounting to 23 million euro (2024);
- the Marche Multiservizi Group, amounting to 20.8 million euro (2006);
- Asco TLC Spa through merger by incorporation into Herabit Spa (formerly Acantho Spa), amounting to 18.1 million euro (2023);
- F.Ili Franchini Srl, amounting to 15.4 million euro (2023).

During FY 2025, goodwill increased by 17 million euro as a result of the business combination transactions carried out. For further details on business combination operations, see the section "Business combinations (supplementary information)" of paragraph 2.02.10 "Other information".

Below is the value of goodwill broken down by operating segment:

	31/12/2025	31/12/2024	CHANGE
Gas	493.5	493.5	-
Waste management	301.9	284.9	17.0
Electricity	91.2	91.2	-
Water cycle	42.7	42.7	-
Other services	20.7	20.7	-
Total	950.0	933.0	17.0

25 Impairment tests on assets

Cash-generating units and goodwill

Assets, right-of-use assets and goodwill have been subjected to impairment tests by determining the value in use, which is the current value of operating cash flows (duly discounted according to the DCF - discounted cash flow method) resulting from the 2025 - 2029 business plan approved by the Board of Directors of Hera Spa at its 21 January 2026 meeting.

Goodwill allocated to individual cash-generating units (CGUs) is subject to impairment testing at least annually. Specific assets or groups of assets with a defined useful life, understood as the smallest aggregation of assets generating independent cash flows, are subject to impairment testing only if there is an indication that they may be impaired. In particular, for goodwill, the test was conducted on the groups of CGUs that benefit from the synergies arising from the acquisition operation to which the goodwill refers, taking into account any subsequent changes in the composition of the CGUs themselves. These groups of CGU are no larger than the operating segments reported in the corresponding section of paragraph 2.02.10 "Other information".

In carrying out the impairment tests, it was sufficient to determine the value in use of the CGUs, or groups of CGU, subjected to the impairment test, as it was not necessary to determine the fair value of the assets being assessed.

With reference to the calculation of operating cash flows, the Group has implemented a structured process for preparing and reviewing the business plan, which involves formulating the Plan on an annual basis according to an external context scenario that takes into account the market trends and rules for regulated businesses, with the support of all the business units and following a bottom-up logic. Specifically, assumptions were implemented in developing the 2025 - 2029 business plan consistent with those used in previous plans and, on the basis of the final reported values, forecasts were developed that refer to the most authoritative and updated external sources available wherever necessary.

Revenue for regulated business areas were developed on the basis of the evolution of the rates deriving from national regulations and/or agreements with the area authority. In particular, revenue from energy distribution were projected based on the principles set out in ARERA Resolutions 737/22, as amended, (RTDG) for gas, and Resolutions 616/23, as amended, (TIT), Resolution 163/23 as amended, (TIROSS), and Resolution 497/23, as amended (application of the Ross-base regulation) for electricity distribution. Account was also taken of the respective rates of return on capital (WACC) definitively approved by ARERA, up to the year 2026, as set forth in the integrated reference text (TIWACC 2022-2027, Resolution 614/21 as amended). For subsequent years, the WACCs were updated in accordance with the methodology indicated by the same resolution and according to the forecasts of the financial and fiscal parameters included in the approved business plan.

Revenue from the sale of energy under the protection regime and from last-resort services has been estimated on the basis of the respective reference regulatory texts, namely the TIV (concerning, among other things, the transitional protection scheme for non-vulnerable household customers and the transitional protection scheme for micro-enterprises, supplemented by Resolutions 362/23 and 208/22, as amended) for electricity, and the TIV-G (approved by Resolution Arg/Gas/64/09, as amended) for gas; meanwhile, the calculation of revenue from the exceeding of the protection threshold for gas customers has been developed in accordance with Resolution 100/2023, as amended.

For the integrated water service, revenue were forecast in the event of constancy in the volumes distributed, based on the tariffs deriving from the agreements signed with ATERSIR, as well as from the application of the new Water tariff method (MTI-4) updated by ARERA resolution 639/23, taking into account, among other factors, the parameters underlying the coverage of financial and tax expenses. For urban sanitation, revenue were estimated on the basis of the service contracts signed for the recently renewed concessions (territories of Bologna, Modena, Ravenna/Cesena), as well as the rules deriving from ARERA resolutions on the waste tariff method (MTR-2) and the hypotheses of new concessions for the territory of Rimini (2026) and Municipality of Ferrara (2028).

Price trends for electric energy and gas bought and sold in the open market were worked out on the basis of business considerations consistent with the planned energy scenario, considering the forecasts provided by a panel of institutional observers.

The development of plants for waste treatment and recycling is consistent with the forecasts of the provincial plans for the provinces in which the Hera Group operates. The investment schedule and the subsequent start of new plants is the result of the best estimate of the managers in charge.

The inertial evolution of the Group's costs in the plan time-frame was developed by formulating hypotheses based on the information available. In relation to employees and labour costs, instead, the indications included in the various types of employment contracts were considered.

The first year of the plan represents the base reference for identifying economic, financial and management objectives that converge in the annual budget, the guiding operational element for achieving the Group's growth objectives.

The cash flows generated were therefore determined using the data for the 2026 - 2029 period as a base. In particular, the EBIT was used, from which taxes were deducted, amortisation/depreciation and provision were added and the maintenance investments planned for each year of the plan were deducted.

For the periods following the final year of the plan, a terminal value is defined, calculated as the normalised cash flow to which the perpetual growth method is applied, assuming a growth factor equal to the expected inflation rate of 2% alone, for both free-market and regulated services. For the latter, it is envisaged that market shares will be maintained at the end of the concession in 100% of the tenders for the areas served. The normalised cash flow is equal to the value of the EBIT for the final year of the plan, assuming that the value of depreciation, amortisation and provisions remains equal to that of investments. In the event that the plan does not take into account the prediction of future events that significantly influence estimated cash flows as a result of its medium-term time-frame, integrations may be considered in order to also incorporate the effects of such events.

To discount unlevered cash flows, the rate used was the weighted average cost of capital (WACC), which represents the yield expected by the funders and shareholders of the company for the use of equity capital, adjusted for the risk of the specific country in which the asset being valued. The value of the specific country risk to be included in the discount rate is defined on the basis of information provided by external providers. Since the Group has a diversified business portfolio, with balance between regulated and free-market activities that lower its exposure to cyclical trends in the economy, a methodological approach has been used, which involves observing the twelve months of the last financial year with reference to the main variables underlying the WACC calculation.

More specifically, the rates used for the purposes of the final assessments are as follows:

	2025	2024
WACC Gas - Electricity - Water cycle - Other services	4.98 %	5.04 %
Wacc Waste management	5.36 %	5.68 %

The results of the test were positive for all cash generating units, with a usage value appearing that was higher than the book value.

In light of the above, a sensitivity scenario was modelled, discounting all cash flows using a WACC increased by 25 basis points. The analysis showed that all CGUs remained stable in the face of a 25-basis-point increase in discount rates, further confirming the carrying amounts.

Assessments concerning climate change scenarios and consequent sensitivity

The electrification of energy consumption is a trend to which the Group is paying close attention in the context of climate change. Specific analyses were therefore conducted, aimed at identifying the possible impacts of the scenario of transition on the evolution of end customers' energy consumption, with reference to the business areas it has selected within a time-frame that extends up to 2050.

These analyses took into account exogenous drivers, such as national and European policies on the topic and consumer preferences, drivers of change, and related enabling technologies. The results have allowed the company to gauge the impact that the transitional scenario could have on the evolution of gas and electricity consumption as a function of key determinants such as energy efficiency, technology mix, mobility, and self-consumption. These analyses confirmed, in particular, the widespread expectation that the future will witness a growth in electricity consumption and a simultaneous reduction in gas consumption.

With reference to the businesses operated by the Group, the assessments conducted necessarily took into account the differing nature of the regulated distribution business and the free-market sales business.

Regarding the gas distribution business, it should first be mentioned that ordinary and extraordinary maintenance activities, for which tariff remuneration is provided, are correlated to the physicality of the assets and not to the volumes of gas distributed. Indeed, renovation work is mainly carried out to resolve critical issues through event-driven interventions, resulting, for example, from a network or plant leakage or breakdown, or through scheduled operations to comply with the dictates of technical and regulatory standards.

The transitional risk related to climate change thus appears to depend on purely regulatory decisions and future systemic developments in the gas distribution network. One prospect considered likely by the Group is that the drivers generating gas network development needs might change from the need to meet consumption demands to the need to meet input requirements for biomethane and green gas in general that can enable the running of energy production systems using renewable sources. The Group therefore does not judge that any elements can be identified in the current framework to assume that the system will be severely disrupted without mechanisms in place to protect the financial equilibrium of companies providing gas distribution services.

Electricity distribution, on the other hand, is set to have an ever-increasing impact on the energy grid due to the electrification of consumption. In effect, this could represent a development opportunity for the Group, given the increasing investments required, which will be subject to tariff-based remuneration.

Relative to sales activity, a model scenario extending beyond the horizon of the plan was formulated that, taking into account transitional risks, projects customer consumption by service and type of use through to 2050. In particular, by considering the various effects of energy efficiency and transition dynamics, average volumes by customer cluster were calculated and growth/decrease rates over time were applied to these calculated volumes. To provide an estimate of overall marginality, intermediate steps were taken, estimating the evolution of the customer base in terms of supply points, to which an average volume per segment was attributed, adjusted over time to consider the impact of energy transition. Assuming that the margins hypothesised in the business plan for each service/segment remain constant over time, a significant growth in electricity margins was estimated for the period 2030-2050, associated with a reduction in gas margins.

In order to conduct a sensitivity analysis in relation to the impairment test, projections for natural gas sales were incorporated into the valuation models, both adjusting the annual cash flows up to 2050 (based on the assumptions made previously) by an average of 5 million euro and normalising the cash flow used to calculate the terminal value by an analogous amount. In this hypothetical scenario as well, the results confirm the full recoverability of the asset values recorded in financial statements.

2.02.06 Equity investments

During the fiscal year 2025, there were no significant transactions involving the purchase or sale of equity investments in joint ventures, associates and other vehicles. The changes in value from the previous year are therefore mainly attributable to the measurement processes of investee companies.

26 Equity-accounted investments and Other equity investments

	31/12/2025	31/12/2024	CHANGE
Equity-accounted investments	137.2	127.3	9.9
Other equity investments	54.0	47.3	6.7
Total	191.2	174.6	16.6

The changes in joint ventures and associates as compared to 31 December 2024 take into account the pro-quota losses and profits reported by the respective companies (including the other components of the comprehensive statement of profit or loss) as well as the possible impairment losses for any dividends that were distributed and adjustments in values due to the impairment test.

Changes in Equity-accounted investments are as follows:

	OPENING VALUE	INVESTMENTS AND DISINVESTMENTS	PROFIT (LOSS) FOR THE YEAR	DIVIDENDS PAID	CHANGES IN THE SCOPE OF CONSOLIDATION	IMPAIRMENT LOSSES AND OTHER CHANGES	CLOSING VALUE
31/12/2024							
Joint ventures							
Enomondo Srl	18.6	-	2.6	(1.4)	-	(0.1)	19.7
Set Spa	22.6	-	(0.2)	-	-	(22.1)	0.3
Total joint ventures	41.2	-	2.4	(1.4)	-	(22.2)	20.0
Associates							
Aimag Spa	50.9	-	1.5	-	-	(4.9)	47.5
Sgr Servizi Spa	26.8	-	5.8	(2.2)	-	(0.1)	30.3
ASM SET Srl	19.1	-	1.3	(1.3)	-	0.1	19.2
SEA - Servizi Ecologici Ambientali Srl	9.0	-	1.3	-	-	-	10.3
Total associates	105.8	-	9.9	(3.5)	-	(4.9)	107.3
Total	147.0	-	12.3	(4.9)	-	(27.1)	127.3
31/12/2025							
Joint ventures							
Enomondo Srl	19.7	-	2.8	(1.8)	-	-	20.7
Set Spa	0.3	-	1.1	-	-	0.3	1.7
Total joint ventures	20.0	-	3.9	(1.8)	-	0.3	22.4
Associates							
Aimag Spa	47.5	-	3.4	(1.0)	-	(0.1)	49.8
Sgr Servizi Spa	30.3	-	6.5	(2.7)	-	-	34.1
ASM SET Srl	19.2	-	1.4	(1.3)	-	-	19.3
SEA - Servizi Ecologici Ambientali Srl	10.3	-	1.3	-	-	-	11.6
Total associates	107.3	-	12.6	(5.0)	-	(0.1)	114.8
Total	127.3	-	16.5	(6.8)	-	0.2	137.2

The profit for the financial year, which improved compared to the previous year, was positively influenced by the stronger results achieved primarily by Aimag Spa, a multi-utility operating in the Provinces of Modena and Mantua, by Set Spa, a special-purpose vehicle that operates a combined-cycle power plant, and by Sgr Servizi Spa, which operates in the business of selling the commodities gas and electricity to end customers.

The item 'Impairment losses and other changes' primarily includes the results of the impairment tests carried out on associates and joint ventures. For more details on the assumptions and results of the impairment tests to which the carrying values of the investments in associates that represent vehicles through which the Group holds shares in the production of electricity generation plants (Set Spa and Tamarete Energia Srl) were subjected, see the information in note 27 "Impairment tests on shareholdings" below. It should be noted that, in the previous financial year, the results of the impairment test carried out on equity-accounted investments led to a impairment loss of 22.1 million euro for Set Spa and 4.9 million euro for Aimag Spa.

Other equity investments not included in the scope of consolidation underwent the following changes:

	FAIR VALUE HIERARCHY	OPENING VALUE	INVESTMENTS AND DISINVESTMENTS	FAIR VALUE MEASUREMENTS	OTHER CHANGES	CLOSING VALUE
31/12/2024						
Ascopiave Spa	1	25.9	-	5.7	-	31.6
Calenia Energia Spa	3	14.4	-	(9.6)	-	4.8
Veneta Sanitaria Finanza di Progetto Spa	3	3.6	-	-	-	3.6
Sinergas Spa	3	-	-	-	2.3	2.3
Other minor companies	3	4.7	0.3	-	-	5.0
Total		48.6	0.3	(3.9)	2.3	47.3
31/12/2025						
Ascopiave Spa	1	31.6	-	6.3	-	37.9
Calenia Energia Spa	3	4.8	-	0.3	-	5.1
Veneta Sanitaria Finanza di Progetto Spa	3	3.6	-	-	-	3.6
Sinergas Spa	3	2.3	-	-	-	2.3
Other minor companies	3	5.0	0.1	-	-	5.1
Total		47.3	0.1	6.6	-	54.0

In the case of equity investments with a level 1 fair value hierarchy, the value adjustment, recorded in the components of the comprehensive income statement, makes it possible to align the book value of the shares with the market prices at the end of the year. In the case of investments with a level 3 hierarchy, the results obtained from the application of valuation techniques based on internal estimates, in the absence of observable market parameters, led to the recognition among the components of the comprehensive income statement of a positive adjustment to the carrying value of the investment in Calenia Energia Spa.

Below, with reference to figures at 31 December 2025, are presented the main aggregate values of the joint ventures Enomondo Srl and Set Spa, as well as companies with significant influence (Aimag Spa, ASM SET Srl, SEA Srl, Sgr Servizi Spa and Tamarete Energia Srl):

ASSETS	JOINT VENTURES	ASSOCIATES	TOTAL
Non-current assets			
Property, plant and equipment	121.9	351.5	473.4
Right-of-use assets	0.4	0.7	1.1
Intangible assets	0.1	59.1	59.2
Goodwill	-	92.5	92.5
Other equity investments	-	7.4	7.4
Non-current financial assets	0.1	5.8	5.9
Deferred tax assets	1.9	1.0	2.9
Total non-current assets	124.4	518.0	642.4
Current assets			
Inventories	3.7	4.5	8.2
Trade receivables	37.9	202.8	240.7
Current financial assets	-	49.1	49.1
Current tax assets	3.0	0.1	3.1
Other current assets	6.9	73.5	80.4
Cash and cash equivalents	11.7	28.7	40.4
Total current assets	63.2	358.7	421.9
TOTAL ASSETS	187.6	876.7	1,064.3

EQUITY AND LIABILITIES	JOINT VENTURES	ASSOCIATES	TOTAL
Share capital and reserves			
Share capital	14.1	87.9	102.0
Reserves	94.3	241.1	335.4
Profit (loss) for the year	8.4	45.1	53.5
Equity attributable to owners of the parent	116.8	374.1	490.9
Non-controlling interests	-	15.7	15.7
Total equity	116.8	389.8	506.6
Non-current liabilities			
Non-current financial liabilities	11.5	187.2	198.7
Non-current lease liabilities	-	0.5	0.5
Employee benefits	0.4	6.3	6.7
Provisions	0.4	43.5	43.9
Deferred tax liabilities	0.2	0.2	0.4
Total non-current liabilities	12.5	237.7	250.2
Current liabilities			
Current financial liabilities	6.9	0.2	7.1
Current lease liabilities	-	0.2	0.2
Trade payables	42.8	147.0	189.8
Current tax liabilities	0.1	0.3	0.4
Contract liabilities	-	-	-
Other current liabilities	8.5	101.5	110.0
Total current liabilities	58.3	249.2	307.5
TOTAL LIABILITIES	70.8	486.9	557.7
TOTAL EQUITY AND LIABILITIES	187.6	876.7	1,064.3

STATEMENT OF PROFIT OR LOSS	JOINT VENTURES	ASSOCIATES	TOTAL
Revenue	74.7	687.5	762.2
Other income	1.8	0.9	2.7
Raw and other materials	(27.5)	(385.6)	(413.1)
Service costs	(23.3)	(125.8)	(149.1)
Personnel costs	(3.1)	(35.8)	(38.9)
Depreciation, amortisation, provisions and impairment losses	(10.9)	(59.7)	(70.6)
Other operating expenses	(0.2)	(8.0)	(8.2)
Operating profit	11.5	73.5	85.0
Finance income	0.5	7.0	7.5
Financial expenses	(1.2)	(8.4)	(9.6)
Net finance expense	(0.7)	(1.4)	(2.1)
Other non-operating revenue (expenses)	(0.1)	-	(0.1)
Pre-tax profit (loss)	10.7	72.1	82.8
Taxes	(2.3)	(24.3)	(26.6)
Profit (loss) for the year	8.4	47.8	56.2

27 Impairment tests of equity investments

As regards the market for electric generation, in the presence of impairment indicators and in keeping with previous financial periods, an in-depth analysis was performed to determine the recoverable amount of the Group's investments, and related financial assets, operating in the sector. In particular, the analysis was conducted by discounting the value of the cash flows expected to be generated over the remaining useful lives of the plants of Set Sp and Tamarete Energia Srl.

FY 2025 was characterised by a downward trend in gas and electricity prices on the relevant markets, with a negative baseload Clean Spark Spread (CSS) that was lower than in 2024. The short- to medium-term trend shows no signs of improvement in the baseload CSS, due to the increasing share of renewables in the generation mix and to competition from new, high-efficiency capacity resulting from Capacity Market auctions, which will exert competitive pressure on the less efficient existing Combined Cycle Gas Turbines (CCGTs). Several factors have shaped the performance of the electricity market in recent years, which can be attributed to the following:

- Modest growth in electricity demand due to stagnant GDP and the continued trend towards more efficient consumption, driven by the objectives of European and national climate change policies;
- an increasing amount of renewable generation within the production mix, due to the steady increase in wind and photovoltaic plants.

Based on the scenarios developed, it is believed that the market will maintain a negative clean spark spread baseload, due in particular to:

- the level of sustained imports;
- The increasingly important role of renewable energy sources, supported in part by the ambitious European decarbonisation targets, which in Italy take the form of incentives for new installations (e.g., Fer-X), as well as by the need to reduce geopolitical risk by diversifying energy sources;
- The increasing contribution to electricity generation by new, high-efficiency combined-cycle power plants through Capacity Market auctions;
- The increasing uptake of electrochemical storage systems (batteries), also encouraged by market mechanisms and dedicated auctions, which contributes to a gradual reduction in price volatility and the flattening of peak demand during peak hours, thereby reducing margin opportunities for combined-cycle plants.

That said, future cash flows determined on the basis of the medium/long-term energy scenario the Group considered to be the most likely, formulated on the basis of independent expert assumptions consistent with growth expectations for energy demand, installed power, the demand for combined cycle and the system's expected reserve margin. This scenario alters the one used in the previous exercise, affecting future Clean spark spread values. The estimated cash flows were discounted using a WACC of 5.65% (as against a 5.73% WACC used in 2024), calculated in the same manner as illustrated for the cash generating units in note 25 "Impairment tests on assets".

The outcome of the test led to a revaluation of the investment in Set Spa in the amount of 0.3 million euro and confirmed a critical scenario for Tamarete Energia Srl, although it also revealed a revaluation of financial receivables in the amount of 3 million euro, partly as a result of collections made during the financial year.

Two sensitivity scenarios were also hypothesised:

- an initial sensitivity analysis was developed assuming a CSS reduced by 1 euro/MWh, with a consequent reduction in the cash flows produced over the life of the plants;
- a second analysis hypothesised discounting all cash flows using a WACC increased by 25 bps.

The first scenario would result in a impairment loss on Set Spa amounting to 0.2 million euro, while in the second scenario the value of the investment would be essentially equivalent to its current book value.

For Tamarete Energia Srl, in both scenarios, there would be no adjustments to the carrying amounts of either the equity investment or the financial receivables.

At the end of the valuation process, the carrying amounts of the financial assets, equity investment and receivables relating to Set Spa are 1.7 million euro and 5.4 million euro, respectively. With regard to Tamarete Energia Srl, the equity investment has been impaired in full, while the receivables have a carrying value of 0.5 million euro.

28 Cash flows related to investing activities

Investments in subsidiaries and business units net of cash and cash equivalents

For further details on the acquisition transactions carried out during 2025, see paragraph 2.02.10, "Other Information".

The table below shows in details the main cash disbursements and cash and cash equivalents acquired, when present, associated with investments in companies and business units made during the period.

31/12/2025	AMBIENTE ENERGIA SRL	GURIT BUSINESS UNIT	GEROTTO BUSINESS UNIT	OTHER OPERATIONS	TOTAL INVESTMENTS
Cash outlays leading to the acquisition of control	20.9	2.8	3.4		27.1
Cash acquired	(2.2)				(2.2)
Investments in subsidiaries and business units net of cash and cash equivalents	18.7	2.8	3.4	-	24.9
Cash outflows for investments in non-consolidated subsidiaries	-	-	-	0.2	0.2
Investments in subsidiaries, business units and other equity investments	18.7	2.8	3.4	0.2	25.1

Increase/decrease in other investing activities

The following is a breakdown of information on changes in the other investing activities during FY 2025, differentiating between cash flows and non-cash flows.

TYPE	31/12/2025	31/12/2024	CHANGE (A)	NON-CASH FLOWS				CASH FLOWS (F) = [(B)+(C)+(D)+(E)] - [A]
				ACQUISITION S AND DISPOSALS (B)	VALUATION- RELATED ECONOMIC COMPONENTS (C)	CHANGES IN FAIR VALUE (D)	OTHER CHANGES (E)	
Current and non-current financial assets	226.9	181.1	45.8		9.8		(1.3)	(37.3)

"Economic valuation components" include income from discounting non-current financial assets amounting to 6.8 million euro, as reported in note 9 "Finance income" as well as the economic effects of the reversal of impairment losses on financial receivables related to loans granted to equity-accounted companies for 3 million euro, as discussed in note 9 "Finance income".

2.02.07 Derivatives and related instruments

The derivative instruments traditionally used by the Group are divided into two types based on the underlying assets hedged: interest and exchange rates with reference to financing transactions, and commodities with reference to the commercial purchase and sale of gas and electricity. All commodity derivatives are classified as current assets and liabilities by virtue of the high level of liquidity and the operational time span that characterise these instruments.

29 Derivative instruments

As at 31 December 2025, the Group had no exposure to interest rate and exchange rate derivatives as the effects of derivatives intended as cash flow hedges and fair value hedges came to an end during the previous year, following the repayment of the underlying loans.

The net exposure from commodity derivatives, which was negative as at 31 December 2025, is essentially in line with the comparative financial year.

	31/12/2025			31/12/2024			CHANGE
	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NET EFFECT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NET EFFECT	NET EFFECT
Commodity derivatives							
Commercial portfolio	174.6	173.9	0.7	161.1	160.9	0.2	0.5
Trading portfolio	3.9	29.1	(25.2)	21.3	46.5	(25.2)	-
Total commodity derivatives	178.5	203.0	(24.5)	182.4	207.4	(25.0)	0.5
Total derivatives	178.5	203.0	(24.5)	182.4	207.4	(25.1)	0.6
of which non-current	-	-		-	-		
of which current	178.5	203.0		182.4	207.4		

The operational management of commodities is carried out through a process that identifies objectives, strategies and responsibilities for each existing operation. Both financial and physical contracts are classified in the commercial and trading portfolios based on the purpose of the contracts themselves at the time of signing, thereby generating the appropriate set of information for the formal identification of the purpose of the derivative instrument.

The centralised management of hedging transactions allows every possible synergy to be introduced for covering electricity and gas requirements and is supplemented with exchange rate transactions, as well as being realised through the exclusive use of swap contracts or other authorised derivatives by the Group's risk policy.

All other derivatives or similar instruments that are not intended to hedge the Group's requirements are classified in the trading portfolio.

Rate derivatives

During the 2024 financial year, the derivatives designated as hedges against interest rate and foreign exchange risks and against the fair value of foreign currency liabilities (fair value hedges), in the form of Interest Rate Swaps (IRSs) and Cross-Currency Swaps (CCSs), matured, as they were linked to a bond denominated in Japanese yen that was repaid upon maturity in August 2024.

The effects on the statement of profit or loss for the previous financial year in relation to the interest rate and currency derivatives entered into to hedge loans are set out below:

TYPE	FAIR VALUE HIERARCHY	31/12/2025			31/12/2024		
		INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Cash flow hedge	2	-	-	-	0.3	-	0.3
Fair value hedge	2	-	-	-	26.3	(8.1)	18.2
Total income (expense)		-	-	-	26.6	(8.1)	18.5

The table below provides a breakdown of finance income and expense of the previous financial year associated with derivatives designated as fair value hedges and related underlying liabilities, as adjusted for the income and losses attributable to the hedged risk:

FAIR VALUE HEDGES	31/12/2025			31/12/2024		
	INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Assessment of derivatives	-	-	-	21.6	(0.6)	21.0
Accrued interests	-	-	-	-	(0.4)	(0.4)
Realised cash flows	-	-	-	4.7	(7.1)	(2.4)
Economic effect of fair value hedges	-	-	-	26.3	(8.1)	18.2

UNDERLYING AMOUNTS HEDGED	31/12/2025			31/12/2024		
	INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Assessment of financial liabilities	-	-	-	-	(21.2)	(21.2)

Commodity derivatives

Commercial portfolio

The commercial portfolio includes commodity derivative instruments, both financial and physical, entered into to hedge mismatches between purchase and sale formulas, which are classed into the following categories:

COMMODITY/FOREIGN EXCHANGE DERIVATIVES OPERATIONS MANAGEMENT

TYPE	FAIR VALUE HIERARCHY	31/12/2025			31/12/2024		
		NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Gas formulas	3	26,759,961 MWh	164.9	-	14,977,245 MWh	136.5	-
Electricity formulas	2	1,784,953 MWh	9.7	-	1,646,775 MWh	24.2	-
Exchange	2	USD 3,845,000	-	-	USD 24,328,000	0.4	-
Gas formulas	3	26,938,628 MWh	-	163.9	15,545,353 MWh	-	143.6
Electricity formulas	2	2,364,228 MWh	-	9.9	1,450,939 MWh	-	17.1
Other commodities	3	7,356 tonnes	-	-	7,284 tonnes	-	0.2
Exchange	2	11,423,000 Usd	-	0.1	0	-	-
Totale fair value			174.6	173.9		161.1	160.9

The main objectives of these contracts are to replicate the cash flows of the formulas on sale in the market and to cover the spread between benchmark markets (TTF and PSV). In order to assess the impact that fluctuations in the market price of the underlying asset have on the financial derivatives attributable to the commercial portfolio, the PaR (Profit at Risk) tool is used, that is the change in the value of the portfolio of derivative financial instruments within pre-established probability hypotheses as a result of a shift in market indexes.

The total fair value of the trading portfolio as at 31 December 2025 is in line with the previous financial year. The change in the fair value of assets and liabilities compared to 31 December 2024 is primarily driven by the following offsetting effects:

- Higher notional amounts outstanding at the end of the financial year, in particular in relation to gas formula contracts;
- The forward-looking trend of the energy commodity price curves used to measure the year-end fair value, which show lower reference prices than on 31 December 2024 for both the natural gas and electricity commodities.

Overall effect of these instruments on the statement of comprehensive income is broken down as follows:

COMMODITY DERIVATIVES COMMERCIAL PORTFOLIO	31/12/2025			31/12/2024		
	POSITIVE ELEMENTS	NEGATIVE ELEMENTS	NET EFFECT	POSITIVE ELEMENTS	NEGATIVE ELEMENTS	NET EFFECT
Changes to expected cash flows	(9.0)	-	(9.0)	(1.2)	-	(1.2)
Reserve transferred to the statement of profit or loss	1,228.2	(1,218.7)	9.5	1,055.7	(1,126.9)	(71.2)
Effect of hedging derivatives on statement of comprehensive income	1,219.2	(1,218.7)	0.5	1,054.5	(1,126.9)	(72.4)

The components recognised in the statement of comprehensive income are transferred back to the statement of profit or loss at the maturity dates of the corresponding hedged items.

The effect on the statement of profit or loss of the realised of derivative or similar contracts, whether physical or financial, may be broken down as follows:

REALISATION OF COMMODITIES IN THE COMMERCIAL PORTFOLIO				OVERALL EFFECT
PHYSICAL CONTRACTS TREATED AS DERIVATIVES		FINANCIAL DERIVATIVE CONTRACTS		
Sales revenue	1,214.5	Income	4.2	1,218.7
Purchasing costs	(1,223.3)	Expenses	(4.9)	(1,228.2)
Effect of realising hedging derivatives	(8.8)		(0.7)	(9.5)

Sensitivity analysis - Commercial portfolio

Assuming an instant increase of 30 euro/MWh of the TTF, with no change in the national standard price curve, the potential increase in the fair value of derivative financial instruments held at 31 December 2025 would amount to approximately 9.9 million euro. On the contrary, an instant fall in the same amount would bring about a potential decrease in the fair value of the instruments of approximately 9.8 million euro.

Assuming an instant +30 euro/MWh change in the national standard price curve, with no change in the TTF price, the potential increase in the fair value of derivative financial instruments of the commercial portfolio held at 31 December 2025 would amount to approximately 46.3 million euro. On the contrary, an instant change of -30 euro/MWh would bring about a potential decrease in the fair value of the instruments of approximately 46.3 million euro.

In the organisational model described above, these changes in fair value would affect derivative instruments accounted for as hedges thus the opposite variation of equity would be recorded in the statement of profit or loss.

Trading portfolio

The trading portfolio includes derivatives or similar instruments that are not intended to hedge the Group's requirements and are entered into for speculative purposes. These instruments may be broken down into the following types:

COMMODITY/FOREIGN EXCHANGE DERIVATIVES OPERATIONS MANAGEMENT							
TYPE	FAIR VALUE HIERARCHY	31/12/2025			31/12/2024		
		NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Electricity formulas	2	1,494,802 MWh	3.9	-	1,738,529 MWh	21.3	-
Electricity formulas	2	2,086,858 MWh	-	29.1	2,492,178 MWh	-	46.5
Totale fair value			3.9	29.1		21.3	46.5

TYPE	31/12/2025			31/12/2024		
	INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Assessment of derivatives	49.9	(50.0)	(0.1)	120.2	(113.9)	6.3
Realised cash flows	71.0	(69.9)	1.1	69.0	(50.1)	18.9
Economic effect of derivatives	120.9	(119.9)	1.0	189.2	(164.0)	25.2

In order to assess the impact that fluctuations in market prices of the underlying asset have on the derivatives attributable to the trading portfolio, the VaR (Value at Risk) instrument is used, that is the negative change in the value of the portfolio of derivative instruments within pre-established probability hypotheses as a result of an unfavourable shift in market indexes.

The net fair value of the trading portfolio as at 31 December 2025 is fully in line with the previous financial year. The change in the fair values of assets and liabilities compared to 31 December 2024 is affected both by the lower volumes of notional amounts outstanding at the end of the period and by the projected trend of the price curves.

The effect on the statement of profit or loss of exchanges realised on derivative or similar contracts, whether physical or financial, can be broken down as follows:

Contracts treated as derivatives		Financial derivative contracts		Overall effect
Sales revenue	69.4	Income	1.6	71.0
Purchasing costs	(59.5)	Expenses	(10.4)	(69.9)
Effect of realising derivatives	9.9		(8.8)	1.1

Sensitivity analysis - Trading portfolio

Assuming an instant +30 euro/MWh change in the national standard price curve, with equal TTF price, the potential increase in the fair value of derivative financial instruments of the trading portfolio held at 31 December 2025 would amount to approximately 1.2 million euro. On the contrary, an instant change of -30 euro/MWh would bring about a potential decrease in the fair value of the instruments of approximately 1.2 million euro.

2.02.08 Provisions and contingent liabilities

30 Employee benefits

The item includes provisions for post-employment benefits and other contractual benefits, net of advances paid out and payments made to the social security institutions pursuant to current regulations. The calculation is made using actuarial techniques and discounting future liabilities to the balance sheet date. These liabilities comprise the employee's matured receivables at the presumed date of leaving the company.

	OPENING VALUE	SERVICE COST	FINANCIAL EXPENSE	ACTUARIAL GAIN (LOSS)	UTILISATIONS	OTHER CHANGES	CHANGES IN THE SCOPE OF CONSOLIDATION	CLOSING VALUE
31/12/2024								
Post-employment	75.8	1.1	2.0	0.3	(9.0)	-	0.1	70.3
Other benefits	12.3	-	0.4	(2.1)	(1.0)	-	-	9.6
Total	88.1	1.1	2.4	(1.8)	(10.0)	-	0.1	79.9
31/12/2025								
Post-employment	70.3	1.2	1.7	(0.7)	(8.5)	-	0.8	64.8
Other benefits	9.6	-	0.3	0.6	(1.0)	-	-	9.5
Total	79.9	1.2	2.0	(0.1)	(9.5)	-	0.8	74.3

"Other benefits" comprise the following:

- Gas discount, an annual allowance provided to Federgasacqua employees, hired prior to January 1980, which may be transferred to their heirs;

- Premungas, a supplementary pension fund for employee members of Federgasacqua hired prior to January 1980. This fund, closed with effect from January 1997, undergoes changes on a quarterly basis solely to settle payments made to eligible retirees;
- Tariff reduction, set up to cover the charges deriving from the acknowledgement to retired staff of the electricity business unit of tariff concessions for electricity consumption.

The item "Service Cost" regards companies with a small number of employees for whom the employee severance indemnity fund continues to represent a defined benefit plan.

"Financial expenses" are calculated by applying a specific discount rate for each individual company, determined on the basis of the average financial life of the bond.

"Actuarial gain (loss)" reflect the re-measurement of the liabilities for employee benefits arising from changes in actuarial assumptions. These effects are recorded directly in the other items of the comprehensive statement of profit or loss.

"Changes in the scope of consolidation" includes the for post-employment benefits acquired following the business combinations carried out during the period.

The table below outlines the main assumptions used in the actuarial estimate of employee benefits, subdivided by geographical area:

	CENTRAL AREA	NORTH-EAST AREA
Technical yearly discount rate	2.82 %	2.82 %
Overall increase of salary yearly rate	2.50 %	2.50 %
Yearly frequency of exit from work for reasons other than death	2.12 %	3.16 %
Yearly average frequency of use of severance pay provision	2.23 %	1.86 %

In interpreting said assumptions, account is taken of the following:

- with regard to the inflation rate, the inflation assumption was inferred by adopting the Extended National Consumer Price index of 1.9% for the year 2026 and for the following years;
- for probabilities of death, ISTAT 2024 tables were consulted;
- In the actuarial valuations, account was taken of the commencement dates for pension benefits set out in Italian Decree-Law No. Decree No. 201 of 6 December 2011, converted, with amendments, into Italian Law No. 214 of 22 December 2011, as well as the provisions for adjusting the eligibility criteria for accessing the pension system to increases in life expectancy, pursuant to Article 12 of Italian Decree-Law No. 78 of 31 May 2010, converted, with amendments, into Italian Law No. 122 of 30 July 2010, were taken into account in the actuarial valuations; Decree-Law No. 78 of 31 May 2010, converted, with amendments, into Law No. 122 of 30 July 2010, were taken into account in the actuarial valuations;
- for the likelihood of leaving employment for reasons other than death, an average yearly exit rate of 2.12% was hypothesised for the central area and 3.16% for the north-east area, since the analysis differentiated by professional level and sex did not result in statistically significant results;
- to take into account the phenomenon of early leaving, the incidence and amount of average anticipated severance pay were hypothesised. The frequency of advance payments as well as the average percentage of severance pay requested as an advance were drawn from corporate data. The rate of severance pay requested as an advance was hypothesised at 70% of severance pay or the maximum amount set by current regulations.

Actuarial projections were made on the basis of the Euro Composite AA yield curve at 31 December 2025.

Sensitivity Analysis - Obligations of defined-benefit plans

Assuming a 50 bps increase in the internal rate of return compared to the discount rate actually applied to value the liabilities at 31 December 2025, all other actuarial assumptions being equal, the potential decrease of the present value of the existing defined-benefit obligations (DBO) would amount to about 1.2 million euro. Likewise assuming a reduction of this rate of 50 bps, there would be an increase in the present value of the liabilities of about 1.1 million euro.

Assuming a 50 bps increase in the in the rate of inflation compared to that actually applied to value the liabilities at 31 December 2025, all other actuarial assumptions being equal, the potential increase of the present value of the existing defined-benefit obligations (DBO) would amount to about 0.6 million euro. Likewise, assuming a reduction of this rate of 50 bps, there would be a decrease in the present value of the liabilities of approximately 0.6 million euro. Changes in the remaining actuarial assumptions would not produce significant effects on the present value of the liabilities of the defined-benefit plans reported in the financial statement.

31 Provisions

	OPENING VALUE	PROVISIONS	FINANCIAL EXPENSES	UTILISATIONS	OTHER CHANGES	CHANGES IN THE SCOPE OF CONSOLIDATION	CLOSING VALUE
31/12/2024							
Provision for third-party asset restoration	228.8	6.4	5.2	-	(0.1)	-	240.3
Provision for closure and post-closure landfill expenses	185.1	10.5	18.6	(13.4)	9.4	-	210.2
Provision for personnel lawsuits and disputes	15.0	2.8	-	(2.7)	(0.3)	-	14.8
Provisions for waste disposal	8.5	8.5	-	(8.2)	(0.2)	1.0	9.6
Provision for plants dismantling	6.3	-	0.2	-	0.2	-	6.7
Other provisions	174.1	48.1	-	(10.6)	(3.0)	2.9	211.5
Total	617.8	76.3	24.0	(34.9)	6.0	3.9	693.1
31/12/2025							
Provision for third-party asset restoration	240.3	6.5	1.8	-	0.1	-	248.7
Provision for closure and post-closure landfill expenses	210.2	7.0	19.5	(22.6)	2.6	-	216.7
Provision for personnel lawsuits and disputes	14.8	3.4	-	(0.8)	(2.9)	-	14.5
Provisions for waste disposal	9.6	9.2	-	(9.2)	-	-	9.6
Provision for plants dismantling	6.7	-	0.2	-	0.3	-	7.2
Other provisions	211.5	27.2	-	(17.1)	(12.3)	-	209.3
Total	693.1	53.3	21.5	(49.7)	(12.2)	-	706.0

The "Provision for third-party asset restoration" includes provisions made in relation to law and contractual requirements for the Group companies as lessees of the distribution networks of the entity that owns the assets. The allocations are made on the basis of amortisation rates held to be representative of the remaining useful life of the assets in question in order to compensate the owner companies for the wear and tear of the assets used for business activities. In the event that the concession system is not yet undergoing an extension, pending the setting of calls for tenders for the area, this provision reflects the present value of the disbursements that will be determined in future periods (generally at the expiry of the agreements signed with the area authorities, in the case of the water service, and at the end of the transitional period provided for by current legislation, in the case of gas distribution). However, if the concession regime is being extended, since it is no longer possible to determine a definite point in time for disbursement, the amounts set aside are not discounted. The increases in the provision comprise the sum total of the provisions for the year, including those discounted to present value, and the financial charges for the period associated with the cash flows discounted to present value. The majority of the provisions relate to concessions under extension, and therefore the value of the finance charges is extremely low compared to the total value of the provision.

The "Provision for landfill closure and post-closure expenses" represents the amount set aside to cover the costs which will have to be incurred for the management of the closure and post-closure period pertaining to the landfills currently managed. Future outlays, calculated for each landfill by means of a specific appraisal, have been discounted to present value. The increases in the provision comprise the financial component derived from the discounting process and provisions due to changes in the assumptions about future outlays, following the change in expert estimates on closed landfills.

Financial expenses increased compared to the previous year, mainly due to updates in the parameters used to reflect current market conditions.

Utilisations represent the actual disbursements that occurred during the year. The significant increase in the reporting period is primarily attributable to the capping activities for landfill sites that ceased accepting waste in the previous reporting period. 'Other changes' mainly include changes in the estimates of closure and post-closure costs for active landfill sites, which result in the recognition of an adjustment of the same amount to the value of the facilities (landfill assets), amounting to 2.6 million euro for FY 2025 (9.4 million euro as at 31 December 2024).

"Provision for personnel lawsuits and disputes" reflects the outcomes of lawsuits and disputes brought by employees.

“Provision for waste disposal” reports the estimated costs of the disposal of waste already stored at the Group's plants. The provisions reflect the estimated costs of the collections for 2025 not yet treated at the end of the financial period, while the uses represent the costs incurred over the period for treating residual waste that was stored at 31 December 2024.

“Provision for plants dismantling” includes the amounts allocated for the future dismantling of the plants for cases in which it is mandatory.

“Other provisions” comprise provisions made against sundry risks. Below, there is a description of the main items:

MN€	TYPE	31/12/2025	31/12/2024
Non-recognition of expenses reported in regulated energy markets	Likely	15.8	15.8
Guarantee on financial exposure granted by AcegasApsAmga Spa in case of abandonment of the operations run for the most part by the foreign subsidiary AresGas (Bulgaria).	Contingent	11.3	11.3
Risk of disputes with the Italian Competition Authority	Likely	10.0	10.0
Non-recognition of the higher cost of the electricity used in the water service in 2022, for having exceeded the maximum allowable limit under the tariff system	Likely	9.3	9.3
Non-recognition of the cogeneration plants' green certificates amount, calculated according to the difference between auxiliary services resulting from total self-consumption and services estimated on the basis of the benchmark percentage	Likely	8.9	8.9
Risk of non-reimbursement by the Customs Agency, relating to surcharges on electricity reimbursed to end-users	Likely	7.8	8.7
Risks arising from the activity of energy efficiency upgrading of buildings carried out on behalf of end customers, particularly apartment buildings	Likely	6.6	18.3
Expenses for future work on the plants impacted by the 2023 flood covered by insurance reimbursements already received	Likely	6.1	8.9

The liabilities classified as contingent were recognised as part of the business combination in the year in which it occurred.

Provisions relating to ‘Other provisions’, amounting to 24.4 million euro, were down compared to 31 December 2024. In this regard, it should be noted that the provision as at 31 December 2024 included, in particular, allocations both for the risk related to the reporting areas of the non-disconnectable safeguard market and for the assessment of the risk associated with a probable challenge by the Data Protection Authority.

The other changes relating to ‘Other Provisions’, amounting to a negative 12.3 million euro, mainly include the reversal of provisions due to the cessation of the underlying risk.

For detailed information on the provisions entered for tax litigations, see note 12 “Taxes”.

2.02.09 Net working capital

	NOTES	31/12/2025	31/12/2024	CHANGE
Inventories	32	213.2	168.1	45.1
Trade receivables	33	2,605.9	3,172.5	(566.6)
Trade payables	34+	(1,839.9)	(2,723.9)	884.0
Current tax assets	13	56.2	31.3	24.9
Current tax liabilities	13	(12.8)	(48.2)	35.4
Contract assets	35	89.5	263.9	(174.4)
Contract liabilities	36	(26.1)	(203.2)	177.1
Other current assets	37	778.5	1,104.5	(326.0)
Other current liabilities	38	(1,696.3)	(1,512.8)	(183.5)
Net working capital		168.2	252.2	(84.0)

Net working capital consists of the same components as net working capital, as defined by the alternative performance measures in paragraph 1.0 "Group performance", with the exception of current portions of assets and liabilities for commodity derivatives.

The change compared to the previous reporting period is influenced, in particular, by the reduction in the 110% super-bonus tax credits generated in previous reporting periods, the collection of the amounts allocated to the Group based on the reports submitted during the reporting period for the last resort markets, and the impact of the new plant grants received. These effects were only partially offset by the performance of the Group's commercial activities, which were characterised by reduced activity on the wholesale electricity trading markets, a decrease in the volume of gas sold to end customers, and a downward trend in energy commodity prices, which were lower than in the final quarter of 2024, resulting in a significant reduction in the stock of trade payables at the end of the financial year. There was an increase in natural gas inventories, in line with the Group's procurement strategy for the 2025–2026 autumn–winter season, and in the positive net balance relating to current taxes (payable as at 31 December 2024), due to higher advance payments, which were substantially higher than the current taxes accrued as a result of the lower results achieved.

32 Inventories

	31/12/2025	31/12/2024	CHANGE
Gas stocks	132.5	85.8	46.7
Raw materials and stocks	72.3	69.2	3.1
Materials earmarked for sale and finished products	8.4	13.1	(4.7)
Total	213.2	168.1	45.1

"Gas stocks", stated net of the relative provision for inventory write-downs, represent the stocks of natural gas held for sale. The change compared to the end of the previous year is mainly due to:

- greater volumes in stock at the end of the period, due to the greater storage capacity purchased for the 2025-2026 autumn-winter season.
- the increase in purchase prices recorded in 2025, which led to a higher average book cost;

When determining the average cost of inventories, all natural gas purchases made during the period of injection into storage are taken into account. When determining the value, forward sales contracts already entered into by the Group as at the financial statements date are also taken into account. For these reasons, as already done during previous years, the value of these stocks was adjusted to their presumed realisable value net of selling costs, recognising an end-of-period adjustment of 0.6 million euro (17.8 million euro at 31 December 2024).

“Raw materials and stocks”, already presented net of an associated provision for write-downs, mainly includes:

	31/12/2025	31/12/2024	CHANGE
Spare materials and equipment	62.4	61.8	0.6
Plastic materials	9.8	7.2	2.6
Other fuels	0.1	0.2	(0.1)
Total	72.3	69.2	3.1

“Materials earmarked for sale and finished products”, already stated net of the relevant provision for write-downs, mainly consists of:

	31/12/2025	31/12/2024	Change
Plastic products	6.2	9.9	(3.7)
Material for photovoltaic systems	1.5	3.0	(1.5)
Other products/materials	0.7	0.2	0.5
Total	8.4	13.1	(4.7)

33 Trade receivables

	31/12/2025	31/12/2024	CHANGE
Receivables from customers	2,220.4	2,133.9	86.5
Receivables from customers for bills and invoices not yet issued	1,114.8	1,748.7	(633.9)
Loss allowance	(729.3)	(710.1)	(19.2)
Total	2,605.9	3,172.5	(566.6)

Trade receivables comprise estimated consumption, for the portion pertaining to the period, relating to bills and invoices which will be issued after 31 December 2025, as well as receivables for revenue coming due during the period, referring to the water sector which will be billed in the following period, in accordance with the billing methods for final customers established by the relevant Authority.

The change in the stock of receivables managed compared to the previous year is due to various phenomena that had opposing effects. Below are the main factors:

- decrease in payables relating, in particular, to trading transactions on wholesale markets carried out at year-end that are expected to be settled in the first few months of 2025, which show a similar trend as for the item “Trade payables”; This item is also affected by the decrease in energy commodity prices as at 31 December 2025 compared to the levels reached in the final months of the financial year under review;
- A decrease in receivables relating to the sale of natural gas to end customers, mainly due to a reduction in sales volumes;
- decrease in invoices issued involving energy efficiency services provided to apartment buildings. As a result of restrictions on incentive policies, the Group's energy efficiency activities have, in fact, experienced a significant decline;
- An increase in receivables related to the sale of the electricity commodity, primarily due to higher volumes sold on the safeguard market, despite a decrease in prices compared to the same period of the previous financial year.

The value of trade receivables reported in the financial statements at 31 December 2025 represents the Group's maximum exposure to credit risk. Changes in the associated provision to the loss allowance is as follows:

	OPENING BALANCE	ACCRUALS	CHANGES IN THE SCOPE OF CONSOLIDATION	USES AND OTHER MOVEMENTS	CLOSING BALANCE
Esercizio 2024	626.7	122.9	-	(39.5)	710.1
Esercizio 2025	710.1	99.4	-	(80.2)	729.3

The recording of the provision is made on the basis of analytical valuations in relation to specific receivables, supplemented by measurements made based on future-oriented analyses of the receivables regarding the general body of customers (in relation to the age of the receivables, the type of recovery action undertaken and the status of

the debtor), as described in the section "Risk management" in paragraph 2.02.01 "Introduction". The change in provisions compared to the previous reporting period is mainly attributable to lower provisions for the gas last resort markets, due to the different scope of operations managed by the Group. The higher drawdowns and other changes during the period are primarily attributable to the completion of the debt recovery process for receivables, already covered by the provision in previous financial years, which arose between 2022 and 2024, a period in which turnover increased significantly as a result of price rises due to the energy crisis.

The following table shows receivables from all customer clusters on the basis of bills issued, organised by degree of past-due:

	31/12/2025	%	31/12/2024	%	CHANGE
Current	522.9	23.5 %	592.6	27.8 %	(69.7)
Overdue by 0-30 days	174.0	7.8 %	173.8	8.1 %	0.2
Overdue by 31-180 days	221.8	10.0 %	183.7	8.6 %	38.1
Overdue by 181-360 days	208.4	9.4 %	199.8	9.4 %	8.6
Overdue for more than 360 days	1,093.3	49.2 %	984.0	46.1 %	109.3
Total	2,220.4		2,133.9		86.5

34 Trade payables

	31/12/2025	31/12/2024	CHANGE
Payables to suppliers	627.9	673.0	(45.1)
Payables to suppliers for invoices not yet received	1,212.0	2,050.9	(838.9)
Total	1,839.9	2,723.9	(884.0)

Changes in trade payables compared to the previous year mainly involve the following factors:

- decrease in receivables relating, in particular, to trading transactions on wholesale markets carried out at year-end that are expected to be settled in the first few months of 2025, which show a similar trend as for the item "Trade payables"; This item is also affected by the decrease in energy commodity prices as at 31 December 2025 compared to the levels reached in the final months of the financial year under review;
- A decrease in payables related to the sale of natural gas as a commodity, due to lower volumes sold to end customers;
- A decrease in debt exposure to supplier companies and professionals who, on behalf of the Group, carried out work and energy-efficiency upgrades on buildings, particularly apartment blocks, following the significant reduction in business volumes resulting from the discontinuation of large-scale incentives.

35 Contract assets

	31/12/2025	31/12/2024	CHANGE
Treatment and disposal	29.1	22.2	6.9
Public lighting	25.6	40.0	(14.4)
Water services	19.4	21.6	(2.2)
Energy services and energy upgrading buildings	14.1	179.6	(165.5)
Other minor items	1.3	0.5	0.8
Total	89.5	263.9	(174.4)

Contract assets include multi-year work contracts for installation work. The change compared to the previous financial year is mainly due to the completion of works that were in progress as at 31 December 2024 for the energy-efficiency upgrading of buildings, in particular apartment blocks. As a result of the regulatory changes introduced in previous financial years, which have effectively almost eliminated the possibility of offering invoice discounts to customers, this activity did not show any significant developments during FY 2025.

With regard to the treatment and disposal business, the change compared to the previous financial year is attributable to the development of site remediation, waste management and civil engineering works on behalf of industrial customers.

36 Contract liabilities

	31/12/2025	31/12/2024	CHANGE
Deferred liabilities	14.7	14.0	0.7
Advances for works in progress	10.4	184.0	(173.6)
Other advance payments	1.0	5.2	(4.2)
Total	26.1	203.2	(177.1)

In line with the previous year, 'Deferred income' represents portions of revenue relating to future years.

"Advance payments for works" includes advance payments received primarily from municipalities and asset companies, relating respectively to public lighting works and works related to the water cycle. The significant decrease reflects the completion of work in progress as at 31 December 2024 relating to energy efficiency improvements in apartment buildings, which, as mentioned in Note 35, 'Current assets arising from contracts with customers', have been drastically reduced due to regulatory restrictions on the application of invoice discounts.

'Other advance payments', which are of a residual nature, mainly include advance payments for the delivery of 'grey certificates' based on contractual agreements entered into with a special-purpose vehicle owned by the Group, which operates a power generation plant.

37 Other current assets

	31/12/2025	31/12/2024	CHANGE
Tax credits, benefits and other fiscal credits	465.4	741.6	(276.2)
Fund for energy and waste management services for equalisation and system components	61.3	82.0	(20.7)
Prepaid costs	44.3	42.0	2.3
VAT, excise and additional taxes	40.4	48.4	(8.0)
Security deposits	38.0	39.6	(1.6)
Advances to suppliers	33.1	48.0	(14.9)
Energy efficiency certificates and emission trading	22.6	41.2	(18.6)
Other receivables	73.4	61.7	11.7
Total	778.5	1,104.5	(326.0)

"Tax credits, benefits and other fiscal credits" mainly include:

- tax credits arising from the application of the invoice discount to end customers, stated at amortised cost, in relation to subsidised energy efficiency works carried out on apartment buildings for the most part, amounting to 456.3 million euro (731.1 million euro at 31 December 2024). The significant decrease compared to the previous financial year is mainly attributable to the use of these receivables to offset taxes and duties owed by the Group, and to transfers made to financial institutions;
- credits for investments in capital goods, including those related to Industry 4.0, totalling 7.2 million euro (7.6 million euro at 31 December 2024), which will be used to offset taxes and contributions in subsequent periods on the basis of the annual limits provided for.

"Fund for energy and environmental services for equalisation and system components" reflects receivables from the Fund for energy and environmental services for equalisation in the amount of 48.4 million euro (58.3 million euro as at 31 December 2024) and for system components of the gas, electricity and water services in the amount of 12.9 million euro (23.7 million euro as at 31 December 2024).

Equalisation receivables decreased by 9.9 million euro compared to the previous reporting period, with a similar trend across the various regulated sectors. On the one hand, there was a higher equalisation provision for the reporting period, mainly due to ARERA's approval of the obligation to recalculate the operating costs recognised for the gas distribution service for the period 2020–2025 and to the introduction of the new ROSS electricity distribution tariff method, which marked a clear break with the previously applicable method of recognising incurred costs. On the other hand, however, the aforementioned effects were more than offset by the collections made during the financial year in relation to the equalisation balances allocated in previous years.

Receivables from system components decreased by 10.8 million euro compared to the previous financial year, primarily as a result of the changes introduced from the fourth quarter of 2025 onwards in relation to the Cpstgd charge, which is designed to ensure a balance in the domestic transitional protection scheme between the costs incurred by operators and the revenue charged to end customers. Specifically, for this charge, ARERA has set a positive rate only from the final quarter of FY 2025 onwards.

"Prepaid costs" mainly comprise future accruals in respect of:

	31/12/2025	31/12/2024	CHANGE
Outsourced services and processing	16.6	16.7	(0.1)
Bank charges, sureties and commissions	4.8	5.2	(0.4)
Rents payables and concession fees for network services	2.5	3.1	(0.6)
Other minor items	20.4	17.0	3.4
Total	44.3	42.0	2.3

"VAT, excise and additional taxes" includes payables for VAT in the amount of 13.2 million euro (10.4 million euro at 31 December 2024), and excise and additional taxes in the amount of 27.2 million euro (38 million euro at 31 December 2024). The increase in value added tax compared to the previous financial year is mainly due to the receivable relating to companies incorporated during FY 2025, which only entered the Group VAT tax regime as of 1 January 2026. With regard to excise duties and additional taxes, the procedures governing the financial relations with the tax authorities should be taken into account: as a matter of fact, advance payments made during the year are calculated on the basis of the quantities of gas and electricity billed in the previous year, while the actual debt is generated on the volumes sold in the period. These methods can generate credit or debit positions with differences that may be significant even between one period and another. In March of each year, the balance is then settled by paying any debit balance to the tax authorities.

For the year 2025, in particular, despite a decrease in gas volumes compared to the previous year, the invoiced amount for the period relating to gas excise duties was slightly lower than the advance payments made, thus giving rise to an excise duty receivable, albeit for a small amount, as at 31 December 2025; conversely, the invoiced electricity volumes increased, resulting in a payable balance, as reported in Note 38, 'Other current liabilities'.

"Security deposits" mainly includes deposits provided as security for participation in foreign platforms that deal in commodity contracts, auctions on the electricity market, and to ensure operations on wholesale markets for electricity and natural gas, totalling 28.4 million euro (30.3 million euro at 31 December 2024). This item also includes the deposits required by current legislation from operators that produce, hold, process or sell excisable products, amounting to 2.3 million euro (in line with the figure as at 31 December 2024).

Under 'Advances to suppliers', the change compared to the previous financial year is primarily attributable to the significant decrease in business related to the energy retrofitting of buildings, particularly apartment blocks. This item also includes advance payments to agents for commissions, amounting to 11 million euro (10.7 million euro as at 31 December 2024).

"Liabilities for energy efficiency certificates and emission trading", include the following:

	31/12/2025	31/12/2024	CHANGE
White certificates	18.0	27.9	(9.9)
Grey certificates	4.6	13.3	(8.7)
Total	22.6	41.2	(18.6)

- The portfolio of white certificates mainly includes the valuation of certificates calculated on the basis of the energy efficiency targets set by the GSE for gas and electricity distribution companies, net of adjustments already made during the period, amounting to 8.4 million euro (26.4 million euro as at 31 December 2024); certificates acquired on the market and held in the portfolio in excess of the requirements for the period for certain Group companies, amounting to 8 million euro as at 31 December 2025 (this item was not present as at 31 December 2024); and, on a residual basis, certificates resulting from energy efficiency measures implemented by the Group, amounting to 1.6 million euro (1.5 million euro as at 31 December 2024). The decrease, despite the contribution being valued at substantially the same level as in the previous reporting period, is primarily due to the lower energy efficiency targets assigned to the Group for the 2025 obligation year, as indicated in Note 2, 'Other income';
- the portfolio of grey certificates reflects the valuation of both securities held by the Group for 4.4 million euro (13.1 million euro at 31 December 2024) and the exposure for forward contracts to buy and sell greenhouse gas emission allowances for 0.2 million euro (unchanged compared with 31 December 2024). The change compared to the previous financial year is mainly due to the lower number of certificates held at the end of the financial year, while the valuation price has increased, partially offsetting the decrease resulting from the quantity effect.

The item "Other receivables" includes:

	31/12/2025	31/12/2024	CHANGE
Contributions	14.6	-	14.6
Non-recurring subsidies	13.0	13.0	-
Incentives from renewable sources	8.6	7.5	1.1
Receivables from asset companies 6.2	6.2	6.2	-
Other minor items	31.0	35.0	(4.0)
Total	73.4	61.7	11.7

- Grants: These represent amounts received in January 2026 for which the Group had already met all the conditions required to receive the corresponding grant by the end of FY 2025. Specifically, these include both relief granted to cover the costs incurred for the provision of extraordinary environmental hygiene services that became necessary to address the damage caused by the September 2024 flood, and NRRP grants related to projects initiated in connection with leaks in the water networks managed by the Group in Emilia-Romagna;
- At 31 December 2025, non-recurring subsidies include the amount the parent company Hera Spa paid, yet not due, during FY 2022 in respect of the "Non-recurring windfall contribution", introduced for the year 2022 by Article 37 Decree-Law No. 21/2022. These amounts were paid to the tax authorities on the agreed due dates, but the subsequent 2023 Budget Law, in paragraphs 120 and 121 of Article 1, amended the scope and the taxable base of the contribution for the year 2022, as a result of which Hera Spa is no longer liable for this contribution and has therefore requested its reimbursement. Following the tacit refusal by the Office and the resulting appeal by Hera Spa, in a March 2025 ruling, the Bologna Court of First Instance ordered the tax authorities to provide full reimbursement of the sums claimed. On 23 July 2025, the Revenue Agency lodged an appeal against the aforementioned ruling in favour of the Company, which entered an appearance in the proceedings. In addition, the Revenue Agency applied for a stay of enforcement of the refund, which the Court of Justice dismissed. A hearing to consider the dispute is pending. The amount paid remains, therefore, entered under other current assets pending its repayment.
- Incentives from renewable sources consist of receivables from the GSE arising from the incentive mechanism for electricity generation, which replaced the certificate system as of 2016.
- receivables from asset companies include receivables from companies that own the networks and related assets used by the Group to provide utility services. Unless agreements are reached during the management period, these receivables will be settled at the end of the concession or assignment contract.

38 Other current liabilities

	31/12/2025	31/12/2024	CHANGE
Payables for advances to the fund for energy and waste management services	635.3	510.4	124.9
Plant investment grants	367.1	300.6	66.5
Fund for energy and waste management services for equalisation and system components	161.7	137.3	24.4
Security deposits from customers	146.4	160.0	(13.6)
Personnel and employee withholding	105.5	97.2	8.3
Payables to social security institutions	88.4	83.5	4.9
VAT, excise and additional taxes	29.5	38.4	(8.9)
Energy efficiency certificates and emission trading	16.0	34.4	(18.4)
Deferred revenue and other accrued expenses	10.5	13.5	(3.0)
Other payables	135.9	137.5	(1.6)
Total	1,696.3	1,512.8	183.5

"Payables for advances to the fund for energy and waste management services" comprises non-interest-bearing advances granted by the fund for energy and waste management services based on legal regulations and Arera resolutions issued over the years, for the following main events:

- 319.3 million euro (258.5 million euro at 31 December 2024) for advances in compliance with the integration mechanism set forth by law for overdue and unpaid receivables from customers managed under the safeguarded system. The latest reports concern the year 2023;
- 260.9 million euro (204.9 million euro at 31 December 2024) in compliance with the reintegration mechanisms provided for by law against the charges for arrears in last resort services in the natural gas sector (FUI, FTD and FDD), incurred up to the 2023-2024 thermal year;
- 26.2 million euro (19.8 million euro at 31 December 2024) in compliance with the mechanism of integration envisaged for overdue and uncollected receivables due from customers managed in the graduated protection service for small businesses connected to low voltage lines without a contract under free market conditions. The latest reports concern the year 2023;
- 15.3 million euro (12.6 million euro at 31 December 2024) in compliance with the procedures for accessing the reimbursement mechanism for general system charges not collected from end customers and already paid to distribution companies for 2016-2024. The scope of application is limited to the sale of electricity on the free market, the safeguarded market (disconnectable) and the transitional protection scheme (disconnectable);
- 9.7 million euro (11 million euro as at 31 December 2024) in compliance with the mechanism that established revenue equalisation to offset part of the unforeseeable costs incurred in supplying the default last-resort and FUI markets, particularly as a result of the entry of more customers than forecast.

The change in this item compared to 31 December 2024 mainly reflects the collections relating to the settlements made during the reporting period.

"Plant investment grants" decreases in proportion to the amount of amortisation calculated on the fixed assets in question and increases as a result of the collections of public grants, including those relating to the NRRP. The item includes:

	31/12/2025	31/12/2024	CHANGE
New water system investment fund	103.6	104.9	(1.3)
Purification and sewerage systems	102.3	57.6	44.7
Purification plant in Servola (Trieste)	25.9	28.3	(2.4)
Gas and electricity distribution networks	18.4	8.1	10.3
Construction of rolling basins e underwater pipes in the area of Rimini	16.6	19.2	(2.6)
Other minor items	100.3	82.5	17.8
Total	367.1	300.6	66.5

"Fund for energy and environmental services for equalisation and system components": This item reflects payables to the Fund for energy and environmental services for the equalisation of the electricity distribution service in the amount of 1.1 million euro (2.4 million euro as at 31 December 2024) and for certain system components of the gas, electricity

and water services in the amount of 160.6 million euro (134.9 million euro as at 31 December 2024). The change in payables for system components compared to the previous reporting period primarily reflects the following effects:

- An increase in the payable balance in relation to the Re and Ug1 tariff components, due to the higher rates applicable in the fourth quarter of 2025 compared to the same period in the previous financial year;
- An increase in the payable balance for the CSAL charge, which covers the costs of late payments by customers on the electricity market who cannot be disconnected under the safeguard scheme. This increase is linked to the higher volumes sold following the award of seven of the nine service lots for the two-year period 2025–2026.

“Security deposits from customers” reflect, under certain conditions, the amounts requested from customers primarily in connection with gas, electricity, water and district heating supply contracts. The change compared to the previous financial year is primarily attributable to the decrease in customers and volumes in the natural gas sales business, partially offset by the increase in deposits for areas operated under the safeguard regime.

“Personnel and employee withholding” includes for the most part the vacation time accrued and not used, as well as the productivity bonuses accounted for by department at 31 December 2025, plus withholding taxes to be paid to the State treasury as tax substitute for employees. The change compared to the previous financial year is due both to the salary increases stipulated in the national collective bargaining agreements and to the increase in the number of employees employed by the Group.

“Payables to social security institutions” relate to contributions owed to these institutions for the December salaries, performance bonuses and additional monthly payments under national collective agreements. The change compared to the previous financial year is due to the dynamics described above for the item ‘Personnel and employee withholdings’.

“VAT, excise and additional taxes” includes payables for VAT in the amount of 20.1 million euro (16.8 million euro at 31 December 2024), and excise and additional taxes in the amount of 9.4 million euro (21.6 million euro at 31 December 2024). As outlined in note 37, “Other current assets”, this increase must be understood taking into account the factors that regulate financial relations with the Inland Revenue Office, which can generate credit/debit positions with differences that can be significant even between one financial period and another.

With regard to value added tax, the figure is broadly in line with the previous financial year and is mainly represented by the amount payable to the tax authorities determined by the VAT Group. It should be noted that in December 2025, an advance payment, calculated on a historical basis, of 19.2 million euro was made.

With regard to excise and additional taxes, the advance payment in 2022 was made, as required by the regulations in force, on the basis of the volumes invoiced in the previous year. The advance payment, instead, was made on the basis of the volumes invoiced in 2025. This resulted, as also outlined in note 37 “Other current assets”, in a credit position for the natural gas sales business and a debit position for the electricity sales business.

“Liabilities for energy efficiency certificates and emission trading”, includes the following:

	31/12/2025	31/12/2024	CHANGE
Guarantee of origin certificates	5.8	13.4	(7.6)
Grey certificates	5.3	5.9	(0.6)
White certificates	4.9	15.1	(10.2)
Total	16.0	34.4	(18.4)

- guarantee of origin (GO) certificates relate to the obligation to certify electricity generated from renewable energy sources against sales made to customers whose contracts require this type of procurement; The change compared to the previous financial year is due both to the lower number of certificates still to be acquired for the obligations relating to the year 2025 and to the lower valuation price for the financial year compared to the comparative period;
- grey certificates reflect the valuation of both the obligation to redeliver certificates calculated on the basis of current regulations, amounting to 5 million euro (5.5 million euro at 31 December 2024) and the forward sales contracts for greenhouse gas emission quotas, amounting to 0.3 million euro (0.4 million euro at 31 December 2024). The change compared to the previous financial year is due to lower surrender obligations for FY 2025, an effect partially offset by an increase in market prices;
- white certificates include the valuation of the exposure in relation to the redelivery obligations towards the respective Authorities for energy efficiency certificates not yet in the portfolio. The change compared to 31 December 2024, in a market environment where prices were broadly in line with the previous financial year, is primarily due to the lower targets assigned to the Group for the 2025 obligation year. Consequently, this has resulted in a lower number of certificates still to be cancelled for the years for which the Group has not yet fully met its assigned obligation. For further details, please refer to Note 2, ‘Other income’.

"Anticipated revenue and other competent expenses" mainly include portions of tax credits for investments in new capital goods accruing in future financial years, amounting to 7.5 million euro (8.8 million euro at 31 December 2024).

The item "other payables" mainly comprises the following:

	31/12/2025	31/12/2024	CHANGE
Arrears payments for electricity, gas and other sectors	41.8	15.3	26.5
Environmental damage contributions	12.4	16.9	(4.5)
Flood contributions	-	16.5	(16.5)
Insurance deductibles	7.4	8.1	(0.7)
Other minor items	74.3	80.7	(6.4)
Total	135.9	137.5	(1.6)

In particular:

- arrears payments in the electricity, gas and other sectors mainly represent the amounts, charged to end-users who were in arrears for the last three monthly payments, prior to their transition to the Hera Group and refer specifically to the markets of last resort for gas and electricity. These compensation payments, which apply only to certain specific categories of users, are to be passed back to the previous suppliers. The increase compared to the previous year reflects the acquisition of seven lots out of nine for the safeguard service in the two years 2025-2026, which led to a significant increase in exposure at 31 December 2025, while the changes in the scope of the last resort markets for natural gas that occurred in the current year have no significant impact on the value at the close of the year;
- environmental damage contributions represent the payments to be made to municipalities, on the basis of specific agreements, as compensation for activities that impact on the environment for waste delivered to plants in their municipal territories. The amount of these contributions is related to the amount of waste disposed of annually, which was less in 2025 than the amount disposed of in the comparison period;
- insurance deductibles include amounts that the Group must repay directly to damaged third parties or insurance companies.

It should be noted that during FY 2025, the advance received in FY 2023 from the Extraordinary Commissioners' Body established by the Government to finance the works deemed necessary following the damage caused by the May 2023 floods in Emilia-Romagna was repaid in the amount of 16.5 million euro. However, the Group may apply for these grants again once the aforementioned works have been completed, by submitting the relevant reports to the Commission.

39 Cash flows of operating activities

Changes in net working capital

The following is a breakdown of information on changes in financial liabilities during FY 2025, differentiating between cash flows and non-cash flows.

TYPE	31/12/2025 5	31/12/2024 4	CHANGE (A)	NON-CASH FLOWS				CASH FLOWS (F) = [(B) + (C) + (D) + (E)] - (A)
				ACQUISITIONS AND DISPOSALS (B)	VALUATION-RELATED ECONOMIC COMPONENTS (C)	CHANGES IN FAIR VALUE (D)	OTHER CHANGES (E)	
Inventories	213.2	168.1	45.1	1.1	18.0			(26.0)
Trade receivables	2,605.9	3,172.5	(566.6)	3.9	(99.5)	(2.6)	(65.2)	403.2
Trade payables	(1,839.9)	(2,723.9)	884.0	(2.8)				(886.8)
Other current assets/liabilities, including contracts with customers	(854.4)	(347.6)	(506.8)	(0.3)	38.3	18.4	(26.1)	537.1
Changes in working capital	124.8	269.1	(144.3)	1.9	(43.2)	15.8	(91.3)	27.5

"Acquisitions and divestitures" include the effects arising from acquisitions of control during 2025, as illustrated in paragraph 2.02.10 "Other information".

"Economic valuation components" mainly includes:

- the provision for the loss allowance for a negative 99.4 million euro;
- income related to the discounting process for receivables pertaining to tax discounts included directly in invoices, amounting to a positive 33 million euro, as reported in note 9 "Finance income";
- the adjustment of the write-down of natural gas stocks set aside during previous years amounting to a positive amount of 17.2 million euro;
- the portions pertaining to the period of plan related grants, the total amount of which was collected in previous years, totalling a positive amount of 15.9 million euro, as stated in note 2 "Other income".

"Changes in fair value" include:

- the fair value measurement of receivables related to the application of the discount included in invoices linked to energy efficiency measures for end customers amounting to a positive 8.1 million euro, as reported in note 10 "Financial expenses";
- the valuation of environmental certificates and greenhouse gas emission obligations assigned to the Group, as well as the valuation of forward contracts for the purchase and sale of greenhouse gas emission allowances, for a total positive 7.7 million euro, as illustrated in notes 37 "Other current assets" and 38 "Other current liabilities".

"Other changes" mainly comprises offsets within net working capital of transactions involving the gross recognition of assets and liabilities. This item is affected, in particular, by the utilisation of tax credits recognised under 'Other current assets' in order to reflect the actual cash outflows for income taxes paid during the period.

Dividends collected

During 2025, dividends for 6.8 million euro (4.9 million at 31 December 2024) were collected from consolidated companies according to the equity method and 7.6 million euro (7.9 million euro at 31 December 2024) from shareholdings held in other companies. For further details, please see note 9 "Finance income" and 26 "Shareholdings valued using the equity method and Other equity investments".

Net interest paid

The following is a reconciliation of the carrying amount of finance income and expenses and the related net cash flows for the year.

Type	2025 (A)	NON-CASH COMPONENTS		OTHER CHANGES (D)	MONETARY COMPONENTS (E)=(A)-[(B)+(C)+(D)]
		Valuation-related economic components (b)	Changes in Fair Value (c)		
Finance income	124.9	43.1	5.3	8.2	68.3
Financial expenses	(233.5)	(58.6)	8.1	(8.3)	(174.7)
Total	(108.6)	(15.5)	13.4	(0.1)	(106.4)

"Economic valuation components" includes income and expenses arising from both the assessment at amortised cost and the discounting of receivables and liabilities characterised by monetary outlays to be carried out in future financial periods, as illustrated in note 9 "Finance income" and note 10 "Financial expenses".

"Changes in fair value" includes measurements at current market value of financial assets and liabilities, mainly relating to:

- options to sell and contingent consideration, for a total net effect amounting to a positive 5.3 million euro;
- receivables related to the application of the discount included in invoices linked to subsidised energy efficiency interventions carried out on behalf of end customers amounting to a positive 8.1 million euro, as reported in note 10 "Financial expense".

"Other changes" include, amongst others, dividends paid by minor holdings, whose cash flow for the period is stated in a specific item in the statement of cash flows, amounting to 7.6 million euro.

It should also be noted that the cash flow related to financial interest paid includes the amount paid in the period for lease payments, which amounted to 3 million euro.

Taxes paid

Taxes paid mainly includes the amount paid by the Group in relation to IRES and IRAP balances of the year prior to the closing date and advance payments due for income generated in the current year. It should be noted that, in the comparative financial year, taxes paid included 13.3 million euro in substitute taxes relating to the release of higher values resulting from extraordinary transactions carried out in previous financial years.

2.02.10 Other information

Business combinations (supplementary information)

Business combinations have been accounted for on the basis of evaluations conducted by management in respect of analyses of the fair value measurement of assets and liabilities and contingent liabilities, in line with information concerning facts and events available at the date of acquisition. The evaluation process of all operations ended on 31 December 2025. The table below shows the assets and liabilities acquired as part of business combinations carried out during the year, recognised at their fair value.

	AMBIENTE ENERGIA SRL	GURIT BUSINESS UNIT	GEROTTO BUSINESS UNIT	TOTAL BUSINESS COMBINATIONS
Non-current assets				
Property, plant and equipment	6.6	0.8	2.9	10.3
Right-of-use assets	-	2.8	-	2.8
Current assets				
Inventories	-	1.1	-	1.1
Trade receivables	2.2	1.7	-	3.9
Other current assets	0.2	0.1	0.1	0.4
Cash	2.2	-	-	2.2
Non-current liabilities				
Financial liabilities	(1.5)	-	-	(1.5)
Lease liabilities	-	(2.2)	-	(2.2)
Employee benefits	(0.1)	(0.4)	(0.3)	(0.8)
Deferred tax liabilities	(0.7)	-	-	(0.7)
Current liabilities				
Financial liabilities	(0.9)	-	-	(0.9)
Lease liabilities	-	(0.6)	-	(0.6)
Trade payables	(1.9)	(0.9)	-	(2.8)
Other current liabilities	(0.3)	(0.3)	(0.1)	(0.7)
Total net assets acquired	5.8	2.1	2.6	10.5
Equivalent fair value	20.9	3.2	3.4	27.5
Total value of the combination	20.9	3.2	3.4	27.5
(Goodwill)/Profit	(15.1)	(1.1)	(0.8)	(17.0)

The valuation process did not result in any adjustments to the carrying amounts recorded in the financial statements of the acquired entities/business units. The following are the considerations relating to the consideration transferred:

	AMBIENTE ENERGIA SRL	GURIT BUSINESS UNIT	GEROTTO BUSINESS UNIT	TOTAL BUSINESS COMBINATIONS
Book value of net assets acquired	5.8	2.1	2.6	10.5
Adjustments for fair value measurement	-	-	-	-
Fair value of net assets acquired	5.8	2.1	2.6	10.5
Cash outlay	20.9	2.8	3.4	27.1
Deferred/contingent consideration	-	0.4	-	0.4
Equivalent fair value	20.9	3.2	3.4	27.5

Please see note 28 "Cash flows from investing activities" for an analysis of the cash flows associated with the combination operations described above.

Changes to the accounting standards

Significant accounting policies, amendments and interpretations applicable from 1 January 2025

With reference to the areas pertaining to the Group, beginning 1 January 2025 the following accounting standards and amendments to accounting standards issued by the International Accounting Standards Board (IASB) and transposed by the European Union through an EU Regulation are mandatory:

Amendments to IAS 21 - Effects of changes in foreign exchange rates: Lack of convertibility. Document issued by the IASB on 15 August 2023, applicable from 1 January 2025 with early application allowed. The amendments require an entity to apply a methodology consistently over time to determine whether one currency can be converted into another and, when this is not possible, to define the method of determining the exchange rate to be used and the disclosures to be made in the explanatory notes.

With regard to the application of the standards and amendments set out above, no impact on the Group's consolidated financial statements has been identified.

Accounting standards, amendments and interpretations endorsed by the European Union which are not yet applicable and have not been adopted early by the Group.

With reference to the areas that are significant for the Group, the following accounting standard amendments will be mandatory from the following financial years onwards, having also already been endorsed by the EU:

IFRS 18 - Presentation and disclosure in financial statements. The standard was issued by the IASB on 9 April 2024, applicable from 1 January 2027 with early application allowed. The new standard, which will replace IAS 1 'Presentation of Financial Statements', improves the disclosure of corporate performance in terms of comparability, transparency and usefulness of published information, and introduces substantial changes in the structure of financial statements with particular reference to the statement of profit or loss and, to a more limited extent, the statement of financial position and the cash flow statement. In particular:

- some classifications of revenue and expenses are amended, introducing the distinction between the operating section, investment section and financial section, as well as confirming the already existing categories of taxes and discontinued operations;
- two new sub-totals (operating profit or loss and profit or loss before net finance result and income taxes) are introduced;
- the use of the operating profit or loss is required as the starting point for the presentation of the cash flow statement prepared under the indirect method;
- provision is made for the elimination of certain alternative classification options of currently permissible items in the cash flow statement, such as interest and dividends earned and paid.

Entities are also required to identify and disclose non-IFRS performance indicators used by management to comment on economic and financial trends, substantiating and reconciling them with the items set out by the international accounting standards.

Finally, the standard introduces new criteria for the aggregation and disaggregation of information within the explanatory notes.

Amendments to IFRS 9 and IFRS 7 - Changes to financial instruments classification and measurement. Document issued by the IASB on 30 May 2024, applicable from 1 January 2026 with early application allowed. The amendments include specifically:

- the clearing of a financial liability through electronic payment systems. It specifies that the settlement date of a liability through electronic payments is the date on which the liability is extinguished. Under certain specific criteria, derecognition may still be possible even before the provision of liquidity on the settlement date;
- the classification of certain financial assets, including those with features related to environmental, social and corporate governance (ESG) factors, which may now meet the IFRS 9 Solely payments for principle and interest criterion (SPPI), provided that their cash flows are not materially different from those of an identical financial asset without such a feature;
- Clarifications on the accounting treatment of financial assets with non-recourse features and contractually linked instruments;
- financial statement disclosures in relation to investments in shareholdings irrevocably measured at fair value through the statement of comprehensive income, for which separate disclosure is required for income and expenses for the period arising from the possible disposal of assets from income and expenses arising from the valuation at the end of the period;

Amendments to IFRS 9 and IFRS 7 – Contracts for the purchase of electricity from renewable sources. Document issued by the IASB on 18 December 2024, applicable from 1 January 2026 with early application allowed. The changes relate to the need to support entities in reporting the financial effects of contracts for renewable electricity purchase (often structured as Power Purchase Agreements). On the basis of these contracts, the amount of electricity generated and purchased may vary depending on non-controllable factors such as weather conditions. The amendments include specifically:

- clarification of the application of the “own use” requirements to this type of contract;
- criteria for enabling such contracts to be accounted for as hedging derivatives;
- disclosure requirements to enable the users of financial statements to understand the effect these contracts have on an entity's financial performance and cash flows.

On 18 July 2024 the IASB published the document “Improvements to the International Financial Reporting Standards - Volume 11”. These improvements include amendments to existing international accounting standards, including:

- **IFRS 1** - First-time Adoption of International Financial Reporting Standards. The improvement resolves a potential source of error due to inconsistency in IFRS 1 with the requirements for hedge accounting under IFRS 9 'Financial Instruments';
- **IFRS 7** - Financial Instruments: financial statement disclosure. The IASB introduced three amendments:
 - gains or losses recognised at the time of derecognition. The improvement resolves a potential source of confusion in relation to the recognition of gains or losses on derecognition as IFRS 7 had a reference to a paragraph deleted from the accounting standard when IFRS 13 'Fair Value Measurement' was issued;
 - disclosure concerning differences between fair value and transaction price. The improvement corrects an inconsistency between IFRS 7 and its implementation guidelines;
 - introduction and disclosure on credit risk. The improvement resolves a potential source of confusion by clarifying that the implementation guidelines do not necessarily explain all the requirements set out in IFRS 7, and also simplifies some explanations;
- **IFRS 9** - Financial Instruments. The IASB introduced two amendments:
 - derecognition by the lessor of a lease liability. The improvement resolves a potential lack of clarity in the application of the requirements within IFRS 9 in connection with the lessee's accounting for the extinguishing of a lease liability;
 - transaction price. The improvement resolves a source of potential confusion arising from the reference in Appendix A of IFRS 9 concerning the definition of “transaction price” in IFRS 15 “Revenue from Contracts with Customers”, as the term “transaction price” is used in various places in IFRS 9 with a meaning that is not necessarily consistent with the definition found in IFRS 15;
- **IFRS 10** - Consolidated Financial Statements. This improvement addresses a potential source of confusion caused by an inconsistency in IFRS 10 and clarifies that the mere ability to direct the party acting on behalf of the investor is not a sufficient indicator to identify a ‘de facto’ agent;
- **IAS 7** - Cash flow statement. The improvement resolves a potential source of error in the application of paragraph 37 of IAS 7 resulting from the use of the term “cost method”, which is no longer defined within the International Financial Reporting Standards.

With regard to the application of the standards and amendments set out above, the directors are currently assessing the potential impact on the Group's consolidated financial statements.

In particular, with regard to the introduction of IFRS 18, the Group is assessing the impacts on the presentation of and disclosures in its financial statements, and has initiated a process to adapt its financial statement formats and the related notes to the new standard.

Accounting standards, amendments and interpretations that have not yet been endorsed by the European Union.

The following standards, amendments and updates of IFRSs (already approved by IASB) and interpretations that are relevant for the Group are currently being endorsed by the relevant bodies of the European Union:

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Translation of Financial Statements from a Non-Hyperinflationary Currency to a Hyperinflationary Currency. Document issued by the IASB on 12 November 2025, applicable from 1 January 2027 with early application allowed. The amendments introduced provide a clearer basis for reporting financial statements in a hyperinflationary currency.

With reference to the application of the standards and amendments described above, the directors are currently evaluating what possible effects introducing them might have on the Group's consolidated financial statements.

Classification of financial assets and liabilities pursuant to IFRS 7

The table below illustrates the composition of the Group's assets by evaluation class. The fair value of other equity investments and derivative financial instruments is discussed in notes 26 and 29, respectively.

31/12/2025	FAIR VALUE HIERARCHY	FAIR VALUE ON STATEMENT OF PROFIT OR LOSS	FAIR VALUE TO OCI	AMORTISED COST	TOTAL
Non-current financial assets	2	-	2.0	149.8	151.8
Non-current assets		-	2.0	149.8	151.8
Trade receivables	3	-	-	2,605.9	2,605.9
Current financial assets		-	-	75.1	75.1
Other assets	2	14.2	-	910.0	924.2
Current assets		14.2	-	3,591.0	3,605.2

31/12/2024	FAIR VALUE HIERARCHY	FAIR VALUE ON STATEMENT OF PROFIT OR LOSS	FAIR VALUE TO OCI	AMORTISED COST	TOTAL
Non-current financial assets	2	-	2.0	156.0	158.0
Non-current assets		-	2.0	156.0	158.0
Trade receivables	3	-	-	3,172.5	3,172.5
Current financial assets	2	-	-	23.1	23.1
Other assets	2	14.8	-	1,384.9	1,399.7
Current assets		14.8	-	4,580.5	4,595.3

With regard to 'Non-current financial assets', please refer to the details in Note 18; with regard to 'Current assets', please refer to the details in Notes 13, 18, 33, 35 and 37.

The table below illustrates the composition of the Group's liabilities, using the current and non-current distinction. Details of the fair value of derivatives are provided instead in note 29.

31/12/2025	FAIR VALUE HIERARCHY	FAIR VALUE ON STATEMENT OF PROFIT OR LOSS	FAIR VALUE TO OCI	AMORTISED COST	TOTAL
Non-current financial liabilities	2/3	31.3	-	4,286.6	4,317.9
Non-current lease liabilities		-	-	62.4	62.4
Non-current liabilities		31.3	-	4,349.0	4,380.3
Trade payables		-	-	1,839.9	1,839.9
Current financial liabilities	3	4.1	-	607.8	611.9
Current lease liabilities		-	-	24.4	24.4
Other liabilities	2	11.1	-	1,724.1	1,735.2
Current liabilities		15.2	-	4,196.2	4,211.4

31/12/2024	FAIR VALUE HIERARCHY	FAIR VALUE ON STATEMENT OF PROFIT OR LOSS	FAIR VALUE TO OCI	AMORTISED COST	TOTAL
Non-current financial liabilities	2/3	40.9	-	4,113.7	4,154.6
Non-current lease liabilities		-	-	54.7	54.7
Non-current liabilities		40.9	-	4,168.4	4,209.3
Trade payables		-	-	2,723.9	2,723.9
Current financial liabilities	3	254.0	-	972.7	1,226.7
Current lease liabilities		-	-	24.4	24.4
Other liabilities	2	19.3	-	1,744.9	1,764.2
Current liabilities		273.3	-	5,465.9	5,739.2

With regard to "Non-current financial liabilities", the fair value hierarchy for hedged items is Level 2, while for items measured at fair value through profit or loss it is Level 3. With respect to "Non-current liabilities" reference is made to notes 19 and 22. With respect to "Non-current liabilities" reference is made to Notes 13, 19, 22, 34, 36 and 38.

Reporting by operating sector

Reporting by operating sectors is based on the approach management uses to monitor the performance of the Group by homogeneous business areas. The net costs and assets for business support functions, in keeping with the internal control model, are entirely associated to operational businesses.

At 31 December 2025, the Hera Group was organised into the following operating sectors:

- **Gas:** includes services in distributing and selling methane gas as well as district heating and energy services;
- **Electricity:** includes generating, distributing and selling electricity;
- **Water Cycle:** includes aqueduct, purification and sewage services;
- **Waste management:** includes waste collection, treatment, recycling and disposal services;
- **Other services:** includes telecommunications and other minor services.

The following are assets and liabilities by operating sector for the 2025 and 2024 financial years:

31/12/2025	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAGEMENT	OTHER SERVICES	TOTAL
Current year						
Assets (property, plant and equipment and intangible)	2,203.6	899.3	2,843.2	1,609.8	98.9	7,654.8
Goodwill	493.5	91.2	42.7	301.9	20.7	950.0
Equity investments	78.4	13.0	51.6	48.1	0.1	191.2
Not allocated fixed assets	-	-	-	-	-	184.7
Net non-current assets	2,775.5	1,003.5	2,937.5	1,959.8	119.7	8,980.7
Allocated net working capital	154.6	74.8	(182.9)	102.1	(23.8)	124.8
Non allocated net working capital	-	-	-	-	-	18.9
Net working capital	154.6	74.8	(182.9)	102.1	(23.8)	143.7
Provisions	(229.7)	(74.3)	(163.9)	(308.6)	(3.8)	(780.3)
Invested capital	2,700.4	1,004.0	2,590.7	1,753.3	92.1	8,344.1

31/12/2024	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAGEMENT	OTHER SERVICES	TOTAL
Previous year						
Assets (property, plant and equipment and intangible)	2,106.5	846.8	2,620.4	1,515.9	101.0	7,190.6
Goodwill	493.5	91.2	42.7	284.9	20.7	933.0
Equity investments	66.3	11.1	52.3	44.8	0.1	174.6
Not allocated fixed assets	-	-	-	-	-	198.1
Net non-current assets	2,666.3	949.1	2,715.4	1,845.6	121.8	8,496.3
Allocated net working capital	152.2	73.7	(0.6)	68.7	(24.8)	269.2
Non allocated net working capital	-	-	-	-	-	(41.9)
Net working capital	152.2	73.7	(0.6)	68.7	(24.8)	227.3
Provisions	(229.1)	(68.5)	(169.3)	(302.4)	(3.8)	(773.1)
Invested capital	2,589.4	954.3	2,545.5	1,611.9	93.2	7,950.5

The following are the main result indicators by operating segment for FYs 2025 and 2024:

2025	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAGE MENT	OTHER SERVICES	STRUCTURE	TOTAL
Current year							
Direct revenue	5,617.9	4,315.9	1,220.9	1,717.0	43.8	53.2	12,968.8
Infra-cycle revenue	50.1	252.6	16.8	92.7	52.4	90.5	555.1
Total direct revenue	5,668.0	4,568.5	1,237.7	1,809.7	96.2	143.7	13,523.9
Indirect revenue	15.2	5.7	75.7	46.7	0.4	(143.7)	-
Total revenue	5,683.2	4,574.2	1,313.4	1,856.4	96.6	-	13,523.8
EBITDA	544.6	255.3	331.7	374.0	31.6	-	1,537.2
Direct amortisations/depreciations and provisions	174.3	121.0	136.6	185.6	17.6	99.2	734.3
Indirect amortisations/depreciations and provisions	10.5	7.5	44.5	36.4	0.3	(99.2)	-
Total amortisations/depreciations and provisions	184.8	128.5	181.1	222.0	17.8	-	734.3
Operating profit or loss	359.8	126.8	150.6	152.0	13.7	-	802.9
2024	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAGE MENT	OTHER SERVICES	STRUCTURE	TOTAL
Previous year							
Direct revenue	5,571.8	4,709.9	1,084.4	1,609.4	43.9	25.0	13,044.4
Infra-cycle revenue	224.2	223.6	7.4	117.6	52.9	106.9	732.7
Total direct revenue	5,796.0	4,933.4	1,091.8	1,727.0	96.9	131.9	13,777.1
Indirect revenue	13.0	5.8	71.1	42.3	(0.2)	(131.9)	-
Total revenue	5,809.0	4,939.3	1,162.8	1,769.3	96.6	-	13,777.1
EBITDA	571.4	322.0	297.1	366.2	30.9	-	1,587.6
Direct amortisations/depreciations and provisions	183.1	151.2	123.0	187.3	17.5	95.5	757.7
Indirect amortisations/depreciations and provisions	11.8	12.6	37.4	33.6	0.2	(95.5)	-
Total amortisations/depreciations and provisions	194.9	163.9	160.4	220.9	17.7	-	757.7
Operating profit or loss	376.5	158.2	136.7	145.3	13.2	-	829.9

It should be noted that in 2025, within waste management, certain minor activities related to the circular economy, previously included in the Other Services segment, were reclassified; consequently, the reclassification was also applied to the comparative period as at 31 December 2024. For further details please refer to section 1.04 "Analysis by strategic business areas" of the Directors' report.

2.03 FINANCIAL STATEMENT FORMATS AS PER CONSOB RESOLUTION 15519/2006

In accordance with the relevant Group policies, the economic, equity and financial reports in effect at 31 December 2025 and the associated period of comparison with related parties are as follows.

Procedure for the operations with related parties is available on the website of the Hera Group at the following link:

<https://www.gruppohera.it/gruppo/governance/sistema-di-governance/politiche-e-procedure>

It should be noted that during FY 2025, no transactions with related parties were carried out that required the disclosure in the financial statements of information on significant transactions, as stipulated by Consob Resolution No. 17221 of 12 March 2010, as amended.

2.03.01 Statement of profit or loss as per Consob Resolution 15519/2006

	NOTES	2025	OF WHICH RELATED PARTIES					%	2024	OF WHICH RELATED PARTIES					%
			A	B	C	D	TOTAL			A	B	C	D	TOTAL	
Revenue	1	12,812.2	0.1	52.6	272.9	17.9	343.5	2.7 %	12,889.7	-	70.4	324.9	18.3	413.6	3.2 %
Other income	2	156.6	0.1	0.6	3.5	0.1	4.3	2.7 %	154.7	-	0.1	5.6	-	5.7	3.7 %
Raw and other materials	3	(7,149.6)	-	(25.0)	-	(50.8)	(75.8)	1.1 %	(7,056.4)	-	(46.9)	-	(50.7)	(97.6)	1.4 %
Service costs	4	(3,614.4)	-	(15.4)	(25.9)	(39.2)	(80.5)	2.2 %	(3,724.9)	-	(12.5)	(29.9)	(39.2)	(81.6)	2.2 %
Personnel costs	5	(707.2)	-	-	-	-	-		(667.5)	-	-	-	-	-	
Other operating expenses	6	(87.0)	-	(0.1)	(4.0)	(0.8)	(4.9)	5.6 %	(97.3)	-	-	(2.3)	(0.8)	(3.1)	3.2 %
Capitalised costs	7	126.6	-	-	-	-	-		89.3	-	-	-	-	-	
Depreciation, amortisation, provisions and impairment losses	8	(734.3)	-	-	-	-	-		(757.7)	-	-	-	-	-	(0.3 %)
Operating profit		802.9	0.2	12.7	246.5	(72.8)	186.6		829.9	-	11.1	298.3	(72.4)	237.0	
Finance income	9	124.9	-	4.9	0.2	3.1	8.2	6.6 %	202.5	-	3.6	0.3	1.8	5.7	2.8 %
Financial expenses	10	(233.5)	-	(0.3)	(0.2)	-	(0.5)	0.2 %	(308.5)	-	(27.2)	(0.2)	-	(27.4)	8.9 %
Net finance expense		(108.6)	-	4.6	-	3.1	7.7		(106.0)	-	(23.6)	0.1	1.8	(21.7)	
Share of profits (losses) pertaining to joint ventures and associates	11	16.5	-	16.5	-	-	16.5	100.0 %	12.3	-	12.3	-	-	12.3	100.0 %
Pre-tax profit (loss)		710.8	0.2	33.8	246.5	(69.7)	210.8		736.2	-	(0.2)	298.4	(70.6)	227.6	
Income tax expense	12	(202.5)	-	-	-	-	-		(200.3)	-	-	-	-	-	
Profit (loss) for the year		508.3	0.2	33.8	246.5	(69.7)	210.8		535.9	-	(0.2)	298.4	(70.6)	227.6	
Attributable to:															
Owners of the parent		464.3							494.5						
Non-controlling interests		44.0							41.4						
Earnings (loss) per share:															
Basic	17	0.317							0.343						
Diluted	17	0.317							0.343						

2.03.02 Statement of financial position as per Consob Resolution 15519/2006

	NOTES	31/12/2025	OF WHICH RELATED PARTIES					%	31/12/2024	OF WHICH RELATED PARTIES					%
			A	B	C	D	TOTAL			A	B	C	D	TOTAL	
ASSETS															
Non-current assets															
Property, plant and equipment	21, 25	2,321.9	-	-	-	-	-		2,160.7	-	-	-	-	-	
Right-of-use assets	22, 25	92.3	-	-	-	-	-		84.2	-	-	-	-	-	
Intangible assets	23, 25	5,240.6	-	-	-	-	-		4,945.8	-	-	-	-	-	
Goodwill	24, 25	950.0	-	-	-	-	-		933.0	-	-	-	-	-	
Equity-accounted investments	26, 27	137.2	-	137.2	-	-	137.2	100.0 %	127.3	-	127.3	-	-	127.3	100.0 %
Other equity investments	26	54.0	0.2	4.0	-	5.3	9.5	17.6 %	47.3	-	3.9	-	5.1	9.0	19.0 %
Non-current financial assets	18	151.8	-	4.4	7.3	16.7	28.4	18.7 %	158.0	-	7.8	9.0	20.5	37.3	23.6 %
Deferred tax assets	14	340.1	-	-	-	-	-		342.9	-	-	-	-	-	
Total non-current assets		9,287.9	0.2	145.6	7.3	22.0	175.1		8,799.2	-	139.0	9.0	25.6	173.6	
Current assets															
Inventories	32	213.2	-	-	-	-	-		168.1	-	-	-	-	-	
Trade receivables	33	2,605.9	0.2	12.6	59.7	19.3	91.8	3.5 %	3,172.5	-	18.4	78.0	18.3	114.7	3.6 %
Current financial assets	18	75.1	-	34.1	4.1	0.6	38.8	51.7 %	23.1	-	3.5	3.6	1.3	8.4	36.4 %
Current tax assets	13	56.2	-	-	-	-	-		31.3	-	-	-	-	-	
Contract assets	35	89.5	-	-	-	-	-		263.9	-	-	-	-	-	
Other current assets	37	778.5	-	2.4	(6.6)	3.9	(0.3)	- %	1,104.5	-	2.4	(6.1)	3.9	0.2	- %
Derivative instruments	29	178.5	-	-	-	-	-		182.4	-	-	-	-	-	
Cash and cash equivalents	18	845.3	-	-	-	-	-		1,315.6	-	-	-	-	-	
Total current assets		4,842.2	0.2	49.1	57.2	23.8	130.3		6,261.4	-	24.3	75.5	23.5	123.3	
TOTAL ASSETS		14,130.1	0.4	194.7	64.5	45.8	305.4		15,060.6	-	163.3	84.5	49.1	296.9	

	NOTES	31/12/2025	OF WHICH RELATED PARTIES						% 31/12/2024	OF WHICH RELATED PARTIES						%
			A	B	C	D	TOTAL			A	B	C	D	TOTAL		
EQUITY AND LIABILITIES																
Share capital and reserves																
Share capital	15	1,477.7	-	-	-	-	-		1,440.8	-	-	-	-	-		
Reserves	15	2,139.4	-	-	-	-	-		1,744.8	-	-	-	-	-		
Profit (loss) for the year	15	464.3	-	-	-	-	-		494.5	-	-	-	-	-		
Equity attributable to owners of the parent		4,081.4	-	-	-	-	-		3,680.1	-	-	-	-	-		
Non-controlling interests	16	318.3	-	-	-	-	-		306.8	-	-	-	-	-		
Total equity		4,399.7	-	-	-	-	-		3,986.9	-	-	-	-	-		
Non-current liabilities																
Non-current financial liabilities	19	4,317.9	-	-	-	-	-		4,154.6	-	-	-	-	-		
Non-current lease liabilities	22	62.4	-	-	3.1	0.2	3.3	5.3 %	54.7	-	-	3.9	0.2	4.1	7.5 %	
Employee benefits	30	74.3	-	-	-	-	-		79.9	-	-	-	-	-		
Provisions	31	706.0	-	-	-	-	-		693.1	-	-	-	-	-		
Deferred tax liabilities	14	155.4	-	-	-	-	-		144.8	-	-	-	-	-		
Total non-current liabilities		5,316.0	-	-	3.1	0.2	3.3		5,127.1	-	-	3.9	0.2	4.1		
Current liabilities																
Current financial liabilities	19	611.9	-	10.0	0.5	-	10.5	1.7 %	1,226.7	-	3.8	1.9	-	5.7	0.5 %	
Current lease liabilities	22	24.4	-	-	1.3	0.1	1.4	5.7 %	24.4	-	-	1.3	0.1	1.4	5.7 %	
Trade payables	34	1,839.9	-	9.0	20.5	21.3	50.8	2.8 %	2,723.9	-	15.6	24.4	23.9	63.9	2.3 %	
Current tax liabilities	13	12.8	-	-	-	-	-		48.2	-	-	-	-	-		
Contract liabilities	36	26.1	-	0.4	0.2	-	0.6	2.3 %	203.2	-	4.8	0.1	-	4.9	2.4 %	
Other current liabilities	38	1,696.3	-	0.4	6.1	0.6	7.1	0.4 %	1,512.8	-	0.6	7.7	0.4	8.7	0.6 %	
Derivative instruments	29	203.0	-	-	-	-	-		207.4	-	-	-	-	-		
Total current liabilities		4,414.4	-	19.8	28.7	21.9	70.4		5,946.6	-	24.8	35.4	24.4	84.6		
TOTAL LIABILITIES		9,730.4	-	19.8	31.8	22.1	73.7		11,073.7	-	24.8	39.3	24.6	88.7		
TOTAL EQUITY AND LIABILITIES		14,130.1	-	19.8	31.8	22.1	73.7		15,060.6	-	24.8	39.3	24.6	88.7		

2.03.03 Statement of Cash flows as per Consob resolution 15519/2006

	31/12/2025	OF WHICH RELATED PARTIES
Pre-tax profit (loss)	710.8	
Adjustments to reconcile profit for the year to the cash flow from operating activities		
Depreciation, amortisation and impairment losses	591.7	
Provisions	142.6	
Share of profit (loss) of equity-accounted investees	(16.5)	
Net financial expense	108.6	
(Capital gains) losses and other non-monetary items	(23.7)	
Change in provisions	(49.7)	
Change in provision for employee benefits	(9.5)	
Total Cash flows before changes in net working capital	1,454.3	
(Increase) decrease in inventories	(26.0)	
(Increase) decrease in trade receivables	403.2	22.9
Increase (decrease) in trade payables	(886.8)	(13.1)
Increase/decrease in other current assets/liabilities, including contract assets/liabilities	537.1	(1.1)
Changes in working capital	27.5	
Dividends received	14.4	9.7
Interest received	68.3	4.7
Interest expense and net losses on derivatives paid	(174.7)	(0.4)
Taxes paid	(165.0)	
Cash flows from (for) operating activities (a)	1,224.8	
Investments in property, plant and equipment	(340.8)	
Investments in intangible assets	(687.1)	
Investments in subsidiaries and business units net of cash and cash equivalents	(25.1)	(0.2)
Proceeds from disposals of property, plant, equipment and intangible assets	5.6	
Divestment of equity investments and contingent consideration	0.3	0.2
(Increase) decrease in other investing activities	(37.3)	(20.1)
Net cash flows from/(used in) investing activities (b)	(1,084.4)	
New issue of long-term financial debt	702.9	
Repayments of non-current financial liabilities	(122.3)	
Repayments and other net changes in financial liabilities	(787.6)	4.7
Repayments of lease liabilities	(24.5)	(1.3)
Proceeds from the sale of shares without loss of control	0.9	
Acquisition of investments in consolidated companies	(254.9)	
Increase in non-controlling interests	1.0	
Dividends paid out to Hera shareholders and non-controlling interests	(274.3)	(85.2)
(Repurchase) sale in treasury shares	148.1	
Net cash flows from/(used in) financing activities (c)	(610.7)	
Increase (decrease) in cash and cash equivalents (a+b+c)	(470.3)	
Cash and cash equivalents at the beginning of the year	1,315.6	
Cash and cash equivalents at the end of the year	845.3	

2.03.04 Net financial debt pursuant to Consob notice DEM/6064293 of 2006

		31/12/2025	OF WHICH RELATED PARTIES				31/12/2024	OF WHICH RELATED PARTIES			
			A	B	C	D		A	B	C	D
A	Cash	845.3	-	-	-	-	1,315.6	-	-	-	-
B	Cash equivalents	-	-	-	-	-	-	-	-	-	-
C	Other current financial assets	75.1	-	34.1	4.1	0.6	23.1	-	3.5	3.6	1.3
D	Liquidity (A+B+C)	920.4					1,338.7				
	of which related parties		-	34.1	4.1	0.6		-	3.5	3.6	1.3
E	Current financial debt	(228.3)	-	(10.0)	(0.5)	-	(777.0)	-	(3.8)	(1.9)	-
F	Current portion of non-current financial debt	(408.0)	-	-	(1.3)	(0.1)	(474.1)	-	-	(1.3)	(0.1)
G	Current financial indebtedness (E+F)	(636.3)					(1,251.1)				
	of which related parties		-	(10.0)	(1.8)	(0.1)		-	(3.8)	(3.2)	(0.1)
H	Net current financial indebtedness (G+D)	284.1					87.6				
	of which related parties		-	24.1	2.3	0.5		-	(0.3)	0.4	1.2
I	Non-current financial debt	(895.3)	-	-	(3.0)	(0.2)	(808.0)	-	-	(3.8)	(0.2)
J	Debt instruments	(3,485.0)	-	-	-	-	(3,401.3)	-	-	-	-
K	Non-current trade and other payables	-	-	-	-	-	-	-	-	-	-
L	Non-current financial debt (I+J+K)	(4,380.3)					(4,209.3)				
	of which related parties		-	-	(3.0)	(0.2)		-	-	(3.8)	(0.2)
M	Total financial position (H+L) ESMA guidelines 32 - 382 - 1138	(4,096.2)					(4,121.7)				
	of which related parties		-	24.1	(0.7)	0.3		-	(0.3)	(3.4)	1.0
	Non-current financial receivables	151.8					158.0				
	of which related parties		-	4.4	7.3	16.7		-	7.9	9.0	20.5
	Net financial debt	(3,944.4)					(3,963.7)				
	of which related parties		-	28.5	6.6	17.0		-	7.6	5.6	21.5

2.03.05 List of related parties

The values reported in the tables at 31 December 2025 refer to the related parties listed below:

Group A - Non-consolidated subsidiaries

CircularYard Srl

Group B- Associates and jointly controlled companies

Adria Link Srl
Aimag Spa
ASM SET Srl
Aurora Srl
Enomondo Srl
H.E.P.T. Co. Ltd
Natura Srl in liquidation
SEA - Servizi Ecologici Ambientali Srl
Set Spa
Sgr Servizi Spa
Tamarete Energia Srl
Tre Monti Srl

Group C - Related parties with significant influence

Municipality of Bologna
Municipality of Casalecchio di Reno
Municipality of Cesena
Municipality of Ferrara
Municipality of Imola
Municipality of Modena
Municipality of Padua
Municipality of Ravenna
Municipality of Rimini
Municipality of Trieste
Con.Ami
Ferrara Tua Spa
Ravenna Holding Spa
Rimini Holding Spa

Group D - Other related parties

Acosea Impianti Srl
Acquedotto del Dragone Impianti Spa
Amir Spa - Asset
Aspes Spa
Calenia Energia Spa
Fiorano Gestioni Patrimoniali Srl
Formigine Patrimonio Srl
Maranello Patrimonio Srl
Romagna Acque Spa
Sassuolo Gestioni Patrimoniali Srl
Serramazzoni Patrimonio Srl
Società Italiana Servizi Spa - Sis Spa asset
Te.Am Società Territorio Ambiente Srl
Team Srl - Assets
Unica Reti Spa - Asset

Statutory auditors, administrators, strategic managers, family members and entities related to strategic managers

2.03.06 Explanatory notes to related party transactions

Service management

In most of the areas it serves competence and in almost all of shareholding municipalities for the provinces of Modena, Bologna, Ferrara, Forlì-Cesena, Ravenna, Rimini, Padua, Udine, Trieste, Gorizia and Pesaro, the Hera Group holds the concession for the local public services of economic interest (distribution of natural gas through local gas pipelines, integrated water service and environmental services, including sweeping, waste collection, transport, recovery and disposal). The electricity distribution service is carried out in the areas of Modena and Imola, and in the municipalities of Trieste and Gorizia. Other public utilities (including urban district heating, energy services and public lighting) are carried out in a free-market regime or through specific agreements with the local authorities concerned. Through specific relations with the local authorities and/or local agencies, the Hera Group is also responsible for waste treatment and disposal services, not included in urban hygiene activities.

Water sector

The water services is managed by the Hera Group in the areas served in the Emilia-Romagna, Veneto, Friuli-Venezia Giulia and Marche regions. It is carried out on the basis of conventions with the relevant local agencies, with a variable duration, which is usually twenty years.

The Hera Group's mandate for managing integrated water services refers to activities of water collection and drinking water treatment and distribution for civil and industrial use as well as sewerage and water purification service. The agreements signed with the local area authorities also require the operator to carry out the planning and construction of new networks and plants aimed at providing the service. The conventions regulate the economic aspects of the contractual agreement, as well as the modes of managing the service, and the performance and quality standards.

Responsibility for regulating the water service is delegated to the national Authority ARERA, both in terms of tariffs and quality of service. The current regulatory 2024-2029 period (Arera Resolution 639/2023/R/idr) is the fourth tariff period.

In order to ensure greater stability and development for the water cycle, the duration of the fourth regulatory period has been extended to six years, thus covering the 2024-2029 period, with the introduction of some new elements such as the promotion of energy and environmental sustainability actions, additional technical quality objectives, and the enlargement of the regulatory scope to include storm water management. Each operator is granted a guaranteed revenue (VRG) independently of the trends of the volumes distributed and it is established on the basis of operating costs (efficient and exogenous) and capital costs in relation to the investments made, as well as for the Rimini area, the outcome of the tender procedure that led to the new concession contract signed for the period 2022-2039.

For the purpose of carrying out the service, the operator uses networks, facilities and other equipment owned by the company itself, municipalities and asset companies. These assets, part of the inaccessible water stores, or granted or leased to the provider, must be returned to the municipalities, asset companies or local area authorities at the end of the concession to be made available to the incoming provider. Any work carried out by the Hera Group for the water service must be returned to the above-mentioned entities following payment or the residual value of the assets in question.

Hera's relations with users are regulated by provisioning regulations as well as Service Charters drafted on the basis of templates approved by local area authorities in compliance with provisions set out by Arera regarding the quality of the service and the resource.

Waste management sector

The urban waste service managed by the Hera Group in the area it serves is provided on the basis of agreements with local authorities and comprises the exclusive management of the collection, transportation, sweeping and cleaning of streets, preparations for waste recovery and disposal and other minor services. The agreements entered into with the relevant local authorities regulate the economic aspects of the contractual agreement, as well as the modes of organising and managing the service, and the performance and quality standards.

Starting from 2020, responsibility for the regulation of the urban waste service was given to ARERA, which defined an initial regulatory two-year period 2020-2021 concerning integrated waste management only (ARERA Resolution 443/2019) and a subsequent update for the period 2022-2025 starting from which the fees for access to treatment plants qualified as minimum plants by the regional authority was also regulated (ARERA Resolution 363/2021). Therefore, the annual fee for the management of this service was determined with reference to the aforementioned national regulation, taking into account, to supplement the results, the competitive procedures concluded for the areas of Ravenna and Cesena, Bologna, Modena, Abano Terme, Ponte San Nicolò, Albignasego and Casalserugo.

The urban waste management service is billed by the Hera Group to the individual municipalities in the case of the Tari regime or to the individual users in the case of the application of the punctual correspondent tariff.

In order to operate urban waste treatment plants, the Hera Group is required to obtain provincial authorisations.

In compliance with the principle of continuity of public services, under the terms of the existing agreements, the operator is obliged to continue the service also in the territories where the expiry date of the entrustment has already passed and until new entrustments take effect.

Energy sector

The duration of licenses for the distribution of natural gas via local gas pipelines, initially set for periods ranging between ten and thirty years by the original agreements stipulated with the municipalities, was revised by Italian decree 164/2000 (so-called Letta Decree, transposing Directive 98/30/EC) and by subsequent reforms of the energy market. Inrete Distribuzione Energia Spa, a Hera Group company that took over natural gas and electricity distribution from Hera SpA, is taking advantage of longer residual terms established for operators that have promoted partial privatisations and mergers. The duration of distribution concessions is unchanged with respect to that foreseen in the company's stock exchange listing. The agreements associated with the distribution licenses regarding the distribution of natural gas or other similar fuels for heating, domestic, handicraft and industry uses, and for other general uses. Rates for the distribution of gas are fixed under current regulations and by periodical resolutions issued by the agency in charge of this sector (ARERA).

The area in which the Group, through its distribution companies, provides gas distribution services is divided into rate zones in which a uniform distribution rate is applied to different categories of customers. The tariff regulations in force at the time of approval of these consolidated financial statements are primarily represented by ARERA Resolution 587/24/R/gas of 27 December 2024 (Update of tariffs for gas distribution and metering services for the year 2025), which replaced the previous similar Resolution 631/2023/R/gas of 28 December 2023 and which approved, for the year 2025, the mandatory tariffs for natural gas distribution, metering and supply services pursuant to Article 42 of the Gas Distribution Regulatory Framework (Rtdg), the tariff options for non-standard gases pursuant to Article 71 of the Rtdg, and the amounts of the bimonthly equalisation advance payments for the natural gas distribution service pursuant to Article 47 of the Rtdg for the year 2024. Finally, the measure extends the deadline for concluding the procedure initiated by Resolution 634/2021/R/gas to 31 December 2025.

The tariff rates valid as from 1 January 2025 are shown in Table 1 of the A attachment to the aforementioned resolution. The tariffs for FY 2025 are part of the so-called 2020-2025 tariff period. As of 1 January 2020, in fact, the Regulation of gas distribution and metering service tariffs for the period 2020-2025 (Rtdg 2020-2025), approved by resolution 570/2019/R/gas and updated by resolution 737/2022/R/gas, came into force.

In accordance with the provisions of Art. 43 of the RTDG 2020-2025, the mandatory natural gas distribution and metering tariffs are broken down into different rate areas:

- north-west area, which includes the regions of Valle d'Aosta, Piedmont and Liguria;
- north-east area, including the regions of Lombardy, Trentino-Alto Adige, Veneto, Friuli-Venezia Giulia, and Emilia-Romagna;
- central area, comprising the regions of Tuscany, Umbria and Marche;
- central-south-eastern area, including the regions of Abruzzo, Molise, Apulia and Basilicata;
- central-south-western area, including the Lazio and Campania regions;
- southern area, including the regions of Calabria and Sicily;
- Sardinia area, including the region of Sardinia.

With regard to the values of the tariff components intended to cover general charges and the additional gas sector components Gs, Re, Rs, Ug1, Ug2 and Ug3 referred to in paragraph 42.3(c), (d), (e), (f), (g) and (h) of the 2020-2025 Rtdg, it should be noted that these are subject to quarterly updates by ARERA.

With regard to electricity, the contracts (lasting thirty years and renewable pursuant to the current regulations) govern power distribution activities comprising, inter alia, the management of distribution networks and the operation of associated plants, ordinary and extraordinary maintenance, the planning and identification of development projects, and metering. The contract may be suspended or terminated, on the judgement of the national Authority, if defaults and violations occur on the part of the concessionary company that seriously affect the performance of the distribution and metering of electricity. The distribution company is obliged to apply to its customers (so called distribution users) the rates set by current regulations and resolutions adopted by the sector Authority. The tariff regulations in effect at the time the annual consolidated financial statements were approved, refers to the Authority's resolution 616/2023/R/Eel of 17 December 2023 (Rate regulations for electricity distribution and metering, for the regulatory period 2024-2027), which replaced the previous Authority resolution 654/2015/R/Eel del 23 December 2015 and subsequent amendments and additions (Rate regulations for electricity transmission, distribution and metering services for the regulatory period 2016-2023) in force until 31 December 2023.

With this resolution, the Authority issued the provisions on the tariff regulation of electricity distribution and measurement services for the 2024-2027 regulatory period, as well as the corresponding Integrated Texts for Distribution (Tit) Measurement (Time) and Connection Service (Tic).

The tariffs for distribution and metering services cover the costs of transporting and metering of electricity along distribution networks. The tariffs are applied to all customers and have a trinomial structure expressed in euro cents per sampling point per year (fixed component), euro cents per KW per year (power component) and euro cents per kWh consumed (energy component).

The tariffs for distribution and metering services are updated periodically, each year, by the ARERA Authority through appropriate measures.

For the year 2025, the update of the tariffs for the use of electricity distribution and metering service infrastructure for domestic and non-domestic customers, and of the economic conditions for the provision of the connection service, was determined by Resolution 585/2024/R/Eel of 27 December 2024 (Update, for the year 2025, of the tariffs for the use of electricity distribution and metering service infrastructure for domestic and non-domestic customers, and of the economic conditions for the provision of the connection service; adjustments to the TIT and amendment of Authority Resolution 109/2021/R/eel).

Finally, also for the electricity sector, the values of the tariff components intended to cover general charges and the additional components ASOS, ARIM, Uc3 And Uc6 – referred to in paragraph 3.1(a) and (b) and paragraph 3.4(a) and (b) of the TIPPI in force since 1 July 2024 – are subject to quarterly updates by ARERA.

2.04 EQUITY INVESTMENTS

2.04.01 List of consolidated companies

Subsidiaries

REGISTERED NAME	REGISTERED OFFICE	SHARE CAPITAL (EURO) (*)	CONSOLIDATED PERCENTAGE		Total interest
			DIRECT	INDIRECT	
A.C.R. di Reggiani Albertino (A.C.R) Spa	Mirandola (Mo)	390,000		44.70 %	44.70 %
AcegasApsAmga Spa	Trieste	284,677,324	100.00 %		100.00 %
Aliplast Spa	Istrana (Tv)	5,000,000		75.00 %	75.00 %
Aliplast France Recyclage Sas	La Wantzenau (France)	1,025,000		75.00 %	75.00 %
Aliplast Iberia Slu	Calle Castilla-Leon (Spain)	815,000		75.00 %	75.00 %
Aliplast Polska Spzoo	Zgierz (Poland)	1.200.000 PLN		75.00 %	75.00 %
Ambiente Energia Srl	Schio (Vi)	100,000		75.00 %	75.00 %
Aresenergy Eood	Varna (Bulgaria)	50.000 Lev		100.00 %	100.00 %
AresGas Ead	Sofia (Bulgaria)	22.572.241 Lev		100.00 %	100.00 %
Ares Trading Eood	Varna (Bulgaria)	50.000 Lev		100.00 %	100.00 %
Asa Scpa	Castelmaggiore (Bo)	1,820,000		38.25 %	38.25 %
Biorg Srl	Bologna	1,000,000		75.00 %	75.00 %
Black Sea Gas Company Eood	Varna (Bulgaria)	5.000 Lev		100.00 %	100.00 %
ElettraCHP Srl	Udine	100,000		84.50 %	84.50 %
EstEnergy Spa	Trieste	299,925,761		100.00 %	100.00 %
Etra Energia Srl	Cittadella (PD)	100,000		51.00 %	51.00 %
F.li Franchini Srl	Rimini	1,100,000		100.00 %	100.00 %
Feronia Srl	Bologna	100,000		75.00 %	75.00 %
Frunto Energia Ambiente Srl	Bologna	17,139,100		38.25 %	38.25 %
Green Factory Srl	Pesaro	500,000		46.70 %	46.70 %
Herabit Spa**	Imola (BO)	27,094,468.0	70.16 %		70.16 %
HERAcquaModena Srl	Bologna	10,000,000.0	100.00 %		100.00 %
Herambiente Spa	Bologna	271,648,000	75.00 %		75.00 %
Herambiente Servizi Industriali Srl	Bologna	5,000,000		75.00 %	75.00 %
Hera Comm Spa	Imola (BO)	53,595,899	100.00 %		100.00 %
Hera Luce Srl	Cesena	1,000,000		100.00 %	100.00 %
Hera Servizi Energia Spa	Udine	13,216,899		84.50 %	84.50 %
Heratech Srl	Bologna	2,000,000	100.00 %		100.00 %
Hera Trading Srl	Trieste	22,600,000	100.00 %		100.00 %
HestAmbiente Srl	Trieste	1,010,000		82.50 %	82.50 %
Horowatt Srl	Cesena	2,600,000	50.00 %		50.00 %
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00 %		100.00 %
Macerò Maceratese Srl	Macerata (MC)	1,032,912		46.70 %	46.70 %
Marche Multiservizi Spa	Pesaro	16,388,535	46.70 %		46.70 %
Marche Multiservizi Falconara Srl	Falconara Marittima (AN)	100,000		46.70 %	46.70 %

Primagas AD	Varna (Bulgaria)	1.149.860 Lev	97.34 %	97.34 %
Recycla Spa	Maniago (Pn)	90,000	75.00 %	75.00 %
Tiepolo Srl	Bologna	1,305,000	100.00 %	100.00 %
Tri-Generazione Scarl in liquidation	Padua	100,000	71.83 %	71.83 %
Triveneta Luce Scarl	Vicenza	400,000	100.00 %	100.00 %
T.R.S. Ecology Srl	Caorso (PC)	1,000,000.0	75.00 %	75.00 %
Uniflotte Srl	Bologna	2,254,177	100.00 %	100.00 %
Vallortigara Servizi Ambientali Spa	Torrebelvicino (VI)	330,000	75.00 %	75.00 %
Wolmann Spa	Bologna	400,000	100.00 %	100.00 %

(*) unless otherwise specified

(**) formerly Acantho Spa

Jointly controlled entities

REGISTERED NAME	REGISTERED OFFICE	SHARE CAPITAL (EURO) (*)	CONSOLIDATED PERCENTAGE		TOTAL INTEREST
			DIRECT	INDIRECT	
Enomondo Srl	Faenza (RA)	14,000,000		37.50 %	37.50 %
Set Spa	Milan	120,000	39.00 %		39.00 %

Associates

REGISTERED NAME	REGISTERED OFFICE	SHARE CAPITAL (EURO) (*)	CONSOLIDATED PERCENTAGE		TOTAL INTEREST
			DIRECT	INDIRECT	
Aimag Spa*	Mirandola (Mo)	78,027,681	25.00 %		25.00 %
ASM Servizi Energetici e Tecnologici (ASM SET) Srl	Rovigo	200,000		49.00 %	49.00 %
SEA - Servizi Ecologici Ambientali Srl	Camerata Picena (AN)	100,000		31.00 %	31.00 %
Sgr Servizi Spa	Rimini	5,982,262		29.61 %	29.61 %
Tamarete Energia Srl	Ortona (CH)	3,600,000	40.00 %		40.00 %

*The share capital of these companies consists of 67,577,681 euro of ordinary shares and 10,450,000 euro of related shares.

2.04.02 Key figures in the financial statements of subsidiaries and associates

Summary of key figures of the financial statements of subsidiaries pursuant to Article 2429, last paragraph, of the Civil Code

THOUSAND €	A.C.R. SPA	ACEGASAPSAMGA SPA*	ALIPLAST SPA	ALIPLAST FRANCE RECYCLAGE SAS	ALIPLAST IBERIA SLU
ASSETS					
Fixed assets	40,502	1,238,553	118,315	2,942	699
Circulating assets	118,652	225,203	70,650	2,540	1,217
Total assets	159,153	1,463,756	188,965	5,482	1,916
Liabilities					
Share capital	390	284,677	5,000	1,025	815
Reserves	50,118	277,606	36,301	1,526	347
Profit/(loss) for the year	26,954	47,948	5,641	108	50
Provisions	96	38,002	456	-	-
Severance pay provision	655	8,925	954	-	-
Payables	80,940	806,598	140,613	2,823	704
Total liabilities	159,153	1,463,756	188,965	5,482	1,916
STATEMENT OF PROFIT OR LOSS					
Production value	215,756	499,440	162,120	6,034	2,326
Production costs	(183,104)	(434,548)	(151,705)	(5,840)	(2,259)
Finance income/(expenses)	(268)	(1,908)	(2,733)	(35)	-
Extraordinary income/(expenses)	-	-	-	(7)	-
Taxes for the year	(5,430)	(15,036)	(2,041)	(44)	(17)
Profit/(loss) for the year	26,954	47,948	5,641	108	50

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	ALIPLAST POLSKA SPZOO	AMBIENTE ENERGIA SRL	ARESENERGY EOD	ARESGAS EAD	ARES TRADING EOD
ASSETS					
Fixed assets	260	7,148	13	83,166	-
Circulating assets	1,753	3,288	818	6,764	2,002
Total assets	2,013	10,436	831	89,930	2,002
Liabilities					
Share capital	284	100	26	11,541	26
Reserves	1,268	5,934	(56)	21,427	800
Profit/(loss) for the year	77	456	27	2,266	50
Provisions	-	781	-	264	-
Severance pay provision	-	59	-	62	-
Payables	384	3,106	834	54,370	1,126
Total liabilities	2,013	10,436	831	89,930	2,002
STATEMENT OF PROFIT OR LOSS					
Production value	4,499	6,526	2,575	40,018	4,772
Production costs	(4,369)	(5,972)	(2,532)	(36,204)	(4,710)
Finance income/(expenses)	(18)	(17)	(16)	(1,358)	(6)
Extraordinary income/(expenses)	-	-	-	-	-
Taxes for the year	(35)	(81)	-	(190)	(6)
Profit/(loss) for the year	77	456	27	2,266	50

THOUSAND €	ASA SCPA	BIORG SRL	BLACK SEA GAS COMPANY EOD	ELETTRACHP SRL	ESTENERGY SPA*
ASSETS					
Fixed assets	1,908	29,839	1,111	29	487,649
Circulating assets	18,468	5,278	3,856	8,904	335,907
Total assets	20,376	35,117	4,967	8,933	823,556
Liabilities					
Share capital	1,820	1,000	3	100	299,926
Reserves	622	6,262	4,534	-	159,358
Profit/(loss) for the year	-	(2,303)	(131)	444	68,231
Provisions	16,788	205	-	-	6,355
Severance pay provision	113	41	91	-	1,865
Payables	1,033	29,912	470	8,389	287,821
Total liabilities	20,376	35,117	4,967	8,933	823,556
STATEMENT OF PROFIT OR LOSS					
Production value	4,996	7,597	4,355	3,296	1,146,993
Production costs	(5,373)	(9,775)	(4,480)	(2,678)	(1,061,109)
Finance income/(expenses)	444	(733)	(7)	(2)	11,987
Extraordinary income/(expenses)	-	-	-	-	-
Taxes for the year	(67)	608	1	(172)	(29,640)
Profit/(loss) for the year	-	(2,303)	(131)	444	68,231

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	ETRA ENERGIA SRL*	F.LLI FRANCHINI SRL	FERONIA SRL*	FRULLO ENERGIA AMBIENTE SRL*	GREEN FACTORY SRL
ASSETS					
Fixed assets	121	358	30,410	44,963	6,664
Circulating assets	4,915	41,828	7,289	22,882	1,271
Total assets	5,036	42,186	37,699	67,845	7,935
Liabilities					
Share capital	100	1,100	100	17,139	500
Reserves	1,589	4,274	3,285	25,430	(79)
Profit/(loss) for the year	1,209	2,581	5,844	13,320	126
Provisions	-	101	19,359	1,334	-
Severance pay provision	55	479	-	1,419	1
Payables	2,083	33,651	9,111	9,203	7,387
Total liabilities	5,036	42,186	37,699	67,845	7,935
STATEMENT OF PROFIT OR LOSS					
Production value	10,883	25,208	22,850	39,267	560
Production costs	(9,245)	(21,560)	(12,772)	(21,191)	(412)
Finance income/(expenses)	91	(8)	(2,078)	352	2
Extraordinary income/ (expenses)	-	-	-	-	-
Taxes for the year	(520)	(1,059)	(2,156)	(5,108)	(24)
Profit/(loss) for the year	1,209	2,581	5,844	13,320	126

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	HERABIT SPA**	HERACQUAMODENA SRL*	HERAMBIENTE SPA*	HERAMBIENTE SERVIZI INDUSTRIALI SRL*	HERA COMM SPA*
ASSETS					
Fixed assets	111,059	333,946	970,290	308,344	238,405
Circulating assets	31,715	56,424	607,738	59,934	2,675,766
Total assets	142,774	390,370	1,578,028	368,278	2,914,171
Liabilities					
Share capital	27,094	10,000	271,600	5,000	53,596
Reserves	32,948	59,336	86,037	36,130	412,985
Profit/(loss) for the year	10,657	8,466	46,730	8,269	233,586
Provisions	38	7,172	182,153	3,617	50,781
Severance pay provision	1,058	856	5,173	2,543	3,633
Payables	70,979	304,540	986,335	312,719	2,159,590
Total liabilities	142,774	390,370	1,578,028	368,278	2,914,171
STATEMENT OF PROFIT OR LOSS					
Production value	94,825	67,764	553,055	159,544	5,711,108
Production costs	(80,305)	(52,954)	(506,576)	(159,271)	(5,508,130)
Finance income/(expenses)	(1,509)	(3,357)	4,635	7,279	33,300
Extraordinary income/ (expenses)	-	-	-	-	68,657
Taxes for the year	(2,354)	(2,987)	(4,384)	717	(71,349)
Profit/(loss) for the year	10,657	8,466	46,730	8,269	233,586

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	HERA LUCE SRL*	HERA SERVIZI ENERGIA SPA*	HERATECH SRL*	HERA TRADING SRL*	HESTAMBIENTE SRL*
ASSETS					
Fixed assets	137,360	115,529	36	317	135,867
Circulating assets	71,052	192,503	103,242	858,793	22,764
Total assets	208,412	308,032	103,278	859,110	158,631
Liabilities					
Share capital	1,000	13,217	1,981	22,600	1,010
Reserves	74,807	68,714	3,808	99,152	26,897
Profit/(loss) for the year	16,747	4,401	812	2,027	17,903
Provisions	1,125	6,851	183	-	5,988
Severance pay provision	553	1,398	2,285	573	435
Payables	114,180	213,451	94,209	734,758	106,398
Total liabilities	208,412	308,032	103,278	859,110	158,631
STATEMENT OF PROFIT OR LOSS					
Production value	102,450	141,107	201,177	6,737,094	83,861
Production costs	(83,415)	(140,137)	(199,957)	(6,733,306)	(57,248)
Finance income/(expenses)	4,130	4,834	(59)	(536)	(1,862)
Extraordinary income/ (expenses)	-	-	-	-	-
Taxes for the year	(6,418)	(1,403)	(349)	(1,225)	(6,848)
Profit/(loss) for the year	16,747	4,401	812	2,027	17,903

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	HOROWATT SRL	INRETE DISTRIBUZIONE ENERGIA SPA*	MACERO MACERATESE SRL	MARCHE MULTISERVIZI SPA	MARCHE MULTISERVIZI FALCONARA SRL
ASSETS					
Fixed assets	482	1,514,059	5,602	310,699	2,576
Circulating assets	2,310	207,324	9,095	85,754	1,757
Total assets	2,792	1,721,383	14,697	396,453	4,333
Liabilities					
Share capital	2,600	9,901	1,033	16,389	100
Reserves	-	580,122	7,294	117,336	1,186
Profit/(loss) for the year	(9)	62,081	785	8,047	439
Provisions	-	160,800	220	45,322	403
Severance pay provision	-	6,754	460	3,911	470
Payables	201	901,725	4,905	205,448	1,735
Total liabilities	2,792	1,721,383	14,697	396,453	4,333
STATEMENT OF PROFIT OR LOSS					
Production value	11	447,800	15,596	156,830	8,984
Production costs	(20)	(341,284)	(14,505)	(142,777)	(8,360)
Finance income/ (expenses)	-	(20,352)	(9)	(2,420)	(10)
Extraordinary income/ (expenses)	-	-	-	-	-
Taxes for the year	-	(24,083)	(297)	(3,586)	(175)
Profit/(loss) for the year	(9)	62,081	785	8,047	439

THOUSAND €	PRIMAGAS AD	RECYCLA SPA	TIEPOLO SRL	TRI-GENERAZIONE SCARL IN LIQUIDATION	TRIVENETA LUCE SCARL
ASSETS					
Fixed assets	2,655	17,488	8,147	-	62
Circulating assets	599	7,419	1,512	388	340
Total assets	3,254	24,907	9,659	388	402
Liabilities					
Share capital	588	90	1,305	100	400
Reserves	1,420	6,456	(91)	289	(45)
Profit/(loss) for the year	203	3,583	532	(1)	-
Provisions	-	774	273	-	-
Severance pay provision	-	1,369	-	-	-
Payables	1,043	12,635	7,640	-	47
Total liabilities	3,254	24,907	9,659	388	402
STATEMENT OF PROFIT OR LOSS					
Production value	3,088	26,997	1,241	34	76
Production costs	(2,802)	(22,023)	(320)	(40)	(76)
Finance income/(expenses)	(28)	(100)	(162)	5	-
Extraordinary income/(expenses)	-	-	-	-	-
Taxes for the year	(55)	(1,291)	(227)	-	-
Profit/(loss) for the year	203	3,583	532	(1)	-

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	TRS ECOLOGY SRL	UNIFLOTTE SRL*	VALLORTIGARA SERVIZI AMBIENTALI SPA	WOLMANN SPA
ASSETS				
Fixed assets	11,857	161,141	22,258	17
Circulating assets	7,705	32,345	14,790	6,178
Total assets	19,562	193,486	37,048	6,195
Liabilities				
Share capital	1,000	2,254	330	400
Reserves	2,336	35,125	13,592	849
Profit/(loss) for the year	1,676	4,998	3,028	(818)
Provisions	698	715	549	100
Severance pay provision	66	772	1,039	208
Payables	13,786	149,622	18,510	5,456
Total liabilities	19,562	193,486	37,048	6,195
STATEMENT OF PROFIT OR LOSS				
Production value	24,208	124,217	38,777	2,413
Production costs	(21,651)	(113,869)	(34,442)	(3,345)
Finance income/(expenses)	(142)	(3,506)	(160)	(108)
Extraordinary income/(expenses)	-	-	-	-
Taxes for the year	(739)	(1,844)	(1,147)	222
Profit/(loss) for the year	1,676	4,998	3,028	(818)

Summary of key figures of the financial statements of joint ventures pursuant to Article 2429, last paragraph, of the Civil Code.

THOUSAND €	ENOMONDO SRL	SET SPA
ASSETS		
Fixed assets	37,529	86,841
Circulating assets	22,290	40,965
Total assets	59,819	127,805
Liabilities		
Share capital	14,000	120
Reserves	23,716	72,410
Profit/(loss) for the year	3,765	2,747
Provisions	609	-
Severance pay provision	16	343
Payables	17,714	52,184
Total liabilities	59,819	127,805
STATEMENT OF PROFIT OR LOSS		
Production value	29,653	46,817
Production costs	(24,702)	(42,236)
Finance income/(expenses)	(57)	(621)
Extraordinary income/(expenses)	-	(92)
Taxes for the year	(1,129)	(1,120)
Profit/(loss) for the year	3,765	2,747

Summary of key figures of the financial statements of associates pursuant to Article. 2429, last paragraph, of the Civil code.

THOUSAND €	AIMAG SPA	ASM SET SRL	SEA - SERVIZI ECOLOGICI AMBIENTALI SRL	SGR SERVIZI SPA	TAMARETE ENERGIA SRL
ASSETS					
Fixed assets	340,312	193	5,028	1,925	37,667
Circulating assets	101,557	13,375	31,174	122,043	10,980
Total assets	441,869	13,569	36,202	123,968	48,647
Liabilities					
Share capital	78,028	200	100	5,982	3,600
Reserves	91,984	663	19,022	58,992	3,051
Profit/(loss) for the year	(2,550)	2,875	3,970	22,752	853
Provisions	32,962	-	1,003	257	-
Severance pay provision	1,906	363	565	1,691	4,810
Payables	239,538	9,467	11,542	34,294	36,333
Total liabilities	441,869	13,569	36,202	123,968	48,647
STATEMENT OF PROFIT OR LOSS					
Production value	120,925	35,848	20,606	218,764	19,893
Production costs	(118,578)	(31,855)	(15,135)	(191,366)	(17,460)
Finance income/(expenses)	(5,578)	176	199	4,378	(1,403)
Extraordinary income/(expenses)	(394)	-	-	-	-
Taxes for the year	1,076	(1,294)	(1,700)	(9,024)	(177)
Profit/(loss) for the year	(2,550)	2,875	3,970	22,752	853

2.05 INFORMATION REQUIRED BY LAW 124 OF 4 AUGUST 2017 ART. 1 PARAGRAPHS 125-129 AS AMENDED

Italian Law 124/2017, Article 1, paragraphs 125 to 129, as amended, introduced an obligation for companies to disclose, in the notes to the financial statements, any 'grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a compensatory, remunerative or indemnifying nature' received from public authorities, above a threshold of 10 thousand euro and on a cash basis.

The following table presents the cases applicable to the Group:

Operating grants

GRANTING BODY	DESCRIPTION	AMOUNT RECEIVED (€)
Office of the Prime Minister, special Commissioner for reconstruction	Grant for the Emilia-Romagna floods, October 2024	3,477,530
National emergency fund	Contribution for the Emilia-Romagna floods, May 2023	2,086,228
Atersir	Support for the circular economy and the reduction of urban waste generation	1,105,725
Presidency of the Council of Ministers – Department for Family Policies	#Riparto Project: Welfare initiatives to promote childbirth and work-life balance	275,061
Marche Region – Ato1	Contribution for the September 2022 floods in Cagli	226,409
Municipality of Ferrara	Air Break project to reduce air pollution in the City of Ferrara	183,356
WEEE Coordination Centre	Contribution to WEEE coordination for the Municipalities of Faenza and Falconara Marittima	40,245
CNR-Institute of photonics and nanotechnologies	Horizon 2020 Attract Phase 2 – Pipe 4 Project	34,688
European Commission – lead partner: Sintef S.p.A.	Project on the impacts of H ₂ blending in the context of non-metallic network materials	19,879
Snam Spa	Thoth2 Horizon project on the development of tests for measuring natural gas and hydrogen mixtures	12,406

Plant investment grants

GRANTING BODY	DESCRIPTION	AMOUNT RECEIVED (€)
Ministry for infrastructures and transport	Reduction of water losses and water renewal	10,182,993
Atersir	Smart waste bins in Modena, Ravenna and Faenza	6,566,152
Ministry of the environment and energy security	Smart Grid in the Municipality of Trieste	5,972,257
Ministry of the environment and energy security	Modena NRRP (National Recovery and Resilience Plan) rigid plastics project	4,591,326
Atersir	Upgrading of the Ravenna wastewater treatment plant, 1st phase	4,219,918
Ministry for infrastructures and transport	Smart water management	3,660,779
Marche Region – Ato1	Network restoration works following the September 2022 floods in Cagli, Cantiano, Frontone, Pergola and Serra	3,631,574
Ministry of the environment and energy security	Codevigo–Ca' Nordio–Abano (PD) biodryers	3,528,249
Ministry for infrastructures and transport	Sustainable Water Management	3,110,234
Ministry of the environment and energy security	Project for the extension of efficient district heating in the northern area of Bologna	1,874,637
Municipality of Padua	Upgrading of SII networks – SIR2 tram line, Municipality of Padua	1,837,328
Atersir	Upgrading of the Idar wastewater treatment plant (Bologna)	1,803,557
Friuli Venezia Giulia region	NRRP Hydrogen Hub Trieste Project	1,580,000
Municipality of Rimini	Construction of the sewerage infrastructure for the first section of the southern trunk sewer of Rimini and the Ausa Basin	1,188,798
Ministry of the environment and energy security	Upgrading of the sewage network in the Petriano Vallefoglia area	1,020,000
Ministry for infrastructures and transport	Reduction of water losses in Local Water Authority Ato5	1,001,455
Emilia - Romagna Region	Maintenance and upgrading of the water networks in Pontelagoscuro	940,414

Ministry of the environment and energy security	Paper and cardboard separation plant in Padua	899,053
Ministry for infrastructures and transport	Upgrading of the Rio Salso water supply networks, Bottega-Belvedere section	865,908
Ministry of the environment and energy security	Network upgrade works in San Costanzo	810,000
Ministry of the environment and energy security	Carbon fibre plant	646,533
Marche Region – Ato1	Upgrading works at the Tavullia wastewater treatment plant	600,000
Ministry for infrastructures and transport	FVG Masterplan – EZIT reservoir restoration	539,205
Ministry of the environment and energy security	Smart bins in Trieste – Altopiano	517,694
Atersir	Interventions to upgrade separated waste collection systems	416,229
Ministry of the environment and energy security	Smart bins in Trieste – City Centre	322,538
Ministry of the environment and energy security	Installation of compacting bins in Trieste	284,766
Municipality of Ravenna	Construction of the Darsena sewage network, Municipality of Ravenna	262,463
MIUR (Ministry of Education)	Pinksand Project – BIM Digital Twin Simulation Models	254,450
Ministry of the environment and energy security	NRRP project to strengthen the medium-voltage distribution network	241,330
Emilia - Romagna Region	Works to protect the gas networks in the Setta Lavino streams, Sasso Marconi area	217,641
Friuli Venezia Giulia region	Noghere Ponds agricultural aqueduct	147,000
Emilia - Romagna Region	Work on the gas network in the Municipality of Frassinoro	115,164
Marche Region – Ato1	Work on the sewage network	105,000
Ministry of the environment and energy security	Construction of a Waste Collection Centre in Padua	100,000
Ministry of the environment and energy security	Smart waste bins in Abano Terme	99,948
CAFC Spa	Smart water management	57,652
Ministry of the environment and energy security	Digitalisation of the Casalserugo waste service	52,132
Municipality of Castiglione dei Pepoli	Water network upgrade interventions	25,000
Hyter Srl	NRRP project for the construction of a green hydrogen production plant	16,541
Municipality of Bologna	Water network upgrade interventions	15,000

2.06 OUTLINE OF ARTICLE 149 DUODECIES OF THE CONSOB ISSUERS REGULATION

MN€	2025
Services for the certification of the financial statements	1,025
Provision of other services by the independent auditors for the purpose of issuing an attestation	747
Other services provided by the independent auditors	103
Totale	1,875

The above services include a supplement to fees approved by the Hera Spa Shareholders' Meeting on 30 April 2025.

2.07 ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

1 – The undersigned Orazio Iacono, who holds the office of CEO, and Massimo Vai, acting as Manager responsible for preparing Hera Spa's corporate accounting documents, certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness with regard to the characteristics of the company and
- the effective application

of the administrative and accounting procedures used in preparing the consolidated financial statements for the financial year 2025.

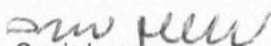
2 - They additionally certify that:

2.1 - the consolidated financial statements:

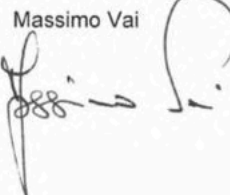
- a. have been prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b. correspond to the results of the accounting books and records;
- c. give a true and fair view of the financial position, results of operations and cash flows of the issuer and the group of consolidated companies.

2.2 – The report on operations includes a reliable analysis of trends and results of operations, as well as the situation of the issuer and the group of consolidated companies, along with a description of the main risks and uncertainties to which they are exposed.

The Chief Executive Officer


Orazio Iacono

The Manager responsible for preparing
the corporate accounting documents

Massimo Vai


Bologna, 25 March 2026

2.08 INDEPENDENT AUDITORS' REPORT



KPMG S.p.A.
Revisione e organizzazione contabile
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(The accompanying translated consolidated financial statements of the Hera Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Hera S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Hera Group (the "group"), which comprise the statement of financial position as at 31 December 2025 and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Hera Group as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Hera S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Hera Group

Independent auditors' report

31 December 2025

Recognition of revenue from the supply of electricity and gas to end users not yet invoiced

Notes to the consolidated financial statements: notes 2.02.01 "Accounting policies and basis of consolidation", 2.02.01 "Significant estimates and judgements" and 1 "Revenue"

Key audit matter	Audit procedures addressing the key audit matter
Revenue from the supply of electricity and gas to end users is recognised at the time the electricity or gas is delivered to the end users and includes, in addition to amounts invoiced on the basis of periodic meter readings or on the volumes notified by distributors and transporters, an estimate of the electricity and gas delivered during the year but not yet invoiced at the reporting date that is calculated also taking account of any network losses. Revenue accrued between the date of the last meter reading and the year end is based on calculations of consumption of individual customers, primarily based on their historical information, adjusted to reflect the climate factors or other matters that may affect the estimated consumption. These estimates are very complex given the nature of underlying assumptions. Therefore, we believe that the recognition of revenue from the supply of electricity and gas not yet invoiced is a key audit matter.	Our audit procedures included: • understanding the process for the recognition of revenue from the supply of electricity and gas not yet invoiced at the reporting date; • assessing the design, implementation and operating effectiveness of controls, including IT controls, deemed material for the purposes of our audit, including by involving our IT specialists; • checking the accuracy of the data used to estimate revenue accrued and not invoiced at the reporting date; • comparing the accruals for invoices to be issued for revenue from the supply of electricity and gas recognised in the prior year's consolidated financial statements with the subsequent actual figures; • assessing the appropriateness of the disclosures provided in the notes about the revenue from the supply of electricity and gas not yet invoiced at the reporting date.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material



Hera Group

Independent auditors' report

31 December 2025

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.



Hera Group

Independent auditors' report

31 December 2025

Other information required by article 10 of Regulation (EU) no. 537/14

On 28 April 2022, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2024 to 31 December 2032.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2025 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2025 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2025 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the consolidated financial statements;
- express an opinion on the compliance of the directors' report, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.



Hera Group

Independent auditors' report

31 December 2025

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the group's consolidated financial statements at 31 December 2025.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on compliance with the applicable law does not extend to the directors' report's section which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Bologna, 3 April 2026

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Annual financial report at 31 December 2025, approved by Hera Spa's Board of Directors on 25 March 2026, submitted for approval by the Shareholders' Meeting on April 29, 2026.

Design: Koan multimedia

Subjects of the illustration at the beginning of each chapter:

Introduction: Hera Group Headquarters, Bologna

Directors' report: Wastewater purification plant (IDAR), Bologna

Consolidated financial statements: Cogeneration power station, Imola

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Filippo Bocchi, Gianluca Principato, Gaelle Ridolfi

Translation: Mercurio GP

Hera supports the following associations or programmes for the promotion of sustainability and the circular economy:



The CEO Water Mandate



Hera Spa

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