HERA GROUP
Engagement with biodiversity

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

“Hera for the Planet, People and Prosperity

This, in essence, is our purpose, our scope, and in a broader sense, the raison d'être of our Group.

By taking care of the Planet, and protecting its stability, regeneration and biodiversity, Hera can encourage the rebalanced use of the natural resources on which the very services it provides depend and, when possible, their regeneration.

Sustainability and creating shared value for all our stakeholders are the fundamental traits of our company and define its purpose.”

Cristian Fabbri
Executive Chairman

Orazio Iacono
CEO

At the heart of the agenda of the G20 chaired by Italy in 2021, the requests underlying “planet, people and prosperity” well reflect the demands that have emerged globally from crises of various kinds, which have definitively dismissed the possibility of planning society’s well-being within watertight compartments. They also provide a comprehensive summary of the value-related horizon common to the most significant new business and development models that are currently being developed. These are important cornerstones, which focus on the central role played by stakeholder value and on the driving role of the company’s social purpose. As such, Hera has largely anticipated these issues and is now able to include under these three “P”s the many results achieved over the years, the historical evolution of its approach to sustainability, its mission and, ultimately, its very purpose, which in 2021 became an integral part of the company’s Articles of Association.
Hera Purpose art. 3.2 of By Laws

BIODIVERSITY Commitment

The Hera Group implements a comprehensive biodiversity protection strategy that also contributes to 11 of the 17 UN Sustainable Development Goals through **strict operational controls and full value chain management systems.**

The company goes **beyond regulatory compliance by implementing voluntary initiatives, reforestation campaigns, and a mitigation hierarchy** that systematically **avoids, minimizes, recovers and restores environmental impacts** across all activities.

Hera actively pursues Net Positive Impact and No Net Loss targets on biodiversity, transforming potential negative impacts into positive contributions through proactive conservation measures and community awareness projects.

Considering the nature of the services it provides, the Hera Group positions itself as a **key player in protecting biodiversity, transforming its role from a "resource user" into an "ecosystem regenerator"**.

For major details on Biodiversity commitment please see "Hera Biodiversity commitment"

NO DEFORESTATION Commitment

Hera maintains a **Zero Net Deforestation policy** by minimizing operational impacts in forested areas, particularly during drought periods and high fire-risk zones, while ensuring no deforestation is associated with its business operations or traded commodities.

The company **prioritizes procurement from certified forests and recycled materials**, while actively sourcing cellulose and wood products through Forest Stewardship Council and Program for the Endorsement of Forest Certification Schemes standards. GHG removals in the Hera Group currently include CO2 sequestration from trees planted as a result of Group initiatives, e.g. through ECO Trees. Since 2012, a total of 23,610 trees have been donated to the local area, amounting to 2,350 tonnes of carbon dioxide absorbed each year (an estimate made considering the average annual carbon dioxide absorption of 12 tree species). The plantings were the result of reward mechanisms associated with specific virtuous behaviour, such as delivering sorted waste to ecological stations or requesting electronic bills instead of paper bills.

Beyond protection measures, Hera actively fights climate change through extensive tree-planting initiatives including the **"ECO Trees"** project and more recently with the **Urban forests that are part of the Energy parks,** patented by the Hera Group.

The urban forests are green areas with a naturalistic character to help to **improve the capacity of the territory to host a quantity of native plants, pollinating insects and other biodiversity elements** such as to **enhance the ecological value of the local context** in which it is placed.

For major details on Deforestation commitment please see "Hera Deforestation commitment"

Biodiversity Risk Assessment

Hera **identify biodiversity risks across all facilities**, assess financial and reputational impacts, and **implement comprehensive mitigation strategies** that effectively prevent potential biodiversity impacts.

1. Strategic Framework

Hera's approach to biodiversity risk is grounded in:

- The **European Birds and Habitats Directives** (Directives 2009/147/EC and 1992/43/EEC), which established the Natura 2000 Network.
- National implementation via DPR 357/1997, and regional guidelines aligned with **the VINCA (Impact Assessment) protocols.**
- Hera's internal **Quality and Sustainability Policy, Code of Ethics**, and **ISO 14001**-certified Environmental Management System.

2. Risk Assessment

Hera applies a holistic approach to biodiversity, which includes:

- Identifying **risk scenarios at plants or locations** with potential financial and reputational consequences.
- Incorporating **upstream and downstream activities to assess full value chain impacts**.
- Using **impact analysis** to evaluate environmental of biodiversity risks annually.

3. Environmental Risk Methodology, under the ISO 14001 framework

- **Maps all activities, services, and plants**, including adjacent areas.
- Identifies environmental aspects and **evaluates their significance** based on:
  - **Probability of occurrence** (scale 1–4)
  - **Impact severity** (scale 1–4), based on:
    - **Potential environmental offense** (Decree 231/01)
    - Local **ecosystem sensitivity and stakeholder interest**
    - **Difficulty of damage removal** (persistence and severity)

This "**Risk-Based Thinking**" ensures that reputational risk is also factored into environmental decisions.

Biodiversity Risk Assessment

Hera Group's biodiversity risk assessment process combines both regulatory and internal management frameworks. Furthermore, **Hera uses a site-specific approach** as required by **ESRS E4 - Biodiversity and Ecosystems**

4. VINCA Screening and Impact Assessment
For any new project or modification:
- Hera initiates a **screening process to determine if a full VINCA assessment is needed**.
- This is based not on distance alone, but on ecosystem sensitivity and project characteristics.
- The competent authority may:
  - Approve the project
  - Request additional data or mitigation
  - Require a full impact assessment

5. Mitigation and Monitoring
If risks are identified, Hera applies a **mitigation hierarchy**:
- **Avoid → Minimize → Mitigate → Compensate**
- Measures include habitat restoration, artificial wetlands, and biodiversity monitoring (e.g., bee biomonitoring in the "Capiamo" project).

All actions are documented and monitored, with continuous improvement based on feedback from authorities and internal audits.

6. Outcome
- In 2024, Hera conducted **assessments for over 35 plants**
- **No significant biodiversity impacts were detected from Hera's activities in 2024**.

Nonetheless, Hera proactively implements measures to mitigate climate change and enhance ecosystem resilience.

Our mitigation hierarchy steps

AVOIDING

*Situations are identified in which impacts can be avoided as early as in the planning and design stages with **full compliance with biodiversity protection regulations** such as the Strategic Environmental Assessment (SEA).*

Hera conducts the Environmental Impact Assessment (EIA) procedure and implements the **European "Habitats" Directive** (92/43/EEC) and **"Birds" Directive** (79/409/EEC) in line with the guidelines of "**Natura 2000 Network**" issued by the Ministry for Environment, Land and Sea Protection. All the simulations carried out envisage the punctual characterisation of the sources and the evaluation of the most disadvantageous scenario for the purpose of carrying out a precautionary analysis. **Special impact assessments (VINCA) are also provided.**

REGENERATING

***Affected ecosystems are restored and rehabilitated through actions to reverse damages** done to our environment, encouraging greater resilience and protection.*

Hera Spa manages 21 phytodepuration plants of small to medium capacity. Phytodepuration is a natural process for **treating polluted water based on taking advantage of the soil-vegetation system** as a natural filter for water purification and is made up of biological ponds and macrophyte vegetation. **This type of treatment also contributes to the recovery of marginal areas**, creating aesthetically pleasing natural environments and landscapes, often chosen as a refuge for various species of birds, amphibians and reptiles.

REDUCING

*Once impacts have been assessed, **specific mitigation measures are identified, where necessary, so as to reduce them** and, if that is not possible, specific compensatory measures are implemented.*

Aliplast, a subsidiary Group's company, in the construction agreement of the new plastics recovery plant in Modena, required interventions such as: **construction, planting and maintenance of green areas** for CO_2 absorption and enhancement of resident's park areas; **reductive interventions on GHG emissions** and pollutants; **mitigation of nutrient input into the discharge into a near canal** to reduce algal growth and improve its hydraulic function; changes on vehicular traffic aimed at **minimising its impact (noise, traffic, emissions). The** 2024 Report illustrate many other measures, i.e. **reduce water consumption, improve wastewater treatment, energy efficiency services, etc**.

RESTORING

*If the previous stages proved to be insufficient, **offsetting measures are adopted as a last resort**, seeking **net gains for biodiversity**.*

In 2024 the GMMChallenge led to the planting of 300 trees in Camugnano, creating a **protected green oasis to restore and preserve local biodiversity**, promoting the absorption of greenhouse gases, making soil more stable with a concrete contribution to combating climate change. In partnership with the Municipality of Ravenna, Hera launched a **large-scale environmental restoration project** in the Po Delta Regional Park, involving the planting of over 2,000 trees and shrubs to **rehabilitate a degraded area and enhance regional biodiversity**. See 2024 Report for other measures, i.e. **environmental remediation and reclamation services** aimed at securing and recovering municipal areas and contaminated industrial sites, decommissioning, etc.

TRANSFORMING

To contribute to system-wide change and address the drivers of nature loss, transformative measures are integrated across our technological, economic and social dimensions.

To change underlying values and behaviors, Hera is engaging in two different projects the communities of the reference territory. The first is in the education area for children and young people (schools ranging from kindergarten to lower secondary school), with programs such as "The Great Engine of the World", "A well of science" and "Citizen Science laboratory" to **raise awareness among new generations** about how biodiversity losses are impacting the planet and how transformative changes are needed. Overall, **in 2024, 101,837 students and 7,602 teachers were involved**. Over time, it has become an important reference point for increasing children's knowledge and awareness of environmental issues (water, energy and waste), the circular economy and the most topical social issues, offering incentives to **make behaviours and lifestyles more sustainable for the planet**. Hera also carries out specific awareness-raising campaigns for students of all levels and backgrounds aimed at **promoting the rule of the 5 R's: Recycle, Reduce, Reuse, Recover, Regenerate.**

Activities contained herein are not intended to be exhaustive. See Consolidated financial statements 2024 report for full reporting.

Net Positive Impact Targets

Hera Group has committed to a **Net Zero goal by 2050**, with clear intermediate milestones:

- **-12%** greenhouse gas emissions by 2024 (compared to 2019)
- **-32%** by 2028 (compared to 2019)
- **-37%** by 2030 (compared to 2019, Science-Based Targets initiative aligned)
- **~90%** reduction by 2050, with residual emissions offset

Summary Table: Key initiatives supporting these targets include

Target Area	2024–2028–2030 Goals
GHG Emissions	**-32% by 2028** vs 2019 (SBTi aligned); -37% by 2030 (Scopes 1, 2, 3)
Renewable Capacity	**300 MW installed by 2028**
Plastic Recycling	**+68% by 2025, +150% by 2030** vs 2017 baseline
Use of landfills	**< 3% by 2028; < 2% by 2030**
Packaging recycling rate	**68% packaging recycling rate by 2028**
Sorted waste collection	**78% of sorted waste collection by 2028; >80% by 2030**
Reforestation campaigns	**4.5 million trees by 2025** “Lets Green Madagascar” project
Soil protection	**One million square metres of soil reused by 2028** in infrastructure projects designed by HeraTech (over 70% of the total soil involved in projects completed from 2018 to 2028)
Biodiversity Reporting	**Site-specific, aligned with ESRS E4**
Mitigation Strategy	**Avoid, minimize, restore, offset** (NNL-aligned)
EU Taxonomy Alignment	**96% of eligibile investments**

Activities contained herein are not intended to be exhaustive. See Consolidated financial statements 2024 report for full reporting.

NO NET LOSS Targets

ENHANCE WATER CYCLE AND ITS CIRCULARITY

"Rimini Seawater Protection Plan" produced noteworthy **environmental benefits, reducing marine pollution** (by avoiding effluents) and improving the quality of the water on the coast. **By 2027** it will be fully operational and **will gradually eliminate up to 90% of the polluting impact**, measured in terms of COD/BOD. To date, **7,000 metres of beach, corresponding to almost 65% of the city's coastline**, have been 'freed' from bathing bans.
Within its **Water Management project**, Hera has undertaken to sign program agreements with reclamation consortia, public administration and local authorities for the **reuse of purified wastewater** for indirect agricultural reuse, technical reuse by companies and internal reuse within the purifiers managed. Furthermore, strong actions are in place to **reduce consumption** within both the Group and household and business customers. **Reusable purified wastewater reached 11.9% of the total in 2024**. Regarding the **drought risk assessment and mitigation actions**, several interventions to increase the resilience of the aqueduct are planned in the 5-year Business plan to 2028.

INCREASE SOIL PROTECTION

Procedures and methodologies aimed at **minimising the use of virgin land on construction sites** have been implemented. Hera Group identifies technical solutions with external partners, aimed at reusing areas that have already been developed and/or **preserving the natural context of the land subject to intervention.** Key design criteria for networks foresee extensions carried out using existing roads and/or urban fabric while for plants reusing existing/already occupied infrastructure and areas is expected. **From 2018 to date, construction of infrastructures completed (networks and plants) involved 673,000 m² of land** that was already occupied by existing infrastructures. **In the period 2024-2028** most of the infrastructure works are expected to be carried out on reused land while continuing to limit the use of virgin soil: a **further 300,000 m² of soil will be reused**, bringing **to 70%** the **amount of soil reused in works completed from 2018 to 2028** (equal to about 1,000,000 m²).

IMPROVE AIR QUALITY

Hera is partnering with Saipem to deploy the **Bluenzyme™ enzymatic carbon-capture technology at Ferrara's waste-to-energy facility**—the first industrial-scale CCS installation of its kind in Italy and among the earliest in Europe. It targets roughly **90% CO_2 removal from one of the plant's two lines**—about 64,000 tonnes/year, equivalent to emissions from ~37,000 cars. Furthermore, thanks to initiatives planned, including **district heating, electric transportation** infrastructure networks, **energy upgrading for buildings,** investment in **cogeneration plants** and other new projects, Hera set a **goal of a 37% reduction in emissions by 2030,** compared to 2019, validated by the SBTi. The Group's **Climate transition plan with the Net Zero Commitment**, published in 2024, foresee a **~90% reduction of the Group's greenhouse gas emissions by 2050** compared to 2019 (11.8 mln t CO2e), including by removing all remaining emissions, to achieve Net Zero.

Activities contained herein are not intended to be exhaustive. See Consolidated financial statements 2024 report for full reporting.

Projects and initiatives

ENHANCEMENT OF THE LOCAL AREA, LANDSCAPE AND NATURAL ENVIRONMENT

Overall, the **Impact Assessment Procedure** has been successfully concluded by establishing the **non-significant impact of the projects submitted**. However, Hera implements mitigation and/or compensation actions oriented towards the enhancement of the local area, landscape and natural environment. The main ones are as follows: • Carry out **specific biodiversity monitoring** to verify the absence of impacts coming from plant activity; • Experiment with **non-lethal methods for the containment and reduction of potential opportunistic species** (e.g. gulls and rats on operating landfills); • **Avoid mowing the grass in spring, so as not to disturb nesting species** and promote the reproduction of plants and invertebrates; • **Planting native tree and shrub species** (e.g. green-planting, naturalistic restoration for mitigation purposes or landscape redevelopment). Each proposed intervention is specifically adapted to the local reality, with the aim of complying and harmonising with the peculiarities of the habitats and the characteristics of the local landscape.

ENERGY PARKS

The **energy parks, patented by the Hera Group**, includes cutting-edge technologies such as **advanced agrivoltaic renewable energy production plants** (photovoltaic panels raised off the ground so as not to subtract land for agriculture) and **precision agriculture**. Besides **energy self-sufficiency of cities** through modular and scalable solutions, they allow to **improve the well-being of citizens** through services such as **solar farms, hydrogen platforms, urban forests** and facilities. The **Urban Forests** are compact areas for the development and protection of biodiversity and the enhancement of surrounding rows and borders. The creation and management of a green area with a naturalistic character help to **improve the capacity of the territory to host a quantity of native plants, pollinating insects, and other biodiversity elements**, thereby enhancing the ecological value of the context in which it is placed. **It includes Traditional planting; Miyawaki planting** (a specific reforestation technique designed to recreate the complexity and resilience of natural ecosystems and high density of tree and shrub species to promote competition, rapid growth and development of a self-sustaining ecosystem); **Mixture of native herbaceous species**, to create an attractive grassland for pollinators and antagonists of harmful insects.

BEE UNDERSTAND: ENVIRONMENTAL BIOMONITORING WITH BEES

Innovative biomonitoring project aimed at further studying the environment surrounding some of Hera's plants, as well as any potential impacts thereon. The so-called "Capiamo – Bee understanding" Project **use bees as bioindicators to assess the quality status of the environment surrounding some plants and landfills** managed by the Group. In 2024, "Capiamo", already active at the waste-to-energy plant of Pozzilli (Isernia), the composting plant of Sant'Agata Bolognese (Bologna), the landfill of Serravalle Pistoiese (Pistoia), the waste-to-energy plant of Padua and the landfill of Cordenons (Pordenone), has **also started at the waste-to-energy plant of Bologna**. Over the course of the year, the **three bee colonies used showed an optimal state of health** and a remarkable capacity for adaptation, demonstrating how also the surrounding urban environment can be favourable to their development. Also in this case, the analyses showed that the hive products have not by affected the industrial plant.

Activities contained herein are not intended to be exhaustive. See Consolidated financial statements 2024 report for full reporting.

Hera Group's Quality, Safety & Environmental Policies

CERTIFICATIONS & REGULATIONS

The Hera Group manages its activities through certified management systems: **UNI EN ISO 9001 "Quality", UNI EN ISO 14001 "Environment", UNI ISO 45001 "Safety", UNI IEC EN ISO 50001 "Energy efficiency"** and **ISO 37001 "Prevention of corruption"** are some of the certifications adopted by the Group, which is also committed to **EMAS registration (Regulation (EC) No 1221/2009)** for the most significant plants and in particular those related to waste selection and treatment. CSR and Supplier audit system are based on **SA 8000 criteria** and the Group integrate the requirements of the Circular Economy project management system **AFNOR XP X30-901** in its environmental management system. **Hera adheres to UN Global Compact and Ellen MacArthur Foundation.**

CORPORATE POLICIES

All activities and processes are compliant with the Group's **Code of Ethics**, the **Quality and sustainability policy**, the **Personal Data protection policy**, the **Remuneration policy,** the **Corruption Prevention Model** and the **Gender Equality Policy** (all available on the Group's website).

COMMITMENTS

The Hera Group has signed the commitment declarations **UN CEO Water Mandate** and **New Plastics Economy Global Commitment;** supports the **CSR Europe CEOs call**, the **CO_2 Coalition Italy** and **TCFD**. By signing the **WBCSD's human rights CEO Guide**, the **Manifesto "Together to Fight Energy Poverty"** and the **Manifesto "Business for People and Society"** the company has also declared its commitment for the **respect of Human rights,** and **against discrimination and/or harassment.**

Biodiversity Exposure & Assessments

Out of 35 plants (443 Ha),
only 5 are within or nearby protected areas (see table below).
These **plants do not represent a significant risk** as they account for **less than 10% of the Group's revenues.**

Plant	Plant section surface (Hectares)	Distance from Natura 2000 site (km)
Plant section, km 2.6, Ravenna	90 Ha	Near
Baiona Ecological Centre and Cà Ponticelle Multi-functional Platform under construction	20 Ha	0.1 km
Finale Emilia (Modena) landfill	24 Ha	1.6 km
Cordenons (Pordenone) landfill	18 Ha	Near
Ravenna purification plant	6 Ha	Near

Furthermore, all plants that have a significant biodiversity impact, or are in proximity to critical biodiversity, **have a biodiversity management plan**

PARTNERSHIPS & COMMITMENTS

Hera, for some time now, has been making specific public commitments in various fields, **finding itself already concretely on the road to climate neutrality by 2050, mapped out by the European Union, in line with the objectives set out in the UN Agenda 2030.**

In order to **trigger systemic change**, with a view to progressive transformation, the Group is committed to **promoting, both internally and towards its stakeholders and along the value chain, a culture focused on raising awareness of biodiversity protection**, by promoting training, research and conservation activities, awareness-raising campaigns and sponsorship activities.

To do so, in 2024 the Group **took concrete actions and developed projects in close partnership with Institutes, Universities and Associations** such as Emilia Romagna Region, Arpae, Atersir and Consorzio Bonifica Renana, University of Bologna and Milan Bicoca University, Department of Civil Protection Agency, La Sapienza University, Province of Padua, Municipality of Padua, Romagna Acque, Eastern Alps Basin Authority, among others.

The Hera Group adheres to the **CEO Water Mandate** and the **UN Global Compact** and is a promoter of the **Circular Economy Network (CEN)** magaged by the Sustainable Development Foundation. The Group is a member of the **Sustainability Makers, Alliance for the Circular Economy**, **Impronta Etica**, the **ICSEP** (Italian Circular Economy Stakeholder Platform coordinated by ENEA) and the **Fondazione Global Compact Network Italia**.

Hera is also a member of a specific working group created by the **Italian Ministry for Environment, Land and Sea Protection** and regularly collaborates with reference Bodies and Authorities for the environment protection.

In 2024 Hera Net Zero Climate Transition Plan was approved and published. It targets complete carbon neutrality by 2050, reducing Scope 3 emissions per energy customer from 3.3 tonnes in 2019 to less than 0.2 tonnes by 2050 through comprehensive decarbonization strategies across all business operations.