

Water Management in Hera Group

Solid infrastructures for a long-term sustainable strategy

Photo by Silvia Camporesi: construction phase of the biomethane plant of Sant'Agata Bolognese



Water efficiency management programs

At Hera, we understand the crucial role water plays in our reference areas. We are dedicated to managing this resource efficiently and responsibly across all our activities. This enables us to assess and monitor our water usage, pinpoint areas for improvement, and take tangible steps to lessen our environmental footprint. The implementation of this program is a forward-looking investment. By executing it, we not only diminish our environmental impact but also ensure water security for the local communities we serve. At Hera, we firmly believe that efficient water management is a collective responsibility. Hence, we collaborate with our suppliers, customers, and communities to foster the responsible use of this essential resource.

Water use assessment to identify opportunities for water efficiency improvements

Monitoring and analysis enable us to gain a comprehensive understanding of our water usage patterns, pinpoint the areas with the highest consumption, and develop strategies to optimize water use. Therefore, we consistently monitor water usage across all our operations, with a process that includes:

- Collection and analysis of data on water consumption in all our operations
- Identification of significant water consumption activities
- Monitoring of water consumption in order to detect leakages or consumptions that are not aligned with the targets
- Assessment of water usage outcomes and enhancements based on the findings

Actions to reduce water consumption

We undertake a variety of initiatives to decrease water usage in our operations. Some examples of the measures we implement are:

- Programs for water saving
- Installation of water saving devices
- Installation of water meters
- Advanced monitoring with the district water system
- Reuse of purified water

Actions to improve wastewater quality

At Hera, we recognize the environmental impact of wastewater and take stringent actions to enhance the quality of the water we release. These actions are implemented across all our facilities, encompassing everything from using the best available technologies, to optimizing processes and monitoring of effluents:

- Strict adherence to regulatory and legal limits
- Process and technology improvements and updates
- Periodic monitoring of water quality in the Group's laboratories
- Wastewater treatment in Group's plants
- Audit on the wastewater management system



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Establishment of targets to reduce water use

Hera has been engaged in initiatives to reduce and improve consumption efficiency. To this end, a Water Management Project aimed at saving, reusing and recovering water was launched. The project concerns all aqueduct water consumption of all the Group's Companies in the areas where Hera Spa manages the aqueduct service.

Most of the planned interventions for reducing water consumption have already been implemented, while some already identified actions remain to be carried out to reach the target set at -26.5% by 2030.

Investments for Water service resilience

Hera expects that, by 2029, 99% of its network will undergo predictive maintenance and around 29,000 km of the aqueduct network will be districted. These improvements will enhance the reliability and efficient use of water resources. Additionally, numerous upgrades to the water supply system, interconnection of aqueduct systems, and upgrades to adduction networks will help ensure a stable and resilient water supply.

Application of water recycling

We actively encourage the use of purified water from our treatment plants by forming partnerships with consortia and agricultural companies. This approach reduces water withdrawals and minimizes the environmental footprint of these activities. Additionally, water reuse processes are implemented in the industrial processes of both the Hera Group and industrial clients.

Awareness training provided to employees on water efficiency management programs

Water management programs are dependent on the engagement and commitment of all Hera's employees. For this reason, training programs are provided to increase awareness of the importance of water quality and the reduction of its use. Internal and external awareness campaigns are conducted to promote water saving practices and responsible water consumptions.

Water risk management programs

Hera implements comprehensive water risk management programs focused on efficient water use, quality of the purified water, and risk mitigation. These programs are integrated into the company's overall risk management strategy and aim to ensure sustainable water resource management.

The **identification and assessment of risks** is managed annually through the Enterprise risk management process, **that covers own operations, supply chain and product use phase**. Within this process, both risks and mitigation actions are identified, verifying risk events and their impact.

The risk scenario linked to the suspension of water distribution due to natural events was identified, foreseeing the possibility of a prolonged drought event, assessing potential reputational repercussions resulting from a prolonged service suspension in areas without multiple-feed network systems (**impact-related water risks considered in risk assessment**). The mitigation strategy to reduce this risk includes the use of tankers, the definition of operational guidelines for a systematic approach to the emergency and the evaluation of more structural remediation measures.

With reference to **dependency-related risks**, Hera has established a consolidated methodology for the classification of drought risk differentiated on the basis of the local context. The methodology, which is still being defined, includes a series of initiatives aimed at quantifying the impact of climate change on water distribution networks and identifying solutions to improve network resilience. In order to better monitor drought in the aqueduct systems managed, the Drought status monitoring platform (resilient dashboard) has been consolidated, updated in near real time, calculating a Global drought score to assess the water system criticality. In particular, the key variables – such as temperature and rainfall, flow rates of springs, levels of rivers, reservoirs and wells – are compared with the historical records to analyse their statistical trend in aqueduct macro-areas. Through a dynamic weighing system, the resilient dashboard allows the state of water criticality of the macro-areas to be monitored, also in relation to the trend in water demand. In 2024, this tool was improved to create prospective scenarios providing a medium-term view of the drought status of an aqueduct system.

The risk-based approach involves:

- **Assessment of future water quantities available** through the use of the “Water Stress” indicator of the World resources institute’s Aqueduct database and the Drought status monitoring platform that calculates a Global drought score to assess the water system criticality also in a looking forward mode. More specifically, the WRI identifies areas with high water stress. Based on these parameters, Hera develops strategies to reduce water consumption efficiently.
- **Assessment of future water quality-related risks** that involves the control of emerging contaminants and the verification of the vulnerability degree of drinking water systems with regard to the direct and indirect impacts induced by climate change. Hera has always provided for structured prevention and control plans that guarantee its customers good drinking water, in compliance with regulatory requirements and with a constant surveillance carried out through the planning of well targeted controls on the entire drinking water production chain, from supply sources to distribution.
- **Assessment of impacts on local stakeholders** from a prolonged services suspension. Hera engages with stakeholders, including policy makers, NGOs, and communities, to address water-related risks and promote responsible water management.
- **Assessment of future potential regulatory changes** at a local level or possible situations of regulatory instability. 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