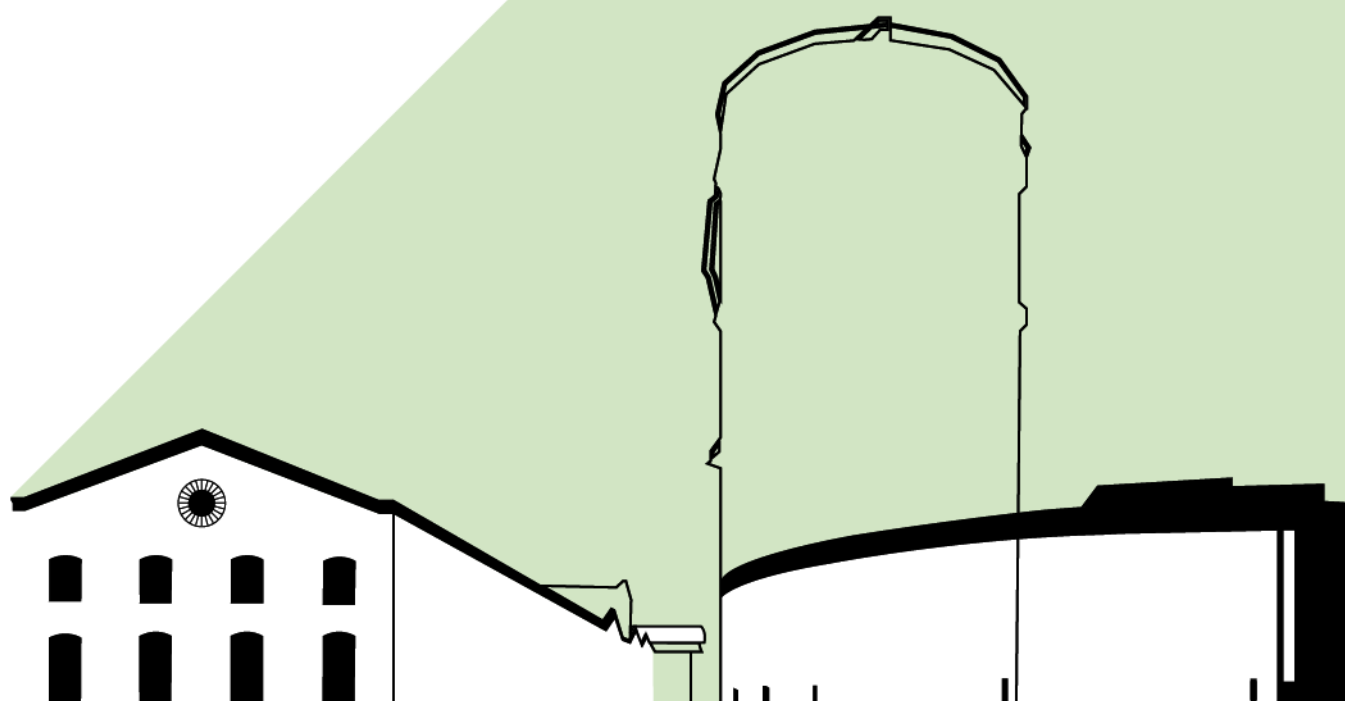


Consolidated financial
statements 2024

FY/24



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

Consolidated financial
statements 2024

FY/24

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KEY



The Hera Group's 2024 financial report is set out in two chapters:

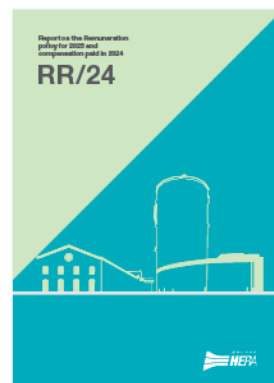
1. DIRECTORS' REPORT

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).

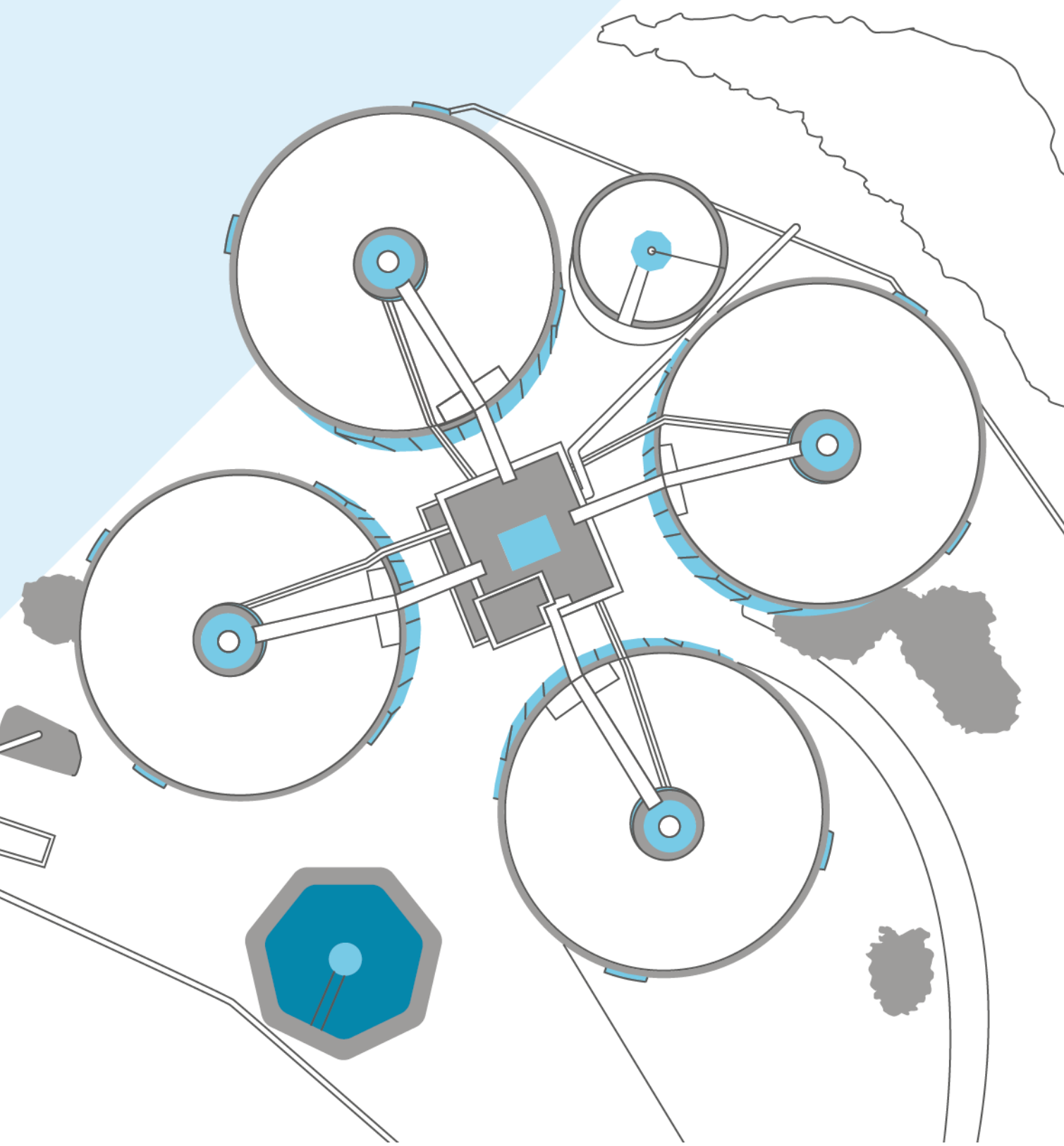
2. CONSOLIDATED FINANCIAL STATEMENTS

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 the 2024 financial year with significant improvement in our main operating and financial indicators. This result is all the more significant when seen against the high performance of the previous year and a scenario, both national and international, that remains complex.

Our financial results – which are submitted for your approval – confirm our path of industrial growth, in both free market and regulated activities, which goes hand in hand with the sustainable development of the ecosystem in which we operate. This trend, uninterrupted since 2002 and thus throughout our company's history, proves the validity of our multi-business model and our focus on creating value for all stakeholders.

In 2024, Ebitda amounted to just below 1.6 billion euro, 6.2% higher than in 2023, thanks to growth that was primarily internal and structural, resulting from the contribution of all business areas. The increase in profit attributable to shareholders was particularly significant, standing at 494.5 million euro, +31.8% compared to the previous year. While 2023 was the year with the largest increase in Ebitda since Hera's establishment, in 2024 we saw an unprecedented increase in profit. This creation of value is also clear from the rise in return on equity (ROE), up to 12.2%, and return on invested capital (ROI), which stood at 10.4%.

Gross operating investments increased by 5.5% compared to 2023, reaching 860.3 million euro, and were especially focused on strengthening the resilience of networks and plants, whose sturdiness was confirmed even during the extreme weather and climate phenomena that struck Emilia-Romagna again last autumn.

As a result of the growth in investments and shareholding acquisitions, net debt amounted to 3,963.7 million euro, as

against 3,827.7 million euro at 31 December 2023. A robust cash flow allowed us to finance operating investments, steadily increasing dividends and M&A transactions, and to close the year with the net debt/Ebitda ratio at 2.50x, achieving financial solidity and settling at the lowest level in 20 years.

In 2024, we also continued with external growth, in which we engage while paying the utmost attention to selecting companies that can be integrated with our business portfolio and produce synergies.

The main operations included, in the waste management sector, the acquisition of 70% of Piacenza-based TRS Ecology, which expanded our presence in the north-west, and the award, in the energy sector, of the national tender for the gradual protection electricity service for non-vulnerable household customers, with 7 lots and a total of 37 provinces, corresponding to the acquisition of about 1 million new customers as of 1 July 2024. We thus further consolidated our position as Italy's third largest operator in terms of number of energy customers served, who stand at 4.6 million (+20% compared to 2023). Now 13% of Italians, or more than 7.5 million residents, have at least one service provided by our Group.

The positive results achieved and our financial solidity allow us to propose to the Shareholders Meeting the payment of a dividend set at 15 eurocents per share, up 7.1% compared to the last dividend paid. The entire dividend policy will benefit from this increase over the next few years, reaching 17 eurocents per share in 2028.

We continue along our path of sustainable development, undertaken many years ago, in line with our purpose: to generate economic value for the company and, at the same time, positive impacts for the environment and the local areas in which we operate. Indeed, 54% of total Ebitda (856.7 million

Ebitda) involved shared value, this being the most important indicator measuring the sustainability of the Group's activities, up 10% compared to the previous year. Investments in decarbonisation, the circular economy and resilience also increased, reaching 76% of total investments. Nor can we forget the economic value distributed to stakeholders in the local areas in which we operate, which in 2024 exceeded 2 billion euro. We estimate that this figure will total 10.8 billion euro over the five-year period 2024-2028. This commitment is also reflected in our Climate transition plan, approved in July 2024, which outlines our strategy to achieve Net Zero by 2050: in addition to reducing our own emissions, which account for about 10% of total emissions, we aim to reduce those along the entire value chain and promote the adoption of sustainable solutions by citizens and businesses.

In the Directors' report you will find, this year for the first time, our Sustainability reporting, prepared in accordance with the CSRD Directive and the European Sustainability Reporting Standards, which contains all the information necessary to understand our activities on sustainability issues and how they affect business performance and results.

The results of the 2024 financial year confirm once again the validity of our strategic vision and provide a promising initial building block for our new Business plan, presented in January 2025.

I would like to end these reflections by thanking the over 10,000 people working within the Group, who made it possible to achieve these results. We will continue along the path we have been following for years, by investing in boosting skills, well-being and social inclusion, to keep guaranteeing high quality services and to face new challenges with the passion and dedication that have always been our hallmark.

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.

OUR LEADERSHIP, BY BUSINESS AREA

1st

WASTE SERVICES OPERATOR,

by waste treated



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

8.5 million tons
of waste treated

2nd

WATER CYCLE OPERATOR,

by volume of water supplied



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

285.0 mln/m³
of water supplied

3rd

ENERGY SALES OPERATOR,

by number of customers served

4.6 million energy
customers served

4th

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

226
Municipalities served

645 thousand
lighting points

MAIN OPERATING INDICATORS

	Revenues	EBITDA	Net Profits	Investments	NET DEBT	NET DEBT/EBITDA
2024	12,889.7	1,587.6	535.9	812.1	3,963.7	2.5
VS	million euro					
2023	15,331.1	1,494.7	417.0	779.2	3,827.7	2.6
%	- 15.9%	+ 6.2%	+ 28.5%	+ 4.2%	+ 3.6%	- 2.5%

EBITDA **1,587,600,000** EURO

63% free market

1,007.4 mn€

37% regulated market 580.2 mn€

Trends by business and markets

				
GAS*	WASTE MANAGEMENT	WATER CYCLE	ELECTRICITY	OTHER SERVICES
36.0%	23.1%	18.7%	20.3%	1.9%
EBITDA mn€				
2024 571.4	367.0	297.1	322.0	30.1
2023 516.9	353.4	271.4	326.3	26.7
Investments mn€				
2024 180.5	162.3	261.1	127.2	11.0
2023 191.8	150.8	228.2	128.4	9.8
Acquisition of the gas distribution network and 2.85% of Sinergas Spa from Soelia. Strengthened partnership with Panasonic for providing NexMeters on the European market as well.	70% of TRS Ecology acquired. Construction of rigid plastics recycling plant begun. Agreement signed with Fincantieri for waste management in shipyards. Project for CO ₂ capture from WTEs, in a partnership with Saipem.	Hera Group recognised by ARERA for the quality of its integrated water service. Ongoing investments in purification plants, reducing network losses and increasing network resilience to face adverse climate events.	Seven lots awarded in the Gradual protection service tender for non-vulnerable household customers, over 1 million electricity customers. Energy Park project presented in Bologna and NRRP funds awarded for two agrivoltaic plants.	Full integration of Asco TLC and increased connectivity and data centre activities.

* adjusted results, as mentioned in paragraph 1.06

HERA RANKING WITH RESPECT TO ESG STANDARDS

DOW JONES SUSTAINABILITY INDEX

80/100



In December 2024, Hera was confirmed in the Dow Jones Sustainability Index (DJSI), World and Europe, standing out among the 3,500 largest global companies by capitalisation rated by S&P Global. With a score of 80/100 (sector average: 35/100), Hera ranked as world leader in sustainability in the multi & water utility sector.

SUSTAINALYTICS MORNINGSTAR

15.3

low risk



Hera achieved a score of 15.3, the second best in the world, certifying the validity of its ESG risk management. The score improved by 1.3 points compared to 2023.

REFINITIV DIVERSITY AND INCLUSION

TOP 100



In 2024, Hera was among the Top 100 global companies and the world's leading multi-utility in Refinitiv's ranking on the promotion of diversity, inclusion and people development.

ESG IDENTITY CORPORATE INDEX

1st

place global ranking



In 2024, Hera rose to the top position once again for integrating sustainability policies into its business strategies.

TITLE AND RATING

S&P BBB+
stable outlook

MOODY'S Baa2
stable outlook

5.10 billion euro
capitalisation at 31/12/2024.

SHAREHOLDERS

45.8%
public
shareholders
agreement



54.2%
free float

Stable and balanced shareholder structure; highly diversified shareholder base (the largest shareholder has a stake of less than 10%).

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*

2024	2023	2024 vs 2023
857 million euro	776 mn€	+81 mn€ Shared Value EBITDA (+10% Shared Value EBITDA)
54% of total EBITDA	51,9% 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 of shared value

WASTE MANAGEMENT

470 million euro

30%
of total EBITDA

fields

regenerating
resources and
closing the circle

impact areas

Sustainable water resource management
Transition towards a circular economy
Protection of air, soil and biodiversity



ENERGY

319 million euro

20%
of total EBITDA

pursuing
carbon
neutrality

Promoting energy efficiency
Energy transition and renewables



LOCAL AREAS (and enterprises)

279 million euro

18%
of total EBITDA

enabling
resilience
and innovating

Resilience and adaptation
Innovation and digitisation
Economic development
and social inclusion



-13.7%
**REDUCED CO₂
EMISSIONS**
calculated with the SBTi
method

74.3%
**SORTED
WASTE**
(72.2% in 2023)

-25.5%
**REDUCED
INTERNAL**
water consumption

83.9 k tons
**PLASTIC
RECYCLED**
and sold by Aliplast Spa
(+41% 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.

2.1
billion euros



**IN ECONOMIC VALUE
DISTRIBUTED TO LOCAL
AREAS**

66%



**MOUNT OF SUPPLIES
COMING FROM
LOCAL BUSINESSES**

171.3
million euro



**INVESTED
IN INNOVATION**

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

**292,329 HOURS
OF TRAINING**

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

2,623 ENTRIES

workers with open-ended
contracts in the last three years
with a 6.0% turnover

**-70% DAYS
OF ABSENCE**

for accidents in 2024.
Increasing corporate culture
of health and safety for workers
confirmed, with an extraordinary
result in terms of days of absence
due to accidents (compared
previous years)

**7.0 MILLION
EURO IN WELFARE**

dedicated to employees

REMOTE WORKING

for 75% of employees

**171 ACTIONS TAKEN
TO IMPROVE HEALTH
AND SAFETY**

over the course of the year

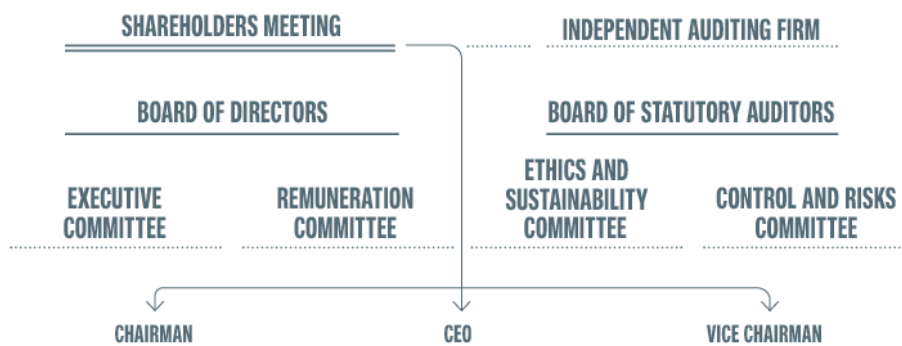
**34% FEMALE
PRESENCE**

in roles of responsibility

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.

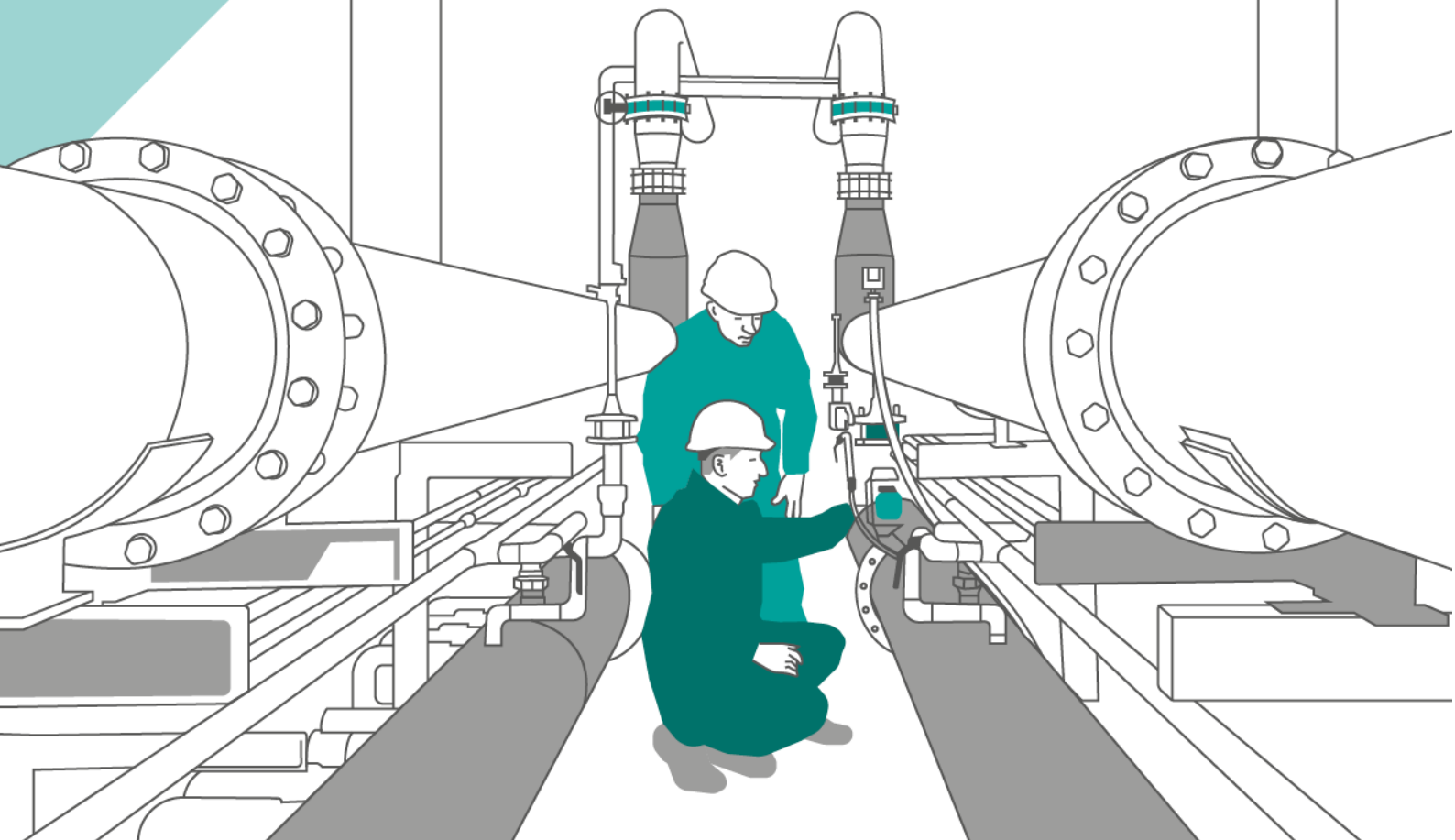


BOARD OF DIRECTORS					BOARD OF STATUTORY AUDITORS	INDEPENDENT AUDITING FIRM
MEMBER	EXECUTIVE COMMITTEE	REMUNERATION COMMITTEE	CONTROL AND RISKS COMMITTEE	ETHICS AND SUSTAINABILITY COMMITTEE		KPMG SPA
Cristian Fabbri Executive Chairman					Myriam Amato Chairman	
Orazio Iacono CEO						
Tommaso Rotella* 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		

*appointed Director by the 30 April 2024 Shareholders Meeting and Vice Chairman of the Board of Directors on 14 May 2024

4

DIRECTORS' REPORT



1.01 - TRENDS AND CONTEXTS, STRATEGIC APPROACH AND GROUP MANAGEMENT POLICIES

1.01.01 - Trends and contexts

The Hera Group (hereinafter also Hera or the Group) makes ongoing efforts to interpret the signs coming from the contexts in which it operates, in an attempt to obtain an overall view of what lies ahead for the Group and its stakeholders. To anticipate future developments, 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 January 2025 scenario published by the International Monetary Fund (IMF) in its World Economic Outlook (WEO) report shows a +3.2% increase in global Gross domestic product (GDP) for 2024 (slightly down from +3.3% in 2023). World growth therefore appears stable albeit weak, affected by various elements of risk and uncertainty, such as the escalation of geopolitical tensions, weaker trade, debt crises and the growth of great powers such as China being lower than expected, in particular due to fragility in the real estate sector and a slowdown in industrial production.

After peaking at 9.4% in the third quarter of 2022, global inflation gradually dropped due to the restrictive monetary policies adopted by the major central banks, reaching 5.8% at the end of 2024. Although the downward trend of inflation may favour further interest rate cuts, the IMF emphasises that central banks will have to remain alert and prepared to adjust their monetary policies according to evolving global economic conditions, which could change very quickly and reverse current trends.

The euro area, penalised by lacklustre consumption and investment in addition to declining exports, showed the most modest growth among advanced economies, with GDP increasing by +0.8% in 2024 (which is still an improvement on the +0.4% seen in 2023). Starting in the second half of 2024, inflation in the euro area, in line with the global trend, fell steadily until it settling close to the reference target defined by the European Central Bank (ECB) of 2% in October (down from 3% in the same month of 2023).

According to IMF estimates, growth in the world economy will remain modest over the next two years due to risks related to heightened international tensions that could increase market volatility and make the economic context less stable, including the tightened US trade policy recently announced by the new administration. World GDP is expected to increase by +3.3% in both 2025 and 2026, 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 euro area, instead, growth is expected to remain more subdued, with GDP expanding by +1.1% in 2025 and +1.4% in 2026, affected by a slow recovery in exports and household spending.

Over the next two years, it is expected that global inflation will continue to fall, reaching 4.2% in 2025 and 3.5% in 2026, while European inflation will stabilise around the 2% target, with markets anticipating further interest rate cuts by the ECB.

At the national level, the most recent Bank of Italy projections estimate a +0.5% increase in economic activity in 2024, affected like the rest of the euro area by persistent weakness in manufacturing and a slowdown in the tertiary sector. Over the next two years, forecasts indicate a modest increase in Italian GDP, estimating +0.8% in 2025 and +1.1% in 2026. These limited growth prospects are mainly due to the slowdown in investments caused by the downsizing of incentives for residential construction and to the slow recovery of both foreign and domestic demand (caused by a reduction in household and business confidence).

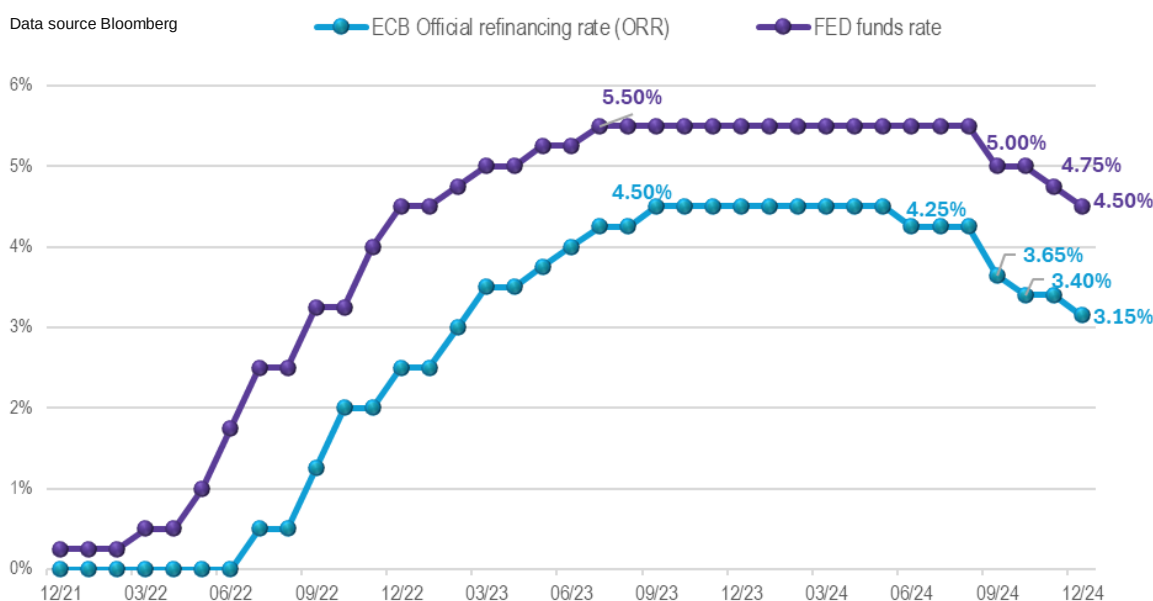
According to the preliminary estimates released by the Bank of Italy, average inflation in Italy in 2024 will be slightly above 1%, mainly due to lower energy and intermediate goods prices. For 2025-2026, forecasts indicate an increase in inflation to 1.5 %, mainly due to rises in wages, which could put upward pressure on consumer prices.

FINANCIAL TRENDS

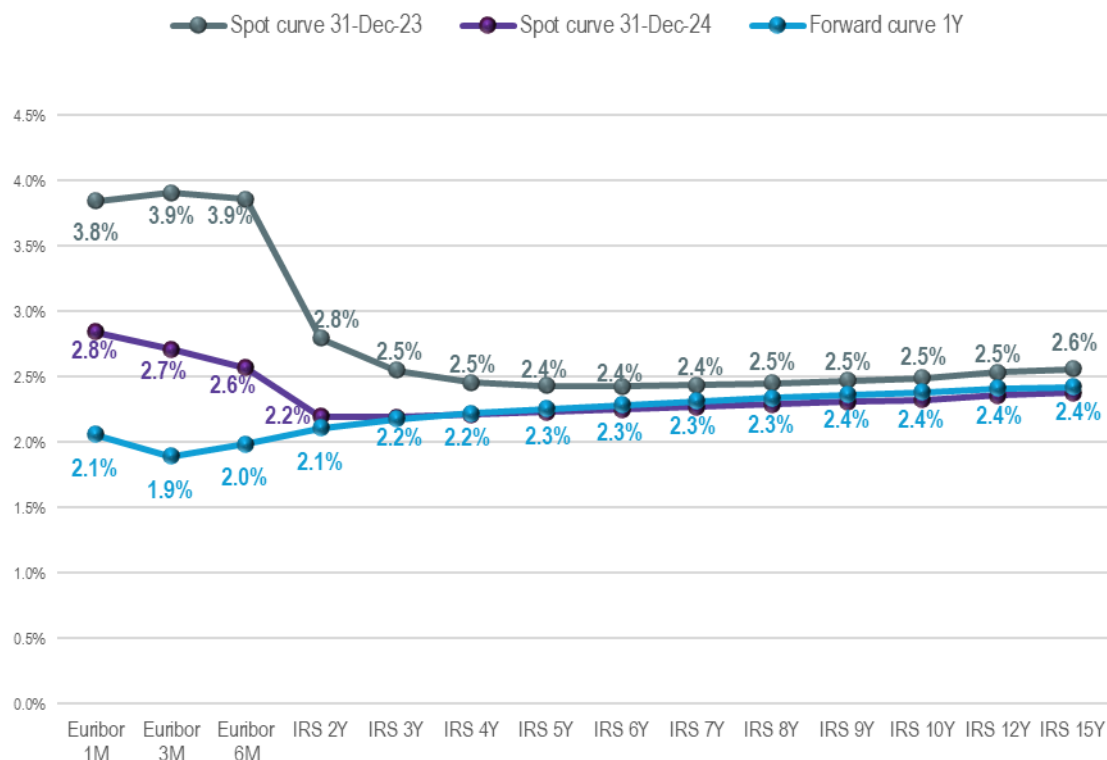
Global financial markets showed a complex balance at the end of 2024, following significant events that led to major swings in the main indices and assets. Despite moments of turbulence and geopolitical tensions, it was a particularly positive year in the technology sector, supported by the growing demand for artificial intelligence solutions, and innovations in blockchain for cryptocurrencies. Stock exchanges continued the strong upward trend that had already begun in 2023, albeit with significant geographical differences: while the US stock exchange achieved a +25% increase, the euro area settled at +10% (with the Italian stock exchange at +18%) and the emerging markets, in aggregate, stood at just under +14%. Government bond indices also recorded positive results, albeit with fluctuating trends, benefiting from narrower spreads and a favourable context of economic growth. On the foreign exchange

market, there was a significant weakening of the euro against the dollar (-6.7%) and against sterling (-4.8%), and a significant appreciation against the yen (+4.5%) and the Swiss franc (+ 1%). Inflation, mentioned above, influenced the price of gold, which performed very well as a result of increased demand from central banks, to diversify their reserves.

The monetary policy decisions made by the Federal Reserve (Fed) and the European Central Bank (ECB), which, albeit with different prospective assessments, had a significant influence on financial market trends. Indeed, while the ECB considered it feasible to reach the 2% inflation target, the Fed was much more cautious about future rate cuts, given the resilience shown by the US economy to the high cost of money. After about a year of rate hikes, aimed at countering rising inflation, and a standstill in the first part of the year, central banks gradually changed direction, ushering in a period of rate cuts in the second half of 2024 for the transmission of their monetary policy, while maintaining a cautious and data-dependent approach. The ECB, for the first time in its history, anticipated the Fed, and on 12 June started to cut the cost of money by 25 basis points, then cut rates three more times over the following months, meaning that by the end of the year the level of the official refinancing rate was brought down from its peak of 4.5% to 3.15% and the deposit rate from 4% to 2.75%. The Fed, on the other hand, started to cut rates by 50 basis points in September, followed by two more cuts in November and December, bringing the reference rate to 4.5%.



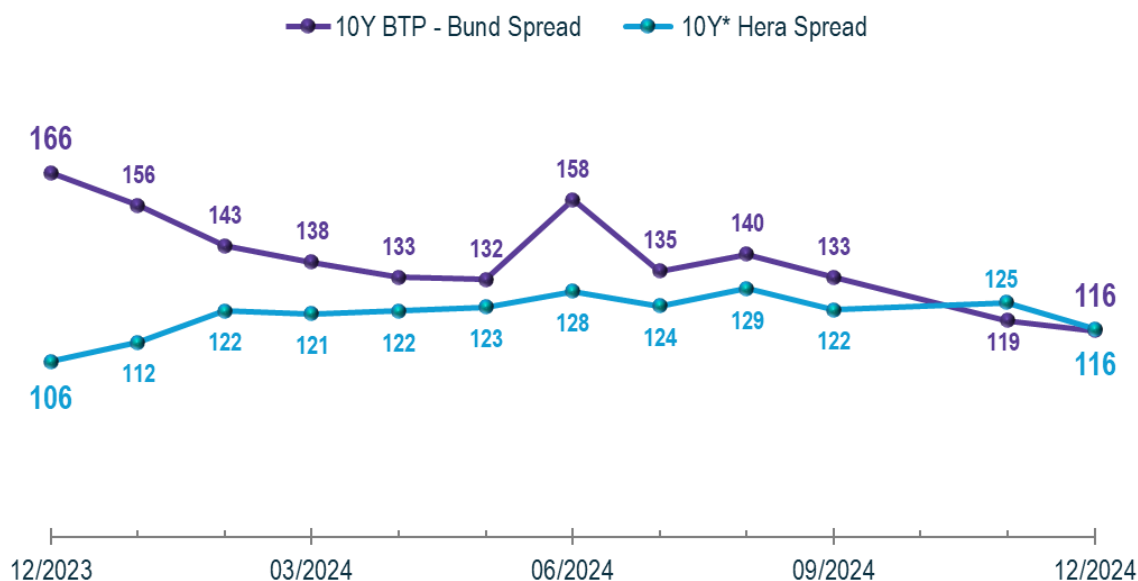
The rate cut introduced by the ECB had an immediate effect on short-term Euribor rates, which, at the end of the year, closed down by approximately 120 basis points on average compared to the end of the previous year. In the area of medium-long term euro-swap rates (IRS), 2024 was characterised by high volatility, due to the uncertainties fuelled both by geopolitical tensions and a context in which the monetary policy orientation of the central banks was unclear during the first part of the year, in addition to concerns about growth prospects, which were also put at risk by a possible return to more protectionist policies in some advanced economies. During the year, IRS rates fluctuated in a range going from a minimum of 2% to a value of over 3%, closing at the end of the year at an average level of 2.3%, down, albeit moderately, about 20 basis points on average compared to the end of December 2023. As regards future estimates on possible interest rates, the market consensus sees the return, in a year's time, of an interest rate curve that is no longer inverted, and therefore with short-term rates lower than medium/long-term rates. In particular, Euribor rates (1-6 months) are expected to settle at around 2% on average with Euro-swap rates (2-15 years) staying substantially flat, approximately 2.3% on average and thus in line with the average closing values of 2024.



Data source: Bloomberg

The ten-year spread between the Italian BTP and the German Bund narrowed year-on-year by 50 basis points (bps) to 116 bps, due to Italy's improved growth prospects, also considering the ECB's easing of monetary policy. At 31 December 2024, the yield on the ten-year Bund fell to 2.36%, while the yield on the Italian ten-year bond settled at 3.52%. On the secondary market, prices were affected by the volatility of yield rates over the medium to long term, which, albeit with a limited impact, led to an increase in Hera Bond spreads at times, only to return to levels essentially in line with market prices. In particular, the spread of the Hera Bond maturing in 2034 (10-year benchmark) recorded, at 31 December 2024, a level of 116 bps, up 10 bps compared to the December 2023 closing, but still in line with the levels expected by investors and with the sovereign spread, with respect to which the differential of 60 basis points recorded at the 2023 closing disappeared.

Data source: Bloomberg



*Spread Hera bond maturity 2024

BUSINESS
TRENDS

The European gas market remains fragile, with high price volatility mainly due to insufficient growth in liquefied natural gas (LNG) supply and geopolitical tensions. Wholesale gas prices rose to around €50/MWh at the end of 2024, double the lows recorded in February 2024, and with confirmation of the end of Russian gas transiting through Ukraine as of 1 January 2025. Over the past year, our country recorded a 2.5% decrease in gas consumption, stabilising at 61.7 billion cubic metres, bringing it to the lowest level in the last 15 years as a result of milder temperatures and the restraining effect of prices. The drop in consumption appears to have mainly affected LNG supplies (-10.1%) and pipeline imports (-0.9%), particularly due to the lower contribution of gas from North Africa.

In 2024, the European electricity market saw a significant increase in production from renewable energy sources, which generated roughly 50% of electricity in the EU in the first six months of the year, thus contributing to greater stability in energy prices. Within Italy, the data processed by Terna showed a 2.2% increase in consumption for 2024 compared to 2023, with national consumption coming to 312.3 TWh. In line with European trends, a significant increase in national production of renewable energy emerged (+13.4% over the previous year), capable of covering 41.2% of total energy consumption (as against 37.1% in 2023), thanks to the positive contribution coming from all sources, particularly hydroelectric and photovoltaic.

As regards the waste management and water businesses, while the data referring to 2024 is not yet available, the most recent figures published by the main national institutes are provided below.

For the waste management sector, the latest calculations made by the Institute for environmental protection and research (ISPRA, 2024 Municipal Waste Report) report a national production of municipal waste in Italy in 2023 of 29.3 million tonnes, up 211 thousand tonnes compared to 2022 (+0.7%), with an average per capita amount of 496 kg of waste produced. This increase is partly linked to growth in national GDP (+0.7%) and the increase in household consumption, always a strong influence on waste production. The data for sorted waste collection improved to 66.6%, up 1.4 percentage points compared to 2022. The regional breakdown shows a still significant gap between the north (73.4%) and the south (58.9%), which is however progressively narrowing.

The Blue Book 2024, a comprehensive report containing national data on the integrated water sector published by the Utilitatis Foundation, shows that the management of this service in Italy is still highly fragmented, especially in the south. Despite the fact that 83% of the population (48 million inhabitants) is served by a single party, the remaining 17% resides in municipalities where management is divided among several operators or takes place "in economy", with the municipal administration directly managing at least one of the three services: the aqueduct, sewerage or purification. This report notes that overcoming fragmentation is crucial to increasing investment in the water sector and improving the management of this resource and the quality of the service.

In 2022, the water injected into distribution networks amounted to approximately 8 billion cubic metres (ISTAT data), stable compared to previous years. However, leaks in the networks continue to be a significant issue, with approximately 42.4% of the water injected (or 3.4 billion cubic metres) being wasted due to infrastructural inefficiency. These challenges are compounded by the effect of climate change, which is intensifying the frequency of extreme events such as droughts and floods. Increasingly hot summers and erratic rainfall are reducing the availability of water resources in several regions, with ensuing impacts on supplies for civil, agricultural and industrial use.

In the energy sector, an increasing degree of competition was seen, fuelled by the gradual elimination of safeguarded services. As of 1 January 2024, the safeguarded service for non-vulnerable gas customers was definitively phased out and all consumers in this category were transferred to the free market, while 1 July 2024 saw the end of the safeguarded service for non-vulnerable electricity customers. Customers who did not choose an offer in the free market were automatically transferred to the gradual protection service, managed by suppliers selected through competitive auctions. This move represents a further step towards the full liberalisation of the market, encouraging competition between suppliers and offering consumers the opportunity to access more advantageous solutions.

In 2023 the switch rate (change of supplier) for household customers increased in the electricity sector by 1 p.p. compared to the previous year, and by about 1.5 p.p. in the gas sector (ARERA, Regulatory authority for energy networks and the environment, annual report 2024). This increase confirms the inclination of Italian consumers to change supplier, searching for better conditions, both in terms of tariffs and services. In recent years, in fact, competition has no longer been limited to the commodity itself, but has also extended to value-added services (VAS). Operators in particular are increasingly orienting their offers towards sustainable, energy-saving and consumer-friendly solutions.

In the waste treatment and recovery sector, the orientation of the main operators towards market acquisitions of specialised companies equipped with plants and skills was confirmed. There was also a trend of growing attention paid by companies, including medium-sized operators, towards sustainability and improved environmental performance, also considering European targets for recycling and disposing of waste in landfills. Companies operating in this sector face challenges involving efficient material management, cost reduction and technological innovation. European and national legislation on waste and recycling is stimulating the creation of increasingly advanced plants, with the aim of optimising recovery processes and reducing environmental impacts: in particular, EU regulatory developments are promoting the proximity principle of waste management, placing new limits on waste exports.

Moreover, competition between companies also extends to the ability to offer integrated solutions, capable of optimising the entire life cycle of materials, from collection to final recovery.

REGULATED BUSINESSES

As regards regulated businesses, competition involves the procedures for awarding service concessions and their subsequent management.

Turning to legislative factors, the most important interventions concerning the Group, issued in 2024, include:

- provisions to promote the country's energy security (Law no. 11/2024, converting Decree law Energy-bis) which, in addition to defining the procedures for assigning the electricity supply service to vulnerable customers, provided for, as of 1 January 2025, the application of zonal prices to all electricity customers, defined on the basis of trends in the wholesale electricity market, thus eliminating the prices indexed to the Single national price (PUN), albeit with temporary measures for a gradual introduction;
- urgent provisions on critical raw materials having strategic interest (Law no. 115/2024, converting Decree law Critical raw materials), which implements the provisions of Regulation (EU) 2024/1252 and establishes a framework to ensure a secure and sustainable supply of critical raw materials. To this end, actions are defined to strengthen the supply chains of critical raw materials and boost the development of strategic projects thanks, among other things, to simplified authorisation procedures;
- provisions for the implementation of obligations deriving from acts of the European Union and from infringement and pre-infringement proceedings pending against the Italian state (Law no. 166/2024, converting Decree law Save Infringement), which introduces measures to encourage the recovery of critical raw materials from waste from electrical and electronic equipment (WEEE), as well as measures on extended producer responsibility in the e-commerce sector;
- urgent provisions for the country's environmental protection (Law no. 191/2024 converting Decree law Environment), which provides for the inclusion of landscape and public green care and maintenance activities among circular economy practices, as well as the postponement of the terms of application of certain exemptions expected for the disposal of waste in landfills;
- annual Market and competition law 2023 (Law no. 193/2024, Annual competition law 2024), which contains provisions for vulnerable domestic customers to access the gradual protection service. It gives vulnerable household electricity customers the possibility to request, within 30 June 2025, access to the gradual protection service. ARERA is responsible for establishing the procedures for implementing this article, including those for certifying the presence of the requirements that define vulnerability;
- state budget for the year 2025 (Law no. 207/2024, entitled Budget law 2025) which, as regards electricity distribution, provides that within 180 days from the date of entry into force of the law, the terms and procedures for concessionaires of the service to present extraordinary multi-year investment plans for the purpose of reshaping the duration of existing concessions up to a maximum of twenty years, and, as regards waste, subjects waste disposal services to the ordinary VAT rate of 22% (instead of reduced to 10%) if they are carried out by landfilling or by incineration without efficient energy recovery; as regards the energy efficiency of buildings, the law reduces the rates of tax deductions and implements the EU obligation concerning the elimination of incentives for boilers powered by natural gas;
- Legislative decree 147/2024, which implements the reform of the Directive governing greenhouse gas emission allowance trading (Emission Trading System, ETS), which is extended to buildings, road transport and other industrial sectors as of 2027 (so-called ETS II);
- Legislative decree 190/2024 (so-called Renewable energy sources consolidation act), which defines the administrative procedures for the construction, operation, modification, upgrading and renovation of plants producing energy from renewable sources, as well as for related works and infrastructures;
- Ministerial decree MASE 268/2024, Energy release, which regulates a mechanism for creating new electricity generation capacity from renewable sources by energy-intensive end customers, through a procedure for the anticipation of electricity available to the GSE and its subsequent restitution;
- Ministerial decree MASE 236/2024, Eligible Areas, which identifies the regional distribution of renewable power related to the objectives of the Integrated national plan for energy and the climate (PNIEC) and establishes uniform principles and criteria for identifying the relevant eligible areas for installation.

As regards new regulations, the measures having the most significance for the Group, adopted in 2024 by the Regulatory authority for energy, networks and the environment (ARERA) are as follows:

- integration of tariff concessions in favour of residents affected by the 2023 flooding events (Resolution 10/2024/R/com) and introduction of amendments aimed at reducing the overall charges imposed on operators and managers;
- revision of the structure and content of the Bill 2.0 for energy end customers, in order to increase the transparency and readability of bills (Resolution 315/2024/R/com);
- introduction of rules for making end customer electricity and natural gas metering data available to authorised third parties and consequent updating of the private area of the Consumption portal (Resolution 509/2024/R/com);

- provisions for increasing the efficiency of the Code of business conduct for the benefit of electricity and natural gas end customers (Resolution 395/2024/R/com);
- approval of the procedures for assigning and providing the gradual protection service for small businesses for the period from 1 July 2024 to 31 March 2027 (Resolution 119/2024/R/eel);
- introduction of a mechanism for adjusting the operating costs of the corporately separate greater protection operators for the year 2024 (Resolution 538/2024/R/eel);
- regulation of competition procedures for the assignment of the safeguarded electricity service for the two-year period 2025-2026 (Resolution 388/2024/R/eel);
- update of the WACCs for energy infrastructure services valid for the next three-year period 2025-2027, which set WACC for gas distribution at 5.9% and WACC for electricity distribution at 5.6%, down from the rates applied in 2024 (Resolution 514/2024/R/com);
- approval of the documents to be used as guidelines in preparing the Electricity distribution development plan as of the 2025 edition (Resolution 521/2024/R/eel);
- completion of the incentive regulation related to the benefits of development interventions on electricity distribution networks for larger companies having the obligation to prepare Development plans (Resolution 472/2024/R/eel);
- introduction of the initial rules for the reform of the electricity settlement regulations as of 2026 and updating of the Integrated settlement text (TIS) for 2025, for implementing a fifteen-minute settlement pursuant to the provisions of Article 53 of Regulation (EU) 2017/2195 and the TIDE (Resolution 325/2024/R/eel);
- recalculation upwards of the rate of change of the gross fixed investment deflator for gas distribution tariffs for 2024 (set at 5.3%) in order to recognise, on an extraordinary basis, the effects of revisions to ISTAT data (Resolution 173/2024/R/gas);
- recalculation of the reference tariffs for the natural gas metering service for tariff years 2015 to 2023, in order to recognise the amount of residual depreciation for smart meters installed from 2012 to 2018 (manufactured up to 2016) and decommissioned before the end of their useful life (Resolution 376/2024/R/gas);
- recalculation of the operating costs recognised to gas distributors for the years 2020-2022 in order to take into account the correction of the calculation error found by the administrative judge in the appeals against Resolution no. 570/2019/R/gas (Resolution no. 134/2024/R/gas); the effects of the State Council's rulings on the disputes against Resolution no. 570 will extend beyond this measure, since the final Resolution, expected in early 2025, should revise the entire methodological framework following the annulments by the State Council;
- approval of the Integrated text with provisions on gas distribution tenders, which unifies the measures relating to VIR-RAB variance assessment procedures and the analyses of tender documentation, in order to simplify and speed up the procedures for both currently ongoing and future proceedings (Resolution 296/2024/R/gas);
- extension to 2025 of the transitional district heating tariff method already in force in 2024, accompanied by the introduction of an incentive component for systems with a low environmental impact (Resolution 597/2024/R/tlr);
- initiation of the procedure for quantitative evaluations of the incentive mechanisms (rewards and penalties) for the contractual and technical quality of the integrated water service for the two-year period 2022-2023 (Resolutions 37 and 39/2024/R/idr);
- definition of the factors underlying the calculation of the M0b indicator (Water resilience at the superordinate level) which, along with the previously defined M0a indicator (Water resilience at the water service management level), completes the path of determining the overall macro-indicator M0 Water resilience which is part of the incentive mechanism for the technical quality of this service (Resolution 595/2024/R/idr);
- revision of the theoretical purchase mix for the purposes of determining the maximum amount of electricity expenditure recognised by the water service tariff method: the theoretical mix for the purposes of the 2027 adjustment (to guide purchases for 2025) defines an incidence of 90% for variable prices and 10% for fixed prices (Resolution 570/2024/R/idr);
- abrogation of the national waste treatment tariff method defined by ARERA for the two-year period 2022-2023 (in which the systems prior to national regulation are applied, ex-post) and postponement of the starting date for the tariff method up to 2024 (Resolution 7/2024/R/rif);
- introduction, as of 1 January 2026, of a standard outline for calls for tenders for assigning the integrated municipal waste management service, which provides for the uniformization of certain elements nationwide, including the scope of the activities covered by the concession, the duration of the service, the value of the assignment, the conditions of participation and the assignment criteria (Resolution 596/2024/R/rif);
- extension to the municipal waste sector of the contact centre and complaints services provided by the Consumer energy and waste help desk, as well as the introduction of the possibility for users, in the event that a complaint to the operator is not sufficient to resolve the problem, to choose between sending a follow-up complaint to the help desk or activating the Conciliation service. The services are scheduled to be in force as of 1 April 2025 for the contact centre service and as of 1 October 2025 for the conciliation service (Resolution 574/2024/E/ref).

Focusing on the Group's most significant activities, more specific details are provided below concerning the new tariff method for the energy infrastructure sectors, the electricity grid development plans and the tariff method for the waste sector.

As regards the energy infrastructure sectors, note that ARERA, for the first time (albeit provisionally), approved reference tariffs involving a ROSS-base tariff methodology (Resolution 206/2024/R/eel). According to this new methodology, which comes into force as of 2024 (Resolutions 163/2023/R/com as amended and 497/2023/R/eel), recognised costs depend on the actual (total) expenditure of distributors, which is compared annually with a reference expenditure defined by the regulatory authority (the so-called baseline). The total costs covered by the new methodology includes all types of costs incurred by operators as of the year 2024, with the sole exclusion of capital costs relating to 2G smart metering systems, for which the Authority had already defined an ad hoc recognition. It may be helpful to point out that continuity in criteria is applied for the tariff treatment of the capital stock existing at the date of transition to the new methodology. The most important change concerns the quantification of the operating cost baseline, which is differentiated for each company on the basis of the level of its actual costs in the year 2022. Furthermore, it was established that the total efficiency recovery is fully allocated to operations, and therefore, the expenditure eligible for tariff recognition is the sum of the total actual expenditure and the efficiency incentives allocated to operations. Each distributor was also given the opportunity to choose the degree to which any efficiencies/inefficiencies achieved are shared with users (ARERA introduced two options in the incentive menu: low incentive potential and high incentive potential). The timeline for the recognition of tariffs for eligible expenditure was also regulated by introducing a "regulatory capitalisation rate" differentiated by company on the basis of the historical trend, that divides expenditure into two portions: "slow money", representing capital costs, and "fast money", representing operating costs. Lastly, note that ARERA, for monetary revaluations in the new ROSS methodology, will take into account the inflationary update actually aligned to the total capital and operating costs falling under the tariff year.

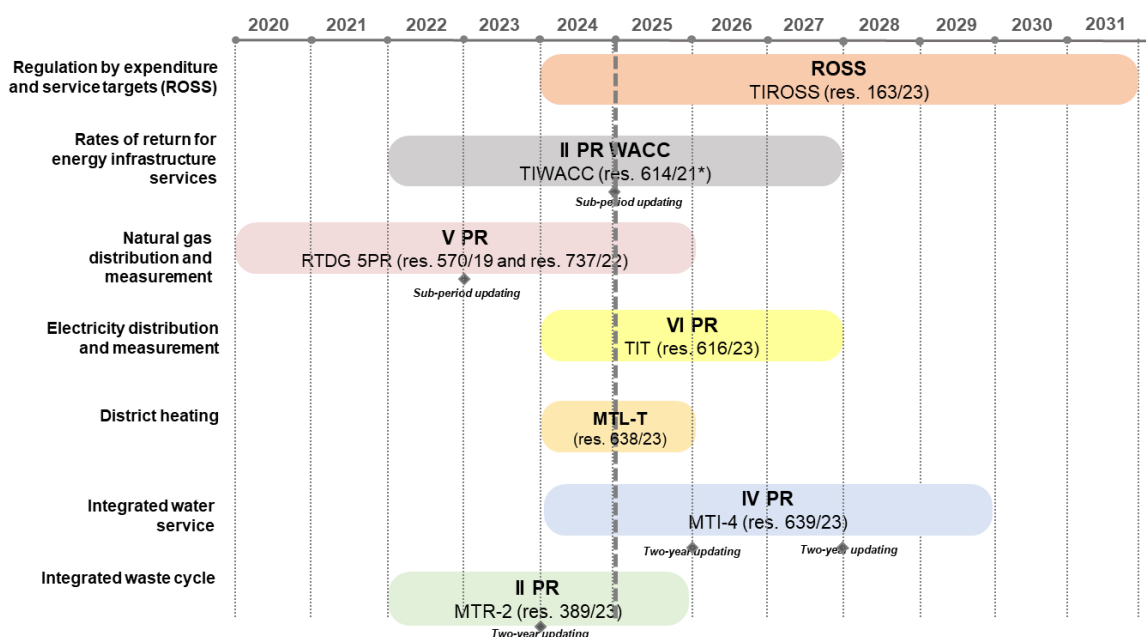
ARERA has introduced new provisions for companies with more than 100 thousand end customers, as preparation for Electricity grid development plans starting from 2025, with the aim of promoting a selective approach to development initiatives, following a rationale of prioritising those with greater added value for end customers.

In particular, resolution no. 521/2024 approved the guidelines for drafting Development plans, which specifically defined the main sections of each Plan, its contents and the accompanying documents, including information on the temporal and economic progress of each development initiative, with the aim of ensuring transparency towards end users.

With Resolution no. 472/2024, the Authority also completed the regulation of the (optional) incentive mechanism aimed at rewarding development initiatives capable of generating significant benefits for end users. These incentives will go, for example, towards strengthening the resilience of the grid, increasing the integration of renewable sources and, in general, ensuring greater security, reliability and sustainability for network users.

As regards tariff regulations for the waste sector, note that Resolution no. 7/2024/R/rif, in addition to repealing the treatment tariff method for the two-year period 2022-2023 (postponing its effective date to 2024), provided for the application of the systems used prior to the national regulation for the years 2022-2023, in order to comply with the rulings of the State Council concerning the annulment of the criteria for identifying minimum treatment plants. With this measure, ARERA essentially confirmed the institution of "minimum" cycle closure plants, even while making them come into effect as of the two-year period 2024-2025. Therefore, the methodological reference framework for access tariffs to plants that will be subject to tariff regulation remains unchanged, even while waiting for the subject to be reorganised by the state legislature, which has been recognised as having exclusive competence in the field of environmental protection and competition.

A timeline 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 set out the methodology for determining the rates of return on energy capital and established the WACCs for 2022 only; these rates were confirmed for 2023 as well by Resolution 654/22, while Resolution 556/23 updated the WACCs for 2024; as of 2025, the second sub-period of WACC will begin, defined by Resolution 513/24

Lastly, the table below indicates the main tariff references for each regulated sector, based on the regulatory framework in force in 2024 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 waste cycle
Regulatory period	2023-2025 Second sub-period of the fifth regulatory period (Resolution 737/22)	2024-2027 Sixth regulatory period (resolution 616/23) (1)	2024-2029 Second sub-period of 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)	Dual level (governmental authority, ARERA)	Dual level (regional authority, ARERA)
Recognised investment capital 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: Recognition based on a comparison between planned costs presented to ARERA (RARI motion) and actual expenditure (measurement)	Previous cost revised	Previous cost revised
Regulatory lag investment recognition	1 year	1 year	2 years	2 years
Return on investment (3) (real, pre-tax)	2024 6.5% 2025 5.9%	2024 6.0% 2025 5.6%	2024-2025 6.1% +1% for investments as of 2012, covering the regulatory lag	2024-2025 (4) 6.3% Collection 6.6% Treatment +1% for investments as of 2018, covering the regulatory lag
Recognised operating costs	Average actual cost values by company grouping (size/density), based on 2011 (for revenues until 2019) and 2018 (for revenues as of 2020) (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 revenues until 2027), called baseline, and the actual cost paid by the operator during the year	Efficient costs: operator's actual 2011 values inflated Updatable costs: actual values with 2-year lag Additional charges for specific purposes (provisional)	Collection and treatment Actual operator costs with 2-year regulatory lag Additional costs for quality improvement and changes in the operator's scope (provisional) Additional charges for specific purposes (provisional)
Annual efficiency operating costs	Annual X-factor As of 2020: Distribution: 3.39% large companies 4.62% medium-sized companies Measurement: 0% Marketing: 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: sharing 2016 operator 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 revenues 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

Mechanism to guarantee operating and financial balance

Collection
On an asymmetrical basis and depending on the presence of:
- changes in scope of operations
- improved service quality

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 (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 municipal 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 fiscal charges.

(4) For 2022-2023, the reference deliberation for WACC in the waste sector is resolution 68/2022/R/rif; for 2024-2025, the reference deliberation for WACC is resolution 7/2024/R/rif

(5) In February 2020, Inrete Distribuzione Energia Spa, the Group's main distributor, along with other operators in the sector, challenged the deliberation before the Lombardy-Milan Regional Administrative Court (TAR) with regard to the significant reduction in the recognition of operating costs introduced by resolution 570/2019.

CLIMATE AND THE ENVIRONMENT

Within this complex context of deep economic and technological transformation, climate change in its increasingly frequent manifestations also represents an unavoidable challenge for all organisations. Regulatory and economic measures for managing climate change and grasping the opportunities arising from dealing with the risks associated with it are priorities for international and national institutions, as well as economic operators in every sector. The Group's priorities in the pursuit of environmental sustainability are represented by the goals of the 2030 Agenda for Sustainable Development (SDGs), and also by the indications of the Paris Agreement to keep global warming below 2° C, as well as the long-term climate strategy "A clean planet for all" (adopted by the European Union) to achieve carbon neutrality by 2050 and to maintain the temperature increase below 1.5° C. Further significant indications moving in this direction include the changes called for by the Green Deal, the European Commission's plan for a Europe that is more competitive in the fight against climate change and increasingly capable of transforming the economy and society by setting them on a path of sustainable development and, in the wake of this, the Circular economy action plan (CEAP). The initiatives introduced by European and national institutions are coordinated and converge towards the goals of a fair, sustainable and inclusive transition.

National policies are developing in a European context where priorities are defined and available resources allocated accordingly. In this sense, the National recovery and resilience plan (NRRP), which makes use of the European funds made available by the measures contained in the NextGenerationEU package, supplemented by a complementary national fund, guides Italy in the implementation phase of the European Green Deal, with the aim of:

- accelerating the process of ecological and digital transition;
- accelerating the transition to a regenerative and circular growth model;
- providing a tool to help investors in the transition to a low-carbon economy.

The drive to decarbonise the European economy has been addressed through long-term initiatives, in particular the Fit for 55 package, which foresees a series of measures aimed at reducing climate-changing emissions by 55% by 2030, focusing on an increase in renewable energies in the production mix. Energy efficiency targets will be pursued by giving a leading role to public construction in the process of making Europe's real estate stock more efficient. In terms of renewable energies, whose increased production is decisive in gradually replacing fossil fuels and reducing carbon intensity, the electrification of consumption will require considerable investments along the entire supply chain and, as far as local energy planning is concerned, the recovery of waste heat from industrial processes is expected to offer significant potential for local areas. The development of renewable gases, including hydrogen, by constructing electrolyzers powered by renewable energy sources, will also be a priority.

As regards the Italian context, for the water cycle and waste sector, the NRRP aims to modernise networks and plants and reduce the infrastructure gap between the north and south of the country, assigning a central role to the national

Plan for the water sector (as regards providing public funding), and the national Programme for waste management. In the energy sector, the NRRP focuses on developing renewable energy sources, modernising electricity grids (to increase their digitalisation and resilience against climatic events) and energy-saving solutions. Other key interventions include the integrated development of the hydrogen supply chain, promoting production- and consumption-side projects at the same time and the principle of energy efficiency as the first zero-emission fuel.

The inevitability of climate change, which has led the European Commission to anticipate its emission reduction targets to 2030, with the hope of achieving full decarbonisation by 2050, is also forcing local authorities to revise their priorities and courses of action, orienting regional policies towards circular economy initiatives, sustainable mobility, carbon neutrality and digitisation. This scenario offers new opportunities to the utility sector, since all types of customers (household, industrial and public administrations) will be called upon to introduce technological improvements that can reduce their energy needs. Promoting and selling products and services for energy efficiency and supporting the energy efficiency of buildings are some of the initiatives being incentivised.

The new lines of development are closely linked to the full exploitation of data (seen as a real corporate asset) and a greater focus on cybersecurity, to protect the company and its data. The speed of change makes it essential to define training plans that enable the corporate population to better manage change (first and foremost digital change), which includes training that may be fragmentary but is still able to provide the necessary continuity (self-development).

Digital technological evolution involves a continuous acceleration of some major trends in Information and communication technology (ICT) and, in addition to moving beyond the paradigms found in economic and social contexts with increasing speed, it alters entire market segments and social relationship patterns. The rise of artificial intelligence, including the generative branch, robotic process automation, data collection and management (internet of things, data governance and data analytics), cybersecurity and, lastly, cloud-based platforms all favour an increase in the amount of data produced and the speed of its availability, generating new opportunities for companies. The internet of things and digital interaction between people (exemplified by the automation of more standardised customer relations through chatbots) favour a continuous and growing flow of data, which allows not only rapid analyses of different situations (real time analytics), but also a more precise definition of the decisions and actions to be taken, often with the support of artificial intelligence, which is becoming more qualitatively efficient every day. In this direction, the EU Commission, adopting the communication "Digital compass for 2030" has confirmed the path for an ethical digital development in Europe.

TECHNOLOGICAL EVOLUTION

In this context, attentive monitoring goes to the evolving regulatory focus on artificial intelligence, as exemplified by the European Union's AI Act, with the aim of immediately adopting regulations for AI providers and users, in order to exploit the great potential of this technology through solutions having risk profiles amply falling within this regulatory framework.

The benefits of digitally-aware development have been defined in Italy by the "Strategy for Technological Innovation and Digitisation", one of whose main challenges is to accelerate the transition to a digital society, prepared to achieve the European targets. This strategy intends to innovate while safeguarding economic, environmental and social sustainability and guaranteeing equal opportunities for participation. The NRRP also intends to direct funds towards a major digital acceleration in the country, as a lever to give a decisive boost to the nation's competitiveness. Thanks to their relationship with public administrations and SMEs, utilities play an important role in supporting the digital transformation, mainly through the supply of digital services to optimise the yield of production processes, but also through sensors installed for data collection and analysis, without forgetting connected machinery for automatic task performance and predictive maintenance. Examples of this can be found in various applications in the respective businesses, such as data-driven energy management solutions, thanks to connected and smart-sensor-equipped systems and devices inside public buildings, or sensors and smart devices distributed throughout the local area, coordinated and integrated by digital platforms that process the generated big data for resource planning and service optimisation.

Analysing the current context leads to new challenges and interconnected trends that require an integrated approach to human resource strategy, capable of valuing people and adequately supporting business.

One initial element of this context involves the concept of purpose. The search for an alignment between the sense taken on by a company and an individual is the key to setting people's engagement in motion and transforming it into virtuous behaviour, above and beyond customer satisfaction and shareholder remuneration. Values such as consistency and transparency, combined with trust, empowerment and emotional intelligence become central to offering people a valuable corporate experience.

The social and cultural dimension is equally important and points to a "permacrisis" context, i.e. a widespread and stagnating crisis on several fronts, destined to last for a long time. This involves the phenomenon of longevity, with people staying longer in the workplace, rising unemployment rates and the population referred to as NEET (Not in Education, Employment or Training), as well as a growing focus on the gender gap and individual mental health and well-being. The evolving socio-cultural ecosystem requires an optimal management of generations, diversity and multiculturalism for greater perceived equity.

HUMAN RESOURCES

Alongside this dimension are the energy, environmental and technological transitions, which require a rethinking of skills development and increased investments, especially in Stem disciplines. Companies need to implement change management and reskilling paths, especially to appropriately manage the impact of the development of Artificial intelligence.

In a context of such rapid innovation, a rising average age of the working population and marked by a growing need for professional retraining, training thus becomes a strategic asset to bridge the gap between industrial needs and the education system.

To remain competitive, companies must therefore be able to respond very quickly to changes in the market, anticipating emerging trends and adapting organisational models with a greater focus on human capital, paying close attention to activities such as talent attraction and engagement, and involves adopting practices that orient business agility by adopting flexible and rapid solutions.

1.01.02 - Strategic approach and management policies

The Hera Group's corporate purpose is the essential reference for defining the broadest aspects of its strategy. 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 does not compromise financial-operating balance;
- resilience, carefully selecting interventions that can ensure that the Group's assets and processes have the greatest possible capacity to cope with increasingly frequent and intense exogenous phenomena;
- carbon neutrality, pursuing decarbonisation goals within the Group's own operations and supporting its stakeholders' energy transition;
- 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 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 is clear 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 1.07 "Consolidated sustainability statement" (hereinafter Sustainability reporting) of this document.

MACROECONOMY AND FINANCE

The debt structure towards which the Hera Group is oriented responds to its business needs, not only in terms of the duration of loans, but also interest rate exposure. The Group's financial strategy, in turn, is aimed at minimising its expenses while maintaining a prudential approach and minimising risk.

The 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 maintaining a flexible and efficient financial structure. 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 currently shows 96.7% of fixed-rate debt, by the end of the outlook of the Business plan, in 2028, it is expected that 50% of the current debt will be residual, of which 49% will be fixed-rate and 1% variable-rate. For the remaining 50%, 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 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 trends 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 excellent balance of its business portfolio, and in terms of its excellent operating performance, efficient and proactive risk management and resilient creditworthiness indicators. In 2024, Moody's rating was confirmed at BAA2, with a stable outlook, in line with the sovereign rating's outlook (even though the Group's operations are recognised as sound and sustainable, a company's rating cannot be more than 1 notch higher than that of the country in which it operates). S&P's rating was also confirmed at BBB+ with a stable outlook, one notch higher than the sovereign rating and among the best compared to other Italian and foreign utilities, confirming the significant growth achieved over the years and results that are always in line with multi-year forecasts.

Over the period covered by the plan, adopting financial sustainability reporting best practices will support 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. Over the years, the Hera Group has issued three additional Green Bonds, in 2019, 2022 and 2025. 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.

In this context, the Group's presence in the Dow Jones Sustainability Index (DJSI) 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.

The Hera Group recently approved its 2024-2028 Business plan, which confirms the objective of creating sustainable value to the benefit of all stakeholders through the development of a balanced business portfolio, creating resilient industrial assets even in a scenario characterised by continuous volatility and an increasing frequency of extreme weather events linked to climate change.

**BUSINESS
AREAS AND
INDUSTRIAL
STRATEGY**

Focusing on a just transition will lead to a path of excellence in creating shared value, with 77% of planned investments between 2024 and 2028 contributing to 11 of the 17 goals set by the UN 2030 Agenda. These investments fall under the three areas of shared value creation defined by the Group: pursuing carbon neutrality, regenerating resources and closing the circle, enabling resilience and innovating.

More specifically, 22% of total investments will be dedicated to accelerating the decarbonisation process, mainly by developing renewable plants, energy efficiency initiatives and projects supporting the transition for stakeholders. In relation to this commitment, and in line with the target of a 37% reduction in climate-altering emissions by 2030 (compared to 2019) validated by the international network Science Based Targets initiative (SBTi), the Hera Group, in its Climate transition plan drafted in 2024, has set itself the goal of achieving Net Zero emissions by 2050.

In the area of resource regeneration, 39% of the planned investments will reduce natural resource consumption through the development and adoption of circular economy solutions and models.

At the same time, to enable the organisation to respond effectively to increasingly frequent and intense exogenous events, 47% of the investments defined in the Plan 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.

Regulated businesses will receive 61% of the investments, while the remaining 39% will go towards fuelling growth in market-based businesses.

As regards free-market businesses, the Group's main guidelines involve three strategic levers: working towards growth in its customer base, expanding and diversifying its commercial offer, and reinforcing its set of plants.

In energy sales, the Group is now the third largest operator in Italy in terms of number of customers, and intends to continue developing its customer base from 3.8 million in 2023 to reach 4.5 million by 2028, with a substantial growth in electricity customers, which will reach 2.4 million, surpassing the number of gas customers, thanks to the important contribution resulting from the 7 lots awarded in the Gradual protection service tender in 2024 and the development of a rich and diversified portfolio of services for decarbonisation.

The growing demand for integrated energy solutions coming from public administrations, apartment blocks and industrial customers will lead the Group's Energy service companies (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.

In order to achieve its ambitious decarbonisation targets, in the area of photovoltaic power generation, the Hera Group confirms its goal of installing more than 300 MW by 2028, favouring solutions involving plants at consumption centres as well as Group sites that do not require further land consumption, such as agrivoltaic plants and the numerous projects being implemented on landfills or water cycle plants, alongside installations at clients' facilities, including renewable energy communities.

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 set of plants, consisting of more than one hundred state-of-the-art facilities (with five new structures planned by 2028) that treat municipal and special waste, the Hera Group expects to reach a total of approximately 9.6 million tonnes disposed of and marketed by 2028, as against 7.7 million tonnes in 2023 (+24% of waste treated).

With reference to commercial development, opportunities for collaboration will drive growth in the reclamation area (given the country's need to reclaim over 13,000 sites), in which the Hera Group has significantly strengthened its market leadership by integrating the Modena-based A.C.R. di Reggiani Albertino Spa (ACR 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 trend with Single use plastics (SUP) and Packaging and packaging waste regulation (PPWR) will cause progressive growth in demand, against which the Plan expects to double the plants in Novara for polyethylene (PE) and Polyethylene terephthalate (PET) regeneration, alongside innovative projects such as the Imola plant for carbon fibre recovery, inaugurated in March 2025, and the one for the regeneration of high quality rigid plastics under construction in Modena.

In regulated businesses, the Group's strategy will be based on infrastructure development, in line with the needs of the local area and system, facing significant challenges related to the management of water scarcity and surplus, decarbonisation and the electrification of consumption, while maintaining high quality standards and increasing the efficiency of operations.

In particular, the Group's initiatives in the integrated water cycle will focus on implementing works to ensure a secure and stable supply, as well as introducing advanced technological and digital solutions to ensure greater resilience to exogenous events, which are increasingly frequent and intense, optimising end uses. For example, applying innovative technologies and predictive maintenance will make it possible to reduce network leakage, supported by the implementation of districtisation and network reclamation, as well as the installation of more than 640 thousand smart meters by 2028. In addition, initiatives are planned for upgrading purification and sewage systems to enable better water outflow and promoting reuse and regeneration of resources to support the ecological transition.

As regards electricity distribution, the increased electrification of consumption will require initiatives to ensure asset reliability and flexibility for additional service quality and continuity, such as the evolution of electricity grids to improve energy management and increase hosting capacity (+400 MW to 2028, +30% compared to 2023). Asset renewal will also go towards an even better governance of electrification through automation and technological development, also ensured by the deployment of 2G smart metering (464 thousand installations by 2028).

To encourage the decarbonisation of gas distribution, the Group will focus on enabling networks to transport green molecules as well, as is the case with the experimentation currently underway on the municipal distribution network in Castelfranco Emilia (MO). At the same time, the Group will also focus on innovative solutions such as the installation of the Group's patented NexMeter Gas smart meters (523 thousand by 2028), with advanced safety functions in the event of leaks or earthquakes, which can also be used for mixtures of natural and green gas. Or again, the power-to-gas plant in Bologna will make it possible to reuse purified water to produce first renewable hydrogen and then biomethane, using waste oxygen for purification processes.

Lastly, among the assets enabling the energy transition of the local areas served, the Group's strategy now includes an additional development of district heating, to adapt the distribution network and optimise management, making the systems more efficient and reducing the carbon footprint of the heat produced.

In the area of municipal waste, thanks to the recent renewal of long-term concessions, the Group aims to further improve the efficiency and completeness of the service offered to local communities, including through the introduction of new devices and innovative infrastructures and the active involvement of citizens and stakeholders. The validity of

this strategy is proven by the results already achieved by the Group, which has reached the goals set for the recycling rate and the reduction of waste going to landfills ahead of the EU targets: by 2028, the percentage of urban waste disposed of in landfills will fall below 3%, compared to the European limit set at 10%. In addition, the recycling rate will reach 64% by 2028, exceeding the EU target of 60% by 2030, while packaging recycling will stand at 68%, as against the EU target of 70% by 2030.

The industrial strategy outlined hereto projects an Ebitda target of 1,700 million euro in 2028. Shared-value Ebitda is also expected to grow significantly, exceeding 1,100 million euro in 2028, compared to 776 million euro in 2023, reaching 66% of the Group's total Earnings before interest, taxes, depreciation and amortisation (Ebitda), in line with the target set at 70% by 2030.

Shared-value Ebitda is the portion of the Group's Ebitda generated by activities that create shared value in the three areas defined by the Group (pursuing carbon neutrality; regenerating resources and closing the circle; enabling resilience and innovating) and that contribute to 11 of the 17 goals of the UN 2030 Agenda.

Gross investments totalling 5.1 billion euro are foreseen by the Plan, up more than 6% compared to the previous strategic document and 46% higher than the resources invested in the last five years. Of this, 500 million euro will come from PNRR funding and contributions from other institutions, while the remaining 4.6 billion euro will be directly financed by the Group.

In terms of distribution by business area, networks will receive more than half of the investments (2.5 billion euro), ensuring the resilience and adaptation of assets and thus confirming their position as the most capital-intensive business area. Waste management follows, with 24% of total investments (1.1 billion euro), and energy with 21% (1 billion euro).

Consistent with the dictates of the European framework, the Group estimates that 2.6 billion euro of its own expected operational investments (or 96% of eligible investments) will be aligned with the European Taxonomy for sustainable projects, thus gaining full access to subsidised sustainable finance instruments, with a benefit also in terms of financial costs.

The significant financial commitment required over the five-year period to support the investment plan, to benefit industrial development and expand the scope of operations with external growth, will be financed by a significant cash flow produced by the Group, which will make it possible to keep financial leverage below the prudential level of 3x (2.8x by 2028), confirming financial solidity. The robust cashflow also allowed for an upward revision of the prospective dividend curve, to reach 17 eurocents in 2028, up +21% from the last coupon paid.

For Hera, the need to guarantee quality and continuity of essential services in such a changing context, subject to an increase in climatic risks, represents a cost but at the same time an opportunity. The necessary increase in investments to increase the resilience of its assets puts the Group, thanks to its solidity and financial capacity, in an advantageous position with respect to smaller competitors, which could meet greater difficulties in facing such an amount of investments. Furthermore, strengthening internal skills, accompanied by external growth and tenders, will allow the Group to seize all opportunities for development that may arise in the most effective way.

In paragraph 1.07 Sustainability reporting, the actions that the Group promotes and intends to promote with respect to the issues of resilience and adaptation to climate change, as well as the objectives and metrics that guide its environmental strategy, are comprehensively and articulately represented in accordance with the Corporate sustainability reporting directive (CSRD).

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 makes 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. The same advances make it possible, for example, to experiment with solutions that use excess renewable electricity (otherwise unusable) to split water molecules into hydrogen and oxygen and then convert it into synthetic methane gas by adding carbon (from CO₂).

Hera has formulated a Group strategy to make the best possible use of all available information and ensure high quality and speed in data flow exchange. The guiding principles for the implementation of this strategy involve an organisational approach for data architecture, which is subdivided into an organisation of information by domains, development according to a product strategy, on a self-service technology platform and with the adoption of a federated governance model.

The Group's data strategy model and related guidelines are discussed in training courses dedicated to individual business units, with the aim of raising awareness of the strategic plan at all levels. For an increased ability to prepare for anomalous events, the data sources used in the convergence between management environments (applications)

and industrial environments (Group plants) must be continuously extended. Vulnerability assessment activities on both environments, aimed at preventing attacks on systems and plants, are fundamental; to this end, the model includes distributed actions and responsibilities, and it will be further strengthened in the period covered by the Plan, through projects aimed at increasing monitoring capacity and the evolution of prevention tools.

The dynamic nature of the main sectors in which the Group operates, in a market and regulatory context characterised by high instability and constantly evolving scenarios, requires an ability to evolve rapidly and experiment with new digital and technological solutions. Therefore, it becomes crucial to build and consolidate agile processes for adopting and applying new technologies, in order to give value to open innovation activities in time for the Group's adaptation and resilience strategies.

Data strategy development is increasingly aimed at transforming the Group into a data-driven company, where data-driven decisions, valued as a corporate asset and subject to ethical and conscious interpretation, highlight the growing importance of data management and the resources dedicated to its protection.

The evolution of technology and digitalisation, which requires employees' skills and their ensuing training needs to be continuously developed, confirms the Group's strategic decision to introduce cloud-based platforms to increase individual productivity and as main collaboration tools, since cooperation between humans and technology requires continuous evolution in our way of working. Based on this approach, advanced functionalities based on generative artificial intelligence were introduced in digital workplaces. In conjunction with this, an adoption programme was initiated that follows employees from the initial stages of getting to know the new functionalities, through to defining best practices in the use of AI in these applications and stimulating employee initiatives to create or discover new applications of AI in business processes.

The Group intends to use data to generate value for people and for business, and this intention is confirmed by the progressive digitalisation of human resources management processes, as well as the creation of the reference architecture for the integration of systems and data available following a rationale of prescriptive analytics.

In the light of the challenges and transitions described, the Hera Group's strategy in the area of human capital is based on the following 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."

HUMAN RESOURCES

Five main lines for development in valorising the Hera Group's people emerge from the context and the strategic direction defined:

- cultivate a working environment based on a deep sense of belonging, consistency and transparency, where trust and empowerment of each person are pillars for shared evolution and growth;
- consolidate behaviour and promote the evolution and application of skills to address the energy, digital and environmental transition in a programmatic way;
- understand and anticipate changes in the context, to reshape strategy, operational and organisational models, processes and technologies to support business;
- create a working environment that is oriented towards well-being, that embraces the uniqueness of individuals and encourages each person to give full expression to his or her potential;
- develop HR processes to offer customised solutions, making people participative, aware of and responsible for their own activities.

1.02 - RISK FACTORS: ACTORS, METHODOLOGY AND AREAS OF MANAGEMENT

1.02.01 - Risk governance

The organizational 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 Risks committee is the main policy-making, monitoring and reporting organ for risk management strategies. Additionally, under article seven of the Self-Governance Code, the Controls and risks 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 2024, the Risks committee met five times and the Controls and risks committee met nine times.

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

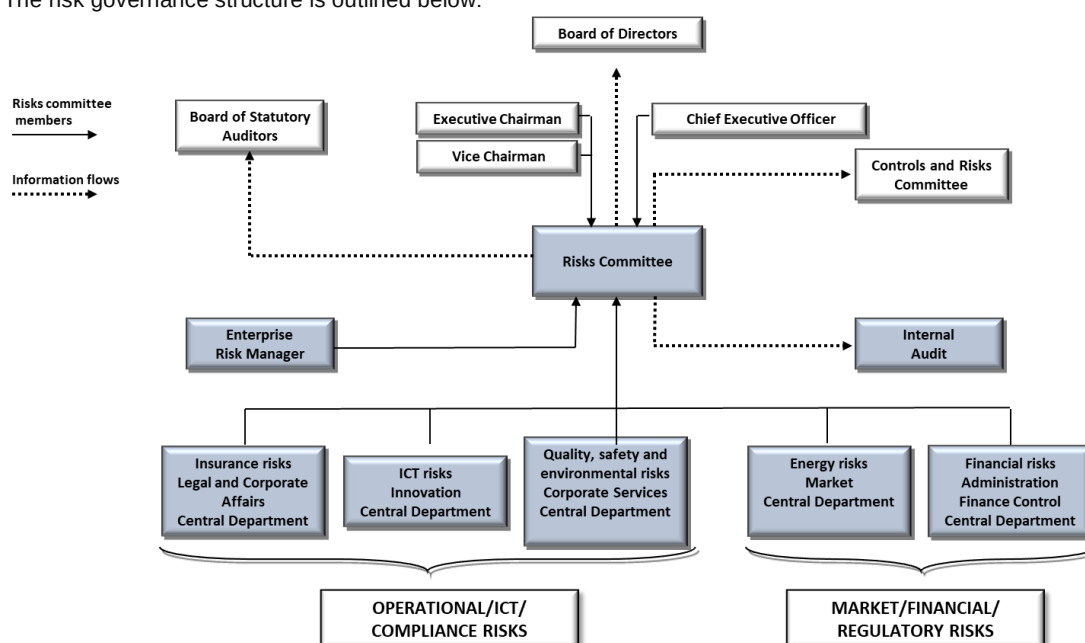
- the role of risk management, entrusted to the risk owners in charge of the various organizational sections;
- the role of risk guidance and control, entrusted to the Risks committee, which relies on risk specialists who carry out second-level controls, i.e. who are responsible for defining, applying 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 Risks 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 Controls and risks committee, the Internal auditing management and the 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 Controls and risks 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 Risks committee and the Controls and risks 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 26 February 2025, the tenth Enterprise risk management report on the 2025-2028 Business plan was presented to the Board of Directors. Over the course of 2024, the ERM analysis introduced further improvements and methodological refinements, aimed at integrating ESG risks into the Group's risk model, for a better intelligibility.

At the same time, the ERM analysis did not reveal any critical risks in terms of reputational or operating-financial impact. In the area of significant risks, compared to the previous year, no new risks were identified, while the scenario of potential impacts from rating downgrades is no longer included, thanks to a financial structure consistent with the Plan's growth prospects.

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 based on ongoing development and refinement of its control and risk management system, the Group's larger companies have adopted a tax control framework model, in order to detect, measure, manage and control tax risk, understood as the risk of incurring violations of tax regulations or contrasting with the principles and purposes of the law.

In particular, the 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.

The Board of Directors annually reviews the report on the progress of tax risk management and is the corporate body in charge of making final decisions should cases arise that present the highest risk profile due to uncertainty in legislative interpretation.

1.02.03 - Risk areas: identifying and managing risk factors

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, "Contexts and 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 organizational 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;
 - 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 optimization 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.

This strategy is considered effective in minimising liquidity risk even in the event of particularly critical scenarios. Approximately 87% of the Group's financial debt is medium-long term (of which 44% over five years) and 74% 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, or the Baa2 rating with a stable outlook confirmed by Moody's.

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 2024, the Group's exposure to the risk of interest rate fluctuations was 3.3%, while the remaining 96.7% of debt is at a fixed rate.

A 1% increase in the benchmark interest rate for the portion of variable-rate debt outstanding as of 31 December 2024, compared to what was assumed in the projected interest rate scenario for the Business plan to 2028, would lead to an average increase in financial expenses coming to approximately 0.8 million euro per year.

Identifying risks from counterparties

Hera operates with counterparties that might fail to fulfil their obligations, unable to comply with either economic terms or any contract provisions (delivery of goods or services). Additionally, credit risk affects the Group across the board, above all in the areas where commercial activities are carried out: the sale of energy commodities and services, waste treatment activities and telecommunication services.

Managing risks from counterparties

Hera has 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 guarantees, where applicable.

In addition, its positions in relation to counterparties are regularly monitored while articulated, proactive actions are planned in their management, including external risk relocation through credit transfer, where appropriate.

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 2024, the estimated 24-month unpaid ratio related to invoices issued in 2023 of the Group's main sales companies came to 0.72%.

Regulatory and business area

Identifying competition and economic risks

Within the 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 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.

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 minimize 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 high-performance in terms of environmental impact, which to date have enabled the Group to achieve the strategic objectives assigned. The implementation of a circularity strategy – for example, through the polymeric material recycling process carried out by Aliplast Spa – and the development of recycling lines for other types of plastics, furthermore, make it possible to seize the opportunities offered by the evolution of European regulations.

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 Ebitda to changes in primary operating and financial indicators.

In particular, a 1% reduction in GDP compared with the scenario referred to in the Business plan would lead to an average annual drop in Ebitda coming to approximately 3.7 million euro.

A 1% reduction in the inflation rate compared with the scenario referred to in the Business plan would lead to an average annual drop in Ebitda coming to approximately 8 million euro (regulated market). A 1€/MWh increase in the price of gas and an ensuing rise coming to 2€/MWh in the price of electricity on the wholesale market compared to the scenario referred to in the Business plan would lead to an average annual drop in Ebitda coming to roughly 1 million euro, an impact that is expected to decrease in view of ARERA's regulatory intervention on the district heating business.

Identifying regulatory risks

Hera carries out part of its activities in a regulated market, 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 risks impact network businesses (water cycle, gas and electricity distribution and district heating) and the municipal waste collection business and the related waste treatment, and result in the introduction or modification of economic, organizational and IT requirements to be met by Hera, and on potential market structure changes caused by them.

Tenders for gas distribution, the integrated water service, waste collection and street sweeping scheduled for the time covered by the Plan determine the risk of losing some of the areas currently managed, especially in contexts with a significant presence of competition, only partially offset by compensation for the portion of invested capital not yet amortized.

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 avoid the possibility of jeopardising the regular performance of its activities.

Climatic-environmental, technological and human capital areas

Seismic, atmospheric and other climatic events may impact the Group's performance. Hera intends to continue valorising its resources 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 and the opportunities 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.

Identifying environmental-catastrophe 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 keeping with the ambitious goal to reduce current levels of greenhouse gas emissions compared to their current level, as set out by international organisations, the physical and transitional climate change risk scenarios relevant to the Group's activities have been identified. For further details, see the next section, "Identifying climate change risks". 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 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.

Managing environmental-catastrophe risks

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

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 Group is committed to contributing to mitigating environmental risks by complying with the energy efficiency objectives set by national legislation and the United Nations, continuing to improve its production facilities and encouraging virtuous and responsible forms of consumption on the part of its customers. The Group only uses electricity from renewable sources to operate its production sites. In relation to the consequences of extreme events, which are expected to occur with increasing frequency as a possible consequence of climate change, Hera has taken steps to adopt important measures.

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. Moreover, in line with its circular economy strategy, Hera has already 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.

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

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 Ebitda of approximately 15 million euro.

Identifying climate change risks

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 extreme weather phenomena such as floods and droughts as well as health and economic risks).

Climate scenario analysis is a methodology to test the resilience of business plans under different assumed future developments. Hera selected the two most relevant scenarios, of which the IEA ETP 2DS transition scenario by the

International Energy Agency, chosen as an ambitious climate scenario, foresees a future evolution characterised by strong decarbonisation processes in order to keep the temperature increase below 2°C: this scenario has been used in identifying transition risks. The IPCC RCP 8.5 physical scenario, chosen as a pessimistic scenario, instead foresees a business-as-usual trend and consequent sharp temperature rise (approximately 4°C): this scenario has been used in identifying physical risks.

Based on these scenarios, eight physical risks and eight transition risks were identified, associated with related business impacts. For further methodological details, see the section "Climate risk analysis based on the TCFD Recommendations" in paragraph 1.07 of this report.

In order to assess potential impacts on the Group's assets deriving from extreme phenomena related to climate change, a flood risk analysis was completed in 2022, with a medium/long-term time projection.

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 for impairment losses on the Group's assets.

For assessments of the potential effects in terms of impairment tests, specifically in relation to gas consumption, see note 25 of the consolidated financial statements in paragraph 2.02, "Explanatory notes".

Managing climate change risks

Hera has launched a series of initiatives to mitigate the effects of climate change, and at the same time reduce its own carbon footprint. One or more management modalities have been associated with each risk: 21 management modalities have been identified for physical risks and 13 for transitional risks; some of the ensuing actions have already been integrated into the investments made, and included in the Business plan. For further details, see paragraph 1.07 and in particular the analysis of climate risks based on TCFD recommendations. 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, are in line with European strategies and the 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 timeframe thanks to the Group's positive results.

Identifying operational and ICT security risks

Despite careful planning and insurance protection, negative externalities generated by exceptional events may jeopardise business continuity and increase the financial requirements for restoring normal operations. Providing public utilities therefore requires both preventive activities and actions to counter interruptions, delays or poor service levels. Technological risks include the operational security of distribution networks (fluids 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-premise systems (hosted in company data centres) or in the cloud include identity theft, phishing aimed at taking control of a personal computer and then attacking 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 the way it is managed and the human and technological resources involved. The loss of confidentiality, integrity and availability of corporate information, whether business-critical information or personal information (i.e. any data relating to natural persons, as more fully defined by the European regulation GDPR and the privacy code of Legislative Decree 196/03) may result in serious financial losses with consequent damage to market image. A business impact analysis has been carried out on all ICT systems used by the Group, and a security risk analysis is carried out annually to identify and assess risk, using a methodology based on a framework that considers three areas of security: availability, integrity and confidentiality.

Managing operational and ICT security risks

The main service for managing operational risks is centralised network monitoring (remote control of fluids and the electricity grid), which ensures continuous real-time monitoring and supervision and, in some areas, remote management. In operational terms, centralised monitoring makes possible to promptly report potential critical factors to the technical structures in charge of emergency response and, where possible, to intervene directly to resolve the potential critical situation. These systems have been used in a variety of situations, allowing the service to be restored within an appropriate timeframe and ensuring adequate resilience of the services offered.

As regards cybersecurity, the Group's Security operation centre (SOC) is active, i.e. the centralised service for real-time monitoring of events affecting information systems, IT infrastructures and industrial areas (OT). In operational terms, this service works through the use of hardware probes and software agents, and sees a continuous increase in alerts coming both from external factors (continuous increase in attacks and their level of sophistication), and from the increase in the perimeter analysed due to the increase in computer and industrial systems belonging to the Group. This service is constantly being developed in terms of the new correlation and regulation rules put in place, to counter false positives and not lose effectiveness in detecting anomalous events in the early stages of possible chains of compromise. In addition to the SOC service, as every year, vulnerability assessment activities continued, to

continuously assess the level of penetrability of exposed systems and network security, through an analysis of the Group's perimeter exposed on the Internet. As regards the human factor risk, awareness-raising campaigns intended for all Group employees continued, in addition to periodic ethical phishing simulations and technical exercises intended for IT specialists. During 2024, actions aimed at ensuring the confidentiality, integrity and availability of Hera systems continued to be implemented. For example, in the context of industrial plants, ongoing development went to the converging cyber security monitoring model between the IT (information technology) and OT (operation technology) areas. In order to detect any vulnerabilities on systems or applications that could be exploited by an attacker, vulnerability assessment activities also continued for the industrial plant area.

Identifying people's safety and development risks

People and their behaviour increasingly influence the effectiveness of corporate strategies. Protecting people thus remains a key element, in terms of both workplace health and safety and social protection. The Group therefore continually focuses on the emerging needs and requirements of all employees.

Hera's structured process for identifying hazards and the related risk assessment in the area of health and safety concentrates on an analysis of roles, work activities, processes, workplaces, equipment, vehicles, plants and substances used. As regards the specific nature of its business and its local presence, the Group has integrated Enterprise risk management into its risk assessments.

The risk mitigation measures adopted and the effectiveness of their implementation are periodically monitored and reviewed. To this end, a specific control checklist 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 minimize 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 1.07.03 Social information.

1.03 - MAIN EVENTS OCCURRED

06.02

The Hera Group, through its subsidiary Hera Comm, is awarded seven lots in the national tender called by the Single Purchaser for the Gradual Protection Service for non-vulnerable household customers, bringing over 1 million new electricity customers into the Group's portfolio as of 1 July 2024.



11.06

The Hera Group, through its subsidiary Inrete Distribuzione Energia, finalises the transaction for the transfer of the Soelia business unit, which provides gas distribution services in the municipality of Argenta. Soelia's 2.85% shareholding in Sinergas is also acquired.

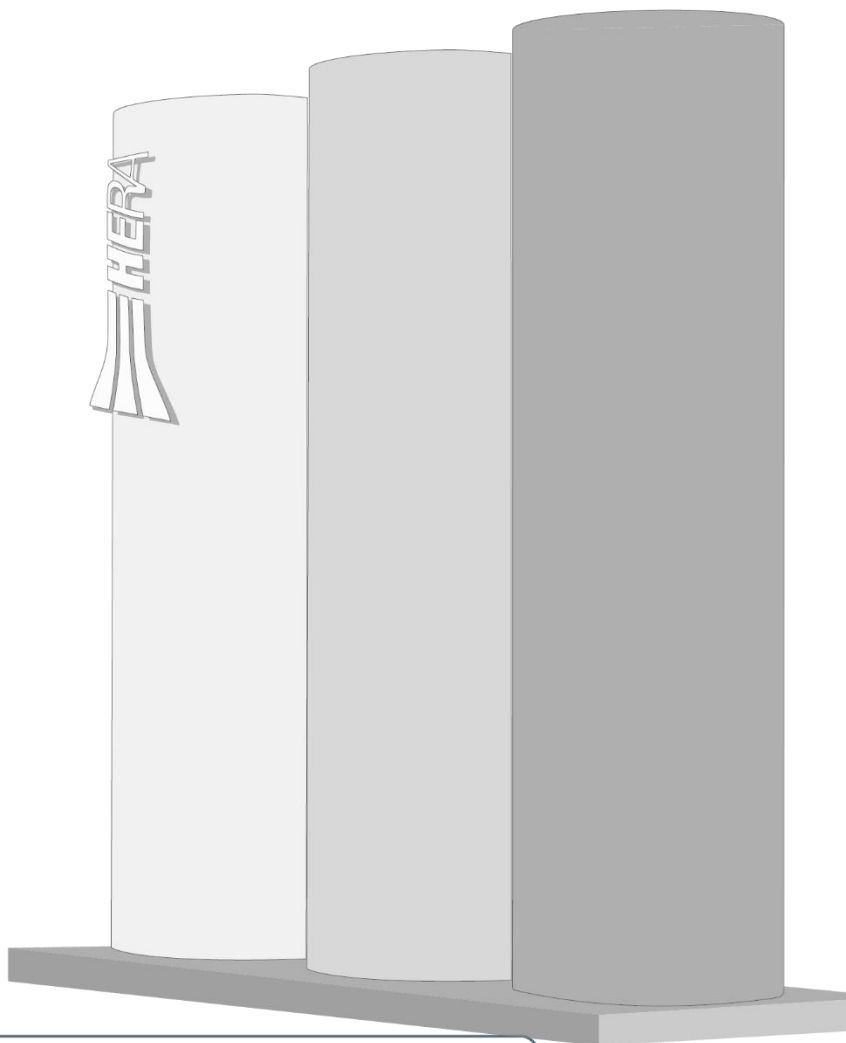


30.07

The Hera Group, with its subsidiary Herambiente Servizi Industriali, finalises the purchase of 70% of TRS Ecology, a company based in Caorso (Piacenza) and focused on industrial waste treatment and recovery, with a portfolio of approximately 2,700 customers.

18.07

The Hera Group signs an agreement with [Fincantieri](#) for the management of almost 100,000 tonnes per year of industrial waste produced in the latter's shipyards and the creation of a new integrated waste management system, aimed at reducing waste and enhancing recovery with a view to the circular economy.



31.07

The Hera Group's Board of Directors approves its [Climate Transition Plan](#), which outlines a strategy to reach Net Zero by 2050, with an overall reduction of direct and indirect emissions coming to approximately 90% and the removal of all residual emissions at the end of the decarbonisation process.



16.12

The Hera Group's holding in [EstEnergy](#), the largest energy operator in Northeastern Italy with over one million customers, rises to 100%, following the sale of a further 25% of the share capital by Ascopiave, valued at 232 million euro.

Business and financial events

NATIONAL TENDER SINGLE PURCHASER FOR THE ELECTRICITY SERVICE

As of 1 July 2024, the Hera Group, through its subsidiary Hera Comm Spa, became the new manager of the gradual protection electricity service for non-vulnerable household customers for the metropolitan area of Bologna, involving approximately 79 thousand supply points. Hera's entry in this service followed the award of the national tender called by the Single Purchaser, linked to the end of the greater protection electricity market. In addition to the metropolitan area of Bologna, Hera was awarded the gradual protection electricity service in 36 other Italian provinces, for a total of over 1 million new electricity customers. More specifically, the Group strengthened its presence in several Italian regions: Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche, Tuscany, Abruzzo, Lazio, Umbria, Liguria, Piedmont and Campania. The new customers of the gradual protection service can rely on Hera's consolidated expertise in offering advanced solutions in the energy sector and numerous contact channels, first and foremost over two hundred customer desks located throughout the country, which provide a point of reference to which customers can turn for any enquiry, concerning both supplies (gas and electricity) and value-added services (energy saving, sustainable mobility, solutions for businesses).

PARTNERSHIP WITH FINCANTIERI

On 18 July 2024, the Hera Group and Fincantieri, one of the world's leading groups in the field of highly complex shipbuilding, signed a memorandum of understanding to start a partnership aimed at optimising waste cycle management and creating value in Fincantieri shipyards throughout Italy, in compliance with the principles and objectives of the circular economy.

The agreement calls for the establishment of a newco - owned by Fincantieri and Hera subsidiaries Herambiente Servizi Industriali Srl (Hasi Srl) and A.C.R. di Reggiani Albertino Spa (A.C.R. Spa) - in charge of implementing an integrated and efficient waste management system in the shipyards, starting from the Monfalcone site, identified as the first area of work in implementing the project. The new company will also be responsible for the operational management of the plant, waste disposal management and the valorisation of residues and recoverable waste. With this partnership, Fincantieri aims to reduce its production of waste and maximise recovery through the application of advanced technologies for industrial waste treatment and valorisation, create sorted collections for the reuse of materials in production cycles, and optimise logistics and waste handling to increase onsite safety. The agreement also represents an important opportunity to create value, both economically and in terms of sustainability.

The project will have several development phases, starting with the establishment of the newco and the beginning of activities in Monfalcone, with the goal of managing almost 100 thousand tonnes per year of industrial waste produced at the shipyards and increasing the portions that can be valorised - in particular iron, wood, and paper - by 15% already in the first year. Subsequently, the model will be brought to full efficiency through the construction of advanced treatment plants and optimised waste management. This will be achieved through a series of structural initiatives, once again in the spirit of the circular economy, such as the construction and operation of a new sorting line, a new water treatment plant for subsequent reuse, and the revamping of the temporary storage facility.

NET ZERO

On 31 July 2024, the Group's Board of Directors approved its Climate transition plan, a document presenting Hera's strategy and commitment to achieve Net Zero by 2050. This goal will be pursued with reference to both direct and indirect greenhouse gas emissions, with an overall reduction of approximately 90% by 2050 (compared to 2019) and the removal of all residual emissions at the end of the decarbonisation process.

The Climate transition plan highlights the key aspects of Hera's strategy in the short, medium and long term, in line with the indications and paths outlined by the scientific community, starting with the 2015 Paris Agreement, to limit global warming to within 1.5 °C by the end of the century, compared to pre-industrial temperatures. This document thus presents the Hera Group's vision and commitments for a sustainable future, quantifying its current and future impact in terms of emissions and illustrating both the internal decarbonisation levers that the company will implement to achieve Net Zero, with the active involvement of all stakeholders, and the contribution linked to the evolution of the external scenario.

Well integrated with the Group's more general strategy, the definition of a long-term Net Zero objective therefore contributes to the concrete shape taken by its corporate purpose - which explicitly refers to the achievement of carbon neutrality - and is consistent with the decarbonisation commitments already undertaken by the Group with a 2030 outlook.

EMTN PROGRAMME

On 16 December 2024, the update of the Euro Medium Term Notes Programme was completed, with an increase from 4.5 billion euro to 5 billion euro in the maximum principal amount of bonds that may be outstanding under the EMTN Programme.

The base prospectus for the EMTN Programme was approved by the Central Bank of Ireland pursuant to its Prospectus Regulations and is available on the Group's website and the Euronext Dublin website.

Updating and increasing the maximum amount of the EMTN Programme will enable Hera to grasp any new market opportunities in line with its financial strategy.

DOW JONES SUSTAINABILITY INDEX

The Hera Group was confirmed in the Dow Jones Sustainability Index for the fifth consecutive time. As in previous editions, Hera was included in both the European and global indexes. The DJSI, an authoritative international stock market index, is made up of the listed companies having the highest performance as regards environmental, social

and governance & economics factors. In particular, Hera was confirmed as the global leader in its reference sector for the fourth time in the last five years. This comes as acknowledgement confirming both the results achieved and the Group's complete and transparent sustainability reporting and strategic approach in pursuing the creation of shared value for all stakeholders.

Significant corporate operations

On 30 July 2024, the Hera Group, through its subsidiary Herambiente Servizi Industriali Srl (Hasi Srl), completed the acquisition of TRS Ecology Srl, a company focused on industrial waste treatment and recovery at its multifunctional platform located in Caorso (PC), further consolidating its leadership in the waste management sector. The acquisition of 70% of the Piacenza-based company has broadened the Group's scope of action and strengthened the growth prospects of a well-established local business; in fact, the project to renovate the Caorso platform is already underway, with a view to further environmental protection and increased material recovery. The closing follows up on the binding agreement signed by the parties on 25 January 2024 and was made possible upon the concurrence of all conditions precedent foreseen in the preliminary phase.

The merger into Hasi Srl is based on two important rationales; firstly, it offers TRS Ecology Srl's customers (located mainly in the provinces of Piacenza, Lodi, Cremona, Brescia and Parma) additional opportunities in the treatment and recovery of their industrial waste, since they will be able to access Hera's network of roughly one hundred plants, by far the largest in the country. The TRS Ecology Srl platform will also enable Herambiente Servizi Industriali Srl to further expand the geographical scope of its services to western Emilia, lower Piedmont and Lombardy (including the Milan area), partially thanks to important technical and commercial synergies with the Group's other plant solutions and companies.

The new corporate structure will govern the significant evolution concerning the Caorso platform in the coming years. Storage spaces will in fact be optimised and reorganised and new treatment lines will be introduced to increase the opportunities for recovery and production of raw materials from incoming waste. The intervention, which should be completed by the end of 2027, will see the use of innovative technologies also aimed at further improving environmental protection and safety profiles for workers, in line with European best practices.

On 16 December 2024, the Hera Group, through its subsidiary Hera Comm Spa, and Ascopiave Spa stipulated a deed of transfer, by the latter, of 25% of the capital of EstEnergy Spa, the sales company established in 2019 that is currently the largest energy operator in the Northeastern Italy.

The Hera Group's shareholding in EstEnergy Spa thus rose to 100%, while Ascopiave Spa fully left the company, following the sale of the first 8% in 2022 and a further 15% in 2023. This transaction results from the exercise of the put option held by Ascopiave Spa on its stake in EstEnergy Spa, as established in the agreements signed between the parties when the partnership was created, and was therefore already fully accounted for in the Hera Group's net financial position. The amount will be paid between 1 June and 31 July 2025, upon completion of the formal procedure. The early exercise of the put option, with respect to its natural maturity, entails a potential prospective benefit in the income statement, due to the lower financing cost for the Hera Group compared to the notional accounting rate applied to the amount of the put option. For further information in this regard, see Note 19 "Financial liabilities" in the consolidated financial statements.

TRS ECOLOGY
SRL

100%
ESTENERGY
SPA

Other corporate operations

On 11 June 2024, the Hera Group, through its subsidiary Inrete Distribuzione Energia Spa, active in the natural gas distribution sector, and Soelia Spa, a multiservice company 100% owned by the Municipality of Argenta (FE), finalised the transaction transferring Soelia's business unit concerning natural gas distribution plants and networks and the related management services. The signing follows up on the tender called by Soelia Spa and awarded, on 15 May 2024, to Inrete Distribuzione Energia Spa, which led this Hera Group subsidiary to also acquire Soelia Spa's 2.85% stake in Sinergas Spa.

As of 1 July 2024, the company Inrete Distribuzione Energia took over Soelia Spa's activities in the gas distribution service in the municipality of Argenta, where it operated the integrated water service. Inrete, indeed, acquired Soelia Spa's gas distribution network, which serves roughly 10 thousand delivery points in the Argenta area with plant equipment including: approximately 240 km of pipelines, 5 high to medium pressure reduction and metering plants, 1 final reduction station and 44 local stations for low pressure reduction. Inrete Distribuzione Energia Spa took over management under an extension agreement, with a commitment to making no changes in the staff of the company branch acquired from Soelia Spa.

On 10 September 2024, Hera Luce Srl acquired 30% of the share capital of Triveneta Luce Scarl, a company operating in project financing and active in managing public lighting systems thanks to the award of Consip lots. This is the first tranche of the acquisition, given that Hera Luce Srl will acquire 100% of the share capital in two subsequent tranches. Triveneta Luce Scarl, after winning a tender, signed a framework agreement with Consip, on 14 May 2024, for managing and increasing the energy efficiency of public lighting systems as well as services related to consumption

SOELIA – GAS
DISTRIBUTION
BRANCH

TRIVENETA LUCE
SCARL

monitoring and expenditure control, for specific lots awarded in Veneto, Friuli-Venezia Giulia, Trentino-Alto Adige and Lombardy.

The framework agreement has a duration of 24 months (which may be extended for a further 12 months upon written notice by Consip), with duration indicating the period within which the Administrations may – following the issuance of a supply order, or following the announcement of specific procedures – award concessions to the successful bidders for the procurement of the services covered by the framework agreement. Each concession contract has a duration of nine years, starting from the date of delivery of the facilities (i.e. the date of commencement of the service).

Significant events occurred after the reporting period

GREEN BOND

On 8 January 2025, the Hera Group successfully launched its fourth green bond, under its Euro Medium Term Note Programme (EMTN) bond issue programme, which was updated with an increased maximum amount in December 2024. This bond is consistent with the Group's Green Financing Framework (GFF), prepared on the basis of principles including those set out by the ICMA, in alignment with the criteria of the European Taxonomy and certified by an independent firm.

The issue attracted significant interest from international investors, receiving orders for approximately 2.75 billion euro, almost 5.5 times the amount offered. With this issue, Hera has once again offered the market an opportunity to finance the Group's strategic projects aimed at the green transition and aligned with the Taxonomy, confirming its position as a reference company for sustainable finance, internationally as well.

The Hera Group's fourth green bond (rated Baa2 with a stable outlook by Moody's and BBB+/A-2 with a stable outlook by Standard & Poor's), amounts to a total of 500 million euro, repayable in 6.5 years with a 3.25% coupon and a 3.396% yield.

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 cycle, 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.

CIRCULARYARD SRL

On 13 January 2025, the newco CircularYard Srl was established, with Herambiente Servizi Industriali Srl holding 55%, ACR Spa 5% and Fincantieri Spa 40%. This partnership, created following the memorandum of understanding signed in July 2024, is intended to manage the tons of industrial waste produced by Fincantieri, beginning with the Monfalcone industrial site, and also to create a new integrated waste management system, aimed at reducing this waste and enhancing recovery with a view to the circular economy.

FRAMEWORK AGREEMENT WITH AIMAG SPA

On 22 January 2025, the Boards of Directors of Aimag Spa and Hera Spa agreed to sign a framework agreement that will introduce a new phase of the two companies' industrial partnership project, strengthened by their geographical contiguity and similarities in the mix of their multi-utility activities.

The transaction will be subject to the usual conditions involved in this type of transaction and all notices and approvals from the appropriate authorities and bodies. The parties expect to complete the transaction by June 2025.

The project also calls for a capital increase in kind to be paid through a conferral by Hera Spa in favour of Aimag Spa of an approximately 45% stake in a newco to which the activities pertaining to the integrated water service in the province of Modena, currently managed by Hera Spa, will be transferred, concerning the management of a 7,300 km network serving approximately 470 thousand citizens. A single Modena hub in the water cycle will thus be established, making possible synergies and integrated developments of the current systems and enabling greater investment and significant improvements in the resilience of the water network. The capital increase was defined by valuing Aimag Spa at approximately 7x Ebitda 2024 and the newco at approximately 1.2x RAB. Based on the agreements and, as a consequence, following the capital increase, Hera Spa's shareholding in Aimag Spa is expected to rise to the point of acquiring industrial control and consolidation, while the Public Shareholders will retain the legal majority. Aimag Spa's strengthened capital structure, along with the industrial and financial synergies obtained through Hera's industrial governance, will enable an investment plan in the period 2025-2028 coming to more than 250 million euro overall, for the Aimag group and for the newco, also benefiting all services currently managed by Aimag Spa, strengthening its links with the local area and stakeholders and positive consequences for local communities.

AMBIENTE ENERGIA SRL

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 closing of the acquisition will take place within the first half of 2025, following the usual conditions precedent for transactions of this kind.

This transaction is part of the Hera Group's growth strategy in the waste management area, as defined by the recently approved 2028 Business plan, which sees vertical integrations as an important lever for the further expansion and diversification of its plant base, with positive impacts on profitability and market shares.

More specifically, Ambiente Energia Srl will extend 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 Torrelbelvicino and Marano Vicentino (VI), Aliplast Spa in Ospedaletto d'Istrana (TV) and Recycla Srl in Resana (TV) and Maniago (PN). The Ambiente Energia plant, with an annual capacity of over 120 thousand tonnes, 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 valorisation and circular economy projects, above and beyond the treatment of liquid and sludge waste.

This transaction will ensure the retention of all of Ambiente Energia's current employees, thus guaranteeing full employment continuity and protection of the company's technical-operational assets, for the benefit of customers.

1.04 - OVERVIEW OF OPERATING AND FINANCIAL TRENDS AND DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURES (APM)

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 equity and financial situation. In accordance with the guidelines published on 4 March 2021 by the European securities and markets authority (ESMA) 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 financial statement, if present, are explained below. Any operating, financial and fiscal 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 balance sheet, 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 presentations (for analysts and investors), and 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 / balance sheet reconciliation", as are any operating, financial and fiscal special items.

OPERATING APMS AND INVESTMENTS

Ebitda is calculated as the sum of revenues, 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.

Ebit is calculated by adding amortisation, depreciation and provisions to Ebitda. This indicator corresponds to the operating result in the income statement.

Adjusted Ebit is calculated based on Ebit, as described above, adding or subtracting any managerial adjustments and special items.

The **result before taxes** corresponds to the pre-tax profit shown in the income statement.

The **adjusted result before taxes** is calculated by adding or subtracting managerial adjustments and financial special items to the pre-tax results described above.

The **net result** corresponds to the net profit for the year as shown in the income statement.

Adjusted net results are calculated by adding or subtracting special items and managerial adjustments from the net results described above.

Results from special items are aimed at drawing attention to the result of the special item entries.

Net profit for the period corresponds to the net profit for the reporting period as shown in the income statement. **Adjusted net profit for the period** is calculated by adding the result from special items to the adjusted net results, as described above. This indicator therefore includes any managerial adjustments used to bring certain accounting valuation items into line with managerial criteria.

Adjusted Ebitda on revenues, **Adjusted Ebit on revenues** and **Adjusted net results on revenues** measure the Group's operating performance through a proportion, expressed as a percentage, of adjusted Ebitda, adjusted Ebit and adjusted net results divided by the revenues shown in the income statement.

Net investments are the sum of investments in property, plants and equipment (Note 21 of the consolidated financial statements), intangible assets (Note 23) and equity investments (Note 28), net of the capital grants received (as shown in paragraph 1.04.01 of the Directors' report).

FINANCIAL APMS

Net non-current assets are calculated as the sum of: property, plants and equipment, rights of use, intangible assets, goodwill, shareholdings valued using the equity method, other shareholdings, 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 fixed 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 current assets and liabilities arising from contracts with customers 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 funds in the statement of financial position.

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

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

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

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 debt and net equity.

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 debt.

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 Ebitda, subtracting provisions for doubtful accounts (Note 33), financial charges, 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 (hereinafter 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 debt.

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.

ROI, or return on net invested capital, is defined as the ratio between Ebit, as described above, and net invested capital, and is intended to indicate the ability to produce wealth through operating management, thus remunerating equity and capital pertaining to third parties.

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

ROE, or return on equity, is defined as the ratio between net results and net equity, and is intended to indicate the profitability obtained by investors, recompensing risk.

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

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

- amortisation, depreciation and provisions for the period, not including provisions for doubtful debts;
- changes in net working capital (*);
- provisions to funds, net of releases from provisions (**);
- uses of employee benefits;
- the difference between changes in taxes paid in advance and deferred taxes (***);
- operating and financial investments;
- divestitures;
- financial charges and financial 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 associated companies and joint ventures, plus the dividends received from the latter, and gains/losses from transferred shareholding (excluding special items, if present).

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

OPERATING APMS AND INVESTMENTS (MNE)	DEC 24	DEC 23 REDETERMINED	ABS. CHANGE	% CHANGE
Revenues	12,889.7	15,331.1	(2,441.4)	(15.9)%
Adjusted Ebitda	1,587.6	1,494.7	92.9	+6.2%
Adjusted Ebitda/revenues	12.3%	9.7%	+2.6 p.p.	+0.0%
Adjusted Ebit	829.9	741.0	88.9	+12.0%
Adjusted Ebit/revenues	6.4%	4.8%	+1.6 p.p.	+0.0%
Adjusted net result	488.1	390.1	98.0	+25.1%
Adjusted net result/revenues	3.8%	2.5%	+1.2 p.p.	+0.0%
Net investments	812.1	779.2	32.9	+4.2%

FINANCIAL APMS (MNE)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Net non-current assets	8,496.4	8,119.2	377.2	+4.6%
Net working capital	227.2	166.0	61.2	+36.9%
Provisions	(773.0)	(705.9)	(67.1)	+9.5%
Net invested capital	7,950.6	7,579.3	371.3	+4.9%
Net financial debt	3,963.7	3,827.7	136.0	+3.6%
Sources of financing	7,950.6	7,579.3	+371.3	+4.9%

OPERATING-FINANCIAL APMS	DEC 24	DEC 23	ABS. CHANGE
Net debt / adjusted Ebitda	2.50	2.56	(0.06)
FFO adjusted / net debt	28.6%	25.6%	+3.0 p.p.
Adjusted ROI	10.4%	9.8%	+0.7 p.p.
Adjusted ROE	12.2%	10.4%	+1.8 p.p.
Adjusted cash flow	(148.3)	485.8	(634.10)

Special items and managerial adjustments / balance sheet reconciliation

The following table provides a reconciliation between the managerial income statement and the consolidated income statement drafted according to accounting standards.

MNE	DEC 24						DEC 23 REDETERMINED	
	PUBLISHED STATEMENTS	MANAGERIAL ADJUSTMENTS	SPECIAL ITEMS	MANAGERIAL STATEMENTS	PUBLISHED STATEMENTS	MANAGERIAL ADJUSTMENTS	SPECIAL ITEMS	MANAGERIAL STATEMENTS
Revenues	12,889.7			12,889.7	15,331.1			15,331.1
Other income	154.7			154.7	234.0			234.0
Raw and other materials	(7,056.4)			(7,056.4)	(9,672.2)	(93.0)		(9,765.2)
Service costs	(3,724.9)			(3,724.9)	(3,655.9)			(3,655.9)
Personnel costs	(667.5)			(667.5)	(641.1)			(641.1)
Other operating expenses	(97.3)			(97.3)	(90.3)			(90.3)
Capitalised costs	89.3			89.3	82.1			82.1
Ebitda	1,587.6	-	-	1,587.6	1,587.7	(93.0)	-	1,494.7*
Amortization, depreciation and provisions	(757.7)			(757.7)	(753.7)			(753.7)
Ebit	829.9	-	-	829.9	834.0	(93.0)	-	741.0*
Financial operations	(106.0)		(47.8)	(153.8)	(187.9)		(26.9)	(214.8)
Share of profits (losses) pertaining to joint ventures and associated companies	12.3			12.3	10.3			10.3
Result before taxes	736.2	-	(47.8)	688.4*	656.4	(93.0)	(26.9)	536.5*
Taxes	(200.3)			(200.3)	(173.2)	26.8		(146.4)*
Net result	535.9	-	(47.8)	488.1*	483.2	(66.2)	(26.9)	390.1*
Attributable to:				-				-
Adjusted Parent company shareholders	494.5	-	(47.8)	446.7*	441.4	(66.2)	(26.9)	348.3*
Non-controlling interests	41.4			41.4	41.8			41.8
Result from special items			47.8	47.8			26.9	26.9
Net profit for the period	535.9	-	-	535.9	483.2	(66.2)	-	417.0*
Attributable to:								
Parent company shareholders	494.5	-		494.5	441.4	(66.2)	-	375.2*
Non-controlling interests	41.4			41.4	41.8			41.8

* Adjusted results, as described above

As described in detail in the Consolidated financial statements at 31 December 2023, which may be consulted for a complete discussion, starting from 2022, and as a supplement to the statements drafted in accordance with IFRS standards, the Group's management held it appropriate to present the results by valuing the natural gas inventories according to a managerial criterion, in order to provide a representation that is consistent with the market context, which showed significant and sudden changes in prices with respect to previous trends.

As of the end of the first quarter of 2023, and for all subsequent reporting periods including one the currently under discussion, the previous valuation differential was fully recovered, which therefore had an effect on the change in inventories recorded in the income statement. The 2024 period of injection, which began in the first quarter of the year and continued until the beginning of the final quarter, was also subject to a double valuation process, consistent with the approach used during the previous years.

From an accounting point of view, in particular, all gas deliveries made during the injection period were considered according to a calculation of the average carrying cost, regardless of their destination, while from a managerial point of view, only the procurement flows identified as having the purpose of injection into storage were considered. The Group introduced the appropriate hedges, corresponding to the planned withdrawals that occurred in the first quarter of 2025.

The combined effect of decreasing prices and the timespan required for filling resulted in a book value of stored gas at 31 December 2024 was higher than the expected net sale value, better identified by the managerial valuation that represents the basis for the hedges mentioned above.

As a result, the inventories at 31 December 2024 reflect a write-down recognised in the change in inventories in the income statement (as was already the case at 31 December 2023), while the operating period under comparison reflects the recovery of the misalignment represented as a managerial adjustment in 2022 amounting to 93 million euro, with a positive tax effect coming to 26.8 million euro.

Furthermore, at the end of 2024, the income from the fair value valuation involved in the revision of the put option 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. Note that following the inclusion of the above under special items, and in order to provide more consistent information, a redetermination was also introduced for the period under comparison, for which the revaluation of the put option granted to the minority shareholders of EstEnergy Spa resulted in the recognition of financial income amounting to 26.9 million euro.

1.04.01 - Operating results and investments

GROWTH IN OPERATING RESULTS AND INVESTMENTS

In 2024, the Hera Group continued along its path of growth involving both operations and the investments made. As regards the former, adjusted Ebitda amounted to 1,587.6 million euro, up 6.2%; adjusted Ebit was up 12.0%, and adjusted net profit increased by 28.5%. As regards investments, growth amounted to 4.2% compared to 2023, reflecting the Group's ongoing focus on increasing, enhancing and strengthening the resilience of the assets under management. From a financial point of view, a solid capital structure was also confirmed: the Net debt / adjusted Ebitda ratio settled at 2.5x, while adjusted ROI reached 10.4% and adjusted ROE stood at 12.2%.

The 2024 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 similar to the levels seen prior to the crisis.

The Group's performance was once again driven by its multi-business strategy, balanced between regulated and free market activities, with a focus on sustainability and the circular economy. The Hera Group pursues this model through both internal growth and the opportunities offered by the market thanks to external development, with the aim of providing customers with innovative, competitive and increasingly complete solutions.

In particular, note that in 2024 the Hera Group continued to expand its scope of operations, especially in the waste management area, through the acquisition of 70% of TRS Ecology Srl, a company that manages a multi-purpose platform for special waste treatment in Caorso (PC). This is a substantial company focused on industrial waste treatment and recovery with a total of approximately 2,700 customers. Detailed information on this matter is provided in paragraph 1.06.04.

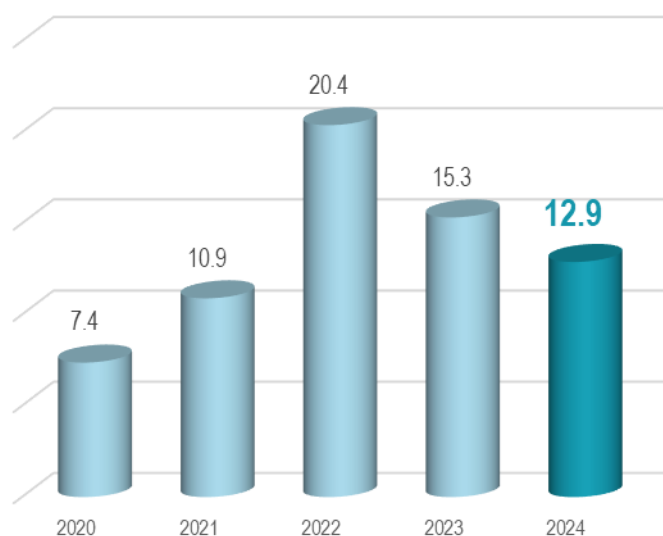
Note that Hera Comm Spa was awarded seven lots in the national tender called by the Single Purchaser for the Gradual protection service for non-vulnerable household customers, leading over 1 million new electricity customers to be included in the Group's portfolio as of 1 July 2024. Detailed information on this matter is provided in paragraph 1.06.02.

The following table shows operating results at 31 December 2024 and 2023:

INCOME STATEMENT (MNE)	DEC 24	% INC.	DEC 23 REDETERMINED	% INC.	ABS.CHANGE	% CHANGE
Revenues	12,889.7	0.0%	15,331.1	0.0%	(2,441.4)	(15.9)%
Other income	154.7	1.2%	234.0	1.5%	(79.3)	(33.9)%
Raw and other materials	(7,056.4)	(54.7)%	(9,765.2)	(63.7)%	(2,708.8)	(27.7)%
Service costs	(3,724.9)	(28.9)%	(3,655.9)	(23.8)%	69.0	1.9%
Other operating expenses	(97.3)	(0.8)%	(90.3)	(0.6)%	7.0	7.8%
Personnel costs	(667.5)	(5.2)%	(641.1)	(4.2)%	26.4	4.1%
Capitalised costs	89.3	0.7%	82.1	0.5%	7.2	8.8%
Ebitda*	1,587.6	12.3%	1,494.7	9.7%	92.9	6.2%
Amortization, depreciation and provisions	(757.7)	(5.9)%	(753.7)	(4.9)%	4.0	0.5%
Ebit*	829.9	6.4%	741.0	4.8%	88.9	12.0%
Financial operations	(153.8)	(1.2)%	(214.8)	(1.4)%	(61.0)	(28.4)%
Share of profits (losses) pertaining to joint ventures and associated companies	12.3	0.1%	10.3	0.1%	(2.0)	19.4%
Result before taxes*	688.4	+5.3%	536.5	3.5%	151.9	28.3%
Taxes	(200.3)	(1.6)%	(146.4)	(1.0)%	53.9	36.8%
Net result*	488.1	3.8%	390.1	2.5%	98.0	25.1%
Attributable to:						
Adjusted Parent company shareholders*	446.7	3.5%	348.3	2.3%	98.4	28.2%
Non-controlling interests	41.4	0.3%	41.8	0.3%	(0.4)	(1.0)%
Result from special items	47.8	0.4%	26.9	0.2%	20.9	100.0%
Net profit for the period *	535.9	4.2%	417.0	2.7%	118.9	28.5%
Attributable to:						
Parent company shareholders*	494.5	3.8%	375.2	2.4%	119.3	31.8%
Non-controlling interests	41.4	0.3%	41.8	0.3%	(0.4)	(1.0)%

* adjusted results, as described in paragraph 1.04

Revenues (bn€)



12.9

BILLION EURO

REVENUES

(-15.9%)

Revenues were down by 2,441.4 million euro in December 2024 compared to the equivalent period in 2023. The energy sectors showed a 1,819 million euro decrease, mainly due to lower energy commodity prices, and lower

volumes of gas sold to end customers due to both higher average temperatures and lower consumption by the customer base as a result of increasingly widespread energy-saving measures, in line with climate-changing emissions reduction targets. This drop was partially offset by the higher volumes of gas traded and the higher volumes of electricity sold, thanks to the significant commercial development achieved by the Group, and by higher revenues from system charges.

In addition, a reduction occurred in incentivised activities in Energy saving services, concerning residential buildings, mainly as a consequence of the effective termination of the 110% super-bonus, and a slight decrease in value-added services for customers. These factors accounted for roughly 884 million euro of the reduction in revenues.

Lastly, revenues in network services increased by a total of 174 million euro, due to higher tariff revenues resulting from the Authority's resolutions, which defined new performance benchmarks for all regulated businesses, whose effects are described in paragraph 1.06, Analysis by business area. Higher revenues were also seen for new connections, services to customers, and contracts on assets under concession. The above-mentioned increases were only partially offset by lower revenues in the district heating business, due to the application of the transitional tariff method that provides for tariff regulation based on the avoided cost criterion.

For further details, see the analyses of the individual business areas in paragraph 1.06.

Other income in December 2024 was down by 79.3 million euro compared to the same period in 2023. This decrease was mainly due to the presence in 2023 of grants to reimburse costs incurred for the management of the flood emergency that affected Emilia-Romagna and neighbouring regions in May 2023, and to the end of the gas and electricity grants provided by the Government to face the high energy price emergency.

**COSTS FOR RAW
MATERIALS
LINKED TO THE
TREND IN
REVENUES**

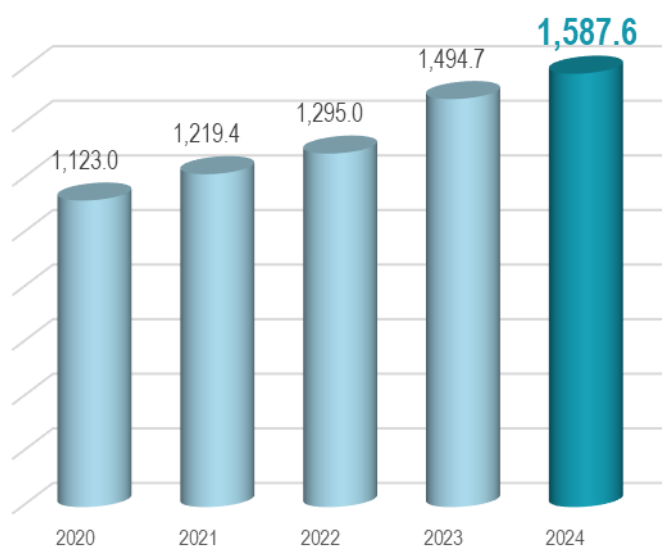
Costs for raw and other materials dropped by 2,708.8 million euro compared to December 2023. This decrease was mainly related to the performance of energy revenues, linked to the decrease in the price of energy raw materials, due to more stable markets, and the aforementioned lower volumes of gas sold to end customers. These factors were partially offset by the increase in electricity volumes sold, as described above under revenues.

Other operating costs increased by 76 million euro (higher service costs amounting to 69 million euro and higher operating expenses coming to 7 million euro). Approximately 791 million euro of higher costs overall were seen in the energy sector, mainly related to system charges for the gas and electricity businesses, due to the conclusion of the exceptional regulatory interventions introduced in previous years to face the energy crisis. Energy services for energy efficiency improvements saw lower costs for works amounting to approximately 789 million euro, mainly as a consequence of the end of the incentives mentioned under revenues. Higher costs coming to roughly 18 million euro were recorded for the development of sorted waste collection projects, supplementary services in the municipal waste collection service, higher transport costs related to the larger volumes of waste treated, and the recent corporate acquisition in the industrial market. Lastly, higher overall costs were related to contracts on assets under concession amounting to approximately 13 million euro and higher other costs related to price increases for all major services.

**+4.1% INCREASE
IN PERSONNEL
COSTS**

Personnel costs increased by 4.1% compared to December 2023 and amounted to 26.4 million euro. This increase was linked to the salary increases provided for by the national collective labour agreement and the higher average presence, partially due to the recent corporate acquisition in the industry market mentioned above.

Capitalised costs totalled 89.3 million euro in December 2024, up compared to the previous year due to higher capitalised works on Group-owned assets.

EBITDA* (mn€)**1,587.6**

MILLION EURO

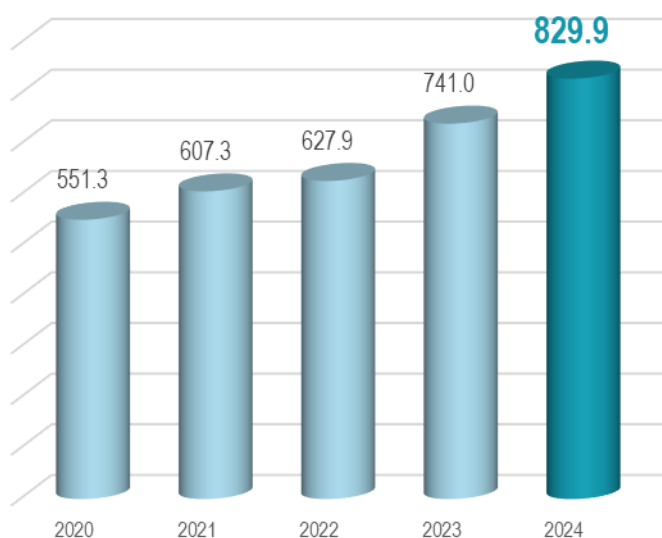
EBITDA*

(+6.2%)

Adjusted Ebitda increased by 92.9 million euro compared to December 2023, up 6.2%. This trend is due to the overall contribution coming from the energy areas, amounting to 50.2 million euro, the positive contribution of the water cycle, coming to 25.7 million euro, the good performance of the waste management area, up by 13.6 million euro, and other services, amounting to 3.4 million euro.

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

Amortisation, depreciation and provisions at 31 December 2024 increased by 4.0 million euro year-on-year, up 0.5%. Higher amortisation and depreciation were recorded mainly due to new operating investments, particularly in the regulated sectors and in waste treatment, as well as an increase in activities to acquire new customers in the energy markets. Provisions for risks also increased overall, particularly in the sales company Hera Comm and in networks, partially offset by the lower specific provisions in 2023 related to the residential housing bonus and waste treatment. Allocations to the provision for bad debts decreased, mainly due to the trend in energy commodity prices and the unpaid ratio.

Ebit* (mn€)**829.9**

MILLION EURO

EBIT*

(+12.0%)

Adjusted Ebit amounted to 829.9 million euro, up 12.0% compared to 2023, showing a higher level of growth than Ebitda*, since amortisation, depreciation and provisions, as described above, increased to a lesser degree than the rise in Ebitda*.

The result of financial operations stood at 153.8 million euro, improving by 61.0 million euro compared to the previous year. Income generated by discounting the value of tax credits related to 2023 incentivised works, in addition to lower

**FINANCIAL
OPERATIONS
IMPROVE**

valuation charges on incentivised works pertaining to 2024, contributed to reducing financial operations by approximately 92.4 million euro. A significant reduction amounting to 12.5 million euro in charges related to debt for financing was also confirmed, thanks to the optimisation of the financial structure. The positive effects mentioned hereto were partially offset by 27 million euro in write-downs on equity investments (of which 22.1 million euro concerning SET Spa and 4.9 million euro concerning Aimag Spa), along with higher IAS charges from discounting and lower income from indemnities for arrears.

RESULT OF EQUITY METHOD VALUATION

The share of profits (losses) pertaining to joint ventures and associated companies include the effects of the valuation using the equity method for the companies included in the scope of consolidation. At December 2024, this amounted to 12.3 million euro, up 2 million euro compared to the previous year. For further details, see section 2.02 "Operating and Financial Performance" of the Explanatory notes.

The adjusted pre-tax result showed a 28.3% increase compared to December 2023, since the growth deriving from Ebit was accompanied by the trend in financial operations mentioned above.

TAX RATE AT 29.1%

Taxes for 2024 amounted to 200.3 million euro, up from 146.4 million euro in 2023, an amount that takes into account managerial adjustments. The significant increase in the tax burden, in absolute terms, is due to the higher results produced by the Group. In percentage terms, the tax rate for the year is expected to stand at 29.1%, up from 27.3% in the period under comparison. This change is linked to the elimination or dilution of the effects of certain benefits which the Group was able to take advantage of in the past (first and foremost, the Ace tax incentives), a number of write-downs made during the year that were not valid for tax purposes, and the elimination of the credit related to the request for reimbursement for the 2022 extra-profits tax. Lastly, note that the tax rate for the year under comparison was positively impacted by the extraordinary concessions, recognised in the form of tax credits, for the purchase of electricity and gas during the energy crisis of the previous years, considered as untaxed components of income.

+25.1% NET RESULT *

The adjusted net result increased by 25.1%, or 98.0 million euro; the increase coming from the pre-tax result was reduced by higher taxes.

In 2024, the result from special items amounted to a total of 47.8 million euro, as against 26.9 million euro in 2023. Detailed descriptions of these items can be found at the beginning of paragraph 1.04 "Overview of operating and financial trends and definition of alternative performance measures".

+28.5% NET PROFIT *

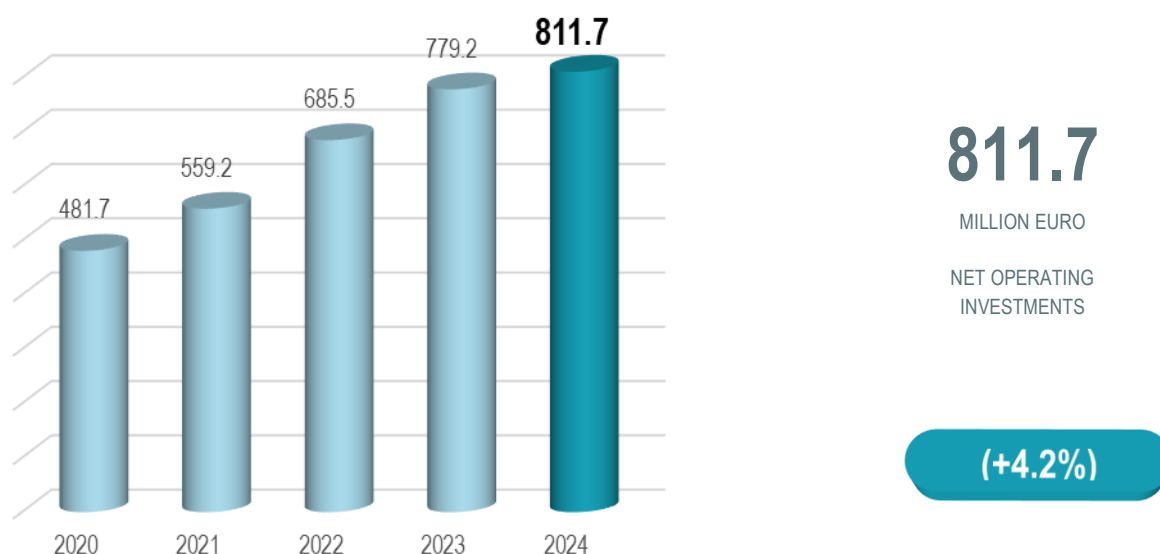
As a result of all the events described above, adjusted net profit increased by 118.9 million euro compared to the figure seen in December 2023.

NET INVESTMENTS RISE TO 812.1 MILLION EURO

At the end of 2024, the Group's net investments amounted to 812.1 million euro, up 32.9 million euro compared to the previous year. This increase was mainly caused by higher operating investments, which recovered from the previous year's slowdown in carrying out works due to the flooding events that occurred in May 2023. Capital grants amounted to 48.6 million euro, of which 6.8 million euro were related to FoNI investments, as foreseen by the tariff method for the integrated water service, and increased by a total of 12.1 million euro over the previous year.

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

TOTAL INVESTMENTS (MNE)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Gas area	180.5	191.8	(11.3)	(5.9)%
Electricity area	127.2	128.4	(1.2)	(0.9)%
Integrated water cycle area	261.1	228.2	32.9	+14.4%
Waste management area	162.3	150.8	11.5	+7.6%
Other services area	11.0	9.8	1.2	+12.2%
Headquarters	118.1	106.7	11.4	+10.7%
Total gross operating investments	860.3	815.8	44.5	+5.5%
Capital grants	48.6	36.5	12.1	+33.2%
of which FoNi (New Investments Fund)	6.8	19.5	(12.7)	(65.1)%
Total net operating investments	811.7	779.2	32.5	+4.2%
Financial investments	0.4	-	0.4	+100.0%
Total net investments	812.1	779.2	32.9	+4.2%

Total net operating investments (mn€)

Including capital grants, the Group's operating investments amounted to 860.3 million euro, up 44.5 million euro over the previous year, and were mainly related to works on plants, networks and infrastructures. 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 analysis 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, structural investments amounted to 118.1 million euro, up 11.4 million euro compared to the previous year, mainly due to investments in Group information systems and work carried out on Group premises.

1.04.02 - Financial structure and adjusted net debt

What follows is an analysis of trends in the Group's net invested capital and sources of financing at 31 December 2024.

INVESTED CAPITAL AND SOURCES OF FINANCING (MN€)	31 DEC 24	% INC.	31 DEC 23	% INC.	ABS. CHANGE	% CHANGE
Net non-current assets	8,496.4	+106.9%	8,119.2	+107.1%	377.2	+4.6%
Net working capital	227.2	+2.9%	166.0	+2.2%	61.2	+36.9%
(Provisions)	(773.0)	(9.7)%	(705.9)	(9.3)%	(67.1)	(9.5)%
Net invested capital	7,950.6	+100.0%	7,579.3	+100.0%	371.3	+4.9%
Equity	3,986.9	+50.1%	3,751.6	+49.5%	235.3	(6.3)%
Long-term borrowings	4,051.3	+51.0%	4,315.4	+56.9%	(264.1)	+6.1%
Net current financial debt	(87.6)	(1.1)%	(487.7)	(6.4)%	400.1	(82.0)%
Net financial debt	3,963.7	+49.9%	3,827.7	+50.5%	136.0	(3.6)%
Total sources of financing	7,950.6	+100.0%	7,579.3	+100.0%	371.3	(4.9)%

Net working capital amounted to 227.2 million euro at the end of 2024, up from 166.0 million euro at the end of 2023. This change was due to the fair value of commodity derivatives, which decreased by 66.1 million euro compared to the previous year, with a corresponding impact on equity for hedging contracts recognised as cash flow hedges and, to a lesser extent, on the income statement for the year for trading derivatives. The changes in net working capital that led to a corresponding impact in net financial debt were mainly due to:

- the significant reduction in trade payables and VAT due to the impact of the 110% super-bonus incentive works, as a result of the end of the super-bonus tax incentives;

227.2
MILLION EURO
NET WORKING
CAPITAL

- the reclassification from "Current financial liabilities" to "Trade payables" of the amounts received as advances related to the gas settlement process, which at 31 December 2023 amounted to 154.1 million euro. For further details, see section 2.02.01 "Introduction" in the consolidated financial statements.

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

773.0 MILLION EURO PROVISIONS

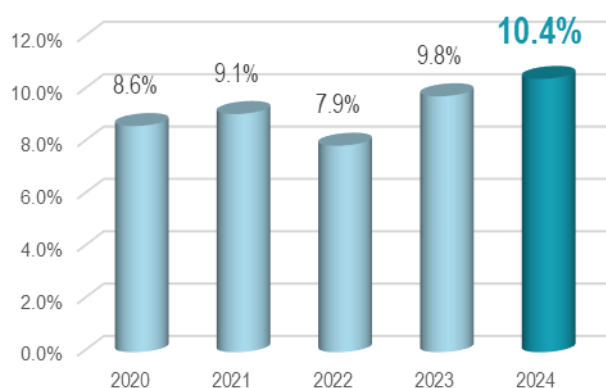
In 2024, provisions amounted to 773.0 million euro, up from 705.9 million euro at the end of the previous year. This result is mainly the consequence of provisions for the period and adjustments to the post-mortem provisions for landfills and restoration of third-party assets, which more than offset releases for utilisation.

4.0 BILLION EURO EQUITY

Equity rose from 3,751.6 million euro in 2023 to 3,986.9 million euro in 2024, increasing the Group's solidity thanks to the net result from operations in 2024, amounting to 535.9 million euro, which more than offset the reduction in cash flow hedge reserves, dividend payments and changes in treasury shares.

Adjusted return on net invested capital (ROI*) settled at 10.4% in 2024, up from 2023 ROI, which came to 9.8%, due to the more than proportional increase in results from operations (Ebit) compared to the rise in net invested capital (NIC).

ROI* (%)

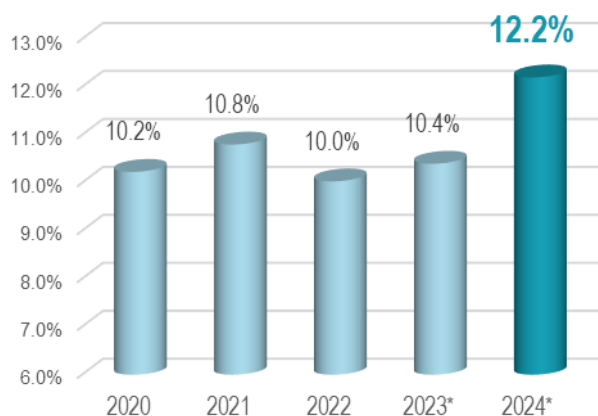


10.4%

ROI*

The results of management led to an adjusted return on equity (ROE*) coming to 12.2%, up from the figure seen in 2023. This increase was due to a rise in the net result for the period, proportionally higher than the increase in equity.

ROE* (%)



12.2%

ROE*

* adjusted for non-recurring entries

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

MN€		31 DEC 24	31 DEC 23
A	Cash holdings	1,315.6	1,332.8
B	Cash equivalents	-	-
C	Other current financial assets	23.1	90.9
D	Liquidity (A+B+C)	1,338.7	1,423.7
E	Current financial debt	(525.8)	(411.9)
F	Current portion of non-current financial debt	(474.1)	(524.1)
G	Current financial indebtedness (E+F)	(999.9)	(936.0)
H	Net current financial indebtedness (G+D)	338.8	487.7
I	Non-current financial debt	(712.6)	(703.9)
J	Debt instruments	(3,401.3)	(3,391.2)
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I+J+K)	(4,113.9)	(4,095.1)
M	Total financial indebtedness (H+L)	(3,775.1)	(3,607.4)
	Non-current financial receivables	158.0	162.8
	Net financial debt (excluding put option)	(3,617.1)	(3,444.6)
	Nominal amount - fair value put option	(318.4)	(337.2)
	Net financial debt adjusted with put option	(3,935.5)	(3,781.8)
	Portion of future dividends - fair value put option	(28.2)	(45.9)
	Net financial debt (Net debt)	(3,963.7)	(3,827.7)

Total net financial debt amounted to 3,963.7 million euro, up by 136 million euro over the previous year.

During the year, the Group rescheduled trade payables through letters of credit, with a total amount of 321.3 million euro (as against 404.6 million euro in the previous year). At the end of the year, there were no transactions outstanding. By means of these transactions, the Group optimised its payment terms, while keeping the same amount recorded under trade payables, since this is part of its typical working capital management. Note, in fact, that the Group has trade payables, with different payment terms, based on the contractual agreements defined with the individual counterparties of the various businesses in which it operates, ranging from 7 days to 60 days from the date of invoice issuance.

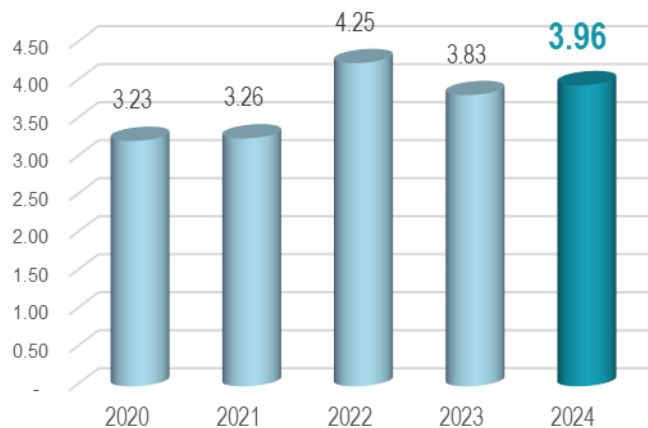
A decrease occurred in current financial assets coming to roughly 67.8 million euro, mainly due to the transfer of 43.6 million euro in Hse Spa tax credits stated as financial assets in December 2023 and with collection in January 2024.

The financial structure showed total current indebtedness coming to 999.9 million euro, up by 63.9 million euro compared to December 2023. The portion amounting to 525.8 million euro refers to payables to banks, such as bank utilisations, accruals for interest on loans and other debts. In particular, other payables included a 154.1 million euro decrease due to the reclassification of advances received linked to the gas settlement process from financial payables to trade payables, offset by other payables to banks related to transactions based on pro soluto credit transfers. The current portion of non-current financial debt came to 474.1 million euro and included 375 euro in bank lines maturing in early August 2025 and therefore reclassified from long to short term. It furthermore included 15 million in a residual bond named "Private Placement 32" maturing in May 2025 and 24.4 million euro in current payables for leasing contracts.

Non-current financial debt amounted to 4,113.9 million euro, remaining in line with the previous period. Note that in July and August, 438.1 million euro of maturing bonds (Green Bond, 288.3 million euro, and Aflac, 149.8 million euro) were repaid, and the disbursement of the 460 million euro EIB credit line, agreed upon in July 2023, was requested in September.

Cash holdings amounted to 1,315.6 million euro, remaining at the same level as the previous year (1,332.8 million euro).

At 31 December 2024, 74% of medium- and long-term debt consisted of bonds with repayment at maturity. Total medium- and long-term debt, 97% of which is fixed-rate, had an average residual maturity coming to approximately five years and two months, with 44% of debt maturing after five years.

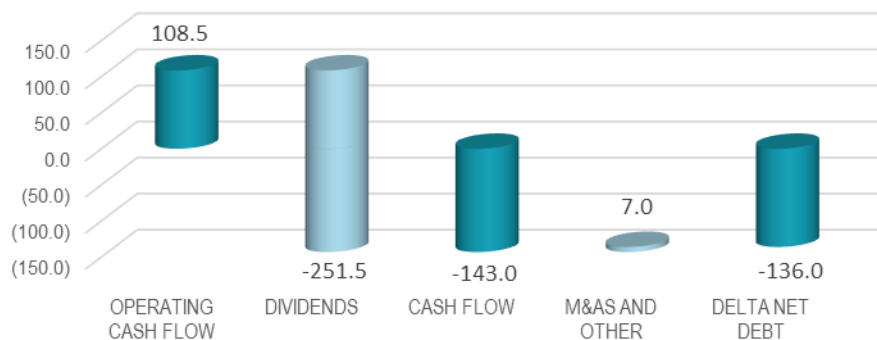
Net financial debt (Net debt) (bn€)**3.96**

BILLION EURO

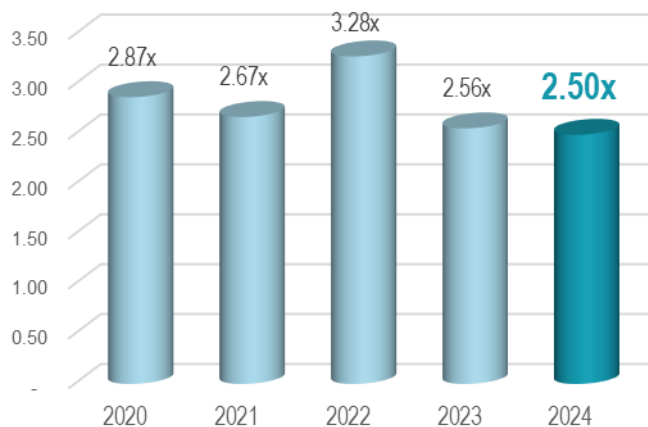
NET FINANCIAL DEBT

Operating cash flow showed a positive balance, at 108.5 million euro, after financing both 811.7 million euro of operating investments for the period and the change in net working capital, and succeeding in partially financing dividend payments coming to 251.5 million euro.

Among shareholding acquisitions, note the acquisition of 70% of TRS Ecology Srl, a company that manages a multifunctional platform for special waste treatment in Caorso (PC).

Cash flow (mn€)

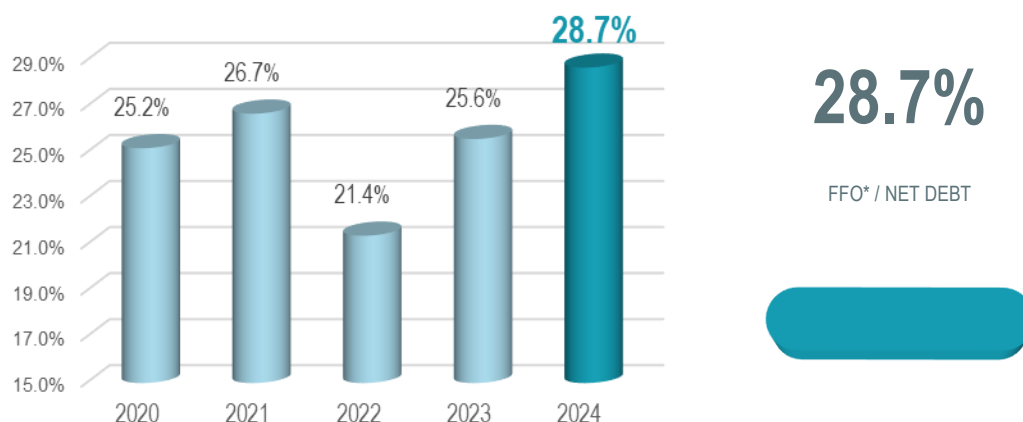
The Net debt/Ebitda* ratio for 2024 came to 2.50x, in line with the 2.56 seen in 2023.

Net debt / Ebitda* (x)**2.50X**

NET DEBT / EBITDA*

The FFO* / Net debt ratio settled at 28.7%, confirming the Group's financial solidity and its ability to meet its financial obligations.

FFO* / Net debt (%)



1.04.03 - Parent company management report

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

(MNE)	2024	2023	ABS. CHANGE	% CHANGE
Revenues	1,781.6	1,741.4	40.2	2.3%
Ebitda	285.2	310.1	(24.9)	(8.0)%
Operating profit	119.4	133.9	(14.5)	(10.8)%
Net profit	267.3	244.8	22.5	9.2%

To understand this performance and the changes with respect to the previous year, the current structure of the Parent Company must be taken into account. This company directly manages certain businesses (municipal waste collection, the integrated water service, cogeneration and district heating) and has shareholdings in Group companies, in addition to carrying out the main corporate governance functions on their behalf.

Ebitda decreased due to a rise in the Company's operating costs, mainly involving growth in costs for third-party work and the increase in the price lists for all main supplies of materials and, in particular, chemical products and services. This effect was only partially offset by lower procurement costs for energy components, with less volatile and declining raw material prices, thus bringing the Parent company to operate once again in a more stable market context than the previous year. For further details, see paragraph 1.06 "Analysis by business area".

A summary of the reclassified financial information at 31 December 2024, compared to the 31 December 2023 data, is provided below:

ANALYSIS OF INVESTED CAPITAL AND SOURCES OF FINANCING (MNE)	31 DEC 24	%	31 DEC 23	%	ABS. CHANGE	% CHANGE
Net fixed assets	4,103.2	104.5%	3,988.8	108.1%	114.4	2.9%
Net working capital	0.9	0.0%	(131.7)	(5.1)%	132.6	(100.7)%
Other provisions	(177.8)	(4.5)%	(166.0)	(4.5)%	(11.8)	7.1%
Net invested capital	3,926.3	(4.5)%	3,691.1	100.0%	(11.8)	(0.3)%
Total equity	2,641.1	67.3%	2,584.8	70.0%	56.3	2.2%
Net financial debt	1,285.2	32.7%	1,106.3	30.0%	178.9	16.2%
Sources of financing	3,926.3	100.0%	3,691.1	100.0%	235.2	6.4%

Regarding the other information required by article 2428 of the Italian Civil Code, note the following:

- Research and development activities:
 - see paragraph 1.07 of the Directors' report, "Sustainability reporting".
- 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 formats contained in paragraph 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 2024, in addition to the changes in the above that occurred in 2024, see Note 16 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.
- Foreseeable changes in management:
 - regarding the performance of the businesses units that make up the current structure of the Parent company, see paragraph 1.01.02 of the Directors' report, "Strategic approach and management policies".
- The Company's use of financial instruments:
 - regarding the Company's objectives and policies on financial risk management, including its hedging policies for each main category of transactions foreseen and the Company's exposure to price risk, credit risk, liquidity risk and the risk of changes in cash flows, see the description provided in paragraph 1.02.03 of the Directors' report, "Risk areas: identification and management of risk factors".
- Secondary offices:
 - the Company does not have secondary offices.
- Significant events occurred after the reporting period:
 - see paragraph 1.03 "Main events occurred".

1.05 - SHARE PERFORMANCE AND INVESTOR RELATIONS

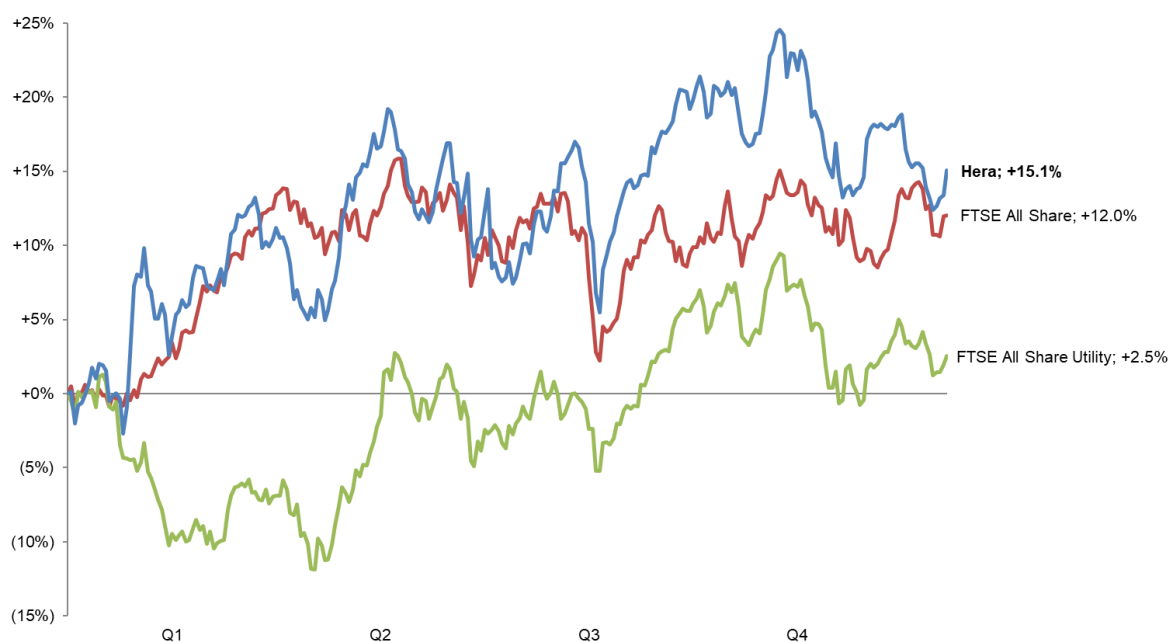
Global stock markets performed positively in 2024, supported by resilient economic growth and subdued inflation, which led central banks to begin relaxing their restrictive monetary policies.

The Italian FTSE All Share index, driven by the banking sector, rose by +12.0%, while the utilities sector showed a more modest positive performance (+2.5%).

In this context, Hera achieved a performance of +15.1%, far higher than the benchmark index, thanks to the market's positive reception of the Business Plan to 2027, focused on the creation of value with clear commitments regarding return for shareholders, as well as the solid results presented on a quarterly basis during 2024. The share performance, which fully recovered the dividend payment, was also supported by a road show in the main financial centres and participation in industry conferences, attended by the Group's top management, which provided an opportunity to personally illustrate the strategy and results achieved to portfolio managers of the world's leading institutional funds.

**+15.1%: HERA
OUTPERFORMS
THE ITALIAN
MARKET AND
THE UTILITY
INDEX**

2024 HERA STOCK, ITALIAN UTILITIES AND ITALIAN MARKET PERFORMANCE COMPARISON



Hera's Board of Directors, which met on 26 March 2024 to approve the year-end results for 2023, decided to propose to the Shareholders' Meeting a dividend per share coming to 14 cents, up 12% and consistent with the indications contained in the Business plan. Following the approval of the shareholders, given during the Shareholders' Meeting held on 30 April 2024, the ex-dividend date was set at 24 June, with payment on 26 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.

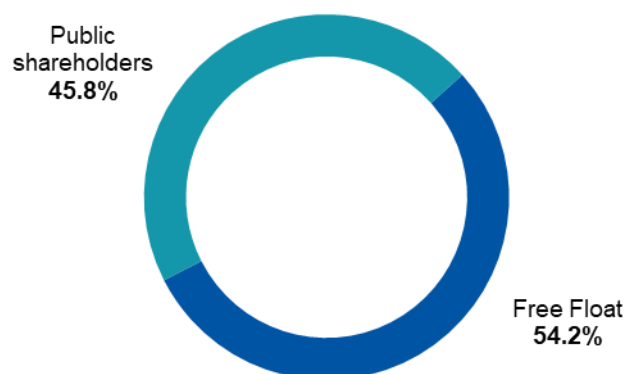
The joint effect of the rise in the price of the stock and the dividends paid ensured a total shareholders return of +20.5% in 2024. The uninterrupted remuneration of shareholders through the dividends paid and the increase in the share price accumulated over the years has allowed the Group's total shareholders return to remain consistently positive since listing in 2002, reaching over +327.7% at the end of the period in question.

**+20.5%:
TOTAL
SHAREHOLDERS
RETURN IN 2024**

3.94 EURO: The financial analysts covering the stock (Banca Akros, Equita Sim, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux and Mediobanca) almost unanimously expressed positive opinions, with an average target price set at 3.94 euro and a 15.1% upside potential.

CONSENSUS TARGET PRICE:

SHAREHOLDER BREAKDOWN AT 31 DECEMBER 2024



At 31 December 2024, the shareholding breakdown showed its usual stability and balance, with 45.8% of shares belonging to 111 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 (111 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.

TREASURY SHARE PLAN APPROVED

Since 2006, Hera has adopted a share buyback program, most recently renewed by the Shareholders Meeting held on 30 April 2024 for a further 18 months, for an overall maximum amount of 240 million euro. The purpose of this program is to finance M&A opportunities involving smaller companies and to smooth out any abnormal market price fluctuations vis-à-vis those of the main comparable Italian companies. At 31 December 2024, Hera held 48.0 million treasury shares.

The Group continued to engage in intense communications with financial market players in 2024. After the road show for the Business Plan in the first quarter, the Group's top management took part in conferences organised by brokers in Italy and abroad, in which investors were updated on the progress made on the projects included in the Business plan. The intensity of the Group's commitment to dialogue with investors contributes to strengthening its reputation on the markets and constitutes an intangible asset to the benefit of Hera's stock and stakeholders.

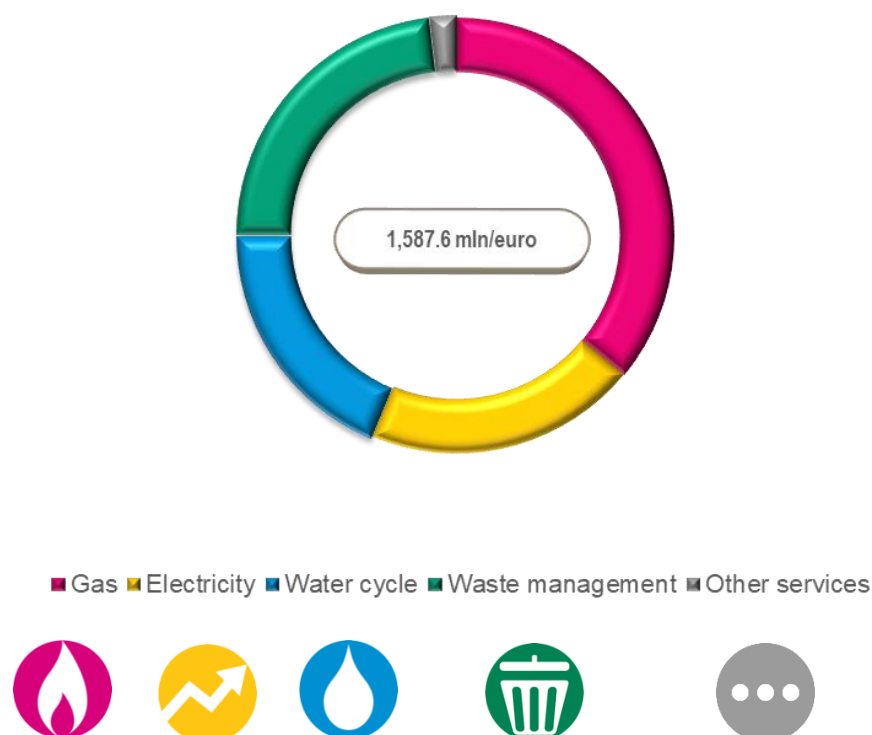
1.06 - ANALYSIS BY BUSINESS AREA

An analysis of the operating results 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 covers generation, distribution and sales services and public lighting services; the integrated water cycle 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 covers services in telecommunications and other minor services.

Note that as of 2024, in order to provide a better representation, public lighting services have been included within the electricity area and no longer in other services; therefore, the 2023 figures have been restated consistently with this reclassification.

A MULTI-BUSINESS
STRATEGY

Ebitda* December 2024



The Group's income statements include corporate headquarter costs and account for intercompany transactions at arm's length.

The following analyses of each single business area take into account all increased revenues and costs, having no impact on adjusted Ebitda, 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 cycle services, waste collection services and public lighting services.

The value of adjusted Ebitda, broken down by strategic business areas, reflects the adjustment to the valuation of gas storage described in the introduction to paragraph 1.04. For 2024, this value is aligned. To provide a detailed identification of the effects of this adjustment, the values of Adjusted Ebitda and Ebitda are shown below:

(MNE)	DEC 24		DEC 23	
	EBITDA*	EBITDA	EBITDA*	EBITDA
Gas Area	571.4	571.4	516.9	609.9
Electricity Area	322.0	322.0	326.3	326.3
Integrated Water Cycle Area	297.1	297.1	271.4	271.4
Waste Management Area	367.0	367.0	353.4	353.4
Other Services Area	30.1	30.1	26.7	26.7
Total	1,587.6	1,587.6	1,494.7	1,587.7

* adjusted results, as described in paragraph 1.04

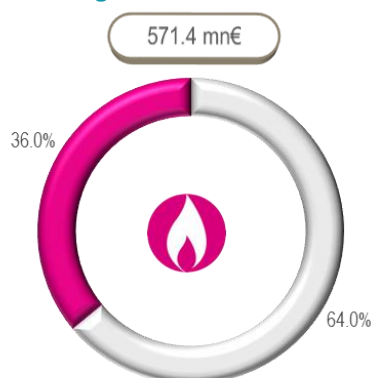
1.06.01 - Gas

The results for 2024 show an upward trend compared to the previous year, since variability on energy markets returned to pre-crisis levels, despite the significant change in legislation on 110% super-bonus incentives linked to energy saving measures, which reduced the number of beneficiaries, the mild temperatures seen in the early months of the year and the approximately 14% drop in average prices for energy raw materials compared to the previous year.

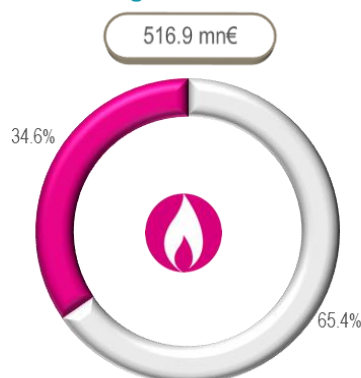
The Group maintained its leading presence in last resort markets of and supplies to public administrations, given that Hera Comm Spa has been awarded tenders for the following lots across Italy:

- eight of the nine lots of the last resort gas service (for customers involved in public services or without a supplier) for the period from 1 October 2023 - 30 September 2025 in: Valle d'Aosta, Piedmont, Liguria, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, 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 2023 - 30 September 2025 in: Valle d'Aosta, Piedmont, Liguria, Lombardy, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, Lazio, Campania, Sicily and Calabria. In the previous tender as well, Hera Comm was awarded nine out of nine lots;
- three of the 12 lots of the Consip GAS15bis tender for supplying natural gas to public administrations in 2023-24: the two lots in Lombardy were confirmed and a new lot, including Emilia Romagna and Friuli Venezia Giulia, was awarded.

Ebitda* gas area 2024



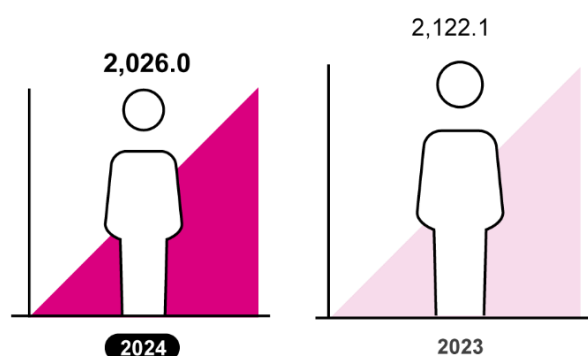
Ebitda* gas area 2023



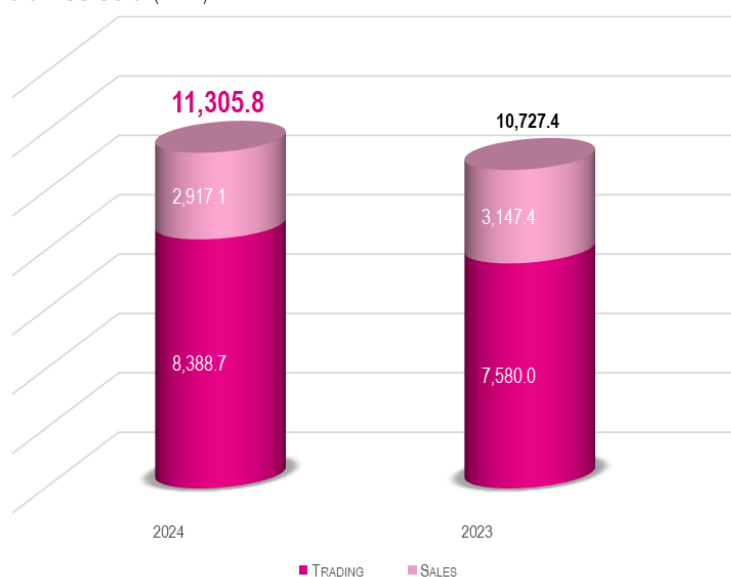
The following table shows the changes occurred in terms of adjusted Ebitda:

(MNE)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Area Ebitda*	571.4	516.9	54.5	+10.5%
Group Ebitda*	1,587.6	1,494.7	92.9	+6.2%
Percentage weight	36.0%	34.6%	+1.4 p.p.	

* adjusted results, as described in paragraph 1.04

Customers (k)

The total number of gas customers was lower than the previous year, down 96.1 thousand, mainly in traditional markets, which dropped by 80.2 thousand, and to a lesser degree in last resort markets, down 15.9 thousand.

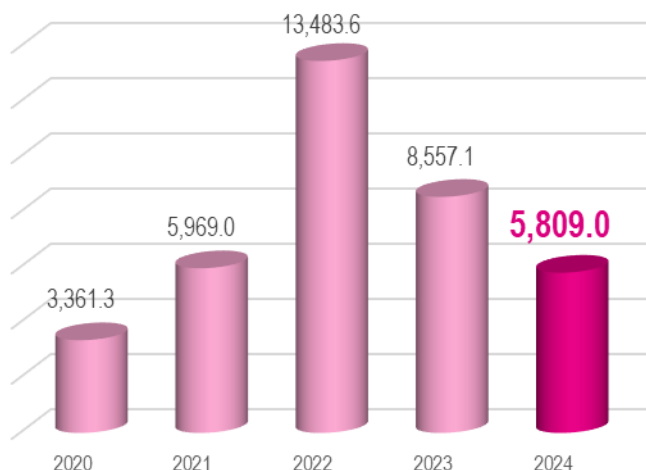
Volumes sold (mn m³)

Total volumes of gas sold increased by 578.4 million m³ (+5.4%) due to higher intermediation, amounting to 808.7 million m³. Volumes sold to end customers fell by 230.3 million m³ (-7.5%), due to both last resort markets, down 199.6 million m³ (-41.2%) and traditional markets, down 30.7 million m³ (-1.2%). This trend was affected by the higher average temperatures seen in 2024, as mentioned above, and the drop in the customer base, in addition to the behaviour shown by customers in the area of energy savings.

The following table summarises operating results for the gas area:

INCOME STATEMENT (MN€)	DEC 24	INC. %	DEC 23	INC. %	ABS. CHANGE	% CHANGE
Revenues	5,809.0		8,557.1		(2,748.1)	(32.1)%
Operating costs	(5,139.5)	(88.5)%	(7,936.7)	(92.8)%	(2,797.2)	(35.2)%
Personnel costs	(121.5)	(2.1)%	(119.9)	(1.4)%	1.6	+1.3%
Capitalised costs	23.3	+0.4%	16.5	0.2%	6.8	+41.3%
Ebitda*	571.4	9.8%	516.9	6.0%	54.5	+10.5%

* adjusted results, as described in paragraph 1.04

Revenues (mn€)**5.8**

billion euro

REVENUES

(-32.1%)

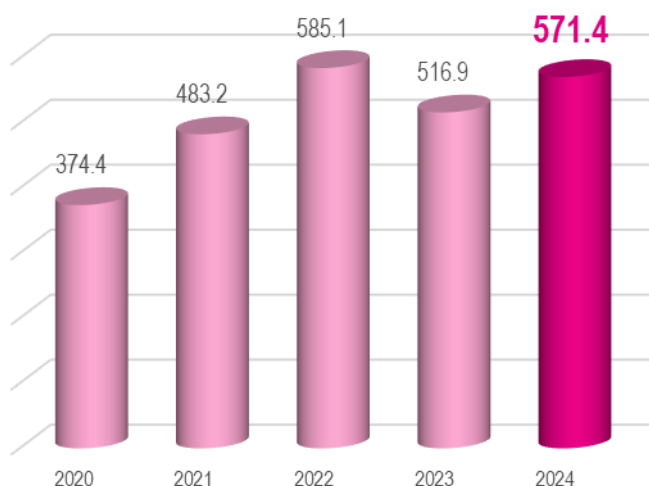
In 2024, 89% of revenues referred to sales and trading activities (82% in 2023), 8% came from distribution and district heating revenues (6% in 2023) and 3% from energy efficiency activities (12% in 2023). The sum of revenues from sales, trading and distribution accounts for 42% of Group revenues (48% in 2023) and the entire gas area accounts for 45%.

Compared to the previous year, revenues decreased by 2,748.1 million euro. The main reasons for this include lower raw material prices, higher average temperatures and lower consumption by the customer base, despite the increase in system charges and higher intermediation volumes, which affected sales and trading by 1,867 million euro overall. Revenues from energy efficiency activities decreased by 871 million euro as a result of the legislative changes mentioned above.

In addition, a decrease occurred in district heating revenues, following resolution 638/2023/R/tlr introducing the District heating tariff method (Mtl-T) for 2024, IFRIC 12 concession assets and the assets in Bulgaria, leading to an overall decrease of approximately 26 million euro.

Regulated revenues were up by 33 million euro. From a regulatory point of view, through resolution 556/2023/R/com, published in late 2023, Arera adjusted the criteria for determining and updating the rate of return on invested capital (WACC) recognised for gas distribution activities, increasing it from 5.6% in 2023 to 6.5% in 2024.

The drop in revenues was proportionally reflected in operating expenses, which showed an overall decrease of 2,797.2 million euro. This trend was mainly linked to the fall in raw material prices and the lower energy efficiency activities related to the change in the legislation concerning the 110% super-bonus incentives mentioned above.

Ebitda* (mn€)**571.4**

MILLION EURO

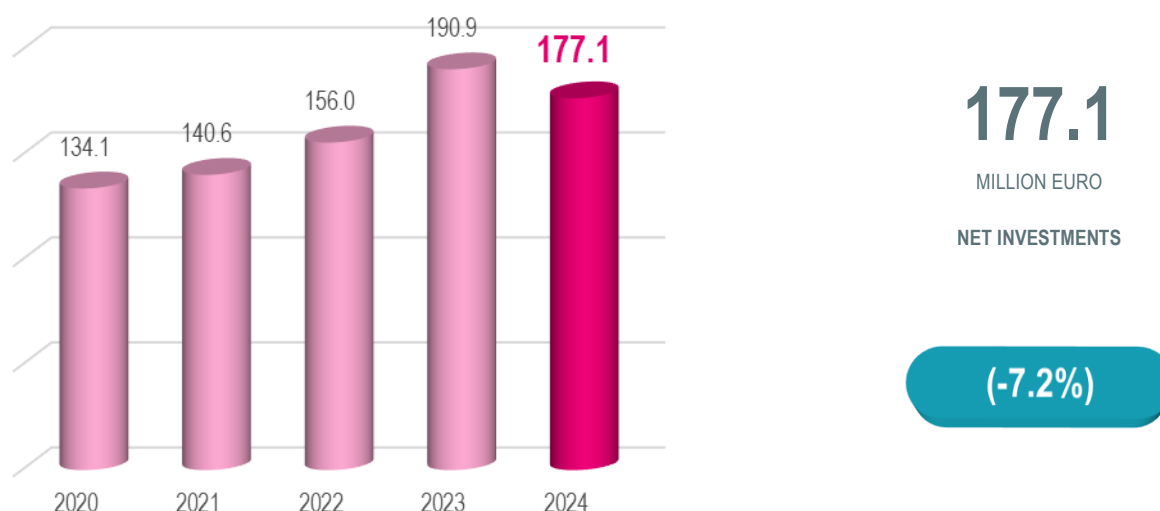
EBITDA*

(+10.5%)

* adjusted results, as described in paragraph 1.04

Adjusted Ebitda increased by 54.5 million euro, up 10.5% due to the positive performance of traditional sales markets and regulated distribution revenues, as a result of the recovery of higher inflation and WACC. This increase was partially offset by the changes in government incentives for energy efficiency activities, as well as lower margins in trading and last resort markets.

Net investments gas (mn€)



In 2024, net investments in the gas area amounted to 177.1 million euro, down 13.8 million euro compared to the previous year. The reduction in gas distribution mainly involved a 12.1 million euro investment linked to the reimbursement value for plants and networks in complementary municipalities, awarded through the Atem Udine2 tender in 2023, and the reduction in the replacement of metering units for remote management, pursuant to del. 631/2013/R/GAS. Non-recurring maintenance work on networks and plants was essentially in line with the previous year.

In gas sales, investments decreased by 4.6 million euro, due to activities related to the acquisition of new customers.

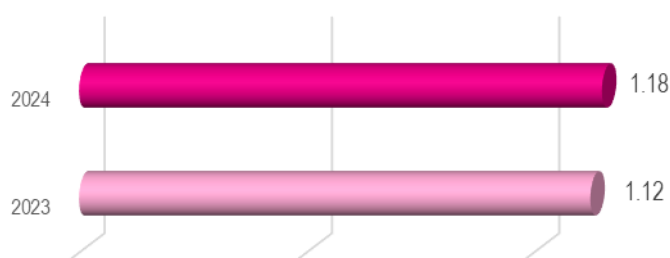
In district heating and energy services, investments were up by a total of 12.4 million euro compared to the previous year, with the activities of the company Hera Servizi Energia Spa and interventions on district heating networks and plants both increasing. Requests for new connections in the gas area were down compared to the previous year

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

GAS (MN€)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Networks and plants	117.6	136.8	(19.2)	(14.0)%
Acquisition gas customers	23.2	27.8	(4.6)	(16.5)%
DH/Energy services	39.7	27.3	12.4	+45.4%
Total gas gross	180.5	191.8	(11.3)	(5.9)%
Capital grants	3.5	1.0	2.5	+250.0%
Total gas net	177.1	190.9	(13.8)	(7.2)%

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 2023.

RAB (bn€)



1.18

BILLION EURO

AMOUNT OF 2024 GAS RAB

(+5.3%)

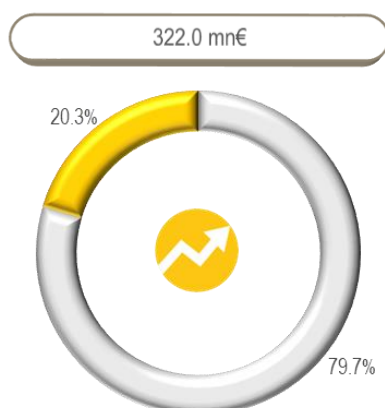
1.06.02 - Electricity

The results for 2024 show a slight drop compared to the previous year, due to trading activities and a decrease in value-added services following legislative changes that essentially eliminated the possibility of including discounts in invoices or transferring credits, despite the increase in both volumes sold to end customers, due to commercial development, especially in the free market, and in margins due to the reduction in modulation costs resulting from the drop in PUN prices (-15% on average).

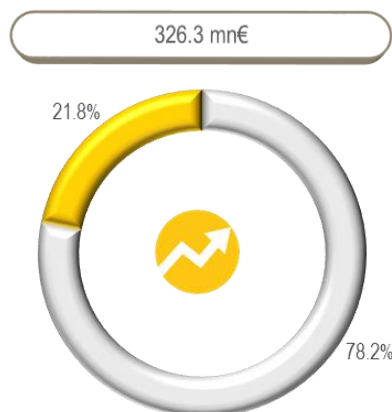
As of July 2024, with the definitive end of the protected service the Group acquired almost 1 million customers (+80%), after winning seven lots (the maximum allowed out of the total 26) in the tender for the graduated protection service for household customers in 37 Italian provinces, strengthening its presence in several Italian regions (Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche, Tuscany, Abruzzo, Lazio, Umbria, Liguria, Piedmont, Lombardy and Campania) and consolidating its position as the third largest operator nationwide. This was also made possible by Hera Comm being awarded:

- four of the 17 lots in the Consip EE21 tender for supplying electricity to public administrations in 2024 in: the Province of Rome, Lazio, Campania, Calabria, confirming the number of lots awarded in the previous tender;
- three of the nine lots of the gradual protection service for supplying electricity to public administrations for the period from 1 July 2021 to 30 June 2024, in: Campania, Marche, Umbria, Abruzzo, Molise, Basilicata, Calabria, Sicily and Sardinia;
- two of the nine lots for the safeguarded service for 2023 and 2024 in: Campania, Abruzzo, Umbria and Calabria, with one additional lot awarded compared to the previous two-year period;
- one of the 12 lots in the gradual protection service 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.

Ebitda electricity area 2024



Ebitda electricity area 2023



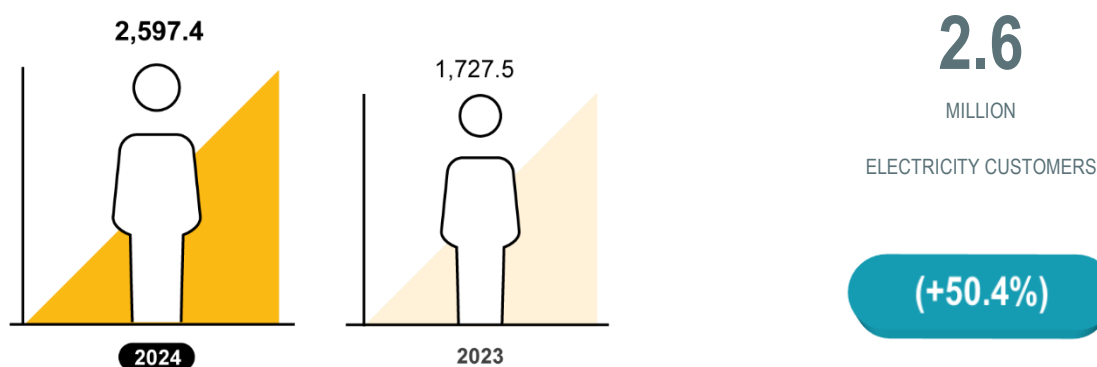
The following table shows the changes occurred in terms of Ebitda:

(M€)	DEC 24	DEC 23**	ABS. CHANGE	% CHANGE
Area Ebitda	322.0	326.3	(4.3)	(1.3)%
Group Ebitda*	1,587.6	1,494.7	92.9	6.2%
Percentage weight	20.3%	21.8%	(1.5) pp	

* adjusted results, as described in paragraph 1.04

** this data has been restated, reclassifying the public lighting segment from other services to electricity

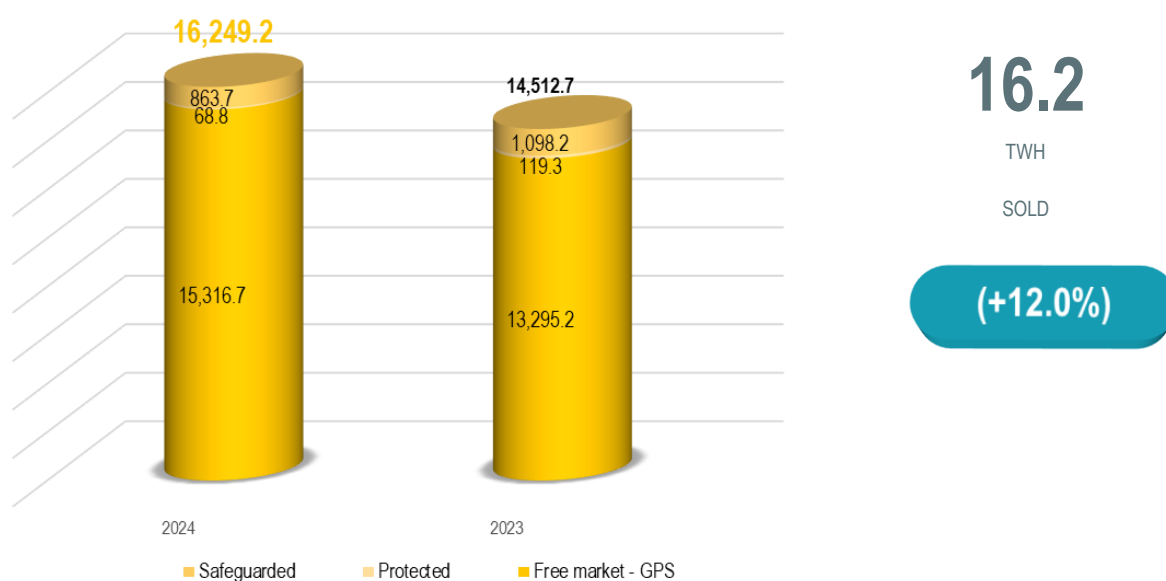
Customers (k)



At December 2024, customers of the Group's electricity sales reached 2,597 thousand, up 869.9 thousand (+50.4%) compared to 2023. Growth in the free market, coming to approximately 918.0 thousand customers (+56.2%), was particularly significant due to the contribution of the positive outcome of the previously mentioned gradual protection service tender, which contributed with approximately 848 thousand customers. The remaining increase confirms the positive contribution coming from the strengthened commercial actions implemented. These effects largely offset the drop in the protected market, down by roughly 41.2 thousand customers (-61.3%) and in the safeguarded market, down 6.9 thousand (-25.8%).

Customer appreciation and loyalty was confirmed, including the value-added services offered by the Group, which were requested by roughly 86 thousand customers at December 2024, despite the legislative changes mentioned above.

Volumes sold (GWh)



Volumes of electricity sold in 2024 increased by 1,736.5 GWh, up 12.0% compared to the previous year. This trend was caused by the increase in volumes on the free market coming to 2,021.5 GWh (15.2%), mainly driven by the contribution coming from commercial reinforcement, along with the positive effects of the first six months of the new scope of the gradual protection service (as of July 2024) and the Consip tenders. These effects were partially offset by the drop in safeguarded volumes, which fell by 234.5 GWh, down 21.4%, and in the protected service, which decreased by 50.5 GWh, or 42.3%.

The main indicators concerning public lighting are as follows:

QUANTITY	DEC 24	DEC 23*	ABS. CHANGE	% CHANGE
Public lighting				
Lighting points (k)	645.1	642.8	+2.3	+0.4%
of which LED	52.9%	45.2%	+7.7 p.p.	
Municipalities served	226	208	+18	+8.7%

* the 2023 data has been updated to reflect the consolidation of municipalities and lighting points consistently with the same period in 2024

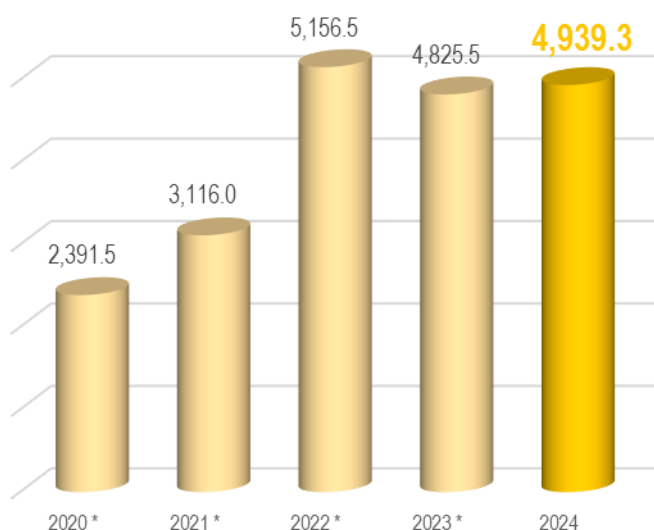
In 2024, the Hera Group acquired approximately 44.5 thousand lighting points in 24 new municipalities. From a geographical point of view, the most significant acquisition included 10.1 thousand lighting points in Tuscany, 7.7 thousand lighting points in Emilia-Romagna, 6 thousand lighting points in Lombardy, 4.1 thousand lighting points in Umbria, 4.9 thousand lighting points in Liguria and 3.6 thousand lighting points in Sardinia. Also note the acquisitions made in other regions, mainly in central Italy, coming to 8.1 thousand lighting points. The increases seen during the period fully offset the loss of 42.2 thousand lighting points and six municipalities served, mainly in the Triveneto area. The percentage of lighting points using LED lamps settled at 52.9%, up 7.7 percentage points. This trend highlights the Group's continued focus on an increasingly efficient and sustainable management of public lighting.

The following table summarises operating results for the electricity area:

INCOME STATEMENT (Mn€)	DEC 24	INC. %	DEC 23*	INC. %	ABS. CHANGE	% CHANGE
Revenues	4,939.3		4,825.5		113.8	2.4%
Operating costs	(4,574.0)	(92.6)%	(4,460.8)	(92.4)%	113.2	2.5%
Personnel costs	(71.9)	(1.5)%	(69.5)	(1.4)%	2.4	3.5%
Capitalised costs	28.7	0.6%	31.1	0.6%	(2.4)	(7.7)%
Ebitda	322.0	6.5%	326.3	6.8%	(4.3)	(1.3)%

* this data has been restated, reclassifying the public lighting segment from other services to electricity

Revenues (mn€)



4.9
BILLION EURO
REVENUES

(+2.4%)

* this data has been restated, reclassifying the public lighting segment from other services to electricity

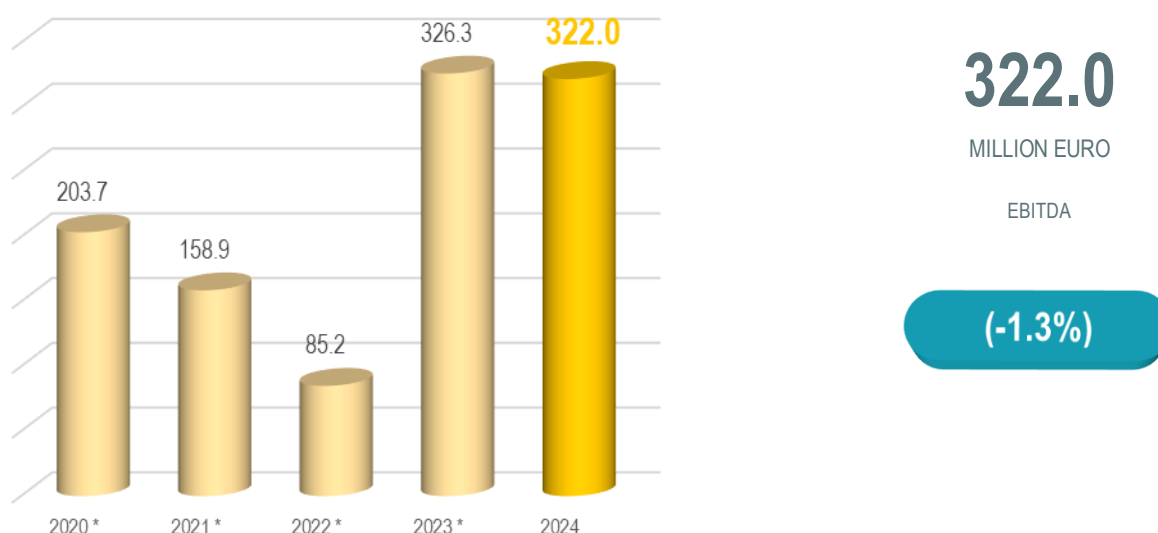
In 2024, 93% of revenues came from sales and trading activities (92% in 2023), 3% from distribution revenues (2% in 2023), 3% from public lighting and value-added services (3% in 2023 as well) and 1% from generation revenues (2% in 2023). The sum of revenues from sales, trading and distribution accounts for 36% of the Group's revenues (29% in 2023) and the entire electricity area accounts for 38%.

Revenues increased by 113.8 million euro compared to the previous year. This trend was mainly due to increased sales volumes caused by the factors mentioned above and higher revenues from system charges, following the conclusion of the exceptional regulatory interventions in previous years to face the energy crisis, which were only partially offset by the decrease in sales, trading and generation revenues linked to the drop in energy prices. These effects generated an increase of 112 million euro, along with higher revenues from IFRIC 12 assets under concession coming to roughly 8 million euro, offset by lower revenues from value-added services to customers amounting to 27 million euro, as a result of changes in government incentives.

Regulated revenues increased by 25 million euro, partially as a result of resolution 497/2023/R/com, which introduced regulation by expenditure and service objectives (ROSS), in order to incentivise efficiency and transparency in investments and recognised costs. In addition, through resolution 556/2023/R/com, published at the end of 2023, ARERA adjusted the criteria for determining and updating the rate of return on invested capital (WACC), recognised for electricity distribution activities, increasing it from 5.2% in 2023 to 6.0% in 2024.

The increase in revenues was proportionally reflected in operating costs, which were up by 113.2 million euro. This trend was mainly due to the increase in raw material costs linked to higher sales volumes, partially offset by the positive effect of the stability seen on energy markets. Lastly, costs for system charges were higher, as mentioned above.

Ebitda (mn€)



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

Ebitda decreased by 4.3 million euro compared to 2023. This slight drop is due to trading, generation and a reduction in value-added services mainly due to lower installations of photovoltaic systems, despite the good performance of sales activities, which benefited from lower modulation charges and higher volumes sold, thanks to the development of the customer base in the free market. Distribution also increased, thanks to the application of the ROSS regulatory criterion, inflation recovery and the increase in WACC.

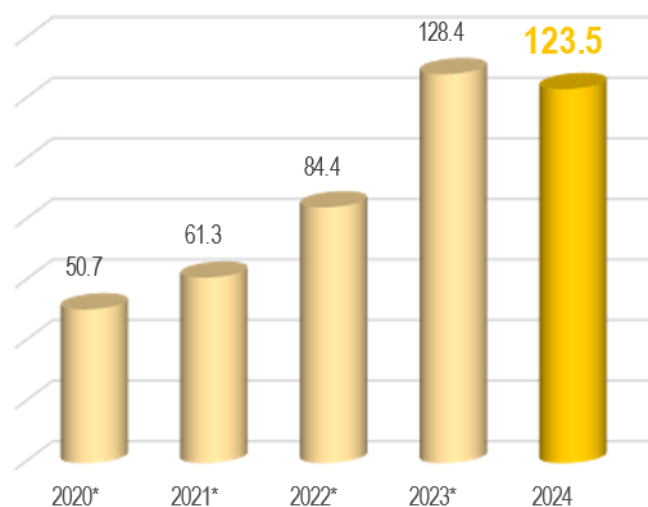
In the electricity area, investments in 2024 amounted to 123.5 million euro and were down by 4.9 million euro overall compared to the previous year.

In the electricity distribution sector, work mainly involved extraordinary maintenance and upgrading of plants and distribution networks in the Modena, Imola, Trieste and Gorizia areas, as well as the ongoing large-scale replacement of old-generation meters and work to improve network resilience. Investments in electricity distribution increased by 10.5 million euro compared to the previous year.

In energy sales, investments in activities related to acquiring new customers decreased by 10.3 million euro and in public lighting by 1.3 million euro.

Requests for new connections in the electricity area were essentially in line with the previous year.

Net investments electricity (mn€)



123.5

MILLION EURO

NET INVESTMENTS

(-3.8%)

* this data has been restated, reclassifying the public lighting segment from other services to electricity

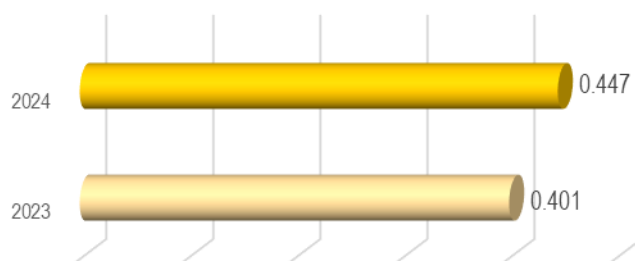
Operating investments in the electricity area were as follows:

ELECTRICITY (MNE)	DEC 24	DEC 23*	ABS. CHANGE	% CHANGE
Networks and plants	82.2	71.7	10.5	+14.6%
Acquisition electricity customers / other sales	42.4	52.7	(10.3)	(19.5)%
Public lighting and traffic lights	2.7	4.0	(1.3)	(32.5)%
Total electricity gross	127.2	128.4	(1.2)	(0.9)%
Capital grants	3.8	-	3.8	+100.0%
Total electricity net	123.5	128.4	(4.9)	(3.8)%

* this data has been restated, reclassifying the public lighting segment from other services to electricity

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2023.

Rab (bn€)



0.447

BILLION EURO
VALUE OF RAB
ELECTRICITY 2024

+11.3%

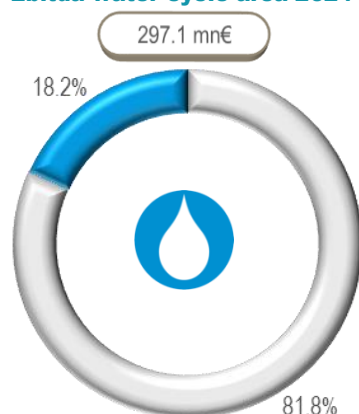
1.06.03 Integrated water cycle

In 2024, the integrated water cycle area showed increased results compared to the previous year, with Ebitda standing at 297.1 million euro.

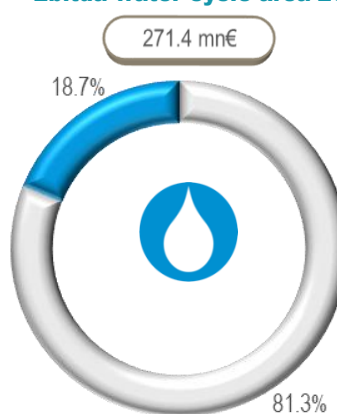
From a regulatory point of view, note that 2024 is the first year in which the tariff method defined by the Authority for the fourth regulatory period (MTI-4), 2024-2029 (Resolution 639/2023/R/idr) was applied. MTI-4 will have a duration of six years, with WACC increasing from 4.8% during MTI-3 to 6.13% for 2024 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) determined on the basis of operating and capital costs, according to the investments made, with a view to increasing cost efficiency, in addition to measures to promote and valorise sustainability and resilience.

GROWTH IN
RESULTS
FOR 2024

Ebitda water cycle area 2024



Ebitda water cycle area 2023

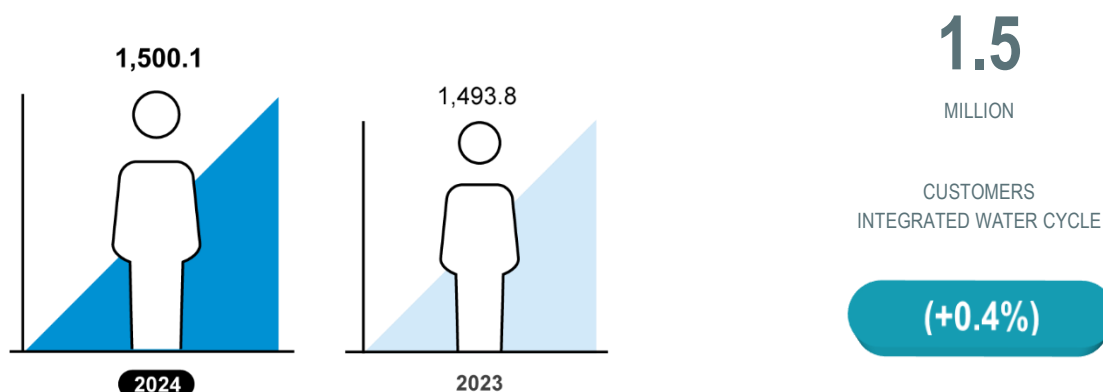


The following table shows the changes occurred in terms of Ebitda:

(MNE)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Area Ebitda	297.1	271.4	25.7	+9.5%
Group Ebitda*	1,587.6	1,494.7	92.9	+6.2%
Percentage weight	18.7%	18.2%	+0.5 p.p.	

* adjusted results, as described in paragraph 1.04

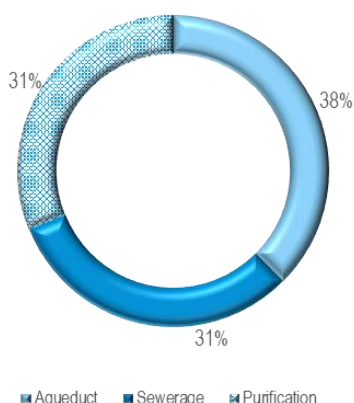
Customers (k)



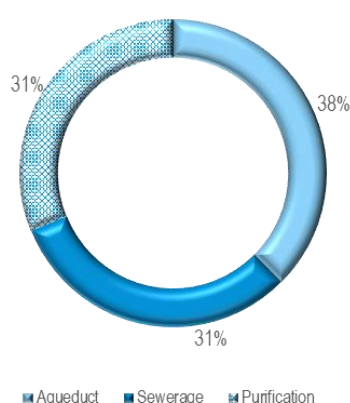
The number of water customers increased compared to December 2023 by 6.3 thousand, up +0.4%, confirming the moderate trend of internal growth in the Group's reference areas. This growth refers mainly to the Emilia-Romagna area, managed by Hera Spa.

The main indicators for the area are as follows:

Amount managed 2024 (mn m³)



Amount managed 2023 (mn m³)

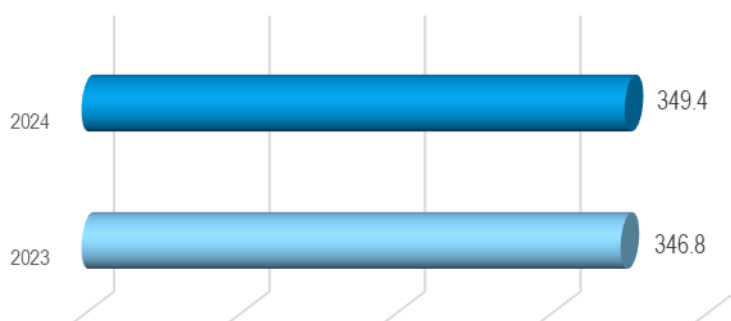


**285.0
MILLION M³:
QUANTITY
MANAGED
IN THE
AQUEDUCT**

Volumes supplied through aqueducts stood at 285.0 million cubic metres, increasing by 0.6% or 1.6 million cubic metres compared to December 2023.

At December 2024, the quantities managed related to sewerage amounted to 238.4 million cubic metres, up 2.4% compared to the previous year, while those related to purification stood at 236.8 million cubic metres, up 2.0% compared to December 2023. 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, owing to legislation that provides for a regulated revenue, recognised independently from volumes distributed.

Electricity consumed (GWh)



349.4

GWH

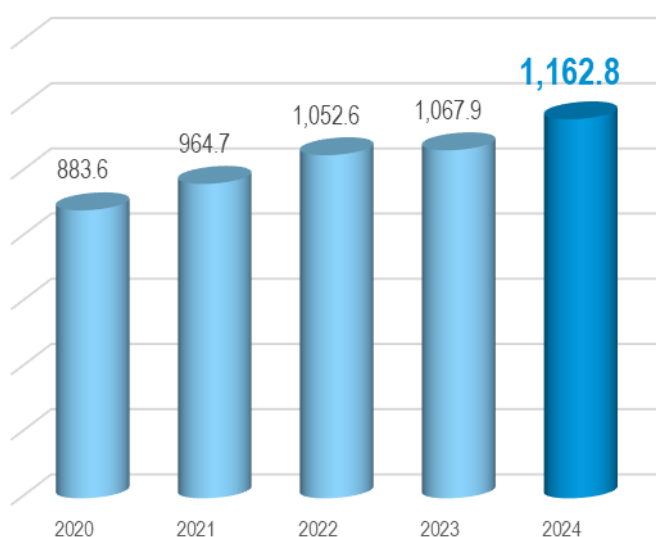
ELECTRICITY CONSUMED IN PLANTS

(+0.8%)

The electricity consumed by plants amounted to 349.4 GWh, essentially in line with the previous year.

The following table summarises operating results for this area:

INCOME STATEMENT (MN€)	DEC 24	% INC.	DEC 23	% INC.	ABS. CHANGE	% CHANGE
Revenues	1,162.8		1,067.9		94.9	+8.9%
Operating costs	(670.2)	(57.6)%	(607.7)	(56.9)%	62.5	+10.3%
Personnel costs	(201.5)	(17.3)%	(193.9)	(18.2)%	7.6	+3.9%
Capitalised costs	5.9	0.5%	5.1	0.5%	0.8	+15.6%
Ebitda	297.1	25.5%	271.4	25.4%	25.7	+9.5%

Revenues (mn€)**1,162.8**

MILLION EURO

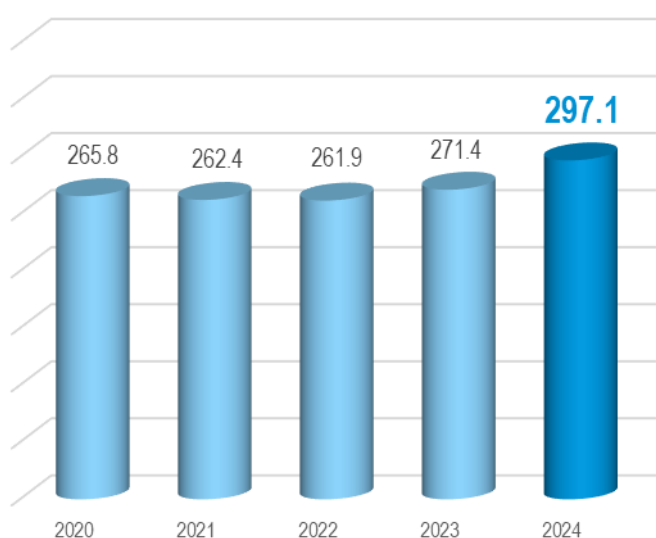
REVENUES

(+8.9%)

Water cycle revenues increased by 8.9% year-on-year, going from 1,067.9 million euro in December 2023 to 1,162.8 million euro in December 2024.

Note the lower revenues for equalisations of energy components, that were more than offset by higher regulated revenues due to the adjustments resulting from the application of the MTI-4 tariff method, introduced by ARERA resolution 639/2023/R/idr. Overall, these effects reflect about 59.6 million euro of higher revenues, mainly due to increased WACC and inflation recovery. Lastly, higher revenues coming to roughly 35 million euro were mainly related to contracts completed in 2024 and connections.

The increase in operating expenses at December 2024 was mainly due to the increase in costs for subcontracted work and higher costs related to price increases in all major material supplies and, in particular, chemicals and services. This effect was only partly offset by lower procurement costs for energy components as a result of an energy scenario with falling commodity prices compared to the previous year.

Ebitda (mn€)**297.1**

MILLION EURO

EBITDA

(+9.5%)

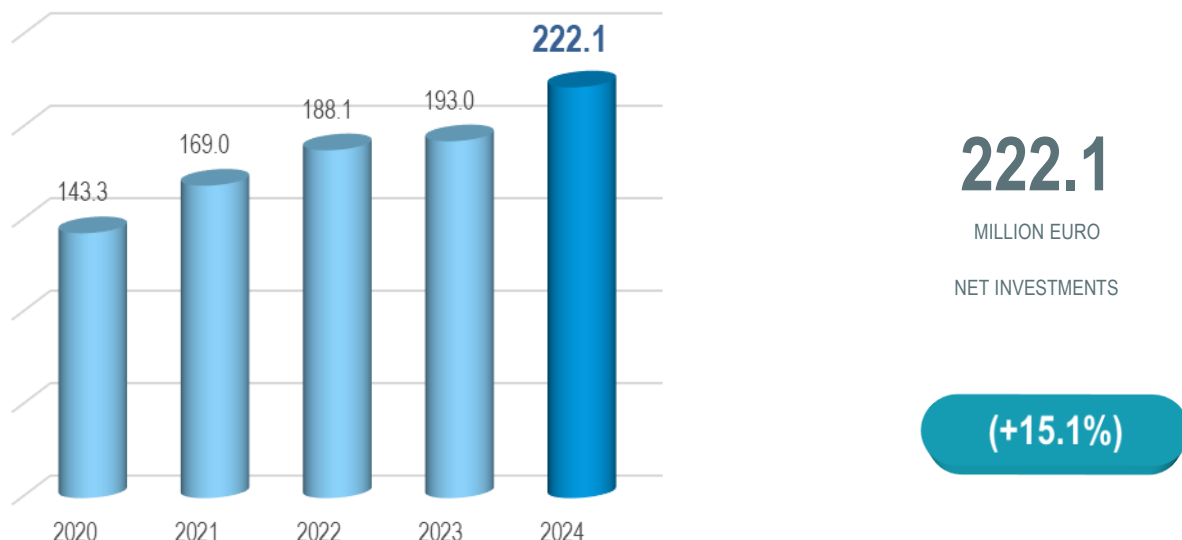
Ebitda increased by 25.7 million euro, up 9.5% from 271.4 million euro in 2023 to 297.1 million euro in 2024.

The higher revenues resulting from the application of the MTI-4 tariff method were partially offset by higher operating costs for reasons including an increase in the price lists of all major supplies.

In 2024, net investments in the integrated water cycle area amounted to 222.1 million euro, up 29.1 million euro compared to the previous year. Including the capital grants received, the investments made amounted to 261.1 million euro.

Investments mainly went towards extensions, reclamation and upgrading on networks and plants, as well as regulatory adjustments mainly in the water and sewerage sector, and amounted to 164.0 million euro in the aqueduct, 55.8 million euro in sewerage and 41.3 million euro in purification.

Net investments water cycle (mn€)



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, as well as the installation of Smart Meter meters with a view to reducing network leakage

In the sewerage sector, in addition to the ongoing implementation of the Rimini seawater protection plan (PSBO), maintenance works involved upgrading the sewerage network in other localities served, works to adapt drains to Dgr 201/2016, the construction of a first rainwater basin in the municipality of Cattolica and the sewerage works concomitant to the extension of the Forlì and Modena ring roads

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.

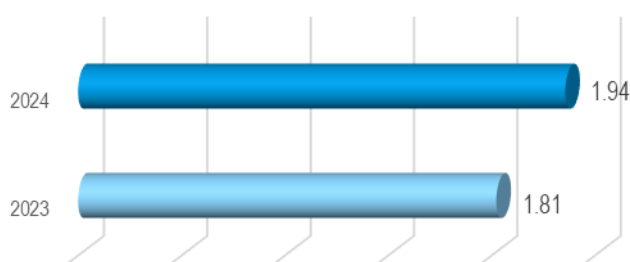
Requests for new water and sewage connections were also up on the previous year. Capital grants, standing at 38.9 million euro, were up by 3.7 million euro over the previous year and included contributions from projects accessing PNRR funds, as well as 6.8 million euro from the tariff component of the tariff method for the New Investment Fund (FoNI).

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

INTEGRATED WATER CYCLE (MN€)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Aqueduct	164.0	131.7	32.3	+24.5%
Purification	41.3	37.5	3.8	+10.1%
Sewerage	55.8	58.9	(3.1)	(5.3)%
Total integrated water cycle gross	261.1	228.2	32.9	+14.4%
Capital grants	38.9	35.2	3.7	+10.5%
of which FoNi (New Investments Fund)	6.8	19.5	(12.7)	(65.1)%
Total integrated water cycle net	222.1	193.0	29.1	+15.1%

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2023.

Rab (bn€)



1.94

BILLION EURO

VALUE OF RAB
WATER CYCLE 2024

(+7.4%)

1.06.04 Waste management

In 2024, the waste management area accounted for 23.1% to the Hera Group's overall Ebitda, this area's Ebitda increasing by 13.6 million euro compared to the previous year. The Group therefore continues along its path of growth 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 in which it operates.

EBITDA RISES

Herambiente's leadership in the Industry market in particular was consolidated with the acquisition, finalised in the third quarter of 2024, of 70% of the company TRS Ecology, expanding the Group's scope of action and strengthening the growth prospects of a well-established local company.

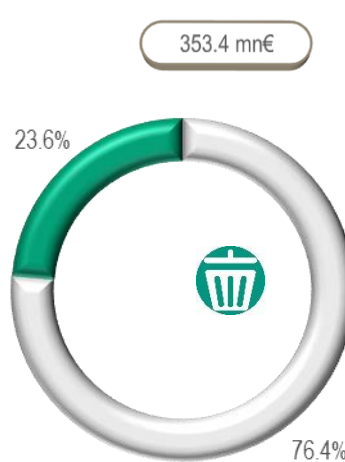
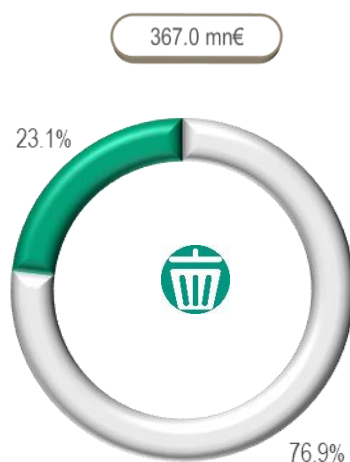
All major circular economy and decarbonisation initiatives continued in 2024, to implement the objectives of creating value and environmental sustainability.

In this regard, note the CO₂ capture project promoted by the Hera Group in collaboration with Saipem, which will be the first industrial-scale example of CCS (Carbon Capture and Storage) applied to a plant of this type in Italy. This project is one of the main decarbonisation levers foreseen in the Group's Climate transition plan to reduce internal emissions. The project involves capturing carbon dioxide from the vents of waste-to-energy plants and storing it in depleted natural gas fields, thus significantly reducing plant emissions and contributing to the decarbonisation of local areas.

Protecting environmental resources was a priority objective in 2024 as well, as was the maximisation of their reuse, as is demonstrated by the special attention devoted to the development of sorted waste collection, which, thanks to the strong commitment shown by the Group in all regions served, increased by two percentage points compared to 2023.

Ebitda waste management area 2024

Ebitda waste management area 2023



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

(MNE)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Area Ebitda	367.0	353.4	13.6	+3.8%
Group Ebitda*	1,587.6	1,494.7	92.9	+6.2%
Percentage weight	23.1%	23.6%	(0.5) pp	

* adjusted results, as described in paragraph 1.04

Volumes commercialised and treated by the Group in 2024 are as follows:

QUANTITY (K TONS)	DEC 24	DEC 23*	ABS. CHANGE	% CHANGE
Municipal waste	2,254.8	2,310.2	-55.4	(2.4)%
Market waste	3,311.0	3,065.6	245.4	+8.0%
Waste commercialised	5,565.9	5,375.7	190.2	+3.5%
Plant by-products	2,946.8	2,661.0	285.8	+10.7%
Waste treated by type	8,512.7	8,036.7	476.0	+5.9%

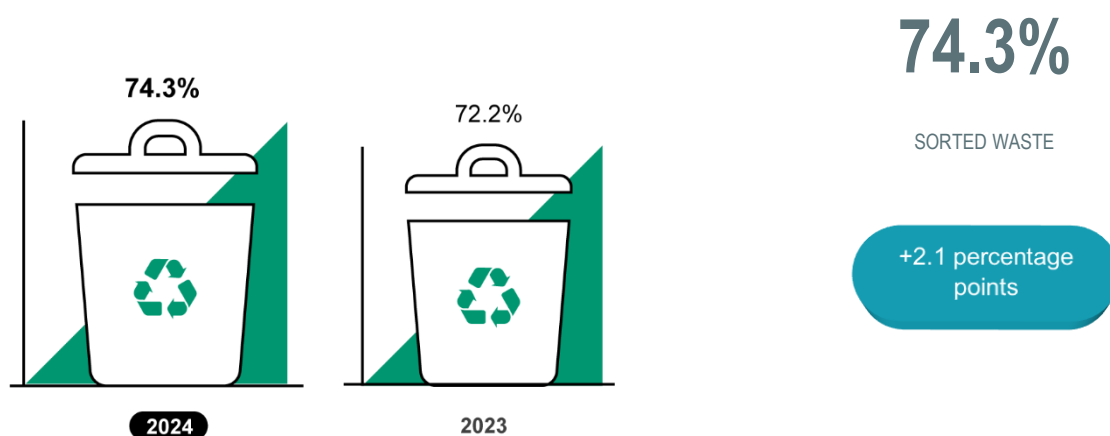
* The amount of waste treated in 2023 has been updated to include the amount of waste of the company ACR Spa in the item "Market waste", consistently with the amount recorded for the same period in 2024.

An analysis of the quantitative data shows an increase in waste commercialised mainly due to an increase in market waste. As regards municipal waste, a 2.4% decrease was seen in 2024 compared to the previous year, mainly due to extraordinary waste deliveries following the 2023 flooding.

Market volumes, instead, increased by +8.0% compared to the same period of 2023, due to the consolidation of existing business relationships, the development of the customer portfolio, in particular in the industry market, and changes in the scope of consolidation thanks to recent acquisitions also in the industry market.

Lastly, increased volumes of plant by-products were seen compared to the previous year, mainly due to the higher rainfall recorded, especially in the last quarter of 2024.

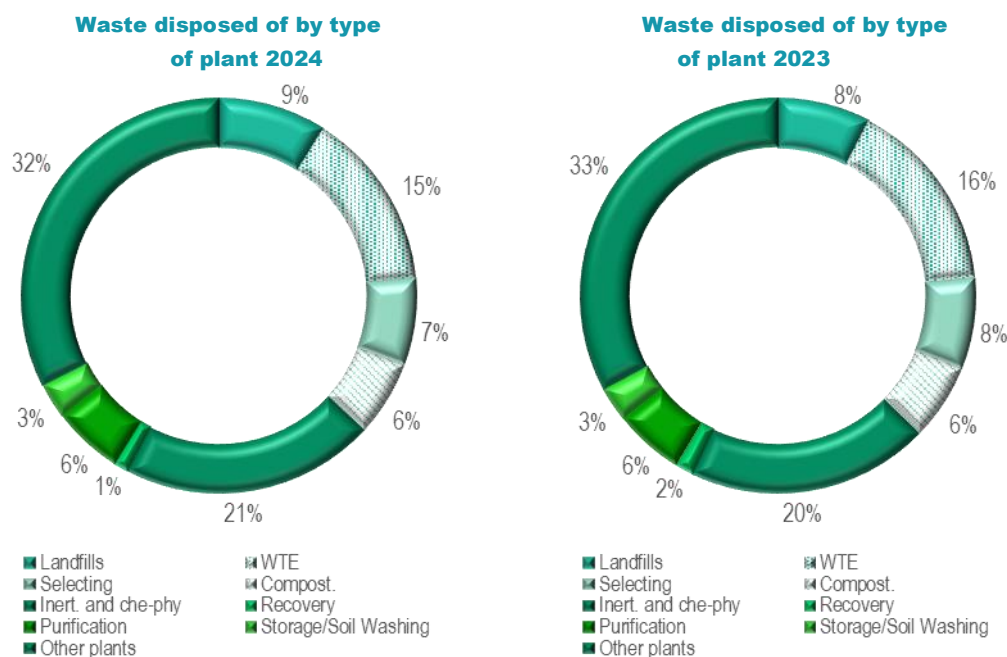
Sorted waste (%)



As mentioned previously, sorted collection of municipal waste stood at 74.3%, up 2.1 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 almost one hundred plants for treating municipal and special waste and regenerating plastic materials. The main plants include: nine waste-to-energy plants, 12 composting/digestion plants and 17 selecting plants.

The close attention paid to the set of plants has always been a distinctive element of the Group's propensity for excellence: operations are indeed ongoing to provide plants with the best available technologies.



QUANTITY (K TONS)	DEC 24	DEC 23*	ABS. CHANGE	% CHANGE
Landfills	754.6	608.9	145.7	+23.9%
WTE	1,248.0	1,277.7	(29.7)	(2.3)%
Selecting plants and other	610.0	605.6	4.4	+0.7%
Composting and stabilisation plants	526.6	502.6	24.0	+4.8%
Inertisation and chemical-physical plants	1,768.4	1,597.5	170.9	+10.7%
Recovery plants	107.7	120.6	(12.9)	(10.7)%
Purification plants	487.6	453.7	33.9	+7.5%
Storage/Soil Washing	247.9	230.7	17.2	+7.5%
Other plants	2,761.9	2,639.3	122.6	+4.6%
Waste treated by plant	8,512.7	8,036.7	476.0	+5.9%
Plastic recycled by Aliplast	83.9	84.6	(0.7)	(0.8)%

* The amount of waste treated in 2023 has been updated to include the amount of waste of the company ACR in the item "Other plants", consistently with the amount recorded for the same period in 2024.

Waste treatment showed an overall increase coming to 5.9% compared to 2023. Analysing the individual sectors, note the increase in quantities in landfills mainly due to the resumed conferrals at Tre Monti (Bo) in the second half of 2023, while, as regards waste-to-energy plants, the downward trend, partially offset by the resumed conferrals at the F3 plant in Ravenna, was mainly due to lower volumes treated at both the Rimini plant, due to an incident that occurred in January, and the shutdown for planned maintenance at the Modena plant carried out in 2024.

The slight increase in quantities in selecting plants is due to the higher quantities processed in the plants, particularly in the Modena plant, due to growth in sorted waste collection.

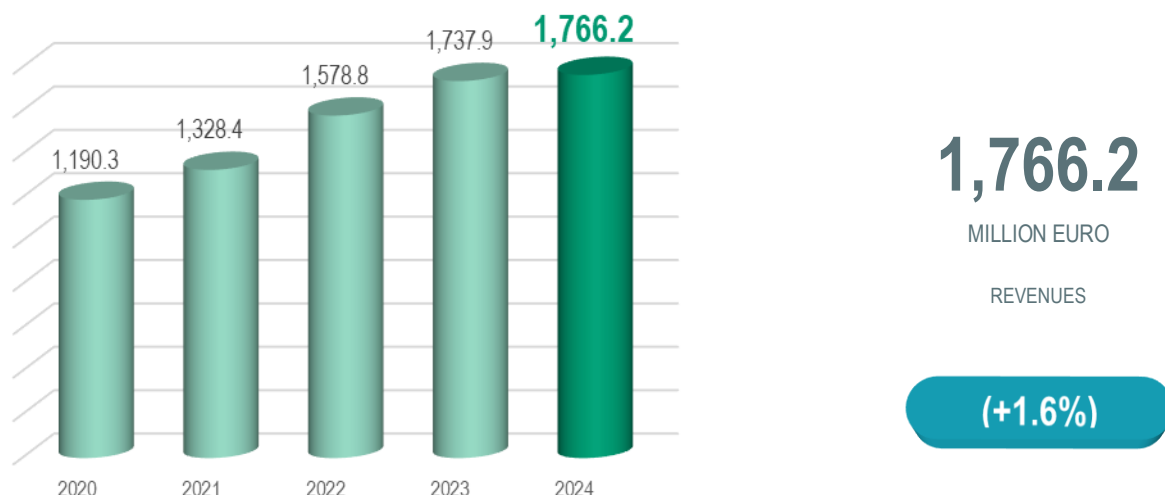
In composting and stabilisation plants, volumes increased mainly due to higher quantities treated in the stabilisation plants at Tre Monti (Bo) and in the digester at Spilamberto, while in inertisation and chemical-physical plants, the increased quantities were mainly due to the volumes of liquid waste treated partially as a result of the higher rainfall seen during the last period of 2024.

In recovery plants, the decreased incoming volumes were affected by competition in the virgin plastic market. In addition, an increase occurred in waste treated at purification plants, while in the storage/soil washing sector, the increased volumes were mainly due to the change in the scope of operations due to recent acquisitions in the industrial market. Lastly, in other plants, the quantities intermediated at third-party plants increased compared to the previous year.

The following table summarises operating results for the area:

INCOME STATEMENT (MNE)	DEC 24	INC.%	DEC 23	INC.%	ABS. CHANGE	% CHANGE
Revenues	1,766.2		1,737.9		28.3	+1.6%
Operating costs	(1,169.1)	(66.2)%	(1,166.5)	(67.1)%	2.6	+0.2%
Personnel costs	(258.5)	(14.6)%	(244.6)	(14.1)%	13.9	+5.7%
Capitalised costs	28.5	1.6%	26.6	1.5%	1.9	+7.1%
Ebitda	367.0	20.8%	353.4	20.3%	13.6	+3.8%

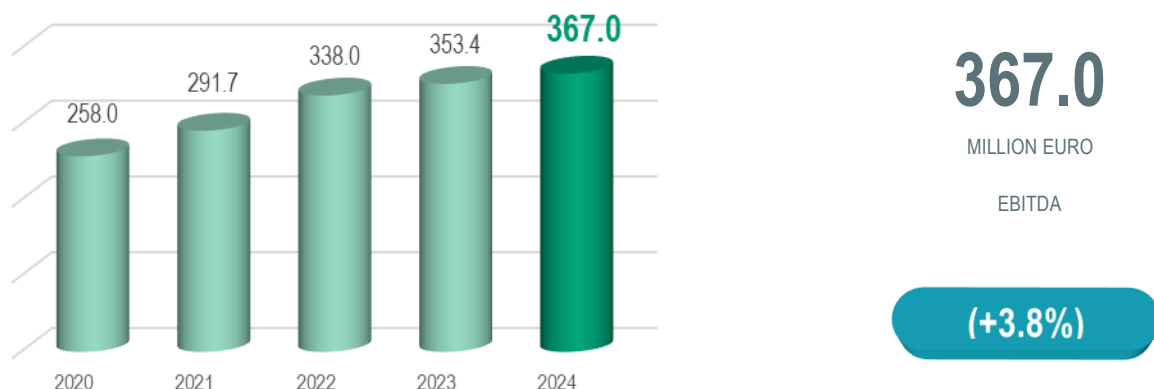
Revenues (mn€)



In 2024, revenues increased slightly compared to the previous year, up +1.6%. The 8.9 million euro decrease in revenues from energy production was mainly due to a drop in market prices and reduced volumes in WTEs, due to the temporary shutdowns at the Rimini and Modena plants. This change was more than offset by strong development in the industrial market thanks to increased prices, the changed scope of consolidation resulting from a recent corporate acquisition and higher revenues from waste treatment due to increased volumes.

Operating costs increased slightly in 2024, up +0.2%. Higher costs were due to the changed scope of consolidation owing to a recent corporate acquisition in the industry market, and increased by-product treatment and transport costs due to increased supplier list prices and higher volumes managed. These changes were partially offset by decreases in the costs of chemical products and costs for purchasing raw materials, due to the drop in commodity prices. As regards municipal waste collection, note the increased activities related to the development of new sorted waste collection projects.

Ebitda (mn€)



Ebitda increased by 13.6 million euro compared to the previous year. The positive effect of the increase in volumes and prices for waste treated and the changed scope of consolidation resulting from the recent acquisitions in the industry market was partially offset by the negative change in energy management and the increase in operating costs.

Net investments in the waste management area were related to maintenance and upgrading on waste treatment and recovery plants and amounted to 160.2 million euro, up 9.8 million euro compared to the previous year.

The composting/digester sector showed a decrease in investments coming to 4.7 million euro compared to the previous year, due to the increased works carried out in the first half of 2023 on the Cesena plant and by the company Biorg Srl, while a decrease of 5.4 million euro was seen in landfills compared to the previous year, mainly due to the works carried out on plants belonging to the company Marche Multiservizi Spa in 2023.

The waste to energy (WTE) sector saw a 15.5 million euro increase in investments, mainly involving the work done by the company HestAmbiente Srl on line 4 of the Padua plant and the planned non-recurring maintenance done on the Modena, Forlì and Rimini plants, while in the industrial waste plants sector the 13.2 million euro drop was mainly due to the revamping of the F3 plant in Ravenna, completed in 2023.

The collection area and equipment sector showed a 6.7 million euro increase in investments, while the sorting and recovery plants sector saw an overall increase coming to 12.6 million euro, as a result of the work done by the companies Hea Spa and Vallortigara Servizi Ambientali Spa to expand the Torrebelticino plant, as well as the construction of the rigid plastics processing plant by the company Aliplast Spa, an operation accessed PNRR funding.

Net investments waste management (mn€)



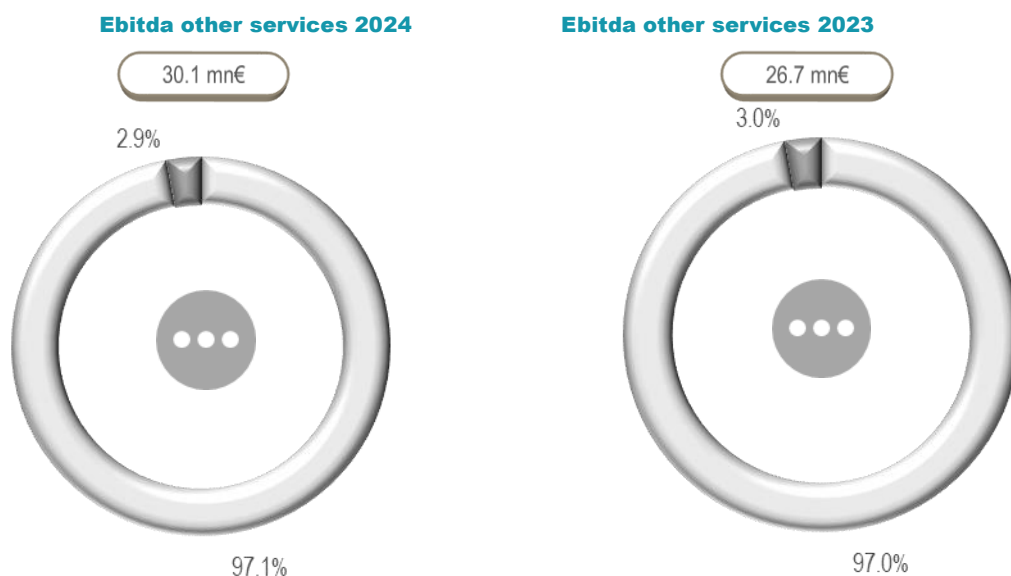
Details of operating investments in the waste management area are as follows:

WASTE MANAGEMENT (MN€)	DEC 24	DEC 23	ABS. CHANGE	% CHANGE
Composters/digesters	5.7	10.4	(4.7)	(45.2)%
Landfills	18.3	23.7	(5.4)	(22.8)%
WTE	37.4	21.9	15.5	+70.8%
SW plants	3.5	16.7	(13.2)	(79.0)%
Collection areas and equipment	24.8	18.1	6.7	+37.0%
Transshipment, selecting and other plants	72.5	59.9	12.6	+21.0%
Total waste management gross	162.3	150.8	11.5	+7.6%
Capital grants	2.1	0.4	1.7	+425.0%
Total waste management net	160.2	150.4	9.8	+6.5%

1.06.05 - Other services

EBITDA RISES

The other services area covers all minor businesses managed by the Group, including telecommunications, in which the Group offers connectivity for private customers and companies, telephone and data centre services through its own digital company, and cemetery services, the latter only in the Municipality of Trieste with an overall management of ten cemeteries. At December 2024, results in this area stood at 30.1 million euro, up 3.4 million euro over the previous year.



The changes occurred in terms of Ebitda are as follows:

(M€)	DEC 24	DEC 23**	ABS. CHANGE	% CHANGE
Area Ebitda	30.1	26.7	3.4	+12.8%
Group Ebitda*	1,587.6	1,494.7	92.9	+6.2%
Percentage weight	1.9%	1.8%	+0.1 p.p.	

* adjusted results, as described in paragraph 1.04

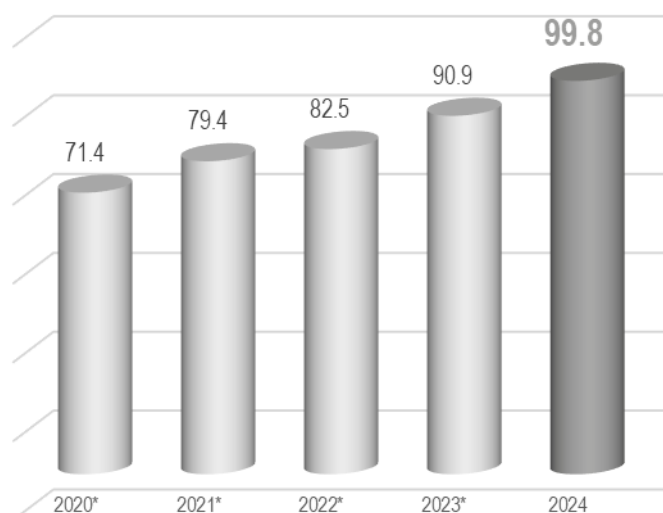
** this data has been restated, reclassifying the public lighting segment from other services to electricity

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

The area's operating results are provided in the table below:

INCOME STATEMENT (M€)	DEC 24	% INC.	DEC 23*	% INC.	ABS. CHANGE	% CHANGE
Revenues	199.8		90.9		8.9	+9.8%
Operating costs	(58.5)	(58.6)%	(53.9)	(59.3)%	4.6	+8.5%
Personnel costs	(14.0)	(14.1)%	(13.1)	(14.4)%	0.9	+6.9%
Capitalised costs	2.8	2.8%	2.8	3.0%	-	+0.0%
Ebitda	30.1	30.2%	26.7	29.3%	3.4	+12.8%

* this data has been restated, reclassifying the public lighting segment from other services to electricity

Revenues (mn€)**99.8**

MILLION EURO

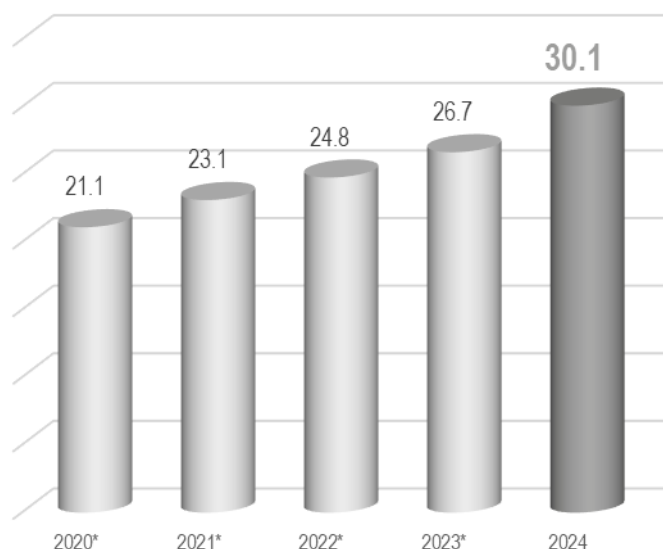
REVENUES

(+9.8%)

* this data has been restated, reclassifying the public lighting segment from other services to electricity

In December 2024, revenues amounted to 99.8 million euro, up 8.9 million euro, mainly due to the telecommunications business. This result was supported by increased activities in telephony and connectivity services, which were also driven by an important commercial development thanks to the acquisition of new customers, especially in Northeastern Italy.

The above-mentioned increase in turnover was supported by a higher operating capacity, resulting in an increase in both operating and personnel costs.

Ebitda (mn€)**30.1**

MILLION EURO

EBITDA

(+12.8%)

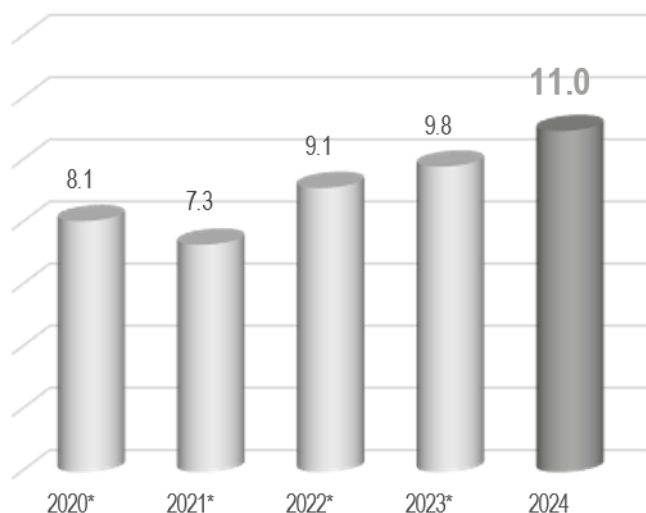
* this data has been restated, reclassifying the public lighting segment from other services to electricity

Ebitda for the other services business as a whole increased by 12.8% or 3.4 million euro, going from 26.7 million euro in December 2023 to 30.1 million euro in the equivalent period of 2024, largely due to the contribution coming from telecommunications, mainly involving the increased activities in telephony and connectivity services, driven above all by commercial development.

In 2024, net investments in the other services area amounted to 11.0 million euro, up 1.2 million euro compared to the previous year.

Investments were made in the telecommunications service involving network operations and in TLC services, a sector that saw the expansion of its geographical area and customer base served with the integration with the company Asco TLC, operating in the Veneto region and incorporated into the company Acantho Spa in 2023.

Net investments other services (mn€)



11.0

MILLION EURO

NET INVESTMENTS

(+12.2%)

this data has been restated, reclassifying the public lighting segment from other services to electricity

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

OTHER SERVICES (MN€)	DEC 24	DEC 23*	ABS. CHANGE	% CHANGE
TLC	11.0	9.8	1.2	+12.2%
Other	-	0.0	-	+0.0%
Total other services gross	11.0	9.8	1.2	+12.2%
Capital grants	-	-	-	+0.0%
Total other services net	11.0	9.8	1.2	+12.2%

* this data has been restated, reclassifying the public lighting segment from other services to electricity

1.07 – CONSOLIDATED SUSTAINABILITY STATEMENT

1.07.01 - General Information

Strategy and business model

The Hera Group

Hera operates throughout Italy and provides regulated public services in 316 municipalities spread across five of the country's regions (Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche and Tuscany). AresGas, a subsidiary of AcegasApsAmga, provides methane gas distribution and sales services and electricity sales to about 29 thousand customers in Bulgaria. The Group is also present in other European countries by way of the plastic recycling plants owned by subsidiary Aliplast.

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

The Group's main strengths are:

- a balance between services offered on the free market (gas and electricity sales, waste recycling and treatment, environmental reclamation, telecommunication services, sale and installation of photovoltaic panels, energy services) and regulated services (gas and electricity distribution, district heating, integrated water services and municipal waste collection, recycling and management);
- a strong local presence and focus on aspects of sustainability;
- a diversified shareholder base, with approximately 23,000 shareholders.

[ABOUT US](#)
[ESRS 2 SBM 1](#)

	ENERGY SERVICES	INTEGRATED WATER SERVICE	WASTE MANAGEMENT SERVICES
Customers	Gas: 2.0 million Electricity: 2.6 million District heating: 13 thousand	Water: 1.5 million	
Municipalities served	Gas distribution: 228 Electricity distribution: 26 District heating: 15 Public lighting: 226	Aqueduct: 227 Sewage and wastewater treatment: 228	Waste collection: 188
Residents served	3.3 million	3.6 million	3.2 million
Volumes	Gas sold: 11.3 billion cubic metres Electricity sold: 16.2 TWh	Water sold: 285.0 million cubic metres	Municipal waste treated: 2.3 million tonnes Waste treated: 8.5 million tonnes

Residents and municipalities served in local areas (regulated services)

GEOGRAPHICAL AREA	ENERGY SERVICES	WATER SERVICES	WASTE MANAGEMENT SERVICES	AT LEAST ONE SERVICE
Hera Group	3.3 million (60%), 232 municipalities	3.6 million (67%), 228 municipalities	3.2 million (59%), 188 municipalities	4.2 million, (78%), 316 municipalities

Number of municipalities, resident citizens and percentage with respect to the total number of residents in the province or local area (at 1 January 2023; 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.

PURPOSE

Hera's purpose, or why Hera exists:

ESRS 2 SBM 1

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.

MISSION

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

ESRS 2 SBM 1

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;
- suppliers, because they are key elements in the value chain and partners in growth.

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

Hera takes integrity, transparency, personal responsibility and consistency as its ethical values.

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.

ESRS 2 SBM 1

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 by all subsidiaries since 2007, which is subject to review every three years with the employees' involvement. The sixth version of the Code of Ethics was approved by the Board of Directors on 8 February 2023.

SUSTAINABILITY INTEGRATED INTO THE STRATEGY

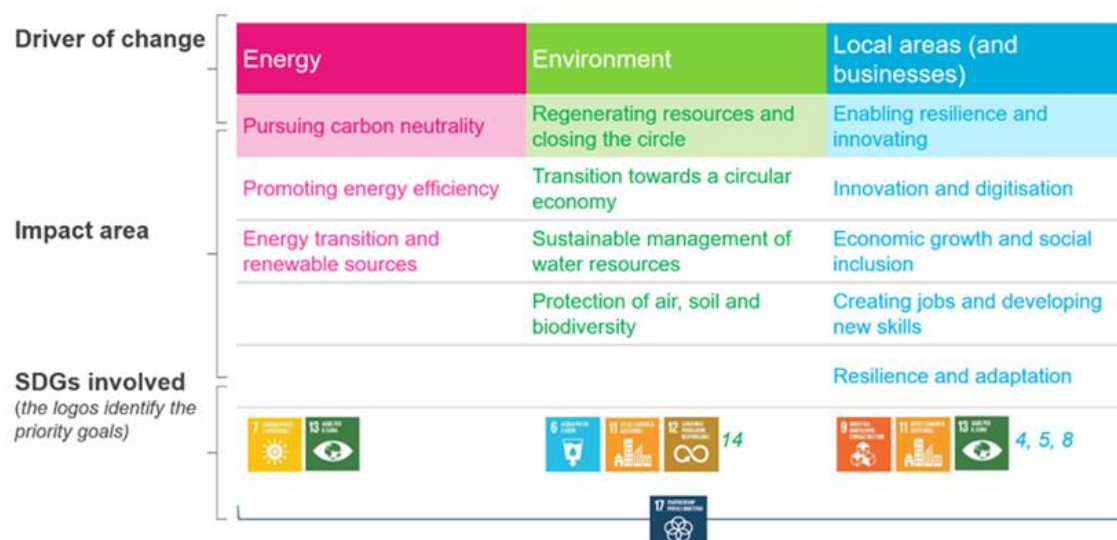
The Code of Ethics expresses the commitments and responsibilities that those who work at Hera assume in conducting all company activities. It aims to guide individual conduct and the management of activities according to the purpose, mission, ethical values and operating principles defined to build a positive corporate reputation, through unequivocal behaviour and satisfaction of stakeholder needs.

ESRS 2 SBM 1

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 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. Goal 17 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 Group 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 equality; 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**

CERTIFIED MANAGEMENT SYSTEMS AT GROUP COMPANIES (2024)

MANAGEMENT SYSTEM

	No. of companies	% of employees
ISO 9001– Quality	29	99%
ISO 14001 – Environment	24	88%
ISO 45001- Health and safety	23	87%
ISO 50001 – Energy	11	68%
UNI/PDR 125:2022– Gender equality	11	78%
SA 8000 - Social responsibility	4	21%

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 99.7%.

The percentage of energy consumed in Group companies with ISO 50001 energy certification is 96 per cent of the total, essentially stable compared to 2023.

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

- ISO 37001 (management system for the prevention of corruption): Hera Spa, ACR Reggiani, Marche Multiservizi Spa;
- Uni 11352 (energy service companies - EscoSCO): Hera Spa, Hera Servizi Energia Spa, Hera Luce Srl, Marche Multiservizi Spa;

- ISO 17025 (laboratory accreditation): Heratech Srl, Herambiente Servizi Industriali Srl, Marche Multiservizi Spa, Recycla Spa;
- * ISO 27001, ISO 27017 and ISO 27018 (set of rules comprising the data security management system), ISO 27701 (privacy certification) and Tia-942 Rated 3 (international standard that evaluates configuration and maintenance of data centre highlights) and Csp (Cloud service provider at the National Cybersecurity Agency): Acantho Spa AresGas EAD only has ISO 27001;
- AFNOR (circular economy project management system): Hera Spa, Hera Luce Srl, AcegasApsAmga Spa, Hera Servizi Energia 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;
- 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;
- Biomethane: (certification based on the National sustainability certification for biofuel and bioliquids): Herambiente Spa, Biorg Srl;
- PdR 74:2019 Bim (Building information modelling; a methodology for managing works projects): Heratech Srl.

By the end of 2024, a total of 37 sites will be EMAS-registered, these include all major waste treatment plants of the Group. The new targets include maintaining the current registrations and possible implementation for newly acquired strategic plants. 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

In 2024, the companies of the Hera Group maintained or renewed the validity of all existing ISO 9001, ISO 14001, ISO 45001, ISO 50001 and SA 8000 certificates. In 2024, the certification body conducted its own audit activities on the various certification schemes, for a total of approximately 510 days/auditor included, highlighting substantial compliance with the requirements of the reference standards and proposing to Hera cues for improvement that enable it to constantly evolve its management systems

PUBLIC STATEMENTS OF COMMITMENT

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, Fondazione Sodalitas, 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);
- CO2 Coalition Italy, formal commitment to achieve climate neutrality (2022);
- Manifesto "Together to Fight Energy Poverty" promoted by the Energy Bank (2021);
- Manifesto "Business for People and Society" promoted by da UN Global Compact Network Italy (2023).

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.

BOARD OF DIRECTORS

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.

ESRS 2 GOV-1 ESRS 2 GOV-2

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 the financial year 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 59 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, 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. 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 ICT.

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 the environmental sector (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 2024 in order to ensure that the Board of Directors (as well as the Board of Statutory Auditors) acquired an adequate knowledge of sustainability issues; these issues were also analysed at some Board meetings.

In particular:

- in the meeting of 26 June 2024, the Board of Directors shared the Hera Group's commitments to achieve Net Zero emissions by 2050; on the same date, an in-depth session was held dedicated to the Hera Group's Human Resource strategy and processes, highlighting, among other things, the sustainability and shared value aspects, in line with the corporate purpose and in response to the challenges of the external context;
- in its meeting of 31 July 2024, the Board of Directors resolved to approve the Hera Group's Climate transition plan;
- in the meeting of 16 October 2024: the members of the Board of Directors - who also hold roles in various Committees (Executive, Remuneration, Control and Risk, Ethics and Sustainability) - and the Board of Statutory Auditors took part in a specific training activity - held by the consultancy firm PricewaterhouseCoopers - to update

their skills with respect to the CSRD (Corporate sustainability reporting directive), Directive (EU) 2022/2464, with specific reference to the Italian transposition decree (Legislative Decree 2024/125) This training focused on the role of governance in sustainability issues and related responsibilities, providing Board and Board members with the necessary skills to adapt to the new European and national regulations; on the same date, an in-depth session was held dedicated to Hera's approach to sustainability and business, with a focus on the Creating shared value (Csv) strategy;

- on 18 December 2024, an in-depth session was held dedicated to Hera's procurement process, with a focus, among other things, on the centrality of ESG criteria along the entire supply chain.

In addition, further training and skills development sessions have already been 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 Local Authorities 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 also has the task of coordinating the balanced scorecard definition process linked to the incentive system. Furthermore, the head of the Department is also a member of the Group's Ethics and Sustainability Committee.

BOARD OF STATUTORY AUDITORS

ESRS 2 GOV-1 ESRS 2 GOV-2

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 5 members, 3 regular and 2 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 about 53 years: one member is between 40 and 50 years old and two members are between 50 and 60 years old.

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 2024, some standing members of the Board of Statutory Auditors participated 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 an adequate knowledge of sustainability issues; these issues were analysed during a number of Board of Directors meetings, which the standing members of the Board of Statutory Auditors attended as reported in the Board of Directors section.

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 Consolidated Sustainability Statement (hereafter Sustainability Reporting) 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 in the Sustainability reporting of the activities performed, the results and impacts relating to non-financial issues.

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;
- calculation of the draft budget;
- proposals for the appointment of managers responsible for each functional area.

EXECUTIVE
COMMITTEE

ESRS 2 GOV-1
ESRS 2 GOV-2

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 (i) 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 (ii) of an amount exceeding 10 million euros 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 58 years: three members are between 50 and 60 years old and one member is between 60 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 the environmental sector (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 territories managed by the Group, the following is reported.

The majority of the members of the Executive Committee participated, in the 2024 financial year, 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 issues; these issues 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 has the task of formulating proposals to the Board of Directors for the remuneration of the Executive Chairman, the Deputy Chairman, 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. The Committee also periodically assesses the adequacy, overall consistency and concrete application of the general policy adopted for the remuneration of executive directors.

REMUNERATION
COMMITTEE

ESRS 2 GOV-1
ESRS 2 GOV-2

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 57: two members are between 45 and 55 and two members are over 60.

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 ICT.

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 ICT, 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 territories managed by the Group, the following is noted.

Some members of the Remuneration Committee participated, in the 2024 financial year, in specific in-depth sessions and 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.

The Committee, in addition to assisting the Board of Directors in matters of remuneration with investigative, advisory, proposing and monitoring functions, has, inter alia, the task of drawing up the remuneration policy, defined taking into account the practices common in the reference sectors and for companies of a similar size, as well as oriented towards the pursuit of the sustainable success of the Company. In addition, the Committee makes proposals or expresses opinions on the remuneration of executive directors and directors holding special offices, also setting performance targets related to the variable component of their remuneration, including those related to sustainability issues. For more information on incentive schemes linked to sustainability issues for members of the governing bodies, please refer to the dedicated section.

**CONTROL AND
RISK
COMMITTEE**

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.

ESRS 2 GOV-1
ESRS 2 GOV-2

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 49 years.

The members of the Audit and Risk Committee have an average age of about 49 years.

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 territories overseen by the Group, the following is noted.

In 2024, the majority of the members of the Control and Risk Committee participated in specific in-depth sessions and 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 report to be submitted to the Board of Directors.

THE ETHICS AND
SUSTAINABILITY
COMMITTEE

ESRS 2 GOV-1
ESRS 2 GOV-2

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 expertise in the field of sustainability, the Committee is composed of an external member who is an expert in social responsibility and sustainability as established by the Code of Ethics. The current independent board members are industry experts, with expertise in risk management, finance, ICT 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 51: two members are between 40 and 50 and two are over 50.

In 2024, the Ethics and Sustainability Committee received six reports: four from employees and two from customers. The issues reported by employees were: management of working time, diligence and efficiency in the use of company resources, attention to environmental resources, attention to the private sphere and relations between colleagues. The issues reported by customers, on the other hand, concerned: information and communication, quality, service continuity and safety. The Committee found no breaches of the principles of the Code of Ethics, including those in the Standard & Poor's questionnaire for the Dow Jones Sustainability Index: corruption, discrimination and harassment, customer privacy, conflict of interest, money laundering and insider trading. The Committee promoted good practices within the Company, facilitated dialogue between the whistleblower and the Company, and suggested possible improvements to activities and processes.

In addition, 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.

In accordance with the shared work plan, during 2024, the Committee reviewed:

- the draft sustainability report;
 - the main contents in advance of the Board of Directors.
- Furthermore, it shared and deepened
- the updates on the Corporate sustainability reporting directive (CSRD) project;
 - the updates on the Net Zero project;
 - the results related to Hera's inclusion in the Dow Jones Sustainability Indices;
 - sustainability training activities, including those related to the dissemination of the Code of Ethics;
 - the management of Hera Comm's partner sales agencies.

In addition, as every year, the annual meeting with the Supervisory Board was held to discuss common issues for effective and mutual cooperation. Finally, it must be noted that, at its first meeting in 2025, the Committee shared the repercussions on reporting of the double materiality analysis and the main contents of this Sustainability Statement.

**ENTERPRISE
RISK
MANAGEMENT****ESRS 2 GOV-1
ESRS 2 GOV-2**

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 2024, the members of the Board of Directors reviewed the main risks, including those related to sustainability issues on several occasions.

On 26 February 2025, the annual enterprise risk management report was presented, in which further methodological refinements aimed at integrating the risk model with an ESG dimension in order to facilitate the identification of environmental, social and governance risks, as an input to the double materiality analysis.

Sustainability-related incentive schemes

**INCENTIVE
SCHEMES
LINKED TO
SUSTAINABILITY
ISSUES OF THE
ADMINISTRATIVE,
MANAGEMENT
AND CONTROL
BODIES**
ESRS 2 GOV-3

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%), net result (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 Ebitda Csv 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.

Due diligence Statement

The following table shows the key elements of the due diligence and the relevant paragraphs in the Sustainability reporting.

ESRS 2 GOV-4

BASIC ELEMENTS OF THE DUE DILIGENCE

PARAGRAPHS OF THE SUSTAINABILITY STATEMENT

a) Integrating due diligence into governance, strategy and business model	- Management of relations with suppliers (G1) - Compliance system for the prevention of corruption and fraud (G1) - Ethics and sustainability committee (ESRS 2)
b) Involving stakeholders in all key stages of due diligence	- Double materiality analysis and impact, risk and opportunity management (ESRS 2) - Stakeholder engagement activities (ESRS 2) - Involvement processes and channels (S1, S2, S3, S4)
c) Identifying and assessing negative impacts	- Double materiality analysis and impact, risk and opportunity management (ESRS 2) - Handling of reports to the Ethics and Sustainability Committee (ESRS 2) - Management of relations with suppliers (G1)
d) Take action to address negative impacts	- Actions to mitigate the negative impacts present in the chapters of the Topical standards of this Sustainability Declaration (E1, E2, E3, E4, E5, S1, S2, S3, S4, G1)
e) Monitor the effectiveness of interventions and communicate	- Periodic audits of the supply chain and related corrective actions (S2)

Risk management and internal controls on sustainability reporting

The internal control and risk management system is integrated into the more general organisational and corporate governance structures adopted by Hera and takes into due consideration the recommendations of the Corporate Governance Code, the reference models and the best practices existing at national and international level. The objective of the internal control and risk management system is to guarantee the reliability, accuracy, dependability and timeliness of the financial and sustainability information provided.

In order to guarantee the market and the various stakeholders complete and accurate data and information and, consequently, to structure a sustainability reporting process that is sufficiently robust and integrated within the organisation, the Hera Group has adopted a model of internal control and risk management system also in relation to sustainability reporting (hereinafter also briefly referred to as Scirs), replicating what is already in place for financial reporting. As in the case of financial reporting, this model is based on the CoSO Framework, established by the Committee of Sponsoring Organisations of the Treadway Commission, used as an international reference for the establishment, updating, analysis and evaluation of the internal control system.

The Hera Group's sustainability reporting control model is based on the following activities.

The process of managing and evaluating the Group's SCIRs involves defining its scope of application (the so-called scoping), according to a risk-based approach, taking into account the results obtained following the double materiality analysis, in order to ensure adequate monitoring of the reporting areas most exposed to the risk of significant errors, relevant to the report itself.

Once defined, the scope of application of the SCIRs is updated annually on the basis of the data and information from the previous year's sustainability report by carrying out the following activities:

RISK
MANAGEMENT
WITH RESPECT TO
SUSTAINABILITY
REPORTING

ESRS 2 GOV-5

DEFINITION OF
"SCOPING"

- identification of the Group companies included in the reporting scope;
- identification of the relevant quantitative sustainability indicators based on what is reported in the sustainability information;
- definition, based on the application of a pre-established threshold (the same used for financial information), of the companies that guarantee the achievement of the same based on the relative contribution to the total Group value of the indicator;
- the result of specific quantitative evaluations can also be integrated with qualitative evaluations, where it is deemed that certain companies should be considered relevant due to the materiality of some individual indicators and/or specific risk factors.

Based on the above, the companies and the relevant data subject to the internal control and risk management system are identified, also with reference to the European Taxonomy.

RISK ASSESSMENT AND DEFINITION OF CONTROLS

ESRS 2 GOV-5

To mitigate the cross-cutting risks in several business areas, the absence or malfunctioning of which could jeopardise the reliability of sustainability reporting, the Hera Group has identified and evaluated the so-called Entity Level Controls (ELC). As part of the process of defining these controls, the various control objectives were assigned to the 5 components of internal control (control environment, risk assessment, control activities, information and communication, monitoring) and to the 17 principles identified in the "CoSo" framework and, for each objective, the methods of carrying out the controls were mapped. Once defined, the controls are subject to a specific evaluation.

REPORTING AND INFORMATION FLOWS

ESRS 2 GOV-5

In relation to a selected set of relevant quantitative indicators identified as the most significant, including those associated with the European Taxonomy, the Hera Group has carried out an analysis of the process of collection, processing and consolidation of the same, formalising these processes in specific descriptive documents; each control identified has been subjected to a specific assessment.

For some indicators considered particularly significant, the Hera Group has also initiated activities for establishing specific Risk and Control Matrices (RCM), which include the Process Level Controls (PLC) identified and evaluated for the purpose of establishing and analysing the controls in which the main risks related to the sustainability reporting and the relevant control objectives, mainly associated with, 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 collection and possible estimation of the latter.

In the future, the Hera Group intends to extend the activities carried out so far to additional processes/companies in accordance with a gradual logic, depending on their relative significance.

MONITORING

ESRS 2 GOV-5

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

The managers of the company departments identified as relevant within the scope of the SCIRs must guarantee, each for their own areas of competence, the design and effective operation of the control activities, periodically carrying out appropriate verification activities.

The monitoring and evaluation of the controls can lead to the identification of situations of non-compliance with the characteristics expected by the SCIRs reference model, making it necessary to define and implement specific corrective actions to eliminate them.

For each corrective action, the person in charge of its implementation is identified and the timing of the intervention is established.

For any deficiencies found, a follow-up activity is envisaged to verify the effective implementation of the corrective actions and the consequent overcoming of identified SCIRs.

With regard to the process of drafting the sustainability report, the Hera Group has adopted a specific company procedure and regulation to govern the changes introduced by the legislation in terms of activities, duties and reporting principles.

Sustainability information to be reported is tracked within a specific IT tool and validated by designated managers in accordance with their area of expertise.

In relation to the certification of the sustainability report regarding its compliance with the reporting standards applied in accordance with Directive 2013/34/EU of the European Parliament and the requirements of Regulation (EU) 2020/852, a specific Manager in Charge of Sustainability Reporting has been appointed (hereinafter also referred to as the 'Manager in Charge of Sustainability Reporting').

As part of the SCIRs audits, the Sustainability Manager receives information from the relevant company departments on the adequacy of the information provided, together with a document assuming responsibility for the completeness and accuracy of the information for which he/she is responsible and its alignment with the instructions provided and the reference reporting standards used.

In the performance of his/her duties, the Manager in charge of sustainability is supported by the Compliance with Law 262/05 and Tax Risk Control department, the same department that supports the Manager in charge of financial

reporting. The Manager establishes a reciprocal exchange of information with the Control and Risk Committee and with the Board of Directors and periodically informs the Board of Statutory Auditors about the activity carried out and the adequacy of the internal control system and, where deemed appropriate, the Ethics and Sustainability Committee.

Description of the process and results of double materiality analysis

The double materiality analysis the starting point for reporting on sustainability issues in accordance with CSRD and ESRs standards. A sustainability issue is 'material' if it meets the criteria defined for impact materiality (inside-out) or financial materiality (outside-in) or both. **ESRS 2 IRO-1**
ESRS 2 IRO-2

The introduction of the double materiality perspective and the new ESRs standards by the regulations has necessarily required an evolution of the approach adopted up to now by the Hera Group to identify its material topics on which to report.

In 2024, a project was therefore launched to set up the double materiality analysis, which involved several phases including understanding the internal and external context, the identification of a long-list of sustainability-related impacts, risks and opportunities (IROs), the evaluation of their relevance and, through the application of thresholds, the selection of a short-list of material IROs.

Throughout the entire process, various company departments were involved (Quality, Safety and Environment Department, Purchasing and Tenders Department, Central Personnel and Organisation Department; Energy Risk Control Analysis – responsible for the ERM analysis – and Strategy, Regulation and Local Authorities Department), in order to identify, evaluate and, finally, validate the IROs material for sustainability reporting, taking into account existing processes.

The initial activity of analysing the Group's internal and external context made it possible to identify the company's activities and business relationships, with particular reference to its upstream and downstream value chain, and to map the relevant stakeholders, in order to understand the key elements for identifying potentially material impacts, risks and opportunities.

Based on the output of the previous phase, a long list of potentially material impacts, risks and opportunities connected to the Group's operations was drafted with respect to its services and the upstream and downstream value chain. In order to align double materiality activities with existing management processes, the ERM analysis was used as an internal source to identify risks and opportunities, integrated with the climate risk analysis carried out with reference to the TCFD recommendations, and the 2023-2027 business plan. The positive or negative impacts, actual or potential, have been identified on the basis of multiple sources, including: the press review, the evolution of the main policies on sustainability, the requests of the main rating agencies and regulators at an international level, the results of the annual customer satisfaction survey, the topics discussed in the dialogue with consumer associations, the results of the internal climate survey, the issues that emerged from the latest update of the Code of Ethics and the activity of the Ethics and Sustainability Committee in relation to the management of reports received. For each impact, risk and opportunity, the reasonably expected time horizon (long, medium and short-term) was identified and, for pollution, biodiversity and water and marine resources, a site-specific analysis was carried out, also taking into account specific European regulations referred to in the ESRs standards.

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

The impacts were assessed considering the severity (scale, scope and irremediability, for negative impacts) and probability on a scale from 1 to 4. In the case of a potential negative impact on human rights, the severity of the impact prevails over its probability of occurrence.

The risk assessment included full adherence to the results of the risk analysis carried out according to the ERM methodology, with relative scales from 1 to 4 in relation to the probability of occurrence and magnitude, which assesses the financial impact on the Net Financial Position (NFP) and the reputational impact.

Opportunities were evaluated on a scale of 1 to 4 with reference to probability and magnitude, the latter being considered as the average between the change in shared value gross operating margin (SVGM) between the first and last year of the plan (2023 vs. 2027) and the impact on the Group's SVGM in 2027.

In order to identify material impacts, risks and opportunities, appropriate quantitative and qualitative thresholds established by the Group were applied. The materiality threshold used for risks, in particular, corresponds to the risk appetite defined by the Board of Directors within the risk management framework and monitored in the ERM process. In addition, the medians were considered for the materiality thresholds adopted for impacts and opportunities. For impacts, the median is eight and all those above it were considered material. For opportunities, on the other hand, the median is 12 and those with a lower score, equal to ten, were considered material, in order to enhance the opportunities with greater development in the long term.

In conclusion, all the topics covered by the sector-agnostic ESRs were deemed material. In particular, there are 25 sub-themes material to the Hera Group, ten of which also concern activities along the value chain. Consequently, all the disclosure requirements of the ESRs were found to be material.

For more information, see the Reconciliation Table.

Going down to a greater level of detail, the following 12 sub-themes were not material: pollution of living organisms and food resources; microplastics; marine resources; impacts on the status of species; impacts and dependencies in terms of ecosystem services; other labour-related rights (both for own workforce and for workers in the value chain);

civil and political rights of communities; rights of indigenous peoples; protection of whistleblowers; animal welfare; corruption or bribery.

The impacts, risks and opportunities material to the Hera Group are reported, subdivided by sub-theme, in the 'Impacts, risks and opportunities' paragraphs in each chapter dedicated to the thematic standards. These paragraphs 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 model.

ESRS 2 SBM-3

The paragraphs "Description of material impacts, risks and opportunities" contain any relevant current financial effects related to risks and opportunities.

The Sustainability reporting has been supplemented with several indicators specific to the Hera Group, some of which have already been 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 analysis, the following disclosures required of actors in the value chain are included in this Sustainability reporting:

- climate change (E1): data on Scope 3 GHG emissions;
- pollution (E2): information on suppliers' means (e.g. types of fuel used) and 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 incoming resource flows (purchased products) obtained through the involvement of suppliers;
- workers in the value chain (S2): information on job placement through social cooperatives and data on supplier accidents obtained through the involvement of suppliers;
- consumers and/or end users (S4): information on the selection methods and control procedures of the commercial conduct of sales agencies (also in relation to the management of sensitive customer data).

With respect to the materiality analysis reported in the 2023 Non-Financial Statement, biodiversity is highlighted as a new material topic. In this regard, the standard requires reporting information at a site-specific level, focusing on sites located within or near biodiversity-sensitive areas where activities can generate interference and negatively affect the status of species and habitats. In this regard, also in line with the analyses carried out by Hera on plant engineering activities, it has been confirmed that the ESRS E4 - Biodiversity and Ecosystems thematic standard is to be considered material only at a site-specific level. For further details and insights, see the dedicated chapter.

Another site-specific aspect that emerged from the double materiality analysis concerns the ESRS standard E3 – Water and marine resources: only some provinces are classified as having high water stress (Bologna, Ferrara, Forlì - Cesena, Pesaro-Urbino, Ravenna, Rimini). More details, also in relation to the reporting of actions and resources for risk mitigation, are presented and explored in the dedicated chapter.

Regarding the materiality of the impacts of pollutant emissions, as detailed in the relevant chapter, the analysis was based on the requirements of the ESRS E2 standard (and related reference to Regulation (EC) No. 166/2006 E-PRTR) both for the identification of the plants and the pollutants to be reported, identifying a total of 35 plants falling within the perimeter, for which the topic is material.

Finally, for the results of the double materiality analysis concerning the information elements present in appendix B of ESRS 2, please refer to the table contained in the appendix of this Sustainability reporting.

The double materiality analysis 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 analysis were validated by top management.

Stakeholder engagement activities

Hera's significant commitment to involving stakeholders is by now part of the operational structure of the departments that deal with relations with various stakeholders and has continued throughout 2024.

Each category of stakeholder identified has specific interests and priorities and is the recipient of targeted dialogue and engagement initiatives. These initiatives allow us to consider any requests and suggestions, activating the appropriate tools for participation and information regarding company prospects, initiatives and decisions.

The table below summarises the stakeholders identified and the main dialogue and engagement activities carried out during the year.

ESRS 2 SBM-1
ESRS 2 SBM-2

STAKEHOLDERS	DIALOGUE AND ENGAGEMENT INITIATIVES
Workers (employees, non-employees, and union representatives)	- Biennial employee satisfaction survey (91% of the company population participated in the last survey carried out in 2023) - InHera company portal, with profiling and configuration of interests - Smart working and #Conciliamo project - Performance dialogue between manager and employee as part of the development process - Staff involvement through employee safety representatives to ensure an effective safety management system
Customers (mass market, residential, business, consumer associations)	- Annual residential customer satisfaction survey (over 12 thousand respondents) and surveys following contacts - Six meetings with local and national consumer associations - Call centre for residential customers and for the business segment - Help desks - Alternative Dispute Resolution (ADR) (over 1,500 requests)
Shareholders and financiers (public and private shareholders, including potential ones, ethical investors, banks, bond market)	- 397 contacts with investors - Roadshow for the new green bond in line with the EU Taxonomy
Suppliers (suppliers of goods, services and labour, local suppliers)	- Integration of 999 disadvantaged people into the working world thanks to outsourcing to social cooperatives - Participation in the 'Growing Together' convention by over 400 suppliers - Launch of the 'Hera_Pro_Empower' programme to support the growth and development of the technical-implementation and qualitative capacities of suppliers (capacity building) - 200 strategic suppliers interviewed in the first 'Voice of suppliers' survey - Launch of the Supplier sustainability school
Local community (various associations, media and social media, technicians and experts)	- 127 meetings held by HeraLAB since the start of the project (2013) and 160 participants involved (one meeting and 15 participants involved in 2024) - Approximately 102,000 students participating in environmental education initiatives in local schools - Il Rifiutologo, an app for recycling (and more)
Public administration (local authorities, regulatory and control bodies, universities and research institutes, State)	- Over four thousand reports overseen by Area Managers with local stakeholders

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

The document's structure

This document represents the first consolidated Sustainability reporting of the Hera Group with reference to the 2024 financial year (from 1 January 2024 to 31 December 2024) and has been prepared in accordance with Legislative Decree 125/2024 implementing Directive 2022/2464/EU of the European Parliament and of the Council, also known as the Corporate Sustainability Reporting Directive (CSRD), and the European Sustainability Reporting Standards (ESRS).

In particular, the document is structured in line with the requirements of ESRS 1 (paragraph 115) which provides for the drafting of four parts: general information, environmental information (including communications pursuant to Article 8 of EU Regulation 2020/852, also known as Taxonomy), social information, and governance information. The tables required by the Taxonomy can be found in the Attachments.

As required by Art. 3 of Legislative Decree no. 125/2024, the Sustainability reporting is an integral part of the Group's management report and contains the information necessary to understand the company's impact on sustainability issues and how they affect the company's performance, results and situation.

STRUCTURE AND
METHODOLOGICAL
NOTE

In the paragraphs 'Hera's commitment (objectives and results)', in the following chapters, there are both quantifiable and measurable objectives through specific targets, and qualitative commitments that outline the Group's future actions and strategies. It must be noted that where objectives are defined in line with national, European or international targets or sector regulations, these are appropriately indicated in the relevant chapters.

Furthermore, this document has been subjected to a limited review by KPMG Spa. The report of the auditing company is included in the Attachments to this document

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

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

Within this report, the references to time horizons (short period: 2024; medium period: 2025-2028; long period: >2029) are aligned with the provisions of ESRS 1.

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

In order to avoid duplication of content and to ensure the brevity of the document, there are inclusions by reference within the Sustainability reporting. In particular, within the paragraph 'General Information', some content referring to the SBM-1 disclosure obligation is referred to the management report.

USE OF TRANSITIONAL PROVISIONS

For the first year of reporting in alignment with the CSRD, the Hera Group has decided to omit the following information, in accordance with Appendix C of ESRS 1:

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

ESRS 2 BP-2

Scope of reporting

SCOPE OF REPORTING

The scope of the operating and financial data and information contained in the Sustainability reporting is the same as that of the Hera Group's consolidated financial statements at 31 December 2024. The scope of the social and environmental data and information includes all companies shown below, consolidated on a line-by-line basis in the Group's consolidated financial statements.

ESRS 2 BP1 ESRS SBM-1

HERA SPA	HERA COMM SPA	HERAMBIENTE SPA	ACEGASAPSAMGA SPA	MARCHE MULTISERVIZI SPA
▪ Acantho Spa ▪ AcegasApsAmga Spa ▪ Hera Comm Spa ▪ Hera Trading Srl ▪ Herambiente Spa ▪ Heratech Srl ▪ Horowatt ▪ Inrete Distribuzione Energia Spa ▪ Marche Multiservizi Spa ▪ Tiepolo Srl ▪ Uniflotte Srl	▪ EstEnergy Spa: - Etra Energia Srl ▪ Wolmann Spa ▪ F.lli Franchini Srl	▪ Aliplast Spa: - Aliplast France Recyclage Sas - Aliplast Iberia Slu - Aliplast Polska Spzoo ▪ ASA Scpa ▪ Biorg Srl ▪ Feronia Srl ▪ Frullo Energia Ambiente Srl ▪ Herambiente Servizi Industriali Srl: - A.C.R. di Reggiani Albertino Spa - Recycla Spa - TRS Ecology Srl - Vallortigara Servizi Ambientali Spa ▪ Hestambiente Srl	▪ Hera Servizi Energia Spa: - Tri-Generazione Scarl ▪ Aresgas Ead: - Aresenergy Eood - Ares Trading Eood - Primagas AD - Black Sea Gas Company Eood ▪ Hera Luce Srl	▪ Marche Multiservizi Falconara Srl ▪ Green Factory Srl ▪ Macero Maceratese Srl

Even though it is not part of the scope of consolidation, information on the company Enomondo Srl (50% owned by Herambiente Spa), which manages a biomass plant, is also reported. This information is relevant to atmospheric emissions and waste disposal.

The Group has assessed that there are no investee companies for which the concept of operational control indicated by the ESRS reporting standards can be applied.

Changes, estimates and reporting errors

No errors were found with reference to the previous financial year. Any errors with respect to what was reported in the previous financial year are declared below the specific tables.

Any changes with respect to what was reported in the previous financial year are declared below the specific tables.

Any estimates, including those of information relating to the value chain, are declared below the specific tables.

ESRS 2 BP-2

1.07.02 - Environmental information

Climate change

Description of relevant impacts, risks and opportunities

The double materiality analysis, together with the climate risk analysis based on the TCFD recommendations complementing the ERM analysis, identified climate change as one of the most relevant topics, declined in the following sub-themes: climate change mitigation, climate change adaptation and energy.

The topic of climate change is related to the following areas of impact for the creation of shared value presented in the General Information chapter: promotion of energy efficiency; energy transition and renewables; resilience and adaptation. For each area of shared value creation, actions and targets related to climate change are reported later in this chapter.

ESRS 2
IRO-1
SBM-3

Climate change impacts, risks and opportunities

RELEVANT SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Climate change mitigation	Generation of Scope 1 emissions from waste-to-energy plants and landfills, energy services and other activities <i>Current negative long-term impact related to own activities</i> Scope 3 emissions from methane gas sales and from electricity sales and consumption <i>Current long-term negative impact related to suppliers' and customers' activities</i>
Climate change adaptation	See later in the chapter the section 'Climate risk analysis based on the TCFD Recommendations'.
Energy	Purchase of electricity from certified renewable sources (Scope 2) <i>Current long-term positive impact related to own activities</i> Promoting energy efficiency solutions and selling renewable energy to customers <i>Current short-term positive impact related to own and customer activities</i> Growth in sales of energy efficiency solutions <i>Medium-term opportunities related to own and customers' activities</i> Growth in renewable electricity sales <i>Medium-term opportunities related to own and customers' activities</i> Development of photovoltaic systems <i>Medium-term opportunities related to own and customers' activities</i>

Significant negative environmental impacts related to emission generation concern Scope 1 and Scope 3 of the Hera Group.

With regard to own activities (Scope 1), the predominant emissions are those generated by waste treatment plants (waste-to-energy plants and landfills for municipal waste) and energy services (district heating and cogeneration/trigeneration plants serving industrial customers). Other emissions come from internal fuel consumption (including company fleets) and gas network losses.

The upstream and downstream activities of the Group (Scope 3) mainly involve emissions from the sale of the services offered (sale of electricity and gas).

For more details on the Group's emission inventory, see the section on "Metrics" (ESRS Disclosure E1-6).

Positive environmental impacts related to the Group's commitment to decarbonisation were also identified, particularly with regard to the purchase of renewable energy for its own activities (Scope 2), and the promotion of energy efficiency and renewable energy, including towards the Group's customers and suppliers.

In light of the external context and regulatory developments in the area of decarbonisation, and consistent with the business plan, three relevant opportunities related to climate change were identified. In particular, these opportunities concern the development of internal and external energy efficiency solutions, the sale of renewable energy and the construction of photovoltaic systems on owned or external sites and the sale of photovoltaic systems to customers.

There is no current material financial impact related to the opportunities identified. Methodological references regarding the identification and assessment of relevant sustainability issues are provided in ESRS 2 'General Information'.

SCENARIO
ANALYSIS

Climate risk analysis based on TCFD Recommendations

ERM ANALYSIS The ERM analysis, which has the primary objective of identifying significant risks in the time horizon of the Business Plan (medium term), is integrated with a long-term analysis for risks related to climate change, extending the time horizon for the identification, prioritisation and assessment of the impacts and management methods of the relevant scenarios. In this context, in 2020 the Hera Group launched a project to identify and assess the risks associated with climate change that may affect business performance, including in the long term. The TCFD recommendations were taken as a reference for carrying out this evaluation and reporting. Nine physical and transitional climate scenarios assuming different ranges of global average temperature increase at the end of the century, including 1.5 °C, were analysed, finally selecting the two most relevant and suitable scenarios for the Hera Group's business. The analysis was carried out taking into account all activities managed by the Group, including the most relevant upstream and downstream value chain activities.

ESRS 2 IRO-1
ESRS2 SBM-3

In particular, the transition scenario ETP 2DS (Energy Technology Perspectives 2°C Scenario), developed by the IEA (International Energy Agency) was chosen as the 'ambitious' climate scenario, which describes a future development characterised by strong decarbonisation processes in all industrial sectors in order to keep the average temperature increase below 2°C. It represented the transition scenario most in line with the recommendations provided by the Science Based Targets initiative and most significant for Hera in terms of basic assumptions and available qualitative-quantitative information.

The physical scenario RCP 8.5 (Representative concentration pathway 8.5), drawn up by the IPCC (Intergovernmental Panel on Climate Change) was instead selected as a pessimistic scenario, to understand the possible impacts on the Hera Group's strategy in the event of a business-as-usual trajectory resulting in a sharp increase in average temperature at the end of the century (between +3.2 °C and +5.4 °C). The indicators available in the models that simulate the RCP 8.5 scenario were selected based on the results of an analysis previously conducted by the Energy Risk Analysis and Control department, which involved the business units in identifying the climatic events to which they may be most exposed.

Eight physical and eight transitional risks were identified from these scenarios. Each risk was associated with:

- a time frame: short term (one year, the period adopted by the company as a reference period for its financial statements); medium term (time frame of the business plan); long term (time frame beyond the business plan);
- a level of priority (defined as the combined effect of the level of probability that the context in which Hera operates will change as described by the risk and the impact of the risk on the business);
- one or more management methods.

PHYSICAL RISKS
ESRS 2 IRO-1

The RCP 8.5 climate scenario analysis conducted by the Hera Group identified eight physical risks to which it may be exposed, concentrated on the two long-term time frames, consistent with the principle that the impacts of climate change will become more evident in the medium and long term. To mitigate, manage or transfer these risks, 21 management modes have been identified. The following table shows the risks for which the 2024-2028 business plan envisages management methods.

Physical risks and how to deal with them

	PHYSICAL RISK	TIMESCALE	PRIORITY	MANAGEMENT METHOD
ESRS 2 SBM-3	Floods and flooding with resulting landslides and mudslides	Short to medium term	Medium-high	- Infrastructural upgrading of drainage networks, reservoirs and purification plants - Infrastructural enhancements through the creation of barriers to protect assets - Increased alert capacity for extreme events in critical areas
	Rising temperatures	Long-term	Medium-high	- Market strategies oriented towards the development of customer-dedicated VAS to complement and enrich the offer portfolio
	Extreme weather phenomena due to heat build-up in the atmosphere or particular cold and wet conditions	Long-term	Medium-low	- Network resilience plan and reinforcement of the electricity distribution network in the face of extreme winter events with interventions on overhead powerlines and substations
	Changes in the temporal distribution of annual rainfall and average rainfall amounts with possible periods of prolonged drought	Long-term	Medium-low	- Strengthening and expanding water resources to increase the resilience of water networks - Construction of interconnections between water networks - Enhancement of the application of advanced leak detection techniques to increase the efficiency of the network

Transition climate risks were mainly identified through the analysis of the IEA ETP 2DS scenario. The analysis led to the outline of eight transition risks, mainly concentrated in the long-term time frame. To mitigate, manage or transfer

TRANSITION RISKS

these risks, 13 management methods were identified. The following table shows the risks for which the 2024-2028 business plan envisages management methods.

Transition risks and management methods

TRANSITION RISK	TIMESCALE	PRIORITY	MANAGEMENT METHOD	
Electrification of energy consumption and introduction of measures geared towards the development of renewable energy sources.	Long-term	Medium-high	- Proposal aimed at the development and sale of photovoltaic systems, consumer and utility scale, and the development of sustainable mobility - Acquiring increasing shares of electricity customers as a result of energy carrier switching - Development of gas networks for flexibility needs in the use of renewable gases - Increased presence in electricity distribution	ESRS 2 SBM-3
Introduction of measures requiring structural and non-structural efficiency measures.	Long-term	Medium-high	- Specific projects in the field of energy efficiency - Enhancement of advanced techniques aimed at limiting the use of primary resources in the field of: - water (reduction of water losses, reuse of water resources) - waste (initiatives to enhance recovery and recycling).	
Limits on the generation of greenhouse gas emissions.	Long-term	Medium-high	- Reducing the Group's carbon footprint with energy efficiency projects, increasing optimised consumption management and the use of zero-emission energy sources - Strengthening geothermal sources.	

In relation to climate risks identified through the long-term analysis based on TCFD recommendations, there is an allocation in the item "Other provisions" related to charges for future work on facilities involved in the 2023 flood event (see "Note 31 Provisions for risks and charges" in the Consolidated Financial Statements).

Policies and objectives

In order to manage the significant impacts, risks and opportunities related to climate change, the Hera Group has defined its purpose (art. 3 of the company bylaws), Code of Ethics, model of creation of shared value, Quality and Sustainability Policy as references.

In the Code of Ethics, in line with the company's mission, Hera's commitments to the environment are outlined, understood as a heritage to be conserved and protected from destruction, degradation and pollution. Hera recognises the environment as a primary asset and uses the most suitable technologies, tools and processes to contribute, in line with its purpose, to the ecological transition and to prevent risks, reduce direct and indirect environmental impacts and preserve natural resources for the benefit of future generations. Hera promotes its commitment to the environment to all its stakeholders. Hera intends to make a tangible contribution to a fair ecological transition capable of combining action for the climate and the environment with social inclusion.

These commitments are also set out in the Group's Quality and Sustainability Policy adopted by the Board of Directors in March 2022 and whose implementation is the responsibility of Senior Management. Hera is committed to implementing concrete actions aimed at mitigating climate change, in the awareness of the centrality of its role.

At an operational level, these commitments are broken down into procedures and instructions defined and implemented within the management systems adopted by the various companies of the Hera Group according to ISO 9001:2015, 14001:2015 and 50001:2018 standards, also extending to the value chain. In fact, within the special tender specifications with which the Group selects its suppliers for outsourced activities, in the documentation integrating the contracts themselves (General Quality and Sustainability Regulations for suppliers), as well as in the company's operational documents, specific requirements related to environmental protection are provided; among these, the reduction of climate-changing emissions and substances that deplete the ozone layer, and the pursuit of efficiency and energy saving.

The Quality and Sustainability Policy is communicated to workers through specific company notices and posted on internal notice boards, and is available to the various stakeholders by being published on the Hera Group website; the company documentation defined and implemented within the management systems is instead available through the company's internal channels and its implementation is periodically verified through specific audits.

The Hera Group's Climate transition plan also serves as internal policy to guide actions and targets with the aim of achieving net zero emissions status.

All this translates into numerous actions, both internal and external, that the Hera Group carries out in line with its model of creating shared value between the company and its stakeholders, to continue along the path towards carbon neutrality by reducing direct and indirect greenhouse gas emissions and increasing the resilience of its business activities, assets and infrastructure. This is crucial to help achieve the Paris Agreement, which aims to limit the increase in global warming to 1.5 °C above pre-industrial levels and reach 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 of its assets and in the provision of services to third parties; the development of renewable electrical and gaseous sources both within the Group and for customers and citizens; the generation of bioenergy; the recovery of heat and energy from

POLICY

E1-2

processes; the upgrading of its infrastructures and the development of technological solutions. Mitigation is then accompanied by adaptation to climate change to make infrastructures resilient to changes in the external context, minimising interruptions and disservices and guaranteeing the quality and continuity of services including in emergency situations.

The introduction of the European taxonomy of environmentally sustainable investments was welcomed by the Hera Group, given the importance of the ambitious goal of providing a common definition to all stakeholders of what can be considered sustainable from a scientific point of view. Indeed, Hera has voluntarily decided to anticipate alignment with the six objectives of the Taxonomy so as to immediately enhance its contribution to sustainable transition according to the framework provided by the Regulation. In continuity with what was carried out in 2021, 2022 and 2023, it was decided on a voluntary basis to integrate the reporting of the financial statements also with the evaluation of the share of investments in eligible activities aligned with the six environmental objectives within the 2024-2028 business plan.

With the aim of strengthening the governance of aspects relating to climate change, the following internal documents have been updated in recent years: Management System Manual, Group Risk Management Policy (guideline), Management Control Planning (guideline), Management System Management Review (procedure), Investment Authorisation Process (procedure) and Business Impact Analysis and Risk Assessment Methodology (procedure). In particular, the reference to the analysis of medium-long term climate scenarios was introduced in the Group Risk Management Policy guideline, while the Management Control Planning guidelines specify that the strategic planning process must include the medium-to-long term industrial development in line with the corporate 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 the implementation of this policy, ensuring that business practices are in line with regulations and third-party initiatives.

THE CLIMATE TRANSITION PLAN

E1-1

As a response to the challenge and urgency of climate change, in recent 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, objectives and results. This activity allowed the Group to analyse different climate scenarios with their associated risks and opportunities and to assess the resilience of its business under different assumptions of future developments.

The definition of risk management methods and the identification of initiatives to seize the opportunities arising from climate change were the preparatory steps to define greenhouse gas emission reduction targets, first with a medium-term horizon (consistent with the criteria of the Science Based Targets initiative and targeting 2030), then with a long-term horizon (2050, Net Zero ambition).

With this in mind, the Group has defined its first Climate transition plan, which describes its strategy and commitment to achieve net zero emissions by 2050, outlining key aspects and future targets in the short, medium and long term, and the actions and levers planned to promote the transition to a low greenhouse gas emission 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, envisages a 37% reduction in Scope 1 + Scope 2 + Scope 3 emissions from gas and electricity sales by 2030, compared to 2019. In detail:

- 28% absolute reduction in Scope 1+2 emissions by 2030 compared to 2019;
- increase from 83% in 2019 to 100% by 2023 of the portion of certified renewable electricity purchased to cover internal consumption;
- absolute reduction of 30% of Scope 3 emissions from gas sales by 2030 compared to 2019;
- 50% reduction in the carbon intensity index Scope 3 from electricity sales in 2030 compared to 2019.

The long-term Net Zero target, on the other hand, envisages 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 indications 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 by the end of the decarbonisation process. In particular, the greenhouse gas emission reduction targets aligned with the IPCC scenarios for achieving Net Zero are:

- Scope 1+2 + Scope 3 from gas and electricity sales: reduction of around 90% by 2050 compared to 2019;
- Scope 2: Commitment to maintain 100% certified renewable electricity purchased to cover internal consumption;
- carbon removal: commitment to neutralise residual emissions by 2050 through carbon removal tools and technologies.

Among the internal decarbonisation levers, the Group has envisaged: the installation of carbon capture and storage (CCS) technologies on several waste-to-energy plants (Scope 1), first and foremost the Ferrara plant, which will be the first industrial-scale example of carbon capture and storage applied to a plant of this type in Italy; maintaining total coverage of internal electricity consumption with certified renewable energy (zeroing emissions Scope 2); the progressive electrification of the customer base, with the consequent supply of energy from renewable sources (>75% by 2050) and proposing energy-saving and photovoltaic energy production solutions (Scope 3).

On the external side, the trends towards electrification and more efficient consumption, the penetration of renewable sources and the introduction of renewable gases into the national energy mix will favour the decarbonisation of the system as a whole, thus supporting a further reduction in the emissions included in Hera's inventory.

Finally, the Group's Net Zero strategy is completed by the use of carbon dioxide removal tools from the atmosphere 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 compromise the medium and long-term reduction targets, but rather residual emissions that cannot be eliminated by 2050 and will be managed with these tools (waste-to-energy plants on which it is currently expected that carbon capture systems cannot be installed, cogenerators and thermal power plants serving district heating, methane gas leaks from the distribution network.)

Based on the reporting required by the European taxonomy of sustainable investments (Regulation 852/2020), the eligible investments aligned with the development of the levers and actions described in the Climate transition plan and envisaged in the 2024-2028 business plan amount to approximately 1,117.0 million euro.

The Climate transition plan has been approved by the Board of Directors of Hera Spa, responsible for Group policies, as an integral part of the company strategy. This confirms the commitment to chart a development path for the Group that is consistent with the company purpose (and therefore also with the explicit objective of contributing to climate neutrality) and towards ever greater sustainability and resilience of its business, fully integrating climate issues into its strategy and daily operations. The plan includes a feedback mechanism from the supervisory bodies, also through approval by the annual Shareholders Meeting.

Taken together, all the commitments made certify the Board of Directors' intentions to pursue the paths outlined for the European Union's climate neutrality by 2050, allowing the Group to fully align its work with the transition outlined by the sustainable development goals that the United Nations Agenda has set for 2030.

In 2024, the Hera Group invested 9.9 million euros in gas-related economic activities, and made no investments (0.0 million euro) related to coal and oil. Gas-related investments refer to activity 4.30 High-efficiency cogeneration of heat/cold and electricity from fossil gas fuels, as defined by the European taxonomy of sustainable investments.

Finally, it should be noted that the Hera Group does not fall within the criteria for exclusion from the EU benchmarks aligned with the Paris Agreement, defined by Article 12 of Delegated Regulation 2020/1818.

The sustainability objectives relating to climate change are defined annually on the basis of planning and control processes consolidated at Group level aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives accompanied by quantitative targets whenever possible.

Below are the main objectives and commitments related to climate change (What we will do) accompanied by a description of the progress achieved in relation to the objectives published in the 2023 Non-financial statement (We said we would do, We did).

These objectives are aimed at managing climate change and addressing its relevant impacts, risks and opportunities. They are presented below in the context of creating shared value as set out in the policy on climate change: promoting energy efficiency, energy transition and renewables, mitigating climate change, and resilience and adaptation.

HERA'S COMMITMENT (OBJECTIVES AND RESULTS)

E1-4

WHAT WE SAID WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

PROMOTING ENERGY EFFICIENCY

9% reduction in Group energy consumption by 2027 and 10% by 2030, compared to 2013.

8.0% reduction in energy consumption by the end of 2024 (7.6% by 2023), compared to 2013, thanks to the Group's actions.

10% reduction in energy consumption by 2028 compared to 2013 (297,957 TOE), through the energy improvement plan involving ten Group companies.

42% customers by 2027 and 43% by 2030 with at least one energy-saving gas and electricity offer, such as the Consumption Log.

39.9% of family free-market customers by 2024 with at least one energy saving offer for gas and electricity, such as the Consumption Log (there were 35.7% in 2023).

Further increase the number of customers with at least one gas and electricity energy saving offer, such as the Consumption Log.

Continue with energy efficiency measures in public lighting, LED light bulbs 61% by 2027.

Energy efficiency measures in public lighting continued in 2024: 52.9% of light bulbs are LED (this figure was 45.3% in 2023).

62% LED lighting points of the 658,000 managed by 2028, through energy efficiency measures in public lighting.

ENERGY TRANSITION AND RENEWABLES

56% renewable electricity sold on the free market in 2027.

49.1% renewable electricity sold on the free market in 2024 (it was 42.6% in 2023).

58% renewable electricity sold by Hera Comm and subsidiaries to free market customers out of 12.7 thousand MWh by 2028.

184 GWh renewable gas produced by 2027 (200 GWh by 2030), through:

- 17 million cubic metres/year of biomethane production by 2027 through anaerobic digestion plants for the organic fraction of sorted waste collection and the power-to-gas plant at the Bologna Corticella purification plant;

95.4 GWh of renewable gas produced in 2024 thanks to 10.1 million cubic metres of biomethane from organic waste (8.5 million in 2023).

At the Bologna Corticella purification plant, all design phases of the power-to-gas plant works were completed and works started.

147 GWh of renewable gas produced by 2028, through:

- the development of biomethane: 111 GWh of production (11.7 mln cubic metres) by 2028 through anaerobic digestion plants of the organic fraction of sorted waste collection and the power-to-gas plant at the Bologna Corticella purification plant;

- 770 tonnes/year hydrogen production by 2027 thanks to the construction by 2026 of plants at the decommissioned landfill in Modena and the waste-to-energy plant in Trieste.

The design of the green hydrogen production plants has been started, the authorisation procedures are now being completed and the tenders for their construction are about to be launched.

- 770 tonnes/year hydrogen production by 2028 thanks to the construction by 2026 of plants at the decommissioned landfill in Modena and the waste-to-energy plant in Trieste.

Internal and external development of photovoltaics by 2027: - 152 MW installed photovoltaic capacity; At Hera sites and other areas (exhausted landfills, hydro and photovoltaic plants, agrivoltaic parks, energy parks, etc.); - 150 MW, photovoltaic power of devices sold and development of energy communities.	Internal and external development of photovoltaics: - 5.3 MW installed capacity by 2024 and continued work on the installation of 79 MW at Hera sites and in other areas (water cycle plants, agrivoltaic parks, hydrogen valley, exhausted landfills and energy parks); - over 2,500 photovoltaic systems sold to Group customers by 2024 since the offer was launched, for a total of 13.8 MW (there were about 2,400 in 2023, for 13.3 MW). The collaboration between Hera Comm and municipal administrations and condominiums continues, providing support for the development of renewable energy communities.	Over 300 MW of 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.
Develop smart grids to encourage the electrification of consumption, and increase the capacity of the electricity grid to receive and manage energy from renewable sources): - construct five primary and 20 secondary substations; - upgrade a primary substation and robotise or upgrade 1,280 secondary substations; - construct two new medium-voltage lines at two primary substations.	In 2024: - Work continued on the construction of the first three primary substations and the design of a further two primary substations and six secondary substations was completed; - one primary substation was upgraded with a hosting capacity increase of 6 MW, robotised 72 secondary substations and upgraded a further six secondary substations with a hosting capacity increase of 1.3 MW; - construction work began on the two new medium-voltage lines at two primary substations.	Develop smart grids to encourage the electrification of consumption, and increase the capacity of the electricity grid to receive and manage energy from renewable sources): - 34 primary substations operated by 2028 (compared to 26 in 2023); - revamping of 20 secondary substations by 2028; - 1,300 robotised secondary substations by 2028 (compared to 1,038 in 2023).

CLIMATE CHANGE MITIGATION

Reduction of the Group's greenhouse gas emissions by 2030 with SBTi (Science Based Targets initiative) method compared to 2019 emissions:	Reduction of the Group's greenhouse gas emissions by 2024 compared to 2019 emissions:	32% reduction of the Group's SBTi greenhouse gas emissions to 2028 compared to 2019 emissions (11.8 mln t CO ₂ e), due to internal and customer decarbonisation initiatives.
-28% Scope 1 and Scope 2;	-20% Scope 1 and Scope 2;	
100% electricity from renewable sources for household consumption;	100% electricity from renewable sources for household consumption;	
-30% Scope 3 from downstream gas sales;	-15% Scope 3 from downstream gas sales (excluding services of last-resort gas)	
-50% carbon intensity index of electricity sales.	-31% carbon intensity index of electricity sales.	
In brief: -37% reduction in greenhouse gas emissions by 2030 compared to 2019.	In brief: -14% reduction in greenhouse gas emissions by 2030 compared to 2019 (excluding last-resort gas markets).	
Define the Net Zero commitment for the Hera Group and the 1.5 °C Climate transition plan.	Published the 1.5 °C Climate transition plan with the Hera Group's Net Zero Commitment.	~90% reduction of the Group's greenhouse gas emissions by 2050 compared to 2019 (11.8 mln t CO ₂ e), including by removing all remaining emissions, to achieve Net Zero.

RESILIENCE AND ADJUSTMENT

Resilience and adaptation of the electricity service to climate change: 67.5 km of grid upgraded by 2024, representing 100% of the total Electricity Resilience Plan in the Province of Modena.

Resilience and adaptation of the electricity service to climate change: 61.5 km of upgraded network, representing 91.2% of the overall Electricity Resilience Plan.

Electricity service resilience:
- 67.5 km of grid upgraded 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 of the gas service: 2,055 gas sensors for monitoring landslide events installed as of 2028 (there were 120 as of 2024).

Resilience of the sewerage and purification service:

- 28 interventions to upgrade the sewerage networks and lifting systems by 2026.
- Start of the implementation of the urban drainage master plan in Ravenna.
- Numerous interventions to move sewer networks at risk of overflowing, and to build new pipelines and lifting systems in the Marche region.

Actions and resources

Below are the main actions carried out, in progress 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, mitigation of climate change and resilience and adaptation.

MAIN ACTIONS

BRIEF DESCRIPTION

PROMOTING ENERGY EFFICIENCY

Energy Improvement Plans	Planning and implementation of interventions in the various business areas in which Hera operates, aimed at achieving energy savings within the Group
Energy efficiency for families	Offering services that enable households to monitor and reduce their consumption
Energy Efficiency for Condominiums, Businesses, and Public Administrations	Offering energy efficiency services to apartment buildings, corporate clients and public administrations

The Group has set itself the challenging goal of reducing energy consumption by 10% by 2030 compared to 2013 (to be achieved by 2028), with an energy improvement plan as part of the ISO 50001 energy management systems with specific actions to be implemented. This objective is calculated as the average of the objectives that the following ISO 50001 certified companies have defined for their own areas: Hera Spa, Inrete Distribuzione Energia, AcegasApsAmga, Marche Multiservizi, Herambiente, Herambiente Servizi Industriali, HestAmbiente, Frullo Energia Ambiente. These companies are joined by Aliplast and Biorg.

To date, significant energy savings have been achieved in the water cycle, thanks to the optimisation of purification plants and aqueduct systems, in district heating, through maximising heat recovery on existing cogenerators, including with innovative solutions such as the installation of heat pumps, and in gas distribution networks, through the revamping of thermal power plants for preheating. Other interventions are being carried out in treatment and recycling plants, locations, and environmental vehicles and services.

The 767 interventions carried out at the end of 2024, and included in the Energy Improvement Plan from the base year, allowed a saving of over 24,000 TOE, equal to 8.0% of base year consumption, thus reaching the target set for 2022 (7.4%).

These savings can be equated to the annual energy consumption of about 20,000 typical households (four people consuming 2,700 kWh and 1,200 cubic metres of gas) and to lower greenhouse gas emissions of 45,500 tonnes (rising to 48,000 tonnes considering the interventions identified to be implemented in the coming years).

The commitment of Hera Comm and its subsidiaries to the energy efficiency of its household customers is confirmed in 2024 with the offer of various value-added services and products for monitoring and reducing consumption.

All free-market customers can request activation of the Consumption Log free of charge (either directly when activating the contract or later independently via the online services or the MyHera app). This is a digital service that allows you to consult detailed and personalised overviews of your consumption, useful for monitoring it, understanding your consumption habits and identifying energy saving opportunities.

The Hera Led option allows the purchase of up to two kits of ten high-efficiency LED bulbs per contract, with energy savings of up to 80%. The Hera Led Smart offer includes LED bulb kits with advanced functionality and user experience, such as remote switching on and off and colour and intensity modification.

Hera Thermo is the product that allows efficient gas consumption related to home heating thanks to the installation of a smart thermostat that allows remote control of the system.

ENERGY IMPROVEMENT PLANS

ENERGY EFFICIENCY FOR FAMILIES

The Hera Clima and Hera Caldaia options also continued, offering the sale and turnkey installation of high-efficiency heat pump air conditioners and latest-generation condensing boilers or hybrid boilers with heat pumps (for which it is possible to benefit from the tax deductions provided) respectively.

Free market households end of year contracts with energy efficiency solutions

%	2024	2023
Electricity contracts at the end of the year with at least one solution for saving electricity (% of total free market household contracts)	46.6%	40.0%
Gas contracts at the end of the year with at least one solution for saving gas (% of total free market household contracts)	34.3%	31.9%
Electricity and gas contracts at the end of the year with at least one energy-saving solution (% of total free market household contracts)	39.9%	35.7%

The data does not include the company AresGas.

By 2024, free market contracts with at least one energy efficiency service will exceed 1.1 million, representing 39.9% of the total (approximately 2.8 million), an increase of 24% compared to 2023 (approximately 910 thousand). This indicator is calculated by excluding contracts for graduated protection, vulnerability protection, safeguard, default and last resort supply services as, by their nature, it is not possible in these markets to propose offers aligned with the Group's business strategy.

Thanks to the sale of energy efficiency services and products, in 2024 it is possible to estimate a benefit in terms of saved greenhouse gases equal to approximately 16,600 tonnes (which rises to 19,900 tonnes considering the sales forecast for 2028).

ENERGY EFFICIENCY FOR CONDOMINIUMS, BUSINESSES AND PUBLIC ADMINISTRATIONS

The Hera Group, through its subsidiaries Hera Servizi Energia (HSE), actively operates in the energy efficiency sector with a wide range of services, mainly addressing condominiums, large industrial customers and the public administrations.

With regard to the energy requalification of apartment buildings, HSE carries out work on opaque and transparent surfaces as well as developing thermoregulation systems and modernising thermal or electrical energy production units through the installation of renewable systems (solar thermal and photovoltaic) and high-efficiency thermal power plants. Condominiums that carried out simultaneous energy upgrades on surfaces combined with the upgrading of thermal energy production units achieved savings from 30% to over 50% of consumption. During 2024, HSE managed a total portfolio of around 900 energy-retrofitted apartment buildings, with an improvement of at least two energy classes, divided between energy services and retrofitting works, slightly down on previous years (1,600 in 2023) due to the end of tax breaks for the sector.

As far as services to companies are concerned, HSE offers multi-year contracts for services to decarbonise consumption through the construction and operation of photovoltaic renewable energy production units, co/trigeneration plants and high-efficiency thermal power plants dedicated to guaranteeing the primary energy needs of customers. As of 2024, there are active decarbonisation contracts with 27 clients and a portfolio of plants managed by HSE consisting of four photovoltaic production units, 22 co/trigeneration plants and 12 thermal power plants. For some of its portfolio customers, HSE performs several services simultaneously by combining several energy efficiency technologies at the same industrial site.

In the public administrations market, HSE operates through tenders for works and integrated services, including those relating to public-private partnership proposals, a contractual formula that allows for significant investments aimed at reducing greenhouse gas emissions through the production of renewable electricity via photovoltaic systems, the production of efficient thermal energy via solar systems, new condensing boilers and heat pumps, as well as reducing the energy needed to maintain the comfort of buildings by insulating the building structures with thermal insulation and replacing windows and doors with higher performance ones. Savings from 6 to 74% can be achieved with several interventions, based upon consumption and interventions already carried out on buildings, and which can be combined with the seismic upgrading of buildings.

In addition, Hera Luce and Marche Multiservizi manage 645,000 lighting points ensuring the efficiency of the public lighting service in 226 municipalities in 12 regions: Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche, Umbria, Lombardy, Lazio, Tuscany, Piedmont, Abruzzo, Sardinia and Valle d'Aosta. In some local areas, traffic light installations are also operated, with a total of around 8,500 traffic light lanterns, a decrease compared to previous years due to the numerous roundabouts being built.

LIGHTING POINTS AND TRAFFIC LIGHTS MANAGED

NUMBER	2024	2023
Municipalities served (no.)	226	208
Lighting points at 31/12 (no.)	645,115	642,830
of which LED (%)	52.9%	45.2%
of which with management systems for optimising consumption (%)	82.9%	80.3%
Traffic lights	8,563	10,342
of which LED (%)	70.0%	60.7%

In 82.9% of the lighting points operated by the two companies, management systems for optimising consumption (intensity reduction, partial switch-off, etc.) are in operation. LED lamps are used in 52.9% of the lighting points. Finally, 91.8% of lighting points use energy-saving bulbs (non-mercury vapour lamps, class G according to the application of the energy qualification system developed by Hera Luce on the basis of minimum environmental criteria).

Thanks to energy efficiency activities in third-party buildings by Hera Servizi Energia and on public lighting by Hera Luce and Marche Multiservizi, savings of 28,000 tonnes of greenhouse gases will be saved in 2024. The measures planned to be implemented over the next few years will result in an estimated benefit of 87,000 tonnes of saved greenhouse gases.

Based on the reporting required by the European Taxonomy (Regulation 852/2020), eligible investments related to the promotion of energy efficiency in 2024 amount to 3.6 million euro. Eligible investments in the 2024-2028 Business Plan amount to 36.2 million euro.

MAIN ACTIONS**BRIEF DESCRIPTION****ENERGY TRANSITION AND RENEWABLES**

Biomethane development	Production of biomethane for automotive and public transport and construction of new plants
The development of hydrogen	New business opportunities in hydrogen development for its use in the civil, public transport and hard-to-abate sectors
Development of photovoltaics	Installation of photovoltaic systems on owned and off-site sites
Renewable energy for our customers and the development of energy communities	Provision of electricity from certified renewable sources and the development of energy communities
The development of smart grids	Development of smart grids to foster the electrification of consumption and increase the capacity of the electricity grid to receive and manage energy from renewable sources, including through the construction and robotisation of new substations.

In 2024, total biomethane production reached 10.1 million cubic metres, corresponding to 95.4 GWh. Of these, 7.4 million were produced by Herambiente's Sant'Agata Bolognese plant and 2.7 million by the subsidiary Biorg's Spilamberto plant. This production was made possible through the treatment of approximately 167,000 tonnes of municipal organic waste, lignocellulosic waste, sludge and other liquid agro-industrial waste. The biomethane produced was fed into the grid and destined for automotive use.

At the Bologna Corticella purification plant, an innovative power-to-gas plant closely integrated with the municipal wastewater treatment process is under construction, where it will be possible to produce additional biomethane. The expected benefit in terms of saved greenhouse gas emissions from this project will be approximately 1.5 thousand tonnes per year.

Thanks to the biomethane produced in 2024, it is possible to estimate a benefit in terms of saved greenhouse gases equal to approximately 20,700 tonnes (which rises to 25,400 tonnes considering the production forecast for 2028).

The Hera Group is evaluating new business opportunities in the development of hydrogen for use in the civil, public transport and hard-to-abate sectors.

In Modena and Trieste, activities have been launched to convert disused industrial areas into new hydrogen valleys, with the aim of reaching an annual production of 770 tonnes of green hydrogen, of which 370 tonnes will come from Modena and 400 tonnes from Trieste (corresponding to approximately 25.7 GWh). Hydrogen production is expected to start in 2026; when production is fully operational, it will be possible to achieve an estimated benefit in terms of saved greenhouse gases equal to approximately 11,700 tonnes.

In Castelfranco Emilia, also in the province of Modena, activity continues regarding the introduction of hydrogen into urban gas distribution networks, where Inrete Distribuzione Energia has started the first national experiment with hydrogen for civil use, with two temporary injections at the end of 2022 and the end of 2023. This can make a real contribution to decarbonising household consumption and reducing energy dependency on traditional fossil fuels. In particular, in January 2025 the specific Operational Protocol was signed between Inrete Distribuzione Energia, the Ministry of the Environment and Energy Safety and the Italian Gas Committee to verify the feasibility of using hydrogen-natural gas mixtures with increasing percentages of hydrogen between 5% and 10% in the network to supply

**BIOMETHANE
DEVELOPMENT****THE
DEVELOPMENT
OF HYDROGEN**

household gas users. This Protocol envisages two additional hydrogen-natural gas mixtures to be injected in Castelfranco Emilia by May 2026, the first of which will be 5% hydrogen. The use of natural gas-hydrogen mixtures in the grid can make a tangible contribution to decarbonising household consumption and diversifying energy sources, reducing the energy dependency that characterises traditional fossil fuels.

DEVELOPMENT OF PHOTOVOLTAICS

Several photovoltaic plants of various sizes are installed at various Hera Group sites, with a total capacity of approximately 4.1 MW by 2024. Thanks in part to the creation of the Renewable Energy business unit, the Hera Group is intensifying its commitment in this area through initiatives of various types and sizes: traditional photovoltaic, floating photovoltaic, agrivoltaic, green hydrogen, development of energy parks and plants on Group sites, exhausted landfills, water cycle plants.

Here are the main developments in 2024:

- work is nearing completion on the installation of plants at the Hera offices in Modena and Ravenna, with start-up scheduled for the beginning of 2025, and in Forlì, with completion scheduled for the summer of 2025, for a total capacity of 1.9 MW, and the 9 MW photovoltaic park in Bondeno (Ferrara), with completion scheduled for the beginning of 2025;
- ongoing initiatives at some of the main water cycle plants, such as the Santa Giustina (Rimini) purification plant and the San Vitale aqueduct plant in Calderara di Reno (Bologna) for a total of 6.1 MW, with start-up scheduled for the first half of 2026;
- the Horowatt project, a company set up with Orogel in Cesena, has completed the authorisation process for the 5 MW agri-voltaic plant and is expected to finish work in early 2026;
- the construction phase has begun for the hydrogen production plants at the hydrogen valleys in Trieste (5 MW) and Modena (6.3 MW, in collaboration with Snam) with completion scheduled for the end of 2025;
- two plants have been authorised on the depleted landfills of Castel Maggiore (Bologna) and Ravenna, for a total of 11.7 MW, with start-up scheduled for the first half of 2026;
- authorisation has been obtained from the energy park in Faenza (Ravenna) (14 MW), with the aim of completing the project by mid-2026 (the deadline set by the NRP);
- at the date this report was drafted, the increase in power from 14 to 20 MW and its connection according to a direct connection model with an energy user (simple production and consumption system) is under development.

With regards to the Horowatt project in Cesena, it should be noted that it will be an advanced agrivoltaic system covering an area of about 10 hectares, capable of producing about 8 GWh of renewable energy each year, 80% of which will be self-consumed by the Orogel factories, with the remainder being fed into the grid. Thanks to this initiative it will be possible to experiment with a virtuous coexistence between agrivoltaic technology and agricultural crops, without soil consumption and creating synergies with the crops, which will be protected from excessive temperatures and will benefit from higher soil humidity. In fact, the photovoltaic panels will be mounted at a height of about three metres so that all agricultural activities can be carried out underneath. They will also be oriented to follow the sun's rotation, guaranteeing maximum production efficiency, as well as responding to specific agricultural needs, to the benefit of the crops below.

For details on energy parks, please refer to the chapter Biodiversity and Ecosystems.

It should be noted that contributions from the NRP were obtained for the plants at Horowatt, Hydrogen Valley and Energy Park Faenza.

In addition to these initiatives, several photovoltaic systems were installed by HSE at corporate customers (1.0 MW) and public administrations (150 kW). The total capacity of photovoltaic systems installed at Group or third-party sites and plants by 2024 thus reaches approximately 5.3 MW, remaining stable compared to 2023..

Thanks to the electricity produced by photovoltaic systems, in 2024 it is possible to estimate a benefit in terms of saved greenhouse gases equal to approximately 2,500 tonnes (which rises to 68,100 tonnes considering the production forecast for 2028).

RENEWABLE ENERGY FOR OUR CUSTOMERS AND THE DEVELOPMENT OF ENERGY COMMUNITIES

Also in 2024, Hera Comm and its subsidiaries ensured solutions to reduce customers' carbon footprint through the supply of electricity from renewable sources (certified through Guarantee of Origin).

In 2024, 7,003.4 GWh of renewable energy was supplied to the free market, accounting for 49.1% of the total sold (it was 42.6% in 2023). Of these, 6,454.3 GWh were covered by Guarantee of Origin (GO) certificates, while the remainder is represented by the residual share of renewable electricity present in the national complementary energy mix.

Renewable electricity sold

GWH	2024	2023
Renewable electricity sold	7,003.4	5,449.6
Electricity sold on the free market	14,257.1	12,795.3
Renewable electricity sold (% of volumes sold on the free market)	49.1%	42.6%

The calculation takes into account the Guarantees of Origin purchased by Hera and, for the remaining part of electricity, the latest GSE data available relating to the national complementary energy mix. The final balances for the years prior to the reporting year have been updated on the basis of the latest GSE data available at the time the Financial Statements were drawn up. The data does not include the company AresGas.

In detail, consumption covered by renewable electricity is 87.0% for the household segment, 76.9% for apartment buildings, 36.1% for companies and 24.0% for the Consip segment.

Hera Comm's range of offers also includes the Hera Photovoltaic option, which allows the purchase of photovoltaic systems through a turnkey service starting from the technical inspection to the management of administrative and fiscal practices. In 2024, 115 photovoltaic panels were sold for a total installed power of 525 kW. The total since the start of the offer is 2,542 systems, with a capacity of 13,801 kW.

Thanks to the sale of renewable electricity on the free market and photovoltaic panels, in 2024 it is possible to estimate a benefit in terms of saved greenhouse gases equal to approximately 3.4 million tonnes (which rises to 3.5 million tonnes considering the sales forecast for 2028).

The Hera Group continues its commitment to promoting renewable energy also in the area of widespread self-consumption, accompanying the various stakeholders interested in producing and sharing energy locally. These initiatives are part of the Group's broader energy transition strategy and encourage the construction of new renewable generation facilities, generating shared value for local communities. The evolution of the relevant regulatory framework and the definition of operating rules by the GSE has enabled the possibility of developing new configurations for widespread self-consumption, with dedicated incentives for virtual energy sharing between producers and end customers.

During 2024, Hera Comm intensified its collaboration with several municipal administrations, providing support to 12 municipalities to participate in the Emilia-Romagna Region's call for tenders for the Support for the Development of Renewable Energy Communities (REC). In particular, technical-economic feasibility projects were drawn up in order to assess the potential development of new photovoltaic plants to serve the established RECs. Support was also provided to founding members preparatory to the establishment of three new legal entities in the Emilia-Romagna region. These projects envisage the potential construction of individual plants of less than 1 MW, both on the ground and on the roofs of municipal buildings, assuming the involvement of about 3,000 household users.

In the field of collective self-consumption, Hera Comm, capitalising on the experience gained with the first pilot projects in the Bologna area (four in total, one of which is already operational, two completed and one whose work is in the start-up phase), continues to offer itself to condominiums as a strategic partner, accompanying them in all phases of the project: from the initial design to the construction of the condominium photovoltaic system, also supporting the condominium both in the establishment of the collective self-consumption group, and in the request for access to incentives, as well as in the long-term technical-administrative management of the configuration.

Hera Comm will continue to support apartment buildings, companies and public administrations in launching their first energy sharing projects, seeking to take advantage of all the opportunities that may be available at the national (for example through the NRP) or regional level for the construction of production plants and the development of configurations.

Hera and Gridspertise, an Enel Group company dedicated to the digital transformation of electricity grids, have signed a collaboration agreement aimed at developing the smart grids of the future. The agreement provides for the testing of an integrated system for collecting and measuring data from the Hera Group's gas meters and Gridspertise's electricity meters. The gas-electricity multi-service integration tests will be carried out in Italy on the network operated by Inrete Distribuzione Energia. With this activity, the two companies will combine their expertise and achieve technical synergies in the area of network digitisation. In particular, Hera will be able to draw on its experience in the field of smart gas meters, while Gridspertise will provide its most innovative solutions for the integrated management of measurement data for the development of new smart and sustainable networks to accelerate the digital transformation of electrical infrastructures. The result is a package of network management solutions whose key element consists in facilitating the energy transition.

In Trieste, AcegasApsAmga is also carrying out work on the electricity distribution network to enable the increase in electrification of end consumption and increase the hosting capacity of the networks, i.e. the system's capacity to accommodate additional electricity generated from renewable sources. The proposed actions aim to guarantee a solid development basis for initiatives aimed at ports (cold ironing, advanced logistics platforms, integration of renewable energy sources) and the related integration into the urban fabric with its own requirements, all in conjunction with developments set out in Terna's strategic plan for the reinforcement of the high voltage electricity grid in the Trieste area. In the course of 2024, deliveries of new, more powerful medium-voltage transformers were completed and work began on the laying of new medium-voltage lines and the construction of the new primary substation in Roiano.

In this area, at Group level, in 2024, one primary substation was upgraded (resulting in an increase in hosting capacity), work began or continued on the construction of three new primary substations, construction work began on two new

medium-voltage lines at two primary substations, planning was completed for a further two primary substations and six secondary substations, and 78 secondary substations were automated or upgraded (resulting in an increase in hosting capacity). By 2024, a total of 1,430 secondary substations will be automated.

Based on the reporting required by the European Taxonomy (Regulation 852/2020), eligible investments related to biomethane and photovoltaic development in 2024 amount to 10.7 million euro. The eligible investments foreseen in the 2024-2028 Business plan relating to the development of biomethane and photovoltaic energy, on the other hand, amount to 203.2 million euro. Also worth mentioning are the planned investments in hydrogen development, amounting to 33.0 million euro, for which the eligibility assessment has not yet been carried out.

MAIN ACTIONS

BRIEF DESCRIPTION

RESILIENCE AND ADJUSTMENT

The resilience of networks and facilities

Interventions for the resilience of plants, electricity and gas distribution networks and the sewerage and purification system.

EVALUATION OF HYDRAULIC RISK AND GROUP ASSET FLOODING FOR INSURANCE PURPOSES

As part of its risk analysis, a risk assessment project called Climate Change Hydraulic Risk Analysis was carried out in 2022. The aim of the project was to investigate the hydraulic risk, in terms of material damage and interruption of operations, to which the Hera Group's physical assets (plants and infrastructures) may be subjected by assessing their exposure to both the current and hypothetical future climate situation, which will influence rainfall, as well as the frequency and severity of extreme events such as floods. The result of the project was to provide the Group companies with a series of tools to support decisions aimed at increasing resilience to flooding events.

RESILIENCE OF ELECTRICITY GRIDS

Inrete Distribuzione Energia has developed a multi-year work plan to increase the resilience of the electricity system towards ice and snow formation, according to ARERA guidelines. The plan consists of 54 interventions aimed at reducing the risk of power outages and upgrading power supply lines, and involves 12 municipalities in the Modena Apennines. By 2024, 49 interventions had been completed, totalling 61.5 km of medium-voltage lines (there were 42 at the end of 2023), which corresponds to 91.2% of the planned total, with a further four in the authorisation phase. The reduction in the number of interventions compared to the target is linked to the different modalities for the authorisation processes introduced in July 2023 and stabilised in July 2024.

The risk identification and assessment processes on the basis of which the priority interventions carried out and yet to be carried out in this area are identified refer to the criteria set out in ARERA resolutions 668/2018/R/EEL and integrated according to the directions contained in the Note of the Ministry of Economic Development of 30 November 2017, relating to the guidelines for the prevention and management adverse weather events.

In 2025, Inrete Distribuzione Energia will also begin additional work planned as part of the NRP (M2C2.2.2), funded by the European Union (NextGenerationEU fund). The project will affect approximately 12.3 km of the electricity distribution network in the municipalities of Imola (Bo), Mordano (Bo), Pavullo nel Frignano (Mo) and Zocca (Mo), and aims to reinforce the medium voltage network, focussing mainly on the weakest sections of the trunkline that currently compromise both the resilience and the capacity of the network to which they are connected to the thermal limit. These interventions will have a positive impact on a total of 83.9 km of the distribution network and 222 nodes of the same, in the municipalities of Guiglia (Mo), Imola (Bo), Montese (Mo), Mordano (Bo), Pavullo nel Frignano (Mo) and Zocca (Mo), involving four primary substations to which 861.3 km of network are subtended. It will also be possible to reduce the environmental impact of the lines themselves thanks to the reduction of the first approximation distances (FAD) since, depending on the sections replaced, there will be a reduction in the areas subject to electromagnetic fields.

The identification and risk assessment processes on the basis of which the priority interventions carried out and yet to be carried out in this area are identified are based on the criteria set out in the above-mentioned ARERA resolutions, as well as taking into account the interventions that maximise the criteria set out in the M2C2.2.2 announcement of the NRP, with particular reference to the relationship between the network on which the interventions are carried out and the network that benefits from these interventions, identifying them by means of the computerised modelling and mapping systems of the electricity distribution network.

In addition, the various projects in favour of the resilience of the electricity grids also include new operational modes of remote inspection and management, such as the use of drones and the robotisation and extension of remote control of secondary substations.

INTERVENTIONS IN GAS AND ELECTRICITY NETWORKS TO DEAL WITH HYDROGEOLOGICAL INSTABILITY

In the face of the adverse climatic events and hydrogeological instability situations encountered in the Emilia-Romagna area, in recent years an intense collaboration has been undertaken between the company Inrete Distribuzione Energia, the Region of Emilia-Romagna and the Civil Protection Department with the aim of allocating some funds to restoring emergency situations and increasing synergies between infrastructure managers and public bodies. In fact, Inrete Distribuzione Energia manages electricity and gas networks in foothills and mountainous areas, which are often subject to instability; this makes it necessary and desirable to work closely with the organisations responsible for safeguarding the local area.

The Civil Protection Department is in charge of carrying out a preliminary reconnaissance phase to intercept possible problems on the regional area. Following the collection of reports, which may come from infrastructure management bodies, municipalities, public authorities and reclamation consortia, the proposed interventions are examined and, if successful, financed.

Between 2019 and 2021, a total of 22 interventions (19 in the gas sector and 3 in the electricity sector) were brought to the attention of the Emilia-Romagna Region for the possible award of a total of 3.9 million euro in funding covered by the Region. Of these interventions, 18 received approval for regional contribution, totalling 2.7 million euro. Of the four interventions not financed by the Region for which an application was made, two were nevertheless completed with internal financial resources.

In the two-year period 2023-2024, a number of adverse climatic events occurred (flooding and land disruption in the Emilia-Romagna region) that caused damage to the assets managed in the gas and electricity distribution sector. In particular, following the flood event of May 2023, damage restoration works, classified as emergency and safety works, for which a contribution was also requested on the basis of the Decrees of the Extraordinary Commissioner for the emergency, are currently underway. As of 2024, emergency works (estimated at approximately 5.3 million euro in total) were approximately 65% completed, while safety works (approximately 11.6 million euro) were approximately 35% completed.

Further adverse climatic events between October 2023 and October 2024 caused additional damage to the restoration, for which works estimated at around 1.3 million euro on the assets of the gas distribution service and 188 thousand euro for the electricity distribution will be necessary. For some of the necessary interventions a specific survey was carried out in order to obtain financial support from the Emilia-Romagna Region. In Tuscany, where Inrete Distribuzione Energia manages the gas distribution service, damage was also quantified at an estimated 60,000 euro.

The processes of risk identification and assessment on the basis of which the priority actions carried out and yet to be carried out are identified, where not developed in the immediate managerial/operational need due to the obvious causes of unforeseeable events that have occurred, are also implemented with the aid of predictive computer applications. Such software, capable of interpolating data from measurements provided by landslide monitoring systems, provides useful data and elements to feed network flow simulation systems, thus testing possible fluid-dynamic impacts resulting from any critical incident.

Finally, 120 gas sensors for monitoring landslide events will be active by 2024.

The resilience of the sewerage and wastewater treatment system is a crucial aspect to ensure sustainability and efficiency in the management of the integrated water service. The sudden evolution of the climatic scenario and the consequent increased frequency of extreme weather events in recent years have highlighted the need for a major coordination effort between all the stakeholders involved in the planning, programming and management of the hydrographic network (basin authorities, regions, drainage consortia, integrated water service managers, municipalities).

In this area, in Emilia-Romagna Hera Spa carries out the collection and conveyance of wastewater into the sewerage system, treatment through wastewater purification plants and the operation and ordinary maintenance of the stormwater network according to management specifications for five areas out of six (excluding Forlì-Cesena, whose stormwater network management will start in 2025).

In the field of wastewater collection and conveyance, Hera Spa manages 15,148 km of sewerage network in six local areas in Emilia-Romagna, divided as follows:

- 7,791 km of mixed network (51% of the total);
- 2,738 km of white network (18% of the total), managed under the specifications in five out of six areas;
- 4,620 km of black network (31% of the total).

The identification and assessment of risks is managed annually through the Enterprise Risk Management process, within which both risks and mitigation actions are identified and risk events and their impact are verified. In 2024, the risk scenario related to the suspension of water distribution due to natural events was integrated with the issue of flooding events, assessing potential reputational and sanitation repercussions of a prolonged suspension of water supply, sewerage and purification services due to flooding events (landslides/flooding).

As part of the actions aimed at increasing the resilience of the sewage-depuration system, the aspects related to integrated planning for urban drainage systems are highlighted, through the setting up of shared tables with stakeholders and the numerous interventions to mitigate hydraulic risk and reduce eddy flows within the sewage-depuration systems of the integrated water service.

In terms of operational activities, the correct management of the sewerage and purification systems is ensured, thanks to the extensive remote control coverage of the lifting and purification systems, as well as the ordinary management and maintenance activities.

In the years 2023 and 2024, following the floods that hit the local area of Emilia-Romagna, numerous interventions were launched to restore and make safe the damaged plants and networks (reconstruction of collectors, construction and revamping of water drainage plants, upgrading of purification plants) as defined in the ordinances that followed during the two-year period. These interventions are characterised by large numbers, varying technical complexity, the need for rapid execution, coordination with authorising and other implementing entities, and significant overall value.

Also in Emilia-Romagna, numerous industrial actions and interventions are planned to mitigate the risk of flooding and improve the efficiency of sewage and purification systems, with actions to upgrade networks and lifting systems. By June 2026, 28 infrastructure measures will be implemented with NRP funds (17.6 million euro).

A master plan on urban drainage in the Ravenna area (18 municipalities) is also planned to be launched in 2025, in cooperation with the Province and relevant stakeholders. The subject of the investigation is the white and mixed sewerage networks that convey water of meteoric origin: we will proceed with the completion of the information

framework, the hydraulic modelling and the analysis of the state of the urban drainage systems to highlight their limits and functional criticalities in relation to the changed climatic scenario and the interaction with other water bodies, with the final objective of identifying the most effective interventions to eliminate or mitigate these criticalities.

Following the floods of recent years, Marche Multiservizi also carried out a detailed mapping of the damage in order to plan priority interventions.

In the area of wastewater collection and conveyance, Marche Multiservizi manages 1,898 km of sewerage network, divided as follows:

- 1,424 km of mixed network (75% of the total);
- 474 km of black network (25% of the total).

In 2023, Marche Multiservizi carried out 25 interventions in the five most affected municipalities, such as the reconstruction of the sewerage network, the cleaning of flooded areas, the repair of sewage treatment plants and the restoration of water pipes. In 2024, a redesign of the sewerage and purification networks was initiated, with new funding totalling 16.1 million euro: the main focus was on moving the sewerage networks out of areas at risk of flooding, with the construction of 5 km of new pipelines in the municipalities of Cantiano, Frontone and Serra Sant'Abbondio. In Serra Sant'Abbondio, a new purification plant is also planned. In the municipality of Pergola, the interventions aim to definitively restore the water networks. One specific project concerns Cagli, where 7 km of new pipelines and six lifting systems will be built, improving the safety and efficiency of the existing sewerage system. In line with the objectives of resilience, two interventions financed by the NRP (for a total of 3.1 million euro) are underway to eliminate the non-conformities detected by the European Community and improve the quality of wastewater treatment. The main works include the reconstruction of the Petriano sewer, extending 7 km, and the construction of a new collection system in the municipality of San Costanzo, with the laying of 6.4 km of pipeline and eight lifting stations.

FLOOD EMERGENCY MANAGEMENT IN EMILIA- ROMAGNA

In 2024, Emilia-Romagna was hit by two major floods, in particular the areas already affected by the 2023 floods. The first, which occurred in September, where the average accumulated rainfall reached peaks of over 300 mm of rain, mainly affected four reservoirs in the areas between Bologna, Ravenna and Forlì-Cesena, with the rivers Idice, Santerno, Sillaro, Senio, Lamone and Montone overflowing and over a thousand people evacuated, of which 800 in the Ravenna area alone. The second, which occurred in October, severely affected the municipality of Bologna and 20 other municipalities in the metropolitan area, four municipalities in the Modena area, Cesenatico and Bellaria-Igea Marina.

At Hera, flooding damaged an electricity substation, 14 purification plants, 26 sewage lifting systems and several portions of aqueduct, sewerage and gas networks in several municipalities in the provinces of Bologna, Forlì-Cesena and Ravenna. The first steps were geared towards restoring the service as quickly as possible. Final restoration work was then planned and largely executed.

Confronted with these emergencies, Hera took action to restore the services managed in the affected areas (gas and electricity distribution, district heating, public lighting, integrated water service, urban hygiene service and waste disposal) to normal functionality as quickly as possible. In particular, in both events, a continuous presence on the local area and at institutional tables was guaranteed, with the establishment of dedicated task forces that saw a maximum commitment in the most critical moments of about 400 resources between internal and third-party operators and over one hundred resources between environment, networks and suppliers/partners.

Overall, around 43 thousand tonnes of waste generated as a result of the flooding has been collected in the affected areas, and the collection and disposal of this waste is nearing completion.

In 2023, Law 136/23 converting Decree-Law 104/23 intervened to protect the populations affected by the May flooding events, supplementing Decree-Law 61/23 and, in particular, mandating the Authority (ARERA) to introduce facilitations of a tariff nature for the bills issued or to be issued in the months between May and October 2023 in favour of the users who had duly made a request by demonstrating that the utility or supply concerned was attached to a dwelling or premises that was compromised as a consequence of the events of May 2023, on the basis of the criteria established by the Extraordinary Commissioner. In response to this legal provision, ARERA intervened, most recently with Resolution 10/2024/R/com, introducing the operational provisions for the recognition of these tariff reductions in favour of the users concerned. ARERA set 30 June 2024 as the final deadline for submitting facilitation applications, while sellers and operators should have paid these facilitation applications by 31 October 2024, the deadline by which the adjustment invoices accounting for the amounts suspended at 31 October 2023 should also have been issued, pursuant to the earlier Resolution 390/2023/R/com.

Following the regulatory provisions introduced in 2024 (ARERA resolution 10/2024), the Group promptly activated the necessary communication channels to communicate and disclose the details relating to the new interventions in support of families and businesses, in addition to those already planned for 2023, and the channels necessary to implement the new subsidies were activated. Subject to a documented request by customers, provision was therefore made for a financial subsidy to be included in ordinary bills. The tariff concessions were actually disbursed during the third quarter of 2024. By 31 October 2024, more than 8,000 customers had been granted financial benefits.

With regard to employee involvement, the Group put in place a number of extraordinary initiatives:

- extraordinary coverage of absences caused by emergency-related inconveniences with paid leave;
- advance of severance pay for duly justified expenses linked to the emergency situation;
- strengthening of the psychological support service available under the company welfare system;

- recognition of an additional amount of remuneration to meet special service needs;
- information regarding volunteering initiatives launched by companies.

Metrics

The Hera Group's energy consumption reflects the multi-business nature of the Group, which mainly manages:

- cogeneration plants;
- waste-to-energy plants;
- turbo-expanders;
- geothermal heat recovery systems.

The following table shows the organisation's internal energy consumption calculated in megawatt-hours (MWh) from data collected mainly from measurements.

THE HERA
GROUP'S
ENERGY
CONSUMPTION

E1-5

Energy consumption and energy mix

MWH	2024	2023
1) Consumption of fuel from coal and coal products (MWh)	0	0
2) Fuel consumption from crude oil and petroleum products (MWh)	154,333	143,892
3) Fuel consumption from natural gas (MWh)	1,511,209	1,604,616
4) Fuel consumption from other non-renewable sources (MWh)	1,778,128	1,840,947
5) Consumption of electricity, heat, steam and cooling from fossil sources, purchased or acquired (MWh)	0	0
6) Total energy consumption from fossil fuels (MWh)	3,443,669	3,589,454
Share of fossil sources in total energy consumption (%)	56.1%	56.2%
7) Consumption from nuclear sources (MWh)	0	0
Share of nuclear sources in total energy consumption (%)	0.0%	0.0%
8) Fuel consumption for renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	1,796,671	1,902,505
9) Purchased or acquired consumption of electricity, heat, steam and cooling from renewable sources (MWh)	570,341	554,264
10) Consumption of self-produced renewable energy without fuel (MWh)	332,530	341,345
11) Total energy consumption from renewable sources (MWh)	2,699,541	2,798,114
Share of renewables in total energy consumption (%)	43.9%	43.8%
Total energy consumption (MWh)	6,143,211	6,387,568

The 2023 figures do not include the Tri-Generation companies and Aliplast's foreign subsidiaries. The 2023 figures for fuel consumption do not include Macero Maceratese, Recycla and Vallortigara Servizi Ambientali. The units of measurement and calorific values provided in the Eurostat document "Energy balance guide - Methodology guide for the construction of energy balances & Operational guide for the energy balance builder tool [2019]," a methodology generally used for the preparation of national and community energy balances by Eurostat, were used to calculate energy consumption.

The energy consumed within the organisation in 2024 was 6,143 TWh, down 4% from the previous year.

The share of internally consumed energy from fossil fuels is 56.1% of the total (stable compared to 2023), while the remaining share of internally consumed energy comes from renewable sources (renewable share from waste, biogas, geothermal energy, solar thermal energy, grid electricity, photovoltaics and Hvo).

The fossil fuels consumed by the Hera Group (items 2, 3 and 4 in the table) are: diesel, diesel oil, gasoline and LPG; natural gas; urban waste treated in waste-to-energy plants (49% of the total, a flat-rate estimate of the non-biodegradable portion present in treated waste as defined by Ministerial Decree of 6 July 2012); and special waste. Renewable fuels consumed (items 8 and 10) are: municipal waste treated in waste-to-energy plants (51%, a flat-rate estimate of the biodegradable share of total treated waste as defined by Ministerial Decree of 6 July 2012); self-produced biogas from sewage treatment plants, digesters and landfills; thermal energy from geothermal energy, Hvo, photovoltaic energy and solar thermal energy.

In 2024, in continuity with previous years, the internal electricity consumption of Group companies was covered 100% by energy from certified renewable sources, consistent with the greenhouse gas emission reduction target validated by the Science Based Targets initiative and the Group's Climate transition plan.

ENERGY
INTENSITY
VERSUS NET
REVENUE

Energy intensity versus revenue

MWH / MNE

2024

2023

Total energy consumption of activities in high climate impact sectors (MWh)	6,143,211	6,387,568
Net revenue from activities in high-impact sectors (million euro)	12,890	14,897
Total energy consumption of activities in high-impact sectors compared to net revenues from these activities	477	429

E1-5

The 2023 figures do not include the Tri-Generation companies and Aliplast's foreign subsidiaries. The 2023 figures for fuel consumption do not include Macerato Maceratese, Recycla and Vallortigara Servizi Ambientali.

The energy intensity ratio on net revenue shows a deterioration of 11% between 2024 and 2023 due to the reduction in net revenue (-13%) despite the decrease in energy consumption (-4%). The index was calculated by taking into account the value of revenues shown in the Group's consolidated financial statements.

All Group companies with the exception of Acantho (telecommunications), Heratech (engineering) and Uniflotte (vehicle rental) fall within the definition of companies operating in high impact sectors set out in the ESRS standard. Since the net revenue of each of the three companies is less than 1% of the Group's net revenue, and in order to ensure a better reconciliation between the accounting data used here and the book values in the consolidated financial statements, the Group's net revenue was taken into account for the calculation of the energy and climate efficiency index. This figure is in line with the revenues taken into account for the calculation of the taxonomy-related KPIs.

ENERGY
PRODUCTION

The following table shows the gross electricity production of the Group's plants, i.e. also taking into account the energy required to satisfy the consumption functional to the production itself (auxiliary consumption).

Electricity produced

GWH

2024

2023

INSTALLED POWER
(2024, MW)

Waste-to-energy (51% renewable)	417.5	442.1	62.0
Combustion of landfill biogas	34.9	36.1	13.9
Combustion of composting biogas	25.0	23.2	3.0
Combustion of depuration plant biogas	5.2	6.6	3.6
Photovoltaic	4.0	3.6	4.1
Photovoltaics at third parties	1.2	-	1.1
Total renewable sources	488.0	511.6	87.8
Cogeneration	169.9	263.7	117.1
Industrial cogeneration at third parties	151.2	146.0	27.7
Turboexpansion	4.3	7.6	8.5
Total cogeneration and turbo-expansion	325.5	417.3	153.2
Waste-to-energy (49% non-renewable share)	415.0	426.1	64.6
Total traditional sources	415.0	426.1	64.6
Total electricity produced	1,228.5	1,354.9	305.7

The total gross electrical energy generated by the Group's plants in 2024 was 1,228.5 GWh, a decrease compared to the previous year (-9%). 66.2% comes from renewable sources and cogeneration and turbo-expansion plants (68.6% in 2023).

In particular, the production of electricity from renewable sources in 2024 was 488.0 GWh, 39.7% of the total. This value decreases by 5% due to the lower production from waste-to-energy plants (-6%) and, to a lesser extent, to the lower combustion of biogas produced by landfills, digesters and purifiers (-1%). On the other hand, production from the Group's photovoltaic systems increased (+12%). It should be noted that a 1.0 MW photovoltaic plant has been in operation at a major client company since 2024.

Production from cogeneration and turboexpansion accounted for 26.5% of the total, down 22% due to the lower activity of the Group's cogenerators (-36%) and turboexpanders (-43%).

Finally, the electricity produced from traditional sources also decreased by 3%, and in 2024 will constitute 33.8% of the total generated. However, this is high-efficiency production as it derives from the waste-to-energy conversion of the portion of waste exceeding 51% (considered biodegradable) and, therefore, classified as energy from recovery processes.

Thermal energy generated

GWH	2024	2023	INSTALLED POWER (2024, MW)
Geothermal power	89.6	87.0	14.0
Waste-to-energy (51% renewable)	55.1	59.3	38.7
Combustion of depuration plant biogas	4.1	6.0	5.3
Solar thermal	0.2	0.2	0.0
Total renewable sources	149.0	152.5	58.0
Cogeneration	117.6	142.8	109.7
Industrial cogeneration at third parties	98.6	115.3	32
Total cogeneration	216.2	258.1	141.7
Thermal power stations	242.6	197.3	521.1
Thermal power stations at third parties	202.6	208.0	124.3
Waste-to-energy (49% non-renewable share)	52.9	57.0	37.2
Sludge incineration	1.3	2.7	0.9
Total traditional sources	499.3	462.3	683.5
Total thermal energy generated	864.5	875.5	883.3

The total thermal energy generated by the Group's plants in 2024 was 864.5 GWh, a decrease of 1% compared to the previous year. 42.2% came from renewable sources and cogeneration plants (46.9% in 2023).

In particular, the production of thermal energy from renewable sources in 2024 was 149.0 GWh (-2% compared to 2023), constituting 17.2% of the total generated: heat recovery from waste-to-energy plants (-7%) and biogas combustion in sewage treatment plants (-32%) decreased, while the withdrawal from geothermal energy increased (+3%).

Thermal production from cogeneration, which accounts for 25.0% of the total, decreased overall by 16% due to a lower use of cogenerators, both within the Group (-18%) and at industrial customers (-14%).

Finally, energy produced from traditional sources is increasing, accounting for 57.8% of the total in 2024. However, 10.9% of this production is highly efficient as it derives from waste-to-energy for the portion exceeding 51% (considered biodegradable) and from the incineration of sewage sludge, thus classified as energy from recovery processes.

The total energy produced by the Group in 2024 (electricity, thermal energy and biomethane) was 2,188.4 GWh, of which 732.3 GWh was from renewable sources (33.5%, up from 32.2% in 2023).

The Hera Group's GHG 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 landfills for municipal waste); district heating; energy services for industry, condominiums and public administrations; other internal energy consumption of fuels; gas network losses; company fleet.

The Hera Group's Scope 1 emissions also include GHG emissions from plants subject to Eu-Ets regulations (equal to 8.2% of the Group's total direct emissions): in 2024 these were nine plants, all of which are related to energy production activities serving district heating networks.

Scope 2 emissions relate to the use of electricity purchased from the grid for internal consumption.

Finally, Scope 3 emissions refer to activities such as: the consumption by customers of the methane gas sold (downstream emissions); the production of the electricity sold to customers (upstream emissions); the production of the methane gas sold to customers (upstream emissions); the production of fuels and combustibles consumed internally; other minor emissions related to energy production and consumption (not already included in Scope 1 or 2) or to managed services.

**GHG
EMISSIONS**

GHG emissionsKT CO₂EQ

2024

SCOPE 1 GHG EMISSIONS

Gross GHG emissions of Scope 1	1,177.0
Percentage of Scope 1 GHG emissions covered by regulated emissions trading schemes (%)	8.2%

SCOPE 2 GHG EMISSIONS

Gross GHG emissions of Scope 2 location-based	167.1
Gross Stage 2 market-based GHG emissions	-

SIGNIFICANT GHG EMISSIONS OF SCOPE 3

Total gross indirect GHG emissions (Scope 3)	11,558.8
3. Fuel and energy-related activities (not included in Scope 1 or 2)	5,251.6
4. Upstream transport and distribution activities	85.7
11. Use of products sold	5,835.7
12. End-of-life treatment of products sold	2.3
15. Investments	383.4

TOTAL GHG EMISSIONS

Total GHG emissions (location-based)	12,902.9
Total GHG emissions (market-based)	12,735.8

The Group's total greenhouse gas emissions (Scope 1 + market-based Scope 2 + Scope 3) in 2024 amounted to approximately 12.7 million tonnes of CO₂e.

Specifically, emissions directly produced by the Group (Scope 1) are about 1.2 million tonnes of CO₂e, of which 96,000 tonnes are recorded by systems subject to Eu-Ets. Indirect emissions deriving from the electricity consumed by the Group (Scope 2), calculated using the market-based method, are zero thanks to the total coverage of consumption with energy from renewable sources certified by the Guarantee of Origin. If calculated using the location-based method, i.e. applying the national average emission factors for electricity consumption, which does not take into account the company's specific purchasing choices, the Scope 2 emissions would be around 167,000 tonnes.

Emissions caused indirectly by the Group's activities along the value chain (Scope 3) are approximately 11.6 million tonnes of CO₂e, or 90.8% of the Group's total emissions.

For the calculation of direct emissions (Scope 1), the Ministry of the Environment's 2024 National Standard Parameter Table coefficient (expressed in CO₂) for methane gas consumption in stationary plants and the Defra 2024 coefficients (expressed in CO₂e) for fuel consumption for industrial purposes (diesel, hvo, petrol, methane, lpg) and in vehicles (diesel, hvo, petrol, methane, lpg) were used. The greenhouse gas emissions produced by landfills have been estimated considering the methane contained in the biogas that comes out of the landfill and the carbon dioxide deriving from the combustion of the captured biogas, from which the quantities corresponding to the presence of biodegradable substance have been subtracted. For waste-to-energy plants, emissions result from monitoring activities carried out as required by Directive (EU) 2023/959. The gas network losses were estimated by applying an algorithm to determine the dispersed volumes, which are considered to be completely lost to the atmosphere. The global warming potential (GWP) considered for methane is 28 (Source: IPCC 5th Assessment Report). Greenhouse gas emissions into the atmosphere were evaluated and found to be insignificant.

To calculate emissions from electricity consumption (Scope 2) using the location-based method, the coefficients of the ISPRA report 'Efficiency and decarbonisation indicators in Italy and in the biggest European countries 2024' were used for consumption in Italy, and the AIB report 'European residual mixes results for the calendar year 2023' was used for consumption in Bulgaria, France, Spain and Poland (both expressed in CO₂); for the market-based method, the European residual mixes results for the calendar year 2023 by AIB were used.

In the calculation of Scope 3 category 3 emissions (upstream indirect emissions related to the consumption and sale of fuels and energy) emissions from the production of sold electricity, from the production of internally consumed fuels and motor fuels and of sold methane gas, and from network losses of internally consumed electricity are included; Defra 2024 coefficients (expressed in CO₂e) were used, with the exception of emissions from the production of non-renewable electricity sold, for which the coefficient of the ISPRA National Inventory Report 2024 was used (expressed in CO₂), and emissions from the production of HVO consumed in vehicles, for which the coefficient of the RED II Directive was used.

In the calculation of Scope 3 category 4 emissions (upstream indirect emissions related to transport and distribution activities), emissions from the collection and transport of waste by suppliers of these services are included; Defra 2024 coefficients (expressed in CO₂e) were used.

In the calculation of Scope 3 category 10 emissions (indirect downstream emissions from the use of sold products), emissions from customers' consumption of the sold natural gas are included; Defra 2024 coefficients (expressed in CO₂e) were used.

In the calculation of Scope 3 category 12 emissions (indirect downstream emissions from end-of-life treatment of sold products), emissions from the recycling of paper, glass and plastic waste collected through separate collection and destined for recycling are included; Defra 2024 coefficients (expressed in CO₂e) were used.

The calculation of Scope 3 category 15 emissions (indirect downstream emissions from investments) includes direct emissions from energy production in three joint venture power plants (Sparanise, Tamarete and Teverola) and Scope 1, Scope 2 and, where relevant, Scope 3 emissions from four companies in which the Hera Group holds an equity interest (Aimag, Sea, Set and Sgr Servizi).

The Hera Group greenhouse gas inventory does not include Scope 3 emissions relating to categories 1 and 2, for which a preliminary estimate has been made based on expenses incurred for purchases but not reported with the aim of developing more accurate data for reporting in the next Sustainability reporting. The inventory does not include Scope 3 emissions relating to categories 4 (limited to the Hera Group's transport activities of compost and plastic sold to customers), 5, 6, 7, 8, 9 and 12 (limited to the end-of-life disposal activities of the plastic sold) as they are not considered to be significant in terms of total emissions based on the assessments carried out.

The Hera Group's greenhouse gas inventory does not include Scope 3 emissions related 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 that are consistent with the methodology of the Science Based Targets initiative (particularly with regard to the Well-below 2 °C level, aimed at limiting the increase in the earth's average temperature to well below 2 °C). The scope of the targets includes both the Group's emissions (Scope 1 and 2) and those of its customers (Scope 3, for the sales of electricity and the sales of natural gas downstream) and therefore applies to 86.5% of the Group's total 2019 emissions.

The targets thus defined were validated by the Science Based Targets initiative in 2021, and are:

- Scope 1+2: absolute reduction of 28% by 2030 compared to 2019 (includes biogenic emissions deriving from the consumption of bioenergy and from the combustion of the biodegradable fraction of municipal solid waste);
- Scope 2: to increase from 83% to 100% by 2023 the share of certified renewable electricity purchased to cover internal consumption;
- Scope 3 sale of downstream methane gas: absolute reduction of 30% by 2030 compared to 2019;
- Scope 3 electricity sales: reduction of carbon intensity (t CO₂e/MWh) by 50% in 2030 compared to 2019 in line with the Sector decarbonisation approach (Sda);

Based on these objectives, the reduction of greenhouse gas emissions for the defined perimeter is expected to be 37% in 2030 compared to 2019.

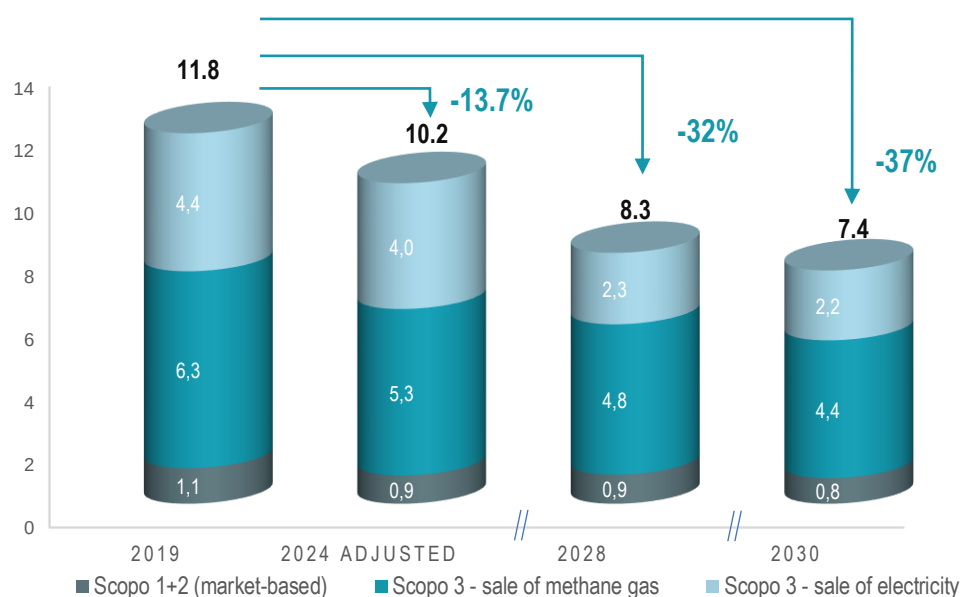
Below are the greenhouse gas emissions in the period 2019-2024, the forecast to 2028 based on the business plan and the 2030 targets validated by SBTi.

Greenhouse gas emissions and science-based reduction targets

	2019 (BASE YEAR)	DELTA 2024/2019 (ADJUSTED)	2028 (FORECAST)	2030 TARGET
Direct and indirect emissions Scope 1+2 (market-based)	1131.0 kt CO ₂ e	(20)%	(18)%	(28)%
Scope 2 indirect emissions (market-based) *	48.4 kt CO ₂ e	(100)%	(100)%	(100)%
Indirect emissions Scope 3 downstream from the sale of methane gas	6263.5 kt CO ₂ e	(15)%	(24)%	(30)%
Carbon intensity of electricity sales - Scope 3 upstream	0.365 t kt CO ₂ e/MWh	(31)%	(51)%	(50)%
Total SBT target perimeter	11,781.2 kt CO₂e	(14)%	(32)%	(37)%

*corresponding to 100% renewable electricity purchased for internal consumption.

REDUCING
GREENHOUSE
GAS
EMISSIONS:
TARGETS AND
RESULTS

Hera Group greenhouse gas emissions (million t CO₂e)

The Scope 1 data relating to gas network leaks do not include AresGas. Scope 3 data on methane gas sales do not include AresGas. The Scope 3 data relating to the sale of methane gas do not consider the transitory increases in volumes sold in last-resort services.

Over the period 2019-2024, Scope 1 and Scope 2 emissions decreased by 20%. This result was achieved mainly due to: the purchase of only renewable electricity for the internal consumption of the entire Group; lower internal fuel consumption, including district heating, partly due to energy efficiency measures and partly due to the climate; lower fuel consumption at thermal and cogeneration plants installed at third parties; the reduction of emissions from waste treatment plants, thanks to the closure in 2020 of the Ravenna municipal waste-to-energy plant and the progressive reduction of municipal waste sent to landfill; lower leakages from the gas network, also thanks to predictive maintenance.

As for Scope 3 emissions related to the sale of natural gas (downstream), the emissions recorded in the period 2019-2024 have been reduced by 15% (-9% also considering the extraordinary and temporary increase in volumes sold to last resort gas services) proportionally to the contraction in sales volumes resulting from milder temperatures and more virtuous behaviour on the part of customers, including companies.

Concerning absolute Scope 3 emissions related to electricity sales, the reduction in 2019-2024 was 9% due to higher volumes of renewable energy sold on the free market. At the same time, the carbon intensity index of electricity sales was down by 31%.

In summary, considering the scope of greenhouse gas emissions for which the reduction target has been set for 2030, the fifth annual report after the validation of the targets by SBTi shows a decrease of 14% compared to 2019, with equal volumes sold in last resort gas services. Also considering the increase in volumes sold in last-resort gas services, significantly influenced by the trend of the energy market in the last period, the overall emissions relating to the perimeter of the SBT target are reduced by 10% compared to the base year.

**CARBON
INTENSITY
RATIO****GHG Intensity based on net revenue**

The climate intensity ratio based on net revenue in 2024 was 996 tonnes per million for the location-based calculation and 983 for the market-based calculation.

E1-6

T CO₂EQ/ MNE

2024

Total GHG emissions (location-based) (t CO ₂ eq)	12,902,924
Total GHG emissions (market-based) (t CO ₂ eq)	12,735,824
Net revenue (mn€)	12,890
Total GHG emissions (location-based) based on net revenue	1001
Total GHG emissions (market-based) based on net revenue	988

The climate intensity index on net revenue in 2024 was 1,001 tonnes per million for the location-based calculation and 988 for the market-based calculation.

Similarly to the energy intensity index, this index was calculated by considering the value of the revenues shown in the Group's consolidated financial statements. This figure is in line with the revenues taken into account for the calculation of the taxonomy-related KPIs.

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. In 2050, at the end of its decarbonisation path towards Net Zero, the Hera Group expects to still have a quantity of residual emissions that cannot be further eliminated, equal to approximately 10% of the emissions relative to the target perimeter in 2019; in order to neutralise all residual emissions from 2050 and complete the Group's Net Zero strategy, the use of instruments to remove carbon dioxide from the atmosphere is envisaged.

Furthermore, the Hera Group offsets the emissions deriving from the sale of methane gas to customers who sign up for offers with a green gas option (for a duration specified in the contractual conditions) by purchasing carbon credits certified by international standards such as Verified Carbon Standard (VCS) or Gold Standard (GS). In 2024, the Hera Group, through its sales companies Hera Comm, EstEnergy and Etra Energia, cancelled over 933 thousand carbon credits (corresponding to the same tonnes of greenhouse gases, about 16% of Scope 3 emissions from gas sales by Hera Comm and its subsidiaries), of which 785 thousand according to the Verified Carbon Standard and 148 thousand according to the Gold Standard, all relating to projects to offset emissions and broken down as follows: 148,143 GS for the construction of a wind power plant in Turkey; 392,860 VCS for the construction of a hydroelectric power plant in Brazil; 392,117 VCS for the construction of a hydroelectric power plant in India.

At present, there are no plans to use carbon credits associated with absorption projects. In the period 2025-2028, a total of 2.9 million carbon credits are expected to be cancelled, all from the sale of methane gas with emission offsets to customers who have requested them.

ESRS 2 IRO-1
ESRS 2 SBM-3

GREENHOUSE
GAS
REMOVALS
AND CARBON
CREDITS

E1-7

Pollution

Description of identified impacts, risks and opportunities

The double materiality analysis identified pollution as one of the most relevant topics, broken down into the following sub-themes: air pollution, water pollution, soil pollution, substances of concern and substances of very high concern. The following areas of creating shared value are associated with the topic of pollution, as presented in the General Information section: sustainable management of water resources; protection of the air, soil and biodiversity. For each area of shared value creation, pollution-related actions and targets are reported.

Pollution impacts, risks and opportunities

RELEVANT SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Pollution of air	Atmospheric emissions from large-scale energy plants
	Current short-term negative impact related to own activities
	Atmospheric emissions of Group vehicles
	Current short-term negative impact related to own and supplier business
	Atmospheric emissions from waste treatment plants and large waste-to-energy plants
Pollution of water	Current short-term negative impact related to own activities
	Pollutants entering the water from large water treatment plants and from water treatment plants/areas not compliant with regulations
	Current short-term negative impact related to own activities
Pollution of soil	Reducing soil pollution through remediation activities
	Current short-term positive impact related to own activities
	Development of the remediation sector
	Medium-term opportunities related to own activities
Substances of concern	Penalties and reputational risks for the restoration of environmental impacts (release of toxic substances following a fire at waste treatment/sorting plants)
Substances of very high concern	
	Short-term risk related to own assets

With regard to the assessment of the significant impacts relating to the emission of pollutants into the air, water and soil, Regulation (EC) 166/2006 E-PRTR required by ESRS E2-4 was adopted as a reference, identifying the Hera Group plants with potentially more significant pollutant emissions, limiting the scope of application for the Hera Group to a total of 35 large plants to be reported on, also in line with what has already been communicated to the competent

authorities according to other regulations (see the reference to the aforementioned Reg. E-PRTR). Two of the negative environmental impacts related to air pollution are therefore associated with atmospheric emissions from large energy plants and waste-to-energy plants, as they exceed the size threshold indicated in Regulation (EC) 166/2006 E-PRTR. Similarly, potential negative impacts associated with emissions into water for large treatment plants have been identified, as well as some agglomerations that do not yet comply with European and/or regional legislation.

With reference to the value chain, negative environmental impacts have been identified in relation to air pollution and associated with the consumption of fossil fuels by vehicle fleets, with particular reference to vehicles for the management of waste from the company and its suppliers. The evaluation took into account the number of methods and their use in urban areas.

The Hera Group contributes positively to the reduction of soil pollution through advanced reclamation projects that use innovative technologies.

The development of the remediation segment also represents an opportunity for economic growth for the Group, while contributing to the reduction of pollution and land redevelopment.

Finally, in the light of the ERM analysis, a potential pollution-related risk was identified, associated with the release of toxic substances as a result of fires at waste treatment/sorting plants.

Methodological references for the identification and assessment of relevant sustainability issues are given in the General Information chapter.

In relation to the relevant risks identified through the Erm analysis, no relevant current financial effects appear.

There is no current material financial impact related to the opportunities identified .

Policies and objectives

POLICIES

In order to manage the significant impacts, risks and opportunities related to pollution, the Hera Group has defined its purpose (Art. 3 of the Articles of Association), the Code of Ethics, the Shared Value Creation Model, and the Quality and Sustainability Policy.

E2-1

In the Code of Ethics, in line with the company's Mission, Hera's commitments towards the environment, understood as a heritage to be preserved by protecting it from destruction, degradation and pollution, are outlined. Hera recognises the environment as a primary asset and uses the most suitable technologies, tools and processes to contribute, in line with its purpose, to the ecological transition and to prevent risks, minimise direct and indirect environmental impacts and preserve natural resources for the benefit of future generations. Hera promotes its commitment to the environment and future generations to all its stakeholders.

Within the Group, the shared value approach includes the impact areas of sustainable water management and protection of air, soil and biodiversity. The first includes actions to monitor the quality and safety of water distributed to communities and to return to the environment purified water of a quality that maintains the ecological status of water bodies, consistent with European legislation. The second includes actions aimed at protecting air quality through technologies that replace more polluting alternatives, such as district heating and cogeneration heat production, and soil quality, such as remediation of contaminated areas.

These commitments are also set out in the Group's Quality and Sustainability Policy adopted by the Board of Directors in March 2022 and whose implementation is the responsibility of Senior Management. Within this Policy, the Group is also committed to reducing its environmental impact through planning, innovation and the use of the best available technologies, and to guaranteeing careful and continuous monitoring of compliance with current legislation and applicable requirements.

At the operational level, these commitments are embodied in procedures and instructions defined and implemented within the management systems adopted by the various Hera Group companies in accordance with ISO 14001:2015 and the EMAS Regulation, also extending to the value chain. In fact, both within the Special Tender Specifications with which the Group selects its suppliers for outsourced activities, and in the documentation integrating the contracts themselves (General Quality and Sustainability Regulations for Suppliers), specific requirements related to the prevention of pollution and the reduction of the environmental impact of activities are provided for. These include the reduction of atmospheric emissions of gases, dust, vapours and odours, the correct management of water discharges, and the correct use of hazardous substances used in the course of activities, prioritising alternative solutions to reduce potential risks, the operating procedures for managing any emergency situations involving air pollution and/or the spillage of pollutants into the water and soil are also included.

The Quality and Sustainability Policy is communicated to workers through specific company notices and posted on internal notice boards, and is available to the various stakeholders by being published on the Hera Group website; the company documentation defined and implemented within the management systems is instead available through the company's internal channels and its implementation is periodically verified through specific audits.

Furthermore, the Hera Group has adopted specific procedures for defining roles, responsibilities, behavioural principles and operating methods that all Hera Group personnel must comply with in relation to their area of activity, in order to avoid committing significant environmental offences according to Legislative Decree no. 231/2001, including environmental pollution. The system of delegated powers implemented within the Group assigns specific responsibilities to the delegates with regard to environmental compliance and conformity of managed facilities/services.

Group policies are geared towards specific objectives such as reducing soil and air pollution through the Group's activities, vehicles and facilities.

To combat air pollution in cities, for example, the Group promotes the development of district heating systems, which make it possible to replace household boilers with highly efficient centralised systems, powered by renewable energy or by recovering heat from other processes. Another example of an initiative aimed at combating pollution is the continuous attention to company vehicles, which allows for the renewal of the technology of the fleet to reduce its impact on the air during road circulation, but also subsequently with the diffusion of enzymatic products capable of preventing the raising of PM10.

Among the activities implemented for the protection and reuse of the soil, through the extension of the useful life of its assets, the Hera Group identifies technical solutions aimed at the reuse of already urbanised areas and/or the conservation of the natural context of the surfaces subject to intervention, both in the area of networks through upgrades and reclamation of existing pipelines, and in plant engineering through the reuse of existing/occupied infrastructures and areas or with the restoration/return of the area at the end of its life cycle or through the use of technological solutions aimed at reducing the infrastructure footprint. Finally, another example of an initiative to combat pollution is the programme for the development and renewal of waste-to-energy plants, which allows for a lower quantity of higher quality waste to be produced, making it more suitable for subsequent recovery.

The Group carries out all activities that may have an impact on water resources in accordance with the Consolidated Environmental Act, which regulates soil conservation and the fight against desertification, the protection of water from 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 constant monitoring carried out through the planning of targeted controls throughout the drinking water production chain, from the sources of supply to distribution. In this regard, the Integrated Water Service Analytical Control Plan is drawn up annually in accordance with the risk assessment criteria contained in Directive 2020/2184.

The Board of Directors is responsible for the implementation of this policy, ensuring that business practices are in line with regulations and third-party initiatives.

The sustainability objectives relating to pollution are defined annually on the basis of planning and control processes consolidated at Group level aimed at defining the five-year business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives accompanied by quantitative targets whenever possible.

Below are the main targets and commitments related to pollution (What We Will Do) accompanied by a description of the progress achieved in relation to the targets published in the Non-financial Declaration 2023 (We Said We Would, We Did).

These objectives are aimed at preventing and controlling air, water and soil pollution and addressing relevant impacts, risks and opportunities and, therefore, may have a direct or indirect impact on the metrics reported in this chapter. They are presented below in the area of shared value creation set out in the Pollution Policy: sustainable management of water resources and protection of air, soil and biodiversity.

HERA'S
COMMITMENT
(OBJECTIVES
AND RESULTS)

E2-3

WHAT WE SAID WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

100% urban agglomerations >2,000 p.e. upgraded by 2025 thanks to the continuation of the sewerage and purification sector upgrade plan.

In addition, upgrade all of the 226 agglomerations managed with a size of between 200 and 2,000 p.e. by 2027, of which:

- 42 to be upgraded out of 189 agglomerations managed with a size of between 200 and 2,000 p.e. in Emilia-Romagna;
- 1 to be upgraded out of 37 managed agglomerations between 200 and 2,000 p.e. in Triveneto.

Complete by 2027 all 14 interventions envisaged by the Rimini seawater protection plan.

99.6% urban agglomerations >2,000 p.e. upgraded by 2024 thanks to the sewerage and purification sector upgrade plans (99.8% in 2023).

In addition, 192 agglomerations upgraded out of 226 managed between 200 and 2,000 p.e. in 2024 (186 out of 229 in 2023), of which:

- 33 to be upgraded out of 189 managed agglomerations in Emilia-Romagna (11 agglomerations upgraded in 2024);
- One agglomeration out of 37 managed in Triveneto remains to be upgraded (it will be upgraded within the plan period).

As of 2024, 10 of the 14 planned interventions had been completed (no intervention had been completed in 2024, as expected), with the last four under construction.

100% urban agglomerations >2,000 p.e. upgraded by 2025 thanks to the continuation of the modernisation plan of the purification sector.

In addition, upgrade all of the 226 agglomerations managed with a size of between 200 and 2,000 p.e. by 2028, of which:

- 33 to be upgraded out of 189 managed agglomerations between 200 and 2,000 p.e. in Emilia-Romagna;
- 1 to be upgraded out of 37 managed agglomerations between 200 and 2,000 p.e. in Triveneto.

Complete by 2027 all 14 interventions envisaged by the Rimini seawater protection plan.

AIR PROTECTION

2% increase in the volume served by district heating in 2027 compared to 2022 to the benefit of the air quality in the cities served.	1.4% increase in the volume served by district heating in 2024 compared to 2022 (+1.1% compared to 2023).	23 Mmc the volume served by district heating to 2028 (+4% compared to 2023) to benefit air quality in the cities served (Modena, Bologna, Ferrara, Imola, Forlì-Cesena, Ravenna).
79% of energy from district heating from renewable sources, cogeneration and recovery by 2027.	58.8% of the energy produced by district heating in 2024 comes from renewable sources, cogeneration or recovery (66.2% in 2023).	74% of district heating energy from renewable sources, cogeneration and recovery on 640,000 MWh by 2028.
In Bologna, continue the implementation of the interconnection of two systems (Caab/Pilastro, Sede Berti/San Giacomo) by 2026 aimed at achieving substantial reductions in CO ₂ and NO _x emissions.	In Bologna, work continues on the interconnection of city systems.	The objectives will also be achieved through the construction of new interconnections in Bologna, Cesena and Forlì and the doubling of geothermal production in Ferrara.
Doubling of geothermal production in Ferrara and extension of district heating system interconnection to Forlì by 2026.	In Ferrara, the design phases for the geothermal source enhancement interventions have been completed, while in Forlì, interventions for the realisation of the interconnections of the city systems continue; both projects are financed by NRP funds.	

SOIL PROTECTION

828,000 square metres of land reused by 2027 in constructions of infrastructure (70% of the total land involved in constructions completed between 2018 and 2027).	673,000 square metres of soil reused in the construction of infrastructure with design by HeraTech from 2018 to 2024 (75% of total soil involved) (76% to 2023).	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).
		>35% electric or 100% diesel powered vehicles from renewable raw materials in the company fleet by 2028 (it was 1% in 2024).

Actions and resources**E2-2**

Below are the main actions implemented, underway or planned by Hera to achieve the Group's objectives and manage IROs in the following areas: sustainable management of water resources; protection of air, soil and biodiversity. With regard to biodiversity, it is specified that this chapter contains actions with reference to the remediation of contaminated soil.

MAIN ACTIONS**BRIEF DESCRIPTION****SUSTAINABLE MANAGEMENT OF WATER RESOURCES**

Expansion and improvement of purification	Measures to improve purification performance and/or to expand the purification plants managed in terms of population served.
Upgrade to the regulations of the local area served	Interventions to comply with regulations on sewerage and purification in urban agglomerations.
Rimini seawater protection plan	Implementation of 14 measures aimed at achieving significant environmental benefits by reducing the amount of organic substances (COD/BOD) discharged into the sea during severe weather events.
Effectiveness of waste water purification	Ensuring the effectiveness of the removal of pollutants with respect to legal limits by the wastewater treatment plants operated.
Phytodepuration	Operation of phytodepuration plants that, using natural processes, use soil and vegetation as filters to treat wastewater, thus contributing to the reduction of water pollution.

**EXPANSION AND
IMPROVEMENT OF
PURIFICATION**

In 2024, the Hera Group managed the sewerage and purification service in 228 municipalities for a total of 3.6 million citizens served, treating a total of 387.4 million cubic metres of wastewater, an increase compared to the approximately 370.6 million cubic metres treated in 2023 mainly due to the effect of rainfall, taking into account that the sewerage network managed is mainly of the mixed type (55.6% of the total).

The effectiveness of pollutant removal with respect to legal wastewater limits is linked to the purification capacity of the plant and the technologies adopted. The water leaving the purification plants must comply with current legislation (Legislative Decree 152/2006) and authorisation requirements. For discharges of urban waste water in agglomerations of more than 2,000 population equivalents, which are required to comply with the tables in Attachment 5 of Legislative Decree no. 152/2006, a protocol for the correct performance of control activities is stipulated between the service manager and ARPAE/ARPAT, aimed at planning the number of annual controls on the discharge, useful for assessing the conformity of the discharge. For discharges in agglomerations of less than 2,000 population equivalents, the limits of acceptability and appropriate treatment are instead set by the regions. Group procedures are used to manage and plan checks, anomalies and non-conformities arising from laws and regulations in the field of integrated water service, at EU, national, regional, provincial and municipal level in the Hera Group's area of competence.

The Hera Group is carrying out various interventions to upgrade and adapt the purification plants it manages. In 2024, the improvement and/or upgrading of four sewage treatment plants with a total of 33,600 p.e. served was completed. The interventions concerned the upgrading of the Lido di Classe purification plant in Ravenna, the expansion of the Vergato (BO) purification plant, and the new purification plants in Grizzana (BO) and Palagano (MO). On the other hand, work is underway on eight purification plants (of which five will be completed by 2025 and the remaining by 2028), for a total of 326,500 p.e. served; among these are: the expansion of the Ca' Nordio (PD) purification plant, which will allow the entire sewage-depuration system of Padua to be strengthened even in critical weather conditions and aimed at optimising the purification capacity; the revamping of the anaerobic digester of the Gramicia di Ferrara (FE) purification plant for better sludge management; and the expansion of the Calcinelli (PU) purification plant. The intervention at the Lido di Classe plant will improve environmental performance relative to the pollutant nitrogen, the intervention at the Vergato plant will improve environmental performance relative to nitrogen, total organic carbon and phosphorus, while the interventions at the Grizzana and Palagano plants will improve performance relative to total organic carbon.

Wastewater purification quality can also be identified by monitoring the upgrade trends of urban areas, defined as areas in which population and production activities are concentrated to the extent that it is technically and economically acceptable to build an independent sewage purification system. As established by Directive 91/271/EEC, Legislative Decree 152/2006 and the water protection plan of the Emilia-Romagna Region in order to declare an urban agglomeration compliant, the following two conditions must be met:

- the collection of wastewater at least equal to 95%;
- the capacity of the treatment plants must be greater than the population equivalent of the urban area itself with secondary or tertiary treatment (where necessary).

At Group level, at the end of 2024, there were 135 out of 138 agglomerations with more than 2,000 population equivalents (p.e.) compliant with Legislative Decree 152/2006, corresponding to 99.6% of the total population equivalents. As far as Emilia-Romagna and Triveneto are concerned, 100% of the agglomerations > 2,000 p.e. served in the local area are in compliance with the purification regulations. In the Marche region, work is in progress to bring the agglomerations of Gallo-Cappone and San Costanzo into conformity by 2025 (with resolution of the EU infringement procedure for the territory of Pesaro-Urbino area), while the executive project for the upgrading of the Tavullia agglomeration has been completed, with work starting in 2025 and completion planned by 2027; this agglomeration has been included in the list of agglomerations with more than 2,000 population equivalents since 2024. By 2027, therefore, all urban agglomerations with a population greater than 2,000 population equivalent in the areas served by the Hera Group will be in compliance with the legislation.

As of 2024, in Emilia-Romagna 156 out of 189 agglomerations had been upgraded, for a total of about 116 thousand equivalent inhabitants (86.6%). In the Triveneto area served, 36 agglomerations out of 37 have already been upgraded to comply with the regulations, for a total of about 11,000 population equivalents (99.4%), with the upgrading of the missing agglomeration (Prosecco) being planned to be completed by 2028. As far as the Marche region is concerned, the region has not yet issued provisions on whether agglomerations of less than 2,000 p.e. should comply. Considering therefore Emilia-Romagna and Triveneto, at 2024 there will be 226 agglomerations of less than 2,000 p.e., of which 192 will be upgraded, i.e. 87.6% of the population equivalent.

At the Group level, the total number of agglomerations (with a population equivalent of more than 2,000) that comply with the regulations on purification is 327 out of 364, corresponding to 99.2% of the total population equivalent.

The Rimini Seawater Protection Plan was created in 2013 with the aim of eliminating bathing bans resulting from intense rainfall events, through the implementation of structural interventions on the city's sewage-depuration system. Intense rainfall events, in fact, exceed the flow rate manageable by the sewage system, causing the emergency discharge of untreated water into the environment. The gradual implementation of the measures set out in the Plan will lead to a gradual reduction of critical elements and up to a 90% reduction of the polluting impact, measured in terms of COD not discharged into the environment, compared to the initial state of the system. To date, 7,000 metres of beach, corresponding to almost 65% of the city's coastline, have been 'freed' from bathing bans.

By 2024, Hera had completed 10 of the 14 interventions. Among these, the doubling of the Santa Giustina purification plant and the reconversion of the Rimini Marecchiese purification plant are examples of projects aimed at improving purification processes, both completed in 2016 and 2018 respectively.

Currently, four significant interventions are underway:

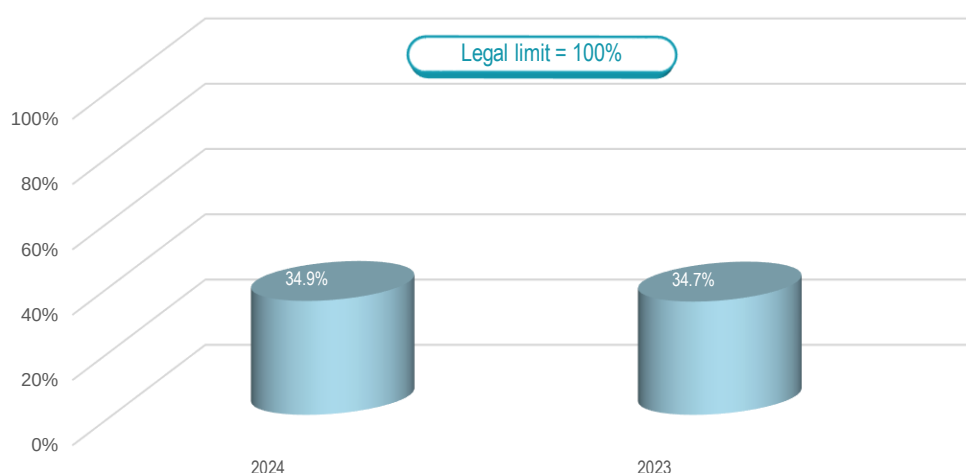
- the completion of the separation of the sewerage networks in the northern area of Rimini, divided into several lots, with some already completed and others under construction, scheduled for completion in 2025;
- the separation of the networks in the Roncasso and Pradella basins, with work on the water-supply plant serving the Pradella basin contracted, also scheduled for completion in 2025;
- the Ausa trunk sewer collector, currently under construction and expected to be completed in 2026;
- the construction of the Southern Tanks and related submarine pipelines, serving the Rodella and Colonnella Ditches in Rimini, with work sites started and completion scheduled for 2027.

The pollutant removal efficiency with respect to legal limits, summarised by the indicator shown in the graph, is related to the purification capacity of the plant and the technologies adopted. A lower value of the indicator indicates a better quality of purified water.

UPGRADE TO THE
REGULATIONS OF
THE LOCAL AREA
SERVED

EFFECTIVENESS
OF WASTE
WATER
PURIFICATION

THE RIMINI
SEAWATER
PROTECTION
PLAN

Compliance of purified water quality with legal limits (optimal values: <100%)

The indicator relates to plants with more than ten thousand population equivalents and is calculated on the basis of the ratio between the measured concentration of Bod5, Cod, Sst, ammoniacal nitrogen, phosphorus and total nitrogen and the relevant maximum concentrations permitted by Legislative Decree 152/2006 or by the authorisations in force for the individual plants.

At Group level, this indicator averages 34.9% of the legal limits (stable compared to 2023) if Bod5, Cod, Sst, ammonia nitrogen, phosphorus and total nitrogen are taken into account, and 26.8% (24.0% in 2023) if phosphorus and total nitrogen are excluded.

For the Emilia-Romagna area, there is confirmation of the purification performance in all the provinces managed. The values are well below the limit values (34.0% below the legal limits), the quality of the outgoing water continues to fully comply with the legal limits and the values are in line with historical data.

As far as the Triveneto area is concerned, the indicator shows a further improvement (37.0% compared to the limits in 2024, it was 39.1% in 2023 and 42.7% in 2022) in line with the improvement path started several years ago thanks to the significant investments made, the continuous extraordinary maintenance and the continuous process optimisation measures.

The Marche region also shows a very positive result, 50.7% compared to the legal or authorisation limits, albeit slightly worse than in 2023 (47.7%).

PHYTODEPURATION

Phytodepuration is a natural process for treating polluted water based on the exploitation of the soil-vegetation system as a natural filter for water purification and consists of biological ponds and macrophytic vegetation. The purification process, which already occurs spontaneously in nature (e.g. lagoons, ponds and vegetated watercourses), is entirely ecological and does not involve the use of chemicals. The wastewater arriving at the plant flows into a bed of gravel and aquatic plants: here microorganisms come into play to eliminate the pollutants present. The action of the plants is fundamental because the micro-organisms necessary for the entire system develop in their roots; they absorb the oxygen produced by the plant species and trigger the processes necessary for purification of the wastewater.

The Hera Group manages 21 phytodepuration plants of small to medium capacity located mainly in the provinces of Bologna, Florence, Forlì-Cesena, Rimini and Ravenna. These perform secondary biological treatments, placed downstream of primary sedimentation, or tertiary treatments used as a final refinement of the effluent before final discharge.

Based on the reporting required by the European Taxonomy (Regulation 852/2020), the eligible investments related to the sewerage and purification area in 2024 amount to 99.8 million euro and also include the actions described above. Eligible investments in the Business plan 2024-2028 amount to 841.2 million euro.

MAIN ACTIONS

BRIEF DESCRIPTION

AIR PROTECTION

Reducing emissions from waste-to-energy plants	Management of pollutant emission abatement systems from waste-to-energy plants, monitoring of emissions and/or initiatives to increase emission abatement (including through new plant construction and renovation).
Development of district heating systems	Increased volume served by district heating, system interconnection and improved source mix to benefit air quality in the cities served.
Upgrading of company and supplier fleet	Streamlining and optimisation of the use of vehicles, favouring the choice (also among suppliers, by means of rewarding criteria in the tender phase) of those that are technologically advanced and more modern in terms of anti-pollution directives.

The Hera Group's waste-to-energy plants are equipped with advanced emission abatement and flue gas cleaning systems, designed to guarantee high performance, versatility and reliability. These systems include technologies such as dual reaction and filtration systems to reduce pollutant concentrations (in 8 out of 9 plants). In addition, there are dual flue gas monitoring systems, useful for both process control (in 6 out of 9 plants) and continuous monitoring of stack emissions.

Moreover, in terms of controlling emissions and environmental impacts, the following are carried out periodically:

- spot checks on stacks for parameters that cannot be measured continuously, with frequencies defined in integrated environmental authorisations and using accredited laboratories;
- controls on the fallout of pollutants in the external environment: through external monitoring programmes prescribed in the individual authorisations, analyses are carried out on soil deposition and air quality in cooperation with universities and research bodies in order to ascertain that the emissions, although within the restrictive legal limits, do not have any significant impact on the surrounding environment. In 2024, monitoring was ongoing for the waste-to-energy plants in Ferrara, Forlì, Granarolo dell'Emilia, Modena and Padua.

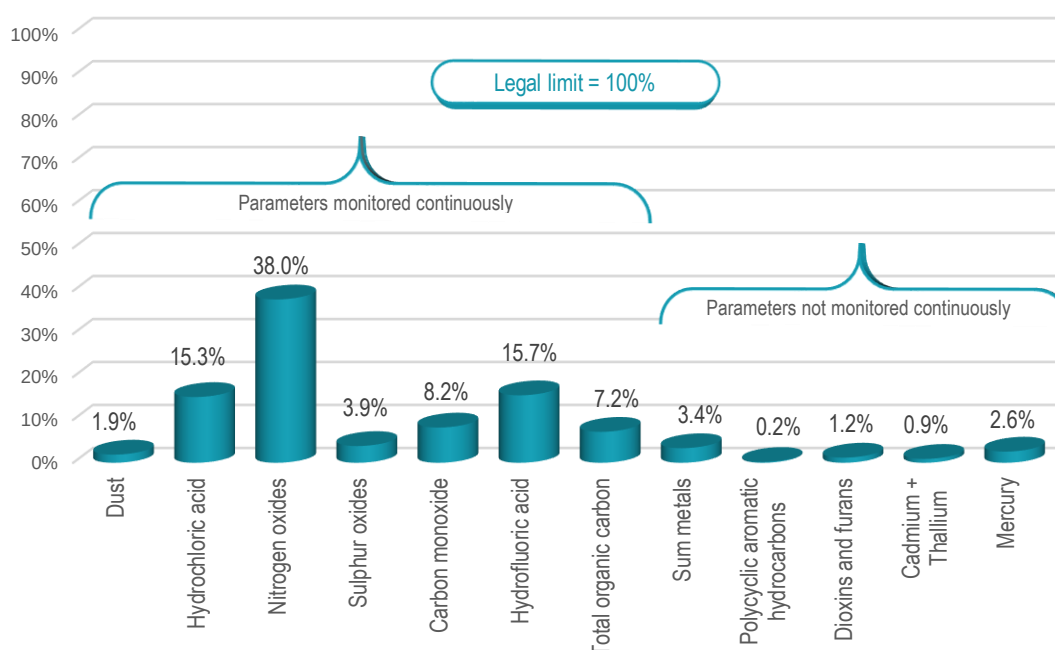
Plant upgrades over the years have resulted in a significant improvement in pollutant emission abatement rates. During 2024, the restart of the Ravenna industrial waste-to-energy plant was completed after the revamping operation was completed in 2023. Work also continued on the construction of Line 4 in the Padua waste-to-energy plant, which will replace the existing 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, mercury is also continuously monitored at the Ferrara, Forlì, Modena and Rimini plants.

Below is a graph of the emissions data of the nine waste-to-energy plants managed in the areas of Bologna, Ferrara, Forlì, Modena, Padua, Pozzilli, Ravenna, Rimini and Trieste, as well as the data of the biomass plant in Faenza (Ra) managed by the company Enomondo, 50% owned by Herambiente and not consolidated on a line-by-line basis.

REDUCING
EMISSIONS
FROM WASTE-
TO-ENERGY
PLANTS

ATMOSPHERIC EMISSIONS FROM WASTE-TO-ENERGY PLANTS COMPARED WITH LEGAL LIMITS (OPTIMAL VALUES: < 100%) (2024)



Including the Enomondo waste-to-energy plant. Mercury is monitored continuously at the Ferrara, Forlì, Modena and Rimini plants. *Law limits refer to Legislative Decree 152/2006.

Also in 2024, all average stack concentrations of continuously monitored pollutants were 87.1% below the permitted legal limits (12.9% of legal limits), with reductions ranging from 62.0% (nitrogen oxides) to 98.1% (dust). In 2003, this percentage stood at 59%. Even for the parameters not continuously monitored, all values were well below the legal limits, with reductions of at least 96.6% (sum metals) up to 99.8% (polycyclic aromatic hydrocarbons).

The results are also excellent with respect to the limits of the integrated environmental authorisations (AIA): in these plants (Bologna, Ferrara, Forlì, Modena, Padua, Ravenna, Rimini and the Enomondo plant in Faenza) the concentrations of pollutants monitored continuously were on average 80.2% lower than the most restrictive limits. The pollutants monitored in the permits are: dust, hydrochloric acid, nitrogen oxide, sulphur oxide, carbon monoxide, hydrofluoric acid, total organic carbon, mercury.

Since 2008, the previous day's average values and 'semi-hourly averages' of emissions from the Group's waste-to-energy plants have been available on the Group's website. The online data is updated every half hour with the average values recorded over the last 30 minutes. Data are transmitted automatically by the detection systems, which are in operation 24 hours a day on all plants, located in the provinces of Bologna, Ferrara, Forlì-Cesena, Modena, Rimini, Isernia, Padua and Trieste.

DEVELOPMENT OF DISTRICT HEATING SYSTEMS

Hera Spa operates 22 district heating systems in the areas of Bologna, Ferrara, Forlì-Cesena, Imola, Modena and Ravenna, offering an efficient and less polluting alternative to traditional boilers. Approximately 414.7 GWh of thermal energy was sold in 2024 (an increase of 2% compared to 2023), serving a volume of 23.6 million cubic metres (+1% compared to 2023).

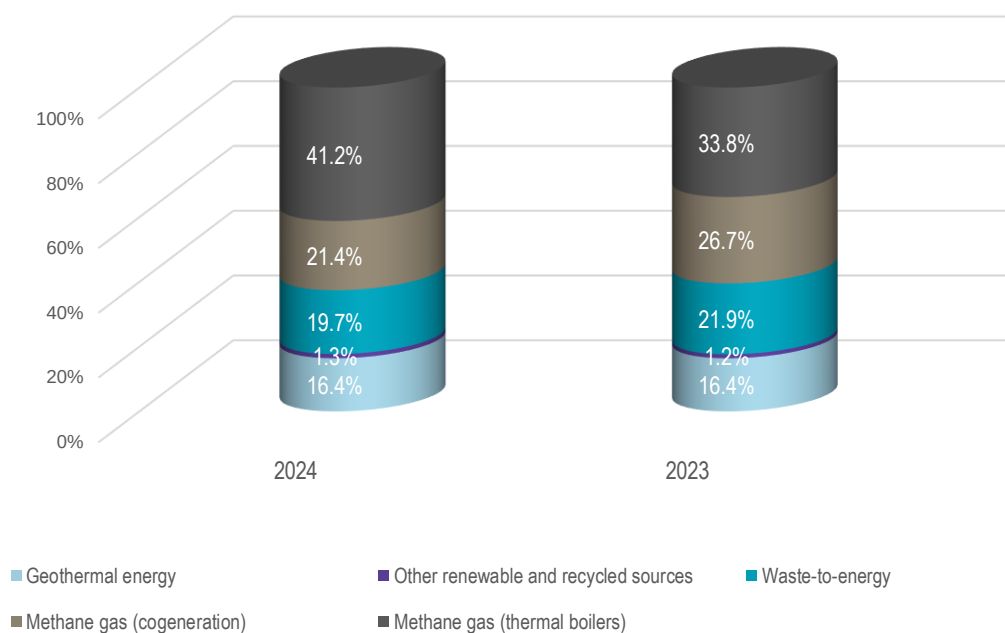
District heating is a service that consists of selling heat generated in more efficient and better-controlled production centres than traditional stand-alone or condominium boilers to the customer, distributing it through insulated networks to supply heating to homes through heat exchangers, without emissions of pollutants to the user. The advantage for the customer is greater safety and lower running and maintenance costs, while still maintaining the possibility of autonomously regulating the temperature. From an environmental point of view, district heating represents an answer to the problems of air pollution in cities as it replaces numerous autonomous boilers distributed throughout the city (sometimes still fuelled by oil) by using high-efficiency centralised production sources, which can also be fuelled by renewable energy or energy recovered from other processes.

Thanks to Hera district heating systems, more than 16 thousand tonnes of oil equivalent, 35 thousand tonnes of greenhouse gases, and 48 tonnes of nitrogen oxides were saved in 2024 compared to a traditional system.

Work is underway to develop and upgrade plants, optimise infrastructure management and optimise the mix of production sources, with the aim of mitigating technical risk, further improving service continuity, increasing heat production yields and maximising the integrated use of renewable sources. In this context, in 2024 the connection to the Forlì waste-to-energy system of an important client company was implemented, thus increasing the volume served by 83,000 cubic metres for a connected capacity of 2.5 MW. In Cesena, the revamping of the Ippodromo power plant was completed, which resumed production after the damage caused by the May 2023 flood. In Bologna, work continued on the interconnection of the four systems Caab/Pilastro, Sede Berti/San Giacomo, Bologna Fiere and Navile to extend the network and increase heat recovery from the waste-to-energy plant. Finally, in Ferrara, the planning phases were completed for operations to double the power of the geothermal source and increase the renewable share of the system's source mix.

Hera district heating systems are powered by different energy sources: geothermal, waste-to-energy, other renewables and minor recovery sources, cogeneration, turbogas, and thermal boilers.

SOURCES USED FOR DISTRICT HEATING



The percentage of thermal energy produced in 2024 from renewable or recovered sources is 37.4%. If cogeneration is also considered, the percentage rises to 58.8%.

The systems that in 2024 meet the definition of efficient district heating as per EU Directive 2012/27/EC (i.e. systems using, alternatively, at least: 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of the above) are Bologna Caab-Pilastro, Castelmaggiore, Ferrara, Forlì Waste-to-energy plant. Overall, some 171.7 GWh (41.5% of the total) were sold from these systems and served 37.4% of the total volume served by district heating. Also in 2024, the absolute specific emissions of pollutants from the largest cogeneration plant serving district heating managed by the Group, Imola Casalegno (installed power of 80 MW electrical and 65 MW thermal) remained at extremely low levels and well below the limits set by the Integrated Environmental Authorisation, which in turn sets limits for the most common pollutants in fumes (NO_x and CO) that are 75-80% lower than those set by Legislative Decree 152/2006.

ATMOSPHERIC EMISSIONS FROM THE IMOLA COGENERATION PLANT

MG/NMC	LEGAL LIMIT VALUE	AUTHORISED LIMIT	2024	2023
Nitrogen oxides (NO _x)	60	14.5	9.7	8.7
Carbon monoxide (CO)	50	9.5	1.3	0.9
Ammonia slip (NH ₃)	not required	2	0.1	0.2
Total suspended particulates (TSP)	not required	4	0.02	0.01
PM10	not required	1	0.004	0.01

The authorised emissions limits of the Imola cogeneration plant refer to the Integrated Environmental Authorisation and subsequent amendments and additions (with more stringent limits than set out in the Legislative Decree 152/06). The CO, NO_x, NH₃ and PTS values correspond to the annual average values recorded continuously by the continuous monitoring system. The PM10 values are derived from the average of the values detected during the self-monitoring checks (quarterly). All authorised limit values correspond to the daily average.

The Hera Group's fleet consisted of 4,001 vehicles at the end of 2024, of which those with the latest anti-pollution directives (Euro 5, Euro 6 and electric vehicles) numbered 3,398, 84.9% of the total, up by 3 percentage points over the previous year.

In terms of fuel sources, 846 vehicles run on environmentally friendly fuels (natural gas, LPG, electric or hybrid power), 21.1% of the total (there were 759 in 2023, 19.0%).

It should be noted that in 2024 Uniflotte started the trial for the exclusive use of HVO in HGVs to replace diesel in compatible vehicles, and on the basis of the results of the trial the use of this fuel will continue in the future involving 26% of the vehicles in 2028 (which is expected to be about 3,970 vehicles). At the same time, the Group will also increase the number of electrically powered vehicles from 1% in 2024 to 12% in 2028.

This data refers to all the vehicles owned by Uniflotte, Marche Multiservizi and Marche Multiservizi Falconara and the vehicles owned by the other Group companies whose maintenance or management is carried out by Uniflotte.

UPGRADING OF COMPANY AND SUPPLIER FLEET

In addition to the fleet of company vehicles, there are 287 leased cars assigned to the managers and sales staff of Group companies. In 2024, all these cars are Euro 6 and 70.0% are hybrid powered (68.1% in 2023).

It should also be noted that, with the aim of streamlining and optimising the use of cars, the Group has launched the 'Prendi e Vai' company car-sharing system, which is expected to be integrated with electric vehicles. To support the electrification of the company fleet, additional electric charging points are to be installed at company locations.

The Group's commitment to the use of vehicles with a lower environmental impact also extends to the supply chain: in the criteria for choosing suppliers, as in tenders for urban hygiene services, the Group rewards the most virtuous suppliers by giving preference to those who use vehicles with a reduced environmental impact. In 2024, 89.0% of the vehicle fleet of suppliers managing environmental services for Hera Spa, AcegasApsAmga and Marche Multiservizi (2,876 vehicles) is made up of more recently registered vehicles (Euro 5 and 6, including electric vehicles), continuing the renewal process of the environmental services subcontractors' vehicle fleet (this was 82.4% in 2023). In terms of fuel sources, suppliers' vehicles powered by natural gas, LPG or electricity account for 11.9% of the total.

Based on the reporting required by the European Taxonomy (Regulation 852/2020), the eligible investments related to the development of district heating systems and the upgrading of the company fleet in 2024 amount to EUR 37.3 million.

The eligible investments envisaged in the 2024-2028 Business Plan amount to 114.4 million euro.

MAIN ACTIONS

BRIEF DESCRIPTION

SOIL PROTECTION

Remediation of contaminated soil	Remediation work to recover and secure contaminated urban areas and industrial sites, contributing to land regeneration.
Reuse of soil in planning	Technical solutions aimed at the re-use of already urbanised areas or the preservation of the natural context of the areas affected by plant installations.

LAND RECLAMATION ACTIVITIES

The Hera Group has been active in the environmental remediation sector since 2009. With the entry of ACR into the Group, the remediation business unit was transferred to it, expanding its range of services. ACR now provides clean-up and remediation services for the safety and rehabilitation of urban areas and contaminated industrial sites, as well as decommissioning.

ACR offers an all-round service encompassing all activities related to the technical-administrative management accompanying the reclamation of an urban and/or industrial brownfield site: from the planning of the cognitive survey, to the economic feasibility study related to environmental liabilities, to the environmental consultancy regarding the purchase and sale, up to the execution of environmental remediation and reclamation of degraded areas for regeneration. Remediation work is carried out with qualification certificates. In addition, site activities are performed in accordance with international standards ISO 9001, ISO 14001 and ISO 45001.

Over the years, particular attention has been paid to increasingly sustainable and environmentally friendly approaches. The main sustainability requirements include low energy consumption, minimisation of the use of chemical soil improvers, and finally, applicability directly in situ, i.e. without prior removal of the contaminated environmental matrix (soil or groundwater). In parallel to on-site treatment interventions, on-site and off-site intervention technologies were also developed. The 'on-site' intervention involves excavating the contaminated soil and subsequently treating it on site (soil washing, biological treatment of soils through biopiles, treatment of soils through Soil vapor extraction, treatment of groundwater through pump & treat) for the recovery of the contaminated environmental matrix and its reuse, while the 'off-site' intervention involves excavating the contaminated soil and subsequently treating it off-site, in authorised treatment plants or in landfills.

Environmental reclamations concluded and ongoing

NO. SITES	2024	2023
In situ interventions	146	114
On-site interventions	0	0
Off-site interventions	368	34
Total	514	148

At the end of 2024, there were 514 active (i.e. not counting dormant, where the activity carried out is merely supervisory) remediation projects completed or in progress. These include three Sites of National Interest (SIN), such as Bussi sul Tirino (PE), the Petrolchimico di Mantova and the Val del Rio landfill in Chioggia (VE). Compared to 2023, there is a considerable increase in sites as a result of increased customer demand.

In 2024, ACR treated 309,100 tonnes of waste in its remediation and global service activities (327,000 tonnes in 2023), a decrease of 5%, mainly due to the progress of some orders and the conclusion of others, in terms of remediation

activities, and the non-renewal of contracts with some customers and a general reduction in the volumes of production companies, as regards the global service activity.

The Hera Group adopts strategies to reduce the use of virgin land, favouring the reuse of already urbanised or occupied areas. In 2024, with reference to HeraTech's projects, about 11,000 sqm (24.6%) of the 44,700 sqm of land used for new infrastructure was reused, mainly for sewage treatment works. From 2018 to 2024, 75.3% of the land involved in the projects was reused.

REUSE OF SOIL IN PLANNING

On the basis of the reporting required by the European Taxonomy (Regulation 852/2020), the eligible investments related to land reclamation works for land protection in 2024 were 0.6 million euro.

Eligible investments in the 2024-2028 Business Plan amount to 14.7 million euro.

Metrics

The methodology provided by the ESRS and used for reporting on pollutants includes a reporting boundary related to plants that are subject to EU Regulation 166/2006 (E-Prtr). This Regulation only applies to processes and plants that exceed certain size thresholds set out in Attachment 1; for these plants, pollutants exceeding the annual mass flow thresholds set out in Attachment 2 of the Regulation are reported.

EMISSIONS OF POLLUTANTS

The Hera Group plants falling within the scope of pollutant reporting are all nine waste-to-energy plants managed by the Group and the biomass plant managed by the company Enomondo Srl (50% owned by Herambiente Spa) as they exceed the capacity threshold of 3 t/h, two energy production plants (the trigeneration plant serving the Bologna Fiera district heating system and the cogeneration plant serving the Imola district heating system) as they exceed 50 MW 18 urban waste water purification plants (located in the provinces of Bologna, Ferrara, Forlì-Cesena, Modena, Padua, Pesaro-Urbino, Ravenna, Rimini and Trieste) and six liquid waste purification plants managed by Herambiente Spa and Herambiente Servizi Industriali as they exceed the capacity threshold of 100,000 p.e.

E2-4

The Hera Group's emissions are well below legal (and authorisation, when present) limits, as partly indicated in the previous pages.

There are no plants with emissions of pollutants into the soil.

The following table shows the pollutant emissions of the plants exceeding the annual thresholds in mass flows provided for in Attachment 2 of the E-Prtr Regulation; for emissions to air, only the Bologna, Isernia and Padua waste-to-energy plants exceed these thresholds, while for emissions to water, all 24 purification plants operated by Group companies exceed these thresholds for at least one pollutant; emissions of pollutants exceeding the thresholds in at least two plants are reported.

Emissions of pollutants

EMISSIONS TO AIR (KG)	ANNUAL THRESHOLD	2024
Nitrogen oxides (NO _x /NO ₂)	100,000	437,827
		(3 plants)
EMISSIONS TO WATER (KG)	ANNUAL THRESHOLD	2024
Chlorides (expressed as total Cl)	2,000,000	121,798,280
		(12 plants)
Nitrogen (N)	50,000	1,980,135
		(13 plants)
Total Organic Carbon (TOC) (expressed as total C or COD/3)	50,000	1,853,904
		(14 plants)
Phosphorus (P)	5,000	165,274
		(11 plants)
Fluorides (expressed as total F)	2,000	16,452
		(3 plants)
Zinc and compounds (Zn)	100	12,873
		(18 plants)
Chromium and compounds (Cr)	50	3,028
		(7 plants)

Copper and compounds (Cu)	50	1,628 (10 plants)
Phenols (expressed as total C)	20	2,554 (4 plants)
Nickel and compounds (Ni)	20	1,281 (9 plants)
Lead and compounds (Pb)	20	1,171 (11 plants)
Arsenic and compounds (As)	5	399 (11 plants)
Cadmium and compounds (Cd)	5	311 (15 plants)
Mercury and compounds (Hg)	1	52 (9 plants)

Substances of concern by main hazard classes

SUBSTANCES OF CONCERN AND VERY HIGH CONCERN

According to the ESRS standard, substances of concern are those that:

- fulfil the criteria of Article 57 and are identified in accordance with Article 59(1) of the Reach Regulation (EC) 1907/2006 “concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals [...]”;
- are classified in Attachment VI, Part 3 of the CLP Regulation (EU) 1272/2008 on classification, labelling and packaging of substances and mixtures, in one of the following hazard classes or categories shown in the table below.

E2-5

According to the ESRS standard, Substances of Very High Concern are those that meet the criteria set out in Article 57 and are identified according to Article 59(1) of the Reach Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals.

Substances of very high concern are included in the candidate list, i.e. 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 line with the Reach regulation. At the time of reporting, the latest update of the list of 21 January 2025 was published on the ECHA website. The authorities and the scientific committees of the ECHA assess whether the risks arising from substances can be managed, and the authorities may ban hazardous substances if the risks arising are not manageable, and may also decide to restrict a use or make it possible only after authorisation.

The authorisation procedure aims to ensure that substances of very high concern (SVHC) 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 for the prevention of health, safety and environmental risks the substitution of substances or mixtures containing substances of very high concern with less dangerous substances or mixtures, where this is technically possible. This principle was also extended to suppliers through the signing of the General Regulations on Quality and Sustainability.

The reporting boundary concerns the substances used directly by Group companies for the management of their operational processes, excluding in this reporting phase the substances used by suppliers; in the absence of usage data, the quantities purchased are indicated. Substances or mixtures to which several hazard classes are assigned were considered only once, following the priority order of hazard.

During the reporting period, the Hera Group did not purchase/use any substances of high concern in its operations and production processes.

Substances of concern used or purchased

SUBSTANCES OF CONCERN (T)	2024	MAIN USES
SUBSTANCES OF CONCERN HAZARDOUS TO HEALTH		
Carcinogenic, cat 1A and 1B	3,836	Fuel (petrol) for company vehicles, products used for purification and laboratory reagents
Mutagens, cat 1A and 1B	0	
Toxicity for reproduction, cat 1A and 1B	19	Cogeneration and maintenance engine oil and laboratory reagents
ED - Endocrine disruptor for humans	0	
Carcinogenic, cat 2	217,145	Fuel (diesel) for motor vehicles, company vehicles and generator sets
Germ cell mutagen, cat 2	29	Water disinfection products (ozone)
Toxicity for reproduction, cat 2	2	Laboratory reagents and paints and thinners
Respiratory tract sensitisation, cat 1	56	Process reagents for waste treatment plants
		Process reagents for waste treatment plants, odouriser for gas distribution, product for sanitising water treatment in district heating networks and sealants, lubricants and cleaners for vehicle maintenance
Skin sensitisation, cat 1	5,081	
Specific target organ toxicity (repeated exposure), cat 1 and 2	75	Antifreeze and additives for waste treatment plants and vehicle maintenance
Specific target organ toxicity (single exposure), cat 1 and 2	713	Methanol for purification plants and process reagents for waste treatment plants
ENVIRONMENTALLY HAZARDOUS SUBSTANCES OF CONCERN		
Persistent, bioaccumulative and toxic (PBT) or very persistent and very bioaccumulative (vPvB) properties	0	
ED - Endocrine disruptor for the environment	0	
Chronic danger to the aquatic environment, cat 1 to 4	5,472	Process reagents for waste treatment plants, products for water disinfection and polyelectrolyte and odouriser for gas distribution, sealants, lubricants and cleaners for vehicle maintenance
Danger to the ozone layer	0	
Total quantities of substances of concern used or purchased	232,428	

There are no cases of substances of concern or extreme concern used in production processes leaving the plants in the form of monitored emissions exceeding authorised limits.

The quantities of carcinogenic substances (categories 1 and 2) reported are mainly related to fuels (diesel and petrol) used for refuelling means of transport and to a lesser extent for the use of equipment.

The quantities of substances with chronic aquatic environmental hazards and skin sensitisers reported partly concern the use of odourising substances in the gas distribution sector, which are necessary to ensure safety, in application of the UNI technical standards for the sector that set minimum odouriser concentrations.

The quantities of mutagenic (cat.2) and chronically hazardous substances for the aquatic environment reported also include some substances used for wastewater treatment and water purification through the degradation of organic substances and the control of bacterial load. The presence of chlorine is therefore essential to maintain a safe water supply at all times, within the quality parameters of water intended for human consumption. In 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 impacts, risks and relevant opportunities

ESRS 2 IRO-1
ESRS 2 SBM-3

The double materiality analysis identified, among the most relevant themes for the Hera Group, that of water and marine resources protection, expressed in the sub-theme “Water”.
The results of the double materiality analysis reflect the role of the Hera Group in managing the water service in 228 municipalities with a catchment area of over 3.6 million inhabitants. In this area, the Hera Group deals with the integrated management of all the phases necessary to make the water usable and available for civil and industrial use and consumption: from its extraction to purification and users’ distribution, from sewage systems management to purification up to the return of water to the environment. The Hera Group’s sources of water supply consist of underground aquifers, surface water and, to a lesser extent, springs. In the Romagna Region, the water distributed is purchased wholesale by Romagna Acque - Società delle Fonti.
Water and marine resources are associated with the following shared value creation areas presented in the General Information Chapter: sustainable water management; resilience and adaptation; transition to a circular economy. For each shared value creation area, actions and objectives related to the protection of water and marine resources are reported.

Impacts, risks and opportunities related to water and marine resources

MATERIAL SUB-THEME	IMPACTS, RISKS AND OPPORTUNITIES
Water	Water consumption in plant management
	<i>Current medium-term negative impact of own activities in areas subject to high water stress</i>
	Water losses in distribution networks
	<i>Current medium-term negative impact related to own activities</i>
	Water withdrawals in areas under high water stress
	<i>Potential medium-term negative impact of own and suppliers’ activities in areas subject to high water stress</i>
	Application of water safety management plans
	<i>Current short-term positive impact of own activities</i>
	Promotion of customer initiatives to reduce water consumption
	<i>Current short-term positive impact of own and customers’ activities</i>

The process of identifying impacts associated with water and marine resources has taken into account the location of areas subject to water extraction, both in the context of water service management and consumption related to other Group’s activities.
The main major negative impacts concerning water service management are: water losses in the distribution network, namely water not billed either for ruptures in the pipes or not entered in the accounts, as well as water extraction for drinking water service in areas under high water stress (this chapter, below, contains a report of the provinces concerned). The impact also affects the value chain, with reference to water extraction in the Romagna region coming from the supplier Romagna Acque.
As regards the other services of the Group, the negative impact was identified as the water consumption of plants located in areas under high water stress or affected by drought periods.
The implementation of new water safety management plans, with the aim of ensuring quality drinking water, represents a positive impact. In addition, the Group, thanks to customer-oriented initiatives involving consumption analysis campaigns (Water Consumption Log), produces positive impacts by promoting virtuous and conscious behaviour that favours a responsible use of water resources and a consequent reduction in water consumption.
Methodological references for the identification and assessment of relevant sustainability issues are provided under the General Information Chapter.

RELATIONS
WITH
INSTITUTIONAL
BODIES FOR THE
IDENTIFICATION
OF IROs

The quality of relations with institutions, which play a role both in territorial planning and in emergency events management, is essential for the mitigation of risks and impacts (including those deriving from climate change) related to the integrated water service. The extreme climatic events between 2022 and 2024 (water scarcity and flood events) have highlighted the need for a continuous dialogue between local stakeholders to achieve a common management vision.
Concerning territorial planning issues, the National Adaptation Plan to Climate Change is the main planning tool for dealing with climate emergencies. At the river basin level, the information frameworks and sector plans developed by the Basin District Authorities, whose activities intersect with the relevant role played by the Regions and their Agencies both in the planning and management phase of emergency events, are essential. The Emilia-Romagna, Veneto and Friuli-Venezia Giulia Regions define the cognitive frameworks of availability and needs and the lines of action in their

ESRS 2 IRO-1

own Water Protection Plan (being updated for Emilia-Romagna and issued in 2021 for Veneto and in 2023 for Friuli-Venezia Giulia).

The Government Body of the Optimal Territorial Area (EGATO) deliberates Integrated Water Service Investment Plans, which articulate, for each Territorial Area, not only the standard interventions for the maintenance and development of services, but also those oriented to increase the resilience of collection, supply and distribution systems as well as urban drainage systems. In these plans, however, there is no space for large strategic works (for example reservoirs) which, as recalled further on, need extraordinary planning, financing and construction procedures.

For water supply, specific working tables coordinated by the Region and/or the Civil Protection Agency are set up. A virtuous example of cooperation and interaction between entities aimed at water resilience is the activation of agreements for the reuse of purified water that Hera is promoting in the local areas.

In the Marche Region, constant discussions with the authorities led to the approval, at the end of October 2024, of a new 2024-2028 investment plan. This plan is a key step towards ensuring a more long-term sustainable and efficient management of water resources.

Policies and objectives

POLICIES

E3-1

In order to manage the relevant impacts, risks and opportunities related to water and marine resources, the Hera Group has defined as references its purpose (Article 3 of the Articles of Association), the shared value creation model, the Code of Ethics and the Quality and Sustainability Policy.

In the Code of Ethics, consistent with the Company's mission, Hera's commitments for environmental protection, understood as a heritage to be protected from destruction, degradation and pollution, have been defined. Hera recognizes the environment as a primary asset and uses appropriate technologies, tools and processes to contribute, in line with its purpose, to ecological transition, risk prevention, reduction of direct and indirect environmental impacts and preservation of natural resources for the benefit of future generations.

The Hera Group, also as operator of the integrated water service, carries out all activities that may have an impact on water resources in accordance with the Consolidated Environmental Act, which regulates soil protection and fight against desertification, water protection from pollution and water resource management, by also transposing Directive no. 2000/60EC, a framework for Community measures in the sphere of water policies.

Within the Group, the shared value approach includes the area of sustainable water resource management impact, in which actions are developed to monitor the quality and safety of distributed drinking water, through the risk-based logics of Water Safety Plans, and to return to the environment a purified water with a quality such as to maintain unchanged the ecological status of water bodies, in line with the European legislation. In addition, the impact area of transition to a circular economy includes actions for the circularity of water resources in terms of reducing losses in water networks, reducing internal and customer consumption and reusing wastewater and process water. Finally, the impact area of resilience and adaptation includes activities to increase the resilience of the water system to cope with the consequences of climate change such as drought events and floods.

With regard to health protection and drinking water, the Group adopts structured prevention and control plans to ensure the safety of drinking water throughout the entire production chain, from collection to distribution; in addition, Hera's approach includes analytical control plans for water supply and management plans for water safety within the time provided for by Legislative Decree no. 18/2023. The new European Wastewater Treatment Directive (2024/3019) will bring many challenges related in particular to the need for treatment of micro-pollutants, reduction of discharge limits (especially on nitrogen and phosphorus parameters) and the future energy neutrality targets for sewage treatment plants. The broader objective in water resource management is to develop actions for the qualitative conservation of water, both potable and purified, and for the respect of the environment. All of this is intended to consolidate a sustainable and resilient water resource management, promoting the reduction of water consumption and the circularity through reuse of wastewater and energy efficiency.

Hera promotes the agricultural and industrial reuse of purified water through specific agreements with local authorities and companies, accompanied by rigorous analysis protocols to guarantee its quality. On the topic of sewage sludge management, the Group is committed to reducing landfill disposal and enhancing sludges by promoting innovative solutions for 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 purification services. Operating mainly in areas under high water stress, the mitigation of impacts and risks resulting from climate change is necessarily part of the Group's approach to water resource management and is expressed in initiatives aimed at increasing resilience and management efficiency, including against emergencies due to extreme weather events. The initiatives include districtualisation, pressure optimisation, active leak detection through innovative methods, widespread installation of smart meters, predictive maintenance, constant renewal of networks and connections, reduction of water consumption by the Group and its customers.

Hera's commitment to the protection of water resources is also confirmed by the signing, in 2019, of the United Nations CEO Water Mandate. Locally, in 2024 Hera joined the Water Pledge promoted by Impronta Etica, with the aim of defining and monitoring a shared approach to the protection of water resources at local level.

The Board of Directors is responsible for implementing this policy, ensuring that business practices are in line with third party regulations and initiatives.

**HERA'S
COMMITMENT
(OBJECTIVES
AND RESULTS)**

E3-3

Sustainability targets for water resources are defined annually based on consolidated Group-wide planning and monitoring processes to define the five-year business plan, budget and annual balanced scorecards. These mutually integrated instruments include sustainability objectives, accompanied, where possible, by quantitative targets. Below are the main objectives and commitments related to water and marine resources ("What we will do") accompanied by a description of progress achieved in relation to the objectives published in the 2023 Non-financial statement ("What we said we would do", "What we did").

These objectives are aimed at managing water and marine resources and addressing relevant impacts, risks and opportunities. They are set out below in the context of shared value creation expressed in the Water and Marine Resources Policy: transition to a circular economy, sustainable water management, and resilience and adaptation.

WHAT WE SAID WE WOULD DO**WHAT WE DID****WHAT WE WILL DO****TRANSITION TO A CIRCULAR ECONOMY**

24% reduction in household water consumption by 2027 and 25% by 2030 compared to 2017 consumption.

560,000 customers with the "Water Consumption Log" by 2027, equal to 77% of the total.

Reduce water losses by 8.6% by 2027 compared to 2022 thanks to the increase of the aqueduct network, analysed with predictive algorithms accounting for 30 thousand km.

25.5% reduction in household consumption in 2024 compared to 2017 (it was 21.5% in 2023) due to specific water saving activities.

350,382 household customers with the "Water Consumption Log" by 2024 (40.8% of resident household customers; they stood at 37.5% at the end of 2023).

Linear water losses increased slightly in 2024 (8.4 m³/km/day) compared to 2023 (8.3 m³/km/day). 30 thousand km of network analysed with predictive algorithms

26.2% reduction in household water consumption by 2028 compared to 2017 consumption (1.5 million cubic metres).

500,000 customers with the "Water Consumption Log" by 2028, equal to 57% of the total.

Reduce linear water losses by 10% by 2028 compared to 2024 (8.4 m³/km/day).

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

91% of users served in areas with a Water Safety Plan defined by 2027 and 100% by 2030.

76.3% of users served in areas with a Water Safety Plan. At the end of 2023, they were 65.8%.

100% of users served (over 1.7 million) in areas covered by a Water Safety Plan defined by 2028, in accordance with the objectives defined by the European Union.

RESILIENCE AND ADAPTATION

Water service resilience: 100% of the network subjected to predictive maintenance and 73% of the districtualised network by 2027 (focus on limiting network losses) in Emilia-Romagna and Triveneto.

53% of districtualised water network in Emilia-Romagna and Triveneto (it was 49% in 2022) and 100% water network with predictive algorithms in Emilia-Romagna and Triveneto (it was 90% in 2023).

Water service resilience:

- 30.6 thousand km of network subjected to predictive maintenance (99% of the total) and 27.4 thousand km of districtualised network (89% of the total) by 2028;
- Numerous interventions to strengthen water supply systems, interconnect aqueduct systems and upgrade water supply networks in the Emilia-Romagna, Triveneto and Marche Regions to improve drought risk resilience.

Actions and resources**REDUCTION OF
WATER
CONSUMPTION**

What Here is a report of the main actions carried out, in progress or planned by Hera, to achieve the objectives of the Group and the management of IROs in the following areas: transition to a circular economy, sustainable water resource management, and resilience and adaptation.

E3-2

MAIN ACTIONS**SHORT DESCRIPTION****TRANSITION TO A CIRCULAR ECONOMY**

Reduction of water consumption

Planning and implementation of measures aimed at reducing water consumption inside and outside the Group.

Reduction of customers' water consumption (household and business)

Activities aimed at improving the use of water resources by the Group's customers

The Group, in line with the long-term European vision aimed at guaranteeing an adequate water supply in terms of quality and quantity, 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.

In 2024, with regard to the target for reducing water volumes used at sites and plants, a reduction of water consumption of around 25.5% compared to the 2017 baseline (around 1.5 million cubic metres) has already been achieved, corresponding to an absolute value of about 398 thousand cubic meters per year, equivalent to the annual water needs of almost 8 thousand people. This result is due to the continuous work done on searching for improvement areas in the use of water resources, systems optimisation and implementation of interventions to reuse and recover this resource.

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. Major initiatives that have contributed and will continue to contribute to the reduction of water consumption include:

- Construction of treatment sections for recovery and reuse of purified wastewater (in the provinces of Bologna, Modena, Ravenna and Rimini);
- Preparation of rainwater collection and recovery tanks for process uses (in the provinces of Bologna and Ravenna);
- Optimisation of irrigation systems of depleted landfills under management (in the provinces of Bologna and Ravenna);
- Strengthening research and reducing losses on district heating networks (in the provinces of Bologna, Ferrara and Modena);

At the same time as the launch of the Water Management Project within the Hera Group, the importance of extending this project to household and business customers clearly emerged.

Consumption analysis campaigns and reduction support campaigns were therefore designed with the aim of stimulating and increasing a virtuous and conscious behaviour in the use of water resources among our customers as well. In 2019, the Consumption Log was introduced, that is an experimental project that analyses the water consumption by household customers, offering customised consumption reports compared to average consumption by similar customers and by the most virtuous customer, as well as advice on reducing water use. In 2024, this service was extended to about 47 thousand additional customers for a total of 350,382 household customers (about 40.8% of household customers, +3% compared to 2023) and will be progressively expanded. For business customers, on the other hand, the Water Management Portal was created to monitor and optimise water use by water-intensive users, that is water consumption of more than 50 thousand cubic meters per year.

**REDUCTION OF
CUSTOMERS'
WATER
CONSUMPTION
(HOUSEHOLD
AND BUSINESS)**

MAIN ACTIONS

SHORT DESCRIPTION

SUSTAINABLE MANAGEMENT OF WATER RESOURCES

Introduction of Water Safety Plans	Ensure the quality and safety of distributed water through the quality monitoring activities of the water supplied to customers based on the retrospective control of analytical parameters according to risk-based assessment.
Reduction of water network losses	Implementation of actions aimed at reducing physical and administrative losses of water in relation to the water resources supplied and fed into the network

European legislation (Directive no. 2020/2184) has led to a substantial change in approach to the protection of human health on the subject of drinking water, marking the shift from a monitoring regime based on retrospective control of a set of analytical parameters to a preventive risk assessment (risk-based approach). The risk-based approach involves the control of emerging contaminants, currently not subject to systematic monitoring, 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. In this regard, the analytical control plan of the integrated water service is drafted annually, substantially in accordance with the risk assessment criteria contained in Directive no. 1787/2015.

**INTRODUCTION
OF WATER
SAFETY PLANS**

Coverage of water safety management plans

AMOUNT	2024	2023
End users served (including indirect users) with a water safety management plan (technically closed)	1,661,995	1,429,880
End users served by the operator of the aqueduct service	2,178,786	2,172,962
Users served in areas with a water safety management plan (% of total users served by the aqueduct)	76.3%	65.8%

Indirect users: final recipients of the service provided to condominium users and coincide with the property units underlying the supply contract for one or more services of the integrated water system.

At the end of 2024, there are 119 municipalities in which a water supply system is present and for which a water safety management plan has been technically closed. The users in these areas are equal to 76.3% of the total users served in areas in which the Hera Group manages the aqueduct service. In Emilia-Romagna, in 2024, the reestablishment of perimeters of the supply systems and zones was carried out, under which water supply zones with technically closed safety plans are 65. The users in these areas are equal to 77.5% of the total users served by Hera Spa. In Emilia-Romagna, in 2024, the Water safety management plan for the Ravennate-Cesenatico-Rubicone-Mare water supply system was developed, completed and shared with the relevant authorities. In the Triveneto Region, plans for all supply areas have been technically concluded while in the Marche Region an initial pilot plan has been concluded for the supply area relating to the Mercatello sul Metauro aqueduct.

The technically closed water safety management plans are plans for which site inspections, checklists and risk analyses have been carried out, improvement actions defined and a risk matrix elaborated, and for which ongoing meetings and in-depth analyses have been held with governmental Authorities, in particular Local healthcare units and regional Environmental protection agencies; a plan can be defined as formally closed when it is submitted to the Ministry of Health and the National Institute of Health.

REDUCTION OF WATER NETWORK LOSSES

With a view to the sustainable management of water resources, Hera has developed a set of actions designed to reduce water network losses. Water losses can be physical or real (due to broken pipes or hydraulic parts) as well as administrative or apparent (meter measurement errors, illegal consumption); the latter translate into water that is actually delivered to the final customer, but is not counted nor, therefore, invoiced.

Water losses are calculated according to the specifications of ARERA Resolution no. 917/2017, which defines linear losses and percentage losses. The 2024 figure has been estimated 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 phase of the final ARERA registers scheduled for April 2025.

Percentage and linear water losses

	2024	2023
Percentage water losses (%)	31.0%	30.6%
Linear water losses (m ³ /km/day)	8.4	8.3

In 2024, the Hera Group recorded a percentage loss of 31.0%, which is below the national average of 41.8% and the average for Northwestern Italy, which at 33.4% performed best nationally. The Group also recorded water losses of 8.4 m³/km/day, below the national average of 17.9 m³/km/day and the average for the Northeastern Italy, which at 11.2 m³/km/day performed best nationally (Source: ARERA, Annual Report 2024, 2023 data).

The change in the value of linear losses in the two-year period under consideration is due to several elements differentiated by the scope of the water service managed, mainly involving the increased and improved accuracy of volumes taken from the environment and changes in the estimated share of volumes consumed, not offset in 2024 by the extraordinary interventions of the National recovery and resilience plan (NRRP) linked to measure M2C4-I.4.2 for the reduction of water losses in distribution networks, including network digitisation and monitoring (network deployment, smart meters installation, network renewal, innovative leak research) and funded in the course of the year with planned completion by 2026 to achieve improvement targets.

Compared to other water service operators nationwide (Acea, Iren, Acquedotto Pugliese, Metropolitana Milanese, Smat Torino, Publiacqua and Acque Veronesi), the Group has a better performance with respect to linear water losses (8.3 m³/km/day in 2023 compared to the average value of peers equal to 20.2 m³/km/day) as well as to percentage water losses (30.6% in 2023 compared to the average value of peers equal to 36.6%). This data was processed internally by retrieving data from the published sustainability reports of the aforementioned Companies.

In 2024, 14,868 km of network were investigated, corresponding to 41.9% of the total.

Water network subject to leak detection research

KM	2024	2023
Total water network subject to active leak detection research	14,868	13,558
Total water network	35,479	35,180
Network subject to active leak detection research	41.9%	38.5%

The districtualisation of water network, extended to more than 16 thousand km in 2024, with a coverage of about 47% of the network managed, remains a priority to reduce losses. By monitoring significant quantities via remote control, the creation of network districts allows for a better orientation of the active search for dispersions, identifying portions of the network that have anomalous values of representative variables, monitored remotely via remote control.

Districtualised water network

KM	2024	2023
Total districtualised water network	16,651	14,859
Total water network	35,479	35,180
Total districtualised water network (%)	46.9%	42.2%

In addition, the predictive maintenance project allows advanced monitoring to prevent water pipe ruptures, and, during 2024, the model was used in 85.1% of the network managed.

Water network with predictive maintenance

KM	2024	2023
Total water network with predictive maintenance	30,185	27,250
Total water network	35,479	35,180
Total water network with predictive maintenance (%)	85.1%	77.5%

Based on the reporting required by the European Taxonomy (Regulation no. 852/2020), eligible investments related to the aqueduct in 2024 are equal to 151.0 million euro. The eligible investments foreseen in the 2024-2028 Business Plan are, on the other hand, equal to 738.6 million euro.

MAIN ACTIONS**SHORT DESCRIPTION****RESILIENCE AND ADAPTATION**

Drought risk assessment and mitigation	Identification and evaluation of drought risk and implementation of interventions to increase the resilience of the aqueduct

The identification and assessment of risks is managed annually through the Enterprise risk management process. Within this process, both risks and mitigation actions are identified, verifying risk events and their impact. In both 2023 and 2024, 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 (Romagna and Bolognese Apennines). 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 specific reference to drought risk, 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

**DROUGHT RISK
ASSESSMENT
AND
MITIGATION**

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.

With the use of the FVG Aqueducts Masterplan, a tool for analysing drinking water requirements and assessing the reliability degree of the sources available from a geological, climatic, morphological and land use point of view, in severe environmental stress scenarios linked to climate change and consequent extreme events (fires, floods and prolonged droughts), AcegasApsAmga identified the main structural interventions to be implemented in order to interconnect the various aqueduct systems of the Friuli Venezia Giulia Region and some municipalities in Eastern Veneto. The Masterplan, drawn up by the network of integrated water service operators of the Friuli-Venezia Giulia Region, also defines the prioritisation of interventions on the basis of various drivers, including the residential intensity, the risk of disruption to supply sources and the service standards required by national and community regulations, and was shared with the Eastern Alps Basin Authority. Furthermore, the Masterplan has been attached to the Water emergency management plan that the Region is approving.

In 2024, the Investment Plan was developed according to strategic axes focused on interconnections between aqueduct systems and new wells to increase the resource availability.

Hera Spa has continued its work to upgrade the water supply system of Castel Bolognese (Ravenna) and other municipalities in the Imola area, which will guarantee an important water reserve, and which will be completed in 2026. In 2024, the construction of a new water purifying system with a capacity of 160 litres per second was started as well as the optimisation of the water treatment section for industrial use.

Works are also under way on the supply and distribution network, with the first section going to Imola and the second going from Imola to Castel Bolognese. In addition, as foreseen in the 2024-2028 Business plan, Hera Spa intends to design and implement several interventions for the improvement of water infrastructures. The main projects include: enhancement of the Arpolli aqueduct in Gaggio Montano (BO), construction of a new reservoir and network upgrading in Borgo Tossignano (BO), renovation of wells in Calderara di Reno (BO) and replacement of floodplain wells in Bondeno (FE); measures are also planned to improve the water supply in Prignano sul Secchia (MO), Sassuolo (Modena) and Santarcangelo di Romagna (RN), as well as the rationalisation of the Senatello system in Casteldelci (RN).

Finally, for a more resilient and flexible system management, extraordinary maintenance operations, intake works, and installation of mobile drinking water treatment plants have also been planned, with the aim of improving the network efficiency and reducing losses.

On the occasion of the update of the National Plan of Strategic Water Infrastructures (PNISSI), in accordance with regional planning in both Veneto and Friuli-Venezia Giulia, a strategy was defined for:

- The adaptation of infrastructures to climate change, particularly with regard to the effects of prolonged summer droughts, which have led to profound salinity penetrations at the mouths of watercourses and a level decrease in some aquifers;

- The development of infrastructures to respond to the risk of Perfluoro Alkyl Substances (PFAS) in groundwater. By developing a partnership with the other operators, a set of enhancement and interconnection interventions has been defined, which have applied for funding and will be the subject of the Strategic Planning for the next regulatory period (MTI-4). On 27 December 2024, the Decree by the President of the Council of Ministers adopting the PNISSI was published, in which all the proposed works were included and could be subject to subsequent implementation after obtaining the necessary funds from the Government.

In particular, in the Padua area, it was proposed to upgrade a supply line (Branch C) that will contribute to the regional system, to revise the operation of the Ferrarin power station, and to build a new connection from the Saonara network to the Padua network in order to guarantee the supply to the new hospital in the City of Padua. In the Trieste area, the completion of the Randaccio water plant's by-pass and its electrical efficiency upgrade was proposed. In addition, the best possible alternative for the completion of the third aqueduct in Trieste was proposed at the level of the Feasibility Document of Design Alternatives. The total amount of the above-described interventions in the Triveneto region is around 250 million euro and requires a major contribution from the public financing system, since these proposals define the framework for water works over the next decade in this geographical area.

In the Marche Region, the measures taken to address water crisis situations have been aimed at ensuring essential water needs and reducing community's inconvenience. However, the increasing frequency of drought events calls for a long-term structural approach in order to strengthen the water system. Structural and strategic interventions have been planned to ensure the resilience of the water network and progressively reduce the use of emergency measures, to improve resource management and to make the system more flexible in the face of future climate challenges. The main measures foreseen in the 2024-2028 Investment Plan and related to the mitigation of the drought risk are:

- interconnection of Metauro, Foglia and Conca valleys;
- interconnection of Fossombrone-Montefelcino-Colli al Metauro aqueducts;
- interconnection of Vallefoglia-Petrianò water network;
- optimisation of storage tank overflow and extraordinary plant maintenance;
- enhancement of the Pesaro-Fano aqueduct system;
- enhancement of the aqueduct in Alto Metauro.

Past drought risk mitigation actions have helped to reduce the supply of mountain reservoirs by tank trucks in situations of particular criticality of the spring sources. In 2024, 78.5 thousand cubic metres of water were distributed by tank trucks due to water shortages, equal to 0.03% of the total sold by the Group, 97% of which in the Marche Region and the rest in the Emilia-Romagna Region. In 2024, compared to 2021, the water distributed by tank trucks has decreased by 40% at Group level, 96% in Emilia-Romagna and 8% in the Marche Region.

Metrics

Water stress areas have been defined at provincial level by using the "Water Stress" indicator of the World resources institute's Aqueduct database, as indicated by the European sustainability reporting standards (ESRS). Consequently, the provinces classified as high-water stress areas are: Bologna, Ferrara, Forlì-Cesena, Pesaro-Urbino, Ravenna and Rimini while the provinces of Modena, Padua and Trieste appear to have a low or moderate water stress level.

With regard to the identification of water risk areas, it also evaluates at provincial level, as indicated by the ESRS, which areas contain a river basin in which at least one body of water is not in good ecological condition, or in a condition compromising its water quality. This deterioration occurs when one or more parameters, defined by European Regulations (Directive no. 2000/60/EC, the so-called Water Framework Directive, Directive no. 2008/105/EC) and national regulations (Legislative Decree no. 152/2006 and Ministerial Decree no. 260/2010), do not comply with levels considered optimal for the health of the aquatic ecosystem and water uses. Referring to the data published by the regional Environmental protection agencies assessing the quality of local water bodies, the entire area in which the Group operates is located in water-risk areas, since each province has at least one body of water that is not in good ecological condition.

WATER RISK AREAS AND HIGH-WATER STRESS AREAS

The Group's most water-intensive activities, listed by descending order of volume consumed, are:

- sewage and wastewater treatment;
- waste treatment;
- district heating;
- management of company sites.

WATER CONSUMPTION OF THE HERA GROUP

The following table shows the water consumption of the Hera Group and includes consumption by aqueduct, extraction from groundwater or surface water and volumes of reused water (rainwater or other sources).

For all utilities connected to the civil or industrial water supply, the consumption volumes indicated in the table below have been calculated considering the invoiced quantities; for extraction from groundwater or surface water and volumes of reused water, the quantities have been defined using measuring instruments at individual points of water extraction or use.

E3-4

Water consumption

THOUSANDS OF CUBIC METRES

	2024	2023
1) total water consumption	12,585	11,663
of which in water risk areas including high-water stress areas	12,585	11,663
of which in water stress areas	7,237	6,467
2) total volume of recycled and reused water	7,878	7,156

In 2024, the total water consumption of the entire Group is equal to 12.6 million cubic metres, an increase of about 8% compared to the previous year; this increase is mainly attributable to internal water reuse, which has increased by about 0.7 million cubic metres. Water consumption in areas under high water stress has increased from 6.5 to 7.2 million cubic metres; in 2024, in these areas, the reused water was equal to 3.9 million cubic metres, 54% of total consumption.

The main types of water consumption are mainly integrated water purification plants, physical-chemical waste treatment plants, waste-to-energy plants as well as district heating, in which the Imola cogeneration plant has an annual consumption of about 266 thousand cubic metres.

In 2024, the Group's water supply comes mainly from the aqueduct (26.1% of total consumption) and groundwater (7.0% of the total), with a marginal contribution from surface waters (4.3%). Thanks to the interventions described in the Water Management Project Section, there has been a progressive reduction in the use of water taken from the aqueduct in recent years, balanced by an increase in the use of waste and rainwater. 62.6% of the water consumed comes from recycling or reuse, mainly through the reuse of wastewater directly in treatment plants or other Group's plants and the recovery of process water (for the washing of vehicles and waste bins and in waste treatment plants). These measures are the result of targeted water management interventions, including the installation of plants dedicated to the reuse of wastewater in the provinces of Bologna, Rimini and Modena, the extension of rainwater recovery tanks at various sites and the optimisation of water losses management in district heating networks.

The management of all the water collection, purification and distribution systems up to the final customer constitutes the so-called aqueduct service. The Hera Group's water supply sources consist of underground aquifers, surface water and, to a lesser extent, springs. In Romagna, the distributed water is purchased wholesale by Romagna Acque - Società delle Fonti.

Water extracted and fed into the network by supply source

THOUSANDS OF CUBIC METRES	2024	2024 (%)	2023	2023 (%)
Aquifer	209,710	50.2%	199,999	49.2%
Surface water	174,518	41.8%	173,129	42.6%
Springs and minor sources	33,528	8.0%	33,706	8.3%
Total	417,756	100%	406,834	100%

The data shows a total volume of water fed into the network going slightly up compared to 2023 (+3%). In 2024, groundwater extraction increased (+5%), while surface water, springs and minor sources extraction remained substantially stable. From a geographical point of view, the composition of the supply sources can be very diverse: for instance, the importance of groundwater in terms of percentage is low in the Marche Multiservizi area (17.5%), while it prevails in the Triveneto Region (92.1%) and stands at 42.3% in the Emilia-Romagna region, where the most widely used source is surface water (50.9%). In 2024, 67.4% of extracted water came from high-water stress areas.

Water intensity with respect to net revenues

The Water Intensity ratio was calculated by taking into account the revenue values reported in the Group's consolidated financial statements. This figure is in line with the revenues taken into account for the calculation of the KPI related to Taxonomy.

	2024	2023
Total water consumption in own operations compared to net revenues (m ³ /mn€)	976	783
Total water consumption of the Group (thousands of cubic meters)	12,585	11,663
Net revenues (mn€)	12,889.7	14,897.3

The Water Intensity Index was calculated by taking into account the revenue values reported in the Group's consolidated financial statements. This figure is in line with the revenues taken into account for the calculation of the KPI related to the Taxonomy.

Biodiversity and ecosystems

Description of impacts, risks and relevant opportunities

The double materiality analysis identified, among the most relevant themes, biodiversity and ecosystems, expressed in the following sub-theme: impacts on the extension and on the condition of ecosystems.

The theme of biodiversity and ecosystems is associated with the following shared value creation area, presented in the paragraph General information: air, soil and biodiversity protection. For this shared value creation area, actions and objectives related to biodiversity and ecosystems are reported.

Impacts, risks and opportunities related to biodiversity and ecosystems

RELEVANT SUB-THEME	IMPACTS, RISKS AND OPPORTUNITIES
Impacts on the extent and condition of ecosystems	Impact on biodiversity of plants in or near protected areas <i>Potential medium-term negative impact of own activities</i>

E4-1

The activities of the Group's plants located within and/or near protected areas and/or Natura 2000 Network sites can potentially lead, if not managed with a view to sustainability, to interferences on local biodiversity, ecosystem balances as well as native plant and animal species. The plants' normal operation as well as their possible extensions or proposed modernisations, interact with the local and environmental context and, for this reason, they are properly planned in such a way as not to cause disturbances on the local fauna or negative impacts on habitats and resources that are essential to their survival.

In order to identify the potential impact factors arising from the activities of the Group's plants, consideration went to plants located within or near Sites of community importance (SIC), Special areas of conservation (SAC) and Special protection areas (SPA) of the Natura 2000 Network, verifying the negative impacts on species and habitats. As reported in the following paragraphs, consistent with biodiversity-related management, an in-depth analysis, carried out during the various authorisation procedures, has been verified and taken into consideration (in particular screening/impact assessments pursuant to presidential decree no. 357/1997) including on the basis of specific requests from the appropriate authority and/or requirements issued as part of the investigation.

It should be noted in this regard that the initiation of an impact assessment procedure on a newly implemented project, its extension and/or renewal is done regardless of the distance between the project and the Natura 2000 Network site, but should be related to the specific elements of the project according to the ecosystems sensitivity; the concept of proximity is therefore not to be understood as an absolute value; given the heterogeneous nature of the possible impacts on biodiversity, the critical distance between plant and site may vary depending on the nature of the project and the characteristics of the ecosystems potentially affected. In particular, it has been assessed whether a plant's activities (both during construction and operations) may have significant negative effects on the network sites, or if the activities are likely to cause a deterioration of the natural habitats and species for which a specific SIC/SAC/SPA has been established. As part of plant management for normal and/or new activities, the Group takes all possible measures, in line with the regulations and requirements contained in the authorisation, to control/mitigate or possibly offset the pressure put on ecosystems and promote the protection of natural habitats.

Methodological references for the identification and assessment of relevant sustainability issues are provided in the paragraph General information.

Policies and objectives

In order to manage the relevant impacts, risks and opportunities related to biodiversity and ecosystems, the Hera Group has defined as references its purpose (Article 3 of the Articles of Association), the Code of Ethics, the shared value creation model and the Quality and Sustainability Policy.

In the Code of Ethics, consistent with the Company's mission, Hera's commitments for environmental protection, understood as a heritage to be protected from destruction, degradation and pollution, have been defined. Hera recognizes the environment as a primary asset and uses appropriate technologies, tools and processes to contribute, in line with its purpose, to ecological transition, risk prevention, reduction of direct and indirect environmental impacts and preservation of natural resources for the benefit of future generations. Hera promotes its commitment to the environment and future generations towards all its stakeholders.

Hera's approach to biodiversity is part of the European regulatory framework for the protection of biodiversity and ecosystems and is based on Directive no. 2009/147/EC (Birds Directive) and Directive no. 1992/43/EEC (Habitats Directive), which gave rise to the Natura 2000 Network sites. This network includes Sites of Community Importance (SIC), Special Areas of Conservation (SAC) and Special Protection Areas (SPA), with the aim of conserving habitats and species of Community importance. Article 6 of the Habitats Directive lays down measures for the management and conservation of these sites, introducing pro-active, preventive and procedural provisions. In particular, Paragraphs 3 and 4 regulate the Impact Assessment for plans and projects that could have significant impacts on protected habitats, ensuring a balance between local development and conservation objectives.

At national level, the Habitats Directive has been transposed with DPR Presidential Decree no. 357/97 as amended by DPR Presidential Decree no. 120/2003. The technical, administrative and procedural guidelines for the application of the Impact Assessment are laid down in the National Guidelines for Impact Assessment (VINCA) – Habitats Directive no. 92/43/EEC, Article 6, Paragraphs 3 and 4 – adopted on 28 November 2019 in 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 establishing the framework for the Impact Assessment Procedure, which the Hera Group follows to ensure compliance with existing regulations.

The Group's approach to management and control/mitigation of environmental impacts and potential impacts on natural areas and biodiversity includes activities fully compliant with European and National Regulations, with particular emphasis on the application of Impact Assessment (VINCA) Protocols and on the compliance with Ministerial and Regional Guidelines. In addition, the Group implements continuous monitoring measures, where necessary, to ensure that its operations are not likely to compromise ecosystem balances, using control and management tools to prevent impacts and/or adverse interference on nature and habitats of conservation interest.

The Board of Directors is responsible for implementing this policy, ensuring that business practices are in line with third party regulations and initiatives.

Currently, the Group has not set specific objectives concerning biodiversity and ecosystems. However, Hera constantly monitors its activities and adopts solutions for the protection and sustainable management of biodiversity and ecosystems, as described in the Actions and Resources Section.

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HERA'S COMMITMENT (OBJECTIVES AND RESULTS)

Actions and Resources

E4-3 Here is a report of the main actions carried out, in progress or planned by Hera, to achieve the objectives of the Group and the management of IROs in the following areas: air, soil and biodiversity protection:

E4-4

MAIN ACTIONS

SHORT DESCRIPTION

MONITORING AND ENVIRONMENTAL PROTECTION THROUGH ASSESSMENT AND BIOMONITORING

Tools for environmental protection and monitoring	Environmental assessments on plant activities to analyse in depth the potential effects on the environment: the Group adopts monitoring and mitigation measures, integrating voluntary protocols with regulatory requirements.
The "Capiamo – Bee understanding" Project: environmental biomonitoring with bees	Biomonitoring project that proposes to use bees as bioindicators to assess the quality status of the environment surrounding some plants and landfills managed by the Group.
Energy Park	Development of two renewable energy plants with positive impacts on biodiversity.

TOOLS FOR ENVIRONMENTAL PROTECTION AND MONITORING

The Hera Group adopts a structured and integrated approach to the protection of biodiversity and ecosystems in all authorisation procedures initiated on plants under management, or in particular in the environmental impact assessment processes (VIA: an environmental assessment tool used to analyse and predict the significant impacts that a project or activity may have on the environment; this is applied to projects, such as infrastructure and facilities, to ensure that adverse effects on the environment are identified and reduced through prevention and mitigation measures), impact assessment (VINCA: environmental assessment tool required when a project has the potential to interfere, directly or indirectly, with protected sites), in accordance with applicable legislation, combining regulatory compliance with voluntary monitoring and mitigation measures.

According to the legislation, VINCA is required if a project may potentially interfere, directly or indirectly, with protected sites. In this regard, it is first of all the applicant who evaluates whether a screening or impact assessment procedure should be implemented (depending on the size of the project proposed and the specific sensitivity of the potentially involved Natura 2000 Network site), always complying with any provisions of the competent authority.

The Hera Group, in order to ensure responsible and sustainable environmental management of plant activities, always activates an assessment screening whenever a new under authorisation plant project or modification shows potential disturbance factors on one or more network sites. During the investigation phase, the competent authority assesses the adequacy of the assessments carried out and expresses its opinion in this regard either by initiating an appropriate assessment or, in case of a positive result in terms of non-significant impact, by requesting further information or issuing specific requirements.

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The Group's approach has so far led to positive results with regard to the sustainability of projects undertaken, ensuring that there are no significant impacts on protected areas and on the Natura 2000 Network.

In the Hera Group, impact assessment procedures (Screening/VINCA) have been initiated for projects involving more than 35 plants. Among the plants examined: 11 are located within the Natura 2000 Network, 9 (including completed or under post-operational management landfills) are nearby this network and the remaining lie within a range of up to about eight kilometres.

As a result of the impact assessment procedures, when requirements are foreseen, Hera adopts measures following the mitigation hierarchy, further developing mitigation and/or compensation measures according to the regulator's needs and requests.

For more details on the requirements received, see the Metrics Section.

THE "CAPIAMO – BEE UNDERSTANDING" PROJECT: ENVIRONMENTAL BIOMONITORING WITH BEES

Among the actions undertaken over the years, since 2020, Herambiente has undertaken an innovative biomonitoring project aimed at further studying the environment surrounding some of its plants, as well as any potential impacts thereon. The so-called "Capiamo – Bee understanding" Project proposes to 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 been affected by the industrial plant.

ENERGY PARK

The Energy Park planned in the Municipality of Faenza will cover a total area of about 70 hectares and includes the construction of an advanced agrivoltaic renewable energy production plant and the implementation of ecological biodiversity facilities in the peri-urban field, referred to as the Urban Forest. The total power of the agrivoltaic plant will be about 14 MW with an estimated electricity production of about 21.5 GWh. The plant will occupy an area of about 27 hectares divided into four sub-fields and will be made up of structures supporting photovoltaic panels positioned at a height above ground allowing the passage of agricultural vehicles used for cultivation. The Urban Forest will cover a total area of about 15 hectares and include the planting of native shrubs and trees: two more 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 will 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.

The Urban Forest will consist of three parts:

- Traditional planting on about 6 hectares, which will involve the planting of a total of around five thousand plants;
- Miyawaki planting on about 1.5 hectares: a specific reforestation technique designed to accelerate the growth of native forests in urban and peri-urban environments. The main features of this methodology are: diversity of native plant species 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;
- Sowing on meadow on about 7.5 hectares: it is planned to sow a mixture of native herbaceous species, so as to create an attractive grassland for pollinators and antagonists of harmful insects.

In order to ensure the development and protection of biodiversity in the area, the Department of Biological, Geological and Environmental Sciences of the University of Bologna, has prepared a monitoring plan to measure and quantify this development in the coming years compared to today's agricultural context.

The agrivoltaic plant will avoid the emission of about 5.7 thousand tons of CO₂ per year.

This initiative has been admitted to investment support measures under the National Recovery and Resilience Plan (PNRR) and is expected to be implemented by June 2026.

The Energy Park planned in the Municipality of Bologna, in the northern quadrant of the city, will cover an area of about 68 hectares; of these, about 28-35 hectares will be used for the installation of an advanced agrivoltaic plant. The production of renewable electricity within the Energy Park will be possible through the construction of an agrivoltaic plant, in which the installation of photovoltaic panels is placed in such a way as to allow the normal continuation of activities on agricultural fields.

It is planned to build the area intended for public green areas, the Urban Forest, on an area of about 20 hectares on the south side of the plot associated with the agrivoltaic plant, having positive impacts on biodiversity in a peri-urban environment.

In particular, the Urban Forest will be subdivided as follows:

- Urban park, forest and meadows: covering an area of about 1.3 hectares with more than hundred plants;
- Urban park, rustic meadow: covering an area of 1.5 hectares;
- Biodiversity forest, tree plan: comprising of two areas of about 5.3 hectares and about 6.5 hectares. Since human usability is not required, this dense forest will be a shelter for the animal world and will be made up of species planted without a module or planting scheme, for a total of about 2.5 thousand plants;
- Biodiversity forest, shrub floor and meadow: comprising of a total area of about 6.8 hectares, divided into 2 hectares of shrubs, 2.8 hectares of rustic meadow and 2 hectares of flower meadow with a total of about 900 shrubs;
- Rows, for a total of around 200 plants.

In order to ensure the development and protection of biodiversity in the Urban Forest area, a monitoring plan will be provided allowing to measure and to quantify this development in the coming years compared to today's context.

The agrivoltaic plant will be able to play an active role in reducing emissions of pollutants, accounting for about 5.5 thousand tons per year of CO₂.

At the date of writing of this report was drafted, the power increase from 14 MW to 20 MW and its connection with an energy user through a direct connection model (simple production and consumption system) is being analysed.

Metrics

The main Group's plants and plant sections, which, within the authorisation procedures for plant changes, have been subjected to VINCA investigations and have received requirements from the competent authority, are shown below. E4-5

Plants/plant sections with requirements and Natura 2000 Network

THE HERA GROUP'S PLANTS AND PLANT PARTS	PLANT SECTION SURFACE (HA)	DISTANCE FROM NATURA 2000 SITE (KM)	NATURA 2000 SITE (SIC/SAC/SPA)
HERAMBIENTE			
Plant section, km 2.6, Ravenna	90	near	SAC/SPA, IT4070003, Pineta di San Vitale, Bassa del Pirottolo
Baiona Ecological Centre and Cà Ponticelle Multi-functional Platform under construction (waste-to-energy, industrial water treatment plant, waste treatment)	20	0.1	SAC/SPA, IT4070003, Pineta di San Vitale, Bassa del Pirottolo
Finale Emilia (Modena) landfill	24	1.6	SPA, IT4040018, Le Melegghine
Cordenons (Pordenone) landfill	18	near	SPA, IT3311001, Magredi di Pordenone
HERA SPA			
Ravenna purification plant	6	near	IT4070003, Pineta di San Vitale, Bassa del Pirottolo

HERAMBIENTE

In relation to biodiversity protection measures, in the context of initiated authorisation procedures, Herambiente implements, also in the case of requests coming from the competent authority, mitigation and/or compensation actions oriented towards the enhancement of the local area, landscape and natural environment. 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.

Overall, for the above-mentioned sites, the Impact Assessment Procedure has been successfully concluded by establishing the non-significant impact of the projects submitted. However, the competent authority has issued certain requirements, of which the main ones are as follows:

- Carry out specific biodiversity monitoring to verify the absence of impacts coming from plant activity;
- Ensuring that waste treatment is carried out in accordance with the law;
- In the presence of potential opportunistic species (e.g. gulls and rats on operating landfills):
 - Carry out regular waste cover operations;
 - Experiment with non-lethal methods for the containment and reduction of these opportunistic species;
 - Carry out periodic disinfestation and deratization.
- 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).

HERA SPA

In 2024, the Ravenna purification plant was subject to extensive environmental assessments during the technological modernisation work. Additional environmental monitoring of fauna and vegetation has been carried out, confirming that there are no significant negative impacts on habitats and protected species. In addition, detailed environmental monitoring plans have been developed, which include the monitoring of surface water, flora and fauna in the phases before, during and after interventions. In addition to complying with regulatory requirements, Hera applies monitoring protocols more often than required by law, ensuring careful control especially in the transitional phases of construction sites. Finally, in the context of water resource management, the authorisations for the installations in Ravenna and Lido di Classe provide for the controlled discharge of water treated into specific consortium channels, contributing to water compensation during drought and indirect agricultural reuse, with a positive impact on local aquatic ecosystems.

Resource use and circular economy**Description of impacts, risks and relevant opportunities**

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The double materiality analysis identified, among the most relevant themes, that of the use of resources and circular economy, divided into the following sub-themes: inflows of resources, including use of resources, outflows of resources linked to products and services, waste.

The theme of the use of resources and circular economy is associated with the following shared value creation areas presented in the General Information Chapter: transition to a circular economy. For this shared value creation area, actions and objectives related to use of resources and circular economy are reported.

Impacts, risks and opportunities related to the resource use and circular economy

RELEVANT SUB-THEME

IMPACTS, RISKS AND OPPORTUNITIES

Resource outflows related to products and services	Production of biomethane and compost from organic waste <i>Current long-term positive impact of own and customers' activities</i>
Waste	Management of urban and industrial waste in a circular economy perspective <i>Current medium-term positive impact of own and customers' activities</i>
	Initiatives to promote internal and external circularity <i>Current medium-term positive impact of own, suppliers' and customers' activities</i>
	Development of plant capacity for the recycling and production of second raw materials <i>Medium-term opportunities related to own activities</i>
	Development of industrial waste recovery/recycling <i>Medium-term opportunities related to own and customers' activities</i>

In order to develop the above positive impacts described above, Hera is implementing several projects to increase recycling and circular economy solutions, which will be discussed in the Actions and Resources Section.

The positive impacts identified are associated to the Group's activities such as the management and exploitation of urban and industrial waste, including through the generation of biomethane and compost. Through the exploitation of recyclable materials, in fact, Hera transforms waste into resources, reducing the use of virgin material.

In addition, the Company contributes positively to the development of the circular economy through internal (with regard to waste generated and supplies) and external circularity initiatives, including strategic partnerships with companies, promoting industrial collaboration and innovation.

In order to enhance the positive impacts described above, the Group has identified opportunities for the development of recycling and second-tier raw material production. In particular, with the aim of expanding plant capacity for plastic recycling and building new plants for the recovery of valuable secondary raw materials such as rigid plastics and carbon fibres.

In addition, in the light of the growing demand for recycling of waste produced by industrial customers, the Group identifies development opportunities in the industrial waste management sector, also through global service contracts, or contracts including a plurality of services replacing normal maintenance activities, with full responsibility for the results obtained by the Contractor. There is no current material financial impact related to the identified opportunities. Methodological references for the identification and assessment of relevant sustainability issues are provided under the General Information Chapter.

Policies and objectives

In order to manage the relevant impacts, risks and opportunities related to the use of resources and circular economy, the Hera Group has defined as references its purpose (Article 3 of the Articles of Association), the Code of Ethics, the shared value creation model and the Quality and Sustainability Policy.

In the Code of Ethics, consistent with the Company's mission, Hera's commitments for environmental protection, understood as a heritage to be protected from destruction, degradation and pollution, have been defined. Hera recognizes the environment as a primary asset and uses appropriate technologies, tools and processes to contribute, in line with its purpose, to ecological transition, risk prevention, reduction of direct and indirect environmental impacts and preservation of natural resources for the benefit of future generations. Hera promotes its commitment to the environment and future generations towards all its stakeholders. In line with its purpose, Hera is committed to regenerating resources through circular economy initiatives.

Within the Group, the shared value approach includes actions to promote the reuse, recycling and regeneration of resources such as separate collection of municipal waste, recycling, and material and energy recovery of special and industrial waste, as well as the production of recycled plastic, including through closed-loop models. In addition, wastewater and process water reuse actions are planned allowing circularity and better water resource management. The energy and renewable transition impact area includes biogas, biofuel and compost production through anaerobic digesters activity. The air and soil protection impact area also includes actions to regenerate and reuse soil.

These commitments are also set out in the Group's Quality and Sustainability Policy (adopted by the Board of Directors in March 2022 and implemented by top management).

The Group aims to adopt the principles of circular economy in order to ensure a greater ability to adapt to market challenges and an improvement of its position compared to competitors, by developing projects consistent with these principles and promoting industrial synergies.

At the operational level, these commitments are reflected in the document system defined and implemented within the management system implemented by Hera Spa, AcegasApsAmga, Hera Luce and Hera Servizi Energia (Hse) in accordance with AFNOR XP X30-901:2018 Standard, and also extends to the other Group's Companies involved in circular economy projects by providing for the involvement and participation of all business functions interested in project development, since from the conception phase. In the definition of the strategy for circular economy projects, in accordance with AFNOR XP X30-901:2018 Standard, the seven areas of action are examined (sustainable sourcing,

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eco-design, industrial symbiosis, service economy, responsible consumption, product life extension and efficient management of products and materials) and their potential contribution to the three dimensions of sustainable development (environment, economy and society), defining priorities for the specific areas identified and the related action plan for activities to be undertaken in the specific project management.

In addition, Hera has adopted the following certification schemes within the waste biofuel production chain for the collection and transport of waste vegetable oil:

- the Italian Sustainability model for biofuels and bioliquids as regulated by the Decree of the Ministry of the Environment dated 23 January 2012 and subsequent amendments;
- the ISCC (International Sustainability & Carbon Certification) EU model.

The Quality and Sustainability Policy is communicated to employees through appropriate corporate communications and posted on internal bulletin boards and is available to various stakeholders through publication on the Hera Group website; the Company documentation defined and implemented within the management systems is instead available in the internal Company's channels and its implementation is periodically verified as part of appropriate audits.

Regenerating resources and promoting the circular economy have been among the Group's strategic pillars for years and represent one of Hera's shared value creation areas. The main development lines for the adoption of circular models that minimise the exploitation of resources, be they water, soil, raw materials or any other scarce resource, involve all businesses managed by the Group and are linked to the following areas of intervention:

- in the environmental area, the intention is to take advantage of the strong expansion and increasingly sustainable demand trend, to go beyond simple waste treatment/disposal and adopt circular models. In fact, Hera is committed to encouraging sorted waste collection and thus reducing landfill disposals, through the transition to a specific unit pricing-based tariff and the introduction of new equipment and technologies. Hera promotes waste prevention and increased recycling and recovery through citizen engagement initiatives, such as the new "Do not recycle excuses" Communication Campaign or specific waste recovery projects (e.g. drugs, waste oils, bulky wastes) developed in collaboration with local communities and companies. All this goes in the direction of improving the already excellent performance in waste recycling and reaching the waste collection targets set by the Regional Plan for Waste Management and Remediation of Polluted Areas (PRRB) in all areas managed by the Group. It is also involved in the expansion of plastics processing capacity and the implementation of new scrap and waste recovery solutions for the production of biofuels or biomethane;
- in the networks area, the Group promotes the development of the Power-to-gas Technology for converting renewable electricity into synthetic natural gas, solutions for reusing sewage by-products, reducing water waste, and smart district heating powered by renewable sources;
- in the water sector in particular, the Hera Group, from 2018, is committed to signing programme agreements with local remediation consortia and companies in order to increase the reuse of wastewater treatment. In addition, measures are being taken to promote the recovery of materials, in particular sewage sludge.

To certify its commitment to the circular economy, the Hera Group was the second Italian Company to become a member of the Ellen MacArthur Foundation, an international benchmark for circular economy, by also adhering to the New Plastics Economy Global Commitment, a Foundation initiative to make the plastics sector more circular, and which the Group joined in 2018.

Extending the analysis to the value chain, with the aim of also involving suppliers in the achievement of sustainability goals in a shared value creation perspective, the Hera Group integrates the management and monitoring of the ESG (Environmental, Social and Governance) themes into the supply chain, covering every stage of the procurement process.

In particular, a predictive qualification rating is awarded during the qualification phase, which takes into account the supplier's ESG maturity level (with a maximum of 55 points on one hundred points), and which affects the frequency of invitations to negotiated tenders.

During the selection phase, technical and economic scoring models are used to reward aspects of socio-environmental sustainability. The contracts contain termination clauses in case of non-compliance with the values and principles contained in the Code of Ethics, for which suppliers' involvement is expressly required.

During the contractual execution phase, continuous monitoring of suppliers is ensured with particular attention to respect for the environment, energy efficiency and quality requirements, safety, prevention of corruption and corporate social responsibility by all parties involved, covering the entire supply chain including subcontractors and sub-suppliers. In order to support and promote a sustainable development of its value chain, promoting the mutual exchange of values, skills and information, in 2024 the Hera Group launched the Capacity building programme, called Hera_Pro_Empower and the Supplier Sustainability School.

The Board of Directors is responsible for implementing this policy, ensuring that business practices are in line with third party regulations and initiatives.

HERA'S COMMITMENT (OBJECTIVES AND RESULTS)

Sustainability targets for circular economy are defined annually based on consolidated Group-wide planning and monitoring processes to define the five-year business plan, budget and annual balanced scorecards. These mutually integrated instruments include sustainability objectives, accompanied, where possible, by quantitative targets.

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Below are the main objectives and commitments related to the use of resources and circular economy ("What we will do") accompanied by a description of progress achieved in relation to the objectives published in the 2023 Non-financial statement ("What we said we would do", "What we did").

These objectives are aimed at managing the circular economy and the use of resources and addressing relevant impacts, risks and opportunities. They are set out below in the context of shared value creation expressed in the Resource Use and Circular Economy Policy: transition to a circular economy.

WHAT WE SAID WE WOULD DO**WHAT WE DID****WHAT WE WILL DO****TRANSITION TO A CIRCULAR ECONOMY**

13.6% by 2027 and 18% by 2030 of reusable wastewater out of total wastewater.	11.9% by 2024 of reusable wastewater out of total Group's wastewater (10.1% in 2023).	14.4% by 2028 of reusable wastewater (within the limits of the Legislative Decree no. 152/06) out of 369 million cubic metres of wastewater.
78% of sorted waste collection by 2027 also thanks to a strong investment focused on the engagement of residents and businesses (80% Hera, 68% AcegasApsAmga, 74% Marche Multiservizi).	74.3% of sorted waste collection in 2024, an increase compared to 2023 when it was equal to 72.2%. (In 2024, 77.0% Hera, 57.7% AcegasApsAmga, 72.6% Marche Multiservizi).	78% of sorted waste collection by 2028 out of 1.9 million tons of urban waste collected, also thanks to a strong investment focused on the engagement of residents and businesses.
73% packaging recycling rate by 2026 and >80% by 2030 (higher than the EU 2030 targets). 72% packaging recycling rate by 2027 and >80% by 2030 (higher than the EU 2030 targets) (65.7% by 2022).	66% packaging recycling rate in 2023. The overall recycling rate was 61% in 2023. The 2024 data will be reported in the Tracking Waste Report.	68% packaging recycling rate by 2028, higher than the EU 2030 targets.
Increase in recycled plastic: +122% recycled plastic by Aliplast by 2027 and +150% by 2030 (compared to 60 thousand tons in 2017).	+41% plastic recycled by Aliplast in 2024 (compared to 2017). (42% in 2023)	Increase in recycled plastic: +165% recycled plastic by Aliplast, equal to 157.9 thousand tons, by 2028 (compared to 60 thousand tons in 2017).
Launch an innovative plant in Modena in 2026 for the production of high-quality recycled polymers for the IT and electronic sector.	The innovative plant for the production of high-quality recycled polymers for the IT and electronic sector in Modena will be completed in the first half of 2026, having obtained the environmental authorisation to start construction in late 2023.	Plant development for plastic recycling: - Launch in 2026 a recycling/upcycling plant in Modena for the production of high-quality polymers from industrial and urban post-consumer waste; - Implementation by 2026 of a second line at the innovative carbon fibre recycling plant in Imola; - Build a plant in 2026 for the recycling of LDPE (Low-Density Polyethylene) that will produce recycled material of very high near-food quality, which is close to the standards required for food packaging.
Complete by 2024 the new innovative carbon fibre recovery plant, reusable particularly in the automotive sector.	The innovative carbon fibre recycling plant has entered into an industrial phase in 2024.	
More than 10.5 per cent of the value of procurements in 2024 with circularity criteria, through the application of the Circular Procurement Guidelines and the related Operational Instructions defined in 2020.	More than 10.5% of the value of procurements in 2024, in line with 2023, with circularity criteria, through the application of the Circular Procurement Guidelines and the related Operational Instructions defined in 2020.	Definition of a strategic approach to the reporting of circular purchases based on data collected in 2024 with the involvement of suppliers and aimed at orienting purchases.

Actions and Resources

What follows is a report of the main actions carried out, in progress or planned by Hera, to achieve the objectives of the Group and the management of impacts, risks and opportunities in the following area: transition to a circular economy.

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MAIN ACTIONS**SHORT DESCRIPTION****TRANSITION TO A CIRCULAR ECONOMY**

Reuse of purification water	Signing of agreements to promote the reuse of treated wastewater for irrigation purposes and development of solutions for industrial reuse.
Increase in sorted waste collection, recycling rate and reduction of landfill use for municipal waste	Development of projects for sorted waste collection and consequent increase in the recycling rate, packaging recycling rate and reduction of landfill disposal.
Development of the plant system	Planning and implementation of plant upgrades to support the circular economy.
Circular economy solutions for industrial customers	Services for the industrial waste recovery/recycling and cooperation agreements with enterprises.
The circular economy in the supply chain	Application of circularity criteria in supply chain assignments.

MAIN ACTIONS

SHORT DESCRIPTION

Development of internal circularity

Development of sludge recycling from sewage treatment plants, recovery of waste produced by waste-to-energy plants and management of waste generated by business activities.

The above actions reflect the waste prevention and management hierarchy defined by European Directive no. 2008/98/EC:

- prevention;
- preparation for reuse;
- recycling;
- other types of recovery, for example energy recovery;
- waste.

RECOVERY OF
PURIFICATION
WATER

Water management must be increasingly conceived in a holistic vision, in which the point of returning the purified water to the environment is no longer the closure of a system, but rather a passage to another phase of the water cycle. The availability of water for different uses is inevitably affected by the effects of climate change: the broader objective in water resource management is therefore to develop integrated actions for quantitative and qualitative conservation of water while respecting the environment and aimed at consolidating sustainable management.

Starting in 2018, the Hera Group is committed to sign agreements with consortia and third parties in order to increase the reuse of wastewater for indirect irrigation and industrial purposes. The reuse of purified wastewater is as follows:

- indirect agricultural reuse:
 - agreement with the Emilia-Romagna Region, Arpae, Atersir and Consorzio di Bonifica Renana for recovery of wastewater, coming to 7.5 million m³ (IDAR purifier, Bologna);
 - memorandum of understanding between Hera and Consorzio di Bonifica Renana, coming to 8.2 million m³ (Bologna wastewater treatment plants located in the irrigated area managed by the Consortium);
 - programme agreement for reuse of wastewater between Emilia-Romagna Region, Arpae, Atersir and Consorzio di Bonifica Burana, coming to 2.5 million m³ (wastewater treatment plans of Sassuolo (Modena) and Savignano sul Panaro (Modena);
 - operational agreement with the Municipality of Modena, coming to 1.7 million m³ (as well as the Single Environmental Authorisation);
 - agreement with the Emilia-Romagna Region, Arpae, Atersir and Consorzio di Bonifica Renana, coming to 6 million m³ (IDAR purifier, Cesena);
 - single environmental authorisation in the wastewater treatment plans of Ravenna and Lido di Classe, coming to 3.1 million m³;
 - indirect agricultural reuse in the Triveneto Region, with no formalised agreements, in three wastewater treatment plans, coming to 6.9 million m³;
- technical reuse for a few companies, including Ecoeridania and Technogym, coming to 255.6 million m³;
- technical reuse in wastewater treatment plants of the Group, coming to 7.6 million m³.

Reusable and reused purified wastewater (% of total purified wastewater)

MILLION M ³	2024	2023
Reusable and reused purified wastewater (millions of cubic meters)	43.7	38.3
Total purified wastewater (millions of cubic meters)	368.1	378.1
Reusable and reused purified wastewater (% of total purified wastewater)	11.9%	10.1%

In 2024, the wastewater that can be reused for irrigation purposes on the basis of the agreements signed and that reused in the Group's plants or at other companies was 43.7 million cubic metres, equal to 11.9% of the total amount, an increase of 14% compared to 2023. The 2024 result was also higher than the Group's targets due to a larger share of industrial use. Such value is obtained by considering the reusable purified wastewater indirectly allocated to agriculture (understood as potentially reusable purified wastewater leaving the Emilia-Romagna plants, for which agreements have been signed with the authorities for the reuse, and purified water discharged into canals for irrigation purposes in the Triveneto Region) and the purified wastewater reused directly in industrial plants, inside or outside the Group. In particular, 28.8 million cubic meters were allocated for indirect use in agriculture, 7.5 million cubic meters for industrial reuse, of which 7.4 million cubic meters in Group's plants. It should be noted that the final data and objectives relating to reuse for irrigation purposes refer to indirect reuse of wastewater in accordance with Legislative Decree no. 152/2006 and not to direct reuse, for which legislation is being defined.

The Hera Group plays a leading role in managing urban waste, serving 188 municipalities in 5 regions for a total population of 3.2 million inhabitants. In Emilia-Romagna, Hera Spa manages the urban hygiene service in 6 provinces

for 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 8 municipalities in the provinces of Padua and Trieste. The Group's waste management system is characterised by five main services, differentiated by homogeneous territorial area:

- local collections: these are collections spread throughout the area and aimed at family users and small non-household users;
- streetside containers: these are oriented according to the basic recycling centre model, where the main collection sites are grouped into individual locations; in recent years, the electronic traceability systems for disposal control (e.g. cap model for unsorted waste collection) are gaining ground;
- door-to-door collections, carried out at the user's premises, where the resident puts out the waste on pre-established days and times for collection;
- residential collections from target users: they are aimed at non-household users who produce specific waste assimilated to urban waste, such as cardboard in shops, glass or cans in bars, organic waste in canteens and restaurants;
- sorted waste sorting centres: also known as drop-off centres or ecological stations, these are infrastructures present in almost all municipalities served by Hera. They offer a wide range of options for the safe disposal of municipal waste, including hazardous, bulky or heavy waste. In some areas, there is a system of discounts that rewards sorted waste collection.

The main types of sorted waste collection include:

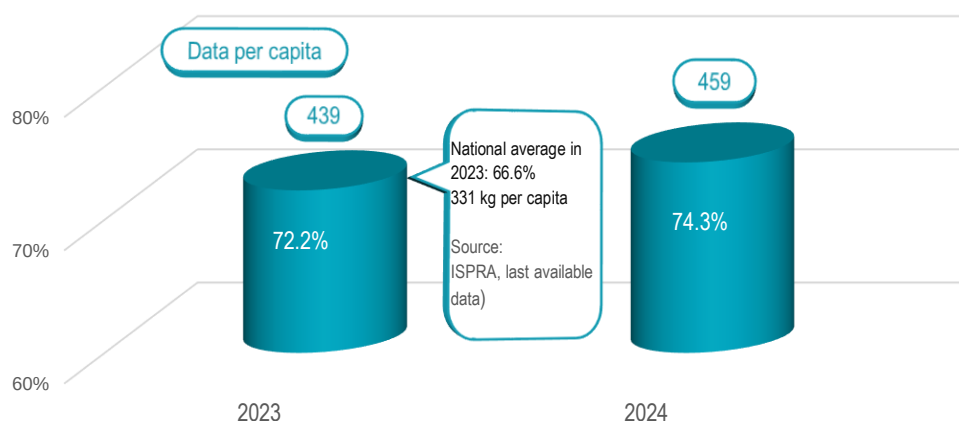
- packaging and similar: paper and cardboard, plastic, glass, aluminium and steel cans, wood;
- durable goods: iron, waste from electrical and electronic equipment and bulky items;
- compostable waste: kitchen organic waste and green waste from mowing and pruning;
- other waste: inert household waste, waste mineral and food oils, batteries and energy storage devices, medicines and other hazardous municipal wastes.

There are also other portions of waste with reduced volumes, called minor, on which the Hera Group has long activated the sorted waste collection service. These collections include waste from electrical and electronic equipment, toners, textiles and edible oils, managed through ecological stations, road or planned collections. In the absence of a collection centre, mobile containers are used to collect small electronic waste and other fractions.

In Emilia-Romagna, regional law no. 16/2015 introduced the unit pricing-based tariff, which provides for the payment of the environmental hygiene service based not only on the living space and the number of tenants, but also on the amount of unsorted waste produced, allowing each end user to monitor its waste disposals. This objective was reconfirmed with the 2020-2025 Regional mandate programme and with the Regional Plan for waste management and remediation of polluted areas (PRRB), which set the sorted waste collection rate in Emilia-Romagna at 80% by 2027. Since its launch in 2017 in a municipality in Emilia Romagna, the unit pricing-based tariff system reached approximately at the end of 2024, 590 thousand inhabitants in 29 municipalities (+7 municipalities compared to 2023) out of the 136 managed, equal to 24% of the residents of Emilia-Romagna served by the Hera Group through the integrated municipal waste management.

In other local areas served by Hera, sorted waste collection objectives have been defined through regional plans. The Veneto Region has defined 84% as the sorted waste collection rate to be reached by 2030, while the Friuli-Venezia Giulia Region has set 75% by 2027; in the Marche Region, sorted waste collection plans have not been updated, maintaining the planned target of 70% by 2020.

Sorted waste collection



Waste and sorted waste collection are calculated in accordance with the DGR Decision of the regional government no. 2218/2016, thus excluding neutral fractions. Waste similar to municipal waste sent by the manufacturer for recovery and waste collected by voluntary associations or directly by the municipalities are also considered among the sorted waste collections (estimated data). The total amount of waste is constituted by sorted waste collection (Approved CERs for recovery purposes, approved community composting and household composting) and unsorted waste collection (urban solid waste, street sweeping disposals, bulky waste disposals and any waste collected which has been sorted but sent for disposal. From 16 June 2023, with the Legislative Decree no. 213/2022, inert household waste is again reported within municipal waste. In addition, in 2023 and 2024, it was established that waste collected as a result of the natural disasters that affected Emilia-Romagna and Tuscany was considered as a "neutral waste" and was therefore excluded from waste calculation.

In 2024, sorted waste collection volumes increased compared to the previous year, reaching 1,473.5 thousand tons (+68.8 thousand tons compared to 2023, equal to +5%). The sorted waste collection rate in the local area served reached 74.3% (+2.1 percentage points) well above the 2023 national average of 66.6% (Source: ISPRA, Urban Waste Report 2024). Sorted waste collection per capita also increased by 4.5% to 459 kg/per capita. This result is also due to the excellent performance of the provinces of Modena, Forlì-Cesena, Ravenna and Bologna, which have significantly improved their sorted waste collection rates.

At a local level: in Emilia-Romagna, sorted waste collection increased from 74.4% to 77.0%; in Triveneto it remained stable at 57.7% and likewise in the Marche Region at 72.6%.

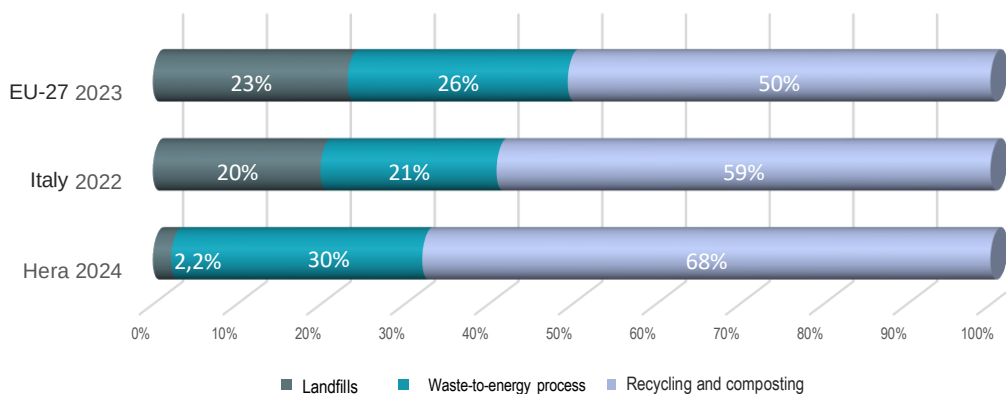
The best performance areas for sorted waste collection include: Ferrara and Cesena exceeding 80%; Bologna, Modena and Ravenna exceeding 70%; Rimini with over 65%; Padua and Pesaro with over 60%. In the Municipality of Trieste, sorted waste collection has increased by one percentage point, reaching a value equal to 45.7%. In 2024, altogether, 121 municipalities (22 more than in 2023) exceeded the 75% sorted waste collection rate, covering 40% of the population served.

Considering the analyses presented in the Urban ecosystem report published by Legambiente in 2024, in the eight capital cities managed by the Hera Group, sorted waste collection in 2023 stands at 69.4% compared to an average value of 56.7% for national capital cities.

From the above analysis of the Urban ecosystem report published by Legambiente, it is also noted that, considering the provincial capitals with a population of more than 100 thousand inhabitants, in 2023 four of the top ten cities with the best performance in Italy in terms of per capita sorted waste collection were managed by the Hera Group. Of these cities, Ferrara is in first position, followed by Ravenna in fourth position, Modena in fifth, Rimini in sixth. Ferrara is also first in the percentage of sorted waste collection, equal to 87.9%, followed by Ravenna (76.0%).

On the other hand, considering the provincial capitals with a population of more than 300 thousand inhabitants, Bologna ranks first in Italy in terms of per capita sorted waste collection (in 2022 this city ranked second).

Municipal waste management in Europe and in Italy and Hera's ranking



Hera continues to stand out for the high variety of its services and for the effectiveness in the recovery of materials, exceeding national averages for most types of waste. In 2024, the portion of municipal waste disposed of sites following pre-treatment was 2.2%, further reduced compared to 2.7% in 2023, compared to an Italian average reported for 2022 of 20.1% (Source: Eurostat) and thus lower than the 2035 target set by European Directives at 10%. In the areas served by the Hera Group, landfill disposal came to 1% in Emilia-Romagna, 0% in the Triveneto and 19% in the Marche Region. At European level, the use of landfill as a form of municipal waste disposal was stable compared to the previous year, with significant differences from country to country: in the EU-27, the figure for 2023 was equal to 23.4% (Source: Eurostat). In Italy, the decrease in the percentage of waste sent to landfills continues (21% in 2022 compared to 23% in 2020), while the figure for waste-to-waste energy plants disposal remained stable at 21%.

Landfills continue to be the main disposal method in eight European countries, with peaks reaching 81% in Greece or higher than 75% in Romania, Cyprus and Malta. On the contrary, in Belgium, Finland, Estonia, Sweden, Germany and the Netherlands, the use of landfills stands at between 0% and 1%: in these virtuous countries, the use of waste-to-energy plants fluctuates from 31% to 59%; while the remainder is sent for recycling. Hera is in line with these countries in terms of recycling, with further improvements planned over the next few years.

Hera has confirmed its targets on packaging recycling and landfill reduction, showing that it is ahead of both European targets for municipal waste, as reported annually in the Tracking Waste Report, available on the website of the Group.

In 2024, the Herambiente Group made operational investments in material and energy recovery, as well as in the construction of additional landfill volumes and implementation of its plant equipment, totalling 153.4 million euro. At the end of 2024, there are nine plant development interventions, carried out or in industrial progress and 19 interventions being in progress (authorisation phase or construction phase), including:

- in Imola, a second line of the carbon fibre recovery plant from composite materials is being built, while the first line has been already completed, in order to increase the range of recoverable waste and the amount of raw material produced. Once fully operational, the plant will be able to process up to 160 tons of recycled material every year;
- in Modena, a new innovative hard plastic recovery plant is being built, managed by the subsidiary Company Aliplast which will lead to a treatment of 30 thousand tons of rigid plastics per year and to the production of 27 thousand tons of pellets per year and of PP flakes, PE, HDPE, PO etc;
- in Padua, lines 1 and 2 are being replaced with a new waste-to-energy line in order to increase the plant's energy recovery capacity and continuity of service;
- in Torrebelvicino (Vicenza), the expansion of the plant managed by the subsidiary Company Vallortigara is being carried out to increase the capacity for treating special waste;
- in Caorso (Piacenza), the revamping and expansion of the platform for storage and pre-treatment of industrial waste is being carried out in order to expand its processing capacity;
- in Pozzilli (Isernia), an extension of the water treatment plant is being carried out to increase its capacity for treating liquid waste;
- at the site of Ragghianti (Pisa) a revamping of the soil washing plant is planned in order to improve the efficiency of the system, also for remediation purposes;
- at Ponticelle (Ravenna), a new platform for the storage and pre-treatment of industrial waste is being built, in order to increase its processing capacity;
- in Novara, the construction of a new section of the PE plastic production plant managed by Aliplast is under approval to increase the production capacity of the plant and expand the types of recoverable waste.

In 2024, in addition to the first line of the carbon fibre recovery plant from composite materials, as mentioned above, it should also be noted the industrial establishment of the biomethane production plant at Spilamberto (Modena) managed by the Company Biorg, with an annual production volume of 2.7 MSm³.

Herambiente Servizi Industriali (Hasi) is the Group company that offers businesses environmental solutions and services. Today it represents the largest Italian company dedicated to the treatment of industrial waste, and, together with its subsidiaries or other companies of the Herambiente Group, it can count on a set of plants that is unique in Italy.

In various areas of the nation (Tuscany, Emilia-Romagna, Veneto, Friuli-Venezia Giulia and Molise), 18 multi-plant facilities are located with approximately 30 plant sections dedicated to storage, selection, recovery and final disposal of waste produced by companies.

Below is the list of plants owned by Hasi and its subsidiaries ACR, Recycla and Vallortigara:

- 14 storage facilities or treatment platforms;
- 7 chemical-physical liquids treatment plants;
- 4 sludge treatment/inertisation plants;
- 1 soil washing plant;
- 1 secondary solid fuel production plant;
- 1 waste-to-energy plant for solid and liquid waste, including hazardous waste;
- 1 inert waste treatment plant.

Key elements of Hasi's offer include maximum traceability, compliance with all Environmental Regulations and identification of the optimal recovery and recycling solution that minimises landfill disposal.

In 2024, Hasi strengthened its leadership in the environmental sector by consolidating 70% of the Company TRS Ecology from Piacenza, which transferred its corporate branch related to the multipurpose platform for the treatment of special waste in Caorso (Piacenza). Thanks to this new plant, Hasi increased its treatment capacity by an additional 64 thousand tons of industrial waste. TRS was consolidated on 1 July 2024, and, in the table below, its contribution came to about 30.6 thousand tons of treated waste (of which 67% for recovery and 33% for disposal).

In addition to global service and remediation solutions, through its own subsidiary Company ACR Reggiani, Hasi also offers to large operations and maintenance manufacturing groups of private waste treatment plants and efficiency implementation plants, services and solutions for maximising recovery and overall reduction of waste produced.

Hasi guarantees its customers complete traceability of all waste. A reserved area on the Herambiente website is dedicated to customers, who can remotely view the status of their waste disposals, the validity of the authorisations and the status of the payments, as well as book their waste disposable collection on-line. For each contract, information

relating to the treatment operations is provided in real time, showing the individual disposal destinations and the percentage of recovery achieved with respect to the total waste delivered.

Destination of total managed waste – Herambiente servizi industriali (Hasi) and subsidiaries

THOUSANDS OF T	2024	2023
Waste sent for material and energy recovery	903.0	784.2
Waste sent for disposal	528.8	620.1
Total waste managed	1,771.4	1,538.3
Waste sent for material or energy recovery (% of total waste treated)	51.0%	51.0%
of which solid waste for material or energy recovery (% of total managed solid waste)	66.4%	65.0%
of which liquid waste with recovery of material (% of total liquid waste managed)	30.5%	25.1%

The data for 2023 have been aligned with the calculation methodology used for 2024. The waste for material or energy recovery includes liquid waste destined for biological treatment with subsequent or direct purification process and a discharge into the environment in full compliance with environmental requirements set by legislative decree no. 152/2006.

In 2024, the volume of waste managed by Hasi and its subsidiaries (ACR Reggiani, Recycla, Vallortigara and TRS Ecology), either through the brokerage service or through treatment in their own plants, amounted to approximately 1,771.4 thousand tons (+15% compared to 2023) of which 51.0% (approximately 903.0 thousand tons) sent for material (including liquid waste) or energy recovery or recovered directly as secondary raw material, while the remaining part was sent for disposal. The increase in waste of the Hasi Group, compared to the previous year, of 233 thousand tons was mainly due to liquid waste coming from Hasi plants for 117 thousand tons (especially in the site of Malpasso (Pisa) and Ragghianti (Pisa)), or traded by Hasi on Herambiente's chemical-physical plants for 109 thousand tons.

Also note that, despite the above mentioned increase in the volumes of waste handled, the recovery rate of material or energy remains almost constant due to the reduction in the volumes managed for foreign recipients of Vallortigara and the brokerage service of Hasi on waste-to-energy plants managed by Herambiente, particularly the Modena waste-to-energy plant, which has been subject to a prolonged operational shutdown, and the Rimini waste-to-energy plant, which, at the beginning of the year, has been subject to an accident that affected its industrial capacity.

Of the total waste managed, 1,010.1 thousand tons are solid, substantially stable compared to 2023, of which 66.4% is destined for material or energy recovery (65% in 2023). In addition, 761.3 thousand tons of the total amount of waste managed is composed of liquids (+43% compared to 2023), of which 30.5% are destined for recovery following the purification process and discharge into the environment (25.1% in 2023).

In 2024, Hasi and its subsidiaries treated 648.5 thousand tons of waste in their plants, of which 56% (corresponding to about 366 thousand tons) was sent to recovery or recovered by generating secondary raw material (in 2023 this was equal to 51%). The 5-percentage point increase is due to a general increase in both energy and material recovery waste flows, with a higher incidence of liquid waste (+83% compared to 2023).

In 2024, through its trading service and the site management of ACR Reggiani, Hasi and its subsidiaries handled with its customers 1,123.0 thousand tons, of which 47.9% (537.4 thousand tons) were sent for material or energy recovery. The 4-percentage point decrease in waste sent for energy or material recovery (47.9% in 2024, compared to 51% in 2023) is due to liquid waste, as a consequence of a logistical optimisation and the management process of leachates within the Herambiente Group's plant system, with an increase in the brokerage of these wastes on the physical-chemical waste of Herambiente Spa.

In addition to industrial waste treatment, Hasi is able to offer throughout the territory, through its subsidiary ACR, a remediation service for contaminated soil, guaranteeing high performance standards both in terms of service and environmental impact. Respect for environmental materials is clear both from the high percentage of reclaimed soil and the high percentage of remediation with in-situ treatment, which allows direct intervention on the contaminated environmental matrices (soil or groundwater) without removing them. In parallel to the in-situ treatment, on-site and off-site technologies have also been developed. On-site treatment involves the excavation of contaminated soil and its subsequent treatment directly on site. Off-site treatment, on the other hand, involves excavation and transfer of contaminated soil outside the construction site for treatment at authorised facilities or disposal in landfills.

The main wastes generated during remediation operations are land, rocks, water and aqueous liquid waste from groundwater remediation.

Main waste treated by remediation procedures

THOUSANDS OF T

	2024	2023
Remediation site operations for material disposal	73.9	76.2
Remediation site operations for material recovery	49.7	38.8
Total lands treated	123.6	115.0
Other disposal waste (water, carbon, construction and demolition materials (MCD), other minor waste)	76.7	31.7
Total	200.3	146.7

Compared to 2023, the amount of waste generated during remediation operations has increased considerably due to a larger number of undergoing remediation sites. The increase in the use of remediation sites from 34% to 40% of the total waste disposal sites is also significant.

In 2024, in the most economically advantageous bid method tenders, circularity criteria were provided for 92% of the contracts, in line with 2023, with an average score of 8.

Overall, considering the most economically advantageous bid method tenders, the value attributable to circularity elements stands at over 10.5% of the value of all tenders awarded in 2024.

**THE CIRCULAR
ECONOMY IN THE
SUPPLY CHAIN**

In 2024, the development of the internal circularity of the Hera Group was mainly in these areas:

- development of sludge recycling from sewage treatment plants;
- recovery of waste produced by waste-to-energy plants;
- sludge treatment from chemical, physical and biological plants and waste from sorting centres;
- waste scraps management in waste sorting centres;
- waste management in the electricity distribution business.

**DEVELOPMENT
OF INTERNAL
CIRCULARITY**

In 2024, the Hera Group produced 162.7 thousand tons of sludge from water treatment plants (+5% compared to the previous year). From a circular economy perspective, 75% of the sludge produced was sent to indirect agronomic reuse for fertiliser production and composting and 4% was sent to indirect agronomic reuse. 20% has been sent to incineration to the IDAR plant of Bologna while there were no landfill disposals, also in line with the requirements of the ARERA guide. This result allows the 1.5% target for sewage sludge landfill disposal to be reached early by 2030. In 2024, the eight waste-to-energy plants managed by Herambiente for urban waste (thus excluding the Ravenna plant) produced 261.6 tons of waste, equal to 21.3% of the waste treated. Of these, 84% have been set aside for recovery plants, for the recovery of ferrous and non-ferrous metals and for the production of cement and cement conglomerates. Only a small portion has been disposed of in landfills, with the percentage of disposal having decreased significantly: from 97% in 2021, to 81% in 2022, to 17% in 2023, to 16% in 2024. A system for separating ferrous metals has been implemented in the waste-to-energy plants of Ferrara, Bologna and Rimini, which allowed the recovery of 4,690 tons of metals in 2024, a figure in line with the 4,972 tons recovered in 2023. In 2024, a total of 51,647 tons were produced from fume filtration powders related to waste-to-energy plants, of which 49,661 tons were destined for recovery (96%), while 1,986 tons were disposed of (4%). The sodium powders are collected by Solvay Italia which recovers the residual bicarbonate they still contain, while the calcium powders and electro-filter powders are sent to Germany where they allow them to be reused to restore the cavities of disused mines.

The sludge from the chemical-physical-biological plants managed by Herambiente is sent abroad, where it is processed into cement granules, which can be used in geoengineering applications such as levelling and surface remediation. Furthermore, granulate can also be used in civil engineering for the construction of foundations and roads. The bio-stabilised product coming from sludge treatment is reused for preparing the daily landfill covers and, in some cases, also for their final cover.

Waste from sorting centres is shredded into secondary solid fuel for use in both boilers and cement works, in order to make waste management increasingly sustainable and responsible.

Finally, in 2021, from the analysis carried out for the European Taxonomy (pursuant to EU Directive no. 852/2020), an in-depth analysis was carried out on the production and management of waste deriving from ordinary and extraordinary management and maintenance activities in the field of electricity distribution carried out by the Companies Inrete Distribuzione Energia and AcegasApsAmga, with the aim of verifying compliance with the "Do not significant harm" Principle in relation to the environmental objective of a transition to a circular economy. In carrying out internalised activities, residues can be produced from the processing of: cables, metals, plastics, batteries, oils, packaging (wooden and metal), transformers and capacitors.

In 2024, Inrete Distribuzione Energia produced around 160 tons of waste including mixed metals, plastics, copper cables, aluminium cables and others, compared to last year's 70 tons, mainly due to the disposal of transformers (respectively medium and low voltage ones) not carried out in 2023, as well as a disposal campaign for wooden coils, which have been stored for some time. 92% was sent for material or energy recovery, and 96% was sent for recovery

or disposal at Group's plants. In the construction of new underground infrastructures for the development and renewal of the distribution network, excavations were carried out with recycled material recovery for over 85% of the cases. In 2024, AcegasApsAmga generated around 115 tons of waste in the electricity distribution sector, of which 86%, in terms of weight, was destined for recovery operations and the remaining 14% for disposal. All waste generated is treated by specialised external companies.

Based on the reporting required by the European Taxonomy (Regulation no. 852/2020), in 2024, eligible investments related to the transition to a circular economy are equal to 63.5 million euro and also include the above-described actions. The eligible investments foreseen in the 2024-2028 Business Plan are, on the other hand, equal to 401.8 million euro.

Metrics

INFLOWS

The Hera Group has defined a collection and analysis data methodology used to estimate and report on the indicators related to the circularity of relevant incoming resource flows, linked to its supply chain. A step-by-step approach has been defined, providing for 2024 the reporting of only the directly purchased relevant materials (i.e., within the "Goods" category), and then extending – progressively and by 2026 – the reporting of these indicators, where relevant, also to indirectly purchased materials (i.e., within the orders pertaining to the "Services" and "Works" category).

E5-4

The scope includes the Group's Companies, which together account for more than 90% of the 2024 material costs: Hera Spa, Inrete Distribuzione Energia, Heratech, Herambiente, Frullo Energia Ambiente, Herambiente Servizi Industriali, ACR Reggiani, HestAmbiente, Aliplast, Uniflotte, AcegasApsAmga, Hera Servizi Energia, Hera Luce, Hera Comm, Estenergy, Wolmann, Fratelli Franchini, Marche Multiservizi, Acantho. These Companies, in addition to representing incoming resource flows considered significant compared to total volumes, also present sufficiently integrated data and with a good level of information tracking within the Group's management systems.

The Hera Group has developed a questionnaire for suppliers, with the objective of collecting the data necessary for calculating indicators and additional information useful in identifying preliminary insights to improve future circularity performance. When completing the questionnaire, suppliers were asked to take responsibility for the veracity of the information submitted. In order to maximise the supplier engagement and the quality of data collected, the Group has developed a Supplier Support Process with special focus on small and medium-sized enterprises, consisting of:

- targeted comparison meetings with the 20 most representative suppliers of the main commodity classes purchased as well as a webinar – repeated on three separate dates – that involved over 300 suppliers with the aim of explaining the ESRS principles and requirements and the data collection methodology. These activities together accounted for about 60% of the economic value of the direct purchase of relevant goods;
- preparation of a Questionnaire completion guide – containing definitions, practical examples, answers to frequently asked questions and operational indications in support of data collection – and an e-mail address dedicated to suppliers' support.

The data collected was processed and consolidated, grouped into nine commodity analysis clusters. These clusters represent the most significant for the Group in terms of the direct purchase value of goods (75%, equal to approximately 286 million euros) or the total weight of the products related to them: 1) Aliplast's waste and incoming material; 2) construction materials; 3) chemical products; 4) fuels; 5) waste containers; 6) pipes, fittings, valves and accessories; 7) plant parts and components; 8) meters; 9) electrical and electronic equipment. In view of the business peculiarities, the data relating to Aliplast have been processed and represented in a specific cluster, taking into account the characteristics of the business managed: Aliplast is a Group's Company specialised in plastic recycling.

For these clusters, a verification and screening activity of the data collected from the most relevant suppliers, in terms of economic value or weight of supplies, was carried out. After these verification activities, the data reported for calculating the indicators correspond to 57% of the economic value of the total direct purchase of goods. The results are shown in the table below, broken down by the nine product analysis clusters. The data for each cluster includes the packaging contribution. The total weight of the materials is the sum of the weights of the technical and biological materials, for whose definitions reference has been made to what was suggested by the Ellen MacArthur Foundation.

Inflows

CLUSTER COMMODITY	TOTAL WEIGHT OF DIRECTLY PURCHASED RELEVANT MATERIALS (T)	PERCENTAGE OF ORGANIC MATERIALS FROM SUSTAINABLE SUPPLY CHAIN (%)	TOTAL WEIGHT OF REUSED OR RECYCLED COMPONENTS OR MATERIALS (T)	PERCENTAGE OF COMPONENTS OR REUSED OR RECYCLED MATERIALS (%)
Aliplast's waste and incoming material	112,028	1%	106,269	95%
Construction materials	81,816	0%	6,199	8%
Chemical products	78,253	0%	7,449	10%
Fuels	8,372	9%	408	5%
Waste containers	4,321	17%	1,484	34%
Pipes, fittings, valves and accessories	3,312	0%	915	28%
Plant parts and components	1,836	0%	547	30%
Meters	970	1%	220	23%
Electrical and electronic equipment	876	1%	171	19%
Total	291,784	1%	123,662	42%

Overall, the Group recorded a total weight of directly purchased materials of approximately 292 thousand tons, with a percentage of organic materials from sustainable supply chain of about 1% and a total weight of components or reused or recycled materials of about 124 thousand tons, which corresponds to about 42% of the total weight.

In general, the packaging weight component was limited in the different clusters – on average less than 1% in terms of weight – with a share of biological material of about 7% and a share of secondary reused or recycled components of about 35%.

Aliplast's cluster for waste and incoming material – which represents about 38% of the total weight of reported supplies – is made up of over 90% by weight of plastic waste, which are recycled for the production of regenerated polymers and have therefore been considered wholly as recycled or reused components or materials. Overall, the percentage of recycled components was around 95%. From a methodological point of view, note that for the portion of incoming waste flows, internal reporting data was used and classified by weight of the different waste type. An ad hoc questionnaire was used for the remaining incoming flows.

It is important to represent the circular economy project concerning the use of coils made by Aliplast with post-consumer recycled plastic for the production of bags within the waste separate collection used by the Hera Group: as of 2020, all polyethylene bags distributed by Hera as part of its waste collection activities are produced within this project (approximately 35 million bags per year).

Note that the above-calculated Group indicator only includes tons of incoming waste and plastic material towards Aliplast but does not include tons of bags supplied by Aliplast to other companies within the Group, as these are considered as intercompany flows.

Construction materials – which accounted for 28% of the total weight of reported supplies – mainly include cover materials for landfills and other building materials (e.g., concrete). The data reported by the suppliers show a percentage of reused or recycled materials of about 8% of the total materials included in the cluster. This percentage is influenced by the regulatory limits requiring the use of only virgin inert to cover landfills.

Chemical products – which account for 27% of the total weight of reported supplies – include products of various kinds, from sodium bicarbonate to technical gases: for this cluster, the data provided by the suppliers show a percentage of reused or recycled components of around 9%. Firstly, the use of sodium bicarbonate to purify the fumes of the waste-to-energy plants, whose components are partly from the ash recovery of the same waste-to-energy Hera's plants, contribute to the percentage of recycled products, and, secondly, the use of sodium aluminate used in sewage treatment plants as a flocculant, since aluminium hydroxide, which is one of the main components for its production, is fully recovered by aluminium processing companies as a waste product. On the contrary, this percentage is limited by the peculiarities of the synthesis processes used to produce technical gases and other basic chemicals.

Fuel data – representing 3% of the total weight of reported supplies – was obtained from internal measurements. In particular, the total weight is given by the sum of the fuels purchased by the Group and the percentage of recycled components was calculated considering the total weight of HVO (Hydrotreated vegetable oil) purchased. The percentage of bio-based materials from a sustainable supply chain was determined by considering both the quantity of HVO purchased and the minimum percentage of biofuels required by law for other types of fuels. This percentage varies according to the availability of each biofuel in the geographical areas where the Group's vehicles operate.

Also note that more than 400 tons of HVO are used and obtained from the recycling of used vegetable oils in the framework of the partnership between the Hera Group and Eni. The percentage of fuel obtained from recycled components has been conservatively assumed equal to the fraction by weight of HVO. The improvement of the Group's circularity performance for this cluster is significantly dependent on the sustainable development progress of the Italian oil & gas sector.

**ALIPLAST'S
WASTE AND
INCOMING
MATERIAL**

**CHEMICAL
PRODUCTS**

FUELS

**WASTE
CONTAINERS**

The cluster for waste containers – which represents about 2% of the total weight of supplies reported – is particularly heterogeneous, as it includes crates, boxes, containers, baskets and bags of different sizes and materials. The predominant material – depending on the goods supplied – varies between metal, plastic and bioplastics. The presence of the latter brings the percentage of biological materials from sustainable supply chain to a value equal to about 17% of the total by weight of the cluster.

The factors that contributed to increasing the share of reused or recycled components to around 34% include, based on the data collected from the suppliers, the use of plastic waste containers containing recycled plastic fractions ranging from 30% to 55%, and the use of recycled steel and aluminium containers with percentages ranging from 20% to 30%, depending on the amount of recycled metal.

The supplier's collection of used polyethylene containers, which are disposed of when new ones are delivered, is an example of a virtuous process in terms of circularity. This allows both to reduce CO₂ emissions by efficient transport, and above all, to select and control the material to be recycled, which is crushed and reintroduced into the production cycle, thus allowing to increase the amount of recycled material on the final product while maintaining technical characteristics unchanged (in 2024 about 28,300 polyethylene containers were returned, equal to about 453 tons).

Likewise, with regard to the iron containers to be scrapped, it is foreseen to sell them to scrap mills allowing the recovery of iron to produce other products, including new waste containers (in 2024 about 3,800 containers were sold, equal to about 760 tons).

Another example of a circular virtuous process is the regeneration of damaged or broken containers. These containers are taken from specialised suppliers, who, after its appropriate repair and regeneration, return them to Hera, thus avoiding the production and purchase of new containers (in 2024 about 6,700 containers were regenerated, equal to about 1,340 tons). It is specified that these tons do not contribute to the calculation of incoming material flows.

**PIPES,
FITTINGS,
VALVES AND
ACCESSORIES**

The data provided by the suppliers for the cluster for pipes and corresponding fittings, valves and accessories – which represents 1% of the total weight of reported supplies – show an average percentage of recycled components of 28%, thanks to the extensive use of steel, brass, cast iron and aluminium from scrap recycling.

It should be noted the initiation of an experiment involving the installation of pipes for gas distribution, made with polyethylene obtained from biomass/plant-based materials. Concerning the plastic pipes for drinking water, however, there is a regulatory restriction that does not allow the use of recycled material.

**PLANT PARTS AND
COMPONENTS**

The cluster for plant parts and components – which represents less than 1% of the total weight of supplies – has an average percentage of recycled components of 29%, thanks to the extensive use of aluminium and steel, e.g., for the construction of road poles and light fittings.

METERS

The cluster for meters – which represents less than 1% of the total weight of reported supplies – has a percentage of recycled components equal to about 23%, mainly due to the use of recycled metals, in particular brass. This percentage may be revised upwards in the future, on the one hand by improving the quality of the data collected – after suppliers' acquisition of additional specific certifications for the use of steel and recycled brass – and on the other hand by executing further trials for the use of meters containing recycled plastic components.

The Group has started the massive installation of 2G electric meters, in a version made with recycled plastic: 48% by weight of the new meters are made of regenerated material, while recyclability at the end of life is estimated at 79% by weight. In addition to this commitment, there is another circularity project concerning the use of disused meters following their massive operational substitution: it was actually possible to recover 80% of the weight of the materials constituting the old 1G meters by redirecting them to specialised plants.

**ELECTRICAL
AND
ELECTRONIC
EQUIPMENT**

The cluster for electrical and electronic equipment – which represents less than 1% of the total weight of supplies – has an average percentage of recycled components of 19%, due to the use of recycled iron, steel and copper, used to make switchboards, electric motors and plant accessories.

An experiment has remarkably led to the introduction of corrugated plastic pipes with a 40% share of recycled material for the construction of basement infrastructures suitable to accommodate the electricity infrastructures of the electricity distribution network. For the 2023/2024 two-year period, the average percentage of recycled pipes that was used in the electrical energy distribution service, was above 70% of the total. This experiment – although it does not contribute to the reported indicators, being related to purchases under the category "Works" – is still significant to indicate a future trend that could also affect the direct purchase of goods.

**OUTFLOWS –
PRODUCTS
SOLD**

The Hera Group has established itself over the years as a driving force behind the circular economy, through the production of second-hand raw material, the production of recycled plastic products and compost, and, also thanks to its subsidiary Company Aliplast, through the sale of recycled plastic products.

Aliplast manages the integrated plastic cycle, turning waste into a finished product of recycled plastic, having the same characteristics of virgin plastic. With reference to products sold in 2024, we find mainly PE manufactures and polymers (43%), PET manufactures and polymers (50%) and granules/flakes of other polymers (7%). Its main commitment is to make the life cycle of plastic sustainable, by collecting and recycling it to produce new materials with the least possible environmental impact. Through constant research and development and continuous technological innovation (of product, service, process), Aliplast oversees a traceable plastic supply chain, capable of transforming a fractional chain

into a virtuous circuit and ensuring a quality, efficient and economical final production, which is also cheaper than traditional materials.

The managed plants treat waste from industrial waste and urban sorted waste collection. This waste was transformed into new products or, to a limited extent, transferred to third-party companies operating in the recycling sector. Aliplast directly recycles most of the incoming waste and only a small percentage is discarded because it is made up of non-recyclable polymers or because of weight loss due to the presence of liquids or impurities. The percentage of waste sent for material recovery is more than 87%. The secondary raw material obtained from waste is sold or used to produce recycled plastic products.

In line with previous year, in 2024 Aliplast sold 100.3 thousand tons of plastic products. The share of recycled plastic contained in the sold products is also substantially stable compared to 2023: 83.9 thousand tons in 2024. This is a figure that confirms the 41% increase compared to 2017. Despite a challenging market environment, beset by extra-EU recycled material flows and characterised by the slowing decrease of demand for plastics to cool global industrial production, Aliplast has managed to consolidate its market share.

The food industry requires compliance with high safety standards and demands strict compliance with applicable Food Regulations. The range of Aliplast products, fully certified at European level for food contact, consists of polymer granules and flakes, and PET sheets for thermoforming and extrusion processes, which are ideal for the production of food trays and bottles.

Aliplast products guarantee a durability comparable to those made from virgin material, while the recyclability rate of the products and their packaging is 100%.

Compost is an organic soil improver obtained from the treatment of separately collected organic waste (kitchen, pruning, agro-industrial waste). Composting is a complex biological process that transforms fresh organic substances into a stable product rich in nutrients and humus, useful for improving the soil and supporting plant growth.

Herambiente has different types of plants for the transformation of organic substances. This can be done through an aerobic process of bi-oxidation in the plants of Ozzano dell'Emilia (Bologna), Ostellato (Ferrara), Nonantola (Modena) and Faenza (Ravenna); or through anaerobic digestion in the plants of Sant'Agata Bolognese (Bologna), Rimini, Cesena (Forlì-Cesena), Voltana (Ravenna), Spilamberto (Modena).

Biogas can be used to produce energy directly by means of cogeneration engines (electricity and heat) or, as is the case in Sant'Agata Bolognese and Spilamberto, this can be refined for the production of clean and safe biomethane, which is fed into the gas distribution network to be used in motor vehicles.

In 2024, there was a production of approximately 30.5 thousand tons of mixed composted soil improvers, -15% compared to 2023 (82.7% for extensive agriculture and fruit growing on local farms, 16.3% for the pellet and soil industry, 0.9% for small customers and the remaining 0.1% for field experiments) and approximately 3.2 thousand tons of green composted soil improvers, -28.8% compared to 2023 (98.7% for the potting soil production industry and the remainder for small local gardeners). The decrease in production of mixed composted soil improvers is physiological, determined by process variables and the variety of incoming waste; therefore, both the flows in terms of quantity and composition, are reduced. As regards the reduction of green composted soil improvers, the reduction in production is due to a drop in production at the Ozzano plant due to some extraordinary maintenance operations.

The reporting on outflows, or waste produced, is divided into two parts. In the first section, the waste produced by the Group's companies is reported, excluding Herambiente and its subsidiaries, while in the second section, the data relating to the waste produced by the Herambiente Group are presented. The reason is that many of the Group's Companies turn to Herambiente, in whole or in part, for their waste treatment service and therefore it was considered important to highlight separately the circularity level in the management of the waste produced by these companies.

In total, the waste produced by the Group amounted to 3,668 thousand tons of which 69% was not recycled. It should be noted that 37% of the waste produced is recycled or waste-to-energy.

In order to better represent the data of hazardous and non-hazardous waste produced by the Group, it was decided, with the exception of the Herambiente Group, to use tons as the measurement unit, while using thousands of tons in the equivalent tables for the Herambiente Group, where the data, for business reasons, is significant.

OUTFLOWS – WASTE PRODUCED

Hazardous waste produced by the Hera Group (excluding Herambiente and subsidiaries)

T	2024
1) Waste not destined for disposal	27
Reused	-
Recycling	5
Other recovery operations	22
2) Waste destined for disposal	504
Incineration	-
Landfill disposal	-
Other disposal operations	504
3) Total waste produced	531

Non-hazardous waste produced by the Hera Group (excluding Herambiente and subsidiaries)

T	2024
1) Waste not destined for disposal	146,382
Reused	-
Recycling	84,263
Other recovery operations	62,119
2) Waste destined for disposal	146,453
Incineration	20,974
Landfill disposal	29,187
Other disposal operations	96,292
3) Total waste produced	292,835

The item incineration includes the volumes of waste treated in waste-to-energy plants

The companies that contribute mainly to the waste production are Hera Spa, Marche Multiservizi, Maceratese and AcegasApsAmga; in these companies, the main types of waste produced are sewage sludge, leachates from the landfills of Marche Multiservizi and waste over-sieve fractions for Macero Maceratese. The other companies, also due to the nature of their business, have significantly lower amounts of waste.

The Group's companies (excluding Herambiente and its subsidiaries) produced a total of 293.4 thousand tons of waste in 2024, of which 50% (equal to 146.4 thousand tons) were destined for recycling and recovery and 50% (equal to 146.5 thousand tons) for disposal. It should be noted that only 10% of the waste produced by the Group's companies (excluding Herambiente and its subsidiaries) is sent to landfills for disposal, and that 32% of the waste, mainly liquid waste, is destined for other disposal operations such as the treatment in water purification plants and the discharge into the environment of purified water in accordance with the environmental requirements of legislative decree no. 152/2006. Concerning the waste sent for recovery, 57% is destined for recycling and the remaining 43% for other recovery operations such as composting or sorting for subsequent recycling.

Given the role of Herambiente, it was also decided to describe the waste that Herambiente itself produces in its waste management activities for both Companies within the Group and customers outside the Group. It should be noted that in the tables below, waste produced is also meant as the one generated when it leaves a plant of the Group for further treatment by another plant of the Group.

Hazardous waste produced by Herambiente

THOUSANDS OF T	2024
1) Waste not destined for disposal	102.8
Reused	2.4
Recycling	33.7
Other recovery operations	66.7
2) Waste destined for disposal	205.8
Incineration	55.3
Landfill disposal	90.5
Other disposal operations	59.9
3) Total waste produced	308.6

The item incineration includes the volumes of waste treated in waste-to-energy plants

Non-hazardous waste produced by Herambiente

THOUSANDS OF T

2024

TAXONOMY
ANALYSIS AND
REPORTING
PROCESS

1) Waste not destined for disposal	880.6
Reused	56.5
Recycling	315.2
Other recovery operations	508.9
2) Waste destined for disposal	2,185.5
Incineration	192.1
Landfill disposal	254.1
Other disposal operations	1,739.2
3) Total waste produced	3,066.1

The item incineration includes the volumes of waste treated in waste-to-energy plants

In 2024, the Herambiente Group produced 3,374.7 thousand tons of waste (+9% compared to 2023), of which 90.9% (3,066 thousand tons) was non-hazardous and the remaining part (308.6 thousand tons) was hazardous. For the latter, 66.7% was destined for disposal, while 34.3% was sent for material or energy recovery. As regards non-hazardous waste, 71.3% were sent for disposal, mainly by chemical-physical or biological treatment.

Information on eco-sustainable economic activities (EU Regulation 2020/852)

In the context of the Action Plan on Sustainable Finance, the Regulation (EU) 2020/852 on the Taxonomy and subsequent delegated acts introduce, for the first time, a classification system that uniquely lists environmentally sustainable economic activities according to common criteria at European level, with the aim of supporting the increase in sustainable investments and implementing the Green Deal, creating security for investors and helping companies in their ecological transition.

The Taxonomy defines six environmental objectives: climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems. An economic activity is considered to be environmentally sustainable if it contributes substantially to one of these objectives, does not cause significant damage to the others, meets minimum safeguards and comply with the technical criteria set by the Commission. The European Commission regularly reviews these criteria in the light of scientific and technological developments.

Following the recommendations of Delegated Regulation (EU) 2021/2178 introducing disclosure requirements related to the Taxonomy, a multi-step process was developed through which the applicability of the Taxonomy could be analysed along the entire value chain, taking into account all of the Group's consolidated companies. The process concerned all the Taxonomy's objectives for which the Delegated Regulation (EU) 2021/2139, 2022/1214 and 2023/2486 introduce the list of activities that substantially contribute to these objectives and the list of technical screening criteria and the DNSHs that said activities must comply with to be classified as eco-sustainable, in order to identify the Group's activities into: aligned eligible, non-aligned eligible, and ineligible.

Eligible

Aligned eligible activity: activity performed by the Hera Group explicitly included in the Taxonomy Regulation that meets the developed technical screening criteria, respects the DNSH principle and minimum safeguards.

Non-aligned eligible activity: activity performed by the Hera Group explicitly included in the Taxonomy Regulation that meets the developed technical screening criteria and/or does not respect the DNSH principle and minimum safeguards.

Ineligible

Ineligible activity: activity carried out by the Hera Group which has not been explicitly included in the Taxonomy Regulation because it does not contribute substantially to any environmental objective.

The analysis was carried out in the following stages:

- The activities of the Group were analysed, in continuity with those carried out in previous years, in relation to the six environmental objectives of which the Taxonomy is composed, in order to assess their eligibility, also paying attention to overlaps between eligible activities that may contribute to the achievement of multiple objectives. Within the scope of this preliminary mapping, 36 eligible activities related to 19 Group's Companies were identified.

- Once the eligible activities forming part of the Group's portfolio were identified, the Group's management and company technical representatives were consulted to verify compliance with the technical screening criteria and the DNSHs indicated in the Regulation. To verify the compliance of the technical criteria concerning the DNSHs as they relate to climate change mitigation, adaptation to climate change, sustainable use and protection of water and marine resources, and the protection and restoration of biodiversity and ecosystems, support was needed from the Quality, Safety and Environmental Management and from the Central Market Management, Energy Risk Analysis and Control Management. In particular, reference is made to chapter E1 of this Sustainability reporting with regard to the DNSH adaptation to climate change and chapter E4 with regard to the DNSH restoration of biodiversity and ecosystems. At the same time, those responsible for the management audit of the companies and departments concerned were engaged to determine the availability and granularity of the economic data necessary to quantify the KPIs relating to turnover, OPEX and CAPEX associated with the eligible Group activities according to Taxonomy.
- Compliance with the minimum safeguard guarantees was verified, pursuant to the provisions of Regulation (EU) 852/2020. Hera is committed to respecting human rights, consistent with the Group's Code of Ethics and the public commitment documents "Hera's commitment to respecting human rights" and "Human rights due diligence process within the Hera Group". Within the company, there are different processes aimed at identifying, evaluating and monitoring risks in this area: the Group ERM approach, risk assessment on product categories carried out along the supply chain, the health and safety assessment of Group employees, including the harassment risk assessment. Hera takes measures to stop, prevent and mitigate these risks through structured and time-bound procedures and processes across the different directions affected by the issue, and undertakes to suggest remedial actions where possible. Finally, the Company also communicates how these risks have been addressed through the Sustainability reporting. The Group promotes the fight against corruption and fraud by embracing the commitment to "zero tolerance", reaffirmed not only in the Code of Ethics but also in the Anti-bribery and corruption model. Hera has defined and formalised its Tax Strategy within the scope of implementing the procedures and safeguards for managing and controlling tax risk (Tax Control Framework). The values expressed by this strategy are inspired by and consistent with the Group's Code of Ethics and guide the Company's operations, providing for specific lines of conduct that Hera intends to maintain in order to achieve the strategic objectives it has set for itself. On the issue of competition, please refer to chapter S4 Consumers and end users of this Sustainability reporting (Policies and objectives, S4-1).
- Finally, the economic KPIs (turnover, OPEX and CAPEX) were quantified following the accounting standards described later under the Accounting Standards Section.

Overview of Hera Group's activities aligned with Taxonomy

		ELIGIBLE	INELIGIBLE
	Aligned	Not aligned	Ineligible
 GAS DISTRIBUTION	- Gas network management and maintenance (compatible with low carbon gas) - Smart meter gas - Turboexpansion	Industrial cogeneration	Gas trading and sales
 ELECTRICITY DISTRIBUTION	- Electricity distribution - Photovoltaic energy production - Electrical mobility	Imola cogeneration plant	Electricity trading and sales
 INTEGRATED WATER SERVICE	- Sewage and wastewater treatment (83% for population equivalent) - Aqueduct	Sewage and wastewater treatment 17% for population equivalent)	
 INTEGRATED WASTE CYCLE	- Separate collection of non-hazardous waste. Municipal and industrial waste sorting plants (8/10 of plants taken into consideration) - Production of recycled plastic - Anaerobic digestion - Composting - Production of biomethane from organic waste - Collection and use of biogas from waste landfill - Treatment of hazardous waste (79% of total waste treated) - Collection and transport of hazardous waste (81% of the activity carried out with vehicles compliant at least with the Euro V Standard) - Remediation	- Municipal and industrial waste sorting plants (2/10 of plants taken into consideration) - Treatment of hazardous waste (21% of total waste treated) - Collection and transport of hazardous waste (19% of the activity carried out with vehicles compliant at least with the Euro V Standard) - Demolition and dismantling of industrial plants	- Unsorted waste collection - Sweeping - Waste-to-energy and energy recovery - Management of active landfills
DISTRICT HEATING	- District heating – Distribution of efficient systems (41% of heat energy sold) - District heating (produced with geothermal power)	- District heating – Distribution of efficient systems (59% of heat energy sold) - District heating (production from cogeneration and thermal boilers)	District heating (Waste-to-Energy production)

OTHER SERVICES

- Energy efficiency interventions and renewable energies¹

- Data Centre
- Company fleet

- Property Management and Facility Management
- Information systems
- Public lighting

¹Measures for renewable energy include the installation, maintenance and repair of solar photovoltaic systems, solar hot water panels, heat pumps, storage units, recovery systems and heat exchangers, and micro-cogeneration plants. Energy efficiency measures include the addition of exterior building envelope and the replacement and installation of windows and heating and ventilation systems.

For the sake of correctly representing and interpreting the results obtained within the scope of this analysis, it should be noted that the data on turnover, OPEX and CAPEX, eligible for Taxonomy, refer to the following environmental objectives: climate change mitigation, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and reduction of pollution, protection and restoration of biodiversity and ecosystems.

In accordance with the FAQ of the European Commission published in the Official Journal on 20 October 2023 (C/2023/305), the reporting was focused on the objective of climate change mitigation and not on climate change adaptation, being capital expenditure attributable to adaptation already included in those attributable to mitigation and being "difficult to differentiate" (See Point 8 of the mentioned FAQ).

It should also be noted that no group activities have been identified as eligible for the objectives of protection and restoration of biodiversity and ecosystems.

The Group decided to analyse compliance with the technical alignment criteria, including activities with mutual overlaps among the various environmental objectives covered by legislation. In the latter case, it was decided to choose which activity to report, excluding the other.

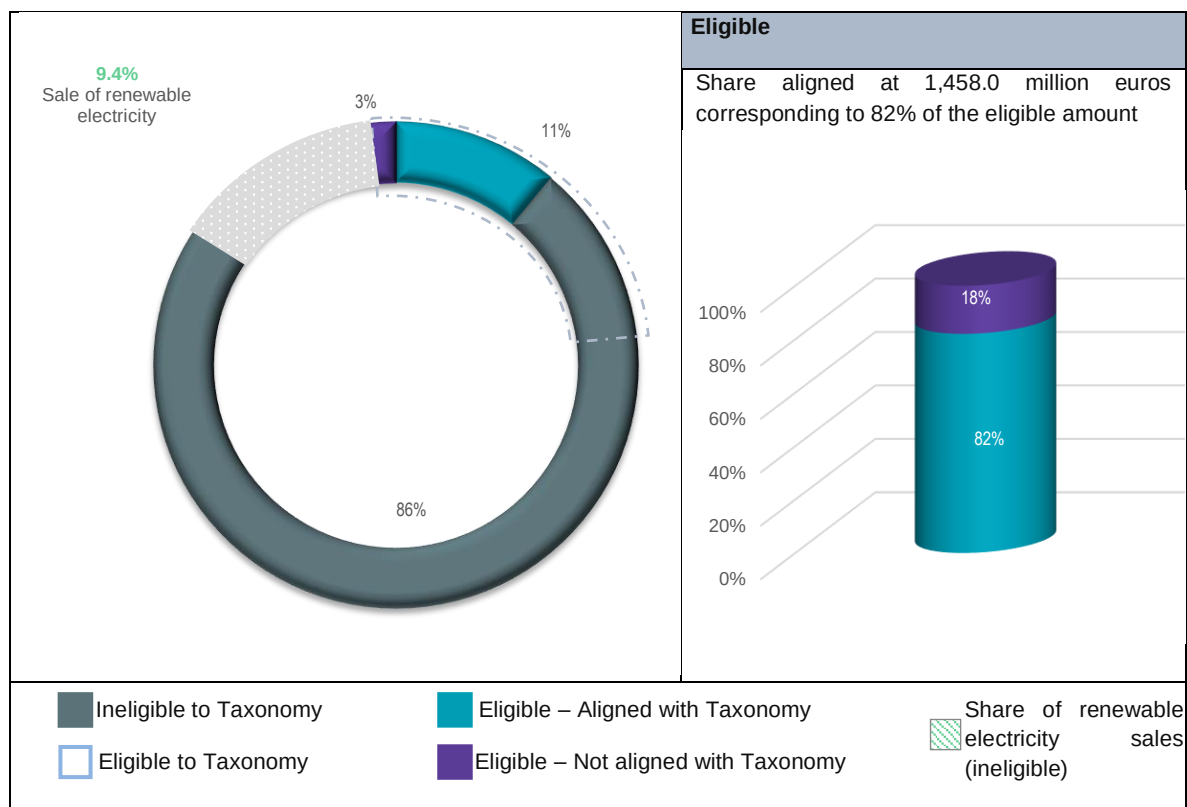
MANAGING
OVERLAPPING

The analysis returned a detailed picture of the overlapping between eligible activities, revealing specific differences concerning the ability of individual activities to exceed the technical alignment thresholds. The Group calculated the eligible and aligned portions of turnover, CAPEX and OPEX, by enhancing the contribution of each individual activity to at least one environmental objective, optimising the contribution to the objectives of the Regulation and avoiding double-counting in managing overlapping activities. This approach allowed to measure the contribution in achieving several Taxonomy objectives.

The Group's intention to analyse the alignment of all Taxonomy activities is not only in line with the indications in the Regulation but also mitigates the so-called "criteria shopping" that the Commission identifies in the risk of selecting activities with technical criteria that are easier to satisfy at the expense of a comprehensive analysis of the contribution to multiple environmental objectives.

KPI: Turnover (Year 2024)

OUR RESULTS

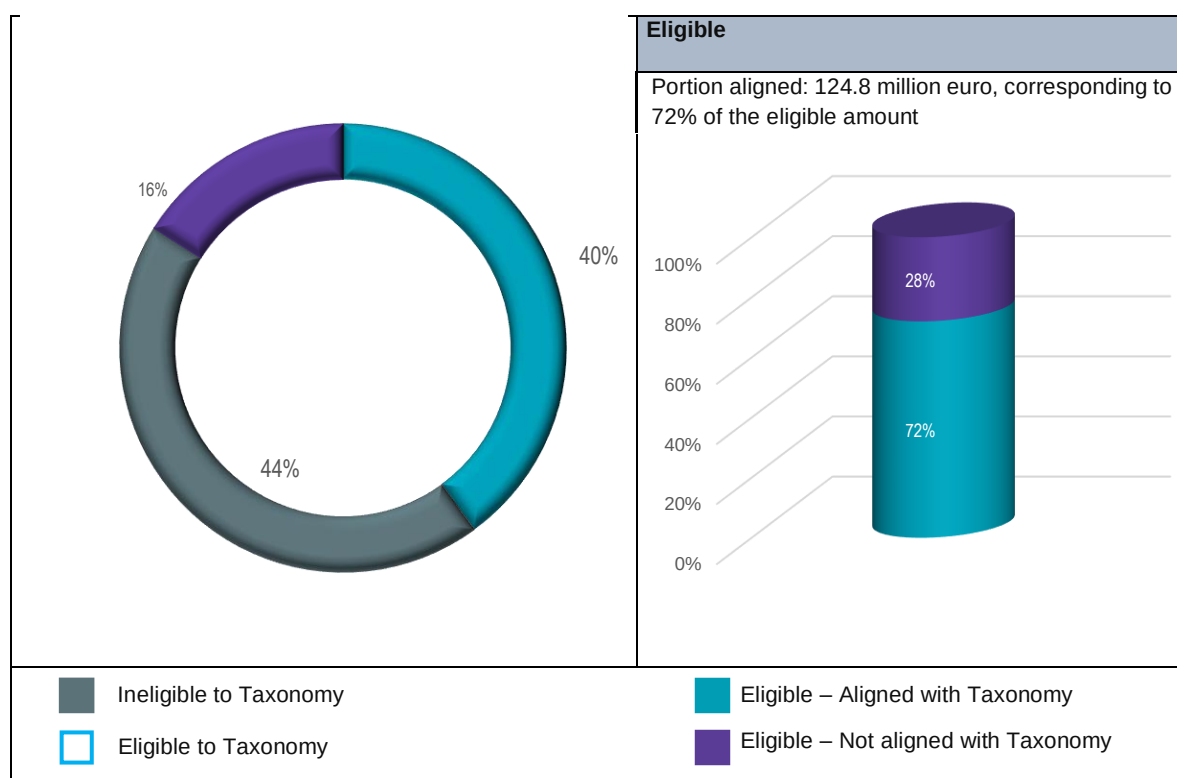


Turnover: Overall, the Group's total revenues of 12.9 billion euros decreased compared to the previous year mainly due to lower commodity prices and reduced incentive activities in the service of energy saving in residential buildings (Superbonus 110%); for further details see "Note 1 Revenues" in the Consolidated Financial Statements. In 2024, revenues relating to eligible business activities aligned with the Taxonomy objective amounted to approximately 1.5 billion euro (approximately 11% of the Group's total turnover), i.e., 82% of the entire eligible portion. Overall, the aligned eligible turnover of 11% was lower than the previous year's figure of 18%, mainly due to the performance of three activities: 7.3 CCM "Installation, maintenance and repair of energy efficiency devices" as a result of the reduction in incentives mentioned above (Superbonus 110%); 4.14 CCM "Transmission and distribution networks of renewable gases and low carbon emissions" as a result of the publication of the European Commission FAQ of 5 March 2025 (C/2025/1373, Point 27), which excludes the eligibility of the turnover of the distribution network operation for a hydrogen and fossil gas mixture, in addition to 5.5 CCM "Collection and transport of non-hazardous waste in separate fractions at source" for a part of the activity related to Hera Spa, in the areas where it is carried out in partnership (RTI) with other subjects for which further work is being carried out on compliance with the technical screening criteria. As described above, this outcome is due to the way in which overlaps among the definitions of eligible activities that may contribute to different Taxonomy objectives were managed, amounting to 8% of the Group's total turnover. For a correct reading of the data, it is essential to highlight that 9.4% of the ineligible turnover relates to the sale of renewable electricity, an activity that is sustainable but not included in the Taxonomy list related to the mitigation objective due to the rationale behind the European Commission's choice of activities, namely prioritising NACE sectors with the highest emissions impact in terms of Target 1 emissions, considering them more strategic to facilitate the energy transition. From the Group's perspective, this activity is an essential element in the decarbonisation process, allowing the sustainable electrification of consumption. Assuming that the renewable electricity sales activity is eligible and aligned with Taxonomy, the aligned eligible direct revenues would be 23.1% of the Group's total.

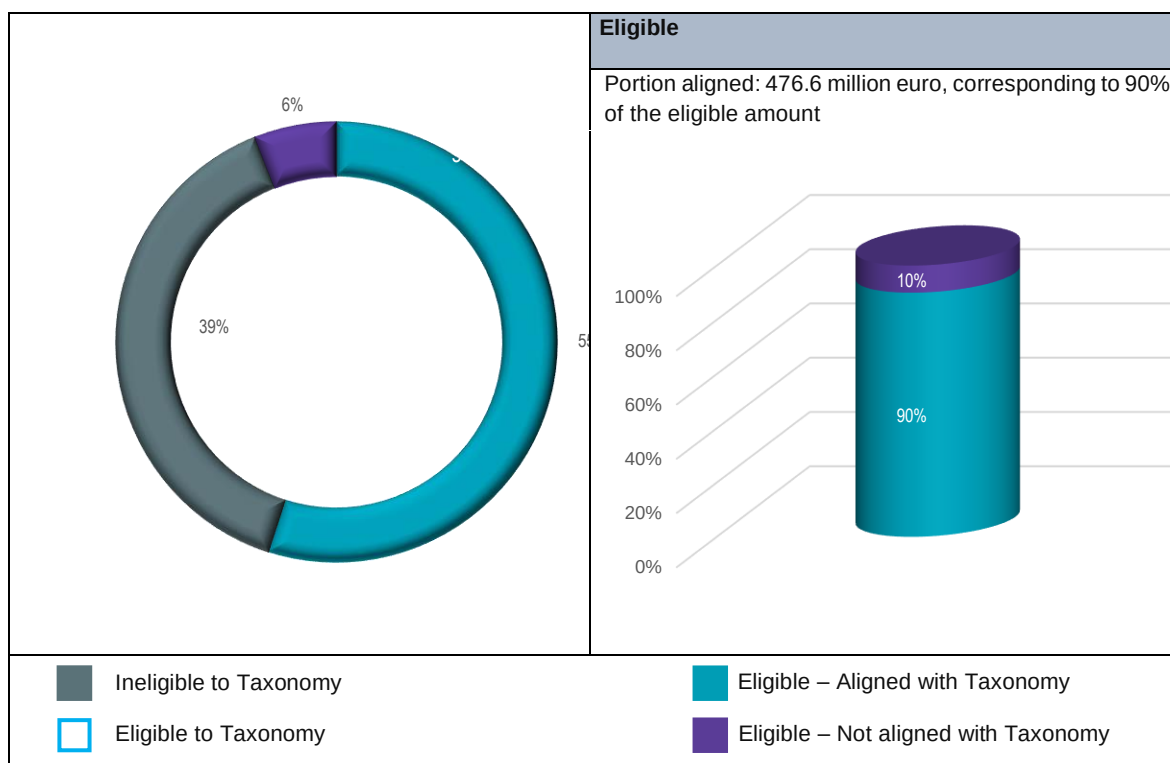
Moreover, on the whole, more than two-thirds of the Group's turnover relates to the sale and trading of electricity and gas, activities ineligible for Taxonomy and subject to significant price fluctuations dictated by the energy market, which can lead to annual variations in the portion of eligible and ineligible turnover.

See the information under the Accounting Standards Section for further details on economic data calculation methods.

KPI: OPEX (Year 2024)



OPEX: in 2024, OPEX relating to eligible business activities aligned with the Taxonomy amounted to 124.8 million euro (about 40% of the Group's total OPEX), i.e. 72% of the entire eligible portion. Overall, aligned eligible OPEX decreased to 40% compared to the previous year's figure, 54%. Regarding operating expenses, overlapping definitions of eligible activities that may contribute to different Taxonomy objectives accounted for 24% of the Group's total OPEX. See the information under the Accounting Standards section for further details on economic data calculation methods.

KPI: CAPEX (Year 2024)

CAPEX: Overall, the Group's gross operating investments of 860.3 million euros were up from the previous year. For further details, please refer to "Note 21 Property, plants and equipment" and "Note 23 Intangible assets" in the Consolidated financial statements. In 2024 direct CAPEX related to eligible business activities aligned with the Taxonomy amounted to 476.6 million euro (about 55% of the Group's total operating investments including capital grants), i.e. 90% of the entire eligible portion. Overall, aligned eligible CAPEX slightly dropped, settling at 55% compared to the previous year's 56%, due to the increase in the denominator of this KPI. CAPEX aligned with the Taxonomy increased in absolute terms compared to the previous year, mainly in the following activities: 2.1 WTR "Supply of Water", 5.3 CCM "Construction, expansion and operation of wastewater collection and treatment systems" and 3.17 CCM "Manufacture of plastics in primary forms". Regarding operating expenses, overlapping definitions of eligible activities that may contribute to different Taxonomy objectives accounted for 42% of the Group's total CAPEX.

What follows is a description of the accounting standards followed by the Hera Group in formulating the operating KPIs presented.

**ACCOUNTING
STANDARDS**

In defining the numerator of the various operating KPIs required by legislation, as mentioned above, the analysis began with a map of the activities carried out by the Hera Group, identifying those that fall within the description of economic activities included in Delegated Regulation 2021/2139, Attachments I and II, and in Delegated Regulation. 2023/2485. To allocate the amounts relating to turnover, CAPEX, and OPEX to the eligible aligned and non-aligned activities, the information present in the Group's accounting systems relating to general, analytical, and regulatory accounting was used as a priority, representing the primary source for both quantitative and qualitative information. In some cases, to better describe the extent to which the company's activities are associated with the economic activities considered eligible under articles 3 and 9 of this Regulation (EU) 852/2020, appropriate drivers also had to be used to better identify the relevant values. In any case, the Group's analytical accounting system, which governs the destination and allocation of each accounting amount, ensures the non-duplication of the KPI numerator values in the various economic activities of the Taxonomy.

The determination of the various operating KPIs required by legislation is calculated in line with the activities considered eligible for the Taxonomy, however, referring to the entire Group's scope of operations, excluding intercompany transaction and activities carried out for internal consumption within the Group, the data for which is reported separately, as required by legislation.

The accounting principles adopted to calculate the KPIs illustrated below and applied for the first two environmental objectives may evolve and change in future years in light of regulatory developments in the Taxonomy or established practices regarding its reporting.

The Taxonomy KPIs were calculated as follows:

- Turnover: the portion of eligible aligned and non-aligned turnover, as defined in article 8, paragraph 2(a), of Regulation (EU) 852/2020, is identified as the portion of the consolidated net revenue generated from the sale of products or services, including intangible products or services, associated with economic activities eligible for the

Taxonomy / total net revenue. Net revenues are consistent with the values in the Group's consolidated financial statements, prepared in accordance with International Accounting Standards (IAS) and refer to Point 82, Letter a), of IAS1, as adopted by Regulation (EU) 1126/2008. In particular, in calculating this indicator, the items included under production for revenues from sales and services were considered, excluding other revenues and increases in fixed assets from internal work.

- CAPEX: the portion of eligible aligned and non-aligned CAPEX, as defined in article 8, paragraph 2(b), of Regulation (EU) 852/2020 is calculated as the portion of capital expenditures associated with eligible activities and is determined in accordance with the criteria set out in point 1.1.2.2 of the Delegated Act 2178/2021 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. More specifically, capital expenditures generating increases in assets relating to property, plants and equipment, investment property and intangible assets of the financial year considered before depreciation and any write-down or revaluation, excluding investments in financial holdings, are taken into account, including capital grants. There are also no expenses relating to "CAPEX plans" pursuant to Point 1.1.2.2 of Attachment I to Delegated Regulation (EU) 2021/2178.

In 2022, the Hera Group issued a Green Bond aligned with the European Taxonomy, whose funds are destined for the integrated water cycle (Sustainable water and wastewater management, aligned with SDGs 6, 13 and 14), circular economy, pollution prevention and control (Circular Economy & Pollution Prevention and Control, which responds to SDGs 11, 12 and 13), energy efficiency and infrastructure (Energy Efficiency and Energy Infrastructure, in line with SDGs 7, 11 and 13). This was followed by a Second Green Bond of 500 mn€ in 2025, also aligned with Taxonomy. The funds raised were used to finance or refinance numerous projects, which pursue one or more of the objectives of the 2030 UN Agenda: energy efficiency (SDGs 7 and 13), circular economy and sustainable waste management (SDG 12), sustainable management of the water supply (SDGs 6 and 14).

- OPEX: the portion of eligible OPEX as defined in article 8, paragraph 2(b), of Regulation (EU) 852/2020 is calculated as the portion of non-capitalised expenditure associated with eligible activities and is determined according to the criteria set out in point 1.1.3.2 of the Delegated Regulation 2178/2021 the total OPEX from the Group's consolidated financial statements, defined according to the criteria set out in point 1.1.3.1 of the Delegated Regulation. In particular, this KPI includes the costs associated with research and development, building renovations, short-term leases, maintenance and repairs, as well as other direct costs relating to the daily ordinary maintenance of the tangible assets necessary to ensure the continuous and efficient functioning of these assets, whether performed internally or outsourced to third-party companies, presented in the income statement in the Group's consolidated financial statements drawn up in accordance with IAS-IFRS Standards. These costs, therefore, include portions of labour costs, external costs for services, and costs for the purchase of materials which are directly attributable to this ordinary maintenance.

The table below details the results of the analysis described above. In particular, for each Taxonomy-eligible activity, the following items are listed in the column: the business area of reference and the relevant activity, the numerical code, the abbreviation of the objective to which the activity may contribute and the title of the eligible activity (followed by a breakdown based on the Group's business). The qualitative rationale supporting compliance or non-compliance with the technical criteria required to establish alignment (CVT and DNSH) is also provided. The grey cross-banded background, where relevant, details any overlaps with activities having similar descriptions that may contribute to the achievement of different objectives. Finally, the [✓] icon indicates those activities selected for KPI calculation purposes, allowing the Group to optimise the KPI valuation of the contribution to the Regulation's objectives.

Eligible aligned and non-aligned Hera Group activities

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY	OVERALL CVT AND DNSH COMPLIANCE
	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, supply, distribution, and metering systems for the aqueduct networks and plants considered for Hera Spa and AcegasApsAmga comply with the consumed energy threshold of 0.5 kWh/m ³ . The Marche Multiservizi system complies with the alternative criterion relating to water losses, calculated according to the ARERA Resolution no. 917/17 (RQTI) requirements, see macro indicator M1 ¹ . Overall DNSH compliance for the applicable objectives.
	Not aligned: -		
	Overlapping: the activity overlaps with activity 2.1 WTR – Water supply		
		2.1 WTR Water supply Water supply	Aligned: all Group's activity concerning the supply of water complies with the alternative criterion relating to water losses, calculated according to the ARERA Resolution no. 917/17 (RQTI) requirements, see macro indicator M1 ² . Water is used based on derivation concessions issued by the competent authorities. Overall DNSH compliance for the applicable objectives.
Not aligned: -			
	Sewage and wastewater treatment	☒ 5.3 CCM Construction, extension and operation of wastewater collection and treatment Construction, extension and operation of centralised wastewater systems, including collection (sewer system) and treatment.	Aligned: the wastewater collection and treatment systems with any level of treatment (including primary) considered for Hera Spa and Marche Multiservizi (except for what is reported in the "non-aligned" portion) comply with the net energy consumption thresholds. Overall DNSH compliance for the applicable objectives.
Not aligned: the wastewater collection and treatment systems with any level of treatment (including primary) of AcegasApsAmga and Borgheria (Marche Multiservizi) do not comply with the net energy consumption thresholds; within the Marche region, there are also three plant sections in infringement of the purification legislation, not compliant with the DNSH prevention and reduction of pollution.			
Overlapping: The activity overlaps with activity 2.2 WTR – Treatment of urban wastewater.			
		2.2 WTR Urban Wastewater Treatment. Urban Wastewater Treatment.	Aligned: -
Not aligned: the treatment plants of Hera Spa, AcegasApsAmga and Marche Multiservizi are not aligned as the DNSH for climate change mitigation is not respected since the analysis of current direct greenhouse gas emissions does not include sewerage. It is also noted that a part of Hera Spa's plants (Sassuolo, Formellino and Cesenatico) have a capacity equal to or greater than 100,000 for a population equivalent without anaerobic digestion. Marche Multiservizi's three plant section in infringement with the EU do not meet the requirements on the good condition of the water bodies concerned.			

¹ Ibid.² In accordance with Article 4 of Directive (EU) no. 2020/2184 of the European Parliament and the Council

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY		OVERALL CVT AND DNSH COMPLIANCE
	Plastic recycling	3.17 CCM	Manufacture of plastics in primary form. Manufacture resins, plastics materials and non-vulcanisable thermoplastic elastomers, the mixing and blending of resins on a custom basis, as well as the manufacture of non-customised synthetic resins	Aligned: Aliplast's washing and regeneration plants manufacture plastic in primary form entirely through the mechanical recycling of plastic waste. Overall DNSH compliance for the applicable objectives. 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 84%. The plastic packaging material attains the minimum target recycling rate for plastic packaging waste set by Directive no. 94/62/EC. Overall DNSH compliance for the applicable objectives. Not aligned: -
	Non-hazardous sorted waste collection	☒ 3.5 CCM	Collection and transport of non-hazardous waste in fractions separated at the source Separate collection and transport of non-hazardous waste in single or comingled fractions	Aligned: all non-hazardous waste collected separately and transported by Hera Spa, AcegasApsAmga, Marche Multiservizi and Aliplast are separated at the source and destined for preparation for reuse or recycling. Overall DNSH compliance for the applicable objectives. Not aligned: a part of the activities related to Hera Spa, in the areas where it is carried out in partnership (RTI) with other subjects is being explored on the compliance with technical screening criteria.
Overlapping: the activity overlaps with activity 2.3 CE – Collection and transport of non-hazardous and hazardous waste for the portion regarding the collection and transport of non-hazardous waste.				
	Collection and transport of hazardous waste	☒ 2.1 PPC	Collection and transport of hazardous waste. Collection and transport of hazardous waste.	Aligned: hazardous waste managed by Herambiente Servizi Industriali, Recycla Vallortigara and TRS is separated at the source and collected separately from non-hazardous waste to avoid cross-contamination. Appropriate measures are taken to ensure that hazardous waste is not mixed or diluted with other hazardous waste categories or other wastes, substances or materials during sorted waste collection and transport. Concerning transport, the share of vehicles compliant at least with the Euro V Standard was equal to 81%. Overall DNSH compliance for the applicable objectives. Not aligned: Herambiente Servizi Industriali, Recycla, Marche Multiservizi, TRS and Hera SpA also use vehicles not compliant with the Euro V Standard. In these Companies, the total share of the Group's vehicles, used for the collection and transport of hazardous waste, not compliant at least with the Euro V Standard was equal to 19%.
Overlapping: the activity overlaps with activity 2.3 CE – Collection and transport of non-hazardous and hazardous waste for the portion regarding the collection and transport of non-hazardous waste destined for the recovery of material.				
	Collection and transport of non-hazardous and hazardous waste	2.3 CE	Collection and transport of non-hazardous and hazardous waste. Collection and transport of non-hazardous and hazardous waste.	Aligned: AcegasApsAmga, Hera Spa, Herambiente Servizi Industriali, Marche Multiservizi, Vallortigara, Recycla and TRS use some Euro V or higher vehicles for the transport of municipal waste (hazardous and non-hazardous) and non-municipal waste. The waste is collected and transported separately and is prepared for reuse or recycling. Door-to-door and controlled streetside collection are prevalent (>50%) for all Companies, except for AcegasApsAmga, for which this method is prevalent only in the Padua area for non-hazardous municipal waste and in the Padua and Trieste areas for hazardous municipal waste. Overall DNSH compliance for the applicable objectives.

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY	OVERALL CVT AND DNSH COMPLIANCE
			Not aligned: waste managed by ACR is not exclusively designated for disposal. Furthermore, in ACR, glass and wood are mixed with other waste in some instances. AcegasApsAmga mainly carries out non-hazardous municipal and non-municipal waste collection activities by road. The Companies AcegasApsAmga, Hera S.p.A., Herambiente Servizi Industriali, Marche Multiservizi, Vallortigara, Recycla and TRS also use vehicles not compliant with the Euro V standard for collection and transport. A part of the activities related to Hera Spa, in the areas where it is carried out in partnership (RTI) with other subjects is being explored on the compliance with technical screening criteria.
	☒ 4.13 CCM	Manufacture of biogas and biofuels for use in transport and of bioliquids. Manufacture of biogas or biofuels for use in transport and of bioliquids	Aligned: the two biomethane plants (Sant'Agata and Biorg) of the Herambiente Group taken into consideration, produce biomethane for transport, guaranteeing a reduction in greenhouse gas emissions of at least 65% compared to the emissions of the related reference fossil fuel. No agricultural or forest biomass is used for the production, and the process satisfies Criteria 1 and 2 of Section 5.7.. Overall DNSH compliance for the applicable objectives. Not aligned: -
	☒ 5.7 CCM	Anaerobic digestion of biowaste. 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: through the process of separately digesting the collected municipal waste, the Herambiente Group's three anaerobic digestion plants (Voltana, Rimini and Cesena) produce: 1) biogas, using it directly for electricity generation; 2) digestate, used as fertiliser. A monitoring and emergency plan is in place to minimise plant methane losses. Biogas is used for heat or energy generation and the resulting digestate is used as fertiliser. Overall DNSH compliance for the applicable objectives. Not aligned: -
Overlapping: the activity overlaps with activity 2.3 CE – Collection and transport of non-hazardous and hazardous waste for the portion regarding the collection and transport of non-hazardous waste destined for the recovery of material.			
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 the anaerobic digestion systems originates from the sorted waste collection of the wet fraction from canteen and kitchen waste; the waste delivered to the plant comes mainly in compostable plastic bags certified in accordance with EN 13432:2000. For Herambiente's Sant'Agata, Rimini, Cesena and Voltana plants, organic waste from sorted waste collection constitutes at least 70% of the waste entering anaerobic digestion as an annual average, with percentages varying between 75 and 85%. The plants produce compost or digestate in accordance with the requirements of national and European legislation in force. Compost and digestate are not placed in landfills, and in the case of anaerobic digestion, the biogas produced is used directly for electricity production and transformed into biomethane for fuel. Overall DNSH compliance for the applicable objectives. Not aligned: in the plant of the Company Biorg, organic waste from sorted waste collection accounts for 57% to 68% of the total raw material input.
Composting	5.8 CCM	Composting of bio-waste. Construction and operation of dedicated facilities for the treatment of separately collected	Aligned: the two Herambiente Group's composting plants (Ozzano and Ostellato) produce compost from organic waste collected separately. The compost produced is used as a fertiliser in accordance with EU and Italian legislation. Overall DNSH compliance for the applicable objectives.

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY	OVERALL CVT AND DNSH COMPLIANCE
		bio-waste through composting (aerobic digestion) with the resulting production and utilization of compost	Not aligned: -
Municipal and industrial waste sorting plants	☒ 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 inert crushing plant, the soil washing plant in Pisa, and all six municipal waste and special non-hazardous waste sorting plants of the Herambiente Group convert at least 50% of their waste into secondary raw materials or send more than 70% of their outgoing waste for recovery (safety threshold chosen to ensure compliance with the 50% conversion of secondary raw materials). Overall DNSH compliance for the applicable objectives. Not aligned: the Marano di Vallortigara plant and the Herambiente Group's carbon fibre plant do not convert at least 50% of their waste into secondary raw materials or do not send more than 70% of their outgoing waste for recovery.
Overlapping: the activity overlaps with activity 2.7 CE – Sorting and material recovery of non-hazardous waste.			
	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: non-hazardous waste raw materials of ACR, Herambiente, Herambiente Servizi Industriali and Vallortigara originate mainly from collected and transported sorted waste collection. For materials for which sorted waste collection is mandatory, the activity converts at least 50%, by weight, of the separately collected non-hazardous waste into secondary raw materials suitable for the substitution of primary raw materials in production processes (except for the "not aligned" portion). Overall DNSH compliance for the applicable objectives. Not aligned: with reference to Herambiente, only paper and board waste is converted by at least 50% into secondary raw materials suitable for replacing primary raw materials in production processes.
Landfill gas capture and utilisation	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: no permanently closed landfills have come 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 landfills and leakages from landfill gas collection and utilisation facilities are subject to the control and surveillance procedures set out in Attachment III of Council Directive no. 1999/31/EC. Overall DNSH compliance for the applicable objectives. 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 abandoned or illegal waste dumps	Aligned: the operator who caused the pollution or a waste producer or a person acting on behalf of that operator does not carry out ACR's remediation activities; the relevant contaminants are removed, controlled, contained or reduced so that the contaminated area no longer presents a significant risk of causing harmful effects for human health and the environment. The activity is prepared and carried out in line with industry best practices. Overall DNSH compliance for the applicable objectives. Not aligned: -
	2.4 PPC	Remediation of contaminated sites and areas. Remediation of contaminated land and industrial sites.	Aligned: the operator who caused the pollution or a waste producer or a person acting on behalf of that operator does not carry out ACR's remediation activities; the relevant contaminants are removed, controlled, contained or reduced so that the contaminated area no longer presents a significant risk of causing harmful effects for human health and the environment. The activity is prepared and carried out in line

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY	OVERALL CVT AND DNSH COMPLIANCE
			with industry best practices. The requirement that at least 70% of non-hazardous materials from construction, demolition or other waste generated on site during remediation is prepared for reuse, recycling and other types of material recovery shall be met, including filling operations using waste as a substitute for other materials. Overall DNSH compliance for the applicable objectives.
			Not aligned: -
	Treatment of hazardous waste 	2.2 PPC Treatment of hazardous waste. Treatment of hazardous waste.	Aligned: Herambiente, Herambiente Servizi Industriali, Recycla and TRS carry out this activity in accordance with the requirements set out in the conclusions of Best Available Techniques (BAT) for waste treatment or waste incineration. Receiving facilities are available with a laboratory for on-site sample analysis and documented standard operating procedures for analysis, with the option to subcontract analysis to accredited external laboratories under contract, documented sampling procedures, analysis of physical-chemical parameters relevant to treatment, and a dedicated area for quarantined storage of waste as well as written procedures for handling unaccepted waste. The dissolved organic carbon (DOC) limit for outgoing waste is met. The portion of hazardous waste treated in compliance with the technical criteria is 79% of the total hazardous waste treated by the Group. Overall DNSH compliance for the applicable objectives. Not aligned: ACR has neither an in-house laboratory nor a sampling procedure and does not conduct a documented analysis of the physical-chemical parameters relevant to the treatment. ACR and Vallortigara do not comply with the dissolved organic carbon (DOC) limit for outgoing waste. The portion of hazardous waste these Companies treat is 21% of the total hazardous waste treated by the Group.
Overlapping: the activity overlaps with activity 2.4 CE – Treatment of hazardous waste.			
		2.4 CE Treatment of hazardous waste. Treatment of hazardous waste.	Aligned: the activity carried out by the soil washing plant of Ragghianti (Pisa) from Herambiente Servizi Industriali and by the plant of Recycla consists of the recovery of secondary raw materials from source-separated hazardous waste, which replace primary raw materials and comply with industry specifications and European and national legislation. Overall DNSH compliance for the applicable objectives. Not aligned: in the platform of Via Malpasso from Herambiente Servizi Industriali, waste leaves the plant with operation code "R" without being classified as waste. No secondary raw materials are produced in Herambiente Servizi Industriali's Pozzilli purification plant.
	Demolition and dismantling of industrial plants	3.3 CE Demolition and wrecking of buildings and other structures. Demolition of buildings, roads, plants, tanks, stacks.	Aligned: the activity carried out by ACR is in accordance with the requirements of the client's activity design and in line with the EU protocol for the management of construction and demolition waste. In addition, ACR has committed 99% of construction and demolition waste to the recycling chain. Overall DNSH compliance for the applicable objectives. Not aligned:-.
	Photovoltaic energy production	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 plant of Marano di Vallortigara, the two plants of Maniago from Recycla, the plants of Hera Spa's Business Unit "Production of Renewable Energy", HSE's Ducati plant, and Herambiente's plants produce electricity using photovoltaic solar technology. Overall DNSH compliance for the applicable objectives. Not aligned:
	Electricity distribution	4.9 CCM Transmission and distribution of electricity. Construction and operation of transmission	Aligned: Inrete's and AcegasApsAmga's electricity distribution networks are part of an interconnected European system. The activity includes the installation of intelligent metering systems, as defined by the Standard

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY	OVERALL CVT AND DNSH COMPLIANCE
		systems that transport the 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.	and the installation of equipment to specifically allow the exchange of renewable electricity between users. Overall DNSH compliance for the applicable objectives. Not aligned: -
	Electrical 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 consists in the installation, maintenance or repair of charging stations for electric vehicles. Overall DNSH compliance for the applicable objectives. Not aligned: -
	Gas network management and maintenance (compatible with low carbon gas)	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 or other low-carbon gases.	Aligned: the upgrading of the gas distribution networks of Inrete, AcegasApsAmga and Marche Multiservizi enables hydrogen and other low-carbon gases to be integrated into the network, in line with the Ministerial Decree of 3 June 2022, which sets a maximum hydrogen blending threshold of 2%. The evaluation was confirmed by the first national experience of injecting hydrogen into the gas distribution network carried out by Inrete. The three Group's Companies conduct leak detection and repair of existing pipelines and other network components to reduce methane losses. Overall DNSH compliance for the applicable objectives. Not aligned: -
	Cogeneration	4.30 CCM High efficiency co-generation of heat/cool and power from fossil gaseous fuels Construction, renovation, and operation of combined heat/cooling and electricity plants using gaseous fuels. This activity does not include high efficiency cogeneration of heat/cooling and electricity from the exclusive use of renewable non-fossil gaseous and liquid fuels, and of biogas and bio-liquid fuels.	Aligned: - Not aligned: the HSE's cogeneration plants, the industrial cogeneration plant, and the Imola cogeneration plant do not comply with the 100gCO ₂ /kWh threshold for greenhouse gas emissions in the cogeneration life cycle.
	Smart meter gas	7.5 CCM Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings. Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings.	Aligned: Inrete, AcegasApsAmga and Marche Multiservizi conduct the installation, maintenance and repair on smart meters for gas, heating, cooling, and electricity. Overall DNSH compliance for the applicable objectives. Not aligned: -

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY		OVERALL CVT AND DNSH COMPLIANCE
	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 sub-station or heat exchanger.	Aligned: 41% of the thermal energy distributed (and sold) through pipelines and related infrastructure for heating and cooling distribution is generated by district heating systems that comply with the EU definition of efficient district heating. Overall DNSH compliance for the applicable objectives. Non-aligned: 59% of the thermal energy distributed (and sold) through pipelines and related infrastructure for heating and cooling distribution is generated by systems that do not comply with the EU definition of efficient district heating.
	District heating (produced with geothermal power)	4.22 CCM	Production of heat/cool from geothermal energy. Construction or operation of facilities that produce heat/cool from geothermal energy	Aligned: the Ferrara geothermal plant produces heat and cooling while respecting the threshold of 100gCO₂/kWh of greenhouse gas emissions in the life cycle calculated in accordance with regulatory requirements and verified by a third party. Overall DNSH compliance for the applicable objectives 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, renovation, and operation of heat generation plants producing heat/cooling using gaseous fuels related to efficient district heating and cooling pursuant to Article 2(41) of Directive no. 2012/27/EU of the European Parliament and Council. This activity does not include the production of heat/cooling from efficient district heating and from the exclusive use of non-fossil renewable gaseous and liquid fuels and biogas and bio-liquid fuels.	Aligned: - Not aligned: one of the three efficient district heating plants considered, which partially uses gaseous fossil fuel boilers, does not meet the 100gCO₂/kWh GHG emissions threshold for the heat generation/cooling life cycle. Data is not available for the remaining two plants.
	Company fleet	6.5 CCM	Transport by motorbikes, passenger cars and light commercial vehicles. Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles).	Aligned: - Not aligned: all non-electric light vehicles (under 3.5 tons weight) that Uniflotte purchases, leases, and manages, belonging to the M1 and N1 category, do not comply with the emission thresholds of 50gCO₂/km (until 2025) and 40gCO₂/km (from 2026). All electric light vehicles (under 3.5 tons weight) that Uniflotte purchases, leases and manages, belonging to the M1 and N1 category, do not comply with the DNSH on the prevention and reduction of pollution on compliance with tyre rolling noise requirements, and the requirements on recyclability of the product 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 EURO VI, step E or its successor, for	Aligned: - Not aligned: the non-electric heavy vehicles that Uniflotte purchases, leases and manages for the transport of goods and belonging to categories N2 and N3 with a mass not exceeding 7.5 tons, which do not comply with the definition of "zero-emission heavy vehicle" as defined by EU

AREA	GROUP ACTIVITY	CODE AND DESCRIPTION OF THE ACTIVITY DEFINED BY THE EU TAXONOMY	OVERALL CVT AND DNSH COMPLIANCE
		freight transport services by road.	legislation. The electric heavy vehicle that Uniflotte manages does not comply with the DNSH on the prevention and reduction of pollution on compliance with tyre rolling noise requirements, and the requirements on recyclability of the product have not been verified.
	Energy efficiency interventions and renewable energies	7.3 CCM Installation, maintenance and repair of energy efficiency equipment. Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment	Aligned: HSE carries out the activities of adding insulation to the components of the existing envelope of buildings such as outer walls, floors, basements, as well as replacing existing windows with new energy-efficient windows. Both HSE and Hera Comm carry out the activities of installation, replacement and maintenance, and repair of heating, ventilation and air conditioning systems as well as water heating systems. Overall DNSH compliance for the applicable objectives. Not aligned: -
		7.6 CCM Installation, maintenance and repair of renewable energy technologies. Installation, maintenance and repair of renewable energy technologies, on-site.	Aligned: Inrete Distribuzione Energia, HSE and Hera Comm carry out activities of installation, maintenance and repair of solar photovoltaic systems. Inrete and Hera Comm also carry out activities of installation, maintenance and repair work on electricity or heat storage units. Inrete carries out activities of installation, maintenance and repair of recovery/heat exchanger systems. HSE also carries out activities of installation, maintenance and repair of solar hot water panels as well as heat pumps and high-efficiency micro cogeneration plants. Overall DNSH compliance 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 processing of data through data centres, including edge computing.	Aligned: - Not aligned: Acantho carries out the activity of management, movement, control, display, switching, interchange, transmission, or processing of data through data centres that do not comply with the expected practices contained in the European Code of Conduct on energy efficiency of data centres.

1.07.03 - Social Information

Own workforce

Description of relevant impacts, risks and opportunities

The dual materiality analysis identified the Hera Group's workforce as one of the most important issues for the Hera Group. This is broken down into sub-topics relating to: working conditions, equal treatment and opportunities for all. The topic of own workforce is related to the impact area of shared value creation, discussed in General information: Job creation and development of new skills. In terms of shared value creation, the actions and objectives relating to own workforce are discussed later in this section.

ESRS 2 SBM-3

Impacts, risks and opportunities related to own workforce

RELEVANT SUB-TOPIC

IMPACTS, RISKS AND OPPORTUNITIES

Working conditions	Improving employee awareness via safety training initiatives <i>Current short-term positive impact on own activities</i>
Equal treatment and opportunities for all	Promoting diversity in the workplace <i>Current short-term positive impact on own activities</i>
	Promoting gender equality <i>Current short-term positive impact on own activities</i>
	Effective management of employee training <i>Current short-term positive impact on own activities</i>

With regard to working conditions, the Group's significant positive impacts relate to the culture of safety and the promotion of equal opportunities, including via internal training activities. In particular, promoting training and awareness-raising initiatives on the culture of safety improves awareness of safe practices in the workplace, which also strengthens employee engagement and participation.

The process of identifying hazards and assessing health and safety risks is carried out in compliance with the requirements of Articles 17, 18, 28 and 29 of Legislative Decree 81/2008 Consolidated Law on safety in the workplace. In this regard, employers of the various companies or organisational units are able to rely on the prevention and protection service and the company physician.

In the Hera Group, specific occupational health and safety management system procedures have been adopted to define the roles and responsibilities of the hazard identification and risk assessment process. The risk assessment objectives are as follows:

- identify sources of hazards and assess the possible impact on workers in order to eliminate hazards at the source or minimise them as much as possible;
- if the hazard cannot be removed, adopt suitable prevention and protection measures, prioritising, whenever possible, collective measures over individual ones;
- plan and implement the necessary risk information and training courses.

Furthermore, with regard to occupational safety, Hera workers are involved in the process of identifying hazards and assessing risks. This involves prior consultation with one of around 50 safety representatives. This involvement is explored in the section "Tools for Involving People".

With regard to equal treatment and opportunities for all, the positive impact is the result of significant work carried out over the years by the Group, through the creation of the Diversity Manager role and an inter-functional working group in the field of diversity and equal opportunities, the creation of policies and guidance documents and the development of schemes and initiatives, as well as collaborations.

Another positive impact is the effective management of training activities for employees, aimed at supporting the people who work for Hera in the changes necessary for the development of new skills, also linked to the transformations currently under way.

The methodological references relating to the identification and assessment of relevant sustainability issues are provided in the General Information section.

People are the Group's real asset when it comes to standing out and gaining a competitive advantage. The quality and efficiency of both internal processes and results depend on people. Effective personnel management and human capital enhancement is therefore of strategic importance for the Group. The main ways in which Hera promotes active participation and communication with its people are discussed below.

TOOLS FOR
INVOLVING
PEOPLE

ESRS 2 SBM-2
S1-2
S1-3

The first employee satisfaction survey was conducted 20 years ago, in 2005: today, after eleven surveys, we can confirm the success of the path taken by the Group.

Employee satisfaction index

ESI (0 TO 100)	2023	2021
Employee satisfaction index (ESI)	70	71
Percentage of employees participating in the survey (%)	82%	82%
Percentage of satisfied employees (%)	71%	82%

The ESI satisfaction level (people satisfaction index) is approaching full satisfaction: 70 out of 100.

Following the survey carried out in 2023, six central actions were defined for 2024, which involve everyone and consist of:

- targeted listening initiatives (e.g. surveys on passions, on the shuttle that connects the Bologna offices with the train station, inclusive language);
- remuneration (information campaigns on the performance bonus and Total reward statement);
- training (video pills to spread awareness of the Group's learning plan and training options);
- Hextra (surveys to find out the satisfaction of Hera staff with regard to the welfare scheme);
- creation of virtual communities dedicated to employees;
- word of mouth, supporting company areas in conveying the results of the survey and ensuring trainers are trained in the various company areas to present the survey data to colleagues.

A specific action plan was also defined for the individual company areas. The areas of action are:

- listening and information-sharing initiatives to increase awareness;
- engagement initiatives and initiatives for an increased sense of belonging;
- targeted technical and soft training initiatives (such as on emotional intelligence);
- events for new hires;
- workload analysis, space management.

In 2024, Hera developed new initiatives to involve people, including redesigning some phases of the selection process, implementing artificial intelligence tools aimed at providing all candidates with useful suggestions to improve their skills and their employability. In addition, the onboarding process continued to be reviewed in order to improve the experience of newly hired people, by strengthening opportunities for engagement, information/training and continuous feedback; as part of the onboarding process, the involvement of new hires in the Alfabetico training path is also envisaged, aimed at providing immediate awareness of the principles and contents of the company's Code of Ethics.

As part of the development process, there is a dialogue on performance: a two-way exchange between manager and employee, where the duty to provide clarity and effectiveness by managers goes hand in hand with the commitment by each individual to use feedback as an ongoing learning tool.

People can also use two channels for dialogue with the company:

- the Ethics and Sustainability Committee, which should be contacted about any violations of the Code of Ethics;
- the Whistleblowing channel, addressed to the Supervisory Body, for suspected violations of the Model for Corruption Prevention or fraud of Model 231 or other alleged crimes or offences of another nature, including in the area of gender equality (e.g. Harassment).

For more information about these two channels, see the General Information section.

Policies and objectives

POLICIES

In order to manage significant impacts, risks and opportunities related to its own workforce, the Hera Group used the following as references: its purpose (Art. 3 of the company's Articles of Association, its Code of Ethics, the model for the creation of shared value, the Quality and Sustainability Policy, the remuneration and development policies for people, the gender equality policy and the protocols and agreements with trade unions.

In addition, every year the Central Personnel and Organisation Department defines its own strategic priorities relating to human capital, updating content in response to the challenges faced at any given time in a way that is strongly aligned with the corporate strategy. In light of current challenges, the people strategy is based on the company's people value proposition: "we seek 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 reference to ethical values and corporate culture, the Code of Ethics represents one of the main tools underlying Hera's commitment to human rights and workers' rights. The Code of Ethics explains how Hera considers all workers first and foremost as humans, focusing on human dignity. Hera protects workers from sexual or other types of

harassment, acts of physical and psychological violence and from any discriminatory or harmful attitudes. Hera seeks to protect the relationship between colleagues, values people, supports professional and personal growth and promotes listening, dialogue and involvement.

The Code of Ethics is one of the main instruments underpinning Hera's commitment to human rights and workers' rights: it ensures that international reference texts are applied within the company and disseminated to all stakeholders. In fact, Article 6 of the Code provides that the implementation and dissemination of the Code is the responsibility of all addressees, in proportion to their responsibilities. Article 12 of the Code of Ethics establishes that Hera promotes increased sensitivity towards diversity among people, ensuring they are valued thanks to a culture of inclusion free from prejudice. Hera opposes any form of discrimination and stereotyping, whether related to physical condition, disability, opinions, nationality, religion, sex, gender identity, sexual orientation and any other condition that could give rise to discrimination. The main ethical references of the Code are the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, its eight main Conventions and the UN International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the Charter of Fundamental Rights of the European Union.

Within the Group, the shared value approach includes the impact area of employment development and new skills for Hera workers, which in particular includes actions for Hera's contribution to employment development, the promotion of diversity and inclusion, and the development of skills related to energy and environmental transitions. Hera's people are among the actors 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, identifying and adopting effective measures to prevent accidents and occupational diseases to reduce health and safety hazards as much as possible, in compliance with applicable national and supranational regulations and the relevant national collective labour agreements. The Policy also aims to promote the involvement and participation of workers 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 develop impacts relating to equal treatment and opportunities for all, specifically in relation to gender equality and diversity, and to the working conditions of employees, specifically in relation to issues to do with health and safety at work and to training and professional development.

All Group employees are included in and affected by the policies in question, as well as any external stakeholders (e.g. suppliers and networks in the human resources field, stakeholders in the education system, etc.); with regard to the definition of policies, some processes envisage the involvement of employees and/or other stakeholders through working groups, targeted focus groups, interviews, use of listening channels. Policies are communicated to all stakeholders using a structured communication and sharing process.

With reference to health and safety at work, the Group is constantly engaged in training and involvement activities for the whole company population, with significant investments in terms of hours provided and economic investments. Another important step towards building a true safety culture within the Group is represented by the specific safety leadership development project for managers launched in 2021 and continued in the following years. The aim of this initiative is to further develop awareness about the role of safety managers, including aspects relating to supervision of the behaviour of the people the supervisor is responsible for.

With reference to the remuneration and development of people, Hera adopts a policy aimed at supporting the Group's medium and long-term strategy, which is seen as a factor that contributes to the improvement of corporate performance and the creation of sustainable value over time for stakeholders. The main objectives of the policy are therefore: to increase value for shareholders, to attract, retain and motivate resources with the professional qualities required to pursue the Group's objectives, to pursue the purpose, mission and corporate values, also in terms of sustainability and equity, with particular attention to ESG issues. Finally, the Policy is defined in line with a total reward system, based on development actions divided into four areas: role (job rotation, job enlargement, job enrichment, etc.), soft actions (coaching, mentorship, counselling, etc.), distinctive training (EMBA, professional masters, managerial paths, etc.) and compensation.

In terms of industrial relations, we would like to mention the recent "Good Work Pact", signed in 2024, a concrete, innovative and policy positioning document resulting from a shared project between the Hera Group and the relevant trade union organisations. The current context is such that environmental and social challenges are caught up in a complex web of causes and effects, so the aim of the Pact is to trace a sustainable path, capable of jointly pursuing economic prosperity, collective well-being and the protection of our planet. To overcome this crucial challenge, five key pillars have been defined, which guide the objectives and set out specific joint commitments to measure change: health and safety; integrated supply chains and procurement; equity and inclusion; well-being, professional development and productivity; sustainability and shared value.

The Board of Directors and the Central Personnel and Organisation Department are responsible for implementing this policy, ensuring that the rights of its own workforce are protected and that company practices are in line with regulations and third-party initiatives.

Sustainability objectives relating to the Group's own workforce are defined annually based on consolidated planning and control processes at Group level aimed at defining the five-year Business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives in conjunction, when possible, with quantitative targets.

S1-5

Below are the main objectives relating to the own workforce (We will do) accompanied by a description of the progress achieved in relation to the objectives published in the Non-Financial Statement 2023 (We said we would do, We did). These objectives are aimed at managing the own workforce and addressing relevant impacts, risks and opportunities. They are described below in the context of creating shared value as set out in the Policy relating to their workforce (job creation and development of new skills) and in other areas (skills management and training, people development, welfare, health and safety).

WE SAID WHAT WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

JOB CREATION AND DEVELOPMENT OF NEW SKILLS

75% of the population to achieve the skills for the digital transition by 2027, 90% by 2030. In 2024, 63.3% of the company population achieved the skills for the digital transition (56% in 2023). Implementation of the learning plan aimed at strengthening diversified skills: 27 hours average per capita of training in 2028.

53% of the population to achieve the skills for the environmental and energy transition by 2027, 60% by 2030. In 2024, 46.4% and 46.8% of the company population achieved the skills for the energy and environmental transition, respectively (32% and 36% in 2023, respectively). Objectives for 2028 referring to the target company population:

At least 26 average hours per capita of training in 2027. 30.1 average hours of training per capita were provided in 2024 (31.5 in 2023). - 80% will achieve the skills needed for the digital transition;

- 56% will achieve the skills needed for the environmental and energy transition;

- 62% will achieve the skills needed in the field of artificial intelligence (by 2025).

Continue to raise awareness of the use of inclusive language, with dissemination events and moments for divulging through internal language, followed by the dissemination of a communication, creating work-life balance by disseminating good practices. An event aimed at the entire company population was held in 2024 to raise awareness of inclusive language, followed by the dissemination of a document to ensure application. A calendar was given to all workers. Hold four events on inclusive language aimed at the whole company in 2025. Implementation of the strategic plan as part of the certification process on gender equality.

MANAGEMENT OF SKILLS AND TRAINING

Continuity in training new employees with Alfabetico, including by involving workers as trainers. The training course Alfabetico - the ABC of the ethical code aimed at all new permanent employees continued in 2024. Continuity in training new employees with Alfabetico, including by involving workers as trainers. 900 workers will be trained between 2025 and the first months of 2026.

PROFESSIONAL DEVELOPMENT

Continue covering at least 40% of requirements through internal mobility. 40% of requirements covered through internal mobility (41% in 2023). Continue covering at least 40% of requirements through internal mobility.

WELFARE

Develop new welfare initiatives devoted to every aspect of personal well-being (psychological, financial, digital, and family-related matters). The Group's commitment to employee well-being, also continued via new projects such as "The horizon sense of well-being" and the commitment to health and prevention with the "Autumn of Prevention" project. Develop new welfare initiatives with a longer-term horizon to guide people's choices in a far-sighted way with respect to demographic changes; the main initiatives will concern individual well-being, financial education, prevention.

HEALTH AND SAFETY

Contain the accident frequency rate (10.4 by 2027 and <10 by 2030). The accident frequency rate obtained in 2024 was 9.5 (10.2 in 2023). Containment of the accident frequency rate (≤10.0 by 2028).

Continue with educational and awareness-raising initiatives on the "Culture of Safety" through the active involvement of the company's workforce in training and coaching activities. Introduce an awareness-raising event. Completed the planned initiatives to raise awareness on health and safety issues, started a new course at the training centre in Ferrara for safety issues. Two awareness events were held (one for the Marche Multiservizi population and one aimed at Group managers and directors). Adopt further training and awareness initiatives on the Culture of Safety thanks to new forms of communication and training. Continue to plan and implement awareness events.

Complete the installation of the variable message panel on the vehicles of the Central Network Department. Installed 78.5% of the 334 "Variable Message Panels" on the vehicles of the Central Network Department to improve the safety of road works. Complete the installation of the variable message panel on the vehicles of the Central Network Department.

The man-down app has been adopted in Marche Multiservizi and is being rolled out in the

WE SAID WHAT WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

Central Market Department and Central
Network Department.

Actions and resources

Below are the main actions that have been carried out, are under way or planned by Hera to achieve the Group's objectives and manage impacts, risks and opportunities in the following areas: job creation and development of new skills, management of skills and training, development of people, welfare, health and safety.

S1-2
S1-3
S1-4

MAIN ACTIONS

BRIEF DESCRIPTION

JOB CREATION AND DEVELOPMENT OF NEW SKILLS

Development of new skills	Training activities to acquire new skills related to the ongoing transitions (digital, energy and environmental transitions).
Promoting diversity and inclusion	Promoting diversity and inclusion via an awareness-raising process, the use of inclusive language and other initiatives.

Also in 2024, the Hera Group developed various projects and training initiatives to address the evolution towards new skills linked to ongoing transitions (cultural and managerial; digital; energy; environmental), using the evidence that emerged from the Strategic workforce planning process which defines the expected evolution of roles and skills within the various company areas, based on the relevant context and business development objectives. The main initiatives already launched or planned for 2025 include:

DEVELOPMENT OF NEW SKILLS

- training interventions aimed at updating managerial skills (leadership and team manager scheme);
- training interventions aimed at further developing and strengthening the widespread culture regarding health and safety issues in the workplace;
- continuation of training initiatives in the Her@futura area for the development of digital skills within the company;
- continuation of training initiatives in the ecoHERA area for the development of skills related to knowledge of the business chains of networks, energy, environment and energy and environmental transitions;
- change management programme in the network sector and experimentation of virtual training in the gas supply chain.

As part of the ecoHERA programme, the provision of training content on skills related to the network, energy, environment and energy and environmental transition business chains continued; themed workshops in the water and energy sectors were also held. In 2024, 46.4% and 46.8% of the reference company population (relating to all controlled companies except for foreign companies, ACR and Fratelli Franchini) achieved energy transition proficiency and green transition proficiency respectively.

In relation to the Her@futura programme, the change plan aimed at the entire company (relating to all controlled companies except for foreign companies, ACR and Fratelli Franchini) was delivered with the provision of personalised training content based on the results of the 2023 assessment. In 2024, 63.3% of the company population considered reached the Digital Proficiency threshold.

In 2023, Hera started to raise awareness of and use inclusive language. The process continued in 2024, getting the whole company involved through a dedicated event and the dissemination of a document that ensures practical application and understanding. In addition, documents and insights on the topics addressed in the calendar dedicated to inclusive language, distributed to all the people of the Group, were published on the company intranet. The Company's commitment to spreading an inclusive culture has also expanded beyond the scope of the company, with the introduction of inclusion projects aimed at local schools, and producing and disseminating new inclusive videos aimed at customers.

PROMOTING DIVERSITY AND INCLUSION

The partnership with Auticon also continued in 2024, through which an individual with Asperger's syndrome performed work activities for the Group, which, in turn, contributed to raising awareness and creating an inclusive culture with respect to different cognitive abilities.

In November 2024, an event was held to raise awareness of neurodiversity, which is often invisible in the company, aimed at providing knowledge on a topic that is often unknown or underestimated among adults but which aims to promote the uniqueness of the person, suggesting approaches and ways of working that accommodate the unique and special characteristics of each person.

In 2025, the Group will embark on a specific awareness and training path on gender-based violence intended for the whole company. In line with this approach, at the start of 2025, the company joined an association of companies called PARI, which aims to raise awareness and combat gender-based violence in all its forms.

Finally, as part of the certification for gender equality according to the UNI PDR 125 practice (which involves 11 companies of the Group), a strategic plan was defined that contains a series of actions and objectives aimed at improving the indicators required by the certification.

In 2023, 16 objectives were identified relating to the following areas:

- selection and hiring;
- career management;
- wage equity;
- work-life balance;
- parenting and care;
- prevention activities for all forms of physical, verbal, digital abuse (harassment) in the workplace.

In 2024, all the objectives set out in the plan were achieved. In particular, the main areas were increasing management awareness of the indicators for turnover by gender and the gender pay gap, increasing staff skills on gender equality issues, improving work-life balance by being more flexible when hiring and allowing more people to work remotely, creating a single digital environment dedicated to parenting initiatives, disseminating internal communications on the topic of gender equality and building a culture of gender equality in all areas.

There are also improvement targets for 2025, defined in the new strategic plan, which includes a total of 12 actions relating to the six areas of intervention envisaged by the practice.

MAIN ACTIONS	BRIEF DESCRIPTION	PROGRESS STATUS (COMPLETED, IN PROGRESS, PLANNED)

MANAGEMENT OF SKILLS AND TRAINING

Training initiatives and the Learning Plan	Implementation of training initiatives in different areas and Learning Plan.
Professional academies	A knowledge management system consisting of professional academies, places for organising and managing learning.

TRAINING INITIATIVES

With regard to the different types of training initiatives provided during 2024, the Group's training plan is developed in six areas: institutional and managerial training, commercial and market training, information systems training, technical-professional training, ethical values training and corporate culture and quality, safety and environment training. In addition, the Group allows workers to dedicate a working day to their professional development with remote learning courses.

The 2025 Learning Plan includes training projects and interventions aimed at strengthening:

- the skills for the cultural and managerial transition linked to the new leadership model and longevity;
- the culture and skills for health and safety at work with a focus on safety leadership and widespread engagement;
- the skills for the digital, energy and environmental transition via an integrated programme and widespread adoption;
- the skills in the ecosystem linked to partnerships and integrated projects;
- skills related to the evolution of people's learning experience with a focus on new formats and a human-led approach.

THE KNOWLEDGE MANAGEMENT SYSTEM

The Hera Group's knowledge management system is represented by the model of professional academies intended as spaces for the organisation and management of learning aimed at knowledge transfer and innovation, divided into consistent areas of knowledge, based on the characteristics of the professional groups and the company processes involved. The current system of professional academies follows the path taken by the Group, from the very beginning, called the "Scuola dei Mestieri" and aimed at ensuring technical knowledge is transferred and developed in the company. Below is the 2024 update of the professional academies in the Hera Group:

- 10 existing professional academies (Engineering, Procurement and Contracts, Water, Energy, Administration, Finance and Control, Compliance & Auditing, Environment, Information and communication technologies, Marketing, sales and customer management, Personnel and Organisation);
- approximately 70 founders and 130 members involved.

MAIN ACTIONS

BRIEF DESCRIPTION

PROFESSIONAL DEVELOPMENT

Leadership model	Model that describes the skills needed to bring the culture and values to life and achieve strategic results and which is annually promoted and disseminated through targeted training.
The development process	Personnel development process that aims to evaluate performance and behaviour, clarify expectations on results and behaviour and evaluate professional development actions.
Incentive systems	Performance bonuses for employees, middle managers, white-collar workers and blue-collar workers is based on profitability, productivity and additional indicators specific to each company. The incentive system for managers and executives is linked to the balanced scorecard system.
Remote working	Rethinking new work methodologies by acting in four different areas: culture, time and performance, spaces and technologies with the option of working remotely.
Internal mobility	A corporate approach that aims to enhance the professionalism of workers in different areas and local areas within a multi-business reality.
Career progress	Career paths within the Group that aim to enhance and motivate workers on a path of professional and personal development.

Since 2010, the Hera Group has applied a specific leadership model to its business and people management processes on a daily basis. This model is not static but is constantly evolving with a particular focus on some specific elements: widespread participation, evolution of skills, purpose and daily application in the company's operating processes. This was updated in 2023 taking a participatory approach, and in 2024, for the first time, it was fully applied to the development processes that involve all 10 thousand people in the Group.

The training and dissemination programme for the leadership model in 2024 saw 700 managers and middle managers in the classroom so they could deepen and internalise the model. It also saw 3,500 workers in the classroom so they could learn the principles of the model and the related processes and all colleagues were educated, through multimedia and interactive content on e-learning. In 2024, the Leadership app was made available, with the aim of supporting colleagues in evaluating the people in their team. During the year, each manager can record observations, connect them to the skills of the leadership model and assign evaluations. This could be helpful when the development process starts and all approximately 10 thousand people in the Group need to be evaluated.

LEADERSHIP
MODEL

In this context, the development process has three main goals:

- assess performance and behaviour throughout the year in question, identifying the strengths and areas for improvement of each individual in relation to their position;
- make it clear what is expected of everyone in terms of results and behaviour;
- consider more targeted and effective actions for professional development.

THE
DEVELOPMENT
PROCESS

In detail, the process is based on the evaluation of two areas: performance and managerial skills and is applied consistently once a year to the company area involved in the process: up until 2024, this involved more than 5 thousand people including white-collar workers, management employees, middle managers and managers. From the 2025 evaluation campaign, people with a blue-collar qualification will also be included, which means the whole company will be covered. One distinguishing feature of the process is the dialogue about performance: a two-way exchange between manager and employee, where the duty to provide clarity and effectiveness by managers goes hand in hand with the commitment by each individual to use feedback as an ongoing learning tool. In 2024, the Leadership app was introduced for evaluators, a smart tool for recording significant observations on the leadership behaviours of collaborators during the year and having significant examples that are useful, in particular, during annual evaluations and dialogue.

For 2024, the performance bonus for middle management, white-collar and blue-collar employees is defined by the three-year supplementary Group contract signed on 20 September 2022. It is based on profitability, productivity and additional company-specific indicators, which may also include sustainability indicators such as occupational safety and energy efficiency. Furthermore, as required by current legislation, the employee has the option, on a voluntary basis, to convert their performance bonus into cash with company welfare services up to a maximum value of 50% of the annual bonus.

INCENTIVE
SYSTEMS

Starting from 2006, the bonus system of the Hera Group for managers and middle managers has been linked to the balanced scorecard system: according to this system, the variable annual remuneration component of each manager and middle manager is calculated as a percentage value of gross annual salaries and is defined on the basis of results

obtained relative to the objectives defined at the start of the year. The individual balanced scorecard features three parts:

- the first involves specific target projects;
- the second contains the economic objectives outlined in the annual budget;
- the third involves an assessment of the behaviours set forth in the leadership model.

In 2024, 50% of the variable remuneration for the Hera Group managers was linked to the completion of the target projects planned in the system: 32% was linked to the achievement of the economic and financial budget objectives and the remaining 18% to compliance with the behaviour set forth in the leadership model.

For middle managers, 70% of variable compensation was linked to the completion of the target projects planned in the system and/or achievement of the economic and financial budget objectives, while the remaining 30% was linked to compliance with the behaviour set forth in the leadership model.

The bonus system is connected to the balanced scorecard and, ever since 2006, it involves associating part of the incentive to the achievement of sustainability targets as well. In 2024, 37% of the variable compensation of Group managers and middle managers was linked to sustainability target projects (improvement of quality, environmental impact, image, personnel involvement, professional development and involvement of stakeholders), with target projects aimed at creating shared value accounting for 22%.

Balanced scorecard 2024: breakdown of variable compensation in the areas of sustainability and CSV (creating shared value)

AREA	% VARIABLE REMUNERATION
Pursuing carbon neutrality	6%
Regenerating resources and closing the circle	8%
Enabling resilience and innovating	8%
Total CSV areas	22%
Other sustainability areas	15%
Total CSV and sustainability	37%

The final payment of the bonus for all managers and middle managers depends on the achievement of the objectives stated in the individual balanced scorecards. However, it is also weighed against the results achieved for certain Group parameters: the company's economic-financial results (Ebitda, net profit and net debt), the customer satisfaction index for residential customers and, from 2021, also the shared value Ebitda, confirming the ever-increasing relevance of the objectives of the UN 2030 Agenda in the Group's strategy.

In 2024, the balanced scorecard system was applied to all Group companies, with managers and middle managers, with the exception of ACR Reggiani and TRS ecology which are in the process of being harmonised.

Sustainability has also become part of the deferred incentive plan for management retention. The plan is reserved to a small number of managers selected according to the relevance of their position within the company, the evaluation of the results achieved in the development process and the 'market risk'. In this sense, the shared value Ebitda is one of the indicators of the assigned three-year plan. A commercial incentive system is also envisaged, with the aim of orienting the personnel involved towards achieving predetermined objectives, ensuring a competitive economic incentive offer aligned with market practices. It applies to middle managers and white-collar workers of business areas and companies that have organisational roles directly linked to commercial duties.

REMOTE WORKING

Remote working, according to the Hera Group model, means working on four different aspects: company culture, time and performance, and space and technologies, representing from the outset a process for completely reshaping new ways of working.

Since mid-2020, over 4,000 employees have been permanently involved in the project.

In line with the provisions of the Good Work Pact, since November 2024, remote working has evolved from a weekly to a monthly system, giving people more flexibility when planning their days. This extension has also been envisaged for specific cases and situations (e.g. temporary physical/motor impediments, parents until their child's first birthday, etc.).

During 2024, investment in training on the key skills to make remote working even more effective and optimise increasingly hybrid working methods continued: in fact, a broad training programme was created, included among the activities approved within the #Conciliamo funding call.

As part of the above remote working model, in 2023 a special focus was also placed on 'space'. Based on the activity-based working approach, the spaces were revisited to better respond to the professional needs of the teams involved, ensuring suitable spaces for the different activities. The project will continue in the coming years and will be expanded by examining other organisational areas as well.

During 2024, the use of remote working led to a CO₂ saving of approximately 1,500 tons.

Hera's multi-business nature is ideal to access a wide range of professional opportunities. Indeed, the broad spectrum of activities allows us to enhance our professional expertise in various domains and local areas. In 2024, 288 people moved into another role within the company, covering 40.4% of the overall requirements, and 242 internal job posting announcements were published (an increase of 19% compared with 2023).

INTERNAL MOBILITY

In 2024, 1,128 career advancements were recorded (10% more than in 2023), 291 of whom were female, which is 26% of the total advancements. Excluding blue-collar workers, where women are around 2%, career progress involving female personnel represented 42.3% of the total.

CAREER PROGRESS

MAIN ACTIONS

BRIEF DESCRIPTION

WELFARE

Hextra: the welfare system	Corporate welfare plan consisting of a series of initiatives and services consistent with the culture and values of the Group and capable of increasing individual and family well-being of its people from an economic and social perspective.
HeraSolidale	Project for the promotion of solidarity and support for social projects with the involvement of Hera Group workers and the company itself.

In 2024, the Hera Group's welfare system, Hextra, continued to promote the combination of well-being and productivity. The flexible welfare quota of 395 euro for employees was confirmed, with the possibility of converting the 2023 performance bonus into additional benefits. Hextra now has over 9 thousand members, with 7 million euro used. The "The sense of well-being" project that started in 2023 has now ended. Its aim, from September 2023 to June 2024, was to promote awareness and physical, emotional and mental well-being. The commitment in the health and prevention field continued with the autumn prevention project committed to promoting well-being and active longevity, in collaboration with Lilt (Italian League for the Fight against Tumours), two initiatives for free appointments for melanoma and head and neck screening were created with more than 2,500 appointments carried out.

HEXTRA: THE HERA GROUP'S WELFARE SYSTEM

Hextra's distinctive and traditional initiatives continued, such as university scholarships (54 of 750 euro each) and language training programmes (13 university scholarships with amounts ranging from 3,000 to 10,000 euro). The summer quota was also maintained, with 175 euro per child for summer camps or babysitting services, with over 1,800 requests. In addition, an investment of over 1 million euro was confirmed for the education of employees' children, with over 3,000 requests, of which 270 for nursery services and 16 for affiliated nurseries.

As part of the activities managed by mobility management, it was once again possible this year to include the reimbursement of expenses incurred individually or by family members for regional or interregional public transport services as part of Hextra. Moreover, the supplementary mobility sum was confirmed with the aim of further promoting and supporting sustainable transportation related to home-work journeys for all Group employees using public transport, with 258 applications for a contribution of more than 80 thousand euro.

Promotions on electricity, gas, boilers and photovoltaics were confirmed, as was the internet connection in collaboration with Acantho. Finally, a call to action was promoted for the use of vouchers for sports, wellness, shows and travel.

In addition to the initiatives dedicated to 360° individual well-being (psychological, financial, digital and family well-being) that will continue in 2025, 4 workshops dedicated to financial education will be held, accessible to all Group personnel. In the health and prevention sector, a new project will also start in 2025 that aims to strengthen our commitment to prevention, focusing on the specificities of each individual and offering specific tools to address chronic diseases through an innovative approach that combines and integrates welfare, prevention and improvement of lifestyles and the promotion of well-being and active longevity.

In 2024, HeraSolidale will continue, with the aim of promoting solidarity and support for social projects with the involvement of Hera Group workers and the company itself.

HERASOLIDALE

The fifth edition of the project began in September 2023 and will end in March 2026. This latest edition saw the Group's employees choose by voting four of the ten Organisations selected by the company according to the following criteria: popularity and transparency of the activities, contribution to one or more targets of the UN Agenda for 2030 and areas of intervention relating to Hera services (ancillary criterion). The four organisations chosen by the employees were Fondazione Ant Italia Onlus, Ageop Ricerca, Fondazione AIRC and Medici Senza Frontiere. UNHCR was then added for continuing to collect in support of the Ukrainian people, given the continuing conflict.

From September 2023 to December 2024, approximately 225 thousand euro have been donated to the five partner organisations of the fifth edition of the project thanks to the contribution of employees, who donate via paycheck and Hextra, and of Hera Comm, Hera Comm Marche and EstEnergy.

MAIN ACTIONS

BRIEF DESCRIPTION

HEALTH AND SAFETY

"The culture of safety" project	Promotion of the "The culture of safety" project.
Projects for prevention and protection	Implementation of projects and initiatives for the prevention of accidents and the protection of workers.

"THE CULTURE OF SAFETY" PROJECT

Various occupational health and safety projects have been launched in recent years, especially with regard to the promotion of a culture of safety and risk awareness across the company. During 2023 and 2024, specific Safety Culture events for safety managers were promoted. In addition, given that an investment in training always has a positive return, there are active projects aimed at improving training activities in the field of safety, with the inclusion of comparison and gamification activities and, soon, the use of virtual reality for increased involvement and effectiveness of training with an impact on daily activities.

In parallel with the training activity, the Ferrara training centre was opened in 2022 and since 2024 work has been underway to develop training activities towards specific risks present in the Group's activities such as road risk, work at height, in excavations and in confined spaces. These initiatives, together with specific interventions to improve vehicles, plants, machines and equipment, and a timely analysis and investigation of injuries and near misses - have allowed us to achieve important results in terms of preventing accidents and occupational diseases. The occupational health service has the role of developing the health protocol covering Hera Group employees, through the health surveillance service. The Group has applied prevention measures, which aim to lower the probability of a negative event occurring, and protection measures, which act by lowering the severity of the consequences following the event.

PROJECTS FOR PREVENTION AND PROTECTION

The development of the Man on the Ground App and its dissemination at Group level continues, a project launched in 2020 with the aim of developing an IT tool (a mobile app that can be installed on employees' mobile phones) to alert the remote control centre in Forlì, in the event that employees working alone find themselves in an emergency situation and/or they suddenly become ill and fall to the ground.

Approximately 78.5% of the 334 light panels with variable text messages on the network vehicles envisaged in the technological project for road safety launched in 2023 have been installed. This development is to improve the safety of operators when working on roads with the presence of vehicle traffic. Two additional projects to improve the safety of vehicles are currently being tested:

- for heavy vehicles, particularly in the environmental area, a warning system for the presence of obstacles in the blind spot, thus improving safety not only for Hera operators but also for all road users, especially the most vulnerable, such as pedestrians and cyclists;
- for forklifts (present in warehouses and waste disposal plants) a warning system for the presence of people in the path of the vehicle.

The memorandum of understanding between the Regional Fire Brigade (Emilia-Romagna) and the Hera Group signed in 2023 in order to improve the operating procedures aimed at ensuring more protection for users and increased safety for its operators and developing complex technical management standards, resulted in numerous meetings and extensive training in 2024 and in particular an emergency exercise with the NBCR unit of the Fire Brigade at the Bologna purification plant.

The "Hera cardioprotetta" project, which provides for the installation of semi-automatic defibrillators (AEDs), continues with the management of 35 semi-automatic defibrillators in place at the Group's main offices. All the AEDs installed have a remote control system to monitor correct operation and the need for preventive maintenance. More installations are being evaluated.

Another important IT project of the Group developed to help improve health and safety conditions for workers is EHS DPI. Introduced in May 2020 for Hera and Herambiente (in 2022 for AcegasApsAmga and currently being rolled out for Marche Multiservizi and going live at the beginning of 2026), the app with the EHS PPE information system aims to digitise and make the management of personal protective equipment (PPE) and work clothing in the company more transparent. It is available on PCs, tablets, smartphones or free-standing panels at fixed points on the company's premises.

In addition to the projects developed by the Group, the Workers' Safety Representatives play a key role. They participate in the process of identifying hazards and assessing risks, offering contributions so as to continuously improve health and safety conditions in the workplace. Thanks to regular consultations, the Representatives are involved in sharing information on crucial 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 included, with the aim of providing an additional tool for protecting the well-being and dignity of all employees in the workplace. Effective prevention measures result from the adoption of company codes, the presence of an

organisational model that provides adequate tools for detecting, monitoring and managing adverse events and the implementation of information and training programmes aimed at workers.

In 2023, the activity of assessing risks of criminal origin was also launched, where criminal risks refer to the world of 'man-made security risks' inherent to the broader working environment and not arising directly from the manufacturing process, nor strictly speaking from the company's business, but deriving from a third source.

Although the results from the assessment of criminal risks did not highlight any particularly serious issues, there was an opportunity to consolidate the countermeasures already in place and to prepare some specific improvement actions aimed at limiting the consequences in the case of an incident.

Metrics

At 31 December 2024, there were 10,241 workers, of whom 9,921 had permanent contracts with Group companies, and 320 workers had fixed-term contracts, 47 of whom had temporary employment contracts.

EMPLOYEES

Staff figures at year end

NUMBER	2024	2023
Managers	156	157
Middle managers	612	593
White-collar workers	5593	5396
Blue-collar workers	3560	3470
Permanent contract employees	9921	9616
Fixed-term contract employees	273	292
Employment agency contracts	47	57
Total workers at year-end	10241	9965

S1-6
S1-7

Data referring to the number of employees at the end of the reporting period 2024 saw an increase in resources, 70 of which were due to new companies entering the Group. The net increase is the result of 1,380 hires and 1,174 departures and is mainly linked to the increase in the customer base, new plant lines and new orders in the environmental sector.

The reduction of one unit with a managerial qualification is the result of eight changes in qualification from middle manager to manager and the departures of nine managers during 2024. The number of middle managers increased by 19, which is the result of seven new hires, 44 promotions from white-collar worker to middle manager, 13 new hires due to changes in the scope of operations and 32 departures (11 of which were promotions from middle manager to manager). The number of white-collar workers increased by 197 (including 39 changes in area). The number of workers increased by 90 compared with 2023 (including 31 changes in area).

The 169 workers posted abroad refer to Aresgas, which distributes and sells natural gas in Bulgaria, and three Aliplast Group companies that run plastic selection and recycling plants in France, Poland and Spain (Aliplast France Recyclage, Aliplast Polska and Aliplast Iberia).

WORKFORCE BY WORKPLACE

NUMBER	2024	2024 (%)	2023	2023 (%)
Emilia-Romagna	6406	62.6%	6261	62.8%
Triveneto	2475	24.2%	2442	24.5%
Marche	665	6.5%	645	6.4%
Other Italian regions	526	5.1%	445	4.4%
Abroad	169	1.6%	172	1.7%
Total	10241	100%	9965	100%

Data referring to the number of employees at the end of the reporting period. Data referring to the total permanent and fixed-term contract employees.

Employees

NUMBER	2024	2023
Men	7,339	7,220
Women	2,902	2,745
Total	10,241	9,965
Permanent - men	7,126	6,967
Permanent - women	2,795	2,649
Permanent - total	9,921	9,616
Fixed-term and other - men	213	253
Fixed-term and other - women	107	96
Fixed-term and other - total	320	349
Full time - men	7,276	7,155
Full time - women	2,556	2,395
Full time - total	9,832	9,550
Part time - men	63	65
Part time - women	346	350
Part time - total	409	415

Data referring to the number of employees at the end of the reporting period

The average age of our employees is 46.3 (lower than 2023 when the average age was 46.5). The average seniority is 13.8 years, down from 2023 when it was 15.1.

10,102 employees work at the Hera Group, of which 9,739 are permanent employees (96.5), 297 temporary employees (2.9%) and 66 non-subordinate employees (approximately 0.6%), hired in accordance with other flexible employment solutions (contract-based employment agreements). These numbers confirm the Group's firm intention to limit the flexible solution formula to ad hoc urgent circumstances only (season-based needs, special and temporary work peaks and temporary replacement of workers on leave). In any case, employees hired on the basis of flexible solutions constitute a priority recruitment pool for permanent contracts.

In 2024, 576 permanent workers left, down 1% compared with last year, which included 254 retirements, 279 voluntary resignations, 17 dismissals, 16 deaths, 10 other (inability to work, failure to pass probationary period). The turnover rate for the year 2024 stood at 6% of permanent workers. This indicator is calculated by dividing the total number of departures recorded in the year by the total number of employees present at the end of the previous year

**LABOUR
RELATIONS**

2024 began with a major labour dispute that affected the entire Hera Group. In the first months of 2024, multiple meetings were held with national trade union organisations where various topics were addressed (contractual chains, contracts, remote working, staff and professional development, working hours, health and safety, etc.).

Despite the meetings held (ten in total), the national trade unions remained unhappy and on 6 May 2024, a day of strike was held in support of the ongoing dispute. During the night between June 18 and 19, the parties reached a substantial trade union agreement, called the "Good Work Pact", which triggered a new season of industrial relations. The Pact is based on five pillars: health and safety, integrated supply chains and contracts, equity and inclusion, well-being, professional development and productivity, sustainability and shared value. Together with the "Good Work Pact", other important agreements were signed:

- 2025-2027 performance bonus and 2026-2028 flexible welfare package;
- 2024 funded training;
- Pam-cyber security application;
- technical call centre
- organisational evolution of waste-to-energy plants in Emilia-Romagna.

There are many changes that will actually affect the working lives of Hera people, the main ones being:

- hours: more flexibility in terms of working hours;
- remote working: transition from a weekly to a monthly system and introduction of specific new cases (fragile, parent and child care, new parents, etc.) where remote working days may exceed the nine monthly days agreed;
- parenting support: additional holiday days (10 days for the various needs of the first years of the child's life).

The Pact has also produced numerous commitments (e.g. new procurement protocol, contractual harmonisation, etc.) and discussions will continue in 2025.

Cooperation with employer associations was also very intense, at the roundtables for the renewal of the personnel classification in the Group's three main national collective labour agreements (environmental services sector, electricity sector, gas-water sector). In particular, for the electricity sector, a shared protocol with the trade unions was signed on 11 September 2024, while for the gas-water sector the related protocol was signed on 14 January 2025. The work of the committee relating to environmental services is still ongoing.

S1-8

On 12 April 2024, the letter of agreement relating to the achievement of the 2023 objectives were signed, along with the resulting payment of the performance bonus in 2024. In addition, the objectives of the 2024 performance bonus were defined and, to this end, a specific agreement was signed on 30 June 2024.

On 27 November 2024, the following joint examination procedures required for the related transfers of business units were concluded by signing specific letters:

- from Heratech to Hera Spa (technical and documentary standardisation activities);
- from Heratech to Inrete Distribuzione Energia (technical customer services, regular readings and consumption control, customer requests);
- from Inrete Distribuzione Energia to Hera Spa (technical and documentary standardisation activities and information systems management);
- from Hera Spa to Inrete Distribuzione Energia (activities relating to meters and readings for the water service and the commercial processes of the integrated water service).

In 2024, five agreements were signed relating to the same number of plant modifications or new installations of video surveillance systems, at the various sites of the Group (Cervia, Cesena, Sassuolo, Forlì and Rimini).

In the environmental sector, important agreements were also signed:

- on 25 July 2024, an agreement was signed for the management of midweek holidays involving, in addition to Hera Spa, also Uniflotte and Herambiente for the entire Emilia-Romagna region;
- on 21 November 2024, an agreement on the production calendar of Modena was signed, on 22 November 2024, an agreement relating to Ferrara was signed and on 26 November 2024, an agreement relating to Bologna was signed;
- on 8 April 2024, 13 May 2024 and 15 October 2024, agreements were signed for the definition of all working hours in the two main Aliplast plants (Treviso and Novara);
- on 27 November 2024, a letter of agreement was signed with Recycla; this was an extremely important agreement because it marks the first step towards the Group's policies in terms of eating conditions, welfare and driver conditions.

In the AcegasApsAmga area, during 2024, various agreements were signed concerning the protection of company assets (video surveillance), organisational evolution in the logistics area (Gorizia warehouse) and training (funded training plan). As established at Group level in June, the conditions provided for by the agreement on the Pact for Good Work (remote working, permits, flexible hours, etc.) were also extended to all employees of AcegasApsAmga and Hera Luce.

In terms of Hera Servizi Energia, following the merger by incorporation of Hera Servizi Energia into AcegasApsAmga Servizi Energetici, and as established at Group level with the signing of the agreement on the Pact for Good Work, a process of harmonisation of various economic and regulatory institutions was undertaken, as well as identifying the sections of the Pact for Good Work that needed to be extended to the staff of Hera Servizi Energia. In May 2024, the agreement for the final accounting of the 2023 performance bonus was signed, in July 2024, again through a specific agreement, the profitability and productivity indicators of the performance bonus for the year 2024 were defined.

As for Marche Multiservizi, the following agreements were signed in 2024:

- 21 February 2024, agreement on company closures 2024 (disposal during holidays);
- 27 July 2024, agreement (so-called man down), for the ongoing commitment to increasing the level of safety and prevention - all operators/technicians, who work alone in the area managed, were equipped with GPS satellite location systems on their devices, already being used by workers (smartphones);
- 27 September 2024, agreement on a team building training project, aimed at developing a basic behaviour model to deal with growing uncertainty, helping to manage it effectively and find the right direction to achieve one's goals.

With regard to Acantho, an agreement was signed on 30 April 2024 for the finalisation of the performance bonus indicators for 2023, and, in line with the agreements reached at a Group level, a supplementary company agreement was signed on 30 July 2024 to define the new productivity criteria for the 2024 performance bonus. In addition, on 25 November 2024, the Acantho company supplementary agreement was signed, which regulates the treatment of various institutions (2025-2027 performance bonus, welfare, safety, working hours, study support and professionalism, harmonisation of conditions for former Asco TLC employees, etc.).

Networking activities between the industrial relations facility, third-party companies, associations and professional firms were strengthened throughout 2024, thereby ensuring continuous updates also with reference to developments outside the Group. As usual, internal awareness-raising and training on issues of common interest to the human resources

professional family also continued, as well as consultancy and cooperation activities with other management offices on labour law issues.

Permanent workers who are members of a union

NUMBER	2024	2023
Number of workers registered with a union	3275	3325
Percentage of workers at 31/12	33%	35%

The figures do not include Aresgas, a company where 1% of the Group's employees work.

33% of the Group's permanent workers belong to a trade union: the percentage value is approximately 2 percentage points lower than in 2023. With regard to the qualification of workers, the union membership rate for white-collar workers was down from 31% to 29%, for blue-collar workers down from 46% to 44% and for middle managers down from 14% to 12%.

Below is a summary of the strike initiatives for the year 2024:

- national general strike proclaimed by USB, Flaica and FP-CGIL, of all public and private categories, for the whole day of Friday 8 March 2023. The strike in question was proclaimed to protest against femicide and violence against women, against job insecurity and other grievances;
- national strike proclaimed by CGIL and UIL, of 4 hours for the day of 11 April 2024 for all sectors except transport. The strike was held to protest against the government's economic policies
- strike for the workers of the Hera Group called for 6 May 2024 for the whole day, called by all the categories present in the Company for the corporate dispute;
- local strike in Bologna for the Environmental Hygiene sector held by FP-CGIL on 23 May 2024. The strike in question was held to oppose regional economic policies;
- national strike called by CGIL and UIL, for the whole day on 29 November 2024 for all public and private sectors. The strike was held to protest against the government's economic policies.

REMUNERATION Please note that 100% of Hera Group employees are covered by national collective labour agreements except for Poland where the employment relationship is regulated by specific state laws; all employees are covered by workers' representatives.

S1-8
S1-10
S1-16 In 2024, the ratio within the Hera Group between the gross annual salary of the person with the highest salary (paid out in 2024) and the median value for workers was equal to 19. Total remuneration includes: gross annual remuneration, theoretical short-term variable remuneration upon achievement of 100% of the objectives, theoretical long-term remuneration upon achievement of 100% of the objectives annualised, theoretical variable remuneration linked to commercial objectives upon achievement of 100% of the objectives, theoretical performance bonus. [S1-16, 95,97.b.]

With regard to employees abroad, the Hera Group ensures that salaries are in line with local regulations and adequate with respect to the minimum wages established. In Bulgaria, AresGas employees receive compensation in accordance with the minimum wage established by Article 244 of the Labour Code, updated annually by the Council of Ministers. For Aliplast employees in France and Spain, salaries are determined by the respective National Collective Labour Agreements: in France, according to the Collective Agreement "Récupération (industries et commerces)" and in Spain, according to the Agreement "Recuperation de Residuos," with qualifications and reference levels that are in line with the tasks performed. In Poland, the company's employees receive a salary that meets legal requirements, with the determination of the minimum wage regulated by the Minimum Wage Act of 10 October 2002 and regularly updated by decrees of the Council of Ministers to ensure compliance with current standards.

See below figures regarding the gender pay gap by job category in 2024 recorded by the Hera Group calculated as the ratio between the average male and female salary.

Gender pay gap

%	2024
Managers	15.5%
Middle managers	3.3%
White-collar workers	7.9%
Blue-collar workers	2.2%
Total	(3.4)%

The 2024 figures refer to all Hera Group employees as of 31 December 2024 and considers the gross annual hourly wage.

The overall pay gap of the Group when comparing the average hourly wages of all men and women stands at -3.4% in favour of women, due to the high numbers of men in the category of blue-collar worker. However, this figure is an improvement compared with the benchmark of the utilities sector which stands at -7.2% (source Gender Gap Report 2024 – Job Pricing Observatory). However, this is a gross figure, i.e. a figure that does not compare men and women with the same position held, responsibility, seniority and level of individual performance. With these factors being equal, in fact, it is possible to get an indication of the so-called adjusted pay gap which, in 2024, stands at 1.3% in favour of men at Group level (excluding foreign companies, ACR Reggiani, Fratelli Franchini, Macero Maceratese, Recycla and Vallortigara). Analysing the adjusted gap by category, for managers, middle managers and blue-collar workers, we can see an almost-zero positioning (managers 0.5%, middle managers -0.1%, blue-collar workers -0.1%) while for white-collar workers the gap is 2%.

The gender pay gap among managers (15.5%) is mainly influenced by objective factors such as the different levels of responsibility associated with the positions held. With an equal role and responsibility, in fact, the gap is significantly reduced (less than 5%). The gap is smaller for middle managers, white-collar workers and blue-collar workers. In these cases, the differential is influenced by the level of seniority in the company as well as, for the qualifications of white-collar workers and blue-collar workers, by the level of classification. The gap between male and female white-collar workers is caused by the fact that 63% of management employees are men.

In 2024, female personnel among managers and middle managers stood at 33.8%, up compared with 2023. The percentage of women in contractual categories that include a managerial role is 35.6% in 2024. 40% of new managers and managers are women. Lastly, with regard to the composition of the Board of Directors, we note full compliance with the legislation on gender balance based on the provisions of 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

S1-9

Female personnel by category

%	2024	2023
Managers	23.1%	22.2%
Middle managers	36.5%	35.4%
Total executives and managers	33.8%	32.6%
Management employees	36.5%	36.1%
Total managers and middle managers and management employees	35.6%	34.9%
Non-managerial employees	47.2%	45.9%
Total employees	44.4%	43.2%
Blue-collar workers	2.0%	2.1%
Total female employees	28.3%	27.5%

Data referring to the number of employees at the end of the reporting period Data referring to the total permanent and fixed-term contract employees. Senior management refers to the category of managers.

In 2024 Hera achieved certification for gender equality, according to the Reference practice UNI/PdR 125:2022, for its 11 largest companies: further confirmation of its achievements in this area, the result of its commitment to creating a culture inclusive, people-focused corporate.

Staff by age group

%	2024	2023
Younger than 30 years of age	7.7%	7.3%
Between 30 and 50 years of age	50.5%	50.4%
Older than 50 years of age	41.7%	42.3%
Total	100.0%	100.0%

Data referring to the number of employees at the end of the reporting period Data referring to total permanent and fixed-term contract employees.

4,274 workers are over 50 years of age, representing 41.7% of the total workforce, 5,172 employees are in the age group between 30 and 50 and 795 workers under 30.

S1-12

The Hera Group complies with the obligations arising from Law 68/1999 for all companies and in all areas in which it operates, which establishes and defines mandatory hiring of personnel belonging to protected categories.

The regulations on the right to employment of people with disabilities, stipulate that companies that due to the special conditions of their business cannot employ the full percentage of eligible workers (disabled persons) may apply for partial exemption from the obligation to hire on condition that they pay to the Regional Fund for the Employment of the Disabled a sum equal to 39.21 euro for each worker not employed and for each working day not worked; the maximum percentage of exemption from the obligation that can be authorised is 60%. The Hera Group also takes advantage of this option, which specifically provides for payments by individual Group companies to the provinces in which there is a smaller proportion of disabled people with respect to legal obligations. According to the legislation, which is aimed at promoting the inclusion and integration of certain categories of people (the disabled, orphans, etc.) into the world of work, the worker's placement path takes place with solutions that are mutually agreed upon among the company, territorial employment centre and the worker himself.

At the end of 2024, 383 people belonging to the categories protected by law 68/1999 worked in the Group's companies, 335 (equal to 3.3% of the workforce) of whom were present pursuant to art. 3 of the law (disabled) and 48 (equal to 0.5% of the workforce) pursuant to art. 18.

Persons belonging to the categories provided for in Law 68/1999

NUMBER	2024	2023
Persons belonging to the categories provided for in Law 68/1999	383	356

See below the figures relating to the amount of maternity, paternity and parental leave taken in the Hera Group.

S1-15

MATERNITY, PATERNITY AND PARENTAL LEAVE

NUMBER	2024	2023
Women who have taken maternity leave	103	102
Men who have taken parental leave	198	169
Men who have taken parental leave	252	199
Women who have taken parental leave	321	292
Total parental leave taken	573	491

2023 data does not include companies: AresGas, Biorg, Etra Energia, Fratelli Franchini, Macero Maceratese, Recycla, Vallortigara, Wolmann. 4% of the Group's employees work in these companies.

Since 2021, the Company grants ten days of mandatory paternity leave, but fathers, despite having the right to it, can decide whether to use their leave or not. 573 employees took parental leave (of which 252 were men, equal to 3.4% of the total male employees, and 321 were women, equal to 11.1% of the total female employees), and the average duration per capita was 23 days per year (14 days per year for men and 31 for women).

Of the employees who took mandatory paternity or maternity leave during 2024, five were no longer employees at 31 December 2024. In addition, in 2024 only one employee did not return from maternity leave.

In addition to paternity, maternity and parental leave, the phenomenon of leave for disabled care must be considered. In the Group, there are 1,078 potential beneficiaries of Italian Law 104 for family members (10.5% of the total employees) and in 2024, 145,539 hours of leave were used. In addition, there are 105 employees protected by Law 104 for their own disability. The latter have used a total of 15,053 hours of leave.

All Group employees are entitled to take advantage of leave.

All Hera Group employees are covered, through the public programmes and tools provided for by the legislation, by social protection against loss of income due to illness, unemployment, accidents, parental leave and retirement both in Italy and in companies abroad. The only exception concerns unemployment benefits in Poland, which are not available as they are in Italy but are covered by the Government, with a sort of unemployment benefit, which takes into account specific parameters relating to the person concerned (period of unemployment; health condition, income). Finally, upon renewal of the last Supplementary Contract signed by the Group, valid for people working in Italy, additional coverage was included in terms of parental leave, specifically an additional seven days within the first year of life of the child; an additional 2 days within the third year of life to facilitate the transition into nursery school and, finally, a day of paid leave to accompany the son or daughter on the first day of primary school.

The number of employees contributing to pension funds at December 2024 is 5,813, that is to say 58% of all Group employees. The main contractual pension funds are: Pegaso for employees under the gas-water and electricity national collective labour agreements; Previambiente for employees under the Federambiente national collective labour agreement; and Previndai for managers.

Yield of main pension funds (balanced sub-fund)

%	2024	2023	SOCIAL PROTECTION
Pegaso	25.8	13.9%	S1-11
Previambiente	40.7	20.7%	
Previndai	27.6	12.1%	

In addition to the Hextra corporate welfare plan, the Hera Group offers several forms of supplementary healthcare for workers in compliance with the applicable collective bargaining agreement. In particular:

- employees to whom the gas/water national collective labour agreement applies: with effect from 1 January 2012, supplementary healthcare is provided by the FASIE fund;
- employees to whom the electricity national collective labour agreement applies: with effect from 9 July 1996, supplementary healthcare is provided by funds managed by corporate CRAEMs;
- employees to whom the waste management services national collective labour agreement applies: with effect from 1 October 2014, supplementary healthcare is provided by the FASDA fund;
- employees to whom the chemical industry national collective labour agreement applies: in line with the national agreement dated 29 July 2003, between FEDERCHIMICA and the sector trade unions, supplementary healthcare is provided by FASCHIM;
- employees to whom the national collective labour agreement for managers of public utility service providers applies: supplementary healthcare is provided through registration with FASI and Poste Assicura. The FASI Fund and FASI Supplementary Policy may be extended to the family members of managers.

In 2017, when the National Collective Labour Agreements were renewed, insurance policies were also set up in the case of premature death (National Collective Labour Agreement for Electricity) and in the case of premature death and permanent disability (National Collective Labour Agreement for Gas and Water).

See below the figures for total and average training hours provided by the Hera Group.

Total hours of training per area of intervention

HOURS	2024	2023	WORKER TRAINING AND DEVELOPMENT
Sales and markets	20,056	11,758	S1-13
Institutional and managerial	32,164	31,152	
Quality, safety and the environment	80,869	76,386	
Information systems	26,132	33,114	
Technical-professional	112,452	120,856	
Ethical values and corporate culture	20,656	19,085	
Total	292,329	292,351	

The 2023 figures do not include A.C.R., F.lli Franchini and Aliplast's foreign companies (Aliplast France, Aliplast Iberia, Aliplast Polska) employing 5% of the Group's employees.

In 2024, there were more training hours in the technical-professional and quality, safety and environment areas, representing 82% of the total hours provided. In addition, the commercial and market area recorded the biggest increase compared with the previous year.

The main training initiatives provided during 2024 are reported below, divided by area of intervention.

In the commercial and market and ethical values and corporate culture areas, training sessions related to the Salesforces Project and in the Customer relationship management area continued, for Hera Comm and its subsidiaries.

As regards the institutional and managerial area:

- training initiatives linked to the new Leadership Model;
- institutional path for managers with the aim of enhancing the transition into the new category within the Group;

- Elective program training path;
- meetings with the company's senior management in the various local areas of the Group (Let's Take Stock 2024);
- the Participation Groups Project - 2024 edition, aimed at implementing projects of corporate interest in the fields of diversity, safety, culture and skills and individual well-being managed with the logic of participatory policies;
- continuation of the training course "Alfabetico – the ABC of the ethical code" aimed at all new Permanent employees of the Group. The course is designed to help them become familiar with the Group's Code of Ethics and promote behaviour in line with it.

With reference to the Quality, safety and environment pillar:

- continuation of recurring training activities on health and safety issues in the workplace;
- implementation of the "Prospettive" event for employers and managers on safety as part of the Safety leadership change plan;
- with regard to the HER@futura programme, the change plan aimed at the whole company was delivered, the activities in the Digital Workplace area continued and a training programme on Microsoft 365 artificial intelligence (Copilot) was launched;
- as part of the ecoHERA programme, the provision of training content in the field of energy and environmental transition continued and themed workshops in the water and energy areas were held.

With regard to information systems, the Information Systems Management change plan and the provision of training sessions on agile methodology and Cloud technologies continued.

Finally, in the technical-professional area:

- continuation of the training and knowledge management initiatives carried out within the professional academies; Nego PRO training course on managerial negotiation; training course in the selection and employer branding area; "Procurement Adaci" training course aimed at buyers with a focus on the new procurement code;
- training plan "From the CSRD to sustainable reporting standards" aimed at all Group personnel involved in sustainability reporting with the aim of raising awareness of the new legislation; meeting to present the 2024-2027 Business plan and the 2024 budget dedicated to members of the community controller;
- continuation of the change management plan within the Central Networks Department area; training plan on the National Electronic Register for Waste Traceability (RENTRI). The Digital Lab and Virtual Factory action learning initiatives were also implemented with the aim of promoting a common approach to innovation, developing specific and priority projects for the company.

Average training hours per capita by category

HOURS	2024	2023
Managers	41.4	50.2
Middle managers	43.1	50.2
White-collar workers	28.4	28.8
Blue-collar workers	30.0	31.7
Average	30.1	31.5

The 2023 figures do not include ACR Reggiani, F.lli Franchini and Aliplast's foreign companies (Aliplast France, Aliplast Iberia, Aliplast Polska) employing 5% of the Group's employees.

Average training hours per capita by gender

HOURS	2024	2023
Men	30.2	32.4
Women	29.6	29.2
Average	30.1	31.5

The 2023 figures do not include ACR Reggiani, F.lli Franchini and Aliplast's foreign companies (Aliplast France, Aliplast Iberia, Aliplast Polska) employing 5% of the Group's employees.

The 2024 training hours total, equal to 30.1 hours per capita, is in line with recent years and higher than the Group target of 25.7 hours. During 2024, classroom and digital learning accounted for 39% and 38%, respectively, of the total training hours provided.

In 2024, over 5,500 people in the Group were evaluated (on performance and behaviour in 2023), compared with the number of people in the Group at 31 December 2023 (9,965), the percentage of those evaluated stands at 55% (84% for women and 44% for men). The difference mainly relates to the operational population, employees of foreign companies and personnel who did not meet the minimum tenure requirements in the year of reference of the evaluation (e.g. due to long absences).

Workers who have received a regular performance appraisal and professional growth assessment by role and gender (2024)

NUMBER	MEN	WOMEN
Managers	118	35
Middle managers	345	188
Management employees	871	489
White-collar workers	1,864	1,612
Total	3,198	2,324

Data at 31 January 2024 and total permanent and fixed-term contract employees.

See below the figures relating to the injury rates recorded in 2024 and 2023 by the Hera Group.

HEALTH AND SAFETY

Injury rates (all injuries)

	2024	2023
Occupational accident rate (frequency rate)	12.5	12.6
Number of injuries at the workplace	212	189
Number of occupational accidents with severe consequences (absence for more than six months)	2	1
Number of deaths as a result of occupational accidents	0	0
Number of days lost due to injuries and/or deaths	5,017	4,435
Severity rate	0.3	0.3
Hours of work	16,924,113	15,015,103

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The frequency rate (including commuting accidents and accidents with an absence of less than three days) is equal to the number of accidents divided by million hours worked. The severity rate (including commuting accidents and accidents with an absence of less than three days) is equal to the number of days of absence due to injury divided by thousand hours worked. The death rate is the number of deaths per million hours of work.

The trend of the Group's accident frequency and severity indices, after a significant decrease in 2021, has stabilised. The increase in incidents and days of absence is largely supported by the increase in hours worked.

Injury rates (only injuries with an absence exceeding or equal to three days)

	2024	2023
Occupational accident rate (frequency rate)	9.5	10.2
of which commuting accidents	2.8	3.1
Number of injuries at the workplace	160	153
of which commuting accidents	48	46
Severity rate	0.3	0.3
of which commuting accidents	0.1	0.1
Hours of work	16,924,113	15,015,103

The frequency rate is the number of accidents per million hours worked. The severity rate is the number of days of absence due to injury divided by the thousands of hours worked.

In 2024, the Group's accident frequency rate for incidents lasting more than three days was 9.5, a sharp decrease compared with last year and several years ahead of the 2030 target. This result is linked to an increase in hours worked (also due to some expansions in scope due to company acquisitions) but also to a number of accident events lasting more than three days that remained virtually unchanged.

The healthcare emergency and resulting lockdown led to the introduction of significant organisational changes (extension of remote working and departure from home for operational staff), which had a positive impact on commuter

road accidents. Road accidents on the way to work of the main Group companies went from 42 in 2019 to 23 in 2020 (a year marked by significant lockdown periods); these values then started to increase again, in line with national statistics: 27 in 2021, 25 in 2022, 36 in 2023 and 31 in 2024. There were 12 road accident injuries during working hours in 2024 (same number as in 2023), down from 15 in 2022 and significantly lower than the 45 in 2019 and 31 in 2020.

The trend of having higher accident rates for workers with a blue-collar qualification is confirmed, as they are more exposed to the risk of injury due to the nature of the activities carried out. The frequency rates of the operational population were down compared with 2023 (from 23.7 to 22.2). In the blue-collar categories, environmental services have the highest frequency rate compared with other services (32.7 for environmental services compared with 22.4 for network services) since they inherently involve more operational work.

In 2025, as in 2024, improvements are also planned in the operational support provided by prevention and protection service workers to operational personnel as well as training that increasingly focuses on worker participation with the use of the Ferrara training centre for shared training/education on the most serious hazards with business units.

The primary objective is still to limit the accident frequency rate and to keep decreasing it (the target of <10 by 2030 was achieved, well in advance, in 2024).

With reference to near misses, a total of 1,208 near misses were reported in 2024 (1,294 near misses reported in 2023, while in 2022 there were 1,152). The main kind of near miss analysed by the prevention and protection service concerned behavioural factors (such as distraction), defects in vehicles or equipment and the workplace.

Accidents and near misses were analysed by the company structures in collaboration with the prevention and protection service. The most complex cases were analysed using the in-depth Systematic Cause Analysis Technique. In addition, Hera promotes the active reporting of hazardous factors. Hera is seeking to develop a reporting culture: an integral part of a full-fledged system that excludes, due to its intrinsic value, the liability to punishment of whoever may have made a mistake and whoever has reported errors committed by third parties. The analyses of incidents lead to, where necessary, corrective actions to improve safety and avoid repetition.

The injury analysis clearly shows that 60% of accidents are caused by behavioural factors. In addition to continuing the work of improving the technological aspects of safety and the organisation, it is clear that the human factor is a key element for the prevention of accidents, and this is what the "The culture of safety" in the Hera Group is based on, which has been running since 2019.

As for 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, note that the Bologna Public Prosecutor's Office served a notice of investigation relative to four company employees. In November 2022, all four were notified of the conclusion of the preliminary investigation. The Court of Bologna ordered the committal to trial for the defendants. As of the date this report was drafted, the proceedings are currently in the hearing stage.

With regard to the accident that occurred in Padua on 14 October 2020, involving two AcegasApsAmga employees (one of whom died) while they were working on a water pipeline, the Padua Public Prosecutor's Office served a notice of investigation regarding three senior managers and three employees of the company (as well as in relation to external parties). After having carried out one-off technical investigations, the Court of Padua issued a dismissal order for all the individuals investigated, with the exception of two employees (and one external individual). For these individuals, the Public Prosecutor's Office decided to proceed through ordinary channels. In September 2024, the two defendants were notified of the conclusion of the preliminary investigations and the date of the preliminary hearing.

With regard to the accident that occurred in Spilamberto (Mo) on 20 January 2022, which involved a Biorg employee who fell into a disused tank at the Spilamberto plant, the Modena Court sent the company's employer to trial. As of the date of writing of this report, the proceedings are currently in the hearing stage.

With regard to the accident that occurred in Granarolo dell'Emilia (Bo) on 14 March 2023 to a Herambiente employee who was hit by a forklift (used by a contractor) that was manoeuvring in the yard of a Herambiente selection and recovery plant, the Bologna Public Prosecutor's Office notified four Herambiente employees (in addition to one external party) of the conclusion of the preliminary investigations. As of the date this report was drafted, the proceedings are therefore in investigation stage.

From 2024, figure will also be shown regarding reports of occupational diseases submitted during the year. The largest number of reports is for bone and joint diseases. Admissibility rates since occupational diseases trends have been tracked are low. In 2024, 26 claims for occupational diseases were submitted and there were no official instances of admissibility granted by the competent bodies.

Since the Group companies dealt with materials containing asbestos until the end of the 1980s (e.g. asbestos cement pipes), over the years there have been some claims for asbestos-related occupational diseases. Given the latency period of these diseases (over 30 years), almost all the workers involved had already retired when the Hera Group was created in 2002.

The occupational health service is provided within the Hera Group in accordance with the requirements of Section 5 (Health monitoring) of Italian Legislative Decree 81/2008. In particular, several company physicians operating in the various local areas were identified and appointed, led by a company physician with a coordinating role. Based on the information in the health and safety risk assessment document, the physicians developed the health protocol with a significant update in 2024 in order to add legislative changes regarding unregulated risks. This document establishes, for each organisational role, which health checks are necessary for monitoring workers' health status and for expressing an opinion on their fitness to carry out the specific task assigned to them.

In 2024, all employees for whom a medical check-up had been scheduled were subject to regular health monitoring in accordance with the Group's health protocol.

It should be noted that in 2024, there were no episodes of discrimination related to work; no serious incidents in terms of human rights, no reports of this type received from external parties (such as trade unions, workers in the value chain, diversity management), or violations of the current procurement protocol, signed with the trade unions.

S1-17

Workers in the value chain

Description of relevant impacts, risks and opportunities

The dual materiality analysis identified workers in the value chain as one of the most relevant topics, discussed in more detail in the sub-topic relating to working conditions.

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The following areas of shared value creation presented in the General information section are associated with the theme "workers in the value chain": economic development and social inclusion; job creation and development of new skills. For each area of shared value creation, the actions and objectives relating to workers in the value chain are reported.

Impacts, risks and opportunities related to workers in the value chain

RELEVANT SUB-TOPIC

IMPACTS, RISKS AND OPPORTUNITIES

Working conditions

Unsatisfactory working conditions of workers in the value chain
Potential short-term negative impact relating to suppliers' activities

The potential negative impact identified relates to possible unsatisfactory working conditions of workers along the value chain, including in areas related to health and safety. For this impact, mapped with low probability given the numerous control systems in place provided for by the supplier qualification and evaluation system (see the Business Conduct section), it should be noted that, as specified in paragraph 45 of ESRS 1, since human rights are concerned, severity was prioritised over probability in its assessment.

Lastly, it should be noted that a risk linked to the unintentional selection of sub-suppliers not aligned with the Group's ESG principles has been mapped. This risk is explored in depth in the Business Conduct section, in line with the requirements of the ESRS standards, where the supplier and risk management system along the supply chain is described, with particular reference to the qualification, selection and evaluation of suppliers according to ESG aspects. The methodological references relating to the identification and evaluation of relevant sustainability issues are reported in the General Information section.

Workers along the value chain contribute significantly to the quality of the services provided, to operational efficiency and to the achievement of the Group's results. For this reason, involvement and dialogue with these workers are of strategic importance. Below, we illustrate the main ways in which Hera promotes active participation and communication with workers in the value chain.

TOOLS FOR
INVOLVING
PEOPLE

Workers along the value chain have two channels for communicating with the Hera Group:

- the Ethics and Sustainability Committee, which should be contacted about any violations of the Code of Ethics;
- the whistleblowing channel, directed to the Supervisory Body, for suspected violations of the Model for the prevention of corruption or Italian Law 231 fraud or other alleged crimes or offences of another nature, including in relation to gender equality (e.g. Harassment).

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S2-3

For more information about these two channels, see the General Information and Corporate Conduct sections.

The following are also planned:

- interviews with workers as part of supplier control audits at the client's construction sites and/or places where the client's services are performed and audits with a focus on corporate social responsibility carried out at the suppliers' premises;
- ongoing controls on outsourced activities (services and works) carried out by the contractual representative using checklists that require in-depth analysis of the working conditions of the suppliers' workers.

Upon qualification, each supplier is required to accept the Code of Ethics and the General Quality and Sustainability Regulations, which—among other obligations—include the commitment to inform their workers about the systems mentioned above. In addition, this obligation is enforced through a specific declaration that is systematically requested during the hiring phase at each company to ensure that its workers employed in the performance of the contract have received appropriate training on various internal documents, including the Code of Ethics and the above regulations.

Policies and objectives**POLICY****S2-1**

In order to manage significant impacts, risks and opportunities related to workers in the value chain, the Hera Group has used the following as references: its purpose (Art. 3 of the company's Articles of Association), the Code of Ethics, the shared value creation model, the Quality and Sustainability Policy and the General Quality and Sustainability Regulations for contractors and/or self-employed workers operating within the Hera Group.

The Hera Group's Code of Ethics highlights the commitment to responsible management of contracts and working conditions in the supply chain. Hera monitors, as set out in contracts, the conditions in which suppliers' work is carried out so as to preserve the health and safety of their workers. Hera actively collaborates with suppliers to ensure that health and safety measures are adopted in the workplace, in line with international regulations (ISO 45001, ILO Conventions) and the principles of social equity. Hera is committed to developing cooperative relationships with suppliers through the mutual exchange of skills and information, supporting them in the process of creating shared value. Suppliers are required to comply with the Code of Ethics as an integral part of the qualification and evaluation process.

The shared value approach includes the economic development and social inclusion impact area, which specifically includes actions aimed at promoting the employment of disadvantaged people through social cooperatives. Additionally, the employment and new skills development impact area includes social clauses to guarantee employment in procurement. Hera's suppliers are actors of change who contribute to the creation of shared value.

These commitments are also set out in the Group's Quality and Sustainability Policy adopted by the Board of Directors in March 2022 and which is implemented by the company's senior management. Within this Policy, the Group promotes the purchase of efficient and sustainable services and products, also evaluating its suppliers in terms of their commitment to compliance with the principles expressed in the Policy itself. At an operational level, these commitments are expressed in procedures and instructions defined and implemented within the management systems adopted by the various Hera Group companies according to the ISO 9001:2015, ISO 14001:2015 and EMAS Regulation, ISO 45001:2018, ISO 37001:2016, SA 8000:2014 and UNI PdR 125:2022 standards, and also extend to the value chain. In fact, both within the special tender specifications which the Group uses to select its suppliers for outsourced activities, and in the documents forming part of the contracts themselves (General Quality and Sustainability Regulations for Suppliers), specific requirements related to the working conditions of workers in the supply chain are provided for. These include requirements regarding child labour, forced labour, health and safety at work, freedom of association, prohibition of discrimination, disciplinary practices, working hours, remuneration, supplier control, gender equality and prevention of corruption.

The Quality and Sustainability Policy is communicated to workers via specific company communications and posted on internal noticeboards, and is available to various stakeholders by being published on the Hera Group website. In addition, the company documentation defined and implemented within the management systems is available via internal company channels and the implementation of such documentation is regularly verified through specific audits. Hera applies a rigorous verification system that, through regular audits and inspections in the workplace, assesses the compliance of supplier workforce conditions with quality, safety and corporate social responsibility requirements, and it intervenes with corrective actions in the event of non-compliance.

The procurement protocol, signed with trade unions in 2016, in addition to ensuring the specific instructions of the national collective labour agreements of the sector are applied to the main company activities subject to the procurement, also governs matters related to employment continuity, providing for the use of the social clause. This social clause protects the economic conditions of the personnel affected by the change of contract (i.e. in line with the overall conditions in place at the time of the change of contract, such as remuneration and professionalism).

The Board of Directors is responsible for implementing this policy, ensuring that the rights of workers in the value chain are respected, in line with the regulations and initiatives of third parties.

**HERA'S
COMMITMENT
(OBJECTIVES
AND RESULTS)****S2-5**

The sustainability objectives relating to workers in the value chain are defined annually based on consolidated planning and control processes at Group level aimed at defining the five-year Business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives in conjunction, when possible, with quantitative targets.

The main objectives relating to workers in the value chain and the supply chain (We will do) are reported below, accompanied by a description of the progress achieved in relation to the objectives published in the 2023 Non-Financial Statement (We said we would do, We did).

These objectives are aimed at managing workers in the value chain and supply chain and addressing the relevant impacts, risks and opportunities. They are set out 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 job creation and development of new skills) and in other areas (management of contracts and qualification, selection and evaluation of suppliers and support for the development and sustainable growth of suppliers).

WE SAID WHAT WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

CONTRACT MANAGEMENT

Analyse all accident events reported by service and work providers of the Hera Group and report on the related accident rates.

All accidents reported by suppliers of services and works were analysed: 179 accidents reported (there were 252 in 2023) and 16.6 frequency rate (it was 22.3 in 2023).

Analyse all accident events reported by service and work providers of the Hera Group and report on the related accident rates.

ECONOMIC GROWTH AND SOCIAL INCLUSION

Supplier selection: continue to promote the employment of disadvantaged people in waste management services.

The value of assignments and partnerships between Hera and social cooperatives is approximately 96 million euro (+4% compared with 2023).

Supplier selection: in environmental services, continue to promote the employment of disadvantaged people in 2025.

JOB CREATION AND DEVELOPMENT OF NEW SKILLS

Continue to apply the social clause to protect employment in contracts for emergency services on networks and services relating to customer management (except for insourcing situations).

18 tenders, among the most significant, included a social clause to protect employment.

Continue to apply the social clause to protect employment in contracts for emergency services on networks and services relating to customer management in 2025 (except for insourcing situations).

QUALIFICATION, SELECTION AND EVALUATION OF SUPPLIERS

Monitor suppliers' corporate social responsibility towards their employees: in 2024, continue to carry out systematic audits at the supplier facilities (offices and construction sites) held to be most critical.

Monitoring of suppliers' corporate social responsibility towards their workers: 39 audits/inspections carried out at suppliers (offices and construction sites) in 2024.

Monitoring of suppliers' corporate social responsibility towards their workers: in 2025, continue to systematically carry out audits inspections at suppliers (offices and construction sites) held to be the most critical.

Continue assigning a significant score to aspects of environmental and social sustainability in tenders using the criterion of the economically most advantageous bid.

37/100 average score reserved for sustainability in tenders using the criterion of the economically most advantageous bid in 2024 tenders.

In 2025, continue assigning a significant score to aspects of environmental and social sustainability in tenders using the criterion of the economically most advantageous bid.

SUPPORT FOR THE DEVELOPMENT AND SUSTAINABLE GROWTH OF SUPPLIERS

Launch a "capacity building" programme to promote improvement in suppliers' "ESG maturity" and in technical-implementation and qualitative skills.

Hera_Pro_Empower capacity building programme launched to promote the improvement of suppliers' "ESG maturity" as well as their technical-implementation and qualitative capabilities (22 active agreements for growth support services - 38 participating suppliers).

Supplier sustainability school launched, 5 training seminars held on safety and CSRD topics (500 suppliers involved)

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.

Develop a code of conduct for its suppliers in 2025 through their direct involvement, with a formula aimed at stimulating awareness and growth on sustainability issues.

Actions and resources

Below are the main actions that have been carried out, are under way or planned by Hera to achieve the Group's objectives, and the management of 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", see the Business Conduct section.

S2-3

MAIN ACTIONS

BRIEF DESCRIPTION

CONTRACT MANAGEMENT

Monitoring and analysis of workplace accidents involving suppliers.

Monitoring and analysis of accidents and near-misses involving workers of service and work suppliers reported by suppliers to Hera.

In line with the principles and objectives of the Hera Group and in order to gain a complete picture of the impact of accidents related to the activities carried out, directly and indirectly, the Hera Group monitors the accident rates of its suppliers of works and services. The specifications and contracts involved require suppliers to notify Hera as follows:

- accident events, near misses and environmental incidents must be reported within the first working day following the relevant event, recording them on the Hera Group's E-procurement platform;
- at the end of the contract, or within mid-February for multi-year contracts, suppliers must draw up an Annual accident summary, once again recording it on the Hera Group's E-procurement platform.

MONITORING OF
WORKPLACE
ACCIDENTS OF
SUPPLIERS

S2-4

This data collection and analysis phase was computerised using the SAP SRM platform and, from November 2023, the new Hera Pro platform, with changes that have had a significant impact on the year 2024 in terms of operating methods and training for contractual representatives and suppliers and suppliers. The involvement of suppliers in the Hera Group's ESG policies is a crucial element to guarantee healthy and safe working environments for all workers. This is achieved by working together to integrate prevention and protection processes, involving suppliers as active participants in achieving health and safety objectives. Involvement starts with sharing the Group's policies in terms of health and safety and knowledge of the company's risk management procedures that potentially involve suppliers of works and services (e.g. work in confined spaces, work permits). To encourage sharing with suppliers of works and services, the Quality and Sustainability Policy, the Code of Ethics and the General Quality and Sustainability Regulations documents are sent when the contract is sent.

Prior to the activation of the works and services contract, the active involvement of suppliers is essential for the preventive assessment of interference risks and the identification of appropriate measures to mitigate these risks. Joint meetings with suppliers (especially those considered strategic) have been held and are still ongoing so as to foster cooperation and to develop a shared culture of safety in order to transform the relationship from client-supplier to partner in daily activities.

Number of and rate of accidents and injuries at suppliers of services and works

	2024	2023
Number of injuries at the workplace	179	252
Occupational accident rate (frequency rate)	16.6	22.3
Number of accidents at work with serious consequences (excluding deaths)	0	0
Number of deaths as a result of accidents at work	0	0
Death rate due to injuries at the workplace	0	0
Hours of work	10,815,547	11,314,868

The frequency rate is the number of accidents per million hours worked. The death rate is the number of deaths per million hours of work. The figures do not include the companies, ACR Reggiani, Aliplast, AresGas, ASA, Biorg, Feronia, F.lli Franchini, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Recycla, Tiepolo, Vallortigara, Wolmann.

In 2024, 544 suppliers (693 in 2021) reported summarised data on accidents, for a contract value totalling 631 million euro (653 million in 2023), representing 66% of the value of services and works supplied (professional services and consultancy excluded, since they are not considered significant from the point of view of occupational safety). Accidents reported were analysed and the relevant contracts were analysed and summarised by the contractual representatives. The percentage of summaries compared with the value of the Group's overall contracts decreased compared with previous years (74% in 2023 and 83% in 2022) due to the continuous increase in the base of the summarised amount and, to a large extent, to the start-up activities of the new supplier IT platform which led to a change in operations with the subsequent need for a run-in period.

A total of 179 accidents were reported; data processing showed an average frequency rate of 16.6 (compared with 22.3 in 2023) and a severity index of 0.34 (0.55 in 2023). Rates are declining sharply, the decrease in incidents is particularly significant. Analysing this data for the most significant product categories from the point of view of accidents, the following rates emerge:

- for the works category, the frequency rate was 10.8 and the severity rate was 0.22 (in 2023, these rates were 17.7 and 0.75, respectively);
- for the environmental management services category, the frequency rate was 26.02 and the severity rate 0.43 (in 2020 they were 35.22 and 0.6, respectively).

MAIN ACTIONS

BRIEF DESCRIPTION

ECONOMIC GROWTH AND SOCIAL INCLUSION

EMPLOYMENT THROUGH SOCIAL COOPERATIVES

Employment of disadvantaged people through social cooperatives	Introduction of a clause to safeguard outsourcing to social cooperatives, promoting social inclusion projects.

In 2024, the environmental services companies managed by Hera allocated approximately 96 million euro to social cooperatives for works and services, recording a 4% increase compared with 2023, in particular for environmental services in the provinces of Padua and Trieste, where social cooperation workers are also employed in the maintenance of public greenery and cemetery services.

Supplies from social cooperatives

	2024	2023
Social cooperatives or consortia (no.)	56	57
Supply value (thousand euro)	95,694	91,951
Disadvantaged individuals placed (no.)	999	962

S2-4

The disadvantaged persons placed included workers employed for periods of less than a year. The data include job placements related to partnerships between Hera and social cooperatives, i.e., temporary business groupings for the management of environmental services in which Hera Spa is the agent.

Supplies and partnerships involved 56 cooperatives and consortia of social cooperatives with the employment of almost a thousand disadvantaged people (pursuant to art. 4, law 381/91). At a local level, 831 people were included in Emilia-Romagna, the rest in Triveneto and Marche.

The National Collective Agreement for Environmental Services includes a clause to safeguard outsourcing to social cooperatives; this clause also ensures that a quota of 5% of outsourcing for activities such as street sweeping, waste collection and transportation is excluded from the obligation to apply the national contract, thereby promoting social inclusion projects. This quota can be increased to 15% at company level. Hera applies the 15% quota based on a 2012 union agreement.

MAIN ACTIONS

BRIEF DESCRIPTION

JOB CREATION AND DEVELOPMENT OF NEW SKILLS

Social responsibility actions in procurement	Application of the procurement protocol signed with trade unions, with particular reference to reward criteria aimed at promoting the inclusion of disadvantaged staff in the workplace, a clause limiting the discount percentage and a clause requesting authorisation for the use of temporary workers.

The employment impact of the Hera Group also derives from concrete actions of social responsibility as it pertains to procurement contracts, which the Group has continued also in 2024, in line with the principles of the Group's Code of Ethics and with attention to working conditions in the supply chain.

The procurement protocol, signed with trade unions in 2016, in addition to ensuring the specific instructions of the national collective labour agreements of the sector are applied to the main company activities subject to the procurement, also governs matters related to employment continuity, providing for the use of the social clause. This social clause protects the economic conditions of the personnel affected by the change of contract (i.e. in line with the overall conditions in place at the time of the change of contract, such as remuneration and professionalism). In 2024, 18 tenders included a social clause to protect employment.

In 2023, the new Public Contracts Code (Legislative Decree 36/2023) came into force, which, following on from the previous regulatory context, consolidates and strengthens the provisions regarding the protection of staff from contracting and subcontracting companies.

In the selection of suppliers, reward-based criteria aimed at promoting the inclusion of people with disabilities in the workplace, gender equality and youth and female employment are considered.

In addition, some tenders now contain a clause limiting the discount percentage, usually expressed as follows: taking into account the technical peculiarities inherent in the contract and the economic analysis, which is the basis of the price items that make up the single price list offered in the tender, the Contracting Authority believes that reductions of the tender basis exceeding 25% may be untenable and reductions exceeding 30% may be impossible to accept (the percentages reported are for illustrative purposes).

In 2024, the clause requesting authorisation for the use of temporary workers and the clause which prohibits the use of support work (so-called "voucher") were kept in the standard specifications of the Group for the categories of works and services used in the tender procedures, as it pertains to contract-based works and services.

It should be noted that in 2024, taking into account the very serious non-conformities foreseen by the Hera Group supplier management system, no serious incidents regarding human rights (such as child labour, forced labour, failure to pay wages) involving workers in the Group's value chain were detected.

SOCIAL
RESPONSIBILITY
ACTIONS IN
PROCUREMENT

Affected communities

Description of relevant impacts, risks and opportunities

The dual materiality analysis identified the communities concerned among the most relevant themes, broken down in the sub-topic relating to the economic, social and cultural rights of communities.

The topic of affected communities is associated with the following areas of shared value creation presented in the General information section: transition towards a circular economy, job creation and development of new skills. For these areas of shared value creation, the actions and objectives relating to the affected communities are reported.

ESRS 2 SBM-3

Impacts, risks and opportunities related to the affected communities

RELEVANT SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Communities' economic, social and cultural rights	Community concerns related to the Group's plants (Nimby syndrome) <i>Potential short-term negative impact related to its own activities</i>
	Promotion of cultural change for the environmental transition <i>Current medium-term positive impact related to its own and customers' activities</i>
	Economic support for local communities <i>Current medium-term positive impact related to its own activities</i>
	Environmental and social benefits for communities thanks to the provision of the Group's services <i>Current short-term positive impact related to customers' activities</i>

Given the Group's activities and its presence in the local area via the services provided and the plants managed, a negative impact associated with NIMBY syndrome has been identified, which refers to community concern about the presence or new planning projects of Group plants that could generate potential negative impacts 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 more details on how potential negative environmental impacts of interest to local communities are monitored, see section E2 - "Pollution", which provides information on the environmental parameters monitored.

On the other hand, Hera's widespread presence in the areas served allows the Group to play a very important role in promoting cultural change, in economic support of communities and in generating important environmental and social benefits for local communities.

In particular, the Group positively influences the local area through:

- donations and sponsorships
- sustainable waste management to support the transition to a circular economy and which reduces the risk to public health by promoting a cleaner, safer and healthier environment for residents;
- the promotion of a cultural change to support the environmental transition, which involves increased awareness and the adoption of responsible behaviour by residents, customers and businesses.

The methodological references relating to the identification and assessment of relevant sustainability issues are reported in ESRS section 2 - "General information".

TOOLS FOR INVOLVING PEOPLE

Among the main processes of involvement of local communities are the HeraLABs, overseen by the Central Strategy, Regulation and Local Government Directorate, i.e. the multi-stakeholder councils that the Hera Group has activated since 2013 in the local areas of Emilia-Romagna.

The primary objective of these participatory processes is to provide the territories in which Hera provides its services with a structured channel for listening and dialogue.

ESRS 2 SBM-2

The HeraLAB project focused on the topic of carbon neutrality in 2024 as well.

S3-2

The choice of this topic was shared and confirmed with the departments most impacted by the work of the LABs.

S3-3

The area identified was Ravenna, where the first of the three meetings envisaged by the project took place in December 2024.

Sixteen local stakeholders, appointed in October 2024 by the Hera Group Board of Directors and representing the world of associations, businesses and institutions, responded to the invitation to discuss the topic of carbon neutrality, an ambitious goal that can only be achieved through a shared and participatory approach with all the players in the sector, companies and each individual citizen.

Thanks to the guidance of a facilitator, the meeting alternated between sessions for information, listening and discussion in order to delve into the three pillars of carbon neutrality that are significant for the Ravenna area: Energy communities: what an opportunity, Energy efficiency: a challenge that concerns everyone, Agrivoltaics, multi-purpose land.

For Hera, it was an opportunity to share the Group's commitment in these areas with the LAB participants. The sharing of this information along with the dialogue that followed allowed us to begin to think about possible areas of collaboration, preparing the ground for the themed roundtables that will be held during the second meeting (by June 2025). An equally special moment was "Le energie del LAB", dedicated to giving a voice to the experiences of the LAB participants, designed to share and systematise positive experiences and best practices.

From 2013, the year the initiative was launched, to the end of 2024, HeraLAB has held 127 meetings, involving 160 opinion leaders and local stakeholders. Participation in the LABs is free, but Hera provides an attendance fee of 200 euro per participant per meeting and allocates the funds to local sustainability projects.

Up to the end of 2024, 134,200 euro have been donated to 26 public and non-profit entities.

The initiatives are divided into eight areas for potential cooperation, focusing on energy efficiency, production and distribution of renewable energy. The main actions include supporting small and medium-sized companies with the adoption of energy efficiency measures, the strengthening of the electricity grid and the promotion of photovoltaic self-consumption for companies, both on-site and off-site, to stabilise energy costs and reduce environmental impact. Integrated projects are also being developed, such as Energy parks, which combine renewable production and storage systems, and Renewable Energy Communities, applied to both condominiums and production areas, through cooperative models that encourage participation and shared management. These initiatives aim to strengthen the links between companies, residents and the local area, promoting a more sustainable and resilient energy system.

In terms of the initiatives promoted by the HeraLABs of Modena and Forlì-Cesena, the initiative to enhance the historical-naturalistic routes in Modena and the initiative relating to the ecological transition in the footwear district of San Mauro Pascoli (Fc) have ended; the energy tutors initiative continues with the participation of important third sector entities operating in the area.

The Central Strategy, Regulation and Local Authorities Department of Hera, through the Area Managers, continuously manages relations with the Municipalities in the Emilia-Romagna area. The Area Managers represent the interface of the Local Authorities with respect to all the Group's activities: they oversee the institutional relationship, with particular reference to public administrators, facilitate operational relations between the competent technostuctures, and support the activities of HeraLAB.

The aim of the organisational design is to simplify the relationship between the Municipalities and the structured organisation of Hera, through a special dialogue and an overall view of the points of attention and the sensitivities of local areas with respect to businesses. Relations with local authorities therefore include direct and accessible contact in order to respond to requests for regulated and market public services.

In 2024, the Area Managers focused on getting to know the new mayors following the June elections, ensuring continuous dialogue between the company and the local area. The work of supporting and assisting HeraLAB also continued, promoting the necessary coordination between relations with local authorities and those with other local stakeholders.

Finally, in 2024, approximately four thousand relationships were maintained with local stakeholders. Most of these concerned environmental services (33%) and the integrated water service (33%), followed by the market area (13%), other network services (11%) and general corporate issues (10%).

In Friuli-Venezia-Giulia and Veneto, the relationship with the member Municipalities and other local authorities served by the Group is managed through the Local Authority Relations structure of AcegasApsAmga. During 2024, the Area Managers of AcegasApsAmga ensured they were continuously present in the local areas served, developing over 600 contact opportunities with more than 220 Municipalities and consolidating themselves as an essential link for corporate businesses in the dialogue with local authorities. The topics covered mainly concerned energy services (32%), gas distribution (16%), public lighting (15%), the water cycle (13%) and the environmental service (7%).

With reference to the involvement of local communities near the new plants built by Heratech, the channels of dialogue and discussion were set up before the construction sites opened, with the patronage and support of the Municipalities that coordinate the various interest groups such as committees, associations, purpose-driven cooperatives, to discuss the interventions and activities to be carried out in order to listen to requests and perform actions together, insofar as possible and in line with the construction needs. Other non-verbal communications are expressed on the panels around the construction sites, which describe the works in progress and indicate the stakeholders and other entities that support and/or are involved in the works (e.g. "il contest di Cattolica trasparente").

The channels of dialogue and discussion with communities should be set up during authorisation and/or construction of the works and/or management of the plant by the Municipality in which it is located. In general, this involves public meetings, technical round tables, reporting of activities within open board committees.

For example, some of the initiatives mentioned above involve:

- participation in the "Commissione consiliare ambiente" of the Municipality of Ferrara for the regular reporting of the environmental performance of the Ferrara waste-to-energy plant;
- participation in public meetings at the municipality of Serravalle Pistoiese (PT) for the regular reporting of the environmental performance of the Serravalle Pistoiese landfill;
- participation in the Municipal Control Committee for the management of the Loria landfill (Tv) set up by the Municipality of Loria, which includes representatives of residents who independently carry out checks, including analysis, on waste sent to the landfill.

With regard to the involvement of residents in initiatives for the development of sorted waste collection, the "Non riciclare spiega" campaign is worth mentioning, which is aimed at residents who do not always take note of correct sorted waste collection with the aim of identifying only materials that can actually be recycled. The campaign covered paper, plastic and organic waste and targeted the local areas of Forlì-Cesena, Ravenna and Bologna. In 2025 the campaign will extend to glass with the creation of in-depth flyers to be distributed to residents and will be accompanied by various direct communication actions.

For more details on the tools for dialogue with communities, see the section "Consumers and end users", which discusses the following in depth: "Rifutologo", the whistleblowing portal, the Ethics and Sustainability Committee reporting channel, the customer service centre which includes a call centre with a toll-free number, the technical call centre service and customer help desks.

Policies and objectives

POLITICIES

S3-1

In order to manage significant impacts, risks and opportunities connected to the communities involved, the Hera Group has used the following as references: its purpose (Art. 3 of the company's Articles of Association), the Code of Ethics, the shared value creation model, the Quality and Sustainability Policy.

The Code of Ethics sets out Hera's commitments towards the local area, which is understood as a physical space with its land and its communities. Hera aims to contribute to the ecological transition of the local areas it serves and is committed to focusing on the communities in which it operates and to listening to any requests they make. To this end, it carries out information, listening, consultation and engagement initiatives, using specific tools, with particular focus on the communities located near its current and future plants.

Within the Group, the shared value approach includes the impact areas of the transition towards a circular economy, which includes partnerships with communities for waste reduction, and the creation and development of new skills, as in the cases of Hera Educational for work-related learning and agreements with universities, business schools, research centres and environmental education for schools. In line with the purpose, the shared value approach means that local areas and local communities also benefit.

Hera's Quality and Sustainability Policy aims to promote initiatives aimed at excellence, continuous improvement of management systems, services, performance and the agility of corporate processes. The company encourages dialogue and discussion with all interested parties, taking into account their requests and using adequate participation and information tools from a corporate perspective, with the aim of creating shared value and preventing all forms of crime.

In the context of relations with local communities, Area Managers continuously guarantee relations with Local Authorities, through direct and accessible contact with regard to all services managed by the Group, ensuring effective and timely communication and acting as a point of reference in interactions with the Group.

Since 2013, local communities have had a voice thanks to local multi-stakeholder meetings called HeraLAB, which allow for a structured dialogue channel aimed at exploring priority issues for the local area and identifying areas for collaboration, including by carrying out projects.

Engagement can be seen specifically in the waste management sector on the occasion of the development of a culture of environmental respect to improve the urban waste collection system, in order to achieve the objectives of quantity and quality of sorted waste collection. For example, to help increase residents' awareness and improve their participation, engagement and communication tools are used so that targeted actions can be carried out and specific information can be received, as in the case of the Il Rifiutologo app, also aimed at improving urban etiquette. Against this backdrop, Hera develops partnerships with local communities, involving non-profit organisations, which it has partnership agreements with, aimed at waste prevention with a social purpose.

Synergy with local communities is also expressed through collaboration with technical schools, universities, business schools and innovation centres to train people on key issues such as the ecological and digital transition through various initiatives, including: courses for transversal skills and orientation (formerly work-related learning), curricular integration courses, doctorates and research projects, interventions and guided visits with expert Group staff. For several years, Hera has signed framework agreements and partnership agreements with the main universities and business schools in the areas in which it operates with the aim of promoting multidisciplinary activities and projects in various areas such as research, technological development, sustainability and social innovation.

Thanks to environmental education and scientific dissemination projects, free educational activities are carried out in schools in the areas served, with courses on water, energy, waste, science, research, innovation and sustainability. The goal is to raise awareness among young people about respect for the environment and the importance of science in order to promote sustainable lifestyles, supporting teachers and supplementing the school curriculum.

Finally, every year the Group invests in local initiatives to promote culture, sports, exhibitions, festivals and musical events with the aim of encouraging participation and increasing accessibility for the greatest possible number of users in the community. Donations and sponsorships are another opportunity for the company to demonstrate closeness and support to 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 for sponsorships in general, Hera follows a specific procedure and only takes into consideration initiatives that guarantee quality and are consistent with the purpose, mission, strategic objectives, principles of environmental and social responsibility and with the guidelines adopted by the Board of Directors. Hera annually reports how much has been donated and to which key initiatives.

The Board of Directors is responsible for implementing this policy, ensuring that the rights of the communities involved are protected and that corporate practices are in line with the regulations and initiatives of third parties.

HERA'S COMMITMENT (OBJECTIVES AND RESULTS)

S3-5

The sustainability objectives relating to the affected communities are defined annually on the basis of consolidated planning and control processes at Group level aimed at defining the five-year Business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives in conjunction, when possible, with quantitative targets.

Below are the main objectives and commitments relating to the affected communities (We will do) accompanied by a description of the progress achieved in relation to the objectives published in the Non-Financial Statement 2023 (We said we would do, We did).

These objectives are aimed at managing affected communities and addressing relevant impacts, risks and opportunities. They are described below as part of the dialogue with our stakeholders.

WE SAID WHAT WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

COMMUNICATIONS WITH OUR STAKEHOLDERS

Continue listening to and involving stakeholders on the topic of carbon neutrality. Launch HeraLABs in two additional areas in 2024.

The third edition of HeraLAB will be launched in the Ravenna area in 2024. The area where the second HeraLAB will be launched, initially planned for Bologna, is being decided.

Continue listening to and involving stakeholders on the topic of carbon neutrality. Launch HeraLAB in two areas in 2025.

Actions and resources

The main actions that have been carried out, are under way or planned by Hera to achieve the Group's objectives and manage impacts, risks and opportunities in the following areas are reported below: support for affected communities, transition to a circular economy, job creation and development of new skills.

S3-4

MAIN ACTIONS

BRIEF DESCRIPTION

SUPPORT FOR AFFECTED COMMUNITIES

Sponsorships and donations

Support for local initiatives for the promotion of culture, sports, exhibitions, festivals and musical events.

TRANSITION TOWARDS A CIRCULAR ECONOMY

Partnerships with communities for waste reduction

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 agreements with universities, business schools and research centres

Courses for transversal skills and orientation in Emilia-Romagna, which support students with practical experiences in the company and orientation meetings and the creation of agreements between the Hera Group and the main universities in the local areas it operates in, through the Corporate University HerAcademy.

Environmental education

Educational activities for schools in the local areas served to raise awareness among young people about sustainability.

In 2024, the Hera Group supported and supported over 145 initiatives through sponsorship, contributing a total of over 3 million euro (of 81% in the local area served) to culture (exhibitions, theatres, festivals, music, cinema), sports (tennis, sailing, motors) and environmental and sustainability promotion initiatives. Through social campaigns and a dedicated communication plan, the multi-utility promoted initiatives in partnership with the finest expressions of the local area, encouraging participation and increasing accessibility for the greatest possible number of residents.

In 2024, the Group also gave 643 thousand euro in donations, 75% of which were donated to the local area served. These contributions supported projects aimed at promoting solidarity and inclusion. Hera strengthened its social commitment with the HeraSolidale initiative, which raises funds for five organisations chosen by workers (Fondazione AIRC, Ageop, Fondazione Ant Italia Onlus, physicians Without Borders, UNHCR). The company also supported the Bimbo Tu Association in its work to support the families of young patients, and supported the "Psicologo di base" project in Bologna, which offers free psychological appointments in local medical centres.

In 2024, the multi-utility also continued to support organisations engaged in inclusion and social activities, including the Mus-e project for artistic courses aimed at schools located in deprived areas, aimed at helping children discover more about themselves and others. Particular attention was also paid to associations committed to supporting female victims of violence, including *Casa delle donne di Bologna*, *Associazione per le donne di Imola* and the *Fondazione Emiliano-Romagnola per le Vittime dei crimine*.

SPONSORSHIPS
AND
DONATIONS

The Hera Group has been carrying out waste reduction projects for many years in collaboration with local non-profit organisations and with the support of Last Minute Market, a social enterprise and spin-off accredited by the University of Bologna, which promotes the fight against waste and environmental sustainability. "CiboAmico", "FarmacoAmico" and "Cambia il finale" are structured and consolidated initiatives that promote good habits around reuse and generate positive social impacts thanks to the activities carried out by the non-profit organisations involved, in line with the principles of social responsibility and environmental protection of the Hera Group.

Launched in 2009, "CiboAmico" is a specific action developed by the company to promote the development of the circular economy, connecting different local entities with a focus on shared social responsibility, providing concrete help to those most in need. The recovered meals are donated to non-profit organisations that provide hospitality and assistance to people in difficulty on a daily basis. There are eight company canteens where the project is run: Bologna, Granarolo dell'Emilia, Rimini, Ferrara, Ravenna, Modena, Forlì and Cesena. Since the beginning of the project, a total of approximately 155 thousand meals have been donated (approximately 17 thousand in 2024 alone), worth approximately 634 thousand euro. This has prevented the production of over 68 tons of waste (over 150 bins) and the emission of over 280 tons of CO₂.

At the end of 2017, CiboAmico expended beyond company canteens to get commercial businesses involved in the fight against waste in Modena, Imola and Bologna.

PARTNERSHIPS
WITH
COMMUNITIES
FOR WASTE
REDUCTION

FarmacoAmico is the project promoted by Hera to collect non-expired medicine and create a community reuse network in the area with the aim of preventing waste production by spreading good practices and supporting organisations that help vulnerable segments of the community. Intact medicine, still valid for at least six months and in an adequate state of conservation, is reused by non-profit organisations operating in local or decentralised cooperation projects. Launched in 2013, FarmacoAmico now relies on the support of 38 municipalities in the Emilia-Romagna Region, 214 pharmacies and 36 non-profit organisations, some of which operate in Italy and others abroad, as well as various partners, institutions, trade associations and the corporate landscape. Since the beginning of the project, approximately 600 thousand packages of medicine have been collected and sent for reuse (approximately 80 thousand in 2024 alone) with a total economic value of over 7.3 million euro, which partially and potentially corresponds to lower costs for the National Health System.

The Cambia il Finale (Change the Ending) project, now in its eleventh year, makes it possible to collect any items in good condition that would otherwise be disposed of as bulky waste and allow them to be reused, thanks to a network of non-profit organisations distributed over the area served, in order to give new life to goods donated by residents and collected from homes, replacing the service offered by Hera aimed at recycling or disposal. Fifteen non-profit organisations were partners in the project at the end of 2024, distributed throughout the Emilia-Romagna region served by Hera, guaranteeing coverage of all main cities. Since the beginning of the project, over 6.6 thousand tons of waste have been avoided (over a thousand in 2024 alone), bringing great savings to the benefit of the environment and lower costs related to waste collection.

In 2024, the Hera Group collaborated with schools and universities to educate new generations on crucial issues such as the environmental and digital transition, strengthening its network of partnerships with stakeholders in the education system.

In the Hera Educational area, for the 2023/2024 school year, the Hera Group continued its educational activities by designing 82 Courses for transversal skills and orientation (PCTO), in the Emilia-Romagna region, including 74 individual courses in the company and eight career orientation meetings aimed at class groups. For the 2024/2025 school year, in line with the three-year Memorandum of Understanding entered into between the Hera Group and the Regional School Office for Emilia-Romagna, 82 courses have been planned, with 74 individual courses and eight orientation meetings aimed at class groups.

In 2024, the following activities also continued:

- activities related to the "Hera teaches you a trade... at school" project, through the creation of testimonials and company visits held by Group experts with the participation of the Marconi Institute of Forlì and the Nullo Baldini Institute of Ravenna;
- activities related to curricular integration courses with a strategic workforce planning perspective, which include a teaching phase in the school, company visits and individual PCTO courses in the company, designed in line with the topics covered in the teaching phase.

In 2024, the Hera Group also continued its collaboration on the experimentation of the TRED secondary school, which, with the coordination of training non-profit organisation ELIS offers a four-year training course focused on environmental and digital transition issues.

HERA EDUCATIONAL FOR WORK- RELATED LEARNING AND AGREEMENTS WITH UNIVERSITIES, BUSINESS SCHOOLS AND RESEARCH CENTRES

In 2024, HerAcademy consolidated itself as a Stakeholder University capable of bringing together all the actors of the national education system to activate projects with a view to Public private partnerships and define initiatives aimed at supporting innovation processes within the relevant ecosystem. In particular, on 11 December 2024 the HerAcademy Workshop called Demografia e Lavoro: new development perspectives took place in hybrid mode (in person in Bologna and live streaming), with the aim of directing a multidisciplinary reflection on the challenges linked to the demographic changes under way, in terms of the socio-economic context and potential repercussions on the labour market and companies. Moreover, university guidance and career guidance events were held. These were specifically designed for the children of our employees to support them as they enrol at university and enter the job market.

Hera's Corporate University, HerAcademy, has kept agreements with the main local universities, including the University of Bologna and other universities in Emilia-Romagna, Veneto, Tuscany, Lombardy and Friuli-Venezia Giulia. In 2024, collaboration with the University of Bologna continued, aimed at research, innovation, training and sustainability projects, as well as with the University of Milan Bicocca and the Interuniversity Research centre for Public Utility Services (Crisp) to develop and implement HerAcademy activities.

In 2024, the Hera Group also continued its collaboration on the Liceo TRED experiment, which, with the coordination of Elis, a non-profit organisation operating in the training field, proposes a four-year training course focused on the themes of ecological and digital transitions.

In 2024, a partnership agreement was signed with the Bologna Business School Foundation to consolidate and expand activities and further improve collaboration by enhancing potential mutual synergies. The partnership between Hera and CRIF also continued, through the BOOM knowledge hub, for the creation of joint training projects, as well as for the external market.

The Group also actively collaborates with some business schools and innovation centres such as: Luiss Business School, the MIB Trieste School of Management, the MIP Politecnico di Milano, the Centro Studi e Ricerche Safe, Sda Bocconi, The European House Ambrosetti, HRC Group.

The Hera Group has been offering free environmental education activities for schools in the areas served for almost 20 years, with course on the topics of water, energy, waste, sustainability, to support teachers and supplement the

ENVIRONMENTAL
EDUCATION

school curriculum. The aim is to raise awareness and get young people aged four to 19 involved, teaching them about respect for the environment, the conscious use of resources and the importance of science, promoting sustainable lifestyles. Every year, the “La Grande Macchina del Mondo” and “un pozzo di scienza” programmes are updated with new activities, themes and innovative methodologies to make the workshops more effective and engaging for the kids. The catalogue of the “La Grande Macchina del Mondo 2023-2024” included a total of about 70 educational activities available to schools in the area, all focused on the objectives of the UN Agenda 2030. Of these, 28 workshops were dedicated to students aged four to 13 years old. Activities included guided tours of the Hera Group plants to show students the technological cycle and innovation in the sustainable management of the planet's resources. A new feature was the virtual tour of the Aliplast plant for the collection, recycling and regeneration of plastic, a topic that many students were interested in. In addition, schools in several municipalities in Romagna have been involved in two special educational projects, “Facciamo la differenza” and “Missione RAEE”, to raise awareness of flytipping, sorted waste collection and WEEE collection, with an ecogame created by Hera.

The scientific dissemination programme “un pozzo di scienza”, for secondary schools, got students involved to arouse their curiosity on topics such as science, research, technology and innovation, encourage critical thinking and make them protagonists of their future. The eighteenth edition, called “Oltre il limite - Esplorare nuove orizzonti”, included 39 new activities. For example, there are scientific workshops on specific objectives of the UN 2030 Agenda, interviews and streaming events with scientists, experts and research and innovation centres, outdoor Citizen Science activities and discussion games. Topics covered included climate change, ecological transition, renewable energy, water recycling, plastic treatment and recovery, marine ecosystems and biodiversity, as well as food and artificial intelligence. A new feature of this edition was the innovative format “Un pozzo di scienza fuori classe”, which included a theatrical performance on the ecological crisis and co-management experiences. A key aim was to update teachers, with two new webinars dedicated to the topics of education and environmental sustainability, to help them keep the interest and attention of students alive and get them to actively participate in these topics.

Another new addition was the GMMChallenge engagement initiative, which involved classes, families and residents, with the aim of raising awareness of the positive impact of small sustainable actions and the importance of biodiversity for the well-being of the planet. For every two green actions shared by participants, a tree was adopted, supporting the growth of 300 trees in Camugnano (Mo) and creating a green oasis for the Hera Group. This protected and monitored area aims to restore and preserve local biodiversity, promoting the absorption of greenhouse gases, making soil more stable and making a concrete contribution to combating climate change.

In 2024, environmental education activities got a total of 101,837 students involved (103,852 in 2023) as well as 7,602 teachers (8,747 in 2023) in 1,242 schools (1,241 in 2023). This demonstrates, in line with 2023, the commitment and participation of schools and students in environmental awareness initiatives.

It should also be noted that in 2024 there were no serious incidents regarding human rights involving the Group's affected communities.

Consumers and end users

Description of relevant impacts, risks and opportunities

The dual materiality analysis identified consumers and end users as the most relevant topics, 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.

ESRS 2 SBM-2
ESRS 2 SBM-3

The following area of shared value creation is linked to the topic of consumers and end users, set out in General information: economic development and social inclusion. For shared value creation, the actions and objectives relating to consumers and end users are reported.

Impacts, risks and opportunities related to consumers and end users

RELEVANT SUB-TOPIC	IMPACTS, RISKS AND OPPORTUNITIES
Personal safety of consumers and/or end users	Interruption of service continuity as a result of extreme weather events (drought, heavy rain, heavy snowfall) <i>Current short-term negative impact on own activities</i> Guarantee of a continuous and safe service <i>Current short-term positive impact on own activities</i>
Information-related impacts for consumers and/or end users	Confidentiality of customers' personal data compromised <i>Current short-term negative impact on own activities and the activities of sales agencies</i>
Social inclusion of consumers and/or end users	Support for customers in precarious situations and fight against energy poverty <i>Potential positive impact in the medium term on own activities</i>

The services provided by Hera are essential for the daily activities of the residents in the local areas in which it operates. In this sense, a potential negative impact identified is linked to the interruption of service continuity due to extreme weather events: periods of drought can lead to difficulties in procurement and consequently in the water supply; heavy rains can cause flooding affecting the sewer system and other managed systems and lead to the interruption of services including 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 for customers and end users. In this regard, a positive impact can be seen in terms of the Group's ability to promote the development of the local areas served through an increasingly intelligent and resilient infrastructure that safeguards the continuity and safety of essential services. This impact reflects the importance of the procedures in place to manage any service interruptions and guarantee the personal safety of customers using the services.

Among the impacts mapped, given the quantity of personal data managed, which is required in order to provide services, the possible breach of the confidentiality of customer data owned by Hera should be noted, due to the possible inadequacy of data processing methods used by commercial partners, which can have negative impacts and erode customers' trust in the Hera Group.

Lastly, another positive impact was seen in the support provided to customers in hardship, aimed at ensuring equal access to services even for those who are in economic hardship. In this case, the positive impact on consumers involves the introduction of tools such as payment of bills in instalments and involves a proactive approach to help customers face the costs of services, improving their well-being and quality of life.

The methodological references relating to the identification and assessment of relevant sustainability issues are reported in the ESRS 2 "General Information".

Since 2005, Hera has adopted a system for evaluating the satisfaction of the Group's customers, both residential and business customers, through annual surveys aimed at defining improvement actions.

TOOLS FOR INVOLVING PEOPLE

S4-2
S4-3

Residential customer satisfaction

ICS (0 TO 100)	2024	2023
Overall satisfaction index (CSI)	74	73
Overall service satisfaction index (Services CSI)	77	76
Percentage of Satisfied Residential Customers (%)	93%	93%

In 2024, the satisfaction index continued to improve, reaching 74 points, remaining above the high satisfaction threshold. The satisfaction level for services (energy and non-energy) increased to 77 points: in more detail, electricity and gas stood at 79 points, water service stood at 76, and environmental services stood at 73. The percentage of satisfied residential customers (customers who expressed a satisfaction rating equal to or greater than 6) in 2024 was 93%, which is stable compared with the previous year.

The customer satisfaction survey on the quality of the services offered has been carried out by an external company since 2005 and is based on an internationally recognised methodology. 12,035 interviews were carried out for the 2024 survey in two different periods of the year: May-June, September-October. The survey was carried out by telephone using computer-assisted telephone interviewing methodology, providing quotas to ensure the representativeness of the sample. Monitoring was carried out by interviewing the holder of the Hera contract within the household, with a questionnaire that allows the various satisfaction components to be monitored and future behaviours towards the company to be measured. Results were evaluated using numerical scales relating to different levels of satisfaction: below 50 points, not satisfied; up to 60, fairly satisfied; between 60 and 70, satisfied; over 70 points, very satisfied.'

Since 2017, the contact channels (call centres, help desks, online services and apps) have been monitored through daily interviews carried out the day after contact, in order to detect "hot" customer satisfaction. Thanks to the portal used for analysing customer evaluations, it has been possible to constantly improve channel performance. Around 150 thousand interviews were carried out in 2024 to monitor the contact channels.

Hera Comm is responsible for the Group's customer engagement activities, ensuring that the results of these activities guide the strategy and business model.

The web portal dedicated to consumer associations has been active since 2011: a section of the Group's institutional website entirely reserved for the representatives of the main associations active in the reference territories and who represent a key interlocutor for the company in relations with the end customer. Thanks to this interface channel with Hera, consumer associations can manage reports and policies, preventing disputes and reducing response and resolution times. In 2024, the web portal recorded 3,939 visitors (-16% compared with 2023) and a total of 11,224 page views (-24% compared with 2023). In addition to the portal, the contacts and operators of the associations also have access to the normal email and telephoned details which, together with the online section, provide a specific communication channel dedicated to consumer associations. In 2024, 617 cases were managed through the dedicated channel (612 in 2023), 100% of which were resolved with a positive outcome; the average time to resolve a case was 3.9 working days.

In addition, with the aim of cultivating positive relationships and encouraging open dialogue, in 2024 Hera also organised regular meetings dedicated to the provincial and local representatives of the associations of the local areas served in Emilia-Romagna, which have been held online since 2020. Overall, in 2024, two meetings were held involving a total of 29 representatives of the main associations operating in the local area. During the meetings, topics of interest to the associations were addressed, including the progress of the gradual residential protection service, the progress of the water leak fund, the protection system (progress of ARERA conciliations and expansion to the waste sector) and, finally, the progress of the channel dedicated to consumer associations and the discussion of the restyling of the web portal scheduled for 2025. Throughout the year, the dialogue with associations was as open and active, also thanks to the organisation of four other meetings (some of which saw the participation of national and regional representatives of the main associations), always held online, in particular in response to requests for information and clarifications that were received on topics related to district heating and communication channels.

The Central Communication and External Relations Department is responsible for managing the engagement of consumer associations.

The Rifiutologo is a tool for communicating with residents and customers, which offers information and services in the municipalities where Hera manages environmental services and is available online free of charge both on the Hera website and as a mobile app on smartphones and tablets.

In 2024, over six million log-ins and more than 500 thousand active users were recorded. One of the main features is the waste search feature, which allows users to check where to put their waste, check waste collection calendars, set notifications to remind them when to take out the waste, check information on the nearest ecological station and information on points of interest such as, for example, specific sorted waste collections, mobile collection points, material distribution points. It is also possible to download illustrative materials. The environmental reporting function allows people to report problems such as abandoned waste or damaged bins via georeferenced photographs; in 2024, there were around 214 thousand such reports. The barcode scanning function allows people to identify packaging materials and how to dispose of them using the barcode of the products; throughout the year, around 250 thousand requests were made by scanning a barcode. To date, approximately 1 million 800 thousand barcodes on products sold in Italy have been recorded.

The app also allows people to book free home collection of bulky waste (and, in municipalities where the service is available, garden waste can also be collected); in 2024, more than 55 thousand collection bookings were requested via the app. "Rifiutologo" is also available with Alexa skill, a voice assistant that can be used to ask for information about collection.

The Central Environmental Services and Fleets Department is responsible for this engagement activity.

Another tool for involving the Group's customers is MyHera, the mobile app for managing supply quickly and easily. In this app, it is possible to pay bills and check historical bills, submit readings, monitor consumption, view the map of the nearest ecological stations and Hera branches, as well as supply points. In the application, it is possible to get help with contracts and payments, learn about new commercial offers, arrange a bulky waste collection service, make environmental reports and notify the emergency service in the event of faults in the water network.

In 2024, a new version of the app was completed (which will be released in 2025), with a revised organisation of content and the browsing layout, in order to facilitate access to the various features and to get it ready for an ever-increasing number of integrations with other company tools.

Hera Comm is responsible for this engagement activity.

Consumers and end users also have two channels of communication with the Hera Group:

- the Ethics and Sustainability Committee, which should be contacted about any violations of the Code of Ethics;
- the whistleblowing channel, directed to the Supervisory Body, for suspected violations of the Model for the prevention of corruption or Italian Law 231 fraud or other alleged crimes or offences of another nature, including in relation to gender equality (e.g. Harassment).

For more information about these two channels, see the General Information section.

Customer service is also available to customers and residents served by the Hera Group, through a call centre with a toll-free number, and the technical call centre service, open 24/7 with 15 toll-free numbers to provide an emergency service, in addition to numerous branches located throughout the country.

Policies and objectives

In order to manage significant impacts, risks and opportunities related to consumers and end users, the Hera Group has used the following as references: its purpose (art. 3 of the company's Articles of Association), the Code of Ethics, the shared value creation model and the Quality and Sustainability Policy.

The Code of Ethics sets out Hera's commitments to the customers and residents it serves, guaranteeing fair treatment and adequate levels of quality, continuity and safety of the services provided. The document highlights how the Group is committed to providing clear, complete and truthful information, promoting transparent and ongoing dialogue with customers, with particular attention to the most vulnerable in society. Hera guarantees integrity and correctness in the drafting and performance of contracts and in contractual and commercial relationships, to protect consumer rights and comply with the principles of fair competition, the codes of commercial conduct of the relevant authorities and current regulations, opting for out-of-court resolution of any conflicts between the company and the customer. Hera protects the confidentiality of any personal data it holds.

POLICY

S4-1

The main ethical references of the Code are the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, its eight main Conventions and the UN International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the Charter of Fundamental Rights of the European Union.

Within the Group, the approach to shared value includes the impact area of economic development and social inclusion which includes: actions to help customers in economic hardship, such as instalment payments and the provision of social bonuses; preventing supply from being cut off, thanks to protocols signed with Municipalities; protecting water service customers from high bills thanks to the use of per capita tariffs or the use of the Leak Fund if caused by hidden water leaks. Hera customers are actors of change and contribute to the creation of shared value.

Hera's Quality and Sustainability Policy defines the Group's objectives and guidelines to ensure that the services offered are aligned with consumer expectations. Through a sustainable business model, the Group aims to create shared value with the customers and residents it serves, pursuing growth objectives that promote social equity, resource efficiency and the transition to carbon neutrality. This approach involves the adoption of circular economy principles and the implementation of innovative technologies, not only to support energy efficiency but also the quality, continuity and safety of services. Finally, transparency in processes and active communication with consumers are key elements when it comes to gaining their trust and continuously improving company performance.

Hera Comm's commercial policies are designed to manage the relationship with consumers and end users while always complying with contractual relationships and expected commercial quality standards. Hera Comm guarantees maximum transparency in relationships by implementing rigorous controls on commercial conduct to protect consumer rights. In addition, the company only offers financial renewal conditions upon expiry of the supply contracts, giving advance notice in the forms and timeframes established by the Code of Commercial Conduct, ensuring a fair and sustainable service that respects the needs and expectations of its customers.

In the context of regulated services, the Hera Group carries out its activities in compliance with the standards and Charters that govern the quality levels to be guaranteed, with the aim of increasing the continuity and safety of the services provided to its residents.

Hera Comm is a helpful partner for the ecological transition of its customers and residents, offering them value-added product solutions and services to promote resource efficiency and carbon neutrality.

In line with sustainability strategies, the Group promotes and implements initiatives to reduce environmental impact in the relationship with its customers as well, increasingly aimed at reducing paper consumption and digitalisation.

Conciliation is an alternative, fairer and more accessible dispute resolution tool, which allows residents and customers to actively participate in resolving disputes, 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, integrating the protection of personal data into the design of services right from the start. Governance is supported by a rigorous and constantly updated document system of guidelines, specific policies and responsibilities. In addition, advanced security measures are in place, such as active monitoring of systems and continuous training of staff.

The Board of Directors is responsible for implementing this policy, ensuring that consumer rights are protected and that company practices are in line with regulations and third-party initiatives.

HERA'S COMMITMENT (OBJECTIVES AND RESULTS)

The sustainability objectives relating to consumers and end users are defined annually based on consolidated planning and control processes at Group level aimed at defining the five-year Business plan, the budget and the annual balanced scorecards. These integrated tools include sustainability objectives, accompanied where possible by quantitative targets.

S4-5

Below are the main objectives and commitments relating to consumers and end users (What we will do) accompanied by a description of the progress achieved in relation to the objectives published in the 2023 Non-Financial Statement (We said we would do, We did).

These objectives are aimed at managing consumers and end-users and addressing relevant impacts, risks and opportunities. These are provided below, broken down into the creation of shared value as explained in the Policy relating to consumers and end-users (economic development and social inclusion) and into other areas (quality of service, safety and continuity of service, customer relations).

WE SAID WHAT WE WOULD DO

WHAT WE DID

WHAT WE WILL DO

ECONOMIC GROWTH AND SOCIAL INCLUSION

Continue to provide instalment payment for bills and other voluntary facilities to support customers facing financial hardship. Propose to other municipalities to sign a protocol to prevent the suspension of supply (138 municipalities in 2023).

272 thousand instalment plans were granted in 2024, worth 179.1 million euro.
143 municipalities with active memoranda of understanding (138 in 2023).

Continue to provide instalment payment for bills and other voluntary facilities to support customers facing financial hardship. Renew expiring protocols (5 in 2025) and approach other municipalities to encourage them to sign a protocol to prevent supplies from being cut off (143 municipalities in 2024).

SERVICE QUALITY

91% second-generation smart electricity meters (about 449 thousand meters), 60% of which are made of recycled plastic.	At the end of 2024, 74.0% of electricity meters are second-generation (41.8% in 2023), 50.2% of which are made of recycled plastic.	92% second-generation smart electricity meters (around 464 thousand meters).
95% electronic gas meters installed and read remotely at the end of 2027.	89.0% of electronic gas meters read remotely (88.4% in 2023).	97% electronic gas meters installed and read remotely (around 1.8 million meters) and 31% advanced NexMeter gas meters installed at the end of 2028 (around 523 thousand meters).
310 thousand gas NexMeters installed by the end of 2027 (18% of total meters).	At the end of 2024, 290 thousand NexMeter gas meters had been installed (17.1% of the total) (there were 250 thousand in 2023).	
Roughly 310 thousand smart water meters installed by 2027.	Around 89 thousand smart water meters are installed (5.6% of the total, with 7 thousand at the end of 2023).	40% smart water meters installed by 2028 (around 642 thousand).

SAFETY AND CONTINUITY OF SERVICE

Quick response in gas services: maintain until 2027 a level significantly higher than ARERA's requirements in the percentage of calls with arrival within 60 minutes.	96.2% of calls attended in person within 60 minutes (mandatory service target of 90%) (compared with 96.5% in 2023).	Gas emergency response: maintain the percentage of calls arriving within 60 minutes at a level significantly higher than ARERA's requirements in 2025.
Continue the process of increasing the Group's cyber security level by increasing the coverage of the Security operation centre monitoring service, introducing advanced technological instruments and evolving company processes and policies.	The goal of increasing the Group's cyber security continued also in 2024. In particular, the following were introduced: - a project to extend security monitoring agents for corporate servers to cover over 80% of corporate servers. - a platform for monitoring the security of Cloud environments. - a procedure to block Shadow-IT systems. In addition, the monthly Ethical phishing activities continued, extended to the whole company	Continue improving the Group's cyber security increasing vulnerability assessment and penetration test activities and increasing the monitoring capacity of the Security operation centre in the industrial plant sector. Increase exercises related to cyber incident simulations (four new exercises planned for 2025).

CUSTOMER RELATIONS

10 minutes, average waiting time at help desks and 80 seconds, average waiting time at call centres in 2024.	The average waiting time at helpdesks was 9 minutes the average waiting time at the call centre was 38 seconds in 2024 (compared with 12 minutes and 59 seconds respectively in 2023).	The average waiting time at helpdesks was 12 minutes with 95% successful calls in 2025.

Actions and resources

The main actions that have been carried out, are under way or planned by Hera for the achievement of the Group's objectives and the management of the IROs in the following areas are reported below: economic development and social inclusion, quality of service, safety and continuity of service, and customer relations.

S4-3
S4-4**MAIN ACTIONS****BRIEF DESCRIPTION****ECONOMIC GROWTH AND SOCIAL INCLUSION**

Payment of bills instalments	Bill instalment plans for customers in financial difficulty.
Preventing supply from being cut off	Agreements for the most vulnerable social groups, which ensure the continuity of services for household customers assisted by social services, preventing supply from being cut off thanks to Memoranda of Understanding with Municipalities.
Social bonuses	Provision of social bonuses for economic relief in order to support household customers in financial hardship.
Per capita tariff for the water service	Adoption of per capita tariffs according to ARERA resolution 665/2017.
The Water Service Leak Fund	Protection of water service customers from high bills caused by hidden water leaks downstream from the meter.

PAYMENT OF
BILLS
INSTALMENTS

The Hera Group supports residential customers in financial hardship by offering the option of paying bills in instalments. Instalment plans are also possible for self-employed customers, condominiums and companies, subject to solvency checks

Number and value of instalment payments

	2024	2023
Instalment plans (no.)	272,236	735,586
of which mass market (no.)	266,677	714,693
of which business (no.)	5,559	20,893
Instalment payments (thousand euro)	179,142	339,603
of which mass market (thousand euro)	120,138	190,978
of which business (thousand euro)	59,004	148,625

The figures do not include the AresGas company, who has 29 thousand customers, representing 1% of the Group's gas customers.

**PREVENTING
SUPPLY FROM
BEING CUT OFF**

In 2024, 272,236 instalment plans were granted, less than half compared with 2023 due to the end of the assistance programme to support the populations affected by floods, with a total value of 179.1 million euro (-47% compared with 2023). 3.6% of customers asked to pay at least one bill in instalments, a sharp decline compared with 16.8% in 2023. Among residential customers, the percentage is 3.7%, while for business customers it is 1.3%.

Also in 2024, the Hera Group brought attention to the most vulnerable social groups, continuing to apply the memoranda of understanding with municipalities to prevent services from being cut off among customers assisted by social services or similar entities. Thanks to this collaboration, it is possible to prevent services being cut off (or to restore them in the event they were cut off), by optimally managing financial contributions.

The memoranda of understanding between the Hera Group and the entities that provide personal services are formal agreements that consolidate the facilitated procedures for customers assisted by social services, guaranteeing the continuity of services for specific household customers. Before cutting off services, Hera gives the body advance notice, offering a moratorium that allows social services or customers themselves to manage the debt situation in time to prevent supply from being cut off. [S4-4](#)

As of 2024, 143 memoranda of understanding have been signed with 143 municipalities. Throughout the year, new protocols were signed in the Ferrara and Bologna areas, and expiring protocols were renewed, thus consolidating and expanding the current scope of application of the protocols themselves. Approximately 22 thousand requests reported by social workers were managed, up 63% compared with 2023. The lower economic impact of the amounts envisaged for energy bonuses and the significant variations within the group of customers with the ISEE characteristics making them eligible for these bonuses led to more demand for targeted economic interventions by the Authorities. 75% of supply cut-offs were prevented.

The Group offers support to Hera Spa and Hera Comm customers experiencing financial or physical hardship through the SOSstegno Hera guide, available on the Group's website and regularly updated with all the information on social bonuses for energy, gas, water, and district heating. It is an easy-to-follow reference tool, which also provides information on how to obtain payment in instalments of bills and what to do if you are late in making payments. Advice is also provided on good practices to reduce consumption. In addition, the Energy Tutor project is worth mentioning and will continue throughout 2024 in the Modena area, which provides for the training of representatives belonging to associations in contact with the most vulnerable individuals on energy consumption and analysis of energy needs.

In accordance with the legislation, it should finally be noted that, with regard to water supply, Hera does not cut off "non-disconnectable" end customers belonging to one of the following categories:

- direct customers benefiting from the social water bonus in accordance with the provisions of ARERA;
- "non-disconnectable" public customers from one of the following: hospitals, nursing homes and assistance facilities, emergency operational facilities relating to military and surveillance structures, prisons, educational institutions of all levels, any other public users that perform a service necessary to guarantee the health and physical safety of people, or such where a possible cut-off of supply could disrupt public order and state security.

**SOCIAL
BONUSES**

The social bonus is a benefit that reduces the cost of electricity and gas bills for residential customers in financial hardship. With resolution 23/2023/R/com of 31 January 2023, the ISEE threshold value applicable from 1 January 2023 for access to social bonuses for financial hardship was updated to 9,530 euro, in implementation of the provisions of the Ministerial Decree. 29 December 2016. In addition, a new class of relief (class d) was added for ISEE certificates between 9,530 and 15 thousand euro, which was allocated compensation equal to 80% of the amount applied to beneficiaries with an ISEE threshold of 9,530 euro. Subsequently, resolution 194/2023/R/com of 9 May 2023 introduced a new bonus class for large families (with at least four children) (class b-bis), setting the access limit to the ISEE threshold relief at 30 thousand euro in implementation of the provisions of the Legislative Decree 34/23, from 1 April 2023.

The electricity bonus guarantees an annual saving of between 259 and 541 euro for residential users in economic hardship and between 266 and 892 euro for families with a family member who requires electrical medical devices for serious health conditions. These amounts also include the supplementary bonus provided by ARERA for 2023. The gas bonus varies based on the climate zone and, for 2023, there was an annual saving of between 34 and 349 euro.

In 2010, Hera introduced a district heating bonus on a voluntary basis for customers with income requirements similar to those for gas bonuses.

As regards the water service, under ARERA resolution 897/2017, the social water bonus for residential customers in economic hardship was introduced on 1 January 2018. Subsequently, ARERA resolution 3/2020 updated the methods of applying the bonus. The bonus defined by ARERA is also accompanied by the supplementary bonus established by ATERSIR. For several years, Marche Multiservizi has implemented a bonus to offset expenditure on the water service, making 200 thousand euro available to municipalities, which then assigns bonuses based on its own criteria; since 2023, this initiative has also been extended to Tari.

For environmental services, municipalities can offer total or partial exemptions from the unit pricing system for individuals in serious hardship, with specific reductions for single-member families with handicaps or disabilities.

Bonuses paid

	2024	2023
Number of gas and electricity bonuses paid	514,764	393,411
Value of gas and electricity bonuses paid (thousands of euro)	134,490	311,882
Number of district heating bonuses paid	1,180	1,427
Value of district heating bonuses paid (thousands of euro)	161	527
Number of water bonuses paid	134,472	136,479
Value of water bonuses paid (thousands of euro)	16,410	15,471

The data refer to the year in which the bonuses enjoyed by the customer in the previous year were reported to ARERA.

The Hera Group paid out 514,764 bonuses for gas and electricity (+31% compared with the previous year) totalling 134.5 million euro (-57%). This significant decrease despite an increase in applications can be attributed to the reduction in bonus amounts, the lowering of the ISEE threshold for access and the decrease in energy prices in 2023. The percentage of electricity and gas contracts that received at least one bonus rose to 15.9% (13.2% in 2023), with a slight prevalence in gas contracts (16.8%) compared with electricity contracts (14.8%).

With regard to district heating bonuses in 2024, there were around 1,180 applications totalling 161 thousand euro, down 69% compared with 2023.

Finally, in 2024, 134,472 water bonuses were paid out (-1% compared with 2023) totalling 16.4 million euro (+6%).

Under ARERA resolution 665/2017, the per capita tariff for all residential household users was introduced in all municipalities for the water service. In 2024, Hera Spa adopted this tariff based on the actual number of members per family for residential users living in 104 municipalities with a per capita tariff, covering 80% of the residential users served; in the remaining 63 municipalities served, a standard number of three members is used if the actual number of users has not been communicated. All 16 municipalities in the Triveneto area and 46 in the Marche region adopted the per capita tariff.

PER CAPITA
TARIFF IN THE
WATER
SERVICE

Hera Spa set up the "Leakage Fund", a mechanism to protect water service users who, as a result of hidden water leaks on the system they own, find themselves having to pay a bill with even very high amounts. Participation in the fund is voluntary and there is an annual fee of 9 euro (it was 15 euro until July 2023), to partially cover bills with consumption resulting from accidental and unknown leaks along the user's private network, with a refund of the amount invoiced for volumes exceeding 80% of average standard consumption, up to a maximum of 20 thousand euro (it was 10 thousand euro until July 2023).

LEAK FUND TO
PROTECT
WATER
SERVICE
CUSTOMERS

From July 2022, ARERA also introduced tariff protections (resolution 609/2021) to partially cover the costs of water bills in the event of hidden leaks downstream from the meter. Despite this, the Hera Spa Leak Fund, established in 2014, has been maintained to supplement coverage not guaranteed by ARERA. This measure has meant the Fund's regulations could be revised, increasing the coverage limits and reducing the subscription fee applied to customers, coming into effect from 1 July 2023.

Leak fund and beneficiary customers

	2024	2023
Funds disbursed (thousand euro)	12,691	10,256
Beneficiary customers	14,732	13,781
Average reimbursement (euro)	862	744

In 2024, 14,732 users benefited from the fund, with an average reimbursement of 862 euro. Less than 4% of Hera customers are not covered by the fund due to cancellations, which was 138 customers in 2024. Since it was set up, the fund has reimbursed over 134 thousand users for a total of over 167 million euro.

At 31 December 2024, the Hera Spa leak fund has a positive balance of approximately 4 million euro. In 2024, the increase in the number of reimbursements compared with the historical figure led to the Fund having a negative balance of approximately 1.2 million euro.

AcegasApsAmga, on the other hand, has a policy for hidden leaks (in addition to ARERA's protections) that covers customers for an annual cost of 5.20 euro for household users and 8.20 for non-household users. In 2024, 451 claims were settled for a total of 1.3 million euro, 165 in Trieste and 286 in Padua.

Marche Multiservizi applies the provisions of resolution 14/2022 of the Area Authority which deems daily consumption higher than double the average daily consumption of the last two years as unusual. In these cases, the user can tell the company about the presence of a leak that cannot be detected externally in a direct and clear manner and request the correction of bills containing unusual consumption. In 2024, 905 users benefited from this correction.

MAIN ACTIONS

BRIEF DESCRIPTION

SERVICE QUALITY

Guarantee commercial quality

Compliance with quality standards in the services offered

Installation of electronic meters

Installation of electronic meters for gas, electricity and water services

GUARANTEE COMMERCIAL QUALITY

The electricity and gas distribution service quality regulation divides the standards to be met into general and specific. Failure to comply with the standards for any cause attributable to the distributor leads to automatic compensation payments to the end customer (in most cases, through the sales company requesting services from the distributor on behalf of the end customer). For electricity, the basic automatic compensation is variable (from 35 to 140 euro) depending on the supply voltage (low or medium) and the type of end customer (household or non-household), while for gas, the basic automatic compensation is variable (from 35 to 140 euro) depending on the metering group class. Basic automatic compensation may increase based on delays in the provision of service or fulfilment times. The applicable resolutions of the Regulatory Authority in force in 2024 were resolution 569/2019/R/gas for the gas service and resolution 617/2019/R/eel for the electricity service.

For the district heating sector, commercial, technical and service quality is defined by the ARERA regulation (resolutions 526/2021/R/TLR, 344/2023/R/TLR and 346/2023/R/TLR) and Hera's commitment is to implement and monitor compliance with the service indicators and standards defined from time to time. The ARERA regulation defines the economic values of the automatic indemnities provided for the various categories of customers in relation to specific quality standards such as, for example, commercial quality, the time taken to activate, terminate or reactivate or the supply if cut off due to non-payment, or the minimum compliance levels for general standards such as the time for providing quotes or response to written requests for information.

In managing the integrated water service, the operator undertakes to respect the quality standards of the service set by the Service Charter, i.e., the characteristics of the main services provided by the operator and the timing within which they must be performed. This document is drawn up on the basis of a template prepared by the Regulatory Authorities and attached to the signed agreements, whose content is in line with current national regulations. ARERA's resolution 655/2015 has governed the contractual quality of the water service since 1 July 2016, defining minimum service levels that operators must observe for activities related to the requests of users, including emergency services, billing, access to help desks and call centres, and complaints management. The resolution also introduced the payment of an automatic basic indemnity of 30 euro to be paid if the operator fails to comply with the specific quality standards; this amount, with the exception of certain specific services, increases in relation to the delay in performing the service, up to a maximum of 90 euro in cases in which the time is more than three times the standard.

In the urban and similar waste management service, in 2024 the updated Quality Charters were published with the contractual and technical quality obligations as required by national regulations for the local areas of Bologna, Modena, Ferrara and Rimini served by Hera Spa, while nothing has yet been published for the local area of Ravenna-Cesena.

COMPLIANCE WITH QUALITY STANDARDS

%	2024	2023	NO. SERVICES PROVIDED (2024)
Gas sales	97.3%	92.7%	22,632
Gas distribution (end customers and sales companies)	98.9%	99.7%	6,890,937
Electricity sales	97.2%	93.6%	23,225
Electricity distribution (end customers and sales companies)	97.5%	97.0%	47,034
Integrated water service	99.1%	98.9%	189,524
District heating	94.6%	92.9%	607
Total	98.9%	99.6%	7,173,959

This includes the services for which customers must be automatically compensated if the company does not comply with the standard. The sales figures exclude last resort services, where there are no obligations to monitor commercial quality. The figures do not include AresGas, who has 29 thousand customers, representing 1% of the Group's gas customers. The figures relating to service quality available at the date this report was drafted, but are not yet official for the purposes of future reporting to the Authority. Therefore, these figures could potentially differ from those actually be reported to the Authority in 2025 with reference to the calendar year 2024.

In 2024, the Group performed the service requested by customers within the timeframes set by ARERA in 98.9% of cases. With regard to the individual services of the gas supply service, a slight decline in results was seen in the services with the highest number of customers (collection of readings for accessible meters and punctuality range for appointments) while the other services show excellent results, as is the case for the water service. The quality of the electricity supply service improved by 0.5 percentage points.

With regard to sales quality standards (gas, electricity and district heating), despite the increase in cases managed and the customer base, the indicator improved as a result of the constant optimisation of the management processes and the implementation of a more efficient customer relationship management.

In the gas sector, the large-scale replacement of meters was almost finished, with 89.0% of the gas meter fleet being replaced with meters equipped with remote reading by 2024. The NexMeter project continued to progress, with 290 thousand of these meters installed, which is 17.1% of the total. NexMeter is the 4.0 gas meter designed by the Hera Group that offers advanced safety functions: the specific monitoring and alert tools it is equipped with (algorithms, sensors and ultrasound) allow the pressure and flow conditions of the supply system and network to be monitored in real time, immediately reporting any anomalies and irregularities (small latent leaks, large immediate and large-scale leaks) and cutting off the supply, thus immediately securing the system and preventing accidents. Once corrective action has been taken, a test can be conducted to check that the user system works properly and to promptly resume the service. Moreover, it is able to detect earthquakes in real-time and stop the gas supply, taking action to ensure increased safety. It is already set up for biomethane and the so-called blended gases, i.e., methane and hydrogen blends. Over the last few years, technical tests and analyses have been carried out to study the resistance of NexMeter gas made of recycled plastic (NexMeter green) under different environmental stresses (exposure to sun, cold, salt, etc.) analysing the compatibility of these materials with methane gas and assessing the possibility of installing them at the utilities.

In the electricity sector too, the massive replacement of new-generation meters was in full swing and 74.0% of those managed have already been replaced with the new 2G systems (41.8% at the end of 2023). In addition, over 247 thousand meters are made of recycled plastic (50.2% of the total). 2G meters provide complete and timely data on customer consumption, allowing the distributor to manage the network more efficiently, reliably and economically, with a series of benefits that ripple throughout the entire energy supply chain. For example, on the seller side, the availability of granular and timely data means proposals and services that are increasingly in line with customer requirements can be offered and meter acquisition costs can be reduced; on the user side, there is an improved awareness of consumption, resulting in energy and economic savings.

In the water sector, the project for remote reading of meters for the most "water-demanding" users continued in 2024, which now have a dashboard dedicated to monitoring consumption where they can receive important alerts, including a suspected breakdown of the internal system, useful for intervening promptly and reducing waste. In 2024, a total of 89,124 electronic water meters were planned (6,700 at the end of 2023), representing 5.6% of the Group's total. At the end of the year, the remote reading volume corresponded to approximately 12% of the water sold.

**INSTALLATION
OF
ELECTRONIC
METERS**
MAIN ACTIONS**BRIEF DESCRIPTION****SAFETY AND CONTINUITY OF SERVICE**

Safety and continuity of gas distribution service	Inspection activities, maintenance of the gas network and emergency response to minimise leaks and ensure continuity and safety of the service.
Safety and continuity of the electricity distribution service	Monitoring of service continuity in relation to the standards defined by the Authority.
Management of the technical call centre	Management of emergency calls for energy and water services.

MAIN ACTIONS

BRIEF DESCRIPTION

Continuity of the water service	Strengthening the search for leaks in the water network, also using innovative technologies. See the actions "Reduction of water leaks" and "Drought risk mitigation activities" in the Water and marine resources section
Cybersecurity	Strengthening of defence and prevention measures against cyber attacks to guarantee continuity and safety of the services provided.

SAFETY AND
CONTINUITY OF
GAS
DISTRIBUTION
SERVICE

The Hera Group manages gas distribution with the aim of ensuring high standards of safety and continuity of service, pre-empting what was discussed by ARERA with resolution 569/2019 for the regulatory period 2020-2025. The main safety indicators of the gas distribution service include:

- emergency services arrival time at the call location;
- annual percentage of the high and medium-pressure network subject to inspection;
- annual percentage of the low-pressure network subject to inspection;
- annual number of leaks located per kilometre of network inspected;
- annual number of leaks located based on reports by third parties per kilometre of network inspected;
- conventional annual number of gas odour measurements per thousand end customers.

Specific dashboards have been implemented to monitor these indicators, allowing for the prompt identification of any critical issues and the adoption of corrective measures.

The Consolidated Law on the provisions of the regulation of the quality and tariffs of gas distribution and measurement services for the 2020-2025 regulatory period (ARERA resolution 569/2019) states that the distribution company must comply with the minimum annual service requirement of 90% of calls being attended to in person for emergency intervention within a maximum of 60 minutes.

GAS EMERGENCY SERVICE

	2024	2023
Average arrival time at the call location (min)	36.8	36.7
Calls with arrival time at the call location within 60 minutes (%) (service requirement 90%)	96.2%	96.5%

The figures do not include AresGas, a company that operates in Bulgaria and distributes 3% of the total gas distributed at Group level. The figures available at the date of this report were drafted and are not yet official for the purposes of future reporting to the Authority. Therefore, these figures could potentially differ from those actually reported to the Authority in 2025 with reference to the calendar year 2024.

The monitoring of the gas emergency response times confirmed full compliance with the regulatory requirements, with 96.2% of all calls being attended to in person within 60 minutes. With regard to network inspection and leak detection activities, in 2024 the inspected network significantly exceeded the minimum standards established by ARERA, with 61.8% of the high and medium pressure network and 70.6% of the low pressure network having been inspected. Note that Hera arranges the annual inspection of 100% of the high pressure network and in areas subject to hydrogeological instability in addition to ARERA's obligation to annually inspect the entire network for materials that do not comply with the provisions of the Authority.

ARERA resolution 569/2019 requires operators to replace gas networks made from non-compliant materials by 2025. In 2019, Inrete Distribuzione Energia managed approximately 160 km of non-compliant networks, mainly in asbestos cement and concentrated in Forlì, Ravenna and Codigoro (Fe); the decommissioning of these pipelines will be completed by 2025 in line with the provisions set out by the Authority, except for Forlì, which has an exemption until 2029. In 2024, Inrete decommissioned a further 23 km of network made of non-compliant material, with the related connections being updated or relocated onto the newly constructed pipelines, thereby increasing the dismantled network to more than 90 km by 2024. In addition, in the areas served by AcegasApsAmga, the work of replacing the gas networks made of non-compliant materials continued, which saw the decommissioning of approximately 2.4 km of pipelines in Trieste, 5.7 km in Gorizia and 9.2 km in Udine. In Gorizia and Udine, the objective set by the Authority to replace 75% of the pipelines made of non-compliant material by 2024 was achieved, while for Trieste the objective agreed with ARERA was to replace the non-compliant network by 2032. In the area managed by Marche Multiservizi there are no parts of the network that do not comply with the ARERA's provisions.

In 2024, the gas network inspection activity, including underground and overhead connections, continued. In this context, an artificial intelligence-based system has been active since 2019 to optimise the scheduled leak detection of the network, optimising the effectiveness of daily inspections in terms of leaks found and reducing travel and maintenance times and related environmental impacts. The improved effectiveness of the new scheduled leak detection system is reflected in the ratio between leaks reported by third parties and total leaks detected (reported by third parties or detected following inspections): in 2024, leaks reported by third parties in Emilia-Romagna (326) decreased (378 in 2023 and 427 in 2022) reaching 32.4% of the total leaks detected. In 2024, across the entire distribution network of the Hera Group, there were 25.9 leaks reported by third parties every thousand kilometres,

down from 30.5 in 2023. Leaks identified by inspection also decreased: 77.6 per thousand kilometres in 2024, compared with 92.6 in 2023.

To further reduce risks and increase the effectiveness of the gas distributor's activities, Hera created Siris gas, a system for simulating network behaviour that uses actual measurements or measurements deduced through forecasting models based on artificial intelligence. These simulations are based on input data taken from various existing company systems (mapping, management data, remote control and remote management) and integrated into a single centralised platform, in order to be able to model networks with near-real time data and estimate consumption and flow rates at the most critical points of the network, providing important evaluation information. Processing speed and the use of mobile devices meant Siris intelligence could be brought to the field to support operators who carry out maintenance situations, as well as in design and planning activities.

INSPECTIONS AND LEAKS IN THE GAS NETWORK

	2024	2023
Percentage of the total high and medium-pressure network inspected (service requirement: 100% in three years)	61.80%	53.10%
Percentage of the total low-pressure network inspected (service requirement: 100% in four years)	70.60%	70.50%
Number of leaks on the distribution network located after inspection per 1,000 km of network inspected	77.6	92.6
Number of leaks on the distribution network located after a third-party report per 1,000 km of network	25.9	30.5

The figures do not include AresGas, a company that operates in Bulgaria and distributes 3% of the total gas distributed at Group level. The figures available at the date this report was drafted are reported, but are not yet official for the purposes of future reporting to the Authority. Therefore, these figures could potentially differ from those actually be reported to the Authority in 2025 with reference to the calendar year 2024.

The continuity of the electricity distribution service is governed in accordance with the provisions of the Authority regarding the quality of electricity distribution and metering services for the regulatory period 2024-2027 (resolution 617/2023/R/eel).

The Authority identifies the indicators for measuring interruptions, monitoring systems and reference standards. The indicators relating to interruptions originating on the medium and low voltage network are: total annual duration of long interruptions without warning per low voltage user; total annual number of long and short interruptions without warning per low voltage user.

SAFETY AND CONTINUITY OF GAS DISTRIBUTION SERVICE

CONTINUITY OF THE ELECTRICITY SERVICE

	2024	2023	AVERAGE 2023-2024	2024 TREND
Average number of power cuts per customer in high-concentration areas	1	1	1	0.8
Power cut minutes per customer in high-concentration areas	10.8	10.8	10.8	10.8
Average number of power cuts per customer in medium-concentration areas	1.4	1.9	1.6	1.8
Power cut minutes per customer in medium-concentration areas	18.1	30.8	24.5	18.1
Average number of power cuts per customer in low-concentration areas	4.3	3.7	4	3.7
Power cut minutes per customer in low-concentration areas	34.1	43.1	38.6	34.1

The average figure applies to power cuts of the low voltage service without advance notice and due to causes for which the operator is responsible. The power-cut duration minutes apply to power cuts that last more than three minutes. The figures available at the date of this report was drafted are reported, but are not yet official for the purposes of future reporting to the Authority. Therefore, these figures could potentially differ from those actually be reported to the Authority in 2025 with reference to the calendar year 2024.

The 2024 data confirmed the good level of continuity throughout the electricity distribution service, even though not all the reference indicators are below the target levels set by ARERA.

The System Average Interruption Duration Index (SAIDI), calculated as the sum of all customer interruption durations divided by the total number of customers served by Inrete Distribuzione Energia and AcegasApsAmga, improved to 0.26 hours/user in 2024 (0.32 hours in 2023).

**MANAGEMENT
OF THE
TECHNICAL
CALL CENTRE**

The Hera Group's technical call centre service, located in Forlì, is active 24/7 and offers 15 separate toll-free numbers for different services (gas, water, district heating, etc.) and geographical areas (Emilia-Romagna, Triveneto, Marche), including two numbers dedicated to public bodies, one for the networks area and one for the environmental area. The call centre also manages Hera Comm's electric mobility services and public lighting and traffic lights for Hera Luce. In 2024, 509 thousand calls were received (+0.8% compared with 2023).

The technical call centre carries out remote control activities for the entire Hera Group's systems: remote controls, monitoring, automation and continuous, real-time supervision of the aqueduct, sewerage, gas distribution and district heating networks, which extends across all the managed areas of Emilia-Romagna, three Tuscan municipalities, the Marche and the Triveneto regions.

Receiving and diagnosing the telephone calls made to the toll-free emergency services operated by the Hera Group's technical call centre service is of key importance since the calls can be used as actual findings of disruptions to the service provided.

Technical call centre: percentage of calls answered within 120 seconds

%	2024	2023
Gas emergency response (minimum percentage required by ARERA): (90%)	96.40%	96.70%
Emergency water services (general level: (90%))	92.30%	95.20%

The percentage of calls for emergency services for gas and water was calculated according to criteria defined by ARERA, considering the calls answered and the calls abandoned within 120 seconds, and with all calls received as the denominator. The figures available at the date this report was drafted are reported, but are not yet official for the purposes of future reporting to the Authority. Therefore, these figures could potentially differ from those actually be reported to the Authority in 2025 with reference to the calendar year 2024.

AVERAGE TECHNICAL CALL CENTRE WAIT TIME

SECONDS / NUMBER	2024	2023
Average waiting time for emergency gas service	58	51
Average waiting time for emergency water service	67	56
Number of calls for the emergency gas service	94,685	95,898
Number of calls for the integrated emergency water services	282,120	268,935

The figures available at the date this report was drafted are reported, but are not yet official for the purposes of future reporting to the Authority. Therefore, these figures could potentially differ from those actually be reported to the Authority in 2025 with reference to the calendar year 2024.

In 2024, the technical call centre received over 376,800 calls for gas and water services. The percentage of calls answered within 120 seconds decreased for the water service (from 95.2% to 92.3%) and remained more or less stable for the gas service (from 96.7% to 96.4%), as a result of the slightly increasing average waiting times for both services, especially for the water service where there was a 5% increase in calls as a result intense meteorological phenomena in 2024.

In 2024, the customer satisfaction survey, carried out using an automatic post-call tool at the end of conversations, saw a participation rate of 7.2% and an overall satisfaction rate that falls under "very satisfied" for 83% of respondents.

**MANAGEMENT
OF THE
ELECTRICITY
TECHNICAL
CALL CENTRE**

The 24-hour technical call centre service for electricity can be used by users to report faults or dangerous situations and get information on power outages.

The technical call centre manages reports from Emilia-Romagna and Friuli-Venezia Giulia for the local areas in which electricity distribution is managed by Inrete Distribuzione Energia or AcegasApsAmga. Each local area has a toll-free emergency number and a number dedicated to public bodies.

Average waiting time with the electricity technical call centre

SECONDS / NUMBER	2024
Average waiting time for electricity emergency service	57
Number of calls for electricity emergency service	22,639

In 2024, the electricity technical call centre managed approximately 23 thousand calls, with an average waiting time of 57 seconds.

In 2024, the initiatives related to improving the Group's cyber security continued, with ongoing coordination between the initiatives of individual IT and OT managers and the centralised Group initiatives.

In 2024, in light of the ever-increasing development of cloud and multi-platform environments, a specific solution was introduced for monitoring cyber security in the cloud with alarm integration at the Group's Security Operations Centre, the hub for aggregating and monitoring all internal and external information relating to cyber security. As regards the trend of events monitored by the Security operation centre, in 2024 there was a slight decline in the unusual events analysed compared with 2023, a positive trend due to the continuous improvement of the event correlation rules despite the increase in attacks from outside and the extension of the monitoring perimeter. Still in relation to the cyber security operations, in 2024 the quarterly vulnerability assessment continued, and was extended to any part of the company exposed to the Internet.

In the process area, in 2024, to combat the issue of Shadow-IT (i.e. systems not formally managed by an IT manager), a specific procedure and an online platform were introduced for cataloguing all the systems involved, as well as a related analysis in terms of cyber security.

On the people side, awareness-raising continued via awareness campaigns extended to the whole company and incident simulation exercises for more technical profiles.

CYBERSECURITY

CYBER-ATTACKS

	2024	2023
Cyber-attacks and breaches to information systems	4	4
of which: breaches involving customer data and information	0	1
Customers affected by data breaches	0	247
Fines and penalties paid for the attacks and breaches (euro)	0	0

In 2024, four cyber incidents were recorded, none of which had significant impacts on the company's operations or involved customers' personal data. One of the incidents was related to the malfunctioning of the CrowdStrike solution that impacted many companies around the world. For the Hera Group, the impact was reduced thanks to the limited use of this solution on the Group's systems.

The cybersecurity posture, which refers to an organisation's overall strength and readiness in defending against cyber threats, is monitored using sector indicators and benchmarks. The focus on the Group's IT service providers, during the selection, assignment and control phases, is subject to continuous improvement, especially in light of new mandatory regulations.

MAIN ACTIONS

BRIEF DESCRIPTION

CUSTOMER RELATIONS

Monitoring the quality of the sales network to guarantee commercial conduct	Strengthening of the sales network control systems to guarantee the transparency and quality of commercial conduct. Adoption of additional protection for customers, for example by facilitating the exercise of the right of withdrawal.
Management and improvement of contact channels: Call centre	Ensure the quality of service offered by call centres in terms of waiting times, calls answered and customer satisfaction.
Management and improvement of contact channels: Help desks	Ensure the quality of the service offered by helpdesks in terms of waiting times.
Complaints management	Reduction of response times to complaints and the complaints/contracts ratio.
Conciliation as a dispute resolution method	Positive dispute resolution through conciliation, which prevents having to resort to the 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 system

Hera Comm sales agencies operate on the market as multi-firm companies with exclusive sales rights in the energy markets in the local areas defined by the agency mandate. These partners can operate both via telephone channels (teleselling) and via physical channels with door-to-door sales activities. In some local areas, they manage customer contact points (points or branches) on behalf of Hera Comm.

The selection of potential partners takes place through market scouting (also using specialised research companies) and direct relationships with Hera Area Managers. The criteria for choosing agencies mainly relate to the years of presence on the market, loyalty to the partner and the sector in which they operate.

The process of onboarding agencies involves training all the personnel involved before the contractual relationship starts. This training covers energy markets, the offer portfolio and the regulations that govern the market, such as the Code of Commercial Conduct and privacy regulations. In this context, Hera Comm has signed a partnership with an

MONITORING
THE QUALITY
OF THE SALES
NETWORK TO
GUARANTEE
COMMERCIAL
CONDUCT

association in the utility management sector by virtue of which agents will be gradually trained to get the utility manager certification, according to the UNI 11782 standard. Sellers will therefore not only be bound by the internal quality standards and the Group's Code of Ethics, but also registered in a special public register and certified by an independent body. Certification will also guarantee the Group's customers that the sales network they turn to for support not only has in-depth knowledge of the services offered, but also operates according to strict principles of ethics and transparency.

Obtaining the customer's consent clearly, responsibly, and unequivocally is of fundamental importance for Hera. To do so, it implemented specific quality controls in line with Consumer Code requirements in order to effectively monitor the quality of the sales channel and, if necessary, take action against the agent or agency as provided for in the signed sales mandate.

To this end, in 2024, the process of renewing sales mandates was completed (to provide a regulatory framework for control actions), the campaign for all agencies to sign the new mandate was completed, and the main monitoring and control activities of the indirect sales network and the consequent necessary updating of the company systems were initiated. The revision of the contractual mandate has meant that the specific operating instructions for each sales channel be broken down, making the sanctioning system more effective and up-to-date, taking into particular consideration the issue relating to privacy and the customer's consent to signing contracts. The mandate also included the power for Hera Comm to carry out audits on sales agencies, and during 2024, inspections were carried out at the offices of a sample of agencies selected based on risk parameters.

Monitoring and control processes gather information not only from the direct inspection of agencies and agents, but also from other activities such as detection activities, involving handling information that comes directly from calls that Hera Comm makes to customers who have signed a contract, and business intelligence activities, which work by analysing data already found in the company's systems, appropriately aggregated and "historicised".

Throughout 2024, customers who have signed a contract with Hera Comm were called to check the identity of the customer and ascertain their willingness to enter into a contract, checking their awareness of the economic conditions and services subscribed to, therefore checking that the sale was carried out in full compliance with the operating instructions issued for the sales channel. These calls focus specifically on contracts closed by agents already being monitored for poor sales quality and, if there is no response from the customer, the contract is not activated. In this context, the additional protections that the Hera Group implements for customers were consolidated, in addition to those already provided for by ARERA, such as a facilitated process for reconsideration via email, simple letter or fax (not only by registered mail).

In 2024, the agent quality monitoring system increased the quality thresholds set in 2023 and extended monitoring to all new contracted agents. Throughout 2024, the number of agents monitored was the same as by the end of 2023 despite the increase in quality thresholds and the increase in reasons for monitoring, demonstrating the fact that, over time, quality controls lead to the selection of sellers with increasingly excellent behaviour.

The output of the checks was formalised in a specific document and managed to monitor the actions to correct any non-conformities detected and impose any sanctions set out in the mandate.

When control activities reveal evidence of behaviours that do not conform to expectations, sanctions are applied to both the agents and the agencies for which they work. These sanctions are regulated by the sales mandate and involve the application of penalties that, in relation to the seriousness of the non-conformity detected, translate into varying levels of economic sanctions but which, in the worst-case scenario, can also lead to the immediate termination of the contractual relationship.

Finally, it should be noted that Hera Comm does not send or apply unilateral changes to financial conditions to customers (residential, micro-enterprises). In fact, Hera Comm only proposed renewal conditions to its customers upon the expiration of supply contracts, notifying them in advance in the methods and timeframes established by the Code of Business Conduct.

MANAGEMENT AND IMPROVEMENT OF CONTACT CHANNELS: CALL CENTRE

The Hera Group call centres are managed by internal employees and personnel from specialised companies with operational and legal offices in Italy. Commercial promotion activities are assigned to Italian agencies with operational units in Italy and personnel directly working for these agencies, governed by regular agency mandates with the commercial companies of Hera Comm.

In 2024, contacts to call centres decreased compared with 2023, despite several incidents that occurred during the year: the end of the protected gas market and the resulting entry of customers into the free market, flood events, the merger of Hera Comm Marche into Hera Comm, the forecast of the transition from Tari to a unit price payment system for several municipalities served.

QUALITY OF THE CALL CENTRE FOR RESIDENTIAL CUSTOMERS

	2024	2023
Average waiting time at the call centre for residential customers (s)	38	59
Calls with satisfactory outcomes for residential customers (%)	95.80%	94.00%
Number of residential customer contacts at the call centre (thousands)	7,952	10,007

The average waiting time, based on a telephone call by a customer wishing to speak to an operator, is the time between the moment a request is made to talk with an operator and the beginning of the conversation. It does not take into account the initial information provided by the automatic answering system. The figures do not include AresGas, who has 29 thousand customers, representing 1% of the Group's gas customers.

In particular, calls to residential call centres in 2024 decreased by 21% (-2.1 million), leading to improvements in average waiting times, which dropped to 38 seconds and in calls answered within 120 seconds, which rose to 95.8%. This improvement was possible as a result of the proactive management of incidents and discontinuities in 2024, also thanks to the adoption of the new customer relationship management platform at Hera Comm and Estenergy, the introduction of a chatbot and the revision of the website in AcegasApsAmga to give customers more independence and the extension of call centre hours at Marche Multiservizi.

Thanks to the constant training of operators and continuous monitoring of the quality of supplier service, an increase in satisfaction was achieved, reaching 79/100.

The Hera Group has 248 branches throughout Italy, 70 of which are equipped with queue detection systems, an increase compared with the 192 in 2023 as a result of the Group's expansion in central and southern Italy and in areas where Hera Comm now manages the gradual protection service in the electricity area.

2024 was a year packed with important events and innovations in the world of the energy and regulated services market that highlighted, once again, how the Hera Group's strategic choice to strengthen physical contact channels is key for customers and residents seeking support to correctly manage their utilities. In fact, the following have taken place: the end of the protected market for both gas and electricity and the resulting changes regarding the management of vulnerable customers and the gradual household protection service in the electricity segment (where Hera Comm was one of the operators that acquired the most customers in the country); the adoption of an advanced customer relationship management platform for the management of sales and post-sales customers; the management of environmental contacts following new environmental tenders and for the transition of new municipalities to the Pay-as-you-throw Tariff; the recurrence of some flood events with significant impacts on the local area. Meanwhile, help desk layout changes continued.

Residents went to help desks not only for contracts and tariffs, but also for advice on the efficient use of energy.

MANAGEMENT
AND
IMPROVEMENT
OF CONTACT
CHANNELS:
HELP DESKS

S4-3

AVERAGE WAITING TIMES AT HELP DESKS

MIN	2024	2023
AVERAGE WAITING TIMES AT HELP DESKS	8.6	12.3
Number of contacts (thousands)	1134	1114

The data applies to help desks equipped with a queue detection system. The figures do not include the companies Etra Energia (for which approximately 5.1 thousand contacts were recorded, 0.4% of the total) and AresGas, who has 29 thousand customers, representing 1% of the Group's gas customers.

In 2024, the Hera Group help desks recorded a 2% increase in customers seen, despite which, average waiting times decreased from 12 minutes to approximately 9 minutes.

In 2024, the Hera Group handled 67,757 complaints, up 14% compared with 2023. The number of complaints increased for all services: +13% in energy services (+19% for gas, +8% for electricity and +18% for district heating) in parallel with the significant increase in the customer base, +38% in the environment due to the expansion of the number of municipalities served through the Pay-as-you-throw Tariff, and +4% in water following the floods that hit the area.

COMPLAINTS
MANAGEMENT

COMPLAINTS ANSWERED

	2024	2023
Average complaint response time (days)	10.1	20.8
Complaints that were dealt with within the standard timeframe (%)	97.4%	90.5%
including complaints relating to the sale of gas and electricity	97.3%	89.5%
Complaints answered (number)	58,851	48,569

The complaint response time is specified in calendar days, with a reference standard of 40 days. The figures relate to Hera Comm and Estenergy. The figures exclude last resort services, where there are no obligations to monitor commercial quality.

Hera Comm and Estenergy managed 58,851 cases, up 21% compared with 2023. Despite this, the average response time decreased to 10 days compared with approximately 21 days in 2023, as a result of the ongoing commitment to optimising management processes and the benefits resulting from the implementation of more efficient customer relationship management. The ratio between complaints and contracts remained the same.

At AcegasApsAmga, average response times increased slightly, from 10.5 calendar days to 12, while 100% of complaints were still dealt with within the standard timeframe.

At Marche Multiservizi, average response times stayed almost the same at two calendar days, while 100% of complaints were also still dealt with within the standard timeframe.

**CONCILIATION
AS A DISPUTE
RESOLUTION
METHOD**

ADR conciliation is an increasingly popular method for resolving disputes without resorting to the courts. It is a less burdensome tool for the customer, who can take part in resolving the dispute either through direct participation or via a representative. Most meetings take place online, improving accessibility. The success of the process is reflected in a high percentage of positive resolutions and increasing customer satisfaction.

Since January 2017, it has been obligatory to attempt conciliation in gas and electricity services, and since July 2023, this has also applied to water services. The attempt at arbitration is a prerequisite for any subsequent court action. The arbitration bodies must meet the requisites set out in the Code of Commerce and be registered in the Register kept by ARERA.

In 2024, 1,555 ADR conciliation requests were received, with 88.6% of requests relating to energy services. Of the 1,381 closed requests, 1,067 led to an agreement, with a success rate in the free market of 82.3% (74.8% in the previous year).

The average time to close a case was 60 days.

In addition to ADR, there is joint conciliation, but it is not used as much, since it is complex and involves a lot of bureaucracy.

At the end of 2024, 840 disputes with customers were pending, 409 of which were opened during the year. The majority of these disputes are linked to the application of the tariff scheme for the services provided or to the charging of fees. In more detail, 762 disputes concerned energy services, mainly relating to disputes related to the customer protection scheme, objections to injunctions for the recovery of credit, disputes on invoicing and requests for the reactivation of supplies cut off due to non-payment. In addition, some customers initiated disputes for the refund of provincial surcharges on excise duties paid in 2010 and 2011. As regards the water service, there are 30 disputes, mainly objections to injunctions, while there are 37 disputes for the environmental service.

**INFORMATION
SECURITY AND
PRIVACY
PROTECTION**

The management of information security in the Hera Group is integrated right from the design phases, adopting the principle of security by design to effectively protect company data, especially personal data, and achieve privacy by design. The governance of this area is embodied in a "multi-risk" approach to data and information processing aimed at increasing the resistance, with a certain level of reliability, of information and network systems to events that could compromise availability, authenticity, integrity or confidentiality. To this end, a business impact analysis is kept up to date on all of the Group's information systems, supported by a continuously updated document system, including the Information security policy guidelines, the Personal data protection policy, and a series of information security policies that establish the guiding principles for all activities relating to information security, including the assignment of responsibilities to clearly defined organisational roles.

S4-3

The company's senior management takes part in defining acceptable risk through the Risk Committee, which annually assesses information security and proposes mitigation initiatives, which are constantly monitored, based on the methodology of the national cybersecurity framework, in line with applicable regulations.

In 2024, a priority project was launched to adapt the Group companies to the NIS2 Directive, which strengthened cybersecurity obligations and expanded the number of sectors and parties involved, also involving the supply chain.

Again with a view to improving the protection of data availability, the Group launched a modular ISO 22301 certification project, the international standard developed to guide organisations in identifying potential threats to their business processes and in building effective backup systems and processes to safeguard their interests and those of

stakeholders. In this context, particular and specific focus was given to the continuity of the IT systems of critical processes.

Particular attention is also paid to the impacts of the adoption of artificial intelligence solutions within the Group, also in light of European Regulation 2024/1689 and which led to the adoption of a specific Group policy in the use of artificial intelligence.

During 2024, the Data Protection Authority carried out an inspection at Hera Spa to verify the lawfulness of the processing of personal data of potential customers in the context of activities to verify their creditworthiness. We are awaiting the assessments by the Authority.

In 2023, an inspection visit by the Data Protection Authority was carried out at Hera Comm, which resulted in a fine of 5 million euro (reduced to 2.5 million euro since it was paid within 30 days) and with proceedings regarding remote selling and remote marketing that the Authority ultimately closed and dismissed. In addition, the request for information by the Data Protection Authority to Hera Spa in 2023 regarding the processing of data for the management of urban waste resulted in a communication.

Complaints for breaching customer privacy

NUMBER	2024	2023
Complaints received from free market customers	143	107

The data refers to the sales companies Hera Comm, Estenergy, Etra Energia and Hera Comm Marche

In 2024 there was an increase in complaints relating to privacy and the processing of personal data made by free market customers, attributable to the increase in the customer base and the increased sensitivity of customers towards these issues.

The secondary use of customers' personal information is also monitored within the Group companies. By 2024, the percentage of customers who granted privacy consent for marketing and commercial purposes was 51.5%. The figures refer only to household customers with at least one active contract for the free market energy services of Hera Comm and EstEnergy (customers with gradual protection and last resort are excluded).

It should also be noted that in 2024 there were no serious incidents relating to human rights involving the Group's customers.

S4-3

1.07.04 - Governance information

Business conduct

Description of relevant impacts, risks and opportunities

The double materiality analysis identified business conduct as one of the most relevant topics, broken down into the following sub-topics: business culture, political engagement and lobbying, and management of relationships with suppliers, including payment practices.

Impacts, risks and opportunities associated with the conduct of business

RELEVANT SUB-THEME	IMPACTS, RISKS AND OPPORTUNITIES
Corporate culture	Promotion and dissemination of ethical behaviour <i>Current positive short-term impact related to own activities</i>
Political engagement and lobbying activities	Advocacy towards institutions on issues oriented towards sustainable development <i>Current positive short-term impact related to own activities</i>
Management of relationships with suppliers, including payment practices	Growth and development for suppliers through capacity building programmes <i>Positive current short-term impact related to suppliers' activities and business partners</i> Sub-suppliers/sub-contractors not compliant with the Group's ESG principles, due to limited supply chain control capacity <i>Potential negative short-term impact related to suppliers' activities</i> Improved transparency and sustainability in the supply chain <i>Current short-term positive impact related to supplier activities</i> Reputational risks due to the unintentional selection of sub-suppliers/sub-contractors not aligned with the Group's ESG principles (negative perception) <i>Short-term risk related to own and sub-supplier activities</i>

ESRS 2 IRO 1
ESRS 2 SBM-3

The positive impacts relating to Hera governance refer to activities to promote and disseminate behaviour in line with the Group's Code of Ethics, aimed at consolidating a purpose-driven corporate culture, through the empowerment and involvement of Hera's stakeholders. With reference to the context outside the organisation, Hera conducts advocacy activities towards institutions on issues oriented towards sustainable development, generating positive regulatory effects.

In addition, the Group also promotes awareness-raising activities on sustainability issues towards its suppliers. The Group, in particular, through its supplier qualification, selection and assessment activities, including the implementation of a qualification rating based on ESG criteria and the conduct of corporate responsibility monitoring audits, improves the sustainability profile of its supply chain year after year. In this sense, Hera plans capacity-building initiatives dedicated to suppliers and business partners aimed at improving supplier skills, facilitating access to economic growth opportunities and increasing the solidity and competitiveness of supplier companies, as well as encouraging the adoption of sustainable and responsible practices, in effect creating an integrated and collaborative value chain.

With reference to the management of relations with suppliers, a potential negative impact is also identified, linked to the presence of sub-suppliers or sub-contractors who, weakened by the current unfavourable economic context, might not be compliant with the Group's ESG principles, generating a reputational risk deriving from the perception of external stakeholders as to how sub-suppliers and sub-contractors are managed and monitored, with specific reference to the Group's ESG principles.

With reference to corruption and bribery, it must be noted that, although the impact in question was not significant according to the defined evaluation metrics, in line with previous reporting and with the expectations and information needs of stakeholders on the subject in terms of potential cases of corruption, it was decided to include it in the disclosure for reasons of completeness and comparability with previous years.

Methodological references for the identification and assessment of relevant sustainability issues are given in the General information paragraph.

In relation to the relevant risks identified through the Erm analysis, no relevant current financial effects appeared.

Policies and goals

POLICIES

Founding elements of the Group's corporate culture are the purpose, mission, values and operating principles contained in the Code of Ethics, to which is added the Quality and Sustainability Policy.

Through its policies on business conduct, the Hera Group intends to promote and disseminate positive behaviour to increase cohesion and consistency, improve the organisation's efficiency and generate a good reputation

G1-1

The Code of Ethics directs corporate management and individual behaviour towards compliance with Hera's ethical values and operating principles. The Code of Ethics is the document that expresses the corporate culture and contains the commitments and ethical responsibilities to which all the people who, in various capacities and with different responsibilities, achieve the company's goals are called upon to adhere. The Code of Ethics has been checked and updated every three years since 2007 through a participatory process involving all employees and trade union organisations, and the latest edition was approved by the Board of Directors in February 2023. The Code is also approved by the boards of directors of all the companies that fall within the perimeter of the consolidated financial statements, with the exception of Marche Multiservizi, which has its own Code of Ethics, and TRS Ecology Srl and Wolmann, for which approval is scheduled to take place at their respective boards of directors in 2025.

The main ethical references of the Code are the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, its eight main Conventions and the UN International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, the Charter of Fundamental Rights of the European Union.

All powers concerning the promotion of the dissemination and implementation of the Code are reserved to the Board of Directors, which appoints the Ethics and Sustainability Committee, which periodically reports on its activities to the Board of Directors. Further details on the Ethics and Sustainability Committee can be found in the General Information chapter.

The Code of Ethics is delivered to all new employees through the company welcome kit and is disclosed both internally and externally. It is available on the company website and is signed by suppliers at the qualification stage, becoming 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 'Training in business conduct'.

The Board of Directors of Hera Spa and the boards of the main Group subsidiaries have adopted the Organisation, management and control model (231 Organisation Model) aiming to ensure conditions of correctness and transparency in conducting business and company activities. The Model is aimed at preventing all 231-related offences, including bribery and corruption; conflict of interest cases are regulated and measures to protect the confidentiality of information are foreseen. The model includes the principles of conduct formalised in the Code of Ethics. There are a number of specific and widespread internal training activities on both anti-corruption (ISO 37001) and the 231 model. Specific banners and publications are also active on the corporate Intranet, in addition to the dedicated section also accessible from the Group website.

Since 2010, the Hera Group has applied a precise leadership model on a daily basis in its corporate and people management processes, a compass to guide the behaviour of all colleagues, which describes the skills needed to bring the Company's mission and values to life and achieve its strategic goals. This model is not static but in continuous development with a particular focus on certain distinctive elements: widespread participation, evolution of competencies, purpose and daily application in the company's operational processes.

The new leadership model, presented in 2024, has Purpose-driven leadership at its core, and is composed of two strands, one temporal today-tomorrow, and one relating to people-me; four goal areas are then defined, each containing two competencies.

The assessment of the behaviour envisaged in the leadership model constitutes one of the three components on which the Hera Group's incentive system is based: the balanced scorecard. The entire company population is involved both in the periodic updating of the model and in the annual training and strengthening of managerial skills linked to the model, also through the use of multimedia and interactive content available on the Group's e-learning platform.

Prevention and detection of active and passive corruption

Corruption and fraud pose a significant risk to business activities as they can significantly compromise the company's reputation and image and cause considerable financial damage. Hera promotes the fight against corruption by taking a "zero tolerance" stance towards corruption and fraud in any form, as is repeated in both the Code of Ethics and in the Anti-bribery and corruption model. In addition, three Group companies have an ISO 37001-certified management system for the prevention of corruption, including Hera Spa.

Hera's commitment applies to both employees and third parties (e.g. consultants, suppliers and business partners) through appropriate preventive measures, a disciplinary system and specific ethical clauses that all employees and third parties must accept and adopt.

Hera has adopted a structured compliance system consisting of tools and policies designed to prevent and combat active and passive corruption, in addition to the matters envisaged in the Group's Code of Ethics and the 231 Organisational Model.

Hera's anti-corruption system comprises the following:

- Code of Ethics;
- Quality and Sustainability Policy;
- Anti-bribery and corruption model that supplements the existing 231 Organisation Model, which already covered the types of corruption included in Legislative Decree no. 231/ 2001;
- Guidelines for the prevention and management of fraud;
- periodic audits and training activities with a view to corruption and fraud prevention;
- a "whistleblowing" system for handling reports relating to offences concerning both corruption and those potentially significant for 231-related purposes.

The Board of Directors of Hera Spa and the boards of the main Group subsidiaries have adopted the Organisation, management and control model (231 Organisation Model) aiming to ensure conditions of correctness and transparency in conducting business and company activities. The model includes the principles of conduct formalised in the Code of Ethics. In December 2021, the Hera Group approved the revision of the Organisation, Management and Control Model for the purposes of Legislative Decree 231/2001, which renewed the Hera Group's commitment to combating corruption and any offence relevant for 231 purposes and to preventing situations where there is a risk of offences being committed, spreading a culture of ethics and legality.

The companies that have adopted a 231 Model are: Hera Spa, Acantho Spa, AcegasApsAmga Spa, ACR Spa, Aliplast Spa, Aliplast France Recyclage Sas, Aliplast Iberia Slu, ASA Scpa, Biorg Srl, Estenergy Spa, Etra Energia Srl, F.lli Franchini Srl, Feronia Srl, Frullo Energia Ambiente Srl, Hera Comm Spa, Hera Luce Srl, Herambiente Servizi Industriali Srl, Herambiente Spa, Hera Servizi Energia Spa, Heratech Srl, Hera Trading Srl, HestAmbiente Srl, Inrete Distribuzione Energia Spa, Marche Multiservizi Spa, Recycla Spa, Uniflotte Srl, Vallortigara Servizi Ambientali Spa. As a whole, these companies encompass 96.6% of Group employees. Marche Multiservizi Spa and ACR Sp set up its own 231 Model.

All Hera Group companies that adopt the Group's 231 Organisation Model implemented the fraud and corruption prevention model, which supplements the already existing model for the prevention of 231-related offences. In July 2023 the Model was updated in order to strengthen fraud prevention activity. This document defines the concept of corruption, both active and passive, and disciplines the measures to prevent corruption and unpermitted conduct in the various dealings subject to risk of offence: with public officials, customers, suppliers and all other business partners. Moreover, the Supervisory Body has the role of a Compliance Unit for the prevention of corruption and fraud, examining the results of the audits conducted to this end by the Internal Auditing Department and monitoring corruption risk and preventive and risk mitigation actions.

Group companies, with the support of the Supervisory Board and the Group Internal Auditing Department, following a mapping of company activities sensitive to the risks of offences included in Legislative Decree 231/2001, have established 29 protocols to be followed in carrying out company processes that are sensitive as they are exposed to the potential risk of 231 offences being committed, some of which have been specifically declined to respond to the specificities of the company. In addition, companies periodically provide 41 information flows informing the Supervisory Board of processes at risk of 231 offence, including fraud and corruption. The protocols are widely distributed to all workers through their publication and periodic updating on the corporate Intranet. Their application is analysed and monitored during the audit phase.

231 COMPLIANCE
AND CORRUPTION
AND FRAUD
PREVENTION
SYSTEM

G1-3

THE 231
ORGANISATION
AL MODEL

G1-3

**RISK
ASSESSMENT
231 ACTIVITIES
AND
REPORTING
CHANNELS**
**G1-1
G1-3
G1-4**

The risk assessment activity (both standard and for 231 Model purposes) carried out by the Internal Auditing Department and concerns all the business processes of the Hera Group. A mapping of the activities carried out by the business and staff units is carried out every three years, determining their exposure to risk. The risks examined are: regulatory compliance, reliability and integrity of information, protection of company assets and effectiveness and efficiency of operations. The risk map has logics and assessment scales in line with those used by the Enterprise risk management (ERM). This includes the risks of fraud, corruption and offences as per Legislative Decree 231/2001. Specifically, one thousand risk scenarios were identified (the monitoring of which is constantly being updated), against which the inherent i.e. not yet involving mitigation measures) was initially assessed and, downstream of the mitigation actions carried out by the internal control system, the residual risk as well. These activities were carried out on the basis of the results of previous assessments, the outcomes and the key aspects of the audit activities performed, the Enterprise Risk Management analysis presented to the BoD of Hera Spa in January 2021 and in relation to the sector risks deriving from benchmarks of other peer companies. Processes that have never been audited are also evaluated. The assessments, referring to the risk event, were guided and calibrated in relation to the type of processes, the business and the peculiarities of the Group. The risks referred to in Legislative Decree 231/2001 were identified by macro-processes, evaluated with ad hoc assessments and included in the risk assessment within the scope of regulatory compliance risks.

As part of the risk assessment activities, the areas of risk from the crime of corruption are identified mainly in the dealings with Authorities and supervision and control bodies governed by public law that the Group maintains, for example, within the scope of participation in public tender procedures, in the application for licences, administrative measures and authorisations, in the sending of reporting documents, in the stipulation and execution of contracts with public administrations. These areas, together with spheres such as tenders, supplier management and control, donations and sponsorships, entertainment expenses and the management of credit positions and tax risk, are constantly monitored. In addition to these areas, there are areas exposed to the offence of corruption between private parties, such as the management of active contracts (preparation, participation in tenders, negotiation, etc.), commodity trading, dealings with third parties, the selection, recruitment and administrative management of personnel and the procurement of goods, work and services as well as information technology activities.

The risk assessment activities generated a risk-based audit plan for the Hera Group. The risk assessment, developed for the 2025-2027 three-year period, was approved on 18 December 2024 by the Board of Directors of Hera Spa together with the 2025 annual audit plan.

Based on the matrix identified in the risk assessment, the Internal Auditing Department of the Hera Group carried out a specific focus on the risk of fraud and corruption. In 2024, the audits envisaged relevant for anti-corruption purposes were carried out. The analyses of the Internal Auditing Department did not reveal any episodes of corruption; furthermore, there were no reports of episodes of corruption ascertained pursuant to Decree 231.

There are channels for reporting to the Supervisory Body, both by post and by e-mail, as well as a web tool that allows reports to be sent promptly and completely anonymously. The channels are made public through an indication on the Group's website and are accessible to all stakeholders, including employees and collaborators of the Hera Group, suppliers, customers, shareholders and private citizens. Reports, the results of investigations and the initiatives undertaken (for example training or interventions to strengthen the internal control system) are deliberated and monitored by the Supervisory Body and brought to the attention of top management and the Board of Directors, as part of the reporting systems, also for ISO 37001 purposes. The cited procedure for "whistleblowing" envisages measures to protect the confidentiality of those who makes reports and establishes a specific channel for receiving reports on corruption, fraud and 231-related offences in addition to the one envisaged by the Group's Code of Ethics. During 2024, the Supervisory Body received 10 reports; to date, none of them have led to the detection of 231 offences or other types of offences. Those deemed relevant mainly concerned: customer management and personal data, supplier management, urban waste management, gifts and gratuities, personnel management, sales activities

In 2024, the Internal Auditing Department carried out all its activities in line with the best practices complying with the international Quality Assurance Review certification.

It must be emphasised that both the Supervisory Body, which oversees the reports, and the auditors, who are operationally responsible for the investigations, are independent, both hierarchically and operationally with respect to the specific reports. Any conflicts of interest are promptly managed.

**MODEL FOR
FRAUD
PREVENTION**
G1-3

The Hera Group published the "Model for the Prevention of Corruption and Fraud for the Hera Group" in October 2023, with the aim of defining the principles adopted by the Group for this issue, the roles and responsibilities in the field of prevention, detection and investigation of potential fraud, promoting behaviour within the organisation that is consistent and aligned with the principles expressed.

As part of the 262/05 compliance activity, the control matrices (Risk Control Matrix) are supplemented with fraud risks, whenever considered potential; the result of the testing activity is considered to cover both compliance risk and fraud risk.

In relation to activities in compliance with Law No. 262/05, the planning foreseen by the reporting Manager for the year 2024 was adhered to, with the exception of changes occurring during the year. The controls in the matrices used for assessing the processes were integrated with fraud risks in cases in which the risk existed; the result of the test for the purpose of proper preparation of the financial reporting also covers the linked fraud risk. In the event that the test reveals gaps in design and/or operational effectiveness, remediation actions are proposed and shared with the process owners; these activities are monitored to assess their correct implementation.

With regard to the separation of roles and activities (Segregation of Duties), the verification of the correct definition of roles continued in order to avoid functional overlaps and operational allocations that concentrate critical activities on a single subject, taking into account the correct alignment between the IT profile and its related organisational role, specifically for the active and passive cycle in the Group's information system.

In 2024, a total of 1,859 hours of training were provided at Group level, with 2,872 workers involved, on training content in the field of business conduct through the following initiatives:

TRAINING IN BUSINESS CONDUCT

- Alfabetico annual training sessions, a programme dedicated to new permanent hires and new employees who have joined the Hera Group following company acquisitions. The programme aims to share the principles and contents of the Code of Ethics, encouraging the integration of new people into the company. The training activities are carried out both in person and remotely, thanks to the collaboration of 14 facilitators from different Group structures and companies who, with commitment and passion, are dedicated to providing training and promoting ethical behaviour in the company;
- Corporate social responsibility and current management Code of Ethics e-learning course, with a focus on supplier monitoring, which aims to spread the culture of the principles expressed in the Code of Ethics in the part dedicated to relationships with suppliers, contractual representatives and their assistants. The course can be accessed on the company's e-learning platform MyAcademy;
- e-learning course Prevention of offences under Legislative Decree 231/2001, aimed at the entire company population;
- e-learning course How to manage a conflict of interest, available from 2024 to all employees, regardless of their role, which explores the topic through supporting insights, case studies and tests.

G1-3

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. During the contract stipulation phase, Hera informs suppliers about the characteristics and risks of production, payment methods and times, and any other aspect of major importance to the supplier. To this end, Hera uses complete, clear and comprehensible information that eliminates any possibility of ambiguous interpretation. In its relationship with suppliers, Hera does not exploit any position of strength or advantage it may have.

At the end of 2024, the number of companies supplying the Hera Group with goods, services, professional services and works in 2024 through orders or active contracts with consumption came to 4,788, in line with 2023. Of these suppliers, 58% were qualified to supply services.

Suppliers active during the year by product category

NUMBER	2024	2023
Goods	1,361	1,435
Services	2,704	2,781
Works	605	704
Total	4,788	4,871

Some suppliers may belong to more than one class and, as a result, the sum of the individual items does not correspond to the total number of Suppliers. This data does not include the companies, ACR, Aliplast, AresGas, ASA, Biorg, Feronia, F.Ili Franchini, Green Factory, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Recycla, Tiepolo, Vallortigara, Wolmann.

The main activities outsourced by the Hera Group in the area of waste management services include mechanised waste collection, door-to-door waste collection, street sweeping and washing (manual or mechanised), street bin washing, and the management of sorted waste collection centres. As far as network services are concerned, Group companies mainly use external suppliers to perform highly specialised maintenance and plant engineering activities and metering service activities (readings, closings and openings, etc.). In addition, facility management (global service), commercial call centre and delivery activities are outsourced.

In terms of economic value, in 2024 the Hera Group generated purchases from suppliers for euro 1.8 billion, of which almost 1.2 billion (66%) from suppliers belonging to the local areas served by the Hera Group (Emilia-Romagna, Friuli-Venezia Giulia, Veneto, Marche, Tuscany, Molise), around 30 million for purchases from other European countries and 6.5 million from other non-European countries (Switzerland, San Marino, the United Kingdom, the United States, Israel and Canada).

During the first quarter of 2024, the first Voice of Supplier survey was carried out, involving almost 200 suppliers selected as a statistically representative cluster in terms of volumes and critical issues of the product groups handled. The aim of the survey was to investigate how the Hera Group was perceived by its suppliers in terms of collaboration, flexibility and operational/digital tools. On a scale of 1 to 5 (where 1 is not at all satisfied and 5 is very satisfied), the

SUPPLIER RELATIONS

G1-2 survey highlighted the Hera Group's strengths as being the timeliness of payments (4.3), the level of communication and availability (4.2), and the preference of Hera as a customer over other customers (4.2).

In addition, they were asked to express their level of approval of possible support initiatives offered by the Hera Group to its suppliers to accompany them in sustainable development, enhancing their technical and implementation skills and their awareness of ESG issues. About 70% of suppliers have expressed interest in receiving support services in the areas considered most critical for the development of their company. In particular, 51% of the suppliers who responded stated that the most critical elements for the development of their company were the selection and training of labour and sustainability and ESG issues. Furthermore, 43% reported critical issues in obtaining certifications and purchasing and leasing operating equipment, and 32% in finding financial resources and insurance products.

Following this survey, the Hera Group promoted a capacity building programme called Hera_Pro_Empower. Participation in the programme involves signing the so-called growth pact, where Hera makes a series of services available to participating suppliers at special conditions to support sustainable growth. The programme provides tools for developing technical, production and quality skills, for personnel training and research, as well as for raising awareness of good ESG practices (with particular reference to CSR reporting, obtaining certifications, training in safety, sustainability and circularity, etc.). At the end of 2024, 38 suppliers had already joined the programme and 22 agreements had been activated with 11 providers, of which 7 are external and 4 internal: Hera Comm, Hasi, Acantho and Hera Luce.

**QUALIFICATION,
SELECTION AND
EVALUATION OF
SUPPLIERS**

Furthermore, in November 2024 the Supplier Sustainability School was launched, which organised seminars on Safety at Work (two) and CSR (three), reaching 502 suppliers and 690 participants.

In July, the annual convention 'Growing Together' was held, with over 400 participants, dedicated to the Group's strategic suppliers. This is an important opportunity for discussion thanks to speeches on specific topics by both internal and external speakers. After an overview of the macroeconomic context, there was an in-depth look at CSRD issues, a presentation of the Hera_Pro_Empower capacity building programme and a focus on raising participants' awareness of the importance of safety at work. In addition, as in the previous year, there were thematic corners presenting the main tenders foreseen in the Business plan, as an opportunity for direct discussion between the company and its suppliers. Furthermore, during the year, the Hera Group continued its dialogue and discussions with its strategic suppliers by organising over 80 one-to-one meetings with more than 60 suppliers, selected on the basis of volumes and the criticality of the services or products supplied.

During 2024, new features were released for the Hera_Pro supplier portal: management of contractual documentation, performance checklists and subcontract management. These new features were the subject of a cycle of webinars in May 2024, which saw the participation of around 400 of the most important suppliers. The webinars, together with all the training manuals, have been made available on the Hera portal.

In 2025, the Hera Group aims to incentivise the improvement of the ESG maturity of its suppliers, as well as their technical-implementation and qualitative capacities, through the further promotion of the Hera_Pro_Empower capacity building programme and the consolidation of the Supplier Sustainability School with additional training seminars.

Furthermore, it intends to draw up a code of conduct for its suppliers by directly involving them, with a formula aimed at stimulating awareness and growth on sustainability issues.

The supplier qualification and evaluation system allows for a verification of technical, economic and organisational quality requirements, as well as compliance with environmental, safety, anti-corruption and corporate social responsibility standards, and the application of the Group's Code of Ethics.

Among the numerous criteria identified for the qualification and selection of new suppliers, the following examples are confirmed for their relevance in the environmental and social areas:

- G1-2**
- declaration of acknowledgment and acceptance of Hera Group Code of Ethics, Model for the prevention of corruption and fraud; General quality and sustainability regulations for contractors and/or self-employed workers operating within the Hera Group; Quality and sustainability policy; Personal data protection policy; Organisation, management and control model pursuant to Legislative Decree 231/2011 of the Hera Group;
 - declaration of broad knowledge of the principles and regulations concerning Corporate Social Responsibility standards, and commitment to comply with the principles and requirements included therein and to participate in monitoring and verification activities carried out by the Hera Group, and to assess any corrective measures required;
 - adherence to workplace safety obligations established by Italian law;
 - compliance with current legislation regarding the right to work of people with disabilities; presence of disadvantaged employees in the company workforce compared to the total; registration in the regional register of social cooperatives where applicable;
 - possession of a certificate of registration in the national register of environmental managers, related to the activity involved in the product group, where required;
 - possession of registration in the list of suppliers not subject to mafia infiltration attempts (so-called white list) for suppliers belonging to the product groups falling within the scope of activities at particular risk of mafia infiltration; otherwise, presentation of a formal commitment to apply for this registration;
 - holding of ISO 9001; ISO 14001 system certifications or alternatively EMAS registration; ISO 45001; SA 8000; ISO 50001; ISO 37001; ISO 27001; Legality Rating; possession of a governance system and a 231 Supervisory Body; drafting of a sustainability report; percentage of employees with permanent contracts; decrease in accident rate;

- completion of a further 36 optional questions aimed at analysing the degree of maturity of suppliers in the ESG field;
- provision in tenders of technical and economic scoring model mechanisms aimed at rewarding aspects of socio-environmental sustainability.

Moreover, supply contracts drafted by Group companies contain termination clauses in the event of non-compliance with the Code of Ethics shown by suppliers.

As part of its corporate social responsibility, the Hera Group guarantees constant monitoring of compliance with INPS/INAIL (Italian Social Security Institute/Italian National Institute for Insurance against Accidents at Work) contributions at the appropriate One-Stop Welfare Counter and Construction Fund for all active suppliers on the Hera Group list.

Furthermore, following the awarding of the contract, the meeting of the requirements declared in the tender is verified by consulting the economic operator's virtual file held at ANAC and, if the file does not cover the requirement, by directly asking the relevant bodies: criminal records, compliance with Law 68/1999 on disabled people, tax compliance, Anti-Mafia Database and ANAC Registry.

Since 2012, the vendor management system has provided a model for supplier self-registration and qualification. It is intended for all companies interested in freely applying to be included in the Hera Group's supplier list.

The Hera_Pro supplier portal (introduced in 2023) is integrated and interoperable with the ANAC platforms, in order to ensure compliance with the requirements imposed by the Public Contracting Code. Hera_Pro is a transparent, equal and traceable tool to qualify for and participate in tenders called by the Hera Group. With a view to the continuous improvement and streamlining of relations with its supplier base, the new portal integrates, alongside the supplier qualification and tender management modules, a "contract management" module with the aim of further digitising interfaces with suppliers and simplify the management of information flows from the qualification phase to the executive phase of contract management. This allows qualified suppliers to benefit from substantial documentation synergy between the different phases of the procedures (qualification, tender and contract execution) to avoid having to resubmit certificates or declarations already made in other phases of the process. Furthermore, Hera_Pro simplifies communications through the use of chats dedicated to the management of each contract and through an automatic notification system.

The supplier qualification and management model overhauled in 2023 is aimed at enhancing the technical implementation skills as well as the qualitative and sustainability capabilities of the supply chain. The vendor management model, drafted in line with specific procedures, provides for a graded qualification and monitoring process based on the criticality of the relevant product categories and the introduction of a qualification rating which takes into account criteria based on economic, financial and ESG maturity.

With the aim of improving the level of reliability and quality of the supplier list, in addition to the administrative qualification, an evaluation of the technical implementation skills and reputation requirements of the economic operator was introduced, collecting information on certifications, financial soundness and ESG parameters, from which a qualification rating arises which affects the frequency of invitations to privately negotiated tenders. The final result is the assignment of a predictive vendor rating through a score ranging from 0 to 100 which quantifies the possession of certain technical and economic factors, considered essential to determine the reliability of the company and therefore ensure the good performance and outcome of the contractual relationship. The predictive vendor rating takes into account three factors: the supplier's ESG maturity level (55/100), an economic-financial KPI (40/100), and holding of ISO 9001 quality certification (5/100).

The ESG maturity level is measured through 11 mandatory indicators with the assignment of dedicated ratings up to a maximum of 51 points out of 100 (holding of ISO 14001, ISO 50001, ISO 45001, SA 8000, ISO 37001, ISO 27001 quality certifications, Legality Rating, drafting of the sustainability report, holding of a governance system and a 231 Supervisory Body, reduction of the accident rate, percentage of employees with permanent contracts) and a further 36 optional detailed questions which together can award a maximum of 4 points out of 100.

In 2024, responses to the optional questionnaire were collected from over 2,700 suppliers, recording an increasing response rate compared to 2023 (+34%), settling at 55% of the total number of qualified suppliers. 17% of the responding suppliers recorded a medium-high level of total ESG maturity. The purchasing volumes (consumption) generated by suppliers with a medium/high ESG maturity level amounted to over euro 430 million (24% of the total).

The qualification process of the Hera Group's suppliers ensures that a single list is established for trusted economic operators qualified for the procurement of goods, services, professional services and work. Suppliers invited to negotiated procedures are periodically selected from this list.

The Hera Group applies a rotation system in invitations to tender in non-public tenders through an automatic and traceable mechanism based on objective parameters:

- predictive qualification rating: a supplier will not be invited to tender if it does not reach the minimum threshold of 25 predictive rating points;
- vendor performance rating: suppliers in the critical range with a score below 25 points are excluded from sub-threshold invitations unless they fall within the qualified ranges, through adequate corrective actions and/or timely improvement plans;

THE VENDOR MANAGEMENT SYSTEM

G1-2

THE ROTATION SYSTEM FOR SUPPLIERS INVITED TO TENDERS

G1-2

- rotation principle: the rotation principle takes into account the number of invitations received from the supplier in the last 5 years compared to the total number of invitations of the product category.

This ensures that the supplier selection and rotation process is based on concepts of maximum transparency and in accordance with Hera Group guidelines. It must be noted that in privately negotiated tenders, in 2024 the Hera Group invited on average over 21 suppliers for each negotiation, confirming the Group's approach based on open and transparent competition between suppliers in line with the principles of current legislation.

MANAGEMENT AND MITIGATION OF RISKS ALONG THE SUPPLY CHAIN

G1-2
S2-4

The Hera Group manages risk in the supply chain through an integrated Supply Chain Management system organised on different levels, which intervenes in all phases of the supplier management process, from the qualification/selection phase to the contract execution phase, with particular attention to risks related to the impact on the business, on the end customer and on ESG aspects.

We start with a risk assessment of the commodity groups to map the product categories by degree of criticality based on the joint evaluation of the following variables: impact on the business and on the end customer, incidence of the principles of the Group's integrated management system and ESG parameters. The criticality level of the commodity group is a key indicator in the new supply chain risk management model, as it is used both in the supplier qualification process and in establishing priorities. timely monitoring of existing contracts, providing for differentiated qualification based on the criticality of the commodity group and more frequent checks during the contract execution phase

Each supplier is also assigned a predictive qualification rating (see section "Vendor management system") and a performance rating during the contract execution phase (see section "Vendor rating, evaluation and monitoring system"), offering, through an initial segmentation by supplier risk level, the possibility of more frequent invitations to private tenders to suppliers with better ratings (see section "System of rotation of suppliers invited to tenders").

In addition, a risk analysis tool called Vendor Risk Tool has been developed, which allows suppliers with active contracts to be segmented according to risk level. The system evaluates various factors, including the strategic positioning of the supplier in terms of outsourced volumes and criticality of the product categories managed, the impact on the business and on customers, the trend of economic-financial indicators and the number and type of non-conformities found, as well as taking into account negative events/news regarding reputation. This periodic analysis generates a vendor card for each supplier, highlighting the level of reliability and strategic positioning, allowing the identification of the most critical ones to guarantee the quality and continuity of services.

From April 2023, summary reports on the vendor cards of the 30 most critical suppliers are periodically distributed to purchasing managers and company representatives, accompanied by specific recommendations to mitigate risks, such as the need for specific audits, corrective actions and intensified monitoring. The company representatives were involved in the implementation of these actions, with a focus on safety, employee management and respect for the environment, through documentary checks and field visits. Finally, further actions were implemented, such as the recording of punctual non-conformities, the organisation of specific audits at the sites, or the call for specific actions to remedy the corrective actions. Please refer to the paragraph "The vendor rating, evaluation and monitoring system" regarding supplier monitoring and auditing.

This integrated approach allows Hera to maintain a high level of transparency, control and sustainability, ensuring targeted and timely interventions to minimise risks and improve supplier performance throughout the supply chain, helping to ensure that contractual performance meets sustainability and safety requirements, protecting workers and the environment at every stage of the process.

THE VENDOR RATING, EVALUATION AND MONITORING SYSTEM

G1-2
S2-4

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 strict environmental, quality, safety, anti-corruption and corporate social responsibility standards. Monitoring covers all parties involved in the contracts and includes:

- within the vendor management system, verification of qualification requirements both during the registration phase and during the selection/contracting phase;
- during the contract execution phase, continuous monitoring is carried out by company representatives, with periodic recording of the results by filling in generic and/or specific checklists;
- third-party inspections at suppliers' premises conducted by certified auditors to ensure transparency and independence (in collaboration with the Audit and Supply Chain Monitoring department);
- periodic internal audits at company representatives and supplier sites, to ensure compliance with Group procedures in the contract execution phase.

The above checks allow us to improve purchasing management and ensure that all those involved respect the same control standards. Specifically, the inspections and checklists monitor fundamental aspects such as quality, safety, the environment, energy saving, prevention of corruption and social responsibility, also involving subcontractors and consortia.

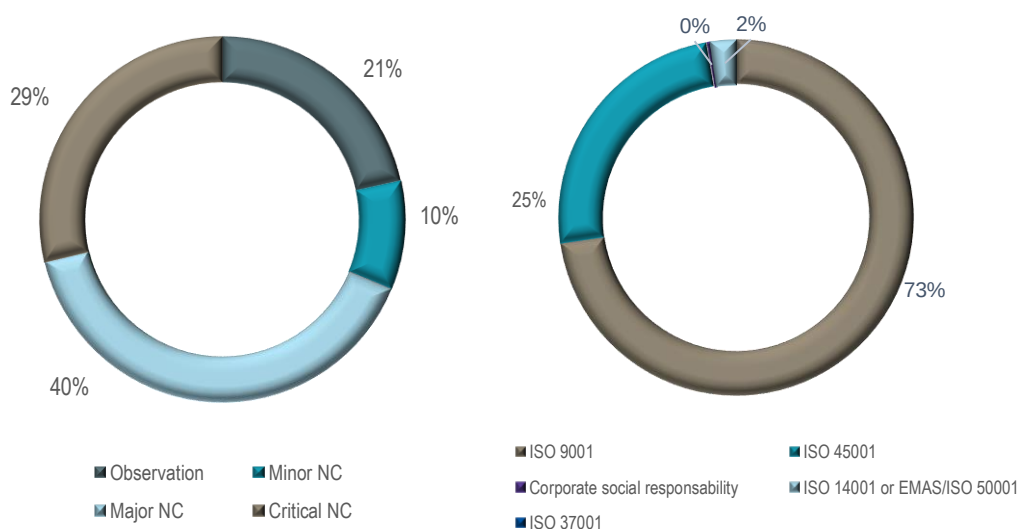
From July 2024, the supplier performance monitoring and evaluation model has been revised, digitising the monitoring checklists and providing for them to be compiled by company representatives with a frequency differentiated according to the criticality of the commodity group concerned (quarterly for the most critical commodity groups, half-yearly for the moderately critical ones, annually for the non-critical ones). In addition to the periodic checklists, the company representative can fill in additional event-based checklists if anomalies are detected. The checklists are always shared

with the suppliers to gather any counter-arguments. The anomalies detected during each monitoring session are then grouped and consolidated, recording the non-conformity in the SAP QM management system for the most serious irregularity of each control checklist on the entire executive structure, always maintaining the supervision and control over the analysis of all the surveys carried out.

Any non-conformities detected 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 allow for a continuous and accurate evaluation of active suppliers, ensuring compliance with operational standards and the protection of employees employed in services throughout the supply chain.

Across the Group, 557 non-conformities were detected in 2024 (230 Suppliers), up slightly from the previous year (16%). Of the total, 323 non-compliances (roughly 58%) were concluded within 31 December 2024. Sixty nine per cent of the non-conformities turned out to be serious or extremely serious, up slightly from the previous year (66% in 2023). Each non-conformity that was recorded and concluded corresponded to a decrease in the supplier's score, in relation to the severity of the non-conformities detected.

Non-conformities identified (2024)



Data does not include the companies ACR Reggiani, Aliplast, AresGas, ASA, Biorg, Feronia, F.lli Franchini, Green Factory, Hera Servizi Energia, Hera Trading, Horowatt, Macero Maceratese, Marche Multiservizi Falconara, Recycla, Tiepolo, Vallortigara, Wolmann.

As regards the verification of suppliers in the condominium business, it must be noted that Hera Servizi Energia applies a dedicated model that takes into account the peculiarities of the suppliers used and the specific characteristics of the sector: During 2024, Hera Servizi Energia managed over 600 non-conformities for 48 suppliers (data that cannot be consolidated with the Group data shown above due to the different methods applied).

In 2024, the Hera Group continued to carry out audits and inspections at suppliers' premises, with a specific focus on corporate social responsibility. In some cases, partial non-conformities emerged, which were promptly reported and led to a request for corrective actions to be taken, to allow for a subsequent verification. In particular, 14 audits were carried out at the suppliers' premises by certified auditors (in collaboration with the Audit and Supply Chain Monitoring department), 25 joint checks were carried out at the contract representatives and on the Group's construction sites in collaboration with the Quality, Safety and Environment (with a specific focus on CSR aspects) and 5 inter-functional inspections of material suppliers.

These monitoring activities complement the periodic audits of the company's contract contact persons, also concerning the proper management of subcontracts/sub-contracts, if any. Furthermore, on-the-job training sessions have been organised to ensure the correct and consistent completion of site checklists.

The performance rating update model, designed to reward supplier performance and reduce supply chain risks, includes:

- a periodic evaluation of suppliers with active contracts, with the consequent allocation of bonuses in the absence of anomalies in the analysis period;
- the decrease of the score at the end of the non-conformity analysis and management process, which involves the definition and implementation of consequent corrective actions on all subjects belonging to the executive structure of the contracts.

It must be noted that the process of reviewing and standardising the monitoring checklists for all Hera Group companies, published on the company Intranet, ensures greater consistency in the controls and fairness in the evaluations. Decreases in scores are applied in a standardised way to supplier companies responsible for non-compliant behaviour, including contractors, consortium contractors and subcontractors. In the event of serious or very

serious non-compliance, suppliers may be suspended from invitations to new tenders for a period of three to six months. However, no suspensions have been applied for 2024.

The vendor performance rating for each qualification commodity can be independently consulted by suppliers through the dedicated portal. The scores are divided into five bands, used to guide the rotation and selection of suppliers in private tendering. Suppliers who fall within the critical range are excluded from invitations, unless they demonstrate improvements through corrective and timely plans.

	CATEGORY	SCORING RANGE	RELIABILITY
SUPPLIER SELECTION	Green area	= 80 points and ≤ 100 points	highly 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
G1-2			

Since 2008, the Hera Group's procurement guidelines have favoured the method of the most economically advantageous offer as the criterion for evaluating bids.

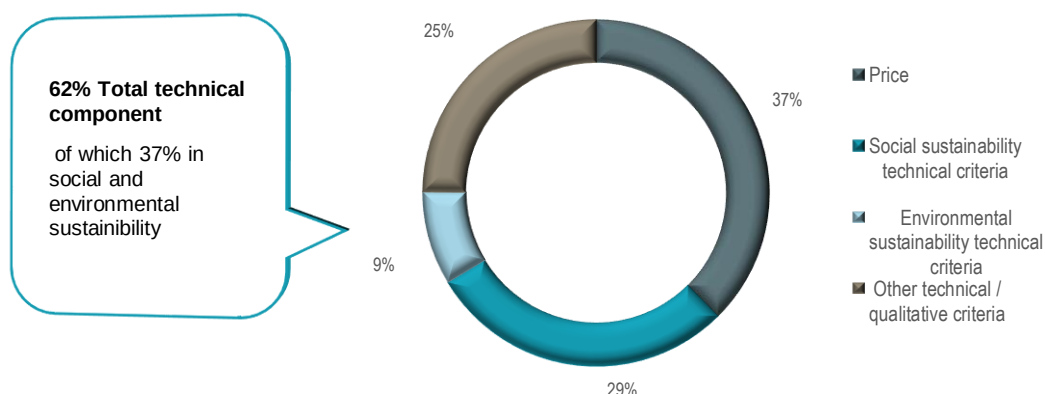
Within the areas identified by the guidelines and, more specifically, respect for the environment, social commitment, performance quality and economic value, sustainability criteria have been defined based on the experience gained in managing contracts tendered using the most economically advantageous bid method and the applicable regulations, in line with the Group's objectives. For each business area, a minimum number of sustainability criteria to be considered when choosing a supplier is established, based on the amount and criticality of the contract.

The main criteria adopted include: management of atmospheric emissions and noise; preventing, reusing and recycling waste; circular economy; energy efficiency; reducing the hazardous substances used; reducing water consumption; adopting a company's own Code of Ethics; inclusion of disabled and disadvantaged workers; accident prevention and safety training (social commitment); the quality of materials, tools and equipment; professional qualifications and skills and technical performance and output. Furthermore, company procedures state that the business unit that identifies the need, if it finds that the outsourced activity or asset has a significant impact on the Group's energy consumption, must proceed with the assessment of energy efficiency requirements based on a specific policy document.

It must be noted that the new Procurement Code, published with Legislative Decree 36/2023 and effective as of 1 July 2023, in continuity with the previous Procurement Code Legislative Decree no. 50/2016 and its subsequent amendments, confirmed the obligatory and exclusive nature of the award criterion according to the method of the most economically advantageous offer in some cases (art. 108, second paragraph).

In 2024, with reference to all tenders (public tenders and private negotiations), 68% of the value of contracts was awarded using the method of the most economically advantageous offer. Of these, 99%, again in terms of value, were awarded by including sustainability criteria among the technical criteria. The average score assigned to the technical component was 62%, of which 37% was related to sustainability criteria, 9% related to environmental aspects (of which almost 8 to circularity aspects) and 28% to social aspects.

Total tenders with the most economically advantageous bid method: scores awarded to the various components (average weighted by amount) (2024)



USE OF SUBCONTRACTS

The authorisation to subcontract makes the works directors and company contract representatives responsible for document checking activities, while Hera Spa's Audit and Supply Chain Monitorig is responsible for validating the process, verifying the regularity of social security contributions, checking the list of qualified suppliers and their score,

searching the ANAC electronic records and, if necessary, requesting anti-mafia information from the Prefecture, with direct access to the National Anti-Mafia Database as well as requesting a Criminal records certificate. All documentation concerning the request, verification and authorisation has been standardised across the Group and is kept up to date with the reference legislation by the Group Process Governance and Regulatory Compliance Structure. All the documentation is available to companies in the reserved document area of the supplier portal and to all employees via the Company's intranet.

The monitoring of subcontractor activities at worksites (supplier monitoring checklist) includes obligations allowing for simple, correct and accurate monthly administrative reporting, including a precise verification of payments and wage recognition to employees

The Group's standard specifications, in accordance with the reference legislation, require the contractor to pay its subcontractors and to provide the works Manager, upon request, with adequate proof of payment with regard to the various Work progress reports and/or Performance certification forms issued. In the absence of such proof, the Works manager/Company contract manager notifies the appropriate administrative department of the suspension of payments only concerning the non-proven amount on the subsequent stages of progress, work or modules of service completed, until such time as the payment is made. This method is an alternative to direct payment of subcontractors and can be applied directly at the beginning of the contractual relationship in the case of micro/small enterprises, as provided for by law, or during the course of work in other cases.

In 2024, about euro 98 million were subcontracted (down from 93 million in 2022, equivalent to about 7% of the amount of works and services outsourced by the Group, while the amount for the subcontracts is equal to euro 14 million (down from 18 in 2022), equivalent to 1% of the total works and services outsourced by the Group. The value of subcontracts confirms a progressive increase compared to the previous years due to significant changes in the regulatory framework, which gradually increased the percentage of contractual amounts to be subcontracted and the entry of Marche Multiservizi into the standardised process. However, the percentage impact of subcontracts on the total value of supplies has been constant over the years.

Metrics

The Hera Group's practice in terms of paying supplier invoices involves two different time frames, as described below:

- 30 days from the invoice date, for supplies relating to the urban waste sector, managed through assignments issued within the scope of the rules set out in the Public Contracts 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 electricity production through the management of solid urban waste) as well as supplies managed through contracts issued outside the scope of the rules set out in the Public Contracts Code.

To complete the aforementioned practice, the Group also adopts payment terms of less than 30 days, if these are contractually agreed and in line with the sector of reference (supply of energy materials, etc.).

The weighted average payment time for a supplier invoice for the Hera Group is around 48 days, while invoices paid within 60 days correspond to approximately 89% of the total payables for invoices received and due during the year.

There are no legal proceedings currently pending with suppliers due to late payments.

**TIMING FOR
PAYMENT AS
PER CONTRACT**

G1-2
G1-6

The Hera Group is active in the highest levels of the organisations representing the system of local public services, first and foremost Utilitalia. Hera participates actively in the association's activities and supports its institutional communication through the identification of its representative in the various round tables set up with regulators by the associations. At the local level, Hera takes an active part in Confservizi Emilia-Romagna and Confservizi Tuscany and Confservizi Veneto (the regional association for the companies, firms and public and private bodies managing local public services in their reference area), as well as Confindustria, Unindustria and Apindustria in many of the local areas it serves. Hera is also a member of various associations and foundations in the fields of energy, corporate social responsibility, sustainability and the environment, and contributes to research activities in the public utility services sector.

**POLITICAL
INFLUENCE
AND
LOBBYING: THE
ASSOCIATIONS
IN WHICH HERA
PARTICIPATES**

In the energy field, the Group is also a member of AIRU (Italian Urban Heating Association), RENAEL (National Network of Local Energy Agencies), FIRE (Italian Federations for the Rational Use of Energy), OPG (Open Power Grid Association), Assorisorse (Natural Resources and Sustainable Energy Association) APCE (Association for the Protection of Electrolytic Corrosion); UNI (Italian Standards Body); CTI (Italian Thermotechnical Committee) and participates in the work of CIG (Italian Gas Council). In the European arena, it participates in the ECC (European Cooperation Council), particularly on issues related to energy transition.

G1-5

In the waste management sector, the Group also participates in the national association Fise Assoambiente and Eurits, the European association for hazardous waste. Also in Europe, it participates in the Rdf Industry Group, which brings together organizations from across the waste-derived fuel supply chain. It also participates in the CONIP and CIG supply chain consortia, as well as in Unichim (the Association for Unification in the Chemical Industry).

With reference to corporate social responsibility and sustainability, Hera is also a member of the Asphi Foundation (promotion and integration of disabled people through the use of Information and Communication Technology), Impronta Etica (an association of companies for the promotion of social responsibility); it also adheres to Sustainability Makers (for sustainability issues) and to the Global Compact Network Foundation (for the promotion of a culture of corporate citizenship).

The Group also contributes to research activities in the utilities sector carried out by leading institutions, either as a commissioning party for specific research or by participating in the scientific debates fostered by such research projects with contributions published in the proceedings Agici Finanza d'impresa, Fitchner, Ref Ricerche and Ambrosetti Club. In addition, the Group directs its advocacy efforts towards institutions on issues oriented towards sustainable development, balancing the maximisation of social well-being with the economic sustainability of businesses, in order to guarantee the continuity of services provided and support for investments. The main items:

- enhance relations with local authorities to consolidate territorial 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 territory, using collective priorities as a compass;
- contribute to the energy transition by supporting the spread of renewable electricity sources and green gases, initiatives related to consumption containment and energy efficiency, as well as experimenting with solutions and business models that favour the start of a hydrogen supply chain and market;
- promoting the development of the circular economy, directing support to the recycling market and the diffusion of secondary raw materials from it, starting with the valorisation of quality collection;
- identify business solutions and technologies instrumental to ecological transition that by their nature pursue the general public interest, but which are not yet mature and therefore require forms of public support for market development;
- to direct the action of the national regulator Arera in businesses subject to public regulation, supporting the objectives of management efficiency, environmental and social sustainability, accessibility to services and consumer protection - pursued by the Authority itself - guaranteeing their balance with the objectives of economic and financial equilibrium of the services provided.

In the Board of Directors, 3 out of 15 directors held positions in the Public Administration or Regulatory Authorities in the two years prior to their appointment.

In 2024, also in accordance with the provisions of its Code of Ethics and the Group's Protocol 231, the Hera Group did not make any direct or indirect contributions to political parties, organisations or associations with political aims, or in any case intended for initiatives with a political significance or qualification.

[illegible]

[illegible]

[illegible]

[illegible]

PORTION OF TURNOVER/TOTAL TURNOVER

	TAXONOMY ALLIGNED BY OBJECTIVE	TAXONOMY ELIGIBLE BY OBJECTIVE
CCM	10.1%	12.3%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.2%	0.2%
PPC	1.1%	1.2%
BIO	0.0%	0.0%
TOT	11.3%	13.8%

[illegible]

[illegible]

[illegible]

[illegible]

PORTION OF CAPEX/TOTAL CAPEX		
	TAXONOMY ALLIGNED BY OBJECTIVE	TAXONOMY ELIGIBLE BY OBJECTIVE
CCM	54.6%	60.4%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.3%	0.3%
PPC	0.6%	0.6%
BIO	0.0%	0.0%
TOT	55.4%	61.2%

[illegible]

[illegible]

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[illegible]

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PORTION OF OPEX/TOTAL OPEX		
	TAXONOMY ALLIGNED BY OBJECTIVE	TAXONOMY ELIGIBLE BY OBJECTIVE
CCM	37.6%	53.2%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.3%	0.3%
PPC	2.3%	2.4%
BIO	0.0%	0.0%
TOT	40.2%	55.9%

	NUCLEAR ENERGY-RELATED ACTIVITIES	
1	The undertaking carries out, funds or has exposure to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with a minimal waste from the fuel cycle. .	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	FOSSIL-GAS RELATED ACTIVITIES	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. .	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

AMOUNT AND PORTION (PRESENT INFORMATION IN MONETARY FIGURES AND PERCENTAGES)							
ROW	ECONOMIC ACTIVITIES	CCM + CCA		CLIMATE CHANGE		CLIMATE CHANGE	
		AMOUNT (MNE)	%	AMOUNT (MNE)	%	AMOUNT (MNE)	%
Turnover							
(...)							
5	Amount and portion of economic activities conforming to the taxonomy of section 4.30 of Attachments I and II of the Delegated Regulation 2021/2139 in the turnover denominator	31.2	0.2%	31.2	0.2%	-	0.0%
6	Amount and portion of economic activities conforming to the taxonomy of section 4.31 of Attachments I and II of the Delegated Regulation 2021/2139 in the turnover denominator	5.6	0.0%	5.6	0.0%	-	0.0%
(...)							
7	Amount and portion of other economic activities eligible for but not aligned with the taxonomy and not indicated in rows 1 to 6 above in the turnover denominator	278.8	2.2%	278.8	2.2%	-	0.0%
8	Total amount and percentage of economic activities eligible for but not aligned with the turnover denominator	315.7	2.4%	315.7	2.4%	-	0.0%
CAPEX							
(...)							
5	Amount and portion of economic activities conforming to the taxonomy of section 4.30 of Attachments I and II of the Delegated Regulation 2021/2139 in the turnover denominator	11.8	1.4%	11.8	1.4%	-	0.0%
6	Amount and portion of economic activities conforming to the taxonomy of section 4.31 of Attachments I and II of the Delegated Regulation 2021/2139 in the turnover denominator	1.3	0.2%	1.3	0.2%	-	0.0%
(...)							
7	Amount and portion of other economic activities eligible for but not aligned with the taxonomy and not indicated in rows 1 to 6 above in the turnover denominator	37.0	4.3%	37.0	4.3%	-	0.0%
8	Total amount and percentage of economic activities eligible for but not aligned with the turnover denominator	50.1	5.8%	50.1	5.8%	-	0.0%
OPEX							
(...)							
5	Amount and portion of economic activities conforming to the taxonomy of section 4.30 of Attachments I and II of the Delegated Regulation 2021/2139 in the turnover denominator	6.3	2.0%	6.3	2.0%	-	0.0%
6	Amount and portion of economic activities conforming to the taxonomy of section 4.31 of Attachments I and II of the Delegated Regulation 2021/2139 in the turnover denominator	0.5	0.2%	0.5	0.2%	-	0.0%

(...)							
7	Amount and portion of other economic activities eligible for but not aligned with the taxonomy and not indicated in rows 1 to 6 above in the turnover denominator	42.1	13.5%	42.1	13.5%	-	0.0%
8	Total amount and percentage of economic activities eligible for but not aligned with the turnover denominator	48.9	15.7%	48.9	15.7%	-	0.0%

List of information items referred to in cross-cutting and topical standards deriving from other EU legislative acts (ESRS 2-Appendix B).

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY TO HERA (PARAGRAPH)
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Annex I, table 1, indicator no. 13		Commission Delegated Regulation (EU) 2020/1816 (5), annex II		Board of Directors Board of Statutory Auditors Executive Committee Remuneration Committee Control and Risk Committee The Ethics and Sustainability Committee
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, annex II		Board of Directors Board of Statutory Auditors Executive Committee Remuneration Committee Control and Risk Committee The Ethics and Sustainability Committee
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Annex I, table 3, indicator no. 10				Due diligence Statement
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Annex I, table 1, indicator no. 4	Article 449 bis of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6), Table 1 – Qualitative information on environmental risk and Table 2 – Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, annex II		About us
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Annex I, table 2, indicator no. 9		Commission Delegated Regulation (EU) 2020/1816, annex II		Not relevant
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Annex I, table 1, indicator no. 14		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(1) 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(1)	The Climate transition plan
ESRS E1-1 Undertakings		Article 449a	Delegated Regulation (EU)		The Climate transition plan

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY TO HERA (PARAGRAPH)
excluded from Paris-aligned Benchmarks paragraph 16 (g)		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	2020/1818, Article 12.1 (d) to (g), and Article 12.2		
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, table 2, indicator no. 4	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		The Climate transition plan Hera's commitment (objectives and results)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Annex I, table 1, indicator no. 5 and annex I, table 2, indicator no. 5				Hera Group's primary energy consumption
ESRS E1-5 Energy consumption and mix paragraph 37	Annex I, table 1, indicator no. 5				Hera Group's primary energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Annex I, table 1, indicator no. 6				Energy intensity compared to net revenues
ESRS E1-6 Gross scope 1, 2, 3 emissions and total GHG emissions, paragraph 44	Annex I, table 1, indicators 1 and 2	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(1), 6 and 8(1)		Greenhouse gas emissions
ESRS E1-6 Intensity of gross GHG emissions, paragraphs 53 to 55	Annex I, table 1, indicator no. 3	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(1)		Carbon intensity ratio

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY TO HERA (PARAGRAPH)
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Offsetting initiatives Greenhouse gas absorptions
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
Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		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 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
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	Annex I, table 1, indicator no. 8; Annex I, table 2, indicator no. 2; Annex 1, table 2, indicator no. 1; Annex I, table 2, indicator no. 3				Pollutant emissions
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, table 2, indicator no. 7				Policies
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, table 2, indicator no. 8				Policies
ESRS E3-1 Sustainable oceans and seas paragraph 14	Annex I, table 2, indicator no. 12				Not relevant
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	Annex I, table 2, indicator no. 6.2				The Hera Group's water consumption

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY TO HERA (PARAGRAPH)
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Annex I, table 2, indicator no. 6.1				The Hera Group's water consumption
ESRS 2 SBM-3 – paragraph 16 (a) i	Annex I, table 1, indicator no. 7				Metrics
ESRS 2 SBM-3 – E4 paragraph 16 (b)	Annex I, table 2, indicator no. 10				Not relevant
ESRS 2 SBM-3 – E4 paragraph 16 (c)	Annex I, table 2, indicator no. 14				Metrics
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Annex I, table 2, indicator no. 11				Not relevant
Sustainable oceans / seas practices or policies paragraph 24 (c)	Annex I, table 2, indicator no. 12				Not relevant
ESRS E4-2 Policies to address deforestation, section 24(d)	Annex I, table 2, indicator no. 15				Not relevant
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, table 2, indicator no. 13				Outgoing flows – Waste produced
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, table 1, indicator no. 9				Outgoing flows – Waste produced
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Annex I, table 3, indicator no. 13				Not relevant
ESRS 2 – SBM3 – Risk of incidents of child labour paragraph 14 (g)	Annex I, table 3, indicator no. 12				Not relevant
ESRS S1-1 Human rights policy commitments paragraph 20	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Policies 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			Commission Delegated Regulation (EU) 2020/1816, annex II		Policies Code of Ethics Diversity
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Annex I, table 3, indicator no. 11				Not relevant
workplace accident prevention policy or management system paragraph 23	Annex I, table 3, indicator no. 1				Policies
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Annex I, table 3, indicator no. 5				Instruments for involving people

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY TO HERA (PARAGRAPH)
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Annex I, table 3, indicator no. 2		Commission Delegated Regulation (EU) 2020/1816, annex II		Health and safety
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Annex I, table 3, indicator no. 3				Health and safety
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Annex I, table 1, indicator no. 12		Commission Delegated Regulation (EU) 2020/1816, annex II		Remuneration
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Annex I, table 3, indicator no. 8				Remuneration
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Annex I, table 3, indicator no. 7				Health and safety
ESR S1-17 Non- respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Annex I, table 1, indicator no. 10 and Annex I, table 3, indicator no. 14		Annex II of Delegated Regulation (EU) 2020/1816 and art. 12, section 1, of Delegated Regulation (EU) 2020/1818		Health and safety
ESRS 2 SBM-3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Annex I, table 3, indicators 12 and 13				Not relevant
ESRS S2-1 Human rights policy commitments paragraph 17	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Policies
ESRS S2-1 Policies related to value chain workers paragraph 18	Annex I, table 3, indicators 11 and 4				Policies
ESRS S2-1 Non- respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and art. 12, section 1, of Delegated Regulation (EU) 2020/1818		Policies
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Commission Delegated Regulation (EU) 2020/1816, annex II		Policies
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Annex I, table 3, indicator no. 14				Social responsibility in procurement

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY TO HERA (PARAGRAPH)
ESRS S3-1 Human rights policy commitments paragraph 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Policies
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and art. 12, section 1, of Delegated Regulation (EU) 2020/1818		Policies
ESRS S3-4 Human rights issues and incidents, section 36	Annex I, table 3, indicator no. 14				Actions and Resources
ESRS S4-1 Policies related to consumers and end-users, section 16	Annex I, table 3, indicator no. 9 and Annex I, table 1, indicator no. 11				Policies
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Annex I, table 1, indicator no. 10		Annex II of Delegated Regulation (EU) 2020/1816 and art. 12, section 1, of Delegated Regulation (EU) 2020/1818		Policies
ESRS S4-4 Human rights issues and incidents, section 35	Annex I, table 3, indicator no. 14				Actions and Resources
ESRS G1-1 United Nations Convention against Corruption, section 10, letter b)	Annex I, table 3, indicator no. 15				Compliance system for corruption and fraud prevention
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Annex I, table 3, indicator no. 6				Compliance system for corruption and fraud prevention
Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Annex I, table 3, indicator no. 17		Annex II of Delegated Regulation (EU) 2020/1816		Risk assessment 231 activities and reporting channels
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Annex I, table 3, indicator no. 16				Not relevant

List of disclosure requirements in the ESRS (1-para.56).

ESRS STANDARD

PARAGRAPH OF THE SUSTAINABILITY REPORTING

General information ESRS 2

Drafting criteria	Description of the process and results of the double materiality analysis
BP-1 – General basis for preparation of sustainability statements [Data point: 3-5]	Structure and methodological note The scope of reporting
BP-2 – Disclosures in relation to specific circumstances [Data point: 6-17]	Structure and methodological note Use of transitional provisions Changes 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 of the administrative, management and control bodies
GOV-4 – Statement on due diligence [Data point: 30-33]	Due diligence Statement
GOV-5 – Risk management and internal controls on sustainability reporting [Data point: 34-36]	Risk management with respect to sustainability reporting
STRATEGY	
SBM-1 – Strategy, business model and value chain [Data point: 38-42]	Hera Group Integrating sustainability in the Group's strategy Stakeholder involvement activities The scope of reporting Hera in a nutshell (Management report) Strategic approach and management policies (Management Report)
SBM-2 – Interests and views of stakeholders [Data point: 43-45]	Sustainability integrated into the strategy Stakeholder involvement activities Strategic approach and management policies (Management Report)
SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 46-49]	Description of material impacts, risks and opportunities

MANAGING IMPACTS, RISKS AND OPPORTUNITIES

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities [Data point: 50-53]	Description of the process and results of the double materiality analysis
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement [Data point: 54-59]	Description of the process and results of the double materiality analysis Structure and methodological note

Environmental information E1

GOVERNANCE

ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes [Data point: 13]	Incentive schemes linked to sustainability issues of the administrative, management and control bodies

STRATEGY

E1-1 – Transition plan for climate change mitigation [Data point: 14-17]	The Climate transition plan

MANAGING IMPACTS, RISKS AND OPPORTUNITIES

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 material impacts, risks and opportunities Analysis of scenarios Physical risks
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 18-19]	Description of material impacts, risks and opportunities
E1-2 – Policies related to climate change mitigation and adaptation [Data point: 22-25]	Policies
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]	The Climate transition plan

E1-5 – Energy consumption and mix [Data point: 35-43]	Hera Group's primary energy consumption Energy intensity compared to net revenue
E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions [Data point: 44-55]	Greenhouse gas emissions Carbon intensity ratio
E1-7 – GHG removals and GHG emissions mitigation projects financed through carbon credits [Data point: 56-61]	Greenhouse gas absorption and carbon credits
E1-8 – Internal carbon pricing [Data point: 62-63]	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 information E2

MANAGING IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO -1 – Description of the processes to identify and assess material impacts, risks and opportunities related to pollution

Description of material impacts, risks and opportunities

[Data point: 11]

E2-1 – Policies related to pollution

Policies

[Data point: 12-15]

E2-2 – Actions and resources related to pollution

Actions and resources

[Data point: 16-19]

METRICS AND TARGETS

E2-3 – Targets related to pollution

Hera's commitment (objectives and results)

[Data point: 20-25]

E2-4 – Pollution of air, water and soil

Pollutant emissions

[Data point: 26-31]

E2-5 – Substances of concern and substances of very high concern

Substances of concern and extreme concern

[Data point: 32-35]

E2-6 – financial effects from pollution-related impacts, risks and opportunities

Phase-in

[Data point: 36-41]

Environmental information E3

MANAGING IMPACTS, RISKS AND OPPORTUNITIES

ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

Description of the material impacts, risks and opportunities
Relations with institutional organisations for the identification of IROs

[Data point: 8]

E3-1 – Policies related to water and marine resources

Policies

[Data point: 9-14]

E3-2 – Actions and resources related to water and marine resources

Actions and Resources

[Data point: 15-19]

Metrics and Targets

E3-3 – Targets related to water and marine resources

Hera's commitment (objectives and results)

[Data point: 20-25]

E3-4 – Water consumption

The Hera Group's water consumption

[Data point: 26-29]

E3-5 – Anticipated financial effects from water and marine resources-related impacts, risks and opportunities

Phase-in

[Data point: 30-33]

Environmental information 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

STRATEGY

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

Metrics

MANAGING IMPACTS, RISKS AND OPPORTUNITIES	
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 Actions and resources Metrics
E4-2 — Policies related to biodiversity and ecosystems	Policies
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 (objectives and results)
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 information E5

MANAGING IMPACTS, RISKS AND OPPORTUNITIES	
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 material impacts, risks and opportunities
E5-1 – Policies related to resource use and circular economy [Data point: 12-16]	Policies
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 (objectives and results)
E5-4 – Resource inflows [Data point: 28-32]	Incoming flows
E5-5 – Resource outflows [Data point: 33-40]	Outgoing flows – Products sold Outgoing flows – Waste produced
E5-6 – Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities [Data point: 41-43]	Phase-in

Company information S1

STRATEGY	
ESRS 2 SBM-2 – Interests and views of stakeholders [Data point: 12]	Tools for involving people
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 13-16]	Description of the relevant impacts, risks and opportunities
MANAGING IMPACTS, RISKS AND OPPORTUNITIES	
S1-1 – Policies relating to own workforce [Data point: 17-24]	Policies
S1-2 – Processes for engaging with own workers and workers' representatives about impacts [Data point: 25-29]	Instruments for involving people Actions and Resources
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns [Data point: 30-34]	Instruments for involving people 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 (objectives and results)

S1-6 – Characteristics of the undertaking's employees <i>[Data point: 48-52]</i>	Employees
S1-7 - Characteristics of non-employee workers in the undertaking's own workforce <i>[Data point: 53-57]</i>	Employees
S1-8 – Collective bargaining coverage and social dialogue <i>[Data point: 58-63]</i>	Employment relationships Remuneration
S1-9 – Diversity metrics <i>[Data point: 64-66]</i>	Diversity
S1-10 – Adequate wages <i>[Data point: 67-71]</i>	Remuneration
S1-11 – Social protection <i>[Data point: 72-76]</i>	Social protection
S1-12 – Persons with disabilities <i>[Data point: 77-80]</i>	Diversity
S1-13 – Training and skills development metrics <i>[Data point: 81-85]</i>	Training and development of workers
S1-14 – Health and safety metrics <i>[Data point: 86-90]</i>	Health and safety
S1-15 – Metrics of work-life balance <i>[Data point: 91-94]</i>	Diversity
S1-16 – Compensation metrics (pay gap and total compensation) <i>[Data point: 95-99]</i>	Remuneration
S1-17 - Incidents, complaints and severe human rights impacts <i>[Data point: 100-104]</i>	Metrics

Company information S2

STRATEGY	Tools for involving workers in the value chain
ESRS 2 SBM-2 – Interests and views of stakeholders <i>[Data point: 9]</i>	
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model <i>[Data point: 10-13]</i>	Description of material impacts, risks and opportunities
MANAGING IMPACTS, RISKS AND OPPORTUNITIES	Policies
S2-1 – Policies related to value chain workers <i>[Data point: 14-19]</i>	
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model <i>[Data point: 10-13]</i>	Description of material impacts, risks and opportunities
S2-2 – Processes for engaging with value chain workers about impacts <i>[Data point: 20-24]</i>	Tools for involving workers in the value chain
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns <i>[Data point: 25-29]</i>	Tools for involving workers in the value chain 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 action <i>[Data point: 30-38]</i>	Actions and Resources
METRICS AND TARGETS	Hera's commitment (objectives and results)
S2-5 – Objectives related to the management of significant negative impacts, the enhancement of positive impacts and the management of relevant risks and opportunities <i>[Data point: 39-42]</i>	

Company information S3

STRATEGY	Tools for engaging interested communities
ESRS 2 SBM-2 – Interests and views of stakeholders <i>[Data point: 7]</i>	
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 material impacts, risks and opportunities
MANAGING IMPACTS, RISKS AND OPPORTUNITIES	Policies and goals
S3-1 – Policies related to affected communities <i>[Data point: 12-18]</i>	
S3-2 – Processes for engaging with affected communities about impacts <i>[Data point: 19-24]</i>	Tools for engaging interested 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 interested 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 [Data point: 30-38]	Actions and Resources
METRICS AND TARGETS	
S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [Data point: 39-42]	Hera's commitment (objectives and results)

Company information S4

STRATEGY	Description of material impacts, risks and opportunities
ESRS 2 SBM-2 – Interests and views of stakeholders [Data point: 8]	
ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [Data point: 9-12]	Description of material impacts, risks and opportunities
MANAGING IMPACTS, RISKS AND OPPORTUNITIES	Policies
S4-1 – Policies related to consumers and end-users [Data point: 13-17]	
S4-2 – Processes for engaging with consumers and end-users about impacts [Data point: 18-22]	Customer engagement tools
S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns [Data point: 23-27]	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 [Data point: 28-37]	Actions and Resources
METRICS AND TARGETS	
S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [Data point: 38-41]	Hera's commitment (objectives and results)

Company information G1

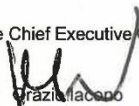
GOVERNANCE	
ESRS 2 GOV-1 – e role of the administrative, supervisory and management bodies [Data point: 5]	Governance
ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities [Data point: 6]	Description of material impacts, risks and opportunities
G1-1 – Corporate culture and business conduct policies and corporate culture [Data point: 7-11]	Policies Risk assessment 231 activities and reporting channels Model for fraud prevention
G1-2 – Management of relationships with suppliers [Data point: 12-15]	Supplier management Timing for payment as per contract
G1-3 – Prevention and detection of corruption and bribery [Data point: 16-21]	Prevention and detection of active and passive corruption
G1-4 – Confirmed incidents of corruption or bribery [Data point: 22-26]	Risk assessment 231 activities and reporting channels
G1-5 – Political influence and lobbying activities [Data point: 27-30]	Political influence and lobbying: the associations in which Hera participates
G1-6 – Payment practices [Data point: 31-33]	Timing for payment as per contract

1.07.06 – Certification of the Sustainability reporting

The undersigned Orazio Iacono, who holds the office of CEO, and Filippo Bocchi, acting as Manager responsible for the compliance certification of Hara Spa's Sustainability Reporting, 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.

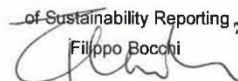
The Chief Executive Officer



Orazio Iacono

Bologna, 26 March 2025

The Manager responsible for the compliance certification
of Sustainability Reporting,



Filippo Bocchi

1.07.07 – Report by the independent auditor



KPMG S.p.A.
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(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 2024 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 2024 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 eco-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) 2020/852 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 SSAE (Italia) 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.

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



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31 December 2024

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.

Other matters

The 2024 consolidated sustainability statement presents the 2023 comparative information, which has not been subjected to an assurance engagement.

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 double-materiality analysis” 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 eco-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 Scope 3 emissions information from value chain.



Hera Group

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31 December 2024

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 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 check 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, checking their consistency with the results of the enterprise risk management (ERM) process;



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- 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;
- 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 objectives, 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 Granarolo dell'Emilia (BO) waste-to-energy plant, the Imola Casalegno (BO) cogeneration plant, the Bologna IDAR purifier, the Ospedaletto (PI) soil washing plant and the Sant'Agata Bolognese (BO) composting plant, which we selected on the basis of their business and contribution to the metrics of the consolidated sustainability statement. During these visits, we held discussions with group's personnel and acquired documentary evidence on the determination of 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 consolidated 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, 7 April 2025

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit

1.08 - SHAREHOLDERS MEETING RESOLUTIONS

The Hera Spa Shareholders Meeting:

- having acknowledged the Board of Directors' report on management;
- having acknowledged the Board of Statutory Auditors' report;
- having acknowledged the Independent Auditors' report;
- having examined the financial statements at 31 December 2024, which close with profits totalling 267,255,469.69 euro;

resolves:

- to approve Hera Spa's financial statements at 31 December 2024 and the report on management prepared by the Board of Directors;
- to allocate profits for the 1 January 2024 – 31 December 2024 financial year, amounting to a total of 267,255,469.69 euro, as follows:
 - 13,362,773.48 euro to the legal reserve; and
 - a dividend amounting to 0.150 euro gross paid to each ordinary share outstanding (excluding, that is, treasury shares held in the company's portfolio) on the day of payment for said dividend; and
 - 30,461,884.46 euro to the extraordinary reserve. This amount will be increased by the dividends related to the company's treasury shares on the day the dividend is paid.

The total dividend paid out therefore amounts to 223,430,811.75 euro, corresponding to 0.150 euro for each ordinary share outstanding (excluding, that is, treasury shares held in the company's portfolio);

- to establish 25 June 2024 as the initial date for dividend payment, and 23 June 2024 as the ex-dividend date for coupon no. 23, dividends being paid to shares recorded at 24 June 2022;
- to grant a mandate to the Board of Directors, and its Chairman, to ascertain in due time, in accordance with the definitive number of shares outstanding, the exact amount of profits to be distributed, and therefore the exact amount of the extraordinary reserve.

1.09 - NOTICE CONVENING THE SHAREHOLDERS MEETING



HERA S.p.A.
Holding Energia Risorse Ambiente
Viale Carlo Berti Pichat 2/4 40127 Bologna
tel. 051.287.111 fax 051.287.525
www.gruppohera.it

Shareholders are requested to attend the Extraordinary and Ordinary Shareholders Meeting at the head office of *Hera S.p.A. - Viale C. Berti Pichat no. 2/4, Bologna – at the “Spazio Hera” - on 30 April 2025 at 10.00 on a single call* to discuss and decide on the items on the following:

Agenda

Extraordinary Part

1. Amendment of Article 29 of the Articles of Association: related and consequent resolutions.

Ordinary Part

1. Financial statements at 31 December 2024 of Hera S.p.A.: related and consequent resolutions. Presentation of the consolidated financial statements at 31 December 2024. 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 remuneration policy and fees paid: resolutions relating to Section I – Remuneration policy.
4. Report on remuneration policy and fees paid: resolutions relating to Section II – Fees paid.
5. Integration of the KPMG S.p.A. auditing company's fee: related and consequent resolutions.
6. Renewal of authorisation to purchase treasury shares and the disposal procedure thereof: related and consequent resolutions.

The full text of the proposed resolutions, along with the explanatory reports and the documents 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 1Info (www.1info.it) within the term set out in law for each of the items on the agenda.

Right to attend and participate by proxy

Anyone who holds voting rights at the end of the accounting day of 17 April 2025 (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, i.e. 25 April 2025, 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 Meeting. Anyone who has become a shareholder after 17 April 2025 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, including 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 28 April 2025, 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 17 April 2025, following the procedure indicated on the Company's website (www.gruppohera.it).

Questions received within the above deadline will be answered no later than 28 April 2025, 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).

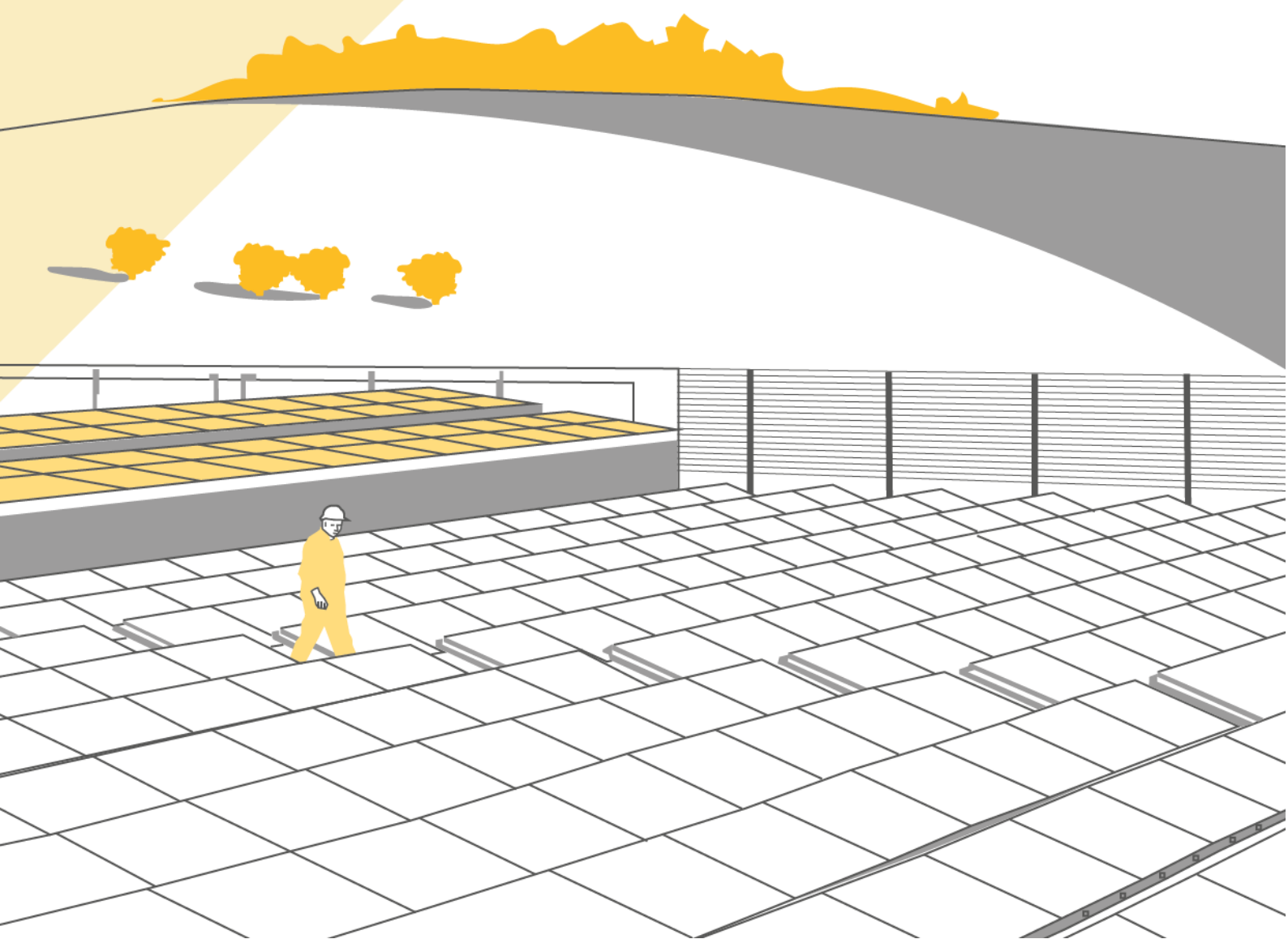
Bologna, 28 March 2025

The Executive Chairman of the Board of Directors
(Cristian Fabbri)



2

CONSOLIDATED FINANCIAL STATEMENTS



2.01 - FINANCIAL STATEMENT FORMATS

2.01.01 - Income statement

MN€	NOTES	2024	2023
Revenues	1	12,889.7	15,331.1
Other income	2	154.7	234.0
Raw and other materials	3	(7,056.4)	(9,672.2)
Service costs	4	(3,724.9)	(3,655.9)
Personnel costs	5	(667.5)	(641.1)
Other operating expenses	6	(97.3)	(90.3)
Capitalised costs	7	89.3	82.1
Amortisation, provisions and depreciation	8	(757.7)	(753.7)
Operating profit		829.9	834.0
Financial income	9	202.5	157.1
Financial expenses	10	(308.5)	(345.0)
Financial operations		(106.0)	(187.9)
Share of profits (losses) pertaining to joint ventures and associated companies	11	12.3	10.3
Earnings before taxes		736.2	656.4
Taxes	12	(200.3)	(173.2)
Net profit for the period		535.9	483.2
Attributable to:			
parent company shareholders		494.5	441.4
minority shareholders		41.4	41.8
Earnings per share			
basic	17	0.343	0.305
diluted	17	0.343	0.305

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate income statement outlined in paragraph 2.03.01 of this consolidated financial statement.

2.01.02 - Statement of comprehensive income

MN€	NOTES	2024	2023
Net profit (loss) for the period		535.9	483.2
Items reclassifiable to the income statement			
Fair value of derivatives, change for the period	29	(72.7)	(289.1)
Tax effect related to reclassifiable items		20.5	83.2
Other components of comprehensive income companies valued at net equity		(0.1)	-
Items not reclassifiable to the income statement			
Actuarial income (losses) employee benefit provisions	30	1.8	(2.0)
Shareholdings valued at fair value	26	(3.9)	10.9
Tax effect related to not reclassifiable items		(0.3)	0.4
Total comprehensive profit (loss) for the period		481.2	286.6
Attributable to:			
parent company shareholders		449.7	238.8
minority shareholders		31.5	47.8

2.01.03 - Statement of financial position

MN€	NOTES	31 DEC 24	31 DEC 23
ASSETS			
Non-current assets			
Property, plants and equipment	21, 25	2,160.7	2,059.3
Rights of use	22, 25	84.2	90.6
Intangible assets	23, 25	4,945.8	4,719.6
Goodwill	24, 25	933.0	908.7
Shareholdings valued using the equity method	26, 27	127.3	147.0
Other shareholdings	26	47.3	48.6
Non-current financial assets	18	158.0	162.8
Deferred tax assets	14	342.9	302.3
Derivative instruments	29	-	0.3
Total non-current assets		8,799.2	8,439.2
Current assets			
Inventories	32	168.1	198.5
Trade receivables	33	3,172.5	3,586.8
Current financial assets	18	23.1	90.9
Current tax assets	13	31.3	11.4
Current assets from contracts with customers	35	263.9	433.1
Other current assets	37	1,104.5	509.3
Derivative instruments	29	182.4	478.0
Cash and cash equivalents	18	1,315.6	1,332.8
Total current assets		6,261.4	6,640.8
TOTAL ASSETS		15,060.6	15,080.0

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 this consolidated financial statement.

MNE	NOTES	31 DEC 24	31 DEC 23
NET EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	1,440.8	1,443.0
Reserves	15	1,744.8	1,553.8
Profit (loss) for the period	15	494.5	441.4
Group net equity		3,680.1	3,438.2
Non-controlling interests	16	306.8	313.4
Total net equity		3,986.9	3,751.6
Non-current liabilities			
Non-current financial liabilities	19	4,154.6	4,421.7
Non-current lease liabilities	22	54.7	56.8
Employee benefits	30	79.9	88.1
Provisions	31	693.1	617.8
Deferred tax liabilities	14	144.8	156.9
Total non-current liabilities		5,127.1	5,341.3
Current liabilities			
Current financial liabilities	19	1,226.7	890.8
Current lease liabilities	22	24.4	24.5
Trade payables	34	2,723.9	2,619.3
Current tax liabilities	13	48.2	110.2
Current liabilities from contracts with customers	36	203.2	397.4
Other current liabilities	38	1,512.8	1,487.3
Derivative instruments	29	207.4	457.6
Total current liabilities		5,946.6	5,987.1
TOTAL LIABILITIES		11,073.7	11,328.4
TOTAL NET EQUITY AND LIABILITIES		15,060.6	15,080.0

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 this consolidated financial statement.

2.01.04 - Cash flow statement

MN€	NOTES	31 DEC 24	31 DEC 23
Earnings before taxes		736.2	656.4
Adjustments to reconcile net profit to cash flow from operating activities			
Amortisation and impairment of assets	8	563.4	526.2
Allocation to provisions	8	194.3	227.5
Effects from valuation using the equity method	11	(12.3)	(10.3)
Financial (income) expenses	9, 10	106.0	187.9
(Capital gains) losses and other non-monetary elements		(1.2)	(8.4)
Change in provisions	31	(34.9)	(27.7)
Change in employee benefit provisions	30	(10.0)	(11.0)
Total cash flow before changes in net working capital		1,541.5	1,540.6
(Increase) decrease in inventories	39	39.5	378.9
(Increase) decrease in trade receivables	39	(800.9)	(81.9)
Increase (decrease) in trade payables	39	(49.0)	(507.7)
Increase/decrease in other current assets/liabilities, including contracts with customers	39	438.2	439.9
Changes in working capital		(372.2)	229.2
Dividends collected	39	12.8	15.1
Interest income and other financial income collected	39	56.8	77.8
Interest expenses, net charges on derivatives and other financial charges paid	39	(192.6)	(193.4)
Taxes paid	39	(193.3)	(96.6)
Cash flow from (for) operating activities (a)		853.0	1,572.7
Investments in property, plants and equipment	21	(282.1)	(242.7)
Investments in intangible assets	23	(578.2)	(573.1)
Investments in subsidiary companies and business units net of cash holdings	28	(33.1)	(76.2)
Other equity investments	28	(0.4)	-
Sale price of property, plants, equipment and intangible assets		8.0	2.6
(Increase) decrease in other investment activities	28	81.2	30.1
Cash flow from (for) investing activities (b)		(804.6)	(859.3)
New issue of long-term bonds	20	471.1	614.9
Repayments of non-current financial liabilities	20	(7.9)	(750.0)
Repayments and other net changes in financial liabilities	20	(252.9)	(908.5)
Repayments of lease liabilities	20	(20.6)	(22.4)
Acquisition of interests in consolidated companies	20	(1.3)	(0.1)
Increase in minority share capital	20	1.3	1.9
Dividends paid out to Hera shareholders and non-controlling interests	20	(248.8)	(239.1)
(Investments) divestments in treasury shares	15	(6.5)	(19.7)
Cash flow from (for) financing activities (c)		(65.6)	(1,323.0)
Increase (decrease) in cash holdings (a+b+c)		(17.2)	(609.6)
Cash and cash equivalents at the beginning of the period	18	1,332.8	1,942.4
Cash and cash equivalents at the end of the period	18	1,315.6	1,332.8

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 this consolidated financial statement.

2.01.05 - Statement of changes in net equity

MN€	SHARE CAPITAL	RESERVES	RESERVES DERIVATIVE S VALUED AT FAIR VALUE	RESERVES ACTUARIAL INCOME (LOSSES) EMPLOYEE BENEFITS	RESERVE S SHARE- HOLDING S VALUED AT FAIR VALUE	PROFIT FOR THE PERIOD	NET EQUITY	NON- CONTROLLI NG INTERESTS	TOTAL
Balance at 1 Jan 23	1,450.3	1,485.8	256.6	(31.8)	(17.7)	255.2	3,398.4	246.3	3,644.7
Profit for the period						441.4	441.4	41.8	483.2
Other components of comprehensive income:									
fair value of derivatives, change for the period			(212.1)				(212.1)	6.2	(205.9)
actuarial income (losses)				(1.3)			(1.3)	(0.2)	(1.5)
employee benefit provisions									
fair value of shareholdings, change for the period					10.8		10.8		10.8
Overall profit for the period	-	-	(212.1)	(1.3)	10.8	441.4	238.8	47.8	286.6
change in treasury shares	(7.3)	(12.4)					(19.7)		(19.7)
minority share payments							-	1.9	1.9
change in equity investments		2.9					2.9	(3.0)	(0.1)
changes in scope of consolidation							-	56.8	56.8
other movements		(13)					(1.3)	(0.6)	(1.9)
Allocation of revenues:									
dividends paid out						(180.9)	(180.9)	(35.8)	(216.7)
allocation to reserves		74.3				(74.3)	-		-
Balance at 31 Dec 23	1,443.0	1,549.3	44.5	(33.1)	(6.9)	441.4	3,438.2	313.4	3,751.6
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 period						494.5	494.5	41.4	535.9
Other components of comprehensive income:									
fair value of derivatives, change for the period			(42.3)				(42.3)	(9.9)	(52.2)
actuarial income (losses)				1.4			1.4		1.4
employee benefit provisions									
fair value of shareholdings, change for the period					(3.8)		(3.8)		(3.8)
other business components valued at net equity		(0.1)					(0.1)		(0.1)
Overall profit for the period	-	(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)
minority share payments							-	0.2	0.2
change in equity investments		(0.2)					(0.2)	(1.1)	(1.3)
other movements		0.8					0.8	0.2	1.0
Allocation of revenues:									
dividends paid out						(201.9)	(201.9)	(37.4)	(239.3)
allocation to reserves		239.5				(239.5)	-		-
Balance at 31 Dec 24	1,440.8	1,785.0	2.2	(31.7)	(10.7)	494.5	3,680.1	306.8	3,986.9

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 statement at 31 December 2024 was 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 assumed going concern in drafting the consolidated financial statement 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.

Sufficient obligatory information to present a true and fair view of the Group's capital-financial conditions as well as its economic performance 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".

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 2024 were drawn up by the Board of Directors and approved by the same at the meeting held on 26 March 2025. These financial statements were audited by KPMG Spa.

Financial statement content and format

These consolidated financial statements comprise:

- financial statement formats
 - the income statement 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 company results;
 - the statement of comprehensive income is presented in a separate document and distinguishing 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 consolidated cash flow statement 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 net equity reports the items of the comprehensive income statement, as well as the operations that took place with our shareholders;
- explanatory notes.

The primary formats are in line with those used for the consolidated financial statements at 31 December 2023, except for the following changes that management adopted to ensure better representation and comparability.

With regard to the income statement, the following was done:

- separated the “Share of profits (losses) pertaining to joint ventures and associated companies” from typical components of financial operations that included it until 31 December 2023. Accordingly, the relevant values have been presented in a dedicated line in the financial statements located between Financial operations and Earnings before taxes;
- presented revenues arising from long-term contracts with respect to construction services for goods under concession from the line named “Other operating revenues” to the line “Revenues”.

With regard to the format of the statement of financial position, the following was done:

- Disaggregated the financial statement line on “Shareholdings” by two new lines, “Shareholdings valued using the equity method” and “Other shareholdings”, respectively;
- introduced the line “Current assets from contracts with customers” that includes contract work in progress, previously classified under “Inventories”.
- introduced the line “Current liabilities from contracts with customers” that includes advances on goods and services, previously classified under “Trade payables,” deferred expenses for services rendered to customers and advances for contract work in progress, both previously classified under “Other current liabilities”.

In addition, the Group renamed the following lines of the financial statement formats from the published formats at 31 December 2023:

- renamed “Other operating revenue” in “Other income”;
- renamed “Tangible assets” in “Property, plants and equipment”;
- renamed “Deferred fiscal assets and liabilities” in “Deferred tax assets and liabilities”;
- renamed “Post-employment and other benefits” in “Employee benefits”;
- renamed “Provisions for risks and charges” in “Provisions”.

Last year's formats have been restated in order to facilitate a comparison between the values of the two fiscal years. In this regard, it should be noted that the changes in the values of 31 December 2023 are not considered to be relevant to the size of the Group's financial and equity position.

In addition, it should be noted that during 2024 the amounts received as advances at the end of the previous fiscal period, related to the gas settlement process, were reclassified from “Current financial liabilities” to “Trade payables”. On the basis of the analyses carried out, the effects of this reclassification were not considered to be significant, in accordance with the provisions of paragraph 5 of IAS 8. Accordingly, this component was recorded in the consolidated financial statements at 31 December 2024, under “Trade payables”, without changing the comparative disclosure, in application of paragraphs 41 and 42 of IAS 8.

In the financial statements any non-recurring costs and revenues are indicated separately. Moreover, with reference to Consob resolution 15519 of 27 July 2006 on financial statements, specific supplementary formats of income statement, statement of financial position and cash flow statement have been included, highlighting the most significant balances with related parties, in order to avoid altering the overall clarity of the financial statements, the latter of which have likewise been changed from 31 December 2023 as described above.

The financial statement formats 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 as at 31 December 2024 include the financial statements of the Parent Company Hera Spa and those of its subsidiaries. Control is obtained when the Parent Company 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. Joint operations, in the form of corporate vehicles, are recognised in proportion to the Group's interest. 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 associated companies are excluded from overall consolidation and valued at fair value. These companies are reported in note 26, item “Other shareholdings”.

Changes in the scope of consolidation

The table below shows changes in the scope of consolidation introduced during the 2024 financial year as compared to the consolidated financial statements at 31 December 2023:

ACQUISITION OF CONTROL	EXITED THE SCOPE
TRS Ecology Srl	Atlas Utilities Ead*
Tri-veneta Scarl	
"Soelia" business unit	
"Safety" business unit	

* On 10 June 2024, the liquidation process of the Atlas Utilities Ead company was completed and the company was removed from the Bulgarian commercial register.

For an overview of the control acquisition operations carried out during the period, see section 1.03 "Main events occurred" of the Directors' report and the "Business combinations (supplementary information)" in section 2.2.10 "Other Information" for accounting implications and the valuation details of assets and liabilities acquired.

On 24 September 2024, Acantho Spa acquired from Safety 21 Spa a business unit comprising the set of activities, receivable and payable contracts for conducting the business of reselling connectivity and dull fibre, as well as ancillary services, to a specific list of customers within the geographical area of the municipality of Padua and some neighbouring municipalities. The operation became effective on 1 October 2024.

Changes in equity investments

On 15 April 2024, the parent company Hera Spa acquired a minority stake of 3% in Uniflotte Srl, thereby becoming the sole shareholder.

The difference between the adjustment of this minority shareholding and the fair value of the equivalent amount paid was reported directly in net equity and attributed to the parent company's shareholders.

Other corporate operations

On 24 May 2024, Herambiente Servizi Industriali Srl purchased from the company Estrada Clima Srl a business unit comprising the set of organized assets for carrying out the activities of electricity generation through photovoltaic plants. The operation became effective on 1 June 2024. This operation was recorded as an investment in property, plants and equipment, not a business combination.

With effect from 1 October 2024, Hera Comm Marche Srl, a wholly owned subsidiary, was merged by incorporation into its parent company Hera Comm Spa.

On 16 December 2024, the transfer agreement of 25% of the equity of EstEnergy Spa from Ascopiave Spa to Hera Comm Spa was signed. The transfer of the shares is expected to occur between 1 June and 31 July 2025 and will be subject to the condition precedent of actual collection by Ascopiave Spa of the stipulated amounts. Once the condition precedent is met, the legal percentage of ownership by the Hera Group will be 100% of its share capital.

Accounting policies and consolidation principles

The financial statements used for the preparation of the consolidated statement of financial position and income statement 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 Company) for the purposes of consistency with the accounting standards and principles of the Group. In processing the values referred to the companies valued at net 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 income statement, 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 income statement, as illustrated in the following section "Business combinations".

The total of 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 account "Minority shareholders".

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 income statement is concerned, the costs and revenues 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 fiscal 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 recognized in Group net equity.

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:

	2024	31 DEC 24	2023	31 DEC 23
	Average	Specific	Average	Specific
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558
Polish Zloty	4.3058	4.2750	4.5420	4.3395

The standards and criteria adopted are outlined here below.

Property, plants 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 income statement. Improvement, upgrading and transformation costs that increase the value of the assets are recorded as assets.

Property, plants and equipment are stated gross of grants for plants and equipment, which are recorded in the income statement 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 revenue.

Amortisation 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, plants and equipment are systematically depreciated in each accounting period using the amortisation rates considered representative of the remaining useful lives of the assets. The amortisation rates for property, plants 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 conferrable capacity.

Property investments - Property investments have been recorded at cost. As such, these assets are reported at cost minus depreciation and any impairment.

Rights of use - 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 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 losses in value.

Concessions mainly comprise the rights associated with networks, plants and other facilities related to gas and integrated water cycle 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 - Agreements for concession services - 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 cycle, 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 accounting principles applied to the "Receivables and financing" 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 infrastructures are reported on the basis of costs actually incurred.

This category also includes enlargements and updates made to the infrastructure which are the property of the Holding Companies (so-called Asset Companies, pursuant to Art. 113 of Legislative Decree no. 267/00) managed by the Group by virtue of business unit leasing contracts. 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 income statement 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 recognized 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 recognized.

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 income statement at the date of acquisition. For the purpose of determining the goodwill or the negative differential, the fair value assessment of put options 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.

Losses in value (impairment) - In order to assess any losses in value, the Group takes into consideration the book value of property, plants and equipment, rights of use and intangible assets, comparing it with the recoverable amount of these assets to define the value of any write-downs. The recoverable value is calculated as a right of use. Where it is not possible to estimate the recoverable value of an asset individually, the Group estimates the recoverable value 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.

Shareholdings accounted for using the equity method - Shareholdings entered in this item refer to long-term investments in associated companies 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.

Other shareholdings - 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 cashflows. 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 depreciated 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 recognized in the income statement, 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 liquidity 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 at fair value recorded in 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 valued at fair value recorded as profit (loss) for the fiscal period - 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 holdings 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 losses in value 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.

Current assets from contracts with customers - 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 revenues accrued with reasonable certainty, according to the percentage of completion accounting method, so as to apportion revenues and costs to the relevant financial years in proportion to the stage of completion of the work in question. Contract revenues, 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 revenues which can be determined reliably.

When the outcome of a contract cannot be reliably estimated, the revenues 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 revenues, the expected loss is immediately stated at cost.

Inventories - Inventories are recorded at cost, including directly attributable costs, or net estimated realizable 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 shareholders' 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 net profit 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.

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 income statement, 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 reserves are allocated, on the basis of the best estimate of the costs required to meet the obligation, on the balance sheet 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, plants 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, plants and equipment to which the charge refers.

Trade payables - These refer to payables derived from commercial supply transactions and are recorded at amortised cost.

Current liabilities from contracts with customers - 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 income statement either in the item "Revenues" 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 recognized 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 "Cash flow hedge 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 income statement 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 "Reserve of derivatives valued at fair value" 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 "Reserve of derivatives valued at fair value" 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 - Revenues and income are recognized 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 revenues deriving from operating activities and financial income which accrues between the sale date and the payment date. Specifically:

- revenues 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);
- revenues from the distribution are recognised on the basis of the tariffs paid by the Aeegsi and are subject to equalization at year end to reflect in accordance with the competence criterion the compensation recognised by the Authority in relation to the investments made;
- revenues are 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 recognized in the income statement 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 revenues 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 income statement 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 - Financial income and expense are recognised on an accrual basis. Dividends from "Other shareholdings" are recorded in the income statement, 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 TUIR. 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 recognized through profit or loss. Any net gain that might arise is set aside in a specific restricted reserve until the date of realization.

Operations with related parties - Operations with related parties 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, write-downs 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 operations

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 operation (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: identification and management of risk factors" in the Directors' report.

Significant estimates and valuations

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 revenues

Revenues 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.

Provisions for bad debts

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

Amortisation 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 recognized 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 value 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	2024	2023
Revenues	1	12,889.7	15,331.1
Other income	2	154.7	234.0
Raw and other materials	3	(7,056.4)	(9,672.2)
Service costs	4	(3,724.9)	(3,655.9)
Personnel costs	5	(667.5)	(641.1)
Other operating expenses	6	(97.3)	(90.3)
Capitalised costs	7	89.3	82.1
Ebitda		1,587.6	1,587.7
Amortisation, provisions and depreciation	8	(757.7)	(753.7)
Operating profit		829.9	834.0
Financial income	9	202.5	157.1
Financial expenses	10	(308.5)	(345.0)
Financial operations		(106.0)	(187.9)
Share of profits (losses) pertaining to joint ventures and associated companies	11	12.3	10.3
Earnings before taxes		736.2	656.4

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 revenues and costs decreased during the period, mainly due to the fall in energy commodity prices compared to the amounts reached during the previous periods, partially offset by higher volumes in the electricity sales business. The Group's Ebitda is an alternative performance measure whose definition can be found in Section 1.04 “Overview of operating and financial trends and definition of alternative performance measures”. The gross operating result, positive and amounting to 1,587.6 million euro, is in line with the result of the previous period. Note in particular the positive performance of the network managed businesses thanks to the tariff adjustments provided for by Arera resolutions, which offset the lower performance of some market services, mainly due to decreased incentives for energy efficiency in buildings and poorer results in commodity brokerage markets. However, an increase in the performance of the natural gas sales on traditional markets and of electricity sales to end customers was recorded. Finally, there was an increase in the waste management business, mainly related to waste disposal, due to an ongoing development process of the offer and optimisation of operational management.

“Amortisation, provisions and depreciation” increased as a result of investments entering into amortisation during the period, only partially offset by lower allocations to the provision for bad debts.

The significant change in financial operations is related to the following. On the one hand, financial income for the period benefited significantly from the effects of the discounting of tax credits arising from the discounts on bills for energy efficiency work on buildings, which the Group opted to retain for the purpose of offsetting its tax and social security liabilities, and financial expenses were positively impacted by the lower impact of the valuation of works carried out in the financial year 2024 compared to 2023. On the other hand, the fair valuation of the put options and earn-outs recognised to minority shareholders (in particular referring to the company EstEnergy Spa) resulted in a significant positive effect on financial management if compared to the same situation in the previous period. Finally, the benefits were fully recognised in the financial year 2024 from the repayment, in the previous year, of short- to medium-term loans and short-term credit lines taken out in FY2022 to meet cash requirements, particularly related to the storage of natural gas, in a rising benchmark interest rate scenario. These effects were only partially offset by the outcome of the impairment test of equity-accounted shareholdings, which resulted in the recognition of a significant write-down compared to the previous financial period.

1 Revenues

	2024	2023	CHANGE
Revenues from sales and services	13,058.4	15,410.6	(2,352.2)
Changes in work in progress and semi-finished products	(168.7)	(79.5)	(89.2)
Total	12,889.7	15,331.1	(2,441.4)

“Revenues from sales and services”, the decrease compared to the previous fiscal period mainly stems from the energy businesses, and is due to the following effects:

- average energy commodity prices that were lower than in previous years, despite a reversal of the trend in the latter part of the year due to geopolitical and macroeconomic tensions;
- lower sales volumes to end customers of methane gas due to both higher average temperatures in the comparison period and lower consumption by the customer base;
- increased volumes traded on wholesale markets;
- good performance of the electricity sales business due to both customer acquisitions in the free market and the launch of the gradual protection electricity service for vulnerable customers served by the Group at 1 July 2024 following the award of seven nationwide lots.

In addition, the value of energy revenues for the year was positively impacted on the one hand by the reinstatement of system charges (which, however, did not affect the Group's performance), which had been reduced or even cancelled from the last three months of 2021 to the first three months of 2023 in order to cope with the increases in energy commodity prices; and on the other hand, it was negatively impacted by the decrease in revenues for energy efficiency services, due to the significant reduction in subsidies for building renovations, especially apartment buildings. With regard to the other activities managed by the Group, an increase in revenues was recorded for network services (in particular, the water cycle), which benefited from the tariff increases with new yield benchmarks as resolved by Arera for all regulated businesses, as well as an increase in revenues for the waste management business due to the development of services offered, the volumes treated thanks to the full operation of some plants, and higher waste treatment prices.

As stated in Section 2.02.01 'Introduction', in order to better represent the Group's economic and financial dynamics, certain reclassifications have been introduced into the financial statements as compared to what was reported at 31 December 2023. In particular, it should be noted that the item 'Revenues from sales and services' includes for both periods the reclassification of the value of 'Long-term contracts', which last year were reported under 'Other operating revenues', now renamed "Other income". This item, amounting to 441.5 million euro at 31 December 2024 (433.8 million euro at 31 December 2023), includes revenues generated from the construction or improvement of infrastructures held in concession as per the application of the accounting model for intangible assets for public services held under concession.

Due to the particular types of business the Group oversees, “Revenues 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 three commodities most impacted by the estimated year-end accruals.

	2024	2023	VAR.
Gas sales	465.7	405.2	60.5
Electricity sales	397.9	305.5	92.4
Water	269.1	174.7	94.4
Total	1,132.7	885.4	247.3

A breakdown of revenues from sales and services by geographical area is shown below.

	2024	2023	CHANGE
Italy	10,966.4	11,933.7	(967.3)
European Union	572.8	1,924.1	(1,351.3)
Outside European Union	1,519.2	1,552.8	(33.6)
Total	13,058.4	15,410.6	(2,352.2)

The revenues generated outside Italy mainly refer to wholesale sales of natural gas and electricity, which amounted to 1,997 million euro at 31 December 2024 (3,383.3 million euro at 31 December 2023).

"Changes in work in progress and semi-finished products", includes the economic effect for the year of changes in contract work, determined on the basis of the percentage of work in progress. It is mainly attributable to energy efficiency works carried out for end customers, typically condominiums. The change with respect to the previous period mainly reflects the reduction in incentivised activities on services for energy savings in residential buildings, typically apartment blocks, following the termination of the 110% superbonus subsidy and, more generally, regulatory restrictions on incentives for energy efficiency measures in households.

Revenues from related parties are presented in section 2.03.01, "Income statement as per Consob resolution 15519/2006".

2 Other income

	2024	2023	CHANGE
White certificates	40.3	47.1	(6.8)
Operating grants	16.5	86.2	(69.7)
Grants related to plants	14.5	13.3	1.2
Gains from asset disposals	3.8	1.8	2.0
Other income	79.6	85.6	(6.0)
Total	154.7	234.0	(79.3)

"White certificates" represent the revenues 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 40.3 million euro (47.1 million at 31 December 2023). The change as compared with the previous period, given substantially the same subsidies granted and the obligation assigned to Group distribution companies for 2024, is mainly due to fewer operations carried out in the current period in connection with the redemption mechanism of virtual securities used in previous periods.

"Operating grants" mainly involve subsidies received for the operation of plants producing electricity from renewable sources. The significant decrease from the previous period is due to:

- the conclusion of the mechanisms envisaged by the governmental decrees that have been issued beginning in the financial year 2022 to deal with the high energy price emergency, which resulted in the recognition of gas and electricity subsidies in the form of tax credits in the financial year 2023, amounting to 43.3 million euro;
- the recording during the previous financial period of grants amounting to 35.7 million euro compensating the costs incurred for the management of the flood emergency that hit Emilia-Romagna and some neighbouring regions in May 2023.

"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 18.4 million euro (13.6 million euro at 31 December 2023) and insurance reimbursements of 9.9 million euro (13.3 million euro at 31 December 2023).

Please note that the published income statement for the year 2023 included the item "Long-term contracts" in the line "Other operating revenues" (now renamed "Other income"). As already stated in note 1 "Revenues", to which reference is made for further details, this item was reported at 31 December 2024, and also for the period of comparison, under revenues from sales and services.

3 Raw and other materials

	2024	2023	CHANGE
Raw materials	6,682.4	9,416.0	(2,733.6)
Environmental certificates	67.2	117.7	(50.5)
Plastic materials	65.5	57.1	8.4
Charges and revenues from derivatives	(30.8)	(188.7)	157.9
Maintenance and other materials	272.1	270.1	2.0
Total	7,056.4	9,672.2	(2,615.8)

"Raw materials", net of changes in stocks and the write-downs 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 decrease seen during the period, similarly to what was described in note 1, "Revenues", was due to the reduction in energy commodity procurement prices and lower volumes of gas sold to end customers, which were partially offset by the increase in volumes of electricity sold to end customers and intermediated volumes.

"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 year essentially relates to the lower number of grey certificate transactions in the trading portfolio.

"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, at essentially the same volumes, was due to the price increase that occurred during the financial year 2024, resulting from increased competition in the bidding mechanism for the purchase of scrap.

"Charges and revenues from derivatives" include the effects of derivatives on commodities, as described in note 29, "Derivative instruments". See this note for an analysis of the nature and performance of this item.

"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.

4 Service costs

	2024	2023	CHANGE
Transport and storage	1,982.1	1,221.2	760.9
Waste transportation, disposal and collection	580.1	560.4	19.7
Work and maintenance expenses	548.3	1,252.0	(703.7)
Technical services	116.6	161.9	(45.3)
IT and data processing services	94.9	83.3	11.6
Fees paid to local authorities	72.5	64.3	8.2
Professional services	64.5	56.6	7.9
Other service costs	265.9	256.2	9.7
Total	3,724.9	3,655.9	69.0

"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 year is mainly attributable to:

- higher system charges related to the gas and electricity businesses, following the ending of the effects of regulatory provisions that in previous periods, in response to the energy crisis, had resulted in their reduction or cancellation;
- higher electricity distribution costs mainly due to the increase in volumes sold and customers served;
- lower natural gas storage and transportation costs due to the lower volumes managed directly by the Group on Remi substations, and the lower tariffs for the 2024 financial year charged by the national carrier.

"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;
- higher waste transport and treatment costs due both to a rise in the volumes treated and an increase in the unit costs of service.

Please note that the value as at 31 December 2023 includes costs incurred during the previous year for waste transport, storage and treatment activities following the May 2023 flooding emergency that affected part of the areas in which the Group manages public utilities, an event that resulted in the need to manage a considerable amount of non-ordinary waste.

"Charges for works and maintenance" 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 from the previous year is mainly due to fewer energy efficiency activities carried out on buildings due to regulatory changes that effectively eliminated the possibility of invoice discounting or credit transfer.

"Technical services" mainly include costs incurred in carrying out the administrative activities related to increasing the energy efficiency of apartment buildings and installing photovoltaic systems for the Group's end customers. In this case as well, the decrease is due to fewer energy efficiency activities carried out on buildings.

"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 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. Change from the previous year is mainly due to the increase in fees due for certain licenses related to the water cycle business.

"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 year was due to the increase in costs for managing documents for receivables, arising from the application of the discount included in invoices for improving the energy efficiency of apartment buildings, in particular in connection with the conclusion of the administrative paperwork for the 110% superbonus works carried out during the financial year 2023.

"Other service costs" include all other costs for services not specified in the above categories. This item also includes commissions to agents totalling 35.6 million euro (39.2 million euro at 31 December 2023) and bank commissions in the amount of 16 million euro (22.3 million euro at 31 December 2023). Note that the item "Other service costs" also includes instalments relating to short-term leases and low-value leases.

5 Personnel costs

	2024	2023	CHANGE
Salaries and wages	472.7	455.0	17.7
Social security costs	154.2	147.7	6.5
Other costs	40.6	38.4	2.2
Total	667.5	641.1	26.4

The average and specific number of employees for the period in question, analysed by category, is as follows:

	AVERAGE			SPECIFIC		
	2024	2023	CHANGE	2024	2023	CHANGE
Managers	157	159	(2)	156	158	(2)
Middle managers	596	591	5	613	593	20
Clerks	5,743	5,616	127	5,785	5,604	181
Blue-collar workers	3,673	3,644	29	3,687	3,610	77
Total	10,168	10,009	159	10,241	9,965	276

The average cost of labour per capita for 2024, increased from 2023, is as follows:

THOUSAND EURO	2024	2023	CHANGE
Average cost of labour per capita	65.6	64.0	1.6

The increase in personnel costs compared to the previous year is mainly connected to:

- the increase in the average number of employees, particularly as a result of new acquisitions during the fiscal year 2024;
- changes in salaries provided for by the national collective labour agreements.

6 Other operating costs

	2024	2023	CHANGE
Taxes, fees and non-income taxation	25.2	25.0	0.2
Losses on the sale and disposal of assets	18.7	16.6	2.1
Fees paid to institutional Authorities	16.1	15.5	0.6
Other expenses	37.3	33.2	4.1
Total	97.3	90.3	7.0

"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.

"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.

"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.

"Other expenses" comprise other residual items including membership fees, indemnities, sanctions and fines. The increase in the period is mainly due to regulatory fines introduced in 2024 by Arera in relation to the natural gas distribution business.

7 Capitalised costs

	2024	2023	CHANGE
Increase of self-constructed assets	89.3	82.1	7.2

This item includes mainly the labour costs and other charges (such as storage materials and costs for use of equipment) directly attributable to the Group's self-constructed assets.

8 Amortisation, provisions and depreciation

	2024	2023	CHANGE
Amortisation, depreciation and write-down	563.4	526.2	37.2
Net provisions	194.3	227.5	(33.2)
Total	757.7	753.7	4.0

Details of the item Amortisation, depreciation and write down are as follows:

	NOTES	2024	2023	CHANGE
Amortisation and depreciation	21, 22, 23	562.4	519.3	43.1
Write-downs	21, 22, 23	1.0	6.9	(5.9)
Total		563.4	526.2	37.2

Amortisation and depreciation refer to property, plants and equipment, rights of use and intangible assets.

Write-downs 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 Net provisions are as follows:

	NOTES	2024	2023	CHANGE
Provisions to the bad debts fund	33	122.9	158.0	(35.1)
Provisions to funds	31	73.9	85.7	(11.8)
De-provisioning	31, 33	(2.5)	(16.2)	13.7
Total		194.3	227.5	(33.2)

Provisions include value adjustments to the bad debts fund 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 Financial income

	2024	2023	CHANGE
Discounting of energy efficiency receivables	51.5	7.8	43.7
Income from fair value valuation of financial assets and liabilities	50.6	46.9	3.7
Customers	29.5	47.8	(18.3)
Income from derivatives	26.6	5.1	21.5
Bank interests	23.7	27.4	(3.7)
Other financial income	20.6	22.1	(1.5)
Total	202.5	157.1	45.4

"Discounting of energy efficiency receivables" represents the valuation 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 higher volume of receivables on the tax drawers at the end of the year, as compared to 2023.

The item "Income from valuation at fair value of financial assets and liabilities" includes the following:

	NOTES	2024	2023	CHANGE
Put options and contingent consideration	19	50.6	31.3	19.3
Bonds	29	-	15.6	(15.6)
Total		50.6	46.9	3.7

Put options and contingent consideration represent the positive effects of updating the estimates of liabilities recognised in previous periods in connection with one-time acquisition transactions. Its value at 31 December 2024 refers for 47.8 million euro to the updated valuation of the liability for the put option held by Ascopiave Spa on the minority interest in EstEnergy Spa, taking into account the agreement between the parties to use the remaining 25% share;

"Customers" mainly include interest on arrears in the gas and electricity sales, in particular in safeguard regime. The latter market, in particular, showed a decline in volumes and turnover during the financial year 2024. In the financial year 2023, this item also included interest charged to customers for so-called "trailed" energy efficiency work in connection with the 110% superbonus, which was significantly lower in the financial year 2024 due to the reduction in activities related to energy efficiency in apartment buildings.

"Income from derivatives" includes the effects of both valuation and realization of interest and foreign exchange derivatives, as detailed in note 29 "Derivative Instruments".

"Bank interest" includes income from the short-term use of available liquidity on the Group's bank accounts. The decrease in interest income compared to the previous year is mainly due to the decrease in average interest-bearing deposits, partially offset by an increase in the average rate applied to deposits.

The item "Other financial income" includes the following:

	NOTES	2024	2023	CHANGE
Dividends		7.9	6.4	1.5
Discounting of non-current financial receivables	18	6.8	6.3	0.5
Other		5.9	9.4	(3.5)
Total		20.6	22.1	(1.5)

- Dividends represent the portions of profit paid by companies classified as "Other shareholdings", specifically referring to the equity investments 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;
- Other includes in particular write-backs of value for the portion of previously written-down financial receivables from the associate Tamarete Energia Srl that were collected during the year in the amount of 2.4 million euro and the aggregation gain from the acquisition of the Soelia business unit in the amount of 0.7 million euro, as reported in section 2.02.10 "Other Information".

10 Financial expenses

	2024	2023	CHANGE
Expenses from bonds and loans	119.9	133.9	(14.0)
Factoring charges and disposals of tax credits	58.2	58.8	(0.6)
Valuation at amortised cost of financial liabilities	30.3	33.5	(3.2)
Write-down of shareholdings	27.0	5.9	21.1
Discounting of provisions	26.4	7.9	18.5
Expenses from valuation at fair value of financial assets and liabilities	16.9	56.5	(39.6)
Discounting of options and consideration on shareholdings	11.6	17.6	(6.0)
Expenses from derivatives	8.1	23.8	(15.7)
Other financial expenses	10.1	7.1	3.0
Total	308.5	345.0	(36.5)

"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 year is due to lower financial needs, as already in financial year 2023, the good performance of net working capital and the greater stability in the energy markets allowed for the early repayment of short- and medium-term financial liabilities that had been taken out in financial year 2022, in a context of rising rates, in order to meet the cash needs caused by the extremely volatile macroeconomic environment.

"Factoring charges and disposals of tax credits" includes the following:

	NOTES	2024	2023	CHANGE
Disposals of trade receivables and other operating receivables		44.5	44.8	(0.3)
Disposals of tax credits	37	13.7	14.0	(0.3)
Total		58.2	58.8	(0.6)

- Disposals of trade receivables and other operating receivables are substantially in line with the previous year and mainly include charges arising from the revolving transfer of energy and water cycle customers;
- Disposals of tax credits includes expenses caused by the transfer of receivables recognised as a result of the application of the discount included in invoices to customers for energy efficiency measures. This effect on the Group's results for the period is offset by the termination of the evaluation position entered when the receivables were 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. The item also includes figurative charges of 3.2 million euro, in line with the previous year, relating to the put option held by Ascopiave Spa on the minority shareholding in Hera Comm, accounted for as a loan (with a nominal value of 54 million euro), as reported in note 19, "Financial liabilities". The increase seen during the year is mainly due to the reimbursement in the previous financial year of a loan for the issuance of a Sustainability-linked bond (issued in April 2023) and to the redemption of a loan (in the form of a green bond) at maturity in the current year.

"Write-down of shareholdings" include the valuations made during impairment tests on shareholdings and refer for 22.1 million euro to the investment in Set Spa, a vehicle through which the Group holds production quotas for a power generation plant (for more details see note 27 "Impairment test on equity investments") and for 4.9 million euro to the equity investment in Aimag Spa, a multi-utility company operating in water, waste, energy and public lighting services.

"Discounting of provisions" is broken down as follows:

	NOTES	2024	2023	CHANGE
Post-closure landfills	31	18.6	0.3	18.3
Restoration of third-party assets	31	5.2	4.4	0.8
Employee benefits	30	2.4	3.0	(0.6)
Plant dismantling	31	0.2	0.2	-
Total		26.4	7.9	18.5

See the explanatory notes to the respective balance sheet items for an analysis of the change in expenses for discounting of provisions from the comparison period, where significant.

The item "Expenses from valuation at fair value of financial assets and liabilities" includes the following:

	NOTES	2024	2023	CHANGE
Bonds	29	21.2	-	21.2
Put options and contingent consideration	19	0.7	0.1	0.6
Energy efficiency credits	37	(5.0)	56.4	(61.4)
Total		16.9	56.5	(39.6)

- Bonds represent valuation adjustments, in application of the fair value hedge, of a bond loan in foreign currency that was repaid during the financial year 2024 and for which the relation was effective until the maturity date;
- Put options and contingent consideration represent the negative effects of updating the estimates of liabilities recognized in previous years in connection with one-time commercial 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 financial income by way of the cash savings generated. In addition, during the year 2024, the invoice discount receivables subject to valuation were limited compared to the comparison year due to the regulations issued by the Government, which limited the aforementioned mechanism to entirely residual cases, while the reversal of valuation positions opened in the previous year was recognised, following the disposal of tax credits that had been carried out.

"Discounting of options and consideration on equity investments" mainly includes notional discounting charges related to the fair value valuation of put options granted to minority shareholders, as reported in note 19 "Financial liabilities".

"Expenses from derivatives" includes the effects of both valuation and realization of interest and foreign exchange derivatives, as detailed in note 29 "Derivative Instruments."

The item "Other financial expenses", residual in nature, includes the following:

	NOTES	2024	2023	CHANGE
Short-term bank overdrafts		3.5	1.7	1.8
Leases	22	2.9	2.8	0.1
Other expenses		3.7	2.6	1.1
Total		10.1	7.1	3.0

Other expenses mainly include interest for financial intermediation and interest related to payment deferrals.

11 Share of profits (losses) pertaining to joint ventures and associated companies

	2024	2023	CHANGE
Joint venture share of net earnings	2.4	2.8	(0.4)
Associated companies share of net earnings	9.9	7.5	2.4
Total	12.3	10.3	2.0

The share of profits and losses of joint ventures and associated companies 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 shareholdings".

As reported in paragraph 2.02.01 "Introduction", to which reference should be made for further details, in the 2024 financial year, this item was presented in the statement of financial operations and income before taxes, thereby separating it from financial operations in which it was included in the published income statement for the 2023 financial year.

2.02.03 - Taxation

	2024	2023	CHANGE
Earnings before taxes	736.2	656.4	79.8
Taxes	(200.3)	(173.2)	(27.1)
Net profit for the period	535.9	483.2	52.7
Tax rate	27.2%	26.4%	

The tax rate increase is mainly due to:

- the effect of the write-off of the receivable connected with the request for reimbursement for windfall contribution paid by EstEnergy Spa in the year 2022;
- the effect of non-taxable write-downs;
- the abolition from 1 January 2024 of the Ace deduction.

It should be noted that the tax rate of the previous year benefited from the non-recurring incentives in the form of tax credit, which ended in the first half of 2023 and was introduced for the purchase of electricity and gas during the energy crisis affecting the previous financial years; these represented untaxed income components amounting to 43.3 million euro at 31 December 2023.

The tax rate, lower than the nominal IRES and IRAP rates, was positively impacted by:

- the positive effects on the result of the fair value valuation of put options and earn outs in relation to minority shareholders that are not relevant for tax purposes;
- the benefits arising from the exemptions of higher values related to non-recurring operations.

12 Taxes

This item is made up as follows:

	2024				2023				CHANGE
	CURRENT	PRE-PAID	DEFERRED	TOTAL	CURRENT	PRE-PAID	DEFERRED	TOTAL	
IRES	167.3	(28.5)	(3.8)	135.0	178.9	(63.9)	10.6	125.6	9.4
IRAP	45.4	(3.5)	0.6	42.5	47.2	(4.1)	0.7	43.8	(1.3)
Substitute tax	13.2	-	-	13.2	3.8	-	-	3.8	9.4
Nonrecurring subsidies	9.6	-	-	9.6	-	-	-	-	9.6
Total	235.5	(32.0)	(3.2)	200.3	229.9	(68.0)	11.3	173.2	27.1

A higher current tax burden was seen in 2024 compared to the previous year, consistent with the increase in earnings before taxes, net of certain non-recurring items not relevant for tax purposes.

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. It also includes the benefit on IRES and IRAP taxes deriving from the exemptions of higher values arising from:

- the acquisition of controlling shareholdings in A.C.R. di Reggiani Albertino Spa and F.lli Franchini Srl pursuant to paragraphs 10-bis and 10-ter of Article 15 of the Legislative Decree 185/2008. The effect on deferred tax assets amounted to a total of 16.3 million euro against the payment of substitute taxes of 9.4 million euro;
- the partial demerger of Herambiente Servizi Industriali Srl into A.C.R. di Reggiani Albertino Spa pursuant to paragraph 10-ter of Article 15 of the Legislative Decree 185/2008. The effect on pre-paid taxes amounted to 4.1 million euro against the payment of a substitute tax of 2.3 million euro;
- the merger by incorporation of Asco TLC Spa into Acantho Spa, pursuant to paragraph 10-ter of Article 15 of the Legislative Decree 185/2008. The effect on prepaid taxes amounted to a total of 2.6 million euro against the payment of substitute taxes for 1.4 million euro.

Note that during the previous year this item included tax benefits resulting from the exemption of higher values arising from the acquisition of the company Con Energia Spa totalling 6.5 million euro against the payment of substitute taxes coming to 3.7 million euro.

With reference to non-recurring subsidies, the item includes the amount already paid in previous years by EstEnergy Spa in relation to the non-recurring solidarity levy contribution instituted, for the year 2022, by Legislative Decree no. 21/2022, entered as a receivable because the Group considered that there was no real likelihood of having to pay it and for which a claim for reimbursement was subsequently filed. With the ruling of judgment no. 111 of 27 June 2024, the Constitutional Court, however, ruled that the levy was constitutionally unlawful with exclusive reference to the inclusion of excise duties in the taxable base relevant for determining the levy, while it rejected all the other claims of constitutionality, thus confirming the legitimacy of the levy. Therefore, having obtained the advice of its legal counsel, the Group considered that the receivable recognised for the contribution was no longer recoverable and entered the expense under taxes for the period.

As early as 31 December 2023, 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, revenues, 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 2024 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 1.04.01 "Operating results and investments" in the Directors' Report, where both the pre-tax result 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.

	2024		2023	
	NOMINAL EFFECT	PERCENTAGE EFFECT	NOMINAL EFFECT	PERCENTAGE EFFECT
Earnings before taxes	736.2		656.4	
IRES				
Standard rate	(176.7)	(24.0)%	(157.5)	(24.0)%
IRAP deduction	1.2	0.2%	1.1	0.2%
Shareholdings	(5.9)	(0.8)%	(0.8)	(0.1)%
Ace and super ace	-		4.3	0.7%
Maxi and hyper amortisation	6.0	0.8%	7.1	1.1%
IRES previous years	-		(1.5)	(0.2)%
Other changes (increases and/or decreases)	20.7	2.8%	16.1	2.5%
IRAP and other current taxes				
IRAP	(42.5)	(5.8)%	(43.8)	(6.7)%
Exemption	6.5	0.9%	1.8	0.3%
Windfall contributions	(9.6)	(1.3)%	-	
Taxes	(200.3)	(27.2)%	(173.2)	(26.4)%

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 effect of non-taxable write-downs of companies valued at equity.

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 the financial year 2020, this benefit was replaced by a tax credit recognition mechanism.

The item "Other changes (increases and/or decreases)" increased compared to the previous year, mainly due to the effect of components of the pre-tax result not relevant for tax purposes relating to the fair value valuation of put options and earn outs for minority shareholders (49.9 million euro at 31 December 2024 as compared to 31.2 million at 31 December 2023) and to the effect of the release of deferred taxes recognised on the difference between the nominal value and the present value of the put option liability. It should be also noted that at 31 December 2023 the item benefited from the non-recurring incentives in the form of tax credit to a number of the Group's companies introduced for the purchase of electricity and natural gas cancelled by the Government starting in the second half of the financial year 2023.

The item "IRAP" decreased in absolute value mainly due to the benefits of the tax exemptions obtained in 2024, amounting to 3.1 million euro compared to 1 million euro at 31 December 2023. The decrease in the impact on the tax rate is also affected by the significant improvement in financial operations, which are not tax-relevant, yet result in an increase in the pre-tax profit (the basis for calculating the indicator).

The item "Exemption" includes the net benefit only on IRES taxes resulting from the exemption for the higher values mentioned above, amounting to 6.5 million euro (the IRAP benefit is classified under "IRAP" above).

For the item "Non-recurring contributions" please refer to the comments above.

Finally, it should be noted that at 1 January 2024, the tax reform approved by the Italian government abolished Ace as a tax relief instrument for companies that reinvest profits in their operating process.

13 Current tax assets and liabilities

	31 DEC 24	31 DEC 23	CHANGE
Income tax receivables	30.5	10.3	20.2
IRES refund receivables	0.8	1.1	(0.3)
Total current tax assets	31.3	11.4	19.9
Income tax payables	48.2	110.2	(62.0)
Total current tax liabilities	48.2	110.2	(62.0)

"Income tax receivables" 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 payables", 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.

Note that the particularly significant amount of "Income tax payables" at 31 December 2024 reflect, for certain Group's companies, a positive change in pre-tax profit with respect to 2022, which, due to the mechanism under which direct taxes are paid through deposits on a historical basis, resulted in a debit for net exposure at 31 December 2023.

14 Deferred tax assets and liabilities

	31 DEC 24	31 DEC 23	CHANGE
Pre-paid tax assets	468.9	448.2	20.7
Offsetting of deferred taxes	(126.4)	(146.1)	19.7
Substitute tax credit	0.4	0.2	0.2
Total net deferred tax assets	342.9	302.3	40.6
Deferred tax liabilities	271.2	303.0	(31.8)
Offsetting of deferred taxes	(126.4)	(146.1)	19.7
Total net deferred tax liabilities	144.8	156.9	(12.1)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets with the corresponding current tax liabilities.

Deferred tax assets and liabilities relating to 2024 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

	2024			2023		
	TEMPORARY CHANGES	TAX EFFECT (IRES+IRAP)	CHANGES IN EQUITY	TEMPORARY CHANGES	TAX EFFECT (IRES+IRAP)	CHANGES IN EQUITY
Pre-paid taxes with effect on the income statement and the statement of comprehensive income						
Amortisation	738.1	191.5		698.2	181.1	
Provisions for bad debts	389.4	93.0		321.6	76.2	
Provisions	274.7	76.7		244.5	67.8	
Shareholdings	179.8	50.3		148.4	41.9	
Cash flow hedge	18.2	5.1		60.6	17.4	
Other	201.5	52.3		258.6	63.8	
Total tax effect	1,801.7	468.9	1.0	1,731.9	448.2	(9.3)
Credited (or debited) amount to the statement of comprehensive income		(12.3)			(40.3)	
Credited (or debited) amount to the income statement		32.0			68.0	

DEFERRED TAX LIABILITIES

	2024			2023		
	TEMPORARY CHANGES	TAX EFFECT (IRES+IRAP)	CHANGES IN EQUITY	TEMPORARY CHANGES	TAX EFFECT (IRES+IRAP)	CHANGES IN EQUITY
Deferred taxes with effect on the income statement and statement of comprehensive income						
Amortisation	875.4	187.2		836.8	177.4	
Cash flow hedge	18.3	5.3		133.4	38.1	
Discounted financial liabilities	7.5	1.8		60.1	14.4	
Provisions	26.7	7.8		32.5	8.8	
Other	278.4	69.1		258.0	64.3	
Total tax effect	1,206.3	271.2	4.4	1,320.8	303.0	10.3
Credited (or debited) amount to the statement of comprehensive income		33.0			123.9	
Credited (or debited) amount to the income statement		3.2			(11.3)	

"Changes in equity" do not affect the income statement 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 2024 (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 increase for the period is due to the following effects:

- adjustment and reversal of non-deductible components for determining the current tax burden of the previous year, relating to energy efficiency activities in apartment buildings, resulting in a decrease in tax assets amounting to 23.3 million euro;
- net allocations to the provision for bad debts of the Parent company and the main sales companies, resulting in an increase in tax assets amounting to 16.8 million euro overall;
- the change in the fair value of derivatives, mainly commodities, classified as cash flow hedge, resulting in an asset decrease with a balancing entry in the statement of comprehensive income in the amount of 12.3 million euro;
- higher accounting amortisation not deductible in the current financial year, which led to an increase in assets totalling 10.4 million euro;
- net allocations to provisions, resulting in an increase in tax assets coming to 8.9 million euro.

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 significant increase compared to 31 December 2023 is mainly due to the changes in the fair value of derivatives, mainly commodities, classified as cash flow hedge, resulting in a decrease in liabilities coming to 32.8 million euro with a balancing entry in the statement of comprehensive income.

Reporting on tax litigation

IRES, IRAP, VAT and withholdings

Company	Description of litigation	Status of litigation	Disputed amount*	Amounts paid (including provisions provisionally)**	Provisions booked in the financial
Tax					
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 and 2014, the Second Degree Tax Court rejected the appeal brought by the Revenue Office and ordered it to pay the costs. The proceedings for the year 2015 saw first instance rulings in favour of the company. The Revenue Office appealed with the Second Degree Tax Court, which confirmed once again the first degree ruling against the first degree ruling, with the Revenue Office losing. For the years 2016 to 2018, the First Degree Tax Court annulled the assessments, but the Revenue Office appealed the ruling. For the year 2019, the company notified an appeal for which the Collection Agency ordered the payment of the deposit. A date for the associated hearing is pending. On 31 December 2024, the Venice Revenue Office served an assessment notice for the year 2020 against which the company will file an appeal.	13.6	0.3	-
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	-
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 terms for the Revenue Office to file an appeal against the above-mentioned rulings are pending. During 2024, the company received assessment notices for the years 2018 and 2019, against which the appeals were lodged with the appropriate Tax Court.	7.0	-	-
Marche Multiservizi Spa					
IRES and IRAP	Notices of assessment for the years between 2009 and 2016 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 Court of Justice. For the year 2016, the company contested the assessment. On 26 November 2024, the Ancona Tax Court of First Instance issued its ruling rejecting the company's appeal.	2.5	1.4	0.4
Inrete Distribuzione Spa					
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).	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 terms for the Revenue Office to file an appeal against the above-mentioned ruling are pending. 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.	2.8	0.5	-
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 definition of tax disputes pursuant to Article 1, paragraphs 197 ff of Law no. 197 of 29/12/2022 (Budget Law 2023). . . . 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	Description of litigation	Status of litigation	Disputed amount*	Amounts paid (including provisionally)**	Provisions booked in the financial
Tax					
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 terms for the Veneto Region to file an appeal in Cassation against the above-mentioned ruling are pending. For the 2016 and 2017 tax years, the first-degree ruling was filed and is partially favourable to the company. Following the appeal by the Veneto Region, the proceedings are pending before the second instance Tax Court.	7.0	-	1.5
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
Hera Servizi Energia Spa Construction bonus tax credits	Cancellation of invoice discount communication Art. 121 of Legislative Decree 34/2020	In the course of 2024, the Revenue Offices of Trieste and Venice cancelled a number of invoice discount notices relating to paperwork concerning apartment buildings. The company filed the relevant appeals.	5.1		-
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	1.3	1.4
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. At present, a date for the hearing is pending. 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. A date for the hearing is pending.	2.1	1.1	-
Hera Spa COSAP/TOSAP	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	
	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.	The 2014 and 2015 proceedings are currently pending at the Emilia-Romagna Second Degree Tax Court. Both first instance rulings were unfavourable to the company. Concerning the notices for 2016, 2017 and 2018, the first instance rulings were both 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 - Equity and financial structure

	31 DEC 24	31 DEC 23	CHANGE
Net equity	3,986.9	3,751.6	235.3
Net financial debt	3,963.7	3,827.7	136.0
Net financial debt / net equity	0.99	1.02	

Compared to 31 December 2023, net equity increased, mainly due to the combination of the following:

- net income for the year amounting to 535.9 million euro, up from 483.2 million at 31 December 2023;
- dividend payments amounting to 239.3 million euro;
- a negative change in the other comprehensive income components totalling 54.6 million euro, driven mainly by changes in cash flow hedge reserves related to gas and electricity commodity transaction hedges;
- a negative change resulting from operations carried out on treasury shares totalling 6.5 million euro.

Net financial debt is an alternative performance indicator, as reported in Section 1.04 "Overview of operating and financial trends and definition of alternative performance indicators". The reference value at 31 December 2024 is slightly increased compared to the previous period. During the financial year 2024, the Group maintained solid performance in terms of cash generation from operations before the changes in net working capital. On the other hand, as reported in the cash flow statement schedule in paragraph 2.01.04, net working capital recorded a significant cash absorption for the current year, mainly due to the effect of trade receivables, which, in the year of comparison, had benefited from the drop in commodity prices (also with reference to the methane gas storage business), producing a physiological re-absorption of the outstanding exposure that had arisen at 31 December 2022. Compared to the previous year, cash generated by operating activities was also negatively impacted by the payment of taxes totalling 193.3 million euro (96.6 million euro at 31 December 2023) as a result of the payment mechanisms for rising Group profit.

The significant operating cash flow generation, although lower than at 31 December 2023, made it possible to self-finance investment activity, including business combinations. Lastly, it should be noted that during the year, the Group underwrote long-term loans in the amount of 471.1 million euro and incurred the repayment of two maturing bonds with a total notional amount of 438.1 million euro, as well as paid dividends in the total amount of 248.8 million euro. For more details, see Section 1.04.02 "Financial structure and adjusted net debt" under note 19 "Financial Liabilities" and the explanatory notes commenting on the cash flows in the income statement.

Net equity

15 Group net equity

	31 DEC 24	31 DEC 23	CHANGE
Share capital (nominal value)	1,489.5	1,489.5	-
Treasury share reserve	(48.0)	(45.8)	(2.2)
Share capital increase costs	(0.7)	(0.7)	-
Share capital	1,440.8	1,443.0	(2.2)
Legal reserve	146.1	133.9	12.2
Other reserves	1,699.2	1,471.4	227.8
Components of comprehensive income (OCI)	(40.2)	4.5	(44.7)
Reserve for treasury share operations	(60.3)	(56.0)	(4.3)
Reserves	1,744.8	1,553.8	191.0
Profit (loss) for the period	494.5	441.4	53.1
Total	3,680.1	3,438.2	241.9

The share capital at 31 December 2024 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 2024 was 48,042,438 (45,830,208 at 31 December 2023).

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 2023.

Other reserves consist of the profits generated in previous years and reserves established on capital contributions or equity investments.

The Reserve for treasury share operations reflects the operations on treasury shares carried out at 31 December 2023, but also the use of 414,145 shares for the acquisition of the minority stake in Uniflotte Srl, for an equivalent of 1.3 million euro, and the use of 1,146,625 shares for the acquisition of the Soelia business, for an equivalent of 3.9 million euro.

16 Non-controlling interests

	31 DEC 24	31 DEC 23	CHANGE
Share capital and reserves	270.5	266.8	3.7
Other comprehensive income (OCI)	(5.1)	4.8	(9.9)
Profit (loss) for the period	41.4	41.8	(0.4)
Total	306.8	313.4	(6.6)

This item mainly comprises the minority equity interests of the Herambiente Group, the Marche Multiservizi Spa Group and Acantho Spa. The change, with a profit for the period of 41.4 million euro and dividends paid to minority shareholders for 37.4 million euro, was driven mainly by changes in cash flow hedge reserves related to gas and electricity commodity transaction hedges.

As regards the acquisition of non-total controlling interests achieved through business combinations, various contractual agreements entered into by the Group provided for granting irrevocable put options to minority shareholders, to be exercised within specific timeframes. 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 put option debt, see note 19 "Financial liabilities".

Reconciliation statement

The following is a reconciliation statement between the Parent Company's separate financial statements and the consolidated financial statement for the years 2024 and 2023.

	2024 NET EARNINGS	NET EQUITY 31-DEC-24
Balances as per parent company's financial statements	267.3	2,641.1
Excess of shareholders' equity (including the result of the period) over the carrying amounts of investments in consolidated companies	188.8	849.9
Consolidation adjustments		
net equity valuation of companies recognised in the separate financial statements at cost	1.9	45.7
difference between purchase price and corresponding net book 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 consolidated financial statement	535.9	3,986.9

	2023 NET EARNINGS	NET EQUITY 31-DEC-23
Balances as per parent company's financial statements	244.8	2,584.8
Excess of shareholders' equity (including the result of the period) over the carrying amounts of investments in consolidated companies	197.2	728.0
Consolidation adjustments		
net equity valuation of companies recognised in the separate financial statements at cost	(0.6)	43.9
difference between purchase price and corresponding net book equity	2.1	94.5
elimination of intra-group transaction effects	(2.1)	(13.0)
Total	441.4	3,438.2
Allocation of third-party holdings	41.8	313.4
Balances as per consolidated financial statement	483.2	3,751.6

17 Earnings per share

	2024	2023
Profit (loss) for the period attributable to holders of ordinary shares of the Parent company (A)	494.5	441.4
Weighted average number of shares outstanding for the purposes of calculation of earnings (loss) per share		
basic (B)	1,441,374,819	1,446,069,736
diluted (C)	1,441,374,819	1,446,069,736
Earnings (loss) per share (in euro)		
basic (A/B)	0.343	0.305
diluted (A/C)	0.343	0.305

Basic earnings per share are calculated on the operating result attributable to holders of ordinary shares of the Parent company. 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 statement, the share capital of the parent company Hera Spa consisted of 1,489,538,745 ordinary shares, unchanged from 31 December 2023, 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 debt indicator, which adds non-current financial receivables to the regulatory statement.

		NOTES	31 DEC 24	31 DEC 23
A	Cash	18	1,315.6	1,332.8
B	Cash equivalents	18	-	-
C	Other current financial assets	18	23.1	90.9
D	Liquidity (A+B+C)		1,338.7	1,423.7
E	Current financial debt	19	(777.0)	(411.9)
F	Current portion of non-current financial debt	19, 22	(474.1)	(524.1)
G	Current financial indebtedness (E+F)		(1,251.1)	(936.0)
H	Net current financial indebtedness (G+D)		87.6	487.7
I	Non-current financial debt	19, 22, 29	(808.0)	(1,087.0)
J	Debt instruments	19	(3,401.3)	(3,391.2)
K	Non-current trade and other payables		-	-
L	Non-current financial indebtedness (I+J+K)		(4,209.3)	(4,478.2)
M	Total financial indebtedness (H+L) ESMA guidelines 32 - 382 - 1138		(4,121.7)	(3,990.5)
	Non-current financial receivables	18	158.0	162.8
	Net financial debt		(3,963.7)	(3,827.7)

To better understand the events associated with the financial exposure that occurred during the course of 2023, see the financial statements and the comments shown in the Directors' report in paragraph 1.04.02 "Financial structure and adjusted net debt".

For the statement of financial debt with related parties, see paragraph 2.03.04.

The following is an analysis of the balance sheet items included in the determination of net financial debt, with the exception of financial assets and liabilities related to interest rate derivative financial instruments, which are detailed in note 29 "Derivative instruments", and lease liabilities, which are shown in note 22 "Rights of use and lease liabilities".

18 Financial assets, cash holdings and cash equivalents

	31 DEC 24	31 DEC 23	CHANGE
Receivables for construction services	102.2	100.3	1.9
Loan receivables	15.6	19.6	(4.0)
Portfolio securities	2.0	2.0	-
Other financial receivables	38.2	40.9	(2.7)
Total non-current financial assets	158.0	162.8	(4.8)
Loan receivables	4.7	6.3	(1.6)
Portfolio securities	-	1.6	(1.6)
Other financial receivables	18.4	83.0	(64.6)
Total current financial assets	23.1	90.9	(67.8)
Cash holdings and cash equivalents	1,315.6	1,332.8	(17.2)
Total financial assets, cash holdings and cash equivalents	1,496.7	1,586.5	(89.8)

"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".

“Loan receivables”, comprises loans, regulated at market rate, made to the following companies:

	31 DEC 24			31 DEC 23		
	NON-CURRENT PORTION	CURRENT PORTION	TOTAL	NON-CURRENT PORTION	CURRENT PORTION	TOTAL
Aloe Spa	3.8	0.8	4.6	4.6	0.8	5.4
Set Spa	5.4	3.5	8.9	8.9	5.2	14.1
Other minor companies	6.4	0.4	6.8	6.1	0.3	6.4
Total	15.6	4.7	20.3	19.6	6.3	25.9

Loans to companies that are vehicles through which the Group owns production quotas for electricity generation plants (Set Spa and Tamarete Energia Srl) were tested for impairment, the result of which did not lead to changes in the carrying values during the 2024 financial year, as explained in note 27 “Impairment tests on equity investments”. As regards receivables from the associated companies Tamarete Energia Srl, which was already fully written down at 31 December 2023, the Group received collections during the year the reimbursement of the instalments due for the year 2024, recording the consequent revaluation under financial income for 2.4 million euro.

“Portfolio securities”, in its non-current and current portions, mainly include bonds and funds guaranteeing post-mortem management of the landfill held by subsidiary Asa Scpa for an amount 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 DEC 24			31 DEC 23		
	NON-CURRENT PORTION	CURRENT PORTION	TOTAL	NON-CURRENT PORTION	CURRENT PORTION	TOTAL
Consorzio Collinare	13.5	-	13.5	13.3	-	13.3
Acosea Impianti	12.7	-	12.7	12.7	-	12.7
Municipality of Padua	9.0	1.6	10.6	10.6	1.5	12.1
Cato and Veneto Region	-	5.4	5.4	-	6.1	6.1
Former CMV municipalities	2.6	-	2.6	3.9	-	3.9
Market data exchange	-	-	-	-	10.8	10.8
Other financial receivables	0.4	11.4	11.8	0.4	64.6	65.0
Total	38.2	18.4	56.6	40.9	83.0	123.9

- 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;
- 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;
- Cato and Veneto Region reflects government grants that will be collected after the balance sheet date;
- Former CMV municipalities concerns the compensation due to the outgoing operator at the end of the concession of the management of gas distribution service in the municipalities of Goro and Castello d'Argile; The change from the previous financial year is due to ending of the entrustment in the municipality of Vigarano, with the related collection of the Group's share of the compensation amounting to 1.3 million euro;
- Other financial receivables mainly include financial advances for participation in future tenders to award the methane gas distribution service. At 31 December 2023 they included the operations for assigning energy efficiency tax credits concluded at the end of the financial year, formally validated and accepted by the bank counterparties, the collection of which took place in January 2024, amounting to 43.6 million euro.

“Cash and cash equivalents” consist solely of bank and postal deposits amounting to 1,315.6 million euro (1,332.8 million euro at 31 December 2023). To better understand the change in the amount of cash and cash equivalents, see the cash flow statement.

19 Financial liabilities

	31 DEC 24	31 DEC 23	CHANGE
Bonds and loans	4,113.3	4,072.2	41.1
Minority shareholder' put option	39.6	327.8	(288.2)
Payables to acquire controlling shareholdings and potential consideration	1.4	20.1	(18.7)
Other financial liabilities	0.3	1.6	(1.3)
Total non-current financial liabilities	4,154.6	4,421.7	(267.1)
Bonds and loans	450.0	479.2	(29.2)
Minority shareholder' put option	251.2	-	251.2
Overdrafts and interest liabilities	151.9	92.6	59.3
Payables to acquire controlling shareholdings and potential consideration	20.8	13.8	7.0
Other financial liabilities	352.8	305.2	47.6
Total current financial liabilities	1,226.7	890.8	335.9
Total financial liabilities	5,381.3	5,312.5	68.8

The changes to "Bonds and loans" for the non-current part, in addition to the reclassification to the current part of the portions of loans maturing in the next financial year, are mainly due to the effect of a 460 million euro loan granted by the European Investment Bank, at a fixed rate and repayment by 2040, signed in order to accelerate the ecological transition and contribute to the battle against climate change in the areas served by the Group. In particular, the funding will improve the resilience of the integrated water cycle, promote energy efficiency, decarbonisation and the circular economy, and enhance waste treatment and collection, in over 60 projects aligned with the European taxonomy.

The item also includes the value of the put option, amounting to 55.8 million euro, related to Ascopiave Spa's 3% minority shareholding in Hera Comm Spa which, as a result of the contractual provisions, is classified as a loan and valued according to the amortised cost method. This debt, with a nominal value of 54 million euro, increased due to the financial evaluation component and decreased due to dividends paid out:

	OPENING VALUE	FINANCIAL EXPENSES	FLows PAID OUT	CLOSING VALUE
2023 financial year	54.8	3.2	(2.7)	55.3
2024 financial year	55.3	3.2	(2.7)	55.8

The current portion of "Bonds and loans" includes the amounts of medium- and long-term debt due within the next financial year, in addition to a bond loan with a residual nominal value of 15 million euro maturing in May 2025. Compared to 31 December 2023, the following repayments occurred:

- a bond loan (in the form of a green bond) with a residual notional amount of 288.3 million euro;
- a bond loan in Japanese yen with a notional residual value of 20 billion yen or 149.8 million euro (converted at the original exchange rate being hedged).

The main conditions of the bonds outstanding at 31 December 2024 are as follows:

BONDS	DURATION (YEARS)	MATURITY	NOMINAL VALUE (MN)	COUPON	ANNUAL RATE
Sustainability linked bond	12.5	25 Apr 2034	500 €	Fixed, annual	1.00%
Sustainability linked bond	10	20 Apr 2033	600 €	Fixed, annual	4.25%
Bond	12	22 May 2025	15 €	Fixed, annual	3.5%
Green Bond	7	25-May-2029	500 €	Fixed, annual	2.5%
Bond	10	14 Oct 2026	325.44 €	Fixed, annual	0.875%
Bond	10	03 Dec 2030	500 €	Fixed, annual	0.25%
Bond*	15/20	14 May 2027/2032	102.5 €	Fixed, annual	5.25%
Green Bond	8	05 Jul 2027	357.2 €	Fixed, annual	0.875%
Bond	15	29 Jan 2028	599.02 €	Fixed, annual	5.20%

* Unlisted instrument

At 31 December 2024, the outstanding bonds, totalling a face value of 3,499.1 million euro (3,937.2 million euro 31 December 2023) and recorded at discounted cost of 3,414.4 million euro (3,804.5 million euro at 31 December 2023), have a fair value of 3,382.2 million (3,737.7 million euro at 31 December 2023) 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.

"Minority shareholders' put option", 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 most significant amount refers to the put option on the non-controlling shares in EstEnergy Spa, equal to 25% of the share capital, held by Ascopiave Spa.

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 subsidiary companies along the hypothetical life of the options themselves. The fair value recognised as a liability in the balance sheet is therefore not only the present value of the expected price of the put option at the date of its exercised, but also contains the discounted estimate of future dividends distributed 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 subsidiary companies will be distributed according to their respective nominal shareholdings. This mechanism means that the portion of the fair value of the put option 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 shareholdings) will be directly generated by the subsidiary companies, 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 EXPENSES	CHANGES IN ASSUMPTIONS	FLows PAID OUT	CLOSING VALUE
31 Dec 23						
Equity value	421.2	7.6	14.4	(11.9)	(149.5)	281.9
Future dividends	80.0	3.1	2.8	(19.3)	(20.7)	45.9
Total	501.2	10.7	17.2	(31.1)	(170.2)	327.8
31 Dec 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

Regarding the changes occurring during the year:

- acquisitions refer to the one-off transaction concerning Trs Ecology Srl;
- financial expenses include the notional effects of discounting the liability recognised at the previous balance sheet 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 2024, the revision of the estimates resulted in the recognition of income amounting to 50.4 million euro and expenses totalling 0.5 million euro. The income for the period mainly refers to options on minority interests in EstEnergy Spa amounting to 47.8 million euro (26.9 million euro at 31 December 2023). To this regard, please note that on 16 December 2024, the transfer agreement of 25% of the remaining equity of Ascopiave Spa was signed, subject to the condition precedent to payment that will occur in the course of 2025, as reported in section 1.03 "Main significant events".
- the flows paid out include the amounts paid to minority shareholders for the payment of their dividends, of which 9 million euro pertains to the minority shareholders of EstEnergy Spa. It should be noted that the comparison period mainly included the partial exercise by Ascopiave Spa of its put option for 15% of EstEnergy Spa's shares for a countervalue of 137.5 million euro, as well as the total exercise by Herambiente Servizi Industriali Srl of its call option correlated with a corresponding put option held by minority shareholders, equal to 30% of the shares of Recycla Spa for an countervalue of 10.3 million euro.

“Overdrafts and interest liabilities” mainly include payables for the signing of short-term loans, in the form of hot money, for 75 million euro (10 million euro at 31 December 2023) and interest expense for the period not yet paid at 31 December 2024, for 71.7 million euro (71.9 million euro at 31 December 2023).

“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. As at 31 December 2024, for the current part this item mainly refers to deferred consideration relating to the acquisition of the Aliplast Group's minority shares, in the amount of 17.4 million euro. Change from the previous year is mainly due to the fulfilment, during the financial year 2024, of the contractual conditions for the payment of the earn-out concerning the acquisition of the company Pistoia Ambiente Srl, occurred in the financial year 2019 and subsequently merged by incorporation into Herambiente Spa.

“Other financial payables” mainly refer to:

	31 DEC 24			31 DEC 23		
	NON-CURRENT PORTION	CURRENT PORTION	TOTAL	NON-CURRENT PORTION	CURRENT PORTION	TOTAL
Factoring	-	332.8	332.8	-	117.7	117.7
Fund for energy and waste management services (CSEA)	-	5.7	5.7	-	21.3	21.3
Municipal Pension Fund of Trieste	-	1.2	1.2	1.2	0.3	1.5
Market data exchange	-	0.4	0.4	-	-	-
Settlement	-	-	-	-	154.1	154.1
Other minor items	0.3	12.7	13.0	0.4	11.8	12.2
Total	0.3	352.8	353.1	1.6	305.2	306.8

- 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 revenues 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;
- Settlement, the amounts received as advances at the end of the previous period were entered under “Trade payables”, as more fully explained in section 2.02.01 “Introduction”;
- Other minor items mainly include payables to the associated company ASM SET Srl for centralised treasury management in the amount of 3.7 million euro (receivable at 31 December 2023) and payables to the Tax authorities in relation to the collection of the RAI fee charged to customers in their electricity bills by the Group's sales companies, amounting to (6.4 million euro at 31 December 2023).

The following table shows financial liabilities broken down by nature at 31 December 2024, with an indication of their maturity:

TYPE	RESIDUAL AMOUNT 31 DEC 24	PORTION DUE WITHIN THE PERIOD	PORTION DUE WITHIN 2ND YEAR	PORTION DUE WITHIN 5TH YEAR	PORTION DUE BEYOND< 5TH YEAR
Bonds	3,414.4	14.9	318.7	1,457.8	1,623.0
Loans	1,148.9	435.1	112.1	163.5	438.2
Opzioni di vendita soci di minoranza	290.8	251.2	-	39.6	-
Payables to acquire controlling shareholdings and potential consideration	22.2	20.8	0.4	1.0	-
Other financial liabilities	353.1	352.8	0.1	0.1	0.1
Overdrafts and interest liabilities	151.9	151.9	-	-	-
Total	5,381.3	1,226.7	431.3	1,662.0	2,061.3

The table below shows the worst-case scenario, in which assets (cash, financial and trade receivables) are not taken into account, unlike financial liabilities for bonds, financing and overdrafts, shown in the capital and interest portion,

trade payables and interest rate derivatives. 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

MNE	31 DEC 24			31 DEC 23		
	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
Bonds	31.1	102.3	412.2	33.2	536.2	102.3
Financial payables and other liabilities	163.7	458.7	70.1	98.0	81.9	444.9
Payables to suppliers	2,723.9	-	-	2,637.2	-	-
Total	2,918.8	561.0	482.3	2,768.4	618.1	547.2

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 2024, compared with the previous year:

	31 DEC 24	31 DEC 23
Committed	1,005.0	1,565.0
Uncommitted	720.0	752.0
Total	1,725.0	2,317.0

The credit lines are distributed among the leading Italian and international banks and allow for adequate diversification of counterparty risk and competitive conditions. During the financial year 2024, in particular, the credit line contracted in the previous period with the European Investment Bank was used, by means of a 460 million euro loan, as reported in the note on "Bonds and Loans".

Sureties and guarantees

	31 DEC 24	31 DEC 23
Bank sureties and guarantees	3,054.4	2,951.4
Insurance sureties and guarantees	827.5	987.5
Total	3,881.9	3,938.9

For "Bank sureties and guarantees", the value at 31 December 2024, compared with the previous period, comprises the following:

	31 DEC 24	31 DEC 23
Bank sureties	1,023.2	1,075.8
Letters of patronage	2,031.2	1,875.6
Total	3,054.4	2,951.4

Specifically:

- 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.

Note, lastly, that at 31 December 2024, the Hera Group provided the guarantees for certain bank loans, in the amount of 11.1 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 the 2024 financial year, differentiating between cash flows and non-cash flows.

TYPE	31 DEC 24	31 DEC 23	CHANGE (A)	NON-CASH FLOWS				CASH FLOWS (F)=(A)- [(B)+(C)+(D) +(E)]
				ACQUISITIONS DIVESTITURES (B)	ECONOMIC VALUATION COMPONENTS (C)	CHANGES IN FAIR VALUE (D)	OTHER CHANGES (E)	
Non-current financial liabilities	4,154.6	4,421.7	(267.1)	11.2	38.8	(49.9)	(730.4)	463.2
Current financial liabilities	1,226.7	890.8	335.9	0.6	3.1	21.2	563.9	(252.9)
Cash flows related to financial liabilities	5,381.3	5,312.5	68.8	11.8	41.9	(28.7)	(166.5)	210.3
of which								
New issue of long-term bonds								471.1
Repayments of non-current financial liabilities								(7.9)
Repayments and other net changes in financial liabilities								(252.9)
Lease liabilities	79.1	81.3	(2.2)	1.7	-	-	16.7	(20.6)
Financial liabilities generated by financing activities	5,460.4	5,393.8	66.6	13.5	41.9	(28.7)	(149.8)	189.7

"Acquisitions and divestitures" include the effects arising from the control acquisition transactions carried out in the 2024 financial year, 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 30.3 million euro, as reported in note 10 "Financial expenses";
- discounting charges related to the put options of non-controlling shareholdings and earn-outs contracted as part of the acquisition of control over companies and business units, amounting to 11.6 million euros, as reported in note 10 "Financial expenses".

"Changes in fair value" mainly include:

- the adjustment to fair value of the carrying amount of the put option recorded against the minority shareholder of EstEnergy Spa, which resulted in the recognition of income in the amount of 47.8 million euro, as reported in note 19 "Financial liabilities";
- the adjustment made to the carrying value of a foreign currency bond (redeemed at maturity during the financial year 2024) due to the fair value hedge relation that resulted in the recognition of expenses amounting to 21.2 million euro, as reported in note 29 "Derivative Instruments".

"Other changes" include effects mainly due to:

- the stating of gas settlement amounts for 154.1 million euro under "Trade payables", as more fully explained in section 2.02.01 "Introduction";
- payment of dividends to minority shareholders with whom the Group contracted put options at the time of acquiring control, amounting to 9.5 million euro. In the cash flow statement, the related cash flow is represented in dividends paid out, although it is accounted for as a change in the financial liability already 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, "Rights of Use and Lease Liabilities".

Acquisition of interests in consolidated companies

This amount mainly refers to the outlay related to the purchase of non-controlling shares in Uniflotte Srl, while the amount for the previous year refers to the acquisition of shares in Tri-Generazione Scarl.

Increase in minority share capital

This amount mainly refers to the share capital increase subscribed and paid up by the minority shareholders of Horowatt Srl, while the amount of the previous year refers to the share capital increase subscribed by the minority shareholders A.C.R. di Reggiani Albertino Spa

Dividends paid out to Hera shareholders and non-controlling interests

The value refers to dividends paid out during the year 2024 to:

- parent company's shareholders in the amount of 201.9 million euro;
- minority shareholders in the amount of 46.9 million euro, of which 9.5 million euro were paid to minority shareholders to whom the Group had recognized payables for put options in previous years, as mentioned above.

Finally, it should be noted that non-monetary flows due to exchange rate differences were absent in 2024.

2.02.05 - Investment activities

Assets increased compared to the previous year mainly as a result of new investments made for works on plants, networks and infrastructures, as well as investments made for regulatory adjustments, which mainly concerned the gas distribution and the purification and sewage area. Also note the recognition of customer lists amounting to 11.4 million euro and goodwill amounting to 24.3 million euro in connection with business combinations carried out during the 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 1.06 "Analysis by strategic business area" of the Directors' Report.

The value of all tangible items of property, plants and equipment and intangible assets, including goodwill, was subjected to impairment testing, the results of which can be found in note 25 "Impairment tests on assets".

21 Property, plants and equipment

	31 DEC 24	31 DEC 23	CHANGE
Land and buildings	663.3	635.7	27.6
Plants and machinery	1,126.9	1,067.9	59.0
Other movable assets	114.6	107.7	6.9
Assets under construction	254.2	246.1	8.1
Total operating assets	2,159.0	2,057.4	101.6
Investment property	1.7	1.9	(0.2)
Total	2,160.7	2,059.3	101.4

Property, plants and equipment (called "Tangible assets" in the statement of financial position published 31 December 2023) are disclosed net of the associated amortisation provision and their composition and changes are as follows:

	NET OPENING BALANCE	NET INVESTMEN TS	DISINVEST MENTS	AMORTISAT ION, DEPRECIATI ON AND WRITE-DOW N	CHANGES IN THE SCOPE OF CONSOLIDA TION	OTHER CHANGES	NET CLOSING VALUE	OF WHICH GROSS CLOSING VALUE	OF WHICH AMORTISA TION PROVISION
31 DEC 23									
Land and buildings	620.4	21.0	(0.5)	(23.7)	8.4	10.1	635.7	955.0	(319.3)
Plants and machinery	1,089.5	57.1	(7.8)	(123.4)	5.5	47.0	1,067.9	3,152.4	(2,084.5)
Other movable assets	89.5	22.0	(0.4)	(24.2)	7.7	13.1	107.7	480.1	(372.4)
Assets under construction	183.0	142.6	(0.8)	(0.9)	0.4	(78.2)	246.1	246.1	-
Total	1,982.4	242.7	(9.5)	(172.2)	22.0	(8.0)	2,057.4	4,833.6	(2,776.2)
31 DEC 24									
Land and buildings	635.7	15.2	(4.0)	(22.6)	1.7	37.3	663.3	1,014.2	(350.9)
Plants 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)

"Land and buildings" consist of 123.9 million euro in land and 539.4 million euro in buildings. These are mainly company-owned properties on which the majority of the sites and production plants are located.

"Plants 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 investments during the year concern waste treatment, for a total of 37.7 million euro, distribution of electricity for 15.4 million euro and investments in energy services for 15.6 million euro, mainly provided by the company Hera Servizi Energia Spa. Disinvestments concern demolitions and divestitures of obsolete or damaged plants.

"Other movable assets" mainly include, regarding business areas that have not yet gone out to tender for service concessions, waste collection equipment and bins amounting to 68.7 million euro and motor vehicles amounting to 45.9 million euro.

"Assets under construction" mainly consist of investments in progress for waste treatment plants amounting to 121.6 million euro, for developing the district heating network amounting to 28.4 million euro and for the electricity distribution network amounting to 24.4 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 rights of use 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, plants and equipment held by the Group, see note 19 "Financial liabilities".

22 Rights of use and lease liabilities

The following tables show the breakdown of rights of use (reported net of the associated amortisation provision) 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 DEC 24	31 DEC 23	CHANGE
Rights of use land and buildings	52.1	59.1	(7.0)
Rights of use plants and machinery	5.4	6.4	(1.0)
Rights of use other movable assets	26.7	25.1	1.6
Total	84.2	90.6	(6.4)

	NET OPENING BALANCE	NEW CONTRACTS AND ACTUAL CHANGES	AMORTISATION, AND DEPRECIATION AND WRITE- DOWN	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER CHANGES	NET CLOSING VALUE	OF WHICH GROSS CLOSING VALUE	OF WHICH AMORTISATION PROVISION
31 DEC 23								
Rights of use land and buildings	50.7	10.1	(8.6)	6.9	-	59.1	104.1	(45.0)
Rights of use plants and machinery	7.1	0.8	(1.3)	-	(0.2)	6.4	12.5	(6.1)
Rights of use other movable assets	26.4	9.6	(10.6)	0.1	(0.4)	25.1	48.5	(23.4)
Total	84.2	20.5	(20.5)	7.0	(0.6)	90.6	165.1	(74.5)
31 DEC 24								
Rights of use land and buildings	59.1	5.4	(8.7)	-	(3.7)	52.1	102.8	(50.7)
Rights of use plants and machinery	6.4	0.4	(1.3)	0.4	(0.5)	5.4	12.4	(7.0)
Rights 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)

"Rights of use land and buildings" consists of 45 million euro in rights of use of buildings and 7.1 million euro in rights of use of land. The rights of use for buildings refers mainly to contracts concerning the real estate structures used for headquarters, offices and customer service helpdesks.

"Rights of use plants and machinery" refer to contracts regarding purification and composting plants.

"Rights 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 column "Other changes" includes the residual value of leased assets redeemed during the period and reclassified under property, plants 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 CONTRACTU AL CHANGES	DECREASES	FINANCIAL EXPENSES	CHANGES IN THE SCOPE OF CONSOLIDA TION	OTHER CHANGES	NET CLOSING VALUE
31 DEC 23							
Lease liabilities	76.4	20.3	(25.2)	2.8	7.0	-	81.3
of which							
non-current liabilities	55.1						56.8
current liabilities	21.3						24.5
31 DEC 24							
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

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.

"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 PERIOD	PORTION DUE WITHIN 2ND YEAR	PORTION DUE WITHIN 5TH YEAR	PORTION DUE BEYOND< 5TH YEAR
2023 financial year	81.3	24.5	14.2	25.3	17.3
2024 financial year	79.1	24.4	15.3	23.5	15.9

23 Intangible assets

	31 DEC 24	31 DEC 23	CHANGE
IT applications	103.8	105.3	(1.5)
Concessions and other rights	88.5	100.7	(12.2)
Public services under concession	3,480.0	3,315.7	164.3
Customer lists	571.9	605.6	(33.7)
Other intangible assets	134.7	119.4	15.3
Intangible assets ongoing, public services under concession	443.4	380.3	63.1
Intangible assets ongoing	123.5	92.6	30.9
Total	4,945.8	4,719.6	226.2

Intangible assets are stated net of their accumulated amortisation and are broken down below with details of the changes during the year:

	NET OPENING BALANCE	INVESTMENT	DISINVEST MENTS	AMORTISATION, DEPRECIATION AND WRITE-DOWN	CHANGES IN THE SCOPE OF CONSOLIDATION	OTHER CHANGES	NET CLOSING VALUE	OF WHICH GROSS CLOSING VALUE	OF WHICH AMORTISATION PROVISION
31 DEC 23									
IT applications	82.5	8.6	-	(45.8)	0.1	59.9	105.3	637.1	(531.8)
Concessions and other rights	110.8	0.6	-	(14.1)	1.5	1.9	100.7	487.2	(386.5)
Public services under concession	3,184.5	209.4	(7.3)	(183.8)	-	112.9	3,315.7	5,902.5	(2,586.8)
Customer lists	581.1	-	-	(42.6)	67.1	-	605.6	808.9	(203.3)
Other intangible assets	92.9	79.5	-	(46.7)	1.8	(8.1)	119.4	328.7	(209.3)
Intangible assets ongoing, public services under concession	273.9	212.2	(0.2)	-	-	(105.6)	380.3	380.3	-
Intangible assets ongoing	91.7	62.8	-	(0.4)	-	(61.5)	92.6	92.6	-
Total	4,417.4	573.1	(7.5)	(333.4)	70.5	(0.5)	4,719.6	8,637.3	(3,917.7)
31 DEC 24									
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 ongoing, public services under concession	380.3	245.6	-	-	-	(182.5)	443.4	443.4	-
Intangible assets ongoing	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)

"IT applications" refers to costs incurred in purchasing licenses and implementing corporate information systems.

"Concessions and other rights" mainly include:

- concessions, for 25.9 million euro, primarily involving the rights relating to the activities of gas distribution and integrated water cycle, 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 45.1 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 cycle and public lighting activities (except for the latter, as specified in note 18 "Current financial assets, cash holdings 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. Investments for the year related mainly to the water networks, in the amount of 94 million euro, and gas distribution networks, in the amount of 59.3 million euro.

"Intangible assets ongoing 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 291.3 million euro, and gas distribution networks, in the amount of 96.7 million euro and urban sanitation in the amount of 26.8 million euro.

"Intangible assets in progress" essentially comprises IT projects not yet completed.

"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 item "Other intangible assets" refers mainly to the incremental costs incurred for obtaining new sale contracts represented exclusively by commissions. Investments were significant for the financial year 2024 as well, as a result of the sales development strategy implemented, amounting to 65.5 million euro (against 78.3 million euro in 2023).

"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 DEC 24	31 DEC 23	CHANGE
Goodwill	933.0	908.7	24.3

The value of goodwill at 31 December 2024 mainly reflects the following operations of acquisition of control during previous financial periods:

- Ascopiave commercial activities, totalling 431.2 million euro (2019);
- the integration resulted in the creation of Hera Spa, totalling 81.3 million euro (2002);
- merger of Agea Spa, amounting to 41.7 million euro (2004);
- Gruppo Meta, as a result of the merger of Meta Spa into Hera Spa, totalling 117.7 million euro (2005);
- merger of Sat Spa into Hera Spa, amounting to 54.9 million euro (2008);
- A.C.R. Spa, amounting to 27.1 million euro (2023);
- Gruppo Aliplast, amounting to 25 million euro (2017);
- Gruppo Marche Multiservizi, amounting to 20.8 million euro (2006);
- Asco TLC Spa through merger by incorporation into Acantho Spa, amounting to 18.1 million euro (2023);
- F.Ili Franchini Srl, amounting to 15.4 million euro (2023).

During the 2024 financial year, a business combination took place resulting in an increase in goodwill for 24.3 million euro, referring to the acquisition of TRS Ecology Srl. 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 DEC 24	31 DEC 23	CHANGE
Gas	493.5	493.5	-
Waste management	284.9	260.6	24.3
Electricity	91.2	91.2	-
Water cycle	42.7	42.7	-
Other services	20.7	20.7	-
Total	933.0	908.7	24.3

It should be noted that in 2024 the Electricity segment was reclassified into the Public lighting segment, which was previously included in the Other services segment, consequently the sector was also reclassified at 31 December 2023. For further details please refer to section 1.06 "Analysis by strategic business areas" of the Directors' report.

25 Impairment tests on assets

Cash-generating and goodwill units

Assets, rights of use 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 2024 - 2028 business plan approved by the Board of Directors of Hera Spa at its 22 January 2025 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 2024 - 2028 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.

Revenues 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, revenues from energy distribution were projected according to the principles of ARERA resolutions 737/22 (RTDG) for gas and 616/23 (TIT), 163/23 (TIROSS) and 497/23 (version of 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 2025, 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.

Revenues from energy sales under the protected system concerning last resort services were estimated on the basis of the respective reference regulatory texts, i.e. the TIV (resolutions 208/22 and 491/20, as amended and supplemented) for electricity and the TIVG (approved by resolution Arg/Gas/64/09, as amended and supplemented) for gas. Revenues from the awarded Gradual protection services for electricity customers were estimated on the basis of resolution 362/23, while the elimination of protected gas services was formulated in line with resolution 100/2023.

For the integrated water cycle, revenues 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, revenues 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 timeframe 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 2025 - 2028 period as a base. In particular, the net profit margin was used, from which taxes were deducted, depreciation and provision were added and the maintenance investments planned for each year of the plan were deducted.

Following the last year of the plan, normalized cash flows (normalised free cash flows) were considered equal to the value of the net operating profit for the last year of the plan, in the event that the value of depreciation and provisions remains equal to the 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 timeframe, adjustments were applied in order to also incorporate the effects of such events. The cashflows are calculated by applying the growth rate (g) to the normalised free cash flows with the medium/long-term timeframe to take into account the expected inflation (in the amount of 2%) for the 2029-2044 period (20 years total). For regulated services, these flows are brought into line with the expected continuation of market share following the completion of the expected calls for tenders.

These flows are supplemented by the current value of perpetuity, calculated considering the cash flow resulting from the application of the perpetuity criterion for the last year (2044), assuming a growth factor equal only to the expected inflation of 2%, for both free market services and regulated services, in relation to which market shares are expected to be maintained at the end of the concession for 100% of the tenders in the territories being served.

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:

	2024	2023
WACC Gas - Electricity - Water cycle - Other services	5.04%	5.38%
WACC Waste management	5.68%	6.24%

The results of the test were positive for all cash generating units, with a usage value appearing that was higher than the book value.

Bearing this in mind, two sensitivity scenarios were imagined:

- an initial analysis focused on the margins of the individual businesses, assuming a 5% decrease, with an ensuing reduction in the cashflows produced in the years covered by the plan and the following years;
- a second analysis involved discounting all cash flows using WACC increased by 25 bps.

In both cases, the values obtained were much higher than those recorded in the balance sheets, and this analysis therefore additionally confirmed the carrying values.

Assessments concerning climate change scenarios and consequent sensitivity

The electrification of energy consumption is one of the most significant risks/opportunities related to climate change. Achieving climate change mitigation, as defined through emission reduction targets at the European level and translated on a national basis with related implementation plans, requires initiatives to change both the technologies adopted to meet energy needs and measures to make them more efficient.

The Hera Group has therefore begun conducting specific analyses 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 timeframe that extends up to 2050.

The 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.

In this respect, ARERA has also shown interest in exploring issues related to possible transition costs that may emerge when there is a decline in consumption and thus a decline in the use of this energy vector. The 2022-2025 Strategic Framework reveals an awareness of the need to reflect on which market and regulatory tools might be the most suitable to facilitate the carrying out of investments that are of real benefit to the system, in compliance with efficiency and economic sustainability criteria.

At present, however, the Regulatory authority has not issued any measures, deeming that it is proceeding in full accordance with the current regulatory criteria. Therefore, on the basis of these considerations, the Group 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. This may in effect represent a development opportunity for the Group, especially if the current concessions were to be put up for tender.

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 hypothesized in the business plan for each service/segment remain constant over time, a significant growth in electricity margins was estimated for the period 2029-2050, associated with a lesser 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 normalizing 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 the balance sheet.

2.02.06 - Shareholdings

During the fiscal year 2024, there were no significant transactions involving the purchase or sale of shareholdings in joint ventures, associated companies and other vehicles. The changes in value from the previous year are therefore mainly attributable to the valuated processes of investee companies.

26 Shareholdings valued using the equity method and Other shareholdings

	31 DEC 24	31 DEC 23	CHANGE
Shareholdings valued using the equity method	127.3	147.0	(19.7)
Other shareholdings	47.3	48.6	(1.3)
Total	174.6	195.6	(21.0)

The changes in joint ventures and associated companies as compared to 31 December 2023 take into account the pro-quota losses and profits reported by the respective companies (including the other components of the comprehensive income statement) as well as the possible reduction of the value for any dividends that were distributed and for depreciations due to the impairment test.

Changes in consolidated shareholdings using the equity method are as follows:

	OPENING VALUE	INVESTMEN TS AND DISINVESTM ENTS	PROFIT FOR THE YEAR	DIVIDENDS PAID OUT	CHANGES IN THE SCOPE OF CONSOLIDA TION	WRITE- DOWNS AND OTHER CHANGES	CLOSING VALUE
31 Dec 23							
Joint ventures							
Enomondo Srl	18.8	-	2.2	(2.2)	-	(0.2)	18.6
Set Spa	27.9	-	0.6	-	-	(5.9)	22.6
Total joint ventures	46.7	-	2.8	(2.2)	-	(6.1)	41.2
Associated companies							
Aimag Spa	51.2	-	1.4	(1.7)	-	-	50.9
Sgr Servizi Spa	25.5	-	3.3	(2.1)	-	0.1	26.8
ASM SET Srl	18.9	-	1.5	(1.3)	-	-	19.1
SEA - Servizi Ecologici Ambientali Srl	9.1	-	1.3	(1.4)	-	-	9.0
Total associated companies	104.7	-	7.5	(6.5)	-	0.1	105.8
Total	151.4	-	10.3	(8.7)	-	(6.0)	147.0
31 Dec 24							
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
Associated companies							
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 associated companies	105.8	-	9.9	(3.5)	-	(4.9)	107.3
Total	147.0	-	12.3	(4.9)	-	(27.1)	127.3

The result for the year, essentially in line with the previous year, was positively influenced by the higher profit achieved by Sgr Servizi Spa, which operates in the business of gas and electricity commodity sales to end customers, partially offset by the downturn in the results of the company Set Spa..

"Write-downs and other changes" mainly include the results of the impairment test conducted on the joint venture Set Spa and on the associated company Aimag Spa. For more details on the assumptions and results of the impairment tests to which the carrying values of the investments in affiliates 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.

Investments in companies not included in the scope of consolidation underwent the following changes:

	FAIR VALUE HIERARCHY	OPENING VALUE	INVESTMENTS AND DISINVESTMENTS	FAIR VALUE VALUATIONS	OTHER CHANGES	CLOSING VALUE
31 Dec 23						
Ascopiave Spa	1	27.6	-	(1.7)	-	25.9
Calenia Energia Spa	3	1.7	-	12.7	-	14.4
Veneta Sanitaria Finanza di Progetto Spa	3	3.6	-	-	-	3.6
Other minor companies	3	6.0	-	-	(1.3)	4.7
Total		38.9	-	11.0	(1.3)	48.6
31 Dec 24						
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

In the case of shareholdings 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 negative adjustment to the carrying value of the investment in Calenia Energia Spa.

Below 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	ASSOCIATED COMPANIES	TOTAL
Non-current assets			
Property, plants and equipment	125.0	305.5	430.5
Rights of use	-	0.8	0.8
Intangible assets	0.3	58.3	58.6
Goodwill	-	98.0	98.0
Other shareholdings	-	6.8	6.8
Financial assets	0.1	13.5	13.6
Deferred tax assets	1.9	1.1	3.0
Total non-current assets	127.3	484.0	611.3
Current assets			
Inventories	3.4	3.5	6.9
Trade receivables	62.1	212.0	274.1
Financial assets	-	3.8	3.8
Current tax assets	5.9	0.2	6.1
Assets from contracts with current customers	-	0.1	0.1

Other current assets	8.1	100.8	108.9
Derivative instruments	0.1	-	0.1
Cash and cash equivalents	13.0	24.2	37.2
Total current assets	92.6	344.6	437.2
Total assets	219.9	828.6	1,048.5

NET EQUITY AND LIABILITIES	COMPANY JOINT VENTURES	COMPANY ASSOCIATED COMPANIES	TOTAL
Share capital and reserves			
Share capital	14.1	87.9	102.0
Reserves	93.1	232.0	325.1
Profit (loss) for the period	4.8	33.5	38.3
Group net equity	112.0	353.4	465.4
Non-controlling interests		15.6	15.6
Total net equity	112.0	369.0	481.0
Non-current liabilities			
Non-current financial liabilities	23.8	204.9	228.7
Non-current lease liabilities	-	0.6	0.6
Employee benefits	0.3	6.1	6.4
Provisions	0.3	44.4	44.7
Deferred tax liabilities	0.3	0.5	0.8
Derivative financial instruments	0.1	-	0.1
Total non-current liabilities	24.8	256.5	281.3
Current liabilities			
Current financial liabilities	6.7	0.1	6.8
Current lease liabilities	-	0.2	0.2
Trade payables	69.2	162.9	232.1
Current tax liabilities	0.2	-	0.2
Other current liabilities	7.0	39.9	46.9
Total current liabilities	83.1	203.1	286.2
Total liabilities	107.9	459.6	567.5
Total net equity and total liabilities	219.9	828.6	1,048.5

INCOME STATEMENT	COMPANY JOINT VENTURES	COMPANY ASSOCIATED COMPANIES	TOTAL
Revenues	132.1	673.1	805.2
Other operating revenues	5.1	0.7	5.8
Raw and other materials	(84.8)	(395.1)	(479.9)
Service costs	(25.6)	(123.3)	(148.9)
Personnel costs	(2.7)	(34.5)	(37.2)
Amortisation, provisions and depreciation	(15.0)	(55.2)	(70.2)
Other operating expenses	(0.7)	(8.4)	(9.1)
Operating profit	8.4	57.3	65.7
Financial income	0.5	11.2	11.7
Financial expenses	(2.7)	(17.8)	(20.5)
Total financial operations	(2.2)	(6.6)	(8.8)
Other non-operating revenues (expenses)	(0.1)	-	(0.1)
Earnings before taxes	6.1	50.7	56.8
Taxes for the period	(1.3)	(16.2)	(17.5)
Net profit for the period	4.8	34.5	39.3

27 Impairment tests shareholdings

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.

The 2024 financial year was characterised by a rising trend in the price of gas and electricity on the benchmark markets, albeit at lower levels than in the past, maintaining a negative baseload Clean spark spread (CSS). The trend in the short to medium term shows no signs of improvement in the CSS baseload, due to the growing penetration of RES and the entry of new high-efficiency Combined Cycle Gas Turbine (CCGT) capacity incentivised by Capacity Market auctions with competitive pressure on existing CCGTs characterised by lower efficiency. Various causes have determined the performance of the electricity market in recent years and can be traced back to cyclical factors, as regards both supply and demand. The main factors affecting current price dynamics are to be found in:

- an increasing amount of renewable generation within the production mix, due to the steady increase in wind and photovoltaic plants;
- moderate growth in GDP and the drive for consumption efficiency (guided by the objectives of European and national climate policies) that contributed to slight growth in energy demand;
- European and national policies favouring the reduction of CO2 emissions.

Based on the scenarios developed, it is believed that the market will maintain a negative Clean spark spread baseload in the short term, due in particular to a combination of multiple factors, including:

- the entry of new and highly efficient capacity (CCGT) subsidised by the Capacity Market mechanism that is gradually replacing coal plants, aimed at phasing them out by 2030;
- the end-of-life of CCGT plants having lower efficiency, which, for several years now, has been creating favourable market conditions for interventions to improve efficiency and flexibility and which will be given an adequate return on investment with the margins that can be extracted from the day-ahead and dispatching markets. These investments not only increase the adequacy of the system in the medium to long term, but are also necessary to guarantee an adequate amount of margins;
- consequently, low margins on the day-ahead market;
- increasing role of renewable energy sources, supported by the challenging European decarbonisation targets and by the need to reduce geopolitical risk in energy sources.

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 5.73% (as against a 5.93% WACC used in 2023), calculated in the same manner as illustrated for the cash generating units in note 25 "Impairment tests on assets".

The outcome of the test resulted in a write-down of the investment in Set Spa amounting to 22.1 million euro and confirmed a highly critical scenario for Tamarete Energia Srl, as the conditions for the recovery of the amounts invested did not emerge.

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 hypothesized discounting all cash flows using a WACC increased by 25 bps.

The first scenario would result in a further write-down in Set Spa amounting to 1.1 million euro (including financial receivables), while in the second scenario the value of the investment would be essentially equivalent to its current book value.

At the end of the valuation process, the carrying amount of financial assets, shareholdings and receivables attributable to Set Spa respectively came to 0.3 million euro and 8.9 million euro, while the financial assets attributable to Tamarete Energia Srl were written down in full.

28 Cash flows related to investment activities

Investments in subsidiary companies and business units net of cash holdings

For further details on the acquisition transactions carried out during 2024, see paragraph 2.02.10, "Other Information". The table below shows in details the main cash disbursements and cash holdings acquired, when present, associated with investments in companies and business units made during the period.

31 DEC 24	TRS ECOLOGY SRL	TRIVENETA SCARL	"SOELIA" BUSINESS UNIT	OTHER MINOR COMPANIES	TOTAL INVESTMENTS
Cash outlays leading to the acquisition of control	23.6	1.0	8.7	0.1	33.4
Cash holdings acquired	(0.1)	(0.2)			(0.3)
Investments in subsidiary companies and business units net of cash holdings	23.5	0.8	8.7	0.1	33.1
Cash outlays in non-controlled equity investments			-		-
Investments in subsidiary companies, business units and other shareholdings	23.5	0.8	8.7	0.5	33.5

Increase/decrease in other investment activities

The following is a breakdown of information on changes in the other investment activities during the 2024 financial year, differentiating between cash flows and non-cash flows.

TYPE	31 DEC 24	31 DEC 23	CHANGE (A)	NON-CASH FLOWS				CASH FLOWS (F)=[(B)+(C) +(D)+(E)]-(A)
				ACQUISITIONS DIVESTITURES (B)	ECONOMIC VALUATION COMPONENTS (C)	CHANGES IN FAIR VALUE (D)	OTHER CHANGES (E)	
Current and non-current financial assets	181.1	253.7	(72.6)	-	9.2	-	(0.6)	81.2

"Economic valuation components" include income from discounting non-current financial receivables amounting to 6.8 million euro, as reported in note 9 "Financial income" as well as the economic effects of the write-up of financial receivables related to loans granted to equity-accounted companies and other minor shareholdings, as discussed in note 9 "Financial Income".

The cash flow for the period includes, in particular, the collection in January 2024 of 43.6 million euro from the transfer of tax credits for energy efficiency completed at the end of the financial year 2023.

2.02.07 - Derivatives and related instruments

The derivative instruments 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 characterize these instruments.

29 Derivative instruments

As at 31 December 2024, 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 year, following the repayment of the underlying loans.

The net exposure of commodity derivatives, which was negative at 31 December 2024, was particularly affected by lower notional amounts, compared to the previous year, and lower average prices of contracts valued at the end of 2024.

	31 DEC 24			31 DEC 23			CHANGE
	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NET EFFECT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NET EFFECT	NET EFFECT
Interest/exchange rate derivatives							
Loans	-	-	-	0.3	-	0.3	(0.3)
Foreign currency loans	-	-	-	0.9	21.6	(20.7)	20.7
Total interest/exchange rate derivatives	-	-	-	1.2	21.6	(20.4)	20.4
Commodity derivatives							
Commercial portfolio	161.1	160.9	0.2	409.5	336.9	72.6	(72.3)
Trading portfolio	21.3	46.5	(25.2)	67.6	99.1	(31.5)	6.3
Total commodity derivatives	182.4	207.4	(25.0)	477.1	436.0	41.1	(66.1)
Total derivatives	182.4	207.4	(25.0)	478.3	457.6	20.7	(45.7)
of which non-current	-	-		0.3	-		
of which current	182.4	207.4		478.0	457.6		

The operational management of commodities is carried out through a process that identifies objectives, strategies and responsibilities for each existing operation. Contracts, both financial and physical in nature, are classified into the commercial or trading portfolios according to the purpose of the contracts.

The Group's internal organisational model makes it possible to identify the nature of the operation (commercial or trading) already at the inception of the contract and produce the information required for a formal identification of the purpose of derivatives.

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.

All other derivatives or similar instruments that are not intended to hedge the Group's requirements are classified in the trading portfolio.

Rate derivatives

The effects for the period of interest and exchange rate derivative financial instruments, compared with the previous period, are displayed below:

TYPE	FAIR VALUE HIERARCHY	NOTIONAL	31 DEC 24			31 DEC 23	
			FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Cash flow hedge	2	-	-	-	5.9 mn	0.3	-
Fair value hedge	2	-	-	-	149.8 mn	0.9	21.6
Total fair value			-	-		1.2	21.6

TYPE	FAIR VALUE HIERARCHY	31 DEC 24			31 DEC 23		
		INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Cash flow hedge	2	0.3	-	0.3	0.2	-	0.2
Fair value hedge	2	26.3	(8.1)	18.2	4.9	(23.8)	(18.9)
Total income (expenses)		26.6	(8.1)	18.5	5.1	(23.8)	(18.7)

The change in the fair value of derivatives classified as cash flow hedges is due to the conclusion of contracts outstanding at 31 December 2023 resulting in the zeroing of the notional amount of the derivative. The effect on the statement of comprehensive income for 2024 is an expense amounting to 0.3 million euro.

Derivatives designated as hedges of interest rate and exchange rate risks and of the fair value of foreign currency financial liabilities (fair value hedges), in the form of interest rate swaps (IRS) and cross currency swaps (CCS), are related to a bond denominated in Japanese yen, expiring in August 2024, with a remaining notional amount of 20 billion yen equal to 149.8 million euro (converted at the original exchange rate being hedged).

The table below provides a breakdown of financial income and expense 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 DEC 24			31 DEC 23		
	INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Assessment of derivatives	21.6	(0.6)	21.0	-	(14.6)	(14.6)
Accrued interests	-	(0.4)	(0.4)	0.5	(0.7)	(0.2)
Realised cash flows	4.7	(7.1)	(2.4)	4.4	(8.5)	(4.1)
Economic effect of derivatives fair value hedges	26.3	(8.1)	18.2	4.9	(23.8)	(18.9)

UNDERLYING AMOUNTS HEDGED	31 DEC 24			31 DEC 23		
	INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Assessment of financial liabilities	-	(21.2)	(21.2)	15.6	-	15.6

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:

Operations management

TYPE	FAIR VALUE HIERARCHY	31 DEC 24				31 DEC 23	
		NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Gas formulas	3	14,977,245 MWh	136.5		13,984,372 MWh	210.0	
Electricity formulas	2	1,646,775 MWh	24.2		2,690,293 MWh	199.2	
Other commodities	3		-		7,649 Ton	0.3	
Exchange	2	24,328,000 USD	0.4		935,000 USD	0.0	
Gas formulas	3	15,545,353 MWh		143.6	13,108,766 MWh		189.2
Electricity formulas	2	1,450,939 MWh		17.1	3,186,649 MWh		147.4
Other commodities	3	7,284 Ton		0.2	-		-
Exchange	2			-	19,620,000 USD		0.3
Total fair value			161.1	160.9		409.5	336.9

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 decrease in fair value compared to the previous year was mainly affected by:

- the effect of lower notional amounts and lower average prices of electricity formula contracts effective at the end of the period;
- the effect of the negative net fair value of gas formula contracts, particularly with TTF index, signed during the year at lower average prices than in previous years.

Overall effect of these instruments on the statement of comprehensive income is broken down as follows:

**COMMODITY DERIVATIVES
COMMERCIAL PORTFOLIO**

	31 DEC 24			31 DEC 23		
	POSITIVE COMPONENTS	NEGATIVE COMPONENTS	NET EFFECT	POSITIVE COMPONENTS	NEGATIVE COMPONENTS	NET EFFECT
Changes to expected cash flows	(1.2)	-	(1.2)	47.2	-	47.2
Reserve transferred to the income statement	1,055.7	(1,126.9)	(71.2)	2,036.1	(2,372.2)	(336.1)
Derivatives effect on statement of comprehensive income cash flow hedge	1,054.5	(1,126.9)	(72.4)	2,083.3	(2,372.2)	(288.9)

The components recognised in the statement of comprehensive income are transferred back to the income statement at the maturity dates of the corresponding hedged items.

The effect on the income statement of the realised of derivative or similar contracts, whether physical or financial, may be broken down as follows:

PHYSICAL CONTRACTS TREATED AS DERIVATIVES		FINANCIAL DERIVATIVE CONTRACTS		OVERALL EFFECT
Sales revenues	1,088.1	Income	38.8	1,126.9
Purchasing costs	(1,059.7)	Expenses	4.0	(1,055.7)
Effect of realising derivative cash flow hedges	28.4		42.8	71.2

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 2024 would amount to approximately 3.4 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 3.4 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 2024 would amount to approximately 2.2 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 2.2 million euro.

In the organizational model described above, these changes in fair value would affect derivative instruments accounted for as hedges thus the opposite variation of net equity would be recorded in the income statement.

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:

Operations management

TYPE	31 DEC 24				31 DEC 23	
	FAIR VALUE HIERARCHY	NOTIONAL	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Electricity formulas	2	1,738,529 MWh	21.3		3,311,730 MWh	67.6
Electricity formulas	2	2,492,178 MWh		46.5	4,507,848 MWh	99.1
Total fair value			21.3	46.5	67.6	99.1

TYPE	31 DEC 24			31 DEC 23		
	INCOME	EXPENSES	NET EFFECT	INCOME	EXPENSES	NET EFFECT
Assessment of derivatives	120.2	(113.9)	6.3	170.1	(189.4)	(19.3)
Realised cash flows	69.0	(50.1)	18.9	36.0	(59.1)	(23.1)
Economic effect of derivatives	189.2	(164.0)	25.2	206.1	(248.5)	(42.4)

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 decrease in fair value from last year was affected by both lower notional amounts and lower average contract prices at the end of the period.

The effect on the income statement 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 revenues	47.9	Income	69.0
Purchasing costs	(10.7)	Expenses	(50.1)
Effect of realising derivatives	37.2		18.9

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 2024 would amount to approximately 3.7 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 3.7 million euro.

2.02.08 - Provisions and contingent liabilities

30 Employee benefits

The item includes provisions for employee leaving indemnities 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 EXPENSES	ACTUARIAL PROFIT (LOSSES)	USES	OTHER MOVEMENTS	CHANGES IN THE SCOPE OF CONSOLIDATION	CLOSING VALUE
31 Dec 23								
Post-employment	79.4	1.0	2.5	1.5	(9.7)	-	1.1	75.8
Other benefits	12.6	-	0.5	0.5	(1.3)	-	-	12.3
Total	92.0	1.0	3.0	2.0	(11.0)	-	1.1	88.1
31 Dec 24								
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

"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 company, determined on the basis of the average financial life of the bond.

"Actuarial profit (losses)" 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 income statement.

"Changes in the scope of consolidation" includes the post-employment provision 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	2.78%	2.78%
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	2.19%	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 2% for the year 2025 and for the following years;
- for probabilities of death, ISTAT 2023 tables were consulted;
- in the actuarial valuations, account was taken of the new effective dates for pensions under Law Decree of 6 December 2011, no. 201 of 6 December 2011 as amended by Law no. 214 of 22 December 2011, as well as the regulation for adjusting requirements for accessing the pension system in view of increased life expectancies in accordance with Article 12 of Legislative Decree no. 78 of 31 May 2010 as amended by Law no. 122 of 30 July 2010;
- for the likelihood of leaving employment for reasons other than death, an average yearly exit rate of 2.12% was hypothesized 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 hypothesized. 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 hypothesized 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 2024.

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 December 31st 2024, all other actuarial assumptions being equal, the potential decrease of the present value of the existing defined-benefit obligations (DBO) would amount to about 1.4 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 1.5 million euro.

Assuming a 50 bps increase in the rate of inflation compared to that actually applied to value the liabilities at 31 December 2024, all other actuarial assumptions being equal, the potential increase of the present value of the existing defined-benefit obligations (DBO) would amount to about 0.9 million euros. Likewise, assuming a reduction of this rate of 50 bps, there would be a decrease in the present value of the liabilities of approximately 0.9 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	USES	OTHER MOVEMENTS	CHANGES IN THE SCOPE OF CONSOLIDATION	CLOSING VALUE
31 Dec 23							
Provision for third-party asset restoration	217.9	6.4	4.4	-	0.1	-	228.8
Provision for closure and post-closure landfill expenses	186.3	6.6	0.3	(12.0)	3.9	-	185.1
Provision for personnel lawsuits and disputes	10.9	8.1	-	(3.0)	(1.0)	-	15.0
Provisions for waste disposal	9.7	8.3	-	(9.4)	(0.1)	-	8.5
Provision for plants dismantling	6.1	0.1	0.1	-	-	-	6.3
Other provisions	134.7	59.0	-	(3.3)	(16.5)	0.2	174.1
Total	565.6	88.5	4.8	(27.7)	(13.6)	0.2	617.8

31 Dec 24							
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

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). 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. Note that since most of the concessions are undergoing an extension, the discounting process and the resulting financial charges only refer to concessions that are still fully in force.

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 significantly compared to the previous year, mainly due to updates in the parameters used to reflect current market conditions. In this regard, it should be noted that at 31 December 2023, the revision of the discount rate had led to a decrease in the present value, resulting in a significant reduction in expenses that almost entirely offset the financial effect arising from the passage of time.

Uses are made up of actual disbursements that occurred during the year, while "Other movements" mainly includes estimated closure and post-closure costs in relation to newly constructed landfills and the changes in the estimated closure and post-closure costs of active landfills, which required the recording of an adjustment having the same amount as the value of plants (landfill assets), totalling 9.4 million euro for 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 2024 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 2023.

"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:

LIABILITIES	TYPE	31 DEC 24	31 DEC 23
MN€			
Risks arising from the activity of energy efficiency upgrading of buildings carried out on behalf of end customers, particularly apartment buildings	Likely	18.3	23.8
Non-recognition of expenses reported in regulated energy markets	Likely	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 non-reimbursement by the Customs Agency, relating to surcharges on electricity reimbursed to end users	Likely	10.3	9.0
Risk of litigation with the Guarantor Authority	Likely	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	14.0
Expenses for future work on the plants impacted by the 2023 flood covered by insurance reimbursements already received	Likely	8.9	-

The liabilities classified as contingent were recognised as part of the business combination in the year in which it occurred.

Allocations relative to "Other provisions" amount to 48.1 million euro, decreasing from the previous year mainly due to:

- significant reduction in energy efficiency work in buildings and associated risks, arising especially with contractors;
- decrease in provisions for the decommissioning of treatment plants, which had already been largely allocated at 31 December 2023;
- valuation at 31 December 2024 of the risk arising from Arera Resolution no. 388 in relation to customers in the non-dispatchable safeguarded market, to be considered plausible for reporting procedures;
- risk assessment at 31 December 2024 in relation to a likely complaint by the Privacy Authority.

The "Change in the scope of consolidation" include the provisions of the companies and business units over which control was acquired during the financial year 2024, as reported in note 2.02.10 "Other information".

For detailed information on the provisions entered for tax litigations, see note 12 "Taxes".

2.02.09 - Operating working capital

	NOTES	31 DEC 24	31 DEC 23	CHANGE
Inventories	32	168.1	198.5	(30.4)
Trade receivables	33	3,172.5	3,586.8	(414.3)
Trade payables	34	(2,723.9)	(2,619.3)	(104.6)
Current tax assets	13	31.3	11.4	19.9
Current tax liabilities	13	(48.2)	(110.2)	62.0
Current assets from contracts with customers	35	263.9	433.1	(169.2)
Current liabilities from contracts with customers	36	(203.2)	(397.4)	194.2
Other current assets	37	1,104.5	509.3	595.2
Other current liabilities	38	(1,512.8)	(1,487.3)	(25.5)
Operating working capital		252.2	124.9	127.3

Operating working capital consists of the same components as net working capital, as defined by the alternative performance indicators in Section 1.04 "Overview of operating and financial trends and definition of alternative performance measures", with the exception of current portions of assets and liabilities for commodity derivatives.

The change from the year of comparison is especially influenced by fewer energy efficiency work carried out on apartment buildings, which led to a significant decrease in trade payables, not matched by an equal decrease in trade and tax receivables, particularly due to the specific recovery methods through four-part compensation of invoice discount receivables generated by 110% superbond works. Related to the above is also the decrease in the value added tax payable, which in December 2023 was affected by the significant number of invoices for work falling under the 110% superbond, an occurrence that did not happen in the current year. In addition, it should be noted that the payment in 2024 of the balance of income taxes recognised as debit at 31 December 2023 had a significant effect, seeing as in 2023 this value was for some relevant companies particularly significant as it reflected lower previous payments due to the lower earnings generated.

These effects were partially offset by the reclassification of the amounts received as advances related to the gas settlement process from "Current financial liabilities" to "Trade payables", amounting to 154.1 million euro at December 2023. For further details, reference should be made to paragraph 2.02.01 "Introduction".

32 Inventories

	31 DEC 24	31 DEC 23	CHANGE
Gas stocks	85.8	114.6	(28.8)
Raw materials and stocks	69.2	70.2	(1.0)
Materials earmarked for sale and finished products	13.1	13.7	(0.6)
Total	168.1	198.5	(30.4)

"Gas stocks", stated net of the relative depreciation provision, represent the stocks of natural gas held for sale. The change compared to the end of the previous year is mainly due to:

- the decrease in wholesale prices recorded in 2024, which led to a lower average book cost;
- lower volumes in stock at the end of the period, due to the lower storage capacity purchased for the 2024-2025 autumn-winter season.

As illustrated in the Directors' report, in section 1.04 "Overview of operating and financial performance and definition of alternative performance measures", in determining the average cost of inventories, all purchases of natural gas made during the storage injection period are taken into consideration, without distinction as to their end purpose, unlike what is done managerially, in order to monitor this business more precisely. The decrease in prices and the criterion of a mass valuation of contracts led to a book value of the stock that is higher than what can be identified as its net sales value, in light of the forward sales contracts already signed by the Group at the date referred to by the financial statements. For these reasons, the value of these stocks was adjusted to their presumed realisable value net of selling costs, recognising an end-of-period adjustment of 17.8 million euro (27.4 million euro at 31 December 2023).

"Raw materials and stocks", already presented net of an associated obsolescence provision, mainly includes:

	31 DEC 24	31 DEC 23	CHANGE
Spare materials and equipment	61.8	61.3	0.5
Plastic materials	7.2	8.8	(1.6)
Other fuels	0.2	0.1	0.1
Total	69.2	70.2	(1.0)

"Materials earmarked for sale and finished products", already stated net of the relevant provision for depreciation, mainly consists of:

	31 DEC 24	31 DEC 23	CHANGE
Plastic products	9.9	8.4	1.5
Material for photovoltaic systems	3.0	4.9	(1.9)
Other products/materials	0.2	0.4	(0.2)
Total	13.1	13.7	(0.6)

As stated in section 2.02.01 "Introduction", over the course of the current financial period certain reclassifications have been introduced into the financial statements and therefore some figures were re-stated as compared to what was reported at 31 December 2023. In particular, it should be noted that in the previous year, "Inventories" included the results of contract work in progress amounting to 433.1 million euro, which were reported at 31 December 2024, for both comparison periods, under the newly introduced item "Current assets from contracts with customers2".

33 Trade receivables

	31 DEC 24	31 DEC 23	CHANGE
Receivables from customers	2,133.9	3,066.5	(932.6)
Receivables from customers for bills and invoices not yet issued	1,748.7	1,147.0	601.7
Provisions for bad debts	(710.1)	(626.7)	(83.4)
Total	3,172.5	3,586.8	(414.3)

Trade receivables comprise estimated consumption, for the portion pertaining to the period, relating to bills and invoices which will be issued after 31 December 2024, as well as receivables for revenues 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. The main phenomena are listed here below:

- decrease in invoices issued involving energy efficiency services provided to apartment buildings. During the last three-month period of 2023, in particular, the Group proceeded to invoice the progress of the construction works, almost entirely completed, for activities qualifying for the 110% super-bonus. These trade receivables, measured at fair value at the time they were initially stated, were recognised as tax credits once the submission of the necessary documentation to the Revenue office was completed in early 2024, since the mechanism that included discounts directly in invoices was used in the contractual relationship with customers;
- increase in receivables from customers for invoices to be issued 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".

The value of trade receivables reported in the financial statements at 31 December 2024 represents the Group's maximum exposure to credit risk. Changes in the associated provision for bad debts is as follows:

	OPENING BALANCE	PROVISIONS	CHANGES IN THE SCOPE OF CONSOLIDATION	USES AND OTHER MOVEMENTS	CLOSING BALANCE
2023 financial year	552.0	158.0	1.7	(85.0)	626.7
2024 financial year	626.7	122.9	-	(39.5)	710.1

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 from the previous year was mainly due to lower allocations in the traditional energy markets, both due to lower volumes sold in the gas market and to the drop in reference commodity prices, as well as to allocations set aside in the previous year that were particularly significant in relation to receivables in the waste management business, not present in the current year. These effects are only partially offset by the increase in provisions for energy customers acquired in areas not previously served, which show lower levels of reliability and payment regularity compared to those of the Group's historical customers.

The lower uses and other movements for the period are mainly due lower volumes of disposals of non-performing receivables made during the year, as compared to 31 December 2023. Such disposals involved the complete derecognition of their value through the use of the earmarked provision.

The following table shows receivables from all customer clusters on the basis of bills issued, organized by degree of past-due:

	31 DEC 24	% INC.	31 DEC 23	% INC.	CHANGE
Not yet due	592.6	28%	1,227.4	40%	(634.8)
Due 0-30 days	173.8	8%	429.3	14%	(255.5)
Due 31-180 days	183.7	9%	398.1	13%	(214.4)
Due 181-360 days	199.8	9%	230.4	8%	(30.6)
Due beyond 360 days	984.0	46%	781.3	25%	202.7
Total	2,133.9		3,066.5		(932.6)

34 Trade payables

	31 DEC 24	31 DEC 23	CHANGE
Payables to suppliers	673.0	917.3	(244.3)
Payables to suppliers for invoices not yet received	2,050.9	1,702.0	348.9
Total	2,723.9	2,619.3	104.6

Changes in trade payables compared to the previous year mainly involve the following factors:

- increase 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";
- the stating at 31 December 2023 of gas settlement amounts for 154.1 million euro under "Trade payables", as more fully explained in section 2.02.01 "Introduction";
- the decrease in the volume of energy efficiency upgrading of buildings carried out on behalf of end customers, particularly apartment buildings, which led to a subsequent decrease in payables to suppliers and professionals carrying out the works.

As stated in section 2.02.01 "Introduction", over the course of the current financial period certain reclassifications have been introduced into the financial statements and therefore some figures were re-stated as compared to what was reported at 31 December 2023. In particular, it should be noted that in the previous year, "Trade payables" included pre-payments for goods and services amounting to 17.9 million euro, which were reported at 31 December 2024, for both comparison periods, under the newly introduced item "Current liabilities from contracts with customers".

35 Current assets from contracts with customers

	31 DEC 24	31 DEC 23	CHANGE
Energy services and energy upgrading buildings	179.6	364.1	(184.5)
Public lighting	40.0	21.1	18.9
Treatment and disposal	22.2	23.7	(1.5)
Water services	21.6	22.5	(0.9)
Other minor items	0.5	1.7	(1.2)
Total	263.9	433.1	(169.2)

Current assets from contracts with customers include multi-year work contracts for installation work. The change from the previous year is mainly due to the decrease of energy efficiency activities carried out on buildings, apartment building in particular, due to regulatory changes that effectively eliminated the possibility of providing invoice discounts to customers. Note, on the other hand, the increase in works related to public lighting, attributable to contracts awarded in the course of 2024.

As stated in section 2.02.01 "Introduction", over the course of the current financial period certain reclassifications have been introduced into the financial statements and therefore some figures were re-stated as compared to what was reported at 31 December 2023. In particular, it should be noted that in the previous year, "Inventories" included the assets arising from contract work in progress amounting to 433.1 million euro.

36 Current liabilities from contracts with customers

	31 DEC 24	31 DEC 23	CHANGE
Advances for works in progress	184.0	365.1	(181.1)
Deferred liabilities	14.0	14.4	(0.4)
Other advance payments	5.2	17.9	(12.7)
Total	203.2	397.4	(194.2)

"Advances for works" mainly includes advances received from municipalities and apartment buildings for works in progress relating to public lighting and energy efficiency upgrades of buildings, respectively, which will be completed in the following years. The significant decrease is due on the one hand the reduction of energy efficiency works carried out by the Group during the year and on the other the completion of most of the ongoing work at 31 December 2023.

The item "Deferred liabilities" comprises portions of revenues due in the following financial period.

As stated in section 2.02.01 "Introduction", over the course of the current financial period certain reclassifications have been introduced into the financial statements and therefore some figures were re-stated as compared to what was reported at 31 December 2023. In particular, it should be noted that in the previous financial period:

- advances for work and deferred liabilities were reported in the amount of 365.1 million euro and 14.4 million euro, respectively, in the "Other current liabilities" line of the balance sheet;
- other advance payments were reported in the item "Trade payables" for 17.9 million euro.

37 Other current assets

	31 DEC 24	31 DEC 23	CHANGE
Tax credits, benefits and other fiscal credits	741.6	100.6	641.0
Fund for energy and waste management services for equalisation and continuity income	82.0	85.3	(3.3)
VAT, excise and additional taxes	48.4	75.7	(27.3)
Advances to suppliers	48.0	35.7	12.3
Prepaid costs	42.0	34.7	7.3
Assets for energy efficiency certificates and emission trading	41.2	64.3	(23.1)
Security deposits	39.6	39.8	(0.2)
Other receivables	61.7	73.2	(11.5)
Total	1,104.5	509.3	595.2

"Tax credits, benefits and other fiscal credits" mainly include:

- tax credits arising from the application of the invoice discount to end customers, stated at their market value, in relation to subsidised energy efficiency works carried out on apartment buildings for the most part, amounting to 731.1 million euro (88.3 million euro at 31 December 2023). The significant increase from the previous year is due to the choice of keeping these credits in the Group's tax drawers and using them as offsets, while in 2023 they were mainly sold to the banking system;
- credits for investments in capital goods, including those related to Industry 4.0, totalling 7.6 million euro (9 million euro at 31 December 2023), 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 waste management services for equalisation and continuity income" comprises 23.7 million euro of continuity income (30.3 million euro at 31 December 2023) and 58.3 million euro of equalisation credit (55 million euro at 31 December 2023).

Continuity income decreased by 6.6 million euro compared to the previous year especially as a result of the decrease in receivables for system charges and social bonuses for gas and electricity, which significantly increased in previous years, partly already reduced at 31 December 2023, thanks to the subsidies to users introduced by the Government to cope with the "high bills".

"VAT, excise and additional taxes" includes payables for VAT in the amount of 10.4 million euro (10.6 million euros at 31 December 2023), and excise and additional taxes in the amount of 38 million euro (65.1 million euro at 31 December 2023). 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.

The drop in receivables for excise duties and additional taxes is caused by the payment method in accordance with current regulations, which envisages the advance payment for gas excise duties and additional taxes, based on the volumes invoiced in the previous year. In particular, gas volumes for the year 2024 were slightly down compared to the previous year, thus resulting in a low excise tax credit at 31 December 2024; on the contrary, electricity volumes were up, thus resulting in a debit balance as outlined in note 38 "Other current liabilities".

"Advances to suppliers", the change compared to the previous year is mainly due to new contracts with suppliers who are entitled to receive advance payments on the value of the contract, in compliance with the relevant regulations. This item also includes, on a residual basis, advances to brokers for commissions.

“Assets for energy efficiency bonds and emissions trading” include the following:

	31 DEC 24	31 DEC 23	CHANGE
White certificates	27.9	51.5	(23.6)
Grey certificates	13.3	7.6	5.7
Green certificates	-	5.1	(5.1)
Total	41.2	64.3	(23.1)

- The portfolio of white certificates includes the valuation of the certificates calculated on the basis of the energy efficiency targets set by the GSE for gas and electricity distribution companies, net of the disposals that took place in the period, amounting to 26.4 million euro (49.7 million euro at 31 December 2023), and, on a residual basis, the certificates originating from the energy efficiency works carried out by the Group, amounting to 1.5 million euro (1.8 million euro at 31 December 2023). The decrease, with substantially the same valuation, compared to the previous year, of both the contribution and objectives assigned to the Group for the year 2024 is due to the net working capital optimisation operations carried out during the period;
- The portfolio of grey certificates reflects the valuation of both securities held by the Group for 13.1 million euro (6.3 million euro at 31 December 2023) and the exposure for forward contracts to buy and sell greenhouse gas emission allowances for 0.2 million euro (1.3 million euro at 31 December 2023). The change from the previous year was affected by higher securities held at the end of the period, while the valuation price decreased;
- At 31 December 2023, the green certificate portfolio included securities recognised on an accrual basis prior to 2016 in relation to the electricity production of the waste-to-energy plant in Ferrara. These securities are the subject of a complaint by the GSE concerning the methodology for calculating the self-consumption of auxiliary services. During 2024, as a result of the unfavourable ruling by the State Council, the Group wrote off its receivables using the provision set aside in previous years.

“Prepaid costs” mainly comprise future accruals in respect of:

	31 DEC 24	31 DEC 23	CHANGE
Outsourced services and processing	16.7	14.5	2.2
Bank charges, sureties and commissions	5.2	5.4	(0.2)
Rents payables and concession fees for network services	3.1	3.0	0.1
Other minor items	17.0	11.8	5.2
Total	42.0	34.7	7.3

“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 30.3 million euro (29.2 million euro at 31 December 2023).

The item “Other receivables” includes:

	31 DEC 24	31 DEC 23	CHANGE
Nonrecurring subsidies	13.0	22.6	(9.6)
Incentives from renewable sources	7.5	0.7	6.8
Receivables from asset companies	6.2	6.2	-
Other minor items	35.0	43.7	(8.7)
Total	61.7	73.2	(11.5)

- At 31 December 2023, nonrecurring subsidies include the amount the parent company Hera Spa paid, yet not due, during the year 2022 in respect of the “Nonrecurring windfall contribution”, introduced for the year 2022 by Article 37 of Legislative Decree no. 21/2022. These amounts were paid to the Revenue Office at the established deadlines, however, the subsequent 2023 Budget Law, in paragraphs 120 and 121 of Article 1, changed the subjective scope and the taxable base of the contribution for the year 2022, and as a consequence the Group no longer owes this contribution and therefore requested a refund. 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. The amount paid remains, therefore, entered under other current assets pending its repayment.
For a better understanding of the movements during the year, see Chapter 2.02.03 “Taxation”;
- 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. Incentives for the period increased

compared to the 2023 financial year, as the price of incentives (Grin) was reduced, which is inversely proportional to the previous year's national electricity price (Pun);

- receivables from asset companies include receivables from companies that own the networks and related assets used by the Group to provide utility services.

38 Other current liabilities

	31 DEC 24	31 DEC 23	CHANGE
Payables for advances to the fund for energy and waste management services	510.4	422.8	87.6
Plant investment grants	300.6	262.5	38.1
Security deposits from customers	160.0	199.9	(39.9)
Fund for energy and waste management service components and equalisation	137.3	119.0	18.3
VAT, excise and additional taxes	38.4	118.4	(80.0)
Personnel and employee withholding	97.2	89.8	7.4
Payables to social security institutions	83.5	78.9	4.6
Liabilities for energy efficiency certificates and emission trading	34.4	49.5	(15.1)
Anticipated revenues	13.5	15.3	(1.8)
Other payables	137.5	131.2	6.3
Total	1,512.8	1,487.3	25.5

"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:

- 258.5 million euro (236.7 million euro at 31 December 2023) 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 2022;
- 204.9 million euro (153.3 million euro at 31 December 2023) 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 2022-2023 thermal year;
- 19.8 million euro (5 million euro at 31 December 2023) 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;
- 12.6 million euro (14 million euro at 31 December 2023) 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 2016-2023. The scope of application is limited to the sale of electricity on the free market, the safeguarded market (disconnectable) and the gradual protection service (disconnectable);
- 11 million euro in compliance with the resolution that introduced a revenue equalisation, reported by the Group in January 2023, aimed at offsetting part of the unforeseeable costs incurred in supplying the default last resort and FUI markets, especially due to the entry of a larger number of customers than expected.

"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. The item includes:

	31 DEC 24	31 DEC 23	CHANGE
New water system investment fund	104.9	102.6	2.3
Purification and sewerage systems	54.5	40.7	13.8
NRRP subsidies	41.6	2.0	39.6
Purification plant in Servola (Trieste)	28.3	30.7	(2.4)
Construction of rolling basins e underwater pipes in the area of Rimini	19.2	18.4	0.8
Other minor items	52.1	68.1	(16.0)
Total	300.6	262.5	38.1

NRRP contributions, specifically, comprise the funding lines of the National recovery and resilience plan activated for new investments. Below are the main the main interventions for which subsidies were received during the financial year 2024:

- reduction of water losses in the ATOs of the Emilia-Romagna region where Hera Spa manages the integrated water service for 15.4 million euro;
- water leakage search and interventions for the renewal of networks in the ATO of the Pesaro-Urbino province for 5.9 million euro;
- upgrading of purification plants in the municipalities of Bologna and Ravenna and work on the sewerage network in the province of Forlì amounting to 4.4 million euro;
- expansion of the geothermal source in the municipality of Ferrara and extension of the district heating network in the municipality of Forlì for 3 million euro;
- Sustainable water management' project in the ATO Bacchiglione in the Veneto region for 2.5 million euro.

"Security deposits from customers" reflect the amounts requested from customers mainly for gas, water and electricity provision contracts, under certain conditions. The significant decrease compared to the previous year is mainly attributable to the lower average commodity prices during the financial year 2024, which resulted in a lower amount being individually requested.

"Fund for energy and waste management service components and equalisation", reflects the payables towards the Cassa per i Servizi Energetici e Ambientali for certain system components of the gas, electricity and water services, amounting to 134.9 million euro (111.3 million euro at 31 December 2023) and for equalisation of the electricity sales service amounting to 2.4 million euro (7.7 million euro at 31 December 2023). The increase compared to the previous year in payables for system components reflects the continuing effects, already highlighted at 31 December 2023, resulting from the cancellation of the decrees introduced in previous periods to face "high bills", as well as the increase in volumes distributed in the gas business and the increase in the debt position for specific components relative to the markets of last resort served by the Group.

"VAT, excise and additional taxes" includes payables for VAT in the amount of 16.8 million euro (71.7 million euro at 31 December 2023), and excise and additional taxes in the amount of 21.6 million euro (46.7 million euro at 31 December 2023). 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.

As far as value added tax is concerned, the significant decrease compared to the previous year is due, on the one hand, to the payment at year-end of the advance payment, calculated on a historical basis, in the amount of 37.6 million euro and, on the other hand, to the Group's significant debt exposure as at 31 December 2023. This exposure stemmed from the significant invoicing carried out in the last three months of last year upon completion of the work covered by the 110% superbonus, a situation that did not arise in the current year.

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 2024. 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.

"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 2024, plus withholding taxes to be paid to the State treasury as tax substitute for employees.

"Payables to social security institutions" mainly relates to contributions owed to these institutions for the December salaries, performance bonuses and additional monthly payments under national collective agreements.

"Liabilities for energy efficiency certificates and emission trading", includes the following:

	31 DEC 24	31 DEC 23	CHANGE
White certificates	15.1	27.1	(12.0)
Guarantee of origin certificates	13.4	12.7	0.7
Grey certificates	5.9	9.7	(3.8)
Total	34.4	49.5	(15.1)

- 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 with respect to 31 December 2023, in a context that showed market prices essentially in line with the previous periods, is mainly due to the lower number of certificates still to be annulled and referring to the years for which the Group has not yet completely fulfilled its assigned obligation;

- guarantee of origin (GO) certificates, essentially in line with the previous financial period, relate to the obligation to certify electricity generated from renewable energy sources against sales made to customers whose contracts require this type of procurement;
- grey certificates reflect the valuation of both the obligation to redeliver certificates calculated on the basis of current regulations, amounting to 5.5 million euro (8.7 million euro at 31 December 2023) and the forward sales contracts for greenhouse gas emission quotas, amounting to 0.4 million euro (1 million euro at 31 December 2023). The change compared to the previous year was due to lower redelivery obligations for the 2024 financial year, lower volumes of forward contracts and a decrease in market prices.

"Anticipated revenues" mainly include portions of tax credits for investments in new capital goods accruing in future financial years, amounting to 8.8 million euro (10.7 million euro at 31 December 2023).

The item "other payables" mainly comprises the following:

	31 DEC 24	31 DEC 23	CHANGE
Arrears payments for electricity, gas and other sectors	17.1	27.4	(10.3)
Environmental damage contributions	16.9	14.1	2.8
Flood contributions	16.5	10.0	6.5
Insurance deductibles	8.1	8.7	(0.6)
Other minor items	78.9	71.0	7.9
Total	137.5	131.2	6.3

Specifically:

- 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. These amounts must be retroceded to previous suppliers. The indemnity is applied only to certain specific categories of users, identified by ARERA resolution no. 593/2017/R and its subsequent amendments and additions. The decrease compared to the previous year reflects the acquisition of a new lot in the safeguard market in the year 2023, which led to a significant increase in exposure at 31 December 2023, 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 31 December 2024;
- 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 2024 than the amount disposed of in the comparison period;
- flood contributions represent an advance received from the Extraordinary Commissary Body set up by the Government to finance works deemed necessary following the damage caused by the May 2023 flood in Emilia-Romagna. These contributions, however, can only be considered to be the Group's full entitlement, net of the insurance reimbursements received, at the end of the application process currently underway. In this still highly uncertain environment, the Group believes that the advance may have to be repaid in the course of the financial year 2025, and therefore the requirements of sufficient certainty for recognising the public contribution are not met;
- insurance deductibles include amounts that the Group must repay directly to damaged third parties or insurance companies.

As stated in section 2.02.01 "Introduction", certain reclassifications have been introduced into the financial statements and therefore some figures were re-stated as compared to what was reported at 31 December 2023. In particular, it should be noted that in the previous year, 'Other current liabilities' included advance payments for work in progress and deferred income related to portions of revenues from customers to be deferred in subsequent years in the amount of 365.1 million euro and 14.4 million euro, respectively. As at 31 December 2024, for both periods of comparison, these were reported under the newly introduced item "Current liabilities from contracts with customers".

39 Cash flows of operating activities

Changes in net working capital

The following is a breakdown of information on changes in financial liabilities during the 2024 financial year, differentiating between cash flows and non-cash flows.

TYPE	31 DEC 24	31 DEC 23	CHANGE (A)	NON-CASH FLOWS				CASH FLOWS (F)=[(B)+(C)+ (D)+(E)]-(A)
				ACQUISITIONS DIVESTITURES (B)	ECONOMIC VALUATION COMPONENTS (C)	CHANGES IN FAIR VALUE (D)	OTHER CHANGES (E)	
Inventories	168.1	198.5	(30.4)	0.1	9.0			39.5
Trade receivables	3,172.5	3,586.8	(414.3)	(1.0)	(123.0)	(10.2)	(1,081.0)	(800.9)
Trade payables	(2,723.9)	(2,619.3)	(104.6)	(0.1)			(153.5)	(49.0)
Other current assets/liabilities, including contracts with customers	(347.6)	(942.3)	594.7	(1.9)	57.0	23.7	954.1	438.2
Changes in working capital	269.1	223.7	45.4	(2.9)	(57.0)	13.5	(280.4)	(372.2)

"Acquisitions and divestitures" include the effects arising from acquisitions of control during 2024, as illustrated in paragraph 2.02.10 "Other information".

"Economic valuation components" mainly includes:

- the net provision for bad debts for a negative 122.4 million euro;
- income related to the discounting process for receivables pertaining to tax discounts included directly in invoices, amounting to a positive 51.5 million euro, as reported in note 9 "Financial income";
- 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 14.5 million euro, as stated in note 2 "Other income".
- the adjustment of the write-down of natural gas stocks amounting to a positive amount of 9.6 million euro.

"Changes in fair value" include:

- 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 8.5 million euro, as illustrated in notes 37 "Other current assets" and 38 "Other current liabilities".
- the fair value assessment of receivables related to the application of the discount included in invoices linked to energy efficiency measures for end customers amounting to a positive 5 million euro, as reported in note 10 "Financial expenses";

"Other changes" mainly comprises offsets within net working capital of transactions involving the gross recognition of assets and liabilities. The item is affected by the recording at 31 December 2023 of gas settlement amounts under "Financial liabilities", in the amount of 154.1 million euro, as more fully explained in section 2.02.01 "Introduction" as well as by the use of tax credits recorded under other current assets for offsetting purposes, so as to represent actual cash outflows for income taxes paid during the period.

Dividends collected

During 2024, dividends for 4.9 million euro (8.7 million at 31 December 2024) were collected from consolidated companies according to the equity method and 7.9 million euro (6.4 million euro at 31 December 2023) from shareholdings held in other companies. For further details, please see note 9 "Financial income" and 26 "Shareholdings valued using the equity method and Other shareholdings".

Net interest paid

The following is a reconciliation of the balance sheet values of financial income and expenses and the related net cash flows for the year.

TYPE	2024 (A)	NON-CASH COMPONENTS		OTHER CHANGES (D)	CASH COMPONENTS (E)=(A)- [(B)+(C)+(D)]
		ECONOMIC VALUATION COMPONENTS (B)	CHANGES IN FAIR VALUE (C)		
Financial income	202.5	60.7	72.2	12.8	56.8
Financial expenses	(308.5)	(96.0)	(17.8)	(2.1)	(192.6)
Total	(106.0)	(35.3)	54.4	10.7	(135.8)

“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 well as write-downs of shareholdings in companies valued using the equity method, as illustrated in note 9 “Financial income” and note 10 “Financial expenses”.

“Changes in fair value” includes measurements at current market value of financial assets and liabilities, mainly relating to:

- put options and contingent consideration, for a total net effect amounting to a positive 49.9 million euro;
- an adjustment made to the book value of a bond issued in foreign currency as a result of the fair value hedge, which led to the recognition of expenses amounting to 21.2 million euro;
- hedging derivatives on rates and exchanges that resulted in the recognition of net income from valuation amounting to a positive 20.6 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 5 million euro.

“Other changes” mainly include dividends paid by other minor holdings, whose cashflow for the period is stated in a specific item in the cash flow statement, amounting to 7.9 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 charges, which amounted to 2.9 million euro.

Taxes paid

The breakdown of flows by tax type is as follows:

	31 DEC 24	31 DEC 23
Income taxes	180.0	92.9
Substitute tax	13.3	3.7
Taxes paid	193.3	96.6

Income taxes mainly include 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.

The substitute tax recorded at 31 December 2024 is the amount paid in connection with the exemption of the higher values resulting from the non-recurring operations detailed in note 12 ‘Taxes’, to which reference should be made. At 31 December 2023, the substitute tax included the amount paid linked to the settlement of the acquisition of Con Energia Spa.

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 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 2024.

The table below shows the assets and liabilities acquired as part of business combinations carried out during the year, recognised at their fair value.

	TRS ECOLOGY SRL	"SOELIA" BUSINESS UNIT	TRIVENETA LUCE SCARL	OTHER MINOR COMPANIES	TOTAL BUSINESS COMBINATIONS
Non-current assets					
Property, plants and equipment	3.0	-			3.0
Rights of use	2.0				2.0
Intangible assets	11.5	12.8	1.3	0.1	25.7
Other shareholdings		2.3			2.3
Deferred tax assets	0.9				0.9
Current assets					
Inventories	0.1				0.1
Trade receivables	-	(1.0)			(1.0)
Other current assets	0.5		0.2		0.7
Cash	0.1		0.2		0.3
Non-current liabilities					
Financial liabilities	(0.2)				(0.2)
Lease liabilities	(0.9)				(0.9)
Employee benefits	(0.1)				(0.1)
Provisions	(1.0)	(2.9)			(3.9)
Deferred tax liabilities	(3.8)		(0.4)		(4.2)
Current liabilities					
Lease liabilities	(0.8)				(0.8)
Trade payables	(0.1)				(0.1)
Other current liabilities	(1.0)	(1.4)			(2.4)
Total net assets acquired	10.2	9.8	1.3	0.1	21.4
Equivalent fair value	23.6	9.1	1.3	0.1	34.1
Fair value of interest held					-
Non-controlling interests					-
Put option of the minority shareholding	10.9				10.9
Total value of the combination	34.5	9.1	1.3	0.1	45.0
(Goodwill) / Profit	(24.3)	0.7	-	-	(23.6)

The evaluation process resulted in the following adjustments to the carrying amounts recorded in the financial statement of the acquired entity, as well as the following considerations in relation to the amount transferred:

	TRS ECOLOGY SRL	"SOELIA" BUSINESS UNIT	TRIVENETA LUCE SCARL	OTHER MINOR COMPANIES	TOTAL BUSINESS COMBINATIONS
Book value of net assets acquired	2.5	11.2	0.4	-	14.1
Adjustments for fair value valuation					
Intangible assets	11.3	(0.4)	1.3	0.1	12.3
Shareholdings		1.8			1.8

Provisions		(2.8)		(2.8)
Deferred tax assets (liabilities)	(3.6)		(0.4)	(4.0)
Fair value of net assets acquired	10.2	9.8	1.3	21.4
Cash outlay	23.6	8.7	1.0	33.4
Non-controlling interests				-
Deferred/contingent consideration		0.4	0.3	0.7
Equivalent fair value	23.6	9.1	1.3	34.1

The managements' evaluation of the fair value of the identifiable assets acquired and liabilities incurred, which also considered the recoverable value of the assets, led to the following amendments being identified:

- TRS Ecology Srl – customer list of 11.3 million euro was recorded, established on the basis of both the characteristics of the reference context and using the incremental cash flow method (Meem). The amortisation period, set at 12 years, was determined on the basis of the churn rate established by analysing the historical series of the turnover of the clients;
- Soelia business unit:
 - in relation to the distribution of methane gas in the municipality of Argenta, an adjustment to the book value of the assets acquired was recognised for 0.4 million euro. The valuation was based on the specific market conditions at the valuation date and on the current income capacity of the unit in order to express a recoverable value based on expected future cash flows from net invested capital (RAB), using the discounted cash flow method.
In addition, contingent liabilities for 2.8 million euro were recognised in connection with both regulatory and technical risks related to certain assets of the plant equipment acquired;
 - a book value adjustment of 1.8 million euro was recognised in connection with the investment in Sinergas Spa (2.85% of the share capital). The valuation was carried out, as is standard practice in the case of companies selling energy commodities, using the market multiples method based on comparable transactions, thus determining the reference unit value of customers.
- Triveneta Luce Scarl - an intangible right amounting to 1.3 million euro was recorded in relation to the signing of a framework agreement for the management and energy efficiency upgrade of lighting systems, following the awarding by the acquired company of certain lots provided for in Consip tenders. The amortisation period of 9 years has been determined on the basis of the duration of the concession contracts that may be signed with the various administrations as part of the framework contract, starting from the initial date of the service provision.

The effects reported above resulted, where applicable, in the recognition of deferred tax liabilities determined on the basis of the applicable nominal tax rate.

Concerning the acquisition of TRS Ecology Srl, a reciprocal call and put option of the minority shareholding was negotiated with the counterparty. The existence of such rights held by the minority shareholders led to the need to classify the options in the consolidated financial statements under financial liabilities, as illustrated in note 19 "Financial liabilities". In accordance with its own accounting policies, the Group did not include the minority shares in the consolidated financial statements, considering the shareholding to be fully owned. The valuation of the option identified at the time of acquisition, therefore, totalled 10.9 million euro.

With reference to the acquisition of the Soelia Unit and Triveneta Luce Scarl, deferred consideration payables of 0.4 million euro and 0.3 million euro, respectively, were recognised at 31 December 2024.

Lastly, it should be noted that the acquisition of TRS Ecology Srl entailed the recognition of goodwill in the amount of 24.3 million euro, attributable to the purpose of the acquisition, which allowed the Group to gain access to a new customer segment by expanding into neighbouring geographic areas, thus enabling it to expand and optimise its current network of waste management facilities, also through the exploitation of significant synergies between the various platforms with the disposal plants managed by the Group. The acquisition operation of the Soelia unit, on the other hand, involved the recording of aggregation income in the amount of 0.7 million euro.

Please see note 28 "Cashflows from investing activities" for an analysis of the cash flows associated with the combination operations described above.

Changes to the accounting standards

Accounting standards, amendments and interpretations applicable from 1 January 2024

With reference to the areas pertaining to the Group, beginning 1 January 2024 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 1 - Presentation of financial statements: reporting liabilities as current or non-current. Document issued by IASB on 23 January 2020 and updated on 15 July 2020, applicable from 1 January 2024 with early application allowed. The amendments clarify the requirements to be considered in determining whether payables and other liabilities with uncertain settlement date should be classified as current or non-current in the statement of financial position (including payables that can be settled by conversion into equity instruments).

Amendments to IFRS 16 - Lease liabilities in a sale and leaseback transaction. Document issued by IASB on 22 September 2022, applicable from 1 January 2024 with early application allowed. The amendments provide that in the valuation of lease liabilities in a sale and leaseback transaction, the seller-lessee shall determine the lease payments in such a way as not to recognise any amount of gain or loss related to the right of use retained by the lessee.

Amendments to IAS 1 - Presentation of financial statements: non-current liabilities subject to covenant. Document issued by IASB on 31 October 2022, applicable from 1 January 2024 with early application allowed. The amendments aim to improve the information disclosed by an entity when the right to defer settlement of a liability of at least 12 months is subject to compliance with certain parameters.

Amendments to IAS 7 - Statement of cashflows and IFRS 7 - Financial instruments: Financing arrangements with suppliers and disclosures in the explanatory notes. Document issued by IASB on 25 May 2023, applicable from 1 January 2024 with early application permitted. The amendments require an entity to provide additional disclosures on reverse factoring arrangements that enable users of financial statements to evaluate how financing arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk.

These amendments clarify, correct or remove redundant statements or formulations in the text of the relevant standards.

With reference to the application of these amendments and new interpretations, there were no observable effects on the Group's financial statements.

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 year onwards, having also already been endorsed by the EU:

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.

These amendments clarify, correct or remove redundant statements or formulations in the text of the relevant standards.

The directors are currently assessing possible effects deriving from the introduction of these amendments into the Group's consolidated financial statement.

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:

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 income statement and, to a more limited extent, the cash flow statement. Specifically:

- some classifications of revenues 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 and profit before financial operations and income taxes) are introduced;
- the use of the operating income 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. The standard was 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;
- 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;

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 adoption of International financial reporting standards.** the improvement resolves a potential source of error due to the inconsistency of 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 accounted for at the time of derecognition. the improvement resolves a potential source of confusion in relation to the recognition of gains or losses on derecognition because IFRS 7 contained 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 included in IFRS 9 in relation to the lessee's accounting for the extinguishment 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 "Revenues 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.** The improvement resolves a source of potential confusion caused by an inconsistency in IFRS 10 regarding the investor's identification of 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.

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 instruments;
- 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.

With reference to the new standards and the new 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 investments and derivative financial instruments is discussed in notes 26 and 29, respectively.

31 DEC 24	HIERARCHY FAIR VALUE	FAIR VALUE TO INCOME STATEMENT	FAIR VALUE TO STATEMENT OF COMPREHENSIVE INCOME	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			-	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

31 DEC 23	HIERARCHY FAIR VALUE	FAIR VALUE TO INCOME STATEMENT	FAIR VALUE TO STATEMENT OF COMPREHENSIVE INCOME	AMORTISED COST	TOTAL
Non-current financial assets	2		2.0	160.8	162.8
Non-current assets		-	2.0	149.8	151.8
Trade receivables	3		1.2	3,585.6	3,586.8
Current financial assets				90.9	90.9
Other assets	2	9.4	12.2	932.2	953.8
Current assets		9.4	13.4	4,608.7	4,631.5

With respect to “Non-current financial assets” reference should be made to note 18.

With respect to “Current assets” reference should be made to 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 DEC 24	HIERARCHY FAIR VALUE	FAIR VALUE TO INCOME STATEMENT	TO HEDGED ELEMENTS (FAIR VALUE HEDGE)	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

31 DEC 23	HIERARCHY FAIR VALUE	FAIR VALUE TO INCOME STATEMENT	TO HEDGED ELEMENTS (FAIR VALUE HEDGE)	AMORTISED COST	TOTAL
Non-current financial liabilities	2/3	330.5	128.6	3,962.6	4,421.7
Non-current lease liabilities				56.8	56.8
Non-current liabilities		330.5	128.6	4,019.4	4,478.5
Trade payables				2,619.3	2,619.3
Current financial liabilities	3	13.7		877.1	890.8
Current lease liabilities				24.5	24.5
Other liabilities	2	22.5		1,972.4	1,994.9
Current liabilities		36.2	-	5,493.3	5,529.5

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.

Note that, starting in 2024, in order to more consistently represent results with respect to market dynamics, management has presented the results of the public lighting business within the electricity area, as against the previous classification in the other services area, and has also restated the income statements for the periods under comparison. At 31 December 2024, the Hera Group was organized 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 2024 and 2023 financial years:

31 DEC 24	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAGEMENT	OTHER SERVICES	TOTAL
Current year						
Assets (tangible 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
Shareholdings	66.3	11.1	52.3	44.8	0.1	174.6
Not attributed fixed assets						198.1
Net fixed assets	2,666.3	949.1	2,715.4	1,845.6	121.8	8,496.3
Attributed net working capital	152.2	73.7	(0.6)	68.7	(24.8)	269.2
Non attributed net working capital						(41.9)
Net working capital	152.2	73.7	(0.6)	68.7	(24.8)	227.3
Other provisions	(229.1)	(68.5)	(169.3)	(302.4)	(3.8)	(773.1)
Net invested capital	2,589.4	954.3	2,545.5	1,611.9	93.2	7,950.5

31 DEC 23	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAGEMENT	OTHER SERVICES	TOTAL
Previous year						
Assets (tangible and intangible)	2,043.2	792.1	2,466.6	1,464.7	103.0	6,869.6
Goodwill	493.5	91.2	42.7	260.6	20.7	908.7
Shareholdings	96.6	42.4	16.0	40.5	-	195.5
Not attributed fixed assets						145.3
Net fixed assets	2,633.3	884.3	2,525.3	1,765.8	165.1	8,119.1
Attributed net working capital	460.9	(172.5)	(56.4)	14.7	(23.0)	223.7
Non attributed net working capital						(57.7)
Net working capital	460.9	(177.8)	(56.4)	14.7	(17.7)	166.0
Other provisions	(216.7)	(43.0)	(153.3)	(289.1)	(3.8)	(705.9)
Net invested capital	2,877.5	665.3	2,315.6	1,491.4	141.8	7,579.2

The following are the main result indicators by operating sector for the 2024 and 2023 financial years:

2024	GAS	ELECTRICITY	WATER CYCLE	WASTE MANAG- EMENT	OTHER SERVICES	STRUCTURE	TOTAL
Current year							
Direct revenues	5,571.8	4,709.9	1,084.4	1,605.9	47.4	25.0	13,044.4
Infra-cycle revenues	224.2	223.6	7.4	117.9	52.6	106.9	732.7
Total direct revenues	5,796.0	4,933.4	1,091.8	1,723.8	100.1	131.9	13,777.1
Indirect revenues	13.0	5.8	71.1	42.4	(0.3)	(131.9)	-
Total revenues	5,809.0	4,939.3	1,162.8	1,766.2	99.8	-	13,777.1
Ebitda	571.4	322.0	297.1	367.0	30.1	-	1,587.6
Direct amortisations and provisions	183.1	151.2	123.0	187.3	17.5	95.5	757.7
Indirect amortisations and provisions	11.8	12.6	37.4	33.6	0.2	(95.5)	-
Total amortisations and provisions	194.9	163.9	160.4	220.8	17.7	-	757.7
Operating results	376.5	158.2	136.7	146.2	12.4	-	829.9
2023							
Previous year							
Direct revenues	8,421.2	4,483.3	999.2	1,555.3	139.5	(33.5)	15,565.1
Infra-cycle revenues	120.0	234.4	5.4	137.3	51.9	165.0	714.2
Total direct revenues	8,541.3	4,717.7	1,004.6	1,692.6	191.5	131.6	16,279.3
Indirect revenues	15.8	6.2	63.3	45.3	0.9	(131.6)	-
Total revenues	8,557.1	4,724.0	1,067.9	1,737.9	192.4	-	16,279.3
Ebitda	609.9	309.2	271.4	353.4	43.8	-	1,587.7
Direct amortisations and provisions	211.3	119.1	109.4	200.2	24.2	89.4	753.7
Indirect amortisations and provisions	10.0	4.8	41.4	32.6	0.6	(89.4)	-
Total amortisations and provisions	221.3	123.9	150.8	232.9	24.8	-	753.7
Operating results	388.6	185.3	120.6	120.6	19.0	-	834.0

As extensively described in the Directors' Report, Ebitda for the gas operating segment was adjusted at 31 December 2023 for managerial purposes to comment on its performance for the period. The value containing the adjustment on gas inventory valuation is shown in chapter 1.06, "Analysis by business area", which provides a reference for understanding business dynamics.

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 2024 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>

With regard to the disclosure of the most significant operations provided for in Consob resolution no. 17221 of 12 March 2010 and subsequent amendments and integrations, note that beginning 1 January 2024, the new contract for the wholesale supply to Hera Spa of drinking water for civil use by Romagna Acque - Società delle fonti Spa came into force. The four-year contract has an estimated annual value of 48.5 million euro.

2.03.01 - “Income statement as per Consob resolution 15519/ 2006”.

	notes	2024	of which related parties						2023	of which related parties					
			A	B	C	D	Total	%		A	B	C	D	Total	%
Revenues	1	12,889.7	-	70.4	324.9	18.3	413.6	3.2%	15,331.1	-	78.0	319.5	15.0	412.5	2.8%
Other income	2	154.7	-	0.1	5.6	-	5.7	3.7%	234.0	-	0.3	8.2	-	8.5	1.3%
Raw and other materials	3	(7,056.4)	-	(46.9)	-	(50.7)	(97.6)	1.4%	(9,672.2)	-	(54.5)	-	(46.0)	(100.5)	1.0%
Service costs	4	(3,724.9)	-	(12.5)	(29.9)	(39.2)	(81.6)	2.2%	(3,655.9)	-	(13.9)	(25.2)	(35.0)	(74.1)	2.0%
Personnel costs	5	(667.5)	-	-	-	-	-		(641.1)	-	-	-	-	-	
Other operating expenses	6	(97.3)	-	-	(2.3)	(0.8)	(3.1)	3.2%	(90.3)	-	(0.1)	(2.4)	(0.9)	(3.4)	3.8%
Capitalised costs	7	89.3	-	-	-	-	-		82.1	-	-	-	-	-	
Amortisation, provisions and depreciation	8	(757.7)	-	-	-	-	-		(753.7)	-	-	-	-	-	
Operating profit		829.9	-	10.5	297.1	(72.5)	235.1		834.0	-	9.8	300.1	(66.9)	243.0	
Financial income	9	202.5	-	3.6	0.3	1.8	5.7	2.8%	157.1	-	7.8	0.5	0.4	8.7	5.5%
Financial expenses	10	(308.5)	-	(27.2)	(0.2)	-	(27.4)	8.9%	(345.0)	-	(5.9)	(0.2)	-	(6.1)	1.8%
Financial operations		(106.0)	-	(23.6)	0.1	1.8	(21.7)		(187.9)	-	1.9	0.3	0.4	2.6	
Share of profits (losses) pertaining to joint ventures and associated companies	11	12.3	-	12.3	-	-	12.3	100.0%	10.3	-	10.3	-	-	10.3	100.0%
Earnings before taxes		736.2	-	(0.8)	297.2	(70.7)	225.7		656.4	-	22.0	300.4	(66.5)	255.9	
Taxes	12	(200.3)	-	-	-	-	-		(173.2)	-	-	-	-	-	
Net profit for the period		535.9	-	(0.8)	297.2	(70.7)	225.7		483.2	-	22.0	300.4	(66.5)	255.9	
Attributable to:															
Parent company shareholders		494.5							441.4						
Minority shareholders		41.4							41.8						
Earnings per share															
basic	17	0.343							0.305						
diluted	17	0.343							0.305						

2.03.02 - Statement of financial position as per Consob resolution 15519/ 2006

	notes	31 Dec 24	of which related parties						31 Dec 23	of which related parties					
			A	B	C	D	Total	%		A	B	C	D	Total	%
ASSETS															
Non-current assets															
Property, plants and equipment	21, 25	2,160.7	-	-	-	-	-		2,059.3	-	-	-	-	-	
Rights of use	22, 25	84.2	-	-	-	-	-		90.6	-	-	-	-	-	
Intangible assets	23, 25	4,945.8	-	-	-	-	-		4,719.6	-	-	-	-	-	
Goodwill	24, 25	933.0	-	-	-	-	-		908.7	-	-	-	-	-	
Shareholdings valued using the equity method	26, 27	127.3	-	127.3	-	-	127.3	100.0%	147.0	-	147.0	-	-	147.0	100.0%
Other shareholdings	26	47.3	-	3.9	-	5.1	9.0	19.0%	48.6	-	3.7	-	14.7	18.4	37.9%
Non-current financial assets	18	158.0	-	7.8	9.0	20.5	37.3	23.6%	162.8	-	11.0	10.6	21.2	42.8	26.3%
Deferred tax assets	14	342.9	-	-	-	-	-		302.3	-	-	-	-	-	
Derivative financial instruments	29	-	-	-	-	-	-		0.3	-	-	-	-	-	
Total non-current assets		8,799.2	-	139.0	9.0	25.6	173.6		8,439.2	-	161.7	10.6	35.9	208.2	
Current assets															
Inventories	32	168.1	-	-	-	-	-		198.5	-	-	-	-	-	
Trade receivables	33	3,172.5	-	18.4	78.0	18.3	114.7	3.6%	3,586.8	-	10.3	81.8	18.9	111.0	3.1%
Current financial assets	18	23.1	-	3.5	3.6	1.3	8.4	36.4%	90.9	-	7.0	3.7	1.3	12.0	13.2%
Current tax assets	13	31.3	-	-	-	-	-		11.4	-	-	-	-	-	
Assets from contracts with current customers	35	263.9	-	-	-	-	-		433.1	-	-	-	-	-	
Other current assets	37	1,104.5	-	2.4	(6.1)	3.9	0.2	0.0%	509.3	-	3.1	(3.9)	4.0	3.2	0.6%
Derivative financial instruments	29	182.4	-	-	-	-	-		478.0	-	-	-	-	-	
Cash and cash equivalents	18	1,315.6	-	-	-	-	-		1,332.8	-	-	-	-	-	
Total current assets		6,261.4	-	24.3	75.5	23.5	123.3		6,640.8	-	20.4	81.6	24.2	126.2	
TOTAL ASSETS		15,060.6	-	163.3	84.5	49.1	296.9		15,080.0	-	182.1	92.2	60.1	334.4	

	notes	31 Dec 24	of which related parties						31 Dec 23	of which related parties					
			A	B	C	D	Total	%		A	B	C	D	Total	%
NET EQUITY AND LIABILITIES															
Share capital and reserves															
Share capital	15	1,440.8	-	-	-	-	-		1,443.0	-	-	-	-	-	
Reserves	15	1,744.8	-	-	-	-	-		1,553.8	-	-	-	-	-	
Profit (loss) for the period	15	494.5	-	-	-	-	-		441.4	-	-	-	-	-	
Group net equity		3,680.1	-	-	-	-	-		3,438.2	-	-	-	-	-	
Non-controlling interests	16	306.8	-	-	-	-	-		313.4	-	-	-	-	-	
Total net equity		3,986.9	-	-	-	-	-		3,751.6	-	-	-	-	-	
Non-current liabilities															
Non-current financial liabilities	19	4,154.6	-	-	-	-	-		4,421.7	-	-	1.2	-	1.2	0.0%
Non-current lease liabilities	22	54.7	-	-	3.9	0.2	4.1	7.5%	56.8	-	-	2.7	0.2	2.9	5.1%
Employee benefits	30	79.9	-	-	-	-	-		88.1	-	-	-	-	-	
Provisions	31	693.1	-	-	-	-	-		617.8	-	1.0	-	-	1.0	0.2%
Deferred tax liabilities	14	144.8	-	-	-	-	-		156.9	-	-	-	-	-	
Total non-current liabilities		5,127.1	-	-	3.9	0.2	4.1		5,341.3	-	1.0	3.9	0.2	5.1	
Current liabilities															
Current financial liabilities	19	1,226.7	-	3.8	1.9	-	5.7	0.5%	890.8	-	0.1	0.8	-	0.9	0.1%
Current lease liabilities	22	24.4	-	0.0	1.3	0.1	1.4	5.9%	24.5	-	0.0	1.3	0.1	1.4	5.9%
Trade payables	34	2,723.9	-	15.6	24.4	23.9	63.9	2.3%	2,619.3	-	4.7	18.6	23.4	46.7	2.1%
Current tax liabilities	13	48.2	-	-	-	-	-		110.2	-	-	-	-	-	
Current liabilities from contracts with current customers	36	203.2	-	4.8	0.1	-	4.9	2.4%	397.4	-	8.2	-	-	8.2	2.1%
Other current liabilities	38	1,512.8	-	0.6	7.7	0.4	8.7	0.6%	1,487.3	-	0.3	6.3	0.6	7.2	0.4%
Derivative financial instruments	29	207.4	-	-	-	-	-		457.6	-	-	-	-	-	
Total current liabilities		5,946.6	-	24.8	35.4	24.4	84.6		5,987.1	-	13.3	27.0	24.1	64.4	
TOTAL LIABILITIES		11,073.7	-	24.8	39.3	24.6	88.7		11,328.4	-	14.3	30.9	24.3	69.5	
TOTAL NET EQUITY AND LIABILITIES		15,060.6	-	24.8	39.3	24.6	88.7		15,080.0	-	14.3	30.9	24.3	69.5	

2.03.03 – Cash flow statement as per Consob resolution 15519/2006

	31 DEC 24	OF WHICH RELATED PARTIES
Earnings before taxes	736.2	
Adjustments to reconcile net profit to cash flow from operating activities		
Amortisation and impairment of assets	563.4	
Allocation to provisions	194.3	
Effects from valuation using the equity method	(12.3)	
Financial (income) expenses	106.0	
(Capital gains) losses and other non-monetary elements	(1.2)	
Change in provisions	(34.9)	
Change in employee benefit provisions	(10.0)	
Total cash flow before changes in net working capital	1,541.5	
(Increase) decrease in inventories	39.5	
(Increase) decrease in trade receivables	(800.9)	(3.7)
Increase (decrease) in trade payables	(49.0)	17.2
Increase/decrease in other current assets/liabilities, including contracts with customers	438.2	4.5
Changes in working capital	(372.2)	
Dividends collected	12.8	6.4
Interest income and other financial income collected	56.8	4.5
Bank interests net charges on derivatives and other financial charges paid	(192.6)	(0.3)
Taxes paid	(193.3)	
Cash flow from (for) operating activities (a)	853.0	
Investments in property, plants and equipment	(282.1)	
Investments in intangible assets	(578.2)	
Investments in subsidiary companies and business units net of cash holdings	(33.1)	
Sale price of tangible and intangible assets	8.0	
(Increase) decrease in other investment activities	81.2	11.2
Cash flow from (for) investing activities (b)	(804.6)	
New issue of long-term bonds	471.1	
Repayments of non-current financial liabilities	(7.9)	
Repayments and other net changes in financial liabilities	(252.9)	3.5
Repayments of lease liabilities	(20.6)	(0.1)
Acquisition of interests in consolidated companies	(1.3)	
Increase in minority share capital	1.3	
Dividends paid out to Hera shareholders and non-controlling interests	(248.8)	(79.5)
(Investments) divestments in treasury shares	(6.5)	
Cash flow from (for) financing activities (c)	(65.6)	
Increase (decrease) in cash holdings (a+b+c)	(17.2)	
Cash and cash equivalents at the beginning of the period	1,332.8	
Cash and cash equivalents at the end of the period	1,315.6	

2.03.04 - Net financial debt pursuant to Consob notice DEM/6064293 of 2006

31 DEC 24

			A	B	C	D		A	B	C	D
A	Cash	1,315.6	-	-	-	-	1,332.8	-	-	-	-
B	Cash equivalents	-	-	-	-	-	-	-	-	-	-
C	Other current financial assets	23.1	-	3.5	3.6	1.3	90.9	-	7.0	3.7	1.3
D	Liquidity (A+B+C)	1,338.7					1,423.7				
	of which related parties		-	3.5	3.6	1.3		-	7.0	3.7	1.3
E	Current financial debt	(777.0)	-	(3.8)	(1.9)	-	(411.9)	-	(0.1)	(0.7)	-
F	Current portion of non-current financial debt	(474.1)	-	-	(1.3)	(0.1)	(524.1)	-	-	(1.4)	(0.1)
G	Current financial indebtedness (E+F)	(1,251.1)					(936.0)				
	of which related parties		-	(3.8)	(3.2)	(0.1)		-	(0.1)	(2.1)	(0.1)
H	Net current financial indebtedness (G+D)	87.6					487.7				
	of which related parties		-	(0.3)	0.4	1.2		-	6.9	1.6	1.2
I	Non-current financial debt	(808.0)	-	-	(3.8)	(0.2)	(1,087.0)	-	-	(3.9)	(0.2)
J	Debt instruments	(3,401.3)	-	-	-	-	(3,391.2)	-	-	-	-
K	Non-current trade and other payables	-	-	-	-	-	-	-	-	-	-
L	Non-current financial indebtedness (I+J+K)	(4,209.3)					(4,478.2)				
	of which related parties		-	-	(3.8)	(0.2)		-	-	(3.9)	(0.2)
M	Total financial indebtedness (H+L) ESMA guidelines 32 - 382 - 1138	(4,121.7)					(3,990.5)				
	of which related parties		-	(0.3)	(3.4)	1.0		-	6.9	(2.3)	1.0
	Non-current financial receivables	158.0					162.8				
	of which related parties		-	7.9	9.0	20.5		-	11.0	10.6	21.2
	Net financial debt	(3,963.7)					(3,827.7)				
	of which related parties		-	7.6	5.6	21.5		-	17.9	8.3	22.2

2.03.05 - List of related parties

The values reported in the table at 31 December 2024 refer to the related parties listed below:

Group A - Non-consolidated subsidiaries

-

Group B- Affiliated 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
Oikothen Scarl 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
Aloe 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 relations with related parties

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 stormwater 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 municipal 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 municipal 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 recently assigned areas (areas of Ravenna and Cesena, Bologna, Modena and Saccolongo, Abano Terme, Ponte San Nicolò, Albignasego and Casalserugo).

Following the recent rulings of the State Council on administrative disputes concerning “minimum plants”, the beginning of national regulation for this type of plants was postponed from 2022 to 2024 (ARERA Resolution 7/2024); plants that have been defined as minimum plants are plants for the disposal and treatment of unsorted waste.

The municipal 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 municipal 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 privatizations 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 gases 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 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 these annual financial statements were approved are ARERA resolution 631/2023/R/gas of 28 December 2023 (update of tariffs for gas distribution and metering services, for 2024), which replaced the previous resolution 736/2022/R/gas of 29 December 2022 and which served to approve the 2024 mandatory tariffs for natural gas distribution, metering and sales services referred to in Article 42 of the Rtdg.

The tariff rates valid as from 1 January 2021 are shown in Table 1 of the A attachment to the aforementioned resolution. The tariffs for the 2024 financial year 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.

Pursuant to Article 43 of the RTDG 2020-2025, the mandatory natural gas distribution and metering tariffs are broken down into different rate areas:

- northwest area, which includes the regions of Valle d'Aosta, Piedmont and Liguria;
- northeast 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-southwestern area, including the Lazio and Campania regions;
- southern area, including the regions of Calabria and Sicily;
- Sardinia area, including the region of Sardinia.

The value of the tariff components GS, RE, RS and UG1 referred to in paragraph 42.3, sections c), d), e), f) of the Rtdg 2020-2025 is subject to quarterly updating.

For the year 2024, beginning 1 January 2024, the values contained in Tables 9, 10 and 11 of Resolution 633/2023/R/com, as subsequently amended by Resolution 45/2024/R/com, were applied; beginning 1 April 2024, for the Gs, Rs, Ug1 and Re components, the values of the first three months of 2024 were confirmed (Tables 9 and 11 of Resolution 633/2023/R/com, as subsequently amended by Resolution 45/2024/R/com), while for the Ug3 component Table 8 of Resolution 113/2024/R/com was applied with effect from 1 July, for the Gs, Rs, Ug1 and Re components, the value for the first three months of 2024 was again confirmed (Tables 9 and 11 of Resolution 633/2023/R/com, as

amended by Resolution 45/2024/R/com), while for the Ug3 component the value for the second three months of 2024 was also confirmed (Table 8 of Resolution 113/2024/R/com); beginning 1 October, for the Gs, Rs and Ug1 components, Table 1 annexed to Resolution 384/2024/R/com was applied, while for the Re component the value for the first three months of 2024 set out in Table 11 of Resolution 633/2023/R/com, as amended by Resolution 45/2024/R/com, was confirmed, and for the Ug3 component the value for the second three months of 2024 was confirmed (Table 8 of Resolution 113/2024/R/com).

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 by the ARERA Authority through appropriate measures.

For the year 2024, the update of the tariffs for the use of electricity distribution and metering services was determined by Resolution 630/2023/R/Eel of 28 December 2023 (update, for the year 2024, of the tariffs for the use of infrastructure for electricity distribution and metering services for domestic and non-domestic customers and of the economic conditions for the provision of connection service).

2.04 - SHAREHOLDINGS

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 Spa	Mirandola (MO)	390,000		60.00%	60.00%
Acantho Spa	Imola (BO)	27,094,468	70.16%		70.16%
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%
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%
Atlas Utilities Ead	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
Biorg Srl	Bologna	1,000,000		75.00%	75.00%
Black Sea Gas Company Eood	Varna (Bulgaria)	5,000 Lev		100.00%	100.00%
EstEnergy Spa	Trieste	299,925,761		100.00%	100.00%
Etra Energia Srl	Cittadella (PD)	100,000		51.00%	51.00%
F.Ili Franchini Srl	Rimini	1,100,000		100.00%	100.00%
Feronia Srl	Bologna	100,000		75.00%	75.00%
Frullo Energia Ambiente Srl	Bologna	17,139,100		38.25%	38.25%
Green Factory Srl	Pesaro	500,000		46.70%	46.70%
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	550,000	50.00%		50.00%
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00%		100.00%
Macero 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	Padua	100,000		71.83%	71.83%
Triveneta Luce Scarl	Vicenza	400,000		100.00%	100.00%
TRS Ecology Srl	Caorso (PC)	1,000,000		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

(**) company liquidated on 10 June 2024

Jointly controlled entities

REGISTERED NAME	REGISTERED OFFICE	SHARE CAPITAL (EURO)	PERCENTAGE HELD		TOTAL INTEREST
			DIRECT	INDIRECT	
Enomondo Srl	Faenza (RA)	14,000,000		37.50%	37.50%
Set Spa	Milan	120,000	39.00%		39.00%

Associated companies

REGISTERED NAME	REGISTERED OFFICE	SHARE CAPITAL (EURO) (*)	PERCENTAGE HELD		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 associated companies

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	ACANTHO SPA	ACEGASAPSAMGA SPA*	ALIPLAST SPA	ALIPLAST FRANCE RECYCLAGE SAS
ASSETS					
Fixed assets	33,399	114,289	1,140,094	93,247	3,154
Circulating assets	96,944	32,834	238,830	82,161	2,493
Total assets	130,343	147,123	1,378,924	175,408	5,647
LIABILITIES					
Share capital	390	27,094	284,677	5,000	1,025
Reserves	44,173	29,754	275,761	36,259	1,315
Net profit / (loss)	19,818	9,516	33,524	209	216
Provisions	85	50	38,074	455	-
Severance pay provision	463	1,118	9,760	597	-
Payables	65,415	79,591	737,128	132,888	3,091
Total liabilities	130,343	147,123	1,378,924	175,408	5,647
INCOME STATEMENT					
Production value	190,722	92,579	441,495	151,368	5,989
Production costs	(155,381)	(79,023)	(393,773)	(148,814)	(5,782)
Financial income / (expenses)	(585)	12	(4,165)	(2,139)	(39)
Extraordinary income / (expenses)	(6,868)	(1,772)	-	-	118
Taxes for the year	(8,070)	(2,280)	(10,033)	(206)	(70)
Net profit / (loss)	19,818	9,516	33,524	209	216

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	ALIPLAST IBERIA SLU	ALIPLAST POLSKA SPZOO	ARES TRADING EOOD	ARESENERGY EOOD	ARESGAS EAD
ASSETS					
Fixed assets	729	297	-	6	83,020
Circulating assets	1,135	1,569	852	824	5,115
Total assets	1,864	1,866	852	830	88,135
LIABILITIES					
Share capital	815	281	26	26	11,541
Reserves	262	1,111	637	(92)	19,541
Net profit / (loss)	85	143	164	36	1,887
Provisions	-	-	-	-	264
Severance pay provision	-	-	-	-	41
Payables	702	331	25	860	54,861
Total liabilities	1,864	1,866	852	830	88,135
INCOME STATEMENT					
Production value	2,334	4,031	2,596	2,330	36,844
Production costs	(2,256)	(3,843)	(2,413)	(2,278)	(33,372)
Financial income / (expenses)	-	(3)	(1)	(16)	(1,403)
Extraordinary income / (expenses)	35	-	-	-	-
Taxes for the year	(28)	(42)	(18)	-	(182)
Net profit / (loss)	85	143	164	36	1,887

THOUSAND €	ASA SCPA	BIORG SRL	BLACK SEA GAS COMPANY EOOD	ESTENERGY SPA*	ETRA ENERGIA SRL*
ASSETS					
Fixed assets	2,411	30,403	1,119	500,314	123
Circulating assets	19,468	4,852	4,245	470,663	5,934
Total assets	21,879	35,255	5,364	970,977	6,057
LIABILITIES					
Share capital	1,820	1,000	3	299,926	100
Reserves	622	8,000	4,815	184,045	1,578
Net profit / (loss)	-	(1,738)	(281)	63,182	1,247
Provisions	16,766	146	-	6,317	-
Severance pay provision	105	30	91	2,005	60
Payables	2,566	27,817	736	415,502	3,072
Total liabilities	21,879	35,255	5,364	970,977	6,057
INCOME STATEMENT					
Production value	6,343	7,144	3,445	1,241,691	11,970
Production costs	(6,799)	(8,535)	(3,722)	(1,154,357)	(10,311)
Financial income / (expenses)	458	(764)	(6)	13,188	91
Extraordinary income / (expenses)	-	-	-	-	-
Taxes for the year	(2)	417	2	(37,340)	(503)
Net profit / (loss)	-	(1,738)	(281)	63,182	1,247

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	F.LLI FRANCHINI SRL	FERONIA SRL	FRULLO ENERGIA AMBIENTE SRL*	GREEN FACTORY SRL	HERA COMM SPA*
ASSETS					
Fixed assets	343	19,468	47,207	4,098	242,722
Circulating assets	39,843	6,575	27,355	1,106	2,586,179
Total assets	40,186	26,043	74,562	5,204	2,828,901
LIABILITIES					
Share capital	1,100	100	17,139	500	53,596
Reserves	2,884	2,047	23,835	(63)	293,157
Net profit / (loss)	1,391	383	17,307	(16)	239,773
Provisions	100	4,646	1,867	-	46,285
Severance pay provision	395	-	1,354	-	3,918
Payables	34,316	18,867	13,060	4,783	2,192,172
Total liabilities	40,186	26,043	74,562	5,204	2,828,901
INCOME STATEMENT					
Production value	19,935	4,670	45,538	-	5,863,132
Production costs	(17,948)	(4,073)	(22,015)	(16)	(5,578,710)
Financial income / (expenses)	(55)	(199)	420	-	15,593
Extraordinary income / (expenses)	-	-	-	-	29,287
Taxes for the year	(541)	(15)	(6,636)	-	(89,529)
Net profit / (loss)	1,391	383	17,307	(16)	239,773

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	HERA LUCE SRL*	HERA SERVIZI ENERGIA SPA*	HERA TRADING SRL*	HERAMBIENTE SERVIZI INDUSTRIALI SRL*	HERAMBIENTE SPA*
ASSETS					
Fixed assets	127,504	106,818	179	274,026	995,124
Circulating assets	69,100	502,537	1,664,144	56,920	533,823
Total assets	196,604	609,355	1,664,323	330,946	1,528,947
LIABILITIES					
Share capital	1,000	13,217	22,600	5,000	271,599
Reserves	70,255	71,121	106,257	36,300	80,394
Net profit / (loss)	4,547	3,392	2,162	10,617	47,345
Provisions	1,114	18,472	-	4,894	169,440
Severance pay provision	633	1,540	662	2,448	5,597
Payables	119,055	501,613	1,532,642	271,687	954,572
Total liabilities	196,604	609,355	1,664,323	330,946	1,528,947
INCOME STATEMENT					
Production value	94,174	199,297	6,721,634	159,326	549,700
Production costs	(91,512)	(175,142)	(6,723,114)	(157,976)	(496,947)
Financial income / (expenses)	3,578	(19,436)	4,973	2,671	1,596
Extraordinary income / (expenses)	-	-	-	-	-
Taxes for the year	(1,693)	(1,327)	(1,331)	6,596	(7,004)
Net profit / (loss)	4,547	3,392	2,162	10,617	47,345

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	HERATECH SRL*	HESTAMBIENTE SRL*	HOROWATT SRL	INRETE DISTRIBUZIONE ENERGIA SPA*	MACERO MACERATESE SRL
ASSETS					
Fixed assets	54	112,178	177	1,458,666	5,507
Circulating assets	77,283	21,343	555	204,278	7,591
Total assets	77,337	133,521	732	1,662,944	13,098
LIABILITIES					
Share capital	1,981	1,010	550	9,901	1,033
Reserves	1,369	24,329	-	581,307	6,627
Net profit / (loss)	963	23,768	(6)	44,210	667
Provisions	110	5,856	-	153,578	223
Severance pay provision	3,544	438	-	6,713	473
Payables	69,370	78,120	188	867,235	4,075
Total liabilities	77,337	133,521	732	1,662,944	13,098
INCOME STATEMENT					
Production value	164,391	93,461	9	420,690	15,367
Production costs	(162,645)	(59,081)	(15)	(338,705)	(14,448)
Financial income / (expenses)	(341)	(1,583)	-	(21,510)	(26)
Extraordinary income / (expenses)	-	-	-	671	-
Taxes for the year	(442)	(9,029)	-	(16,936)	(226)
Net profit / (loss)	963	23,768	(6)	44,210	667

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €	MARCHE MULTISERVIZI SPA	MARCHE MULTISERVIZI FALCONARA SRL	PRIMAGAS AD	RECYCLA SPA	TIEPOLO SRL
ASSETS					
Fixed assets	280,361	2,590	2,684	16,220	4,764
Circulating assets	82,284	2,325	452	7,563	2,208
Total assets	362,645	4,915	3,136	23,783	6,972
LIABILITIES					
Share capital	16,389	100	588	90	1,305
Reserves	115,976	828	1,149	6,465	(21)
Net profit / (loss)	8,201	358	270	3,383	(70)
Provisions	41,102	509	35	901	-
Severance pay provision	4,368	626	-	1,269	-
Payables	176,609	2,494	1,094	11,675	5,758
Total liabilities	362,645	4,915	3,136	23,783	6,972
INCOME STATEMENT					
Production value	147,772	8,963	2,880	25,298	
Production costs	(132,584)	(8,406)	(2,560)	(20,569)	(77)
Financial income / (expenses)	(2,019)	(17)	(21)	(114)	(15)
Extraordinary income / (expenses)	-	-	-	-	-
Taxes for the year	(4,968)	(182)	(29)	(1,232)	22
Net profit / (loss)	8,201	358	270	3,383	(70)

THOUSAND €	TRI-GENERAZIONE SCARL	TRIVENETA LUCE SCARL	TRS ECOLOGY SRL	UNIFLOTTE SRL*	VALLORTIGARA SERVIZI AMBIENTALI SPA
ASSETS					
Fixed assets	-	3	6,597	147,364	18,135
Circulating assets	665	358	10,411	31,835	13,328
Total assets	665	361	17,008	179,199	31,463
LIABILITIES					
Share capital	100	400	1,000	2,254	330
Reserves	289	(29)	3,775	32,696	13,592
Net profit / (loss)	-	(16)	505	2,248	2,309
Provisions	-	-	1,224	628	505
Severance pay provision	-	-	65	1,042	892
Payables	276	6	10,439	140,331	13,835
Total liabilities	665	361	17,008	179,199	31,463
INCOME STATEMENT					
Production value	824	-	16,784	107,063	31,599
Production costs	(834)	(16)	(16,021)	(100,577)	(28,318)
Financial income / (expenses)	10	-	(5)	(3,482)	(97)
Extraordinary income / (expenses)	-	-	-	-	-
Taxes for the year	-	-	(253)	(756)	(875)
Net profit / (loss)	-	(16)	505	2,248	2,309

*The company applies the international accounting standards, therefore the values stated comply with them.

THOUSAND €

WOLMANN
SPA

ASSETS

Fixed assets	41
Circulating assets	9,186
Total assets	9,227

LIABILITIES

Share capital	400
Reserves	1,055
Net profit / (loss)	(972)
Provisions	285
Severance pay provision	186
Payables	8,273
Total liabilities	9,227

INCOME STATEMENT

Production value	6,332
Production costs	(7,466)
Financial income / (expenses)	196
Extraordinary income / (expenses)	(195)
Taxes for the year	161
Net profit / (loss)	(972)

Summary of key figures of the financial statements of joint ventures pursuant to Article 2429, last paragraph, of the Civil Code.

THOUSAND €

ENOMONDO
SRLSET
SPA

ASSETS

Fixed assets	35,920	92,528
Circulating assets	24,754	68,511
Total assets	60,674	161,039

LIABILITIES

Share capital	14,000	120
Reserves	23,556	72,818
Net profit / (loss)	3,748	(407)
Provisions	731	
Severance pay provision	12	324
Payables	18,627	88,184
Total liabilities	60,674	161,039

INCOME STATEMENT

Production value	31,351	105,895
Production costs	(26,004)	(104,298)
Financial income / (expenses)	(150)	(2,076)
Extraordinary income / (expenses)	-	(94)
Taxes for the year	(1,449)	166
Net profit / (loss)	3,748	(407)

Summary of key figures of the financial statements of associated companies 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	329,003	153	12,968	1,303	42,219
Circulating assets	83,906	16,418	17,979	122,334	11,727
Total assets	412,909	16,571	30,947	123,637	53,946
LIABILITIES					
Share capital	78,028	200	100	5,982	3,600
Reserves	88,440	662	14,660	49,775	2,471
Net profit / (loss)	4,174	2,653	4,122	19,178	581
Provisions	31,467	7	1,097	217	4,460
Severance pay provision	2,038	326	599	1,675	
Payables	208,762	12,723	10,369	46,810	42,834
Total liabilities	412,909	16,571	30,947	123,637	53,946
INCOME STATEMENT					
Production value	123,236	36,841	19,127	213,282	19,681
Production costs	(111,000)	(33,314)	(13,558)	(188,879)	(17,242)
Financial income / (expenses)	(5,001)	178	521	2,836	(1,682)
Extraordinary income / (expenses)	(1,072)	-			
Taxes for the year	(1,989)	(1,052)	(1,968)	(8,061)	(176)
Net profit / (loss)	4,174	2,653	4,122	19,178	581

2.05 - INFORMATION REQUIRED BY LAW 124 OF 4 AUGUST 2017 ART. 1 PARAGRAPHS 125-129 AND FOLLOWING AMENDMENTS

Law 124/2017, Art. 1, paragraphs 125-129 and following amendments established that companies must disclose in the explanatory notes to the financial statements the “subsidies, grants, benefits, contributions or aid, in cash or in kind, without consideration, remuneration or compensation” received from the Public Administration, above the threshold of 10,000 euro and on a cash basis.

The following table shows the cases present within the Group:

Operating grants

ISSUING ENTITY	DESCRIPTION	AMOUNT RECEIVED (EURO)
National Emergency Fund	Contributions for the May 2023 flood - regulation of the Special commissioner for reconstruction in the territory of the Emilia-Romagna, Tuscany and Marche Regions	5,622,844
Emilia Romagna Region	Actions to ensure the continuity of the drinking water service	3,349,924
Atersir	Support for the circular economy and the reduction of urban waste production	1,143,459
Municipality of Ferrara	Fund for mobility management initiatives	224,803
Arpae Emilia-Romagna	Systematic surveillance system for Sars-CoV-2 in wastewater	109,168
National Agency for Active Labour Policies	New skills fund	104,685
European Commission - Capofila Sintef AS	Project on the impacts of H2 blending in non-metallic network materials	74,530
Ministry of Infrastructures and Transport	Price compensation fund provided in the year	34,885
Fondirigenti - Interprofessional fund for permanent training	Personnel training - talent acquisition strategies project	12,500
Municipality of Morciano di Romagna	Covid grant 2020	10,972

Plant investment grants

ISSUING ENTITY	DESCRIPTION	AMOUNT RECEIVED (EURO)
Ministry of Infrastructures and Transport - AAt01	NRRP - Leakage reduction and water networks renovation	5,851,800
Ministry of Infrastructures and Transport	NRRP - leakage reduction in ATO 5	4,056,210
Ministry of Infrastructures and Transport	NRRP - leakage reduction in ATO 8	3,000,825
Ministry of Infrastructures and Transport	NRRP - leakage reduction in ATO 7	2,778,150
Ministry of Infrastructures and Transport	NRRP - sustainable water management	2,500,000
Municipality of Rimini	Construction of the sewerage infrastructure of the first section of the southern Rimini backbone	2,481,970
Ministry of the Environment and Energy Security	NRRP - upgrading of geothermal source in the municipality of Ferrara	2,287,638
Atersir	NRRP - upgrading of the purifier of the first section Ravenna	2,215,160
Ministry of Infrastructures and Transport	NRRP - leakage reduction in ATO 9	2,049,600
Ministry of Infrastructures and Transport	NRRP - leakage reduction in ATO 4	1,873,500
Ministry of the Environment and Energy Security	NRRP - smart grid in the municipality of Trieste	1,840,440
Ministry of the Environment and Energy Security	NRRP - project to increase the distribution of energy from renewable sources	1,649,766
Ministry of Infrastructures and Transport	NRRP - leakage reduction in ATO 6	1,609,650
Atersir	NRRP - renovation of drains 7-33 in Alfero (Forlì-Cesena province)	1,370,449
Marche Region - Ato1	Sewer work for Cagli flood 2022	1,353,956
Cafo Spa	NRRP - smart water management	1,221,810

Ausir	Work on water network	971,720
Ministry of the Environment and Energy Security	NRRP - carbon fibre plant	856,536
Atersir	NRRP - upgrading of the purifier plant Idar (BO)	809,127
Ministry of the Environment and Energy Security	NRRP – extension of the district heating interconnection in the municipality of Forlì	784,603
Ministry of the Environment and Energy Security	NRRP - rigid plastic plant in the municipality of Modena	770,221
Ato 1	NRRP - new sewerage network - Petriano Vallefoglia (Pu)	510,000
Ministry of the Environment and Energy Security	NRRP - Biodryers Codevigo-Ca' Nordio-Abano (PD)	485,810
Municipality of Ravenna	Construction of the sewerage network at the dock of the Municipality of Ravenna	471,296
Ministry of Infrastructures and Transport	Price compensation fund AP03	450,889
Municipality of Padua	Network upgrading SII - Tram SIR3 Municipality of Padua	414,095
Ato 1	NRRP - completion of collection pipelines in the municipality of San Costanzo (PU)	405,000
Ministry of the Environment and Energy Security - Ato1	Work on sewerage system	346,416
Ministry of the Environment and Energy Security	NRRP – project to strengthen the medium voltage distribution network	261,051
Municipality of Bentivoglio - Hospice Mt Cantorese Foundation	Water and sewer network upgrading works Municipality of Bentivoglio	240,000
Ministry of the Environment and Energy Security	NRRP - lot Waste (InterconneCT Waste)	100,000
Ministry of the Environment and Energy Security	NRRP - construction of a collection centre in Trieste	100,000
Ministry of the Environment and Energy Security	NRRP - smart dumpsters in Trieste center	99,984
National Emergency Fund	Grants for May 2023 Emilia-Romagna flood emergency	81,556
Ministry of the Environment and Energy Security	NRRP - smart dumpsters in Trieste - Altopiano	78,289
Marche Region - Ato1	Work on sewerage system	41,674
Ministry of the Environment and Energy Security	NRRP - installation of compacting bins in Trieste	32,718
WEEE Coordination Centre	Interventions for the implementation of the WEEE system	30,000
Municipality of Castello d'Argile	Water and sewer network upgrading works	18,182

2.06 - OVERVIEW ART. 149 DUODECIES OF CONSOB ISSUERS REGULATION

THOUSAND €	INDEPENDENT AUDITORS	2024
Services provided to certify the financial statements	Deloitte & Touche	598
	KPMG	446
Provision of other services for the issue of an attestation by the independent auditor company	Deloitte & Touche	180
	KPMG	183
Other services rendered	Deloitte & Touche	23
	KPMG	60
Total		1,490

2.07 - DECLARATION ON THE CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO ART. 154-BIS OF 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 2024.

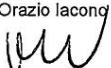
2 – They additionally certify that:

2.1 – the consolidated financial statements:

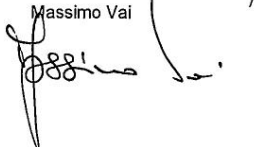
- a. have been prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b. correspond to the results of the accounting books and records;
- 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, 26 March 2025

2.08 - REPORT BY THE INDEPENDENT AUDITOR



(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.)

Hera Group

**Consolidated financial statements as at and for the year
ended 31 December 2024**

(with independent auditors' report thereon)

KPMG S.p.A.

7 April 2025



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 2024, the income statement and statements of comprehensive income, cash flows and changes in net equity 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 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards 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 the 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 audit 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 2024

Recognition of revenue from the supply of electricity and gas not yet invoiced

Notes to the consolidated financial statements: notes 2.02.01 "Accounting policies and consolidation principles", 2.02.01 "Significant estimates and valuation" 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 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 year end 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 year end; • 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 year end; • 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 year end.

Other matters - Comparative figures

The group's 2023 consolidated financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 5 April 2024.

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 issued by the International Accounting Standards Board and endorsed by the European Union and 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



Hera Group

Independent auditors' report

31 December 2024

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 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.



Hera Group

Independent auditors' report

31 December 2024

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.

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 2024 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 2024 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 2024 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 consistency 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;



Hera Group

Independent auditors' report

31 December 2024

- 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.

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 2024.

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 section of the directors' report 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, 7 April 2025

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Consolidated financial statements at 31 December 2024, approved by Hera Spa's Board of Directors on 26 March 2025.

Design: Koan multimedia

Subjects of the illustration at the beginning of each chapter:

Introduction: Wastewater purification plant (IDAR), Bologna

Directors' report: Santa Giustina wastewater treatment plant, Rimini

Consolidated financial statements: Photovoltaic plant at biodigester, Rimini

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Hera Spa Group Management for Administration, Finance and Control

Massimo Vai, Matteo Capponcelli

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Filippo Bocchi, Gianluca Principato, Gaelle Ridolfi

Translation: SpeakEasyGroup.it

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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Share capital i.v. € 1.489.538.745,00
C.F. / Reg. Imp. 04245520376
Gruppo Iva "Gruppo Hera" P. IVA 03819031208