Hera Green Bond

DNV GL Second Party Opinion

Scope and objectives

Hera S.p.A is issuing a corporate "Green Bond" to finance projects belonging to the following categories, in line with Hera sustainable development commitments, strategy and objectives:

- Fight against climate change,
- Increase Air Quality,
- Improve availability of Clean Water,
- Increase Sustainable Waste management

A majority of these assets are currently in operation. In this case, the Green Bond proceeds will re-finace the investments already made on these projects. The remaining assets are projects that will be launched in the near future (2014-2018); in this case, the proceeds of the Green Bond will finance future investments.

Hera has commissioned DNV GL to provide an Opinion ("the Opinion"), based on the Green Bond Principles including its Appendices, in order to give external assurance to investors about the integrity of the bond with regards to the objectives stated above. The review was carried out in the period June 9 to June 20, 2014, and reflects our assessment of the subject matter at that moment in time.

No assurance is provided over the financial performance of the Bond or the value of any investments in the Bond, nor on the effective allocation of the bond's proceeds. Our objective has been to provide assurance that the bond has met the criteria established on the basis set out below.

This report is issued by DNV GL Business Assurance. It must be read in its entirety and is subject to any assumptions and qualifications expressed therein. No duty of care is assumed by DNV GL toward any third parties relying on the report. Any third parties making use of this Opinion thereby waive all claims against DNV GL based upon or in connection with this Opinion or the use thereof.

Responsibilities of the Directors of Hera and the assurance providers

The Directors of Hera have sole responsibility for ensuring that the conditions established by the criteria are met. Our statement represents an independent opinion based upon the information provided by Hera and is intended to inform whether the criteria have been met. We have not been responsible for the design or delivery of the projects themselves. DNV GL holds other audit and assurance contracts with Hera, none of which overlap with the scope of this work.

Basis of DNV GL Opinion

Compliance with environmental criteria for the eligible projects

Hera’s "Environmental Protocol", establishing suitable environmental criteria against which the nominated projects (list of project candidates to be financed) will be reviewed prior to inclusion as an eligible project (a project that meets environmental criteria and can be financed using a Green Bond) in

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the Green Bond portfolio, has been evaluated by DNV GL, in light of the Green Bond Principles. The environmental criteria have been developed by Hera, according to its vision to reduce environmental impacts according to targets established within its sustainable strategy, and as reported within “Sustainability Report 2013”, section “Managing sustainability” and “The environment and future generations”.

The environmental criteria are grouped under the categories stated above and are set out in the Schedule (Part 1) to this Opinion.

In addition there is a requirement that the project managers comply with the Hera Code of Ethics, and a requirement for annual verification against the criteria within the Environmental Protocol.

**Compliance of the Green Bond with use-of-proceeds criteria**

Hera’s "Use-of-Proceeds Protocol", establishing use-of-proceeds criteria with which the Hera Green Bond will comply, has been evaluated. The protocol has been developed in line with the Green Bond Principles, Section III.3.

The use-of-proceeds criteria are set out in the Schedule (Part 2) to this Opinion.

Together, the Environmental Protocol and the Use of Proceeds Protocol meet the guidance given in the Green Bond Principles 2014 (comprising Voluntary Process Guidelines for Issuing Green Bonds dated 13 January 2014) that there should be a concrete process and disclosure by an issuer to facilitate understanding of the characteristics of a bond by investors and others in this area.

**The work undertaken to form our Opinion included:**

- A review of the Environmental Criteria and Use-of-proceeds Criteria
- A review of documentary evidence provided by Hera to confirm that the use-of-proceeds criteria had been met in connection with specific projects
- Confirmation that managers for projects included within the Green Bond have signed a declaration that they are in compliance with the Hera "Code of Ethics"
- Discussions with selected Hera employees

**Findings and DNV GL Opinion**

Based on the information provided by Hera, the eligible projects that will be financed through the Green Bond have the potential to advance the objectives stated above, i.e., fight climate change, improve air quality, increase availability of clean water and improve sustainable waste management.

Furthermore, it is our opinion that the use-of-proceeds protocol developed for the Green Bond provides an appropriate means of tracking the use of proceeds of the bond and provides assurance to investors that the proceeds from the Green Bond will finance the nominated projects.

We applied the Environmental Protocol and the Use-of-Proceeds Protocol developed for the verification of environmental and use-of-proceeds criteria against the projects nominated by Hera. On the basis of the information provided by Hera and the work undertaken, our opinion is that the Hera Green Bond meets the criteria set out in the Environmental and Use-of-Proceeds Protocols and is aligned with the Green Bond Principles.

Det Norske Veritas Italia s.r.l

Agrate Brianza (MB), June 20, 2014
ABOUT DNV GL
Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. With our origins stretching back to 1864, we are today a leading provider of services for managing risk, with a global presence of more than 300 offices in over 100 different countries. Our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.
Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. This means continuously developing new approaches to health, safety, quality and environmental management, so businesses can run smoothly in a world full of surprises.

Global impact for a safe and sustainable future
### SCHEDULE

#### 1. ENVIRONMENTAL CRITERIA

<table>
<thead>
<tr>
<th>Categories</th>
<th>Environmental green projects category</th>
<th>Criteria id.</th>
<th>Definition of criteria for projects admissibility</th>
<th>KPIs</th>
</tr>
</thead>
</table>
| Fight against climate change| Increase of energy production by non-fossil fuels | GHG01       | Photovoltaic plants for electrical energy production                                                             | - Net produced electricity from renewable non-fossil sources per operating year  
|                             |                                      | GHG02       | Biogas from landfills for electrical energy production                                                            | - Avoided CO2 emissions from fossil sources per operating year         |
|                             |                                      | GHG03       | Biogas from composting plants for electrical energy production                                                   | - Net produced electricity from renewable non-fossil sources per operating year  
|                             |                                      | GHG04       | District heating grids partly connected to cogeneration and/or thermal energy production plants from non-fossil fuels | - Avoided CO2 emissions from fossil sources per operating year         |
|                             |                                      | GHG05       | High Efficiency Cogeneration, combined production of heat and power (CHP)                                         | - Distributed thermal energy per operating year                        
|                             |                                      | GHG06       | Improve WTE plants efficiency to increase electrical energy production from waste treatment                       | - Mix of fuels used for district heating grids per operating year       |
| Increase of energy efficiency|                                      | AIR01       | Improve WTE plants efficiency to reduce air pollution from waste treatment                                        | - Quality of air emissions per treated waste unit per operating year    |
| Air quality                 | Improvement of WTE plants for waste treatment | WAT01       | Improve wastewater treatment plants efficiency                                                                  | - Inhabitants Equivalent                                               
| Clean Water                 | Improvement of wastewater treatment plants | WAS01       | Community recycling depot                                                                                      | - Quality of discharged water per treated water unit per operating year |
| Sustainable Waste management| Increase of sorted waste collection and disposal and reduction of waste disposed in landfills | WAS02       | Dumpsters for sorted waste collection                                                                           | - Sorted waste collection for inhabitant per operational year           
|                             |                                      |             | - Sorted waste collection per operational year                                                                   | - Sorted waste collection per operational year                          
|                             |                                      |             | - Ratio of sorted waste to overall managed waste per operational year                                           | - New community recycling depots installed on territory per operational year |
|                             |                                      |             | - Number of dumpsters for sorted collection per operational year                                                |                                                                      |
|                             |                                      |             | - Volume of waste dumpsters for sorted collection per operational year                                           |                                                                      |
### Categories

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</thead>
<tbody>
<tr>
<td>Annual verification</td>
<td>n.a.</td>
<td>AV 1</td>
<td>n.a.</td>
<td>Hera must ensure by its Sustainability Report which is subject to external assurance a proper disclosure that the sustainability criteria above are met over the lifetime of the bond.</td>
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</tbody>
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### 2. USE OF PROCEEDS CRITERIA

<table>
<thead>
<tr>
<th>Ref.</th>
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<tbody>
<tr>
<td>3a</td>
<td>The net proceeds of Green Bonds should be moved to a sub-portfolio or otherwise tracked by the issuer and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for projects</td>
</tr>
<tr>
<td>3b</td>
<td>So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching investments made during that period.</td>
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<tr>
<td>3c</td>
<td>Pending such investments, it is recommended that the issuer make known to investors the intended types of eligible instruments for the balance of unallocated proceeds.</td>
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<tr>
<td>3d</td>
<td>The management process to be followed by the issuer for tracking the use of proceeds should be clearly and publicly disclosed</td>
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<tr>
<td>3e</td>
<td>The value of the bond should be smaller than or equal to the financing needs of the nominated projects.</td>
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