

# 2025 GREEN BOND REPORT



## Report on funding allocation and environmental impact indicators of the 2025-2031 Green Bond

This report is dedicated to reporting on the funds allocated and the environmental performance achieved by the measures financed by the 2025-2031 Green Bond placed on the market on January 15, 2025.

### The Green bonds

Green bonds are bonds that associate initiatives and projects with positive impacts on the environment with the funds raised.

According to “Environmental Finance Data”, in 2025, **Green bonds issued worldwide accounted for 51.% of the total "GSS+" bonds issued** (Green, Social, Sustainable, and other labels). On the other hand, Social bonds accounted for 34%, Sustainability bonds for 12%, Sustainability-linked bonds for %, and Transition bonds for a residual share 0.6%.

Overall, a total of \$3,8 trillion of GSS+ bonds were issued in 2025.

### The Green financing framework

In 2022, Hera updated its 2019 **Green financing framework (Gff)** aligning with the first two objectives of the European Taxonomy and market best practices. The updated Gff has thus become a policy document defining the categories of “green projects” aligned with the European Taxonomy that can be financed through a Green bond; the process and criteria for selecting “green projects”; the process for managing funding received; commitments in terms of reporting and external auditing.

In January 2026, Hera updated its Green Financing Framework by integrating the other four objectives of the European Taxonomy and aligning it with the Blue Finance Guidelines with the possibility of issuing Blue Bonds and Blue Loans to finance taxonomic activities related to its Integrated Water Cycle.

Hera also updated the GFF to harmonise the content with the European Green Bond Standard in accordance with Regulation (EU) 2023/2631.

The Green Bond 2025-2031 was issued in January 2025, ahead of the 2026 update of the Green Financing Framework, so the Green Bond Report will follow the details listed in the GFF published in 2022.

The funds collected are used to finance or refinance several projects - already underway or planned in the Group business plan to 2025 - selected on the basis of the Gff, which pursue one or more of the goals of the 2030 UN Sustainable Development Goals (SDGs), divided into three areas:

- **energy efficiency and energy infrastructures** (SDGs 7, 11 and 13): installation of smart gas and electricity meters, development of district heating networks, and public lighting efficiency projects;
- **circular economy and pollution prevention and control** (SDG 11, 12 and 13): innovative projects in waste collection systems, extension of quantity-based tariff, construction of facilities and infrastructures for recycling, recovering and reusing materials as well as plants for bio/chemical waste treatment and the reuse of materials from waste-to-energy plants;
- **sustainable water and wastewater management** (SDGs 6, 13 and 14): wastewater management projects, and sewerage and water infrastructure for resilience and adaptation to climate change.





Hera's Gff aims to finance **16 eligible economic activities** in line with the European Taxonomy, within the three categories outlined above.

“Green projects” refer to projects that aim to achieve **five environmental objectives** laid down in the European Taxonomy:

- climate change mitigation;
- climate change adaptation;
- natural resources preservation;
- biodiversity preservation;

- pollution prevention and control.

**Sustainalytics**, a leading independent sustainability research and rating company, has certified that Hera's framework is aligned with the technical criteria of the European Taxonomy for the corresponding 16 economic activities and in line with the 2021 Green bond and Green loan principles.

Categories of Eligible Green Projects	EU economic activities	EU environmental objectives	UN SDGs
Sustainable water and wastewater management	5.1 Construction, extension and operation of water collection, treatment and supply systems  5.3 Construction, extension and operation of waste water collection and treatment	Climate change mitigation	   
Circular Economy & Pollution prevention and control <sup>5</sup>	3.17 - Manufacture of plastics in primary form  4.13 - Manufacture of biogas and biofuels for use in transport and of bioliquids  5.5 - Collection and transport of non-hazardous waste in source segregated fractions  5.7 - Anaerobic digestion of bio-waste  5.8 - Composting of bio-waste  6.5 - Transport by motorbikes, passenger cars and light commercial vehicles	Climate change mitigation	  
Energy Efficiency and Energy Infrastructure	4.1 - Electricity generation using solar photovoltaic technology  4.9 - Transmission and Distribution of Electricity  4.14 - Transmission and distribution networks for renewable and low-carbon gases  4.15 - District Heating/Cooling distribution  4.22 - Production of heat/cool and power from geothermal energy (excluding power generation)  7.3 - Installation, maintenance and repair of energy efficiency equipment  7.5 - Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings  7.6 - Installation, maintenance and repair of renewable energy technologies	Climate change mitigation	  

**The characteristics of the Bond**

Based on the 2022 Gff, in 2025 the Hera Group issued its **Green bond aligned with the European Taxonomy** totalling 500 million euro repayable in 6.5 years with a coupon of 3.25% and a yield of 3.396%.

The Green bond provided for a 66% refinancing share for investments incurred in 2023 and 2024 and a 34% financing share for investments incurred in 2025.

All the information relating to the bond is published in the Hera Group's website at the link below: [https://eng.gruppohera.it/group\\_eng/investor-relations/debt-and-rating/bond-issuances](https://eng.gruppohera.it/group_eng/investor-relations/debt-and-rating/bond-issuances)

#### Allocation reporting

Below is the allocation of funds collected through the Green bond issued in 2025 by individual economic activity eligible for the EU Taxonomy.

#### GREEN BOND 2025-2031: ALLOCATION OF FUNDS COLLECTED

Area (EU Taxonomy Activities)	Total collection (mn €)	Shares (%)
5.1 Construction, expansion and operation of collection, treatment and supply systems	179.7	35.9%
5.3 Construction, expansion and operation of collection and treatment of wastewater	86.5	17.3%
<b>Total of sustainable water and wastewater management</b>	<b>266.2</b>	<b>53.2%</b>
3.17 Manufacture of plastic materials in primary forms	46.1	9.2%
5.5 Collection and transport of non-hazardous waste in source-separated fractions	52.0	10.4%
5.7 Anaerobic digestion of organic waste	7.1	1.4%
<b>Total circular economy and pollution prevention and control</b>	<b>105.2</b>	<b>21.0%</b>
4.1 Electricity generation through photovoltaic solar technology	21.5	4.3%
4.9 Electricity transmission and distribution	73.7	14.8%
4.15 District heating and cooling distribution	14.7	2.9%
4.22 Production of heat and cooling from geothermal energy	12.7	2.5%
7.3 Installation, maintenance and repair of energy efficiency devices	5.0	1.0%
7.6 Installation, maintenance and repair of renewable energy technologies	1.0	0.2%
<b>Total energy efficiency and energy infrastructures</b>	<b>128.6</b>	<b>25.7%</b>
<b>Total</b>	<b>500.0</b>	<b>100%</b>

#### Impact reporting

The environmental benefit produced by projects financed with the Green bond has been quantified using 18 performance indicators, shown below and third-party verified. These indicators are reported within the Hera Group's Consolidated sustainability statement 2025. Some of these performance indicators pertain to more than one category of eligible green projects.

#### 2022-2029 GREEN BOND: INDICATORS FOR MEASURING ENVIRONMENTAL BENEFITS

Categories of Eligible Green Projects	2023	2024	2025
<b>Energy efficiency and energy infrastructures</b>			
1) Energy saved (toe)	7.6 %	8.0 %	8.8 %
2) Installed photovoltaic capacity (owned) (MW)	5.1	5.2	16.5

<b>Categories of Eligible Green Projects</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
3) Reduction in CO2 emissions compared to 2019 with SBTi calculation method (Scope 1+2+3 sale of electricity and gas downstream) (%)	-13.8%	-13.7%	-17.8%
4) Number of events of interruption by client in high concentration areas (n)	1.0	1.0	0.9
5) Number of events of interruption by client in medium concentration areas (n)	1.9	1.4	1.4
6) Number of events of interruption by client in low concentration areas (n)	3.7	4.3	4.5
7) Installed electricity smart meters (thousand)	479	482	484
8) Served Citizens (energy services) (million)	3.4	3.3	3.3
9) Biomethane produced by Organic Fraction of Municipal Solid Waste (millions of cubic meters)	8.5	10.1	10.7

#### **Circular economy and pollution prevention and control**

10) Recycled plastic sold (k tonnes)	84.6	83.9	97.1
11) Separated/Sorted collection of waste (%)	72.2%	74.3%	75.8%

#### **Sustainable water and wastewater management**

12) Served Citizens (water services) (million)	3.6	3.6	3.6
13) Annual volume of wastewater treated (millions of cubic meters)	370.6	387.4	388.8
14) Linear water losses (m3/km/day)	8.3	8.4	7.8
15) Percentage water losses (%)	30.6%	31.0%	29.3%
16) Water fed in the network by source (thousands of cubic meters)	406,8	417,8	409,1
<i>of which Aquifer (thousands of cubic meters)</i>	200.0	209.7	213.0
<i>of which Surface water (thousands of cubic meters)</i>	173.1	174.5	163.8
<i>of which Springs and minor sources (thousands of cubic meters)</i>	33.7	33.5	32.3
17) Reduction rate of internal water consumption compared to 2017 (%)	-21.5%	-25.5%	-27.9%
18) Quality of the waste-water in compliance with regulatory limits (%)	34.7%	34.9%	32.9%

Categories of Eligible Green Projects	2023	2024	2025
19) Urban areas compliant with law regarding waste-water treatment (%)	99.8%	99.6%	99.9%

- 1) Energy saved: Energy saved, expressed in toe (tonnes of oil equivalent), resulting from energy efficiency measures included in the energy improvement plan and implemented by Group companies with ISO 50001 certification since 2013, compared to their 2013 energy consumption.
- 2) Installed photovoltaic capacity (owned) (MW): owned photovoltaic capacity installed at the Group's sites and plants or at third-party sites.
- 3) Reduction in CO2 emissions compared to 2019 with SBTi calculation method (Scope 1+2+3 sale of electricity and gas downstream) (%): Reduction in the Group's emissions (Scope 1 and 2) and customers' emissions (Scope 3, related to the sale of electricity and downstream sale of methane gas) compared to 2019.
- 4, 5 and 6) Number of events of interruption by client: Average number of unplanned low-voltage electricity distribution service interruptions per customer, due to causes attributable to the operator, in high/medium/low concentration areas.
- 7) Installed Smart meters: Number of 2G electronic electricity meters installed at the end of the year.
- 8) Served Citizens (energy services) (million): Number of residents in municipalities where the Hera Group manages at least one energy service (gas distribution, electricity distribution, or district heating).
- 9) Biomethane produced by Organic Fraction of Municipal Solid Waste (millions of cubic meters): Standard cubic meters of biomethane produced by Group plants treating organic fraction of municipal solid waste and injected into the national distribution network.
- 10) Recycled plastic sold (k tonnes): Amount of recycled plastic produced and sold by Aliplast during the year.
- 11) Separated/Sorted collection of waste (%): Amount of waste collected separately, excluding neutral fractions. Separate collection also includes waste similar to municipal waste delivered for recovery by the producer, even if no longer part of the municipal sanitation service, as well as waste collected by volunteer associations or directly by municipalities (data estimated based on official ORSo figures from the previous year). The total waste consists of separately collected waste (admitted EER codes sent for recovery, permitted domestic composting/community composting) and unsorted waste (municipal solid waste and waste sent for disposal). Waste collected as a result of significant natural disasters is considered a "neutral fraction," in line with ARPAE guidelines, and is therefore excluded from the total waste.
- 12) Served Citizens (water services) (million): Number of residents in municipalities where the Hera Group manages at least one water service (water supply, sewerage, or wastewater treatment).
- 13) Annual volume of wastewater treated (millions of cubic meters): Amount of water discharged from urban wastewater treatment plants managed by the Hera Group.
- 14) Linear water losses (m<sup>3</sup>/km/day): Physical or real losses (due to pipe or hydraulic component failures) and administrative or apparent losses (meter measurement errors, unauthorized consumption) divided by the length of the distribution network managed by the Hera Group companies and the number of days in the year (expressed in m<sup>3</sup>/km/day). Water losses are calculated according to the specifications of Arera Resolution 917/2017.
- 15) Percentage water losses (%): Physical or real losses (due to pipe or hydraulic component failures) and administrative or apparent losses (meter measurement errors, unauthorized consumption) in relation to the amount of water withdrawn. Water losses are calculated according to the specifications of Arera Resolution 917/2017.

- 16) Water fed in the network by source (thousands of cubic meters): Amount of water withdrawn from the environment (from groundwater, surface water, or springs) and introduced into the water supply network managed by the Group companies.
- 17) Reduction rate of internal water consumption compared to 2017 (%): Water saved as a result of water efficiency projects aimed at saving, reusing, and recovering water, included in the Water Management project (water consumption from the water supply of all Group companies in the areas where Hera Spa manages the water supply service) and implemented since 2017, compared to 2017 water consumption.
- 18) Quality of the waste-water in compliance with regulatory limits (%): Indicator relating to wastewater treatment plants serving more than ten thousand population equivalents, calculated based on the ratio between the measured concentration of BOD5, COD, TSS, ammoniacal nitrogen, phosphorus, and total nitrogen and the respective maximum concentrations allowed by Legislative Decree 152/2006 or by the current authorizations for each plant.
- 19) Urban areas compliant with law regarding waste-water treatment (%): Population equivalent in agglomerations with more than 2,000 population equivalents compliant with regulations, compared to the total population equivalents in all agglomerations with more than 2,000 population equivalents managed by the Group companies. To declare an urban agglomeration as compliant, the following two conditions must be met: 1) the presence of a wastewater collection system adequate for the entire agglomeration (with high connection rates according to the technical indicators adopted in management plans); 2) the treatment plant capacity must exceed the population equivalents of the agglomeration itself, with secondary treatment and, where necessary, tertiary treatment (for example, in sensitive areas).



KPMG S.p.A.  
Revisione e organizzazione contabile  
Via Innocenzo Malvasia, 6  
40131 BOLOGNA BO  
Telefono +39 051 4392511  
Email it-fmauditaly@kpmg.it  
PEC kpmgspa@pec.kpmg.it

## Independent auditors' report on the Green Bond Report

*To the board of directors of  
Hera S.p.A.*

We have been engaged to perform a limited assurance engagement on the 2025 Green Bond Report of Hera S.p.A. (the "company") for the three years ended 31 December 2023, 2024 and 2025, which comprises the "Allocation reporting" and "Impact reporting" sections (the "report"). The report has been prepared in accordance with the Hera Group's green financing framework issued in 2019 and updated in 2022, as described in the "Green financing framework" section of the report (the "group's green financing framework").

### **Directors' responsibility for the report**

The company's directors are responsible for the preparation of the report in accordance with the group's green financing framework.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a report that is free from material misstatement, whether due to fraud or error. Moreover, the directors are responsible for identifying the content of the report, selecting and applying policies and making judgements and estimates that are reasonable in the circumstances.

### **Auditors' independence and quality management**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the report with the group's green financing framework.

We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of



**Hera S.p.A.**

*Independent auditors' report on the Green Bond Report*

*31 December 2025*

Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board (IAASB) applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the report 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 report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following main procedures:

- 1 critical reading of the report;
- 2 reading of the Sustainalytics second-party opinion, which assessed the sustainability profile of the green bond (framework) and its alignment with the four main components of the 2021 Green Bond Principles and the 2021 Green Loan Principles;
- 3 understanding the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the report;
- 4 checking, on a sample basis through limited procedures, whether the quantitative information included in the report had been prepared in accordance with the group's green financing framework;
- 5 comparing the performance indicators presented in the "Impact reporting" section of the report with the information included in the Hera Group's 2023 consolidated non-financial statement and the Hera Group's 2024 and 2025 consolidated sustainability statements.

Specifically, we held interviews and discussions with the company's management personnel to obtain information on the processes and procedures used to gather, combine, process and transmit data and information to the office that prepares the report.

## **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2025 Green Bond Report of Hera S.p.A. has not been prepared, in all material respects, in accordance with the group's green financing framework described in the "Green financing framework" section of the report.

## **Other matters**

Other auditors performed a limited assurance engagement on the 2023 consolidated non-financial statement of the Hera Group and expressed their unqualified conclusion on 5 April 2024.

Bologna, 29 May 2026

KPMG S.p.A.

**Davide Stabellini**  
Director of Audit