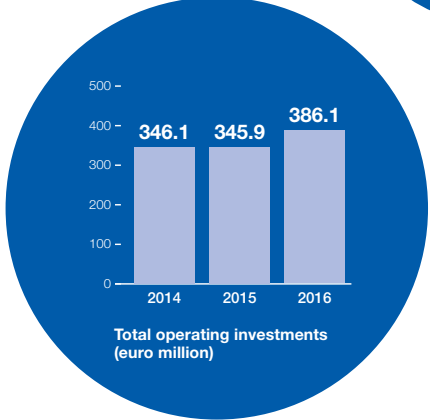
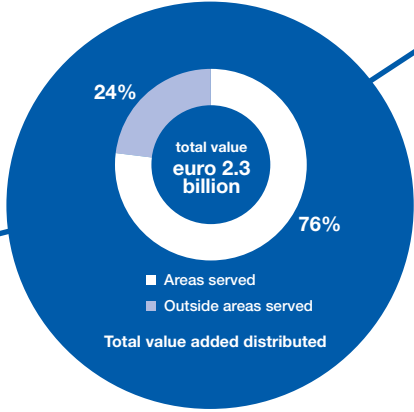


HERA

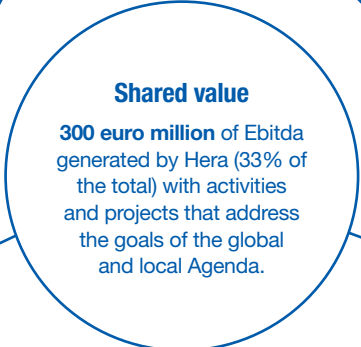
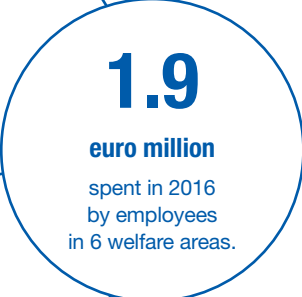
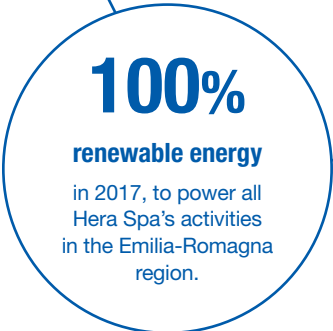
2016 Sustainability report



SUSTAINABILITY, STRATEGY AND VALUE



HIGHLIGHTS



A YEAR OF SUSTAINABILITY

Letter to stakeholders

Our sustainability report for 2016... open to shared value

The **positive results** we have achieved in terms of economic, social and environmental **sustainability**, that are detailed in this year's report, are the outcome of the strong determination and relentless effort that inspires us in our daily work and that every year we put into preparing this document.

As we prepare it, we keep our readers in mind, striving to provide the content our stakeholders seek, and to make **objectives** and **results** accessible with **transparency**, in order to consolidate the **trust** we need.

As we constantly seek improvement, we have enriched our 2016 report with the first concrete results of a process we started during the year to identify Hera's approach to **Creating shared value** (Csv).

Creating shared value:
identified Hera's approach to shared value creation

Our approach to sustainability, between continuity and innovation

Sustainability has had a central role in Hera's strategy since its establishment, and our approach is geared towards integrating sustainability within our planning and control systems, also by:

- making sustainability – in its many forms – cut across the five strategic drivers (growth, excellence, efficiency, innovation and agility) on which our yearly **business plan** is based, setting it as one of the objectives to pursue and to take into account to position our businesses going forward;
- setting up a balanced scorecard system linked to the **bonus system that involves all of our management** (in 2016 sustainability goals account for 22% of the variable remuneration of executives, on average);
- continuously improving the Group's accountability, as underscored by the fact that we have been **approving our reports jointly with** our Financial Statements since 2007 (10 years before it became a requirement under the recent regulations) and by the **in-depth thematic reports on sustainability** we have been publishing since 2009 and to which last year we have added a new report that focuses on customers and local communities.

A balanced scorecard system
in which sustainability accounts for 22% of variable remuneration

Our approach is completed by two further aspects:

- the close attention we pay to value systems, which we confirmed in 2016 by issuing the **third update of our code of ethics**, a process that involved our stakeholders and that ended when the Board of Directors approved the new edition, on 15 February 2017;
- the strengthening of our governance and business risk management system, as part of a redesigned, integrated **enterprise risk management** process, aimed at maintaining business levels and ensuring safety.

In addition, our direction throughout 2016 led us to define "Hera's approach" to creating shared value, inspired since 2011 by the guidance of Porter and Kramer and the European Commission's new communication on Csr, of that same year. We have identified **our own definition of Csv**, suited to guide the evolution of our

3rd update of code of ethics
approved on february 15th 2017

approach to Csr and to further enrich the Group's sustainability reporting with new views and perspectives, some of which are already contained in this report.

The “calls to action” for change and our responses

The **UN's 2030 Agenda**, with its 17 Sustainable Development Goals represents a reference framework for businesses that are urged to “adopt sustainable practices and to integrate sustainability information into their reporting cycle”. In doing so, the UN's Agenda strengthens the provisions of the United Nations' Global Compact which the Hera Group has been abiding by since 2004.

The future scenario also includes the many policies at European, national and local level that have been introduced in recent years and that are the “calls to action” for change: a **major break** with the past and, at the same time, an opportunity and a challenge for the corporate world.

Well aware of this, we started along the path to add a Csr perspective to Csr, recognising it as a development that can also be useful to inspire our way of doing business.

For the first time in this report, and among the first European companies, we can quantify the share of Ebitda generated by activities that respond to the **priorities of the “Global Agenda”** and, therefore, that can contribute practically to the sustainable development of the territory we serve: it amounts to about 300 million euros in 2016, 33% of the total. In doing so, we have defined a new and innovative way of reporting Hera Group's contribution to sustainability to our stakeholders.

Going forward, we will be able to increase this contribution by extending the already broad range of responses to the “calls to action” that we have summarized in three areas: smart use of energy, efficient use of resources, innovation and contribution to development.

Hera for a smarter use of energy

The Group's primary commitment to **energy efficiency** continued throughout 2016 thanks to our Iso 50001 certification, an asset of six companies of the Group, and that will help us exceed the target we set for ourselves of **reducing our energy consumption** by 3%, which we have now raised to 5% by 2020. Many energy efficiency initiatives have been put in place by our customers and partners, and to which the Group provides its expertise. Our new business offers, launched in 2016 for domestic customers, also go in this direction, and provide tools to reduce consumption.

Our contribution to the fight against climate change has been enriched, starting in 2017, by our decision to use only **energy from renewable sources** for all our activity in Emilia-Romagna. We will extend the initiative to the remaining territories we serve in the near future. In 2016 our **carbon footprint** of energy production dropped by 10% and we expect it to continue to decline until 2020, also thanks to a new plant that will produce biomethane from organic waste collected in our area.

Hera for an efficient use of resources

Again this year, in this context, we are proud to report our positive results in the field of waste management, as forerunners of the direction Europe has taken in the field of **circular economy**. In particular, the use of landfills for the disposal of urban waste further decreased to 7.6% (already lower than the level set by the European Community for 2030). Hera also has a strong lead, of several years, in achieving two European targets on recycling, including the packaging target, for which the area we serve is at the level of the best-performing European countries.

In terms of industrial waste, we are committed to integrating our commercial offerings with solutions that certify the waste's origin: our goal is to increase the recovery rate,

300 euro million
Ebitda generated by
Hera with “shared value”
activities

Energy consumption
target
-5% by 2020. Carbon
footprint reduction -10%

Circular economy
Hera in advance to
european targets

seizing the opportunities presented by our recent acquisition of Aliplast, a leader in the recycling of plastic (in particular polyolefins and Pet).

In terms of **sustainable management of water resources**, our main investments were aimed at restructuring Rimini's sewage treatment system (where 5 of 11 interventions under the optimised seawater protection plan have already been completed), adapting the Servola treatment plant in Trieste (planned to start in 2017) and finishing the work to improve the effectiveness of four major treatment plants.

Hera for innovation and sustainable development of the local area

Innovation is one of the five strategic drivers of our Business plan. For the first time, our report shows an overall view of the numerous projects that we have been completed and those still in progress. Noteworthy, among them, in 2016, is the extension of HergoAmbiente to the Triveneto and Marche regions, so those areas will also benefit from fully computerized management of waste collection.

Hera's contribution to the sustainable development of the local area was reflected in 2016 in the significant economic contribution in terms of **value generated and distributed to stakeholders**, which amounted to 1.7 billion euros, a third of which for suppliers, with an induced employment of about 4,500 persons. Approximately 740 jobs were created by sourcing from social cooperatives, 226 people were hired and the joint school-work experience project involved 180 students. Those are just the highlights of Hera's actions in response to some of the priorities of our area.

Attention to the people who work at Hera, to our customers and to the supply chain is what drives our actions

We are aware that our new approach to sustainability represents a major challenge for our company and that it demands that we continue to pay great attention to our workers which, in turn, must **fully participate** and be **strongly motivated**. This is why workplace safety, training and professional development, internal climate and employee welfare were, again in 2016, areas of great commitment, the results of which are duly accounted for in this report, that shows that the outcome is characterized by outstanding quality and overall improvement.

Underlying it all, there is also the **satisfaction of our customers**, which in 2016, remained high, and the attention to the supply chain, where last year the use of the **economically most advantageous bid** was again the method we mainly used to award tenders (almost ten years before it became a legal requirement to do so) and through which we will continue to promote our approach to sustainability.

Therefore, another year has passed, a year rich in important results, which have been consistently desired, sought and achieved over a long period. The new dimensions and challenges that we have set for ourselves, seeking continuous improvement and enrichment, are the result of a constant search for new developments and initiatives to achieve lasting and sustainable growth of the company's value and the social value it induces.



Tomaso Tommasi di Vignano
Executive Chairman



Stefano Venier
Chief Executive Officer

Value generated and distributed to stakeholders amounted to 1,7 billion euro

Economically most advantageous bid used to award tenders ten years before the legal requirement

CUSTOMERS



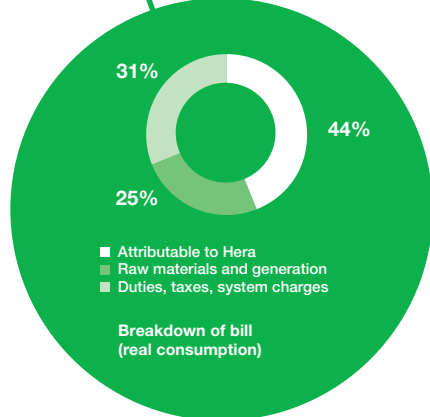
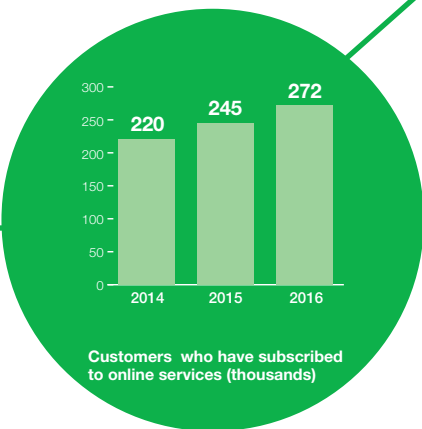
99.8%
compliance with quality standards



12.3
minutes average waiting time at branches



97.5%
gas emergency service calls with arrival at call location within 60 minutes



HIGHLIGHTS

10,900
beneficiaries of the leak fund

An instrument that protects customers in the event of leaks on the water network downstream of the meter. Average reimbursement: **euro 1,375**.

40
seconds waiting time at call centre

Average time taken to answer the calls from residential customers to the Group's call centre.

Nuova Idea Hera and Hera Thermo

Two new offerings for customers, that help reduce consumption.

-17%
cost of urban waste service compared with Italian average

in the areas we serve it is below the Italian average for both families (-17%) and non-domestic users (-27%).

63
agreements with Municipalities for needy customers

Hera stands beside the local areas and communities it serves, to prevent service suspensions.



16.1%
customers with online bills

150,000 customers have signed up for the Give a tree to your city campaign and agreed to receive their bills on line: **3,000** trees for cities!

OBJECTIVES

what we said we would do...




RESULTS

what we have done...



FUTURE TARGETS

we shall...

COST OF SERVICES

 <p>Further extend the protocol, to prevent service suspensions for customers suffering financial hardship. Ⓜ Ⓜ</p>	<p>63</p> <p>agreements with Municipalities (45 in 2015) for customers experiencing financial hardship. Ⓜ Ⓜ</p>	<p>Extend the protocol that prevents service suspensions for customers assisted by social services to even more municipalities. Ⓜ</p>
 <p>New gas and electricity solutions with value added and energy efficiency services. Ⓜ Ⓜ Ⓜ</p>	<p>2</p> <p>offers launched in 2016: Nuova Idea Hera and Hera Thermo help customers reduce their consumption. Ⓜ Ⓜ Ⓜ</p>	<p>New gas, electricity and district heating solutions with value added and energy efficiency services. Ⓜ Ⓜ Ⓜ</p>
 <p>Continue to trial the quantity-based tariff and define Hera's industrialisation model. Ⓜ</p>	<p>3</p> <p>municipalities are continuing the trial, which has ended at Budrio. The plan to extend quantity-based tariffs has been drawn up Ⓜ</p>	<p>Extend quantity-based tariffs for urban waste to 9% of users in 2018 and to all the municipalities served by the end of 2021, in Emilia-Romagna. Ⓜ</p>


SERVICE AND DRINKING WATER QUALITY

 <p>Improve the commercial quality of water services (Aeegsi resolution 655/2015). Ⓜ Ⓜ</p>	<p>98.4%</p> <p>of cases were compliant with water quality standards in 2016. New incentive scheme in Bologna and Modena. Ⓜ Ⓜ Ⓜ</p>	<p>Comply with the commercial quality standards for gas, district heating, electricity and water service in 98.5% of cases. Ⓜ Ⓜ Ⓜ</p>
 <p>Continue the electronic gas meter installation plan: 135,000 new meters installed in 2016. Ⓜ Ⓜ Ⓜ</p>	<p>150</p> <p>thousand new electronic gas meters installed in 2016 (10% of the total at the end of 2016). Ⓜ Ⓜ Ⓜ</p>	<p>Reach 19% for electronic gas meters by end 2017 and 48% by end 2020. Ⓜ Ⓜ Ⓜ</p>

SAFETY AND CONTINUITY OF SERVICES

<p>96%</p> <p>Response time: < 60 minutes for 96% of gas emergency service calls Ⓜ Ⓜ</p>	<p>97.5%</p> <p>Arrival at call location within 60 minutes in 97.5% of cases (Authorities obligations: 90%). Ⓜ Ⓜ</p>	<p>Emergency gas services: achieve response times of a maximum of 60 minutes and answer of calls within 120 seconds at significantly higher Authorities obligations. Ⓜ Ⓜ Ⓜ</p>
<p>96%</p> <p>of gas emergency service calls answered within 120 seconds. Ⓜ Ⓜ</p>	<p>97.2%</p> <p>of calls answered in less than 120 seconds (Authorities obligations: 90%). Ⓜ Ⓜ</p>	

CUSTOMER RELATIONSHIPS

 <p>Maintain the quality of the call centre and the average wait at branches in line with 2015, and improve them for AcegasApsAmga branches. Ⓜ Ⓜ Ⓜ</p>	<p>12.3</p> <p>minutes average waiting time at branches, in line with 2015, and AcegasApsAmga down from 27.5 to 21.8 minutes. At the call centre, the average wait is 40 seconds. Ⓜ Ⓜ Ⓜ</p>	<p>Maintain quality of the call centre and the waiting time at branches in line with 2016. Reduce the wait at AcegasApsAmga branches and at Marche Multiservizi's call centre. Ⓜ Ⓜ Ⓜ</p>
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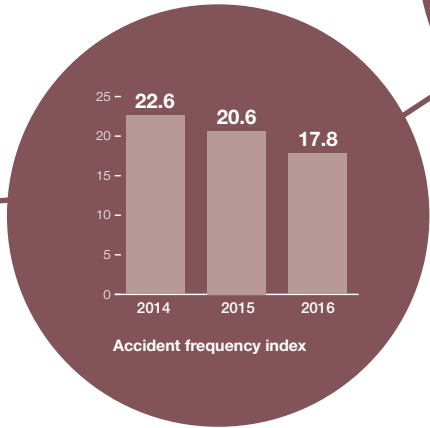
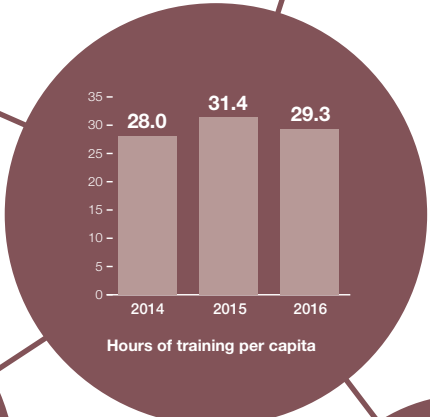
EMPLOYEES



91%
employees in companies with Ohsas 18001 certification



97.0%
employees with permanent contracts



587
employees hired on permanent contracts in last three-year period

HIGHLIGHTS

Hera in the Global Diversity and Inclusion Index 2016
Hera ranks among the top 100 in the world and fourth in Italy for its diversity and inclusion policies.



34.9
workers' accident frequency index
Strong improvement of the accident frequency index (was 39.0 in 2015 and 47.0 in 2013).



Hera Top Employers
8th year of certification among the best working environments: Hera stands out for its new Hextra initiative.

24,987
euros donated with HeraSolidale
11 non-profit organizations in the area have received donations from about 800 workers, in 2016.

Women in positions of responsibility
31% in total and **41%** among career advancement.



22%
of the variable remuneration of managers and middle managers in 2016 was dependent on the achievement of sustainability targets in the balanced scorecard system.

OBJECTIVES

what we said we would do...




RESULTS

what we have done...

FUTURE TARGETS

we shall...

DIVERSITY AND WELFARE

 <p>Carry out the actions contained in our 2015 welfare plan. New initiatives in 4 areas. (H) (A) (M)</p>	<p>1.9</p> <p>million euro were used by workers in 6 employee welfare areas with Hextra, since July 2016. (H) (A) (M)</p>
 <p>Optimize work time: new tools and digitization. (H) (A) (M)</p>	 <p>Initiated the Skype diffusion, extended the wi-fi in locations and 2 interactive whiteboards installed. In realization an app for the workers. (H) (A) (M)</p>

<p>Continue to promote Hextra and increase the share for employees by 80%, in 2017. (H) (A) (M)</p>
<p>Innovate tools and processes: survey among workers, for further initiatives. (H) (A) (M)</p>

TRAINING AND DEVELOPMENT

 <p>Implement the development process: 15 actions in similar groups of employees, middle managers and managers. (H) (A) (M)</p>	<p>12</p> <p>actions initiated: they involved over 1,218 workers. (H) (A) (M)</p>
 <p>Implement the protocol on joint school-work and continue HerAcademy and "Hera teaches you a trade... at school" initiatives. (H) (A) (M)</p>	<p>60</p> <p>joint school-work experience courses in 2016 on 180 planned until 2019. HerAcademy and "Hera teaches you a trade... at school" initiatives ongoing. (H) (A) (M)</p>
<p>3rd</p> <p>update of our code of ethics, continue with the seminars on Csr and complete AlfabEtico at AcegasApsAmga. (H) (A) (M)</p>	<p>4th</p> <p>edition of our code of ethics, updated jointly with our workers and approved by the BoD. New Csr and AlfabEtico seminars (85% of AcegasApsAmga workers). (H) (A) (M)</p>


<p>Spread Hera Group's new leadership model. (H) (A) (M)</p>
<p>Continue the activity of the protocol on school-work experience: 180 internships by 2019. (H)</p>
<p>Create a community on digital innovation. (H) (A) (M)</p> <p>Continue the activity of HerAcademy: ensure 24 hours of training per capita on average in 2017. (H) (A) (M)</p>

HEALTH AND SAFETY

<p>21.4</p> <p>2016 accident frequency index (3% below the average for the last three years). Further increase the near misses/accident ratio. (H) (A) (M)</p>	<p>17.8</p> <p>accident frequency index: was 20.6 in 2015. The near misses/accident ratio increased from 173% to 206%. (H) (A) (M)</p>
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<p>Prevention accident frequency index 18.9 in 2017 (<6% of the average of last three years); new training and awareness actions, including road safety. (H) (A) (M)</p>

INTERNAL CLIMATE AND DIALOGUE

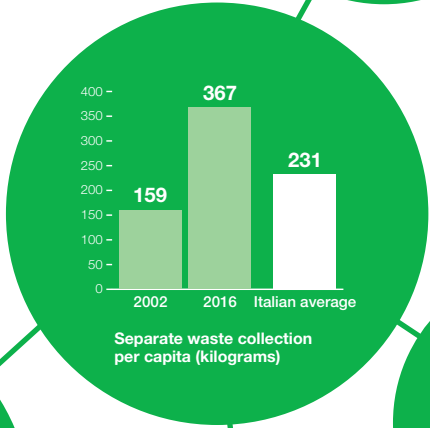
 <p>Carry out climate improvement actions defined on the basis of the 6th survey. (H) (A) (M)</p>	<p>8</p> <p>improvement actions carried out: the improvement plan will continue in 2017. (H) (A) (M)</p>
<p>2nd</p> <p>edition of HeraSolidale: employee solidarity with local associations again in 2016-2017. (H) (A) (M)</p>	<p>11</p> <p>non-profit organizations in the area we serve have received donations for almost 25,000 euros from workers, in 2016. (H) (A) (M)</p>

<p>Climate survey 2017: achieve 64/100 in the employee satisfaction index and complete the improvement actions (H) (A) (M)</p>
<p>Continue to promote HeraSolidale and plan its 2018-2019 edition. (H) (A)</p>

ENVIRONMENT AND FUTURE GENERATIONS



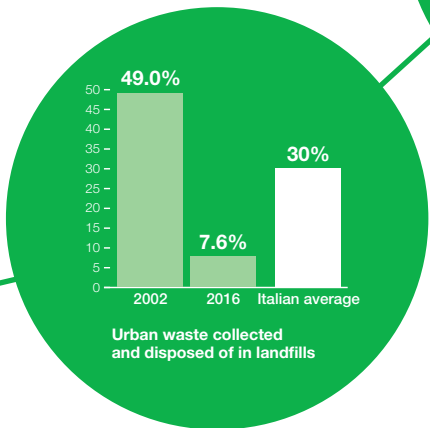
56.6%
separate waste collection in an area with 3.3 million inhabitants



64%
packaging recycling rate: already close to the upcoming EU target for 2025



100%
renewable energy in 2017 to power all of Hera Spa's activities in the Emilia-Romagna region



HIGHLIGHTS

-10%
carbon footprint for energy production. Target -19% by 2020, compared to 2015.

Hera for schools
Environmental education projects for **96 thousand students** and 60 joint school-work experience courses held in 2016.

-2.6%
energy consumption has already been reduced compared to 2013, aiming at 5% by 2020.



HeraLab
69 participants on 6 local multi-stakeholder committees. In 2016: 22 meetings in 6 local areas, 14 initiatives achieved. New model in 2017.



Effectiveness of purification
7 urban areas (459 thousand inhabitant equivalents) brought in line with regulations in 2016.



94.4%
of waste recovered benefiting the circular economy. **13 reuse projects** started.

OBJECTIVES

what we said we would do...





RESULTS

what we have done...

FUTURE TARGETS

we shall...





ENERGY PRODUCTION

 <p>Open new Barca plant in Bologna in October 2016. (H)</p>	 <p>The new district heating plant started in November. Full operation is planned for spring 2017. (H)</p>	<p>District heating: greener than 2016 + 16% from renewable and recovery sources and +2% by volume served in 2016. (H)</p>
 <p>Open worksite for bio-digestion plant in Bologna: it will extract biomethane from the organic fraction of waste. (H)</p>	 <p>Start slipped to 2017 due to slippage of the authorisation process. (H)</p>	<p>Start construction of the Bologna bio-digestion and biomethane production plant. (H)</p>

ENERGY EFFICIENCY

<p>-3% energy consumption by 2017 (including AcegasApsAmga and Marche Multiservizi). (H) (A) (M)</p>	<p>-2.6% energy consumption compared to 2013 with the measures already carried out; 3.7% savings with further measures already planned for 2017. (H) (A) (M)</p>	<p>-3% energy consumption compared to 2013 by 2017, and -5% by 2020. (H) (A) (M)</p>
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WASTEWATER PURIFICATION QUALITY

<p>3 other measures to be completed following the three concluded as part of the Rimini seawater protection plan. (H)</p>	<p>2 further jobs completed in 2016: the end of the third has been postponed to 2017. (H)</p>	<p>To complete 1 further operation at Rimini (5 have already been completed) and start/continue 5 more in 2017. (H)</p>
 <p>Trieste treatment plant: finish the new biological treatment section for the expected opening of the new treatment plant in 2017. (A)</p>	 <p>The work is in progress and the start-up is confirmed for 2017. (A)</p>	<p>Start the new Trieste facility in 2017. (A)</p>
 <p>Continue planning and launch the authorisation process for the adjustment of the treatment plant in Pesaro. (M)</p>	 <p>The design is in progress: the authorisation process will be started in 2017. (M)</p>	<p>Start the authorisation process for the adjustment of the treatment plant in Pesaro. (M)</p>

URBAN WASTE COLLECTED

<p><9% continue to limit the use of landfill sites for urban waste. (H) (A) (M)</p>	<p>7.6% of urban waste is disposed of in landfills, down further (was 8.6% in 2015). (H) (A) (M)</p>	<p>Continue to limit the use of landfill: 7% in 2017 and 6% in 2020. (H) (A) (M)</p>
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SEPARATE WASTE COLLECTION

 <p>57.2% separate waste collection in 2016. (H) (A) (M)</p>	<p>56.6% in 2016: improves compared to 2015 (was 55.4%). (H) (A) (M)</p>	<p>Increase separate waste collection: to 58% in 2017 and 66% in 2020 at Group level. (H) (A) (M)</p>
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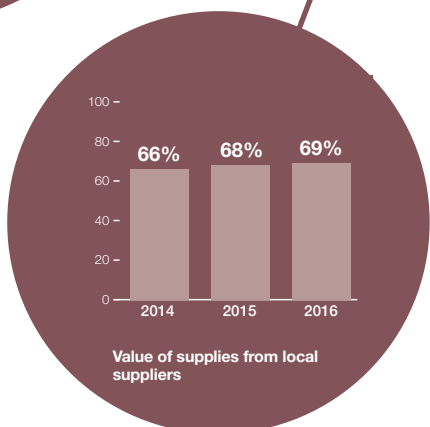
SUPPLIERS



71%
value of supplies with monitoring of accident indices

97%
value of public tenders awarded by adopting the economically most advantageous bid method

26/100
average score assigned to sustainability in tender awards



HIGHLIGHTS

743
persons facing hardship hired
thanks to supplies sourced from social cooperatives for over **57.2 million euros**.

15
suppliers invited
on average to participate in negotiated tendering procedures: open and transparent competition.

Responsible tenders
Confirmation of clauses that safeguard jobs and limit discount percentages. Introduced other actions and new protocol with unions.

6,000
workers
lead-on employment generated by Hera in 2016.

63%
of total tender awards
on the basis of the most economically advantageous bid approach.

Sa 8000
Social certification **17 audits** carried out: 6 audits carried out at supplier sites and 11 at Hera worksites.



OBJECTIVES

what we said we would do...





RESULTS

what we have done...

FUTURE TARGETS





we shall...

SUPPLIERS

<p>60</p> <p>questionnaires and 14 monitoring audits for Sa 8000 (Hera sites and worksites). (H)</p>	<p>66</p> <p>questionnaires for Sa 8000 assessment in 2016, and 17 audits on suppliers and on Hera worksites. (H)</p>
<p> Marche Multiservizi joined the Group platform in 2016. (M)</p>	<p> At the beginning of 2017 Marche Multiservizi began the process to join the platform. (M)</p>
<p> Hold the 3rd convention with the main suppliers with a focus on workplace safety. (H) (A)</p>	<p> The 3rd convention will be implemented in 2017. (H) (A)</p>


<p>70 additional questionnaires and 21 supplier Sa 8000 audits. (H)</p>
<p>Marche Multiservizi to fully join the Group platform by 2017. (M)</p>

QUALIFICATION AND SELECTION

<p> Continue to prioritise the criterion of the economically most advantageous bid: 100% public tenders for services and work; >70% of value of all contracts awarded during the year; 20/100 average sustainability score. (H) (A) (M)</p>	<p>63%</p> <p>of all tender awards and 97% of public tenders in 2016 were awarded with the economically most advantageous bid criterion. 26/100 average score attributed to sustainability. (H) (A) (M)</p>
<p> Continue to use the social clause to guarantee employment in the contracts for emergency services on networks and services relating to customer management (cases of insourcing excluded). (H)</p>	<p> Clause added to 10 tenders, including the most relevant of 2016. These include: global service, emergency services and maintenance for networks, and waste management services. (H)</p>
<p> Continue to emphasise quality, safety and environmental management systems and social responsibility when choosing suppliers. (H) (A)</p>	<p>87%</p> <p>of the value of supplies is compliant with Iso 9001, 58% with Emas/Iso 14001, 50% with Ohsas 18001, 26% with Sa 8000: all of which are on the rise compared to 2015. (H) (A)</p>

<p>Continue to prefer the economically most advantageous bid, seamlessly with the past and in line with the new regulations; attribute at least 20/100 of average score to sustainability. (H) (A) (M)</p>
<p>Continue in 2017 to enforce the social clause to guarantee employment for contracts for emergency services on networks and for services relating to customer management (cases of insourcing excluded). (H) (A) (M)</p>
<p>Continue to emphasise quality, safety and environmental management systems and social responsibility when choosing suppliers. (H) (A) (M)</p>

CONTRACT MANAGEMENT

<p>70%</p> <p>of the value of supplies with accident monitoring and raising awareness on safety. (H)</p>	<p>71%</p> <p>of the value of supplies of services and work with the monitoring of accident indexes. (H)</p>
<p> Continue to encourage active suppliers to come up with win-win ideas. (H)</p>	<p>9</p> <p>initiatives launched (25 suppliers involved): 8 for more "digital" purchasing, 1 for optimising management. (H)</p>

<p>Monitor accidents for 70% of the value of the supplies of services and work and make suppliers sensitive to workplace safety. (H) (A)</p>

SHAREHOLDERS AND FINANCIAL INSTITUTIONS



HIGHLIGHTS

19,700

shareholders

Widespread shareholder structure, effective governance and control systems ensure stability.



10

independent insitutes analyse Hera's stock

Clear predominance of positive opinions (**7 out of 10**) and no "sell" recommendation in 2016.

Public oversight and broad base

through the Shareholders' Agreement and the statutory changes of 2015: positive impact on the Group's development and growth through acquisitions.

2.77

euro target price 2016

up from 2.67 euro in 2015. The official price at 31 December 2016 was **2.19** euro.

6

ethical indexes

Increase (from 3) of the ethical indices that select Hera for its excellence in sustainability.



Reduced risk

Volatility Index (**0.45**) lower than sector average (0.78): low risk in strategic decisions and assets portfolio.



26

environmental projects funded with the first Italian green bond, issued in 2014



9

euro cent dividend per share, stable since 2011

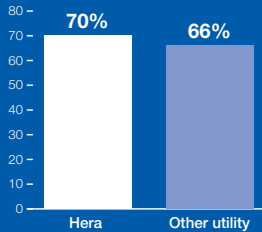
+159%

total yield of the stock compared to its 2003 price



■ Covenant public shareholders
■ Covenant private shareholders
■ Free float

Shares held (breakdown)



Dividend growth from 2004 to 2016

2016

Sustainability report

Contains the numbers
of economic, social
and environmental responsibility.
It focus on the commitments,
the results obtained
and future perspectives



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