



Corporate social responsibility and sustainability reporting: the approach of the Hera Group

Madrid, 13 November 2015



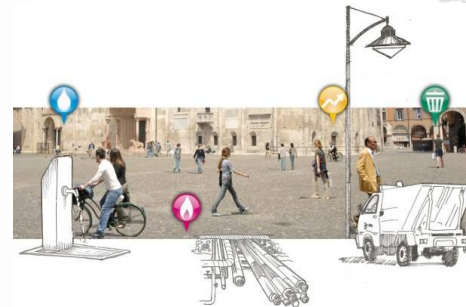
The Hera Group

▪ Key figures

- 4.5 billion Euro in revenues
- 8,500 employees, of which 97% with an open-ended contract
- 57% of the share capital of Hera is held by 237 municipalities
- 1.3 million gas customers
- 0.8 million electrical energy customers
- 1.5 million integrated water cycle customers
- 3.3 million citizens supplied with urban hygiene

▪ Primary business and market positioning

- Integrated water cycle: 2nd position in Italy
- Environment and environmental services: leader in Italy
- Gas: 3rd position in Italy in terms of distribution
- Electrical energy: 5th position in Italy in sales





Summary overview

CH. 1

The contribution of Hera to territorial development

CH. 2

Focus on customers and employees: responsibility and innovation

CH. 3

Certain initiatives for the territory and the communities

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Transparency and accountability

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Conclusions

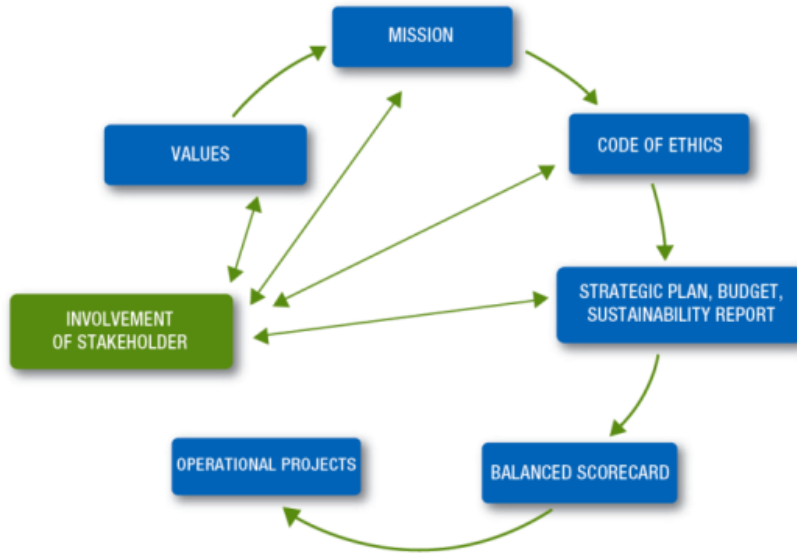
CH. 6



CHAPTER 2

A summary overview

Corporate social responsibility: a virtuous cycle



The mission was defined with the involvement of the employees.

The Code of Ethics is verified and updated on a three-year basis (last update in 2013).

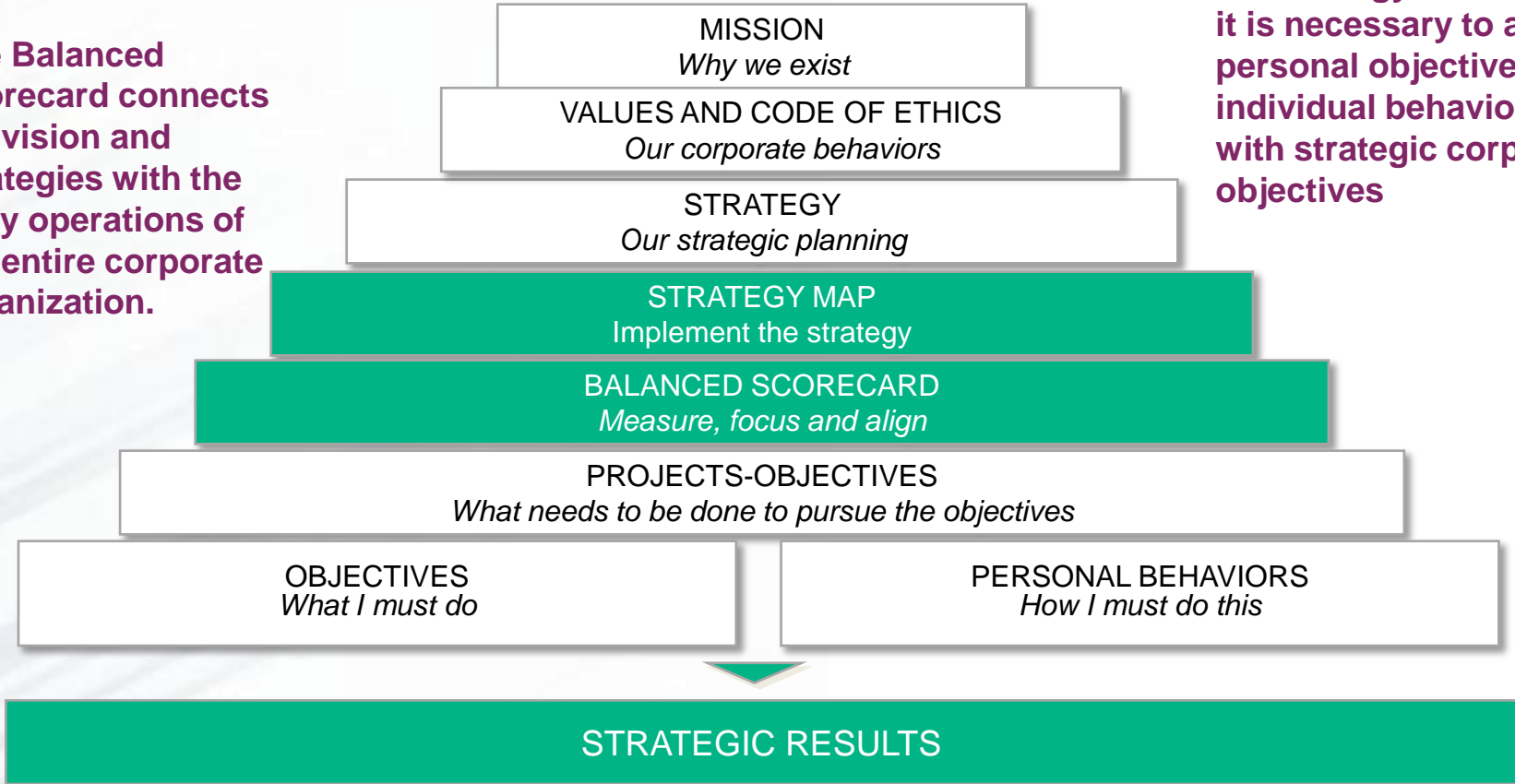
The Sustainability Report was integrated with the other managerial tools of the Group.
The Business Plan includes the sustainability between the strategic priorities that are common to all business areas.

By means of the Balanced Scorecard system, the strategy is subdivided into objectives assigned to management, even in terms of social and environmental sustainability.

The Balanced Scorecard system

The Balanced Scorecard connects the vision and strategies with the daily operations of the entire corporate organization.

In order to transform the strategy into results, it is necessary to align personal objectives and individual behaviors with strategic corporate objectives



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Distinctive elements for Sustainability Report 2014



New Sustainability Report for our stakeholders ...

- **More user friendly:** all in **91** pages... and for those who want to go into more depth: bs.gruppohera.it
- **Complete:** maximum level of application of the GRI G4 guidelines
- **Focus on facts, assumed and maintained commitments, our objectives:**
 - 94% objectives reached in 2014 (45)
 - 43 new objectives
 - 56 case studies

SR 2014: summary overview

... with results that are still highly positive

- the **added value** and the **wealth distributed** across the territory **have grown further** while the **impact on families was less**.
- The environmental profile of the Group was subject to additional **improvements, particularly waste management** (excellence at the European level), **water services** (purification first of all) and **energy efficiency** (a new challenge).
- The corporate social responsibility system was further enriched with **innovative initiatives** targeting customers, workers and generally local communities.



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A year of sustainability



ISO 50001

Hera S.p.a. obtained this certification for its energy management system. A three-year plan was defined to improve energy use.



OHSAS 18001

AcegasApsAmga obtained this certification for health and safety. The proportion of Group employees covered by this certification rose to 90%.

104.2

million euro invested in water services

31% of overall investments. The seawater protection plan in Rimini and the upgrade of Trieste treatment system continued as planned.



New separate waste collection system in Bologna and Trieste

The first 37 underground waste separation and recycling units were built in the historic center of Bologna.



First Italian Green Bond

In 2014 Hera issued a 500 million euro bond to finance or refinance green projects, the environmental benefits of which are outlined in this report.



Hera Top Utility for Sustainability

Hera awarded among the top 100 Italian utilities displaying “the best results in terms of environmental sustainability and social responsibility”.

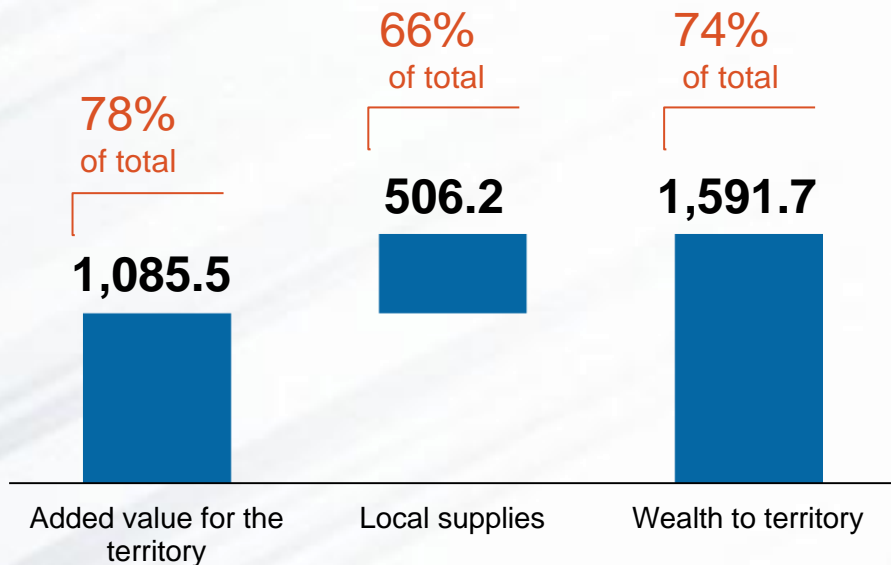


CHAPTER 2

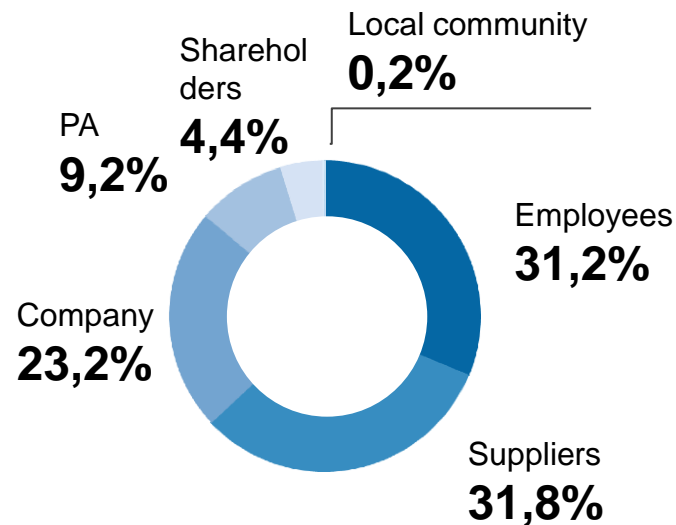
The contribution of Hera to territorial development

The wealth generated for the territory was equal to 1.6 billion Euro in 2014

The wealth generated for the territory (mln €)



and its distribution to stakeholders



The Hera Group confirmed itself as the primary player in the development of the local economy with **74%** of generated wealth **allocated to the territory**.

An important and responsible wealth generated for the territory

66%

value of supplies
from local suppliers

76.5%

value of the contracts
awarded to best value
rather than lowest
price offers

6.781

workers

Employment generated by
Hera in 2014.

611

disabled individuals hired

By allocating approximately
43,6 million euro to social
cooperatives, 611 disabled
people were hired to work on
behalf of Hera.



SA8000

Efforts continued to raise
awareness among suppliers
regarding social certification.
8 audit conducted at the
premises of suppliers and 4
at Hera worksites.



Social responsibility

The initiatives launched
in 2013 continue: social
safeguard clause, a limit on
the discount and the white
list requirement.

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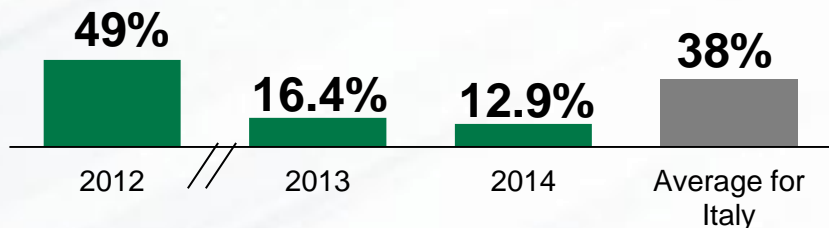
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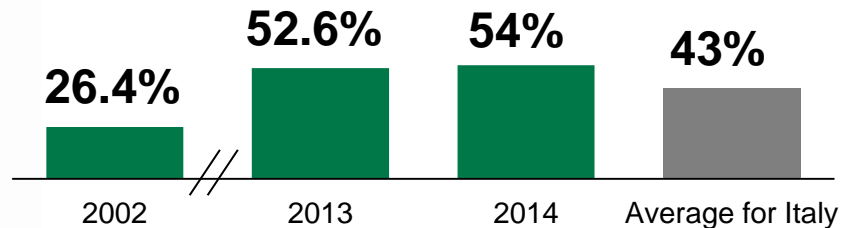
Waste management: environmental and economic sustainability

Environmental sustainability

Urban waste in dump

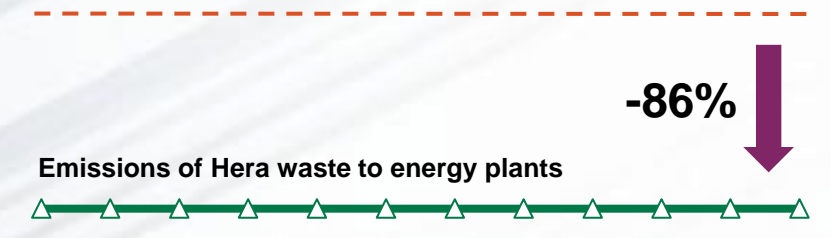


Separate waste collection

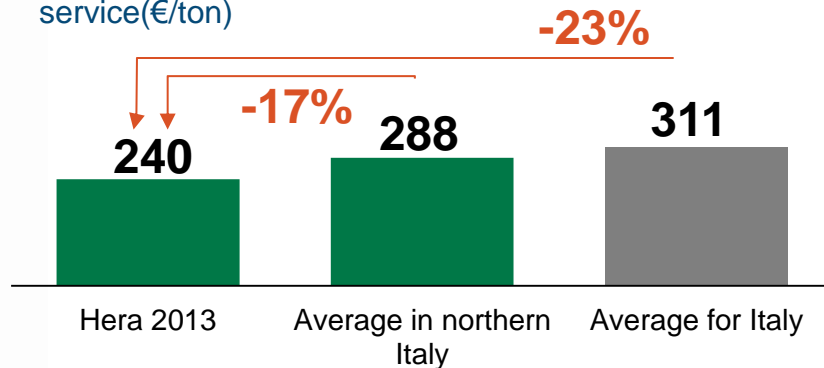


Environmental impact

Legal limits



Economic sustainability: cost of waste management service(€/ton)

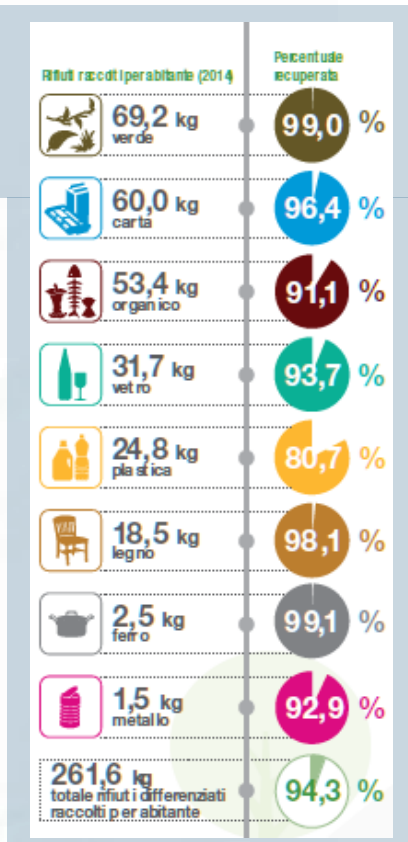


Support for the green economy and benefits for citizens

- In 2014, **94.3% of collected waste was effectively recovered.**

- **73 companies of first destination** of separate waste collection.

- **The supply chain of the green economy includes 188 plants** (managed by 167 companies), including 46 in the territory supplied by Hera:
 - Turnover: 10 billion €
 - Occupied: 17 thousand

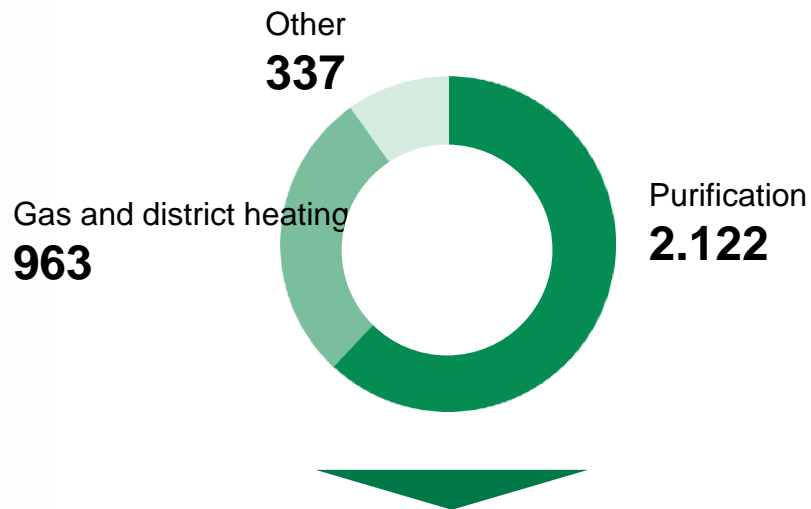


- Revenues from the sale of separately collected materials:
 - **cover 27% of the management costs** for the separate waste collection service.
 - **reduce waste bills by 25 Euro** per family, equal to 10.5% of the average bill.

New challenges, energy efficiency

- **ISO 50001 Certification** for Hera Spa (extension to AAA in 2015)
- **-3%** energy consumption by 2017 vs 2013 (6.200 toe/year; savings of approx. 5 million €)
- **54** previously defined operations (3,400 toe/year; 1.6% of 2013 consumption)
- **1st operator** of all utility companies for projects approved by GSE (50 in the period 2005-12)

Actions planned as part of the energy improvement plan of Hera Spa (annual savings in toe)



Focus on purification (24 operations) but also gas and district heating, fleets, etc..



CHAPTER 3

Focus on customers and employees: responsibility and innovation

Customers – Highlights

5,401

customers benefitted from the “fondo fughe acqua”

In Emilia-Romagna Hera has developed a program to protect customers in the event of undetected leaks in water supply.



Charter of Responsibilities

Adopted by Hera Comm, defines specific commitments concerning transparency, fairness and quality among its sales agents.



SOSTegno Hera

A published handbook outlining the rate discounts and installment payment options available to customers.



Giorno Hera and Hera Start up

2 rates tailored to the needs of customers: the first allows you to receive a fixed bill throughout the year, the second is dedicated to young companies.

9%

of customers chose electronic billing

100,000 customers have joined the campaign “Regala un albero alla tua città” and have chosen digital billing: 2,000 trees for their cities!



A clearer bill

Designed with the involvement of customers, the new bill has been circulating since April; new elements include a chart showing consumption.

Employees – Highlights

7,985

employees

Received the Group's Code of Ethics, approved by the BoD in January 2014.



OHSAS 18001 Certification

In January 2015 AcegasApsAmga obtained certification for workplace safety.



Hera Top employers

This international certification has recognized Hera as a leading employer for the 6th year.

-58%

work hours missed

The average per person number of work hours missed for injury decreased by more than half since 2007.

13,600

euro given with HeraSolidale

744 employees have enrolled in HeraSolidale, a program supporting 9 local non-profit organizations.



Work-life balance

108 weeks of Hera summer camp used by employees' children, 39 in Hera kindergarten, and 35 employees supported after post leave work re-entry.



CHAPTER 4

Initiatives for the territory and communities

The most innovative initiatives for the territory and communities



Buy a tree for your city

100,000 Hera customers have chosen the **online billing**, thereby contributing to the **planting of 2,000 trees** in the municipalities with the greatest number of participants.



Change the ending

458 tons of "non-waste" bulky goods collected in 2014 from 15 non-profit partners of the project and allocated for re-use.



FarmacoAmico

27 pharmacies involved and 966 kg of not yet expired medicines collected in 2014 for a value of 185 thousand euro. The drugs are reused by non-profit associations.



Hera Lab

A tool for **communicating** with local communities. After starting up in 2013, they are now active in five territories of Emilia Romagna and retain the task of proposing interventions to **improve the sustainability of Hera services**.



CiboAmico

10,425 recovered meals in 2014 within company canteens in favor of 7 non-profits within the territory and which assist 270 individuals.



The "Rifiutologo" (Rejectologist)

The free app which allows for optimal separate waste collection. As of 2011, there were **54 thousand downloads**, more than **5,700 recommendations** on new items to enter and almost **5 thousand reports** for environmental services.



CHAPTER 5

Transparency and accountability

Not just SR, the other reports: transparency and accountability



Tracking waste

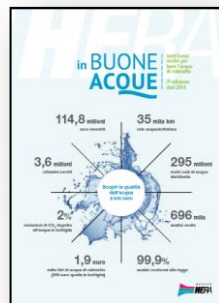
Report on the destination of separately collected waste

Objective: clarify what happens to the separately collected waste and how much is recovered

Main contents: percentage of separated waste that is recovered and allocation facilities

Published as of: 2010

Verified by: DNV-GL



In good waters

Report on the quality of tap water

Objective: strengthen the confidence of citizens in using water in a more conscious and sustainable manner

Main contents: results of analyses within the distribution network completed by Hera and by local healthcare companies

Published as of : 2009



Value to the energy

Report on energy management and efficiency

Objective : report on the commitment of the Group to improve its energy performance

Main contents: energy efficiency indicators and energy savings initiatives that were activated and planned

Published as of : 2015



CHAPTER 6

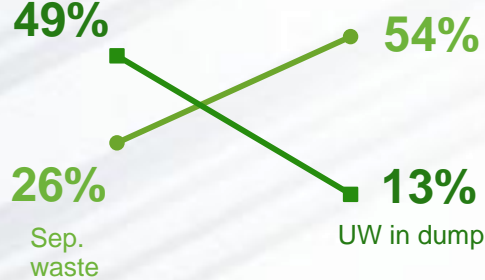
Conclusions

2014: one year in a history of value

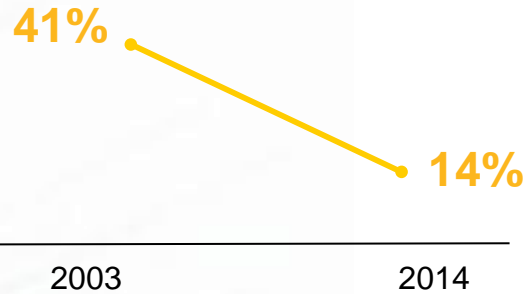


... without forgetting the citizen and the environment...

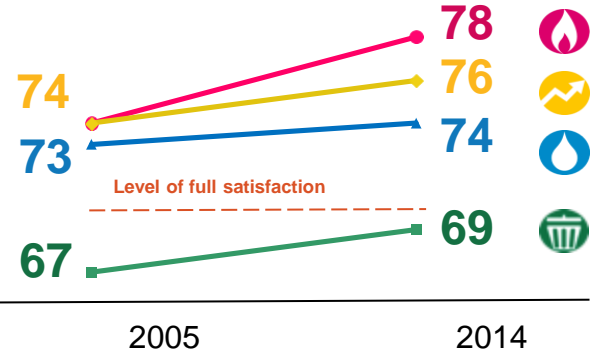
% URBAN WASTE DISPOSED IN DUMP AND % SEPARATE WASTE COLLECTION



EMISSIONS FROM WTE (100% = LEGAL LIMIT)



CUSTOMER SATISFACTION RATIO BY SERVICE (ONLY HERA)



*Calculated as the sum of distributed dividends: cash in from the sale of securities of the primary municipalities and increase in value of shareholdings retained by the latter.

Thank you for your attention.

For more information: **www.gruppohera.it**

Discover the SR: **bs.gruppohera.it**

Filippo M. Bocchi

Director for Corporate Social Responsibility

filippo.bocchi@gruppohera.it

