



press release

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Hera best multi-utility in the Dow Jones Sustainability Index

Inclusion in one of the world's most important stock market indices dedicated to evaluating social responsibility, as the leader of its own sector, comes as recognition for the Group's attention towards sustainability and creating shared value for all stakeholders, pursued since its establishment

The Hera Group has received yet another important recognition, rewarding a corporate strategy that brings growth in economic results together with sustainability and the shared value created for all stakeholders.

Hera is the first Italian multi-utility to be included in the Dow Jones Sustainability Index (DJSI), one of the world's most authoritative stock indexes that evaluates social responsibility. Managed by S&P Global, it selects the largest companies in the world based on the best sustainability performances in all areas of ESG (environment, social, governance).

This achievement is all the more considerable considering that Hera has simultaneously become part of the worldwide (**Dow Jones Sustainability World Index**) and European (**Dow Jones Sustainability Europe Index**) indices, and especially its position as "**Industry leader**" out of the approximately 3,500 companies with the highest capitalisation across the world evaluated by the DJSI (of which only 10%, on average, succeeds in being included in the index).

In particular, in this year's ranking, announced Friday 13 November 2020 and effective as of 23 November 2020, Hera reached an overall score of 87/100, a result that ranks it as the best multi-utility globally. Compared to other companies in the index, Hera stood out above all for environmental and economic dimensions, and for its governance.

Being included in the DJSI proves once again the quality of the approach taken by Hera since its establishment, 18 years ago. Sustainability is, indeed fully integrated in the Group's strategies, as can be seen in its Business plans, which clarify the range of sustainability goals – circularity, decarbonisation and risk management – defined within each business area, through innovation, investments in asset resilience, marketing strategies, digitalisation, artificial intelligence and big data. Hera's attention towards ESG factors, as seen in the continuous improvement of its management sustainability parameters, is accompanied by continuous growth in operating and financial results, a solid and constant cash generation, and a stability in governance unique in its sector, with top management confirmed by the Shareholders Meeting last April. All of these factors, even in this difficult year marked by the ongoing health emergency, have allowed Hera to continue creating value, benefitting all stakeholders and local



areas served, guaranteeing efficiency and resilience and finding innovative solutions to sustain those experiencing difficulty, protect the environment and defend natural resources.

Increased attention towards the Group's sustainability came in March 2019, when Hera was included in the FTSE MIB. Considering the rising sensitivity to these issues shown by the financial community and many institutions, this year Hera stock was included in the FTSE4Good Index Series (a series of ethical indices conceived by FTSE Russell, to identify the world's companies most committed to sustainable development) and the Refinitiv Thomson Reuters "Diversity & Inclusion Index", coming in 12th worldwide and ranking as the first multi-utility overall.

As regards sustainable finance, Hera acted early, interpreting ongoing changes and adopting innovative models that gave it a pioneering role and made the Group competitive on the market. Hera was, in fact, the first company in Italy to issue a green bond, as early as 2014, followed by a second one issued in 2019. Two years ago, furthermore, Hera launched the first sustainable revolving line of credit, introducing a system with bonuses for reaching specific environmental, social and governance (ESG) goals. In itself, the Group's Green Financing Framework bases all financial operations, present and future, on ESG principles.

Hera was furthermore among Italy's first companies to adopt, as of 2016, "shared value" reporting, concerning business activities that, in addition to generating operating margins, contribute to reaching the goals set out in the UN's 2030 Agenda for sustainable growth. In 2019, the Hera Group's "shared value" Ebitda rose to 422.5 million euro, equivalent to 39% of overall Ebitda, a result that perfectly reflects the path indicated by the Business plan, which expects this figure to reach 42% by 2023. Creating "shared value" also acts as a criterion for allocating the Group's capital, with over one third of overall investments planned to be made within 2023 going to sustainable projects.

Lastly, Hera's investors can count on a significant return on invested capital (ROE over 10%, ROI at 9%) and an improvement in the ratings given by financial analysts who, following the recent presentation of the Group's operating results for the first nine months of 2020, rose the target price to 3.93 euro and increased their "buy/outperform" recommendations (with coverage now coming to 85%).

<https://eng.gruppohera.it/group/>

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