

# HERA joins the Dow Jones Sustainability Index

*A success that comes  
from a long tradition in  
sustainability*



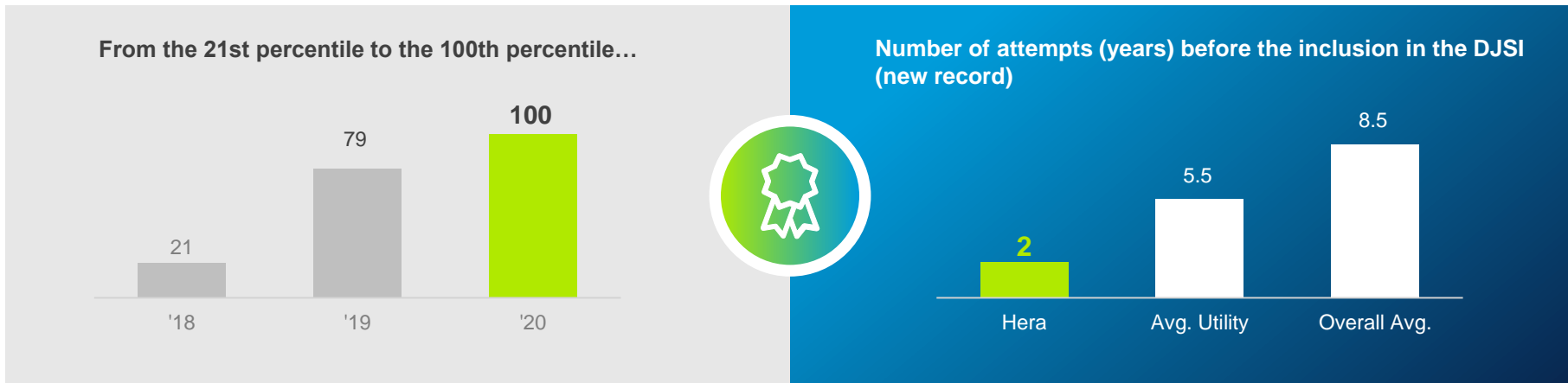
13<sup>th</sup> November 2020



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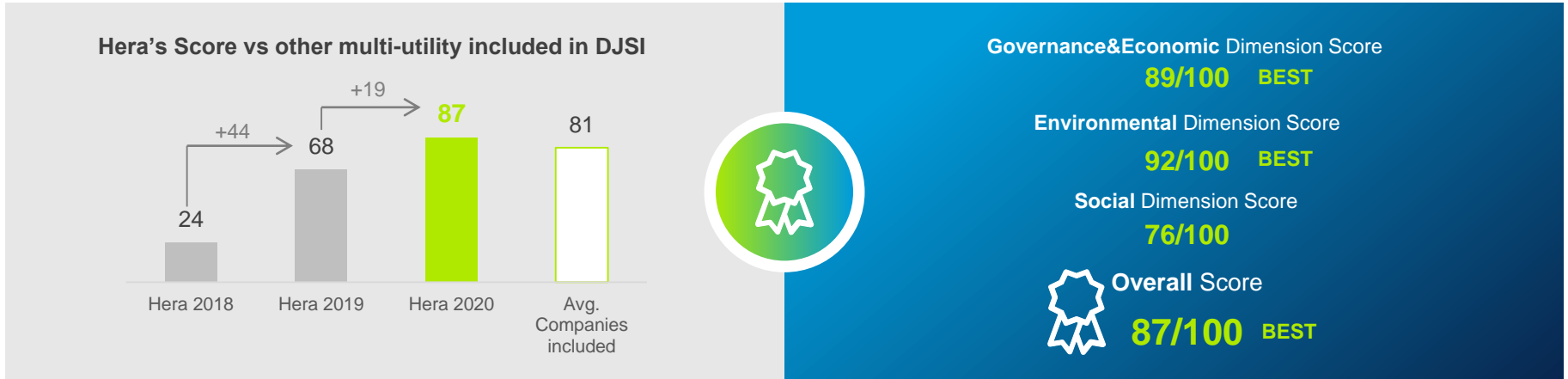
# Hera included in the Dow Jones Sustainability Index

HRA.MI (Reuters), HER IM (Bloomberg)



**INDUSTRY LEADER** worldwide

# 2020 Score achieved by Hera...



**...best worldwide performance in the sector  
(5 points more than the second best)**

# Our 2020 efforts...

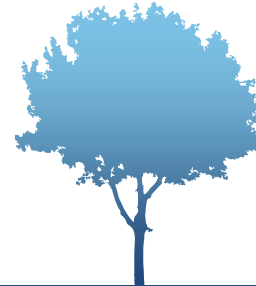


...with a strong focus on value creation

# The story began in 2002...



Established in 2002 from the merger of 11 multi-utility with the seed of sustainability



## CSR Approach

Mitigating the possible negative impacts of the business



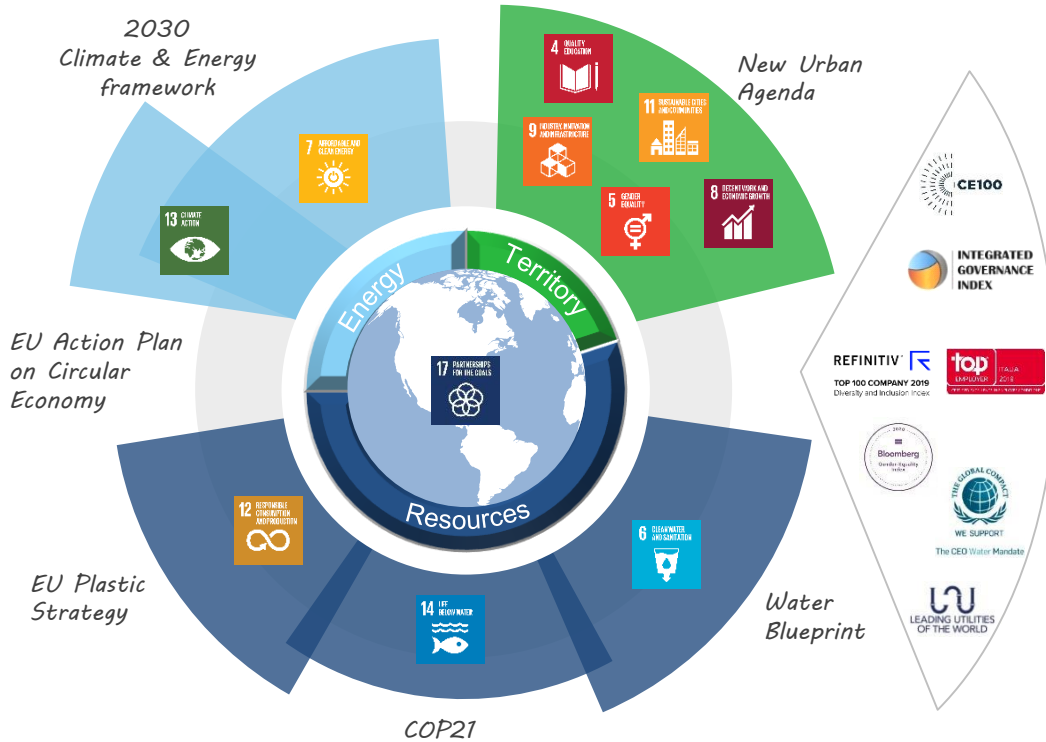
Strategy fully embeds the creation of Shared Value (Valore Condiviso) innovating business models, processes, products, and services while pursuing positive and measurable business results



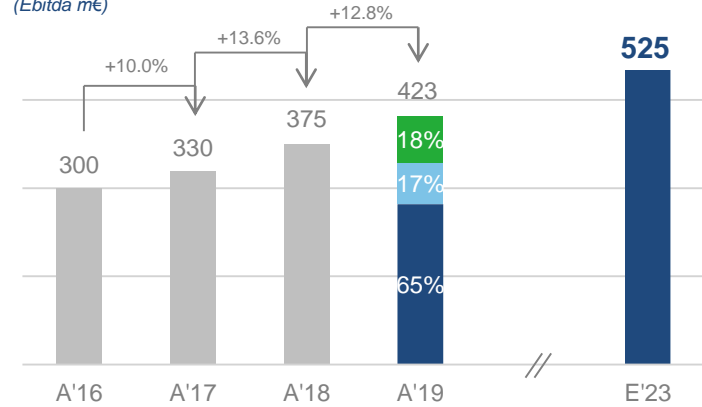
## ...and has constantly matured over the last 17 years

# Our cutting-edge ESG strategy: Creating Shared Value (“CSV”)

11 out of 17 SDGs implemented in our strategy



Measuring the concrete effects of our actions (Ebitda m€)



CSV track record (M€)

**39%** '19 Ebitda

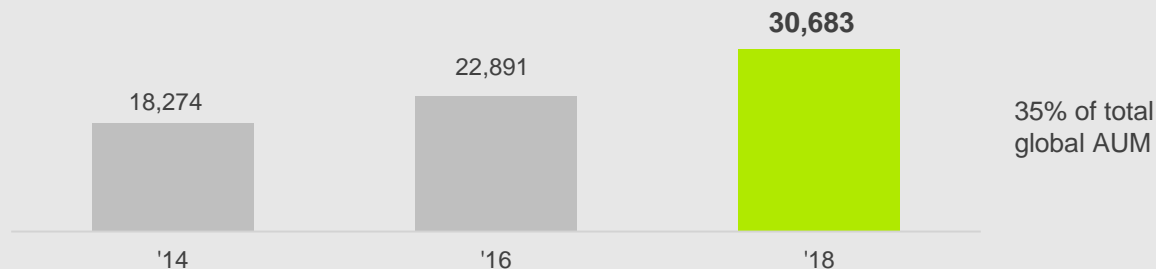
**42%** '23 Ebitda

70% of Ebitda growth target to '23 enhance “CSV”

# Why is this inclusion relevant?



SRI global Asset Under Management  
(B\$)



**It is a solid premise to enlarge shareholder base...**

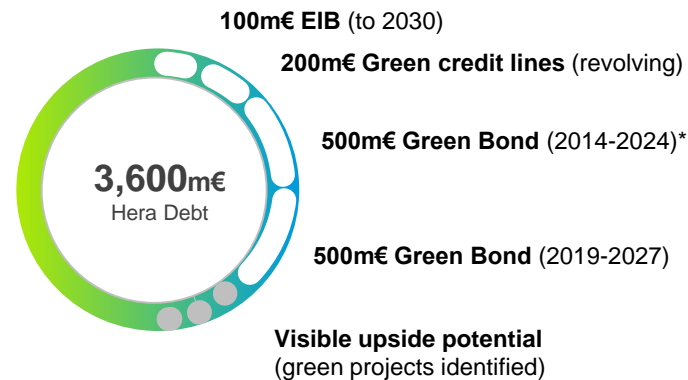
# ...and to finance green capex in a sustainable way

- **33%** debt underpinned by green financing investments almost already executed.
- **Transparent** use of proceeds and reporting on investments' KPIs.



**Green financing framework** in place

- Further visible projects could enhance green financing up to **above 50%**.
- **Safe** and **long-term** financing

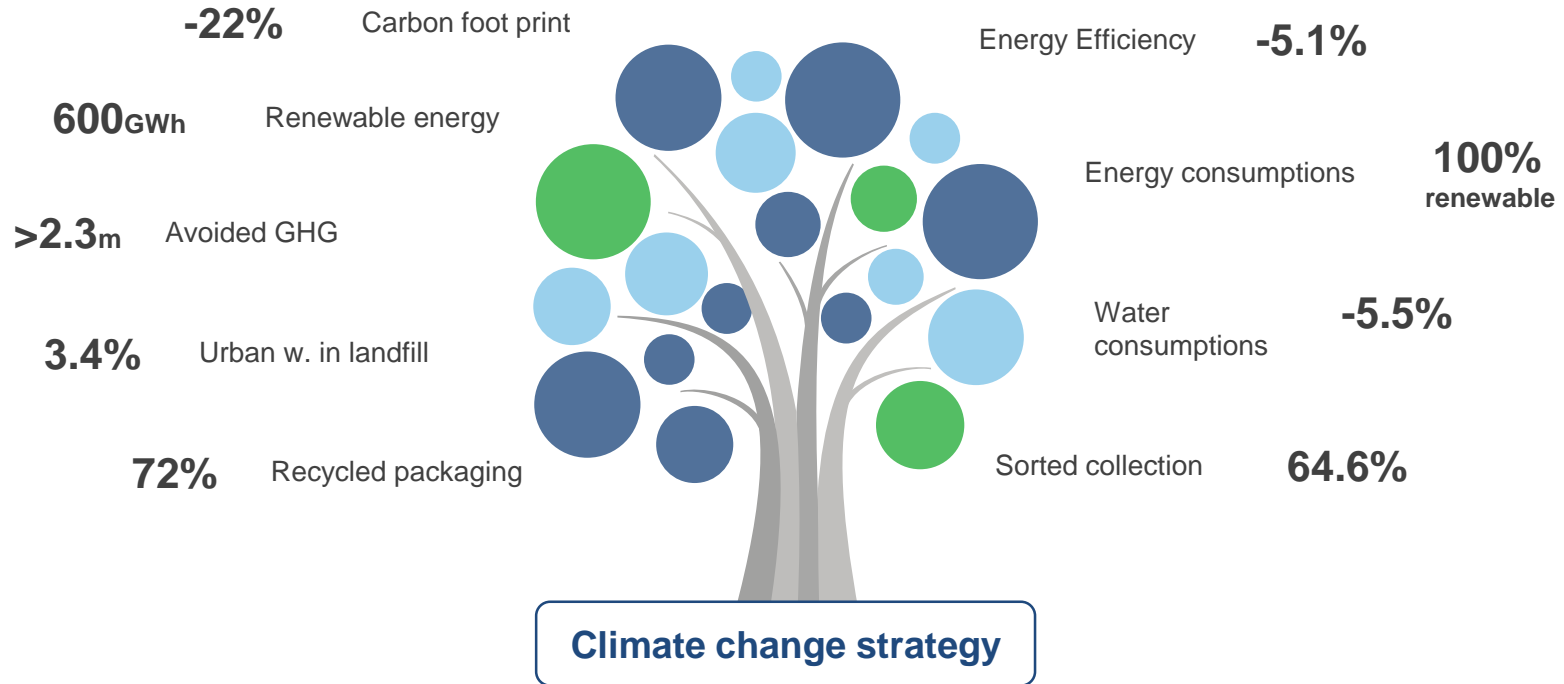


## Around 1/3rd of debt is “GREEN” and ACCRETIVE

*\*of which 170 m€ bought back*



# Our 2019 achievements on KPIs...



...providing cost efficiency and top line growth

# Our sustainable target to 2030

Even more sustainable, maximizing the positive impact we have on all our stakeholders and minimizing our negative impact developing innovative projects

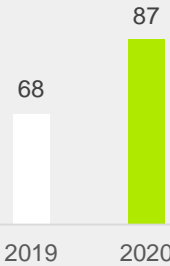


## New goals looking beyond the BP horizon

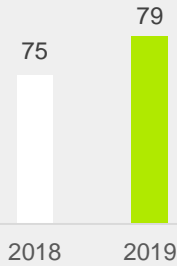
# Rating improvements



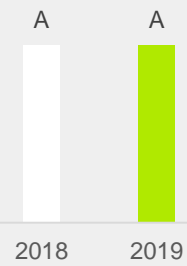
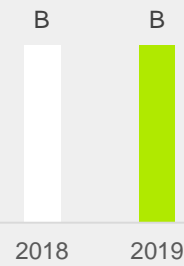
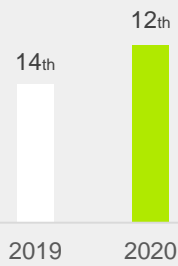
**WORLD LEADER**



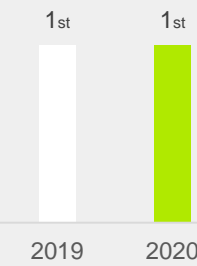
**“Outperformer”**



**1<sup>st</sup> Multi-utility in the world**



**1<sup>st</sup> for green financing**



**Spending effort to “make it visible”**

# Disclosure improvement started with the Sustainability Report

(2016) From a stakeholder perspective



(2017) to a driver of change perspective



A REPORTING SYSTEM consistent with CSV helps:

- Measure performance and take consistent action
- Engage stakeholders and turn them into Key Sustainability Enablers
- Show the interactions between the company and the ecosystem

**Reporting system based on “driver of change” consistent with the Global Agenda call to action “measuring value creation”**

# With a concrete stakeholder engagement



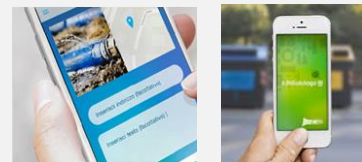
## Beyond sustainability report

Transparent, clear and complete information on topics that most concern our local communities



## Citizen engagement

Active participation in taking care of the urban space (water leakages, improper waste disposal)



## Open innovation

Small multi-stakeholder committees, with the aim of realizing together concrete and sustainable projects



## Employees engagement

Social innovation platform where employees give ideas to improve the sustainability of the business



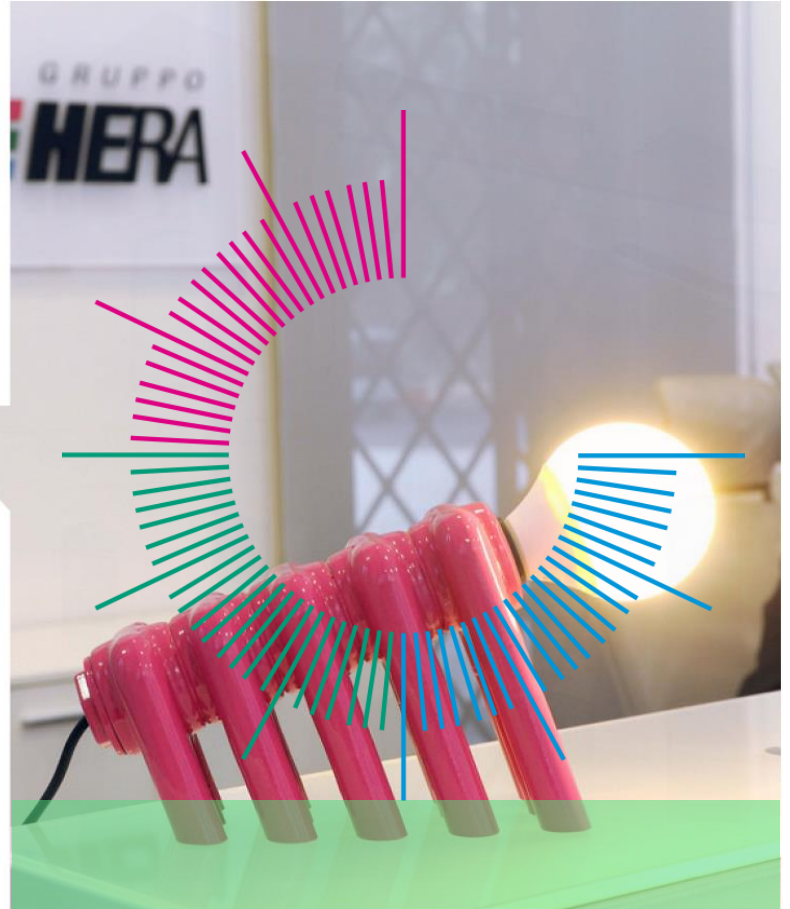
## Promotion of sust. culture

Locally deploy globally relevant strategies



# Committed to make sustainability a matter of everybody

# Our Circular approach



# The climate is changing fast and our planet is suffering

Planet heating

**+ 4° C**

the expected temperature increase by the end of the century



Drought and water consumption

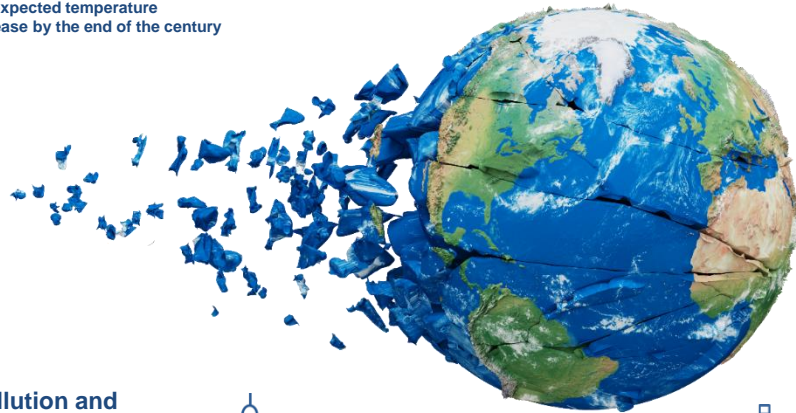
**+ 55%**

world demand for fresh water growth between 2010 and 2050

LINEAR ECONOMY

RECYCLING ECONOMY

CIRCULAR ECONOMY



Pollution and plastic in the seas

**5**

ocean plastic islands



Disposable lifestyle

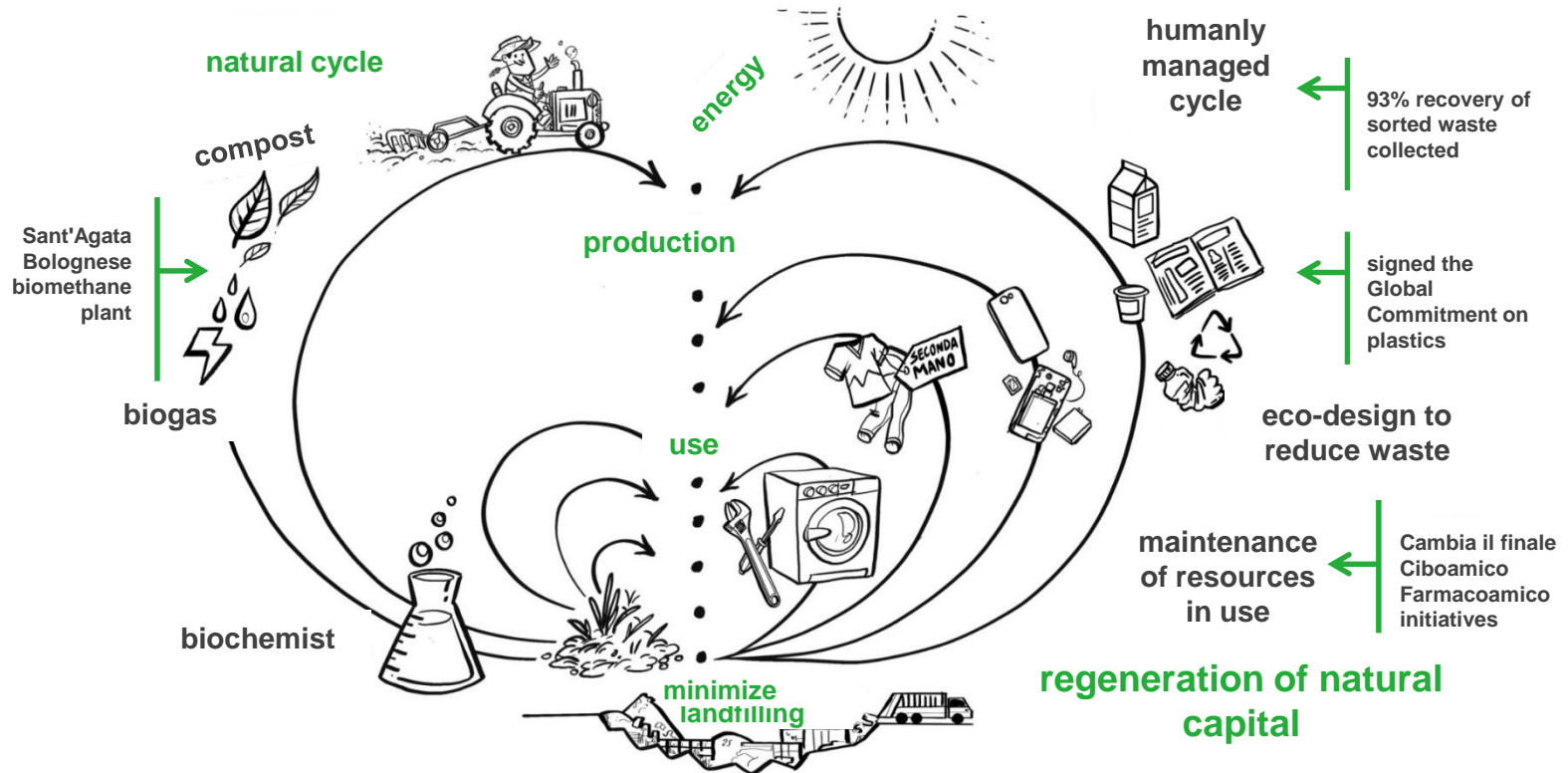
**60%**

of the materials consumed in Europe is not recovered or recycled



## Move from linear to circular economy to preserve the planet

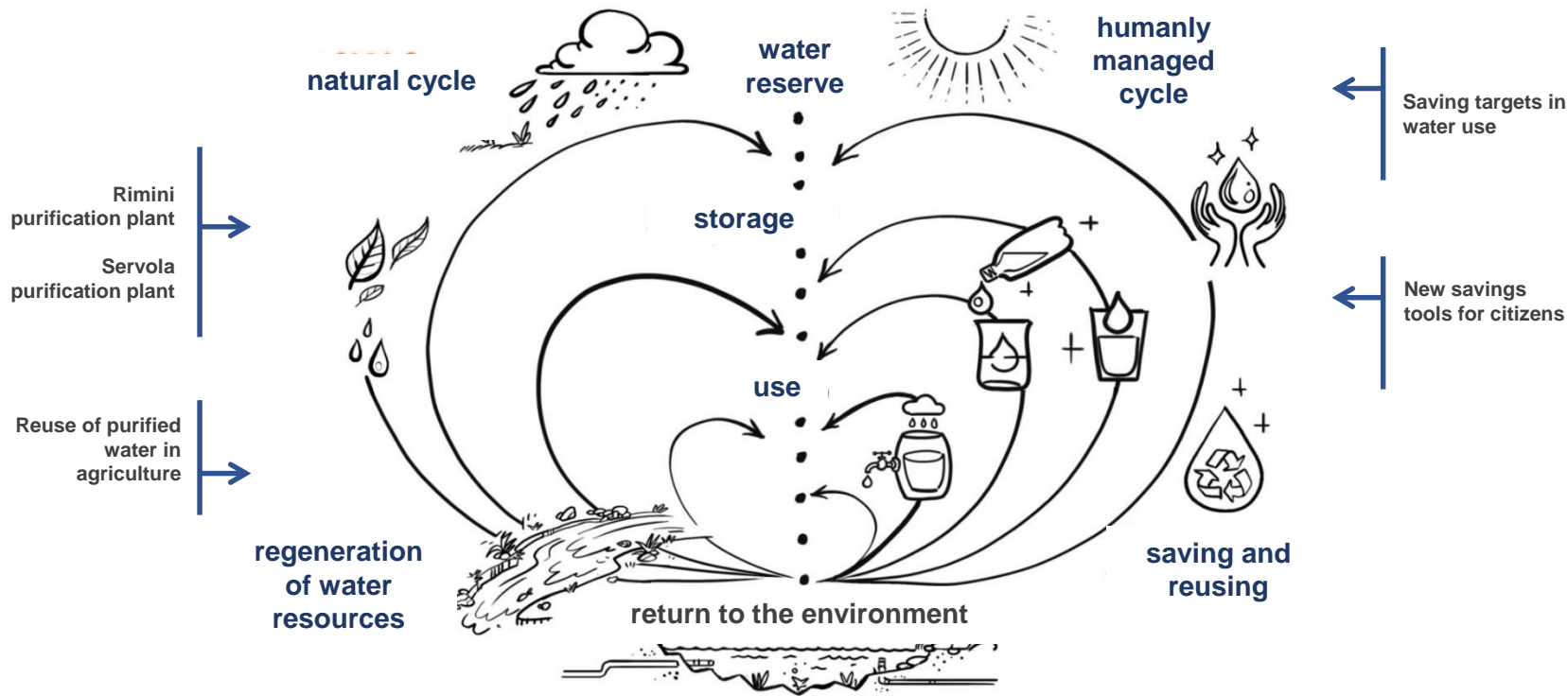
# Our circular approach to the waste business



## From waste to resource



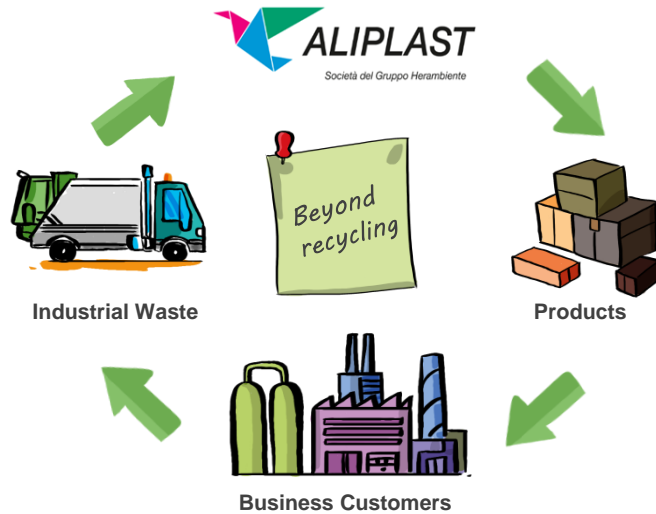
# Our circular approach to the water business



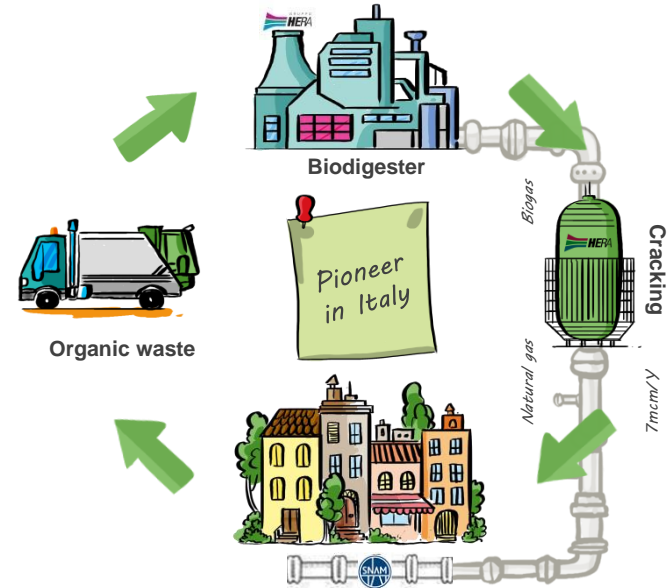
## A precious resource to preserve

# New horizons for our waste management

## Aliplast: European leader in plastic recycling



## Pioneering transformation of Biogas into methane



## Contributing to Energy & Resource efficiency

# New horizons for our water service

**PSBO Rimini: biggest EU depuration project**



Cited by the UN as an example of excellence required an investment of about 154 m€

**Trieste: a wastewater plant that talks to the sea**



Real time treatment adjustments based on sea conditions.  
Investment of about 53 m€

**Milestone projects with a strong positive impact on the Environment**

# Other Circular projects on top



## Re-Art! Turning waste into Art

Students and arts & design institutions are involved in many workshops and art exhibitions



## “Cambia il finale” project

Project aiming at the collection and re-use of bulky waste in a good condition



## “Farmaco Amico” project

Since 2013 Hera collects medicines with an adequate conservation state and at least 6 months from expiry date, and distributes them to no-profit organizations



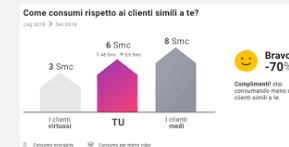
## “Cibo Amico” project

Project that allows the collection of meals prepared but not consumed and donated to no-profit organizations



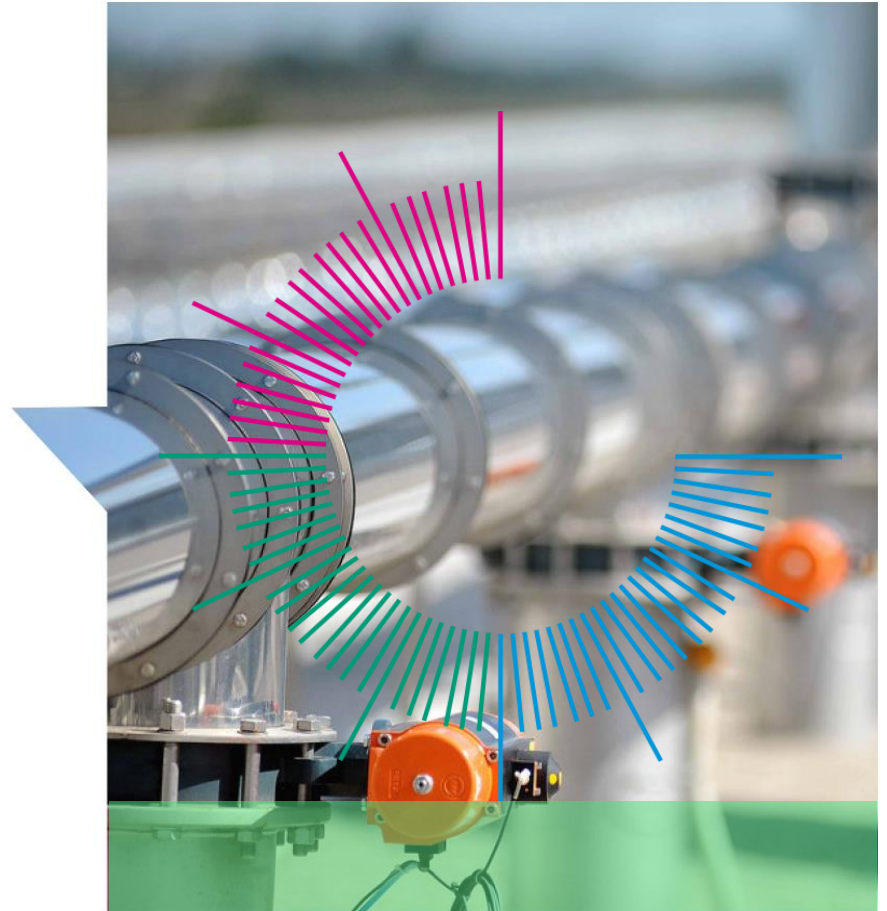
## Consumption analyses

Report provided to customers to increase awareness of their energy footprint with advices to reduce energy consumption



# Saving environmental and social resources

# Appendix



# Italian and European utility included with Hera



Company	Mkt cap (b€)
enel	81.9
INTESA SANPAOLO	34.3
GENERALI	20.7
Terna	12.6
CNI INDUSTRIAL	11.2
Posteitaliane	10.2
MONCLER	10.2
TIM	7.1
Prysmian Group	7.0
<b>NEW</b> HERA	4.5
IG Italgas	4.3
PIRELLI	4.2
LEONARDO	2.9
SAIPEM	1.9



## European Utility

Company	Mkt cap (b€)
enel	81.9
IBERDROLA	72.8
EDF	35.4
ENGIE	30.1
endesa	25.6
Naturgy	19.0
edp	17.2
Terna	12.8
VEOLIA	10.6
RED ELECTRICA DE ESPAÑA	8.9
United Utilities	6.3
enagas	5.1
<b>NEW</b> HERA	4.5
IG Italgas	4.3

**Hera among the sustainability champions**

# Sustainability is a matter of core mission and strategic positioning



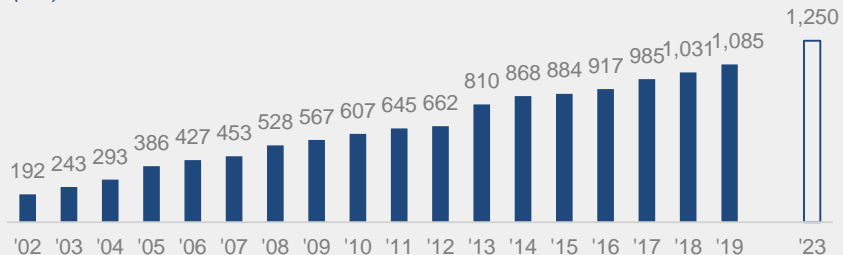
*best multiutility* **INNOVATION**  
*original for stakeholders* **respect**  
*business model* **local environment**  
**for next generations**

**Hera mission constantly pursued since 2002**

# Our track record & targets

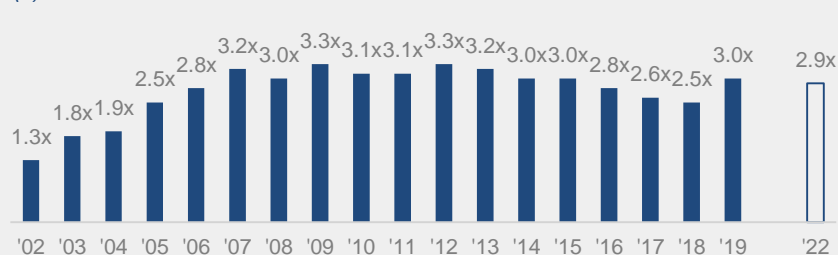
## Ebitda

(m€)



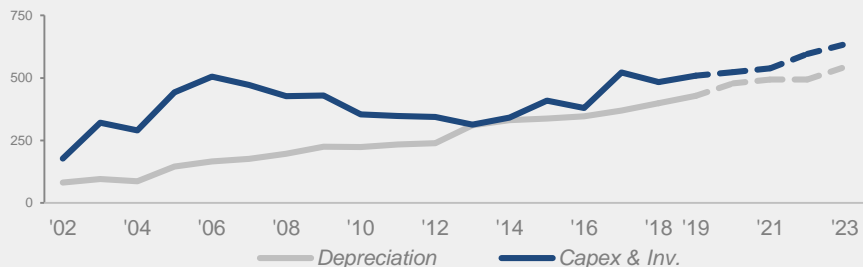
## Debt/Ebitda

(x)



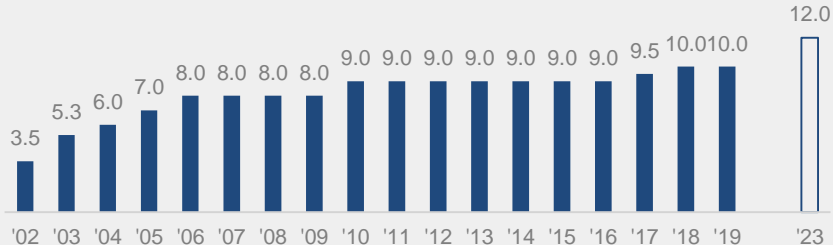
## Capex vs Depreciations

(m€)



## DPS

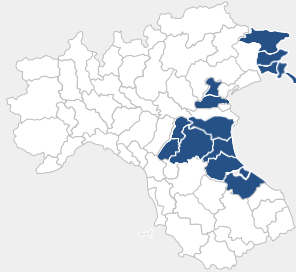
(€c)



# Resilient and uninterrupted growth

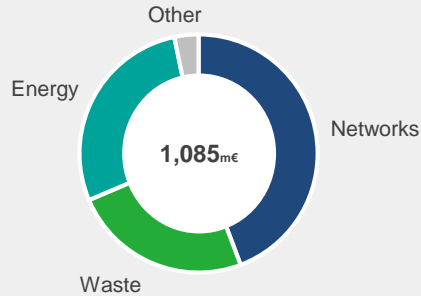


# Who we are: the Italian largest multi-utility company



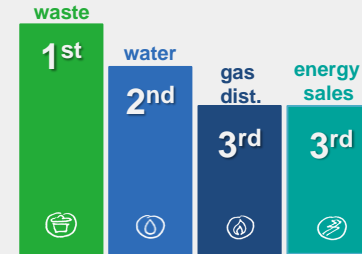
Reference Territory

Wealthiest part of Italy



'19 EBITDA (M€)

Balanced portfolio mix



RANKING

Top national mkt positioning

## Largest MKT cap in a fragmented industry

# Moving from CSR to CSV

## Building blocks for identify Shared Value


Analysing Global, European, national and local **strategic policies**

**63** Policies




Identifying the **commitments** tracing the **lines of intervention** contained in the policies

**over 300** Commitments

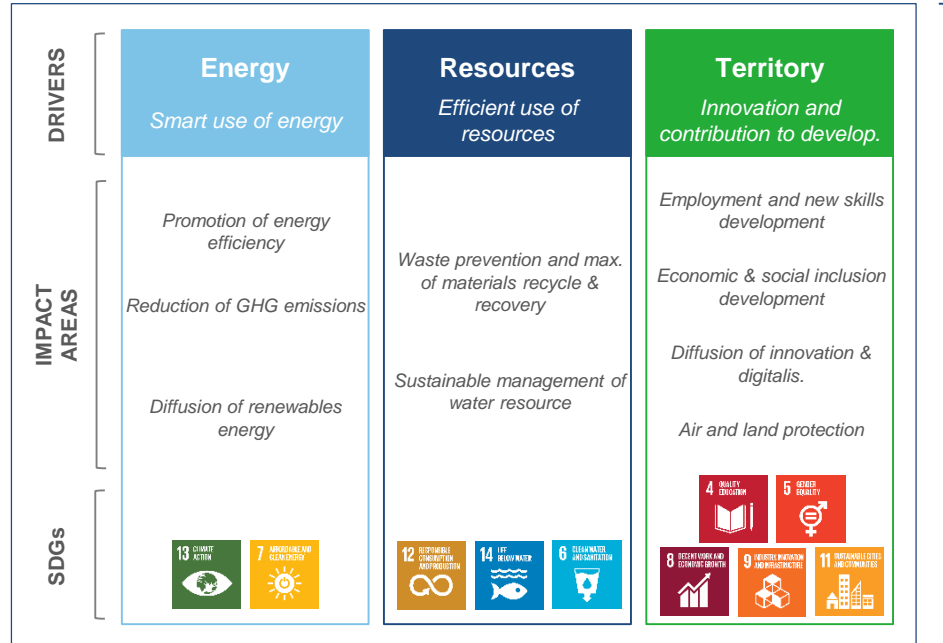


Analysing the most valuable **quantitative targets** in Hera activities

**113** Targets



## Our purpose on business management



Hera fully embeds global goals in Shared Value strategy

# Waste sustainable targets



**Reduce use of landfills for urban waste**  
(% of urban waste disposed of in landfill)



**Increase packaging recycling**  
(% of packaging recycled)



**Increase WTE ashes recovery**  
(% of ashes recovered)



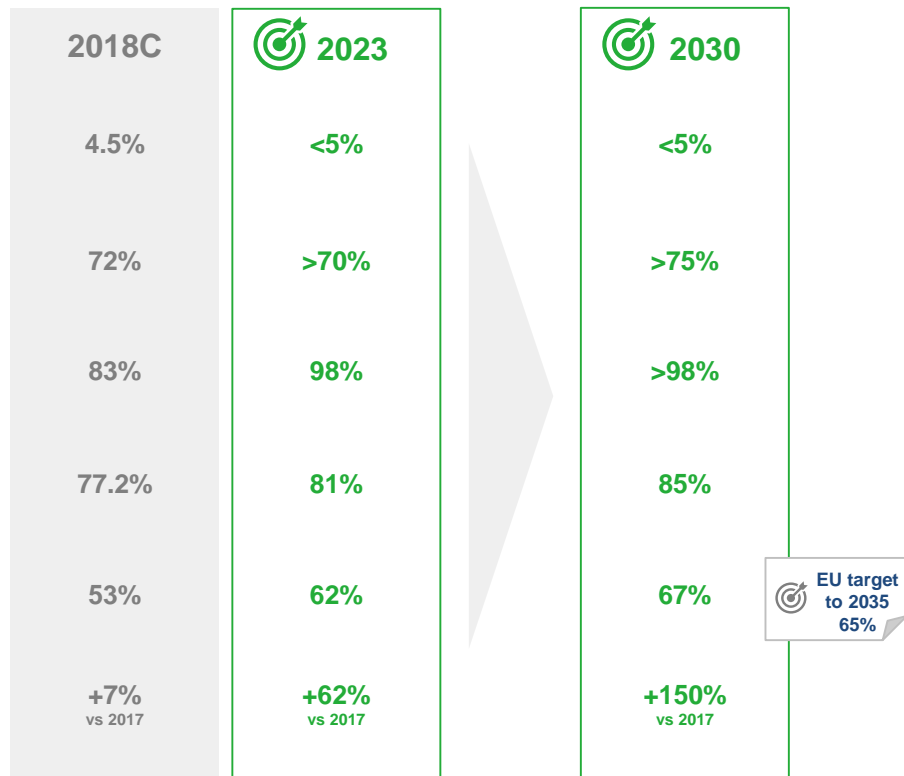
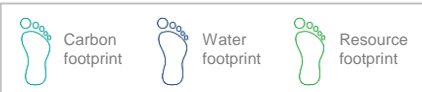
**Increase material and energy recovery from waste treated in selection plant**  
(% of waste recovered)



**Increase recycling rate in urban waste**  
(% of recycled urban waste)



**Increase plastic recycled by Aliplast**  
(% of plastic recycled)



# Energy sustainable targets



**Reduce the Group's energy consumption**  
 (% of energy savings from ISO 50001 interventions compared to 2013 consumption)



**Reduce the carbon footprint in energy production** (kgCO<sub>2</sub>/MWh)



**Increase customers with electronic bills**  
 (% of customers with electronic bills out of total customers)



**Increase electricity contracts with energy efficiency services** (% on total electricity contracts)



**Increase gas contracts with energy efficiency services** (% on total gas contracts)



**Increase Green offers contracts**  
 (% on total contracts)

	Carbon footprint		Water footprint		Resource footprint
--	------------------	--	-----------------	--	--------------------

2018C	2023	2030
(4.4%) vs 2013	<b>(6.5%)</b> vs 2013	<b>(10%)</b> vs 2013
(17%) vs 2013	<b>(26%)</b> vs 2013	<b>(35%)</b> vs 2013
23.7%	<b>45%</b>	<b>60%</b>
18.8%	<b>21%</b>	<b>&gt;25%</b>
11.7%	<b>16%</b>	<b>&gt;20%</b>
5%	<b>58%</b>	<b>&gt;60%</b>

# Networks sustainable targets



## Reduce water network losses

(linear loss reduction rate compared to 2018)



## Reduce internal water consumption

(water consumption reduction rate compared to 2018)



## Reduce the domestic water demand

(average per capita consumption reduction rate compared to 2018)



## Minimize the disposal of sewage sludge in landfills

(% of sewage sludge disposed of in landfills out of total sludge)



## Increase the reuse of wastewater

(% reusable wastewater or total wastewater)



## Increase the % of soil already used by our infrastructures in design

(both surface occupation and reuse of excavated materials)



## Reduction of thermal energy produced from non-renewable sources (%)





Carbon footprint



Water footprint



Resource footprint

2018C	 2023	 2030
Baseline year	<b>(2%)</b> vs 2018	<b>(7%)</b> vs 2018
Baseline year	<b>(15%)</b> vs 2018	<b>(25%)</b> vs 2018
Baseline year	<b>(5%)</b> vs 2018	<b>(15%)</b> vs 2018
7%	<b>3.6%</b>	<b>1.5%</b>
1%	<b>9%</b>	<b>15%</b>
68%	<b>73%</b>	<b>&gt;80%</b>
Baseline year	<b>(1%)</b> vs 2018	<b>(15%)</b> vs 2018

# Employees sustainable targets



% of employees involved in smart working out of total employees

2018C

8%



50%



75%



% of employees with digital readiness out of total employees

23%

50%

90%



**Organizational agility:** average number of employees by organizational structure

7

9

10



**Continuous learning:** % of employees who offer at least one training course per year out of total employees

n.a.

20%

50%



**Internal mobility:** % of employees who change roles or organizational structure in one year out of total employees

20%

30%

30%



**Diversity & Inclusion:** positioning in a significant global index of Diversity & Inclusion (today Refinitiv)

14°

TOP15

TOP10