

press release

Bologna, 7 May 2020

## Hera Group: over 2 billion distributed to local stakeholders

*The focus of the 2019 Sustainability Report goes to the areas served and the creation of shared value. The Group thus confirms its efforts in responding to today's environmental and socio-economic challenges. Numerous activities introduced this year as well to protect and sustain stakeholders*

The Hera Group's 2019 Sustainability Report, which contains economic, social and environmental responsibility data, including a focus on the commitments made, the results achieved and future prospects, is now available on the [dedicated webpage](#). This year, the Group's responsibility comes through even more clearly, given that the Report was drafted during a highly particular moment, during the national health emergency, which saw Hera make the utmost efforts in guaranteeing service continuity, as well as protecting and ensuring the safety of employees, customers and stakeholders in general.

The primary emphasis went once again to creating shared value, which refers to Hera's ability to meet the needs of the areas served and rise to the challenges involved in moving towards sustainability. In so doing, an account was given of the amount of Ebitda deriving from the Group's activities that respond to the priorities established by the UN Agenda, in three areas in particular: smart use of energy, efficient use of resources and innovation and contribution to development.

### Confirmation of the Group's strategic approach: "shared value" Ebitda grows by 13%

In 2019, "shared value" Ebitda came to 422.5 million euro, up 13% over the previous year and now equivalent to 39% of total Ebitda. This percentage fully respects the targets set out in the business plan, which expects "shared value" Ebitda to reach 42% in 2023. This indicator measures the progress made towards sustainability, and 20% of variable remuneration for the Group's top management depends on it. As of this year, it is also subjected to verification by an external firm.

### Over 2 billion euro distributed to stakeholders in local areas

The Hera Group's significant role in the socio-economic fabric in which it operates was confirmed. In the areas served, the overall value distributed to workers, shareholders, suppliers, public administrations and local communities rose to 2,131 million, of which 695 million euro went to local suppliers (+10% over the previous year), with an impact on employment coming to roughly 8,400 people. As regards job stability, 96.6% of employees had open-ended contracts in 2019 and 537 new workers were hired.

### Innovation and sustainable development of local areas: 78 million in investments

Investments in innovation amounted to roughly 78 million euro, mainly concentrated on smart cities, circular economy, utility 4.0 and customer experience. In 2019, furthermore, continued efforts were made in developing digital channels for customer relations: downloads of the app My Hera, dedicated to residential customers, more than doubled compared to 2018, reaching 230 thousand.

As regards air protection, positive results were seen once again in the

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[Hera Group 2019 Sustainability report](#)

[Corporate social responsibility in the Hera Group](#)

[From waste to biomethane, a circular revolution](#)

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emissions of the Group's waste-to-energy plants, which in 2019 as well were 86% lower on average than legal requirements. Furthermore, in the area of soil protection, note that soil reuse in projects implemented by Hera over the year came to 77% of the total.

#### **Smart use of energy: Hera reduces its own consumption by 5.1%**

As regards a smart use of energy, the fields in which the Group's action is focused mainly concern reducing its own energy consumption and that of its customers, in addition to promoting renewable energies and decarbonisation. Internally speaking, the efforts made towards energy efficiency increased in 2019 as well, leading to a 5.1% reduction in the energy consumed in its own activities compared to 2013 (the equivalent of over 11,700 tons of oil equivalent). The target of 5% by 2020 was thus surpassed, one year in advance. Residential and business customers, on the other hand, can rely on a range of offers with solutions in energy efficiency (with 20% of customers taking advantage of them as of the end of 2019), to which the Consumption Log was added in 2019, a free report aimed at raising awareness on energy savings, newly planned in a collaboration with the Milan Polytechnic.

In 2019, the Hera Zero Footprint offer was also launched, aimed at decarbonisation. Not only is this offer based on 100% renewable electricity, it also guarantees that the greenhouse gas emissions caused by natural gas consumption will be compensated by carbon credit acquisitions. Within the Hera Group, to reduce the impact of its own activities on the climate, renewable electricity has been used for some time to fuel the operating activities of the Group's main companies over the various areas served. Furthermore, thanks to the S. Agata Bolognese (BO) plant, in 2019 the Group produced 6.5 million cubic metres of biomethane from organic waste.

#### **Efficient use of resources: European goals for 2035 already met**

As regards resource efficiency, the Group further increased sorted waste in 2019, reaching 64.6% in an area served with 3.2 million inhabitants, located in 187 municipalities across five regions. At the same time, the use of landfills dropped once again, settling at 3.4%, against the Italian average of 24% in 2018 (latest data available), reaching and surpassing, almost 20 years ahead of time, the European Union's goal – which considers this to be the last form of waste disposal to be used – set at 10% by 2035. Once again concerning a circular economy, note the increase in recovery of materials and energy in Herambiente's selector plants, coming to 83% in 2019 (77% in 2018). Last year also saw the introduction of important initiatives regarding circularity in other areas, including the Group's water management project, which allowed it to reduce its own water consumption by 5.5%; the distribution of the Consumption Log to a selection of roughly 80 thousand water service residential customers, with the aim of improving their behaviour; and the circular procurement project that aims at introducing the principles of a circular economy into acquisition processes.

#### **Numerous initiatives benefitting stakeholders during the Coronavirus emergency**

Precisely because sustainability and shared value creation are the fundamental levers of the company's strategy, numerous activities were deployed by the Hera Group this year as well, during the health emergency that struck the country, to protect and sustain all stakeholders. These include measures aimed at ensuring health and safety for Group employees, eased terms for customers (families and businesses) in paying bills, and the suspension of service interruption for customers in arrears. It must also be mentioned that the full service continuity offered by Hera guaranteed concrete and stable support for the entire supply and demand chain. Lastly, in order to remain close to the subjects most directly involved, at the forefront in managing the crisis and its social effects, Hera introduced various initiatives in fundraising and donations, with the involvement of employees and customers as well.