

press release

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Hera Group: over € 2.3 billion for the territories in 2022

The multi-utility's 2022 Sustainability Report confirms its commitment to a just transition. Pursuing carbon neutrality, regenerating resources, enabling resilience and innovating remain the main levers for shared value.

Reporting with clarity and transparency on the results achieved, sharing the challenging objectives on which corporate choices are based with stakeholders and, above all, striving to make people, needs and the enhancement of territories our focus: these criteria once again form the basis underpinning the Hera Group's 2022 Sustainability Report. As in 2021, the document also includes a report on all activities in accordance with the EU taxonomy of environmentally sustainable activities, with particular reference to climate change mitigation and adaptation objectives.

In total compliance with Brussels and the primary international policies, the multi-utility thus continues its path towards change, combining climate action and social inclusion, in the belief that no step forward can be sustainable unless it is fully endorsed by everyone.

Creating value together with communities: over € 2.3 billion distributed in the serviced territories

The Hera Group's sustainable growth is the result of a business model that continues to enhance people and support the communities it services towards a more just future in environmental, economic and social terms. Compared to 2021, total economic value for stakeholders rose to more than € 3 billion: this includes employees (601.1 million), shareholders (236.3 million), the public administration (151.8 million) and suppliers (approximately 1.4 billion). Over € 2.3 billion of this amount, or 76%, is distributed in the territories serviced, where the multi-utility guarantees service continuity and efficiency, with significant investments to innovate its infrastructure assets, which will be decisive in meeting climate challenges in coming years.

Shared-value EBITDA also increased: € 670.6 million (+17%)

Among the most significant achievements, the shared-value Gross Operating Margin (EBITDA) - i.e., referring to business activities generating environmental and social benefits in the three areas of carbon neutrality, the circular economy, resilience and innovation - rose to € 670.6 million (+17% compared to 2021) or 52% of total EBITDA, with an improvement across all target parameters. In other words, it means making what has been done even more sustainable and continuing to grow, evolving the business in the right direction. Despite the difficulties created by a complex international context and an unprecedented energy scenario, the growth in EBITDA in terms of shared value is thus confirmed in line with the trajectory outlined in the Business Plan, projecting it to 62% in 2026, to reach a target of 70% in 2030.

Significant results for the Hera Group, which for the third year running, was also awarded the S&P Global Gold Class, the highest award for listed companies in the Dow Jones Sustainability Index, where the multi-utility had been confirmed last year as sector leader in the ESG (environmental, social and governance) dimensions.

Pursuing carbon neutrality

Transition and promoting energy efficiency continue to be at the heart of the Hera Group's strategies. This is the direction that is being pursued at a rapid pace for the commitment to increase sustainable sources of energy. One example is the production of biomethane from the organic fraction of waste, at the Sant'Agata Bolognese and Spilamberto plants (in partnership with the Cremonini Group's Inalca company): the Hera Group intends to almost quadruple this by 2030, to reach 30 million cubic metres per year. Furthermore, the multi-utility achieved 100 per cent renewable electricity to power internal consumption a year ahead of schedule. Other important initiatives include the development of hydrogen as an energy carrier and the production of energy from photovoltaics. The Group's objective is to have more than 90 MW of installed photovoltaic power by 2026, which, when added to the systems installed at customers' premises and the

energy communities that Hera is helping to develop, will provide 150 MW.

With regard to total greenhouse gas emissions, the multi-utility has already reduced these by 11.7%, compared to 2019, with a target of -37% by 2030; a target validated by the prestigious international network "Science Based Targets Initiative".

In addition, the ISO 50001 certification on energy management for 11 Group companies, where 96% of the multi-utility's energy consumption takes place, is also proof of the strong focus on energy efficiency in all activities carried out and in servicing apartment buildings, companies and the public administration.

Regenerating resources and closing the circle

The environment is another fundamental driver guiding the Hera Group's objectives and actions. The multi-utility has always worked to regenerate natural resources, promote their more sustainable use and close the circle on the circular economy. Local collections, collections from homes, and ecological stations are the cornerstones of its urban waste management system, which focuses increasingly on the recovery of materials: 57% waste recycling had already been achieved by 2022 in the territories serviced, exceeding the EU target for 2025.

Aliplast recycled more than 79,000 tons of plastic, 33% more than in 2017, the year when the multi-utility signed its commitment to reduce plastic waste pollution, in the scope of the Ellen Mac Arthur Foundation initiative. The aim is to further increase these volumes to around 150,000 tons by 2030.

The integrated and sustainable management of water resources follows the same approach. As Italy's second largest operator in the integrated water cycle, from abstraction to drinking water and distribution, from sewage systems to purification, the Hera Group bases its care of water on circular management. In addition to guaranteeing quality and consistently controlled tap water using a system based on excellence, it also promotes reuse. Examples of this are the important protocols signed with the Emilia-Romagna Region and the decontamination consortia, and the experimental project at the Cesena plant for re-using purified water for agriculture.

A focus and the protection of water start by setting a good example: in 2022, the multi-utility recorded a 20.5% reduction in its internal consumption (about 315.1 million cubic metres saved since 2017), with a target of -25% by 2030.

Enabling resilience and innovating

Ensuring service continuity and the availability of resources means first and foremost, having intelligent installations and sensitive networks. The Hera Group is well aware of this, having made digitalisation and business innovation its strategic assets: last year alone, the multi-utility invested € 102.8 million in innovation. In the critical context of water availability, the water service has shown its resilience by ensuring service continuity (without rationing drinking water) in all territories, with interventions aimed at mitigating the risk of drought and also interventions on infrastructure, with the construction of new wells and reservoirs, aqueduct interconnections, and the upgrading of withdrawal points, including the upgrading of the Po river pumps in Ferrara: investments of € 30 million are planned for this type of intervention by 2026 in the Triveneto and Emilia-Romagna regions. Community resilience also means working to promote social inclusion and the creation of shared value in the communities serviced: purchases from local suppliers in the past year amounted to € 881 million (65% of the total). More specifically, value relating to social cooperatives amounted to over € 82 million (+14% compared to 2021) and enabled the employment of 899 disadvantaged persons, with a consequent benefit for the public administration that can be estimated at over € 3.8 million. Central to this is the support provided to households: in 2022, around 272,000 bills (+36% compared to 2021), worth € 354 million, were paid in instalments. The significant increase, both in terms of numbers and value, confirms the Group's commitment to allowing payments by instalments, which has been and continues to be at significant levels in recent years. In addition, there are 135 Municipalities that have signed a Memorandum of Understanding to avoid the suspension of supplies to households experiencing economic difficulties monitored by Social Services (26 more protocols signed in 2022 in Modena, Ferrara and Bologna).

The Hera Group 2022 Sustainability Report is available online [here](#).