

press release

Bologna, 13 October 2021

Hera successfully launches its first sustainability-linked bond

Strong interest shown by international investors towards the 500 million euro, 12-and-a-half-year bond. The issue is part of a strategy aimed at sustainability, intended to reduce emissions and recycle plastics. The subscriptions received totalled around two billion euro, four times the amount offered

The Hera Group – a pioneer in sustainable finance in Italy – has successfully launched its first sustainability-linked bond, worth 500 million euros. This non-convertible bond attracted a great deal of interest from international investors, who made subscriptions coming to four times the amount offered. The issue is part of a strategy aimed at sustainability, intended to reduce emissions and recycle plastics.

One of the first companies in Italy to issue a sustainability-linked bond, Hera continues to act as a point of reference for ESG finance nationwide, with innovative instruments capable not only of supporting its commitment to sustainable development but also attracting growing attention on the market. Hera – it is worth recalling – was the first company in Italy to issue a green bond, in 2014, followed by a second green bond five years later, as well as the first ESG-linked revolving credit line, in 2018.

Hera's first sustainability-linked bond follows up on the publication, last 6 October, of its Sustainability-Linked Financing Framework (SLFF), with which the Group further strengthened the integration between its financial strategies and its attention to sustainability, outlining the metrics applicable to any financial instrument.

The features of Hera's sustainability-linked bond

Hera's first sustainability-linked bond, launched as part of the Euro Medium-Term Notes programme (last updated on 7 October) and reserved for qualified investors, amounts to a total of 500 million euros, repayable in 12 and a half years.

The transaction saw significant participation coming from international investors (France, Germany, Netherland and United Kingdom), most of whom specialised in sustainable finance products. The strong demand, with subscriptions coming to around two billion euros, four times the offer, and the quality of the orders received, allowed the price to be set at an excellent level. An annual fixed rate coupon of 1.00 % will be paid, while the yield at the time of issue is 1.077 %. As of the interest payment date of 2032, a possible step-up (interest rate increase) has been included, should the Group fail to meet the targets for reducing greenhouse gas emissions, in tonnes of CO₂ (rate increase of 0.20%), and for the quantity of recycled plastic, in thousand tonnes (rate increase of 0.15%).

The new issue, whose settlement date has been set for 25 October 2021, will be listed, as of the issue date, on the regulated market of Euronext Dublin, on

USEFUL LINK

[Sustainability-Linked Financing Framework](#)

[Social Responsibility in Hera Group](#)

[IR area in Hera website](#)

CONTACTS

Group Director of External Relations at Hera S.p.A.
Giuseppe Gagliano

+39 051.287138

giuseppe.gagliano@gruppohera.it

Head of Media Relations at Hera S.p.A.
Cecilia Bondioli

+39 051.287138 | +39 320.4790622

cecilia.bondioli@gruppohera.it

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



the regulated market of the Luxembourg Stock Exchange and, at a later moment, on Borsa Italiana's ExtraMOT PRO multilateral trading facility.

This sustainability-linked bond is also expected to be rated in line with Hera's rating (Baa2 with stable outlook for Moody's and BBB+ with stable outlook for Standard & Poor's).

Interventions aimed at reducing emissions and recycling plastics

The sustainability-linked bond is part of the Hera Group's strategy aimed at reducing greenhouse gas emissions and increasing the amount of plastic recycled. These activities have already been launched or are included in the Business Plan, and represent Hera's commitment to achieving the objectives on the UN 2030 Agenda. The bond is linked, as mentioned above, to meeting the sustainability targets contained in the Sustainability-Linked Financing Framework, with respect to which intermediate Sustainability Performance Targets (SPTs) have also been defined, which will be reported annually for the purpose of transparency.

More specifically, the Hera Group aims to reduce greenhouse gas emissions by 37% within 2030 (compared to 2019), thanks to both the concrete actions taken within the Group and the involvement of suppliers and customers in electricity and gas sales. This is one of the most ambitious targets for a company in Italy, validated by the prestigious international network Science Based Target initiative (SBTi). As regards the second target, the Group aims to increase its amount of recycled plastic by 150% by 2030 (compared to 2017), thanks to factors including an increased plant capacity and an extension of the scope of action to include the recovery of rigid plastics. Hera is already a leader in this area, thanks to its subsidiary Aliplast, and is the only Italian multi-utility to have signed the Ellen MacArthur Foundation's "New Plastics Economy Global Commitment".

"Our first sustainability-linked bond provides further confirmation of Hera's commitment to sustainable development, with a focus on carbon neutrality and the circular economy, thanks to ESG financial strategies" states **Stefano Venier, CEO of Hera Group** "For some time, we have been committed to actions aimed at reducing emissions and recycling plastics, thus respecting our Business Plan and strategies for the energy and environmental transition. These issues are particularly relevant for us, considering the very nature of the businesses in which we operate, and we can make a real difference by responding to the many challenges we are currently facing, first and foremost climate change, and contributing to achieving the goals on the 2030 Agenda. Thanks to this new bond issued, we will be able to give further impetus to our activities in these areas."

The partners in the operation

Hera's sustainability-linked bond issue was coordinated and placed by BNP Paribas, Credit Agricole CIB, IMI-Intesa Sanpaolo, Mediobanca, Santander and UniCredit. The law firm Legance Avvocati Associati assisted Hera, while Linklaters supported the placing banks.