

press release

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Hera, 2018 Sustainability Report on-line: central focus on the local area and shared value

The multiutility continues to commit to creating shared value and to responding to the current environmental and socio-economic challenges. In the report, the focus is on the results achieved, the investments and the future initiatives with new sections dedicated to the local areas served

The Hera Group's 2018 Sustainability Report, which can be found on-line at <http://bs.gruppohera.it>, contains the economic, social and environmental responsibility statistics and the focus on the commitments undertaken, the results achieved and the future prospects. This year in the Report, the representation of contents focussed on the creation of shared value was reinforced: the multiutility's ability to meet the needs of the local area and tackle the challenges in terms of change geared towards sustainability, as demonstrated by the company's decision to quantify the EBITDA deriving from activities that are in keeping with the priorities established by the UN Agenda. In addition, with the objective of improving accountability even further, new pages have been introduced this year dedicated to presenting the results for each area served. The Group's sustainability reports have also been enriched: the "Building the future together" report highlights the initiatives of engagement and collaboration between Hera, citizens and players in the local communities, in observance of target 17 of the UN Agenda.

A strategic approach that has been validated: the "shared value" EBITDA increases by 14%

In 2018, the Group generated a "shared value" EBITDA of Euro 375 million, up by 14% compared to the previous year and accounting for 36% of the total, a percentage expected to hit 40% by 2022. A significant commitment which stems from the awareness of how economic, social and environmental changes require companies to rethink the links between CSR (corporate social responsibility) and company strategy. Albeit corporate social responsibility has, up until now, concerned the "what" and the "how" of the company, shared value places its central focus on the "why", outlining the reason why the company exists and the salient elements that differentiate it from all other companies. In fact, the Hera Group wants to be part of the companies of the future that will be able use their business to help society regenerate the ecosystem and the environment.

Smart use of energy: Hera reduces its consumption by 4.4%

The Hera Group also strengthened its commitment on the energy efficiency front in 2018, enabling it to cut the energy consumption of its activities by roughly 10,300 toe, equal to -4.4% of the consumption registered in 2013, with the future objective of an overall saving of 5.3% in 2020 and, subsequently, surpassing the target of 5% set. In addition, Hera continues to offer its know-how to other companies and, as regards domestic customers, 15% have signed up to commercial offers in favour of energy efficiency or consumption analysis, the free service that allows families to compare their energy consumption with families of similar size. Supplementing the picture, albeit without completing it, is the use of 100% renewable electricity for powering the activities not only of Hera Spa, but also of In Rete, AcegasApsAmga and Marche Multiservizi, together with a 16% reduction in the carbon footprint of energy production compared to 2015.

Efficient use of resources: European 2030 targets already passed

As regards the efficient use of resources, the activities reported by Hera mainly concern the circular economy and the sustainable management of water resources. As regards the former, 2018 saw a further increase in separate waste collection, up to 62.5%. Territorial and domestic waste collection and collection centres represent the fulcrum of the multiutility's waste management system, which serves 3.1 million residents in 174 municipalities in five regions. No less important was the introduction of the quantity-based tariff, which recorded excellent results and separate waste collection rates exceeding 80% in the municipalities in which it was applied. In addition, the 2018 report quantified a level of packaging recycling of 70%, already ahead of the EU target set for 2030. The strong commitment to the sustainability of the sewage-purification segment also continued in 2018. The main initiatives concerned Rimini (7 projects implemented out of the 14 that make up the integrated redevelopment plan) and the construction of the Servola treatment plant in Trieste, in both cases with significant environmental benefits.

Innovation and sustainable development of the local area: almost Euro 1.9 billion was distributed to stakeholders

Notable results were also achieved in economic and employment development in the local area, innovation and digitalisation, air and soil protection. The important role of the Hera Group in the local fabric was confirmed. The total



economic value distributed in the territory to workers, shareholders, lenders and banks, public administration and the local community rose to Euro 1,913 million, of which Euro 632 million to local suppliers (+7%), generating an employment impact equal to approximately 8,100 people. In relating to human resources, in 2018 the Hera Group hired 463 people on open-ended employment contracts. On the whole, 96.2% of the roughly 8,800 employees were hired on open-ended employment contracts, proof of Hera's commitment to the stability of its professionals. In addition, the Group continued to focus attention on welfare, diversity and inclusion: the amount dedicated to employees for welfare rose to Euro 385, with a total investment of Euro 4.2 million, and the number of women holding positions of responsibility in the company rose to 32.3%. In terms of innovation, investments totalled approximately Euro 62.4 million and focused primarily on four areas: smart city, circular economy, utility 4.0 and customer experience. In 2018, the Hera Group also dedicated efforts to developing digital relationship channels with customers: borne out by the launch of the My Hera app for residential customers, with 100 thousand downloads now passed. As regards air protection, positive results were confirmed in relation to emissions of ten Group WTE plants, extremely low also in 2018 and on average 86% lower than the legal limits. In addition, in relation to soil protection, it should be noted that the designs created by Hera in 2018 involved soil re-use for 68% of the total.