

Hera Group voluntary pledges on recycled plastics

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Discover Hera Sustainability Report at

http://enq.gruppohera.it/group/social_responsibility/sr/

Hera Group at a glance

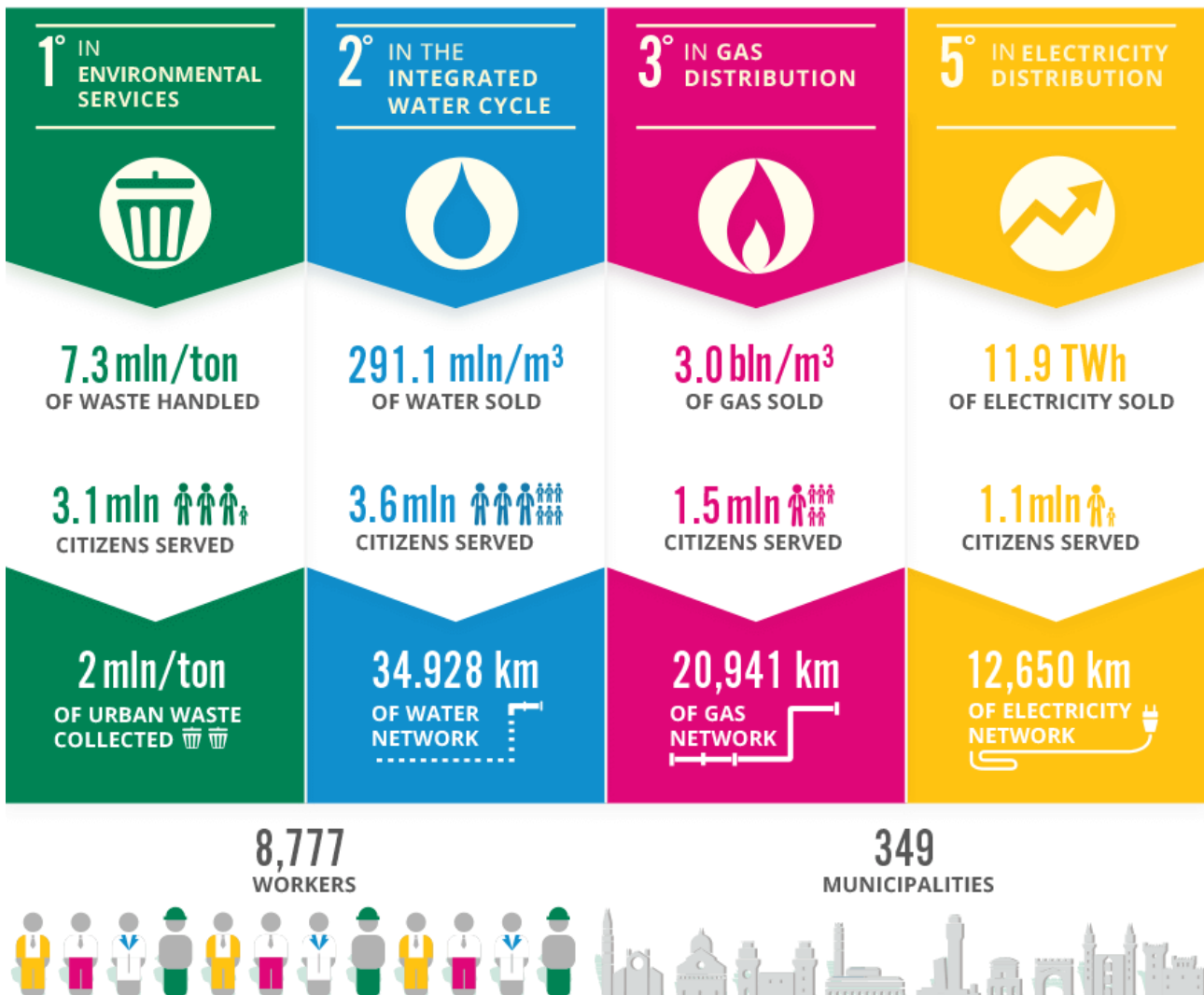
The Hera Group is one of the major multi-utility companies in Italy: it offers the sustainable management of several public services to 4.4 million citizens in 349 municipalities spread over 5 Italian regions (Emilia Romagna, Veneto, Friuli Venezia Giulia, Marche and Tuscany).



Since its establishment in 2002, Hera has been a leading example in Italy of the combination of public service companies (11 of them operating in Emilia-Romagna region in northern Italy) into a single multi-utility capable of creating a true "regional public service".

The shareholding structure of the Hera Group includes hundred municipalities holding a total of about 50% of the share capital, and a relatively low concentration of shares and a private shareholding spread.

Today, Hera is one of Italy's largest local utilities and operates mainly in Environmental services (waste collection and treatment), Energy services (distribution and sale of electricity and gas) and Water services (waterworks, sewerage and purification), with a **2018 turnover of 6.1 billion euro**. The Group has near 8,800 employees.



Hera is a company renowned for its reliability, soundness and competitiveness.

- Its strengths lie in: the **balance of its services**, comprised of services managed according to free market criteria (sale of gas and electricity, and disposal of special waste) and regulated services (gas and electricity distribution, integrated water services, collection and disposal of waste);
- strong **roots in the areas** in which it operates and **deep focus on sustainability**;
- a **widespread shareholding structure** with around 20 thousand shareholders.

In 2017 the Hera Group completed the important acquisition of the **Aliplast Group**, a national and European leader in plastic recycling, allowing Hera to reach the goal of plastic recycling and playing a significant role in the Italian circular economy. The Aliplast Group of Istrana (Treviso) is in fact a leading company in Italy that deals with plastic waste collection, recycling and regeneration (especially PE and PET). In December 2017, Hera's control over the Aliplast Group reached 80% with a binding agreement between the parties to purchase the remaining 20% by the end of 2022.

Our approach to Creating Shared Value

Hera is now adopting a new approach based on Creating Shared Value, according to which a company increases its business while generating positive impacts on society.

In the last few years, business models oriented to meet emergent social needs have proliferated while the role of economic actors within the society has progressively changed from organizations pursuing mere economic returns and exclusively focused on customers to enterprises embedded in a social context through stakeholders relationships. Emergent social needs are acknowledged as a leverage to promote innovation and competitiveness.

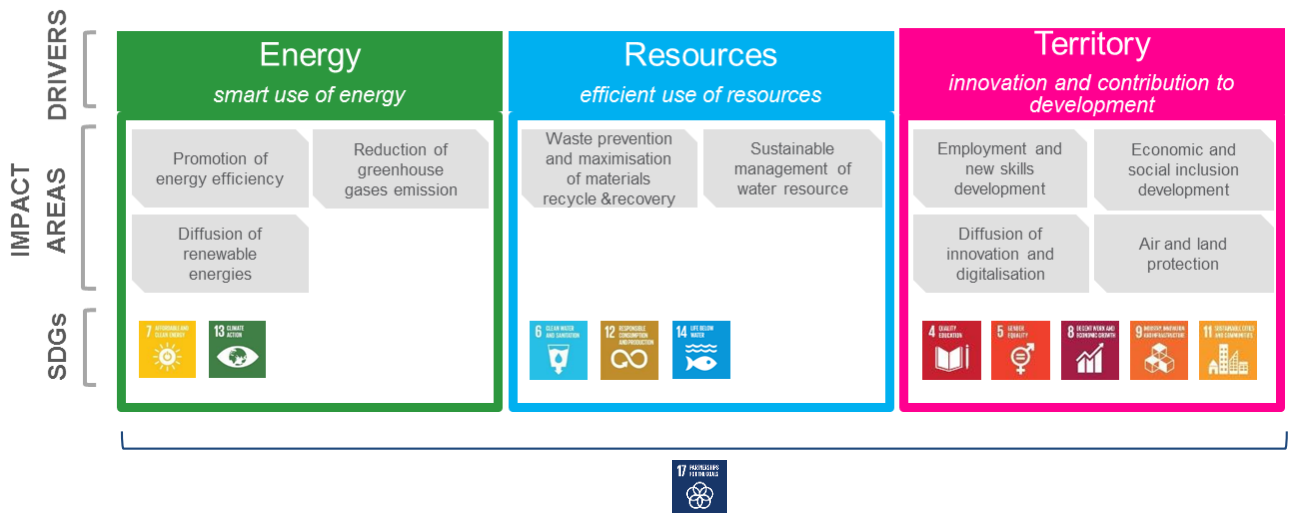
Meeting such needs is beneficial; it's no longer about mitigating the possible negative impacts with Corporate Social Responsibility activities but rather to innovate business models, processes, products, and services according to unmet social needs and pursuing positive and measurable business results. This approach represents the new frontier in Hera corporate commitment.

The social development priorities set at global as well as local level are being acknowledged and interpreted according to the scope of the corporate activities and business. Consequently, Hera is redesigning corporate processes and management models in order to allow for the concurrent achievement of economic and social goals.

Hera is progressively adopting a business model according to the social needs detected by the policies issued at local, regional, national and global level by Institutions (e.g. UN and European Commission or Italian Government). The reason behind this choice depends on the power held by such policies to motivate all actors in taking a clear action and to influence the change.

Hera has analysed 45 policies at global, national and regional level, more than 400 commitments deriving from the intervention areas identified by such policies, and more than 150 quantitative targets related to Hera business activities. In 2018 the analysis has been updated adding 18 new policies.

From this analysis, Hera has defined 9 impact areas (cross-policy pools that gather several commitments and targets) and it regrouped them into 3 Drivers or lines of strategic development, representing a "Call to Action":

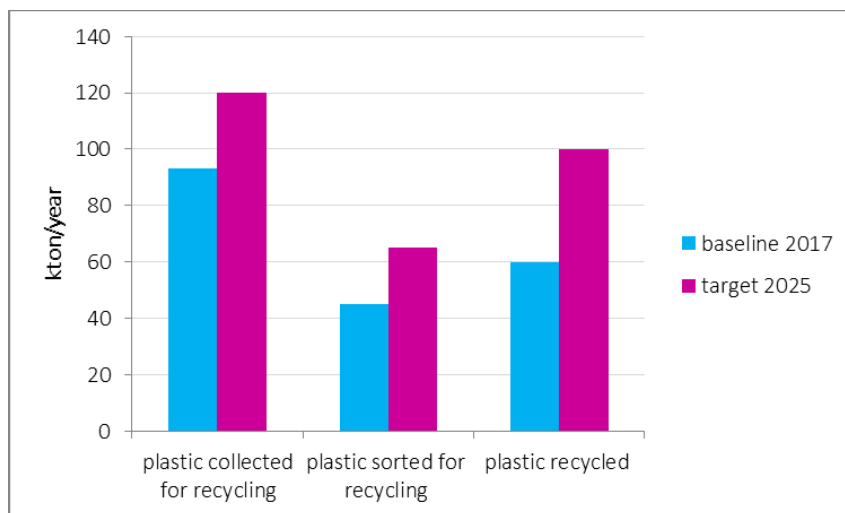


The activities that generate operating margins for the company and simultaneously meet the priorities set forth by the Global Agenda are thus represented as Shared Value.

Our contribute to the EU Pledging campaign for the uptake of recycled plastics into products

Hera set the following ambitious targets for 2025, to be pursued by the companies of the Group:

- **+30%** of plastic collected and to be recycled by Hera Spa, compared to 2017 (target 2025: 120 kton/year)
- around **+50%** of plastic sorted for recycling in Herambiente plants, compared to 2017 (target 2025: 65 kton/year)
- around **+70%** of plastic recycled by Aliplast, compared to 2017 (target 2025: 100 kton/year)*



*Aliplast produces high quality plastic, by transforming PE, PET and other polymers into flexible and rigid films, granules and flakes, mainly used for packaging