

Gruppo Hera SpA Assigned ESG Evaluation Of 81; Preparedness Strong

LONDON, July 21, 2021 /PRNewswire/ -- S&P Global Ratings said today that it has assigned [Gruppo Hera SpA](#) an ESG Evaluation of 81. The company's ESG Evaluation is the result of an ESG profile of 71 combined with strong preparedness. Higher numbers indicate stronger sustainability in our evaluations.

[ESG Evaluation: Gruppo Hera SpA](#)

The ESG evaluation of 81 for Hera reflects our view that the company has strong preparedness to execute its strategy of creating shared value while navigating potential disruptions from regulatory changes related to the transition to a circular, low-carbon economy. We consider Hera's governance structure solid, with high levels of board independence, supported by good transparency and disclosure. The company's workforce is more diverse than peers', with a high share of women in managerial (non-board) positions. The company has a small but increasing proportion of employees under the age of 30. Hera shows strong commitment to the communities it serves, and engages with them through tailored initiatives, pioneering multi-stakeholder groups that foster dialogue to integrate communities' views. We expect its material greenhouse gas (GHG) emissions (Scope 3 from the use of sold products, natural gas, and generation of purchased electricity) will continue to decline. Hera has quickly capitalized on circular economy principles to become a leading multi-utility company that outperforms its peers. It continues to leverage technology and innovation to reduce its environmental footprint, including through plastics recycling and generating energy from waste. Its strong preparedness supports the resilience of its well-diversified business.

Hera is a multi-utility company that provides gas (33% of 2020 EBITDA), water (24%), waste-management services (23%), electricity (17%) and other services (3%), including public lighting and telecommunications, across five regions of northern and central Italy. Hera's shareholding structure includes 111 municipalities that it serves along with other public shareholders (46% stake). The remaining 54% publicly trades on the Milan Stock Exchange and other indices. Headquartered in Bologna, Italy, Hera has around 8,900 employees and serves about 4.2 million customers in more than 300 Italian municipalities. In 2020, Hera generated €7.08 billion in revenue and €1.12 billion of EBITDA.

What Is An ESG Evaluation?

S&P Global Ratings' ESG evaluation is a cross-sector, relative analysis of an entity's capacity to continue to operate successfully. It is grounded in how ESG factors could affect stakeholders, potentially leading to a material direct or indirect financial impact on the entity.

Our definition of stakeholders for a particular entity goes beyond shareholders to include employees, the local community, government, regulators, customers, lenders, borrowers, policyholders, voters, members, and suppliers. A high ESG evaluation score indicates an entity is relatively less prone to experiencing material ESG-related events, and is relatively better positioned to capitalize on ESG-related growth opportunities than entities with lower ESG evaluation scores.

First, we establish an ESG profile for a given entity, which assesses the exposure of the entity's operations to observable ESG risks and opportunities, and how the entity is mitigating these risks and capitalizing on these opportunities.

Second, we assess the entity's long-term preparedness, namely its capacity to anticipate and adapt to a variety of long-term plausible disruptions.

S&P Global Ratings currently evaluates over 80 entities across the globe; they have an average score of 68. Since the first ESG evaluation, published in June 2019, we have finalized ESG Evaluations across 21 sectors globally. By region, the highest average score is 73, for companies headquartered in Europe.

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