

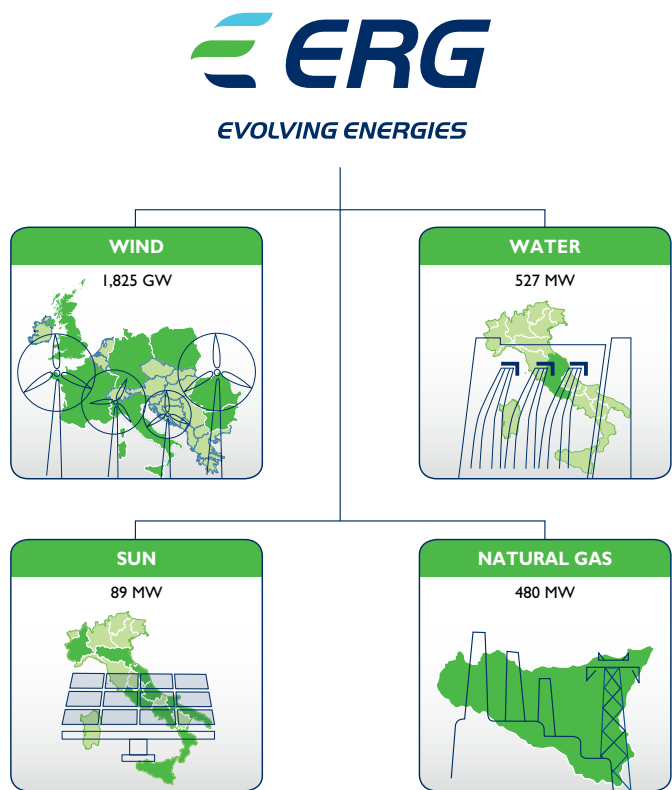


SUSTAINABILITY
HIGHLIGHTS

2018

ERG Group profile

ERG has operated in the energy sector for over 80 years. Listed on the Milan Stock Exchange, it is active in the production of wind energy, solar energy, hydroelectric energy and high-yield thermoelectric cogeneration energy with low environmental impact. ERG is the leading wind power operator in Italy and one of the leaders on the European market and has chosen to adopt a business model focused on sustainable development and decarbonisation, in accordance with the transition process that the energy system is undergoing at global level.



ERG Sustainability

We consider Sustainability as the driver of a continuous improvement process that guarantees durable results in the years meeting our goals in the economic, environmental and social spheres. The creation of "shared value" for stakeholders represents one of the main features of our Group's Sustainability.

ERG's sustainability and the UN SDGs



3,029 kt of CO₂ avoided

thanks to the production of energy from renewable sources

0.14 kgCO₂/kWh

Carbon index of electricity production



2,439 MW

installed capacity in renewable energy plants

89,7%

capital invested in renewable energy plants

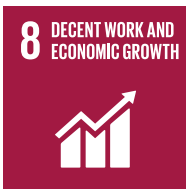


86%

of indirect consumption covered by "green" energy

64.8%

CCGT plant CAR performance index*



737 employees

across 7 European countries

99.7%

employees on permanent employment contracts



5.9 days/man

of training for 92% of our people

83%

of training on technical and managerial topics



CDP rating B

Climate Change questionnaire

ESG rating & indexes

Corporate Knights, ECPI, ETHIBEL, IGI, MSCI, OEKOM, Sustainability, Vigoeiris



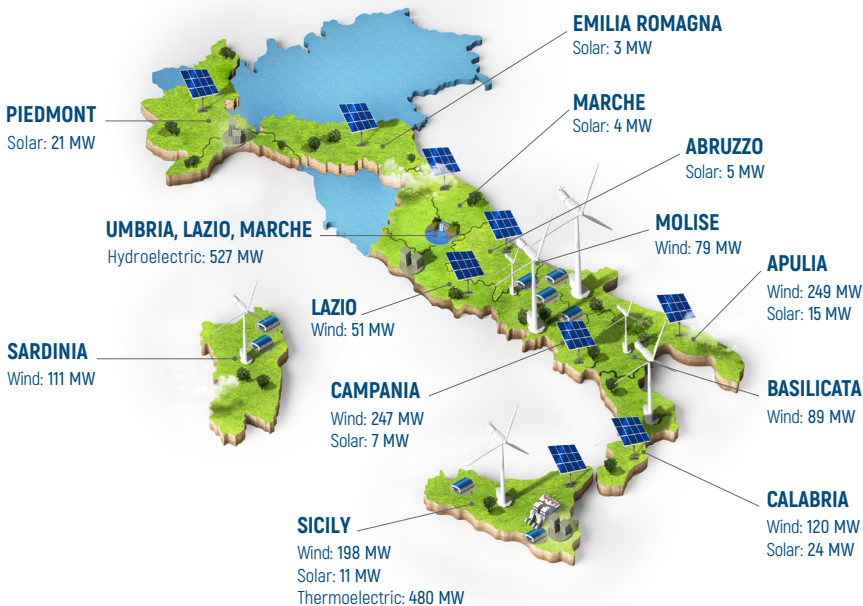
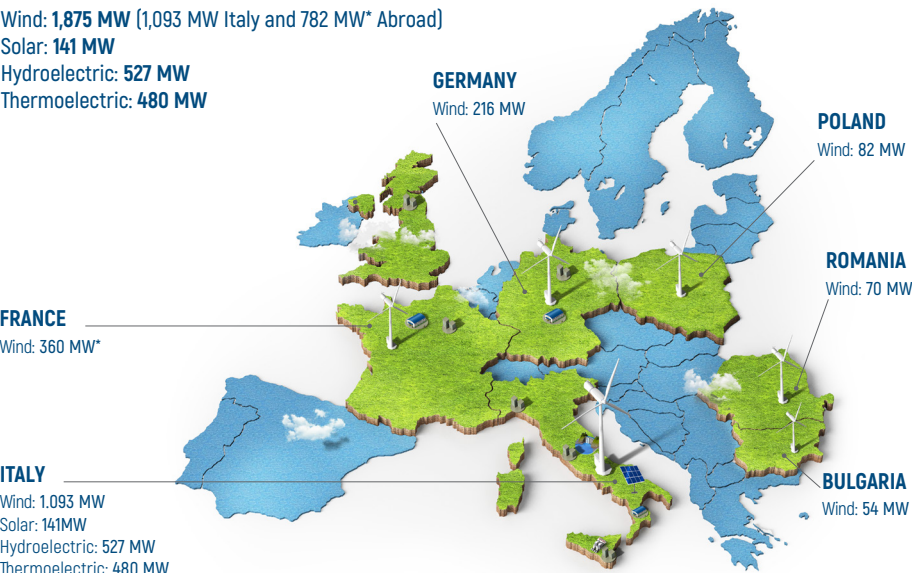
SUSTAINABLE DEVELOPMENT GOALS

The SDGs are the Sustainable Development Goals defined by the United Nations in 2015

* Index calculated on the basis of the CAR (High-Yield Cogeneration) regulation as applied to the CCGT (Combined Cycle Gas Turbine) plant

ERG locations

Wind: **1,875 MW** (1,093 MW Italy and 782 MW* Abroad)
 Solar: **141 MW**
 Hydroelectric: **527 MW**
 Thermolectric: **480 MW**



Wind farm



Solar farm



Hydroelectric plant



Thermolectric plant



Offices



Logistic centre

* Data as at 31 March 2019: includes the acquisition of wind farm for 52 MW in France (pending closing)

ECONOMIC RESPONSIBILITY

795

EUR MILLION ECONOMIC
VALUE DISTRIBUTED

64.8%

CAR PERFORMANCE INDEX
CCGT PLANT

7,485 GWh

OF ELECTRICITY
PRODUCED

89,7%

INVESTED CAPITAL
IN PLANTS FED WITH
RENEWABLE SOURCES

AREAS OF COMMITMENT - PERIOD 2018-2022

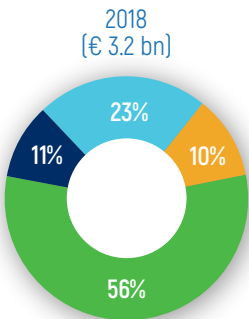
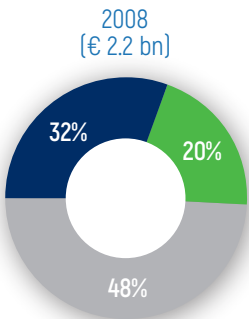
GOVERNANCE, ETHICS & SUSTAINABILITY APPROACH	Pursue the internal and/or external dissemination of the Group's principles expressed in the Code of Ethics, in the Sustainability Policy and in the new Leadership Model.
	Update the Enterprise Risk Management (ERM) risk catalogue with the analysis referring to the new 2018-2022 Business Plan.
	Keep the Models 231 of Italian companies updated. Implement an Anti-corruption Policy within the Group, by making the control system fully operational and continuously monitoring and training employees.
	Implement an Environment - Safety certification in all Italian and foreign operating companies, in line with the ONE Company organisational structure.
BUSINESS STRATEGY	Consolidate the Group's business leadership in the production of electricity from renewable sources and increase the efficiency of all of its plants according to the development lines of the 2018-2022 Business Plan.
	Support the Group's strategies through scouting activities by identifying and assessing innovative technologies, and developing partnerships with Universities and Research Institutes.

STATUS AS AT 31/12/2018

Sustainability Policy updated. Training on sustainability issues continued at schools in the areas where the Group operates.
Group Risk Catalogue updated following risk assessment on 2018-2022 Business Plan. ERM risk dashboard implemented to monitor any changes in the risk profiles set out in the Risk Catalogue.
Risk assessment on regulatory changes that occurred during the year. The Model 231 was drawn up for solar technology companies. An "Integrated Anti-Corruption Model" was adopted for all Italian and foreign companies in line with best practices.
Implementation of the project for integrating existing certifications in the Italian companies. Project for extending certifications to foreign companies was defined.
The increase in installed power continues thanks to the start-up of new plants in France (55 MW) and the acquisition of 30 photovoltaic plants (89 MW). An additional 51 MW of photovoltaic plants has been acquired in 2019.
Launched the third cycle of scouting with CDI-Labs (College des Ingegnieurs) and the second cycle of scouting activities was started in 2018 with ERG Regeneration Challenge.

INVESTED CAPITAL

- Wind
- Sun
- Water
- Natural Gas
- Oil



ENVIRONMENTAL RESPONSIBILITY

3,029 kt
CO₂ AVOIDED BY USING
RENEWABLE ENERGY
SOURCES

5,334 GWh
OF ELECTRICITY
GENERATED FROM
RENEWABLE SOURCES

0.14 kg CO₂/kWh
ELECTRICITY PRODUCTION
CARBONISATION FACTOR

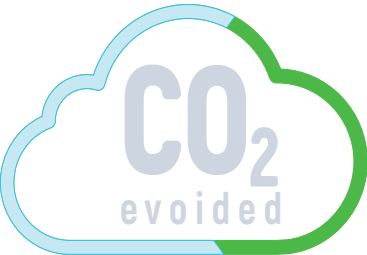
86 %
OF ELECTRICITY USED
DERIVING FROM
RENEWABLE SOURCES

AREAS OF COMMITMENT - PERIOD 2018-2022

EMISSIONS AND WASTE	Group decarbonisation: <ul style="list-style-type: none">- avoid CO₂ emissions for 15 million tons in the plan period;- reduce carbon index of electricity production by 14%;- cover energy requirements with energy produced from renewable sources.
	Implement activities to protect biodiversity in the areas where our plants are located.
	Reduce the amount of waste produced by processes by maximising the percentage of waste sent to be recycled also through the use of materials and substances ensuring better environmental compatibility.

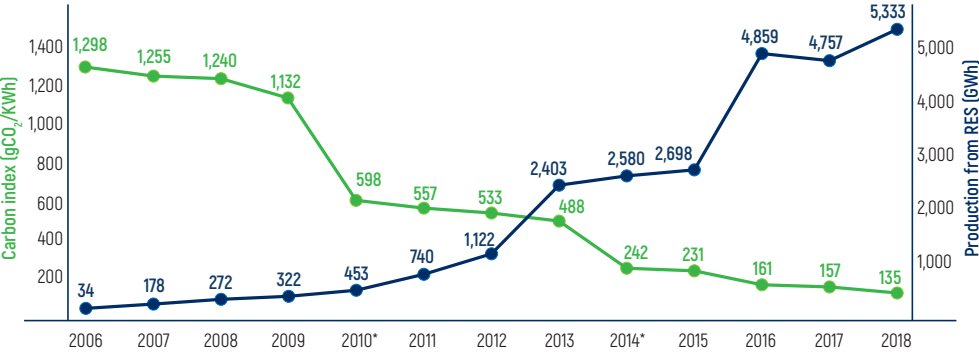
STATUS AS AT 31/12/2018

During 2018 avoided 3,029 kt of emissions. Continual reduction in the Group's energy production carbonisation factor: -42% over the past four years. 90% of energy requirements covered with energy produced from renewable sources.
Bird monitoring in our wind farms. Support to the activities performed at the Oasis of Alviano (WWF).
A recovery procedure for the waste produced by the grate cleaners was implemented in our hydroelectric plants. The timber from Lago di Corbara can be re-used as a resource within circular economy processes.



To calculate CO₂ avoided we have used the gCO₂/kWh conversion factor published by Terna in its annual reports and referred to the thermoelectric power output of each country.

CARBON INDEX AND PRODUCTION FROM RENEWABLE SOURCES



* The two points of discontinuity were caused by the start-up of the ERG Power plant in place of the pre-existing CTE in 2010 and the sale of the ISAB Energy plant in 2014.

SOCIAL RESPONSIBILITY

100 %
ENVIRONMENTAL AND/OR SAFETY
CERTIFIED ITALIAN COMPANIES
CONSISTENT WITH THEIR ACTIVITIES

99.7 %
EMPLOYEES ON PERMANENT
EMPLOYMENT CONTRACTS

20.1 %
FEMALE
EMPLOYMENT

5.9 days
OF TRAINING
PER EMPLOYEE

AREAS OF COMMITMENT - PERIOD 2018-2022

STATUS AS AT 31/12/2018

SAFETY	Consolidate the Safety culture inside and outside the company, pursuing the goal for absence of accidents caused by safety shortfalls in the plants and in the offices.	Following the injuries in 2018, corrective actions were implemented to prevent the recurrence of similar events. A near-miss reporting system was promoted to increase prevention levels.
PEOPLE	<p>Define and implement training and development plans to increase the value of Human Capital Coverage (+3% at the end of the plan period).</p> <p>Improve working environments and welfare systems for employees.</p>	<p>In 2018, around 35 thousand hours of training provided at an average of approximately 5.9 days per employee. 92% of company staff took part in training courses. Around 83% of training is on technical and managerial topics.</p> <p>"ONE health" project. Opening of a gym for Group employees.</p>
COMMUNICATION	Make contact with and inform the Group's stakeholders in a complete, transparent and timely manner.	<p>Good results in different ratings:</p> <ul style="list-style-type: none">- ERG received B rating from CDP;- 16th place, first between the Italian companies, in the Corporate Knights - Global 100 Index.- 4th position in the Potentialpark Italy ranking (online talent communication) and 2nd position in Italy for the section "working in ERG". <p>ERG included in some sustainability indices.</p>
COMMUNITY	Contribute to the development of local communities through training activities at schools and universities and through social responsibility initiatives at a local level.	<p>Activities were developed in local communities in keeping with Sustainability Policy principles.</p> <p>"A tutta acqua!" and "Vai col vento!" were our leading projects for students living in the communities where our plants are located.</p>



COMMUNITY INITIATIVES

ERG is committed to contributing to the growth of local organisations and supports the promotion of activities and projects involving young people, sports, health and culture, based on dialogue with the communities in question, in a spirit of active cooperation. The sustainability of ERG is reflected in various activities focused on three main thematic areas:

Environment and social development: ERG Re-Generation Challenge, Vai col Vento!, A tutta Acqua!, Progetto Scuola 2018, Giornata dell'Energia Elettrica, Cilla Liguria Onlus, Fondazione Mus-e Onlus, Puliamo il mondo, Oasi di Alviano.

Culture and knowledge: Fondazione Umbria Jazz, Fondazione INDA, Festival della Scienza, Festival della Comunicazione, CSR IS Salone della Sostenibilità e dell'Innovazione Sociale, Boot Camp Confindustria Genova, CIVITA.

Young people and sports: Torneo Ravano, Trofeo Archimede ed Elettra, NPC Cares, Stelle nello Sport, Centro Sportivo ERG Siracusa.

ERG S.p.A.

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