

EP Infrastructure as

Multi-Utilities Czech Republic

ESG Risk Rating

20.0

Updated Jun 7, 2021

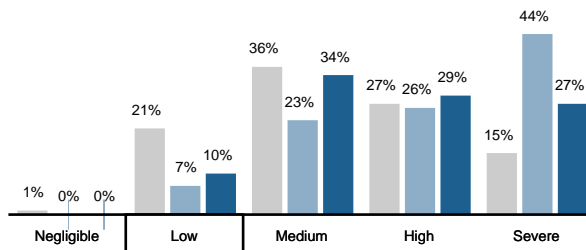
-23.1

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	2906/13678	22nd
Utilities INDUSTRY	42/600	8th
Multi-Utilities SUBINDUSTRY	6/62	9th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Aliander N.V.	33.3 Low	65.8 Strong	12.7 Low
2. Stedin Holding N.V.	33.5 Low	48.5 Average	18.2 Low
3. EP Infrastructure as	56.0 High	69.2 Strong	20.0 Low
4. Eneco Beheer NV	53.3 Medium	61.6 Strong	23.0 Medium
5. Fluvius System Operator CV	47.6 Medium	30.1 Average	34.2 High

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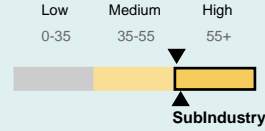
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

56.0 **-1.8**
High Momentum
 Beta = 0.95



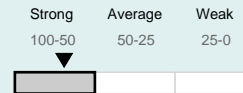
In 2020, EPIF divested two carbon-intensive entities in the Heat Infra segment: a heat distributor in Prague and a producer of heat in Budapest. However, the company's energy generation activities continue to rely mainly on fossil fuels. As the transition to a low-carbon economy may increase carbon costs, the company may experience increased operating expenses and stranded assets. In addition, EPIF's thermal power plants generate air pollutants, like SO₂ or NO_x, as well as waste and effluents, whose mismanagement may expose it to significant penalties or fines. Its operations also bear a notable water footprint, as water is used to generate steam for the plants' turbines. With water resources becoming increasingly threatened by global warming, failure to reduce water use could expose the company to operational disruptions and higher production costs.

The company's overall exposure is high and is moderately below subindustry average. Resource Use, Emissions, Effluents and Waste and Carbon -Own Operations are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

69.2 **+41.8**
Strong Momentum



In FY2020, EPIF released a Sustainability Report written in accordance with the GRI Guidelines: Core option, which follows best practice, signalling strong accountability to investors and the public. Furthermore, the company's ESG-related issues are overseen by the board, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Carbon -Own Operations	10.4 High	54.4 Strong	4.7 Medium	23.7%
Resource Use	6.3 Medium	45.4 Average	4.0 Medium	20.1%
Emissions, Effluents and Waste	7.4 Medium	62.0 Strong	3.2 Low	16.3%
Community Relations	6.8 Medium	77.8 Strong	2.0 Low	10.2%
Human Capital	3.4 Low	66.3 Strong	1.3 Negligible	6.3%
Occupational Health and Safety	5.1 Medium	86.5 Strong	1.1 Negligible	5.7%
Product Governance	3.3 Low	77.7 Strong	1.0 Negligible	4.9%
Corporate Governance	5.0 Medium	81.0 Strong	1.0 Negligible	4.8%
Business Ethics	5.0 Medium	87.5 Strong	0.8 Negligible	4.2%
Land Use and Biodiversity	3.4 Low	77.5 Strong	0.8 Negligible	3.8%
Overall	56.0 High	69.2 Strong	20.0 Low	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

Severe (0)

High (0)

Significant (0)

Moderate (0)

Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (19)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Community Relations

Data Privacy and Security

Emissions, Effluents and Waste

Energy Use and GHG Emissions

Intellectual Property

Labour Relations

Land Use and Biodiversity

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Quality and Safety

Sanctions

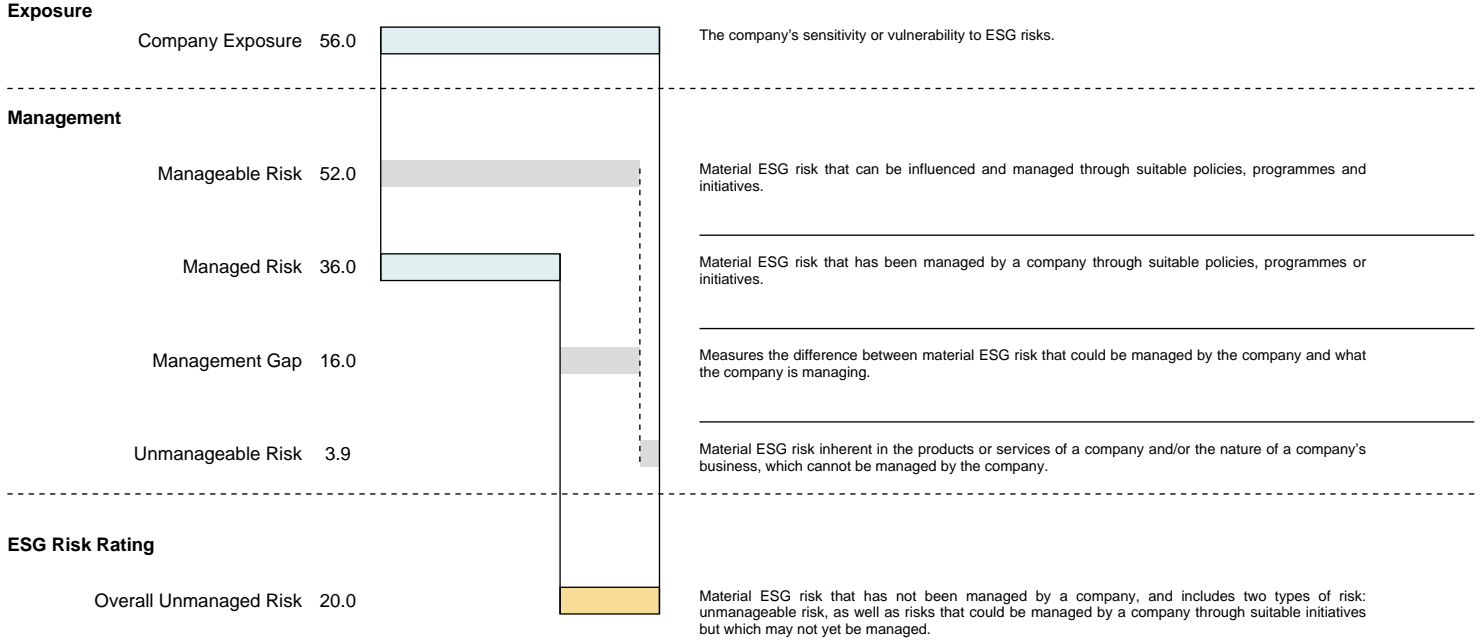
Society - Human Rights

Water Use

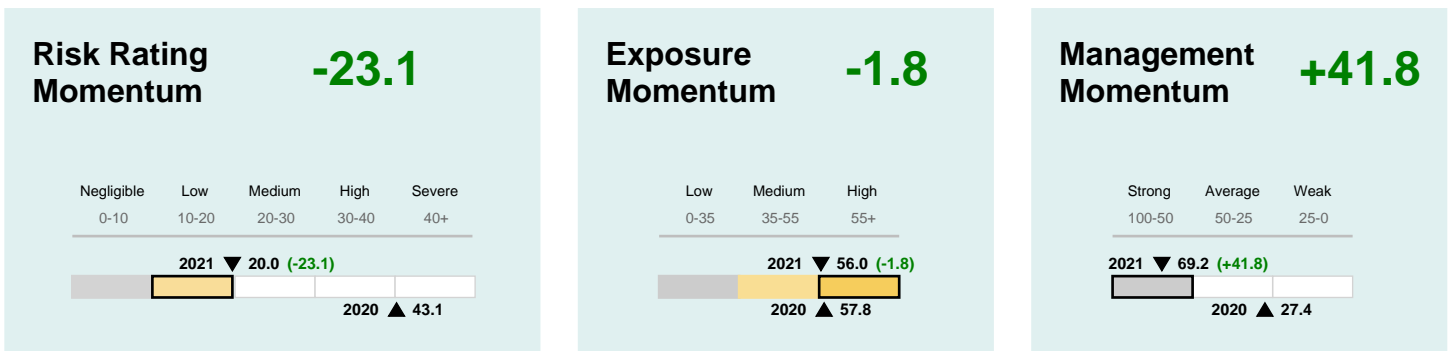
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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