

EP Infrastructure as

Multi-Utilities Czech Republic

ESG Risk Rating

18.2

Updated Dec 3, 2022

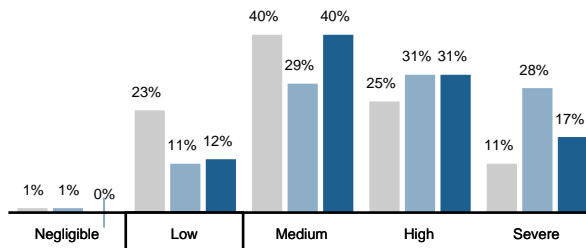
-1.7

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	2939/15556	20th
Utilities INDUSTRY	59/704	9th
Multi-Utilities SUBINDUSTRY	5/84	6th

Peers Table

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Alliander NV	38.9 Medium	67.2 Strong	14.3 Low
2. Enexis Holding NV	38.9 Medium	64.4 Strong	15.4 Low
3. EP Infrastructure as	56.2 High	72.7 Strong	18.2 Low
4. Eneco Beheer NV	54.3 Medium	70.8 Strong	18.7 Low
5. National Grid North America, Inc.	41.3 Medium	57.5 Strong	19.2 Low

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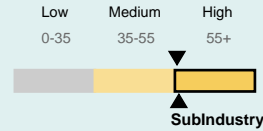
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ESG Risk Analysis

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

56.2 **+0.3**
High Momentum
 Beta = 0.97



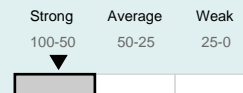
At the end of FY2020, EPIF divested two carbon-intensive entities in the Heat Infra segment: a heat distributor in Prague and a producer of heat in Budapest and did not acquire any new heat or power generation entities in FY2021. However, the company's energy generation activities continue to rely mainly 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. Furthermore, 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 similar to subindustry average. Emissions, Effluents and Waste, Carbon -Own Operations and Community Relations 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

72.7 **+3.5**
Strong Momentum



In FY2021, EPIF released a Sustainability Report written in accordance with the GRI Guidelines: Core option, which follows best practice, signaling 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	9.5 High	45.6 Average	5.1 Medium	28.2%
Emissions, Effluents and Waste	8.1 High	64.8 Strong	3.4 Low	18.4%
Resource Use	5.0 Medium	73.0 Strong	2.1 Low	11.4%
Product Governance	4.8 Medium	74.0 Strong	1.6 Negligible	8.8%
Occupational Health and Safety	5.4 Medium	84.5 Strong	1.3 Negligible	7.1%
Community Relations	7.2 Medium	91.2 Strong	1.3 Negligible	7.1%
Corporate Governance	5.0 Medium	79.0 Strong	1.1 Negligible	5.8%
Business Ethics	5.0 Medium	87.5 Strong	0.8 Negligible	4.6%
Human Capital	2.7 Low	72.5 Strong	0.8 Negligible	4.6%
Land Use and Biodiversity	3.6 Low	80.0 Strong	0.7 Negligible	4.0%
Overall	56.2 High	72.7 Strong	18.2 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

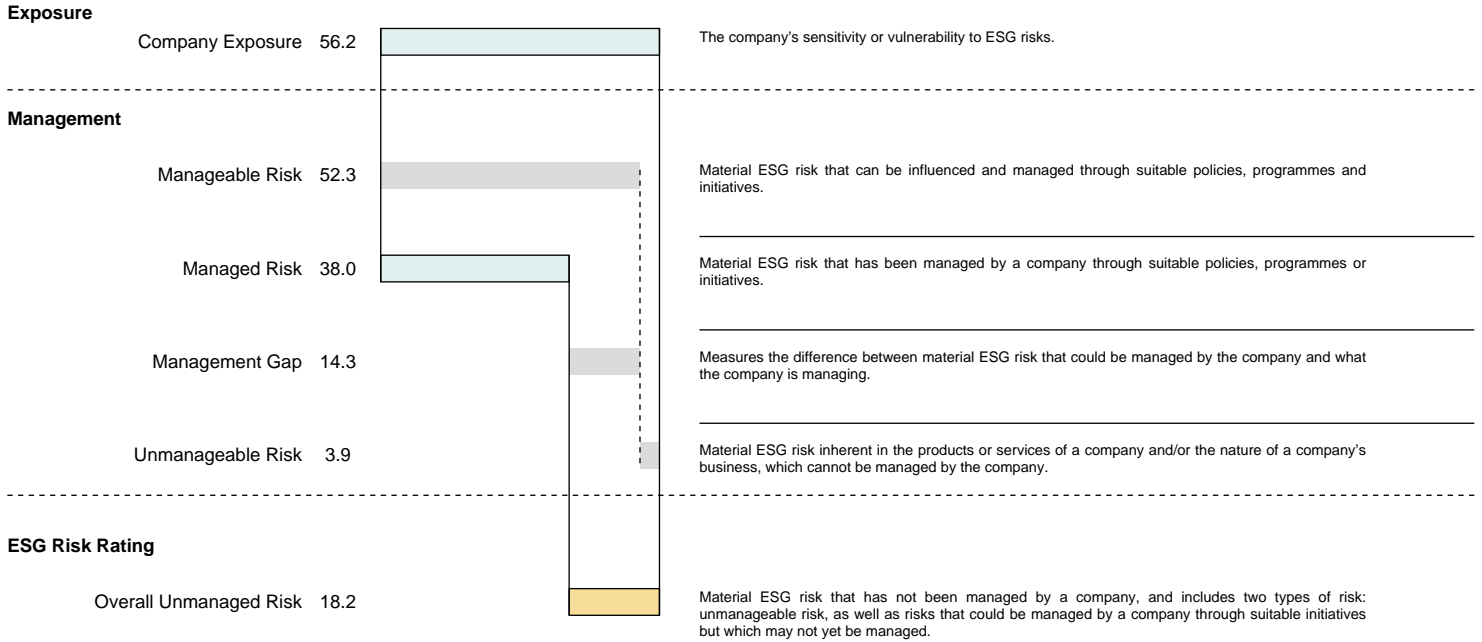
Society - Human Rights

Water Use

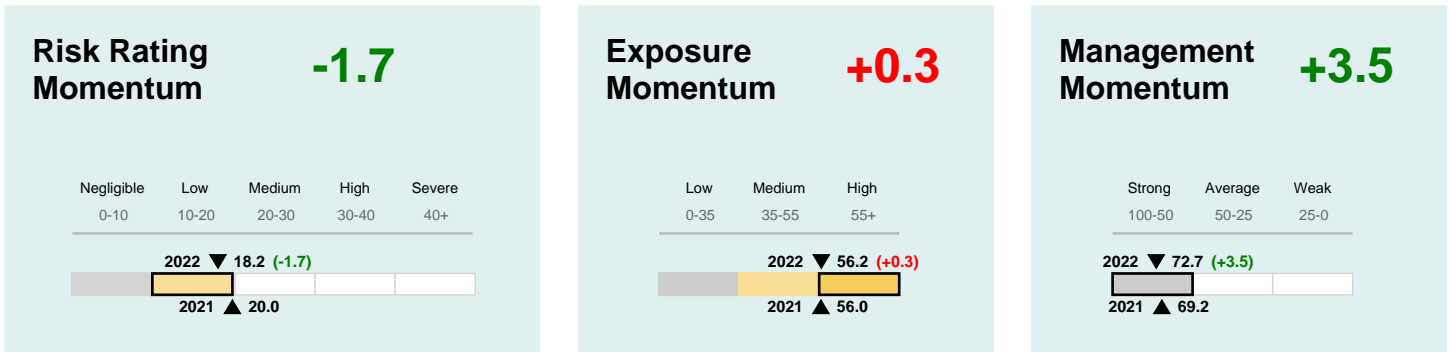
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Risk Decomposition



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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