

EP Infrastructure as

Multi-Utilities Czech Republic

ESG Risk Rating

19.8

Last Full Update Oct 31, 2023

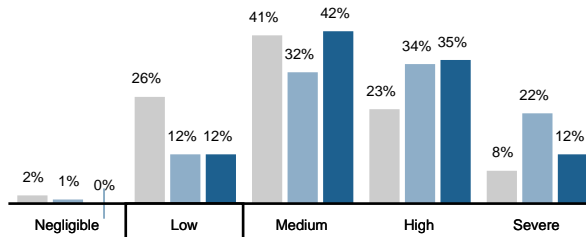
+0.1

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	4243/15715	28th
Utilities Industry	87/700	13th
Multi-Utilities Subindustry	12/103	12th

Peers Table

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Aliander NV	36.7 Medium	69.2 Strong	12.9 Low
2. Enexis Holding NV	39.1 Medium	67.0 Strong	14.5 Low
3. EP Infrastructure as	56.2 High	69.6 Strong	19.8 Low
4. Eneco Beheer NV	55.2 High	68.0 Strong	20.4 Medium
5. National Grid North America, Inc.	46.6 Medium	59.4 Strong	20.9 Medium

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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

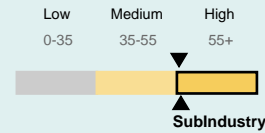
56.2

+0.3

High

Momentum

Beta = 0.97



EP Infrastructure (EPIF) engages in gas transmission, gas and electricity distribution, heat and power generation, and gas storage in Central Europe. EPIF divested its gas-fired assets in 2020, leaving the company with a heavy reliance on lignite. The extensive use of coal, together with its gas operating activities, expose the company to heightened carbon related risks and could result in stranded assets, increased regulatory scrutiny and higher compliance costs. Power generation from lignite is also a major source of air emissions, effluents and waste, as mismanagement and related incidents could lead to significant regulatory penalties and clean-up costs. Like all utilities, EPIF's current operations and future developments could give rise to community conflicts, if they are not handled properly. Such issues could lead to public opposition, project delays and civil lawsuits.

The company's overall exposure is high and is similar to subindustry average. Carbon -Own Operations, Emissions, Effluents and Waste 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.

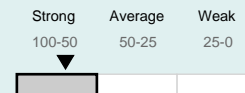
ESG Risk Management

69.6

-0.1

Strong

Momentum



EPIF's CEO, who also serves as the vice chairman of the board of directors, holds the role of ESG officer and oversees the company's sustainability-related issues and initiatives. ESG criteria, namely health and safety, are incorporated into executive remuneration, though details on targets and weighting are not disclosed. The company's 2022 sustainability report is written in accordance with GRI Universal Standards, and several data sets, including GHG emissions and energy consumption, are verified with limited assurance. EPIF operates a strong environmental, and health and safety management system and the majority of these systems have been certified to ISO 14001 and 45001 standards, respectively. Adequate mechanisms to address carbon and climate change related risks are also in place. On the other hand, specific programmes to manage effluents and hazardous waste lag best practices.

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	51.2 Strong	4.6 Medium	23.2%
Emissions, Effluents and Waste	8.1 High	64.8 Strong	3.4 Low	16.9%
Resource Use	5.0 Medium	66.6 Strong	2.3 Low	11.8%
Occupational Health and Safety	5.4 Medium	69.5 Strong	2.0 Low	10.2%
Community Relations	7.2 Medium	82.3 Strong	1.9 Negligible	9.4%
Product Governance	4.8 Medium	70.6 Strong	1.7 Negligible	8.8%
Corporate Governance	5.0 Medium	76.0 Strong	1.2 Negligible	6.0%
Business Ethics	5.0 Medium	81.2 Strong	1.1 Negligible	5.7%
Human Capital	2.7 Low	72.5 Strong	0.8 Negligible	4.2%
Land Use and Biodiversity	3.6 Low	80.0 Strong	0.7 Negligible	3.6%
Overall	56.2 High	69.6 Strong	19.8 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)

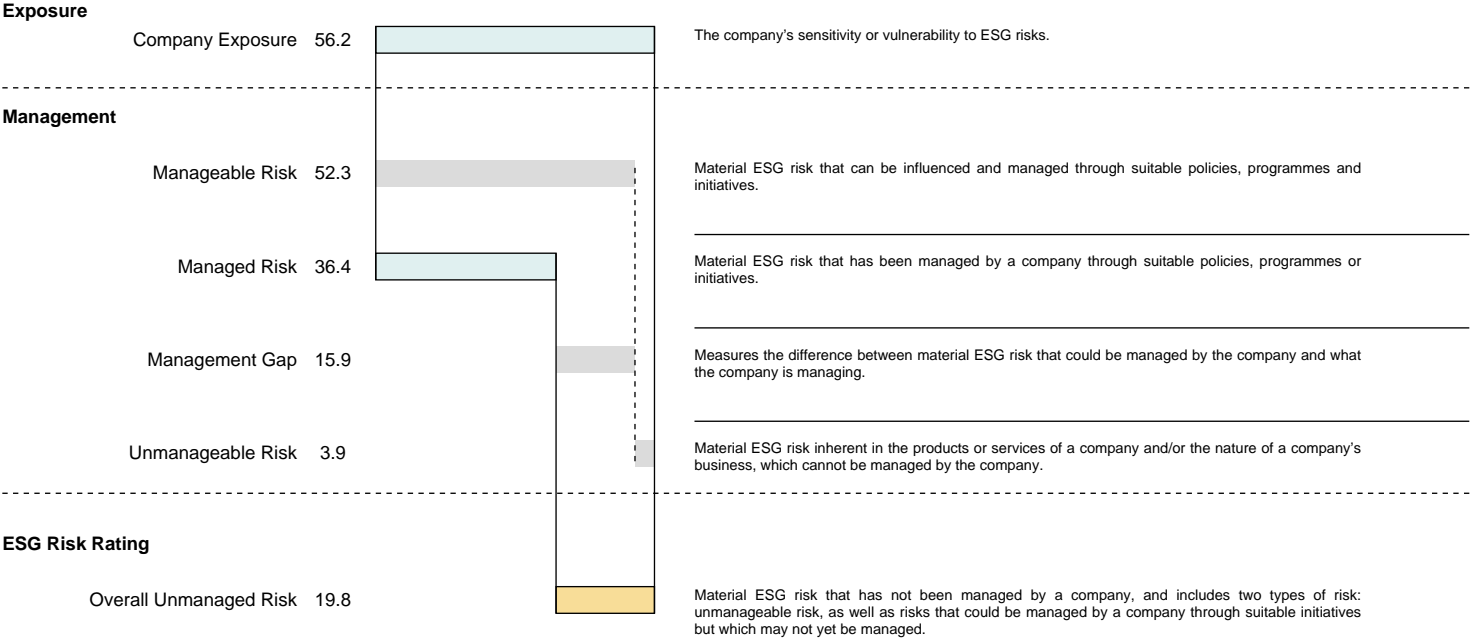
None (19)

- 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

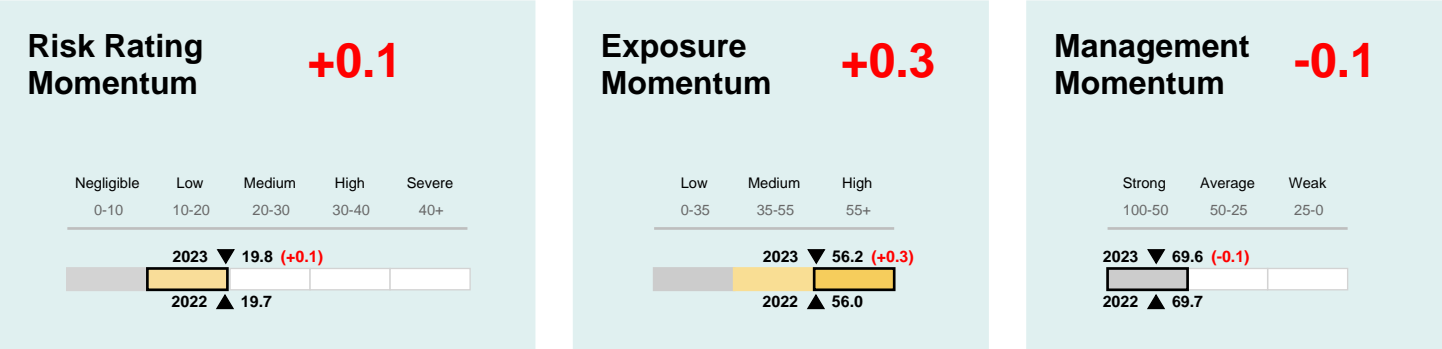
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Risk Decomposition



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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