

# Energetický a Prumyslový Holding as

Multi-Utilities Czech Republic

## ESG Risk Rating

# 22.0

Updated Jun 18, 2021

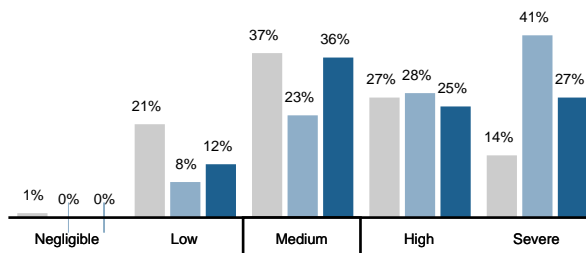
# -16.8

Momentum

## Medium Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	3972/13661	30th
Utilities INDUSTRY	71/606	12th
Multi-Utilities SUBINDUSTRY	15/67	22nd

## Peers Table

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Stedin Holding N.V.	33.5 Low	48.5 Average	18.2 Low
2. EP Infrastructure as	56.0 High	69.2 Strong	20.0 Low
3. Energetický a Prumyslový Holding as	60.4 High	68.2 Strong	22.0 Medium
4. Fluvius System Operator CV	33.1 Low	35.4 Average	22.0 Medium
5. Eneco Beheer NV	53.3 Medium	61.6 Strong	23.0 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

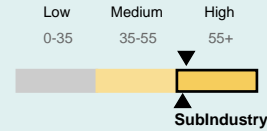
**60.4**

**-1.6**

**High**

Momentum

Beta = 1.02



As part of its renewable energy strategy, EPH aims to start constructing 50 wind turbines in 2023, each with 6 MW rated capacity. Still, the company's energy generation activities continue to heavily rely on fossil fuels. As the transition to a low-carbon economy may destabilize fuel prices, EPH may experience increased operating costs and stranded assets. In addition, in FY2020, EPH operated over 35,000 km of electricity transmission lines, and over 33,000 km of gas distribution pipelines. As gas leaks and poorly maintained transmission lines may have adverse impacts on residents, the company may face community protests and operational disruptions. Moreover, EPH's thermal power plants generate air pollutants, like SO<sub>2</sub> or NO<sub>x</sub>, as well as waste and effluents, whose mismanagement may expose it to significant penalties or fines.

The company's overall exposure is high and is similar to subindustry average. Community Relations, 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.

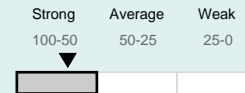
### ESG Risk Management

**68.2**

**+28.3**

**Strong**

Momentum



The company's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. In addition, EPH'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	11.3 High	59.5 Strong	4.6 Medium	20.7%
Resource Use	6.0 Medium	32.2 Average	4.5 Medium	20.2%
Emissions, Effluents and Waste	7.4 Medium	53.0 Strong	3.8 Low	17.4%
Community Relations	8.0 High	77.7 Strong	2.4 Low	10.9%
Human Capital	4.0 Medium	66.3 Strong	1.5 Negligible	6.7%
Occupational Health and Safety	6.0 Medium	86.5 Strong	1.3 Negligible	6.0%
Product Governance	4.0 Medium	74.7 Strong	1.3 Negligible	6.0%
Corporate Governance	5.0 Medium	81.0 Strong	1.0 Negligible	4.3%
Land Use and Biodiversity	4.0 Medium	77.5 Strong	0.9 Negligible	4.1%
Business Ethics	4.8 Medium	87.5 Strong	0.8 Negligible	3.6%
<b>Overall</b>	<b>60.4 High</b>	<b>68.2 Strong</b>	<b>22.0 Medium</b>	<b>100.0%</b>

## 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 (1)**

Emissions, Effluents and Waste

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## Events Overview

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

## Category (Events)

### None (18)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Community Relations

Data Privacy and Security

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

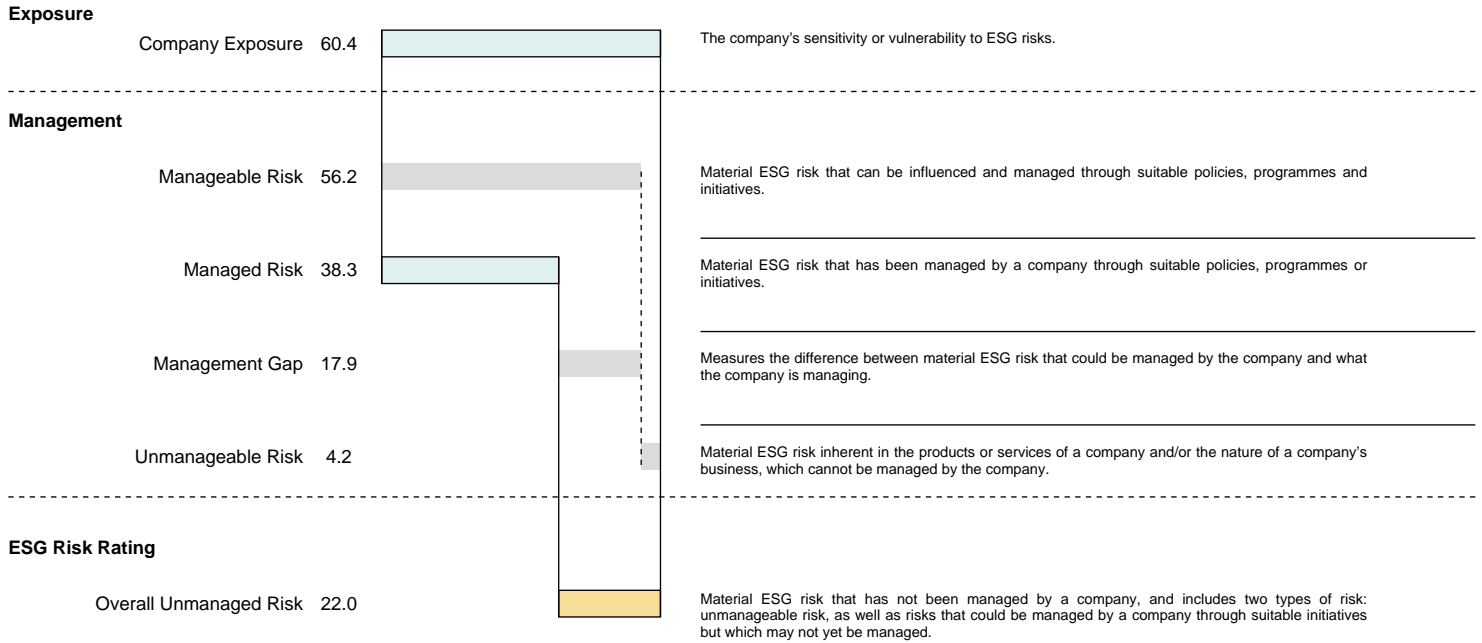
Society - Human Rights

Water Use

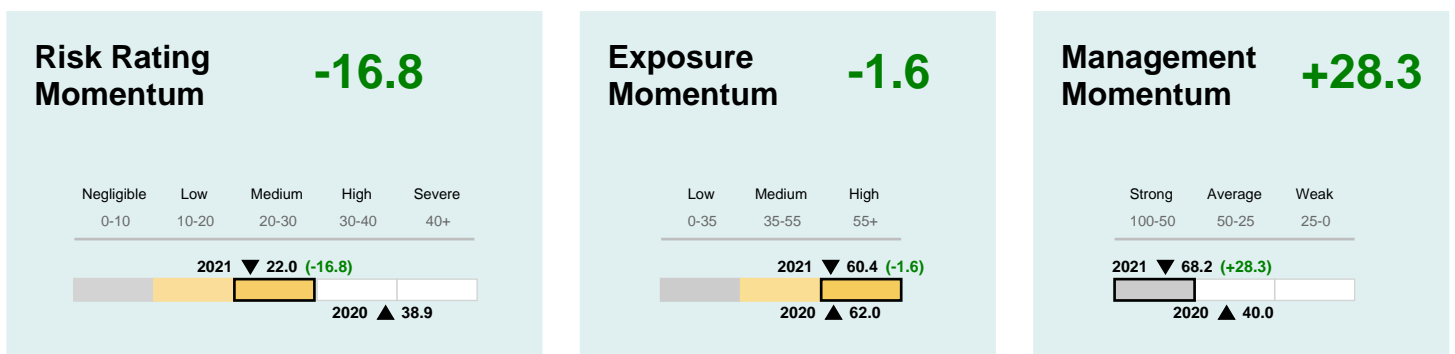
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## Risk Decomposition



## Momentum Details



# Energetický a Průmyslový Holding a.s.

Multi-Utilities Czech Republic

## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

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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