

Energetický a Prumyslový Holding AS

Multi-Utilities Czech Republic

ESG Risk Rating

20.7

-1.3

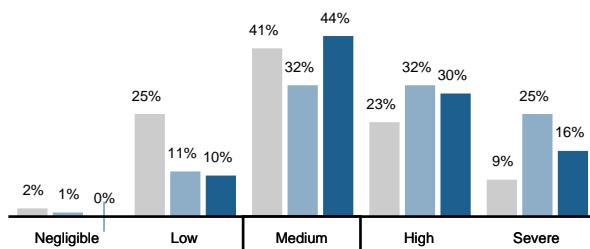
Updated Apr 13, 2023

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	4454/15231	30th
Utilities INDUSTRY	93/699	14th
Multi-Utilities SUBINDUSTRY	14/96	15th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. EP Infrastructure as	54.9 Medium	72.7 Strong	17.8 Low
2. Eneco Beheer NV	55.2 High	68.0 Strong	20.4 Medium
3. Energetický a Prumyslový Holding AS	64.5 High	73.1 Strong	20.7 Medium
4. National Grid North America, Inc.	47.0 Medium	58.6 Strong	21.4 Medium
5. Baltimore Gas & Electric Co.	53.1 Medium	60.4 Strong	23.3 Medium

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ESG Risk Analysis

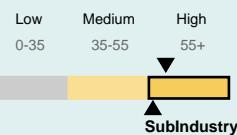
Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

64.5 +4.2

High Momentum

Beta = 1.11



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. 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 SO₂ or NO_x, 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 moderately above 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

73.1 +4.9

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	9.5 High	47.1 Average	5.0 Medium	24.1%
Emissions, Effluents and Waste	9.1 High	63.7 Strong	3.9 Low	18.8%
Resource Use	5.0 Medium	56.9 Strong	2.7 Low	13.1%
Product Governance	6.3 Medium	73.0 Strong	2.2 Low	10.4%
Occupational Health and Safety	7.2 Medium	84.5 Strong	1.7 Negligible	8.3%
Community Relations	9.2 High	91.2 Strong	1.6 Negligible	7.9%
Human Capital	3.5 Low	72.5 Strong	1.1 Negligible	5.2%
Land Use and Biodiversity	4.8 Medium	78.8 Strong	1.0 Negligible	4.9%
Corporate Governance	5.0 Medium	81.0 Strong	1.0 Negligible	4.6%
Business Ethics	5.0 Medium	93.7 Strong	0.5 Negligible	2.6%
Overall	64.5 High	73.1 Strong	20.7 Medium	100.0%

Events Overview

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

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 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

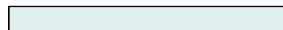
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Risk Decomposition

Exposure

Company Exposure 64.5



The company's sensitivity or vulnerability to ESG risks.

Management

Manageable Risk 59.9



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

Managed Risk 43.8

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

Management Gap 16.1

Measures the difference between material ESG risk that could be managed by the company and what the company is managing.

Unmanageable Risk 4.6

Material ESG risk inherent in the products or services of a company and/or the nature of a company's business, which cannot be managed by the company.

ESG Risk Rating

Overall Unmanaged Risk 20.7



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.

Momentum Details

Risk Rating Momentum -1.3



Exposure Momentum +4.2



Management Momentum +4.9



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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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