

Ignitis Group AB

26.5 Medium Risk

Multi-Utilities | Lithuania |



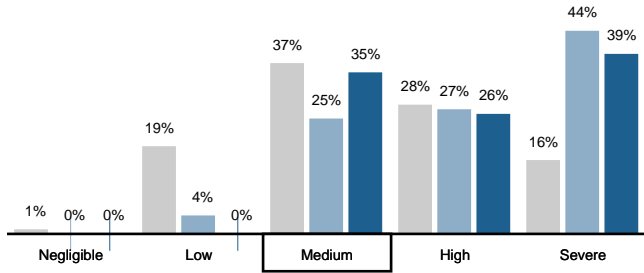
Rating Overview

The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. Notably, its overall risk is higher since it is materially exposed to more ESG issues than most companies in our universe. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Furthermore, the company has not experienced significant controversies.

Momentum Score

Not available due to a lack of comparable historical information

ESG Risk Rating Distribution



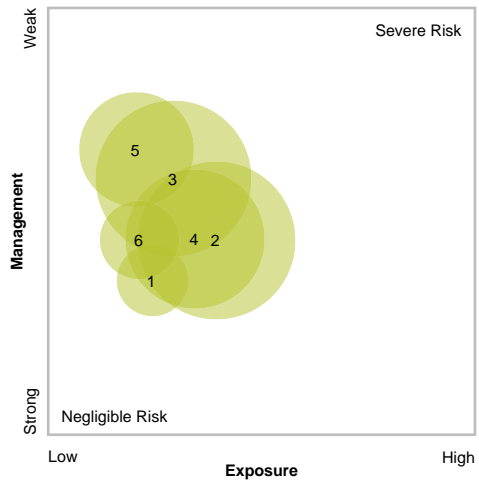
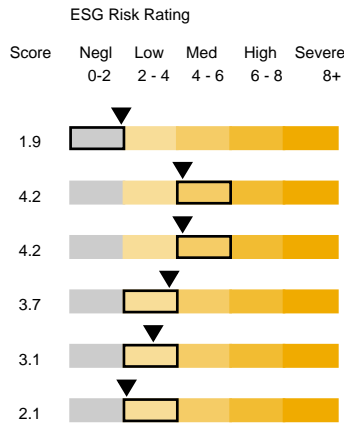
Relative Performance

	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	5562 out of 12972	43rd
Utilities (Industry Group)	87 out of 483	19th
Multi-Utilities (Subindustry)	11 out of 54	20th

Attribution Analysis

Top Material Issues

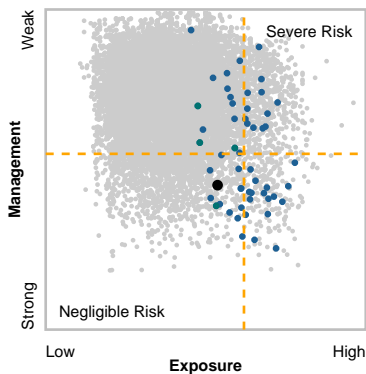
- Corporate Governance
- Community Relations
- Resource Use
- Emissions, Effluents and Waste
- Product Governance
- Land Use and Biodiversity



△ = Significant event

○ Circle size = Contribution to ESG Risk Rating

Risk Analysis



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

	ESG Risk Rating	Exposure	Management
1. Eneco Beheer NV	23.1 Medium	53.3 Medium	61.3 Strong
2. Ignitis Group AB	26.5 Medium	53.7 Medium	54.9 Strong
3. Stedin Holding N.V.	29.3 Medium	48.2 Medium	41.6 Average
4. Fluvius System Operator CVBA	34.2 High	47.6 Medium	30.1 Average
5. ACWA Power International	35.3 High	59.1 High	43.3 Average

- Global Universe
- Multi-Utilities (Subindustry)
- Ignitis Group AB
- Peers
- + SubIndustryAvg.

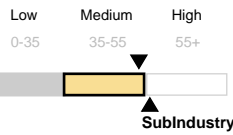
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Exposure Score



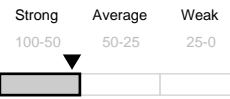
53.7 Medium

Beta = 0.91

While Ignitis Group places a strategic focus on expanding its portfolio of green generation, it still relies considerably on fossil fuels such as natural gas. Failure to adapt its portfolio to the growing consumer demand for lower-carbon energy might expose the company to a loss of customers and market share. Moreover, the company's operations may impact local communities through the acquisition and development of large land tracts for power plants, electricity transmission lines or gas pipelines. Poor community relations could trigger disruptive protests and enhanced public scrutiny. Additionally, Ignitis Group's power and heat production and distribution generate negative externalities such as hazardous wastes and effluents that, if mismanaged, could cause environmental damage, prompting fines, investigations and remediation costs for the company.

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

Management Score



54.9 Strong

Ignitis Group includes a reasonable amount of ESG information in its annual report for 2019, but without following GRI guidelines, which is behind best practice. However, the company's ESG related issues are overseen by a Sustainable Development Committee which is directly accountable to the board. This level of oversight of ESG-related issues suggests they are integrated in core business strategy. Furthermore, Ignitis Group has issued green bonds with a total face value of EUR 600 million. Proceeds of the green bonds are being used for a number of projects which are expected to reduce carbon emissions by 700,000 tons every year.

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

Attribution Details



Contribution to

Issue Name	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight	ESG Risk Rating	Risk Category
Corporate Governance	7.2%	5.0	5.0	100%	62.0	10.1 %	1.9	
Community Relations	15.9%	8.0	8.0	90%	52.5	14.5 %	4.2	
Resource Use	15.7%	6.0	6.0	80%	38.1	9.7 %	4.2	
Emissions, Effluents and Waste	14.0%	7.0	7.0	90%	52.3	12.7 %	3.7	
Product Governance	11.5%	5.0	4.3	90%	31.3	7.7 %	3.1	
Land Use and Biodiversity	7.9%	4.0	4.4	100%	52.5	8.9 %	2.1	
Business Ethics	7.8%	5.0	5.0	95%	61.6	9.6 %	2.1	
Occupational Health and Safety	7.7%	6.0	6.0	90%	73.4	10.9 %	2.0	
Human Capital	7.5%	4.0	4.0	95%	53.1	7.7 %	2.0	
Carbon -Own Operations	4.8%	9.0	4.1	100%	68.3	8.2 %	1.3	
Overall	100.0%	59.0	53.7	92.2 %	54.9	100.0%	26.5	Medium

△ =Significant event

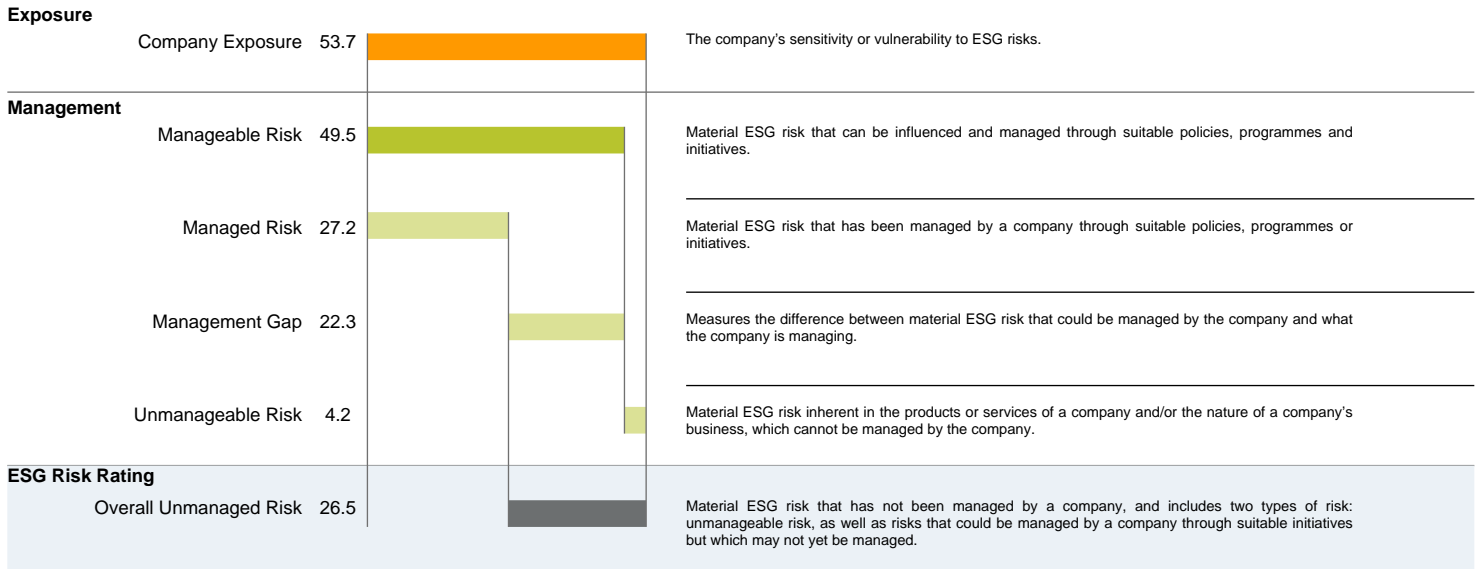
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Risk Details



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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