

# Alliander N.V.

Multi-Utilities Netherlands

## ESG Risk Rating

# 12.7

Updated May 27, 2021

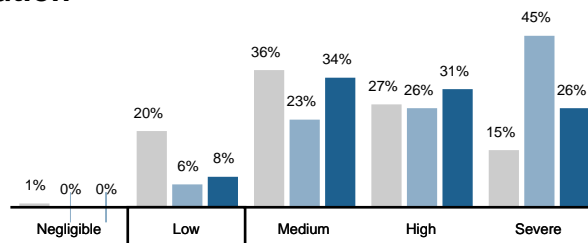
# -10.6

Momentum

# Low Risk



## ESG Risk Rating Category Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
Global Universe	451/13733	4th
Utilities INDUSTRY	6/606	2nd
Multi-Utilities SUBINDUSTRY	1/61	1st

## Peers Comparison

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

Exposure

Management

ESG Risk Rating

1. Alliander N.V.	33.3 Low	65.8 Strong	12.7 Low
2. Stedin Holding N.V.	33.5 Low	48.5 Average	18.2 Low
3. Eneco Beheer NV	53.3 Medium	61.6 Strong	23.0 Medium
4. Fluvijs System Operator CV	47.6 Medium	30.1 Average	34.2 High
5. Energie AG Oberösterreich	54.3 Medium	38.4 Average	34.9 High

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## ESG Risk Analysis

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

### Exposure

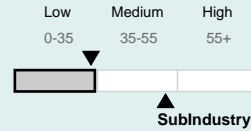
**33.3**

**-16.9**

**Low**

**Momentum**

**Beta = 0.63**



Alliander's networks (92,000 km of electric cable and 42,000 km of gas pipeline) directly and indirectly affect residential and adjacent areas, possibly generating community tension. If not properly managed, community opposition may lead to project delays, fines or operational disruptions. In addition, Alliander is exposed to health and safety incidents related to constructing, maintaining, managing and expanding the energy networks. These have the potential to materially impact the company's operations through disruptions, delays, fines and lawsuits. Furthermore, 85% of Alliander's revenues come from regulated assets. Improper management of ethical risks within the company might lead to misconduct, which can bring about investigations, lawsuits and penalties by regulatory authorities.

The company's overall exposure is low and is significantly below subindustry average. Occupational Health and Safety, Business Ethics and Community Relations are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

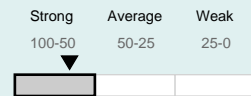
### Management

**65.8**

**+9.0**

**Strong**

**Momentum**



Alliander's annual report is written in accordance with GRI Standards – Comprehensive Option, which follows best practice, signalling strong accountability to investors and the public. The company's CSR Manager that oversees ESG issues is below board level, suggesting that these are not fully integrated in core business strategy.

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

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## Material ESG Issues

ESG Issues regarded material for the company.

Issue Name	Exposure		Management		ESG Risk Rating	Contribution to ESG Risk Rating
	Score   Category		Score   Category		Score   Category	
Community Relations	6.4	Medium	69.0	Strong	2.4 Low	19.1%
Occupational Health and Safety	4.5	Medium	57.5	Strong	2.2 Low	17.1%
Corporate Governance	5.0	Medium	58.0	Strong	2.1 Low	16.5%
Land Use and Biodiversity	3.0	Low	50.5	Strong	1.5 Negligible	11.7%
Business Ethics	4.8	Medium	76.3	Strong	1.3 Negligible	10.3%
Emissions, Effluents and Waste	2.1	Low	49.7	Average	1.2 Negligible	9.1%
Human Capital	3.2	Low	67.5	Strong	1.1 Negligible	9.0%
Product Governance	3.0	Low	86.9	Strong	0.7 Negligible	5.1%
Carbon -Own Operations	1.4	Low	81.9	Strong	0.2 Negligible	1.9%
Overall	33.3	Low	65.8	Strong	12.7 Low	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 (18)**

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

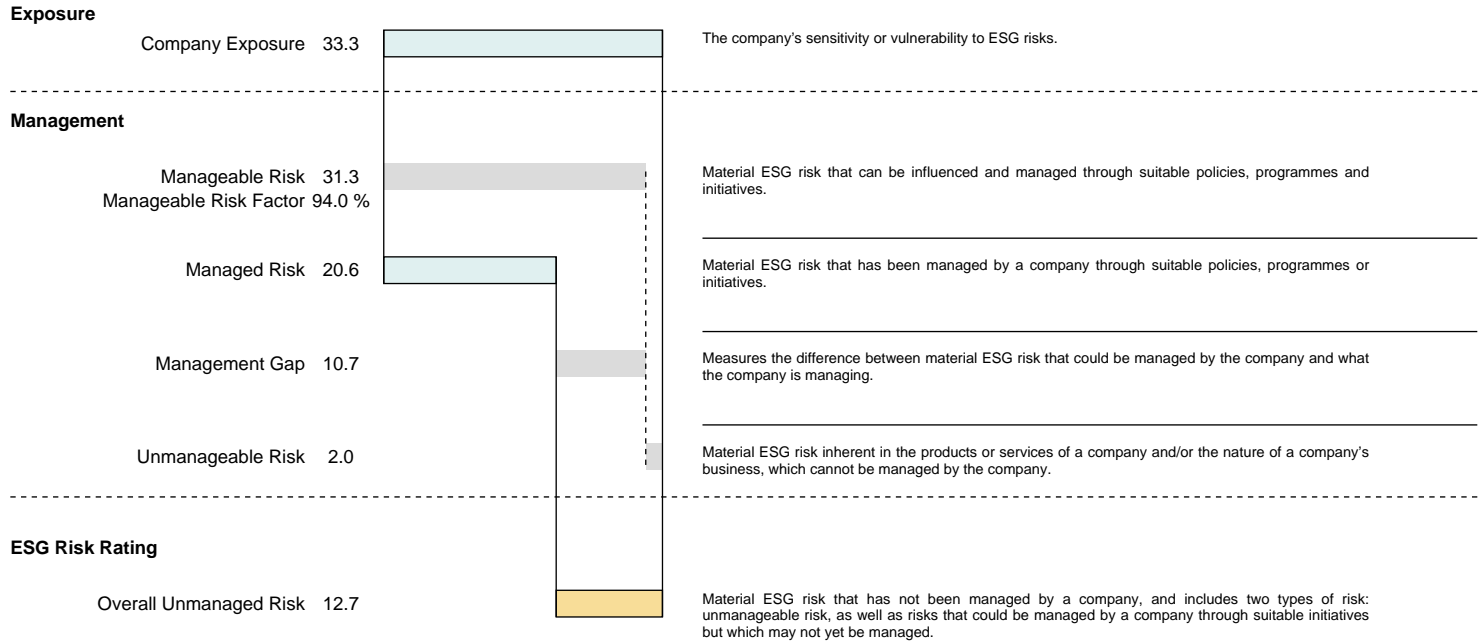
Sanctions

Society - Human Rights

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## Risk Decomposition



## Momentum Details



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## 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**:

	<b>Negligible risk:</b> enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	<b>Low risk:</b> enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	<b>Medium risk:</b> enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	<b>High risk:</b> enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	<b>Severe risk:</b> 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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