

Atlantica Sustainable Infrastructure Plc

Electric Utilities United Kingdom NAS:AY

ESG Risk Rating

13.1

Updated Feb 10, 2022

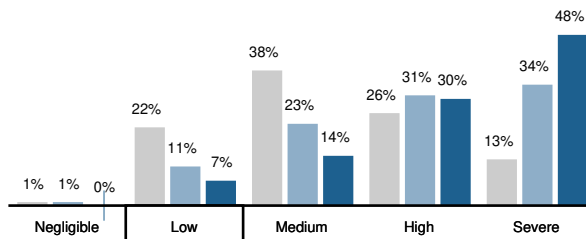
+5.5

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	736/14530	6th
Utilities Industry	12/661	3rd
Electric Utilities Subindustry	4/296	2nd

Peers Table

Peers (Market cap \$3.5 - \$3.7bn)

	Exposure	Management	ESG Risk Rating
1. Atlantica Sustainable Infrastructure Plc	62.2 High	84.7 Strong	13.1 Low
2. Companhia Paranaense de Energia	57.2 High	50.7 Strong	30.2 High
3. Inter RAO UES PJSC	60.4 High	50.5 Strong	31.7 High
4. Spark Infrastructure Group	46.8 Medium	33.8 Average	31.8 High
5. Public Power Corp. SA	68.9 High	46.9 Average	38.5 High

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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

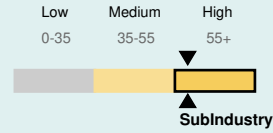
62.2

+29.1

High

Momentum

Beta = 0.99



Atlantica's solar, wind and natural gas power plants, as well as its electric transmission lines traverse large tracts of land. As the operation or expansion of such assets can significantly impact local residents, failure to achieve community approval might lead to protests and negative publicity. Moreover, as water desalination is an energy-intensive process, Atlantica's three plants are exposed to increasingly stringent carbon regulations. Additionally, the increased frequency and intensity of extreme weather events further exposes assets to risks of property damage and fatalities, as well as scrutiny of the company's management and preparedness for such events. Moreover, failure to provide a continuous supply of energy and water can lead to lawsuits, damages and stricter regulatory oversight.

The company's overall exposure is high and is similar to subindustry average. Community Relations, Carbon -Own Operations and Product Governance 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.

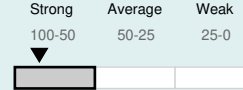
ESG Risk Management

84.7

+3.3

Strong

Momentum



Atlantica's 2020 ESG Report has been prepared in accordance with the GRI Standards: Core option, which follows best practice, signalling strong accountability to investors and the public. In addition, the company's board of directors is responsible for the oversight of environmental risks and opportunities as well as of the implementation of specific ESG initiatives. This level of oversight suggests ESG issues 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	
Corporate Governance	9.0 High	69.9 Strong	2.7 Low	20.7%
Carbon -Own Operations	7.2 Medium	72.5 Strong	2.0 Negligible	15.1%
Resource Use	5.3 Medium	80.0 Strong	1.9 Negligible	14.4%
Community Relations	8.4 High	89.7 Strong	1.6 Negligible	12.3%
Emissions, Effluents and Waste	5.6 Medium	79.2 Strong	1.6 Negligible	12.3%
Human Capital	4.4 Medium	72.5 Strong	1.4 Negligible	10.4%
Product Governance	6.6 Medium	98.9 Strong	0.7 Negligible	5.5%
Occupational Health and Safety	6.3 Medium	100.0 Strong	0.6 Negligible	4.8%
Business Ethics	5.3 Medium	93.8 Strong	0.6 Negligible	4.4%
Land Use and Biodiversity	4.2 Medium	100.0 Strong	0.0 Negligible	0.0%
Overall	62.2 High	84.7 Strong	13.1 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

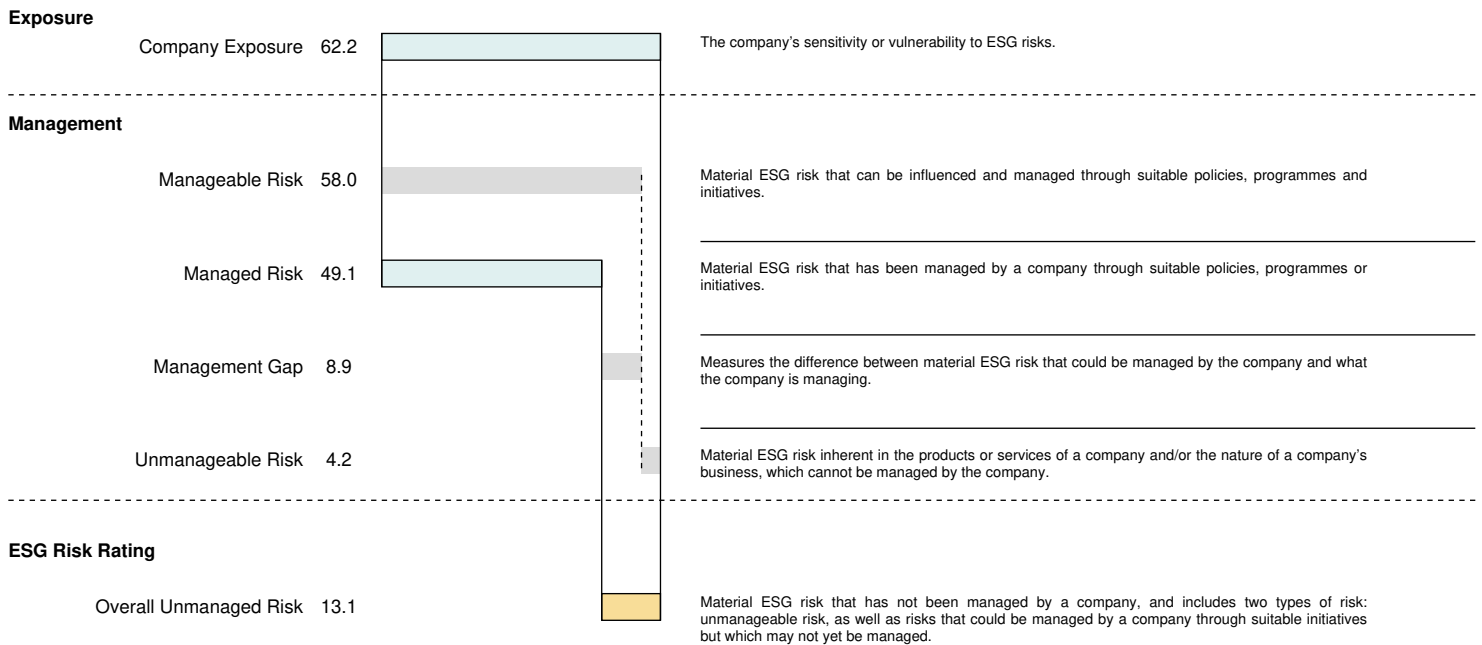
Society - Human Rights

Water Use

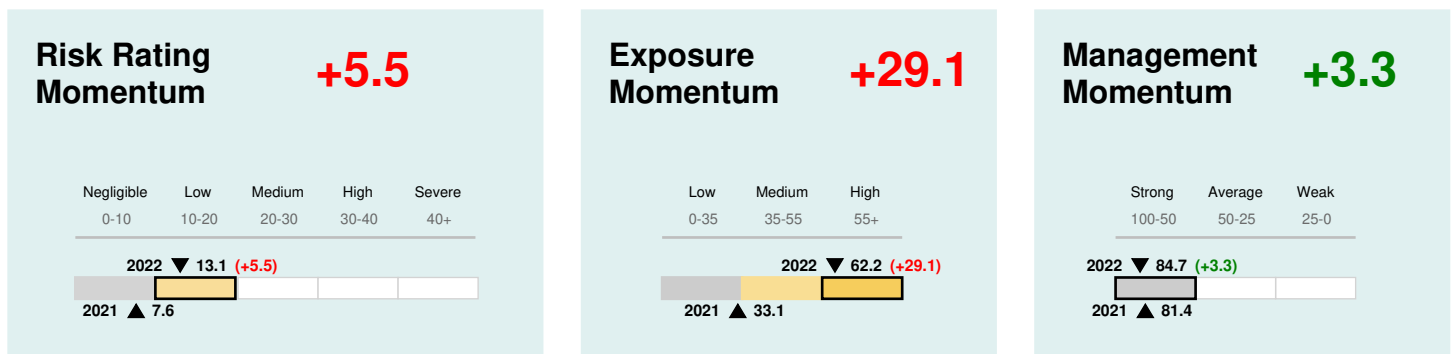
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Risk Decomposition



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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