

# Atlantica Yield PLC

Renewable Power Production | United Kingdom | NAS:AY

## 9.7 Negligible

Negl	Low	Med	High	Severe
0-10	10-20	20-30	30-40	40+

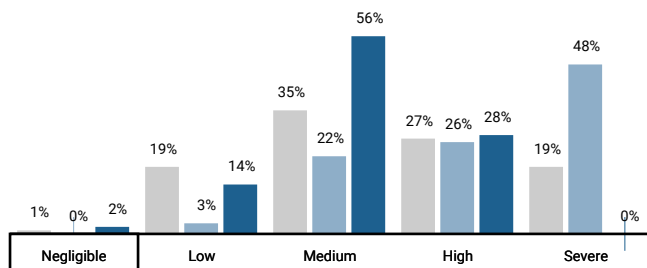
### Rating Overview

The company is at negligible risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. The company is noted for its strong corporate governance performance, which is reducing its overall risk. Furthermore, the company has not experienced significant controversies.

**Momentum Score: -2.8**
**Improved**

The company's risk score has decreased in the past year, and its risk category has improved.

### ESG Risk Rating Distribution



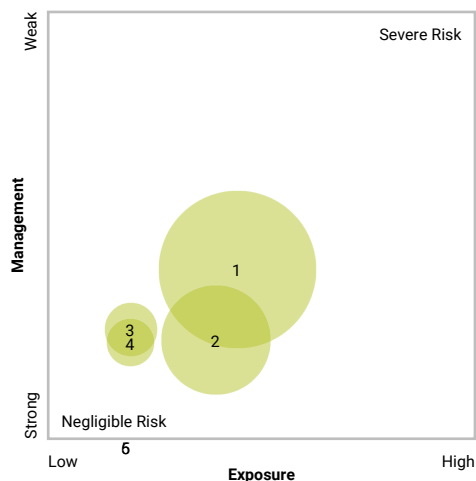
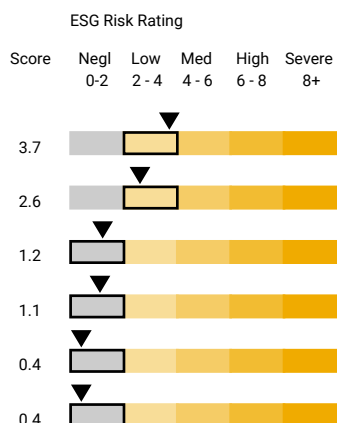
### Relative Performance

	Rank (1 <sup>st</sup> = lowest risk)	Percentile (1 <sup>st</sup> = lowest risk)
Global Universe	58 out of 12234	1 <sup>st</sup>
Utilities (Industry Group)	1 out of 442	1 <sup>st</sup>
Renewable Power Production (Subindustry)	1 out of 50	1 <sup>st</sup>

### Attribution Analysis

#### Top Material Issues

- Corporate Governance
- Community Relations
- Business Ethics
- Human Capital
- Occupational Health and Safety
- Product Governance

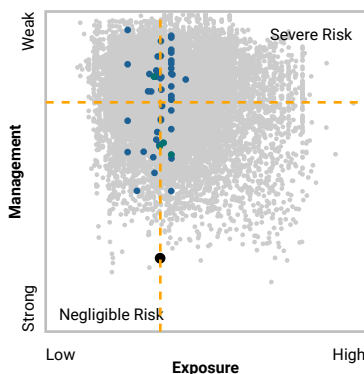


△ = Significant event

○ Circle size = Contribution to ESG Risk Rating



### Risk Analysis



- Global Universe
- Renewable Power Production (Subindustry)
- Atlantica Yield PLC
- Peers
- SubIndustryAvg.

#### Peers (Market cap \$1.7 - \$2.9bn)

	ESG Risk Rating	Exposure	Management
1. Atlantica Yield PLC	9.7 Negligible	35.8 Medium	77.1 Strong
2. CESP -Companhia Energética de São Paulo	21.5 Medium	35.6 Medium	42.1 Average
3. Innergex Renewable Energy Inc.	22.5 Medium	36.8 Medium	41.0 Average
4. Pattern Energy Group Inc	22.7 Medium	39.2 Medium	44.7 Average
5. TransAlta Renewables Inc	27.3 Medium	33.9 Low	20.4 Weak

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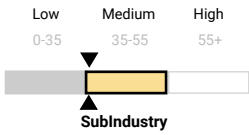
9.7 Negligible



Exposure Score

35.8 Medium

Beta = 0.99

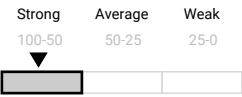


Atlantica's solar and wind power plants, as well as its electric transmission lines traverse large tracts of land. As the operation or expansion of such assets can significantly impact local residents, failure to achieve community approval might lead to protests and negative publicity. Moreover, Atlantica's assets present potentially hazardous occupational conditions like working in high temperatures, in isolated areas, near electrically charged cables or at high altitudes. Poor health and safety programmes may lead to employee or contractor injuries or fatalities, triggering liability lawsuits and high compensation costs. Additionally, the company's success relies on winning governmental bids for transmission line concessions. Potential acts of bribery or corruption meant to facilitate the winning of such bids, expose Atlantica to regulatory sanctions and scrutiny.

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

Management Score

77.1 Strong



In FY2018, Atlantica published an ESG Report that, while referencing the GRI standards for some aspects, does not clearly disclose the level of application, lagging behind best practice. However, the company's ESG-related issues are overseen by the Board of Directors, suggesting that these are integrated in core business strategy.

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

Attribution Details

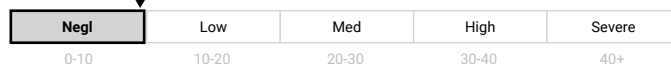
Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight		
Corporate Governance	38.5%	9.0	9.0	100%	58.4	26.6 %	3.7	<div><div></div><div></div><div></div><div></div><div></div></div>
Community Relations	26.8%	8.0	8.0	90%	75.0	21.3 %	2.6	<div><div></div><div></div><div></div><div></div><div></div></div>
Business Ethics	12.8%	4.0	4.0	95%	72.5	11.2 %	1.2	<div><div></div><div></div><div></div><div></div><div></div></div>
Human Capital	11.6%	4.0	4.0	95%	75.6	11.2 %	1.1	<div><div></div><div></div><div></div><div></div><div></div></div>
Occupational Health and Safety	3.9%	4.0	3.8	90%	100.0	10.1 %	0.4	<div><div></div><div></div><div></div><div></div><div></div></div>
Product Governance	3.9%	4.0	3.8	90%	100.0	10.1 %	0.4	<div><div></div><div></div><div></div><div></div><div></div></div>
Land Use and Biodiversity	2.4%	3.0	3.2	100%	92.5	9.3 %	0.2	<div><div></div><div></div><div></div><div></div><div></div></div>
Overall	100.0%	36.0	35.8	94.5 %	77.1	100.0%	9.7	Negligible

△ =Significant event

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## 9.7 Negligible



### Risk Details

#### Exposure

Company Exposure 35.8



The company's sensitivity or vulnerability to ESG risks.

#### Management

Manageable Risk 33.8



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

Managed Risk 26.0



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

Management Gap 7.7



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

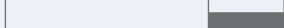
Unmanageable Risk 2.0



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 9.7



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.



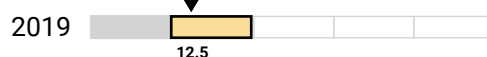
### Momentum Details

ESG Risk Rating Momentum Score: -2.8

Improved ↗

The company's risk score has decreased in the past year, and its risk category has improved.

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

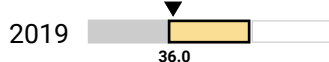
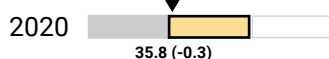


Exposure Momentum Score: -0.3

Stable ➡

The company's exposure score has not changed significantly in the past year, and its exposure category has remained stable.

Low	Medium	High
0-35	35-55	55+

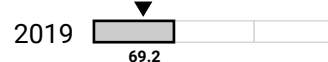
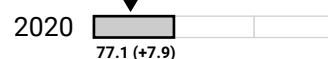


Management Momentum Score: +7.9

Stable ➡

The company's management score has increased in the past year, but its management category has remained stable.

Strong	Average	Weak
100-50	50-25	25-0



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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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