

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

ESG Risk Rating

19.4

Updated May 21, 2021

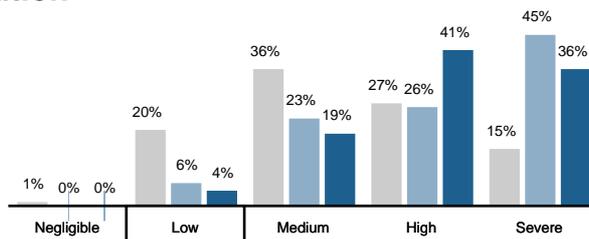
Not available

Momentum

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	2634/13732	20th
Utilities Industry	34/606	6th
Gas Utilities Subindustry	3/83	3rd

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Czech Gas Networks Investments SARL	46.8 Medium	62.8 Strong	19.4 Low
2. Cadent Gas Ltd.	47.4 Medium	53.9 Strong	23.6 Medium
3. Nederlandse Gasunie NV	45.9 Medium	50.3 Strong	24.4 Medium
4. Madrileña Red de Gas S.A.U.	47.0 Medium	45.3 Average	27.0 Medium
5. Redexis Gas SA	47.9 Medium	45.6 Average	27.5 Medium

Czech Gas Networks Investments SARL

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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

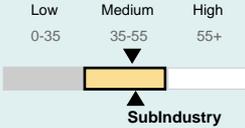
46.8

Not available

Medium

Momentum

Beta = 0.98



Czech Gas is responsible for operating the largest gas distribution network in the Czech Republic by both grid length and number of connections. The company covers 81% of the country's gas distribution and manages the pipeline network and related plants in almost all regions. Leakages in its pipelines or its natural gas storage facilities might release large amounts of methane. As the EU shows increasingly stringent climate change regulations, the company might be subject to investigations, fines and increased stakeholder scrutiny. Furthermore, mismanagement of its infrastructure may result in service disruptions or damaging incidents, which can in turn prompt investigations, fines and liability lawsuits for Czech Gas. Incidents could also impact company employees, leading to injuries or fatalities, and may prompt compensation costs and liability lawsuits.

The company's overall exposure is medium and is similar to subindustry average. Carbon -Own Operations, Occupational Health and Safety and Product Governance 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

62.8

Not available

Strong

Momentum



Czech Gas' overall ESG-related disclosure is weak and not in accordance with GRI reporting standards, signalling inadequate accountability to investors and the public. The company's ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy.

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

Czech Gas Networks Investments SARL

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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	
Emissions, Effluents and Waste	5.0 Medium	54.5 Strong	2.5 Low	13.1%
Community Relations	5.0 Medium	61.8 Strong	2.2 Low	11.4%
Business Ethics	5.0 Medium	58.7 Strong	2.2 Low	11.4%
Carbon -Products and Services	2.7 Low	25.0 Average	2.2 Low	11.1%
Corporate Governance	5.0 Medium	57.0 Strong	2.2 Low	11.1%
Product Governance	6.0 Medium	77.6 Strong	1.8 Negligible	9.3%
Carbon -Own Operations	5.1 Medium	65.6 Strong	1.8 Negligible	9.0%
Land Use and Biodiversity	3.0 Low	42.9 Average	1.7 Negligible	8.8%
Occupational Health and Safety	6.0 Medium	81.3 Strong	1.6 Negligible	8.3%
Human Capital	4.0 Medium	73.1 Strong	1.2 Negligible	6.3%
Overall	46.8 Medium	62.8 Strong	19.4 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)**

Czech Gas Networks Investments SARL

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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

Carbon Impact of Products

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

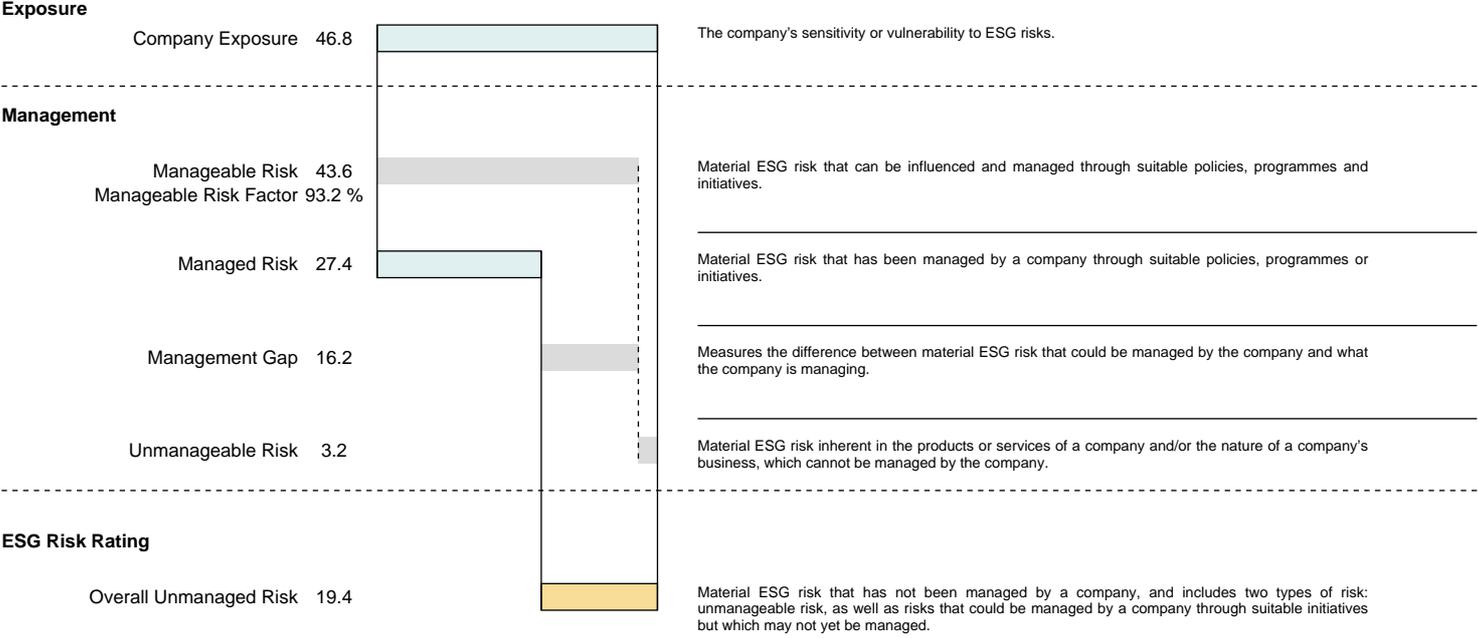
Sanctions

Society - Human Rights

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Risk Decomposition



Momentum Details

Not available due to a lack of comparable historical information.

Czech Gas Networks Investments SARL

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Issue



Emissions, Effluents and Waste

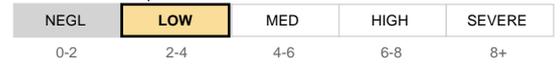
Contribution 13.1 %

Emissions, Effluents and Waste focuses on the management of emissions and releases from a company's own operations to air, water and land, excluding GHG emissions.

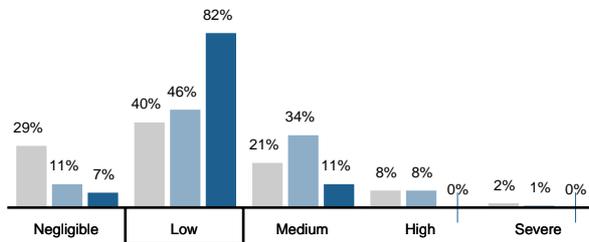
ESG Risk Rating

2.5

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	673/1633	42nd
Utilities INDUSTRY	49/205	24th
Gas Utilities SUBINDUSTRY	8/28	27th

Peers Comparison

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Nederlandse Gasunie NV	4.5 Medium	54.9 Strong	2.3 Low
2. Cadent Gas Ltd.	5.0 Medium	56.9 Strong	2.4 Low
3. Czech Gas Networks Investments SARL	5.0 Medium	54.5 Strong	2.5 Low
4. Redexis Gas SA	5.0 Medium	54.4 Strong	2.6 Low
5. Gas Networks Ireland	5.0 Medium	46.9 Average	2.9 Low

Czech Gas Networks Investments SARL

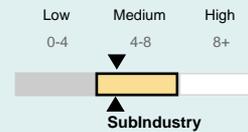
Gas Utilities Luxembourg

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

5.0
Medium



Air Emissions such as nitrogen oxides (NOx), carbon monoxide (CO), volatile organic compounds (VOCs), sulphur dioxide (SO₂) and particulate matter (PM) can occur due to combustion of gas throughout gas transmission and distribution process, particularly at liquefaction plants, compressor stations and regassification plants. Occasionally, gas utilities may be involved in electricity generation or gas exploration and production, which can be associated with water and air pollution. Though gas utilities have relatively low air emissions and toxic waste generation compared to electricity producers that use fossil fuels, there is still regulatory oversight over both the quantity and quality of emissions, effluents, and waste released by gas utilities. For example, in 2016 under Obama's Climate Action Plan, the US Environmental Protection Agency published the New Source Performance Standards to cut volatile organic compounds and air toxins (benzene, toluene, ethylbenzene and xylene) emissions from the oil and natural gas industry. Compliance with emission or pollution standards may increase costs related to inspections, maintenance, facility upgrades and remediation. Though compliance costs are often recoverable from consumers, related fines, civil lawsuits and denial of permits can have an adverse impact on a company's financial position. Best practice includes ISO 14001 certified environmental management systems as well as programmes to reduce air emissions, hazardous waste and wastewater.

The company's exposure to Emissions, Effluents and Waste issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Emissions, Effluents and Waste	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Assets Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

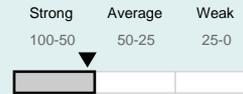
Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

54.5
Strong



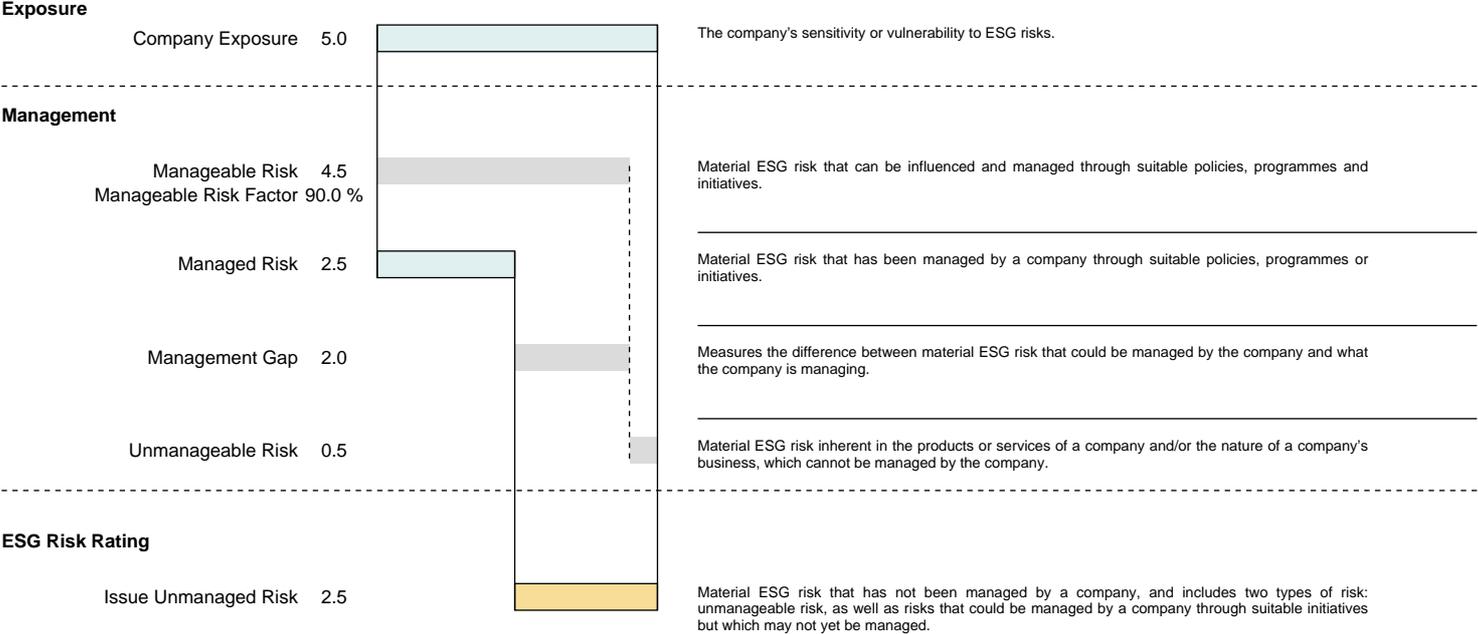
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Emergency Response Programme	100	20.0%	20.0
Environmental Policy	75	7.5%	5.6
Environmental Management System	60	12.5%	7.5
Hazardous Waste Management	50	10.0%	5.0
Non-GHG Air Emissions Programmes	50	20.0%	10.0
Effluent Management	33	10.0%	3.3
Biodiversity Programmes	25	12.5%	3.1
EMS Certification	0	7.5%	0.0
 Emissions, Effluents and Waste	Category 0	0%	0.0
Weighted Sum			54.5

Czech Gas Networks Investments SARL

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Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 11.4 %



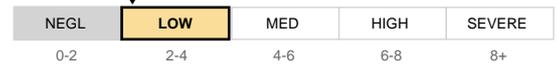
Community Relations

Community Relations focuses on how companies engage with local communities (including indigenous peoples) through both positive initiatives and mitigation of negative impacts.

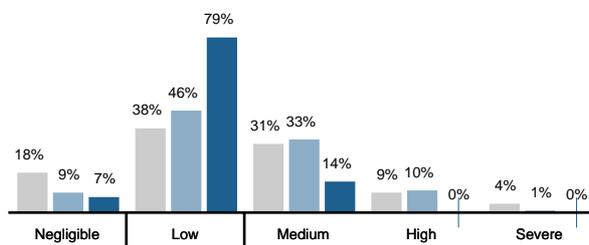
ESG Risk Rating

2.2

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	179/829	22nd
Utilities INDUSTRY	28/224	13th
Gas Utilities SUBINDUSTRY	3/28	8th

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Czech Gas Networks Investments SARL	5.0 Medium	61.8 Strong	2.2 Low
2. Cadent Gas Ltd.	5.0 Medium	58.8 Strong	2.4 Low
3. Redexis Gas SA	5.0 Medium	45.0 Average	3.0 Low
4. Gas Networks Ireland	5.0 Medium	45.0 Average	3.0 Low
5. Nederlandse Gasunie NV	4.8 Medium	26.5 Average	3.6 Low

Czech Gas Networks Investments SARL

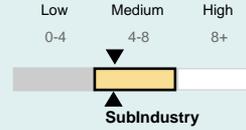
Gas Utilities Luxembourg

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

5.0
Medium



Gas utilities have large impacts on communities through infrastructure projects, including storage facilities, plants and pipelines, some of which are situated in densely populated areas. In some regions, gas pipelines may be opposed by community residents for contributing to climate change, or for perceived negative environmental impacts on natural (such as reservoir lands) or residential areas from pipelines, or for environmental concerns related to natural gas production, particularly hydraulic fracturing (fracking). Community opposition can complicate the permitting process and can delay the construction of new plants and pipelines, or necessitate changes in project design and planning. In most developed as well as some emerging markets, it is a prerequisite for companies to conduct an ex-ante, formal community consultation before beginning construction on new projects. Although the depth and scope of the consultation process varies from country to country, features usually include stakeholder identification, monitoring programmes and mechanisms to address community concerns over the asset life cycle. In addition to controversial projects and facilities, which impact land owner rights and trigger environmental concerns, safety incidents are the main source of stakeholder protests against gas utilities' operations, particularly in emerging markets. Local opposition to gas infrastructure projects is often supported by non-governmental organizations and may generate international media attention, requiring company executive time to respond to community concerns. Sound environmental due diligence and early community involvement are best practices.

The company's exposure to Community Relations issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Community Relations	0.00
Society - Human Rights	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

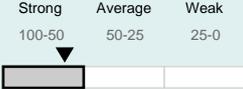
Czech Gas Networks Investments SARL

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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

61.8
Strong



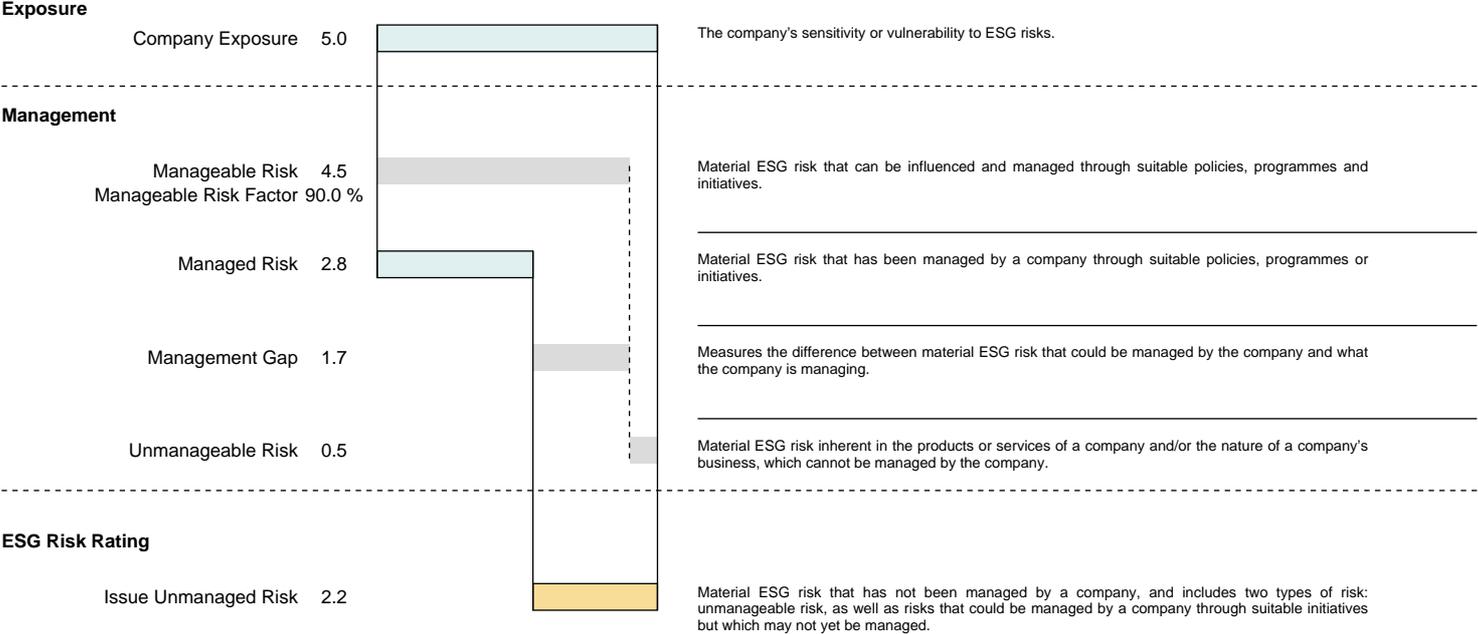
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Emergency Response Programme	100	23.5%	23.5
Community Development	50	41.2%	20.6
Community Involvement Programmes	50	35.3%	17.6
Community Relations	Category 0	0%	0.0
Society - Human Rights	Category 0	0%	0.0
Weighted Sum			61.8

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 11.4 %

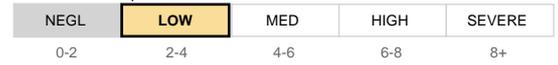
Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

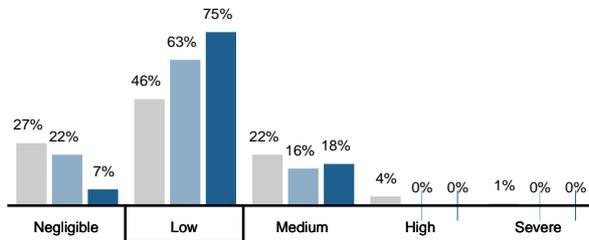
ESG Risk Rating

2.2

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	1367/4136	34th
Utilities INDUSTRY	70/227	31st
Gas Utilities SUBINDUSTRY	6/28	19th

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Czech Gas Networks Investments SARL	5.0 Medium	58.7 Strong	2.2 Low
2. Cadent Gas Ltd.	5.0 Medium	53.8 Strong	2.4 Low
3. Gas Networks Ireland	5.0 Medium	38.8 Average	3.2 Low
4. Nederlandse Gasunie NV	4.8 Medium	31.3 Average	3.3 Low
5. Redexis Gas SA	5.0 Medium	13.7 Weak	4.3 Medium

Czech Gas Networks Investments SARL

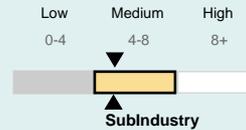
Gas Utilities Luxembourg

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

5.0
Medium



Gas utilities operate both in regulated and unregulated business environments, often in quasi-monopolies or oligopolies, depending on the country-specific regulation. The largest companies have revenues in the billions of dollars and are involved in large infrastructure projects that include exploration, storage facilities, power plants and pipelines. Long-term, high-value contracts increase the incentive for bribery, corruption, fraud and anti-competitive behaviour. According to Transparency International, companies in the Utilities sector were second-most likely to bribe in order to obtain business abroad, for example. While binding international regulation is lacking, some national legislative acts have a far-reaching impact. The US Foreign Corrupt Practices Act affects all companies doing business in the US, including non-US companies, and can subject companies to investigations and lawsuits, while the UK Bribery Act (2010) makes companies liable in the UK even if bribery occurred overseas. EU countries also support the OECD's call for bribery and corruption legislation and enforcement. In addition to direct financial impacts associated with fines and penalties, involvement in corruption cases can lead to management disruptions as well as reputational damage, which may affect business relationships and trigger regulatory action. Though penalties are uncommon, the continuous toll of corruption has negative impacts on the profitability and efficiency of the business. The risk exposure of companies varies according to the scope of operations (applicable jurisdictions), the line of business (upstream and/or downstream) and the systemic setting (regulated or unregulated). Additionally, subindustry companies may be subject to regulatory scrutiny on anti-competitive behaviours, such as setting artificially low prices to drive competitors out of the market. Best practice in the sector includes group-wide compliance policies and programmes for companies operating internationally, including top-level oversight of by a board committee or a chief compliance officer as well as whistleblower programmes.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	5.0
Issue Beta	x 1.00
Company Issue Exposure	5.0

Beta Indicators

Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.00
Intellectual Property	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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.

Beta Indicators	Beta Signal
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

58.7
Strong



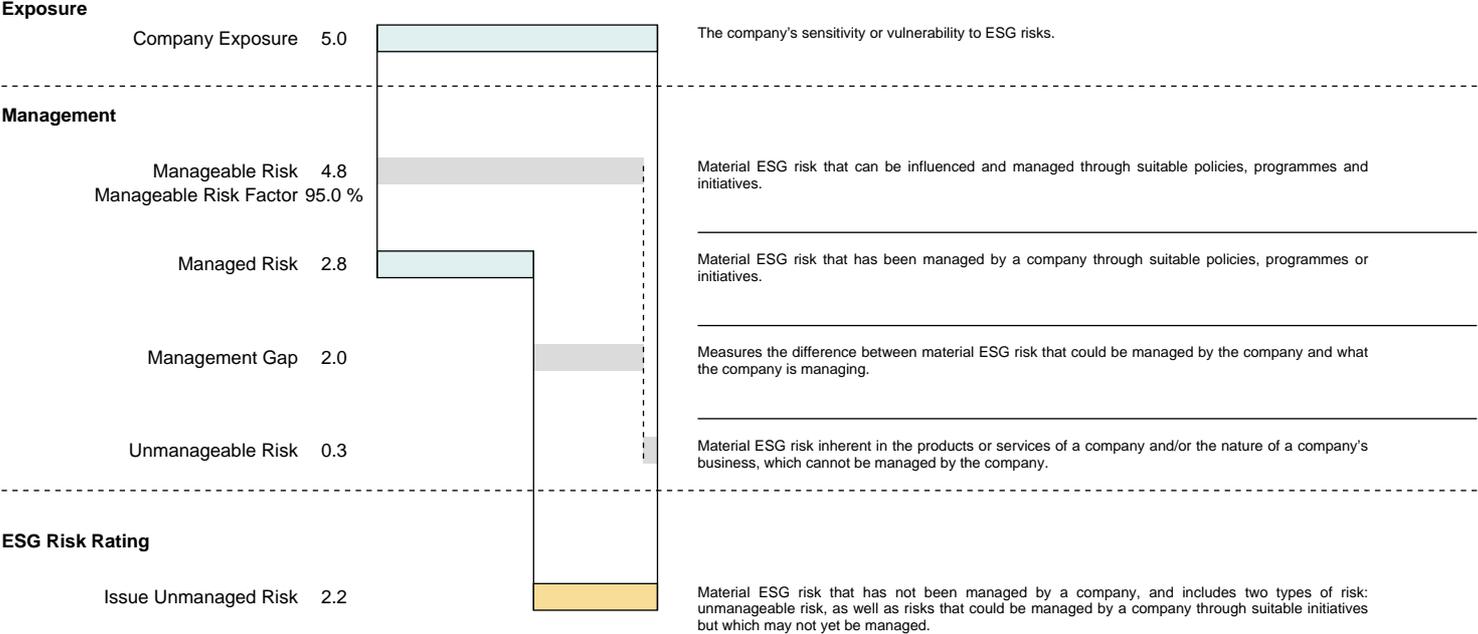
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Lobbying and Political Expenses	100	5.0%	5.0
Bribery & Corruption Programmes	75	25.0%	18.8
Political Involvement Policy	75	10.0%	7.5
Business Ethics Programme	50	25.0%	12.5
Whistleblower Programmes	50	25.0%	12.5
Bribery & Corruption Policy	25	10.0%	2.5
Accounting and Taxation	Category 0	0%	0.0
Anti-Competitive Practices	Category 0	0%	0.0
Bribery and Corruption	Category 0	0%	0.0
Business Ethics	Category 0	0%	0.0
Intellectual Property	Category 0	0%	0.0
Lobbying and Public Policy	Category 0	0%	0.0
Sanctions	Category 0	0%	0.0
Weighted Sum			58.7

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 11.1 %



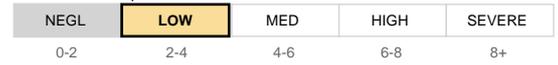
Carbon - Products and Services

Carbon - Products and Services refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase.

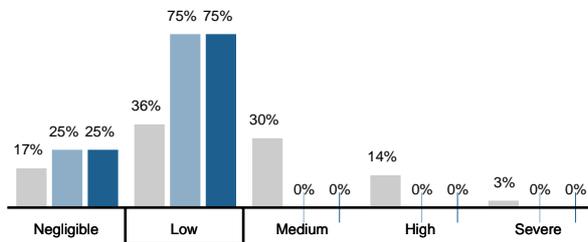
ESG Risk Rating

2.2

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	122/637	20th
Utilities INDUSTRY	10/28	34th
Gas Utilities SUBINDUSTRY	10/28	34th

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Nederlandse Gasunie NV	3.0 Low	42.9 Average	2.0 Negligible
2. Czech Gas Networks Investments SARL	2.7 Low	25.0 Average	2.2 Low
3. Cadent Gas Ltd.	2.7 Low	15.5 Weak	2.4 Low
4. Redexis Gas SA	3.2 Low	16.8 Weak	2.7 Low
5. Gas Networks Ireland	3.2 Low	15.5 Weak	2.8 Low

Czech Gas Networks Investments SARL

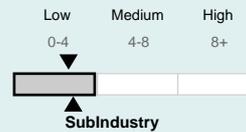
Gas Utilities Luxembourg

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

2.7
Low



The functioning of the global economy currently depends heavily on oil and gas, and gas alone represents roughly 25% of the world's primary energy use. At the same time, gas, which is primarily combusted as a fuel, result in greenhouse gas emissions (GHGs) globally as well as localized pollution impacts, and is responsible for roughly 19% of all anthropogenic emissions. An estimated 75% of these emissions result from the end use of these products by consumers. While natural gas combustion is less carbon intensive than most other fossil fuels, its use as a fuel for heating, power generation, cooking, and transportation still represent a significant source of carbon emissions. Many countries have implemented various measures to reduce the use of fossil fuels, and the COP21 agreement is expected to spur broader and deeper adoption of carbon regulation, with potential negative knock-on effects in terms of both costs and revenues. While the initial impacts will likely impact more carbon-intensive fuels such as coal and oil, eventually gas companies will face competition from electric utilities as efforts to decarbonize heating, power generation, and transportation take hold. In the long run, this could spell a prolonged period of reduced profitability for gas companies as stronger carbon pricing begins to affect an increasing number of major markets. Best practice in this area involves developing and implementing strategies to maintain profitability in an increasingly difficult environment, and disclosing such strategies to shareholders. Some decarbonization of the gas system may be possible in some areas by sourcing biogas or landfill gas. However, even with strong management, a component of such risk may be essentially unmanageable.

The company's exposure to Carbon -Products and Services issues is low and moderately below the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x 0.90
Company Issue Exposure	2.7

Beta Indicators

Beta Signal

Carbon Impact of Products	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Carbon Solutions Offering	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	-0.09
Exceptional Event Adjustment	0.00
Total Beta Signal	-0.10
Baseline	+1.00
Issue Beta	0.90

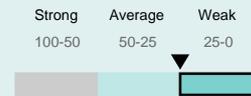
Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

25.0
Average



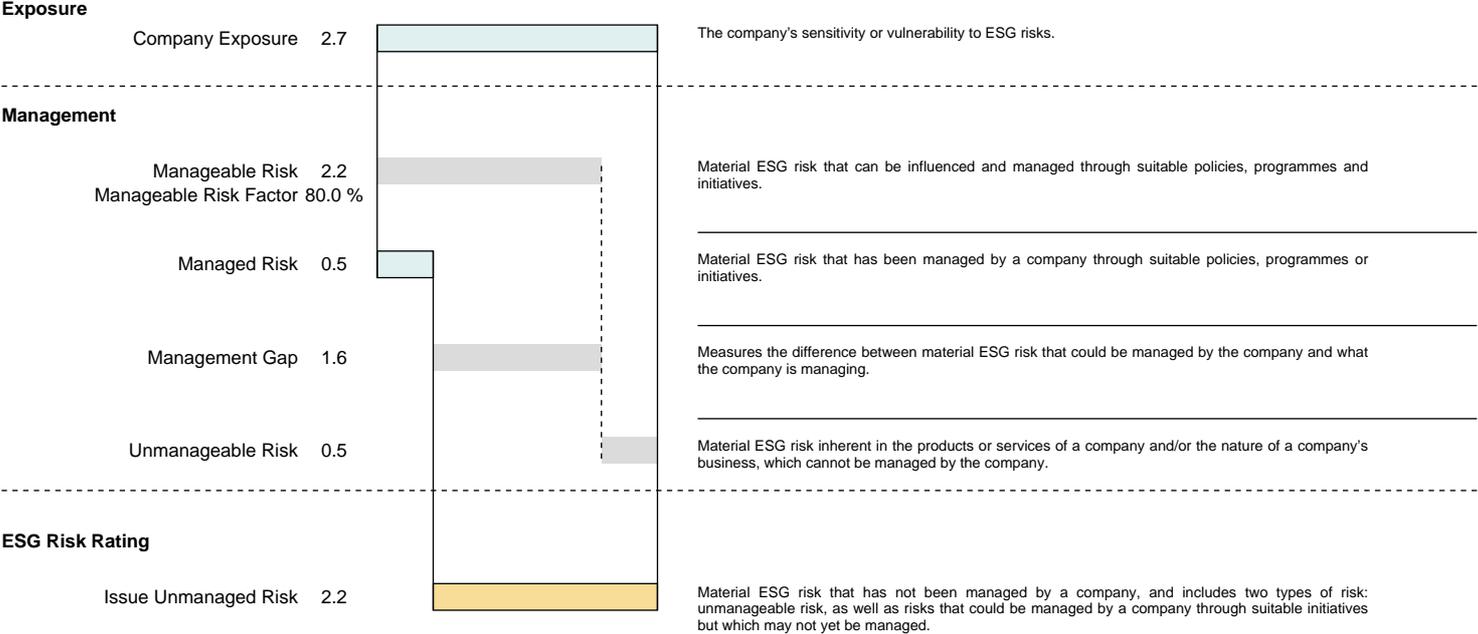
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Carbon Intensity	100	10.0%	10.0
GHG Risk Management	75	10.0%	7.5
Carbon Intensity Trend	50	5.0%	2.5
GHG Reduction Programme	50	10.0%	5.0
Customer Eco-Efficiency Programmes	0	30.0%	0.0
Sustainable Products & Services	0	35.0%	0.0
 Carbon Impact of Products	Category 0	0%	0.0
Weighted Sum			25.0

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 11.1 %



Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

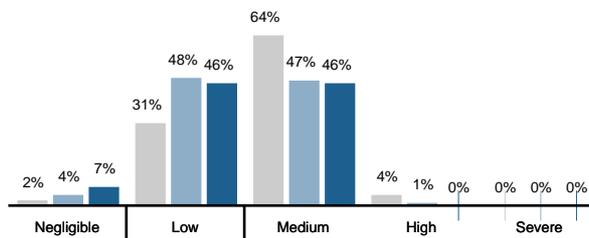
ESG Risk Rating

2.2

Low Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	81/4515	3rd
Utilities INDUSTRY	13/227	6th
Gas Utilities SUBINDUSTRY	3/28	8th

Peers Comparison

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Cadent Gas Ltd.	5.0 Medium	73.0 Strong	1.4 Negligible
2. Nederlandse Gasunie NV	5.0 Medium	65.0 Strong	1.8 Negligible
3. Czech Gas Networks Investments SARL	5.0 Medium	57.0 Strong	2.2 Low
4. Redexis Gas SA	5.0 Medium	44.0 Average	2.8 Low
5. Gas Networks Ireland	5.0 Medium	40.0 Average	3.0 Low

Czech Gas Networks Investments SARL

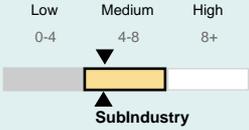
Gas Utilities Luxembourg

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

5.0
Medium

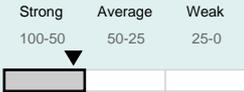


The company is not publicly traded, which positions stakeholder governance as the company's main governance area of focus. It may face decreased scrutiny of some governance practices compared to publicly traded companies. This translates into medium exposure to baseline Corporate Governance risk.

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

57.0
Strong



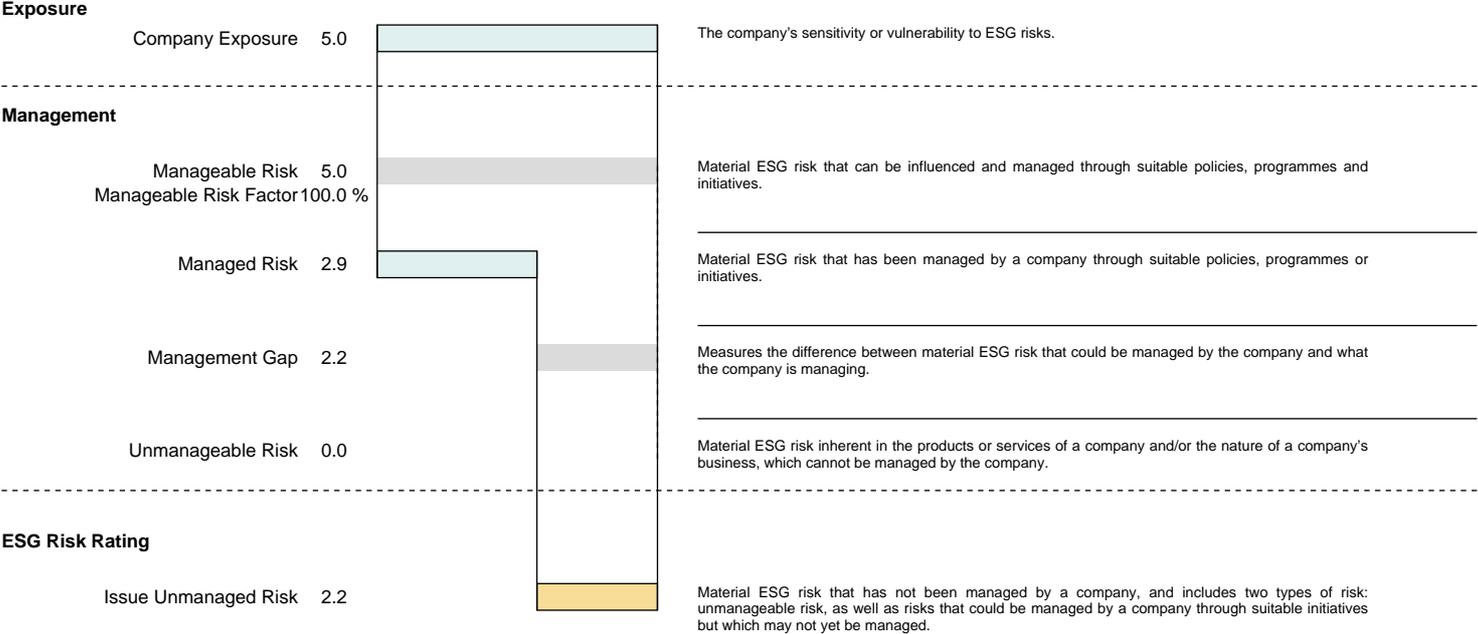
Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Stakeholder Governance	57	100.0%	57.0
Totals		100.0%	57.0

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 9.3 %



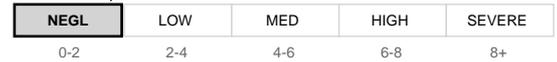
Product Governance

Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

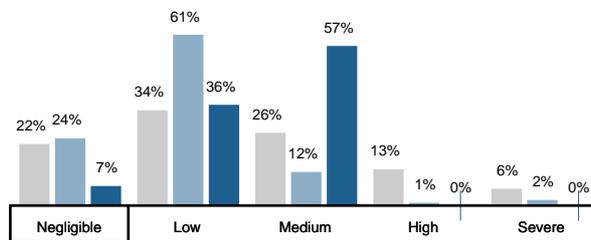
ESG Risk Rating

1.8

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	634/3573	19th
Utilities INDUSTRY	38/227	17th
Gas Utilities SUBINDUSTRY	2/28	5th

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Czech Gas Networks Investments SARL	6.0 Medium	77.6 Strong	1.8 Negligible
2. Cadent Gas Ltd.	6.0 Medium	71.3 Strong	2.2 Low
3. Gas Networks Ireland	6.0 Medium	70.0 Strong	2.2 Low
4. Nederlandse Gasunie NV	5.4 Medium	37.5 Average	3.6 Low
5. Redexis Gas SA	6.0 Medium	25.0 Average	4.7 Medium

Czech Gas Networks Investments SARL

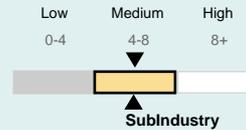
Gas Utilities Luxembourg

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

6.0
Medium



Dispersion and inefficiencies in the company's gas transport network as well as service interruptions might lead to customer complaints, loss of contracts and brand damages. In addition, accidental leaks can result in incidents with notable impacts on communities living in the vicinity of Czech Gas' infrastructure and may expose the company to litigation and high compensation to affected parties.

The company's exposure to Product Governance issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.00
Company Issue Exposure	6.0

Beta Indicators

Beta Signal

Access to Basic Services	0.00
Marketing Practices	0.00
Data Privacy and Security	0.00
Quality and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

77.6
Strong



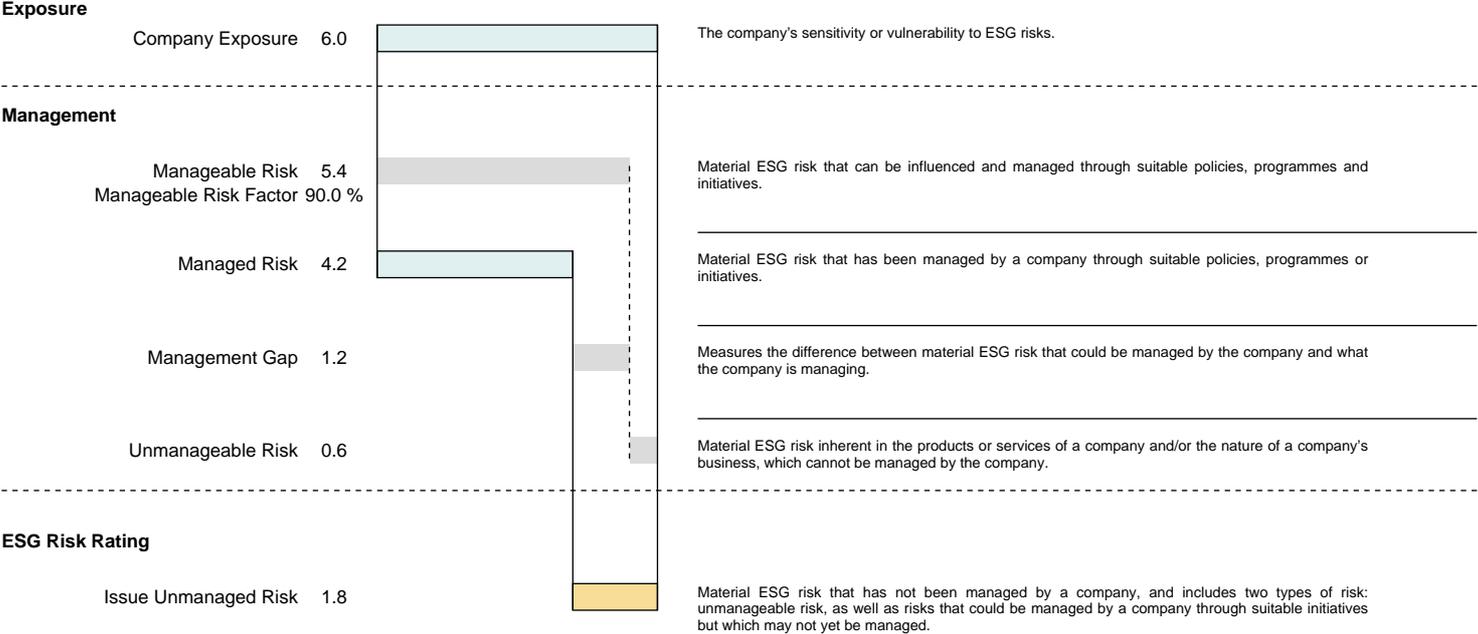
In line with best practice, Czech Gas has robust infrastructure integrity management. While the overall percentage of assets that obtained quality and safety certifications is not clear, evidence suggests one of its subsidiaries is certified to the ISO 9001 standard. To ensure the quality of services as well as service safety, the company has assigned top managerial responsibility for asset integrity. Furthermore, Czech Gas discloses risk identification measures and provides yearly training to relevant employees, guided by legislation in safety processes, specific technological processes and safety standards for the oversight of gas equipment. In addition, there is evidence that targets related to unplanned shutdowns were set and formal asset management plans have been established. Moreover, the company maintains strong emergency response programmes. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Asset Integrity Management	100	37.5%	37.5
Emergency Response Programme	100	31.2%	31.2
Physical Climate Risk Management	33	12.5%	4.1
QMS Certifications	25	18.7%	4.7
Access to Basic Services	Category 0	0%	0.0
Data Privacy and Security	Category 0	0%	0.0
Marketing Practices	Category 0	0%	0.0
Quality and Safety	Category 0	0%	0.0
Weighted Sum			77.6

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue  **Carbon - Own Operations**

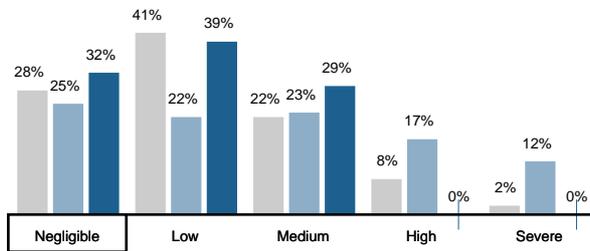
Contribution 9.0 %

Carbon - Own Operations refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions.

ESG Risk Rating 1.8 **Negligible Risk**

NEGL	LOW	MED	HIGH	SEVERE
0-2	2-4	4-6	6-8	8+

ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	531/2481	22nd
Utilities Industry	41/206	20th
Gas Utilities Subindustry	7/28	23rd

Peers Comparison

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Czech Gas Networks Investments SARL	5.1 Medium	65.6 Strong	1.8 Negligible
2. Nederlandse Gasunie NV	6.6 Medium	70.5 Strong	1.9 Negligible
3. Cadent Gas Ltd.	5.7 Medium	52.6 Strong	2.7 Low
4. Redexis Gas SA	5.7 Medium	41.2 Average	3.4 Low
5. Gas Networks Ireland	7.5 Medium	42.7 Average	4.3 Medium

Czech Gas Networks Investments SARL

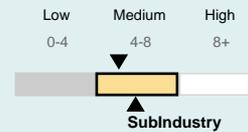
Gas Utilities Luxembourg

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

5.1
Medium



Czech Gas relies on energy primarily for operating its vehicle fleet, its buildings and operations, with the largest contributors to its carbon footprint being gas consumption in installation and gas leakages. Beyond direct financial losses caused by leakages, the company might face criticism due to increased environmental awareness by the public as well as stricter national and EU climate regulation in the wake of the COP21 Paris.

The company's exposure to Carbon -Own Operations issues is medium and moderately below the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 0.85
Company Issue Exposure	5.1

Beta Indicators

Beta Signal

Energy Use and GHG Emissions	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Carbon Emissions	-0.10
Fossil Fuel Involvement	0.00
Carbon Solutions Offering	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	-0.06
Exceptional Event Adjustment	0.00
Total Beta Signal	-0.15
Baseline	+1.00
Issue Beta	0.85

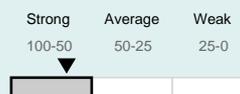
Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

65.6
Strong



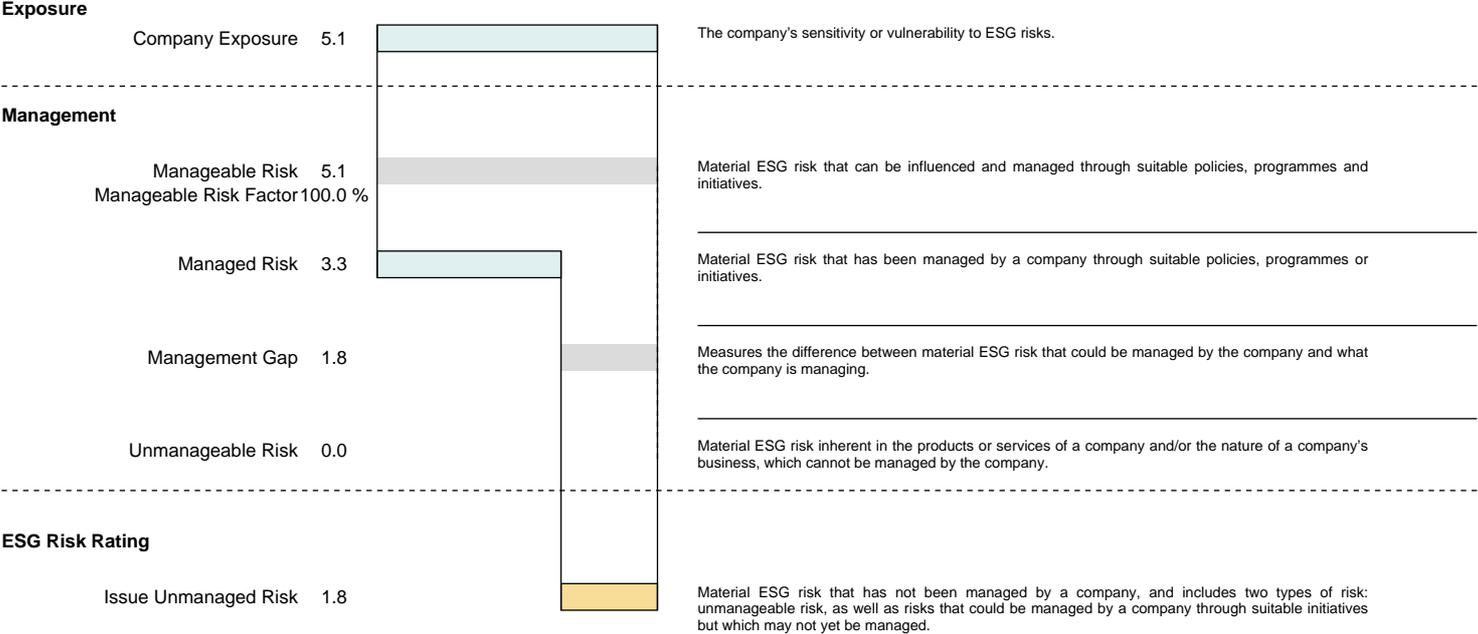
Czech Gas commits to increase energy efficiency and reduce greenhouse gas emissions in connection with its activities. Its commitment is backed up by its EMS, albeit not certified in accordance with the international standard ISO 14001. The company's initiatives to reduce its energy use include boiler replacement, cogeneration, procurement and generation of green electricity, optimisation of fuel consumption and driven kilometers as well as the use of alternative fuels for its own fleet. In addition, the company's GHG Risk Management programme is assessed as strong. Physical and regulatory climate risks are integrated into its regular risk assessments and business strategy and climate related responsibility is assigned to a C-level executive. Furthermore, Czech Gas' carbon intensity (based on FY2019 data) is well below the industry median, which is in line with best practice. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Carbon Intensity	100	24.2%	24.2
Environmental Policy	75	6.1%	4.5
GHG Risk Management	75	15.2%	11.4
Environmental Management System	60	12.1%	7.3
Carbon Intensity Trend	50	15.2%	7.6
GHG Reduction Programme	50	15.2%	7.6
Scope of GHG Reporting	50	6.1%	3.0
EMS Certification	0	6.1%	0.0
 Energy Use and GHG Emissions	Category 0	0%	0.0
Weighted Sum			65.6

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue



Land Use and Biodiversity

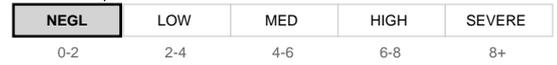
Contribution 8.8 %

Land Use and Biodiversity focuses on how companies' manage their impact on land, ecosystems and wildlife. Topics include land conversion, land rehabilitation and forest management.

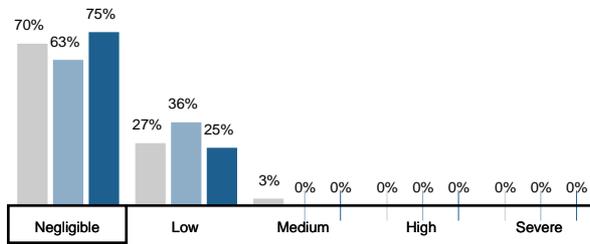
ESG Risk Rating

1.7

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	371/634	59th
Utilities INDUSTRY	109/224	49th
Gas Utilities SUBINDUSTRY	17/28	60th

Peers Comparison

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Redexis Gas SA	3.0 Low	66.2 Strong	1.0 Negligible
2. Gas Networks Ireland	3.0 Low	60.6 Strong	1.2 Negligible
3. Nederlandse Gasunie NV	2.7 Low	51.2 Strong	1.3 Negligible
4. Cadent Gas Ltd.	3.0 Low	52.5 Strong	1.4 Negligible
5. Czech Gas Networks Investments SARL	3.0 Low	42.9 Average	1.7 Negligible

Czech Gas Networks Investments SARL

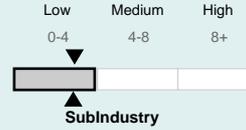
Gas Utilities Luxembourg

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

3.0
Low



The industry's existing assets and infrastructure projects such as gas plants, storage facilities and pipelines impact land use and biodiversity through habitat fragmentation and land alteration. The industry employs extensive pipeline infrastructure, which can total over one hundred thousand kilometres for large companies, with mainlines stretching across often remote areas, and gathering lines forming a web of connecting lines in producing areas. These pipelines, whether above or below ground, are kept free of substantial vegetation, creating massive expanses of areas with clear lines of sight, making certain species vulnerable to predation. After environmental impact assessments are conducted, regulators may require that pipeline construction plans be modified to avoid impeding animal migration routes. Pipelines that cross through coastal biodiversity hotspots, particularly in coastal areas, are particularly vulnerable to construction delays from legal challenges over biodiversity impact. City governments have worked to block the expansion of existing pipelines in the area, delaying construction plans and impacting companies' ability to earn revenue. In addition to project delays and changes in project design, companies may have remediation costs to restore natural areas after damage. Best practice within the industry comprises publishing a biodiversity statement and reporting on specific programmes, as well as cooperating with environmental agencies, stakeholders and expert organisations such as the International Union for Conservation of Nature or the Wildlife Habitat Council. Environmental responsibility starts with environmental impact assessments in the planning phase of a project, including an inventory of species, and ends with remediation after closure of a facility.

The company's exposure to Land Use and Biodiversity issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x 1.00
Company Issue Exposure	3.0

Beta Indicators

Beta Signal

Land Use and Biodiversity	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Assets Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

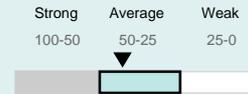
Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

42.9
Average



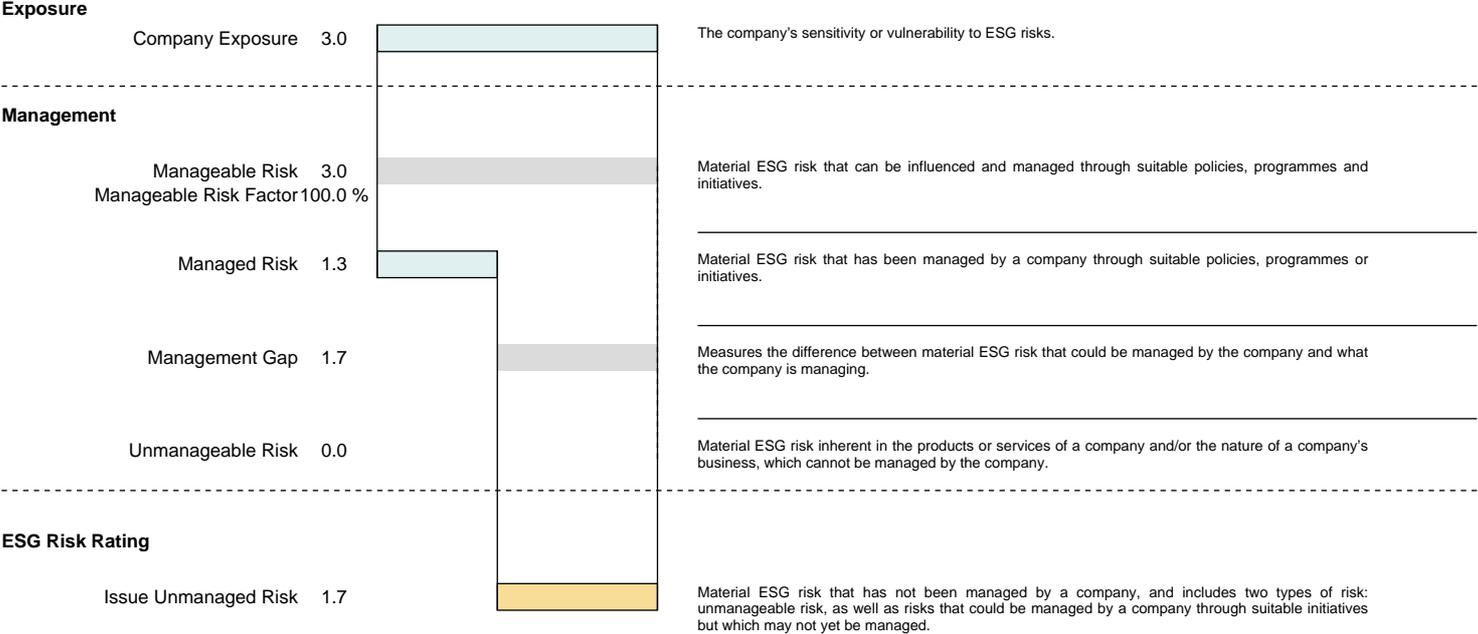
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Environmental Policy	75	15.0%	11.2
Environmental Management System	60	35.0%	21.0
Biodiversity Programmes	25	42.5%	10.6
EMS Certification	0	7.5%	0.0
 Land Use and Biodiversity	Category 0	0%	0.0
Weighted Sum			42.9

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 8.3 %



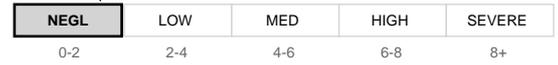
Occupational Health and Safety

Occupational Health and Safety focuses on the management of workplace hazards affecting a company's own employees and on-site contractors. Where relevant, it may also include HIV/AIDS programmes.

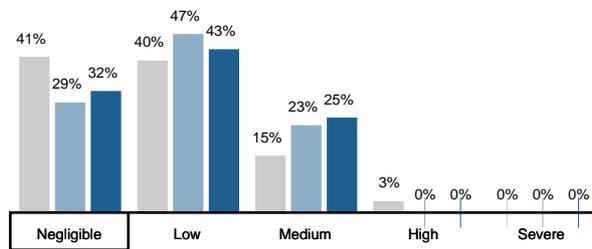
ESG Risk Rating

1.6

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	551/2011	28th
Utilities INDUSTRY	46/224	21st
Gas Utilities SUBINDUSTRY	5/28	16th

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Redexis Gas SA	6.0 Medium	92.5 Strong	1.0 Negligible
2. Czech Gas Networks Investments SARL	6.0 Medium	81.3 Strong	1.6 Negligible
3. Nederlandse Gasunie NV	5.4 Medium	71.3 Strong	1.9 Negligible
4. Gas Networks Ireland	6.0 Medium	58.0 Strong	2.9 Low
5. Cadent Gas Ltd.	6.0 Medium	40.5 Average	3.8 Low

Czech Gas Networks Investments SARL

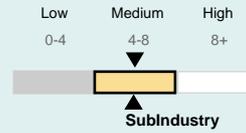
Gas Utilities Luxembourg

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

6.0
Medium



The operation and maintenance of the company's infrastructure expose workers to a host of health and safety hazards. Such risks are increased by the volatile nature of natural gas and the remote environments where workers operate. Failure to implement strong health and safety management systems may result in injuries or even fatalities among workers, exposing Czech Gas to potential fines, compensation payments to affected employees or their families and difficulty in attracting qualified personnel.

The company's exposure to Occupational Health and Safety issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.00
Company Issue Exposure	6.0

Beta Indicators

Beta Signal

Occupational Health and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Assets Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

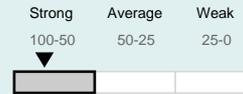
Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

81.3
Strong



Demonstrating a strong commitment to provide a safe working environment, Czech Gas has assigned top managerial responsibility for health and safety issues. Furthermore, the company conducts regular risk assessments and provides safety training on different topics, such as defensive driving and first aid. In addition, Czech Gas has established internal targets to reduce its health and safety incidents and there is evidence that audits were performed in the last three years. In the same period, data suggests the company had no fatalities among own employees but registered one contractor fatality. Furthermore, in FY2020, the company's lost-time incident rate has declined compared to the previous three years, attesting to the efficacy of its health and safety programme.

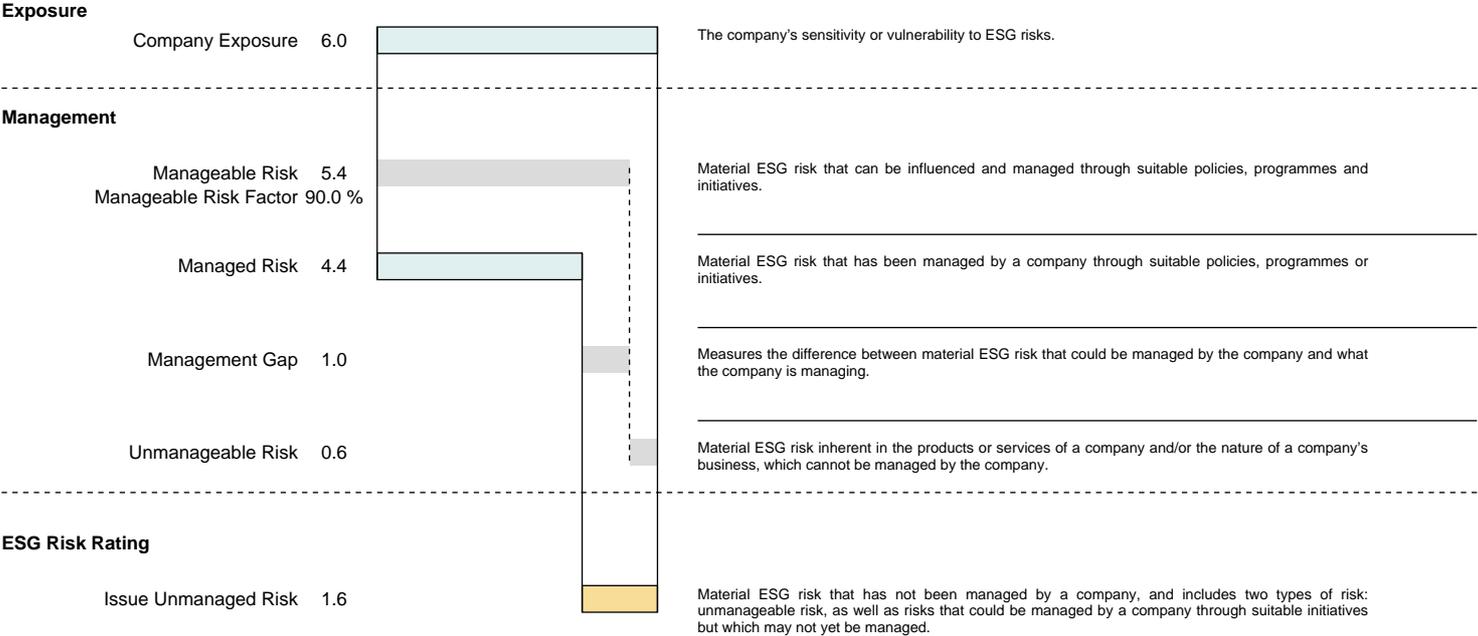
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Contractor Safety Programme	100	15.0%	15.0
Employee Fatality Rate	100	12.5%	12.5
Health and Safety Management	100	25.0%	25.0
LTIR Trend	100	17.5%	17.5
Contractor Fatalities	75	15.0%	11.2
Health & Safety Certifications	0	15.0%	0.0
 Occupational Health and Safety	Category 0	0%	0.0
Weighted Sum			81.3

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Issue

Contribution 6.3 %



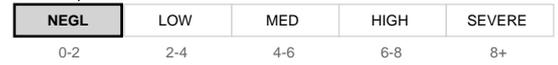
Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

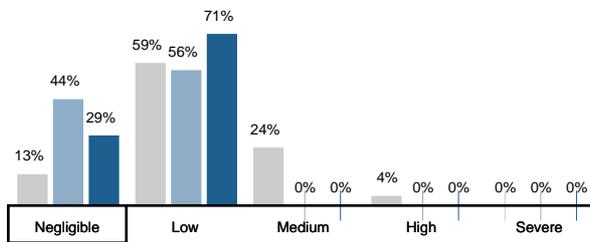
ESG Risk Rating

1.2

Negligible Risk



ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	103/4264	3rd
Utilities INDUSTRY	30/227	14th
Gas Utilities SUBINDUSTRY	3/28	8th

Peers Comparison

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Czech Gas Networks Investments SARL	4.0 Medium	73.1 Strong	1.2 Negligible
2. Redexis Gas SA	4.0 Medium	50.0 Strong	2.1 Low
3. Cadent Gas Ltd.	4.0 Medium	38.6 Average	2.5 Low
4. Nederlandse Gasunie NV	3.8 Low	32.9 Average	2.6 Low
5. Gas Networks Ireland	4.0 Medium	26.9 Average	3.0 Low

Czech Gas Networks Investments SARL

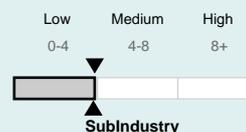
Gas Utilities Luxembourg

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

4.0
Medium



Gas utilities rely on a wide variety of employees to serve customers by providing natural gas through a vast array of pipelines and infrastructure. Employees include civil engineers as well as field managers and workers, to install, maintain and repair pipelines. Gas utilities are experiencing labour shortages in some regions, as experienced employees are retiring. At the same time, due to the rapid evolution of the utilities business, employee needs are also changing. Gas utilities now require employees with IT and data analytics skills to create or manage increasingly complex systems for detecting leaks in pipeline infrastructure, for example, or for smart metering. Companies are likely to compete for the same talent pool, and may need to develop innovative recruitment and retention strategies to attract the right talent to run increasingly complex operations. Traditionally a male-dominated industry, the utilities industry is also increasing the participation of women in its workforce. Focusing on diversity is likely to increase the industry's ability to meet its workforce needs as retirements of experienced employees continue. Additionally, utilities workers, who are often unionized, may organize work stoppages over benefits, plant safety or working conditions. Utilities have experienced operational disruptions from labour strikes; though these are often of short durations, they may result in negative impacts on utilities' service to customers.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x 1.00
Company Issue Exposure	4.0

Beta Indicators

Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Issue Beta	1.00

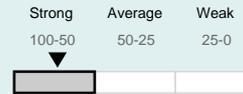
Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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

73.1
Strong



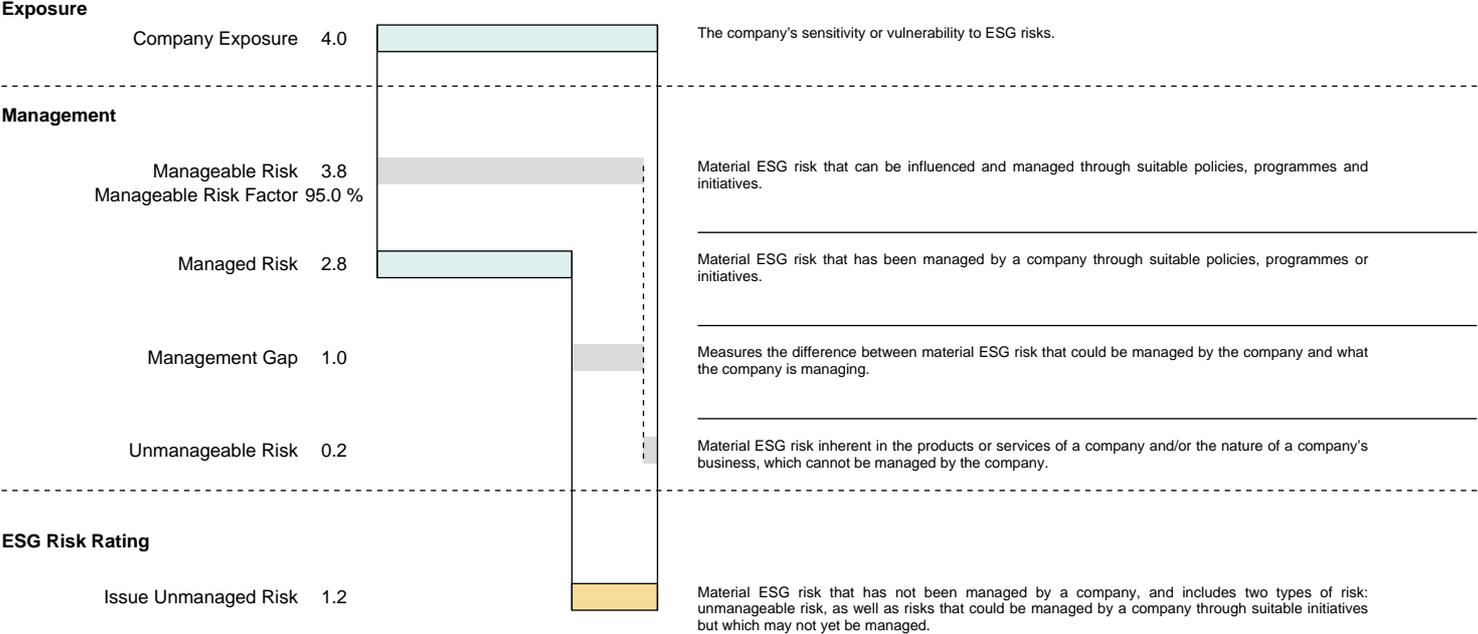
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Collective Bargaining Agreements	100	12.5%	12.5
Human Capital Development	100	25.0%	25.0
Freedom of Association Policy	75	17.5%	13.1
Discrimination Policy	50	15.0%	7.5
Diversity Programmes	50	17.5%	8.7
Employee Turnover Rate	50	12.5%	6.3
 Labour Relations	Category 0	0%	0.0
Weighted Sum			73.1

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

Risk Decomposition



Appendix



Management Details



Corporate Governance

Stakeholder Governance

57 Outperformer

Raw Score

In reviewing the company's practices regarding ESG stakeholder governance, points of attention for Czech Gas Networks Investments SARL are: ESG Governance, ESG Performance Targets and Tax Disclosure.

- ESG Governance: A board member or a board committee is responsible for overseeing ESG issues
- ESG Performance Targets: Executive compensation is explicitly tied to ESG performance targets
- Tax Disclosure: Tax transparency is strong



Indicators	Score
ESG Governance	100
ESG Reporting Standards	0
Verification of ESG Reporting	0
Global Compact Signatory	0
ESG Performance Targets	100
Political Involvement Policy	75
Lobbying and Political Expenses	100
Bribery & Corruption Policy	25
Environmental Policy	75
Whistleblower Programmes	50
Tax Disclosure	100
Discrimination Policy	50
Scope of Social Supplier Standards	50
GHG Reduction Programme	50
Green Procurement Policy	40

Appendix



Exposure Details



Emissions, Effluents and Waste

EA.E.14 - Emissions, Effluents and Waste

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.G.1 - Headquarters Location

0.00

Beta Signal

Data for this company is not yet available.

Appendix



Exposure Details

EA.G.2 - Assets Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.1 - Environmental Policy

75	7.50%	5.6
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to environmental protection
- Commitment to use natural resources or energy more efficiently
- Commitment to report regularly on environmental issues
- Commitment to consult with stakeholders on environmental issues
- Commitment to monitor the company's environmental performance
- Commitment to implement an environmental management system
- Approved by senior management or the board of directors
- Commitment to reduce emissions, releases and waste
- Commitment to create environmental awareness

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.2 - Environmental Management System

60	12.50%	7.5
Raw Score	Weight	Weighted Score

The company has an adequate EMS

Criteria

- Environmental performance records
- External environmental audits
- Managerial or board level responsibility for environmental issues
- Monitoring and measurement
- Internal environmental audits
- Training and awareness programmes for employees
- Corrective actions to stimulate continual improvement
- Environmental programmes
- Assigned roles and responsibilities
- Identification of products, activities and services that have significant impacts on the environment
- Internal and external communications on environmental management issues
- Objectives, targets and deadlines
- Compliance with environmental regulation

Sources

Czech Gas Networks Investments SARL Annual Report 2020 (FY2020)

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

E.1.2.1 - Biodiversity Programmes

25	12.50%	3.1
Raw Score	Weight	Weighted Score

The company has a weak programme

Criteria

- Formal policy commitment to avoid operating in areas with the highest biodiversity value
- Engagement with local residents or biodiversity experts
- Targets and deadlines related to biodiversity
- Formal commitment to 'no net loss' or having a 'net positive impact' on biodiversity
- Reporting on biodiversity programmes or impacts
- Identification of biodiversity priority areas
- Biodiversity management plans for priority areas
- Implementation of best-practice mitigation hierarchy
- Systematic consideration of local threats to biodiversity beyond the company's business activities
- Formal commitment to minimise impact on biodiversity or to consider biodiversity in planning
- Managerial or board level responsibility for biodiversity issues

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

E.1.2.6.3 - Effluent Management

33	10.00%	3.3
Raw Score	Weight	Weighted Score

The company has a weak programme

Criteria

- Incident investigation and corrective action
- Policy commitment to manage or reduce effluents
- Monitoring and measurement of effluent and effluent management
- Objectives or targets related to effluent management
- Initiatives to reduce, reuse or recycle effluents
- Reporting on effluent issues

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

Appendix



Management Details

E.1.3 - EMS Certification

0	7.50%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company's activities have not received external certification

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.3.1 - Emergency Response Programme

100	20.00%	20.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Managerial responsibility for emergency preparedness, response and investigation
- Identification of potential risks requiring emergency response
- Mechanisms for stakeholders to report emergencies
- Company-wide guidelines on how to prepare for and respond to emergencies
- Regional, site or unit level emergency response teams in place
- Emergency training for employees or communities, including regular testing of the emergency response plans
- Protocols for communicating with external stakeholders
- Policy commitment to prepare for and respond to emergencies

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.3.2 - Hazardous Waste Management

50	10.00%	5.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Monitoring and measurement
- Targets and deadlines
- Commitment to reduce hazardous waste
- Initiatives to reduce hazardous waste

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.
The company provided additional feedback on 17 May 2021.

E.1.3.3 - Non-GHG Air Emissions Programmes

50	20.00%	10.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Non-GHG air emission monitoring
- Commitment to reduce non-GHG air emissions
- Targets to reduce non-GHG air emissions
- Identification of relevant non-GHG air emissions
- Deadlines to reduce non-GHG air emissions
- Initiatives to reduce non-GHG air emissions

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

Appendix



Exposure Details



Community Relations

EA.E.10 - Community Relations

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.E.48 - Society - Human Rights

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 17.74%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
 Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 12.83%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 4.35%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

Appendix



Exposure Details

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.3.1 - Emergency Response Programme

100	23.53%	23.5
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Managerial responsibility for emergency preparedness, response and investigation
- Identification of potential risks requiring emergency response
- Mechanisms for stakeholders to report emergencies
- Company-wide guidelines on how to prepare for and respond to emergencies
- Regional, site or unit level emergency response teams in place
- Emergency training for employees or communities, including regular testing of the emergency response plans
- Protocols for communicating with external stakeholders
- Policy commitment to prepare for and respond to emergencies

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

S.4.2.2 - Community Involvement Programmes

50	35.29%	17.6
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- A formal system for identifying local stakeholders or communities of interest
- Policy commitment to consult with local communities
- Accessible mechanism to collect, record and address complaints or grievances
- Consultation conducted at early stages of a project
- Operation-specific responsibility for community relations
- Community consultation guidelines
- Ongoing consultation mechanisms
- Executive responsibility for community relations

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

S.4.2.11 - Community Development Programmes

50	41.18%	20.6
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Initiatives to promote economic development after closure
- Monitoring of community development programmes
- Systematic involvement of local stakeholders in community development planning and/or monitoring
- Community development initiatives
- Commitment to promote community development
- Reporting on community development programmes and results
- Community development targets and deadlines

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

Gas Net Corporate Website, Social Responsibility, www.gasnet.cz; accessed 12 April 2021

Prior to reasearch start date, the company provided documents on 01 April 2021.

Appendix

Exposure Details



Business Ethics

EA.E.2 - Accounting and Taxation

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.4 - Anti-Competitive Practices

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.6 - Bribery and Corruption

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.7 - Business Ethics

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.21 - Intellectual Property

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.23 - Lobbying and Public Policy

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.30 - Sanctions

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

Appendix



Exposure Details

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
 Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
 Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 12.83%
 Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 4.35%
 Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal

Appendix



Management Details

G.1.1 - Bribery & Corruption Policy

25	10.00%	2.5
Raw Score	Weight	Weighted Score

The company has a weak policy or a general statement addressing the issue

Criteria

- There is no evidence of a formal policy but the company has a general statement addressing the issue
- Definition of conflicts of interest and commitment to minimize these
- Guidelines of what is considered acceptable behaviour
- Definition of bribery or corruption
- Prohibition of bribery
- Definition and prohibition of facilitation payments

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

On Friday, April 16th 2021, Sustainalytics sent Czech Gas Networks Investments SARL the Sustainalytics ESG Rating Report

On Wednesday, February 10, 2021, Sustainalytics sent Czech Gas Networks Investments SARL the Sustainalytics ESG Feedback Report

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided additional feedback on 17 May 2021.

The company provided additional feedback on 18 May 2021.

The company provided feedback on 03 May 2021

G.1.1.1 - Bribery & Corruption Programmes

75	25.00%	18.8
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Managerial responsibility for bribery and corruption
- Regular training on bribery and corruption
- Internal monitoring system to detect corruption
- Annual signoff of the policy on bribery and corruption by employees
- Regular bribery and corruption risk assessments
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Mechanisms for employees to consult on ethical issues

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

G.1.2 - Whistleblower Programmes

50	25.00%	12.5
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Possibility for anonymous reporting and reports are treated confidentially
- An independent, reporting hotline available 24/7
- Available to suppliers, customers and other third parties
- Proactively communicated to employees
- Available in local languages
- Non-retaliation policy
- Structures in place to process whistleblower reports
- Disclosure on the number of reports received, the types of misconduct and measures taken

Sources

Gas Net Corporate Website, About the Company, www.gasnet.cz; accessed 12 April 2021

Gas Net Corporate Website, Green Line Guide, www.gasnet.cz; accessed 12 April 2021

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

G.1.2.1 - Business Ethics Programme

50	25.00%	12.5
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Board responsibility for business ethics issues
- Operating guidelines
- Incident investigation and corrective actions
- Managerial responsibility for business ethics
- Commitment to address major business ethics risks
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Ethical risk assessments
- Annual training of employees on the Code of Conduct

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided additional feedback on 17 May 2021.

The company provided feedback on 03 May 2021

Appendix



Management Details

G.3.1 - Political Involvement Policy

75	10.00%	7.5
Raw Score	Weight	Weighted Score

The company has an adequate policy

Criteria

- Prohibits political involvement of any kind on the company's behalf
- Partially prohibits political involvement
- Approved by senior management
- Commits the company to disclose political donations and/or lobbying expenditures

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

G.3.2 - Lobbying and Political Expenses

100	5.00%	5.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not make political contributions and is not involved in lobbying activities

Sources

European Commission & European Parliament Transparency Register, www.ec.europa.eu; accessed 12 April 2021

Appendix



Exposure Details



Carbon - Products and Services

EA.E.46 - Carbon Impact of Products

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.P.9 - Carbon Solutions Offering

0.00

Beta Signal

Information is insufficient to determine whether the company offers any carbon solutions.

Appendix



Exposure Details

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

- 0.09
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.6.1 - GHG Risk Management

75	10.00%	7.5
Raw Score	Weight	Weighted Score

The company has a strong risk management programme

Criteria

- Commitment to manage the regulatory, reputational and/or market risks related to climate change
- Managerial or board level responsibility for addressing transition risks
- Integration of transition risks into regular risk assessments and strategy
- Recognition of the transition risks related to climate change
- Detailed reporting on transition risks

Sources

The company provided feedback on 03 May 2021

E.1.7.0 - GHG Reduction Programme

50	10.00%	5.0
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Regular GHG audits or verification
- Initiatives to reduce GHG emissions
- Managerial responsibility for GHG emissions
- GHG emissions monitoring and measurement
- GHG reduction targets and deadlines
- Policy commitment to reduce GHG emissions

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.9 - Carbon Intensity

100	10.00%	10.0
Raw Score	Weight	Weighted Score

The company's carbon emissions intensity is well below the industry median

The company provided feedback

	2019
Carbon Intensity (t/million USD)	62.7
Industry Median	585.6

E.1.10 - Carbon Intensity Trend

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company's carbon intensity trend has remained relatively stable (+/- 10% inclusive) over the last 3 years

The company provided feedback

	2019
Carbon Intensity Trend (%)	-0.6

E.3.1.1 - Sustainable Products & Services

0	35.00%	0.0
Raw Score	Weight	Weighted Score

There is no evidence of the company offering any sustainability-related products or services

S.3.1.11 - Customer Eco-Efficiency Programmes

0	30.00%	0.0
Raw Score	Weight	Weighted Score

It is not disclosed whether the company has any programmes

Appendix

Exposure Details

Product Governance

EA.E.1 - Access to Basic Services

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.24 - Marketing Practices

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.27 - Data Privacy and Security

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.28 - Quality and Safety

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

Appendix



Exposure Details

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

EA.G.3 - Sales Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.3.1 - Emergency Response Programme

100	31.25%	31.2
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Managerial responsibility for emergency preparedness, response and investigation
- Identification of potential risks requiring emergency response
- Mechanisms for stakeholders to report emergencies
- Company-wide guidelines on how to prepare for and respond to emergencies
- Regional, site or unit level emergency response teams in place
- Emergency training for employees or communities, including regular testing of the emergency response plans
- Protocols for communicating with external stakeholders
- Policy commitment to prepare for and respond to emergencies

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.6.2 - Physical Climate Risk Management

33	12.50%	4.1
Raw Score	Weight	Weighted Score

The company has a weak programme

Criteria

- Integration of physical climate change into regular risk assessments and business strategy
- Managerial or board level responsibility for climate change risks
- Recognition of the physical risks related to climate change
- Detailed reporting on physical climate change risk drivers
- Initiatives to manage or adapt to physical climate change risks

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.
The company provided feedback on 03 May 2021

S.3.1.17 - Asset Integrity Management

100	37.50%	37.5
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Awareness and training
- The company has a certified asset management programme that is applied to less than 50% of its operations
- Formal asset management plan established
- Preventative and corrective actions
- Disclosure of specific asset management objectives and targets
- Continual improvement
- Regular internal or external audits
- Risk identification and mitigation disclosure
- Monitoring and measuring performance
- Managerial responsibility
- Formal asset management policy

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.
The company provided feedback on 03 May 2021

S.3.2.1 - QMS Certifications

25	18.75%	4.7
Raw Score	Weight	Weighted Score

Some of the company's sites have received external certification but the scope is unclear

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

Appendix

Exposure Details



Carbon - Own Operations

EA.E.15 - Energy Use and GHG Emissions

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 17.74%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
 Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 12.83%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 4.35%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.P.1 - Carbon Emissions

- 0.10

Beta Signal

The company's carbon emissions intensity indicates moderately lower exposure to this issue

Appendix



Exposure Details

EA.P.8 - Fossil Fuel Involvement

0.00
Beta Signal

Information is insufficient to determine whether the company has any fossil fuel involvement.

EA.P.9 - Carbon Solutions Offering

0.00
Beta Signal

Information is insufficient to determine whether the company offers any carbon solutions.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

- 0.06
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.1 - Environmental Policy

75	6.06%	4.5
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to environmental protection
- Commitment to use natural resources or energy more efficiently
- Commitment to report regularly on environmental issues
- Commitment to consult with stakeholders on environmental issues
- Commitment to monitor the company's environmental performance
- Commitment to implement an environmental management system
- Approved by senior management or the board of directors
- Commitment to reduce emissions, releases and waste
- Commitment to create environmental awareness

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.2 - Environmental Management System

60	12.12%	7.3
Raw Score	Weight	Weighted Score

The company has an adequate EMS

Criteria

- Environmental performance records
- External environmental audits
- Managerial or board level responsibility for environmental issues
- Monitoring and measurement
- Internal environmental audits
- Training and awareness programmes for employees
- Corrective actions to stimulate continual improvement
- Environmental programmes
- Assigned roles and responsibilities
- Identification of products, activities and services that have significant impacts on the environment
- Internal and external communications on environmental management issues
- Objectives, targets and deadlines
- Compliance with environmental regulation

Sources

Czech Gas Networks Investments SARL Annual Report 2020 (FY2020)

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

E.1.3 - EMS Certification

0	6.06%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company's activities have not received external certification

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.6 - Scope of GHG Reporting

50	6.06%	3.0
Raw Score	Weight	Weighted Score

The company reports on scope 1 & 2, but does not report on scope 3 GHG emissions

The company provided feedback

E.1.6.1 - GHG Risk Management

75	15.15%	11.4
Raw Score	Weight	Weighted Score

The company has a strong risk management programme

Criteria

- Commitment to manage the regulatory, reputational and/or market risks related to climate change
- Managerial or board level responsibility for addressing transition risks
- Integration of transition risks into regular risk assessments and strategy
- Recognition of the transition risks related to climate change
- Detailed reporting on transition risks

Sources



E.1.7.0 - GHG Reduction Programme

50	15.15%	7.6
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Regular GHG audits or verification
- Initiatives to reduce GHG emissions
- Managerial responsibility for GHG emissions
- GHG emissions monitoring and measurement
- GHG reduction targets and deadlines
- Policy commitment to reduce GHG emissions

Appendix



Management Details

E.1.9 - Carbon Intensity

100	24.24%	24.2
Raw Score	Weight	Weighted Score

The company's carbon emissions intensity is well below the industry median

The company provided feedback

	2019
Carbon Intensity (t/million USD)	62.7
Industry Median	585.6

E.1.10 - Carbon Intensity Trend

50	15.15%	7.6
Raw Score	Weight	Weighted Score

The company's carbon intensity trend has remained relatively stable (+/- 10% inclusive) over the last 3 years

The company provided feedback

	2019
Carbon Intensity Trend (%)	-0.6

Appendix



Exposure Details



Land Use and Biodiversity

EA.E.12 - Land Use and Biodiversity

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.G.1 - Headquarters Location

0.00

Beta Signal

Data for this company is not yet available.

Appendix



Exposure Details

EA.G.2 - Assets Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.1 - Environmental Policy

75	15.00%	11.2
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to environmental protection
- Commitment to use natural resources or energy more efficiently
- Commitment to report regularly on environmental issues
- Commitment to consult with stakeholders on environmental issues
- Commitment to monitor the company's environmental performance
- Commitment to implement an environmental management system
- Approved by senior management or the board of directors
- Commitment to reduce emissions, releases and waste
- Commitment to create environmental awareness

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

Prior to reasearch start date, the company provided documents on 01 April 2021.

E.1.2 - Environmental Management System

60	35.00%	21.0
Raw Score	Weight	Weighted Score

The company has an adequate EMS

Criteria

- Environmental performance records
- External environmental audits
- Managerial or board level responsibility for environmental issues
- Monitoring and measurement
- Internal environmental audits
- Training and awareness programmes for employees
- Corrective actions to stimulate continual improvement
- Environmental programmes
- Assigned roles and responsibilities
- Identification of products, activities and services that have significant impacts on the environment
- Internal and external communications on environmental management issues
- Objectives, targets and deadlines
- Compliance with environmental regulation

Sources

Czech Gas Networks Investments SARL Annual Report 2020 (FY2020)

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

E.1.2.1 - Biodiversity Programmes

25	42.50%	10.6
Raw Score	Weight	Weighted Score

The company has a weak programme

Criteria

- Formal policy commitment to avoid operating in areas with the highest biodiversity value
- Engagement with local residents or biodiversity experts
- Targets and deadlines related to biodiversity
- Formal commitment to 'no net loss' or having a 'net positive impact' on biodiversity
- Reporting on biodiversity programmes or impacts
- Identification of biodiversity priority areas
- Biodiversity management plans for priority areas
- Implementation of best-practice mitigation hierarchy
- Systematic consideration of local threats to biodiversity beyond the company's business activities
- Formal commitment to minimise impact on biodiversity or to consider biodiversity in planning
- Managerial or board level responsibility for biodiversity issues

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

E.1.3 - EMS Certification

0	7.50%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company's activities have not received external certification

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

Appendix



Exposure Details



Occupational Health and Safety

EA.E.20 - Occupational Health and Safety

0.00

Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.G.1 - Headquarters Location

0.00

Beta Signal

Data for this company is not yet available.

Appendix



Exposure Details

EA.G.2 - Assets Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.6.2.1 - Health and Safety Management System

100	25.00%	25.0
Raw Score	Weight	Weighted Score

The company has a very strong management system

Criteria

- Targets to reduce health and safety incidents
- Internal or external health and safety audits conducted at least every three years
- Formal health and safety policy commitment
- Managerial responsibility for health and safety issues
- Operating guidelines or procedures that are relevant for the industry
- Performance monitoring and measurement
- Regular health and safety training programmes for employees
- Emergency preparedness procedures
- Reporting on health and safety programmes and performance
- Procedures for hazard identification and risk assessment

Sources

Czech Gas Networks Investments SARL Annual Report 2020 (FY2020)
 Czech Grid Holding Health and Safety Policy, released August 2020
 Prior to reasearch start date, the company provided documents on 01 April 2021.
 The company provided feedback on 03 May 2021

S.1.6.4 - Health & Safety Certifications

0	15.00%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company's facilities have not received external certification

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

S.1.6.5 - LTIR Trend

100	17.50%	17.5
Raw Score	Weight	Weighted Score

The company's lost-time incident rate has declined

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

S.1.6.6 - Employee Fatality Rate

100	12.50%	12.5
Raw Score	Weight	Weighted Score

No fatalities have occurred in the last three years

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

S.2.2.5 - Contractor Safety Programme

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Monitoring of contractor safety performance
- Reporting on contractor safety management
- Operating guidelines on contractor safety management
- Safety training for contractors
- Prescreening of contractors for safety performance and risks
- Objectives or targets regarding contractor safety
- Policy commitment to protect the safety of contractors
- Compliance with safety guidelines included in contractual agreements.

Sources



S.2.2.6 - Contractor Fatalities

75	15.00%	11.2
Raw Score	Weight	Weighted Score

Between 1 and 4 fatalities have occurred among contractors in the last three years

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

Appendix

Exposure Details

Human Capital

EA.E.22 - Labour Relations

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of December 2020): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of December 2020): 0.45
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

Appendix



Exposure Details

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.1 - Freedom of Association Policy

75	17.50%	13.1
Raw Score	Weight	Weighted Score

The company has an adequate policy on freedom of association

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

The company provided feedback on 03 May 2021

S.1.2 - Discrimination Policy

50	15.00%	7.5
Raw Score	Weight	Weighted Score

The company has an adequate policy

Criteria

- Reference to the ILO conventions
- List of the types of discrimination the company is committed to eliminate
- Commitment to ensure equal opportunity

Sources

Gas Net Corporate Website, Code of Conduct, www.gasnet.cz; accessed 12 April 2021

S.1.3 - Diversity Programmes

50	17.50%	8.7
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Diversity monitoring or audits
- Targeted recruitment
- Employee affinity groups, diversity councils, or networking groups
- Mentorship programmes
- Managerial or board level responsibility for diversity initiatives
- Training and guidance regarding diversity
- Initiatives supporting a diverse workforce
- Diversity initiatives that go beyond legal compliance

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

S.1.4 - Collective Bargaining Agreements

100	12.50%	12.5
Raw Score	Weight	Weighted Score

75% or more of the company's employees are covered by collective bargaining agreements

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

The company provided feedback on 03 May 2021

S.1.5 - Employee Turnover Rate

50	12.50%	6.3
Raw Score	Weight	Weighted Score

The company's employee turnover rate is average

Sources

Prior to reasearch start date, the company provided documents on 01 April 2021.

S.1.5.2 - Human Capital Development

100	25.00%	25.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Initiatives for talent recruitment
- Reporting on human capital development metrics
- Initiatives for talent development
- Regular formal performance reviews for all permanent employees aligned with career development
- Initiatives for talent retention
- Reporting on human capital risk assessment
- Formal mechanisms to promote an open feedback culture
- Quantitative targets related to human capital development

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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**).

Czech Gas Networks Investments SARL

Gas Utilities Luxembourg

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