Czech Gas Networks Investments S.a r.l.

Czech Gas Networks Investments S.a r.l. (CGNI)'s Long-Term Issuer Default Rating (IDR) at 'BBB+' benefits from a defensive business profile as the largest gas distribution network in Czechia operating under a supportive regulatory regime, entering its sixth regulatory period.

The Standalone Credit Profile (SCP) improvement is supported by CGNI's updated financial policy anchored on maintaining stable external debt after the refinancing of 2026 while reducing leverage towards 85% net debt/regulated asset base by 2030.

The Stable Outlook reflects Fitch Ratings' view that funds from operations (FFO) net leverage will average 5.3x over 2026-2030 in Fitch's updated rating case, well below Fitch's prior expectation of 6.3x and implying comfortable headroom under the SCP leverage guidelines.

Key Rating Drivers

Lower Leverage, SCP Improvement: We have revised our assessment of CGNI's SCP to 'bbb+' from 'bbb' due to structurally lower leverage in our updated forecasts. We now expect FFO net leverage to average 5.3x over 2026-2030, based on the absence of special dividends after 2026 in our updated rating case, which results in slightly negative free cash flow (FCF) generation and limits incremental debt needs during 2027-2030. The improvement implies that the SCP of CGNI is now commensurate with the creditworthiness of its parent CEZ, a.s.

Updated Financial Policy: CGNI's dividend plan reflects a large payout in 2026 of CZK6.3 billion (including a base dividend of CZK2.6 billion and the rest as a one-off distribution), while from 2027 we expect annual dividends of CZK2.8 billion-3.4 billion. The absence of extraordinary dividends after 2026 reflects management's intention to reach a net debt/regulated asset base ratio of 85% by 2030. We see it as a positive development compared with the previous policy of maximising dividends under the leverage sensitivity.

Supportive Regulatory Framework: We see regulation for gas distribution in Czechia as predictable and underpinning cash flow visibility. The determination of operating principles for the sixth regulatory period (RP6, 2026-2030) was completed in spring 2025. The base regulatory weighted average cost of capital (WACC) is set at 6.9% and a bonus WACC of up to 1.5% has been included, linked to the achievement of certain investments targets. RP6 also introduces accelerated depreciation and remuneration on fully depreciated assets, which the company expects to support allowed revenues and FCF generation.

Earnings Growth Driven by GD and RP6: Gas Distribution s.r.o. (GD) became a 100% subsidiary of GasNet, a subsidiary of CGNI, in January 2026. Fitch views the leverage effect (+0.3x) as manageable, while the acquisition is neutral in terms of business risk as GD operates in the same regulated activity and is smaller (CZK0.9 billion EBITDA in 2025). We expect CGNI's EBITDA to rise to about CZK14 billion in 2030 from CZK11 billion in 2025, driven by the contribution of GD and revenue growth expected during RP6.

Refinancing Under Way: In 2025 CGNI concluded bilateral credit facility agreements totalling about EUR595 million (CZK14.6 billion) to support refinancing of Czech koruna and eurobonds maturing in 2026-2027 and to finance the acquisition of GD. The process of raising long-term financing has already started.

Updated Capex Plan, Predominantly Regulated: Management's updated plan indicates rising investment needs under RP6, with cumulative investments over 2026-2030 totaling CZK37 billion and remaining predominantly regulated capex. In parallel, management has reduced exposure to non-regulated activities with the exclusion of hydrogen investments from the plan, and by halting investment decisions related to new LNG stations.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A deterioration of the SCP together with a weakening of CEZ's creditworthiness
- A multi-notch downward revision of the SCP
- A weakening of the business risk profile, due to a less predictable regulatory framework

We could revise the SCP downwards if FFO net leverage rises above 6.0x or if FFO interest coverage falls below 4.2x over an extended period.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- FFO net leverage falling below 5.0x on a sustained basis, assuming an unchanged business risk profile

Issuer Profile

CGNI is the largest gas distribution operator in the Czech Republic with about over 85% of the volumes distributed in the country. Almost 100% of revenues are regulated based a revenue cap regulation with very limited volume and no price risk.

Financial Summary

(CZKm)	2022	2023	2024	2025E	2026F	2027F
EBITDA	9,180	7,560	10,417	11,211	13,197	13,624
EBITDA margin (%)	65.7	57.9	57.1	54.5	57.0	57.2
FFO	7,107	5,627	8,545	9,196	8,986	9,373
FFO interest coverage (x)	6.0	4.7	7.0	7.7	4.2	4.3
FFO net leverage (x)	6.3	7.9	5.6	5.2	5.6	5.5

Source: Fitch Ratings, Fitch Solutions

Corporate Rating Tool Inputs and Scores

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

- Business and financial profile factors (assessment, relative importance): management (bbb, lower), sector characteristics (bbb+, higher), market and competitive positioning (a, moderate), diversification and asset quality (a-, moderate), company operational characteristics (a, lower), profitability (a-, moderate), financial structure (bbb, higher), and financial flexibility (a-, moderate).

- The quantitative financial subfactors are based on custom CRT financial period parameters: 20% weight for the forecast year 2026, 20% for the forecast year 2027, 20% for the forecast year 2028, 20% for the forecast year 2029 and 20% for the forecast year 2030.

- The governance assessment of ‘good’ results in no adjustment.

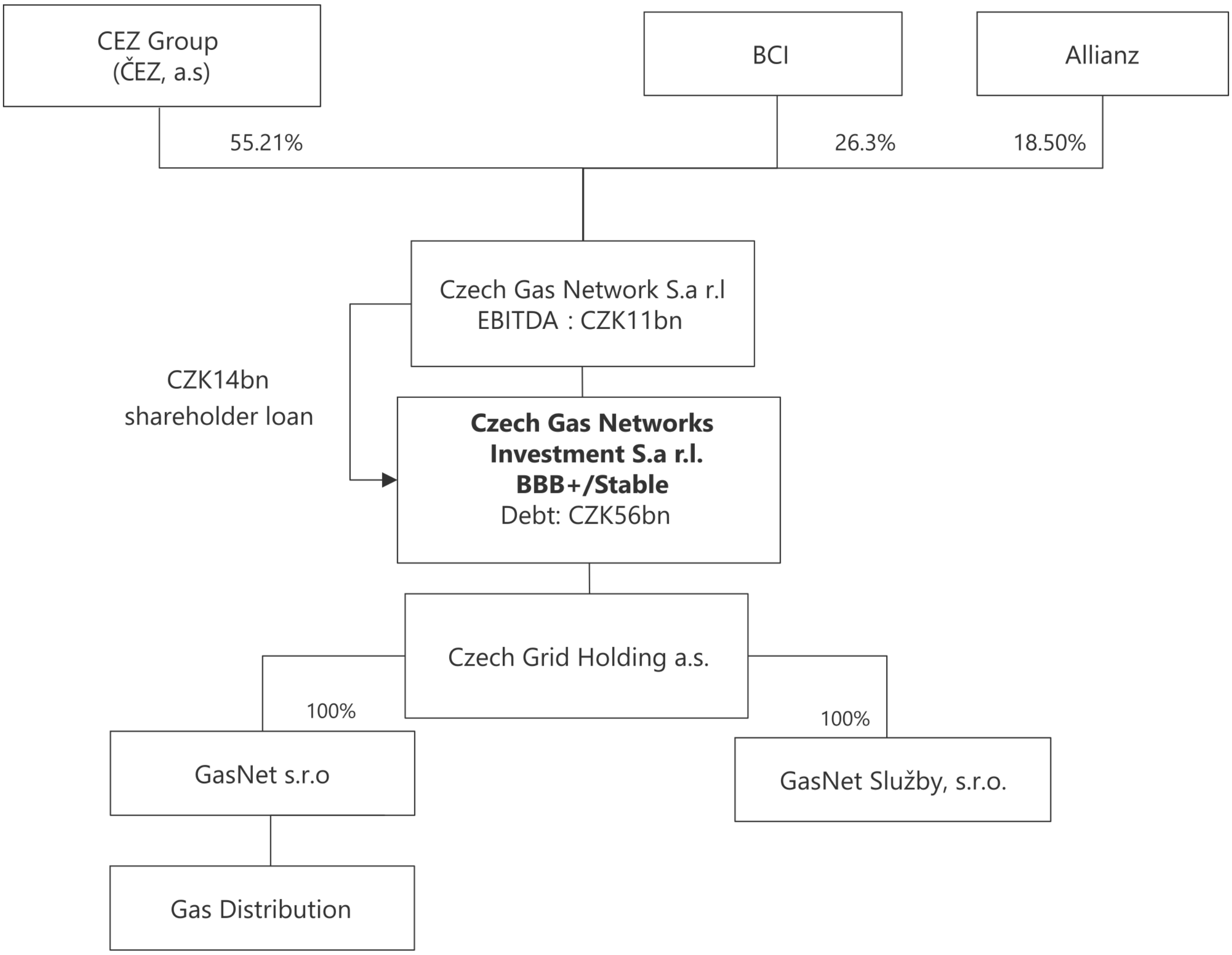
- The operating environment assessment of ‘a’ results in no adjustment.

- The SCP is 'bbb+'.

To derive the IDR:

- Application of Fitch’s Parent Subsidiary Linkage Rating Criteria results in a standalone approach.

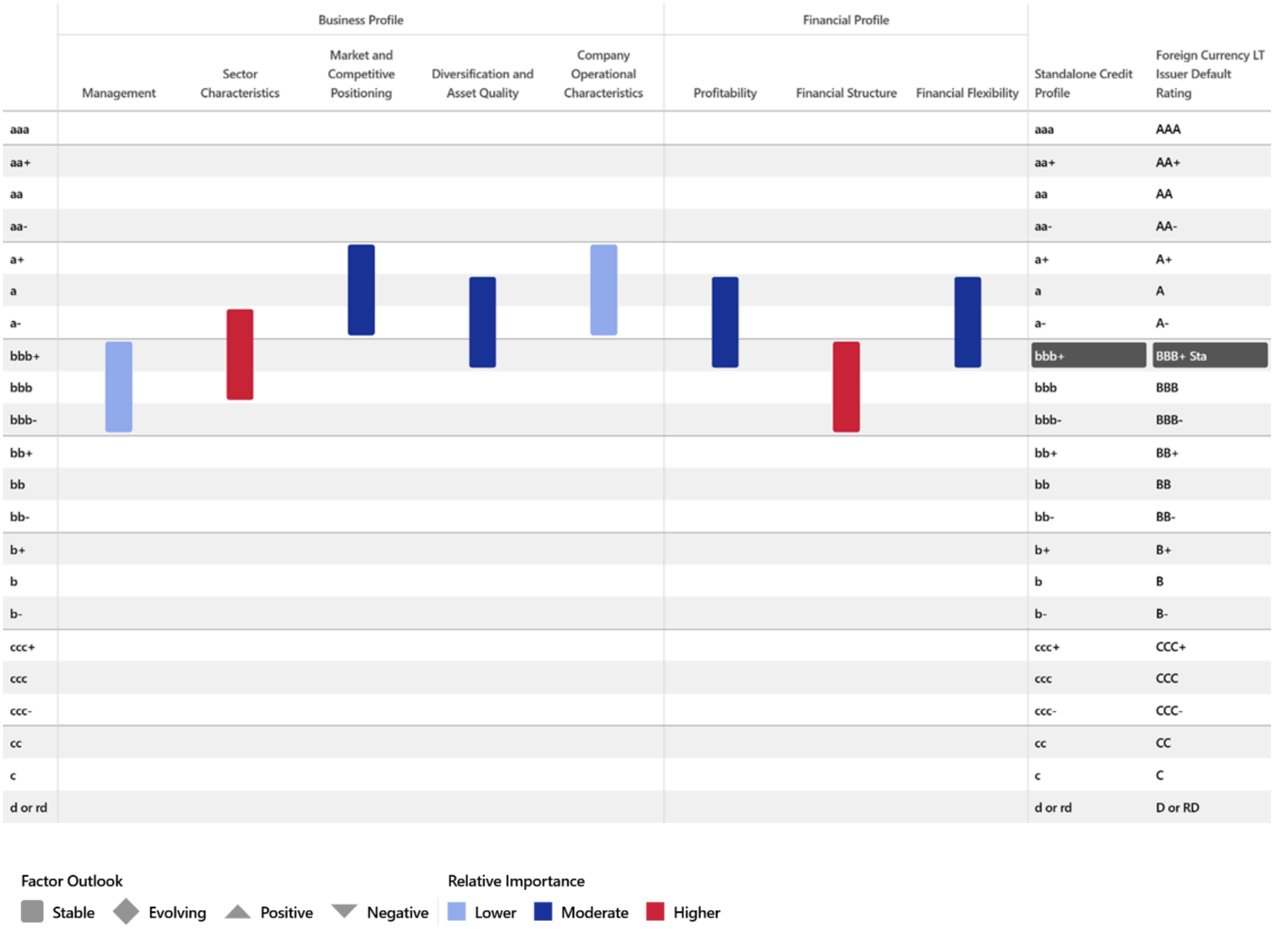
Simplified Group Structure Diagram



Source: Fitch Ratings, Fitch Solutions, Czech Gas Networks Investments S.a.r.l., as of December 2025

Ratings Navigator

EMEA Regulated Network Utilities



Additional Adjustments to the Standalone Credit Profile

	Assessment	Impact
Weakest link considerations	Not applied	0
Additional sector considerations	Not applied	0
B+ to CC considerations	Not applied	0
Governance	Good	0
Operating environment	a	0
Other risk elements	Not applied	0
Calibration	Not applied	0
Standalone Credit Profile		bbb+
Parent subsidiary linkage	Standalone	BBB+
Government related entities	Not applied	—
Other criteria considerations	Not applied	0
Country Ceiling considerations	Not applied	0

Factor/Subfactor	Score/Outlook/Importance	Description
Management	bbb/stable/lower	
Risk tolerance	bbb/moderate	Management committed to conservative risk profile. Only modest/short-term deviations from strategy allowed.
Management strategy	bbb/moderate	Good track record of implementing coherent and stable strategy.
Management quality	bbb/moderate	Experienced management or proven track record. Management composition is broadly stable. No evidence of material risk management weaknesses.

Factor/Subfactor	Score/Outlook/Importance	Description
Sector characteristics	bbb+/stable/higher	
Regulatory risk	bbb/moderate	Less transparent frameworks, with emerging track record and multi-year tariffs; exposed to political risk. Medium-term predictability.
Licensing, ring-fencing, concessioning	bbb/moderate	Less demanding licensing and ring-fencing provisions; moderate concession renewal risk.
Cost and investment recovery	a/moderate	Tariff setting with challenge mechanisms that may marginally limit cost and investment recovery, with little regulatory lag.
Volume and price risk	a/moderate	High insulation from price and volume risk, little revenue under-recovery.

Factor/Subfactor	Score/Outlook/Importance	Description
Market and competitive positioning	a/stable/moderate	
Market positioning	a/moderate	National or regional monopolies, transmission or distribution asset owners.
Non-regulated earnings (%)	a/moderate	up to 10%

Factor/Subfactor	Score/Outlook/Importance	Description
Diversification and asset quality	a-/stable/moderate	
Asset diversification	bbb/moderate	Limited diversification by geography without regulatory diversification; regional utility.
Critical mass	a/moderate	Critical mass in one regulated asset; does not affect efficiency of operations (cost base, customer base, key personnel).
Asset quality	a/moderate	High asset quality likely to benefit opex and capex requirements compared with peers.
Residual life	n.a./n.a.	Subfactor not relevant to the issuer.

Factor/Subfactor	Score/Outlook/Importance	Description
Company operational characteristics	a/stable/lower	
Performance measures	a/moderate	Key performance measures in line with or above sector average and/or regulatory target.
Counterparty risk	a/moderate	Low counterparty risk; high collection rates for water suppliers. Economy of area served provides structurally stable background.

Factor/Subfactor	Score/Outlook/Importance	Description
Profitability	a-/stable/moderate	
Return on capital	a/moderate	Return on capital at, or comfortably above, the regulatory benchmark.
Volatility of profitability	bbb/moderate	Stability and predictability of profit in line with utility peers.
Investment cycle	a-/moderate	Investment cycle position and dividend policy leading to broadly neutral free cash flow. High flexibility in smoothing capex plans.

Factor/Subfactor	Score/Outlook/Importance	Description
Financial structure	bbb/stable/higher	
FFO leverage (x)	bbb+/moderate	6.0
FFO net leverage (x)	bbb/higher	5.5
Adjusted net debt/asset base (or regulated asset base) (%)	b/lower	90.0
Cash PMICR (x)	n.a./n.a.	Subfactor not relevant to the issuer.
Nominal PMICR (x)	n.a./n.a.	Subfactor not relevant to the issuer.

Factor/Subfactor	Score/Outlook/Importance	Description
Financial flexibility	a-/stable/moderate	
Financial access	bbb+/moderate	Unequivocal access through the cycle to: Local financial markets with FMD of 'bbb', or International financial markets with (primarily) FMD of 'bbb'. If the issuer is an infrequent/ untested issuer, the issuer must be very likely to be able to freely access these markets through the cycle.
Liquidity	a/moderate	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
FFO interest coverage (x)	a-/moderate	4.5
FX exposure	a/moderate	Profitability potentially exposed to FX but efficient hedging. Debt and cash flow well matched.
Dividend coverage (x)	n.a./n.a.	Subfactor not relevant to the issuer.

Factor/Subfactor	Score/Outlook/Importance	Description
Governance	Good/—/—	
Ownership and decision-making concentration	Good/moderate	No concentration in ownership and/or decision-making. Presence of effective checks and balances. Key person risk is immaterial. Decision-making is defensible from a governance perspective.
Group structure transparency and contagion risk	Good/moderate	Transparent group structure. No contagion risks.
Information quality/transparency	Good/moderate	Timely and good provision of financial and operational information, facilitating the analysis of the credit profile.

Parent Subsidiary Linkage Analysis

Key Risk Factors and Notching Approach

Parent	CEZ, a.s.
Parent LT IDR	n.r.
Subsidiary	Czech Gas Networks Investments S.a r.l.
Subsidiary LT IDR	BBB+
Notching approach	Standalone

LT IDR – Long-Term Issuer Default Rating
Source: Fitch Ratings

Fitch's Key Rating-Case Assumptions

- Revenue based on the RP6 regulatory principles for 2026-2030, with base WACC set at 6.9% and 1.5% WACC bonus on capex targets, allowing the company to recover increases in the cost of capital
- Annual EBITDA to increase to about CZK14.4 billion by 2030 from about CZK11 billion in 2024 based on the consolidation of GD and the growth in allowed revenues foreseen during RP6
- Average annual capex of CZK7.4 billion in 2026-2030
- Dividends distribution of about CZK6.3 billion in 2026 (including the CZK3.4 billion special dividend) and annual dividends averaging CZK3 billion over 2027-2030

Liquidity and Debt Structure

At end-2025, CGNI had CZK1.9 billion of cash on its balance sheet and undrawn committed credit facilities of about CZK16 billion (of which CZK8.8 billion are due in 2027, CZK1.5 billion in 2028, and CZK5.8 billion in 2029). The company will refinance in 2026: short-term maturities of CZK6.7 billion; CZK8.2 billion for the acquisition of GD; and the special dividend of CZK3.6 billion. We expect the company to generate positive pre-dividend FCF of about CZK2.2 billion per year over 2026-2030.

Liquidity and Debt Maturities

Liquidity Analysis

(CZKm)	2025E	2026F	2027F
Available liquidity			
Beginning cash balance	2,238	1,932	-8,749
Rating case FCF after acquisitions and divestitures	494	-12,131	-864
Acquisition debt in 2026	—	8,200	—
Total available liquidity (A)	**2,732**	**-1,999**	**-9,613**
Liquidity uses			
Debt maturities	-800	-6,750	-15,383
Total liquidity uses (B)	**-800**	**-6,750**	**-15,383**
Liquidity calculation			
Ending cash balance (A+B)	1,932	-8,749	-24,996
Revolver availability	—	—	—
Ending liquidity	**1,932**	**-8,749**	**-24,996**
Liquidity score (x)	3.4	-1.5	-0.6

Source: Fitch Ratings, Fitch Solutions, Czech Gas Networks Investments S.a r.l.

Scheduled Debt Maturities

(CZKm)	31 Dec 24
2025	800
2026	6,750
2027	15,383
2028	8,925
2029	12,418
Thereafter	12,064
Total	**56,340**

Source: Fitch Ratings, Fitch Solutions, Czech Gas Networks Investments S.a r.l.

Financial Data

(CZKm)	2022	2023	2024	2025E	2026F	2027F
Summary income statement						
Gross revenue	13,981	13,047	18,250	20,553	23,148	23,837
Revenue growth (%)	-7.2	-6.7	39.9	12.6	12.6	3.0
EBITDA before income from associates	9,180	7,560	10,417	11,211	13,197	13,624
EBITDA margin (%)	65.7	57.9	57.1	54.5	57.0	57.2
EBITDA after associates and minorities	9,180	7,560	10,417	11,211	13,197	13,624
EBIT	2,505	951	3,972	4,877	8,536	8,875
EBIT margin (%)	17.9	7.3	21.8	23.7	36.9	37.2
Gross interest expense	-2,055	-2,306	-2,076	-1,862	-2,620	-2,667
Pretax income including associate income/loss	-2,609	-2,937	1,852	2,470	5,997	6,289
Summary balance sheet						
Readily available cash and equivalents	4,040	1,194	2,238	1,889	2,238	2,039
Debt	56,874	56,250	57,094	56,340	68,390	68,631
Net debt	52,834	55,056	54,856	54,451	66,152	66,591
Summary cash flow statement						
EBITDA	9,180	7,560	10,417	11,211	13,197	13,624
Cash interest paid	-1,391	-1,491	-1,405	-1,369	-2,784	-2,831
Cash tax	-737	-405	-531	-991	-1,443	-1,462
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—	—	—	—
Other items before FFO	-116	-179	-22	257	-16	10
FFO	7,107	5,627	8,545	9,196	8,986	9,373
FFO margin (%)	50.8	43.1	46.8	44.7	38.8	39.3
Change in working capital	508	-127	-53	-272	70	-33
CFO (Fitch-defined)	7,615	5,500	8,492	8,924	9,056	9,339
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-3,784	-4,477	-4,804	—	—	—
Capital intensity (capex/revenue) (%)	27.1	34.3	26.3	—	—	—
Common dividends	-1,693	-3,463	-3,406	—	—	—
FCF	2,138	-2,440	282	—	—	—
FCF margin (%)	15.3	-18.7	1.6	—	—	—
Net acquisitions and divestitures	34	21	23	—	—	—
Other investing and financing cash flow items	—	-28	-38	—	—	—
Net debt proceeds	492	-500	800	-754	12,050	241
Net equity proceeds	—	—	—	—	—	—
Total change in cash	2,664	-2,947	1,044	-349	349	-199
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-5,443	-7,919	-8,187	-8,430	-21,187	-10,203
FCF after acquisitions and divestitures	2,172	-2,419	305	494	-12,131	-864
FCF margin after net acquisitions (%)	15.5	-18.5	1.7	2.4	-52.4	-3.6
Gross leverage ratios (x)						
FFO leverage	6.8	8.1	5.8	5.4	5.8	5.6

(CZKm)	2022	2023	2024	2025E	2026F	2027F
(CFO-capex)/debt (%)	6.7	1.8	6.5	7.0	3.1	3.1
Net leverage ratios (x)						
FFO net leverage	6.3	7.9	5.6	5.2	5.6	5.5
(CFO-capex)/net debt (%)	7.3	1.9	6.7	7.3	3.2	3.2
Coverage ratios (x)						
FFO interest coverage	6.0	4.7	7.0	7.7	4.2	4.3
FFO fixed-charge coverage	6.0	4.7	7.0	7.7	4.2	4.3

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Fitch Adjusted Financials

(CZK millions as of 31 Dec 2024)	Notes and formulas	Standardised values	Lease treatment	Other adjustments	Adjusted values
Income statement summary					
Revenue		18,250	—	—	18,250
EBITDA	(a)	10,494	-305	228	10,417
Depreciation and amortization		-6,663	218	—	-6,445
EBIT		3,831	-87	228	3,972
Balance sheet summary					
Debt	(b)	70,773	—	-13,679	57,094
Of which other off-balance-sheet debt		—	—	—	—
Lease-equivalent debt		—	—	—	—
Lease-adjusted debt		70,773	—	-13,679	57,094
Readily available cash and equivalents	(c)	2,238	—	—	2,238
Not readily available cash and equivalents		—	—	—	—
Cash flow summary					
EBITDA	(a)	10,494	-305	228	10,417
Dividends received from associates less dividends paid to minorities	(d)	—	—	—	—
Interest paid	(e)	-2,153	87	661	-1,405
Interest received	(f)	86	—	—	86
Preferred dividends paid	(g)	—	—	—	—
Cash tax paid		-531	—	—	-531
Other items before FFO		206	—	-228	-22
FFO	(h)	8,102	-218	661	8,545
Change in working capital		-53	—	—	-53
CFO	(i)	8,049	-218	661	8,492
Non-operating/nonrecurring cash flow		—	—	—	—
Capex	(j)	-4,804	—	—	-4,804
Common dividends paid		-2,745	—	-661	-3,406
FCF		500	-218	—	282
Gross leverage (x)					
FFO leverage	b / (h-e-f-g)	7.0	—	—	5.8
(CFO-capex)/debt (%)	(i+j) / b	4.6	—	—	6.5
Net leverage (x)					
FFO net leverage	(b-c) / (h-e-f-g)	6.7	—	—	5.6
(CFO-capex)/net debt (%)	(i+j) / (b-c)	4.7	—	—	6.7
Coverage (x)					
FFO interest coverage	(h-e-f-g) / (-e-g)	4.7	—	—	7.0

CFO – Cash flow from operations
Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardised values column excludes lease liabilities of CZK2419 million.
Source: Fitch Ratings, Fitch Solutions, Czech Gas Networks Investments S....

Peer Analysis

NET4GAS, s.r.o. (BBB+/Stable) is CGNI's closest peer following its transition to a regulated gas transmission systems operator. CGNI has slightly higher debt capacity given its longer record of fully regulated revenue and larger scale. However, NET4GAS's stronger financial profile supports a similar assessment to CGNI's SCP.

CGNI has a solid business profile and a similar debt capacity to that of E.ON SE (BBB+/Stable), We believe the two companies benefit from similarly supportive regulations (Germany and Sweden, the Czech Republic), while E.ON's large exposure to supply is mitigated by its unique diversification and size.

We view CGNI's business profile as more defensive than that of central and eastern European peer SPP - distribucia, a.s. (SPPD; A-/Stable; SCP: a). This is because the Czech regulatory system is well protected from volume risk and less exposed to political risk. However, SPPD benefits from a conservative capital structure, which mostly explains the SCP difference. SPPD's IDR is capped at one notch above the consolidated credit profile of its immediate parent, SPP Infrastructure, a.s., in line with our Parent and Subsidiary Linkage Rating Criteria.

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA (EURm)	Capex (EURm)	FCF after acquisitions and divestitures (EURm)	FFO interest coverage (x)	FFO net leverage (x)
Czech Gas Networks Investments S.a r.l.	BBB+						
	BBB	2024	414	-191	12	7.0	5.6
	BBB	2023	308	-183	-99	4.7	7.9
	BBB	2022	381	-157	90	6.0	6.3
Italgas S.p.A.	BBB+						
	BBB+	2024	1,280	-893	-152	10.5	5.7
	BBB+	2023	1,178	-862	-289	11.7	5.9
	BBB+	2022	1,077	-778	-934	16.3	6.8
Snam S.p.A.	BBB+						
	BBB+	2024	2,645	-2,815	-2,472	7.6	5.5
	BBB+	2023	2,183	-1,796	-2,639	10.6	5.9
	BBB+	2022	2,187	-1,322	1,863	14.8	6.2
Enagas S.A.	BBB+						
	BBB	2023	545	-157	31	6.8	5.4
	BBB	2022	558	-91	956	10.2	5.4
National Gas Transmission Plc	BBB+						
	BBB+	2024	1,325	-490	298	8.7	3.9
	BBB+	2023	957	-346	-10	8.6	5.0
	BBB+	2022	868	-259	341	7.7	5.1
NET4GAS, s.r.o.	BBB+						
	BBB-	2024	158	-26	93	2.1	6.1
	BB-	2023	74	-42	-30	0.7	19.3
	BB+	2022	467	-158	221	6.8	2.9

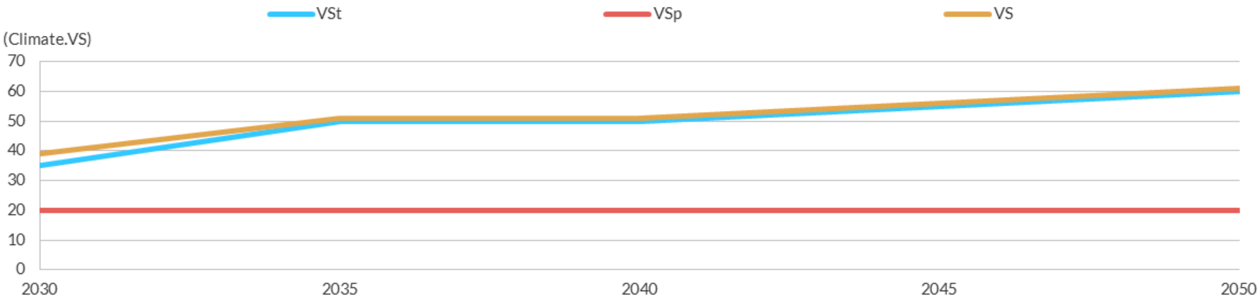
Source: Fitch Ratings, Fitch Solutions

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify credits with higher exposure to climate-related risks. If Fitch identifies an entity as higher risk (i.e. its Climate.VS in 2035 is 50 or higher), the entity receives additional analysis and consideration in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Fitch's latest Climate Vulnerability Signals for Non-Financial Corporate Sectors report.

The Climate.VS for 2035 is 51 out of 100. This reflects a VSp of 20 and a VSt of 50. This is due to sector-specific transition risk scores of 50 at 2035 for gas transmission and distribution. Key transition risks for gas networks stem from long term declines in natural gas demand, which could raise regulatory uncertainty and require costly, high-risk investments to repurpose infrastructure for green hydrogen or biomethane.

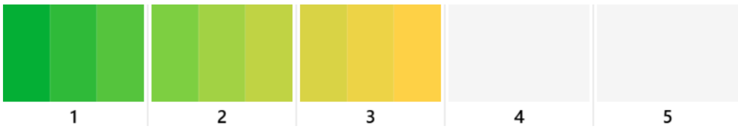
Climate Vulnerability Signals



Source: Fitch Ratings

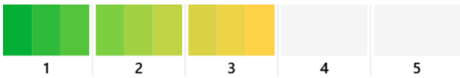
ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.



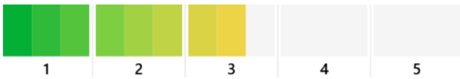
Environmental Relevance Scores

General issues	Score	Sector-specific issues	Reference
GHG Emissions & Air Quality	3	Emissions from operations	Profitability
Energy Management	3	Energy and fuel use in operations; entities' financial targets for losses/shrinkage	Profitability
Water & Wastewater Management	3	Water usage in operations; water utilities' financial targets for water quality, leakage and usage	Company Operational Characteristics; Profitability; Financial Structure; Financial Flexibility
Waste & Hazardous Materials Management; Ecological Impacts	3	Impact of waste including pollution incidents; discharge compliance; sludge disposal	Company Operational Characteristics; Profitability; Financial Flexibility
Exposure to Environmental Impacts	3	Exposure to extreme weather events - negative (e.g. risk of drought and flooding) or positive (e.g. additional return on capex for network weather-resilience)	Company Operational Characteristics; Profitability; Financial Flexibility



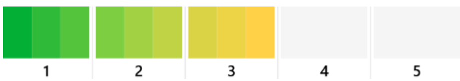
Social Relevance Scores

General issues	Score	Sector-specific issues	Reference
Human Rights, Community Relations, Access & Affordability	3	Product affordability and access	Profitability; Sector Characteristics
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Quality and safety of products and services; data security	Profitability
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Profitability; Financial Structure; Financial Flexibility
Employee Wellbeing	2	Worker safety and accident prevention	Financial Structure; Financial Flexibility
Exposure to Social Impacts	3	Social resistance to major projects that leads to delays and cost increases	Company Operational Characteristics; Profitability



Governance Relevance Scores

General issues	Score	Sector-specific issues	Reference
Management Strategy	3	Strategy development and implementation	Management; Governance
Governance Structure	3	Board independence and effectiveness; ownership concentration	Governance
Group Structure	3	Complexity, transparency and related-party transactions	Governance
Financial Transparency	3	Quality and timing of financial disclosure	Governance



ESG Scoring	Credit-Relevant ESG Scale	
ESG relevance scores range from '1' to '5' based on a 15-level colour gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant. The Environmental (E), Social (S) and Governance (G) tables break out the general and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signalling the credit relevance of the sector-specific issues to an issuer's overall credit rating. The Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The panels underneath the relevance scores tables are visualisations of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The Score columns summarise rating relevance and impact to credit from ESG issues. The column on the far left identifies any ESG relevance sub-factor issues that are drivers or potential drivers of an issuer's credit rating (corresponding with scores of '3', '4' or '5'). All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact. Classification of ESG issues has been developed from Fitch's sector ratings criteria. The general and sector-specific issues draw on the classification standards published by the UN Principles for Responsible Investing, the Sustainability Accounting Standards Board and the World Bank.	5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to 'Higher' relative importance within the Navigator.
	4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to 'Moderate' relative importance within the Navigator.
	3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to 'Lower' relative importance within the Navigator.
	2	Irrelevant to the entity rating but relevant to the sector.
	1	Irrelevant to the entity rating and irrelevant to the sector.

Ratings

Long-Term IDR	BBB+
Senior Unsecured Debt - Long-Term Rating	A-
Outlook	
Long-Term Foreign-Currency IDR	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores	
Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal	51
Transition (Climate.VSt)	50
Physical (Climate.VSp)	20

Applicable Criteria

Country-Specific Treatment of Recovery Ratings Criteria (February 2026)
Corporate Rating Criteria (January 2026)
Government-Related Entities Rating Criteria (July 2025)
Parent and Subsidiary Linkage Rating Criteria (June 2025)
Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)
Sector Navigators – Addendum to the Corporate Rating Criteria (January 2026)

Related Research

Global Corporates Macro and Sector Forecasts
European Utilities Outlook 2026 (December 2025)

Analysts

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