

Atlantica Yield PLC

12.5 /100 Low

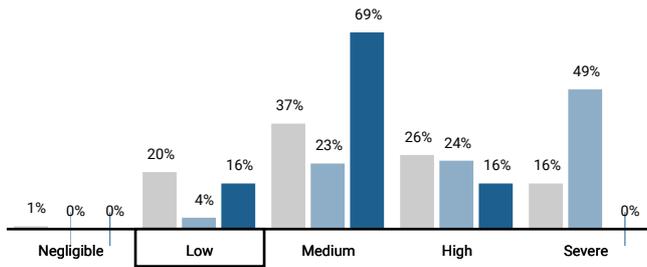
Renewable Power Production | United Kingdom | NAS:AY



Rating Overview

The company is at low risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. Furthermore, the company has not experienced significant controversies.

ESG Risk Rating Distribution

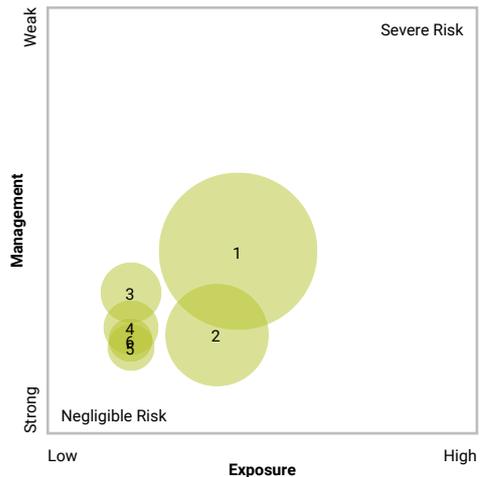


Relative Performance

	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	221 out of 9802	3rd
Utilities (Industry Group)	2 out of 404	1st
Renewable Power Production (Subindustry)	1 out of 51	1st

Attribution Analysis

Top Material Issues



△ = Significant event

○ Circle size = Contribution to ESG Risk Rating

Risk Analysis

Exposure Score



Management Score

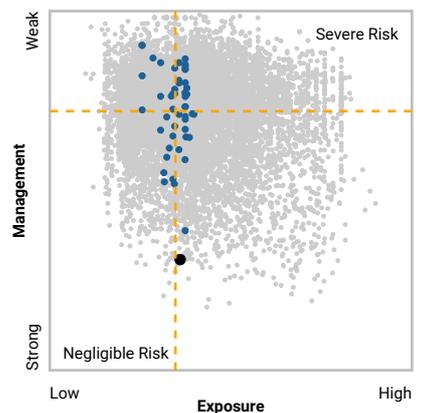


Atlantica Yield derives most revenues from its solar and wind power plants whose development requires large tracts of land. As such projects can significantly impact local residents, failure to constantly consult local communities might lead to protests or blockades, delaying project development. Moreover, solar and wind power plants present potentially hazardous occupational conditions like working in high temperatures, isolated areas with heavy equipment or at high altitudes. Poor health and safety programmes may lead to employee or contractor injury or fatalities, triggering liability lawsuits and high compensation costs. Additionally, the company's success relies on winning governmental bids for transmission line concessions. Potential acts of bribery or corruption meant to facilitate the winning of such bids, expose Atlantica Yield to regulatory sanctions and scrutiny.

Atlantica Yield's overall ESG-related disclosure is not in accordance with GRI reporting standards, lagging behind best practice. The company's ESG-related issues are overseen by a committee, but reporting is insufficient to assess the level of authority in this area.

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

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



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

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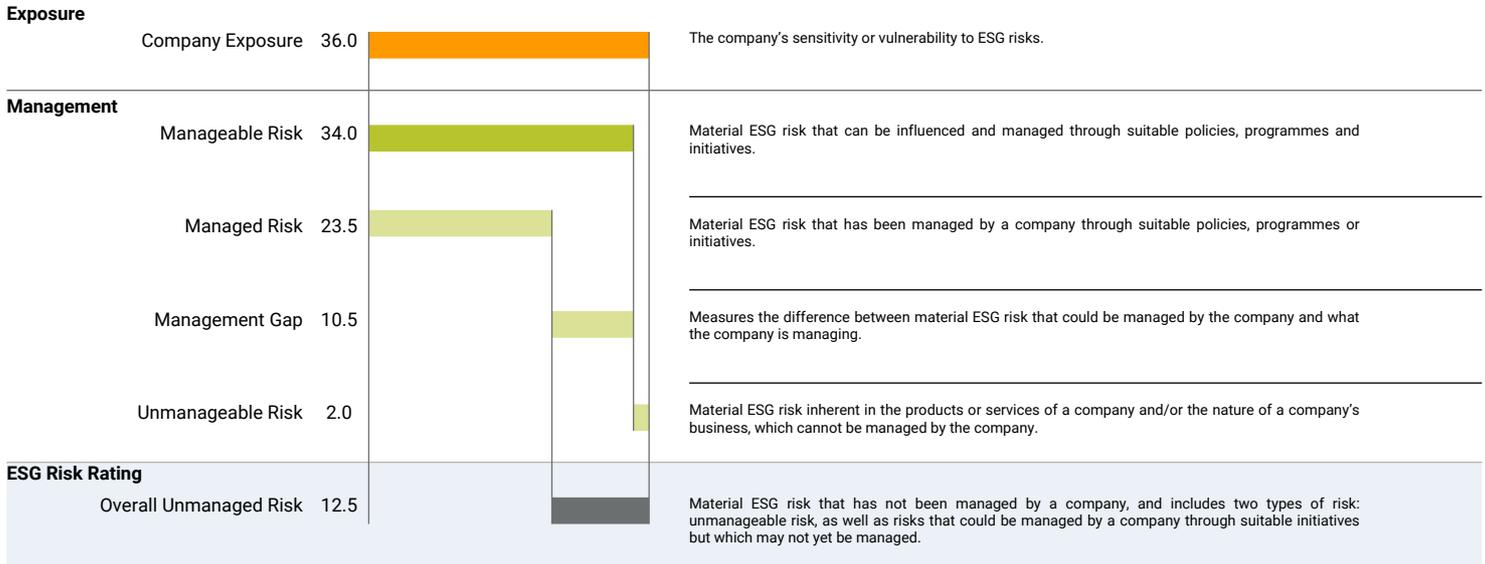


Attribution Details

Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Excess Exposure	Manageable Risk Factor	Management Score		
Corporate Governance	32.2%	9.0	9.0	-	100%	55.4	4.0	
Community Relations	20.8%	8.0	8.0	-	90%	75.0	2.6	
Human Capital	12.3%	4.0	4.0	-	95%	65.0	1.5	
Product Governance	10.9%	4.0	4.0	-	90%	73.3	1.4	
Occupational Health and Safety	9.6%	4.0	4.0	-	90%	78.0	1.2	
Business Ethics	8.8%	4.0	4.0	-	95%	76.3	1.1	
Land Use and Biodiversity	5.4%	3.0	3.0	-	100%	77.5	0.7	
Overall	100.0%	36.0	36.0	0.0	-	69.2	12.5	Low

△ =Significant event

Risk Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

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

Managed Risk

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

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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