

HPS Home Power Solutions AG

Home Appliances Germany

ESG Risk Rating

22.7

Updated Nov 23, 2022

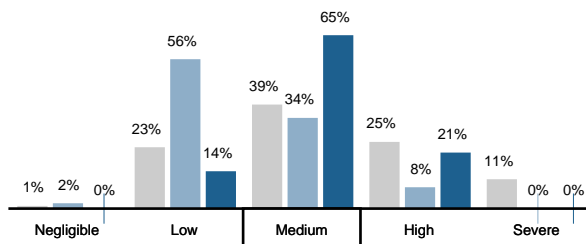
Not
available

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	5343/15476	35th
Consumer Durables INDUSTRY	162/243	67th
Home Appliances SUBINDUSTRY	18/78	23rd

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. HPS Home Power Solutions AG	35.9 Medium	40.0 Average	22.7 Medium
2. WOM SA	31.7 Low	14.7 Weak	27.3 Medium
3. Electroarges SA	37.8 Medium	26.7 Average	28.3 Medium
4. Controladora Mabe SA de CV	33.0 Low	13.9 Weak	28.6 Medium
5. ALH Holding, Inc.	32.0 Low	11.0 Weak	28.7 Medium

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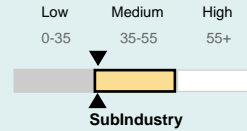
ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

35.9
Medium
 Beta = 1.00

Not available
 Momentum



HPS's product portfolio and customer base expose it to quality and safety issues. The company stands to gain or lose market share based on the level of customer support and the success of its marketing strategy. Furthermore, HPS receives, stores and processes large volumes of sensitive customer data; as a result, customer data privacy presents a high degree of material business risk. Data privacy or security breaches could result in regulatory actions, litigation, public scrutiny or loss of customer trust. Finally, the risks inherent in the development and production of integrated systems for storing and using solar energy expose HPS's employees to workplace hazards. Health and safety incidents can lead to operational delays, fines or even criminal charges for specific managers.

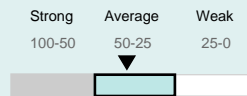
The company's overall exposure is medium and is similar to subindustry average. Product Governance, Data Privacy and Security and Occupational Health and Safety are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

40.0
Average

Not available
 Momentum



HPS's overall ESG-related disclosure is not in accordance with GRI reporting standards, which lags behind best practice. The company's ESG-related issues are overseen by the board, suggesting that HPS integrates these issues into its core business strategy.

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

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Product Governance	6.0 Medium	20.0 Weak	4.8 Medium	21.1%
Data Privacy and Security	4.0 Medium	15.0 Weak	3.5 Low	15.5%
Corporate Governance	5.0 Medium	50.0 Average	2.5 Low	11.0%
Human Rights -Supply Chain	3.0 Low	23.5 Weak	2.4 Low	10.7%
Carbon -Own Operations	3.0 Low	20.7 Weak	2.4 Low	10.5%
Human Capital	3.0 Low	33.5 Average	2.0 Low	9.0%
Business Ethics	3.0 Low	44.0 Average	1.7 Negligible	7.7%
E&S Impact of Products and Services	3.0 Low	72.0 Strong	1.3 Negligible	5.6%
Carbon -Products and Services	2.7 Low	75.0 Strong	1.1 Negligible	4.8%
Occupational Health and Safety	3.2 Low	73.8 Strong	0.9 Negligible	4.2%
Overall	35.9 Medium	40.0 Average	22.7 Medium	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

 **Severe (0)**

 **High (0)**

 **Significant (0)**

 **Moderate (0)**

 **Low (0)**

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

⚠ None (24)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Community Relations

Community Relations - SC

Data Privacy and Security

Employees - Human Rights

Employees - Human Rights - SC

Energy Use and GHG Emissions

Environmental Impact of Products

Intellectual Property

Labour Relations

Labour Relations - SC

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Occupational Health and Safety - SC

Quality and Safety

Sanctions

Social Impact of Products

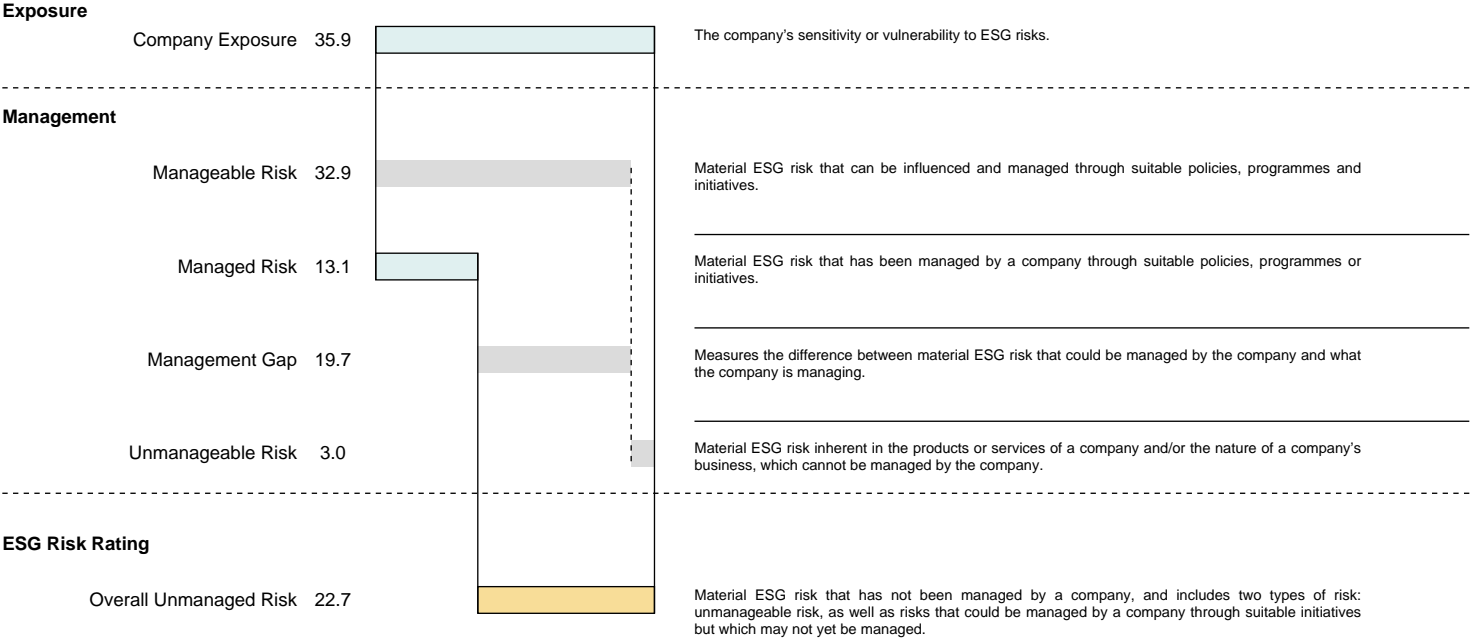
Society - Human Rights

Society - Human Rights - SC

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Risk Decomposition



Momentum Details

Not available due to a lack of comparable historical information.

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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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