

# HPS Home Power Solutions AG

Home Appliances Germany

## ESG Risk Rating

# 19.5

Last Full Update Nov 28, 2023

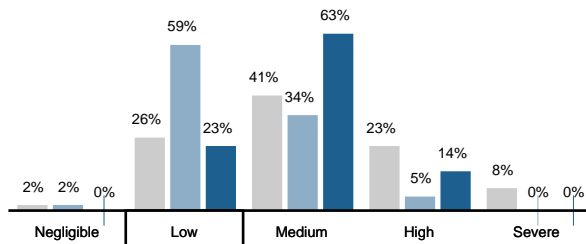
# -3.2

Momentum

# Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = Top Score)
Global Universe	4070/15719	27th
Consumer Durables INDUSTRY	136/228	60th
Home Appliances SUBINDUSTRY	16/73	22nd

## Peers Table

Peers (Market cap \$0.0 - \$0.1bn)

	Exposure	Management	ESG Risk Rating
1. Ultimate Products PLC	34.9 Low	52.9 Strong	17.5 Low
2. HPS Home Power Solutions AG	36.3 Medium	50.5 Strong	19.5 Low
3. Elica SpA	37.4 Medium	50.7 Strong	19.6 Low
4. ALH Holding, Inc.	32.0 Low	11.0 Weak	28.7 Medium
5. Electroarges SA	40.0 Medium	26.7 Average	29.9 Medium

# HPS Home Power Solutions AG

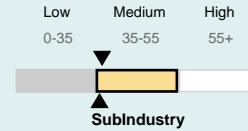
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## ESG Risk Analysis

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

**36.3** **+0.5**  
**Medium** Momentum  
 Beta = 1.01



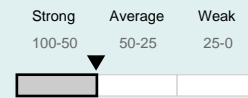
HPS's product portfolio and customer base expose it to quality and safety issues. The company stands to gain or lose market share based on the level of customer support and the success of its marketing strategy. Furthermore, HPS receives, stores and processes large volumes of sensitive customer data; 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

**50.5** **+10.6**  
**Strong** Momentum



HPS's board of directors is responsible for the sustainability guidelines and implements them operationally, suggesting that HPS integrates these issues into its core business strategy. However, the company's overall ESG-related disclosure is not written in accordance with GRI reporting standards, which lags behind best practice. In addition, although the company's product and service safety programme is adequate, its operations are not covered by a certified quality management system (QMS). When it comes to data privacy, the company has a weak policy and lacks initiatives to minimize the risk of security incidents. However, its data privacy programme is directly supervised by the board of directors. HPS has developed a strong health and safety management system, but it still lacks health and safety certifications, leaving room for further improvement.

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

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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	<b>4.8 Medium</b>	24.6%
Data Privacy and Security	4.0 Medium	25.0 Average	<b>3.2 Low</b>	16.4%
Human Rights -Supply Chain	3.0 Low	28.0 Average	<b>2.3 Low</b>	12.0%
Carbon -Own Operations	3.5 Low	34.9 Average	<b>2.2 Low</b>	11.5%
Human Capital	3.0 Low	44.4 Average	<b>1.7 Negligible</b>	8.9%
Corporate Governance	5.0 Medium	73.0 Strong	<b>1.4 Negligible</b>	6.9%
E&S Impact of Products and Services	3.0 Low	72.0 Strong	<b>1.3 Negligible</b>	6.5%
Carbon -Products and Services	2.7 Low	75.0 Strong	<b>1.1 Negligible</b>	5.5%
Occupational Health and Safety	3.2 Low	73.8 Strong	<b>0.9 Negligible</b>	4.8%
Business Ethics	3.0 Low	87.0 Strong	<b>0.5 Negligible</b>	2.7%
<b>Overall</b>	<b>36.3 Medium</b>	<b>50.5 Strong</b>	<b>19.5 Low</b>	<b>100.0%</b>

## 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

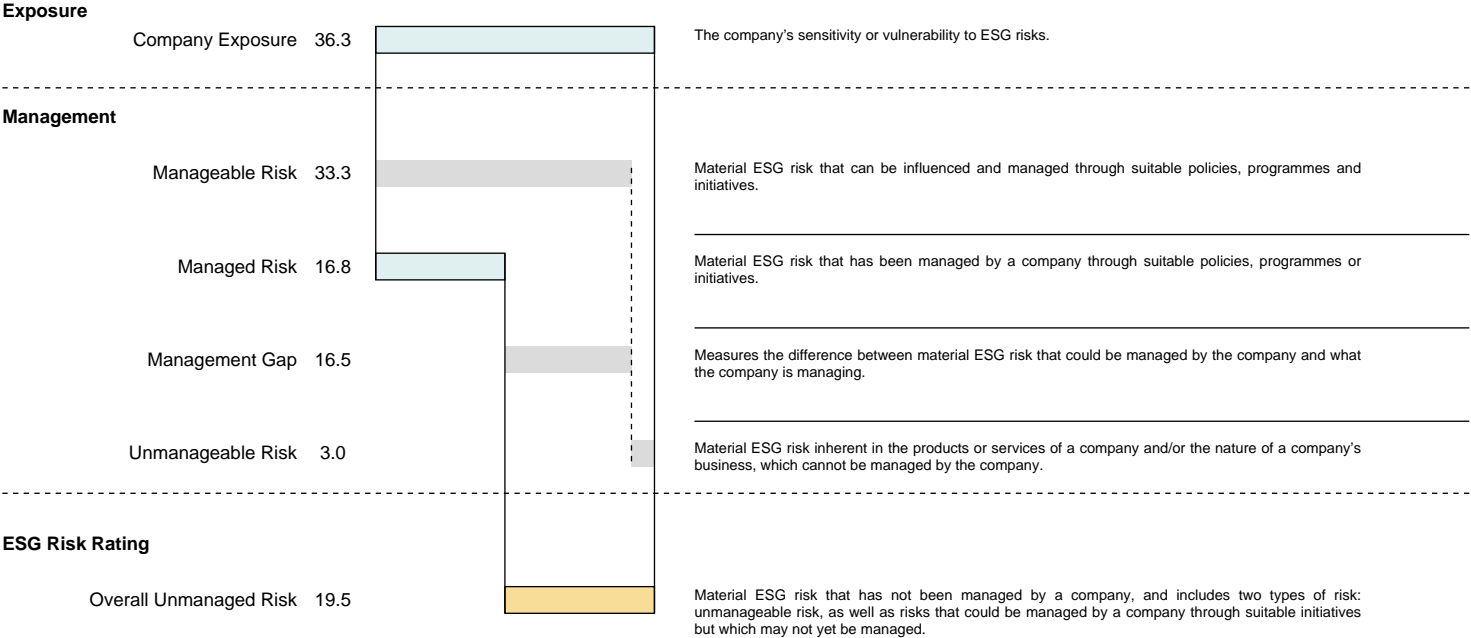
Society - Human Rights

Society - Human Rights - SC

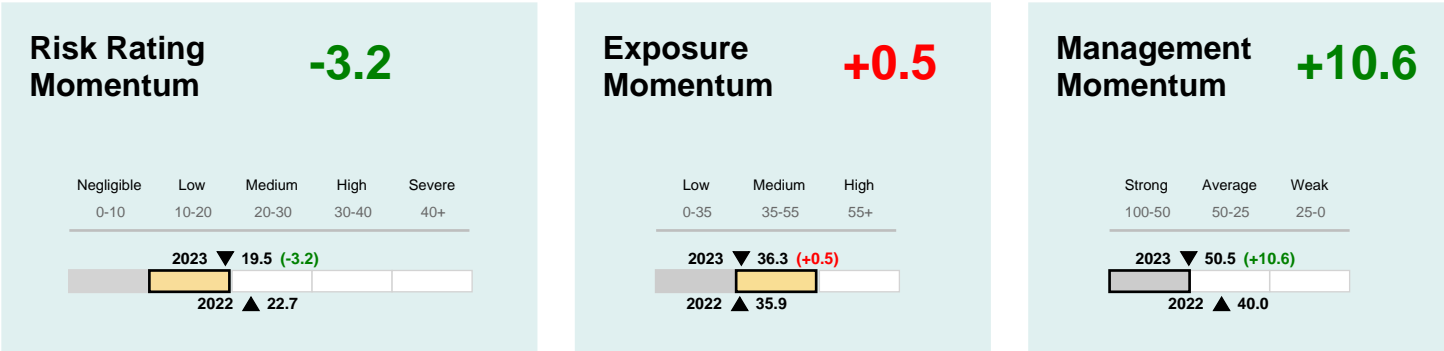
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## Risk Decomposition



## Momentum Details



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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

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

### Corporate Governance Pillar

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

### ESG Risk Category

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

-  **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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