

# Convergent Energy & Power, Inc.

Renewable Power Production United States of America

## ESG Risk Rating

# 10.4

Updated Apr 15, 2023

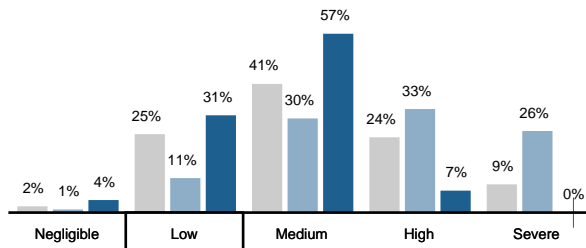
# -1.7

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	282/15528	3rd
Utilities INDUSTRY	7/706	2nd
Renewable Power Production SUBINDUSTRY	6/96	6th

## Peers Table

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Lekela Power BV	30.2 Low	77.0 Strong	8.3 Negligible
2. Vena Energy Capital Pte Ltd.	30.2 Low	75.9 Strong	8.7 Negligible
3. Convergent Energy & Power, Inc.	30.0 Low	69.7 Strong	10.4 Low
4. Renew Wind Energy (AP 2) Pvt Ltd.	30.7 Low	61.5 Strong	12.8 Low
5. Hydro-Québec	30.4 Low	49.3 Average	16.2 Low

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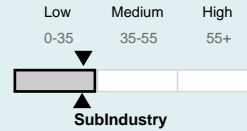
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## ESG Risk Analysis

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

**30.0** **-1.0**  
**Low** **Momentum**  
 Beta = 1.00



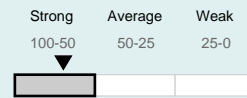
As an independent developer, owner and operator of energy storage and solar-plus storage assets, Convergent is involved in all project phases, from construction to site operation and maintenance. These activities typically imply the acquisition and repurposing of large areas of land, which may trigger community opposition and potential project delays. Similar to its peers, Convergent might also face ethical risks stemming from its business relations with government officials, suppliers and utility customers. Ethical breaches such as bribery, bid rigging or conflicts of interest could trigger regulatory investigations and costly fines. In addition, any potential shortcomings in energy storage systems might result in quality and safety issues, such as fires or service interruptions. Moreover, incidents could prompt operational disruptions, repair costs and notable brand damages.

The company's overall exposure is low and is similar to subindustry average. Product Governance, Community Relations and Business Ethics 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

**69.7** **+4.8**  
**Strong** **Momentum**



Convergent publicly disclosed ESG-related information in its impact and sustainability report 2022 for the first time; however, this disclosure does not align with GRI reporting standards and lags behind best practice. Furthermore, the company has not obtained external assurance for the disclosure. ESG issues are incorporated into the company's strategy and overseen by its ESG oversight committee. Convergent has a comprehensive business ethics programme, supported by strong policies and whistleblower mechanisms, and a strong community engagement scheme in place, including consultations conducted at early stages of the projects and executive and local responsibility. The company also reports a strong asset integrity management programme and a robust cybersecurity system that includes external vulnerability assessments.

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	
Corporate Governance	5.0 Medium	51.0 Average	2.5 Low	23.6%
Community Relations	6.0 Medium	70.0 Strong	2.2 Low	21.4%
Human Capital	3.0 Low	50.0 Strong	1.6 Negligible	15.2%
Product Governance	5.0 Medium	80.0 Strong	1.4 Negligible	13.5%
Business Ethics	4.0 Medium	73.7 Strong	1.2 Negligible	11.5%
Occupational Health and Safety	4.0 Medium	85.0 Strong	0.9 Negligible	9.1%
Land Use and Biodiversity	3.0 Low	80.0 Strong	0.6 Negligible	5.8%
<b>Overall</b>	<b>30.0 Low</b>	<b>69.7 Strong</b>	<b>10.4 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 (16)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Community Relations

Data Privacy and Security

Intellectual Property

Labour Relations

Land Use and Biodiversity

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Quality and Safety

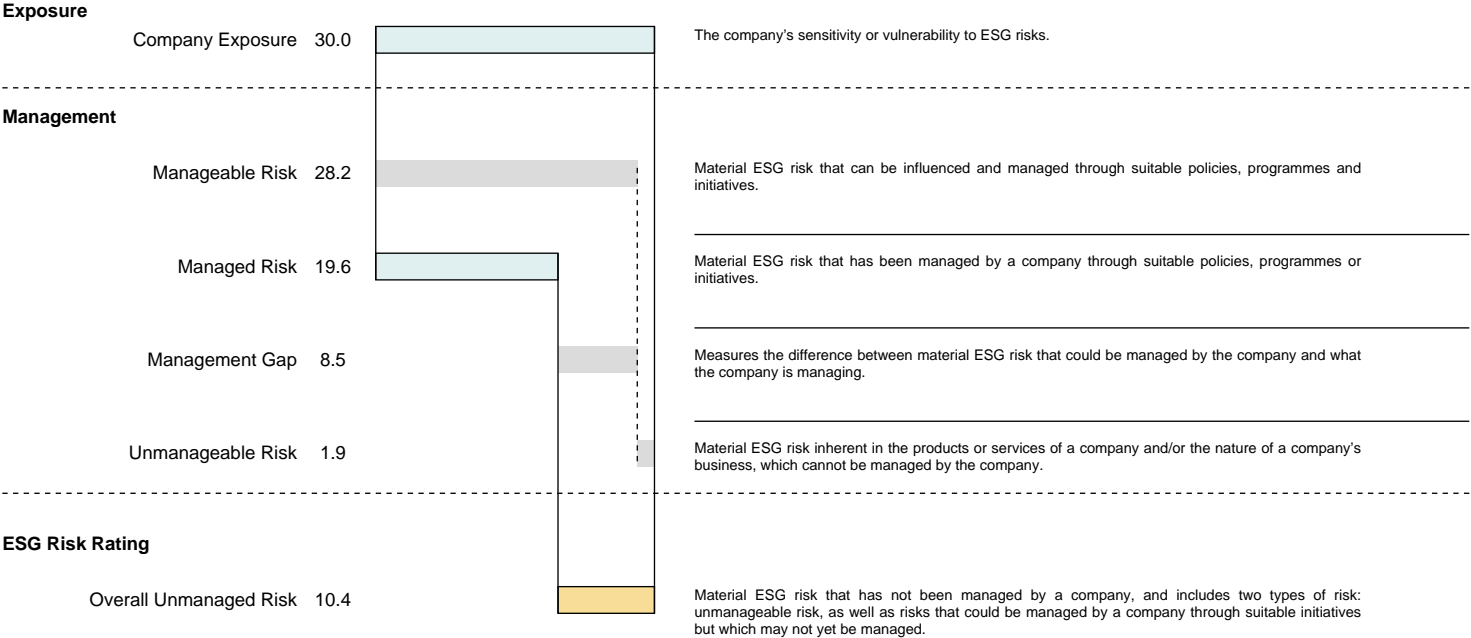
Sanctions

Society - Human Rights

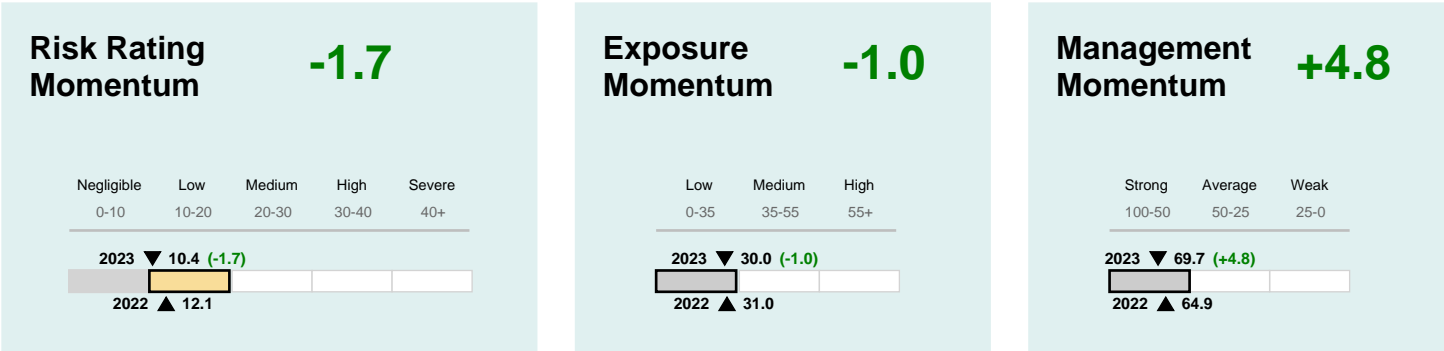
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## Risk Decomposition



## Momentum Details



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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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