

Algonquin Power & Utilities Corp.

Multi-Utilities Canada TSE:AQN

ESG Risk Rating

25.2

Last Full Update Dec 19, 2024

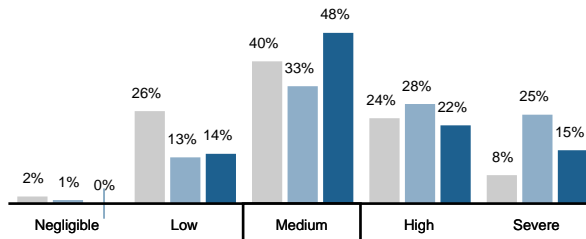
+3.9

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	7414/14948	50th
Utilities INDUSTRY	202/647	32nd
Multi-Utilities SUBINDUSTRY	42/104	40th

Peers Table

Peers (Market cap \$3.2 - \$3.9bn)

	Exposure	Management	ESG Risk Rating
1. Acea SpA	48.3 Medium	72.7 Strong	15.6 Low
2. Algonquin Power & Utilities Corp.	58.4 High	61.2 Strong	25.2 Medium
3. ATCO Ltd.	50.1 Medium	48.1 Average	27.4 Medium
4. China Suntien Green Energy Corp., Ltd.	61.4 High	32.5 Average	42.8 Severe
5. The Power & Water Utility Co. for Jubail & Yanbu	70.8 High	25.4 Average	54.2 Severe

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ESG Risk Analysis

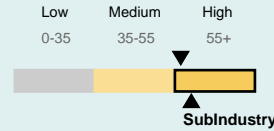
Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

58.3 **+7.3**

High Momentum

Beta = 0.90



As of FY2023, APUC owns, operates or has net interests in over 4 GW of installed renewable energy capacity, yet 30.8% of its output relies on fossil fuels, exposing it to price volatility and carbon pricing increases. APUC's infrastructure includes over 21,000 km of electricity distribution and transmission lines and 13,650 km of natural gas pipelines, enabling it to serve more than a million customers. However, the scale of its operations raises potential concerns around public safety and land acquisition disputes, particularly in sensitive areas. Strong community relationships are vital to avoid operational delays or reputational harm. APUC is also exposed to health and safety risks arising from the construction and operation of its grid networks and renewable power plants. Such incidents have the potential to materially affect the company through liability lawsuits and fines.

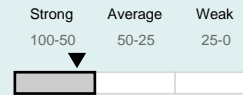
The company's overall exposure is high and is moderately below subindustry average. Carbon - Own Operations, Community Relations and Occupational Health and Safety are notable material ESG issues.

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

61.2 **-1.1**

Strong Momentum



APUC's 2023 ESG report was written in accordance with the GRI Standards, in line with best practice, while board-level oversight of sustainability matters falls within the mandate of the corporate governance committee. The company commits to achieving net-zero scope 1 and 2 GHG emissions by 2050, supported by robust GHG reduction and risk management programmes. Moreover, APUC has a very strong occupational safety programme for its employees and contractors, and reports that no employee fatalities occurred in the last three years. However, the company's community relations programmes fall short, with no documented evidence of proactive stakeholder consultations before project initiation and only relatively weak community development initiatives to enhance the social and economic welfare of communities.

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	
Community Relations	7.6 Medium	32.3 Average	5.4 Medium	21.4%
Occupational Health and Safety	5.7 Medium	52.8 Strong	3.0 Low	11.9%
Water Use -Own Operations	4.5 Medium	48.0 Average	2.8 Low	11.0%
Emissions, Effluents and Waste	4.2 Medium	43.7 Average	2.5 Low	10.1%
Product Governance	4.8 Medium	53.7 Strong	2.5 Low	9.7%
Land Use and Biodiversity	3.8 Low	49.3 Average	1.9 Negligible	7.6%
Data Privacy and Cybersecurity	3.6 Low	61.2 Strong	1.8 Negligible	7.3%
Carbon -Own Operations	7.2 Medium	74.9 Strong	1.8 Negligible	7.2%
Business Ethics	5.5 Medium	86.2 Strong	1.0 Negligible	3.9%
Human Capital	2.8 Low	68.8 Strong	1.0 Negligible	3.9%
Corporate Governance	6.7 Medium	86.5 Strong	0.9 Negligible	3.6%
Stakeholder Governance	2.0 Low	69.1 Strong	0.6 Negligible	2.4%
Overall	58.3 High	61.2 Strong	25.2 Medium	100.0%

Events Overview

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

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 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 (20)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Community Relations

Corporate Governance

Data Privacy and Security

Emissions, Effluents and Waste

Energy Use and GHG Emissions

Intellectual Property

Labour Relations

Land Use and Biodiversity

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Quality and Safety

Sanctions

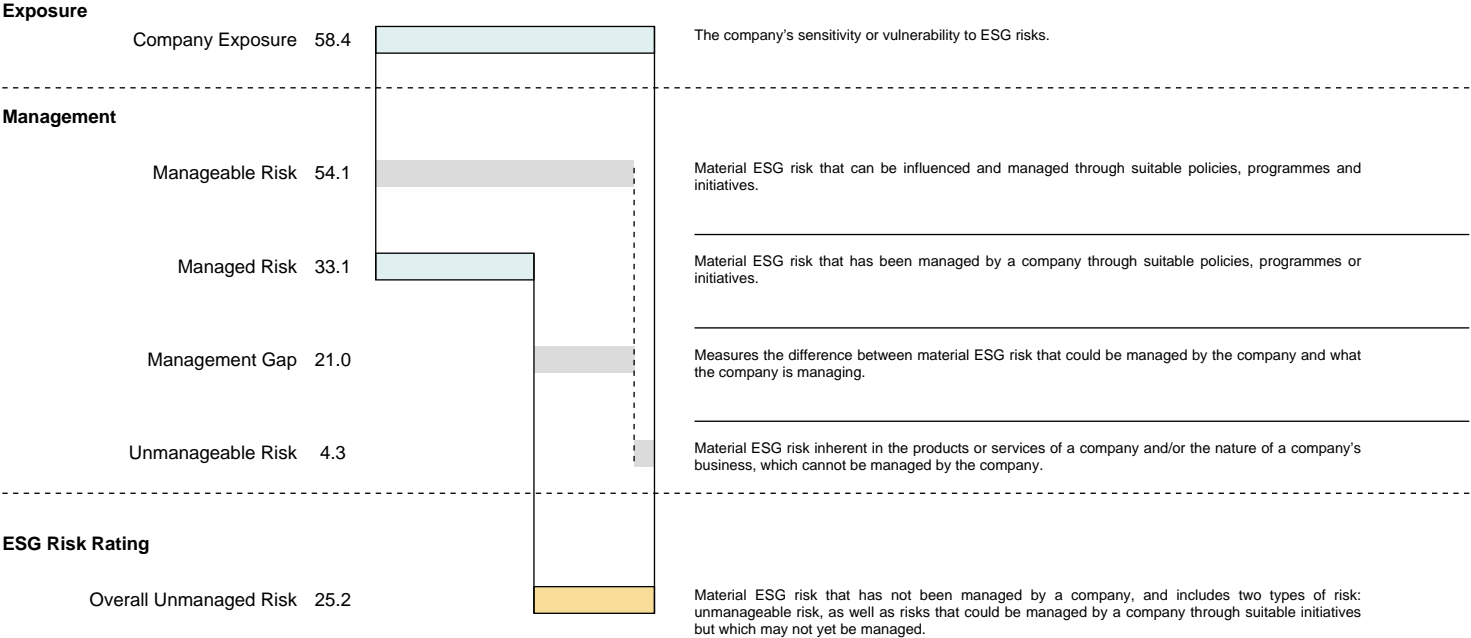
Society - Human Rights

Water Use

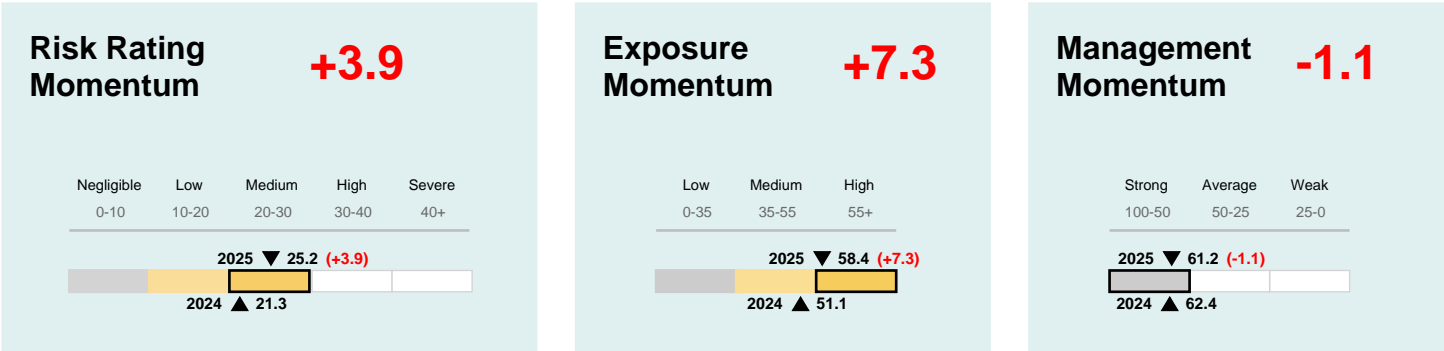
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Risk Decomposition



Momentum 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.

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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