

# Sacyr, S.A.

Non-Residential Construction Spain MCE:SCYR

## ESG Risk Rating

# 20.8

Updated Jun 9, 2021

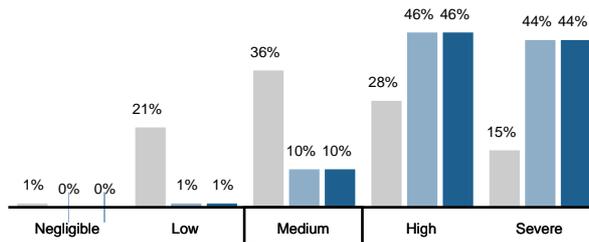
Not available

Momentum

## Medium Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

| UNIVERSE                                    | RANK                            | PERCENTILE                      |
|---|---------------------------------|---------------------------------|
|   | (1 <sup>st</sup> = lowest risk) | (1 <sup>st</sup> = lowest risk) |
| Global Universe                             | 3304/13772                      | 25th                            |
| Construction & Engineering                  | 5/281                           | 2nd                             |
| Non-Residential Construction<br>SUBINDUSTRY | 5/281                           | 2nd                             |

## Peers Table

Peers (Market cap \$1.7 - \$1.7bn)

| Peers (Market cap \$1.7 - \$1.7bn)   | Exposure    | Management   | ESG Risk Rating |
|--------------------------------------|-------------|--------------|-----------------|
| 1. Sacyr, S.A.                       | 56.0 High   | 67.9 Strong  | 20.8 Medium     |
| 2. IJM Corp Bhd                      | 53.9 Medium | 36.0 Average | 35.8 High       |
| 3. United Integrated Services Co Ltd | 46.6 Medium | 11.6 Weak    | 41.6 Severe     |
| 4. MIRAIT Holdings Corp.             | 50.4 Medium | 18.1 Weak    | 41.9 Severe     |
| 5. Construction Partners, Inc.       | 53.0 Medium | 16.8 Weak    | 44.7 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

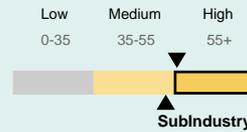
**56.0**

Not available

**High**

Momentum

Beta = 1.06



Sacyr develops and constructs infrastructure projects (motorways, underground and railways, airports, maritime and hydraulic) that require bidding for public contracts. Potential involvement in unethical business acts, such as offering bribes and facilitation payments, may lead to investigation, fines and indictment of company executives. Moreover, as Sacyr provides solutions for large-scale construction projects, it has to adapt to the increasing demand for sustainable services from customers. Inability to adapt to this trend could trigger loss of contracts and market share. Moreover, Sacyr's success relies on a diversely skilled workforce (47,797 employees as of December 2020), ranging from architects and engineers to construction workers. Failure to attract and retain qualified personnel could lead to skill shortages, delays in fulfilling contractual agreements and customer loss.

The company's overall exposure is high and is moderately above subindustry average. Human Capital, E&S Impact of Products and Services and Bribery and Corruption 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

**67.9**

Not available

**Strong**

Momentum



Sacyr's overall ESG-related disclosure follows best practice, signalling strong accountability to investors and the public. The company's ESG-related issues are overseen by the board-level Sustainability and Corporate Governance Committee, suggesting that these are integrated in core business strategy.

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                | 9.0 High          | 55.3 Strong         | 4.0 Medium         | 19.3%                           |
| Human Capital                       | 6.3 Medium        | 40.5 Average        | 3.9 Low            | 18.6%                           |
| Community Relations                 | 5.3 Medium        | 47.5 Average        | 3.0 Low            | 14.5%                           |
| Carbon -Own Operations              | 6.0 Medium        | 77.4 Strong         | 2.3 Low            | 11.0%                           |
| E&S Impact of Products and Services | 6.3 Medium        | 80.0 Strong         | 2.3 Low            | 10.9%                           |
| Product Governance                  | 4.2 Medium        | 47.3 Average        | 2.2 Low            | 10.7%                           |
| Business Ethics                     | 4.2 Medium        | 79.6 Strong         | 1.0 Negligible     | 4.9%                            |
| Bribery and Corruption              | 7.4 Medium        | 93.8 Strong         | 0.8 Negligible     | 3.9%                            |
| Occupational Health and Safety      | 5.3 Medium        | 90.6 Strong         | 0.7 Negligible     | 3.5%                            |
| Human Rights                        | 2.1 Low           | 73.5 Strong         | 0.6 Negligible     | 2.7%                            |
| <b>Overall</b>                      | <b>56.0 High</b>  | <b>67.9 Strong</b>  | <b>20.8 Medium</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 (1)**

Labour Relations

 **Low (3)**

Anti-Competitive Practices

Community Relations

Quality and Safety

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## Events Overview

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

## Category (Events)

**⚠ None (13)**

Accounting and Taxation

Bribery and Corruption

Business Ethics

Employees - Human Rights

Energy Use and GHG Emissions

Environmental Impact of Products

Intellectual Property

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Sanctions

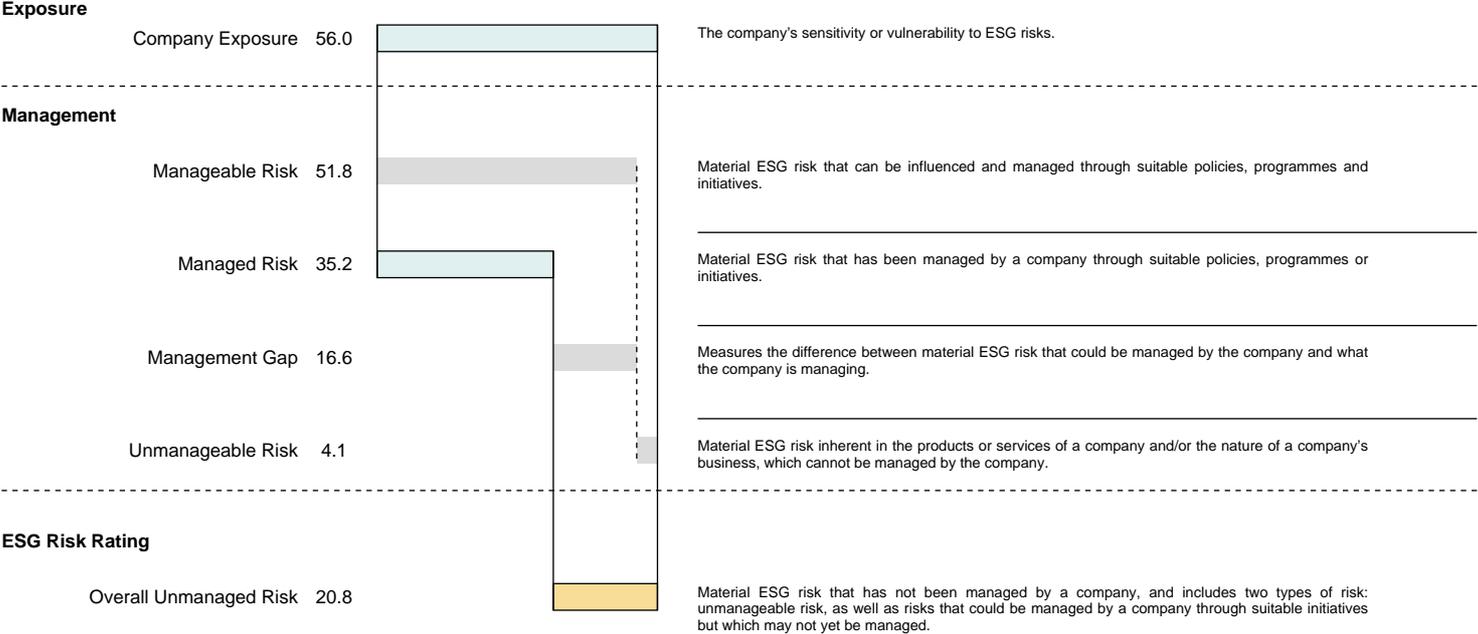
Social Impact of Products

Society - Human Rights

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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, $\beta$ )

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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