

Sacyr SA

Non-Residential Construction Spain MCE:SCYR

ESG Risk Rating

19.7

Last Full Update May 31, 2023

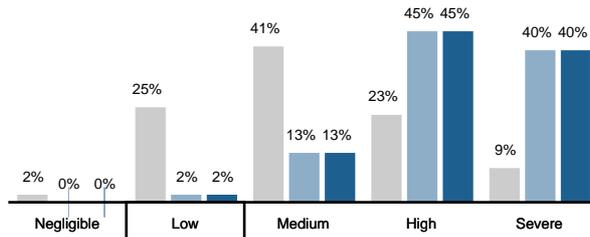
+1.0

Momentum

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	3995/15518	26th
Construction & Engineering	6/352	2nd
Non-Residential Construction SUBINDUSTRY	6/352	2nd

Peers Table

Peers (Market cap \$1.9 - \$1.9bn)

Peers (Market cap \$1.9 - \$1.9bn)	Exposure	Management	ESG Risk Rating
1. Sacyr SA	63.5 High	75.1 Strong	19.7 Low
2. KEPCO Engineering & Construction Co., Inc.	52.4 Medium	46.5 Average	29.7 Medium
3. Webuild SpA	69.5 High	56.7 Strong	32.9 High
4. Kyudenko Corp.	49.0 Medium	33.4 Average	33.8 High
5. SINOPEC Engineering (Group) Co., Ltd.	50.3 Medium	29.2 Average	36.6 High

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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

63.5

+3.2

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. Any involvement in unethical business acts, such as offering bribes and facilitation payments, could lead to investigations, fines and indictment of company executives. Moreover, as Sacyr provides solutions for large-scale construction projects, it must adapt to the growing demand for sustainable services. Inability to adapt to this trend could trigger loss of contracts and market share. In addition, Sacyr's success relies on a diversely skilled workforce (more than 41,000 employees as of 2022), 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 loss of customers.

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

75.1

+0.5

Strong

Momentum



Sacyr's ESG-related issues are overseen by the board-level sustainability and corporate governance committee, suggesting that the company integrates these factors into its core business strategy. Moreover, Sacyr exhibits strong management in 10 out of 11 material ESG issues (MEIs) to which it is exposed. It has a very strong bribery and corruption policy and programme, as well as a whistleblower channel that is available to third parties and allows for anonymous reporting. It also reports on initiatives to support women in management, such as mentorship programmes, and offers its workforce healthcare benefits and opportunities to develop their skills through educational programmes. On a less positive note, despite a very strong green procurement policy, Sacyr has significant room to expand its offering of sustainable products and services, which fell below 10% of total sales in FY2022.

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	57.1 Strong	3.9 Low	19.6%
Carbon -Own Operations	6.0 Medium	72.4 Strong	2.5 Low	12.8%
Human Capital	6.3 Medium	66.9 Strong	2.3 Low	11.7%
Product Governance	4.2 Medium	49.7 Average	2.1 Low	10.7%
E&S Impact of Products and Services	6.3 Medium	84.0 Strong	2.1 Low	10.5%
Community Relations	5.3 Medium	77.5 Strong	1.6 Negligible	8.1%
Business Ethics	4.2 Medium	67.0 Strong	1.5 Negligible	7.8%
Resource Use	3.2 Low	80.0 Strong	1.1 Negligible	5.8%
Occupational Health and Safety	5.0 Medium	85.6 Strong	0.9 Negligible	4.7%
Bribery and Corruption	8.1 High	93.8 Strong	0.9 Negligible	4.5%
Emissions, Effluents and Waste	4.0 Medium	90.0 Strong	0.8 Negligible	3.9%
Human Rights	2.0 Low	100.0 Strong	0.0 Negligible	0.0%
Overall	63.5 High	75.1 Strong	19.7 Low	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 (2)

Anti-Competitive Practices

Business Ethics

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Events Overview

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

Category (Events)

⚠️ Low (0)

⚠️ None (17)

Accounting and Taxation

Bribery and Corruption

Community Relations

Emissions, Effluents and Waste

Employees - Human Rights

Energy Use and GHG Emissions

Environmental Impact of Products

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety

Quality and Safety

Sanctions

Social Impact of Products

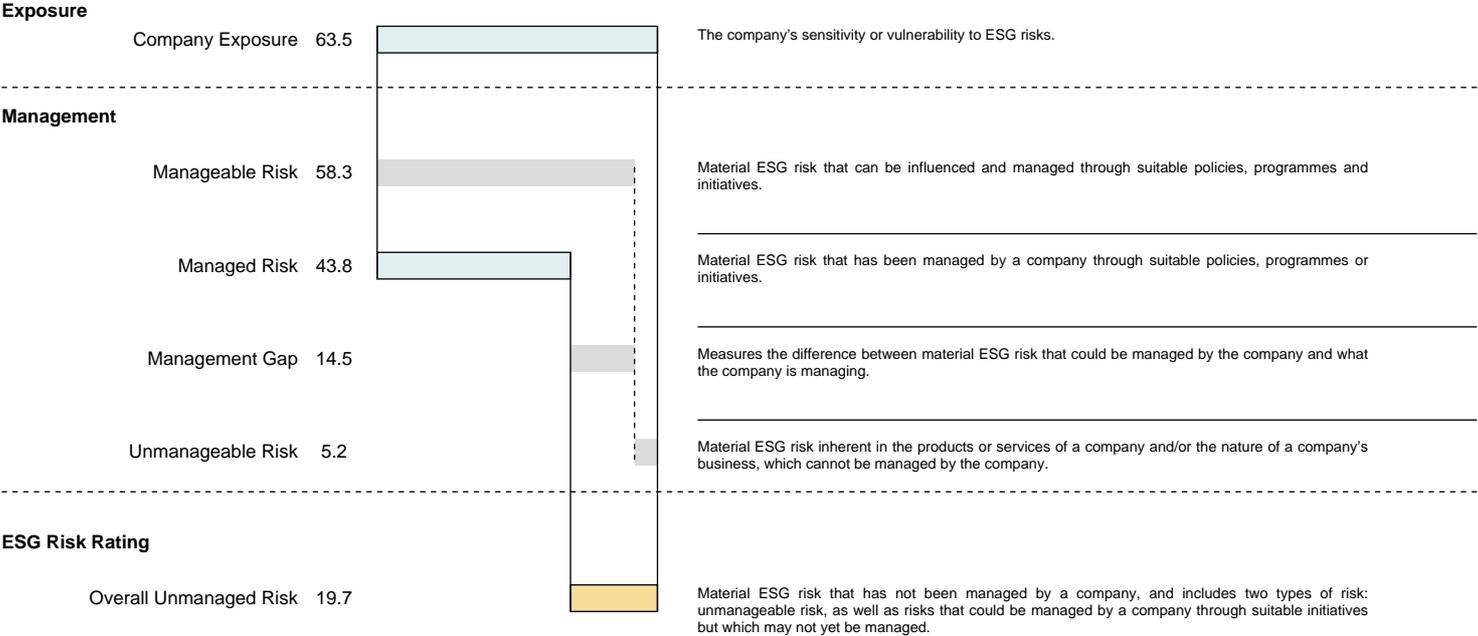
Society - Human Rights

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.

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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