

RENK GmbH

Heavy Machinery and Trucks Germany

ESG Risk Rating

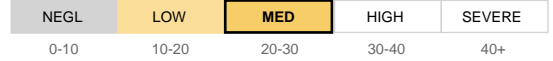
22.6

Last Full Update Jun 22, 2023

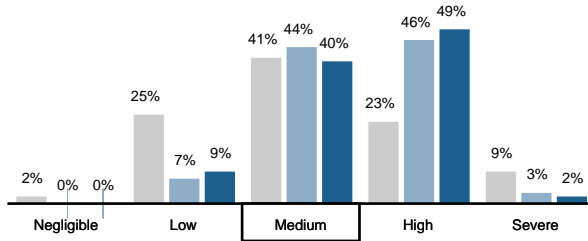
Not available

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	5815/15613	38th
Machinery INDUSTRY	88/572	16th
Heavy Machinery and Trucks SUBINDUSTRY	24/137	18th

Peers Table

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

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Vard Holdings Ltd.	45.6 Medium	57.8 Strong	20.3 Medium
2. RENK GmbH	42.4 Medium	49.0 Average	22.6 Medium
3. Scania CV AB	44.9 Medium	43.9 Average	26.1 Medium
4. Waste Management of Canada Corp.	43.0 Medium	24.3 Weak	33.0 High
5. Nam Cheong Ltd.	46.5 Medium	29.4 Average	33.4 High

RENK GmbH

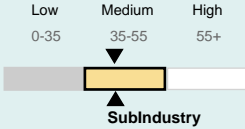
Heavy Machinery and Trucks Germany

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

42.4 Not available
Medium Momentum
Beta = 0.99



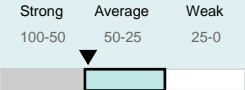
The company's product and service portfolio, as well as its customer base triggers exposure to quality and safety issues. Types of misconduct include unsafe features and unreliable or fragile products. Since the use cases of Renk's products are often in military vehicles or in ships, the consequences of product failure can be catastrophic. In addition, regulatory agencies and customers have expectations that the products Renk develops will be more energy efficient and less carbon intensive. The post-COP21 Paris agreement political momentum increases company exposure to regulatory risks. Due to Renk's employee base and qualification needs, the company is exposed to potential labour relations issues and skill deficits. Companies that are unable to effectively manage its workforce may face obstacles, such as high operational costs, business disruptions and other inefficiencies.

The company's overall exposure is medium and is similar to subindustry average. Product Governance, Carbon -Products and Services and Human Capital 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

49.0 Not available
Average Momentum



Renk's 2022 sustainability report was prepared with reference to, but not in accordance with the GRI standards, which does not align with best practice. An ESG executive team oversees ESG issues, suggesting it is integrated in the company's strategy. Although Renk has a policy commitment to ensure product and service safety, it does not disclose details on its product safety programmes; 40% of its sites are certified to ISO 9001. It has a programme to increase the sustainable attributes of its product portfolio, through energy efficiency, electrification and renewables, but does not disclose the revenues derived from these sustainability-related products. Lastly, Renk has a strong programme for human capital development, including initiatives for talent recruitment, development and retention, though it could improve by disclosing the number of training days given to employees each year.

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

RENK GmbH

Heavy Machinery and Trucks Germany

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	8.0 High	32.5 Average	5.4 Medium	23.9%
Carbon -Products and Services	5.4 Medium	35.0 Average	3.5 Low	15.5%
E&S Impact of Products and Services	4.0 Medium	22.5 Weak	3.3 Low	14.5%
Human Capital	6.0 Medium	60.5 Strong	2.6 Low	11.3%
Corporate Governance	5.0 Medium	57.0 Strong	2.2 Low	9.5%
Carbon -Own Operations	3.0 Low	44.0 Average	1.7 Negligible	7.4%
Occupational Health and Safety	3.0 Low	49.5 Average	1.6 Negligible	7.0%
Business Ethics	6.0 Medium	83.1 Strong	1.3 Negligible	5.6%
Human Rights -Supply Chain	2.0 Low	52.7 Strong	1.2 Negligible	5.1%
Overall	42.4 Medium	49.0 Average	22.6 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)

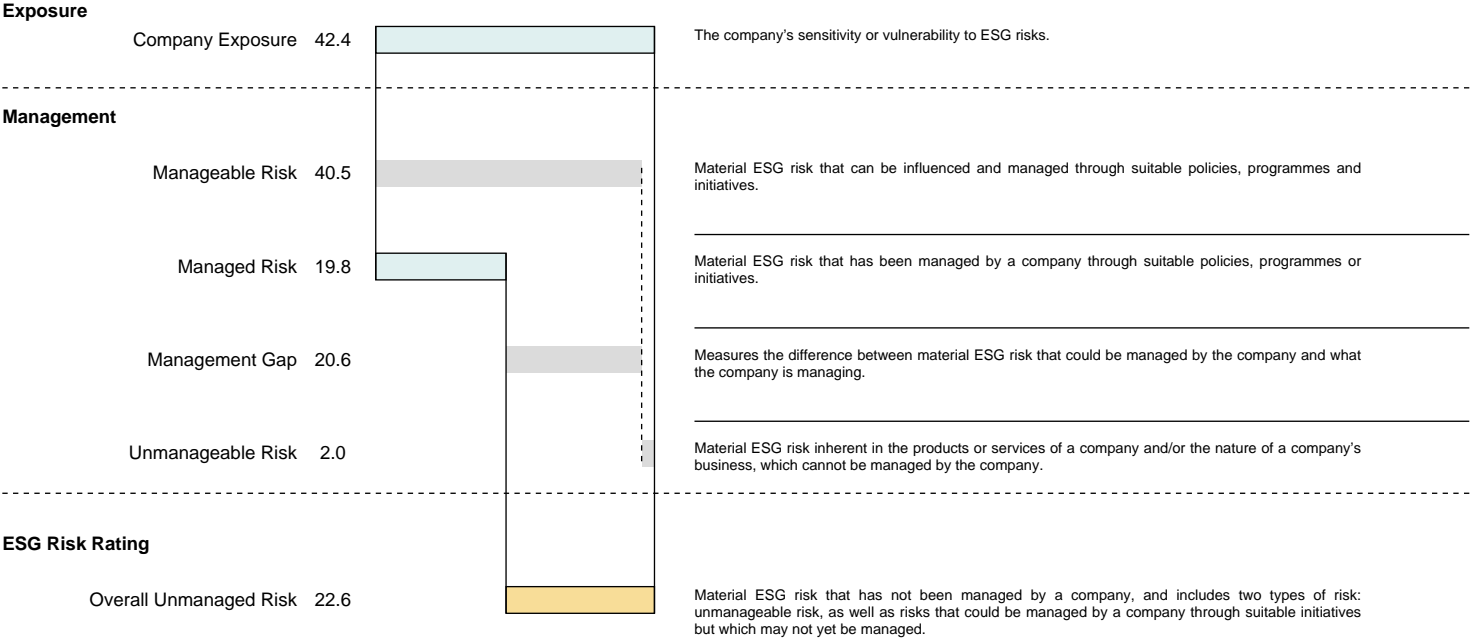
None (19)

- Accounting and Taxation
- Anti-Competitive Practices
- Bribery and Corruption
- Business Ethics
- Carbon Impact of Products
- 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 - SC

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Risk Decomposition



Momentum Details

Not available due to a lack of comparable historical information.

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Issue

Contribution 23.9 %



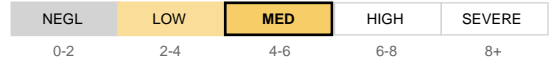
Product Governance

Product Governance focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility.

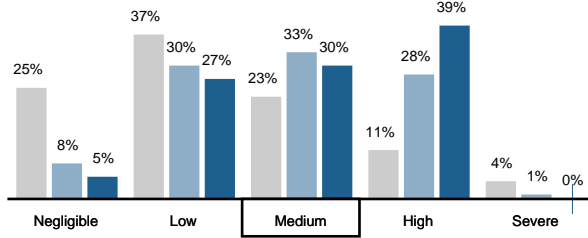
ESG Risk Rating

5.4

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = Top Score)
Global Universe	3130/3975	79th
Machinery INDUSTRY	78/145	54th
Heavy Machinery and SUBINDUSTRY	20/44	45th

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

Peers (Market cap \$0.7 - \$2.1bn)	Exposure	Management	ESG Risk Rating
1. Fincantieri SpA	9.2 High	62.5 Strong	3.5 Low
2. RENK GmbH	8.0 High	32.5 Average	5.4 Medium
3. NFI Group, Inc.	8.4 High	25.0 Average	6.3 High
4. Scania CV AB	8.4 High	23.8 Weak	6.4 High
5. Trinity Industries, Inc.	8.8 High	22.5 Weak	6.8 High

RENK GmbH

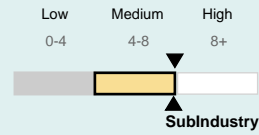
Heavy Machinery and Trucks Germany

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

8.0
High



Product Governance for Heavy Machinery and Trucks companies like Renk, including those that make component parts (eg. vehicle gearboxes and bearings), is focused mainly on product defects. Malfunctioning equipment can result in complete machinery breakdown and severe injuries or fatalities, as well as environmental damages. Since Renk sells many of its products to the defence industry, any defect could be especially calamitous. If accidents are related to malfunctioning equipment, Heavy Machinery and Trucks companies are required to recall products and provide compensation for customer losses.

The company's exposure to Product Governance issues is high and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	8.0
Issue Beta	x 1.00
Company Issue Exposure	8.0

Beta Indicators

Beta Signal

Marketing Practices	0.00
Quality and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

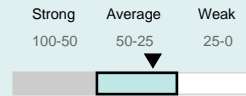
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Heavy Machinery and Trucks Germany

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

32.5
Average



Although the company has a policy commitment to ensure product and service safety, it does not disclose any programmes for the same. Best practice would include assigning managerial responsibility and conducting risk assessments for product and service safety, documenting employee training, as well as conducting regular external audits for and monitoring product and service safety. In addition, if there are any unanticipated incidents, the company should conduct investigations and then institute corrective actions. However, Renk has certified 40% of its sites according to the quality management standard ISO 9001 and more than half of Renk's employees work in these certified factories. In addition, there has not been any news regarding product and safety incidents reported for Renk. Nevertheless, it could improve by documenting its product safety programmes.

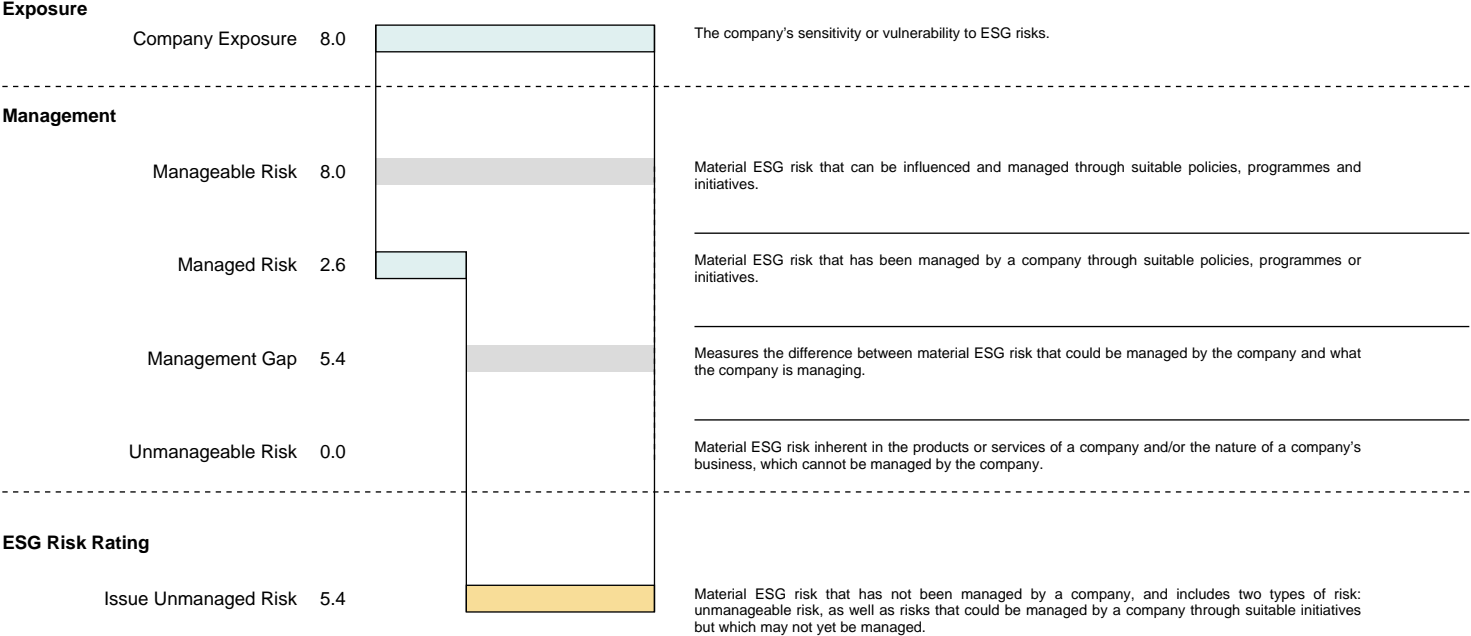
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
QMS Certifications	40	50.0%	20.0
Product and Service Safety	25	50.0%	12.5
 Marketing Practices	Category 0	0%	0.0
 Quality and Safety	Category 0	0%	0.0
Weighted Sum			32.5

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Risk Decomposition



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Issue

Contribution 15.5 %



Carbon - Products and Services

Carbon - Products and Services refers to a company's management of the energy efficiency and/or GHG emissions of its services and products during the use phase.

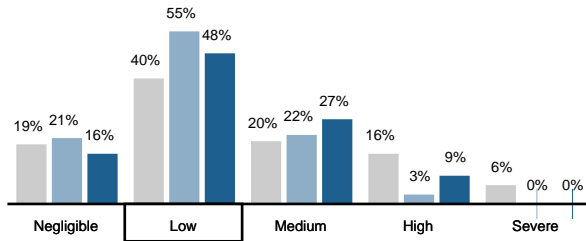
ESG Risk Rating

3.5

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = Top Score)
Global Universe	341/681	51 st
Machinery INDUSTRY	74/141	53 rd
Heavy Machinery and SUBINDUSTRY	21/44	47 th

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

Peers (Market cap \$0.7 - \$2.1bn)	Exposure	Management	ESG Risk Rating
1. Fincantieri SpA	7.2 Medium	100.0 Strong	0.0 Negligible
2. RENK GmbH	5.4 Medium	35.0 Average	3.5 Low
3. NFI Group, Inc.	6.0 Medium	37.5 Average	3.8 Low
4. Scania CV AB	6.9 Medium	37.5 Average	4.3 Medium
5. Trinity Industries, Inc.	6.0 Medium	25.0 Average	4.5 Medium

RENK GmbH

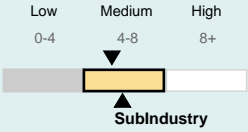
Heavy Machinery and Trucks Germany

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

5.4
Medium



The carbon impact of products and services refers to the carbon emissions of Heavy Machinery and Trucks in the use phase of their life cycle and is directly linked to the operational use of products by customers, such as in defence or shipbuilding. This is also where companies like Renk can have the most impact to reduce CO2 emissions, since scope 3 use phase emissions often dwarf scope 1 and 2 emissions for Heavy Machinery and Truck companies. In the post-COP21 environment, additional regulations are expected, compelling companies to invest in designing more energy-efficient products.

The company's exposure to Carbon -Products and Services issues is medium and moderately below the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 0.90
Company Issue Exposure	5.4

Beta Indicators

Beta Signal

Carbon Impact of Products	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Carbon Solutions Offering	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	-0.08
Exceptional Event Adjustment	0.00
Total Beta Signal	-0.10
Baseline	+1.00
Overall Beta	0.90

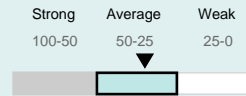
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Heavy Machinery and Trucks Germany

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

35.0
Average



Evidence suggests Renk offers sustainability related products; however, it lacks disclosure on related revenues. Renk discloses the sustainability attributes of several of its products, as the company has implemented product strategies to incorporate or increase electrification and hybridization, renewable energies and energy efficiency. For example, Renk's integrated front-end power system for ships can, according to the company, save 1 tonne of CO₂ per year compared to a conventional ship generator. In addition, Renk considers the entire product's life cycle when designing new products, but not systematically. Some considerations in the design phase include the product's durability, ease of maintenance, its use of natural resources and reducing those environmental impacts. Finally, the use and disposal of the product are also considered in the product's design.

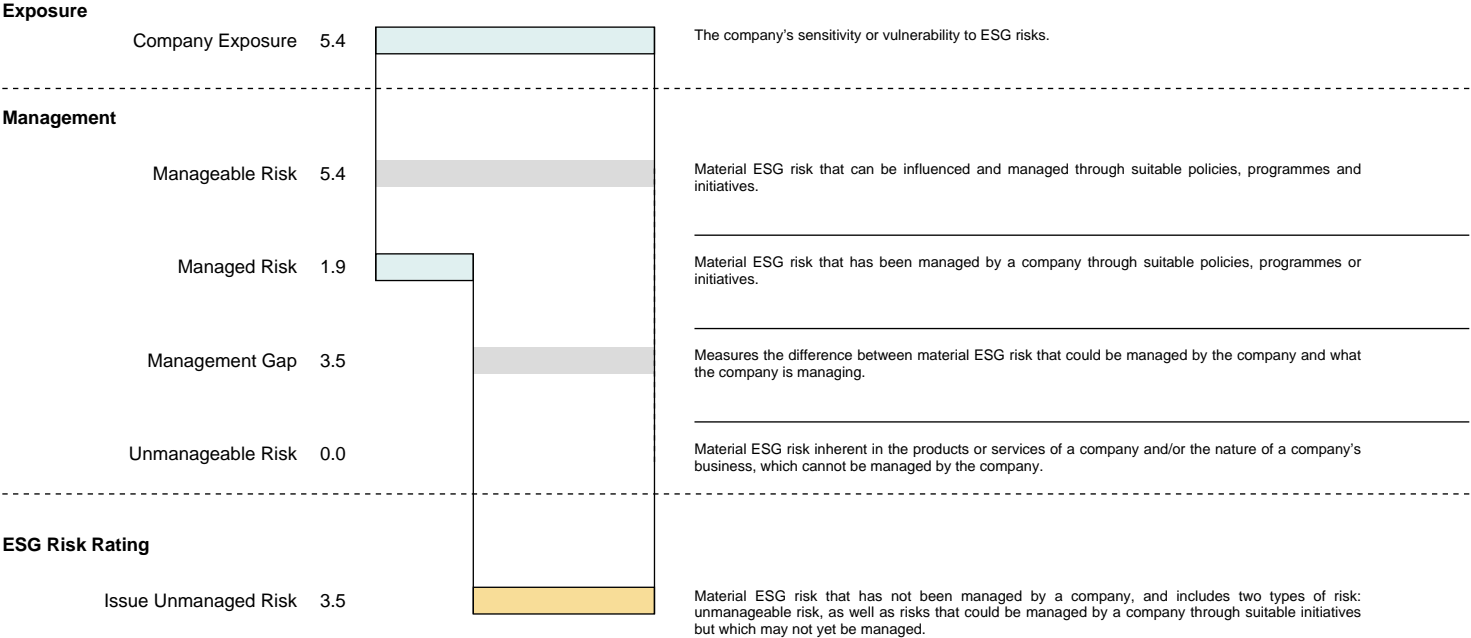
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Eco-Design	50	50.0%	25.0
Sustainable Products & Services	20	50.0%	10.0
 Carbon Impact of Products	Category 0	0%	0.0
Weighted Sum			35.0

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Heavy Machinery and Trucks Germany

Risk Decomposition



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Heavy Machinery and Trucks Germany

Issue

Contribution 14.5 %



E&S Impact of Products and Services

E&S Impact of Products and Services refers to the management of the inherent characteristics of input materials, and the impacts during use, disposal and recycling (excluding Carbon).

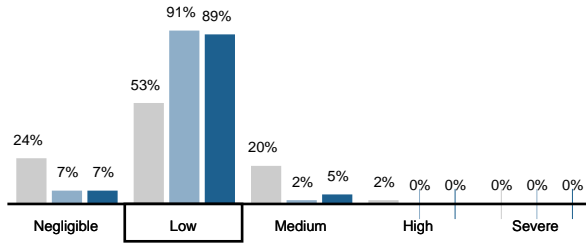
ESG Risk Rating

3.3

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = Top Score)
Global Universe	876/1411	62nd
Machinery INDUSTRY	105/145	73rd
Heavy Machinery and SUBINDUSTRY	33/44	75th

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

	Exposure	Management	ESG Risk Rating
1. Fincantieri SpA	4.6 Medium	61.3 Strong	2.3 Low
2. Scania CV AB	4.0 Medium	30.0 Average	3.0 Low
3. Trinity Industries, Inc.	4.2 Medium	32.5 Average	3.1 Low
4. RENK GmbH	4.0 Medium	22.5 Weak	3.3 Low
5. NFI Group, Inc.	4.2 Medium	26.3 Average	3.3 Low

RENK GmbH

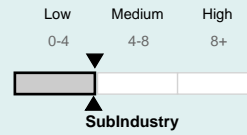
Heavy Machinery and Trucks Germany

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

4.0
Medium



Because of the nature of the capital goods sector, E&S Impact of Products for Heavy Machinery and Trucks companies is directly linked to the operational E&S impacts of the end users of Heavy Machinery and Trucks, such as construction, mining and shipbuilding companies. Construction and mining companies are strictly monitored by governments and civil society on air emissions, such as dust, nitrogen oxide and sulphur oxide (NOx and SOx). Therefore, the environmental impacts of dozers, trucks and cranes during the use phase is important to Heavy Machinery and Trucks customers. In the EU, stricter air emission limits have been set for heavy-duty diesel engines, which are used in heavy trucks and other types of construction equipment. For non-road mobile machinery, such as heavy trucks and forklifts, the EU limits emissions for carbon monoxide, nitrous oxide, hydrocarbons and particulate matter. Complying with these limits is mandatory for Heavy Machinery and Trucks companies that manufacture or sell in the EU. In the post-COP21 environment, additional regulations are expected, compelling companies to invest in designing more energy-and fuel-efficient products. Additionally, the shipbuilding sector is also highly regulated by international agreements, due to its environmental impact. The International Maritime Organization (IMO), an agency of the United Nations, has established air emissions standards for large marine vessels and fixed oil drilling platforms through a programme known as MARPOL Annex VI. Annex VI regulates NOx and SOx emissions, as well as ozone-depleting substances, and also contains a mechanism to improve engine energy efficiency. Following Annex VI, the EU also established a sulphur reduction plan in 2012, and compliance for EU member states began in January 2015. In terms of incentives, E&S Impact of Products also includes opportunities for remanufacturing, which can significantly reduce a company's expenses for raw materials. Efficient remanufacturing can also lower prices for customers, as remanufactured products are 20-40% cheaper than new products of similar quality. Best practice includes transparent disclosure of the E&S Impact of products, well-established maintenance and retrofitting services, and the integration of eco-design into the R&D process.

The company's exposure to E&S Impact of Products and Services issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x 1.00
Company Issue Exposure	4.0

Beta Indicators

Beta Signal

Environmental Impact of	0.00
Social Impact of Products	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Sales Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00

RENK GmbH

Heavy Machinery and Trucks Germany

ESG Risk Analysis

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

Beta Indicators	Beta Signal
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

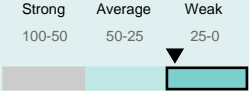
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Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

22.5
Weak



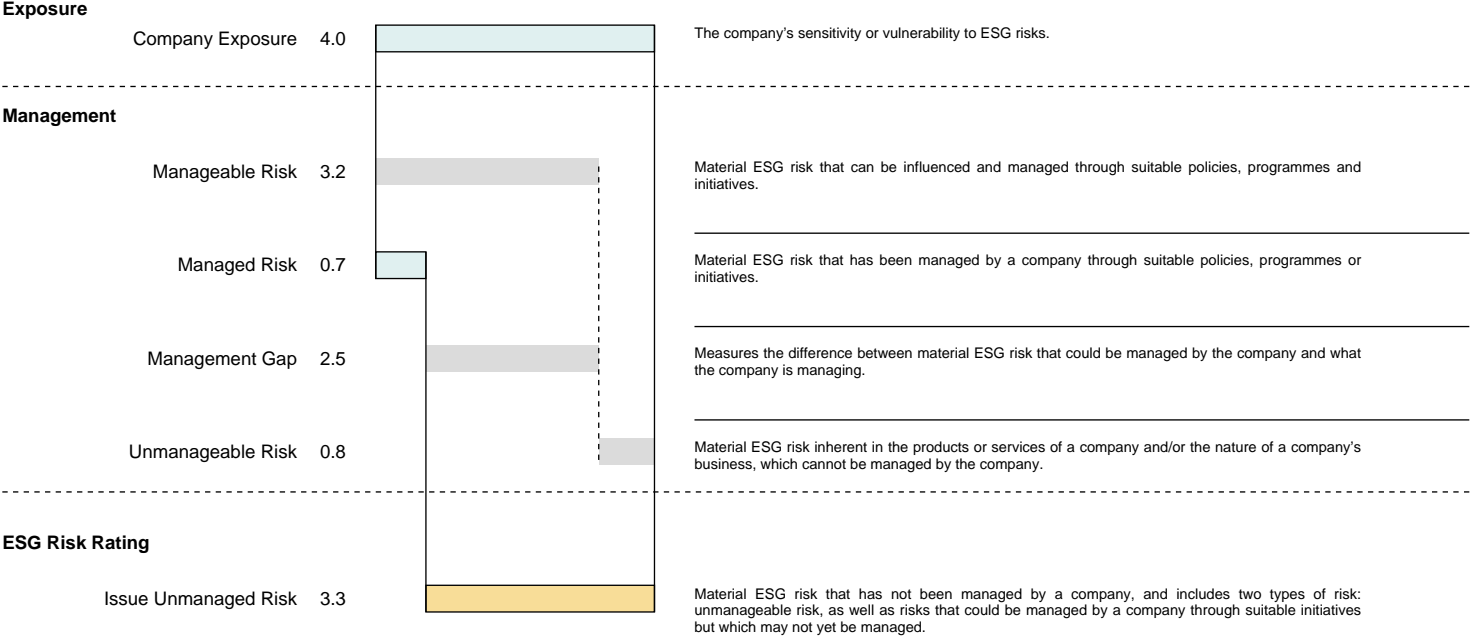
In our view, the company's management of the issue is below average.

Management Indicators	Raw Score	Weight	Weighted Score
Eco-Design	50	25.0%	12.5
Recycled Material Use	20	25.0%	5.0
Sustainable Products & Services	20	25.0%	5.0
Product Stewardship Programmes	0	25.0%	0.0
Environmental Impact of Products	Category 0	0%	0.0
Social Impact of Products	Category 0	0%	0.0
Weighted Sum			22.5

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Heavy Machinery and Trucks Germany

Risk Decomposition



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Issue

Contribution 11.3 %



Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

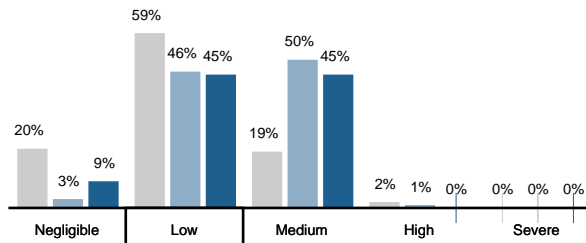
ESG Risk Rating

2.6

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	1750/4669	38th
Machinery INDUSTRY	7/145	5th
Heavy Machinery and SUBINDUSTRY	7/44	15th

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

	Exposure	Management	ESG Risk Rating
1. Scania CV AB	6.0 Medium	78.4 Strong	1.5 Negligible
2. Fincantieri SpA	6.6 Medium	74.4 Strong	1.9 Negligible
3. RENK GmbH	6.0 Medium	60.5 Strong	2.6 Low
4. NFI Group, Inc.	6.0 Medium	39.3 Average	3.8 Low
5. Trinity Industries, Inc.	6.3 Medium	32.0 Average	4.4 Medium

RENK GmbH

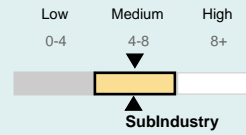
Heavy Machinery and Trucks Germany

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

6.0
Medium



Renk employs over 3,000 people and has production facilities in several European countries and the US. The HeavyMachinery subindustry needs to rapidly innovate to produce new designs for mechanical equipment that is reliable but also energy efficient. This requires not only traditional manufacturing employees, but also engineers and 3D modelers. Renk's primary production base in Germany; with several news articles decrying the shortage of engineers for German industry, the company should thus assess its human capital risks.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.00
Company Issue Exposure	6.0

Beta Indicators

Beta Signal

Labour Relations	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

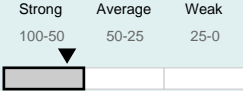
RENK GmbH

Heavy Machinery and Trucks Germany


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

60.5
Strong



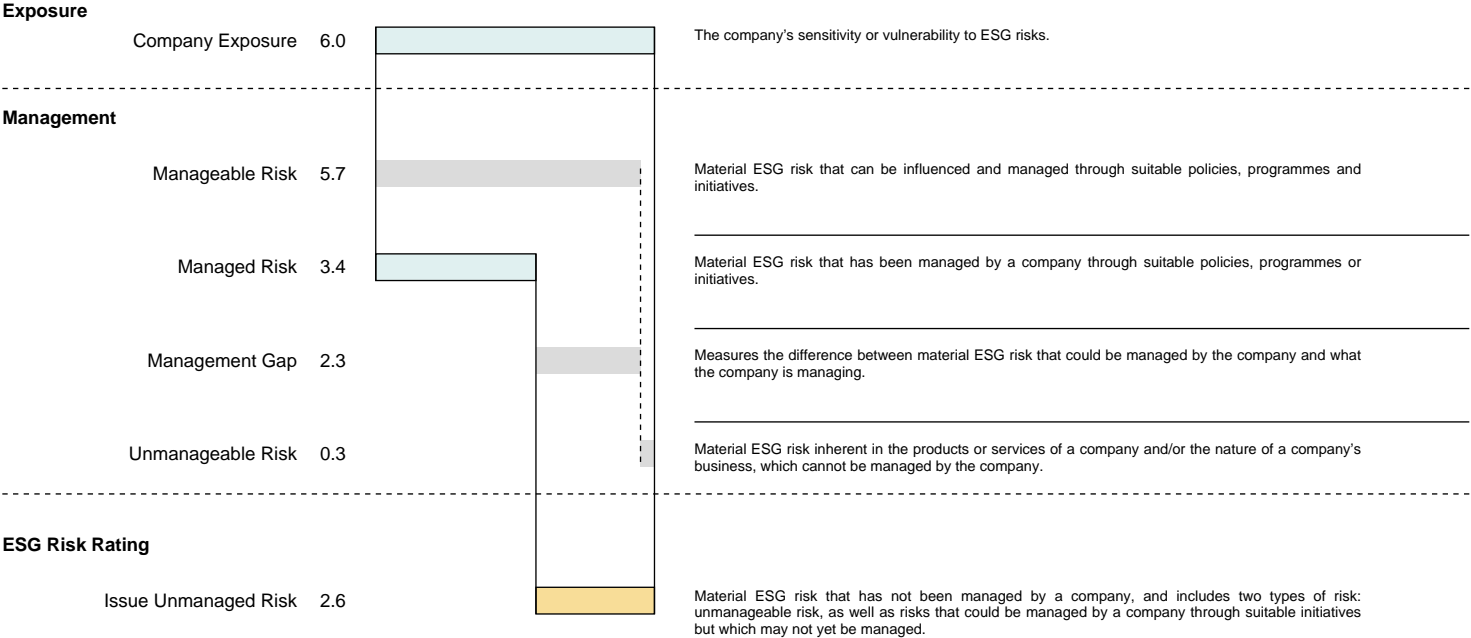
Freedom of association is only addressed through a general statement in its code of conduct; however, since almost 75% of its workforce is covered by collective bargaining agreements, this signals that freedom of association is in practice. The company has an adequate diversity policy and programme. It is committed to eliminating discrimination and has put in place managerial responsibility, diversity initiatives and diversity monitoring; conversely, it could improve by disclosing its diversity recruitment or training initiatives. Renk's human capital development programme is strong; it has initiatives addressing talent recruitment, development and retention, conducts regular formal performance reviews, and has mechanisms to promote an open feedback culture. Its turnover rate is below 5%, indicating employee retention initiatives have been effective. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Employee Turnover Rate	100	15.0%	15.0
Collective Bargaining Agreements	75	15.0%	11.3
Human Capital Development	75	30.0%	22.5
Discrimination Policy	50	5.0%	2.5
Diversity Programmes	50	12.5%	6.3
Employee Training	20	7.5%	1.5
Freedom of Association Policy	20	7.5%	1.5
Working Hours Policy	0	7.5%	0.0
 Labour Relations	Category 0	0%	0.0
Weighted Sum			60.5

RENK GmbH

Heavy Machinery and Trucks Germany

Risk Decomposition



RENK GmbH

Heavy Machinery and Trucks Germany

Issue

Contribution 9.5 %



Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

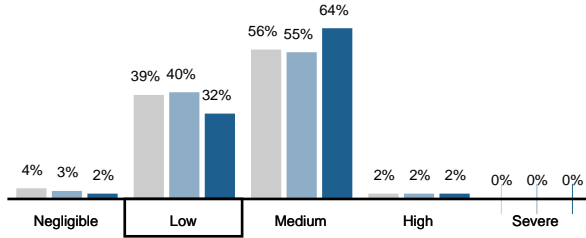
ESG Risk Rating

2.2

Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	200/4933	5th
Machinery INDUSTRY	5/145	4th
Heavy Machinery and SUBINDUSTRY	2/44	3rd

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

Peers (Market cap \$0.7 - \$2.1bn)	Exposure	Management	ESG Risk Rating
1. Scania CV AB	5.0 Medium	64.0 Strong	1.8 Negligible
2. RENK GmbH	5.0 Medium	57.0 Strong	2.2 Low
3. NFI Group, Inc.	9.0 High	64.1 Strong	3.2 Low
4. Trinity Industries, Inc.	9.0 High	61.1 Strong	3.5 Low
5. Fincantieri SpA	9.0 High	54.7 Strong	4.1 Medium

RENK GmbH

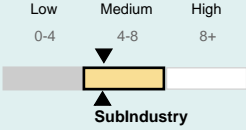
Heavy Machinery and Trucks Germany

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

5.0
Medium

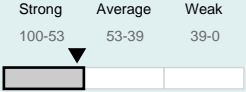


The company is not publicly traded, which positions stakeholder governance as the company's main governance area of focus. It may face decreased scrutiny of some governance practices compared to publicly traded companies. This translates into medium exposure to baseline Corporate Governance risk.

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

57.0
Strong



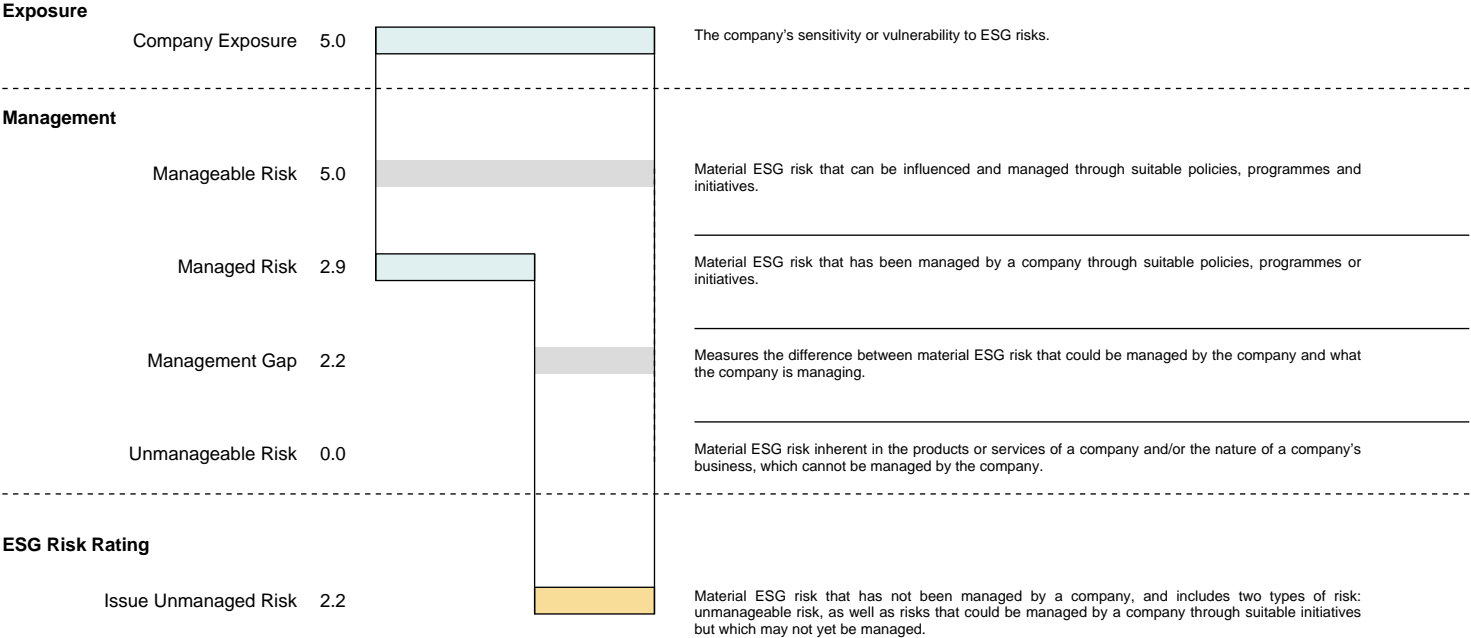
Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Stakeholder Governance	57	100.0%	57.0
Totals		100.0%	57.0

RENK GmbH

Heavy Machinery and Trucks Germany

Risk Decomposition



RENK GmbH

Heavy Machinery and Trucks Germany

Issue



Carbon - Own Operations

Contribution 7.4 %

Carbon - Own Operations refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of Scope 3 emissions.

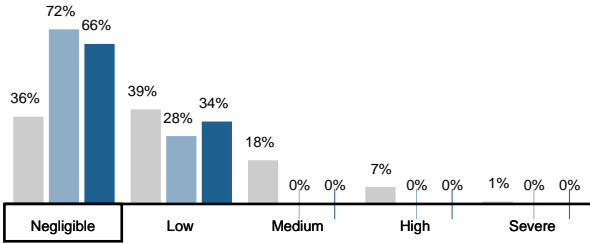
ESG Risk Rating

1.7

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	838/3062	28th
Machinery INDUSTRY	87/145	60th
Heavy Machinery and SUBINDUSTRY	24/44	54th

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)	Exposure	Management	ESG Risk Rating
1. Fincantieri SpA	3.3 Low	71.8 Strong	0.9 Negligible
2. Scania CV AB	3.0 Low	49.8 Average	1.5 Negligible
3. RENK GmbH	3.0 Low	44.0 Average	1.7 Negligible
4. NFI Group, Inc.	3.0 Low	21.9 Weak	2.3 Low
5. Trinity Industries, Inc.	3.6 Low	20.1 Weak	2.9 Low

RENK GmbH

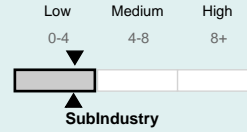
Heavy Machinery and Trucks Germany

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

3.0
Low



Manufacturing of heavy duty vehicles, trucks, and construction equipment requires large amounts of energy for processes such as moulding, welding and painting. The production line has also increased in complexity, increasing energy costs. In addition, facilities have electricity requirements for lighting, heating and air conditioning. Strong energy management is an essential part of the transition towards the smart factory, which integrates equipment such as advanced robotics with intelligent devices to optimize and streamline manufacturing processes. Companies can optimize operations and realize cost savings through energy efficiency initiatives, as well as minimize risks related to energy price volatility and carbon regulations. As of 2017, over 40 countries have implemented carbon pricing programmes, such as cap-and-trade or carbon taxing, which can add tens of millions of dollars in annual energy costs, depending on where a company operates. Differences in exposure are determined mostly by the geographic location of plants, but company size, market segment and production volumes are also important differentiating factors. Larger companies tend to have higher energy bills and emission levels. Nonetheless, larger industrial companies may be better positioned to leverage opportunities to achieve economies of scale and reduce payback periods for energy efficiency investments. Best practice includes group-wide implementation of energy efficiency measures, such as retrofitting or upgrading equipment and streamlining processes, use of renewable power, environmental and energy management systems certified to ISO 14001 and ISO 50001, and public reporting of emission data. The industry is exhibiting progress on energy efficiency. However, the upfront costs to overhauling facilities and adopting new practices, as well as the changing regulatory landscape, have been barriers to improvement.

The company's exposure to Carbon -Own Operations issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x 1.00
Company Issue Exposure	3.0

Beta Indicators

Beta Signal

Energy Use and GHG Emissions	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Carbon Emissions	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

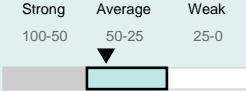
RENK GmbH

Heavy Machinery and Trucks Germany


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

44.0
Average



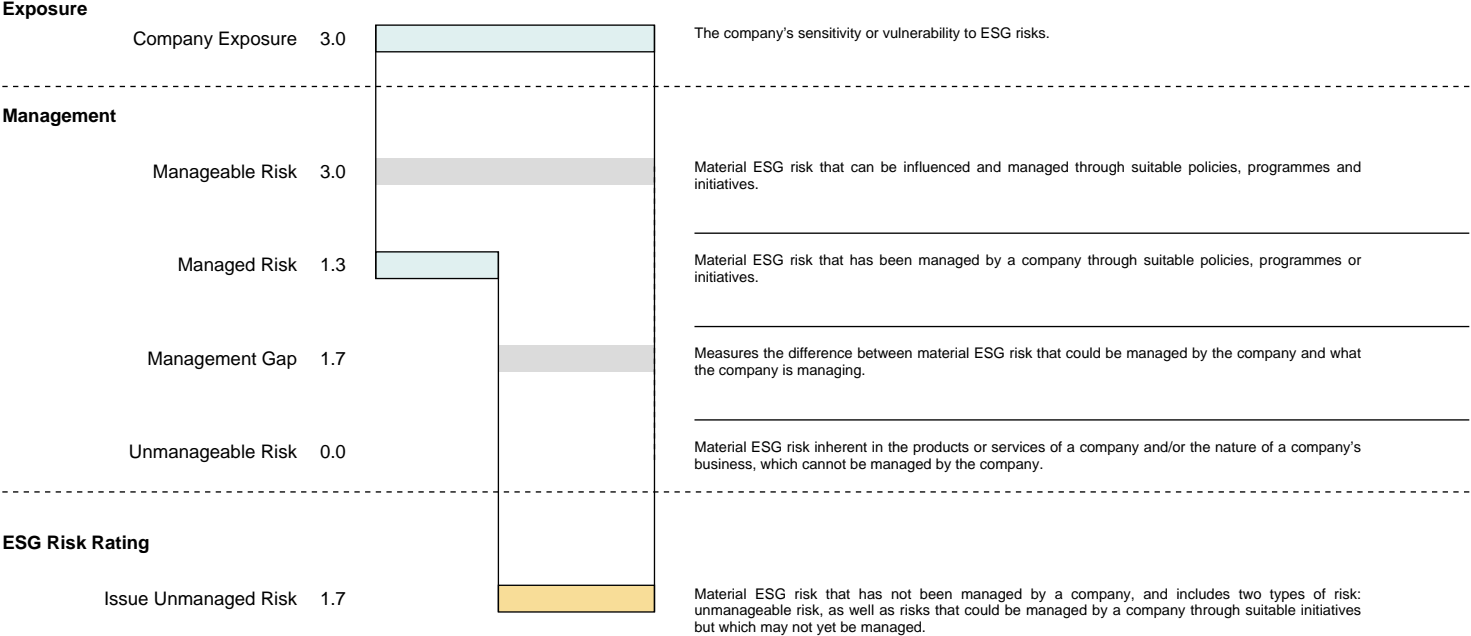
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Renewable Energy Programmes	100	5.0%	5.0
Environmental Policy	75	5.0%	3.8
Environmental Management System	60	10.0%	6.0
Renewable Energy Use	60	12.5%	7.5
Carbon Intensity	50	15.0%	7.5
GHG Reduction Programme	50	12.5%	6.3
Scope of GHG Reporting	50	5.0%	2.5
EMS Certification	25	10.0%	2.5
Carbon Intensity Trend	20	15.0%	3.0
GHG Risk Management	0	10.0%	0.0
 Energy Use and GHG Emissions	Category 0	0%	0.0
Weighted Sum			44.0

RENK GmbH

Heavy Machinery and Trucks Germany

Risk Decomposition



RENK GmbH

Heavy Machinery and Trucks Germany

Issue

Contribution 7.0 %



Occupational Health and Safety

Occupational Health and Safety focuses on the management of workplace hazards affecting a company's own employees and on-site contractors. Where relevant, it may also include HIV/AIDS programmes.

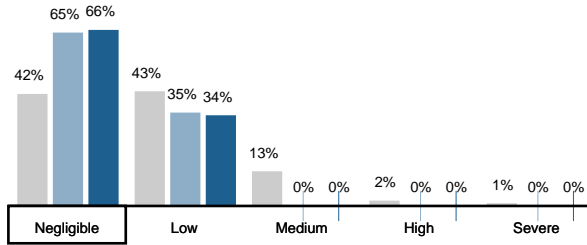
ESG Risk Rating

1.6

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	608/2117	29th
Machinery INDUSTRY	66/141	47th
Heavy Machinery and SUBINDUSTRY	15/44	33rd

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

	Exposure	Management	ESG Risk Rating
1. Fincantieri SpA	4.1 Medium	87.9 Strong	0.7 Negligible
2. RENK GmbH	3.0 Low	49.5 Average	1.6 Negligible
3. Scania CV AB	3.0 Low	44.3 Average	1.7 Negligible
4. Trinity Industries, Inc.	2.9 Low	31.6 Average	2.0 Negligible
5. NFI Group, Inc.	2.9 Low	27.0 Average	2.1 Low

RENK GmbH

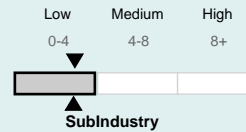
Heavy Machinery and Trucks Germany

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

3.0
Low



In the Heavy Machinery and Trucks subindustry, employees are needed to control systems and perform some manufacturing tasks, as well as to develop new technologies, which are not automated. Moreover, Heavy Machinery and Trucks companies require people to install and maintain equipment in the field, which may expose workers to workplace hazards. Employees can experience falls, entrapment or a range of severe accidents related to working with heavy equipment. Subindustry companies have regularly experienced employee fatalities and injuries, which have been followed by penalties, regulatory audits, and mandated improvements in health and safety management systems. In addition, health and safety incidents can lead to production delays, with associated costs potentially amounting to millions of dollars per week. In developing countries, where enforcement of health and safety regulations has sometimes been weaker than in developed countries, companies may be more exposed to operational disruptions, as the likelihood of incidents may be higher. The recent development of international guidelines, such as the International Labour Organization's (ILO) Code of Practice on the safety and health in the use of machinery, as well as media scrutiny, are driving more industry companies to adopt stronger health and safety management systems, such as OHSAS 18001.

The company's exposure to Occupational Health and Safety issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	3.0
Issue Beta	x 1.00
Company Issue Exposure	3.0

Beta Indicators

Beta Signal

Occupational Health and Safety	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Headquarters Location	0.00
Assets Location	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

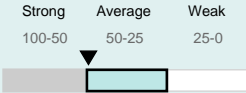
RENK GmbH

Heavy Machinery and Trucks Germany


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

49.5
Average



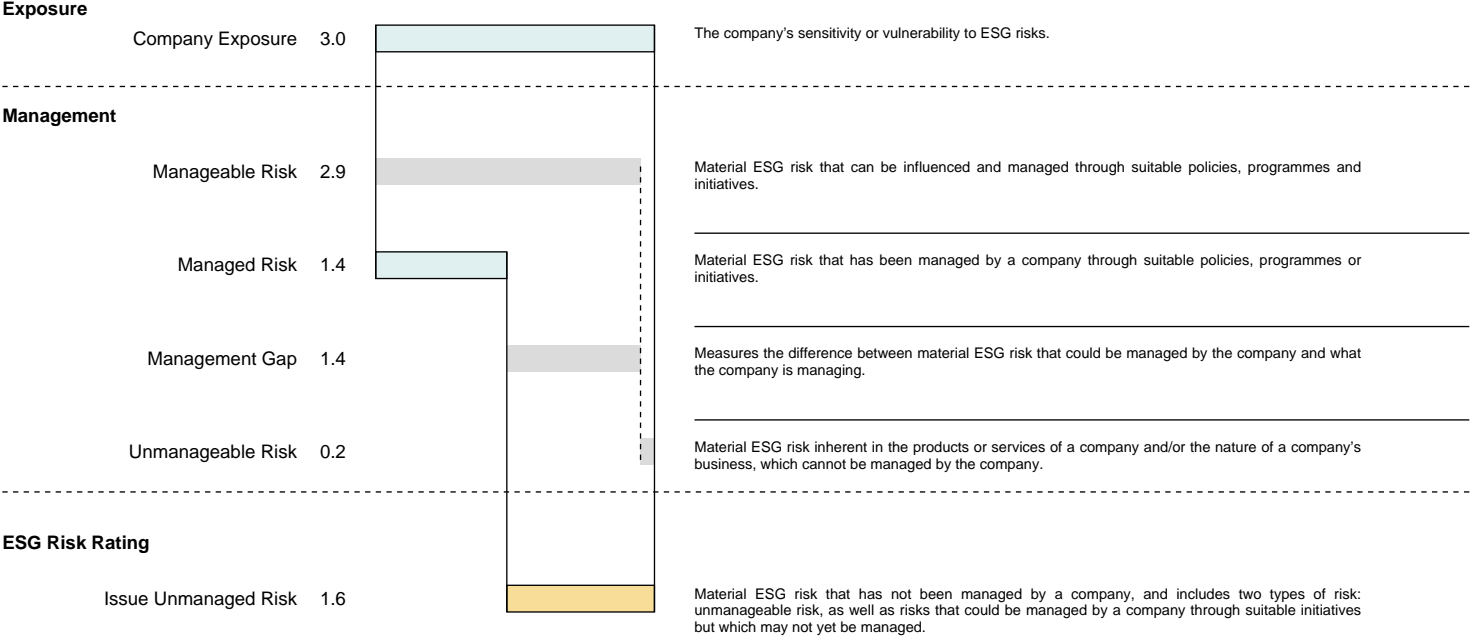
In our view, the company's management of the issue is average.

Management Indicators	Raw Score	Weight	Weighted Score
Health and Safety Management	100	27.5%	27.5
Health & Safety Certifications	60	12.5%	7.5
LTIR Trend	40	22.5%	9.0
Contractor Fatalities	20	10.0%	2.0
Employee Fatality Rate	20	17.5%	3.5
Contractor Safety Programme	0	10.0%	0.0
 Occupational Health and Safety	Category 0	0%	0.0
Weighted Sum			49.5

RENK GmbH

Heavy Machinery and Trucks Germany

Risk Decomposition



RENK GmbH

Heavy Machinery and Trucks Germany

Issue

Contribution 5.6 %

Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

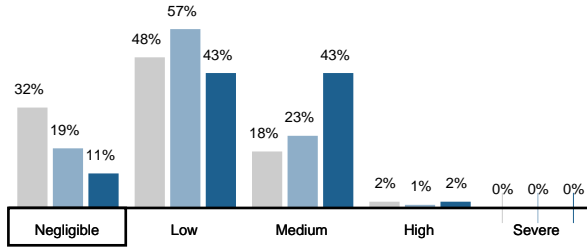
ESG Risk Rating

1.3

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	575/4542	14th
Machinery INDUSTRY	12/145	9th
Heavy Machinery and SUBINDUSTRY	2/44	3rd

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)

	Exposure	Management	ESG Risk Rating
1. RENK GmbH	6.0 Medium	83.1 Strong	1.3 Negligible
2. Fincantieri SpA	6.6 Medium	65.6 Strong	2.5 Low
3. NFI Group, Inc.	6.0 Medium	58.1 Strong	2.7 Low
4. Trinity Industries, Inc.	6.3 Medium	45.0 Average	3.6 Low
5. Scania CV AB	6.6 Medium	33.7 Average	4.5 Medium

RENK GmbH

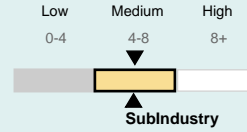
Heavy Machinery and Trucks Germany

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

6.0
Medium



Heavy Machinery and Trucks companies are equipment and technology suppliers for large-scale construction projects, such as natural resource exploration, infrastructure and power generation globally. They are exposed to Business Ethics issues related to bribery and corruption, and anti-competitive practices. Construction projects involve the project owner (often governments or state-owned companies), contractors and consultants. Many projects take place in developing countries, including those that score low on the Corruption Perceptions Index, and the close connections with government and state officials allow ample opportunity for bribery and corruption. Revenue for Heavy Machinery and Trucks companies depends on companies' success in obtaining contracts. Since project owners award lucrative contracts, there are incentives for companies to bribe project owners, either directly or indirectly, via local consultants. Another strategy that companies use to bid for contracts is forming consortiums. A key factor in successfully winning contracts is to have a good partner company; therefore, making and maintaining connections with other suppliers (machinery companies), contractors (construction companies) and consultants are important. Some companies have engaged in anti-competitive practices, such as collusion, to win project contracts. Governments are increasingly collaborating to enforce antitrust regulations. For example, the US Department of Justice (DOJ) has strengthened its foreign antitrust enforcement by working closely with other antitrust agencies, such as the Japan Fair Trade Commission. The DOJ's Amnesty Plus policy has also contributed to the discovery of numerous price-fixing conspiracies, and offers leniency to members who report cartel involvement or activity. In addition, the Chinese and Korean governments have strengthened their anti-corruption laws, for example, by prohibiting companies from receiving bribes for internal information on contract bidding processes. Best practice includes strong anti-corruption and whistleblower programmes, as well as transparent disclosure on actions taken.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	6.0
Issue Beta	x 1.00
Company Issue Exposure	6.0

Beta Indicators

Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.00
Intellectual Property	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00

RENK GmbH

Heavy Machinery and Trucks Germany

ESG Risk Analysis

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

Beta Indicators	Beta Signal
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

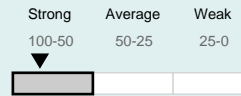
RENK GmbH

Heavy Machinery and Trucks Germany








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

83.1
Strong



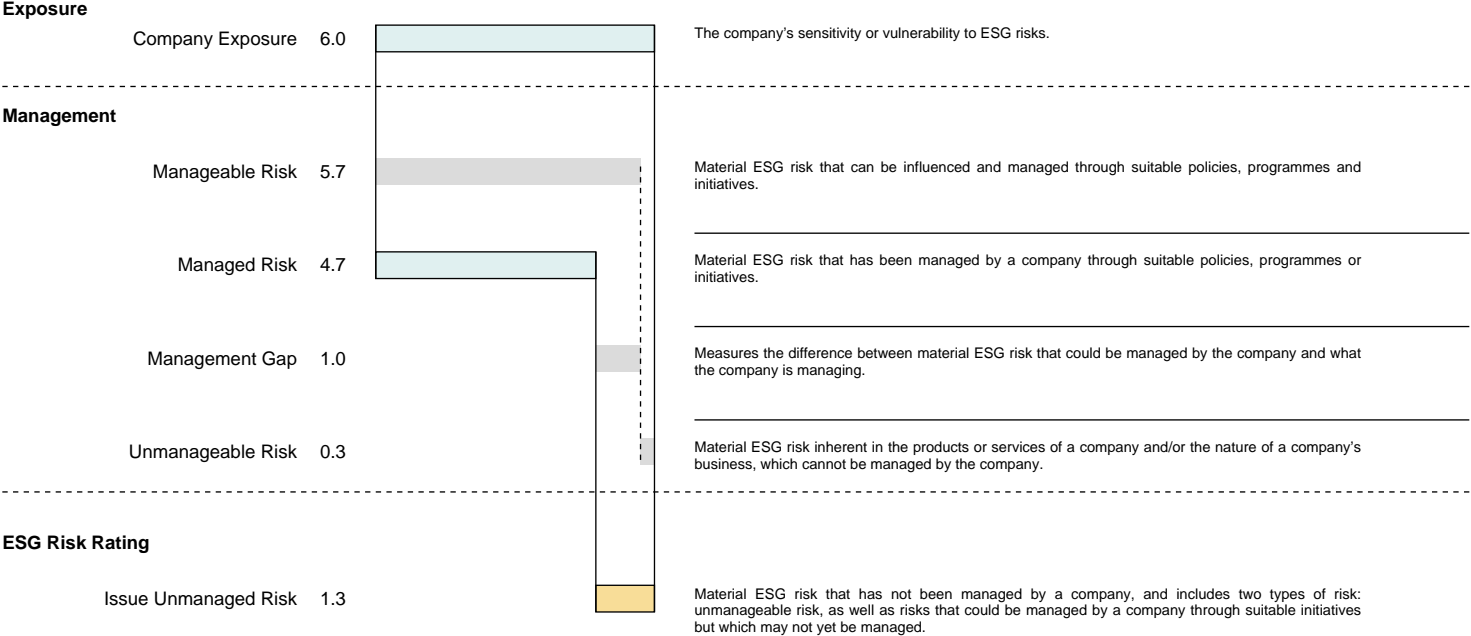
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Bribery & Corruption Policy	100	7.5%	7.5
Bribery & Corruption Programmes	100	25.0%	25.0
Business Ethics Programme	100	25.0%	25.0
Whistleblower Programmes	75	25.0%	18.8
Lobbying and Political Expenses	50	10.0%	5.0
Political Involvement Policy	25	7.5%	1.9
 Accounting and Taxation	Category 0	0%	0.0
 Anti-Competitive Practices	Category 0	0%	0.0
 Bribery and Corruption	Category 0	0%	0.0
 Business Ethics	Category 0	0%	0.0
 Intellectual Property	Category 0	0%	0.0
 Lobbying and Public Policy	Category 0	0%	0.0
 Sanctions	Category 0	0%	0.0
Weighted Sum			83.1

RENK GmbH

Heavy Machinery and Trucks Germany

Risk Decomposition



RENK GmbH

Heavy Machinery and Trucks Germany

Issue

Contribution 5.1 %



Human Rights - Supply Chain

Human Rights - Supply Chain focuses on a company's management of fundamental human rights issues occurring in its supply chain.

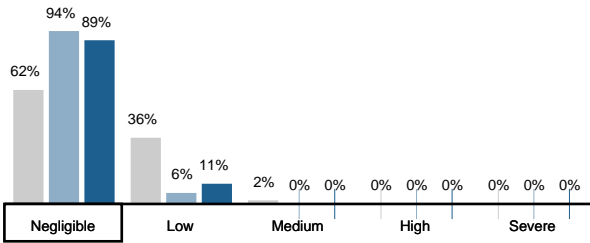
ESG Risk Rating

1.2

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	187/1280	15th
Machinery INDUSTRY	35/145	24th
Heavy Machinery and SUBINDUSTRY	9/44	19th

Peers Table

Peers (Market cap \$0.7 - \$2.1bn)	Exposure	Management	ESG Risk Rating
1. RENK GmbH	2.0 Low	52.7 Strong	1.2 Negligible
2. Scania CV AB	2.0 Low	48.2 Average	1.2 Negligible
3. Trinity Industries, Inc.	2.1 Low	37.8 Average	1.5 Negligible
4. Fincantieri SpA	2.2 Low	37.0 Average	1.5 Negligible
5. NFI Group, Inc.	2.0 Low	17.0 Weak	1.7 Negligible

RENK GmbH

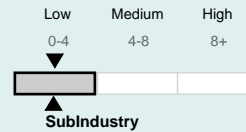
Heavy Machinery and Trucks Germany

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

2.0
Low



Companies in the Heavy Machinery and Trucks subindustry are dependent on complex global supply chains to deliver the components that feed into their production lines. Due to the globalization of the subindustry, understanding and managing potential supply chain risks have become a strategic priority. Specifically, suppliers' human rights issues in emerging countries have become critical. Machinery parts are largely commoditized and suppliers face intense competition to lower prices, which can lead to poor work conditions, low wages, discrimination, or abuse of the right to freedom of association. Labour unrest at suppliers can result in problems with product delivery, negatively affecting their operations. Strikes lasting only a few days can lead to production slowdowns or even temporary shutdowns, resulting in millions of dollars in lost production value. Regulatory agencies also carry out inspections and impose fines. In 2012, the U.S. Securities and Exchange Commission began requiring companies to publicly disclose their use of conflict minerals that originated in the Democratic Republic of the Congo or an adjoining country. The California Transparency in Supply Chains Act and the UK government's Modern Slavery Act both require certain companies to make annual statements on actions taken to eradicate slavery and human trafficking from their businesses and suppliers. Best practice includes setting strong standards for suppliers beyond legal compliance and leveraging buying power to encourage adoption of these standards.

The company's exposure to Human Rights -Supply Chain issues is low and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	2.0
Issue Beta	x 1.00
Company Issue Exposure	2.0

Beta Indicators

Beta Signal

Labour Relations - SC	0.00
Occupational Health and Safety -	0.00
Employees - Human Rights - SC	0.00
Society - Human Rights - SC	0.00
Operating Performance	0.00
Solvency	0.00
Financial Flexibility	0.00
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.00
Baseline	+1.00
Overall Beta	1.00

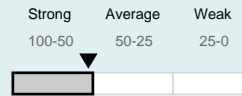
RENK GmbH

Heavy Machinery and Trucks Germany





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

52.7
Strong



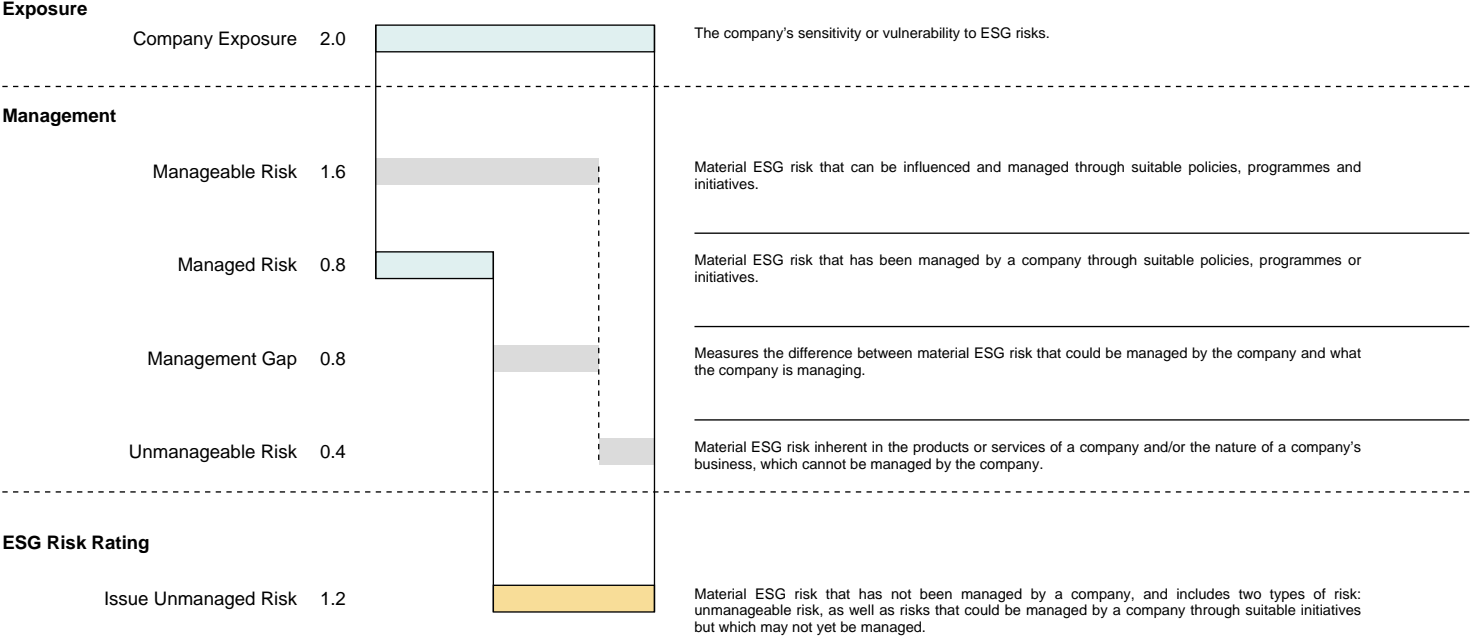
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Conflict Minerals Policy	75	15.0%	11.3
Conflict Minerals Programmes	75	30.0%	22.5
Scope of Social Supplier Standards	50	15.0%	7.5
Human Rights Policy	40	10.0%	4.0
Supply Chain Management	25	30.0%	7.5
 Employees - Human Rights - SC	Category 0	0%	0.0
 Labour Relations - SC	Category 0	0%	0.0
 Occupational Health and Safety -	Category 0	0%	0.0
 Society - Human Rights - SC	Category 0	0%	0.0
Weighted Sum			52.7

RENK GmbH

Heavy Machinery and Trucks Germany

Risk Decomposition



Appendix



Management Details



Corporate Governance

Stakeholder Governance

57 Outperformer

Raw Score



In reviewing the company's practices regarding ESG stakeholder governance, points of attention for RENK GmbH are: ESG Governance, Bribery & Corruption Policy and ESG Performance Targets.

- ESG Governance: A management committee is responsible for overseeing ESG issues
- Bribery & Corruption Policy: The company has a very strong policy
- ESG Performance Targets: The remuneration policy is not disclosed

Indicators	Score
ESG Governance	100
Environmental Policy	75
Whistleblower Programmes	75
Tax Disclosure	0
Discrimination Policy	50
Scope of Social Supplier Standards	50
GHG Reduction Programme	50
Green Procurement Policy	30
ESG Reporting Standards	25
Verification of ESG Reporting	50
Global Compact Signatory	100
ESG Performance Targets	0
Political Involvement Policy	25
Lobbying and Political Expenses	50
Bribery & Corruption Policy	100

Appendix

Exposure Details

Product Governance

EA.E.24 - Marketing Practices

0.00
Beta Signal

No evidence of relevant controversies

EA.E.28 - Quality and Safety

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

Appendix



Exposure Details

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

EA.G.3 - Sales Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.3.1.9.1 - Product and Service Safety Programme

25	50.00%	12.5
Raw Score	Weight	Weighted Score

The company has a weak programme

Criteria

- Incident investigation and corrective action
- Managerial responsibility for product/service safety
- Monitoring of product/service safety performance
- Policy commitment to ensure product/service safety
- Product/service objectives or targets
- Product/service safety risk assessment
- Public reporting on product/service safety issues
- Regular employee training on product/service safety
- Regular external product/service safety audits
- Regularly tested emergency response procedures to ensure product/service safety

Sources

Non-public documentation shared with Sustainalytics on 02 Jan 2022

S.3.2.1 - QMS Certifications

40	50.00%	20.0
Raw Score	Weight	Weighted Score

Between 25% and 49% of the company's sites have received external certification

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 RENK GmbH Corporate Website, Quality Management, www.renk-group.com; accessed 22 May 2023

Appendix

Exposure Details



Carbon - Products and Services

EA.E.46 - Carbon Impact of Products

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.P.9 - Carbon Solutions Offering

0.00
Beta Signal

Information is insufficient to determine whether the company offers any carbon solutions.

Appendix



Exposure Details

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

- 0.08
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.3.1.1 - Sustainable Products & Services

20	50.00%	10.0
Raw Score	Weight	Weighted Score

There is evidence that the company offers sustainability-related products or services but the revenues obtained from these are not disclosed

Renk discloses a number of its product environmental advantages related to electrification and hybridization, renewable energies, resource conservation, increasing efficiency, and sustainable product life cycle, but the revenues from sustainability-related products or services are not disclosed.

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023

E.3.1.6 - Eco-Design

50	50.00%	25.0
Raw Score	Weight	Weighted Score

Environmental impact is considered at the design stage of new products but not systematically

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 RENK GmbH Code of Conduct, released May 2022

Appendix

Exposure Details



E&S Impact of Products and Services

EA.E.17 - Environmental Impact of Products

0.00
Beta Signal

No evidence of relevant controversies

EA.E.32 - Social Impact of Products

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

Appendix



Exposure Details

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

EA.G.3 - Sales Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.2.1.7 - Recycled Material Use

20	25.00%	5.0
Raw Score	Weight	Weighted Score

The company does not disclose this kind of data

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

E.3.1.1 - Sustainable Products & Services

20	25.00%	5.0
Raw Score	Weight	Weighted Score

There is evidence that the company offers sustainability-related products or services but the revenues obtained from these are not disclosed

Renk discloses a number of its product environmental advantages related to electrification and hybridization, renewable energies, resource conservation, increasing efficiency, and sustainable product life cycle, but the revenues from sustainability-related products or services are not disclosed.

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

Prior to research start, the company sent documents on 22 May 2023

E.3.1.6 - Eco-Design

50	25.00%	12.5
Raw Score	Weight	Weighted Score

Environmental impact is considered at the design stage of new products but not systematically

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

Prior to research start, the company sent documents on 22 May 2023

RENK GmbH Code of Conduct, released May 2022

E.3.1.7 - Product Stewardship Programmes

0	25.00%	0.0
Raw Score	Weight	Weighted Score

It is not disclosed whether the company has a programme for end-of-life product management

Appendix

Exposure Details

Human Capital

EA.E.22 - Labour Relations

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

Appendix



Exposure Details

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.1 - Freedom of Association Policy

20	7.50%	1.5
Raw Score	Weight	Weighted Score
There is no evidence of a formal policy but the company has a general statement addressing this issue		

Sources
RENK GmbH Code of Conduct, released May 2022

S.1.1.1 - Working Hours Policy

0	7.50%	0.0
Raw Score	Weight	Weighted Score
Based on available evidence, the company does not have a policy on working hours		

The company did not provide a formal policy demonstrating it commits to a maximum 48-hour work week and an 8-hour workday.

S.1.2 - Discrimination Policy

50	5.00%	2.5
Raw Score	Weight	Weighted Score
The company has an adequate policy		

- Criteria**
- Commitment to ensure equal opportunity
 - List of the types of discrimination the company is committed to eliminate
 - Reference to the ILO conventions

Sources
RENK GmbH Code of Conduct, released May 2022

S.1.3 - Diversity Programmes

50	12.50%	6.3
Raw Score	Weight	Weighted Score
The company has an adequate programme		

- Criteria**
- Diversity monitoring or audits
 - Employee affinity groups, diversity councils, or networking groups
 - Initiatives supporting a diverse workforce
 - Initiatives to recruit from diverse talent
 - Managerial or board level responsibility for diversity initiatives
 - Mentorship programmes
 - The company has a programme that applies to less than 50% of operations
 - Training and guidance regarding diversity

Sources
Non-public documentation shared with Sustainalytics on 26 Apr 2023
Prior to research start, the company sent documents on 22 May 2023
RENK GmbH CdV Diversity Charter; released January 2023
The company provided feedback on 09 June 2023

S.1.4 - Collective Bargaining Agreements

75	15.00%	11.3
Raw Score	Weight	Weighted Score
50-74% of the company's employees are covered by collective bargaining agreements		

Sources
Non-public documentation shared with Sustainalytics on 26 Apr 2023
Prior to research start, the company sent documents on 22 May 2023
The company provided feedback on 09 June 2023

S.1.5 - Employee Turnover Rate

100	15.00%	15.0
Raw Score	Weight	Weighted Score
The company's employee turnover rate is low		

Sources
Non-public documentation shared with Sustainalytics on 26 Apr 2023
The company provided feedback on 09 June 2023

Appendix



Management Details

S.1.5.2 - Human Capital Development

75	30.00%	22.5
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Formal mechanisms to promote an open feedback culture
- Initiatives for talent development
- Initiatives for talent recruitment
- Initiatives for talent retention
- Quantitative targets related to human capital development
- Regular formal performance reviews for all permanent employees aligned with career development
- Reporting on human capital development metrics
- Reporting on human capital risk assessment

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 RENK GmbH Corporate Website, Career, www.renk-group.com; accessed 22 May 2023

S.1.6.1 - Employee Training

20	7.50%	1.5
Raw Score	Weight	Weighted Score

The company does not disclose the number of training days that employees receive

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

Appendix

Exposure Details



Carbon - Own Operations

EA.E.15 - Energy Use and GHG Emissions

0.00

Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00

Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 4.42%
 Source: Morningstar, January 2023. All Rights Reserved.,
 PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00

Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
 Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
 Source: Morningstar, January 2023. All Rights Reserved.,
 PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00

Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 3.04%
 Source: Morningstar, January 2023. All Rights Reserved.,
 PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
 Subindustry Median (Trailing 3 Years): 3.69%
 Source: Morningstar, January 2023. All Rights Reserved.,
 PitchBook, January 2023. All Rights Reserved.

EA.P.1 - Carbon Emissions

0.00

Beta Signal

The company's carbon emissions intensity is in line with the industry median

RENK GmbH -Company Feedback

Appendix



Exposure Details

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

E.1.1 - Environmental Policy

75	5.00%	3.8
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Approved by senior management or the board of directors
- Commitment to consult with stakeholders on environmental issues
- Commitment to create environmental awareness
- Commitment to environmental protection
- Commitment to implement an environmental management system
- Commitment to monitor the company's environmental performance
- Commitment to reduce emissions, releases and waste
- Commitment to report regularly on environmental issues
- Commitment to use natural resources or energy more efficiently

Sources

Non-public documentation shared with Sustainalytics on 02 Jan 2022
 RENK GmbH Code of Conduct, released May 2022

E.1.2 - Environmental Management System

60	10.00%	6.0
Raw Score	Weight	Weighted Score

The company has an adequate EMS

Criteria

- Assigned roles and responsibilities
- Compliance with environmental regulation
- Corrective actions to stimulate continual improvement
- Environmental performance records
- Environmental programmes
- External environmental audits
- Identification of products, activities and services that have significant impacts on the environment
- Internal and external communications on environmental management issues
- Internal environmental audits
- Managerial or board level responsibility for environmental issues
- Monitoring and measurement
- Objectives, targets and deadlines
- Training and awareness programmes for employees

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Non-public documentation shared with Sustainalytics on 29 Sep 2022
 Prior to research start, the company sent documents on 22 May 2023
 The company provided feedback on 09 June 2023

E.1.3 - EMS Certification

25	10.00%	2.5
Raw Score	Weight	Weighted Score

Some but less than 25% of the company's activities have received external certification

Sources

RENK GmbH Corporate Website, Locations, www.renk-group.com; accessed 23 May 2023
 RENK GmbH Corporate Website, Quality Management, www.renk-group.com; accessed 22 May 2023
 The company provided feedback on 09 June 2023

E.1.6 - Scope of GHG Reporting

50	5.00%	2.5
Raw Score	Weight	Weighted Score

The company only reports on two scopes

Criteria

- Based on available evidence, the company does not disclose any GHG emissions
- The company discloses scope 1 emissions
- The company discloses scope 2 emissions
- The company discloses scope 3 emissions as a total
- The company discloses scope 3 emissions with category split
- The company only discloses total emissions, without disclosing by emission scope

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023

Appendix



Management Details

E.1.6.1 - GHG Risk Management

0	10.00%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not have a risk management programme

Criteria

- Board level responsibility for climate-related transition risk
- Climate-related responsibilities to management level positions or committees
- Description of the impact of climate change related transition risks including downside risks and opportunities on business strategy and financial planning
- Description of the resilience of the strategy, taking into account different climate scenarios -qualitatively relating to previously disclosed transition risks and opportunities
- Description of the resilience of the strategy, taking into account different climate scenarios -utilising quantitative scenario analysis -relating to previously disclosed transition risks and opportunities
- Management embeds and integrates transition risk into wider business processes and procedures
- Organisational responsibility for climate-related transition risk
- Prioritisation of adaptation and mitigation plans and measures associated with transition risks, with integration into business and financial planning including Capex spent and/or R
- Recognition and description of climate change related transition risks including downside risks and opportunities identified by the organisation over the short, medium and long term
- There is no reporting available yet, but the company does have a commitment to report on any of the above over the next three years

E.1.7.0 - GHG Reduction Programme

50	12.50%	6.3
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Adoption of key mitigation technologies
- Demonstration of how initiatives put in place close the emissions gap between current performance and the targeted emissions reduction
- Emissions reduction coverage
- GHG emissions monitoring and measurement
- GHG reduction target
- Initiatives are linked to wider TCFD reporting
- Initiatives in place to reduce emissions
- Interim targets
- Net Zero and Science Alignment
- Regular GHG audits or verification

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 The company provided feedback on 09 June 2023
 The company provided feedback on 15 June 2023

E.1.8 - Renewable Energy Programmes

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- The company has a formal programme which covers less than 50% of operations
- The company has a formal programme which covers more than 50% of operations
- The company has a target with a deadline to increase renewable energy use
- There are a clear set of initiatives in place to aid in the use of renewable energy
- The use of renewable energy is solely via the use of corporate or other direct wire PPAs, green tariff energy, and renewable integrated grid
- The use of renewable energy is solely via the use of decentralized or embedded site renewables, or offsite company-funded renewable energy projects
- The use of renewable energy is solely via the use of Virtual Power Purchase Agreements (VPPAs) and other market instruments of this type (for example RECs/ROCs), or other mechanisms which facilitate wider use of renewable energy, but are not direct wire nor offsetting mechanisms
- The use of renewable energy is via a combination of the above

Sources

Non-public documentation shared with Sustainalytics on 22 May 2023
 Non-public documentation shared with Sustainalytics on 26 Apr 2023

E.1.9 - Carbon Intensity

50	15.00%	7.5
Raw Score	Weight	Weighted Score

The company's carbon emissions intensity is in line with the industry median

RENK GmbH -Company Feedback

	2021
Carbon Intensity (t/million USD)	27.4
Industry Median	27

Appendix



Management Details

Prior to research start, the company sent documents on 22 May 2023

Prior to research start, the company sent documents/comments on May 2023

The company provided feedback on 15 June 2023

E.1.10 - Carbon Intensity Trend

20	15.00%	3.0
Raw Score	Weight	Weighted Score

Disclosure is insufficient to calculate the company's carbon intensity trend over the last 3 years

RENK GmbH -Company Feedback

	2021
Carbon Intensity Trend (%)	N/A

E.1.11 - Renewable Energy Use

60	12.50%	7.5
Raw Score	Weight	Weighted Score

Between 10% and 24.99% of the company's primary energy use comes from renewable energy sources

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

Prior to research start, the company sent documents on 22 May 2023

Appendix

Exposure Details



Occupational Health and Safety

EA.E.20 - Occupational Health and Safety

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.G.1 - Headquarters Location

0.00
Beta Signal

Data for this company is not yet available.

Appendix



Exposure Details

EA.G.2 - Assets Location

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.6.2.1 - Health and Safety Management System

100	27.50%	27.5
Raw Score	Weight	Weighted Score

The company has a very strong management system

Criteria

- Emergency preparedness procedures
- Formal health and safety policy commitment
- Internal or external health and safety audits conducted at least every three years
- Managerial responsibility for health and safety issues
- Operating guidelines or procedures that are relevant for the industry
- Performance monitoring and measurement
- Procedures for hazard identification and risk assessment
- Regular health and safety training programmes for employees
- Reporting on health and safety programmes and performance
- Targets to reduce health and safety incidents

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 RENK GmbH Code of Conduct, released May 2022
 The company provided feedback on 09 June 2023
 The company provided feedback on 15 June 2023

S.1.6.4 - Health & Safety Certifications

60	12.50%	7.5
Raw Score	Weight	Weighted Score

50-74% of the company's facilities have received external certification

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 The company provided feedback on 09 June 2023
 The company provided feedback on 15 June 2023

S.1.6.5 - LTIR Trend

40	22.50%	9.0
Raw Score	Weight	Weighted Score

The company provides data on its lost-time incident rate, but disclosure is insufficient to calculate a trend

The company reports its Lost Time Injury Frequency Rates (LTIFR) for 2022, but the disclosure is insufficient to calculate a trend.

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023

S.1.6.6 - Employee Fatality Rate

20	17.50%	3.5
Raw Score	Weight	Weighted Score

Disclosure on fatalities is insufficient to determine the company's performance

The company reports on the number of fatal accidents for employees (0) in 2022, but it is not enough data to calculate a trend.

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

Appendix



Management Details

S.2.2.5 - Contractor Safety Programme

0	10.00%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not have a programme

Criteria

- Compliance with safety guidelines included in contractual agreements.
- Monitoring of contractor safety performance
- Objectives or targets regarding contractor safety
- Operating guidelines on contractor safety management
- Policy commitment to protect the safety of contractors
- Prescreening of contractors for safety performance and risks
- Reporting on contractor safety management
- Safety training for contractors

S.2.2.6 - Contractor Fatalities

20	10.00%	2.0
Raw Score	Weight	Weighted Score

Disclosure is insufficient to assess the company's performance in this area

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023

Appendix

Exposure Details



Business Ethics

EA.E.2 - Accounting and Taxation

0.00
Beta Signal

No evidence of relevant controversies

EA.E.4 - Anti-Competitive Practices

0.00
Beta Signal

No evidence of relevant controversies

EA.E.6 - Bribery and Corruption

0.00
Beta Signal

No evidence of relevant controversies

EA.E.7 - Business Ethics

0.00
Beta Signal

No evidence of relevant controversies

EA.E.21 - Intellectual Property

0.00
Beta Signal

No evidence of relevant controversies

EA.E.23 - Lobbying and Public Policy

0.00
Beta Signal

No evidence of relevant controversies

EA.E.30 - Sanctions

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

Appendix



Exposure Details

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved., PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved., PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved., PitchBook, January 2023. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

G.1.1 - Bribery & Corruption Policy

100	7.50%	7.5
Raw Score	Weight	Weighted Score

The company has a very strong policy

Criteria

- Definition and prohibition of facilitation payments
- Definition of bribery or corruption
- Definition of conflicts of interest and commitment to minimize these
- Guidelines of what is considered acceptable behaviour
- Prohibition of bribery
- There is no evidence of a formal policy but the company has a general statement addressing the issue

Sources

RENK GmbH Code of Conduct, released May 2022
 The company provided feedback on 09 June 2023
 The company provided feedback on 15 June 2023

G.1.1.1 - Bribery & Corruption Programmes

100	25.00%	25.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Annual signoff of the policy on bribery and corruption by employees
- Internal monitoring system to detect corruption
- Managerial responsibility for bribery and corruption
- Mechanisms for employees to consult on ethical issues
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Regular bribery and corruption risk assessments
- Regular training on bribery and corruption

Sources

Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 RENK GmbH Code of Conduct, released May 2022
 RENK GmbH Compliance, released June 2022
 The company provided feedback on 09 June 2023

G.1.2 - Whistleblower Programmes

75	25.00%	18.8
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- An independent, reporting hotline available 24/7
- Available in local languages
- Available to suppliers, customers and other third parties
- Disclosure on the number of reports received, the types of misconduct and measures taken
- Non-retaliation policy
- Possibility for anonymous reporting and reports are treated confidentially
- Proactively communicated to employees
- Structures in place to process whistleblower reports

Sources

Non-public documentation shared with Sustainalytics on 18 Apr 2023
 Non-public documentation shared with Sustainalytics on 22 May 2023
 Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 RENK GmbH Code of Conduct, released May 2022
 RENK GmbH Corporate Website, Integrity Line, www.renk-group.com; accessed 22 May 2023
 RENK GmbH Submitting Reports of Compliance Violations, released June 2022
 The company provided feedback on 09 June 2023

G.1.2.1 - Business Ethics Programme

100	25.00%	25.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Commitment to address major business ethics risks
- Ethical risk assessments
- Incident investigation and corrective actions
- Managerial responsibility for business ethics
- Measures to deter non-compliance and reduce exposure to unethical opportunities
- Operating guidelines

Sources

Non-public documentation shared with Sustainalytics on 18 Apr 2023
 Non-public documentation shared with Sustainalytics on 22 May 2023
 Non-public documentation shared with Sustainalytics on 23 Aug 2022
 Prior to research start, the company sent documents on 22 May 2023
 RENK GmbH Code of Conduct, released May 2022
 RENK GmbH Compliance, released June 2022
 RENK GmbH Submitting Reports of Compliance Violations, released June 2022
 The company provided feedback on 09 June 2023

Appendix



Management Details

G.3.1 - Political Involvement Policy

25	7.50%	1.9
Raw Score	Weight	Weighted Score

The company has a weak policy

Criteria

- Approved by senior management
- Commits the company to disclose political donations and/or lobbying expenditures
- Partially prohibits political involvement
- Prohibits political involvement of any kind on the company's behalf

Sources

RENK GmbH Code of Conduct, released May 2022
 The company provided feedback on 09 June 2023

G.3.2 - Lobbying and Political Expenses

50	10.00%	5.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company made less than USD 0.5 million in political contributions or political spending in the last three years

According to Lobby Facts, Renk Group spent between EUR 300,000 (USD 357,126) and EUR 399,999 (USD 476,167) on lobbying from 2020-2022.
 2022: 0
 2021: EUR 300,000 -EUR 399,999
 2020: 0

Sources

LobbyFacts, www.lobbyfacts.eu; accessed 22 May 2023
 OpenSecrets, www.opensecrets.org; accessed 22 May 2023
 The Electoral Commission, www.electoralcommission.org.uk; accessed 22 May 2023

Appendix

Exposure Details



Human Rights - Supply Chain

EA.E.42 - Labour Relations - SC

0.00
Beta Signal

No evidence of relevant controversies

EA.E.44 - Occupational Health and Safety - SC

0.00
Beta Signal

No evidence of relevant controversies

EA.E.49 - Employees - Human Rights - SC

0.00
Beta Signal

No evidence of relevant controversies

EA.E.50 - Society - Human Rights - SC

0.00
Beta Signal

No evidence of relevant controversies

EA.F.1 - Operating Performance

0.00
Beta Signal

The company's net income margin is unknown.

Average Net Income Margin (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 4.42%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company's debt-equity ratio is unknown.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of January 2023): N/A
Subindustry Median (3 Period Exponentially Weighted Average as of January 2023): 0.32
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.00
Beta Signal

The company's cash flow ratio is unknown.

Average Free Cash Flow Ratio (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.04%
Source: Morningstar, January 2023. All Rights Reserved.,
PitchBook, January 2023. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company's return on assets is unknown.

Average Return on Assets (Trailing 3 Years): N/A
Subindustry Median (Trailing 3 Years): 3.69%
Source: Morningstar, January 2023. All Rights Reserved.,
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Appendix



Exposure Details

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

Answer category for neutral beta signal adjustment

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.2.1 - Scope of Social Supplier Standards

50	15.00%	7.5
Raw Score	Weight	Weighted Score

The company has adequate social supply chain standards

Criteria

- Addresses acceptable living conditions
- Addresses child labour
- Addresses corporal punishment/disciplinary practices
- Addresses forced labour
- Addresses freedom of association and the right to collective bargaining
- Addresses health and safety
- Addresses maximum working hours
- Addresses minimum living wages
- Addresses non-discrimination

Sources

RENK GmbH Code of Conduct for Suppliers and Business Partners, released April 2021

S.2.1.3 - Conflict Minerals Policy

75	15.00%	11.3
Raw Score	Weight	Weighted Score

The company has an adequate policy

Criteria

- A formal, company-wide policy
- Commitment not to source minerals from the DRC and adjoining countries
- Commitment to conduct supply chain due diligence to assess risk exposure
- Commitment to proactive elimination of conflict minerals from products and the supply chain
- Commitment to source minerals from certifiable conflict free areas within the DRC

Sources

RENK GmbH Company Policy on Conflict Minerals, released July 2021

S.2.1.3.1 - Conflict Minerals Programmes

75	30.00%	22.5
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Assessment of minerals' country of origin
- Corrective actions to address non-compliance
- Credible certification scheme to select smelters/refiners
- Education of downstream suppliers about risks
- External audits of supplier assertions and of refiners/smelters
- Initiatives to reduce the use of raw materials that can be conflict minerals
- Internal audits of smelters/refiners
- Managerial responsibility for conflict minerals
- Mapping or identification of smelters/refiners in the supply chain
- Multi-stakeholder engagement
- Public policy engagement
- Transparent reporting on due diligence at the smelter/refinery level

Sources

Non-public documentation shared with Sustainalytics on 13 Jun 2023
 Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 The company provided feedback on 09 June 2023

S.2.2.2.1 - Supply Chain Management

25	30.00%	7.5
Raw Score	Weight	Weighted Score

The company has a weak management system

Criteria

- Board-level responsibility for supply chain management
- Compliance with social standards included in legally binding agreements with suppliers
- Engagement with NGOs, labour groups or industry peers on social supply chain issues
- Engagement with non-compliant suppliers to reach compliance
- Formal channels for supply chain workers to raise concerns
- Is applicable to second-tier suppliers
- Managerial responsibility for supply chain management
- Monitoring of supply chain non-compliance incidents or practices
- Regular external supplier audits
- Regular internal supplier audits
- Regular training programmes for suppliers on labour rights issues
- Reporting on audit results
- Systematic consideration of suppliers' social performance during procurement
- Targets and deadlines related to supply chain management

Sources

Non-public documentation shared with Sustainalytics on 01 Jan 2023
 Non-public documentation shared with Sustainalytics on 26 Apr 2023
 Prior to research start, the company sent documents on 22 May 2023
 The company provided feedback on 09 June 2023

Appendix



Management Details

S.4.2.1 - Human Rights Policy

Raw Score	Weight	Weighted Score
40	10.00%	4.0

The company has a weak policy

Criteria

- Approved at the most senior level of the business enterprise
- Commitment to adopt grievance mechanisms
- Commitment to adopt programmes to address industry-specific human rights exposure
- Commitment to apply human rights due diligence or conduct risk assessments
- Commitment to communicate the policy to personnel and external stakeholders
- Commitment to monitor and report on human rights impacts
- Commitment to provide remedy to correct negative impacts
- Commitment to respect human rights following international standards
- Stipulation of the company's human rights expectations of personnel
- Stipulation of the company's human rights expectations of third parties

Sources

- RENK GmbH Code of Conduct for Suppliers and Business Partners, released April 2021
- RENK GmbH Code of Conduct, released May 2022

RENK GmbH

Heavy Machinery and Trucks Germany

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**).

RENK GmbH

Heavy Machinery and Trucks Germany

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