

Lhyfe

EthiFinance ESG Ratings 2023
report, based on year-end 2022
data



Lhyfe

has been awarded a 2023 EthiFinance certificate

Gold Grade

to reward its 2022 ESG Performance



May 02, 2024

ISIN FR0014009YQ1

Macro-sector Industry

General information about Lhyfe

Macro-sector Industry

Sector Utilities

Sub-sector Utilities

Who are we?

EthiFinance

Founded in 2004, EthiFinance is an innovative European rating, research and advisory group serving sustainable finance and sustainable development. The Group provides investors, companies and organizations with solutions to the challenges of financing as well as environmental and societal transformation.

Contact

reporting-esgratings@ethifinance.com

Our methodology

We assess companies according to a framework of approximately 140 criteria divided into 4 pillars: Environment, Social, Governance and External Stakeholders (ESG-ES). We update our rating framework annually depending on the results of previous years and emerging ESG risks (new criteria, level of detailed information by answer, rating algorithms, etc.).

The evaluation process is as follows:

1. Collection of public ESG information for the past 3 years
2. Data quality control
3. Dialogue with the company to complete and clarify the data collected
4. Checking the consistency and homogenisation of data
5. Calculation of scores and publication of data

From 2022, the overall ESG score takes account of a malus associated with any controversies linked to the company ESG practices:

- *No controversy identified*: the overall score is unchanged
- *Low exposure*: 3-point malus
- *Significant exposure*: 8-point malus
- *High exposure*: 15-point malus
- *Critical exposure*: 20-point malus

ESG Scorecard

Overall score over 3 years

Year	ESG rating
2022	75
2021	67
2020	44

The table shows the ESG score under the EthiFinance ESG Ratings 2023 framework for the past three years. The scores range from 0 to 100, 100 being the highest score.

The table on the next page highlights the details of the scores by pillar (ESG-ES) and sub-pillar. The benchmark used includes all companies in the Utilities sector rated during the 2023 EthiFinance ESG Ratings campaign, i.e. 69 companies.

Red means that the company is underperforming the benchmark. Conversely, green indicates that the company is outperforming. Yellow means that the company's rating is similar to that of the benchmark.

EthiFinance ESG Ratings has not identified any significant controversies for Lhyfe.

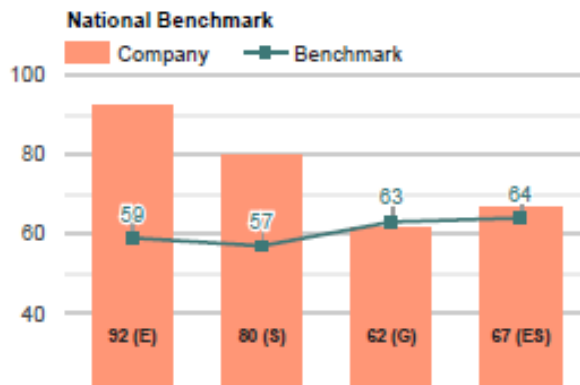
Rating	2020	2021	2022	Trend 2021-2022	Benchmark
GOVERNANCE	46	52	62	↗	67
Dilution risk for minority shareholders	100	83	67	↘	80
Composition of governance bodies	72	78	67	↘	65
Operation of governance bodies	42	79	92	↗	82
Remuneration of officers and directors	67	67	63	↘	63
Business ethics	25	13	30	↗	58
CSR policy and non-financial issues	20	20	57	↗	66
SOCIAL	59	76	80	↗	47
Social characteristics and policy	63	88	100	↗	54
Working conditions	56	63	50	↘	46
Skills development	100	100	100	=	41
Equal opportunities	50	38	67	↗	53
Health and safety	35	90	90	=	44
ENVIRONMENT	29	91	92	↗	64
Environmental policy and management system	0	100	100	=	63
Energy and Greenhouse Gases	33	75	78	↗	68
Water management	0	100	100	=	48
Waste management	100	100	100	=	58
Biodiversity	100	100	100	=	37
EXTERNAL STAKEHOLDERS	31	37	67	↗	64
Relationship with suppliers	33	33	33	=	57
Relationship with suppliers, customers, civil society and product responsibility	0	25	75	↗	53
Cybersecurity	50	50	100	↗	80
Rating	44	67	75	↗	57

Legend

- the company is outperforming the benchmark
- the company's rating is similar to that of the benchmark
- the company is underperforming the benchmark

Benchmarks

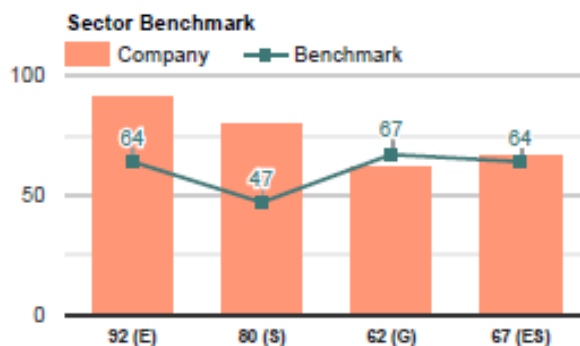
To offer a better comparison of performance by pillar, EthiFinance ESG Ratings presents three types of benchmark. Lhyfe can compare its results with those companies in its country, sector and turnover category.



National benchmark

The national benchmark is made up of all **companies in France** covered by EthiFinance ESG Ratings during its 2023 campaign, i.e. **358 companies**.

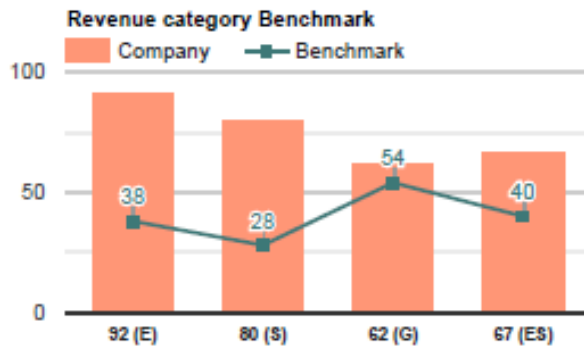
The overall average of the national benchmark is **58/100**.



Sector benchmark

The sector benchmark consists of all companies included within the **Utilities sector** in the EthiFinance ESG Ratings 2023 campaign, i.e. **69 companies**.

The overall average of the sector benchmark is **57/100**.



Turnover benchmark

EthiFinance ESG Ratings distinguishes three turnover categories:

- <150 million €
- >150 Million €
- >500 Million €

Lhyfe's turnover category benchmark consists of all the companies in our coverage in the 2023 campaign **with <150 million in turnover, i.e. 515 companies.**

The overall average benchmark by turnover category is **41/100**.

Focus on key indicators

In order to compare the company's performance with its peers, EthiFinance ESG Ratings provides a focus on several key indicators, each broken down by E-S-G-ES pillar.

Below you will find Lhyfe's performance on several key issues, compared to its various benchmarks (country, sector, and turnover).

● Company ● Sector ● Country ● Revenue category

Governance

Percentage of independent Directors on the Board

The independence of the Board of Directors aims at ensuring a diversity of interests in corporate governance.

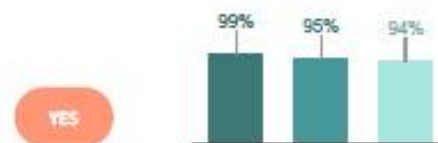
The independent Director is generally a professional who has no personal or financial interest in the structure: the company then benefits from this outside perspective for strategic decision making.



Lhyfe has 29% of independent directors. The average is 54% in its sector, 44% in France, and 54% in its revenue category.

Presentation of the CSR strategy to the Board

This indicator highlights the companies that present their CSR (Corporate Social Responsibility) approach to their Board of Directors. This enables to assess the level of support for CSR issues in companies.



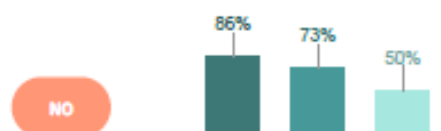
Lhyfe presents its CSR strategy to the Board, against 99% of the companies in its sector, 95% in France, and 94% in its revenue category.

Governance

● Company ● Sector ● Country ● Revenue category

Formalization of a business conduct and anti-corruption policy

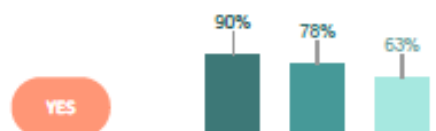
Business ethics help to ensure confidence in the market and thus guarantee its good functioning. Corruption and anti-competitive practices are closely regulated and mismanagement of these risks can result in significant fines and financial penalties.



Lhyfe has not formalized a business conduct and anti-corruption policy, against 86% of the companies in its sector, 73% in France, and 50% in its revenue category.

Existence of a whistleblowing system

A whistleblowing system is a mechanism available to a company's internal and sometimes external stakeholders to report violations of laws and regulations, as well as any actions or any other breaches of the company's code of conduct, ethical principles, etc.



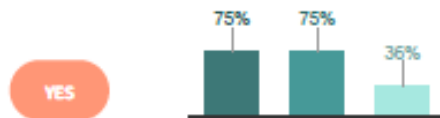
Lhyfe has implemented an alert system, against 90% of the companies in its sector, 78% in France, and 63% in its revenue category.

Environmental

● Company ● Sector ● Country ● Revenue category

Formalization of an environmental policy

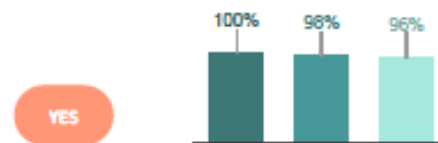
The formalization of an environmental policy shows that the company has identified material environmental issues for its sector of activity. It is a starting point to define an action plan on these issues. Companies can go further by adding quantified objectives to the policy.



Lhyfe has formalized an environmental policy, against 75% of the companies in its sector, 75% in France, and 36% in its revenue category.

Measures to save energy and reduce greenhouse gas emissions

Beyond the protection of the environment, energy savings and the use of renewable energies have become real opportunities for companies to reduce their operating costs.



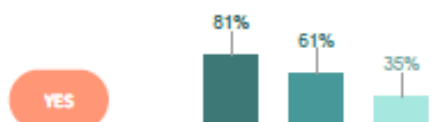
Lhyfe has an action plan to save energy and reduce GHG emissions, against 100% of the companies in its sector, 98% in France, and 96% in its revenue category.

Environmental

● Company ● Sector ● Country ● Revenue category

Publication of greenhouse gas emissions for scope 3 (indirect emissions) (tons CO2 equivalent)

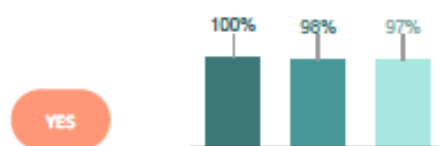
While reporting on scopes 1 and scope 2 is now common practice, this is not the case for scope 3 yet. This is why we believe that a company communicating its scope 3 shows a desire for transparency and will to reduce its carbon footprint throughout its value chain.



Lhyfe publishes its GHG emissions for scope 3, against 81% of the companies in its sector, 61% in France, and 35% in its revenue category.

Existence of a waste management plan

This indicator rewards companies that have implemented an action to reduce their waste production. It shows its commitment to tackle waste-related issues.



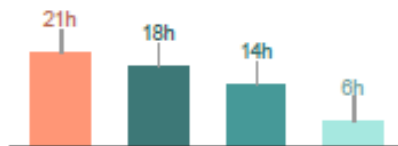
Lhyfe has defined a waste management plan, against 100% of the companies in its sector, 98% in France, and 97% in its revenue category.

Social

● Company ● Sector ● Country ● Revenue category

Average number of training hours per employee

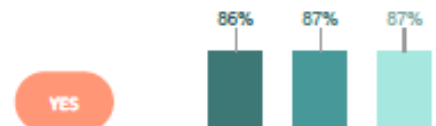
Training, considered as an investment in human capital, is one of the axes of a company's strategy. A structured skills development plan enables a match between the company's skills needs and the actual skills of employees. It is one of the company's responsibilities to maintain a high level of employee skills.



In average, employees of Lhyfe have been trained 21 hours in 2022.
The average is 18 hours in its sector, 14 hours in France, and 6 hours in its revenue category.

Existence of a Human Resources Department

The Human Resources Department has both technical, strategic and operational functions, and plays an essential role in supporting employees and managers. It is an important marker of the company's social policy.



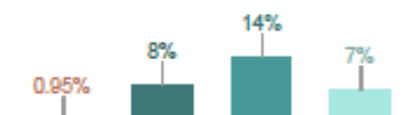
Lhyfe has a Human Resources Department, like 86% of the companies in its sector, 87% in France, and 87% in its revenue category.

Social

● Company ● Sector ● Country ● Revenue category

Turnover rate of permanent employees

In order to assess the attractiveness of the company and its ability to retain talent, it is interesting to evaluate the proportion of voluntary departures compared to the total number of departures.

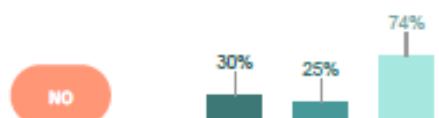


In average, the departure rate of the employees of Lhyfe is 0.95%.

The average is 8% in its sector, 14% in France, and 7% in its revenue category.

Commitment to the promotion of social dialogue

This indicator aims at determining whether the company is explicitly committed to promoting social dialogue. According to the International Labour Organization (ILO), social dialogue includes all forms of negotiation, consultation and exchange of information between representatives of governments, employers and workers on matters of common interest related to economic and social policy.



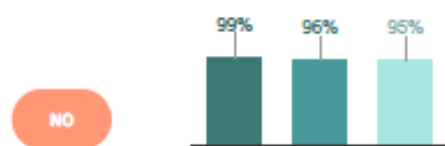
Lhyfe is not committed to promotion of social dialogue, against 30% of the companies in its sector, 25% in France, and 74% in its revenue category.

External Stakeholders

● Company ● Sector ● Country ● Revenue category

Integration of social criteria in purchasing/subcontracting practices

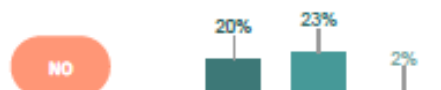
Companies are increasingly integrating their social responsibility approach into their relationships with their suppliers and subcontractors. Therefore, groups tend to establish "responsible purchasing charters" defining product selection criteria and "supplier charters" which require suppliers and subcontractors to make commitments and abide by a certain number of social standards and legislation (e.g. fundamental ILO conventions).



Lhyfe does not integrate social criteria in its purchasing/subcontracting practices, against 99% of the companies in its sector, 96% in France, and 95% in its revenue category.

Publication of a due diligence on the management of human rights and the environment in the supply chain

The company has developed, implemented and published a due diligence plan containing measures to identify risks and prevent serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment, resulting from the activities of the company, its subsidiaries or its subcontractors or suppliers with whom it has an established business relationship.



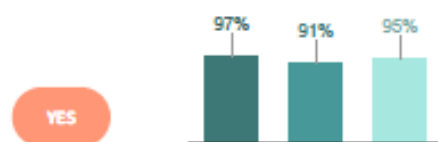
Lhyfe does not publish a due diligence plan relating to the respect of human and environmental rights in its supply chain, against 20% of the companies in its sector, 23% in France and 2% in its revenue category.

External Stakeholders

● Company ● Sector ● Country ● Revenue category

Customer satisfaction surveys

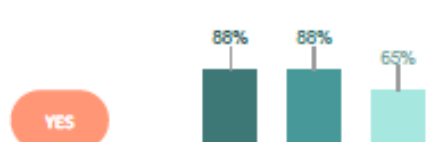
The attention given to customer satisfaction is a key issue for the sustainability of the company. The level of customer satisfaction and the quality of services determine the perceived value of products and services sold. Conducting customer satisfaction surveys suggests a willingness to market products or services in line with customer expectations.



Lhyfe conducts customer satisfaction surveys, against 97% of the companies in its sector, 91% in France, and 95% in its revenue category.

IT risks are reported to the governance bodies at least once a year

This indicator aims at determining whether cybersecurity issues are considered significant by the company, and the associated risks managed by the governance bodies. In order to counter the threat of cyber-attacks, strategies must be put in place. The first step is to identify these risks in order to counter them.



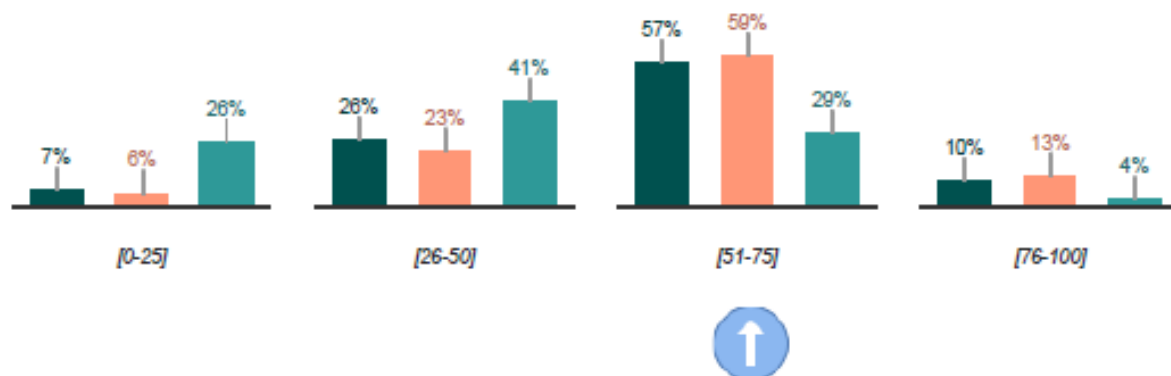
Lhyfe presents IT risks to its governance bodies, against 88% of the companies in its sector, 88% in France, and 65% in its revenue category.

Positioning of the issuer in comparison with its peers

The graph below highlights the distribution of EthiFinance ESG ratings according to Lhyfe's sector, country and turnover category. The arrow points to the company's ESG performance.

Distribution of ESG ratings

● Sector ● Country ● Revenue category



Ranking of Lhyfe

Country ranking
58/358

Sector ranking
8/69

Turnover ranking
22/515

Controversial activities

The company is not exposed to activities considered controversial. EthiFinance ESG Ratings research focuses on the following activities: controversial arms, chemical production (especially pesticides), fossil fuels, alcohol, tobacco and gambling. It should be noted that the first three activities mentioned are mandatory indicators (RTS) of the Sustainable Finance Disclosure Regulation (SFDR).

The activities identified as controversial in the ESG analysis are at the heart of the implementation of the responsible investment strategy of investors. This information will allow the issuer to identify the extent to which part of its activities may be controversial and therefore to organize its communication to investors accordingly.