

Oncor Electric Delivery Co. LLC

Electric Utilities | United States |

22.6 Medium Risk



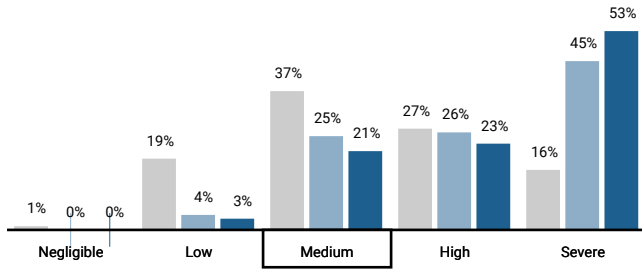
Rating Overview

The company is at medium risk of experiencing material financial impacts from ESG factors, due to its medium exposure and strong management of material ESG issues. Notably, its overall risk is higher since it is materially exposed to more ESG issues than most companies in our universe. The company is not publicly held, which reduces its corporate governance risk compared to its peers. Furthermore, the company has not experienced significant controversies.

Momentum Score

Not available due to a lack of comparable historical information

ESG Risk Rating Distribution



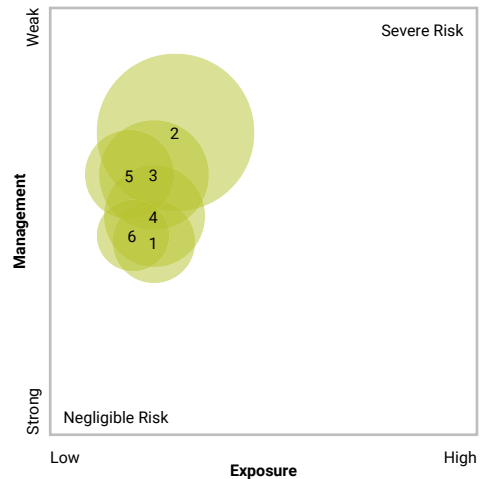
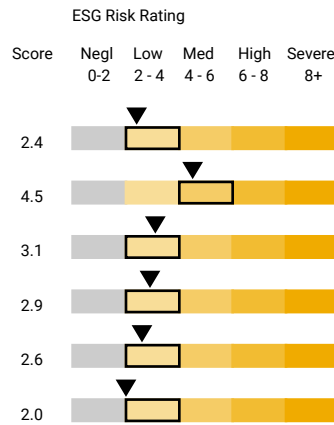
Relative Performance

	Rank (1 st = lowest risk)	Percentile (1 st = lowest risk)
Global Universe	3624 out of 12530	30th
Utilities (Industry Group)	38 out of 466	9th
Electric Utilities (Subindustry)	13 out of 189	7th

Attribution Analysis

Top Material Issues

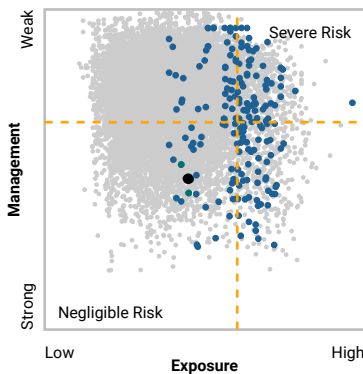
- Corporate Governance
- Occupational Health and Safety
- Carbon - Own Operations
- Product Governance
- Emissions, Effluents and Waste
- Human Capital



△ = Significant event

○ Circle size = Contribution to ESG Risk Rating

Risk Analysis



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

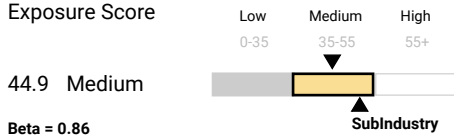
Peer	ESG Risk Rating	Exposure	Management
1. Alliander N.V.	20.7 Medium	45.0 Medium	57.3 Strong
2. Statnett SF	22.3 Medium	44.2 Medium	52.8 Strong
3. Oncor Electric Delivery Co. LLC	22.6 Medium	44.9 Medium	52.9 Strong
4. TenneT Holding B.V.	22.9 Medium	45.7 Medium	53.1 Strong
5. Caruna Networks Oy	23.2 Medium	42.7 Medium	48.4 Average

- Global Universe
- Electric Utilities (Subindustry)
- Oncor Electric Delivery Co. LLC
- Peers
- + SubIndustryAvg.

Oncor Electric Delivery Co. LLC

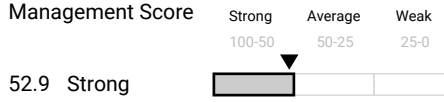
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Oncor's operations involve the construction and maintenance of transmission and distribution lines and substations. Oncor's networks (139,000 miles of electric cable in FY2019) may directly and indirectly affect residential and adjacent areas, possibly generating community opposition. Mismanagement may lead to protests, project delays, fines or operational disruptions. In addition, the transmission of electricity has a high carbon footprint due to grid losses and the usage of SF6, a very potent greenhouse gas, exposing the company to risks associated with increased stakeholder scrutiny with respect to climate change. Moreover, Oncor is exposed to health and safety incidents related to the construction, maintenance and expansion of its energy networks. Incidents have the potential to materially impact the company's operations through disruptions, delays, fines and lawsuits.

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



Oncor's overall ESG-related disclosure is not in accordance with GRI reporting standards, lagging behind best practice. The company has a board committee overseeing governance issues, but not environmental and social ones, suggesting that these are not integrated in core business strategy.

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

Attribution Details

Issue Name	Contribution to						ESG Risk Rating	Risk Category
	ESG Risk Rating	Subindustry Exposure	Company Exposure	Manageable Risk Factor	Management Score	Management Weight		
Corporate Governance	10.4%	5.0	5.0	100%	53.0	11.9 %	2.4	
Occupational Health and Safety	20.1%	6.0	6.0	90%	27.2	12.8 %	4.5	
Carbon -Own Operations	13.9%	10.0	5.0	100%	37.1	11.9 %	3.1	
Product Governance	12.8%	4.0	5.0	90%	46.9	10.7 %	2.9	
Emissions, Effluents and Waste	11.3%	7.0	3.9	90%	37.2	8.2 %	2.6	
Human Capital	9.1%	4.0	4.0	95%	51.4	9.0 %	2.0	
Land Use and Biodiversity	8.4%	3.0	3.0	100%	36.7	7.1 %	1.9	
Business Ethics	7.2%	5.0	5.0	95%	71.3	11.3 %	1.6	
Community Relations	6.8%	8.0	8.0	90%	89.7	17.1 %	1.5	
Overall	100.0%	52.0	44.9	93.9 %	52.9	100.0%	22.6	Medium

△ =Significant event

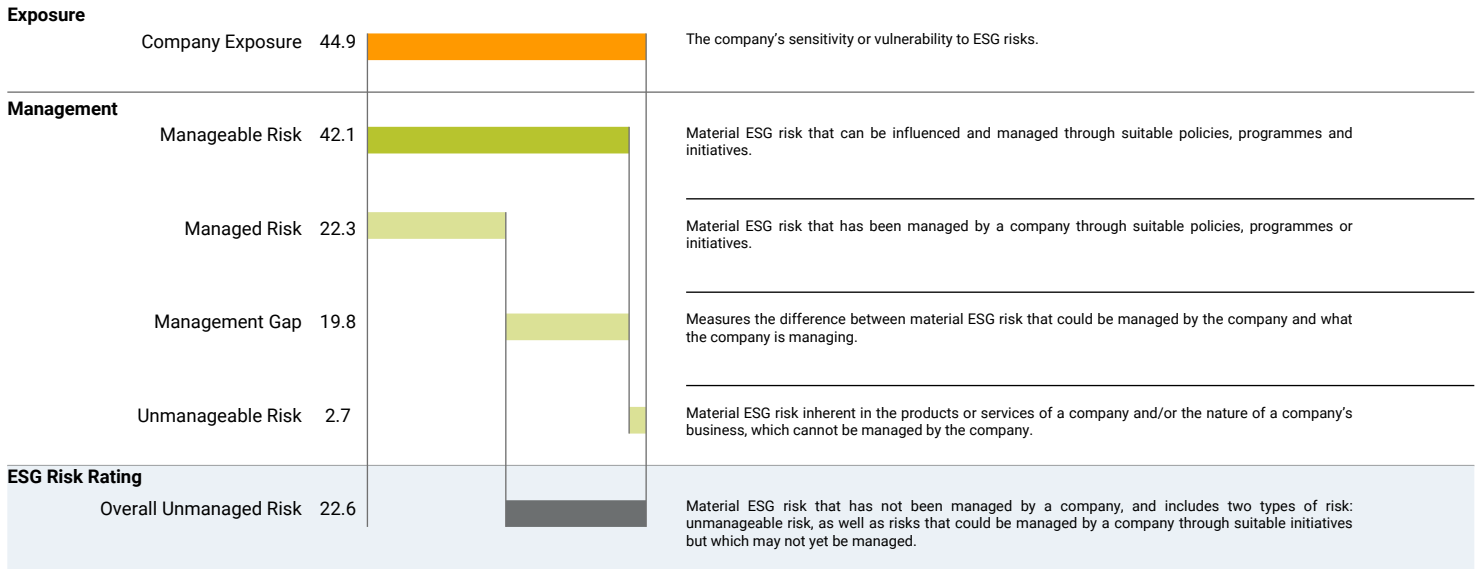
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Risk Details



Momentum Details

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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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