

Silknet JSC

Telecommunication Services Georgia

ESG Risk Rating

26.1

Updated Dec 23, 2021

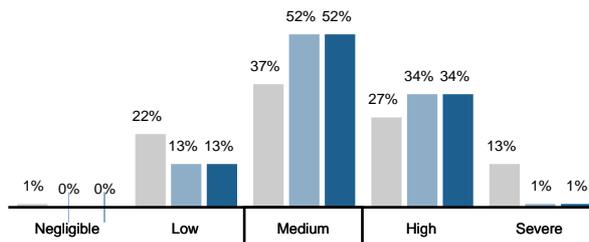
Not available

Momentum

Medium Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

| UNIVERSE | RANK | PERCENTILE |
|---|---------------------------------|---------------------------------|
| | (1 st = lowest risk) | (1 st = lowest risk) |
| Global Universe | 6770/15094 | 45th |
| Telecommunication Services | 94/231 | 41st |
| Telecommunication Services SUBINDUSTRY | 94/231 | 41st |

Peers Table

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

| Peers (Market cap \$0.0 - \$0.0bn) | Exposure | Management | ESG Risk Rating |
|---|-------------|--------------|-----------------|
| 1. IHS Netherlands HoldCo B.V. | 36.4 Medium | 33.9 Average | 25.3 Medium |
| 2. Zayo Group Holdings Inc | 33.7 Low | 27.1 Average | 25.4 Medium |
| 3. Silknet JSC | 37.0 Medium | 33.4 Average | 26.1 Medium |
| 4. The Bell Telephone Company of Canada | 35.4 Medium | 28.3 Average | 26.4 Medium |
| 5. Arqiva Group Ltd. | 35.0 Low | 26.4 Average | 26.7 Medium |

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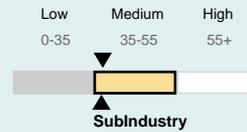
ESG Risk Analysis

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

ESG Risk Exposure

37.0
Medium
Beta = 1.00

Not available
Momentum



As a provider of a wide range of telecommunication services, Silknet collects, stores and processes a high volume of sensitive customer data. This information is susceptible to cyberattacks which could lead to data loss or theft, with corresponding liability lawsuits for the company. Additionally, the Telecommunication Services industry in which the company operates, requires a variety of high-skilled employees. As such, inability to retain or attract qualified personnel could lead to operational deficiency, financial costs and loss of competitive advantage. Moreover, the telecommunications services that the company provides are essential for the proper functioning of businesses and public services. Connectivity or signal drops could lead to reputational damage and a loss of customer trust.

The company's overall exposure is medium and is similar to subindustry average. Product Governance, Human Capital and Data Privacy and Security 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

33.4
Average

Not available
Momentum



Silknet has not published a CSR Report or any relevant ESG disclosure in recent years. Furthermore, available evidence indicates that none of the variable components of executive remuneration is linked to sustainability performance targets. On the other hand, the company has governance structures in place to oversee ESG issues, which suggests these are integrated in core business strategy.

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

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

| Issue Name | ESG Risk Exposure | ESG Risk Management | ESG Risk Rating | Contribution to ESG Risk Rating |
|----------------------------|--------------------|---------------------|-----------------------|---------------------------------|
| | Score Category | Score Category | Score Category | |
| Data Privacy and Security | 7.0 Medium | 35.0 Average | 5.0 Medium | 19.3% |
| Product Governance | 5.0 Medium | 3.7 Weak | 4.8 Medium | 18.5% |
| Carbon -Own Operations | 5.0 Medium | 6.9 Weak | 4.7 Medium | 18.1% |
| Human Capital | 6.0 Medium | 41.9 Average | 3.6 Low | 13.9% |
| Business Ethics | 5.0 Medium | 51.3 Strong | 2.6 Low | 9.8% |
| Corporate Governance | 5.0 Medium | 61.0 Strong | 2.0 Negligible | 7.5% |
| Resource Use | 2.0 Low | 6.9 Weak | 1.9 Negligible | 7.3% |
| Human Rights -Supply Chain | 2.0 Low | 35.0 Average | 1.4 Negligible | 5.5% |
| Overall | 37.0 Medium | 33.4 Average | 26.1 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 (20)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

Employees - Human Rights - SC

Energy Use and GHG Emissions

Intellectual Property

Labour Relations

Labour Relations - SC

Lobbying and Public Policy

Marketing Practices

Media Ethics

Occupational Health and Safety - SC

Quality and Safety

Sanctions

Society - Human Rights

Society - Human Rights - SC

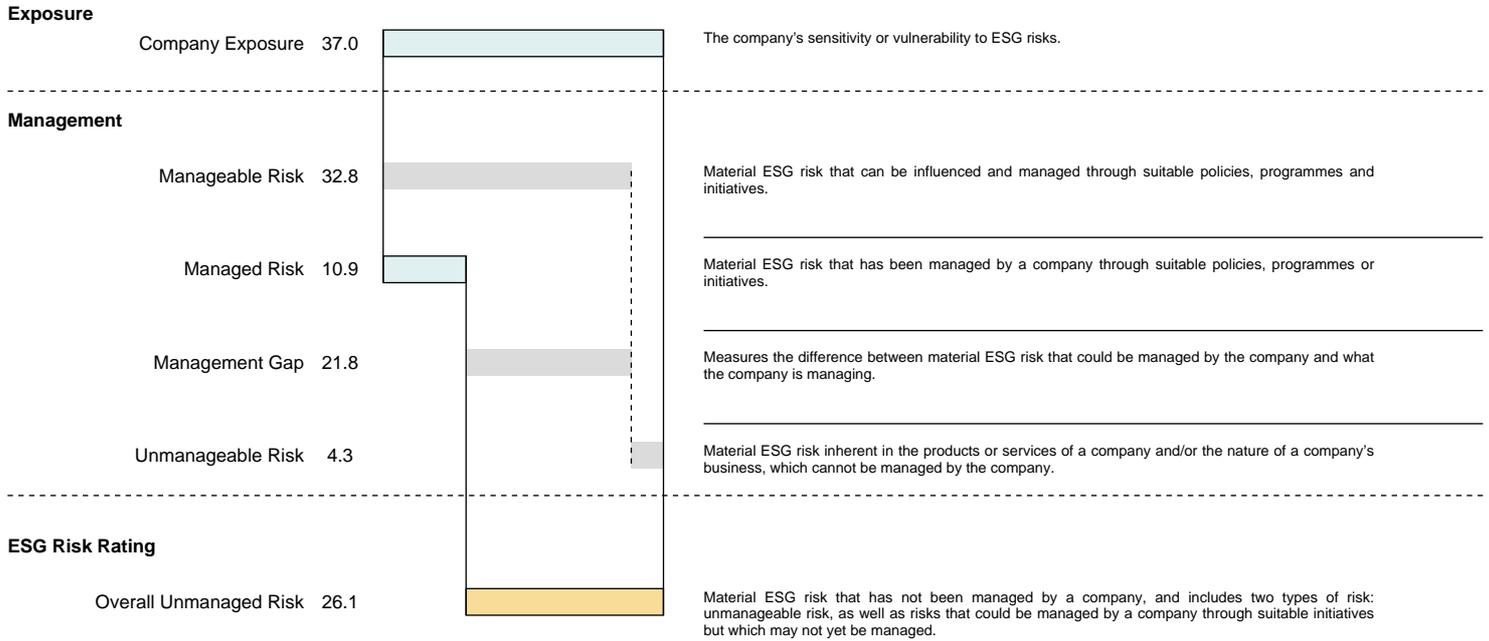
Water Use

Weapons

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Risk Decomposition



Momentum Details

Not available due to a lack of comparable historical information.

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GLOSSARY OF TERMS

Beta (Beta, 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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