



RISK SCORE METHODOLOGY

EthiFinance Sustainability (EFS)
October 2026

Content

Purpose of this methodology document	4
Overview	4
1. Rating Product Disclosures	6
1.1 Rating objective and materiality	6
1.2 Scope: E, S and G coverage and specific issues	6
1.3 Aggregation and weighting	7
1.4 Topics from the sustainability reporting standards	7
1.5 Relative scoring	8
1.6 Consideration of international agreements	8
2. Basic Methodological Disclosures	10
2.1 Methodology of the Risk Score	10
2.1.1 Coverage and rated items	10
2.1.2 Time horizon	10
2.1.3 Supporting models and key rating assumptions	11
2.1.4 Measures and procedures to ensure the quality and reliability of data used	12
2.1.5 Structure and calculation of the Score	13
2.1.6 Risk Score PLUS	14
2.1.7 Exposure Flags	14
2.1.8 Update of the methodology	15
2.2 Industry classification	15
2.3 Overview of data sources and dialogue process	15
2.3.1 Data sources	15
2.3.2 Engagement with rated items	16
2.4 Scientific and analytical foundation	16
2.5 Use of artificial intelligence	17
3. Limitations	18
3.1 Availability, quality and reliability of data sources	18
3.2 Completeness and timeliness	18
3.3 Methodological limitations	18
3.4 Limitations on the information available	19
3.5 Treatment of missing data	19

4. Organisational Disclosures	20
4.1 Ownership structure	20
4.2 Fees and business model	20
4.3 Conflicts of interest	20
4.4 Record-keeping and complaints handling	20
Document Revision History	22
Disclaimer	23
Contact us	24

Purpose of this methodology document

This document is published in accordance with Article 23 of Regulation (EU) 2024/3005 of the European Parliament and of the Council on the transparency and integrity of environmental, social and governance (ESG) rating activities. It sets out the minimum disclosures to the public required by point 1 of Annex III to that Regulation, presented in the sequence prescribed by Commission Delegated Regulation (EU) 2026/871, and fulfils the requirement for ESG rating providers to make publicly available their methodologies, models and key rating assumptions.

It describes the methodologies, models and key rating assumptions used by Ethifinance Sustainability SAS in producing the Risk Score (the “Score”) in its CORE and PLUS variants, including the Exposure Flags provided with PLUS. A more detailed version of this document, including the full scoring methodology, the list of input metrics and worked examples, is made available to users of the Score, rated items and issuers of rated items in accordance with Article 24 of, and point 2 of Annex III to, Regulation (EU) 2024/3005.

This document is reviewed as part of the methodology review process described in section 2.1.8.

Overview

The Risk Score provides investors and corporates with a transparent and systematic assessment of the sustainability exposure of corporate entities. The Risk Score measures company exposures, using a normative assessment, relative to universal principles of corporate conduct as defined by the ten principles of the UN’s Global Compact (GC).

The Risk Score comes with a transparent methodology and full disclosure of the underlying data. This allows users to understand the performance drivers, explain score changes at each level of the assessment, and drill down to the associated raw data. The score is designed with both investors and corporates in mind. Investors can use the score as a universe selection tool by identifying companies that are more exposed to critical sustainability issues. Corporates can use the score to systematically assess their own exposures, conduct peer comparisons, and identify disclosure gaps.

The Risk Score has two complementary versions:

1. **Risk Score - CORE:** The CORE Score assesses the risk that a company is misaligned with the Ten Principles of the UN Global Compact to a greater degree than its peer group. It is a relative measure: it captures underperformance against peers rather than the absolute level of alignment with the Principles. Scores are based on publicly available company-reported data and derived using a transparent aggregation methodology.
2. **Risk Score - PLUS:** The PLUS score is the CORE score including Media and NGO coverage. It accounts for incidence and risk evident in news sources and NGO reports, and flags exposure to UNGC related risks. Combined, CORE and PLUS scores allow users to differentiate performance based on company reported data (annual) and global news (daily).

The Risk Score includes the following components in both "Core" and "Plus" versions:

- Total Scores – Aggregated Score from the 4 Pillars.
- Pillar Scores – Aggregated Scores for the 4 GC Pillars, from the 10 Principles.
- Principle Scores – 10 GC Principle Scores.

The Risk Score additionally includes the following component in the “Plus” version:

- Exposure Flags – Flags showing poor performance in the 10 GC Principles

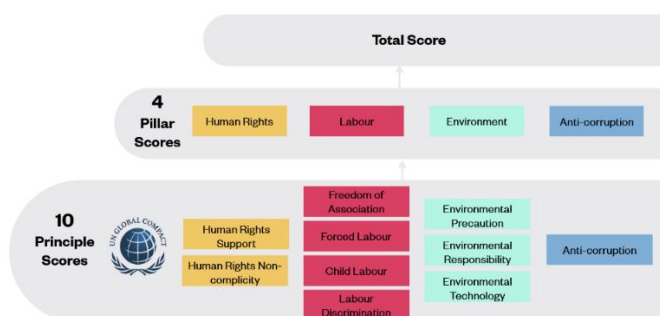


Figure 1. Risk Score at a glance

1. Rating Product Disclosures

1.1 Rating objective and materiality

The Risk Score assesses companies' excess exposure to sustainability-related risks through a normative assessment: it measures relative performance compared to peers of the ten universal principles of corporate conduct as defined by the UN Global Compact, considering company policies, practices and actions. The materiality dimension applied follows the framework of the UNGC and is principles-based. The PLUS variant is distinguished by an adjustment for news and NGO coverage, and additionally provides Exposure Flags identifying companies in the bottom 2% of the universe for a Principle.

[Regulation (EU) 2024/3005 Annex III 1(f) / Commission Delegated Regulation (EU) 2026/871 Art. 3(1)(a)]

The Score does not apply the financial materiality dimension, does not assess the impacts of the rated entity's activities on the environment and society (impact materiality), and the double-materiality principle is not applied.

[Regulation (EU) 2024/3005 Annex III 1(f) / Commission Delegated Regulation (EU) 2026/871 Art. 3(1)(b)]

Because the Score is normative and principles-based, and does not apply the double materiality principle, no allocation between risk materiality and impact materiality under that principle arises; the disclosure of how the two are taken into account under double materiality is therefore not applicable.

[Regulation (EU) 2024/3005 Annex III 1(f) / Commission Delegated Regulation (EU) 2026/871 Art. 3(1)(c)]

No dimensions of materiality other than the normative (principles-based) materiality dimension described above are used.

[Regulation (EU) 2024/3005 Annex III 1(f) / Commission Delegated Regulation (EU) 2026/871 Art. 3(1)(d)]

1.2 Scope: E, S and G coverage and specific issues

The Risk Score is structured around the four Pillars of the UN Global Compact: Human Rights, Labour, Environment, and Anti-Corruption, which are assessed through the ten Global Compact Principles. Ten Principle Scores, four Pillar Scores and a Total Score are produced. In terms of the environmental, social and governance factors: the Environment Pillar corresponds to the environmental factor; the Human Rights and Labour Pillars correspond to the social factor; and the Anti-Corruption Pillar corresponds to the governance factor. The specific issues covered are the ten Global Compact Principles listed below.

Data is collected and analysed at the metric level, and scores are then calculated for each Principle. These Principle level scores are then aggregated into Pillar scores, which are subsequently combined into an overall Total Score.

The Risk Score is broken down by:

- A Total Score
- 4 Pillar Scores
- 10 Principle Scores

[Regulation (EU) 2024/3005 Annex III 1(g) / Commission Delegated Regulation (EU) 2026/871 Art. 3(2)(a)]

The 10 Principles covered are:

- Human Rights: Human Rights Support & Human Rights Non-complicity

- Labour: Freedom of Association, Forced Labour, Child Labour & Labour Discrimination
- Environment: Environmental Precaution, Environmental Responsibility & Environmentally Friendly Technology
- Anti-Corruption: Anti-Corruption

[Regulation (EU) 2024/3005 Annex III 1(g) / Commission Delegated Regulation (EU) 2026/871 Art. 3(2)(b)]

1.3 Aggregation and weighting

The Risk Score is aggregated hierarchically. Each Principle Score is a weighted average of its underlying transformed metrics, ignoring missing values. Metrics are classified as primary or secondary. Primary metrics, the policy metric on the central theme of the Principle, and evidence metrics showing that the company is acting against the theme of the Principle, receive twice the weight of secondary metrics.

Each Pillar Score is the average of its underlying Principle Scores, and the Total Score is the average of the four Pillar Scores; a company must have all four Pillar Scores to receive a Total Score. Each Pillar therefore carries an equal weight of 25% in the Total Score, and Principles are equally weighted within their Pillar.

Pillar	Global Compact Principles	Weight in Total Score	Corresponding factor
Human Rights	Principles 1–2	25%	Social
Labour	Principles 3–6	25%	Social
Environment	Principles 7–9	25%	Environmental
Anti-Corruption	Principle 10	25%	Governance

[Regulation (EU) 2024/3005 Annex III 1(h)]

1.4 Topics from the sustainability reporting standards

The information disclosed under the Environmental, Social and Governance factors of the Risk Score corresponds, at the level of the ten Global Compact Principles, to topics covered by the European Sustainability Reporting Standards (ESRS) adopted pursuant to Article 29b of Directive 2013/34/EU. The indicative correspondence is set out below. The Principles derive from the UN Global Compact rather than from the ESRS, so the correspondence is thematic rather than one-to-one, and individual input metrics may relate to more than one ESRS topic.

Global Compact Principle	Pillar	Corresponding ESRS standard(s)
Human Rights Support	Human Rights	ESRS S1 – Own Workforce / ESRS S2 – Workers in the Value Chain / ESRS S3 – Affected Communities
Human Rights Non-Complicity	Human Rights	ESRS S2 – Workers in the Value Chain / ESRS S3 – Affected Communities
Freedom of Association	Labour	ESRS S1 – Own Workforce
Forced Labour	Labour	ESRS S1 – Own Workforce / ESRS S2 – Workers in the Value Chain
Child Labour	Labour	ESRS S2 – Workers in the Value Chain
Discrimination	Labour	ESRS S1 – Own Workforce
Environmental Precaution	Environment	ESRS 2 – General Disclosures / ESRS E1–E5
Environmental Responsibility	Environment	ESRS E1 – Climate Change / ESRS E2 – Pollution / ESRS E3–E5
Environmental Technology	Environment	ESRS E1 – Climate Change / ESRS E5 – Resource Use & Circular Economy

Global Compact Principle	Pillar	Corresponding ERS standard(s)
Anti-Corruption	Anti-Corruption	ERS G1 – Business Conduct

[Regulation (EU) 2024/3005 Annex III 1(i)]

1.5 Relative scoring

The Risk Score uses a relative scoring approach where input metrics are transformed to a uniform 0–100 scale. Relative scoring expresses company performance relative to all other companies in the scoring universe. This is achieved through kernel density estimation and percentile rank techniques. Put simply, the transformed data indicates where a company stands within a universe. A score of 100 indicates best and 0 indicating worst performance. A value of 50 indicates that the company's performance is average - meaning that about 50% of companies perform worse and 50% perform better. The weighted averages underlying the Principle Scores are rescaled for better visibility of performance differences, using the same scaling factor for all Principles and preserving 50 as average performance. Exposure Flags are likewise relative outputs: a company receives an Exposure Flag for a Principle when it falls within the bottom 2% of the universe for that Principle based on PLUS scores where only negative news is considered.

The Score and all of its component scores are therefore expressed in relative value: they show a company's position within the scoring universe at a point in time, not an absolute level of performance.

[Regulation (EU) 2024/3005 Annex III 1(j)]

1.6 Consideration of international agreements

The Risk Score is built directly on an internationally recognised framework: the ten principles of the UN Global Compact, which derive from the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

Environmental factor (Annex III, point 1(o)). Within the Environmental pillar (Global Compact Principles 7 to 9), the Score takes into account the environmental objectives of the UN Global Compact, which are informed by the precautionary approach of the Rio Declaration on Environment and Development. It does not directly reference the Paris Agreement or assess alignment against its temperature goals; environmental performance is assessed on an indicator basis against the Global Compact environmental principles.

[Regulation (EU) 2024/3005 Annex III 1(o) / Commission Delegated Regulation (EU) 2026/871 Art. 3(3)(a)]

The Score does not assess the alignment of companies' commitments or targets against the objectives of the Paris Agreement or of any other environmental agreement. It records company policies, practices and actions on an indicator basis; it does not evaluate whether targets are consistent with a particular temperature pathway.

[Regulation (EU) 2024/3005 Annex III 1(o) / Commission Delegated Regulation (EU) 2026/871 Art. 3(3)(b)]

Social and Governance factors (Annex III, point 1(p)). Within the Social pillars (Human Rights, Principles 1 to 2, and Labour, Principles 3 to 6) and the Governance pillar (Anti-Corruption, Principle 10), the Score takes into account the international instruments from which the UN Global Compact derives: the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights; the ILO Declaration on Fundamental Principles and Rights at Work and the ILO International Labour Standards; and the United Nations Convention

against Corruption. These are assessed through dedicated input metrics referencing international human rights standards, the ILO Labour Standards, and anti-corruption and anti-money-laundering practices.

[Regulation (EU) 2024/3005 Annex III 1(p) / Commission Delegated Regulation (EU) 2026/871 Art. 3(3)(a)]

The Score does not assess the alignment of companies' commitments against the objectives of these agreements. It captures, on an indicator basis, whether a company's policies, practices and actions align with the ten Global Compact principles; it does not evaluate the substantive degree of conformity with the underlying agreements.

[Regulation (EU) 2024/3005 Annex III 1(p) / Commission Delegated Regulation (EU) 2026/871 Art. 3(3)(b)]

2. Basic Methodological Disclosures

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(a)]

2.1 Methodology of the Risk Score

2.1.1 Coverage and rated items

The Score is powered by 202 metrics from the ESG Raw Data and Emissions Plus data modules, together with a proprietary set of derived metrics. These include quantitative metrics (e.g. injury rate) and categorical metrics (e.g. presence of greenhouse gas emissions-reduction targets), and measure both preparation, i.e. what a company is doing to achieve sustainability goals (e.g. health and safety training), and outcomes, i.e. its actual sustainability achievements (e.g. injury rates).

The coverage universe is defined once a year, before the annual update cycle begins, and stays the same throughout the cycle except for companies leaving it because of corporate actions. For the 2026 cycle it consists of approximately 8,100 companies: all constituents, as of 31 December 2025, of a selection of major global, regional and local equity market indices. These span large-, mid- and small-cap issuers in developed and emerging markets across North America, Europe and Asia. Clients may also request ad hoc scores for companies outside the standard coverage. During the cycle, companies in the universe are monitored for changes to their identifiers (ISIN codes, company names and sector classifications) and for corporate actions. A company affected by a merger or acquisition, a delisting, or a bankruptcy, insolvency or liquidation is removed from the universe if it has not yet been assessed in that cycle.

Notably, all companies from this proprietary universe are included in the Risk Score universe if they disclose sufficient material information – i.e., at least three data points for four separate UNGC Principles, with one Principle in each UNGC Pillar. All companies are notified of their ratings via email and given the opportunity to provide feedback on an annual basis.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(b)]

2.1.2 Time horizon

Most companies report sustainability data on a yearly basis. To enable daily updated scores, we forward-fill the data. We consider sustainability data valid for a period of up to two years. After this period, the data expires and is no longer used in scores. Our scores are backward-looking, powered by the most recent disclosures available. Hence, as soon as new data from a more recent disclosure is captured, it is incorporated automatically in our CORE scores. Relevant news data on a scored company is delivered by our data provider within days of the article being published and is automatically incorporated into the PLUS score the next day.

In operational terms, the validity window is defined by the reporting-period end date (RPE) relative to the scoring date (t). A newly collected sustainability report enters the scoring universe once its reporting period has closed; once the RPE is at least 92 days before the scoring date. A report expires when its RPE is more than 912 days before the scoring date, after which it is no longer used in scores. A company falls out of the

scoring universe if, by the time its most recent report expires, no newer report has been published or captured by the data team.

As the methodology of the scores follow a relative scoring approach, the scores are calculated each day as companies fall in and out of the universe. A company might see a change in their score even if no change to the raw underlying data occurs. The change can be explained by the relative metric performance of all the other companies in the universe.

The Risk Score PLUS applies a time-sensitive positive or negative adjustment to the Risk Score CORE to reflect recent sustainability-related news and controversies. While the CORE Score captures longer-term sustainability performance based on the underlying company data, the PLUS Score incorporates recent external information that may indicate a change in the company's sustainability performance. The impact of such news gradually decreases over time in the absence of further relevant coverage. News and NGO data drops out entirely after a year.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(c)]

2.1.3 Supporting models and key rating assumptions

The Risk Score is produced by a set of pre-established statistical models applied in sequence to collected data. The relevant supporting models are:

1. **Metric transformation models.** Two techniques convert raw metric values to the uniform 0–100 scale on which Scores are produced.
 - Continuous (quantitative) metrics are transformed using kernel density estimation (KDE), which builds a smoothed estimate of the metric's distribution across the scoring universe and scores each company by its position on that distribution; the bandwidth is set automatically by Silverman's rule, and strongly skewed lower-bounded metrics are estimated on a logarithmic scale, with values at a metric's bounds handled separately from interior values.
 - Categorical metrics are transformed using Modified Percentile Ranking, which scores each answer category at the midpoint of its cumulative-frequency band. Both techniques express performance relative to the universe.
2. **Aggregation and weighting model.**
 - Principle Scores are combined into Pillar Scores, and Pillar Scores into Total Scores using an equal weighted hierarchical aggregation, matching the UNGC Framework. That is, each Pillar Score is the average of its constituent Principle Scores, and the Total Score is the average of the four Pillar Scores.
3. **News signal model (PLUS only).**
 - For the PLUS score, we ingest data from Covalence whose natural-language-processing (NLP) model tags news and NGO publications by entity and topic and classifies sentiment; a principle-level news signal is then constructed from the sentiment, source value and recency of coverage, and used to derive bounded corrections to the CORE Principle Scores.
4. **Exposure model (PLUS only).**

- For the exposure indicator, we construct a version of the PLUS score that selects negative news only, using, as before, source value and recency of coverage to derive a correction to the CORE Score. The bottom 2% of performers are then flagged for exposure to the UNGC Principles.

The key rating assumptions underlying these models are:

1. Relative, not absolute, assessment.

- Scores express a company's position within the scoring universe rather than an absolute level of performance. A company's score can change with no change in its own data as the universe distribution shifts, and the best-placed companies do not necessarily score 100.

2. Disclosure Rates are not considered.

- Missing data is not estimated into risk scores; the same scoring system is used for all companies that meet the minimum disclosure requirements.

3. Pre-scoring data assumptions.

- For selected metrics defined in the metric metadata, missing values are treated as zero, and selected metrics are set to not-applicable outside specified sectors, so that companies are not scored on metrics irrelevant to their sector.

4. Recency of data.

- Reported data is treated as valid for up to two years and forward-filled between reporting cycles, so a score may reflect information disclosed up to two years earlier.

5. Smoothing and modelling choices.

- The KDE bandwidth, the log transform for skewed metrics, and the boundary treatment are modelling choices that stabilise scores where data is sparse or concentrated, at the cost of small differences from raw percentile ranks near concentrations.

6. News influence (PLUS).

- News-based corrections rest on the sentiment, source-value and signal-decay assumptions of the news signal model, and are capped so that media coverage cannot dominate the underlying score.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(d)]

2.1.4 Measures and procedures to ensure the quality and reliability of data used

The quality and reliability of the data underlying the Score are ensured through Ethifinance's Data Quality Framework, which combines automated validation, human review and formal governance across four layers: collection (module-specific Standard Operating Procedures that define how data is collected, validated and reviewed), transformation (system-level validations and version control), integration (delivery service levels and client feedback loops) and governance (defined roles and responsibilities, root-cause analysis, audit readiness and continuous improvement).

Data is assessed at the point of collection against six quality dimensions: accuracy, completeness, conformity, validity, traceability and reasonableness. Every data point is linked to its source evidence, and source documents are archived so that data remains traceable if the original public link becomes unavailable.

Data is collected by trained data analysts and passes through two successive validation layers before it is used. Technical validation tests every data point against more than 100 automated rules, for example on completeness, permitted values and large year-on-year changes; flagged items are reviewed by a data analyst. Content validation is carried out by QC data analysts, who peer-review all of the data submitted to them for accuracy, completeness and adherence to procedures; confirmed errors are classified to support root-cause analysis and training, and any rework is re-validated. Data is then standardised (to SI units, USD and tonnes CO₂-equivalent), derived metrics are calculated, and final delivery checks are applied. Issues identified after delivery are subject to a defined remediation process.

Data quality is monitored continuously through quality metrics and performance dashboards, and Standard Operating Procedures and validation rules are reviewed and refined on an ongoing basis.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(e)]

2.1.5 Structure and calculation of the Score

The CORE Score is calculated as follows:

- **Metric transformation.** Each input metric is converted to a uniform 0–100 scale relative to all companies in the scoring universe that report it, with higher values always corresponding to better sustainability performance. Categorical metrics (e.g. Yes / No, or graded levels of disclosure) are scored using Modified Percentile Ranking, under which an answer scores the share of companies giving a worse answer plus half the share giving the same answer. Quantitative metrics are scored using kernel density estimation, which estimates the distribution of reported values and scores each company by its position within it; companies reporting a value at a metric’s natural bound (for example exactly zero) are treated as a tied group.
- **Principle Scores.** Each of the ten Principle Scores is the weighted average of the company’s transformed metrics mapped to that Principle, ignoring missing values. Primary metrics (the policy metric on the central theme of the Principle, and evidence metrics showing that the company is acting against it) receive twice the weight of secondary metrics. The result is re-scaled around the midpoint of 50 to increase differentiation and capped at 0 and 100. A company needs at least three metrics for a Principle to receive a Principle Score.
- **Pillar Scores.** Each of the four Pillar Scores (Human Rights, Labour, Environment and Anti-Corruption) is the average of its Principle Scores.
- **Total Score.** The Total Score is the average of the four Pillar Scores, so each Pillar carries a weight of 25% (section 1.3). A company receives a Total Score only if it has all four Pillar Scores.

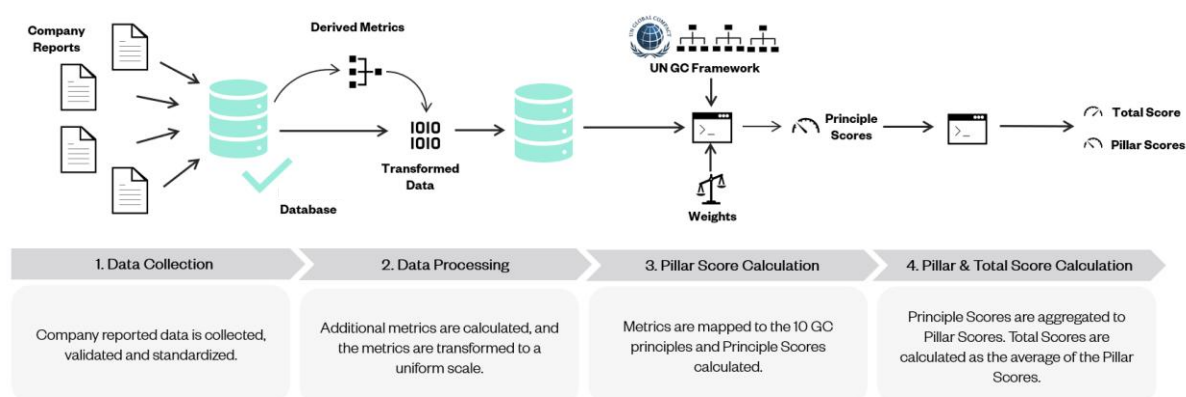


Figure 2. Risk Score CORE Calculations

The Score and all of its component scores are expressed on a continuous scale from 0 to 100, where a higher score indicates stronger relative performance with the ten principles of the UN Global Compact relative to the scoring universe, and a score of 50 represents approximately median performance.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(f)]

2.1.6 Risk Score PLUS

The PLUS variant applies a time-sensitive positive or negative adjustment to the CORE Score to reflect recent sustainability-related news and controversies. While CORE captures longer-term sustainability performance based on company-reported data, PLUS incorporates recent external information that may indicate a change in a company's performance.

PLUS draws on publications from more than 3,000 news and NGO sources across 170 countries. Articles are tagged by company and sustainability topic, and classified by sentiment, using natural language processing models operated by the data provider Covalence. Each article is weighted by the reach and influence of its source (source value), and duplicate articles are removed. A daily news signal is then calculated for each company and each of the ten Principles: negative coverage is weighted more heavily than positive coverage and recent coverage more heavily than older coverage, and the signal decays over time in the absence of new coverage, with news and NGO data dropping out entirely after a year. The signals are converted into correction factors that adjust the CORE Principle Scores; to prevent undue influence of media coverage, a Principle Score cannot decrease by more than 30 points or increase by more than 10 points. The adjusted Principle Scores are then aggregated into Pillar and Total Scores in the same way as for CORE.

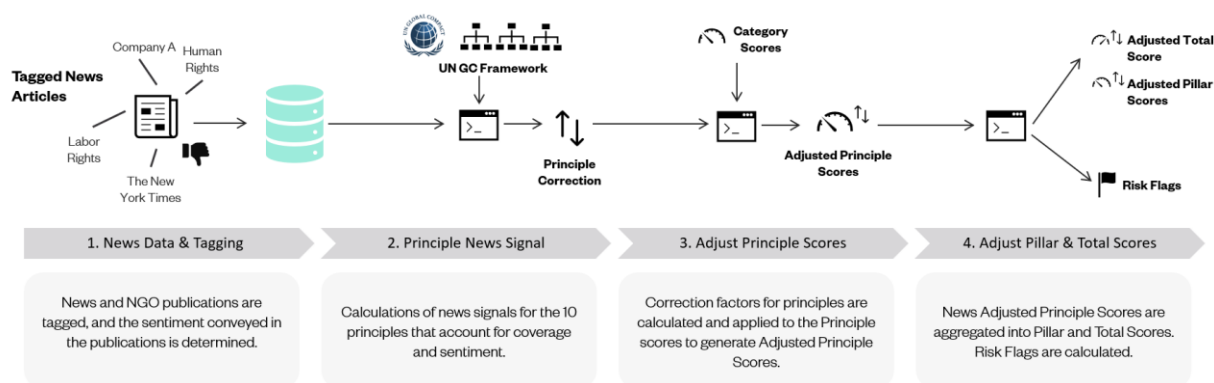


Figure 3. Risk Score PLUS Calculations

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(c) and (d)]

2.1.7 Exposure Flags

With the PLUS variant, Ethifinance also provides Exposure Flags, calculated at the level of the ten Principles. A company receives an Exposure Flag for a Principle when it falls within the bottom 2% of the scoring universe for that Principle, on a score calculated using the PLUS methodology but considering only negative news. A flag lasts for three months from the day the company's score last fell into the bottom 2%. Each company also receives an Exposure Flag Count between 0 and 10, showing the number of Principles for which it has an Exposure Flag.

Exposure Flags are a separate categorical output indicating elevated exposure to conduct risk on a Principle; they are reported alongside, but distinct from, the 0 to 100 scores.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(f)]

2.1.8 Update of the methodology

The methodology is reviewed in accordance with Article 15(8) of Regulation (EU) 2024/3005. Reviews are triggered by, among other things, material changes in data sources (such as the decommissioning of a vendor or structural changes to corporate reporting), changes to regulatory and reporting frameworks (such as updates to the UN Global Compact that affect the Principles), model failure or quality drift identified in routine monitoring or through client queries, and scientific developments (such as updated IPCC global warming potentials).

Updates are assessed for feasibility, necessity, risk and cost-benefit. The methodology owner drafts and approves methodology updates, and all material changes are signed off by the Methodology Committee. Each update is validated by a cross-team group of Product, Tech and the methodology owner, run in a test environment until all validation checks pass, and checked again in production. Code changes are version-controlled, release notes for all updates are sent to users by email, and major releases are recorded in the methodology document.

The most recent update of the methodology (ERSCP-110) changed the set of input metrics and introduced the treatment of missing values as zero for a defined subset of metrics. It was approved in March 2026.

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(g)]

2.2 Industry classification

The Score's principle framework is universal: the ten Global Compact Principles apply to all companies, and no industry-based materiality weighting is applied in the aggregation of the Score. Some input metrics are, however, collected only for specified industries and are treated as not applicable outside them, so that companies are not assessed on metrics that are irrelevant to their sector.

For consistency across Ethifinance's legacy ESG Book product-suite, company symbology and reference data, such as industry, sector, country, region and market capitalisation, are sourced from FactSet Research Systems Inc., and industries and sectors are assigned using FactSet's proprietary classification. Factset's proprietary industry classification, <https://www.factset.com/marketplace/catalog/product/factset-data-management-solutions>, is regularly updated and does not have associated version numbers.

Please note this is in contrast to legacy Ethifinance products, that utilise a proprietary classification system based on existing industry standards, such as [Nace Rev. 2](#).

[Regulation (EU) 2024/3005 Annex III 1(b) / Commission Delegated Regulation (EU) 2026/871 Art. 4(2)]

2.3 Overview of data sources and dialogue process

2.3.1 Data sources

The Score is based on Ethifinance's proprietary data, collected in-house by trained data analysts exclusively from publicly available sources. These include company disclosures (websites, annual reports, and sustainability

reports and statements); proxy filings, 10-K reports, policy statements and assurance statements; and targeted reports such as CDP climate change questionnaires and TCFD reports where they are publicly available on the company website.

Company-reported data is collected from companies globally. It may or may not follow, for example, the ESRS sustainability statements required under Directive 2013/34/EU or disclosures under Regulation (EU) 2019/2088 (SFDR), and may or may not be assured by a third party; the level of assurance is recorded as a data point.

General financial data (e.g. revenue, total assets, market capitalisation) and company reference data are sourced from FactSet and used only as contextual inputs; they do not provide ESG data and do not replace company disclosures. For PLUS and the Exposure Flags, news and NGO coverage is sourced from Covalence.

Collected data is standardised and used to calculate derived metrics such as intensities (e.g. Scope 1 emissions divided by revenue), proportions and growth rates. Input metrics that enter the calculation of the Score are not estimated. Where data is unavailable it is treated as missing, except for a defined subset of metrics for which non-disclosure is treated as a value of zero (section 3.5).

New, updated or revised company data is ingested as it arrives and feeds automatically into the scores once it falls within the validity window described in section 2.1.2. Relevant news data is incorporated into the PLUS score the day after it is received, and scores are recalculated daily.

[Regulation (EU) 2024/3005 Annex III 1(c) / Commission Delegated Regulation (EU) 2026/871 Art. 4(3)]

2.3.2 Engagement with rated items

EthiFinance Sustainability SAS notifies rated companies at least once a year of the scores and analytics that concern them, in line with Article 15(12) of Regulation (EU) 2024/3005. Because the Score was first issued before the Regulation applied on 2 July 2026, each company is notified at least once following its application and annually thereafter. Each notification states which scores concern the company, how to access the underlying information, and how to report factual errors through a dedicated channel.

Within 48 hours of receiving a notification, a company may request, free of charge, the information held about it, including the date of its last update, and submit factual-error feedback; later submissions continue to be reviewed on a best-efforts basis. Each submission is logged and reviewed against supporting evidence, with a target response time of 20 working days. Validated corrections are used as inputs in the same way as other accepted company data, and the affected scores are recalculated. The process is limited to factual accuracy: companies cannot influence the methodology or the rating outcome. No on-site reviews or visits are carried out. [Regulation (EU) 2024/3005 Annex III 1(c) / Commission Delegated Regulation (EU) 2026/871 Art. 4(3)]

2.4 Scientific and analytical foundation

The Score's analytical framework is grounded in the UN Global Compact, the world's largest corporate responsibility initiative, and in the international instruments from which its principles derive (section 1.6). Metric selection follows the risk-management dimensions defined by the UN Global Compact (commitment, monitoring and assessment, integration and remediation, communication, action, and evidence) and reflects the specificity of each Principle. Regulatory and scientific developments are monitored on an ongoing basis and reflected in the methodology review process (section 2.1.8).

The statistical techniques used to transform metrics (percentile ranking and kernel density estimation, with the bandwidth selected by Silverman’s rule) are established methods in the statistical literature. The input indicators themselves assess policies, procedures, disclosures and reported outcomes rather than scientific principles.

[Regulation (EU) 2024/3005 Annex III 1(e) / Commission Delegated Regulation (EU) 2026/871 Art. 4(4)]

2.5 Use of artificial intelligence

The CORE Score does not use artificial intelligence (AI) in score calculation: metric transformation, weighting and aggregation are rule-based. AI is used in two parts of the process:

- **Data collection (all variants).** An AI Prefill tool performs the initial extraction of data from company reports. Human oversight remains a fundamental safeguard: all data points go through technical and manual validation (section 2.1.4), confidence-based automatic application of extracted values is enabled only where model calibration is stable and verified, and every change to confidence rules or model versions is logged with its rationale.
- **News analysis (PLUS and Exposure Flags).** Natural language processing models operated by Covalence tag news and NGO articles by company and topic and classify their sentiment as positive, negative or neutral.

Known limitations and risks include misread values or units in automated extraction; misclassification of companies, topics or sentiment in news analysis; the polarity-only nature of the sentiment model; and reliance on source-value assumptions. These risks are mitigated through technical and manual validation of extracted data, logging of model changes, and caps on the influence of news-based corrections.

[Regulation (EU) 2024/3005 Annex III 1(k)]

3. Limitations

The Score is based on publicly available company-reported data and is subject to limitations relating to the availability, reliability and comparability of that data, to the information available, and to the methodology itself.

3.1 Availability, quality and reliability of data sources

Disclosure availability and consistency vary across industries, geographies and company sizes; the universe-entry disclosure thresholds mitigate but do not remove this variation. The Score depends on the accuracy and completeness of companies' own disclosures. Validation checks reduce, but cannot eliminate, collection and reporting errors, and the underlying reported data is not independently audited or assured. Derived metrics depend on the quality of their underlying inputs, so an error or restatement in an input can move a derived metric without any change in the company's own conduct.

For PLUS and the Exposure Flags, media and NGO coverage is uneven across companies, sectors, languages and regions, so a company that is less well covered by the monitored sources will generate fewer signals than a comparable company elsewhere. Automated sentiment classification is also subject to error.

Data collection and processing also rely on IT systems and automated tools, which can introduce systematic rather than random errors. Processes such as automated extraction of data from company reports (AI Prefill) or classification of news data may be less reliable for some formats of disclosure, or for some languages, for example.

[Regulation (EU) 2024/3005 Annex III 1(m) / Commission Delegated Regulation (EU) 2026/871 Art. 5(a)]

3.2 Completeness and timeliness

Principle Scores are weighted averages of the metrics a company reports, so a Principle Score depends on which metrics a company discloses. The minimum-disclosure thresholds (at least three metrics per Principle, and all four Pillar Scores for a Total Score) set a floor, but above that floor the amount of reporting underlying a score varies between companies and is not visible in the Score itself. The absence of a Total Score indicates a disclosure gap rather than a risk assessment.

Because most companies report annually while scores are updated daily, reported data is treated as valid for up to two years, so a score may reflect information disclosed up to two years earlier and may not capture developments since the last disclosure. In historical calculations, a lag of 92 days is applied to the reporting-period end date so that historical scores reflect the information available to the market at each point in time.

[Regulation (EU) 2024/3005 Annex III 1(m) / Commission Delegated Regulation (EU) 2026/871 Art. 5(b)]

3.3 Methodological limitations

The Score expresses performance relative to the scoring universe, not in absolute terms. A company's score can change with no change in its own data, a company can improve and still see its score fall if peers improve faster, and the Score does not indicate whether the universe as a whole performs adequately.

The Score reflects a normative, principle-based view built on the UN Global Compact framework; a different normative framework would produce different scores. It measures disclosed adherence to the Principles rather

than providing a verified account of conduct, and the absence of a reported issue is not evidence that no issue exists. Kernel density estimation and the treatment of skewed and bounded metrics are modelling choices that stabilise scores but can differ slightly from raw percentile ranks.

For PLUS, news-based corrections rest on modelling assumptions about sentiment, source value and signal decay, and are capped asymmetrically at –30 and +10 points, so the PLUS Score is not a measure of the magnitude of the events affecting a company and adverse and favourable signals are not weighted equivalently. Exposure Flags depend on a 2% threshold and a three-month persistence rule, which are methodological choices rather than externally defined standards: a different threshold or persistence rule would produce a different set of flags from the same underlying data.

[Regulation (EU) 2024/3005 Annex III 1(m)]

3.4 Limitations on the information available

The Score is produced on an unsolicited basis from public information only. In producing the Score, no non-public information is requested, received or used from rated companies, there is no access to internal management information or to the underlying records from which published figures are derived, and no assurance, verification or on-site inspection is performed. Where a company has not published a data point, it cannot be established whether it is unmeasured, considered immaterial by the company or withheld, and the Score does not distinguish between these cases. For a normative assessment this limit is material: non-disclosure of an adverse matter cannot be distinguished from the absence of that matter.

Engagement with rated companies is limited to factual error correction and does not provide explanatory or forward-looking information. Timeliness depends on each company's publication schedule. For PLUS, information is limited to the media and NGO sources monitored, so the absence of a news signal is not evidence that no event occurred.

[Regulation (EU) 2024/3005 Annex III 1(q) / Commission Delegated Regulation (EU) 2026/871 Art. 5(a) and (b)]

3.5 Treatment of missing data

Missing data is not estimated. Provided the minimum-disclosure thresholds are met, adherence is assessed on the metrics a company discloses: missing values are ignored in the weighted averages underlying the Principle Scores, and metrics that do not apply to a company are not counted against it, so industry-specific metrics can be used without penalising companies to which they do not apply.

For a defined subset of metrics, set per metric in the metric metadata, a missing value is treated as a reported value of zero. Because filling a value adds the company to the scoring universe for that metric, this also affects the scores of the other companies scored on it. For all other metrics, a company that does not disclose is excluded from the universe for that metric and receives no score for it.

[Regulation (EU) 2024/3005 Annex III 1(m) and 1(q) / Commission Delegated Regulation (EU) 2026/871 Art. 5(c)]

4. Organisational Disclosures

The following organisational disclosures are required by Annex III, point 1(d), (l) and (n) of Regulation (EU) 2024/3005 and are published together with this methodology in the same dedicated section of the Ethifinance website. Where permitted, they are provided by reference to dedicated policies.

4.1 Ownership structure

The Ethifinance Group ownership structure can be found at <https://www.ethifinance.com/regulatory-esg/>. Ethifinance Sustainability SAS acts as the service provider, while Ethifinance SAS acts as the distributor of the services.

[Regulation (EU) 2024/3005 Annex III 1(d) / Commission Delegated Regulation (EU) 2026/871 Art. 6(1)(a)]

4.2 Fees and business model

Information on the criteria used by Ethifinance to establish fees for ESG rating services, including the elements taken into account, the applicable business and payment models, and the principles ensuring that such fees are fair, reasonable, transparent and non-discriminatory, is set out in Ethifinance's Pricing Policy. The Pricing Policy also provides an overview of Ethifinance business model(s), including the nature of the remuneration structure applied, as well as the treatment of services other than ESG rating activities, where relevant. Ethifinance Pricing Policy can be found here <https://www.ethifinance.com/regulatory-esg/>

[Regulation (EU) 2024/3005 Annex III 1(l) / Commission Delegated Regulation (EU) 2026/871 Art. 6(2)(a)–(d)]

4.3 Conflicts of interest

Ethifinance has a comprehensive framework, set out in its Conflict of Interest Policy, to identify, prevent and manage conflicts of interest, ensuring the independence, integrity and objectivity of all activities in accordance with Regulation (EU) 2024/3005 and its delegated regulations. The policy can be found at <https://www.ethifinance.com/regulatory-esg/>.

[Regulation (EU) 2024/3005 Annex III 1(n) / Commission Delegated Regulation (EU) 2026/871 Art. 6(3)]

4.4 Record-keeping and complaints handling

Ethifinance Sustainability SAS maintains comprehensive records relating to its ESG rating activities in accordance with applicable regulatory requirements and its internal Record-Keeping Policy. Such records include, inter alia, the information forming the basis of ESG rating decisions, such as issuer information (whether publicly available or non-public, provided directly by the issuer), internal analyses, working papers, and relevant internal and external communications, as well as documentation evidencing governance and decision-making processes, including approval committee minutes. Ethifinance also maintains records of the procedures and measures implemented to ensure compliance with the applicable regulatory framework. All records are retained and stored in accordance with regulatory requirements and Ethifinance's internal policies.

Ethifinance has established a formal complaint handling mechanism applicable to all rated entities and users of ESG ratings, in accordance with Regulation (EU) 2024/3005 and the ESMA Regulatory Technical Standards on complaint handling. Under the Feedback and Complaint Handling mechanism, users of ESG scores, rated items

and issuers of rated items may submit complaints regarding the sources of data used, including alleged factual errors or inaccuracies. Complaints must be submitted through the dedicated Ethifinance form. The Ethifinance Feedback and Complaint Handling Policy and form can be found at <https://www.ethifinance.com/complaints/>.

Document Revision History

Document version	Document code	Approval date	Approved by	Summary of changes
V1.0	EFS_1100	13/10/2026	Methodology Committee	Initial version developed to ensure compliance with Regulation (EU) 2024/3005 Annex III and the related Delegated Act. Based on ESG Book Risk Score Methodology (ERSCP-110, latest approval date: March 2026).

[Regulation (EU) 2024/3005 Annex III 1(a) / Commission Delegated Regulation (EU) 2026/871 Art. 4(1)(g)]

Disclaimer

Disclaimer © 2026 EthiFinance Sustainability - All rights reserved.

This methodology document (hereinafter the "Document") was produced and delivered by EthiFinance Sustainability SAS (EFS). EthiFinance Sustainability SAS (hereinafter "EFS") acts as the service provider, while EthiFinance SAS acts as the distributor of the services. EthiFinance Sustainability SAS is a wholly owned subsidiary of EthiFinance SAS. The EthiFinance Group ownership structure can be found at <https://www.ethifinance.com/regulatory-esg/>

EthiFinance SAS is and shall remain the exclusive owner (or, where applicable, co-owner together with its licensors and suppliers) of all intellectual property rights and related proprietary rights, including but not limited to copyrights, database rights, trademarks, trade secrets, know-how, and any other associated rights, in and to the Platform, and all elements thereof, including its structure, organisation, design, layout, and underlying software. EFS is and shall remain the exclusive owner of all intellectual property rights and related proprietary rights in and to the content made available within the Report, including, without limitation, all data, databases, information, analyses, outputs, models, methodologies, algorithms, formulas, and related documentation (together, the "EFS Content"); and, except as expressly provided, nothing herein or in the use of the Platform shall be construed as granting, whether by implication, estoppel, or otherwise, any licence, right, title, or interest in or to any such intellectual property rights, and any unauthorised use, reproduction, distribution, extraction, reutilisation, disclosure, or modification of the Platform or the EFS Content is strictly prohibited. This document is made publicly available in accordance with Annex III of Regulation (EU) 2024/3005 and sets out the minimum disclosure requirements applicable to ESG rating methodologies. It is intended for investors, rated entities and other stakeholders seeking transparency on EFS' methodological framework and processes; it does not contain ESG ratings, assessments or analytical conclusions, and should not be interpreted as such.

This Document does not constitute "investment advice" within the meaning of Article 4(1)(4) of Directive 2014/65/EU (MiFID II), nor an "investment recommendation" within the meaning of Article 3(1)(35) of Regulation (EU) No 596/2014 (Market Abuse Regulation), nor, more generally, any recommendation, offer, or solicitation to buy, subscribe to, sell, or hold any financial instrument.

The methodologies, criteria, and processes described in this Document may be updated, refined, or amended over time, in particular to reflect regulatory developments, internal methodological changes, or improvements in data collection practices. Users shall ensure that they rely on the most recent version of the Document.

The information is provided "as is", and EthiFinance and its data providers shall not be held liable for any direct or indirect loss or damage arising from the unauthorised use of this Document or its contents.

EFS, any entity of EthiFinance Group, including its directors, employees, agents, representatives, and suppliers, disclaims all express or implied warranties, including, without limitation, accuracy, completeness, timeliness, or fitness for a particular purpose.

Any disclosure of this Document shall retain its integrity and include appropriate attribution to EthiFinance, including the date of issuance. No modification, selection, alteration, or partial use shall be made without prior written authorisation.

Contact: contact.efs@ethifinance.com

Contact us



➤ www.ethifinance.com
➤ contact@ethifinance.com

- | | |
|---------|---|
| France | 📍 153 Boulevard Haussmann, 75008 PARIS |
| Germany | ☎ +49 511 999987-0
📍 Hohenzollernstraße 26, 30161 HANNOVER |
| Spain | ☎ +34 914 31 82 42
📍 Calle Velázquez nº18 - 3ºDcha, 28001 MADRID |