SDG RESEARCH METHODOLOGY

EthiFinance Sustainability (EFS)

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Content

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 ESG rating activities. It fulfils the requirement for ESG rating providers to make publicly available their methodologies, models and key rating assumptions.

This document outlines the methodology for SDG Research Methodology, provided by EthiFinance Sustainability (hereinafter "EFS") to companies and institutions seeking an evaluation of their sustainability perform.

This document is updated and approved by EFS's Methodology committee on an annual basis.

1. Rating product disclosures

1.1 Rating objective and materiality

1.1.1 Description of risks and impacts covered in the SDG research

The SDG research assesses both sustainability-related risks and impacts associated with a company's activities.

The SDG research methodology evaluates sustainability-related risks through the analysis of a company's products, services and operational practices against the Sustainable Development Goals (SDGs). Covered risks include the potential negative contribution of business activities to one or more SDGs, exposure to activities considered harmful from an environmental or social perspective, and weaknesses in the company's management of material sustainability issues. Operational risks are also assessed through ESG indicators linked to each SDG, such as health and safety performance, labour practices, diversity and inclusion, environmental management, or business ethics.

These risks are assessed through two complementary dimensions: the Products and Services assessment, which evaluates whether the company's activities contribute positively, negatively or neutrally to the SDGs, and the Operational Practices assessment, which evaluates how effectively the company manages the ESG issues most relevant to each SDG. The significance of these risks varies depending on the company's sector, business model and sustainability profile.
Annex III 1(f) / Art. 3(1)(a)

The SDG research evaluates sustainability-related impacts through the analysis of a company's contribution to the achievement of the first 16 Sustainable Development Goals. Covered impacts include both positive and negative contributions arising from the company's products, services and operations.

Positive impacts are assessed through the Products and Services dimension, which analyses the share of revenues generated from activities contributing to one or more SDGs. Negative impacts may arise where products, services or activities are considered detrimental to sustainable development objectives, or where operational ESG performance is insufficient with respect to the issues covered by a given SDG. Operational impacts are assessed through a dedicated set of ESG indicators associated with each SDG, such as workplace accident rates for SDG 3 (Good Health and Well-being), gender equality indicators for SDG 5 (Gender Equality), or environmental performance indicators for climate, resource use or biodiversity-related SDGs.

The assessment therefore provides a balanced view of the company's overall contribution to sustainable development by considering both the positive impacts generated by its business activities and the adverse impacts resulting from its operations or products and services.
Annex III 1(f) / Art. 3(1)(b)

1.1.2 Double materiality in the SDG research methodology

The SDG research applies a sustainability-focused materiality approach, centred on the company's contribution to the first 16 Sustainable Development Goals. This approach considers both the potential positive and negative contributions of the company's products, services and operational practices to sustainable development objectives.

On the financial materiality side, the methodology considers how a company's exposure to activities or practices that are misaligned with sustainable development objectives may affect its sustainability profile, reputation, stakeholder relations and long-term resilience. This includes, for example, exposure to products or services with negative impacts or poor operational performance on indicators linked to specific SDGs.

On the impact materiality side, the methodology assesses the extent to which the company contributes positively or negatively to sustainable development through two complementary dimensions. First, the Products and Services assessment evaluates the share of revenue generated from activities contributing to one or more SDGs, as well as activities that may have a negative contribution. Second, the Operational Practices assessment evaluates ESG indicators associated with specific SDGs, such as occupational health and safety for SDG 3, gender equality for SDG 5, or environmental management indicators for climate, biodiversity and resource-related SDGs.

This materiality approach is operationalised through the mapping of business activities and ESG indicators to the SDGs. Products and services are assessed based on their contribution to SDG-related objectives, while operational practices are evaluated through indicators reflecting how the company manages sustainability issues relevant to each SDG. The assessment may therefore be positive where the company's activities or practices contribute to one or more SDGs, or negative where products, services or operational weaknesses are considered detrimental to sustainable development outcomes.

The resulting analysis ensures that companies are not assessed solely on the basis of their stated SDG commitments, but also on the actual contribution of their business model and operational practices to sustainable development.
Annex III 1(f) / Art. 3(1)(c)

Dimensions of materiality other than those described above are not used in the SDG research.
Annex III 1(f) / Art. 3(1)(d)

1.2 Scope of the SDG research

The SDG research covers the environmental, social and governance dimensions of sustainable development and evaluates the extent to which a company contributes positively or negatively to each SDG through its products, services and operations. The methodology considers a broad range of sustainability issues, including health and well-being, gender equality, decent work, climate action, responsible consumption and production, biodiversity, sustainable communities and governance-related topics.

The SDG Research evaluates two complementary dimensions. The first dimension, Products and Services, assesses how the company's revenue-generating activities contribute to specific SDGs. The second dimension, Operational Practices, evaluates the company's management of sustainability-related issues through ESG indicators relevant to each SDG, such as workplace health and safety indicators, diversity metrics, environmental performance indicators and governance practices.

The SDG Research results in 16 SDG-specific contribution scores, one for each SDG from SDG 1 to SDG 16. Each contribution is expressed both quantitatively, on a scale ranging from –2 (Very Negative) to +2 (Very Positive), and qualitatively using a five-level scale: Very Negative, Negative, Neutral, Positive and Very Positive. In addition, separate assessments are provided for the company's Products and Services Contribution and Operational Contribution, allowing users to understand the drivers behind the overall SDG assessment.

The overall contribution to each SDG is derived from the aggregation of the Products and Services Contribution and the Operational Contribution, ensuring that both the impact of the company's business model and the quality of its operational practices are reflected in the final assessment.
Annex III 1(g) /Art. 3(2)(a) and (b)

1.3 Weightings and topics within the SDG research

The SDG research combines two complementary dimensions to assess a company's contribution to each Sustainable Development Goal. For each SDG, EthiFinance has identified a set of activities that may contribute positively or negatively to the achievement of the goal, together with a selection of operational ESG indicators used to assess the company's management of the underlying sustainability issue.

SDG 5 – Gender Equality and SDG 17 – Partnerships for the Goals are not included in the Products and Services Contribution assessment. No sufficiently specific private-sector revenue-generating activities could be identified that would allow for a reliable and comparable assessment of contribution to these goals through a revenue-based approach. Operational contributions to SDG 5 are however assessed through dedicated gender equality indicators in the Operational Contribution dimension. SDG 17 is excluded from both dimensions of the assessment.
Annex III 1(h)

The SDG research methodology does not establish a direct mapping between the SDGs and the ESRS. Although certain topics may overlap, SDG assessments are based on a dedicated framework combining Products & Services Contribution and Operational Contribution, rather than on ESRS disclosure requirements.
Annex III 1(i)

The final SDG Research results are expressed as absolute scores on a scale from -2 to +2, with no direct comparison to peers, geographies or sectors. These scores are derived from two complementary components, both described in Section 2.1.4: the Products and Services Contribution, assessed against absolute thresholds based on revenue share, and the Operational Contribution, which relies on a relative, quintile-based approach within the ESG Rating coverage universe.
Annex III 1(j)

1.4 Consideration of international agreements in the SDG research

The SDG research is designed to ensure alignment with internationally recognised sustainability frameworks, notably the United Nations Sustainable Development Goals. The SDGs constitute the primary reference framework underpinning the assessment and provide a common language for evaluating companies' contributions to sustainable development.

Within the SDG research framework, alignment with the SDGs is reflected through the assessment of:

- The contribution of the company's products and services to specific SDGs;
- The management of sustainability issues through operational ESG practices relevant to each SDG;
- The identification of both positive and negative contributions to sustainable development objectives.

To operationalise this assessment, EthiFinance has developed a dedicated framework combining two complementary dimensions:

- Products and Services Contribution, which evaluates the extent to which the company's activities, products and services contribute positively, negatively or neutrally to each SDG;
- Operational Contribution, which evaluates the company's performance on ESG indicators associated with specific SDGs, such as health and safety, gender equality, climate performance, resource efficiency or business conduct.

The methodology incorporates SDG-specific mappings that associate business activities and operational indicators with the objectives of each SDG. These mappings ensure consistency and comparability across companies and sectors while maintaining alignment with internationally recognised sustainable development priorities.

The SDG research does not perform a direct verification of alignment with the individual targets and indicators established by the United Nations for each SDG. Instead, it assesses the extent to which a company's products, services and operational practices contribute positively or negatively to the achievement of the SDGs based on a predefined assessment framework.

The SDGs are therefore used as the primary analytical framework informing the design of indicators, the classification of activities and the evaluation of company contributions to sustainable development, rather than as a direct measurement of compliance with specific UN targets.
Annex III 1(o) and (p) / Article 3(3)(a) and (b)

2. Basic Methodological disclosures

Annex III 1 (a) / Article 4(1) (a)

2.1 Methodology of the SDG research

2.1.1 Coverage and time horizon of the SDG research

The SDG research applies to **non-financial and financial corporates**, whether **listed or unlisted**, within EthiFinance Sustainability's ESG Ratings coverage universe. It does not apply to sovereign entities, sub-sovereign issuers, structured finance instruments or investment funds, which may be subject to separate methodological frameworks.
Annex III 1 (a) / Article 4(1) (b)

The assessment is based on a comprehensive evaluation of a company's contribution to the first 16 Sustainable Development Goals (SDGs). It considers both the positive and negative impacts generated through the company's products and services, as well as the sustainability performance of its operational practices. The methodology is structured around two complementary analytical dimensions: Products and Services Contribution and Operational Contribution.

The methodology is **applied consistently across all rated entities** and cannot be tailored to the specific preferences or requests of any issuer, investor, client or other external stakeholder. However, it incorporates predefined mechanisms to ensure relevance to the rated entity's profile, including sector-specific double materiality analysis, sectoral indicators and size-related scoring adjustments.

The SDG research is primarily backward-looking. It reflects data from **up to three consecutive reporting years** available at the time of assessment.

Very recent ESG developments that are not yet reflected in published corporate disclosures may therefore only be captured during the next annual update, unless they are identified through the controversy monitoring process.
Annex III 1(a) / Article 4(1)(b) and (c)

2.1.2 Supporting models and key rating assumptions

The SDG research is based on a structured analytical framework combining activity-based assessments, indicator-based evaluations and predefined scoring rules to assess a company's contribution to the Sustainable Development Goals.

The methodology does not rely on black-box quantitative models or automated decision-making systems. Instead, contribution scores are derived through a transparent and rule-based assessment process, supported by clearly defined criteria applied consistently across all companies.

The SDG Research integrates two key analytical components:

- The assessment of Products and Services Contributions, which evaluates how a company's business activities, products and services contribute positively or negatively to the achievement of specific SDGs;
- The assessment of Operational Contributions, which evaluates the company's management of sustainability issues through ESG indicators associated with each SDG.

These components are assessed against the objectives and principles of the United Nations Sustainable Development Goals framework, which provides the foundation for the identification of relevant contribution categories and operational indicators.

Key methodological assumptions include the use of revenue-generating activities as a proxy for a company's positive or negative contribution to sustainable development, the relevance of selected ESG indicators to assess operational contributions to each SDG, and the combination of Products and Services Contributions and Operational Contributions to provide a balanced view of the company's overall contribution to sustainable development.
Annex III 1(a) / Article 4(1)(d)

2.1.3 Measures and procedures to ensure the quality of data used

The SDG research is based on documented and traceable information. The assessment relies primarily **on publicly available sources**, including company reports, sustainability reports, websites, regulatory disclosures, public databases and other verifiable public information.

All data collected is centralised in the EthiFinance platform, with associated sources, comments and time scope. Data collection is performed according to the methodological rules defined for each indicator and subject to several layers of quality control.

Quality checks include **automated controls embedded in the platform**, review by a quality analyst different from the analyst who collected the data, in line with the **four-eyes principle**. These controls are designed to identify missing data, abnormal variations, inconsistencies between years, or potential misinterpretations of source documents.

Where an anomaly is flagged, the analyst **must verify the underlying source**, confirm or amend the data point, and document the review outcome in the relevant comment field. Progression to the next workflow stage is conditional upon the resolution and documentation of all required checks.

The assessment is carried out by or on behalf of EthiFinance, through various internal and external means, under EthiFinance supervision.
Annex III 1(a) / Article 4(1)(e)

2.1.4 Structure of the SDG research

2.1.4.1 Contribution through products and services

This step assesses the impact of a company's products and services on achieving targets associated with the 16 SDGs selected. Some of a company's products and services may be aligned with a given SDG, while other products may have a negative impact and prevent the achievement of the goals.

Negative product contribution

The assessment of negative impacts is realised through the Business Activity Screening product developed by EthiFinance. The Business Activities identifies controversial activities, namely activities that are subject to controversy for moral, social, health, ethical or environmental reasons (e.g. tobacco, alcohol, gambling, fossil fuels or weapons). These activities may involve violations of international human rights or environmental standards.

Negative contributions from products and services are scored on a range from -2 to 0:

Score	Level	Description
0	Neutral	Less than 10% of the company's turnover is linked to Business Activity Screening.
-1	Negative	Between 10% and 20% of the company's turnover is linked to Business Activity Screening.
-2	Very negative	More than 20% of the company's turnover is linked to Business Activity Screening.

Positive product contribution

Positive contribution is assessed based on the share of a company's activities aligned with one or more Sustainable Development Goals (SDGs). Analysts use publicly available documentation to identify the proportion of turnover —or other relevant indicators—that can be linked to specific SDGs.

Identification of contributing activities

For each SDG (with the exception of **SDG 5 – Gender Equality** and **SDG 17 – Partnerships for the Goals**, for which no direct private-sector activities were identified), a list of contributing activities has been established. This list was developed by mapping business activities to the underlying SDG targets and indicators, as defined in the **United Nations 2030 Agenda for Sustainable Development**.

To ensure robustness and consistency, the selection process also drew on widely recognized resources and taxonomies, including:

- **SDG Compass** (GRI, UN Global Compact, WBCSD)
- EU Taxonomy for Sustainable Activities
- OECD sector-specific guidance
- ICMA Green and Social Bond Principles

Turnover allocation and estimation methodology

The share of turnover associated with each activity is obtained primarily from the company's publicly available documentation (e.g., annual reports, sustainability reports, investor presentations). When such information is not disclosed, analysts estimate the proportion based on the best available data, including segment reporting, product descriptions, and other relevant disclosures.

When exact figures are unavailable, the following ranges are applied:

- <10%
- [10%; 25%[
- [25%; 50%[
- [50%; 75%[
- [75%; 90%[
- ≥90%

Turnover is considered the most relevant and comparable indicator for assessing the economic significance of a company's activities. It reflects the actual market value of products and services, ensuring consistency across sectors and companies.

When turnover data is unavailable or not meaningful (e.g., early-stage companies, infrastructure projects, or service-based models), analysts may rely on alternative indicators such as:

- Production volume or capacity (e.g., megawatts for renewable energy projects)
- Investment share or capital expenditure (e.g., for companies in development phases)
- Number of units sold or customers served, when relevant and disclosed

This flexibility ensures that the methodology remains applicable across diverse business models while maintaining a robust and transparent approach.

Aggregation of contributions

When a company has several activities contributing positively to the same SDG, its positive product contribution is calculated as the sum of all contributions. For estimated contributions, the lower bound of the interval is used in the calculation.

Applying the lower bound of the estimation range ensures a conservative and prudent approach, avoiding the risk of overstating a company's positive contribution to the SDGs. This principle aligns with best practices in sustainability assessment, where conservative assumptions are preferred to maintain credibility and prevent greenwashing.

Scoring framework

Positive contributions from products and services are scored on a 0 to 2 scale:

Score	Level	Description
2	Very positive	More than 50% of the company's activities have a positive contribution to the SDG.
1	Positive	Between 10% and 50% of the company's activities have a positive contribution to the SDG.
0.5	Limited	Less than 10% of the company's activities have a positive contribution to the SDG or percentage not clearly identified.
0	Neutral	No identified positive contribution to the SDG.

2.1.4.2 The net product contribution

The net product contribution is calculated per SDG, per company. The net product contribution is calculated by adding positive to negative contributions.

For example, a utility company with 75% of its turnover from wind power and no activities related to controversial fossils fuels has a "Very Positive" contribution (i.e. a score of 2) to the SDG7 "Affordable and Clean Energy". And if another utility company had 55% of its revenues from renewable sources (i.e. a score of 2) and 32% of its turnover from coal-based power generation (i.e. a score of -2, because there is more than 20% of the company's turnover is linked to controversial activities), the company would have had a "Neutral" contribution to the SDG 7 in terms of their products.

This net product contribution is used to assess the company's impact on the SDGs through its products and services. It is therefore scored on a scale of -2 to 2 and differs from the SDG bonus, which is awarded solely on the basis of products and services that contribute positively to the SDGs.

2.1.4.3 Contribution through operational practices

Assessment framework

The assessment of a company's operations evaluates the extent to which its internal practices contribute positively or negatively to the achievement of the SDGs. This evaluation considers:

- Quantitative performance indicators (e.g., carbon emissions intensity, waste generation, absenteeism rate)
- Internal policies and practices

This approach draws inspiration from research-based frameworks such as those developed by the **University of Cambridge Institute for Sustainability Leadership,** which emphasize evidence-based assessment of corporate practices and their alignment with the UN Sustainable Development Goals.

Key Performance Indicators from the ESG Rating database were selected to assess operational contribution to SDGs 3, 4, 5, 6, 7, 8, 12, 13, and 16.

Companies are classified into three business models:

- Services
- Distribution
- Industry

Some indicators are sector-specific, meaning they apply only to one or two business models.

No metrics were selected for SDGs 1, 2, 9, 10, 11, 14, and 15, as:

- No relevant indicators were available in the ESG Rating database
- Company operations have a limited direct impact on these goals

For these SDGs, the contribution assessment relies solely on products and services.

Scoring methodology

Scores are determined using one or more of the following parameters:

- Company's quintile in the published ESG Rating coverage (N-1)
- Thresholds based on international benchmarks (e.g., IEA report "Net Zero by 2050: A Roadmap for the Global Energy Sector")
- The company's ESG Rating score

Quintile-based scoring

For indicators, primarily quantitative performance indicators, the score depends on the company's relative position within the ESG Rating coverage, rather than on the absolute response selected.

These indicators include, for example: absenteeism rate, accident frequency rate, GHG emissions intensity, waste or water intensity.

In these cases, companies are ranked into quintiles, each representing 20 % of the ESG Rating coverage for the previous campaign year (N-1). The contribution score is assigned as follows:

- 1st quintile (top 20 %): +2 points (Very positive)
- 2nd quintile (20–40 %): +1 point (Positive)
- 3rd quintile (40–60 %): 0 point (Neutral)
- 4th quintile (60–80 %): -1 point (Negative)
- 5th quintile (bottom 20 %): -2 points (Very negative)

This quintile-based approach ensures that operational performance is contextualised relative to peers while remaining fully standardised and comparable.

Response-level scoring

For a number of indicators, the score is driven directly by the response level selected in the ESG Rating questionnaire, rather than by a comparative quintile position. These indicators typically assess whether key governance or operational practices are in place, where the presence of such practices is considered materially relevant for SDG contribution. This type of indicator does not rely on quintiles; the response itself determines whether the company receives a positive, neutral or negative contribution, reflecting the presence or absence of fundamental practices.

2.1.4.4 Operational contribution score

For each SDG, the Operational Contribution is assessed using a dedicated set of ESG indicators selected based on their relevance to the sustainability objective covered by the SDG.

Each indicator is assigned a contribution score on a scale ranging from −2 to +2:

- +2: Very Positive
- +1: Positive
- 0: Neutral
- −1: Negative
- −2: Very Negative

For each SDG, the Operational Contribution score is calculated as the weighted average of the contribution scores obtained for the associated indicators. The weightings assigned to each indicator reflect an assessment of indicator relevance, data robustness and sectoral applicability, as determined by the Methodology Committee and subject to annual review.

2.1.5 Final SDG research score

2.1.5.1 Overall contribution to each SDG

For each SDG, the overall contribution is calculated as the average of the two assessment dimensions:

- Products and Services Contribution, reflecting the impact of the company's business activities;
- Operational Contribution, reflecting the impact of the company's internal practices and ESG performance.

Each company therefore receives an overall score for each of the 16 SDGs on a scale ranging from Very Negative (−2) to Very Positive (+2). This dual approach allows users to distinguish whether a company's contribution to a given SDG is primarily driven by its products and services or by its operational practices.

2.1.5.2 SDG revenue contribution and impact on the ESG Rating

In addition to the SDG-specific contribution scores, EthiFinance calculates the proportion of company revenue generated from products and services contributing positively to one or more SDGs. This percentage is determined by aggregating all positive product contributions identified across the SDGs. Where a contribution is estimated within a range, the lower bound of the interval is retained.

The resulting percentage generates a bonus applied to the overall ESG Rating score, according to the following scale:

- **90% or more** of SDG-related revenue: 10-point bonus
- **Between 75% and 90%** of SDG-related revenue: 9-point bonus
- **Between 50% and 75%** of SDG-related revenue: 7.5-point bonus
- **Between 25% and 50%** of SDG-related revenue: 5-point bonus
- **Between 10% and 25%** of SDG-related revenue: 2.5-point bonus
- **Less than 10%** of SDG-related revenue: 1-point bonus
- No positive contribution to the SDGs: overall rating unchanged

The revenue thresholds applied in the bonus scale were determined on the basis of internal analysis of the coverage universe, drawing on the distribution of SDG-related revenue shares observed across sectors and business models. The thresholds reflect a progressive recognition of SDG contribution, consistent with the principle that a higher proportion of SDG-aligned revenue represents a more material contribution to sustainable development outcomes. These thresholds are subject to periodic review by the Methodology Committee.

This bonus affects only the overall ESG Rating score and does not modify the underlying SDG contribution scores or thematic assessments.
Annex III 1(a) / Article 4(1)(f)

2.2 Industry classification

EFS uses its own industry classification system for rated entities. This classification system is based on existing classifications like the Statistical classification of economic activities in the European Community (NACE Rev. 2) and other professionally recognized classification standards.
Annex III 1(b) / Article 4(2)

2.3 Overview of data sources and dialogue process

2.3.1 Data sources

To ensure comprehensive coverage of the SDG research framework, the assessment relies on a structured set of documentary evidence, based primarily on publicly available sources.

EthiFinance collects and analyses a wide range of information, including:

- Company publications (annual reports, sustainability reports, integrated reports, corporate websites);
- Regulatory disclosures (e.g. CSRD/ESRS disclosures, SFDR and EU Taxonomy reporting where applicable);
- Publicly available information on products, services, activities and business segments;
- ESG data collected through the Sustainability – ESG Ratings framework;
- External public databases, international reference frameworks and sector-specific sources supporting the identification of SDG-related activities and sustainability practices.

The assessment is based primarily on publicly available information.

The SDG Research relies on data from the three most recent reporting years available at the time of the assessment. Historical data are not systematically restated and are only updated where necessary to reflect significant changes in scope or data restatements reported by the company.

For solicited ratings, additional non-confidential information provided directly by the company may also be considered in the assessment, subject to appropriate verification and documentation.
Annex III 1(c) / Article 4(3)

2.3.2 Interaction between the analysts and the rated entity

As part of the issuer engagement process, companies are granted access to the ESG Ratings Platform during the pre-notification at least 48 hours before the first notification.

During these phases, the rated entity can review the detailed results underlying its ESG assessment, including the SDG framework. This includes, in particular, the elements related to contributions to the United Nations Sustainable Development Goals (SDGs).

Issuers are provided with visibility on the share of products and services considered to contribute positively to one or more United Nations Sustainable Development Goals (SDGs), as well as on the corresponding bonus applied to the overall ESG Rating.

This enables companies to understand how the positive contribution of their business activities is reflected in the assessment and incorporated into the final ESG Rating.
Annex III 1(c) / Article 4(3)

2.3.3 Process of the SDG research

The assessment process applied to the SDG research is summarised as:

1. **Identification and mapping of potential SDG contributions:** The assessment begins with a preliminary identification of companies that may contribute positively to one or more Sustainable Development Goals. This step relies on sector classifications (e.g. NACE codes), historical assessment data and internal mappings linking economic activities to SDG contribution categories. This initial mapping provides a structured basis for identifying the SDGs to which a company may be exposed through its products and services and for defining the scope of the subsequent analysis.
2. **Data collection and assessment of involvement:** The analyst performs a detailed review of the company's products and services to confirm, refine or reject the potential positive SDG contributions identified during the mapping phase. Positive contribution categories are assessed using the dedicated SDG activity framework and documented together with the supporting sources and rationale used to justify the assessment. Negative product contributions and operational contributions are assessed separately through the BAS and ESG Ratings frameworks respectively.
3. **Quality checks and validation of exposure:** Automated validation controls and an internal quality review performed by a different analyst, in line with the four-eyes principle, are applied to ensure data accuracy, consistency and robustness.
4. **Determination of the SDG bonus:** The positive SDG contribution identified during the assessment is converted into a percentage of revenue generated from products and services contributing positively to one or more SDGs. This percentage is then used to determine the SDG bonus applied to the overall ESG Rating score. The bonus is allocated according to a predefined scale.
5. **Pre-notification:** Prior to publication, all rated entities are granted access to the SDG research results, including the SDG framework and the bonus applied to the overall ESG Rating. During this phase, for non-solicited rated entities, issuers may provide publicly available information to support the correction of factual inaccuracies, subject to verification by EFS analysts. For solicited ratings, issuers may additionally provide non-public information to support the assessment, subject to verification and documentation by EFS analysts.
6. **Publication and notification:** The ESG Ratings results are published on the ESG Ratings Platform. Upon each new publication or update, a notification is sent to the rated entity to inform it that the assessment has been published. All notifications are fully logged to ensure traceability.

Any further objections at this stage must be submitted through the formal Complaint Handling Mechanism described in Section 4.4.2.

Annex III 1(c) / Art. 4(3)

2.4 Use of Scientific evidence and underlying assumptions

The SDG research is based on internationally recognised sustainable development frameworks, academic research and responsible business conduct standards, ensuring the robustness and credibility of the assessment framework.

The primary foundation of the methodology is the United Nations Sustainable Development Goals (SDGs), as defined in the 2030 Agenda for Sustainable Development. The SDGs provide the overarching framework used to assess how companies contribute positively or negatively to sustainable development through their products, services and operations.

The methodology incorporates recognised guidance and standards designed to support the private sector's contribution to sustainable development, including the SDG Compass developed by the Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC) and the World Business Council for Sustainable Development (WBCSD). These frameworks inform the identification of SDG-related business activities and the selection of operational indicators used in the assessment.

In addition, the methodology draws on international sustainability and responsible business conduct standards, including the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the EU Taxonomy Regulation, the Green Bond Principles and Social Bond Principles published by ICMA, and various international conventions and sector-specific frameworks relevant to specific SDGs, such as the WHO Framework Convention on Tobacco Control, the Chemical Weapons Convention and the Convention on Cluster Munitions.

The methodology also incorporates research-based approaches to impact assessment, notably the work of the University of Cambridge Institute for Sustainability Leadership (CISL), which informs the assessment of companies' contributions to sustainable development through both their products and services and their operational practices.

The identification and integration of external references follow a structured review process, whereby EthiFinance periodically analyses developments in sustainable finance regulation, international standards, academic research and market practices to assess their relevance for contribution categories, indicator selection and methodological assumptions.

During the assessment process, analysts rely primarily on publicly available information, including sustainability reports, annual reports, company websites and other public disclosures.

The SDG Research methodology is subject to periodic review by the Methodology Committee to ensure that developments in sustainable development frameworks, responsible business conduct standards and market practices are appropriately integrated over time.
Annex III 1(e) / Art. 4(4)

2.5 Use of AI in the SDG Research

At present, EFS does not use Artificial Intelligence (AI) systems to produce or determine the SDG research. The scoring of indicators, interpretation of data and final rating decisions are carried out exclusively by analysts.

AI technologies may be used on a limited basis to support certain operational tasks, such as data pre-processing, identification of relevant public information, or preliminary structuring of content.

However, any output generated by AI systems is systematically reviewed, validated or rewritten by analysts, and is only used where the underlying sources can be verified. AI outputs are never used as a standalone source of information and do not influence scoring, weighting, materiality assessments or final rating outcomes.

EthiFinance ensures that the use of AI remains strictly limited to efficiency and support functions, under full human supervision. The use of AI technologies is governed by an internal Policy for responsible and ethical use of AI, and any evolution in the use of AI within the SDG research process will be disclosed accordingly.
Annex III 1(k)

3. Limitations

3.1 Reliance on disclosed and self-reported data

The SDG research relies primarily on information disclosed by the rated entity, including annual reports, sustainability reports, regulatory disclosures, corporate websites and other publicly available documents. The assessment is therefore directly dependent on the availability, completeness and quality of such information.

As most sustainability information is self-reported and not systematically verified by third parties, EthiFinance does not independently audit company-level data. However, analysts perform consistency checks and review supporting evidence to identify potential inconsistencies or anomalies.

Where relevant information is not disclosed, the absence of data may affect the assessment of operational contributions or prevent the identification of certain positive product and service contributions. No estimation is used to compensate for missing information.
Annex III 1(m) and (q) / Article 5(a) and (b)

3.2 Heterogeneity and comparability of sustainability disclosures

Sustainability reporting practices vary significantly across companies, sectors and geographies. Information relating to products and services, ESG performance indicators, sustainability targets and operational practices may be disclosed using different methodologies, scopes and levels of detail.

In addition, companies outside the scope of certain sustainability reporting frameworks may provide less comprehensive disclosures. These differences may affect the level of granularity available for the SDG assessment and limit direct comparability across companies.

The SDG research partially mitigates this limitation through the use of standardised assessment criteria, predefined SDG mappings and a common evaluation framework applied consistently across the coverage universe.
Annex III 1(m) and (q) / Article 5(a)

3.3 Limitations related to the assessment of products and services

The identification of SDG-related products and services relies primary on publicly available information describing the company's business activities, revenue streams and product portfolio. In some cases, disclosures may not provide sufficient granularity to determine precisely the share of revenue associated with a specific SDG contribution category.

Where the exact contribution cannot be determined, analysts apply predefined methodological rules and conservative assumptions. However, the assessment remains dependent on the level of detail provided by the company and may therefore not fully capture all positive or negative contributions.
Annex III 1(m) and (q) / Article 5(a) and (c)

3.4 Dependence on selected operational indicators

The assessment of operational contributions is based on a limited number of ESG indicators selected for their relevance to specific SDGs. While these indicators provide a structured and comparable basis for assessment, they do not aim to capture the full spectrum of sustainability impacts relevant to each SDG.

Consequently, operational contribution scores should be interpreted as an indication of performance on selected sustainability dimensions rather than as an exhaustive assessment of a company's contribution to a given SDG.
In particular, for several SDGs (including SDG 1, 2, 9, 10, 11, 14 and 15), no operational contribution indicators have been defined in the current methodology. For these SDGs, the overall contribution score is therefore derived solely from the Products and Services Contribution assessment.
Annex III 1(m) and (q) / Article 5(a)

3.5 Timeliness and updates of information

The SDG Research is based on the most recent information available at the time of assessment. Very recent developments relating to products, services, acquisitions, divestments or sustainability practices may not be fully reflected until the following assessment cycle.

This time lag reflects the dependence on corporate disclosure cycles and may limit the immediate incorporation of recent developments into the assessment.
Annex III 1(m) and (q) / Article 5(b)

3.6 Methodological treatment of missing data

The SDG Research does not systematically estimate missing data. Where information required for the assessment is unavailable, predefined methodological rules are applied depending on the nature of the assessment component.

For Products and Services Contributions, the absence of sufficient evidence may result in a neutral assessment where a positive or negative contribution cannot be substantiated. For Operational Contributions, missing data are addressed according to the scoring rules of the underlying Sustainability – ESG Ratings framework.

This approach ensures consistency, transparency and comparability across the assessment universe while limiting analyst discretion.
Annex III 1(m) and (q) / Article 5(c)

4. Organisational disclosures

4.1 Ownership structure

EthiFinance Sustainability SAS is wholly owned subsidiary of EthiFinance SAS. EthiFinance Group ownership structure can be found here https://www.ethifinance.com/regulatory-esg/

EthiFinance Sustainability SAS acts as the service provider, while EthiFinance SAS acts as the distributor of the services.
Annex III 1(d) / Article 6 (1)(a)

4.2 Fees and business model

Information on the criteria used by EFS 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 EFS's Pricing Policy.

The Pricing Policy also provides an overview of EFS's 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. EFS Pricing Policy can be found here https://www.ethifinance.com/regulatory-esg/
Annex III 1(l) / Article 6 (2)(a-d)

4.3 Conflict of interest

EFS has implemented a comprehensive framework through a 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 on ESG ratings activities and its delegated regulation.

EFS Conflict of Interest Policy can be found here https://www.ethifinance.com/regulatory-esg/
Annex III 1(n) / Article 6(3)

4.4 Additional regulatory provisions

4.4.1 Record-keeping

EFS maintains comprehensive records relating to its SDG Research activities in accordance with applicable regulatory requirements and its internal Record-Keeping Policy.

Such records include, inter alia, the information forming the basis of SDG Research assessments, internal analyses, working papers, and relevant internal and external communications, as well as documentation evidencing governance and decision-making processes, including approval committee minutes.

EFS 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 EFS's internal policies.

4.4.2 Complaint Handling Mechanism

EthiFinance has established a formal complaint handling mechanism applicable to all rated entities and users of EFS's ESG Rating services, including with respect to the SDG Research as an integral component thereof.

Under the Feedback and Complaint Handling mechanism, users, rated items and issuers of rated items may submit complaints regarding:

- Sources of data used, including alleged factual errors or inaccuracies;
- Application of the rating methodology to a specific SDG Research; or
- Whether the SDG Research appropriately reflects the characteristics of the rated item or its issuer.

Complaints must be submitted through the specific form in EthiFinance. EFS Feedback and Complaint Handling Policy and form can be found https://www.ethifinance.com/complaints/

Document Revision History

Document version	Document code	Approval Date	Approved by	Summary of changes
V1.0	400	22 July 2026	Methodology Committee	Initial version developed to provide a detailed description of EFS's SDG Research methodology for clients and users of EFS's ESG Rating services. Based on 2025 EthiFinance SDG Research Methodology

Disclaimer

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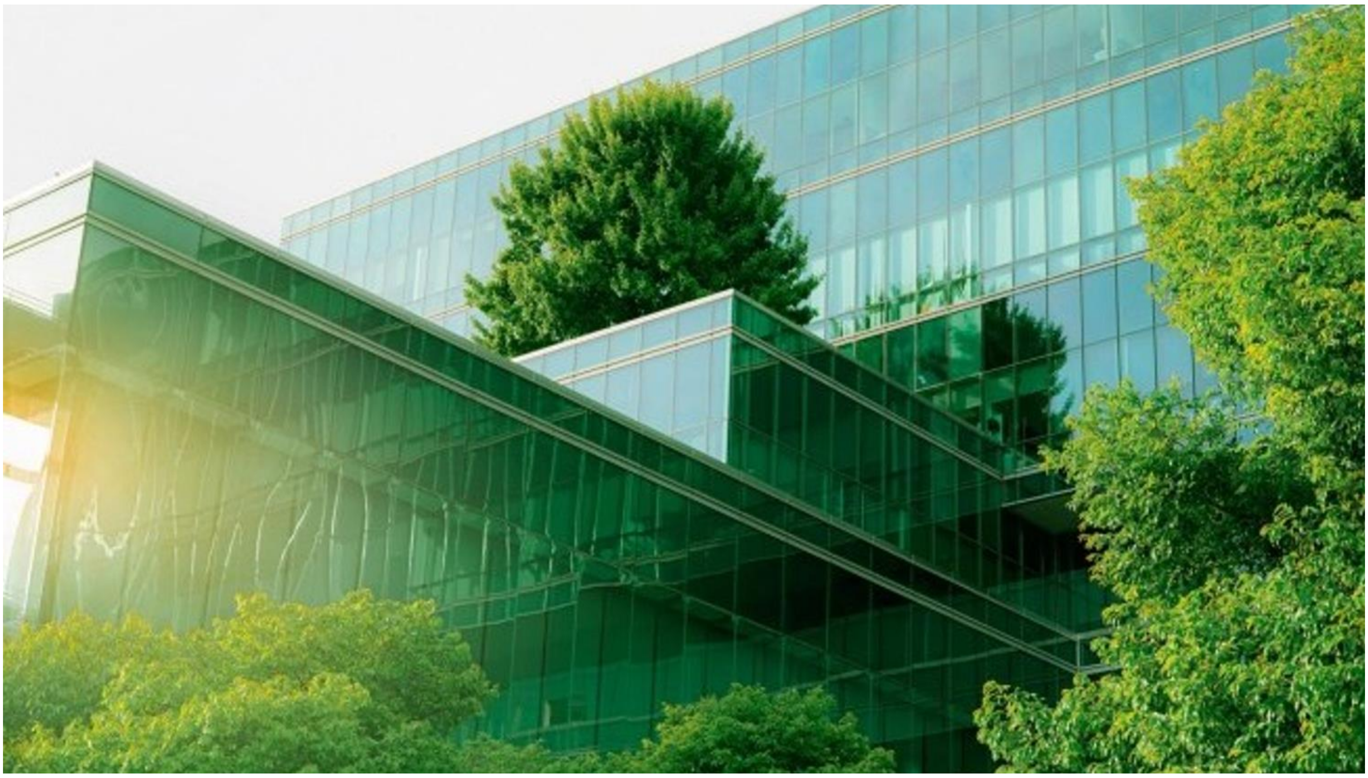

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