

EcoVadis IQ Plus

Methodology disclosure document for the public, rating users and rated items

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1. Rating Product Disclosure

1.1. Objective and approach to materiality

The objective of IQ Plus is to assess a rated company impact on sustainability issues.

IQ Plus is designed as a tool for users to identify which rated companies they should engage in priority on sustainability issues, based on a low-touch, high-volume mapping. The IQ Plus risk assessment is not solicited by rated companies, and the methodology does not require the collection of company-specific information from rated companies.

EcoVadis identifies sustainability issues material for the rated company based on an impact materiality approach (the "inside-out" perspective identifying external impacts that a company's operations, products, and services have on the environment).

However, it does not incorporate financial materiality (the "outside-in" perspective), therefore, the financial risks posed to the company by external ESG factors are not measured.

The specific impacts covered by the assessment are grouped into 4 themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement, which together encompass 21 specific criteria (see section "1.2 Scope" for additional details).

1.2. Scope

IQ Plus is an aggregated rating covering E, S and G topics, which are broken down into four core themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. These four themes cover the following sustainability issues:

- Environment
 - Energy Consumption & Greenhouse Gas Emissions
 - Water
 - Biodiversity
 - Air Pollution
 - Materials & Chemicals & Waste
 - Product Use
 - Product End-of-Life
 - Customer Health & Safety
 - Environmental Services & Advocacy
- Labor & Human Rights
 - Employee Health & Safety
 - Working Conditions
 - Social Dialogue

- Career Management & Training
- Child Labor, Forced Labor & Human Trafficking
- Discrimination & Harassment
- External Stakeholder Human Rights
- Ethics
 - Corruption
 - Anticompetitive Practices
 - Responsible Information Management
- Sustainable Procurement
 - Supplier Environmental Practices
 - Supplier Social Practices

The aforementioned issues do not fully correspond to the topics from the Accounting Directive 2013/34/EU, amended by the Corporate Sustainability Reporting Directive 2022/2464 (“CSRD”) and detailed in the European Sustainability Reporting Standards (“ESRS”). However, they overlap to a degree and allow for comparison.

Although IQ Plus does cover environmental issues, it is not correlated with the percentage of taxonomy alignment under Regulation (EU) 2020/852 (“Taxonomy Regulation”).

IQ Plus provides both a global aggregated score, and granular, disaggregated scores for each of the four themes (see Section 2.3 “Risk factors and scoring” for additional details).

1.3. Ranking system

IQ Plus results are expressed in absolute values.

IQ Plus distinguishes six overall risk levels (1 to 6). The lower the score, the lower the risk associated with a rated company. Overall risk levels are defined as follows:

a) Very Low (1)

This company exhibits a positive sustainability profile. This is attributed to either their operation in very low-risk industries and regions or their operation in low-to-medium-risk areas coupled with high transparency on their management practices (e.g., publicly available policies and certifications). Therefore, immediate prioritization of an EcoVadis Sustainability Rating or further engagement is not deemed necessary at this point.

b) Low (2)

This company is considered to have limited sustainability risks. This status is achieved either because the company operates in low-risk industries and geographies and is of medium strategic importance to the IQ Plus user, or because it operates in medium-low to

medium-high risk industries but demonstrates high transparency on their management practices. Although an EcoVadis Sustainability Rating is recommended to further substantiate these practices, it is not deemed essential for immediate prioritization.

c) Medium Low (3)

This company is assessed as having moderate sustainability risks. This status is achieved either because the company operates in industries and geographies with mild adverse environmental or social impacts and is of medium strategic importance to the IQ Plus user, or because it operates in medium-to-high risk industries but demonstrates high transparency on their management practices. It is recommended to prioritize engagement with this company, including through an EcoVadis Sustainability Rating, to verify and monitor their management maturity in addressing material impacts.

d) Medium High (4)

This company is evaluated as presenting medium-high sustainability risks. This determination is based on the company either operating in sectors or countries with significant adverse environmental and social impacts and being of medium-to-high strategic importance to the IQ Plus user, or operating in high-risk industries and geographies while demonstrating high transparency on their management practices.

Engagement with this company is strongly recommended, including by pursuing an EcoVadis Sustainability Rating, to identify and implement mitigation opportunities.

e) High (5)

This company is assessed as having high sustainability risk. This is typically attributed to either their operation in high-risk industries or geographies while maintaining only low transparency on their management practices. Because companies in this category are typically key trading partners for IQ Plus users, it is critical to prioritize engagement, including through an EcoVadis Sustainability Rating, to manage and mitigate substantial adverse impacts.

f) Very High (6)

This company presents extreme exposure to sustainability risks, typically operating in industries or geographies with known severe environmental and social impacts while lacking transparency through accessible online policies and certifications. Because companies in this category are usually critical trading partners for IQ Plus users, it is essential to prioritize engagement, including through an EcoVadis Sustainability Rating, to ensure visibility into mitigation strategies against the acute impacts identified.

1.4. Coverage of international agreements

The IQ Plus methodology considers certain international agreements.

For instance, International Labour Organization Conventions inspired the general structure of the Labor and Human Rights theme and the coverage of social issues.

Likewise, the Basel Convention, the Stockholm Convention and the Minamata Convention informed the methodology development and coverage of issues in the Environment theme.

However, there is no specific reference to the targets and objectives of the Paris Agreement.

2. Basic Methodological Disclosures

2.1. Methodology overview

The IQ Plus methodology is consistently applied to all eligible entities. The most recent version of the IQ Plus Methodology is V3.0, applicable as of January 2025. A full changelog can be accessed [here](#).

a) Methodology governance principles

To deliver IQ Plus results with the highest levels of quality and integrity, EcoVadis has designed a methodology governance framework ensuring our methodologies adhere to the following core principles:

i) Rigorous

Our methodologies are developed through a rigorous process including research, impact assessment and public consultation of proposed changes to ensure the framework is capable of capturing complex sustainability risks and accurately reflect the rated entity's sustainability performance.

ii) Systematic

We employ a structured, repeatable methodological framework that ensures every entity is evaluated against a consistent set of principles and requirements tailored to their specific context. This systematic approach eliminates ad-hoc subjectivity and ensures that the methodology provides a stable basis for comparison of rated entities.

iii) Independent

The development and approval of our methodologies are governed by an internal function that is structurally and functionally separate from commercial and sales activities. This ensures the design of the rating framework is driven solely by analytical integrity and is insulated from external business pressures.

iv) Capable of justification

The methodology is built upon a clear, evidence-based rationale that dictates the specific weighting and relevance of each sustainability issue. Every component of the framework is documented for traceability, ensuring the underlying theory assumptions are defensible under technical scrutiny.

v) Comparable over time

Our methodology is designed to provide a stable benchmark by maintaining consistent evaluation criteria over time. By ensuring the framework remains steady, we enable rating users to accurately compare year-on-year performance.

vi) Transparent

In alignment with transparency standards set by the EU ESG Rater regulation, we provide comprehensive public disclosures regarding the methodology scope, ranking system, key assumptions and models, data sources and processes, and its inherent limitations.

b) Eligibility for assessment

The methodology allows for assessment of corporate entities. To be eligible for an IQ Plus assessment, an entity must meet two criteria:

- It must have a legal entity name or operate under the direct parent legal entity name. The legal entity name is the name under which a company is legally registered and operates in the country of operation.
- There must be a relevant level of scope of assessment in terms of carbon risks. This may for instance not be the case if the scope includes widely different business activities, making it inadequate for a single rating to provide a consolidated overview of risks the company is confronted to.

The following organizational and operational structures and items are not eligible for assessment: conglomerates (understood as groups offering a variety of divisions that differ in terms of activity), business units or divisions without any legal entity name, product names and commercial brands, and cooperatives.

The legal entity name is the name under which a company is legally registered and operates in the country of operation. EcoVadis acquires this name from a public database or relies on information provided by the users of the Carbon Heatmap.

c) Validity and time horizon

The IQ Plus methodology is primarily backward-looking, as it primarily assesses risk levels based on past performance and historical data. EcoVadis considers data from the following time horizons:

- Industry and Country Risks: data from up to 6 months.
- Scan Risk: data from up to 4 years for certificates and 8 years for policies.
- Procurement Risk: Procurement-related information is based on current data, typically from the current or previous year of the assessment, provided by IQ Plus users.

IQ Plus results are updated twice a year, during the biannual update of source data (see Section 2.5 “Data sources” for additional details), and are therefore always considered valid.

2.2. Methodology assumptions and models

IQ Plus operates under the following assumptions:

a) Industry and geographical location serve as reliable proxies for sustainability impacts

The methodology assumes that a company's specific industrial activity and its geographic location are the strongest drivers of its potential sustainability impacts. As a result, the methodology uses these two factors to calculate an inherent risk level, allowing IQ Plus users to identify hotspots in their supply chain and to engage rated companies on their sustainability management practices.

b) External data provides a sufficient basis for initial risk screening

IQ Plus assumes that high-quality secondary data, such as a country's baseline water stress or an industry's average air emissions, is accurate enough to estimate a company's impact on environmental and social issues.

This allows for the effective prioritization of rated companies without requiring immediate primary data disclosure from the companies themselves.

IQ Plus does not employ any additional supporting models, speculative estimations, or projections.

2.3. Risk factors and scoring

The Overall Risk of a rated companies is based on three risk factors, the Sustainability Risk, the Procurement Risk, and the Scan Risk, which are broken down as follows:

a) Risk factors considered in the IQ Plus methodology

i) Public risk factor: Sustainability Risk

Rated companies are assigned a Sustainability Risk for each of the four themes (Environment, Labor & Human Rights, Ethics and Sustainable Procurement). The Sustainability risk is based on two risk factors, the industry risk and the country risk.

1) Industry Risk (50%)

The Industry Risk calculation process follows four key steps:

- Assessing Potential Impact: For each industry, EcoVadis examines the four main sustainability themes and assigns a weight (High, Medium, or Low) to the underlying sustainability issues (see Section 1.3 “Scope” for more details). This weighting is based on the potential adverse impact each issue could cause.
- Determining the Industry Intensity Factor: While some sustainability issues are common across sectors, the Intensity Factor identifies specific drivers that make an issue more critical in one industry than another. We analyze the unique characteristics of each sector to determine which issues are most "intense" for their operations (e.g., water usage is more intense for a textile mill than for an accounting firm). The intensity factor scale is Low, Medium, High, or Severe.
- Calculating the Initial Theme Risk: This step combines the results from the first two steps to generate a raw Industry risk score. The raw risk score is the product of the sum of the potential impact and the sum of the industry-specific weights (Intensity Factor). This calculation yields the initial theme-level Industry Risk, which is placed on a scale from Very Low to Very High.
- Providing Empirical Performance Refinement: The final stage adjusts the initial theme-level Industry Risk using documented performance data from EcoVadis Sustainability Ratings. EcoVadis calibrates the theoretical risk against actual sustainability performance by benchmarking the specific industry against the EcoVadis global average. This can lead to positive or negative adjustments of the initial risk.
 - Positive Performance Adjustment: If an industry's average performance significantly exceeds the EcoVadis global benchmark, indicating superior management of sustainability impacts, the industry theme risk is decreased by one level (e.g., from Very High to High).

- Negative Performance Adjustment: Conversely, if an industry performs significantly below the global average, reflecting ineffective impact management, the industry theme risk is increased by one level (e.g., from High to Very High).

2) Country Risk (50%)

Each country is assigned a Country Risk for the following three themes: Environment, Labor & Human Rights, and Ethics. The Country Risk is based on international indicators, such as:

- The World Resources Institute's Aqueduct 4.0 Baseline Water Stress
- The Ocean Health Index Scores
- The World Justice Project's Factor 4 on Fundamental Rights
- The United Nations Development Program's Gender Inequality Index
- The World Bank Rule of Law
- etc.

A Country Risk is not provided for the Sustainable Procurement theme. As a result, the Sustainability Risk for the Sustainable Procurement theme is only based on the Industry Risk.

ii) Private risk factor: Procurement Risk (30%)

The user-specific procurement risk factors (like spend amount and rated company criticality), while optional for generating the initial IQ Plus rating, significantly improve the usefulness of the results for users. By integrating this additional layer of data, IQ Plus helps users more effectively prioritize their rated company engagement strategy. This enables them to focus their sustainable procurement initiatives on the most strategically important and impactful rated companies within their supply chain. The Procurement Risk helps shift the focus from a purely inherent sustainability impact perspective to an impact assessment that is contextualized by the user's business relationship with the rated company.

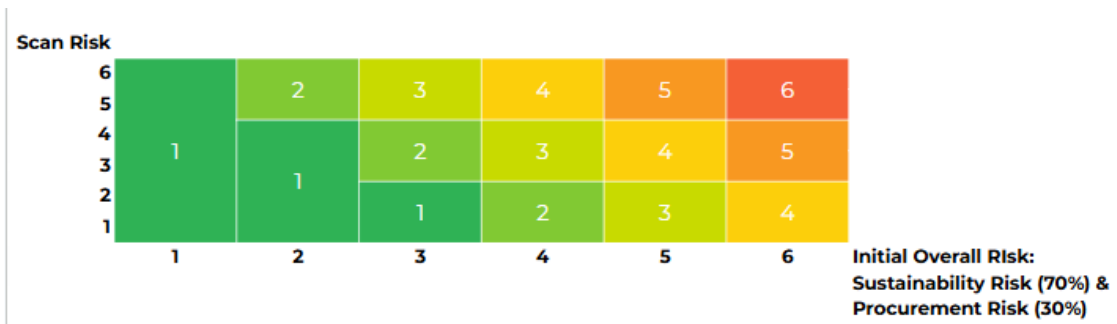
iii) Private risk factor: Scan Risk

The purpose of the Scan Risk is to refine the initial Overall Risk by analyzing the rated company's actual management practices and maturity. This adjustment allows EcoVadis to provide a refined assessment of a company's inherent risk, by analyzing the rated company's publicly available management system documents. EcoVadis performs an AI-based public domain scan ("Doc Scan", see Section 2.11 "Usage of AI-based tools") to collect sustainability-related company policies and certifications. Each collected document is scored based on its type, recency, and the breadth of sustainability issues covered. A Scan Risk is calculated for each of the four themes (Environment, Labor & Human Rights, Ethics and Sustainable Procurement) based on the documents.

The Overall Scan Risk is calculated as the average of the four theme-level Scan risks with a decrease by one level of the overall Scan Risk if a sustainability report is available.

The Overall Risk is adjusted based on the overall Scan Risk. When the Scan Risk is low (Very Low or Low levels), indicating high transparency of a company on its management practices, EcoVadis decreases the initial Overall Risk by two levels, considering the company is actively addressing material issues. The Scan Risk can only lead to a decrease of the Overall Risk level.

Adjustments made to the Overall Risk on the basis of Scan risk results are summarized in the table below:



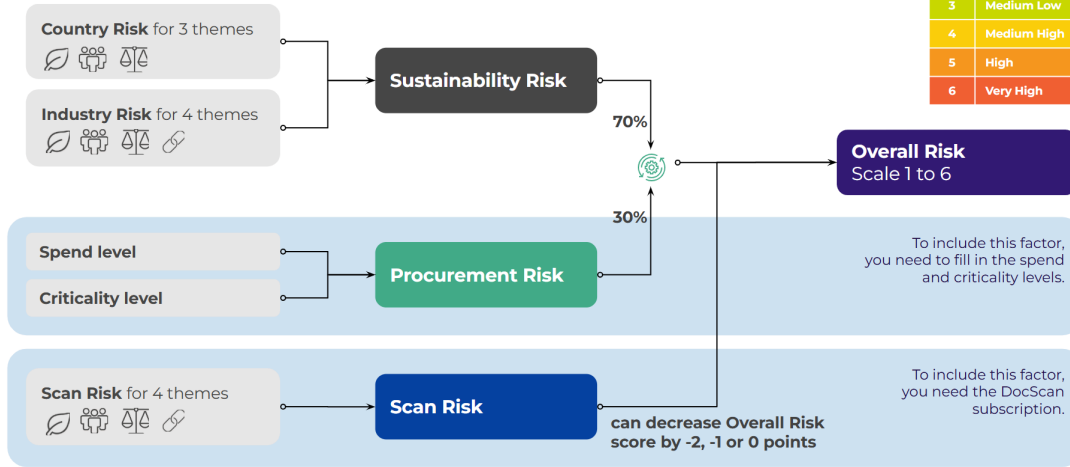
b) Scoring of risks factors

The Overall Risk is based on a weighted average of the Sustainability Risk (70%) and the Procurement Risk (30%), with potential adjustments of the Overall Risk level based on the results of the Scan Risk, as evidenced in the table above.

In case IQ Plus users are not able to share rated-company-specific information allowing EcoVadis to calculate the Procurement Risk, the weight of the Sustainability Risk is adjusted to 100%.

Overall risk calculation

When partner **DOES NOT HAVE** valid EcoVadis Ratings Scorecard

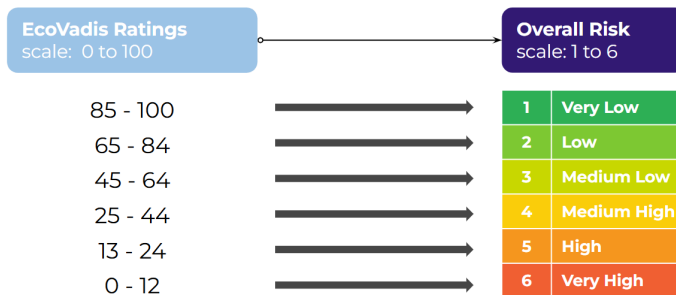


Risk Scale	
1	Very Low
2	Low
3	Medium Low
4	Medium High
5	High
6	Very High

Overall Risk calculation

When partner **HAS** valid EcoVadis Ratings Scorecard

If a **valid** scorecard is available and **shared** for the company, the scorecard result determines the Overall Risk level. The other risk levels are still calculated.



The scoring includes the following formulas for E, S, and G scores:

- E score = (2*Environment Sustainability Risk + Sustainable Procurement Sustainability Risk) / 3
- S score = (2*Labor & Human Rights Sustainability Risk + Sustainable Procurement Sustainability Risk) / 3
- G score = Ethics Sustainability Risk.

2.4. Industry classification

IQ Plus uses the United Nations International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4, as a basis to classify the economic activities of rated companies.

The official full document is available on the United Nations Statistic Division [website](#).

2.5. Data sources

IQ Plus uses different types of data sources depending on the risk factor.

a) Data used by EcoVadis to define the Sustainability Risk

EcoVadis defines Industry and Country Risk by leveraging a selection of publicly available data sources. These sources include, but are not limited to:

- Ocean Health Index
- Aqueduct Water Risk Atlas
- Human Development Index
- World Press Freedom Index
- World Justice Project
- Corruption Perception Index

In addition to this public data, EcoVadis integrates its own proprietary data, which reflects actual performance metrics derived from EcoVadis Sustainability Ratings (see Section 2.3 “Risk factors and scoring” for additional details).

b) Data used by EcoVadis to define the Procurement Risk

EcoVadis uses data supplied by IQ Plus users to determine the Procurement Risk. Users can provide their own non-public data related to rated company spend and criticality. This user-provided information allows EcoVadis to contextualize the Overall Risk results by factoring in the rated-company's strategic importance to the user.

c) Data used by EcoVadis to define the Scan Risk

EcoVadis uses publicly available company sustainability-related policies and certifications to determine the Scan Risk.

Sustainability statements required under Directive 2013/34/EU (“Accounting Directive”) or information disclosed under Regulation (EU) 2019/2088 (“Sustainable Finance Disclosure Regulation”) can be taken into account if identified in the public domain.

2.6. Data processes

IQ Plus uses a streamlined data process occurring in a secure and organised digital platform provided by EcoVadis. The process includes:

a) Data collection

Rated entity data is collected from the IQ Plus user, and no primary data is collected by engaging rated companies themselves. Users upload the list of entities to rate to the EcoVadis

platform, including the rated-company's industry (based on the ISIC classification, see Section 2.4 “Industry classification” for additional details) and its country of operation. Optionally, users can provide their own data regarding spend amount or rated company criticality to provide input for the Procurement risk factor (see Section 2.3 “Risk factors and scoring” for additional details).

b) Data processing

The data collected from IQ Plus users enables EcoVadis to match the rated company to a given industry and country. An Overall Risk level, as well as the underlying Industry Risk, Country Risk, Sustainability Risk, Procurement Risk (if applicable) and Scan Risk (if applicable), are then automatically assigned to the rated company based on an established scoring methodology (see Section “2.3 Risk factors and scoring” for additional details).

c) Data output

The Overall Risk level is expressed on a scale from 1 (Very Low) to 6 (Very High). The Overall Risk serves as the primary metric for prioritization of rated company engagement.

In addition to the Overall Risk, IQ Plus displays a granular breakdown of the underlying risk factors, including the following:

- Theme-level Sustainability Risk, broken down into theme-level Industry Risk and Country Risk
- Procurement Risk (if applicable) including spend or criticality
- Theme- level Scan Risk

d) Data storage & historical data updates and revision

Data from IQ Plus users regarding rated companies is stored in the system for traceability. Users have the ability to edit their input, such as the rated company's industry or country of operation, which will prompt an automatic recalculation of the risk level.

Apart from user edits, changes to the IQ Plus risk levels occur only after updates of the quantitative indicators that underpin the risk factors. The datasets currently in use incorporate the most recent data source update, implemented in January 2026.

2.7. Data quality

To secure the quality of IQ Plus results, EcoVadis implements the following data quality control mechanisms:

a. Selection of authoritative data sources

To ensure the rigor and relevance of our risk calculations, EcoVadis only utilizes external datasets that adhere to stringent criteria. These criteria guarantee the data is based on authoritative, up-to-date consensus and maintains high scientific rigor and global coverage.

b. Input standardization (ISIC & ISO Codes)

To ensure a standardized and rigorous risk assessment, the methodology mandates the use of specific classification systems for input data. All rated company profiles are mapped against the ISIC classification for industries (refer to Section 1.4 "Industry classification" for further details) and ISO codes for countries. This strict adherence to standardized codes prevents ambiguity and misclassification errors, which are essential to avoid distortions in the final risk assessment.

c. Validation of rated company profile data

To ensure the risk model accurately determines a rated company's risk level, all newly added companies to the network are manually verified. This process validates the coherence of their assigned industry and country categorization against the correct industry and country-specific data used by the model.

d. Traceable and standardized calculation

IQ Plus employs a deterministic computation model with standardized calculation rules. This approach guarantees full traceability and consistency of results throughout the entire database, effectively bypassing the unpredictability associated with "black box" prediction methods.

Data on rated companies collected for the IQ Plus, primarily focused on a rated-company's industry and country of operation, is not subject to systematic assurance engagement.

2.8. Monitoring availability of new information in between assessments

IQ Plus does not involve screening for additional data between assessments.

2.9. Engagement with rated companies

IQ Plus is an unsolicited rating, meaning EcoVadis does not inform rated companies that they are being assessed. The rating process does not involve any off-site or on-site engagement with the rated companies. The "Doc Scan" step involves collecting management system documents from the rated company that are available in the public domain.

2.10. Scientific basis

The data and analysis underpinning both Industry Risk and Country Risk are derived from reviewed external sources, such as reports from NGOs and publications or indexes from international organizations.

2.11. Usage of AI-based tools

IQ Plus uses an AI technology called “Doc Scan” to collect company documentation from the public domain for the calculation of the Scan Risk (see Section 2.3 “Risk factors and scoring” for additional details).

The Doc Scan system scrapes rated company websites to retrieve relevant documentation. Utilizing a machine learning model, Doc Scan analyzes the content to classify the document type (e.g., ISO 14001 or Code of Conduct) and extract key data attributes, such as expiration dates, to verify validity. Finally, these processed documents are integrated directly into IQ to be used for the Scan Risk calculation.

3. Limitations in data sources, methodologies and information

3.1. Methodology limitations

The IQ Plus methodology includes the following limitations:

a. Exclusion of financial materiality

IQ Plus does not incorporate financial materiality dimensions. In consequence, it cannot be used to assess the influence of ESG factors on a rated company's financial performance.

b. Reliance on inherent risk proxies

IQ Plus utilizes industry and country-level proxies which, while providing a standardized baseline, are not designed to capture company-specific nuances. Because the model relies on statistical averages rather than primary company disclosures, it is not designed to distinguish the actual performance of companies within the same industry and region.

IQ Plus is intended primarily as a screening tool for managing risks across an entire portfolio. The deliberate exclusion of company-specific data from its methodology is addressed by the fact that the EcoVadis product suite offers other tools to assess a company's specific management of material sustainability issues. Rated companies flagged as high-risk by IQ Plus are subsequently recommended for the EcoVadis Sustainability Rating. This two-step process ensures that initial risk estimations, based on industry and country proxies, are ultimately validated and refined through an evidence-based assessment of the rated-company's actual management maturity.

3.2. Data source limitations

Data sources leveraged for IQ Plus include the following limitations:

a) Availability and consistency of data used

Constructing granular benchmarks across more than 250 industries and 240 countries requires extensive data, leading to gaps in niche sectors.

Furthermore, the methodology utilizes aggregated data from the EcoVadis Network, resulting in benchmarks that are inherently skewed toward the performance of companies already participating in sustainability reporting.

Finally, the consolidation of global datasets entails an inherent time lag between the publication of raw statistics and their integration into the risk methodology.

b) Doc Scan accuracy and coverage

Doc Scan requires a constant trade-off between accuracy (correct classification and extraction) and coverage (retrieving all publicly available documents). This is particularly challenging for policy documents, which are often unstructured and non-standardized. This complexity can occasionally lead the AI to incorrectly accept a document. Similarly, date extraction for policies is difficult, as dates often appear in multiple locations throughout the text. Finally, because smaller rated companies may lack a website or choose not to share documents publicly, we have decided that the overall Risk score will not be impacted by the Scan Risk when no documents are found.

c) Use of assumptions, proxy reference points, data estimation, preestablished statistical or algorithmic systems or models

IQ Plus does not use any score projections, statistical models, algorithmic systems or any other means of estimating the final score.

3.3 Means of addressing limitations in data sources

To address limitations in data sources for IQ Plus, EcoVadis implements a number of measures and processes aimed at reducing related risks to a minimum. These include:

a) Scientifically rooted proxy hierarchy

To address potential gaps in global data coverage, the methodology employs a strictly defined hierarchy of reliability. Missing primary data points are substituted in the country risk calculation with the next most statistically correlated proxy (e.g., average of baseline water

stress in neighboring countries), ensuring that risk calculations remain grounded in the best available scientific evidence rather than default assumptions.

b) Manual verification of rated company profiles

Since the IQ Plus methodology relies on industry and country proxies, the accuracy of the rated company's profile is paramount. EcoVadis mitigates the risk of misclassification through a human verification process for new rated companies. Analysts validate key profile attributes, specifically Industry (ISIC) and Country (ISO) codes, to ensure the risk model applies the correct proxies to the company's actual business activities.

4. Methodology revision

The revision of the methodology of the IQ Plus follows the steps outlined in the Methodology Review Procedure.

Methodological development and application are independent of all political, economic, or other external influences, and led by a dedicated methodology team, which handles prioritization of methodology developments, research and execution. The methodology team is separate from commercial functions, is managed by the Head of Methodology and reports to the Chief Ratings Officer.

a) Methodology Review Process steps

The methodology review process is structured in five phases. The five phases are mandatory for all material changes, but can still be considered, where relevant, for minor updates.

- i) **Initiation & Proposal**
The methodology owner within the methodology team identifies the need for a review. The need for a review is approved by the Head of Methodology. Once approved, the methodology owner drafts a detailed review proposal, including rationale, research findings and the proposed specific changes.
- ii) **Internal Pre-validation of Proposal**
The proposal is reviewed and discussed with the project's steering committee to ensure rigor, consistency, and alignment with market and regulatory needs. The steering committee is composed of relevant methodology team members and may involve representatives of other departments if necessary. The project manager integrates feedback from the steering committee to adjust the proposal accordingly.
- iii) **Impact Assessment (if impact is deemed material)**

A quantitative assessment of the potential impact on existing ratings is performed.

- iv) **Public Consultation (if impact is deemed material)**
A formal public consultation in line with the pre-established process is conducted.
- v) **Approval & Implementation**
The final proposed reviewed methodology is approved by the Head of Methodology for low to medium impact changes, and by the Chief Rating Officer for high-impact changes, and officially implemented. Low to medium impact changes are communicated to rating users and rated entities in the quarterly methodology change communication. High-Impact changes are communicated in the quarterly methodology change communication and to the public.

All methodology core principles are subject to a mandatory internal review at least once per calendar year. This review is designed to proactively identify areas for improvement, ensure continued relevance, and confirm data source integrity. Methodology reviews are communicated to rating users and rated entities via our quarterly methodology change communication, which are released in January, April, July and October.

b) Initiation of methodology review process:

A methodology review process may be initiated upon the occurrence of any of the following conditions:

- i) **Regulatory Changes**
Introduction of new or amended international or national regulations that directly impact the definition, measurement, or disclosure of ESG data.
- ii) **Market or Industry Evolution**
Significant changes in market practices, technological advances, or the emergence of new, globally accepted sustainability reporting or due diligence standards.
- iii) **Performance Monitoring**
Results from internal validation and quality control processes, and feedback received from rating analysts indicating an opportunity to enhance the methodology's rigor, robustness, or consistency.
- iv) **Data Availability**
The emergence of superior or more comprehensive data sources, or the discontinuation of existing key data inputs, requiring substitution.
- v) **Stakeholder Feedback**
Formal, substantiated feedback received from rating users, rated entities, civil society, academia or regulators, indicating a significant deficiency or lack of clarity

- in the current methodology.
- vi) Annual Review
Conclusions and recommendations arising from the mandatory annual review cycle.

c) Public consultation on material methodology changes

Whenever a proposed methodology change is classified as material, a mandatory public consultation process is performed. It includes the following five steps:

- i) Notification
A public notice is issued via the EcoVadis' official website and direct email to users of ratings, rated entities, and any other relevant stakeholders, clearly outlining the proposed changes and rationale.
- ii) Consultation period
A minimum consultation period of 30 calendar days is allocated for stakeholders to provide feedback.
- iii) Submission mechanism
Stakeholders must submit formal feedback via a standardized response form.
- iv) Review and summary
The methodology team reviews all received feedback. A summary of the key comments, along with the EcoVadis' response to how that feedback was considered (or why it was not adopted), is documented.
- v) Disclosure
The final consultation summary is made publicly available on EcoVadis' website and platform.

d) Quantitative impact assessment of material methodology changes

Prior to the final approval of material methodology changes, EcoVadis conducts a rigorous quantitative impact assessment to understand the effects on existing rating or risk assessment outcomes.

Firstly, the proposed reviewed methodology is applied to a representative sample of rated or screened entities. Results of the impact assessment are compared with results obtained by applying the existing methodology.

Secondly, a data analysis is performed to investigate assessment of two metrics: score volatility and variations (share of companies with a potential score change, average and maximal score change) and company impact (an investigation into the proposed review's effects on specific sizes, industries or countries).

Thirdly, the impact assessment report determines whether the review meets the criteria for a material methodology change and if any transition or communication protocols are required to mitigate potential market disruption due to foreseen score or risk assessment level volatility.

Lastly, the complete impact assessment report, including raw data and findings, is documented and presented to the Head of Methodology, or Chief Rating Officer in case of material impacts, for final approval.

e) Conditions for determining material changes to the methodology:

A methodology review is defined as material if it is reasonably expected to result in a significant shift in the final risk classification for a substantial portion of the mapped universe, thus impacting the decision-making of users relying on these risk profiles for prioritization. A change is considered material if it meets any of the following criteria:

- i) Significant scoring formula change
Changes in the weighting scheme assigned to any indicator used in the scoring formula are considered material.
- ii) Expected score volatility
The impact assessment indicates that the review will cause a substantial portion of the mapped universe to shift their final risk classification significantly. A material change is defined as a revision which results in more than 10% of the mapped entities shifting by 2 risk levels or more (on the 1 to 6 scale).

f) Update to a Rating due to a methodology change:

Upon the implementation of a methodology update, the Overall Risk levels for all mapped rated companies are systematically recalculated to align with the revised standards. IQ Plus users are notified in advance, before the update goes live, for them to consider implications for their ongoing programs.

The version number and the date of the last revision of the IQ Plus methodology is communicated publicly on the EcoVadis website and to the IQ Plus users directly by means of quarterly methodology change communication.

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