EcoVadis Carbon Heatmap 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 the Carbon Heatmap is to assess a rated company's carbon risk, based on its current carbon footprint (GHG Intensity Risk) and its capacity to decarbonize its operations over the medium term (Transition Risk). The rating is EcoVadis' own opinion and can differ from the assessments provided by other ESG rating providers.

The Carbon Heatmap is designed as a tool for users to identify which suppliers they should engage in priority on decarbonization action, based on a low-touch, high-volume mapping. The Carbon Heatmap assessment is not solicited by rated companies, and the methodology does not require the collection of company-specific information from rated entities.

To assess a company's carbon emission risk, the Carbon Heatmap methodology considers both impact materiality and financial materiality dimensions: while the GHG Intensity Risk factor considers how a rated company's GHG emissions impact stakeholders ("inside-out perspective"), the Transition Risk considers how external factors impact the rated company ("outside-in perspective").

1.2. Scope

The Carbon Heatmap covers solely issues related to greenhouse gas ("GHG") emissions, a sub-topic within the Environment aspect of ESG. Social and Governance issues are not taken into account. In consequence, the results of the Carbon Rating fall solely within the "E" category which bears full weight in the final score.

The methodology is designed to assess the company's inherent carbon emissions risk, based on two risk factors (see Section 2.3 "Risk factors and scoring" for additional details):

- Carbon impact risk, including:
  - Transition risk, based on the company's industry and country of operations
  - GHG intensity risk, based on the company's industry and country of operations
- Procurement Risk

The way the Carbon Heatmap addresses the aforementioned issue does 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, it overlaps to a degree and allows for comparison.

Although the Carbon Heatmap does cover environmental issues, it is not correlated with the percentage of taxonomy alignment under Regulation (EU) 2020/852 ("Taxonomy Regulation").

1.3. Ranking system

The Carbon Heatmap results are expressed in absolute values.

The Carbon Heatmap distinguishes six carbon emission 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:

i) Very Low (1)

This rated company presents negligible exposure to carbon emission risks, typically operating in low-intensity sectors within regions that have highly decarbonized grids. It is not necessary to prioritize engagement with this company, including through an EcoVadis Carbon Rating.

ii) Low (2)

This rated company presents limited exposure to carbon emission risks, typically operating in efficient sectors or regions with favorable energy mixes. It is recommended, though not indispensable, to prioritize engagement with this company, including through an EcoVadis Carbon Rating.

iii) Medium Low (3)

This rated company presents moderate exposure to carbon emission risks, typically operating in sectors with identifiable operational hotspots or within regions with average grid intensities. It is recommended to prioritize engagement with this company, including through an EcoVadis Carbon Rating, to verify their management maturity.

iv) Medium High (4)

This rated company presents significant exposure to carbon emission risks, typically operating in carbon-intensive sectors or regions facing transition challenges. It is strongly recommended to prioritize engagement with this company, including through an EcoVadis Carbon Rating, to identify mitigation opportunities.

v) High (5)

This rated company presents severe exposure to carbon emission risks, typically operating in heavy industries or regions with high fossil fuel dependence. It is critical to prioritize engagement with this company, including through an EcoVadis Carbon Rating, to manage substantial climate-related liabilities.

vi) Very High (6)

This rated company presents extreme exposure to carbon emission risks, typically operating in the most energy-intensive sectors or regions with critical transition barriers. It is essential to prioritize engagement with this company, including through an EcoVadis Carbon Rating, to ensure visibility on mitigation strategies against the acute risks identified.

1.4. Coverage of international agreements

The Carbon Heatmap methodology aligns with the Paris Agreement objectives. In particular, the methodology integrates national decarbonization commitments into the Country Transition Risk calculation, specifically adjusting transition risk levels based on the ambition and timeline of each country's climate targets.

The Carbon Rating does not collect the percentage of companies' activities that are aligned or not with the EU Taxonomy. However, the EU Taxonomy classification is used to assess the industry transition risk, which is one of the Carbon Heatmap score components (see Section 2.3 "Risk factors and scoring" for additional details).

2. Basic Methodological Disclosures

2.1. Methodology overview

The Carbon Heatmap methodology is consistently applied to all eligible entities. The most recent version of the Carbon Heatmap Methodology is V1.0, applicable as of January 2023. A full changelog can be accessed here.

a) Methodology governance principles

To deliver Carbon Heatmap 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:

vii) 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.

viii) 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.

ix) 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.

x) 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.

xi) 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.

xii) 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 a Carbon Heatmap 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 Carbon Heatmap methodology is primarily based on historical data regarding GHG emissions, captured in the GHG Intensity Risk factor. This risk factor relies on data sources typically published within the last two years, though older datasets may be utilized when recent global statistics are unavailable. Conversely, procurement-related information used for the Procurement Risk factor is based on current data, typically from the current or previous year of the assessment, provided by Carbon Heatmap users.

However, the Carbon Heatmap methodology also includes a forward-looking dimension through the evaluation of transition risks.

The methodology of the Carbon Heatmap allows users to effectively measure medium- to long-term risks, reasonably between 5 to 10 years in the future.

Carbon Heatmap results are updated on an annual basis, during the annual update of source data, and are therefore always considered valid.

2.2. Methodology assumptions and models

The Carbon Heatmap operates under the following assumptions:

a) Industry and geographical location serve as reliable proxies for carbon risk

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

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

The Carbon Heatmap assumes that high-quality secondary data, such as a country's energy grid mix or an industry's average carbon intensity, is accurate enough to estimate a company's exposure to climate transition hurdles. This allows for the effective prioritization of suppliers without requiring immediate primary data disclosure from the companies themselves.
The Carbon Heatmap does not employ any additional supporting models, speculative estimations, or projections.

2.3. Risk factors and scoring

a) Risk factors considered in the Carbon Heatmap methodology

The Carbon Emission Risk of a company is based on two risk factors, the Carbon Impact Risk and the Procurement Risk, which are broken down as follows:

i) Carbon Impact Risk

1) GHG Intensity Risk

This risk factor assesses the intensity of a company's GHG emissions, based on the average GHG emissions of both its industry and country of operation:

- Industry GHG Intensity Risk (75%)
  The Industry GHG Intensity Risk is based on the weighted average of the following two risk factors:
  - Observed Risk (35%) : Each industry is assigned an Observed Risk from 1-6, based on the industry's median Scope 1 and Scope 2 GHG emissions according to emission data collected by EcoVadis.
  - Climate Intensity Factor (65%): Each industry is also assigned a Climate Intensity Factor on a scale from 1-6, based on the industry's ranking across all 220 industries covered by EcoVadis, according to its baseline carbon footprint. This Climate Intensity Factor is based on qualitative research and academic data.
- Country GHG Intensity Risk (25%)
  This factor assesses the carbon footprint of a country's total primary energy supply, encompassing all energy uses (e.g., transport, heating, industry), based on the country's GHG emissions per unit of primary energy consumption. Other factors such as economic carbon intensity (country's GHG emissions per unit of GDP) or electricity grid carbon intensity (GHG emissions per unit of kWh generated) are utilized as a secondary proxies when energy data is unavailable.

2) Transition risk (25%)

This risk factor assesses the likelihood of a company succeeding in decarbonizing its operations, based on the decarbonization likelihood of both its industry and country of operation.

- Industry transition risk (75%)
  The industry transition risk factor is based on a mix of qualitative research and quantitative indicators. Quantitative indicators considered for this risk factor include the industry's inclusion in the list of eligible activities of Regulation (EU) 2020/852 ("Taxonomy Regulation"). This is complemented by qualitative research assessing the industry's ability to successfully address transition risks outlined by the TCFD framework and related to policy and regulations, technology, as well as market and reputation.
- Country transition risk (25%)
  The country transition risk factor is based on qualitative research regarding the ambition of a country's Net Zero commitments, supplemented by quantitative indicators, such as the share of renewable energy consumption out of the total national energy consumption.

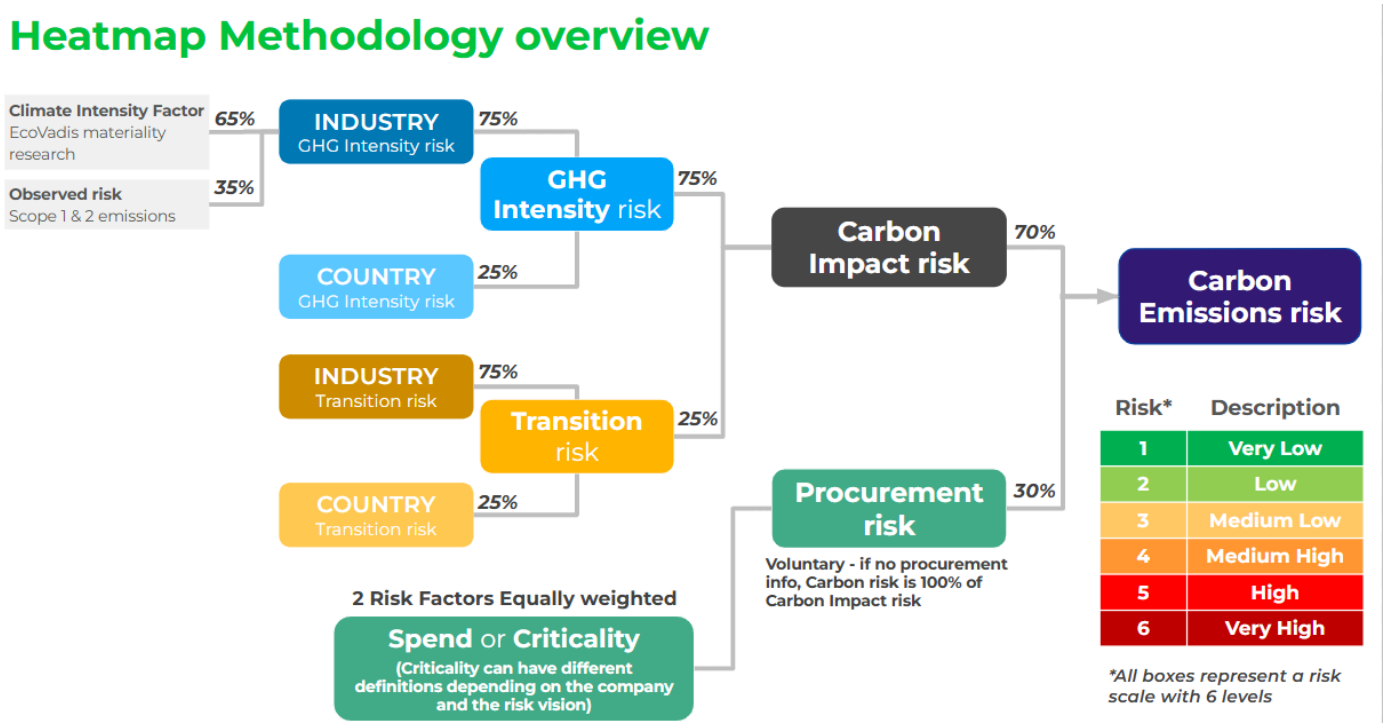
ii) Procurement risk (30%)

The user-specific procurement risk factors, such as spend amount and supplier criticality, while optional for generating the initial Carbon Heatmap rating, significantly improve the usefulness of the results for users. By integrating this additional layer of data, the Carbon Heatmap helps users more effectively prioritize their supplier engagement strategy. This enables them to focus their decarbonization efforts and Scope 3 emissions reduction initiatives on the most strategically important and impactful suppliers within their supply chain. The factors help shift the focus from a purely inherent carbon risk perspective to a risk assessment that is contextualized by the user's business relationship with the supplier.

b) Scoring of risks factors

The Carbon Impact Risk results from the weighted average of the GHG Intensity Risk (75%) and the Transition Risk (25%).

The final Carbon Emissions Risk results from the weighted average of the Carbon Impact Risk (70%) and the Procurement Risk (30%). In case Carbon Heatmap users are not able to share supplier-specific information allowing EcoVadis to calculate the Procurement Risk, the weight of the Carbon Impact Risk is adjusted to 100%.



2.4. Industry classification

The Carbon Heatmap uses the United Nations International Standard Industrial Classification of All Economic Activities (ISIC), Revision 5, 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

The Carbon Heatmap uses different types of data sources depending on the risk factor.

a) Data used by EcoVadis to define the Carbon Impact Risk

EcoVadis defines the GHG Intensity and Transition Risks by leveraging a selection of publicly available data sources. These sources include, but are not limited to:

- IPCC
- Our World in Data
- Climate Watch
- Net Zero Tracker
- International Energy Agency, etc.

In addition to this public data, EcoVadis integrates its own proprietary data, which reflects actual emission metrics derived from EcoVadis Sustainability Ratings and EcoVadis Carbon 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 Carbon Heatmap users to determine the Procurement Risk. Users can provide their own non-public data related to supplier spend and criticality. This user-provided information allows EcoVadis to contextualize the Carbon Emissions Risk results by factoring in the supplier's strategic importance to the user.

Since no company-provided data is used, sustainability statements required under Directive 2013/34/EU (“Accounting Directive”), information disclosed under Regulation (EU) 2019/2088 (“Sustainable Finance Disclosure Regulation”), or transition plans are not taken into account.

2.6. Data processes

The Carbon Heatmap 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 Carbon Heatmap user, and no primary data is collected from rated companies themselves. Users upload the list of entities to rate to the EcoVadis platform, including the supplier'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 supplier 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 Carbon Heatmap users enables EcoVadis to match the rated company to a given industry and country. A risk level is 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 aggregation of individual risk factor scores (see section 2.3 “Risk factors and scoring”) results in a final Carbon Emissions risk level, expressed on a scale from 1 (Very Low) to 6 (Very High), which serves as the primary metric for prioritization of supplier engagement on decarbonization.

In addition to the overall risk level, the Carbon Heatmap displays a granular breakdown of the underlying risk factors, including the following:

- GHG Intensity Risk, including both industry and country level GHG intensity risks
- Transition Risk, including both industry and country level GHG intensity risks
- Procurement Risk, including spend or criticality

d) Data storage & historical data updates and revision

Data from Heatmap 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 Heatmap risk levels occur only after the annual update of quantitative indicators that underpin the risk factors. The datasets currently in use incorporate the most recent data source update, implemented in April 2024.

2.7. Data quality

To secure the quality of Carbon Heatmap 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 supplier 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

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

The data on rated companies collected for the Carbon Heatmap, primarily focused on a supplier's industry and country of operation, is not subject to systematic assurance engagement.

2.8. Monitoring availability of new information in between assessments

The Carbon Heatmap does not involve screening for additional data between assessments.

2.9. Engagement with rated companies

The Carbon Heatmap 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, as it relies primarily on externally-sourced data or data provided by the rating's users.

As the Carbon Heatmap does not take into account company-specific information, no management system documentation or relevant internal documents of the rated company regardless of their public availability are used or requested by EcoVadis for the purpose of the rating.

2.10. Scientific basis

The Carbon Heatmap methodology is based on key climate science concepts.

The methodology assessing a company's GHG Intensity Risk accounts for the full spectrum of greenhouse gases defined by Kyoto Protocol and uses the IPCC Global Warming Potential (GWP) factors, ensuring scientific robustness & comparability.
The accuracy of GHG intensity risk calculations is ensured by supplementing academic research on industry GHG emissions with verified emissions data from tens of thousands of companies within the EcoVadis Network.

The methodology assessing a company's Transition Risk is aligned with the Paris Agreement and integrates national Net Zero commitments compatible with 1.5°C mitigation pathways.

2.11. Usage of AI-based tools

EcoVadis does not leverage machine learning technologies or any other AI-based solutions to produce the Carbon Heatmap.

3. Limitations in data sources, methodologies and information

3.1. Methodology limitations

The Carbon Heatmap methodology includes the following limitations:

a. Exclusion of physical climate risks

TCFD's Climate risk definition encompasses both transition and physical risks. The Carbon Heatmap methodology focuses exclusively on Transition Risk (regulatory, market, and technological shifts) and GHG Intensity. Consequently, it does not assess a supplier's vulnerability to acute or chronic physical climate hazards, such as extreme weather events, changing temperature patterns, or rising sea levels.

b. Reliance on inherent risk proxies

The Carbon Heatmap 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 isn't designed to distinguish the actual performance of companies within the same sector and region.
The Carbon Heatmap 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 carbon management. Suppliers flagged as high-risk by the Carbon Heatmap are subsequently recommended for the EcoVadis Carbon 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 supplier's actual management maturity.

3.2. Data source limitations

Data sources leveraged for the Carbon Heatmap include the following limitations:

a) Availability and consistency of data used

Constructing granular benchmarks across over 200 industries and 180 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) Completeness of country-level metrics

The Country GHG Intensity Risk methodology relies on primary energy consumption metrics. These national-level statistics may not fully account for cross-border energy flows or technical inefficiencies in electricity transmission and distribution. Consequently, for countries with significant energy imports/exports or highly inefficient grid infrastructure, the standard primary energy metrics may result in a marginal distortion of the calculated carbon intensity.

3.3 Means of addressing limitations in data sources

To address limitations in data sources for the Carbon Heatmap, 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 with the next most statistically correlated proxy (e.g., carbon intensity of electricity or regional clusters), 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 Carbon Heatmap 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.

c) Transparency and ongoing review

To ensure users correctly interpret the predictive nature of the results, EcoVadis provides

extensive documentation detailing the data sources and calculation logic. Furthermore, the risk models undergo rigorous testing and user feedback loops to verify that the theoretical risk levels align with observed realities in the Carbon Rating database, ensuring the tool's continued relevance and accuracy.

4. Methodology revision

The revision of the methodology of the Carbon Heatmap 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 Carbon Emissions Risk levels for all mapped rated companies are systematically recalculated to align with the reviewed methodology. Carbon Heatmap 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 Carbon Heatmap methodology is communicated publicly on the EcoVadis website and to the Carbon Heatmap users directly by means of quarterly methodology change communication.

5. Legal notices

The Carbon Heatmap is published by Ecovadis SAS, headquartered at 43 avenue de la Grande armée 75116 Paris, a privately-held Société à Actions Simplifiée incorporated in France under trade and companies register number 497 842 914 - R.C.S. Paris.

This document is aligned with disclosure requirements applicable to EcoVadis SAS as per the Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities (‘**the Regulation**’), in particular, Articles 23 and 24 of the Regulation setting out requirements on disclosures to users of ESG ratings, rated items and issuers of rated items, as well as applicable Regulatory Technical Standards of 16th October 2025.

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