EcoVadis Carbon Rating 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 Rating is to assess the level of adequacy and comprehensiveness of a rated company's greenhouse gas ("GHG") emissions management system to address impacts on stakeholders. The rating is EcoVadis' own opinion and can differ from the assessments provided by other ESG rating providers.

The Carbon Rating is designed as a tool for rating users to integrate factors related to GHG emissions into their procurement or investment decisions. It is always solicited and never performed without knowledge, consent and involvement of a rated company. Companies can always refuse to undergo an assessment.

The Carbon Rating assessment is 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 and society). The Carbon Rating does not incorporate financial materiality (the "outside-in" perspective) and therefore does not measure the financial risks posed to the company by external ESG factors.

The specific impacts covered are centered around GHG emissions within value chains (see section "1.2 Scope" for additional details).

1.2. Scope

The Carbon Rating covers solely issues related to GHG emissions, a sub-topic within the Environment aspect of ESG. Social and Governance issues are absent from its results. In consequence, the results of the Carbon Rating fall solely within the "E" category which bears full weight in the final score.

The way the Carbon Rating 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.

1.3. Ranking system

Carbon Rating results are expressed in absolute values and classify companies into five distinct Performance Levels reflecting the maturity of their GHG management system:

- Insufficient: Scores of 0/100 indicate a lack of information regarding a company's GHG management system.
- Beginner: Scores ranging from 1-20 indicate the company only has minimal management system elements or reporting practices.
- Intermediate: Scores ranging from 21-50 indicate the presence of core GHG management practices.
- Advanced: Scores ranging from 51-75 indicate a comprehensive GHG management system, including reporting publicly on third-party verified GHG emissions.
- Leader: Scores ranging from 76-100 indicate best-in-class performance, as they require all 'Advanced' level prerequisites, as well as formal Scope 1 and Scope 2 absolute reduction targets and evidence of science-aligned targets (e.g., SBTi validation).

1.4. Coverage of international agreements

The Carbon Rating methodology aligns with key international climate agreements. The Paris Agreement defines the ambition level for the assessment, driving the methodology's focus on science-aligned reduction targets compatible with the 1.5°C trajectory.

Similarly, the Kyoto Protocol establishes the scientific perimeter for GHG emissions metrics reporting and collection, mandating the accounting of the full list of greenhouse gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) to ensure comprehensive and standardized reporting.

The Carbon Rating does not collect the percentage of companies' activities that are aligned or not with the EU taxonomy.

2. Basic Methodological Disclosures

2.1. Methodology overview

The Carbon Rating methodology is consistently applied to all eligible entities and includes adjustments made based on company profile, including industry, size and risk profile. The most recent version of the Carbon Rating Methodology is v2.0, applicable as of January 2026. A full changelog can be accessed here.

a) Methodology governance principles

To deliver Carbon Ratings 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 a Carbon Rating, an entity must meet three 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.
- It must have 25 or more employees.
- There must be a relevant level of scope of assessment in terms of carbon impacts. This may for instance not be the case if the scope includes widely different business activities, making it inadequate for a single rating to assess impacts the company is confronted to and the management system it has implemented in response.

The methodology allows for 3 different scopes of assessment:

- Group: Group-level assessments cover a legal entity and its subsidiaries.
- Entity: Entity-level assessments cover a legal entity with no subsidiaries.
- Site: Site-level assessments cover a specific geographic site or facility of a legal entity. This site does not have its own individual legal entity name. A site will use the legal entity name of the entity it pertains to, with the site name suffix in its name.

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, NGOs, state-owned or governmental organizations, holdings without any operational subsidiaries and cooperatives.

c) Validity and time horizon

The Carbon Rating methodology is mostly backward-looking, as it primarily assesses past performance and historical data. The methodology typically analyzes up to 8 years of historical data covering management system documents provided by the rated entity.

The Carbon Rating includes one type of forward-looking information under the Target and Action Plan indicators (see section 2.3 “Management system performance indicators and scoring”), which review the existence of quantitative targets set by the rated company on GHG management issues, as well as the actions and processes planned to achieve these targets.

Scorecards have a set validity period of 12 months from the date of publication. It ensures that results reflect the current status of the rated company’s management system.

2.2. Methodology assumptions and models

The Carbon Rating operates under the following assumptions:

a) Companies with formalized management systems are in a better position to prevent and address adverse impacts

The Carbon Rating assumes that companies that implement formalized management systems are significantly better equipped to prevent and address adverse impacts on the planet and society. As a result, the scoring methodology rewards the formalization of commitments, actions and reporting on results on all GHG management issues.

b) Absence of document evidence means absence of management approach

In case a rated company is not able to provide formalized management system evidence, such as policies, procedures and reports, the Carbon Rating considers this as an indication that the management system is not effectively implemented, and that the company may not be well prepared to address material sustainability issues. The lack of formalized evidence translates into lower scores.

c) The larger the rated company, the greater the risks and impacts and the larger the resources it possess, the higher the expectations regarding its management system

The methodology assumes that larger entities face more risks, generate more significant impacts and are better positioned to address sustainability issues. In consequence, they are systematically expected to demonstrate greater maturity and a more comprehensive approach. Conversely smaller entities face lower requirements, adjusted to their context.

The Carbon Rating does not employ any additional supporting models, estimations or projections.

2.3. Management system indicators and scoring

a) Raw scores based on management system indicators

The Carbon Rating methodology considers an effective sustainability management system to be one that develops commitments, implements actions and reports on results.
These three management layers are further categorized into the following twelve management indicators:

i) Targets

This indicator assesses the company's formal objectives to reduce greenhouse gas emissions. Setting time-bound, quantified targets allows companies to create a clear trajectory for decarbonization and align their operations with climate science.

ii) Governance

This indicator evaluates the internal organizational structure dedicated to climate strategy. Establishing clear roles and responsibilities ensures that GHG management is integrated into core business decision-making processes and organizational culture.

iii) Action Plans

This indicator refers to the strategic roadmap designed to achieve defined reduction targets. A formalized time-bound plan enables companies to transition from ambition to implementation.

iv) Actions Scope 1+2

This indicator covers the operational measures implemented to reduce direct emissions and those from purchased energy. Effective implementation of energy efficiency and renewable energy projects allows companies to deliver tangible reductions within their perimeter of operations.

v) Actions Scope 3

This indicator assesses the engagement strategies deployed to mitigate emissions across the value chain. Addressing upstream and downstream activities is critical for holistic decarbonization, as significant carbon impacts often lie outside direct operations.

vi) Performance Review

This indicator refers to the systematic evaluation of the GHG management system's effectiveness. Regular reviews allow management to identify gaps, adjust strategies, and ensure continuous improvement toward climate goals.

vii) Monitoring System

This indicator evaluates the mechanisms and tools used to collect and aggregate carbon data. Robust data management systems are necessary to ensure the accuracy, consistency, and reliability of the emissions inventory used for decision-making.

viii) Monitoring Coverage

This indicator measures the extent of GHG tracking deployed across the company's operational boundaries. Examining the scope of implementation is essential to reflect the real-life impact of the company and ensure no significant emission sources are excluded, serving comparability purposes.

ix) Supply Chain Monitoring

This indicator refers to the processes used to gather primary carbon data directly from the value chain. Moving beyond estimates to actual data collection allows for more accurate Scope 3 accounting and enables more efficient collaboration on reduction efforts.

x) Reporting Practices

This indicator assesses the quality framework of a company's climate disclosure, including adherence to standards and external assurance. Third-party verification is crucial to provide stakeholders with confidence in the credibility of the published data.

xi) GHG Reporting

Enables the disclosure of GHG emissions data. This management indicator isn't scored.

xii) [Small & Medium - Office activities & Wholesale only] Monitoring and Reporting Practices

This indicator assesses key features of the quality framework of a company's climate disclosure and the mechanisms used to collect carbon data.

The relevance of management indicators for an assessment depends on company size and industry. EcoVadis allocates a score between 0 and 100 for each of these management indicators, based on the document evidence provided by the rated company and analyzed by analysts by following detailed scoring guidelines.

b) Weighting of indicators by size and industry

The Carbon Rating uses three different scoring formulas, depending on the size of a rated company and its industry. The methodology considers the following size and industry categories:

- Size:
    - Small: 26-99 employees
    - Medium: 100-999 employees
    - Large: 1,000+ employees
- Industry:
    - Office-based activities
    - Non office-based activities.

While the precise weight of specific indicators is adjusted based on the company size and industry, the overall scoring distribution is as follows: commitments account for 25%, actions for 25%, and reporting on results for the remaining 50%.

i) Scoring of Small and Medium companies with office-based activities:

Formalized governance structures or efforts to engage with the supply chain are considered a lower priority for this category of company. The following scoring formula is applied:
Score = Targets x 25% + (Actions Scope 1+2 x 60% + Actions Scope 3 x 40%) x 25% + (Performance Review x 30% + Monitoring and Reporting Practices x 50% + Monitoring Coverage x 20%) x 50%

ii) Scoring of Small and Medium companies with non office-based activities:
The following scoring formula is applied:
Score = Targets x 25% + Actions Scope 1+2 x 25% + (Performance Review x 30% + Reporting Practices x 20% + Monitoring Coverage x 20% + Monitoring System x 30%) x 50%

iii) Scoring of Large companies, regardless of their industry:
Large companies are assessed on all management indicators. The following scoring formula is applied:
Score = (Targets x 50% + Governance x 30% + Action Plans x 20%) x 25% + (Actions Scope 1+2 x 60% + Actions Scope 3 x 40%) x 25% + (Performance Review x 30% + Reporting Practices x 20% + Supply Chain Monitoring x 15% + Monitoring Coverage x 20% + Monitoring System x 15%) x 50%

2.4. Industry classification

The Carbon Rating 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

For the purpose of the Carbon Rating, rated companies are asked to provide management system documentation (e.g. policies, procedures, reports, certificates etc.) confirming they have implemented a robust management system to address all material sustainability issues. These documents can be public or non-public documents, and can be subject or not subject to assurance engagement. Whether the data provided has been independently verified is taken into account in the assessment process and influences the final score.

Rated companies may provide statements required under Directive 2013/34/EU ("Accounting Directive") or information disclosed under Regulation (EU) 2019/2088 ("Sustainable Finance Disclosure Regulation") or Regulation (EU) 2020/852 ("Taxonomy Regulation"), if available.

The Carbon Rating takes into account whether a rated company has a transition plan and a low carbon business plan, however, it does not assess the likelihood of achieving the goals set in these plans.

2.6. Data processes

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

a) Data collection:

Data is first collected from the rated companies themselves. The Carbon Rating does not use any estimations nor industry averages to produce inputs in case of absence of data. The lack of data on a given topic is factored in the assessment and influences the final score. A rated company uploads the relevant documents it wants to provide to support its declarations in the EcoVadis questionnaire to the EcoVadis platform. Only questionnaire declarations supported by document evidence can be credited for the assessment.

b) Data processing

Analysts proceed with the analysis of all gathered data, which includes qualifying each document submitted by the company to ensure it is eligible for analysis, as well as verifying its content to confirm whether it provides reasonable evidence regarding declarations made by the rated company in its questionnaire.

c) Data output

A Carbon Rating scorecard is produced based on the results of the data processing stage by automatically assigning scores to each indicator based on the approved evidence, which results in the computation of the overall score. Qualitative results in the form of strengths and improvement areas regarding the company's management of GHG issues are also added to the scorecard. The results of the scoring are reviewed by analysts (see section 2.8 Assessment process quality).

d) Data storage & historical data updates and revision

Data used for each assessment is preserved in the system for traceability purposes. Data used for the purpose of the Carbon Rating is only updated in the context of reassessments performed to update a scorecard, which has a validity period of 1 year.
A reassessment occurs only if a rated company decides to renew its rating. In principle, it is at

the end of the scorecard validity period to ensure constant availability of a valid scorecard. A reassessment creates a new scorecard with a new publication date, allowing to track when updated data was collected: rated companies have an opportunity to update, replace or submit additional new documentation during the reassessment process. During reassessments, analysts also verify the validity period of collected data to ensure the rating considers information that is up-to-date, and to encourage revision and updates to the management system documentation. The following validity periods are applied:

- Policies, actions and other management system documentation: 8 year validity period
- Reporting data: 2 annual reporting cycles
- Specific documentation with a third-party mandated validity period (e.g. certificates): specific validity period applies

Information older than the relevant validity period is no longer considered relevant for the Carbon Rating and does not influence the final score.

2.7. Data quality

The Carbon Rating relies primarily on data provided by rated companies themselves or information shared by reputable, trustworthy sources, thus, ensuring high levels of data quality. Nevertheless, EcoVadis implements additional data quality controls. They are applied systematically in every assessment and reassessment by EcoVadis analysts at the respective stages of data analysis and include:

a) Document eligibility criteria

All documents provided by rated companies must adhere to specific formal criteria to be eligible for assessment. Documents have to meet the following criteria:

- formalized (formal, pre-existing, and fully integrated into the company's management system)
- complete (fully disclosed to make their contents available for the analysis)
- credible (clearly identifiable as belonging to the company)
- dated (contain an issue or review date)
- in an accepted format & size (i.e. have .pdf, .docx, .xlsx, .jpg or .png, format and be smaller than 30 MB)
- machine-readable (contain digital text, as opposed to a scanned image or photo).

Documents that do not meet these criteria are not taken into account as valid evidence for rating purposes.

b) Proactive detection of dubious documentation

EcoVadis has a dedicated process that establishes a critical data quality control framework for documents submitted by rated companies. Its primary purpose is to ensure the authenticity and reliability of documents submitted by companies during the assessment. It provides analysts with systematic procedures to detect, classify, and handle documents prepared specifically for the purpose of the Carbon Rating and that are not a genuine representation of an existing management system. The guideline details specific symptoms analysts must look for to identify potentially unreliable data. Dedicated tools, e.g. a plagiarism tool, are provided to further assist with this task. Documents that do not meet this data quality control framework are not considered for the assessment.

c) Emphasis on provision of third-party verified information

Data used by the Carbon Rating is not systematically subject to third party assurance. However, EcoVadis proactively encourages rated companies to share verified, quality documentation. Sources of data such as third-party verified reports, third-party issued certificates confirming compliance with recognized standards or third-party audit reports are indispensable to achieve higher performance bands (see section 2.1 “Methodology overview" for additional information).

d) Reporting coverage requirements

The Carbon Rating sets a particularly high threshold for greenhouse gas emissions and energy consumption data used for the purpose of assessment. It has to be provided for 95% of the assessed scope to be credited.

2.8. Assessment process quality

EcoVadis employs a robust, multi-layered approach to ensure the quality and integrity of its assessment process. These controls are integrated throughout the evaluation process, from analyst training to final scorecard publication. EcoVadis has a Quality Management System that is certified to the ISO 9001:2015 standard. This system includes a formal Quality Policy and a Quality Manual that documents all processes and their interactions. The key features of this system are:

a) Human expertise

Quality begins with highly qualified analysts, most of whom hold master's degrees in relevant fields. All new analysts undergo a comprehensive training program, which covers methodology, document analysis, and the rating process, followed by a two-month transition period with systematic feedback and monitoring. Ongoing upskilling and focused training are also provided for experienced analysts.

b) Multi-layer quality checks

Every rating undergoes a formal three-step process consisting of document analysis, scoring and validation. All analysts use dedicated checklists at each stage to ensure methodology rules are followed. In particular, the validation stage serves as a final quality check aimed at verifying the entire assessment for consistency and quality.

c) Effective communication & remediation process of quality issues

When quality issues are identified, EcoVadis has processes for remediation, corrective action, and continuous improvement. When the review or feedback identifies issues, management implements appropriate corrective actions. Dedicated forms are used to define internal corrective actions and specific training for analysts when quality issues are found. These forms are used at each stage of the rating process to systematically identify quality issues and communicate them to analysts. The goal is to ensure constant improvement.

d) Individual quality targets

EcoVadis analysts have individual quality targets that form an integral part of their semestral and yearly performance reviews.

e) Scorecard audits and reproducibility exercises

Scorecard audits are performed to check for proper application of guidelines. And yearly assessment reproducibility exercises are conducted to assess the robustness of the rating process and measure the consistency of scorecard outcomes among different analysts. EcoVadis performs its quality control activities on a regular and scheduled basis. 1% of all published scorecards are audited on a monthly basis. Non-compliances found during these audits, as well as assessment reproducibility exercises are classified by severity and used to devise an action plan to address identified improvement areas.

f) Effective complaint management mechanism

After scorecard publication, rated companies can ask questions, raise concerns or share additional information as per separate procedures through a dedicated complaint management channel.

The process is systematically applied in every assessment. The same types of controls are applied whenever a company is rated for the first time or when it provides additional data and information during subsequent reassessments.

2.9. Monitoring availability of new information in between assessments

New information is considered only during reassessments. Information is updated by rated companies and systematically re-checked during the reassessment process, which typically occurs at the end of the validity period of the previous scorecard to ensure continuity.

2.10. Engagement with rated companies

Engagement with rated companies in the context of the Carbon Rating can occur before the assessment process begins, as well as after the scorecard publication. At all times, companies may reach out to EcoVadis via a dedicated support channel.

a) Engagement with rated companies before the assessment

A dedicated team within EcoVadis engages with rated companies before the assessment to ensure that they understand the context of the Carbon Rating, register on EcoVadis platform, receive their questionnaire and are able to submit their answers to it.

b) Engagement with rated companies after scorecard publication

Following the scorecard publication, rated companies are notified that their assessment is complete and are given the opportunity to preview their results for a period of 48 hours before the scorecard becomes available to rating users, with the possibility for them to raise a factual error case. A factual error is a mistake made on the underlying information used for the assessment, such as Company name, location or size, industry classification, not applicable 360, wrongly rejected document.

Following these 48 hours, rated companies retain the possibility to contact EcoVadis via a dedicated channel to better understand their scorecard or to log a complaint regarding their rating. Their queries are handled by a specialized team which responds to questions and initiates a scorecard correction process in case a mistake in fact or methodology application is identified.

Engagement with rated companies throughout the rating process is offsite, as the assessment process is designed to collect data and input from the rated company without any on-site reviews or visits.

2.11. Scientific basis

In order to evaluate how a company manages its sustainability issues, the Carbon Rating assesses the quality and effectiveness of the company's management system through its commitments, actions and reporting on results. This structure is derived from the PDCA (Plan–Do–Check–Act) scientific method, which originates from the scientific hypothesis–experiment–evaluation cycle articulated by Francis Bacon and is the foundation of modern management and continuous improvement systems.

The methodology integrates climate science as a fundamental assessment component and values the formalization of science-embedded targets validated by recognized frameworks, most notably the Science Based Targets initiative (SBTi). Furthermore, possession of a validated science-based target is a mandatory prerequisite for achieving the 'Leader' Performance Level, ensuring that top-tier ratings reflect verifiable scientific ambition.

The GHG Protocol Corporate Standard, which is recognized as the global benchmark for GHG accounting and is deeply rooted in climate science, validated through rigorous academic and technical peer reviews, also plays an especially important role in the Carbon Rating methodology. To guarantee the comparability of computations, the standard integrates the complete list of Kyoto Protocol Greenhouse Gases and applies the Global Warming Potential (GWP) factors defined by the IPCC.

The Carbon Rating methodology operationalizes this scientific rigor by strictly mirroring the GHG Protocol Corporate Standard's five core accounting principles:

- Relevance: The methodology accounts for companies' materiality by enabling the disclosure of emission categories specifically relevant to each company profile.
- Completeness: The methodology ensures comprehensive tracking by only crediting GHG emission monitoring that covers at least 95% of operational boundaries.
- Consistency: The methodology adopts the standard's definition for tracking Scopes 1, 2, and all 15 Scope 3 categories securing data comparability.
- Transparency: The methodology requires the disclosure of relevant assumptions, computation methods and data sources.
- Accuracy: The methodology evaluates the reliability level of data points by auditing emissions computations against established best practices.

While the Carbon Rating methodology is aligned with the GHG Protocol, the Carbon Rating also recognizes GHG reporting shared by rated companies based on other GHG accounting standards, such as ISO 14064 or other regional standards.

2.12. Usage of AI-based tools

EcoVadis leverages machine learning technologies to help deliver the Carbon Rating. EcoVadis designs, implements, and deploys AI solutions in a responsible manner and within the framework of its internal AI Usage Policy, which encompasses accountability, transparency, human dignity, human control, security, fairness, diversity and inclusion, environmental and social wellbeing, as well as clear rules on processing of protected and personal data, and protection of intellectual property. AI-based processing is conducted in compliance with data protection and AI-specific laws, ensuring fairness, transparency, and security.

a) AI use in data processing

AI is leveraged to retrieve information from company-provided documents. Analysts use specialized machine learning tools to scan management system documentation to identify relevant insights and evidence for declarations made by a rated company in the questionnaire. This allows analysts to access information quickly and reliably for their detailed review, ensuring a comprehensive and accurate evaluation of a company's sustainability practices.

b) Limitations of AI-based tools

In order to avoid potential mistakes and inaccuracies from AI-based tools used by EcoVadis for the Carbon Rating, a human expert verifies AI-based recommendations. The human review ensures reliability of the final ratings results. Human experts apply their knowledge of the rating methodology, provide critical context, and make informed decisions that AI alone cannot.

3. Limitations in data sources, methodologies and information

3.1. Methodology limitations

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

3.2. Data source limitations

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

a) Availability and consistency of data used

Rated companies are primarily scored based on evidence in the form of management system documentation. In case a rated company has not formalized its management system documentation, EcoVadis cannot access such data. Although such lack of written evidence may only indicate a gap in documenting practices, not lack of action on the part of a rated company, the Carbon Rating requires such documents to exist and be made available.

Moreover, availability of documentation may be an issue in case of assessments of local subsidiaries or sites that form part of a larger group of companies. Documentation may be available mainly at parent company level due to e.g. strong integration of a Carbon management system at the group level. In such cases, rated companies have to demonstrate its applicability to the specific legal entity or site that is being assessed.

Additionally, the Carbon Rating may be affected by self-reporting gaps. In order for questionnaire declarations to be credited, documentary evidence has to be correctly linked to the questionnaire declaration. In consequence, even if rated entities formalized their management system documentation and are capable of providing evidence, if it is not correctly linked to the questionnaire declaration, information contained within it will not be accounted for during the rating process.

In rare cases, availability of data may be affected by rated companies' confidentiality concerns. Although EcoVadis is an ISO 27001-certified entity with a robust information security management system in place aimed at protecting rated companies' data and documentation, some are reluctant to disclose sensitive or proprietary information. In such cases, even though data is theoretically available, access to it remains limited.

b) Completeness, timeliness and accuracy of information

The Carbon Rating methodology imposes a document limit (55 files total) for each assessment. Although internal investigations based on the Carbon Rating's meta-data found no correlation between number of documents submitted and score, this limit may preclude rated companies from submitting the entirety of documentation they may be willing to share.

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

The Carbon Rating 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 the Carbon Rating, EcoVadis implements a number of measures and processes aimed at reducing related risks to a minimum. These include:

a) Transparent communication of requirements and methodology

To ensure that rated companies are well-informed and capable of undergoing the rating process, EcoVadis created a vast database of publicly available support documents and explanations. They are aimed at facilitating the rating process, explaining requirements and building capacity of rated companies to truthfully demonstrate the quality of their Carbon management system within the provided framework.

b) <u>Document quality check</u>

All company-provided documentation is systematically verified in line with formalized procedures to eliminate documents created solely for the purpose of assessment or outright falsified.

c) <u>Human-controlled rating process</u>

The Carbon Rating is always performed with active participation of human analysts and subject to human validation. The content of submitted documents is critically analyzed in an individual context.

4. Methodology revision

The revision of the methodology of the Carbon Rating 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) <u>Methodology Review Process steps</u>

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

i) Initiation
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.

ii) Proposal
Once approved, the methodology owner drafts a detailed review proposal, including rationale, research findings and the proposed specific changes.

iii) 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.

iv) Impact Assessment (if impact is deemed material)
A quantitative assessment of the potential impact on existing ratings is performed.

v) Public Consultation (if impact is deemed material)
A formal public consultation in line with the pre-established process is conducted.

vi) 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) <u>Public consultation on material methodology changes</u>

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) <u>Quantitative impact assessment of material methodology changes</u>

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 rating outcome for a substantial portion of the rated universe, thus impacting decision-making of rating users. A change is considered material if it meets any of the following criteria:

i) Significant scoring formula change
A change in the weighting scheme assigned to an indicator considered in the scoring formula. A material change is defined as any change to the scoring model that affects the final score distribution by 5 points.

ii) Issue coverage
The introduction or deletion of an entire theme or issues covered. A material change is any change to the sustainability criteria covered by the methodology.

iii) Data source change
A fundamental shift in the type of data used (e.g. replacing entity-reported data with purely machine-learning estimated data). A material change is a change in data input for more than 20% of the key indicators.

iv) Expected score volatility
The impact assessment indicates the review will cause more than 10% of the impacted rated universe to shift their final rating score significantly. A material change is a change which results in 10% of rated entities shifting by 5 points or more.

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

The Carbon Rating is not retroactively upgraded or downgraded in between assessments due to material changes to the methodology models or key rating assumptions. Rating changes occur in the context of periodic reassessments performed in line with the guidelines applicable at the time of an assessment. Specifically, the questionnaire submission date determines the methodology version applied to the assessment

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

5. Legal notices

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