GIST IMPACT

Summary

Methodology

Regulatory and Voluntary Reporting



CSRD Double Materiality Assessment

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Key Features

Materiality assessed across all 89 ESRS sub-sub-topics and the Tier-1 value chain

Four models combining company KPIs, impact valuation, physical risk and IRO evidence

Scores at IRO, sub-sub-topic, entity and group level, each traceable to its source

Built to EFRAG guidance and the evidence base for ESRS 2 IRO-1, IRO-2 and SBM-3

Introduction

The Corporate Sustainability Reporting Directive requires an undertaking to report on sustainability matters through two lenses at once: the effects of its activities on people and the environment, and the effects sustainability matters have on its own financial position.

GIST Impact's Double Materiality Assessment provides a quantitative-led, evidence-based foundation for that judgement. It is designed to complement — not replace — stakeholder and subject-matter expertise, and it produces:

- Materiality scores across all 89 ESRS sub-sub-topics, for direct operations and the Tier-1 upstream and downstream value chain.
- An audit-traceable IRO Register recording every impact, risk and opportunity with its classification, value-chain location, time horizon and evidence.
- Monetised impact and biodiversity footprint data benchmarked against sector peers, plus asset-level physical climate hazard exposure.
- The evidence base for the ESRS 2 disclosures on materiality — IRO-1, IRO-2 and SBM-3.

The methodology is **entity-agnostic**: it applies in the same way to any reporting undertaking, whatever its sector, size, ownership structure or geographic footprint.

Under the User-paid model, the assessment covers 20,000+ companies. This document describes the User-paid model throughout; Issuer-paid inputs apply only where they are explicitly called out.



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Introduction

A double materiality assessment (**DMA**) determines which sustainability matters an undertaking must report on. Under the CSRD it has two perspectives, and a matter is material if either one applies — or both.

Impact materiality assesses an undertaking's actual or potential, positive and negative effects on people and the environment, based on the severity of the impact — its scale, scope and irremediability — together with likelihood for potential impacts.

Financial materiality covers the sustainability-related risks and opportunities that could reasonably be expected to affect the undertaking's financial performance, position, cash flows, access to finance or cost of capital over the short, medium and long term.

The ESRS require undertakings to set materiality thresholds but do not prescribe specific values, which makes the exercise judgement-based. A data-led assessment does not remove that judgement; it gives it a consistent, evidenced and reproducible starting point.

What Makes It Auditable

For every reported material topic or IRO, an independent reviewer should be able to trace the conclusion back to six things: the original data source, document, KPI, external dataset or stakeholder input used; the relevant legal entity, organisational and operational boundary, and value-chain stage; the applicable ESRS topic, sub-topic and sub-sub-topic mapping; the assessment performed; the scoring methodology, criteria, weights and thresholds applied; and any stakeholder challenge, expert validation or management adjustment, with its rationale, evidence and approval.



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Scope and Boundaries

Materiality is assessed across all **89 ESRS sub-sub-topics** as defined under the ESRS 2023/2024 standards. Additional entity-specific sustainability matters identified are added to the IRO Register, mapped to the closest sub-sub-topic. For example, data privacy for a digital-services provider and antimicrobial resistance for a pharmaceutical manufacturer would each be assessed as an entity-specific matter linked to the closest sub-sub-topic.

Boundary	Description
Direct operations	Activities under the undertaking's direct control.
Tier-1 upstream	Direct suppliers, purchased products and services, and sourced inputs.
Tier-1 downstream	Customers, distribution, product or service use, and end-of-life.
Group level	Consolidated reporting, enabling enterprise-wide DMA outcomes.
Business-activity level	Disaggregated assessment across business activities classified at NACE Level 4, the most granular tier at which sector benchmarks and peer data are consistently available.

Tier-1 is the default value-chain boundary because it is the level at which supplier- and customer-specific evidence can be reliably traced, verified and updated.

Aggregation never nets off. Any IRO is retained in the long-list for visibility and traceability. A highly severe IRO remains visible, traceable and subject to separate review even where the topic it sits under carries a lower aggregate score.



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Methodology

The methodology is architected around four core models. The IRO and Quantitative Models analyse company and external data; the Hybrid Scoring Model determines materiality at sub-topic and sub-sub-topic level; the Value Chain Aggregation Model consolidates those scores for entity- and group-level reporting.

Models	Direct Operations	Upstream / Downstream
1. IRO and sub-sub-topic inputs	Quantitative Model (Environment only) + IRO Model + physical risk (financial materiality)	Quantitative Model (Environment only) + IRO Model
2. Sub-sub-topic scores	Hybrid Scoring Model produces direct-operations scores	Hybrid Scoring Model produces separate upstream and downstream scores
3. Entity-level aggregation	Value Chain Aggregation Model combines value-chain scores using topic-specific weightings	
4. Group-level aggregation	Value Chain Aggregation Model applies a revenue-weighted average across entities	
Topic-level score	Value Chain Aggregation Model takes the maximum score across all underlying sub-sub-topic scores within the topic	

Revenue weighting is used at group level as a proxy for the relative scale of each entity's business activity. It is an aggregation mechanism for generating a group-level summary only — the underlying entity-level scores and evidence remain available for review.



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IRO Model

The IRO Model is the primary tool for systematically identifying, documenting and scoring impacts, risks and opportunities. Following EFRAG guidance, identification begins from an understanding of the undertaking's business model, activities, business relationships and geographies, and builds an audit-traceable catalogue informed by business-activity mapping, value-chain mapping, stakeholder inputs and due-diligence processes.

1	2	3
Ingest Data	**Generate the Register**	**Score IROs**
Publicly available unstructured company reports, policies, due-diligence outputs, grievance records, supplier assessments and compliance incidents.	IROs are generated from ingested data and scientific literature, market reports and media.	Fixed, EFRAG-aligned criteria rather than open-ended judgement, with every score linked to verifiable underlying evidence.

Each IRO is classified as actual or potential and, for impacts, as positive or negative; each risk or opportunity is tagged with its expected time horizon — short, medium or long term — in line with ESRS definitions. IROs with no demonstrable connection to the undertaking's activities, assets, products, services, customers or suppliers are excluded, so the Register remains business-relevant.

The IRO Model uses artificial intelligence (AI) to support the identification and scoring of impacts, risks and opportunities (IROs).

- **Objective:** An AI-based language engine reads unstructured company documents, such as sustainability and annual reports, policies and due-diligence outputs, and external sources, such as scientific literature, market reports and media. It extracts candidate IROs and proposes scores against fixed, EFRAG-aligned criteria rather than through open-ended AI judgement. The criteria are scale, scope, irremediability and likelihood for impacts, and magnitude and likelihood for risks and opportunities.
- **Traceability:** Each score is linked to documented evidence in the IRO Register: source document, document type, reporting period and page or section reference.
- **Second AI component:** A separate machine-learning engine, trained on GIST Impact's database of over 20,000 companies, estimates missing KPI values for the Quantitative Model. Any output derived wholly or partly from estimates carries an "Estimation" flag and is distinguishable from company-provided data.
- **Aggregation:** A severe IRO remains a distinct, visible entry in the IRO Register and is subject to separate review, regardless of its weighting in aggregated scores for the ESRS topics / sub-topics.
- **Change management:** The AI components are developed through human-in-the-loop expert validation and model retraining. Material changes are recorded in the version history. The methodology is reviewed twice a year, and whenever a change to model design materially affects scoring.
- **Safeguards:** Further safeguards are set out in the AI Use Policy, available under "Supporting Documents" on the GIST Impact website.

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Issuer-Paid Data Inputs

For the IRO Model, the client ('issuer') may provide additional data inputs to support IRO generation.
Under the Issuer-paid model, GIST Impact provides analytics built from publicly available sources, supplemented where applicable by limited data provided by the client ('issuer') against pre-configured categories, solely to support the client's own independent assessment of risks and opportunities within its operations. The client may select from predefined analysis options, such as scenarios, time horizons or asset coverage; model weights, parameters and the methodology itself cannot be changed and are applied exactly as under the User-paid model. All resulting deliverables are clearly labelled as 'Issuer-paid' and disclose that they may differ from ratings issued under the 'User-paid' model. In the course of Issuer-paid engagements, GIST Impact does not advise any entity on how to improve the ESG rating issued to it under the User-paid model, nor on its public disclosures with a view to improving that rating.

Scoring an IRO

Impacts are assessed against the severity criteria — scale, scope and, for negative impacts, irremediability — with likelihood included for potential impacts. The applicable dimensions are multiplied and the result normalised to a 0–5 scale:

$$\text{IRO Impact Score} = \text{Scale} \times \text{Scope} \times \text{Irremediability}$$

Risks and opportunities are assessed against magnitude and likelihood, taking account of the applicable time horizon, and normalised the same way:

$$\text{IRO Financial Score} = \text{Magnitude} \times \text{Likelihood}$$

Every score is supported by documented evidence: the source document, document type, reporting period and relevant page or section reference. The undertaking's own materiality statements, thresholds, assessments, due-diligence findings and stakeholder evidence are prioritised where available; reputable external sources supplement them where company-specific evidence is insufficient.

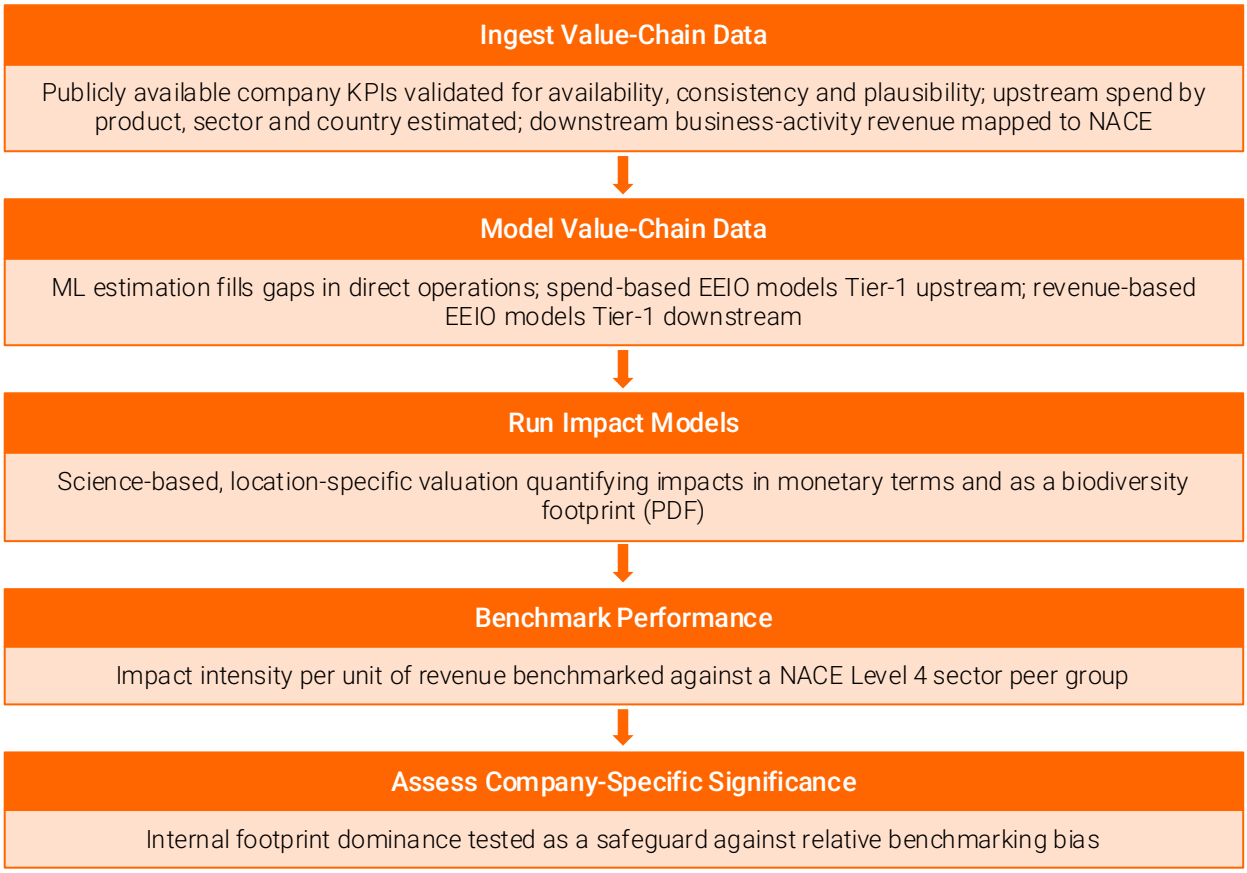
Worked Example — IRO Scoring

A mining company's actual negative impact on river water quality from a tailings discharge might score Scale 5, Scope 3 and Irremediability 5. The raw score of 75 is normalised against the maximum of 125, giving an IRO-level impact materiality score of 3.00. A software company's opportunity from growing demand for energy-efficient cloud services, scored Magnitude 4 and Likelihood 4, gives (16 ÷ 25) × 5 = 3.20.

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Quantitative Model

The Quantitative Model assesses environmental performance and translates it into location-specific impacts. It feeds impact materiality for environmental topics, and does not extend to four environmental sub-topics — *Microplastics*, *Impacts and dependencies on ecosystem services*, *Extraction and use of marine resources* and *Impacts on the extent and condition of ecosystems* — which are assessed through the IRO Model alone.



Where company environmental data is incomplete, GIST Impact's machine learning estimation engine fills the gap. The engine is trained on a database of over **20,000 companies**. The methodology does not apply a rigid threshold to exclude or halt estimation when primary data are missing; instead, any materiality output derived partly or wholly from estimated data is explicitly tagged with an **Estimation flag** in the final DMA outputs.

Issuer-Paid Data Inputs

For the Quantitative Model, the client may provide additional data inputs at the entity level, on the Issuer-paid terms set out under Issuer-Paid Data Inputs in Scoring an IRO.

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Benchmarking and the Dominance Safeguard

Benchmarking is conducted at NACE Level 4, subject to a minimum peer sample to ensure statistical robustness. Where fewer qualifying peers exist, the peer universe expands automatically to NACE Level 3, then Level 2, and the expansion is documented in the engagement report. A specialty paper manufacturer with too few qualifying Level 4 peers would be benchmarked at Level 3 instead.

Relative benchmarking alone can mislead, so a final calibration step tests each topic against the undertaking's own total environmental footprint:

Share of Total Footprint	Outcome
Dominant share	Flagged as having the potential to be classified Most Material
Significant share	Flagged as having the potential to be classified Material
Minor share	No action triggered

The internal significance flag overrides the benchmark output where benchmarking classifies the topic as Not Material or Watch List. A cement producer may outperform its NACE peers on GHG intensity, yet if emissions dominate its total monetised footprint the sub-sub-topic is elevated regardless.



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Physical Risk Model

Physical risk modelling is integrated exclusively into the financial materiality scores for **direct operations**, and applies to **12 of the 89 sub-sub-topics, all of them environmental**. It is built from the locations of the undertaking's own assets, which is why it does not extend to the value chain; upstream and downstream hazard exposure is captured qualitatively through IROs instead.

Step	Description
Ingest asset data	Assets geocoded from coordinates where available from public sources, then site address, then a country-level fallback; each classified against a proprietary 109-category asset taxonomy and assigned a materiality-based priority.
Calculate baseline HRI	Each asset assessed for exposure to 16 physical climate hazards, producing a location-specific Hazard Risk Index on a 0–100 scale from historical and current baseline datasets.
Aggregate to company level	Asset-level scores aggregated to the company level.
Convert to the materiality scale	Company-level hazard scores scaled linearly from 0–100 to the standard 0–5 DMA materiality scale.
Map hazards to sub-sub-topics	The 16 hazards mapped to 12 ESRS sub-sub-topics; where several hazards map to one sub-sub-topic, the maximum score is assigned so that high exposure is not diluted.

The HRI is a baseline measure. It does not model changing hazard probabilities across future emission pathways or explicit ESRS time horizons. Forward-looking climate conditions and dynamic risk shifts are captured through the IRO Model, which evaluates corporate disclosures, climate risk assessments, adaptation plans and similar evidence. Physical risk scoring also measures hazard *exposure*, not direct financial loss: quantifying cash-flow volatility, cost of capital or strategic resilience remains subject to undertaking-specific management assessment.

Issuer-Paid Data Inputs

For the Physical Risk Model, the client may provide additional data inputs on asset locations, asset types and the linkage of assets to legal entities, on the Issuer-paid terms set out under Issuer-Paid Data Inputs in Scoring an IRO.

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ESRS to Hazard Mapping

The Physical Risk Model assesses each asset for exposure to **16 physical climate hazards** and maps them to **12 ESRS sub-sub-topics** across ESRS E1, E2, E3 and E5. Where several hazards map to one sub-sub-topic, the maximum score is assigned so that high exposure is not diluted. The table sets out GIST Impact's ESRS to Hazard Mapping; sub-sub-topics that share one hazard mechanism share one hazard set.

ESRS Topic	Sub-Sub-Topic(s)	Physical Hazards Mapped	No.
E1 Climate Change	Climate change adaptation	Temperature Anomaly, Extreme Heat, Extreme Cold, Extreme Precipitation, Drought, Cyclone, Riverine Flood, Coastal Flood, Mean Sea Level, Wildfire, Interannual Water Variability, Seasonal Water Variability	12
E2 Pollution	Pollution of Air	Wildfire, Extreme Heat	2
E2 Pollution	Pollution of Water; Pollution of Soil; Pollution of living organisms and food resources; Microplastics	Extreme Precipitation, Drought, Riverine Flood, Soil Erosion	4
E3 Water & Marine Resources	Water consumption; Water withdrawals	Mean Sea Level, Coastal Flood, Riverine Flood, Extreme Precipitation, Drought, Water Stress, Water Demand, Cyclone, Interannual Water Variability, Seasonal Water Variability, Landslide	11
E3 Water & Marine Resources	Extraction and use of marine resources	Mean Sea Level, Coastal Flood, Riverine Flood, Cyclone, Landslide	5
E5 Circular Economy	Resources inflows, including resource use; Resource outflows related to products and services; Waste	Drought, Water Stress, Water Demand, Soil Erosion, Wildfire, Extreme Precipitation, Landslide	7

Scope: hazard exposure is assessed for the undertaking's own assets in direct operations; upstream and downstream hazard exposure is captured qualitatively through IROs. The rationale for each mapping is set out in ESRS to Hazard Mapping — Rationale.

Source: GIST Impact ESRS Physical Hazard Mapping Matrix; sub-sub-topic definitions per ESRS 2023 AR 16.



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ESRS to Hazard Mapping — Rationale

Twelve physical-risk sub-sub-topics across ESRS **E1, E2, E3 and E5** are mapped to hazard drivers. The mapping is consolidated at sub-sub-topic level and anchored to the ESRS 2023 AR 16 definitions.

ESRS Topic	Sub-Sub-Topic(s)	Mapping Rationale (Condensed)
E1 Climate Change	**Climate change adaptation**	Anchored to the ESRS definition of climate change adaptation: adjusting to actual and expected climate change and its impacts, including responding to physical risks. The mapped hazards are those whose frequency, intensity or distribution is altered by greenhouse-gas-driven warming: temperature extremes, the hydrological cycle, storm and sea-level hazards, and fire weather, each with an established climate-attribution basis (IPCC AR6). Soil Erosion, Water Stress, Water Demand and Landslide are carried by the E2, E3 and E5 pathways.
E2 Pollution	**Pollution of Air**	Wildfire is a major episodic source of PM2.5, CO, NOx, VOCs and black carbon; Extreme Heat accelerates the formation of ground-level ozone and secondary aerosols. Both hazards change the ambient air-quality context in which air-pollution exposure, compliance and liability are assessed.
E2 Pollution	**Pollution of Water; Soil; Living organisms and food resources; Microplastics**	One hazard set applies to all four sub-sub-topics because they share one transport-and-concentration pathway for contaminants: Extreme Precipitation mobilises sediment-bound pollutants; Drought reduces dilution capacity; Riverine Flood remobilises contaminated sediments and waste; Soil Erosion carries pesticides, phosphorus, heavy metals and microplastics into waters. The sub-sub-topics differ in the receptor assessed, not the hazard mechanism.
E3 Water & Marine Resources	**Water consumption; Water withdrawals**	The 11 hazards act on the quantity, reliability or quality of freshwater sources: scarcity and over-abstraction (Drought, Water Stress, Water Demand); timing and reliability of supply (Interannual and Seasonal Water Variability); turbidity, pathogen loading and recharge (Extreme Precipitation, Riverine Flood); saltwater intrusion (Mean Sea Level, Coastal Flood, Cyclone); and sediment and contaminant loading (Landslide). Both sub-sub-topics draw on the same sources and differ only in what is measured.
E3 Water & Marine Resources	**Extraction and use of marine resources**	The five hazards act on coastal and marine systems: Mean Sea Level, Coastal Flood and Cyclone drive saltwater inundation, salinity change and damage to marine ecosystems and infrastructure; Riverine Flood alters estuarine sediment, nutrient and salinity conditions; Landslide delivers sediment and contaminants to coastal waters. Hazards acting on terrestrial freshwater availability are mapped to water consumption and withdrawals instead.
E5 Circular Economy	**Resource inflows, including resource use; Resource outflows; Waste**	The seven hazards disrupt circular resource flows: Drought, Water Stress and Water Demand constrain water as a recyclable resource; Soil Erosion is an irreversible loss of topsoil; Wildfire and Landslide destroy the land and bio-based resource base; Extreme Precipitation damages infrastructure, contaminates secondary materials and disrupts waste-collection and recycling logistics. Soil Erosion is not mapped to resource outflows, which carries six hazards.

How the mapping is used: the Hazard Risk Index is a baseline measure of exposure; the mapping determines which hazards inform each sub-sub-topic score and does not change the calculation or the maximum rule.

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Hybrid Scoring Model

The Hybrid Scoring Model combines quantitative and qualitative evidence into preliminary materiality scores for each ESRS sub-sub-topic and value-chain segment. It combines evidence channels rather than substituting one for another, and assessments run separately for direct operations, upstream and downstream.

	Impact Materiality Weights	
ESRS Pillar	Sustainability KPI Score	IRO-Based Score
Environment	Main weight	Supporting weight
Social	—	Sole input
Governance	—	Sole input

Environmental topics can draw on established impact-pathway models, scientific thresholds and consistent sector benchmarks. Equivalent pathways are less established for social and governance topics, which therefore rely on qualitative IRO evidence. The numeric weights are withheld under Article 15(13) of Regulation (EU) 2024/3005.

	Financial Materiality Weights		
Segment and Coverage	Physical Risk	ICMA Sector	IRO-Based
Direct operations — the 12 sub-sub-topics with physical risk coverage	Equal	Equal	Equal
Direct operations — all other sub-sub-topics	—	Equal	Equal
Upstream and downstream — all sub-sub-topics	—	Equal	Equal

No single evidence source covers all financial-effect categories. The ICMA sector benchmark reflects capital-market pricing; physical risk captures bottom-up, asset-specific exposure that sector averages miss; IRO evidence captures company-specific regulatory and reputational realities that manifest through cash flows.

The **ICMA-based score** is a sector-informed reference point rather than a conclusion. Business activities are classified at NACE Level 4 and mapped to ICMA sector categories; where an undertaking spans several activities, the activity-level scores are aggregated by revenue contribution. An engineering group earning 70% from construction and 30% from facilities management, with ICMA scores of 3.8 and 2.5, carries a company-level benchmark of 3.41.

The two perspectives are then resolved by taking the higher of the two — never the average, because a matter is material if it is material from either perspective:

$$\text{Double Materiality Score} = \max(\text{Impact Materiality}, \text{Financial Materiality})$$

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Materiality Thresholds

A sub-sub-topic is preliminarily material where its final double materiality score is **3.0 or above**. Because the methodology uses the higher of the two scores, a matter may meet the threshold through either dimension, or through both.

Score Range	Category	Interpretation
4.0 – 5.0	Most Material	The highest level of assessed materiality; prioritise for review, validation, management attention and reporting consideration.
3.0 to < 4.0	Material	Meets the preliminary materiality threshold and should be considered for reporting, subject to stakeholder validation and management approval.
2.0 to < 3.0	Watch List	Does not meet the threshold but warrants monitoring, further evidence gathering or stakeholder review.
0.0 to < 2.0	Not Material	Not assessed as material under the methodology, subject to confirmation through governance and validation.

The ESRS require undertakings to set thresholds but do not prescribe values, so the exercise is grounded in seven factors: **key socio-ecological system thresholds** — scientifically established limits such as the 1.5°C global warming limit under the Paris Agreement or WHO air quality guidelines — alongside company operations and strategy, sector specificity, peer comparison, geographic specificity, impact severity and stakeholder perspective.

A score below 3.0 does not automatically justify exclusion from reporting. Such topics remain subject to stakeholder and subject-matter-expert review, taking account of entity-specific evidence, severe underlying IROs, legal or regulatory obligations, stakeholder concerns and management judgement. The final determination of materiality and reporting scope rests with the undertaking.



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Value Chain Aggregation

Segment-level scores are combined into entity- and group-level results using topic-specific weightings, which reflect where impacts and dependencies are most likely to occur.

ESRS Topics	Segments Assessed	Weighting
E1–E5, S3, S4	Direct operations, upstream and downstream	Direct operations carry most of the weight; upstream and downstream equal smaller shares
S1, G1	Direct operations only	Direct operations alone
S2	Upstream and downstream only	Upstream and downstream equally

S1 (own workforce) and G1 (business conduct) concern the undertaking itself. S2 concerns workers in the value chain, so direct operations are excluded and upstream and downstream carry equal weight.

For a regional logistics company, *Climate change mitigation* scoring 3.50 in direct operations, 2.80 upstream and 4.00 downstream gives an entity-level score close to its direct-operations score, because direct operations carry most of the weight for environmental topics. Each segment score, and every IRO behind it, remains visible in the IRO Register.

Issuer-Paid Data Inputs

For value chain aggregation, the client may provide additional value-chain data, such as supplier lists and spend data, on the Issuer-paid terms set out under Issuer-Paid Data Inputs in Scoring an IRO. The value-chain weightings, like all model weights and parameters, cannot be changed by a client and are applied exactly as under the User-paid model.



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Data Sources

The methodology employs a tiered approach.

Company-Specific	Description
Entity details	Company name, headquarters, reporting year, revenue, employee headcount, NACE codes, cost of goods sold and operating expenses.
Asset locations	Operating assets with addresses or coordinates, for the location-specific impact valuation models and the physical risk assessment.
Value-chain data	Tier-1 supplier lists and upstream spend by product or sector category and country; business-activity revenue by geography; revenue by customer type where available.
Sustainability KPIs	GHG emissions (Scope 1 and 2), energy consumption, air pollutants (particulates, SOx, NOx), water pollutants, waste generation, water consumption, land use, DEI metrics and health and safety data.

External	Description
Sector and industry reports	Open-access analyses used to contextualise performance against sectoral and regional benchmarks from global datasets.
Scientific literature	Scientifically validated indicators and impact pathways applied to assess the magnitude and severity of IROs.
Governmental and intergovernmental	Reports and data from the International Energy Agency, the World Bank Group and other reputable intergovernmental sources.
EXIOBASE	Environmentally extended input–output sector and product classifications and environmental intensities, for spend- and revenue-based value-chain modelling.
ICMA benchmarks	Sectoral materiality benchmarks used in the financial materiality assessment.

All external data sources are reviewed annually, and clients are notified where significant updates to benchmarks or scientific literature affect scoring outcomes. The methodology itself is reviewed twice a year, and whenever a change to the ESRS, EFRAG guidance, underlying datasets or model design materially affects scoring outcomes.

Issuer-Paid Data Inputs

The client may provide company-specific data about the entity, asset locations, value chain and sustainability KPIs, on the Issuer-paid terms set out under Issuer-Paid Data Inputs in Scoring an IRO.

The undertaking's own materiality statements, disclosures and internal evidence are prioritised where available, with external sources supplementing gaps rather than substituting for company-specific evidence.

Company-Provided	Description
Internal and stakeholder reports	Supplier assessments, internal policies, and outcomes of any stakeholder engagement conducted in the previous year.

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Applications

The assessment is built to carry an undertaking through a CSRD reporting cycle and to withstand the assurance review that follows it.

For **corporate and business users**, the validated results feed the ESRS 2 disclosures directly: SBM-3 on material IROs and their interaction with strategy and business model; IRO-1 on the process used to identify and assess them; and IRO-2 on which topical disclosure requirements the sustainability statement covers. The topic-level score determines whether an ESRS topic enters reporting scope, while the underlying material sub-sub-topics determine the content and granularity of what is disclosed.

For **auditors, assurance providers and supervisory authorities**, the compliance map in the methodology annexes traces each EFRAG requirement to the component that satisfies it, and every reported conclusion resolves to its source document, page reference and scoring rationale.

In practice the assessment allows users to:

- Distinguish company-reported data from ML-estimated values at the level of the individual datapoint, through the Estimation flag.
- Separate impact materiality from financial materiality for any topic, and see which perspective set the final score.
- Locate where in the value chain a material matter arises, and at which legal entity, site or asset.
- Evidence to an assurance provider how stakeholder input changed — or confirmed — the data-led starting point.

Considerations

The methodology is a decision-support input, not a substitute for the undertaking's judgement. Users should be aware of the following:

Disclosure dependency: IRO identification from public documents is bounded by what the undertaking has chosen to disclose, and the AI scoring engine interprets narrative disclosures — so score quality depends partly on the clarity, depth and consistency of the written material. Material issues not reflected in public reporting may not be fully captured.

Estimation and benchmark coverage: where KPI data are incomplete, ML-estimated values are used, and their reliability depends on the density of comparable companies in the database. Peer benchmarking is least precise in highly specialised sectors, where peer sets are smaller.

Uneven physical risk coverage: a physical risk score exists for 12 of the 89 sub-sub-topics, so the two groups are not scored on an identical basis. Taking the maximum across mapped hazards also means sub-sub-topics mapped to more hazards have more opportunities to record a high score; the determining hazard is disclosed so this can be inspected.

Overlap and proxies: physical hazard exposure may be reflected both in the physical risk channel and in climate-adaptation IROs. Downstream estimation derives from business-activity revenue and customer mix rather than measured data, so those scores are sector-informed proxies.

Threshold subjectivity: the scoring system produces quantitative scores, but assigning materiality thresholds remains a judgement-based exercise, and different threshold values may yield different outcomes for the same undertaking.

GIST Impact therefore documents every assumption, estimate and limitation alongside the results, tags estimated values explicitly, and records engagement-specific choices and any agreed deviations separately from the methodology — so that every application of it remains transparent and auditable.

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Data Quality Controls and Remediation

Data quality is governed by the controls below, applied across the four models. Each control is shown with where it applies and its frequency or basis, as documented in this methodology and in the **ESG Ratings & Methodologies Review Procedure**.

Control	Description	Applied In	Frequency / Basis
KPI validation	Publicly available company KPIs validated for availability, consistency and plausibility	Quantitative Model	Model design
Evidence linkage	Every IRO score linked to documented evidence: source document, document type, reporting period and page or section reference	IRO Model	Every IRO score
Fixed scoring criteria	AI proposes scores against fixed, EFRAG-aligned criteria rather than open-ended judgement	IRO Model	Model design
Estimation flag	Any output derived wholly or partly from estimates is tagged 'Estimation' and is distinguishable from company-provided data	Quantitative Model; DMA outputs	Wherever an estimate is used
Human-in-the-loop validation	AI components developed through expert validation and model retraining; material changes recorded in the version history	IRO Model; ML estimation engine	On material change
Benchmark sample	Minimum peer sample at NACE Level 4; automatic expansion to Level 3, then Level 2, documented in the engagement report	Benchmarking	Every benchmark
Dominance safeguard	Each topic tested against the undertaking's total environmental footprint; flag overrides Not Material or Watch List benchmark output	Benchmarking	Every environmental topic
Determining hazard	The hazard that sets a maximum physical risk score is disclosed so the result can be inspected	Physical Risk Model	Every physical risk score
Severe IRO visibility	Aggregation never nets off; a severe IRO stays visible and subject to separate review	Aggregation	All aggregated scores
External data review	External data sources reviewed; clients notified where significant updates affect scoring	Data sources	Annually
Methodology review	Reviewed on a change to the ESRS, EFRAG guidance, underlying datasets or model design that materially affects scoring	All models	Twice a year, plus event-driven
Traceability	Every reported conclusion resolves to its source, scoring rationale and any stakeholder challenge or management adjustment, with rationale, evidence and approval	All models	All reported conclusions

Remediation: material changes to model design are recorded in the version history and the AI components are retrained; identified errors are a defined event-driven trigger for review of the methodology and data under the ESG Ratings & Methodologies Review Procedure; any stakeholder challenge, expert validation or management adjustment is recorded with its rationale, evidence and approval; and engagement-specific choices and any agreed deviations are recorded separately from the methodology.

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Next Steps: Stakeholder Engagement

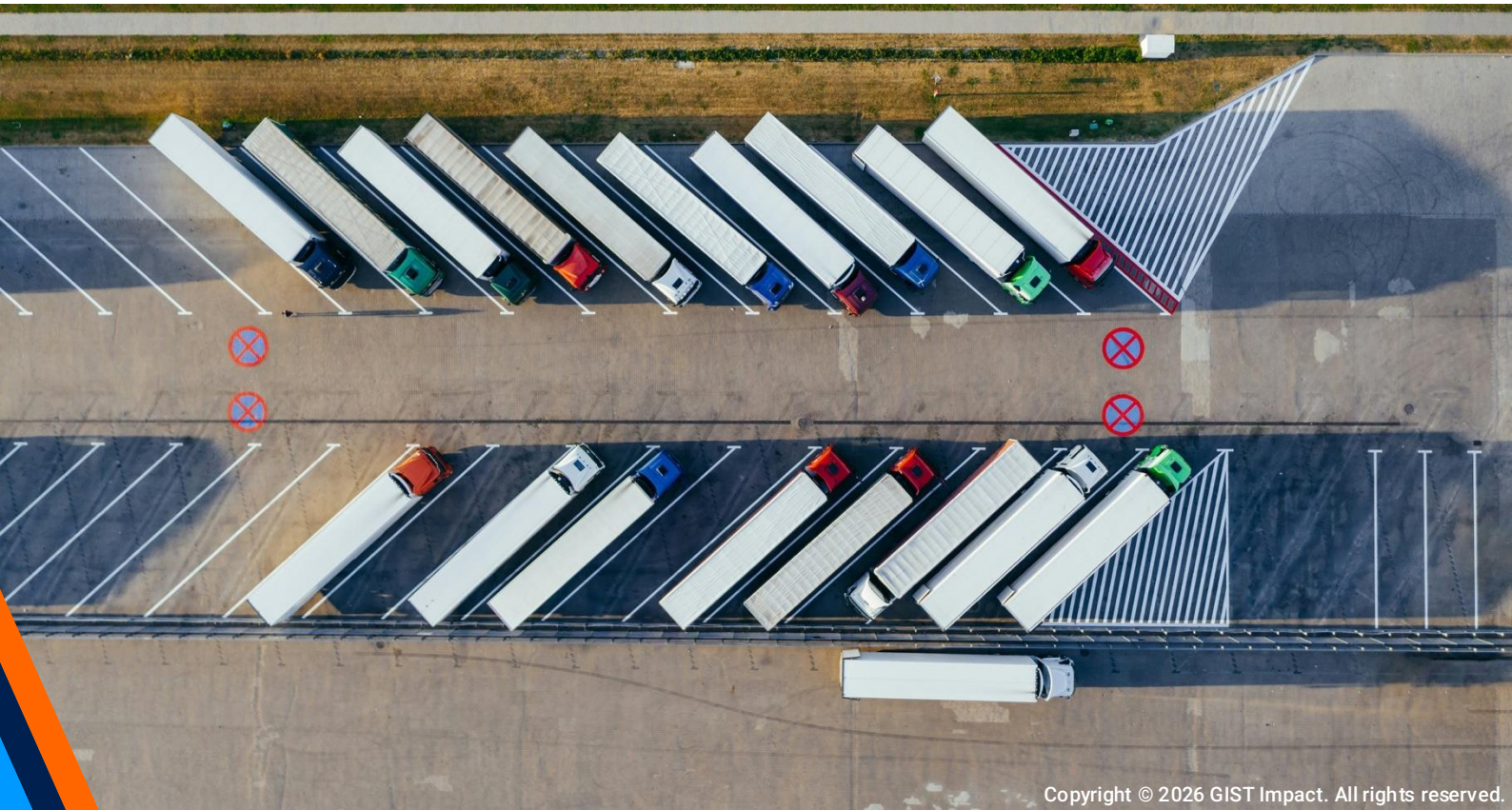
Stakeholder engagement is an integral part of a CSRD-compliant assessment. It does not replace the quantitative and qualitative evidence generated through the preceding stages; it validates, challenges, refines and contextualises the preliminary results, so that the final assessment reflects both evidence-based analysis and the perspectives of those affected by or relevant to the undertaking.

As a next step, after GIST Impact's results are generated, we encourage clients to test, validate and refine results with stakeholders.

Stakeholder review may produce any of five outcomes:

- **Validation** of the preliminary group- and entity-level results.
- **Refinement of sub-topic scores** where entity-specific evidence indicates materiality differs from the initial analysis.
- **Refinement of IRO assessments** — amending, merging, separating or reprioritising individual entries, including their description, affected stakeholders, value-chain segment, time horizon, likelihood or severity.
- **Identification of missing, emerging or entity-specific IROs** not captured in the preliminary results or not covered by the ESRS taxonomy.
- **Confirmation of final materiality conclusions** by the undertaking's designated management and governance bodies.

GIST Impact scores and stakeholder-derived scores are maintained as distinct inputs throughout. The undertaking determines how stakeholder feedback is reflected in its final conclusions — confirming the result, adjusting scoring criteria, documenting a management override, or adding an entity-specific IRO. These decisions are made by the client or user, and not guided, advised or influenced by GIST Impact.



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Appendix — ESMA Disclosure Checklist

Product / methodology name	Version	Date
CSRD Double Materiality Assessment	Version 1.0	22 October 2026

This checklist sets out the disclosures required under Article 23 and Annex III, point 1, and Article 24 and Annex III, point 2, of Regulation (EU) 2024/3005, as specified by Delegated Regulation (EU) 2026/871. Sections A to D follow the order prescribed in the Annex to the Delegated Regulation; Section E follows the order of Annex III, point 2.

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
Section A – Disclosures on the rating product (Annex III, point 1)				
A.1	**Annex III 1(f) / Art. 3(1) Del. Reg.**	Objective of the rating; whether it assesses risks, impacts, double materiality or other dimensions; in case of double materiality, the proportion of risk and impact materiality. Del. Reg.: (a) description of risks covered; (b) description of impacts covered; (c) how materiality of risks and impacts is considered under double materiality, where applicable; (d) description of other materiality dimensions, if any.	Double materiality (impact and financial materiality, assessed together). The CSRD Double Materiality Assessment (DMA) determines which sustainability matters an undertaking must report on, through two perspectives; a matter is material if either perspective applies, or both. Impacts covered: actual or potential, positive and negative effects of the undertaking's activities on people and the environment, assessed on severity (scale, scope and, for negative impacts, irremediability) together with likelihood for potential impacts. Risks and opportunities covered: sustainability-related risks and opportunities that could reasonably be expected to affect the undertaking's financial performance, position, cash flows, access to finance or cost of capital over the short, medium and long term, assessed on magnitude and likelihood. Proportion of risk and impact materiality: no fixed proportion is applied – the two perspectives are resolved by taking the higher of the two scores (Double Materiality Score = max (Impact Materiality, Financial Materiality)), never the average; the weights of the evidence channels within each perspective are set out in the Hybrid Scoring Model (see E.2). Other dimensions: none. The methodology provides a quantitative-led, evidence-based starting point that complements, and does not replace, stakeholder and subject-matter expertise; the final determination of materiality and reporting scope rests with the undertaking.	Methodology Document: p. 2 (Key Features; Introduction); p. 3 (Introduction); p. 13 (Hybrid Scoring Model); p. 14 (Materiality Thresholds)
A.2	**Annex III 1(g) / Art. 3(2) Del. Reg.**	Scope: single E, S or G factor, aggregated rating, or specific aspects (e.g. transition risks). Del. Reg.: (a) what is covered within E, S and G and which factors are aggregated, if any; (b) specific aspects covered.	All three pillars – environmental, social and governance topics – assessed individually across all 89 ESRS sub-sub-topics (ESRS 2023/2024), plus entity-specific sustainability matters, which are added to the IRO Register and mapped to the closest sub-sub-topic. Results are produced at IRO, sub-sub-topic, topic, entity and group level for direct operations and the Tier-1 upstream and downstream value chain, and at business-activity level (NACE Level 4); no single aggregated E, S and G score is produced. The Quantitative Model applies to environmental topics only (four environmental sub-topics are assessed through the IRO Model alone), and the Physical Risk Model applies to 12 environmental sub-sub-topics in direct operations.	Methodology Document: p. 2 (Key Features); p. 4 (Scope and Boundaries); p. 5 (Methodology); p. 8 (Quantitative Model); p. 10 (Physical Risk Model)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
A.3	Annex III 1(h)	For aggregated ESG ratings: weighting of the E, S and G categories and explanation of the weighting method. If not aggregated: negative statement.	Not applicable – the DMA does not produce an aggregated ESG rating with weights across the E, S and G categories; materiality is scored per sub-sub-topic and ESRS topic (see E.3). The methodology applies fixed weights at three points, described here by method: evidence-channel weights by pillar in the Hybrid Scoring Model (for impact materiality, environmental topics give the Sustainability KPI score the main weight and the IRO-based score a supporting weight, while social and governance topics rely on the IRO-based score alone; for financial materiality, the available channels – physical risk where covered, ICMA sector and IRO-based – are weighted equally); topic-specific value-chain weights in the Value Chain Aggregation Model; and revenue weighting across entities at group level. The weights are the same for every undertaking and cannot be changed by a client; the numeric values are withheld under Article 15(13) of Regulation (EU) 2024/3005.	Methodology Document: p. 5 (Methodology); p. 13 (Hybrid Scoring Model); p. 15 (Value Chain Aggregation)
A.4	Annex III 1(i)	Topics covered within E, S and G and whether they correspond to the topics of the sustainability reporting standards under Article 29b of Directive 2013/34/EU (ESRS).	All ESRS topics are covered – environment (E1–E5), social (S1–S4) and governance (G1) – through the 89 ESRS sub-sub-topics as defined under the ESRS 2023/2024 standards, which correspond to the topics, sub-topics and sub-sub-topics of the sustainability reporting standards under Article 29b of Directive 2013/34/EU; entity-specific matters are mapped to the closest sub-sub-topic. The topic-level score is the maximum across its underlying sub-sub-topic scores, and the results provide the evidence base for the ESRS 2 disclosures IRO-1, IRO-2 and SBM-3. For the 12 sub-sub-topics covered by physical risk, GIST Impact's ESRS to Hazard Mapping (ESRS to Hazard Mapping, pp. 11–12) maps 16 physical climate hazards to ESRS E1 (climate change adaptation), E2 (pollution of air; pollution of water, soil, living organisms and food resources, and microplastics), E3 (water consumption and withdrawals; extraction and use of marine resources) and E5 (resource inflows, resource outflows and waste).	Methodology Document: p. 4 (Scope and Boundaries); p. 5 (Methodology); p. 10 (Physical Risk Model); pp. 11-12 (ESRS to Hazard Mapping); p. 15 (Value Chain Aggregation); p. 17 (Applications)
A.5	Annex III 1(j)	Whether the rating is expressed in absolute or relative terms.	Both relative and absolute. Relative: NACE Level 4 sector peer benchmarking of impact intensity per unit of revenue (subject to a minimum peer sample, expanding to NACE Level 3 and then Level 2 where too few qualify) and ICMA sector materiality benchmarks used in the financial materiality assessment. Absolute: materiality scores on a 0–5 scale (Most Material 4.0–5.0, Material 3.0 to <4.0, Watch List 2.0 to <3.0, Not Material 0.0 to <2.0), monetised impact in USD, biodiversity footprint in PDF and the Hazard Risk Index on a 0–100 scale.	Methodology Document: p. 7 (Scoring an IRO); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 14 (Materiality Thresholds)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
A.6	**Annex III 1(o) / Art. 3(3) Del. Reg.**	If the E factor is covered: whether the rating considers the Paris Agreement or other relevant international agreements. Del. Reg.: (a) which agreements are considered, information to identify them, and why they are relevant; (b) whether alignment of commitments with these agreements is assessed.	Yes – the methodology considers the Paris Agreement and WHO air quality guidelines through its materiality thresholds. The ESRS require undertakings to set materiality thresholds but do not prescribe values, so the thresholds are grounded in seven factors: key socio-ecological system thresholds – scientifically established limits such as the 1.5°C global warming limit under the Paris Agreement or WHO air quality guidelines – alongside company operations and strategy, sector specificity, peer comparison, geographic specificity, impact severity and stakeholder perspective. No assessment of the alignment of an undertaking's own commitments with these agreements is described in the methodology, and the Hazard Risk Index is a baseline measure that does not model future emission pathways.	Methodology Document: p. 10 (Physical Risk Model); p. 14 (Materiality Thresholds)
A.7	**Annex III 1(p) / Art. 3(3) Del. Reg.**	If the S and G factors are covered: whether the rating considers relevant international agreements. Same elements as A.6.	No – the methodology does not reference specific international agreements for the S and G topics (S1–S4, G1), which are scored from IRO-based evidence (the undertaking's own materiality statements, due-diligence findings, grievance records, supplier assessments, compliance incidents and stakeholder evidence).	Methodology Document: p. 6 (IRO Model); p. 13 (Hybrid Scoring Model); p. 14 (Materiality Thresholds)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
Section B – General disclosures on methodologies (Annex III, point 1)				
B.1	**Annex III 1(a) / Art. 4(1) Del. Reg.**	Overview of methodologies and changes, whether backward- or forward-looking, time horizon. Del. Reg.: (a) name of the methodology; (b) types of rated items; (c) validity period of the rating, where applicable; (d) list and overview of relevant models and key assumptions, where applicable; (e) measures and procedures to ensure data quality and reliability; (f) ranking system: meaning of each rating category for absolute and relative values, interpretation, and for relative values the reference (sector, geography, peer group, other); (g) date of the most recent update and description of changes compared with the previous version.	(a) Name and version: CSRD Double Materiality Assessment (DMA) (product category: Regulatory and Voluntary Reporting), Version 1.0 – Summary Methodology. (b) Rated items: reporting undertakings – the methodology is entity-agnostic and applies in the same way to any undertaking, whatever its sector, size, ownership structure or geographic footprint – assessed at IRO, sub-sub-topic, topic, entity and group level, for direct operations and the Tier-1 upstream and downstream value chain, and at business-activity level (NACE Level 4). Analysis perspective: both backward-looking (actual impacts, reported company KPIs and a baseline physical hazard assessment built from historical and current datasets) and forward-looking (potential impacts and risks assessed by likelihood and tagged to ESRS short-, medium- and long-term horizons). Time horizon: every risk and opportunity is tagged with its expected ESRS time horizon (short, medium or long term); the Hazard Risk Index is baseline-only and does not model future emission pathways or explicit ESRS time horizons. (c) Validity period: the assessment is built to carry an undertaking through a CSRD reporting cycle, and each IRO score is linked to the reporting period of its source document; external data sources are reviewed annually. (d) Models and key assumptions: four core models. (1) IRO Model – AI-supported ingestion of unstructured company documents and external sources to generate an IRO Register (each IRO classified as actual or potential and, for impacts, positive or negative, with value-chain location and ESRS time horizon) and to propose scores against fixed, EFRAG-aligned criteria: IRO Impact Score = Scale × Scope × Irremediability (with likelihood for potential impacts) and IRO Financial Score = Magnitude × Likelihood, each normalised to a 0–5 scale against the maximum possible raw score. (2) Quantitative Model (environmental topics only) – validated company KPIs, machine-learning estimation of missing values, spend-based (Tier-1 upstream) and revenue-based (Tier-1 downstream) EEIO modelling, science-based location-specific monetised impact and biodiversity footprint, benchmarking at NACE Level 4 subject to a minimum peer sample, and a dominance safeguard on the share of the undertaking's total footprint (dominant, significant or minor). (3) Physical Risk Model (direct operations; 12 sub-sub-topics) – asset geocoding and classification against a proprietary 109-category asset taxonomy, a Hazard Risk Index (0–100) across 16 physical climate hazards, aggregation to company level, linear scaling to 0–5 and mapping of hazards to sub-sub-topics using the maximum. (4) Hybrid Scoring Model and Value Chain Aggregation Model – fixed evidence-channel weights by pillar and segment, fixed topic-specific value-chain weights, topic score as the maximum across sub-sub-topic scores, group score as a revenue-weighted average across entities, and Double Materiality Score = max (Impact Materiality, Financial Materiality) with a preliminary materiality threshold of 3.0. Key assumptions: Tier-1 is the default value-chain boundary;	Methodology Document: p. 2 (Key Features; Introduction); p. 3 (Introduction – What Makes It Auditable); p. 4 (Scope and Boundaries); p. 5 (Methodology); p. 6 (IRO Model); p. 7 (Scoring an IRO); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 13 (Hybrid Scoring Model); p. 14 (Materiality Thresholds); p. 15 (Value Chain Aggregation); p. 16 (Data Sources); p. 17 (Considerations); p. 18 (Data Quality Controls and Remediation)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
			…aggregation never nets off, so severe IROs stay visible; the ICMA sector benchmark is a sector-informed reference point, not a conclusion; physical risk scoring measures hazard exposure, not financial loss; materiality thresholds are judgement-based and grounded in seven factors; a score below 3.0 does not automatically justify exclusion from reporting. See E.1. (e) Data quality and reliability: company KPIs are validated for availability, consistency and plausibility; every IRO score is linked to documented evidence (source document, document type, reporting period and page or section reference); any output derived wholly or partly from estimates carries an 'Estimation' flag and is distinguishable from company-provided data; the undertaking's own materiality statements, thresholds and evidence are prioritised over external sources; the AI components are developed through human-in-the-loop expert validation and model retraining; external data sources are reviewed annually; the methodology is reviewed twice a year and whenever a change to the ESRS, EFRAG guidance, underlying datasets or model design materially affects scoring; and every reported conclusion is traceable to its data source, legal entity and value-chain stage, ESRS mapping, assessment performed, scoring methodology and any stakeholder challenge or management adjustment. The controls, where each applies and their frequency or basis are set out in Data Quality Controls and Remediation (see E.12). (f) Ranking system: final double materiality scores on a 0–5 scale map to four categories – Most Material (4.0–5.0): prioritise for review, validation, management attention and reporting consideration; Material (3.0 to <4.0): meets the preliminary materiality threshold and should be considered for reporting, subject to stakeholder validation and management approval; Watch List (2.0 to <3.0): does not meet the threshold but warrants monitoring, further evidence gathering or stakeholder review; Not Material (0.0 to <2.0): not assessed as material, subject to confirmation through governance and validation. A sub-sub-topic is preliminarily material at a score of 3.0 or above, through either impact or financial materiality or both. (g) Date of most recent update and changes: Not applicable – Version 1.0 is the first release of the methodology, so there is no previous version against which changes are described; material changes to model design will be recorded in the version history. Supporting Policy Documents: (i) ESG Ratings & Methodologies Review Procedure; (ii) AI Usage Policy for ESG Rating Activities	

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
B.2	Annex III 1(b) / Art. 4(2) Del. Reg.	Industry classification used. Del. Reg.: (a) name of the issuing body; (b) name and version of the classification; (c) publicly accessible link to official documentation, where available.	GIST Impact uses a selection of industry classification systems depending on the dataset and use case; in every instance, the classification is clearly specified. These classification systems include the NACE Rev 2.1 activity-level classification (651 Level 4 activities rolling up to 22 Level 1 high-level sections), as well as a proprietary classification system comprising 57 sectors. GIST Impact provides crosswalks to other recognised classification systems such as ISIC or NAICS where required. Further information on NACE Rev 2.1 can be found here. Further information on the GIST Impact classification system can be found here.	Methodology Document and ESMA Disclosure Checklist
B.3	Annex III 1(c) / Art. 4(3) Del. Reg.	Overview of data sources, including whether data derive from sustainability statements under Directive 2013/34/EU or disclosures under Regulation (EU) 2019/2088, and whether sources are public or non-public; overview of data processes, estimation of missing input data and frequency of data updates. Del. Reg.: description of engagement with rated items or issuers and how input from that engagement is taken into account.	Directive 2013/34/EU: Yes, GIST Impact uses information disclosed under Directive 2013/34/EU of the European Parliament as amended by Directive 2022/2464 ("CSRD") as a data source for its ESG ratings. This includes a diverse range of publicly disclosed data sources including non-financial and sustainability reporting aligned with Directive 2013/34/EU, together with complementary voluntary frameworks. CSRD disclosures provide meaningful insight into entity-level sustainability governance, strategy, policies, targets and performance, as well as each entity's own assessment of its material impacts, risks and opportunities. GIST Impact integrates these inputs with other publicly available data sources to build a comprehensive view of corporate sustainability across environmental, social and governance dimensions. GIST Impact's methodology leverages non-financial reporting across all sectors aligned to Directive 2013/34/EU, enabling consistent assessment across investee and corporate portfolios regardless of financial services status. This approach ensures broad applicability and robustness across our ESG ratings products. Regulation (EU) 2019/2088: No. GIST Impact does not source information from SFDR reports under Regulation (EU) 2019/2088 (SFDR). SFDR disclosures operate at the fund level, which assess entities rather than funds. Our primary data sources are entity-level disclosures published directly by companies — including annual reports, sustainability reports (including those prepared under the Corporate Sustainability Reporting Directive (CSRD), Directive (EU) 2022/2464, and its underlying European Sustainability Reporting Standards (ESRS), where applicable), and financial reports. Where a portfolio or fund management company itself forms part of GIST Impact's rated universe, GIST Impact continues to rely on that entity's own sustainability or annual report rather than any SFDR disclosure it may separately produce or be subject to as a financial market participant.	Methodology document and ESMA Disclosure Checklist

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
B.4	Annex III 1(e) / Art. 4(4) Del. Reg.	Whether and to what extent the methodologies are based on scientific evidence. Del. Reg.: process for identifying relevant scientific evidence, where applicable.	Yes – the methodology is based on scientific evidence and on EFRAG guidance. Environmental impacts are valued through science-based, location-specific impact models, using scientifically validated indicators and impact pathways to assess the magnitude and severity of IROs; environmental intensities for value-chain modelling come from EXIOBASE; the IRO Model draws on scientific literature, market reports and media alongside company documents; physical hazard exposure uses historical and current baseline hazard datasets; materiality thresholds are grounded in key socio-ecological system thresholds, such as the 1.5°C limit under the Paris Agreement and WHO air quality guidelines; and sector and intergovernmental sources include the International Energy Agency and the World Bank Group. IRO identification follows EFRAG guidance and scoring uses fixed, EFRAG-aligned criteria. External data sources are reviewed annually and the methodology is reviewed twice a year (see E.5).	Methodology Document: p. 6 (IRO Model); p. 8 (Quantitative Model); p. 10 (Physical Risk Model); p. 14 (Materiality Thresholds); p. 16 (Data Sources)
B.5	Annex III 1(k)	Use of artificial intelligence in data collection or rating, including current limitations and risks, where applicable. If no AI is used: negative statement.	Refer GIST Impact AI Usage Policy for ESG Rating Activities	Separate Policy Document

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
Section C – Limitations of data sources, methodologies and information (Annex III, point 1)				
C.1	**Annex III 1(m) / Art. 5 Del. Reg.**	Limitations of data sources and methodologies. Del. Reg.: limitations regarding (a) availability or coherence of data; (b) completeness, timeliness and accuracy of information; (c) inclusion of assumptions, proxies and data estimates.	(a) Availability/coherence: the DMA relies on publicly available company reports, policies and disclosures, so IRO identification is bounded by what the undertaking has chosen to disclose and material issues not reflected in public reporting may not be fully captured. Company environmental KPIs are often incomplete and are estimated where missing; upstream spend by product, sector and country and downstream business-activity revenue mapped to NACE are estimated; peer benchmarking is least precise in highly specialised sectors, where peer sets are smaller. Physical risk is available for 12 of the 89 sub-sub-topics and for direct operations only; the Quantitative Model does not extend to four environmental sub-topics (microplastics, impacts and dependencies on ecosystem services, extraction and use of marine resources, and impacts on the extent and condition of ecosystems); and upstream and downstream hazard exposure is captured only qualitatively through IROs. (b) Completeness, timeliness and accuracy: score quality depends partly on the clarity, depth and consistency of the narrative disclosures that the AI scoring engine interprets; the reliability of ML-estimated values depends on the density of comparable companies in the database; the Hazard Risk Index is a baseline measure that does not model changing hazard probabilities across emission pathways or ESRS time horizons and measures hazard exposure, not direct financial loss. (c) Assumptions, proxies and estimates: Tier-1 is the default value-chain boundary; downstream estimation derives from business-activity revenue and customer mix, so downstream scores are sector-informed proxies; the ICMA sector benchmark is a sector-informed reference point; revenue weighting at group level is a proxy for the relative scale of each entity's activity; taking the maximum across mapped hazards gives sub-sub-topics mapped to more hazards more opportunities to record a high score; physical hazard exposure may be reflected both in the physical risk channel and in climate-adaptation IROs; and assigning materiality thresholds remains judgement-based, so different threshold values may yield different outcomes.	Methodology Document: p. 17 (Considerations); p. 4 (Scope and Boundaries); p. 6 (IRO Model); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 13 (Hybrid Scoring Model); p. 15 (Value Chain Aggregation)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
C.2	Annex III 1(q) / Art. 5 Del. Reg.	Limitations of the information available to the ESG rating provider. Same elements (a) to (c) as C.1.	(a) Availability/coherence: the information available to GIST Impact comprises publicly available unstructured company documents (annual and sustainability reports, policies, due-diligence outputs, grievance records, supplier assessments and compliance incidents), entity details, asset locations, Tier-1 supplier lists and upstream spend, business-activity revenue by geography, revenue by customer type where available, and sustainability KPIs; the undertaking's own materiality statements and evidence are prioritised where available. Assets are geocoded from coordinates where available from public sources, then site address, then a country-level fallback. Under the issuer-paid model, client-supplied data are limited to pre-configured categories. (b) Completeness, timeliness and accuracy: asset coordinates and revenue by customer type are available only where published or supplied; where KPI data are incomplete, ML-estimated values are used and flagged; disclosures reflect the reporting period of their source, which is recorded for each IRO score. (c) Assumptions, proxies and estimates: upstream spend is estimated by product, sector and country and modelled with spend-based EEIO; downstream business-activity revenue is mapped to NACE and modelled with revenue-based EEIO; missing KPI values are estimated by a machine-learning engine trained on a database of more than 20,000 companies; asset geocoding falls back from coordinates to address to country level; all outputs derived wholly or partly from estimates carry an 'Estimation' flag; and deliverables that use client-supplied data are labelled 'Issuer-paid'.	Methodology Document: p. 6 (IRO Model); p. 8 (Quantitative Model); p. 10 (Physical Risk Model); p. 16 (Data Sources; Issuer-Paid Data Inputs); p. 17 (Considerations)
Section D – Disclosures on the organisation of the ESG rating provider (Annex III, point 1)				
D.1	Annex III 1(d) / Art. 6(1) Del. Reg.	Ownership structure of the applicant. Del. Reg.: chart of ownership links with all parent undertakings and subsidiaries, showing, where applicable, whether any of them carries out activities under Article 16(1) or provides other services under Article 16(6) of Regulation (EU) 2024/3005.	GIST Impact Netherlands B.V. will submit a detailed organisational ownership structure chart to ESMA. The chart will also be made available (upon request) via the GIST Impact website.	Separately provided to ESMA

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
D.2	**Annex III 1(l) / Art. 6(2) Del. Reg.**	General information on fee criteria and business/payment model. Del. Reg.: (a) how fee criteria ensure fair, reasonable, transparent and non-discriminatory fees (Article 27); (b) subscription, issuer-pays, combined or other model; (c) description of the business model and share of total annual turnover from each model; (d) where applicable, how fees for non-ESG-rating services affect ESG rating fees, with a description of those services.	Fees for ESG rating services are determined based on transparent criteria, including data scope, coverage, and service level, and are entirely independent of rating outcomes. All ESG rating products are offered exclusively either on (i) a User-paid subscription basis or (ii) an Issuer-paid model. Clients — such as investors, asset managers, or corporates — engage GIST Impact through subscription or contractual arrangements under which no fee is linked to, or contingent upon, the outcome or content of any ESG rating; GIST Impact has also established a dedicated Pricing Policy (publicly available on the GIST Impact website). ESG Ratings and data products are determined solely through the consistent application of defined methodologies, and are never affected by existing or potential business relationships with rated entities, including where GIST Impact also delivers direct data and analytics services to corporates and investors: where such clients also sit within their rated universe, this engagement is operationally and methodologically independent, and does not influence, inform, or modify our rules-based scoring for any product (under the Issuer-paid model). GIST Impact does not enter into contingent fee arrangements tied to ESG rating outcomes, and its compensation structures are fully independent of the assigned ratings. All fees charged to clients are fair, transparent, and non-discriminatory.	Separate Policy document

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
D.3	**Annex III 1(n) / Art. 6(3) Del. Reg.**	Main risks of conflicts of interest and mitigating measures. Del. Reg.: areas of activities, services or organisational structures posing the greatest risk of conflicts of interest.	GIST Impact has adopted a Group-level Conflict of Interest Policy for ESG Rating Activities (the "COI Policy") that establishes the governance framework, principles, and procedures for the identification, prevention, management, and mitigation of conflicts of interest arising in connection with ESG Rating activities conducted by GIST Impact Netherlands B.V. The COI Policy is adopted at Group level and applies to GIST Advisory Switzerland S.A., including its UK branch, and its subsidiaries, including GIST Impact Netherlands B.V. and GIST Advisory Private Limited (collectively, "GIST Impact"), to the extent that any such entity, function, or individual supports, participates in, or may otherwise influence ESG Rating activities conducted by GIST Impact Netherlands B.V. GIST Impact has established internal policies and procedures to ensure our independence and mitigate potential conflicts of interest that may arise from our ownership structure or group-level interests, as well as from any parties or rated entities that may influence our rating activities. We ensure the independence of our rating activities, including from political and economic constraints. GIST Impact's ESG Rating activities operate according to a rules-based methodology grounded in data and science. GIST Impact operates two business models, namely (i) a User-paid model and (ii) an Issuer-paid model. Under the User-paid model, which generates the majority of its revenue, ESG ratings and analytics built from publicly available sources are delivered on a subscription basis. Under the Issuer-paid model, GIST Impact charges rated entities fees for ESG analytics built from publicly available sources; where applicable, these are supplemented by limited data provided by that entity, solely to support the entity's own independent assessment of risks and opportunities within its operations. These analytics are data products only. In the course of Issuer-paid engagements, GIST Impact does not advise any entity on how to improve the ESG rating issued to it under the User-paid model, or on its public disclosures with a view to improving that ESG rating. Issuer-paid activities are kept separate from User-paid ESG rating activities, and information generated through Issuer-paid engagements is not used as an input to, and does not inform, the datasets, methodologies, or ratings provided under the User-paid model. Where clients of GIST Impact's data or analytics services also sit within its rated universe, such engagement is operationally and methodologically independent and does not influence ESG Ratings. Across both models, GIST Impact does not enter into contingent fee arrangements tied to rating outcomes, its compensation structures are independent of the ratings assigned, and all fees are fair, transparent, and non-discriminatory.	Separate Policy document

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
			…The COI Policy is designed to ensure that ESG Rating activities are conducted in accordance with the general principles set out in Article 15 of Regulation (EU) 2024/3005, including the principles of independence, integrity, transparency, and impartiality in the provision of ESG Ratings. The Policy forms part of the broader governance framework applicable to GIST Impact Netherlands B.V. and is intended to safeguard the independence, objectivity, integrity, and impartiality of its ESG Rating activities and to ensure that potential and actual conflicts of interest are appropriately identified, assessed, managed, and mitigated. The Conflict-of-Interest Policy for ESG Rating Activities is publicly available on the GIST Impact website.	
Section E – Disclosures to users, rated items and issuers (Annex III, point 2; Article 24)				
E.1	**Annex III 2(a)(i)**	Scientific evidence and assumptions on which the ratings are based, where applicable.	See B.4 and B.1. Key assumptions: the methodology is entity-agnostic; Tier-1 is the default value-chain boundary, being the level at which supplier- and customer-specific evidence can be reliably traced, verified and updated; aggregation never nets off, so a highly severe IRO stays visible and subject to separate review even where its topic carries a lower aggregate score; impact severity dimensions are multiplied and normalised against the maximum possible raw score on a 0–5 scale; environmental topics can draw on established impact-pathway models, scientific thresholds and consistent sector benchmarks, so the Sustainability KPI score carries the main weight, whereas social and governance topics rely on qualitative IRO evidence alone; no single evidence source covers all financial-effect categories, so financial materiality combines the ICMA sector benchmark (capital-market pricing), physical risk (bottom-up, asset-specific exposure) and IRO evidence (company-specific regulatory and reputational realities); a matter is material if it is material from either perspective, so the higher of the two scores is taken, never the average; the Hazard Risk Index is a baseline measure of exposure; the dominance safeguard overrides benchmark outputs of Not Material or Watch List; value-chain weights reflect where impacts and dependencies are most likely to occur; revenue weighting at group level is an aggregation mechanism for a group-level summary only; the preliminary materiality threshold is 3.0, grounded in seven factors; and stakeholder validation is outside GIST Impact's scores, which are kept distinct from stakeholder-derived scores.	Methodology Document: p. 3 (Introduction); p. 4 (Scope and Boundaries); p. 7 (Scoring an IRO); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 13 (Hybrid Scoring Model); p. 14 (Materiality Thresholds); p. 15 (Value Chain Aggregation); p. 19 (Next Steps: Stakeholder Engagement)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
E.2	Annex III 2(a)(ii)	Key performance indicators per E, S and G factor and weighting method.	All three pillars (E, S and G). KPIs: IRO Impact Score (Scale × Scope × Irremediability, with likelihood for potential impacts) and IRO Financial Score (Magnitude × Likelihood), each on a 0–5 scale; Impact Materiality and Financial Materiality scores per sub-sub-topic and value-chain segment; Double Materiality Score = max (Impact Materiality, Financial Materiality); topic-level score (maximum across underlying sub-sub-topics); entity- and group-level scores; materiality category (Most Material, Material, Watch List, Not Material); monetised impact (USD) and biodiversity footprint (PDF) with NACE Level 4 peer benchmark and share of total footprint; Hazard Risk Index (0–100) and the 0–5 physical risk score with its determining hazard; ICMA sector score; and the 'Estimation' flag. Weighting method: fixed weights, the same for every undertaking and not changeable by a client. Impact materiality – for environmental topics the Sustainability KPI score carries the main weight and the IRO-based score a supporting weight; social and governance topics use the IRO-based score alone. Financial materiality – the available channels (physical risk for the 12 covered sub-sub-topics in direct operations, ICMA sector and IRO-based) are weighted equally. Value chain – for E1–E5, S3 and S4 direct operations carry most of the weight, with upstream and downstream sharing the remainder equally; S1 and G1 are assessed on direct operations alone; S2 on upstream and downstream equally. Group level – revenue-weighted average across entities. Numeric weights are withheld under Article 15(13) of Regulation (EU) 2024/3005.	Methodology Document: p. 5 (Methodology); p. 7 (Scoring an IRO); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 13 (Hybrid Scoring Model); p. 14 (Materiality Thresholds); p. 15 (Value Chain Aggregation)
E.3	Annex III 2(a)(iii)	For aggregated ratings: result for each E, S and G category in a form ensuring comparability. If not aggregated: negative statement.	Not applicable – the DMA does not produce an aggregated ESG rating. Results are provided for each ESRS topic (E1–E5, S1–S4, G1) and sub-sub-topic on a common 0–5 scale, with the topic-level score taken as the maximum across its underlying sub-sub-topic scores, so that results are comparable across topics; entity- and group-level results are provided for each topic.	Methodology Document: p. 5 (Methodology); p. 14 (Materiality Thresholds); p. 15 (Value Chain Aggregation); p. 20 (Appendix – ESMA Disclosure Checklist, A.2)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
E.4	**Annex III 2(a)(iv) / Art. 7(2) Del. Reg.**	Deficiencies in the methodologies and remedial measures. Del. Reg.: deficiencies related to the use of pre-determined statistical or algorithmic systems.	Deficiencies: (i) disclosure dependency – IRO identification from public documents is bounded by what the undertaking has disclosed, and the AI scoring engine interprets narrative disclosures, so score quality depends partly on the clarity, depth and consistency of the written material; (ii) estimation and benchmark coverage – ML-estimated values depend on the density of comparable companies in the database, and peer benchmarking is least precise in highly specialised sectors; (iii) uneven physical risk coverage – physical risk scores exist for 12 of the 89 sub-sub-topics and for direct operations only, so groups of sub-sub-topics are not scored on an identical basis; taking the maximum across mapped hazards gives sub-sub-topics with more hazards more opportunities to record a high score (the determining hazard is disclosed), and the Hazard Risk Index is baseline-only and measures exposure, not loss; (iv) overlap and proxies – physical hazard exposure may be reflected both in the physical risk channel and in climate-adaptation IROs, and downstream scores are sector-informed proxies derived from business-activity revenue and customer mix; (v) threshold subjectivity – assigning materiality thresholds remains judgement-based and different values may yield different outcomes; (vi) the Quantitative Model does not cover four environmental sub-topics. The methodology is a decision-support input, not a substitute for the undertaking's judgement. Algorithmic/statistical: the DMA uses an AI-based language engine that extracts candidate IROs from unstructured documents and proposes scores against fixed, EFRAG-aligned criteria (scale, scope, irremediability, likelihood, magnitude) rather than open-ended judgement, and a separate machine-learning engine, trained on a database of more than 20,000 companies, that estimates missing KPI values. Other scoring steps are rules-based: multiplicative IRO scoring normalised against the maximum raw score, spend- and revenue-based EEIO modelling, benchmarking against NACE Level 4 peers, linear scaling of the Hazard Risk Index, fixed evidence-channel and value-chain weights, and maximum and revenue-weighted aggregation. The deficiencies specific to these systems are those in (i) and (ii) above; further safeguards are set out in the AI Use Policy. Remedial measures: (i) the AI components are developed through human-in-the-loop expert validation and model retraining, and material changes are recorded in the version history; (ii) any output derived wholly or partly from estimates carries an 'Estimation' flag, and no rigid threshold halts estimation where primary data are missing; (iii) a dominance safeguard tests each topic against the undertaking's total environmental footprint, and its flag overrides benchmark outputs of Not Material or Watch List; (iv) the peer universe expands automatically from NACE Level 4 to Level 3 and Level 2 where fewer than 50 peers qualify, and the expansion is documented in the engagement report; (v) aggregation never nets off, so severe IROs remain visible and subject to separate review;	Methodology Document: p. 17 (Considerations); p. 6 (IRO Model); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 14 (Materiality Thresholds); p. 18 (Data Quality Controls and Remediation); p. 19 (Next Steps: Stakeholder Engagement)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
			…(vi) the determining hazard is disclosed; (vii) topics scoring below 3.0 remain subject to stakeholder and subject-matter-expert review; (viii) stakeholder engagement validates, challenges and refines the preliminary results, with GIST Impact scores and stakeholder-derived scores kept as distinct inputs; and (ix) every assumption, estimate and limitation is documented alongside the results.	
E.5	**Annex III 2(a)(v) / Art. 8(1) Del. Reg.**	Methodology review policies. Del. Reg.: (a) review process and frequency; (b) conditions triggering a review; (c) stakeholder consultation during reviews, where applicable; (d) process for assessing the impact of revisions on ratings; (e) criteria for a material change.	GIST Impact reviews its ESG Rating methodologies on an ongoing basis, and at least annually, to ensure that they remain accurate, relevant, robust, and aligned with applicable regulatory requirements and evolving market standards. GIST Impact has established a dedicated Board-approved ESG Ratings & Methodologies Review Procedure, which sets out the governance framework and processes for the review, assessment, and, where appropriate, revision of its ESG Rating methodologies. The ESG Ratings & Methodologies Review Procedure is publicly available on the GIST Impact website.	Separate Policy Document
E.6	**Annex III 2(a)(vi)**	Where a rating is up- or downgraded due to material changes in methodology, models, key assumptions or data sources (including estimates): reasons and impact. Rating-specific.	Not applicable for this release – Version 1.0 is the first release of the methodology, so no outputs have been revised due to material changes in methodology, models, key assumptions or data sources. Material changes to model design will be recorded in the version history; the methodology is reviewed twice a year and whenever a change to the ESRS, EFRAG guidance, underlying datasets or model design materially affects scoring, and the reasons and impact will be disclosed under the ESG Ratings & Methodologies Review Procedure (see E.5).	Methodology Document: p. 6 (IRO Model – Change management); p. 16 (Data Sources – review frequency); Separate Policy Document (ESG Ratings & Methodologies Review Procedure)
E.7	**Annex III 2(a)(vii) / Art. 8(2) Del. Reg.**	Date of last revision of the methodology. Del. Reg.: version number of the methodology. (Cross-reference: B.1(g))	Methodology version: Version 1.0 (first release). Date of last revision: Not applicable – Version 1.0 is the first release. See B.1(g).	Methodology Document: p. 6 (IRO Model – Change management)
E.8	**Annex III 2(a)(viii)**	If the E factor is covered: whether and to what extent the rating correlates with the percentage of taxonomy alignment under Regulation (EU) 2020/852 or is aligned with other international agreements, and explanation of material deviations. (Cross-reference: A.6)	No – the methodology does not measure or reference alignment with the EU Taxonomy under Regulation (EU) 2020/852, and no correlation analysis between DMA scores and Taxonomy alignment is documented. The DMA scores the materiality of ESRS sub-sub-topics for an undertaking and does not rate the environmental sustainability of economic activities. On other international agreements see A.6 (Paris Agreement 1.5°C limit and WHO air quality guidelines as grounding for the materiality thresholds).	Methodology Document: p. 14 (Materiality Thresholds); p. 22 (Appendix – ESMA Disclosure Checklist, A.6)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
E.9	**Annex III 2(b)(i) / Art. 7(1) Del. Reg.**	A more detailed explanation of data sources used, including whether public or non-public, whether subject to assurance engagement, and whether derived from the sustainability reporting standards developed pursuant to Articles 19a and 29b of Directive 2013/34/EU concerning sustainable economic activities and disclosure of information pursuant to Regulation (EU) 2020/852 and Regulation (EU) 2019/2088, including whether and how information on companies' transition plans derived from such sustainability reporting standards is used. Del. Reg.: methods used to collect any non-public data.	See response to B3 above. To add, GIST Impact's ESG Ratings Products draw on publicly available data sources, including corporate disclosures (annual reports, sustainability/ESRS reports, regulatory filings), government and multilateral databases, other public datasets, and third-party specialised data vendors via contractual arrangements. The specific data sources relied upon for a given ESG Rating Product are identified in the applicable Methodology documents. Where actual, reported, or verified data is unavailable or incomplete, GIST Impact applies documented estimation techniques to fill data gaps. Any such estimation is clearly flagged as such within the underlying dataset and Methodology documentation, distinguishing estimated values from disclosed or verified figures. Data quality is governed through a combination of automated and manual controls, including source validation, completeness checks, outlier detection, and periodic review of data providers and input taxonomies, as set out in GIST Impact's internal data quality assurance procedures. Access to underlying data is restricted on a role-based basis and subject to audit trails. Update frequency is governed by GIST Impact's ESG Ratings & Methodologies Review Procedure (publicly available on the GIST Impact website), under which data and methodologies are reviewed on both annual and/or periodic event-driven basis (as required) — including in response to new or revised regulatory standards, material developments in data sources or analytical techniques, material feedback from rated entities, clients, or regulators, changes to data providers or input taxonomies, identified errors, or changes to product scope — with methodology reviews conducted at least annually in line with Regulation (EU) 2024/3005.	Methodology Document and ESMA Disclosure Checklist
E.10	**Annex III 2(b)(ii)**	Use of estimates and sector averages, where applicable, and explanation of the underlying methodology.	Yes. Estimates and sector averages are used: (i) missing company KPI values are estimated by a machine-learning engine trained on a database of more than 20,000 companies, and no rigid threshold halts estimation; (ii) Tier-1 upstream impacts are modelled from estimated spend by product, sector and country using spend-based EEIO (EXIOBASE), and Tier-1 downstream impacts from business-activity revenue mapped to NACE using revenue-based EEIO; (iii) impact intensity per unit of revenue is benchmarked against sector averages for a NACE Level 4 peer group (subject to a minimum peer sample, expanding to Level 3 then Level 2); (iv) financial materiality uses ICMA sector benchmarks, with business activities classified at NACE Level 4, mapped to ICMA sector categories and aggregated by revenue contribution where an undertaking spans several activities; (v) asset locations are geocoded from coordinates, then address, then a country-level fallback. All outputs derived wholly or partly from estimates carry an 'Estimation' flag, and downstream scores are sector-informed proxies.	Methodology Document: p. 6 (IRO Model – Second AI component); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 13 (Hybrid Scoring Model); p. 16 (Data Sources); p. 17 (Considerations)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
E.11	**Annex III 2(b)(iii) / Art. 8(3) Del. Reg.**	Principles for data updates and revision of historical data; date of last data update (rating-specific). Del. Reg.: measures ensuring accuracy and consistency of the data revision process.	Principles: external data sources (sector and industry reports, scientific literature, governmental and intergovernmental data, EXIOBASE and ICMA benchmarks) are reviewed annually, and clients are notified where significant updates to benchmarks or scientific literature affect scoring outcomes; the methodology is reviewed twice a year and whenever a change to the ESRS, EFRAG guidance, underlying datasets or model design materially affects scoring outcomes, under the ESG Ratings & Methodologies Review Procedure (see E.5); the undertaking's own materiality statements, disclosures and evidence are prioritised, with external sources supplementing gaps. Accuracy and consistency: every IRO score is linked to its source document, document type, reporting period and page or section reference; outputs derived wholly or partly from estimates carry an 'Estimation' flag; any expansion of the benchmark peer universe is documented in the engagement report; material changes to model design are recorded in the version history; engagement-specific choices and any agreed deviations are recorded separately from the methodology; and rated entities can access the underlying dataset at least two full working days before publication, solely to identify factual errors (see E.14). Revision of historical data follows the ESG Ratings & Methodologies Review Procedure (see E.5). Date of last data update: NA	Methodology Document: p. 6 (IRO Model – Change management); p. 9 (Benchmarking and the Dominance Safeguard); p. 16 (Data Sources – review frequency); p. 17 (Considerations); p. 18 (Data Quality Controls and Remediation); Separate Policy Document

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
E.12	Annex III 2(b)(iv)	Data quality controls, their frequency and the remediation process in case of issues.	Controls (Data Quality Controls and Remediation): documented controls are (i) validation of company KPIs for availability, consistency and plausibility; (ii) linking of every score to documented evidence (source document, document type, reporting period, page or section reference); (iii) 'Estimation' flags that distinguish estimated from company-provided data at datapoint level; (iv) a minimum peer sample for benchmarking, with documented expansion; (v) the dominance safeguard; (vi) disclosure of the determining hazard for physical risk scores; (vii) human-in-the-loop expert validation and retraining of the AI components; and (viii) traceability of every reported conclusion to its source, scoring rationale and any stakeholder challenge or management adjustment. Frequency: evidence linking applies to every IRO score; the 'Estimation' flag wherever an estimate is used; the minimum peer sample to every benchmark and the dominance safeguard to every environmental topic; the determining hazard is disclosed with every physical risk score; external data sources are reviewed annually; and the methodology is reviewed twice a year and on defined events (see E.5). Remediation: material changes to model design are recorded in the version history and the AI components are retrained; identified errors are a defined event-driven trigger for review of the methodology and data under the ESG Ratings & Methodologies Review Procedure (see E.5); any stakeholder challenge, expert validation or management adjustment is recorded with its rationale, evidence and approval; factual errors identified by the rated entity in the pre-publication dataset access are reviewed and any resulting actions are documented by the Oversight Function (see E.14). No separate product-specific remediation process (owners, timelines, re-issue rules) is defined in the methodology.	Methodology Document: p. 3 (Introduction – What Makes It Auditable); p. 6 (IRO Model); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 16 (Data Sources); p. 17 (Considerations); p. 18 (Data Quality Controls and Remediation); p. 19 (Next Steps: Stakeholder Engagement); p. 36 (Appendix – ESMA Disclosure Checklist, E.11); Separate Policy Document
E.13	Annex III 2(b)(v)	Steps taken to address limitations of data sources, where applicable. (Cross-reference: C.1, C.2)	See C.1 and C.2. Documented steps include: prioritising the undertaking's own materiality statements, disclosures and evidence, with external sources supplementing gaps rather than substituting for company-specific evidence; estimating missing KPI values with a machine-learning engine and tagging every estimated output with an 'Estimation' flag; expanding the peer universe from NACE Level 4 to Level 3 and Level 2 where too few peers qualify; applying the dominance safeguard against relative benchmarking bias; geocoding assets from coordinates, then address, then country level; capturing upstream and downstream hazard exposure qualitatively through IROs; accepting additional client data inputs against pre-configured categories under the issuer-paid model (entity data, asset locations, asset types and linkage to legal entities, value-chain data and sustainability KPIs; model weights are not configurable); encouraging stakeholder validation of the preliminary results; reviewing external data sources annually and the methodology twice a year; documenting every assumption, estimate and limitation alongside the results; and setting out further AI safeguards in the AI Use Policy.	Methodology Document: p. 6 (IRO Model); p. 7 (Issuer-Paid Data Inputs); p. 8 (Quantitative Model); p. 9 (Benchmarking and the Dominance Safeguard); p. 10 (Physical Risk Model); p. 15 (Value Chain Aggregation); p. 16 (Data Sources); p. 17 (Considerations); p. 19 (Next Steps: Stakeholder Engagement)

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Appendix — ESMA Disclosure Checklist (continued)

Ref.	Criterion (Annex III / Del. Reg. reference)	Required content	GIST Impact response	Reference (Methodology Document Section or Page Number)
E.14	Annex III 2(c)	Engagement with rated items or issuers, including whether on-site inspections or visits were carried out and their frequency, where applicable.	In accordance with Article 15(12) of Regulation (EU) 2024/3005, GIST Impact operates a pre-issuance notification process, providing the rated entity access to the dataset underlying their ESG rating at least two full working days prior to publication, for the limited purpose of identifying factual errors. Upon request and free of charge, GIST Impact will provide, along with the underlying dataset, the industry classification applied, data sources used, data processing methodology (including any estimation techniques), and update frequency — solely to allow correction of factual errors. Feedback is reviewed and any resulting actions documented by the Oversight Function; such engagement is strictly limited to factual accuracy and does not permit rated entities to influence GIST Impact's methodologies, assumptions, weighting, or rating outcomes, consistent with GIST Impact's Conflict of Interest Policy for ESG Rating Activities (publicly available on the GIST Impact website). GIST Impact does not provide rated entities access to the ESG rating it plans on distributing.	Separate Policy Document
E.15	Annex III 2(d)	For unsolicited ratings: clearly visible notice in the rating, including whether the rated item or a related third party was informed in advance, whether it participated in the rating process, and whether the provider had access to management and relevant internal documents. Rating-specific.	See above response. To add, For unsolicited assessments, GIST Impact's ESG assessments are based on rule-based methodologies that primarily use publicly available company data, estimation models, and scientifically supported models. GIST Impact does not have Rating Analysts engaging directly with rated entities for the purpose of influencing or determining individual ESG assessments. Accordingly, the methodologies do not rely on data obtained through direct engagement with rated entities, nor are the rules-based methodologies adapted or modified to change the assessment of an individual company. GIST Impact may also be directly engaged by corporates and investors to undertake bespoke analysis or data provision services for their own specific purposes. Such direct engagement work is operationally and methodologically independent from GIST Impact's rules-based ESG assessments. Analysis, data, or intelligence generated through direct engagement with a corporate or investor client is not integrated into GIST Impact's underlying databases, nor does it inform, modify, or influence the rules-based assessments applied to that entity or any other entity within GIST Impact's products. The separation of these engagement streams ensures that direct work with clients does not compromise the integrity or consistency of GIST Impact's rules-based methodology across its products.	Refer Conflict of Interest Policy for ESG Rating Activities
E.16	Annex III 2(e)	Explanation of the AI methodology used in data collection or the rating process, where applicable. (Cross-reference: B.5)	Refer GIST Impact AI Usage Policy for ESG Rating Activity	Separate Policy Document
E.17	Annex III 2(f)	Where important new information on a rated item may affect the rating: how it has been taken into account and whether the rating has been amended. Rating-specific.	Refer response to E5 and the ESG Ratings & Methodologies Review Procedure	Separate Policy Document

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