GIST IMPACT
ARTIFICIAL INTELLIGENCE (AI) USAGE POLICY FOR ESG RATING ACTIVITIES

Version 1.0

Revision History

Version	Effective Date	Policy Owner	Description
1.0	1 October 2026	IT & Methodology Teams with sign-off from Legal, Risk and Compliance (Oversight Function)	Approved by Senior Management

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1. Purpose

This AI Usage Policy for ESG Rating activities sets out the principles and controls that apply to group-level GIST Impact's use of Artificial Intelligence (AI), including Large Language Models (LLMs) and Machine Learning (ML) models, across our engineering, data extraction, and data estimation activities. It exists to ensure that AI is used to support, and never to replace, the judgment of our engineers, methodology owners, and analysts.

2. Scope

This Policy applies to all employees, contractors, and vendors who use AI tools in connection with GIST Impact's products, methodologies, or data, including AI-assisted software development, AI-assisted extraction of ESG data from corporate disclosures, and AI/ML-based estimation of data points that are not disclosed.

3. Guiding Principles

- **Human accountability:** AI never independently defines, approves, or deploys a methodology, a data point, or a code change. Every AI-assisted output is reviewed, validated, and owned by a named GIST Impact professional.
- **AI as a support tool:** AI is used to increase speed and consistency in engineering and data work, not to replace the judgment of our engineers, methodology owners, and analysts.
- **Traceability:** AI-assisted outputs must be traceable to an approved source: a methodology document, a source disclosure, or a validated dataset.
- **Proportionate oversight:** The level of human review applied to AI output scales with its risk and its impact on final results.

4. Where We Use AI

i. Data Extraction from Disclosures

We use LLMs to help extract ESG data points from corporate disclosures such as annual and sustainability reports. This carries risks of hallucination (a plausible but unsupported value), misinterpretation (confusing units or figures), and accuracy drift over time or across sectors and geographies. We mitigate these risks by testing every extraction process against human-verified data before it goes live, keeping production extraction under ongoing human monitoring, linking each extracted value back to its supporting quote and source location, and requiring a designated expert to approve any new extraction logic before deployment.

ii. Data Estimation for Gaps in Disclosure

Where companies do not disclose a required data point, we use ML models to estimate it. These models can be difficult to fully explain (the “black box” problem) and, if unchecked, could produce unreliable results. We mitigate this through documentation and explainability tooling, minimum data-availability thresholds below which an estimate is suppressed rather than produced, validation rules that block physically impossible outputs, and checks that prevent unrealistic year-on-year swings. Models are also evaluated on how well they separate leaders from laggards, not only on raw prediction accuracy, to guard against outputs that could understate genuine ESG risk.

iii. Data Quality Control for Disclosure and Estimates

We use AI/ML and statistical models to quality-control extracted and estimated data points before they are shared with clients, checking outputs for source grounding, internal consistency, plausibility, and alignment with our methodology ahead of publication.

This carries risks of automation bias (over-relying on a model's pass or fail signal) and of quality-control models missing errors they were not trained to detect.

We mitigate these risks by benchmarking quality-control models against human-reviewed outcomes before deployment and following any material model update; applying rule-based checks that flag source document mismatches, outliers, inconsistencies, and methodology breaches for analyst review; requiring human sign-off on any data point flagged as high-risk before release; and continuously monitoring quality-control performance with recalibration triggered when measured accuracy falls below defined thresholds. Data points that fail quality-control checks are withheld from publication pending analyst review and re-extraction where necessary.

A permanent blind audit sample of auto-accepted data points is routed to analysts each cycle, ensuring that silent degradation - where a model passes incorrect values without triggering any flag - is detected independently of the model's own signals. Analysts can override model verdicts in either direction, and all overrides are logged, reviewed, and used as additional training signals for future model iterations.

iv. Impact, Risk and Opportunity (IRO) Generation

We use AI to help generate and score Impacts, Risks and Opportunities (IROs) for double materiality assessments, following the rules-based IRO Register process set out in our Double Materiality Assessment methodology: ingesting structured and unstructured company data; generating an IRO Register from internal sources (company disclosures, tagged by value chain, with priority given to public report disclosures) and external sources (third-party scientific and market data, tagged by value chain); scoring IROs against fixed, pre-defined criteria set out in the methodology — not analyst or model discretion — including explicit materiality statements, stated thresholds and assessment methodologies, quantitative indicators, severity/magnitude and likelihood assessments, and consistency checks, with targeted searches of scientific literature and documented external references where no company-stated threshold exists; aggregating scores into topics aligned to ESRS/IFRS standards; and aggregating to Group level by weighting and combining topic scores. Each IRO carries its own individual score (1-5), transparently documented and based on its Scale, Scope, and Irremediability for Impacts and Magnitude of Risks or Opportunities; where an IRO is packaged into other analysis, notably Double Materiality Assessments, its contribution to specific Topics and its relative weighting alongside other data sources is disclosed in the appropriate methodology. Because the process is rules-based, trained against the criteria of materiality assessments suggested by EFRAG rather than model-discretionary, it carries less risk of unexplainable outputs, but does carry a risk of the fixed criteria being applied inconsistently across companies or sectors due to the nature of LLM models. We mitigate this by including a Human in the Loop review before finalizing the DMA results; and, by scoping and disclosing the AI's rules-based role in IRO identification and scoring in full, keeping the criteria and methodology set out transparently in the Double Materiality Assessment methodology rather than as an undisclosed or proprietary process, requiring analyst review of AI-generated IRO scores before they are used in an assessment, and ensuring no aspect of the approach is withheld from user or regulatory scrutiny.

v. AI-Based Summary of Company or Portfolio Performance

We use AI to generate narrative summaries of a company's ESG performance in the context of its sector, as defined by NACE classification, or of a portfolio's performance in the context of its benchmark. These summaries follow a rules-based approach: the AI selects and narrates from pre-calculated scores, rankings, and peer or benchmark comparisons already produced by our methodology, rather than forming its own independent view of performance. This carries risks of the summary misstating or overstating what the underlying data supports, and of sector or benchmark comparisons becoming misleading if the wrong NACE classification or benchmark is applied. We mitigate these risks by generating summaries only from validated, methodology-approved outputs rather than raw or unreviewed data, applying rules that tie every statement in a summary back to a specific underlying score or comparison, checking the company's NACE classification and the portfolio's benchmark are correctly assigned before a summary is generated, and requiring analyst review of AI-generated summaries before they are shared with clients.

5. Controls That Apply Across All AI Use

Control	Description
Testing and Validation	AI-assisted logic and models are tested against predefined test cases and human-verified benchmarks before and after deployment.

Review and Sign-off	AI outputs that affect methodology, code, or published data require review and sign-off by a qualified GIST Impact employee before release.
Version Control and Rollback	All production changes are version-controlled, so that any AI-assisted change can be traced, audited, and quickly rolled back if an issue is identified.
Confidentiality	AI tools used on GIST Impact data or code must meet our data protection and confidentiality standards; client and proprietary data is not used to train third-party AI models without explicit approval.

6. Human Accountability and Roles

AI tools are prohibited from approving code, deploying changes, or publishing a data point or rating on their own. Engineers and methodology owners remain fully responsible for any AI-assisted output they use, and analysts remain fully responsible for any AI-assisted extraction or estimate they release and related quality checks. Designated reviewers — identified within each team — are accountable for sign-off before an AI-assisted change reaches production.

7.Disclosure of AI Use

7.1 Public disclosure: GIST Impact Netherlands B.V. discloses, per ESG rating product and in the dedicated disclosure section of its website, where AI is used in data collection or in the rating process, together with the current limitations and risks of such use (Annex III, point 1 (k), of Regulation (EU) 2024/3005).

7.2 Disclosure to Users and Rated entities: For each ESG rating made available to users, rated items or issuers of rated items, GIST Impact Netherlands B.V. explains the AI methodology used in data collection or in the rating process (Annex III, point 2(a)(iv) and (e), of Regulation (EU) 2024/3005; Article 7(2) of Delegated Regulation (EU) 2026/871).

7.3 Trade secrets: Disclosures under this Section do not require GIST Impact Netherlands B.V. to disclose information constituting trade secrets (Article 15(13) of Regulation (EU) 2024/3005).

8. Governance and Review

The IT and Methodology teams jointly own this Policy, with sign-off from the Legal, Risk and Compliance (Oversight function) prior to publication or material amendment. The Policy is reviewed at least annually, and whenever GIST Impact materially changes how AI is used in engineering, data extraction, or data estimation, to make sure our controls keep pace with our use of AI. Records of AI-assisted changes are retained in line with GIST Impact's internal document retention policy.