STANDARD ETHICS EUROPE

GENERAL PUBLIC INFORMATION

On Standard Ethics Ratings (SER) for legal entities:
Corporate SER and SME SER;
on the Agency's methodology and structure

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Related documents	Standard Ethics Rating Methodology Policy [GENERAL 8]; Public Disclosure Policy [GENERAL 13]; Disclosure Policy towards Users and Rated Entities [GENERAL 14]

1. Introduction

The products offered by Standard Ethics Europe Srl (hereinafter referred to as the “Agency” or “Standard Ethics”) are exclusively solicited ratings: the solicited Standard Ethics Rating (SER). These ESG ratings are based on the Model created by Standard Ethics in 2004.

Pursuant to Regulation (EU) 2024/3005 (Art. 3), these ratings fall under the category of *ESG opinions* because the assessment process is managed by a dedicated Analyst.

Furthermore, they can be identified as *compliance ratings* in accordance with the definition used to describe Standard Ethics Ratings in the preliminary study leading up to the adoption of the European Regulation: the *EU Impact Assessment Report accompanying the Proposal for a Regulation of the European Parliament and of the Council on the Transparency and Integrity of Environmental, Social and Governance (ESG) rating activities, 13 June 2023, p. 94*. This definition was adopted because the Standard Ethics Rating (SER) is based entirely on the voluntary sustainability guidelines established by international organisations (EU, OECD, UN).

Finally, each rating assessment requires weeks of analytical work, involves between five to seven staff members, and takes around forty man-days, without the use of Artificial Intelligence or client-completed questionnaires. The result, in addition to the overall rating issuance, is an in-depth examination of an entity’s ESG positioning, which includes strategic recommendations, the identification of areas for improvement, and a gap analysis against international benchmarks. The SER must therefore be considered differently – in its objectives, timelines, uses and costs – from rapid, standardised scoring tools designed to provide automated scores.

The products offered by Standard Ethics are:

1. Corporate SER: for large companies (legal entities)
2. SME SER: for SMEs (small to medium legal entities)
3. Security SER: for financial instruments

Corporate SERs and SME SERs (legal entities) are similar in terms of methodology and process; the only distinction between the two lies in the handover of documentation to the client. In the case of SME SERs, the Guidelines with recommendations are not drawn up; instead, only the Final Report is sent to the client. The two ratings are identical, with the exception of turnaround times, which are shorter for SME SERs because, as mentioned, only the summary document (Final Report) is produced.

Consequently, this General Public Information document complies with the disclosure requirements of both the Corporate SER and the SME SER.

The Security SER is a rating based on two stages: the first determines the ‘Baseline Rating’ (equivalent to the Corporate SER, if one already exists); whilst the second stage involves a qualitative analysis of the financial instrument being rated and the use of the proceeds (general-purpose proceeds), which may then either confirm the Baseline Rating or raise it by up to two notches. The Security SER has its own public information sheet and technical information document that differ from this one.

For further detailed information, please refer to the policies adopted by the Agency, which are available in the relevant section of the website.

This General Public Information document (hereinafter “Information document”) has been drawn up by Standard Ethics Europe in accordance with Annex III, point 1, of Regulation (EU) 2024/3005 of the European Parliament and of the Council on the transparency and integrity of ESG rating activities, and with Commission Delegated Regulation (EU) C (2026)2503 of 21 April 2026, which specifies its content and structure.

For clarity, the requirements of Regulation (EU) 2024/3005 and the Delegated Regulation are summarised at the start of each section.

2. General Information on Rating Products

2.1 Letter (f) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 3(1) of Delegated Regulation (EU) C(2026) 2503

The ESG rating provider is required to provide information on the clearly defined objective of the ESG rating, specifying whether the rating assesses risks, impacts or both, in accordance with the principle of double materiality, or any other aspect, and, in the case of double materiality, the relative weighting of risk and the significance of the impact.

This information must be provided for each individual product.

The Corporate SER constitutes an *ESG opinion*—and is therefore an analyst-driven assessment—and falls within the category of a sustainability compliance rating; one of the four ESG rating models identified by the European Commission in its 2023 survey and associated by the Commission itself with Standard Ethics.[1]

The Model, adopted by the Agency in 2004, measures an entity's current and prospective level of compliance with the voluntary sustainability guidelines issued by the UN, the OECD and the European Union, irrespective of the entity's position relative to its sector peers (a sector-agnostic, absolute and non-relative approach).

The conceptual foundations of compliance ratings differ from those of relative ESG scoring models. Relative models operationalise predominantly quantitative metrics by benchmarking an entity against sectoral market practices; they address the question, "Is this entity more virtuous than its competitors?"

Standard Ethics' compliance rating, by contrast, is founded on a different premise: Sustainability is not the aggregation of good market practices (a bottom-up phenomenon), but the result of the institutional and political decisions that have shaped the meaning of the ESG acronym over time — from the OECD Guidelines for Multinational Enterprises, to the Brundtland Report, to the Global Compact, and the United Nations Sustainable Development Goals (a top-down phenomenon).

The guidelines issued by the UN, the OECD and the EU are, by definition, voluntary; they are developed by institutions mandated to set strategic directions on ESG matters and are absolute and universal (sector-agnostic). In other words, they are not tailored to any specific economic sector but apply to all organisations irrespective of the sector in which they operate. For this reason, the Corporate SER does not address the question "Is the organisation better than its sector competitors?"—typical of CSR and relative scoring—but instead the question "Is the organisation, on an absolute basis, aligned with the international sustainability recommendations established by policy-makers?"

The Model also differs from the concept of Corporate Social Responsibility (CSR). CSR generally consists of a set of voluntary initiatives defined by the company itself, the scope and ambition of which are freely determined by the organisation—often in line with sectoral best practices or the expectations of key stakeholders.

The compliance rating adopted by the Agency, by contrast, is based on the premise that the concept of sustainability is not defined by the market or by individual companies, but by institutional decision-makers with international legitimacy — the UN, the OECD and the European Union — through a set of guidelines that have become established over time.

Standard Ethics therefore does not measure how much more or less virtuous an organisation is compared with its industry peers — the typical question addressed by relative scoring — but rather how closely an organisation aligns, on an absolute basis, with the international sustainability recommendations set out by

[1] *Impact Assessment (EU Impact Assessment) relating to Regulation (EU) No 3005/2024: 'EU Impact Assessment Report accompanying the proposal for a regulation of the European Parliament and of the Council on the transparency and integrity of environmental, social and governance (ESG) rating activities' of 13 June 2023. On page 94 of the document, this model was, as mentioned, identified and linked by the European Commission to the Standard Ethics Agency.*

policy-makers, irrespective of competitors' behaviour and irrespective of any CSR initiatives the company may have voluntarily adopted.

The final rating is expressed on a scale of nine letter grades (Notches): F; E-; E; E+; EE-; EE; EE+; EEE-; EEE, with EE- representing the minimum threshold of the so-called Sustainable Grade. Where applicable, the rating is accompanied by an Outlook (Positive, Stable, Negative) and, in the case of solicited ratings (SOL), by a Long-Term Expected SER (LTER), a forward-looking indicator covering a 3–5-year horizon.

The SER assesses risks and impacts but does not apply the principle of double materiality as defined by the Corporate Sustainability Reporting Directive (CSRD).

Based on the entity's compliance with international guidelines, the Model assesses the potential risks of non-compliance with these guidelines: it measures the extent to which the entity adheres to the sustainability guidelines of the UN, the OECD and the EU, which incorporate environmental, social and governance objectives with implications for the management of strategic risks and impacts in the short, medium and long term.

2.2 Letter (g) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 3(2) of Delegated Regulation (EU) C(2026) 2503

The ESG rating provider is required to specify the scope of the ESG rating, namely whether the rating relates to a single E, S or G factor, whether it is an aggregate rating combining ESG factors, or whether the rating relates to specific issues such as transition risks.

This information must be provided for each rating product and must include a description of what constitutes the E, S or G factors and which factors are aggregated, where applicable, as well as a description of the specific issues covered.

The Corporate SER is an aggregate rating, which can be broken down into three components: E (Environmental), S (Social) and G (Governance), calculated in the following logical order:

- Secondary Factor (E and S): an initial algebraic analysis of the organisation's environmental and social policies and objectives, carried out using two Checklists (E and S Level) based on around 30 Markers and 90 inputs;
- Primary Factor (G): the G Aggregate — governance of Sustainability — resulting from the calculation of the Proprietary Algorithm based on 5 Standards (FcEU, SaEU-OECD, Mw, IdEU-OECD, CgUN-OECD-EU), fed by 35 Markers and 119 inputs, some of which are influenced by the outcome of the Secondary Factor;
- Final rating (Corporate SER): equal to the value of the Primary Factor (G), adjusted where necessary by an Override (maximum ±2 notches), in accordance with the principles of consistency, graduality and predictability of the ESG rating agency's approach.

The definitions adopted by the Agency are as follows: E = the set of environmental policies and objectives publicly adopted by the entity; S = the set of social policies and objectives publicly adopted by the entity; G = the entity's governance framework for implementing and integrating E and S into its strategies, in line with the UN, OECD and EU guidelines.

The Secondary Factor is calculated using two Checklists (E and S), one for industrial entities and one for financial/service entities, each divided into three sections: governance policies and documents (e.g. Environmental Policy, Decarbonisation Plan, Human Rights Policy, Artificial Intelligence Policy); targets and identified critical issues (e.g. climate-changing emissions, gender equality, health and safety at work); ESG certifications and ratings issued by independent third parties (e.g. ISO 14001, ISO 37001, SA8000). The sum of the scores assigned to each topic determines, for each Checklist, a score between 1 and 9 (E and S Level).

The transition from the Secondary Factor to the Primary Factor occurs as follows: if the E or S Level reaches a value of 5 or higher, the Analyst may assign the most favourable option to 9 specific *conditional* markers of the Proprietary Algorithm (out of a total of 35); otherwise, the input for those Markers must be selected from the negative options. It is at this stage that the E and S elements – which are independent and comparable across entities during the Checklist phase – become interdependent within the calculation of the G aggregate

and can no longer be assigned a value in their own right: their function, in addition to providing E and S Level as separately reported data, is to determine whether or not access to the most favourable values for these Markers is granted.

The Primary Factor (G Aggregate) is derived from the balance of the five standards of the Proprietary Algorithm (FcEU — Fair Competition; SaEU-OECD — Shareholders' Agreements; Mw — Market Weight; IdEU-OECD — Independent Directorship; CgUN-OECD-EU — Corporate Governance and governance of Sustainability), adjusted by a bonus variable known as 'k' (Sustainability at Risk), a statistical projection linked to the quality and independence of an entity's Board members. Each Standard starts from a maximum value of 2 (with a total sum of 10, corresponding to full theoretical compliance) and may fall as low as 0 depending on the responses to the relevant indicators.

The rating also incorporates past events relating to the entity under assessment, considering a five-year look-back period. Serious environmental, social or governance incidents occurring within this timeframe influence the data fed into the Proprietary Algorithm, in line with the principles of consistency, graduality and predictability of direction, ensuring that a single past event does not trigger disproportionate or abrupt changes in the assessment.

2.3 Letter (h) of Annex III, point 1, of Regulation (EU) 2024/3005

In the case of an aggregated ESG rating, the provider must specify the weighting applied to the three general factor categories — E, S and G (for example, 33% for E, 33% for S and 33%t for G) — and must explain the weighting methodology, including the weighting assigned to each individual category.

The Corporate SER is an aggregate rating, which can be broken down into three components: 'E' (Environmental), 'S' (Social) and 'G' (Governance).

As will be explained in section 3.1, the values of 'E' and 'S' (referred to as the Secondary Factor) influence the calculation of 'G' (defined as the Primary Factor), which is then, where necessary, adjusted via an Override to produce the final rating (Corporate SER).

At this stage, the three values become interdependent. However, the Agency also presents the results of the Secondary Factor in disaggregated form, for comparative purposes.

The relative weights of 'E' and 'S' in the calculation of 'G' are publicly available and documented in the Standard Ethics Methodology Policy, which can be found on the Agency's website. The impact of the values of 'E' and 'S' on 'G' varies within a possible range as the other parameters change. In particular: given the same maximum inputs for all Markers not influenced by factor E, factor E, at its most negative, can account for up to 33.6% of the final value of the aggregate G; factor S, on the other hand, can account for up to 40% of the final value of the aggregate G.

2.4 Letter (i) of Annex III, point 1 del Regulation (UE) 2024/3005

The ratings provider is required to specify, under factors E, S or G, the issues covered by the ESG rating and whether they correspond to the issues set out in the corporate sustainability reporting principles drawn up in accordance with Article 29b of Directive 2013/34/EU

Please refer to section 2.3 for the factors covered by the rating.

Il Modello è operativo dal 2004, quindi antecedente alla pubblicazione degli *European Sustainability Reporting Standards* (ESRS); l'Agenzia è comunque intervenuta più volte sui propri strumenti di analisi per allinearli ai framework internazionali di riferimento, e sta lavorando per un aggiornamento che li allinei formalmente agli ESRS, mantenendo però un approccio — basato sulla verifica dell'esistenza e qualità di policy e obiettivi — distinto dai sistemi di *scoring* quantitativo propri della rendicontazione ESRS. Una tabella di corrispondenza concettuale tra gli Standard ESRS (E1-E5, S1-S4, G1) e i Marcatori/Standard dell'Algoritmo Proprietario è disponibile, su richiesta, nella documentazione tecnica dell'Agenzia. The Model has been in operation since 2004 and therefore predates the publication of the *European Sustainability Reporting Standards* (ESRS). Nevertheless, the Agency has made several adjustments to its analytical tools to ensure alignment with international reference frameworks and is currently updating them to achieve formal consistency with the

ESRS, while maintaining an approach — centred on verifying the existence and quality of policies and objectives — that differs from the quantitative scoring systems characteristic of ESRS reporting. A table illustrating the conceptual correspondence between the ESRS Standards (E1–E5, S1–S4, G1) and the Markers/Standards of the Proprietary Algorithm is available, upon request, in the Agency's technical documentation.

2.5 Letter (j) of Annex III, point 1 of Regulation (UE) 2024/3005

The ratings provider is required to supply information to indicate whether the rating is expressed in absolute or relative terms.

The Corporate SER is expressed in absolute terms.

Standard Ethics' methodology does not assess an entity's performance relative to a panel of companies in the same sector and/or of similar size. Instead, it conducts a compliance assessment on an absolute basis, focusing on issues universally defined for all companies by the UN, the OECD and the EU.

For this reason, the Corporate SER is comparable across all organisations, whether they operate within the same sector or in entirely different fields.

2.6 Letter (o) of Annex III, point 1 of Regulation (UE) 2024/3005 and Article 3(3) of Delegated Regulation (EU) C(2026) 2503

Rating providers must supply information indicating, where an ESG rating for an assessed element relates to the Environmental factor, whether that rating incorporates the targets and objectives of the Paris Agreement or any other relevant international agreement. They must also explain the relevance of these agreements to the ESG rating and clarify whether the rating evaluates the alignment of the entity's commitments with the objectives set out in those agreements.

The Corporate SER does not specifically assess alignment with the objectives of the Paris Agreement, given the sector-agnostic and absolute-based nature of the methodology. However, the entity's climate-transition policies fall within the scope of the Environmental Markers — in particular EP2 (Policy/Decarbonisation Plan), ET1 (GHG Emissions), ET2 (Carbon Neutrality) and ET3 (Energy Consumption & Renewables) — insofar as they are addressed by guidelines issued by the UN, the OECD or the EU.

In fact, the Corporate SER takes full account of the voluntary sustainability guidelines promoted by:

- United Nations (UN) — including, amongst others, the Universal Declaration of Human Rights (1948), the Guiding Principles on Business and Human Rights and the Global Compact (1999);
- Organisation for Economic Co-operation and Development (OECD) — including the Guidelines for Multinational Enterprises and the G20/OECD Principles of Corporate Governance;
- The European Union — including communications from the European Commission on Corporate Social Responsibility, corporate governance, gender equality, human rights, the environment and artificial intelligence.

The Proprietary Algorithm and its associated Markers have been constructed using these sources, following a top-down and sector-agnostic approach, which differs from relative scoring approaches based on market best practices.

2.7 Letter (p) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 3(3) of Delegated Regulation (EU) C(2026) 2503

The ratings provide must supply information indicating, where an ESG rating of an assessed element relates to social or governance factors, whether that rating takes into account any relevant international agreements. The provider must also explain the relevance of those agreements to the ESG rating and clarify whether the rating evaluates the alignment of the entity's commitments with the objectives set out in those agreements.

As highlighted in section 2.6, the Corporate SER assesses the alignment of the Applicants' (i.e. entity requiring a rating) commitments with the objectives and targets of international agreements, namely the frameworks promoted by the UN, the OECD and the EU. Given the often-qualitative nature of these frameworks, this alignment is assessed in terms of compliance with the principles underpinning the international guidelines.

3. General information on methodologies

3.1 Letter (a) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 4(1) of Delegated Regulation (EU) C(2026) 2503

The ratings provider is required to provide an overview of the rating methodologies used and any changes thereto, including an indication of whether the analysis is retrospective or prospective and the time horizon considered.

It must also: state the title of the rating methodology used; describe the types of factors assessed and the elements to which the methodology applies; indicate the time horizon over which the ESG rating is considered valid, where applicable; publish a list and overview of the supporting models and key rating assumptions, where relevant; provide information on the measures and procedures designed to ensure the quality and reliability of the data used; describe the rating-category classification system adopted; and state the date of the most recent update to the methodology together with a description of the changes made compared with the previous version. The description of the rating-category classification system must additionally specify: the meaning of each rating category in terms of absolute and relative values, and how the classification system should be interpreted; and, where relative values are used, an explanation of whether they relate to a specific sector, geographical area, peer group or other comparative benchmark, accompanied by a description of those relative values.

The full title of the methodology adopted for the assignment of an SER is “ESG RATING METHODOLOGY POLICY. Standard Ethics Rating Methodology Policy”. It is published on the Agency’s website under the title: “Standard Ethics Rating Methodology Policy”.

The Corporate SER provides a snapshot of the current state of an assessed entity’s controls, strategies and impacts in relation to sustainability and corporate governance. For a solicited Rating, it remains valid for 12 months from the date of issue. For an unsolicited Rating, the Corporate SER remains valid until revoked, which occurs when the entity is excluded from the relevant Cluster.

As a compliance assessment, the rating also considers past events affecting the rated entity, in order to verify whether the current governance structure for ESG issues and risk management is adequate to reduce the likelihood of such events recurring. The retrospective assessment covers a period of up to five years prior to the rating date: serious environmental, social or governance incidents occurring within this timeframe influence the data fed into the Proprietary Algorithm. This retrospective component is applied in accordance with the Agency’s methodological principles [GENERAL 8] — consistency with the methodology and its underlying philosophy, gradual changes and predictability of rating direction — to ensure that a single past event does not lead to disproportionate or abrupt changes in the rating.

Looking ahead, the Model assumes that a transparent and balanced governance of Sustainability, based on corporate bodies that meet the requirements for professionalism, diversity and quality set by the UN, the OECD and the European Union, combined with high-quality analysis and management of ESG risks, provides the entity with a greater capacity to cope with adverse events and future stressors than a less structured governance model, according to the parameters established by international organisations. This consideration underpins the positive weighting assigned to the variable ‘k’ within the Proprietary Algorithm, as described in the Standard Ethics Rating Methodology Policy [GENERAL 8].

In addition to the ‘k’ variable, there are two other factors that the Agency uses to represent a forward-looking assessment, as already described in section 2.2 of this document:

- The **Outlook** — which may be Stable, Positive or Negative — is used, where possible, to indicate the Agency’s expected stance. No Outlook is disclosed if, in the judgement of the Analyst and/or the Internal Rating Committee (IRC), there is no reasonable prospect of it materialising. An Outlook is therefore assigned where there is a G Aggregate to which the rating is expected to align over the next 12–24 months, or where a scenario exists that indicates — with reasonable certainty — the future direction of the G Aggregate over the same period.

- The **Long-Term Expected Rating** is not a rating but indicates the analyst’s and/or the IRC’s subjective expectation regarding the extent of any possible change in the SER over the medium to long term. It is assigned only in the case of a Solicited Rating, as the analyst is able to engage with the entity and assess the direction and quality of its sustainability framework from a forward-looking perspective. In some cases, it may also correspond to the G Aggregate and represent the gap to be gradually closed over the medium term. The LTER may be expressed as a specific notch; defined as Stable (and

therefore equal to the SER); or marked On Hold if it has not yet been reassigned, pending further information on projects likely to have a significant impact on the entity under assessment.

3.2 Letter (b) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 4(2) of Delegated Regulation (EU) C(2026) 2503

The ratings provider must specify the sectoral classification used.

In addition, the ratings provider must indicate the name of the body that issued the sectoral classification, the name and version of the classification adopted, and any publicly available hyperlink to the official documentation of the sectoral classification system.

The Agency's methodology is sector-agnostic: no standard sector classification (GICS, ICB or equivalent) is used as a weighting factor in the rating, in line with the nature of the rating as an absolute compliance rating that is not comparative between competitors within the sector.

However, an operational distinction is made between industrial entities and financial/service entities in Checklists E and S (variants of the Markers), reflecting structural differences in the relevant environmental and social areas, without this resulting in a sector-based weighting of the final rating.

In its dialogue with rated entities, the Agency allows them to specify the sector in which they believe they should be classified (for general classification purposes); however, this indication does not affect the final assessment, in line with the Model's sector-agnostic approach.

3.3 Letter (c) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 4(3) of Delegated Regulation (EU) C(2026) 2503

The ratings provider is required to provide an overview of the data sources, specifying in particular whether the data is derived from sustainability disclosures required by Directive 2013/34/EU or from information reported in accordance with Regulation (EU) 2019/2088, and whether the sources are public or non-public, as well as an overview of the data-related processes, an estimate of the input data in the event of unavailability, and the frequency of data updates.

Furthermore, the ratings provider must describe, in the context of this disclosure, its relationships with the rated entities or the issuers of rated entities, including how the contribution arising from that process is taken into account.

The Agency uses only public or publishable sources.

Public sources include institutional data published by the entity, such as financial statements and reports (including information derived from sustainability disclosures required by Directive 2013/34/EU), governance documents, press releases, as well as official positions taken by regulators and judicial authorities (such as investigations, judgements or sanctions). Opinions or judgements of an ethical nature from unofficial sources (NGOs, think tanks) are not used.

Publicly disclosable data, on the other hand, refers to data provided by the Applicant during the solicited rating process which has not yet been made public at the time the rating is assigned.

In the case of unsolicited ratings, the assessment is based exclusively on public sources.

In the case of solicited ratings, the assessment is based on public and publishable sources.

For both types of rating, where data is missing, the Agency adopts a conservative approach: it selects the lower value compared with that which would be obtained using reliable data.

The Agency does not carry out audits or on-site inspections and does not guarantee the accuracy of self-reported data that has not been verified by third parties.

The Analyst monitors entities on an ongoing basis and, independently of the internally established schedule, alerts the relevant managers whenever any data approaches the end-of-validity threshold.

The frequency of data updates is linked to the ongoing monitoring of ratings, which is carried out in accordance with a three-tier classification system for news items. When significant news arises, a review of the analysis may be initiated.

In the case of solicited ratings, the data used for the purposes of assigning ratings is updated at least once a year.

In the case of a solicited rating, interactions with Applicants (entities requesting ratings) enable any publishable data to be incorporated into the public documentation. Such data may feed into the rating criteria and, consequently, influence the analysis leading up to the issuance of the rating.

In both solicited and unsolicited ratings, the data verification process allows the rated entities to report factual errors or inaccuracies in the data, which may lead to a review of the completed indicators and, consequently, of the final rating.

3.4 Letter (e) of Annex III, point 1 of Regulation (EU) 2024/3005 and Article 4(4) of Delegated Regulation (EU) C(2026) 2503

The provider must indicate whether the rating methodologies are based on scientific evidence and, where this is the case, describe the manner in which such evidence underpins the methodologies.

The provider must also outline, where applicable, the process used to identify relevant scientific data.

The Proprietary Algorithm for calculating the G Aggregate is based on a five-node influence graph (Standard), each node having a maximum initial value of 2 (with a total sum of 10, corresponding to full theoretical compliance). The five basic assumptions, derived from the guidelines of the UN, the OECD and the EU, are:

- an entity with a governance system that incorporates E and S factors is preferable to one that does not (Cg);
- an entity with independent governing bodies is preferable to one that does not have them (Id);
- an entity that is open to the market is preferable to one that is not (Mw);
- an entity that treats its shareholders fairly is preferable to one that does not (Sa);
- An entity that competes fairly is preferable to one that does not (Fc).

The mathematical correlations between the Standards follow linear relationships, with a non-linear correction variable k linked to the independence of the governing bodies and are developed in accordance with the principle of parsimony — maximising predictive power while minimising ad hoc elements. The formal details are published, in English, in the section Proprietary Algorithm, Formal Considerations of the Standard Ethics Methodology Policy [GENERAL 8].

3.5 Letter (k) of Annex III, point 1 of Regulation (UE) 2024/3005

The ratings provider is required to indicate, where applicable, any reference to the use of artificial intelligence (AI) in the data collection or rating determination process, including information on the current limitations and risks associated with the use of AI..

The Agency does not use Artificial Intelligence (AI) in the collection and processing of data, nor in the rating process, which is entirely analyst-driven.

In view of the potential risks arising from the use of AI systems, Standard Ethics Europe has adopted a specific policy on this matter.

In the document, the Agency recognises the potential of AI as a tool to support operational activities, whilst reiterating its belief that the ESG rating assessment process must remain entirely in the hands of qualified analysts and its own staff, in accordance with the current methodology and the principle of analytical independence.

The Agency therefore adopts a Policy on the Use of Artificial Intelligence.

The use of AI is permitted for monitoring and issuing alerts regarding rated entities — that is, to notify Analysts of relevant events or developments as an information-support function — and for improving general internal documentation (e.g., administrative communications, general training materials). Its use is allowed only where the documentation does not contain data covered by the GDPR or confidential information and does not constitute an output of the industrial rating process

The following uses of AI are, however, expressly prohibited:

- Rating assessment process: no AI system may be used to develop, propose or influence the ESG rating outcome. The analysis, the rating proposal and the IRC's decision remain the exclusive responsibility of the Agency's staff;
- Collection and processing of rating data: no AI system may be used for the collection or processing of data relating to entities being assessed as part of the rating process, except for the monitoring of, and issuance of alerts concerning rated entities.
- Entry of confidential data or GDPR-protected information: it is prohibited to input into any external AI system personal data covered by the GDPR, data relating to SOL clients, confidential information concerning rated entities, Rating Mask data, or any information classified in accordance with the relevant internal policies.
- Industrial process documents: no document arising from the industrial rating process (including SOL Guidelines, the Final Report, the Press Release, checklists or the Rating Mask) may be drafted, amended or revised using AI.
- Official communications: the Agency's official communications to rated entities, users, ESMA and third parties must not be generated using AI.

Should the Agency intend to extend the use of AI to new activities or processes in the future, this will be done in full compliance with the principles set out in the main international frameworks on the subject (such as the AI Act, the OECD Principles and the United Nations frameworks) and following an assessment of the impact of AI on rating activities and analytical independence, approval by the Board of Directors, an update to the relevant Policy, communication to staff and, where necessary, notification to ESMA.

Any new use of AI must, in all cases, comply with the principle of effective human oversight. No AI system may make autonomous decisions as part of the ESG rating process.

4. Limitations in the data sources, methodologies and information

4.1 Letter (m) of Annex III, point 1 of Regulation (UE) 2024/3005 and Art. 5 of the Delegated Regulation (UE) C(2026) 2503

The provider is required to disclose any limitations in the data sources and methodologies used to construct the ESG ratings, specifically in relation to the following aspects: the availability or consistency of the data used in determining the rating; the completeness, timeliness and accuracy of the information; and the use of assumptions, approximate benchmarks and data estimates.

Standard Ethics has identified the limitations of its model and of the data sources used to produce a Corporate SER, which are set out below:

- The absence of sector-specific weighting in the algorithmic calculation (sector-agnostic approach): this may result in less differentiated outcomes between entities operating in sectors with structurally different ESG and governance profiles;
- Dependence on the quality of data input: the accuracy of the calculation depends on the quality and completeness of the data entered by the Analyst. Any missing data reduces the accuracy of the result, and a conservative approach is applied whereby the lowest value is used when data is absent.
- Granularity of output classes: the rating is expressed across nine distinct notches. Entities with values close to a threshold receive the same rating as those with values further from that threshold. Overrides and Outlooks mitigate, but do not eliminate this effect.

- Self-reported data not verified by third parties: this may not accurately reflect the entity's actual practices; the Agency does not carry out audits or on-site inspections;
- The availability and quality of ESG reporting: these may vary according to the entity's size, sector and jurisdiction, and this affects the proportion of Markers completed using proxy data.

4.2 Letter (q) of Annex III, point 1 of Regulation (UE) 2024/3005 and Art. 5 of the Delegated Regulation (UE) C(2026) 2503

The ratings provider is required to disclose any limitations on the ESG information available, specifically in relation to the following aspects: the availability or consistency of the data used in determining the rating; the completeness, timeliness and accuracy of the information; and the use of assumptions, approximate benchmarks and data estimates.

The limitations of the Model and the data sources identified in section 4.1, to which reference should be made for further details, also apply to the available ESG information.

5. Information on the organisation

5.1 Letter (d) of Annex III, point 1 of Regulation (UE) 2024/3005 and Art. 6(1) of the Delegated Regulation (UE) C(2026) 2503

The ratings provider must disclose its ownership structure. In particular, it must provide a diagram illustrating the ownership links with any parent company and subsidiary companies, together with an indication, where applicable, of whether any of the entities included in the diagram carry out any of the activities referred to in Article 16(1) or the services referred to in Article 16(6) of Regulation (EU) 2024/3005.

Standard Ethics Europe Srl is an ESG rating provider based in Milan, classified as a *Small Provider* with no structural links within the meaning of Article 5 of Regulation (EU) 2024/3005. Its sole shareholder is Standard Ethics Ltd, the licensor (under an *arm's length* commercial licence) of the intellectual property assets relating to methodology, brand and databases.

Standard Ethics Ltd does not carry out any of the incompatible activities listed in Article 16(1) of the Regulation, has no access to the rating assessment processes, does not attend the Agency's operational meetings and does not influence the decisions of the Internal Rating Committee (IRC) in any way. Its role is limited to the appointment of the Board of Directors in shareholder meetings and the provision of support with resources and technology upon request.

The two entities are not subject to the requirement to prepare consolidated financial statements under Directive 2013/34/EU.

Standard Ethics Ltd, a company incorporated under English law, operated as an ESG rating agency until 2026, prior to the entry into force of Regulation (EU) 2024/3005; today, having ceased all operational activities and licensed the intellectual and operational assets developed over the course of its history to the Agency, it acts exclusively as a shareholder and commercial licensor of the IP assets. Its shareholders include individuals and one legal entity, Global Finance Rating Services Srl (part of the Class Editori group, formerly Class TV Moda Holding Srl), which holds a 24.7% stake. Although this stake exceeds the 20% threshold relevant for the presumption of significant influence, it does not confer any rights of control or any management or coordination functions over the management of Standard Ethics Ltd, nor does it result in the latter being part of a group within the meaning of Directive 2013/34/EU.

Below is a diagram showing the ownership structure of Standard Ethics Europe Srl:



Standard Ethics Europe Srl is the sole entity responsible for the rating process at every stage — data collection, analysis and reporting and is fully accountable to ESMA for compliance with the obligations set out in Regulation (EU) 2024/3005.

5.2 Letter (l) of Annex III, point 1 of Regulation (UE) 2024/3005 and Art. 6(2) of the Delegated Regulation (UE) C(2026) 2503

The ratings provider must supply general information on the criteria used to determine the fees charged to customers, specifying the various factors taken into account, as well as general information on the underlying business and payment model.

In particular, the following information must be provided: how the criteria applied to set fees ensure that the fees are fair, reasonable, transparent and non-discriminatory, as required by Article 27 of Regulation (EU) 2024/3005; whether the ESG rating provider operates a paid subscription model, a model paid for by issuers, a combination of these models, or another model; A description of the relevant business model and the proportion of total annual revenue derived from each model; where applicable, an explanation of the impact of fees charged for services other than ESG rating activities on the determination of fees for ESG ratings, together with a description of those services.

The Agency operates exclusively on an Applicant-pay model: 100% of its turnover comes from solicited ratings (SOL). The unsolicited rating activity does not generate revenue and is funded entirely in-house by the Agency, using the proceeds from solicited ratings. The Agency does not provide any services other than ESG rating activities and does not sell data derived from the ratings to third parties.

Fees are determined in accordance with the principles of fairness, reasonableness, transparency and non-discrimination, and are communicated in writing to the Applicant by means of a commercial letter prior to the signing of the contract. Each fee component (initial issue, annual renewal, any additional services) is listed separately.

The fee structure is based on a calculation of man-days required to produce the analysis material and to carry out the other activities necessary for the issuance of a Corporate SER.

The determination and negotiation of fees are the sole responsibility of the Managing Director and the Sales Department. Analytical staff (HO, Head of SOL/UNSOL Office, Analysts) are not involved in any stage of this process and are not informed of the amount of the fee paid by the Applicant, in accordance with Article 17(2) of the Regulation. There is no correlation between the final rating and the fee paid.

The Agency may apply differentiated fees based on the following objective criteria, as set out in the commercial offer:

- Complexity of the analysis: depending on the size of the applicant (turnover, number of employees, number of companies in the group), the complexity of the corporate structure and whether the Applicant operates in sectors with high ESG sensitivity.
- Working language: the standard fee covers drafting in Italian. Drafting in English or any other language is subject to an additional fee.
- Delivery method: the standard fee covers fully remote delivery. Physical attendance at the Applicant's premises will require reimbursement of travel expenses and the management of downtime.

The Agency does not publish the specific fees charged to individual Applicants, as this constitutes confidential commercial information; such documentation, including the Fee Register, is made available to ESMA upon reasoned request.

5.3 Letter (n) of Annex III, point 1 of Regulation (UE) 2024/3005 and Art. 6(3) of the Delegated Regulation (UE) C(2026) 2503

The ratings provider is required to make available a description of the main risks of conflicts of interest and the measures taken to mitigate them.

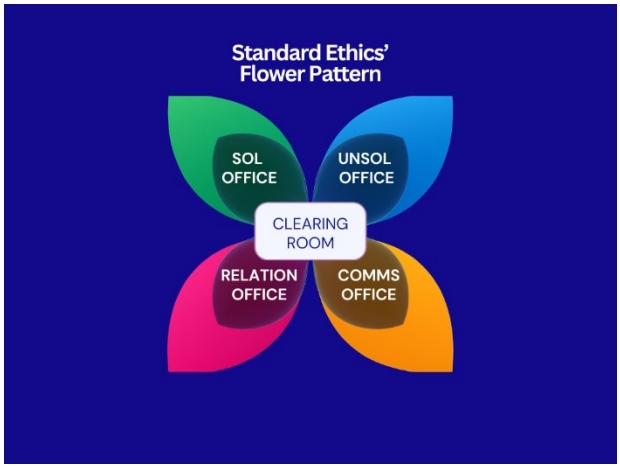
Furthermore, the ratings provider is required to indicate the areas of activity, services or organisational structure from which the main risks of conflicts of interest may arise..

In accordance with the provisions of the Regulation, the Agency has identified the following main areas of risk of conflict of interest:

- the Applicant-pay model — the commercial relationship with SOL applicants constitutes the main structural risk, which is managed through the complete functional separation between the commercial division and the analytical process;
- the relationship with Standard Ethics Ltd — the sole shareholder holds the intellectual property assets licensed to the Agency; the risk is managed through an arm's-length contract and a prohibition on interference in the rating process;
- staff with external assignments — managed through declarations of independence and a security clearance system.

With regard to the risks associated with the rating process, the Agency has for some time been organised according to the 'Flower Pattern' model, which provides for functional segregation between:

- Board of Directors — supervision and strategic guidance, with no involvement in the rating process;
- Managing Director (MD) — day-to-day management, regulatory compliance; does not participate in the rating process;
- Head of Operations (HO) — coordination of rating activities, chair of the IRC;
- Compliance Function — a permanent and independent function within the meaning of Article 15 of the Regulation;
- COMM Office, Relation Office, SOL Office, UNSOL Office — four separate operational offices, each with its own communication channels, databases and procedures (Chinese Wall);



- Administrative Area — a separate area for legal, HR, IT and security functions.

The list of members of the Board of Directors and senior management is published and kept up to date in the 'Governance' section of the website.

The Agency has adopted a specific Conflict of Interest Management Policy and an Analysis and Mapping of Hazards, Risks and Conflicts.

The Conflict of Interest Management Policy classifies risks into nine thematic categories, each with its own risk level (Very High, High, Medium, Low) and specific mitigation measures:

- (A) conflicts relating to the business model — mitigated through the separation of commercial and analytical activities (Chinese Wall / Flower Pattern), a collegial process within the Internal Rating Committee, a ban on trading based on ratings, and the rotation of the analysts assigned to the task;
- (B) conflicts arising from relationships with issuers — mitigated through business segregation, a ban on preliminary assessments (to prevent 'rating shopping') and a fixed, predetermined fee that is not contingent on the outcome of the rating;
- (C) conflicts arising from ownership structures — mitigated by refraining from issuing a rating in cases where there are significant cross-shareholdings (10 per cent or more) between the Applicant and the Agency, Standard Ethics Ltd or Related Third Parties;
- (D) conflicts of interest relating to staff — withdrawal, prohibitions on holding financial instruments of rated entities, a 9-month cooling-off period for senior management, look-back procedures, and analyst rotation;
- (E) conflicts relating to methodologies and transparency — consistency and disclosure of the methodology, and sectoral classification defined by the entity itself to avoid bias;
- (F) systemic and reputational conflicts — prohibition of preliminary assessments and subjective sector-based exclusions;
- (G) conflicts relating to suppliers and outsourcing — no use of commercial ESG data providers for the assessment process;
- (H) governance-related conflicts — exclusion of directors from the rating process;
- (I) Conflicts relating to communication and clusters — no commercial licence agreements with financial index providers for the use of ratings in products such as ETFs.

6. Information document update

This General Information document is reviewed at least once a year and whenever there is a significant change to the methodology, the organisational structure or the applicable regulatory framework (Regulation (EU) 2024/3005, Delegated Regulation C(2026)2503 and subsequent ESMA RTS). Previous versions will remain available via the public change log.

Approved by Standard Ethics Europe Srl's Board of Directors — June 2026