



# ESG Agency Issuer Reports -Methodology note 2025

## About us

EthiFinance is an independent European rating, research and advisory group, fully committed to Sustainable Finance. Present in six locations in France, Germany and Spain, EthiFinance provides investors, banks, insurance companies, companies and organizations of all sizes with high-impact analysis and solutions to the challenges of financing, environmental and social transformation.

Our ESG Rating Agency offers data and research for investors (off-the-shelf ESG ratings and datasets) and for issuers (second party opinions and solicited sustainability assessments). Our products are rooted in proprietary and publicly available methodologies using a double materiality approach. We deliver in-depth insights into the sustainability performance of issuers and instruments, allowing investors to make informed decisions, and organisations to understand their positioning against regulatory frameworks as well as their peers.

## Our Reports for Issuers

EthiFinance's ESG Rating Agency offers two ESG rating report formats to issuers:

- A **standard report**
- A **premium report**

The standard report offers an ESG evaluation that displays:

- The overall ESG rating and ratings by pillar.
- The raw data with the analyst's comments at indicator level.

The **standard report** is available to the assessed company upon request.

The **premium report** allows companies wishing to dive deeper into their ESG ratings to benefit from a detailed report.

The premium report provides, in addition to the elements mentioned in the standard report:

- The company's ESG scorecard, including trend, benchmark, scores per pillar and topic, controversies exposure and positive impact of products and services.
- Comments on the overall corporate performance and key sector issues.
- Benchmarks with peers, including on key indicators per ESG pillar (Environmental, Social - Own Workforce, Social - External Stakeholders, Governance)<sup>1</sup>.
- Data on Business Activities.
- Data on the contribution to the United Nations' Sustainable Development Goals (UN SDGs).
- Estimated carbon footprint (scopes 1 & 2 & 3).
- Regulatory Reporting, including data reported under the EU Taxonomy Regulation (2020/852/UE) and Principal Adverse Impact (PAI) indicators, as defined by the Sustainable Finance Disclosure Regulation (SFDR) (2019/2088/EU).

---

<sup>1</sup> This information is broken down by country, sector and size (revenue)

# ESG Ratings and data

EthiFinance's ESG Rating methodology is based on the main factors presented below. For more details, please consult the publicly available [ESG Ratings methodology](#).

## Methodology updates

We update our rating framework annually, based on the results of previous years and emerging ESG risks (new indicators, increased level of detail, adapted rating algorithms, etc.).

In 2025, a more in-depth methodological review was implemented, leading to the following improvements:

- A more **in-depth sectoral approach** – with adapted weights and indicators based on a double materiality approach.
- A **reorganization of the rating framework architecture** and indicators to align it with the requirement of the Corporate Sustainability Reporting Directive (CSRD) (2022/2464/EU).
- The introduction of a **10-point bonus**, linked to the contribution of the company's products and services to the UN SDGs.

**In order to allow companies to follow the evolution of the company's ESG performance over time, our reports contain the company's rating recalculated over the last 3 years according to the last available rating framework.**

## Sustainability pillars and topics

The information and data required for the analysis are collected and analysed according to EthiFinance's proprietary reference framework organized into four overall pillars, each divided into 3 to 4 topics:

- **Environment**
  - Climate Change (mitigation & adaptation)
  - Pollution prevention and control
  - Resources use & circular economy
  - Biodiversity & ecosystems (including water)
- **Social - Own workforce**
  - Working conditions & social dialogue
  - Skill development & training
  - Equal opportunities, diversity & inclusion
  - Health and safety
- **Social - External Stakeholders**
  - Workers in the value chain & human rights
  - Communities & territories
  - Consumers and end-users
- **Governance**
  - Role of the administrative, supervisory and management bodies
  - Business conduct
  - Cybersecurity
  - Management of relationships with suppliers

The analysis is backward-looking. It focuses on data from the last three reporting years. The exception is the controversy research, which is carried out in real time and impacts the ratings at the end of each month.

## Double materiality analysis

EthiFinance's ESG Ratings are anchored in a **sector-level double materiality analysis** (looking at both impact materiality and financial materiality), which has been carried out in accordance with the principles laid down by the CSRD and the European Financial Reporting Advisory Group (EFRAG).

This double materiality analysis is used both to define the weighting assigned to each sustainability topic and pillar in the scoring model, and to select in-depth sectoral indicators.

## Sector-agnostic and sector-specific indicators

Information on each sustainability topic is collected in the form of quantitative indicators (numerical data scale) or qualitative indicators (descriptive data scale).

These indicators are of two types:

- **Sector-agnostic or cross-sector indicators**, applied to all rated entities on subjects that are structurally the same for all or most sectors (in particular under the social and governance pillars).
- **Sector-specific indicators**, which capture topics and situations that differ from one sector to another (in particular for the environmental pillar).

## Scoring model

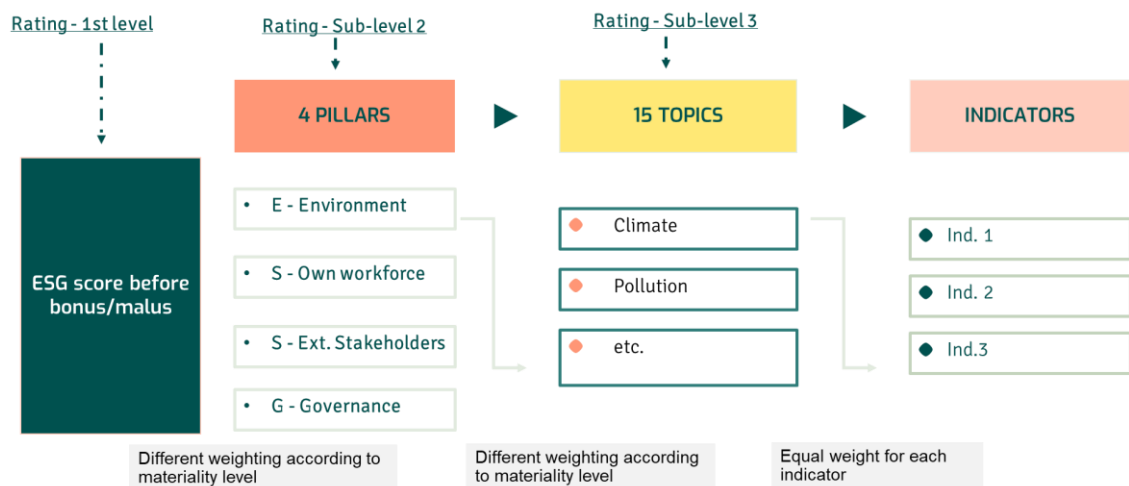
EthiFinance ESG Ratings takes into account the **size of the company** evaluated in order to adapt the expectations of its benchmark: larger (and thus more “CSR mature”) companies are expected to exceed the simple reporting exercise by demonstrating continuous improvements in their ESG performance, while for smaller companies, our rating focuses on the transparency of ESG-related information provided.

The thresholds used to distinguish smaller from larger companies are those defined by the Non-Financial Reporting Directive (NFRD) (2014/95/EU):

- Number of employees  $\geq 500$
- Turnover  $\geq 40$  million euros OR Total assets  $\geq 20$  million euros

The sustainability ratings are calculated by **successive consolidations**, starting with each sustainability topic. The topics are weighted differently according to the results of the sector-specific double materiality analysis: the topics identified as most material in terms of the rated entity's activities weigh more heavily in the score of the associated pillars. The same applies to the pillars: the greater the weight of a pillar, the stronger its impact on the final ESG rating.

## Aggregation of scores



## Rating modifiers:

Once the intermediary score has been calculated as indicated above, two additional modifiers are applied:

- A **penalty** (up to -20 points) may be applied if **ESG controversies** involving the rated entity are identified.
- A **bonus** (up to 10 points) may be applied if the rated entity's **products and services** are identified as contributing positively to one or more UN Sustainable Development Goal(s).

On this basis, Ethifinance delivers an overall ESG rating, broken down into four thematic scores corresponding to each of the four thematic pillars (Environment, Social - Own workforce, Governance, Social - External Stakeholders). This rating is presented on a scale of 1 to 100 and provided in absolute value.

## Rating process

The evaluation process is as follows:

1. Collection of public ESG information for the past 3 years
2. Data quality control
3. Dialogue with the company to complete and clarify the data collected
4. Checking the consistency and homogenization of data
5. Calculation of scores and ratings and publication of data

## Examples of graphs from the Premium Report

Below are some examples of graphs available in the Premium Report.

### Extract from the Premium Report – Overall rating over 3 years

#### Overall rating over 3 years



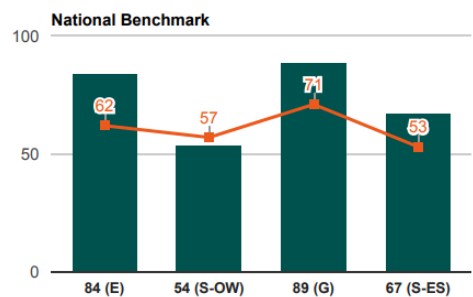
### Extract from the Premium Report – Detailed scores

#### Detailed scores

The table hereinafter highlights the details of the scores by pillar (ESG) and topic. The benchmark used includes all companies in the [REDACTED] sector rated during the 2025 Ethifinance ESG Update, i.e. [REDACTED] companies.

Rating	2022	2023	2024	Trend 2023-2024	Benchmark
Controversy penalty	0	0	0	=	
Products & services bonus	1	1	1	=	
Overall ESG Rating	36	49	52	↗	67
ENVIRONMENT	36	52	58	↗	65
Climate Change (mitigation & adaptation)	35	52	65	↗	75
Prevention & control of pollution	13	25	38	↗	54
Resource use and circular economy	70	75	70	↘	55
Biodiversity & ecosystems (including water)	13	44	38	↘	63

### Extract from the Premium Report – National Benchmark



#### National benchmark

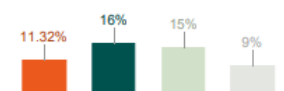
is benchmarked against **29 companies** based in **France**.

The average rating of the national benchmark is **64/100**

## Extract from the Premium Report – Focus on key indicators

### Turnover rate of permanent employees

*In order to assess the attractiveness of the company and its ability to retain talent, it is interesting to evaluate the proportion of voluntary departures compared to the total number of departures.*



On average, the departure rate of the employees of [REDACTED] is 11.32%. The average is 16% in its sector, 15% in [REDACTED] and 9% in its revenue category.

## Qualitative Comments

In addition to quantitative ratings, we provide qualitative comments within our ESG Rating reports.

There are two types of comments:

- Comments on **key sector issues** are written by analysts and updated once a year. The aim is to provide overview of the ESG topics that are most material for the company, based on its sector.
- **Company-specific comments** based on our data and scores and written with the assistance of an artificial intelligence tool. This comment focuses on the company's **overall performance and its evolution** compared to the previous year's rating update

N.B. These qualitative comments have no impact on the overall rating but provide the reader with a quick overview of the company's performance, especially regarding the most material ESG issue in its sector.

## Extract from the Premium Report – Corporate Performance Summary (example)

### Corporate Performance Summary

[REDACTED] overall ESG rating declined to 41/100 in 2024, down from 48/100 in 2023. Unlike last year, the company did not participate in the dialogue phase during the ESG rating process this year. This is the main reason for the drop in the score, due to a reduced access to information. No controversies were identified for either year.

In the Environmental pillar, the rating decreased from 30/100 to 28/100. This decline is mainly due to lower performance across most of the pillar's topics as a result of a lack of transparency in 2024 regarding data on water and waste management. However, the Climate Change score showed improvement, increasing from 23/100 to 46/100, on the back of new climate resilience assessments and enhanced public disclosure of detailed energy consumption data.



# Business Activities Screening

EthiFinance ESG Ratings presents an estimate of the exposure of companies to the following controversial activities: controversial weapons, chemicals (especially pesticides), fossil fuels, alcohol, tobacco, gambling, pornography, coal, oil, natural gas, unconventional fossil fuels, defence & armament, nuclear energy (including uranium), Genetically Modified Organisms (GMOs), palm oil, animal testing, recreational cannabis, and fur and exotic skins.

The exposure is collected or estimated from publicly available information, be it companies' reports or NGO websites. It is calculated based on the percentage revenue- when available – or other measurement units, such as the share of production.

The scale used to measure the company's exposure to a given activity is the following:

- Major (>50%)
- Significant (30%-50%)
- Limited (10%-30%)
- Low (5%-10%)
- Minor (<5%)

For some activities – such as controversial weapons or animal testing - the involvement is binary (YES/NO).

## Extract from the Premium Report – Business Activities Screening

Activity	Level of involvement
Coal	Marginal (<5%)
Gas	Minor ( $\geq 5\%$ and $< 10\%$ )
Nuclear power plants activities	Marginal (<5%)



# Contribution to the UN SDGs

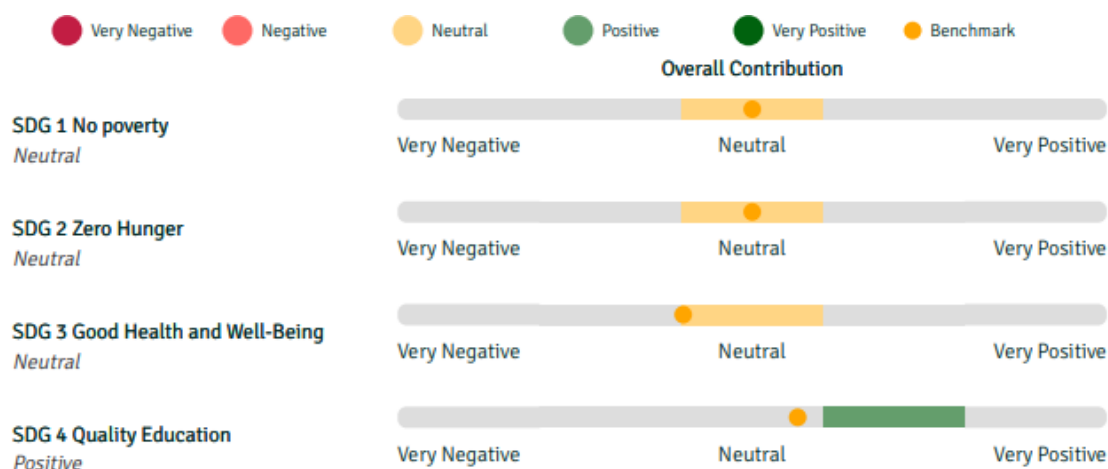
The UN SDGs (adopted in 2015 by 193 countries with a target date of 2030) contain 17 goals, broken down into 169 targets. These were defined with the aim of mobilizing the international community through public and private players to create a more sustainable society. They cover various issues related to sustainable development such as poverty eradication, gender equality, environmental protection, education, etc.

The methodology developed by Ethifinance ESG Ratings allows for the assessment of a company's contributions to each of the core SDG issues through its products and/or services as well as its operations. The two measures are then averaged in order to obtain an overall contribution to 16 SDGs

The scale of contribution to the SDGs is the following:

- Very Positive
- Positive
- Neutral
- Negative
- Very Negative

## Extract from the Premium Report – Contribution to the UN SDGs



# Estimated Carbon Footprint

Some companies do not report their greenhouse gas ("GHG") emissions data. EthiFinance ESG Ratings has developed a model to estimate the missing GHG emissions data from available data (turnover, number of employees, main sector of the company, electricity and fuel consumption, etc.). This module provides access to an estimate of the carbon footprint on scopes 1 and 2 and 3 of the assessed company.

- Scope 1 corresponds to direct emissions resulting from the combustion of fossil fuels.
- Scope 2 relates to indirect emissions linked to the consumption of electricity, heat or steam required to manufacture the product.
- Scope 3 corresponds to other indirect emissions, such as the extraction of materials purchased by the company for the production of the product or emissions related to the transportation of employees and customers who come to buy the product.

If the company reports its GHG emissions, the estimated GHG emissions equal the reported emissions for scopes 1 and 2. For Scope 3, if the company does not disclose upstream or downstream emissions, we estimate the total Scope 3 emissions to account for this gap.

## Extract from the Premium Report – Estimated Carbon Footprint

Scope	Reported carbon footprint	Estimated carbon footprint
Scope 1 (tCO <sub>2</sub> e)	266 000	266 000
Scope 2 (tCO <sub>2</sub> e)	280 000	280 000
Scope 3 (tCO <sub>2</sub> e)	2 866 693	2 866 693

# Regulatory Reporting

This section includes data that is of particular importance for investors, as they are required to report them at portfolio level under the SFDR Regulation.

## European Green Taxonomy

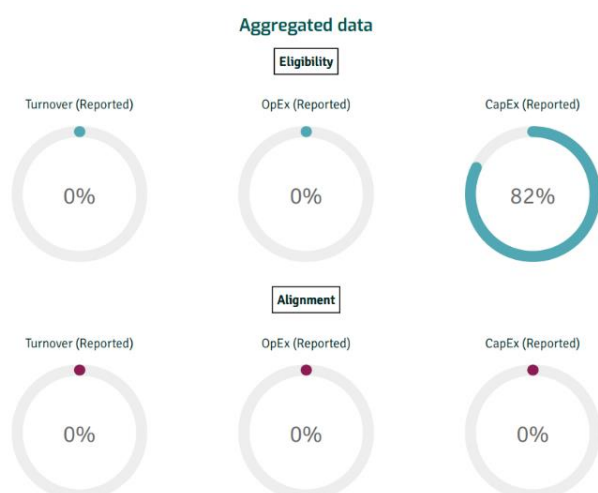
Regulation (EU) 2020/852 (hereafter "taxonomy") came into force for companies and investors in 2022. This applies to financial and non-financial companies subject to the Non-Financial Reporting Directive (NFRD), i.e., European companies with more than 500 employees, a turnover of more than EUR 40 million, or a balance sheet of more than EUR 20 million.

We collect annually from companies the share of turnover, CapEx and OpEx eligible for and aligned with the taxonomy. To complete this data, we have developed an internal methodology to determine the share of turnover eligible for the taxonomy, as well as the share of turnover aligned with the taxonomy of companies that have not yet published these indicators.

- The estimated taxonomy eligibility (turnover) of each company covered is determined by a semi-automatic analysis of the NACE codes, and then through a case-by-case restatement when necessary. The restatement methodology is strictly based on the eligibility criteria of the EU Regulation 2021/2139.
- The estimated alignment (turnover) with the taxonomy of each of the companies covered is determined using sectoral alignment coefficients based on a legal rationale and a market analysis, derived from an internal methodology. Ethifinance ESG Ratings' methodology is inspired by the work carried out by the European Commission Research Centre (JRC) in 2020 (Alessi et al.) on the determination of a Taxonomy Alignment Coefficient.
- The estimated data are analysed in the absence of a publication by the company, and on the basis of the company's public documentation at the time of the analysis. They therefore represent an estimate that cannot be substituted for a proper analysis performed by the company.

Note that for taxonomy objectives 4 to 6, only the estimated eligibility is provided.

### Extract from the Premium Report – Aggregated alignment and eligibility to the EU taxonomy



## Principal Adverse Impact (PAI) Indicators

Principal Adverse Impact (PAI) indicators are a key component of the SFDR, designed to measure and disclose the negative effects of investment decisions on sustainability factors. We cover the 14 mandatory PAI indicators required for SFDR reporting.

### Extract from the Premium Report – PAI indicators

Indicator	Metric	Value 2024	Value 2023
Greenhouse gas emissions	1. Total GHG emissions (tCO <sub>2</sub> e)	3 412 693	4 020 367
	Scope 1 GHG emissions (tCO <sub>2</sub> e)	266 000	255 000
	Scope 2 GHG emissions (tCO <sub>2</sub> e)	280 000	231 000
	Scope 3 GHG emissions (tCO <sub>2</sub> e)	2 866 693	3 534 367
	3. GHG intensity (tCO <sub>2</sub> e / EUR million)	459.10	450.98
	4. Exposure to companies active in the fossil fuel sector	YES	YES
	5. Share of non-renewable energy consumption %	Not disclosed	Not disclosed
	6. Energy consumption intensity (GWh/EUR million)	5,585.64	3,826.61
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	YES,significant impacts were identified after the impact assessment	YES,significant impacts were identified after the impact assessment
Water	8. Emissions to water (tonnes)	Not disclosed	Not disclosed
Waste	9. Hazardous waste and radioactive waste (tonnes)	581.00	877.00
Social and employee matters	10. Risk of violation of either the United Nations Global Compact or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	High risk	High risk
	11. The company is a signatory of the UNGC (proxy for Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises)	Signatory with an Active status	Signatory with an Active status
	12. Unadjusted gender pay gap	Not disclosed	Not disclosed
	13. Ratio of female to male board members, expressed as a percentage of all board members	44.44 %	50 %
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	NO	NO

# Certificate and Medal

In addition to the **premium report**, we offer a communication kit to best-performers, consisting of a certificate and a "medal", which the company can use to communicate on its Ethifinance ESG Rating.

Four levels of success are distinguished:

- **Platinum level:** overall rating strictly **above 80/100** and **no ESG controversies** identified.



- **Gold level:** overall rating strictly **above 70/100** and **no significant ESG controversies** identified.



- **Silver level:** overall rating strictly **above 60/100** and **no significant ESG controversies** identified. This level can also be reached by companies with a significant level of exposure to controversies (3/5) but compensated for by an ESG rating of more than 70/100.



- **Bronze level:** overall rating strictly **above 50/100** and **no significant ESG controversies** identified. This level can also be reached by companies with a significant level of exposure to controversies (3/5) but compensated by an ESG rating of more than 60/100.



# Contact



📍 Ethifinance SAS

153 Boulevard Haussmann

75008 Paris

✉ [reporting-esgratings@ethifinance.com](mailto:reporting-esgratings@ethifinance.com)

🌐 [www.ethifinance.com](http://www.ethifinance.com)