Supplier Environmental, Social and Governance (ESG) Assessment Methodology

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Disclaimer

This document describes the overall methodological framework, rating-result formation logic, and public rules of the Supplier Environmental, Social and Governance (ESG) Assessment Methodology. It is intended for companies, investors, partners, and other stakeholders. This document:

1. **does not constitute investment advice, financing advice, legal opinion, an audit opinion, or a compliance certification;**
2. **does not guarantee that an assessed entity meets all regulatory or disclosure requirements in any jurisdiction;**
3. bases assessment conclusions on information available at the assessment date and on the stated methodology; information updates, disclosure changes, or methodology revisions may lead to rating adjustments;
4. takes separately published Key Topic Methodologies as authoritative for indicator definitions, calculation details, and evidence requirements of material topics;
5. Chain ESG reserves the right to revise this methodology without prior notice; material revisions will be disclosed through version updates.

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Contents

1. Methodology overview

1.1 Objectives and positioning

This Supplier Environmental, Social and Governance (ESG) Assessment Methodology (the "ESG Assessment Methodology") is designed to provide a structured, comparable opinion on an enterprise's management capability, disclosure quality, and risk exposure in Environmental, Social, and Governance dimensions. Results are published as letter ratings, supplemented by structured scores such as pillar scores and material-topic scores, to help supply-chain partners, procurers, and other users understand an enterprise's relative ESG performance.

This document is the overview methodology for supplier ESG assessment. It answers overall questions such as how the assessment is organized, how scores are aggregated, and how rating results are formed. Indicator definitions, evidence requirements, and scoring details for each material topic are specified separately in subsequent topic-level methodologies.

1.2 Core features

The ESG Assessment Methodology has the following core features:

1. **Industry relativity**: material-topic weights are differentiated by industry; the total score is industry-adjusted to form comparable ratings and to avoid misinterpretation from simple absolute cross-industry comparison.
2. **Multi-level structure**: a four-level structure of "total score → pillars → material topics → underlying indicators" is used to support interpretability and traceability.
3. **Questionnaire**- and disclosure-driven: scoring is based on the enterprise's ESG questionnaire and evidence, public information, and supplementary verification.
4. **Dual-track mechanism**: in addition to the ESG composite-score path, a risk-management mechanism is in place; in material adverse circumstances it may override ordinary score mapping and produce a D-band rating.
5. **Clear rating results**: regular bands from AAA to CCC, plus a D band (including types D1, D2, and D3), are published so users can quickly identify relative performance and material risk signals.

1.3 Relationship with key topic methodologies and other assessment products

Document / product	Relationship
This document (overview methodology)	Sets the assessment framework, aggregation logic, rating results, and general risk-management rules
Key Topic Methodologies (series)	Specify indicator definitions, calculation logic, values, and evidence requirements for each material topic
Low-carbon and related assessments	May serve as data inputs for climate-related topics, or as standalone assessment products documented separately; this document does not elaborate their details

1.4 How to read this document

- For “what is assessed and how scores are aggregated,” read Chapters 2–4.
- For “how AAA–D is determined,” read Chapter 5.
- For “why a D rating may still apply when the total score is not low,” read Chapter 6.
- For topic-level details, consult the corresponding topic methodology; do not rely on this overview alone for indicator-level interpretation.

2. Assessment subjects, data, and outputs

2.1 Assessment subjects and scope of application

This ESG Assessment Methodology takes the enterprise entity as the basic assessment subject. It applies to enterprises participating in supply-chain ESG management, overseas-compliance preparation, procurement access, or related assessment scenarios. Covered industries, enterprise types, and geographic scope follow Chain ESG’s then-current product description.

The assessment primarily uses information from the enterprise’s most recent complete reporting period (or the reporting period specified in the questionnaire). Multi-period data may be used where needed for trend or event indicators.

2.2 Data sources and information basis

Information used in the assessment typically includes (without limitation):

1. ESG questionnaire responses submitted by the enterprise through the Chain ESG platform;
2. supporting materials and disclosure documents uploaded by the enterprise;
3. verifiable public information (such as regulatory disclosures, penalty announcements, and audit opinions);
4. supplementary verification or manual review conducted under established procedures.

Information quality directly affects indicator scores and rating results. Where key fields are undisclosed, answered as “I don’t know,” or insufficiently evidenced, the overview methodology applies conservative scoring; specific rules are in the topic methodologies.

2.3 Relationship with low-carbon and related assessments

Chain ESG may provide questionnaires or assessment capabilities related to climate and carbon management. Their relationship with ESG assessment is as follows:

- **Linkable**: low-carbon disclosures may serve as inputs to climate-change and similar topics under the Environmental pillar;
- **Independent**: if a standalone product conclusion is formed, its methodology is published separately and is not elaborated here;

- **Not a substitute**: completing the ESG assessment described in this document does not automatically constitute completion of all specialized low-carbon assessments or carbon-accounting assurance.

2.4 Overview of the assessment and scoring system

2.4.1 Rating results

The core external conclusion is a letter rating, including:

- Regular bands: AAA, AA, A, BBB, BB, B, CCC;
- Special band: D (which may be further distinguished as types D1, D2, and D3).

Rules for forming rating results are set out in Chapters 5 and 6.

2.4.2 Pillar scores / topic scores / indicator scores

Level	Meaning
Indicator score	Score of an underlying observable question or quantitative indicator
Topic score	Aggregated from affiliated indicators according to the rules
Pillar score	Scores of the three pillars: Environmental, Social, and Governance

2.4.3 Weighted total score and industry-adjusted score

- **Weighted total score**: obtained by weighting applicable topic scores using industry material-topic weights.
- **Industry-adjusted score**: a relative adjustment of the weighted total score against a peer benchmark, used as the main input for ordinary rating mapping.

2.4.4 Risk-management-related outputs

In addition to the ESG composite score and rating result, the assessment may output risk-management notes (such as risk-alert categories and D-band type) to explain why the rating is set to D in specific circumstances. Externally disclosed content follows the product interface and report templates.

2.5 External deliverables

Depending on the product arrangement, the assessment may produce one or more of the following:

(1) a rating result (AAA–CCC and D, including D-band type where applicable);
(2) structured scores (pillars/topics, etc.);
(3) an assessment report or summary;
(4) an assessment certificate or other external credential (where applicable).

Self-assessment, preview, and official publication may differ in presentation: the official rating is the conclusion after the prescribed review process.

3. Model hierarchy and indicator structure

3.1 Four-level structure

The ESG Assessment Methodology model uses a four-level structure:

```
ESG
└── Pillars (E / S / G)
    └── Material topics
        └── Underlying indicators
```

Level	Count (current)	Description
Pillars	3	Environmental, Social, and Governance
Material topics	40	Basic units for industry weighting and topic-level methodologies
Underlying indicators	100+	Basic units for questionnaire scoring and evidence verification

Aggregation runs: underlying indicators → material topics → pillars → weighted total score → industry-adjusted score → rating result (which may be adjusted to D via the risk-management path).

3.2 Overview of the Environmental, Social, and Governance pillars

3.2.1 Environmental (E)

Focuses on policies, performance, and risk control relating to climate change, resource use, environmental pollution, environmental resilience, and environmental management.

3.2.2 Social (S)

Focuses on labor and human rights, product responsibility, supply-chain management, community investment, technology-driven topics, and data security and privacy.

3.2.3 Governance (G)

Focuses on shareholder rights, governance structure, disclosure quality, governance risk, and business ethics.

3.3 List of material topics

The complete list of material topics is in Appendix B. Indicator definitions and scoring details for each topic follow the corresponding Key Topic Methodology. This overview provides a structural index only and does not replace topic-level rules.

3.4 Weighting framework principles

(1) **Industry differentiation**: material ESG risks and opportunities differ by industry; material-topic weights are set by industry.
(2) **Materiality orientation**: topics that are more critical to an industry and more likely to have financial or operational material impact are generally assigned higher weights.
(3) **Zero weight means not applicable**: topics not applicable to a given industry may have zero weight and do not enter that industry's weighted total score.
(4) **Public boundary**: this document discloses weighting principles; specific industry–topic weight values are published separately.

4. Methodological steps

4.1 Identification and applicability of material topics

For a given enterprise, the applicable set of material topics and weights is first determined from its industry classification. Industry classification is aligned with internationally recognized industry-classification systems to support consistent peer comparison.

4.2 Principles for setting topic weights

Weight setting comprehensively considers:

(1) typical environmental and social externalities of industry activities;
(2) supply-chain and market attention to the relevant topics;
(3) data availability and indicator discriminability;
(4) the degree and time horizon of a topic's impact on the industry.

The full weighting framework is in Appendix C. The weight system is reviewed periodically; material changes are explained with methodology version updates.

4.3 General rules for indicator assessment and scoring

Underlying-indicator scoring follows these general rules (details are in the topic methodologies):

(1) **Unified scale**: indicator scores are generally mapped to a 0–100 range to support cross-indicator aggregation.
(2) **Direction alignment**: "higher is better" and "lower is better" indicators are converted to same-direction scores by rule.
(3) **Treatment of insufficient disclosure**: undisclosed, unverifiable, or explicitly unknown items are scored under established conservative rules rather than omitted.
(4) **Qualitative and quantitative combination**: policy/system, target-management, and quantitative-performance indicators are scored under their respective rules.

(5) **Events and multi-period information**: penalties, incidents, audit opinions, and similar items may use multi-period weighting or caps to reflect recency and severity.

4.4 Aggregation of indicator scores

After indicator scores are complete, they are aggregated bottom-up by model level:

(1) underlying indicators → material-topic scores;
(2) material-topic scores → pillar scores;
(3) pillar scores → weighted total score.

Only applicable topics with positive weights participate in higher-level aggregation.

4.5 Weighted average score

For material-topic scores applicable to the enterprise, a weighted total score is calculated using industry weights. This score reflects the enterprise's overall performance on the "material-topic mix of its industry" and is the core input before industry adjustment.

4.6 Industry adjustment

To improve cross-enterprise comparability, Chain ESG applies industry adjustment on top of the weighted total score:

(1) the peer distribution or industry benchmark of the enterprise's industry is used as the reference;
(2) the enterprise's relative position among peers is mapped to an industry-adjusted score;
(3) the industry-adjusted score is the main basis for ordinary rating mapping in Chapter 5.

The purpose of industry adjustment is to answer: "Among similar enterprises, what is this enterprise's relative ESG composite performance?"—not to give an absolute compliance conclusion. Specific parameters and update frequency of industry benchmarks are internal model configuration and are not disclosed.

4.7 Overview of the final rating path

The rating result is not in all cases mapped directly from the industry-adjusted score. The complete path is:

(1) calculate the weighted total score and apply industry adjustment;
(2) run risk-management assessment (general risk and material risk / veto);
(3) determine the final rating by priority (see Section 5.4);
(4) enter quality control, review, and publication (see Chapter 7).

4.8 Assumptions, limitations, and data-quality notes

The assessment rests on the following assumptions and limitations:

(1) information submitted by the enterprise is true and complete in material respects; falsehood or material omission may invalidate or downgrade the rating;
(2) public information may be lagged, incomplete, or inconsistent in definition;

(3) the model treats "undisclosed" conservatively, which may lower scores for enterprises with insufficient disclosure;
(4) industry adjustment depends on the quality of peer samples and benchmarks; sample changes may affect relative position;
(5) the methodology cannot exhaust all ESG risks; an uncovered topic does not mean the risk does not exist.

5. Final rating results

5.1 Rating symbols and meanings

Assessment ratings comprise eight grades from AAA–CCC plus the D band. Evaluation is against an industry-relative benchmark and reflects the assessed entity's ESG governance and risk exposure relative to peers in its industry.

The table text below is a public, high-level explanation; specific score thresholds are in 5.2. Ratings are relative opinions. They do not constitute an endorsement or guarantee of the enterprise, do not represent an absolute judgment on any enterprise's operating capability, financial condition, or compliance performance, and do not constitute investment advice.

Rating result	Meaning
AAA	Outstanding performance, significantly above the relative peer level
AA	Excellent performance
A	Good performance
BBB	Upper-medium performance
BB	Medium performance
B	Weaker performance
CCC	Relatively weak performance, still within the ordinary score-mapping range
D	Low score, excessive general risk, or material risk (veto), among other circumstances

5.2 Score-mapping rules

Provided risk-management override rules (D2, D3) are not triggered, the industry-adjusted score is mapped to a rating as follows:

Industry-adjusted score (inclusive of lower bound)	Rating result
≥ 90	AAA

≥ 80 and ＜ 90	AA
≥ 70 and ＜ 80	A
≥ 60 and ＜ 70	BBB
≥ 50 and ＜ 60	BB
≥ 40 and ＜ 50	B
≥ 30 and ＜ 40	CCC
＜ 30	D (type D1)

Notes:

1. This table is Chain ESG’s publicly disclosed rating-mapping rule;
2. the mapping input is the industry-adjusted score, not the unadjusted weighted total score;
3. if risk-management rules in Chapter 6 are also triggered, the final rating follows the priority rules and may differ from simple score mapping in the table above.

5.3 Principles of the D band

5.3.1 Relationship between D and AAA–CCC

D and AAA–CCC are all letter ratings published externally. AAA–CCC mainly reflect relative composite peer performance; D identifies that the enterprise is in a state of “excessively low composite performance” or “risk-mechanism trigger,” prompting users to interpret with caution.

5.3.2 D1: low-score-zone trigger

When the enterprise does not trigger D2 or D3, and the industry-adjusted score is below 30, the rating is D, type D1.

D1 sits in the low-score zone of the continuous 0–100 mapping axis and uses the same score-mapping logic as AAA–CCC. It indicates that ESG composite performance significantly lags the acceptable range after peer adjustment.

5.3.3 D2 and D3: triggered by the risk-management path

D2 and D3 are not further subdivisions of “below 30.” They are override results of the risk-management mechanism at the rating stage:

- **D2**: general risk model triggered (see Section 6.2);
- **D3**: material risk mechanism (veto) triggered (see Section 6.3).

Even if the industry-adjusted score falls in a regular band such as A or BBB, once D2 or D3 is triggered the final rating may still be D.

5.4 Rating priority

The final rating is determined by the following priority (high → low):

(1) Material risk / veto → rating = D, type = D3;
(2) otherwise, excessive general risk → rating = D, type = D2;
(3) otherwise, industry-adjusted score < 30 → rating = D, type = D1;
(4) otherwise, map AAA–CCC per Section 5.2.

When multiple D-band conditions hold at once, the external primary-cause type takes the highest of the above priorities (for example, when both a low score and a veto apply, the primary-cause type is D3). Disclosure of coexisting conditions is in Section 6.5.

5.5 Principles for interpreting ratings

(1) A rating is an opinion relative to peers and the stated model, not a compliance passport;
(2) a high rating does not mean there is no ESG risk; a low rating is not equivalent to loss of going-concern ability;
(3) users should read the rating together with topic structure scores, risk notes, and original disclosures;
(4) when comparing letter ratings across industries, understand that industry weights and industry adjustment have been applied, but interpretation should still consider the business model.

5.6 Rating changes and review principles

Ratings may change in the following circumstances:

(1) the enterprise updates reporting-period data or supplements disclosure;
(2) a new material risk event or veto circumstance occurs;
(3) industry weights, industry benchmarks, or the methodology version are updated;
(4) quality control identifies errors that must be corrected.

Enterprises or related parties that dispute an official rating may raise it through Chain ESG's published review/appeal channels; review does not affect Chain ESG's right to form an independent judgment under the stated methodology.

6. Risk management and D-band triggers

6.1 Objectives and positioning of the risk-management framework

The risk-management framework identifies circumstances that may cause material adverse impact on stakeholders or significantly weaken the credibility of the ESG assessment. It runs in parallel with the composite-score path in Chapters 4–5 and has priority override effect at the rating stage.

The framework comprises two connected but distinct components:

Component	Corresponding D-band type	Nature of the mechanism
General risk model	D2	Composite assessment of multi-dimensional risk signals

Material risk mechanism (veto)	D3	Discrete trigger of specified severe circumstances

6.2 General risk model (corresponding to D2)

6.2.1 Model objectives and scope of application

The general risk model focuses on the intensity of adverse signals relating to environmental penalties, safety incidents, labor policy, data security, financial credibility, debt and equity risk, external sanctions, and business ethics, among other dimensions, to form a composite risk judgment.

6.2.2 Risk-dimension composition (category level)

The general risk model mainly covers the following risk categories:

(1) environmental penalties;
(2) casualty incidents;
(3) employment-policy risk;
(4) data-security incidents;
(5) credibility of financial information;
(6) equity-freeze risk;
(7) debt-default risk;
(8) external sanctions;
(9) business-ethics cases;
(10) anti-corruption and bribery cases.

These categories link to related indicators in the ESG indicator system, but they serve a "risk identification" objective and are not a simple double-count of the ESG total score.

6.2.3 Principles of composite risk assessment

(1) risk-related indicators included in the model are converted into risk contributions by rule;
(2) items with missing disclosure are treated under established rules so that "blank" is not simply treated as the highest or lowest risk;
(3) when composite risk reaches the established internal standard, D2 is triggered.

6.2.4 Principles for triggering D2

When the general risk model judges composite risk to be excessive and D3 is not triggered, the final rating is D, type D2.

D2 emphasizes that even if some ESG management indicators are not low, the accumulated intensity of key adverse risks is sufficient to change the external rating conclusion.

6.3 Material risk mechanism: veto (corresponding to D3)

6.3.1 Purpose

If already manifested severe adverse circumstances were still mapped only through ordinary scores, risk could be understated and users misled. Therefore a material risk mechanism is set: once hit, the rating is set directly to D (D3), and any score-mapping advantage of AAA–CCC no longer applies.

6.3.2 Principles of material-risk categories

Categories covered by the material risk mechanism include (principle-level list; details and determination standards follow internal procedures and review):

Automatically identified categories:

(1) substantive debt default;
(2) the most recent annual-report audit opinion is an adverse opinion or a disclaimer of opinion.

Categories that may be determined upon manual review (illustrative principles):

(1) material environmental violations;
(2) material workplace safety accidents;
(3) material regulatory / external sanctions;
(4) serious human-rights abuses;
(5) other material risk events.

Chain ESG may adjust the category list in light of the regulatory environment and practice, and will explain this in material methodology revisions.

6.3.3 Rules: trigger equals D3

After any material-risk circumstance is confirmed by automatic rules or manual review:

(1) rating result = D;
(2) type = D3;
(3) this conclusion takes priority over the general risk model (D2) and low-score mapping (D1).

6.4 Relationship between D2 and D3 and linkage with the ESG score

Item	D1	D2	D3
Primary driver	Industry-adjusted score too low	Excessive general risk	Material risk / veto
Relationship to score mapping	Part of score mapping	May override a higher score	May override a higher score
Continuous model?	Yes (score axis)	Yes (composite risk)	No (discrete trigger)

The ESG composite score answers “how good is performance”; risk management answers “whether there are risk signals sufficient to change the conclusion.” Together they form the final rating.

6.5 Attribution of the primary cause and external interpretation when conditions coexist

(1) the primary-cause type is uniquely determined by the priority in Section 5.4 (D3 ＞ D2 ＞ D1);

(2) external reports may, in addition to the primary cause, note in principle whether a low score or elevated general risk also coexists;

(3) interpretation should not treat D3 as “the lowest score”; the core of D3 is a material-risk trigger.

6.6 Principles for exiting or upgrading from the D band

In subsequent assessment periods, if the relevant material-risk circumstance is eliminated or no longer applicable, general risk falls within the internal standard, and the industry-adjusted score returns to the corresponding range, the enterprise may exit the D band or be upgraded to AAA–CCC. Specifics follow data at the re-assessment date and the methodology then in force.

7. Governance, process, and quality control

7.1 Overview of the assessment process

A typical process includes:

(1) enterprise preparation, questionnaire completion, and submission;

(2) review and validation;

(3) system scoring (indicators → topics → weighting → industry adjustment);

(4) risk-management run (general risk and material-risk identification);

(5) quality control;

(6) publication of the official rating;

(7) dispute handling and version archiving.

7.2 Quality control and review

Quality-control measures may include logical-consistency checks, outlier review, sampling of key evidence, and manual confirmation of material risks. Circumstances that may trigger D3 should in principle undergo enhanced review.

7.3 Independence and conflicts of interest

Chain ESG conducts assessments with methodological consistency and an evidence orientation. Questionnaire reviewers and processes should avoid undue influence on ratings from commercial relationships; potential conflicts of interest should be recused or disclosed under internal rules.

7.4 Methodology change and version management

(1) This document is managed by version number;

(2) minor clarifications need not change the major version number, but should be recorded in the revision history;
(3) changes that affect the distribution of ratings or public thresholds should increment the version and be explained externally;
(4) historical assessments in principle apply the methodology version in force at the time of assessment.

7.5 Use of automation and assistive technologies

Chain ESG uses automated systems in data collection, rules-engine scoring, consistency checks, and similar steps; artificial intelligence and other assistive technologies may be used in text verification, assisted review of materials, and similar scenarios. Automation and assistive technologies improve efficiency and consistency; they do not replace stated methodology rules and do not remove necessary human-review responsibility. Scoring rules for material topics follow the published methodologies.

8. Additional disclosures

8.1 Reference frameworks and alignment notes

In indicator design and disclosure guidance, this assessment system draws on ideas from international and domestic sustainability and climate-related disclosure frameworks (for example, common practices in climate disclosure and corporate sustainability disclosure). This ESG Assessment Methodology is nevertheless an independent methodology and does not claim one-to-one correspondence with, or endorsement by, any external framework.

8.2 Evidence and professional-judgment principles

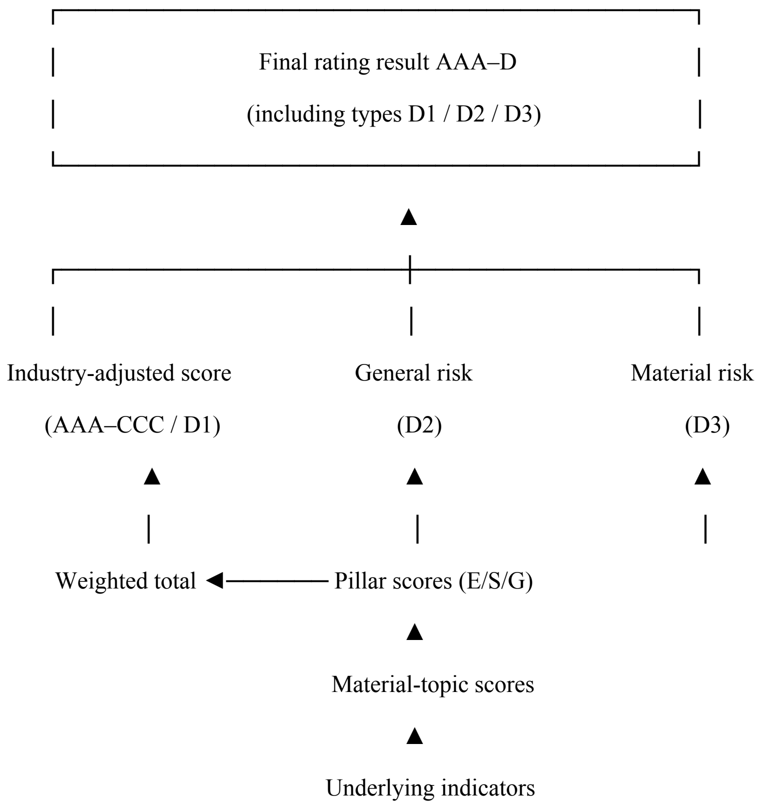
(1) prefer verifiable, traceable evidence;
(2) for conflicting information, judge by source authority, timeliness, and consistency;
(3) professional judgment must not break explicit rules in this overview or the topic methodologies;
(4) material uncertainty should be documented in the assessment record.

8.3 Contact and feedback channels

Comments on this methodology, errata suggestions, or disputes about assessment results should be submitted through Chain ESG’s officially published contact channels. Formal channels follow the website or in-product notices.

Appendices

Appendix A: Assessment model hierarchy diagram



Appendix B: List of material topics

B.1 Environmental (E)

Material topic	Universal topic?	Applicability to micro and small enterprises	Topic methodology
Climate change response	Yes	Applicable	Separate volume
Greenhouse gas emissions	Yes	Applicable	Separate volume
Carbon reduction pathway	Yes	Not applicable	Separate volume
Carbon capture and storage	No	Not applicable	Separate volume
Green finance	No	Not applicable	Separate volume
Water resources	No	Applicable	Separate volume
Material consumption	No	Applicable	Separate volume
Land use and biodiversity	No	Not applicable	Separate volume
Pollutant emissions	No	Applicable	Separate volume
Non-hazardous waste	No	Not applicable	Separate volume
Hazardous waste	No	Applicable	Separate volume
Renewable energy	No	Not applicable	Separate volume
Green buildings	No	Not applicable	Separate volume
Green factories	No	Not applicable	Separate volume
Sustainability certification	No	Applicable	Separate volume
Environmental penalties	No	Applicable	Separate volume

Notes: 1. A universal topic applies to all enterprises regardless of industry; 2. Micro and small enterprises are currently defined as enterprises with 50 or fewer employees.

B.2 Social (S)

Material topic	Universal topic?	Applicability to micro and small enterprises	Topic methodology
Employee health and safety	Yes	Applicable	Separate volume
Employee training and development	Yes	Applicable	Separate volume
Labor relations	Yes	Applicable	Separate volume
Human rights protection	Yes	Applicable	Separate volume
Product quality	No	Applicable	Separate volume
Product recall	No	Not applicable	Separate volume
Product or service complaints	No	Not applicable	Separate volume

Supplier management	No	Not applicable	Separate volume
Supply-chain relations	No	Not applicable	Separate volume
Community investment	Yes	Applicable	Separate volume
Technological innovation	No	Not applicable	Separate volume
Technology ethics	No	Not applicable	Separate volume
Data security and privacy	No	Not applicable	Separate volume

Notes: 1. A universal topic applies to all enterprises regardless of industry; 2. Micro and small enterprises are currently defined as enterprises with 50 or fewer employees.

B.3 Governance (G)

Material topic	Universal topic?	Applicability to micro and small enterprises	Topic methodology
Protection of shareholder rights	Yes	Not applicable	Separate volume
Board structure	Yes	Applicable	Separate volume
Management structure	Yes	Applicable	Separate volume
Credibility of information disclosure	Yes	Applicable	Separate volume
Shareholder behavior	Yes	Applicable	Separate volume
Solvency	Yes	Applicable	Separate volume
Legal proceedings	Yes	Applicable	Separate volume
External sanctions	Yes	Applicable	Separate volume
Tax transparency	Yes	Not applicable	Separate volume
Business ethics and codes of conduct	Yes	Applicable	Separate volume
Anti-corruption and bribery	Yes	Applicable	Separate volume

Notes: 1. A universal topic applies to all enterprises regardless of industry; 2. Micro and small enterprises are currently defined as enterprises with 50 or fewer employees.

The number of topics in the tables above is consistent with the current model’s material-topic set; individual names follow the latest topic methodologies and product interface. After topic methodologies are published, the “Separate volume” entries in this appendix will be replaced with specific document names and versions.

Appendix C: Indicative weighting framework

After identifying material topics applicable to an industry, contribution weights of each topic to the composite score are set. The core logic is to consider jointly the degree of impact on the industry and the time horizon over which impact materializes. Topics with greater impact that materialize faster are generally assigned higher weights; topics with smaller impact that mainly materialize over a longer term are generally assigned lower weights.

C.1 Setting process

Determine industry classification

|
▼

Identify the applicable set of material topics

|
▼

Rate each topic’s relative importance by “impact degree × impact time”

|
▼

Form industry-differentiated topic weights (inapplicable topics may have weight 0)

|
▼

Only positive-weight topics enter the weighted total score

C.2 Two-dimension rating logic

For each applicable material topic in each industry, ratings are made on the following two dimensions:

1. **Impact degree**: assesses the relative importance to typical enterprises in the industry of the environmental or social externalities, governance failures, and similar risks or opportunities corresponding to the topic. For example, where industry-average intensity indicators are significantly high, or related severe adverse events are relatively common in the industry, impact degree is generally rated higher; limited or occasional impact is rated lower.
2. **Impact time**: assesses how soon related risks or opportunities are expected to have a material effect on operations, compliance, cost, market demand, or reputation. Regulatory implementation that is imminent, operational disruption, or supply-chain shock that may appear quickly is generally treated as a shorter horizon; drivers such as long-term structural transition or slow changes in consumer preference are generally treated as a longer horizon. The time judgment for the same topic may differ across industries.

C.3 Indicative weight matrix

In the conceptual framework, topic weights are jointly determined by "impact degree" and "impact time," as illustrated below:

Impact time / Impact degree	Short term	Medium term	Long term
High (material impact)	Highest weight	Higher weight	Upper-medium weight
Medium (moderate impact)	Higher weight	Medium weight	Lower-medium weight
Low (smaller impact)	Medium weight	Lower-medium weight	Lowest weight

Principle notes:

- Inapplicable topics have weight 0 and do not enter that industry's weighted total score.
- "High impact + short horizon" topics have greater weight than "low impact + long horizon" topics; conceptually, the former's relative weight may be substantially higher than the latter's.
- Weights are differentiated by industry and take effect after internal review; material changes are explained with methodology version updates.
- This appendix discloses the weighting framework; specific weight values are not disclosed in this public document.

Appendix D: Industry classification and peer comparison

(1) enterprise industry assignment is used to determine topic weights and the industry-adjustment benchmark;
(2) peer comparison aims to reflect relative performance, not a promise of absolute ranking;
(3) where industry samples are insufficient or the enterprise type is special, prudent treatment rules may apply;
(4) changes in industry classification may change weights and adjustment benchmarks, and thus affect the rating.

Appendix E: Rating score-mapping table and rating-priority flow

E.1 Score-mapping table

See Section 5.2 in the main text.

E.2 Rating-priority flow

```
Start
  │
  ├─ Material risk / veto triggered? ───Yes────► D (D3)
  │           │No
  ├─ Is general risk excessive? ─────Yes────► D (D2)
  │           │No
  ├─ Industry-adjusted score ＜ 30? ──Yes────► D (D1)
  │           │No
  └─ Output AAA–CCC by score mapping
```

Appendix F: Glossary

Term	Definition
ESG	Environmental, Social, and Governance
Assessment	The process of structured analysis of an enterprise's ESG performance and risk under this methodology, forming a conclusion
Rating result	The letter conclusion published externally (AAA–CCC–D)
Material topic	A topic-level assessment unit in the model; the basic object of weight assignment and topic methodologies
Weighted total score	The composite score aggregated using industry topic weights
Industry-adjusted score	The score after peer-relative adjustment, used for ordinary rating mapping
D1	D-band type formed because the industry-adjusted score is below 30
D2	D-band type formed because the general risk model is triggered
D3	D-band type formed because material risk / veto is triggered
Veto	Under the material risk mechanism, the rule that a hit is rated D3

Appendix G: Revision history

Version	Date	Description
V1.0	2026-07-24	First publicly released overview: assessment framework, public AAA–D mapping, D1/D2/D3 principles, and general risk-management rules