

Win.d

Wind ESG

A Tailwind for Sustainable Investment



Wind ESG Rating Methodology

Wind ESG Rating Team

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About Wind

Headquartered in Shanghai International Financial Center in Lujiazui, Wind Information Co., Ltd. is a leading company in financial software services. Wind is a leading provider of financial information services in China, and an indispensable partner for lots of securities companies, fund management corporations, insurance companies, banks, investment firms, and media. Globally, Wind is also favored by widely used by qualified foreign institutional investors (QFII) approved by China Securities Regulatory Commission. Wind's clients also include well-known financial academic research institutions and media agencies. Wind's data is also frequently cited by authoritative Chinese and English media, research reports, and academic papers.

In the field of financial data, Wind has built a complete and accurate large-scale financial engineering and financial data center on financial and securities data in China. Wind's data covers stocks, bonds, funds, foreign exchange, financial derivatives, commodities, macroeconomics, and financial news. Wind meets the needs of institutional investors by timely update. To satisfy different clients in financial industry such as investment institutions, research institutions, academic institutions, and regulatory agencies, Wind has developed a series of professional analysis software and application tools for information retrieval, data extraction and analysis, and investment portfolio management applications. Through these terminal tools, users can obtain timely, accurate and complete financial data, information and various analysis results from Wind on a 24x7x365 basis. Wind closely follows the ever-changing financial market and continues to develop and extend into new areas, providing customers with faster, broader, and deeper data and information services. Sharing the value of data, Wind has the vision to be a global company that makes data available at your fingertips.

Wind ESG Rating Overview

Based on thorough research on international mainstream ESG standards and frameworks, combined with the investment practices of the Chinese capital market and the inherent characteristics of Chinese listed companies, Wind leverages its strong data capabilities to build a data-driven Wind ESG Rating system.

Full Asset Coverage and Multi-dimensional Data Ecosystem

Currently, Wind ESG Rating provides deep coverage of more than 12,000 rated entities in the Greater China region, comprehensively encompassing A-share and HK-listed companies, China Concept Stocks, and public credit bond issuers. In addition, Wind also provides Mutual Fund ESG Ratings and Carbon Emission Database, offering high-granularity underlying support for green finance. At the same time, Wind further expands its service boundaries by providing specialized ESG rating services for non-listed and non-bond-issuing Small and Medium-sized Enterprises (SMEs), helping diverse entities in the real economy achieve sustainable development value management.

Excellent Market Credibility and Authoritative Endorsement

With its scientific and objective rating system and high-transparency data architecture, Wind ESG Rating has received high recognition from regulatory agencies and rated companies. Leveraging its rating and data advantages, the Wind ESG team serves ministerial agencies such as the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), the Development Research Center of the State Council, the Beijing Municipal Development and Reform Commission, the Shanghai Municipal Commission of Commerce, and the Shanghai Municipal State-owned Assets Supervision and Administration Commission, continuously contributing to relevant policy research. According to the “China Listed Company ESG Development Report (2025)” released by the China Association for Public Companies, more than 40% of listed companies actively respond to Wind ESG Rating, ranking first in the entire market. This also marks the third consecutive year that Wind ESG Rating has ranked first in the market due to its extremely high market recognition.

Innovative Value Leading Green Finance Practice

Wind has always been at the forefront of industry innovation, winning the **Financial Innovation Achievement Award** presented by the Shanghai Municipal Party Committee and Government, and the **“Best ESG Solution (ESG Rating Platform)”** presented by Euromoney Institutional Investor SRP. In 2025, 1 billion yuan of Sustainability-Linked Bonds (SLB) based on Wind ESG Rating results were successfully issued in the interbank market, marking that Wind ESG Rating has evolved from a standardized rating result into a core financial tool driving the substantial implementation of green finance in China.

Wind ESG Rating Products

1. Listed Company Wind ESG Rating:

- Covers all A-share and HK-listed companies, as well as over 100 China Concept Shares.
- Provides an indicator system aligned with international standards while adapted for China listed companies, offering full underlying data, scores, and ratings.

2. Issuer Wind ESG Rating:

- Covers public credit bond issuers.
- Features indicators tailored to issuer characteristics, providing full underlying data, scores, and ratings.

3. Mutual Fund Wind ESG Rating:

- Covers domestic mutual funds.
- Includes Fund ESG Ratings, Fund Carbon Accounting (Carbon Footprint), and ESG Controversial Events.

Wind ESG Rating Features

1. Underlying Data: Solving Data Gaps and Non-standardization, Providing Timely Alerts for Controversies

- **Comprehensive Entity Coverage:** Covers **12,000+** companies, including all A-share and HK-listed companies, as well as selected China Concept Shares and bond issuers.
- **Long-term Time Series:** ESG underlying data available from 2017 to the present.
- **Massive Local Data Sources:** Daily tracking of **20,000+** alternative data sources across government levels, regulatory agencies, news media, industry associations, and NGOs. These sources provide objective verification of company self-disclosures to identify potential risks and opportunities.
- **Accurate and Efficient Data Processing:** Utilizes AI, big data, and other advanced identification technologies, combined with double-entry verification and intelligent auditing to ensure data quality through rigorous processes.
- **Year-round Communication Channels:** Established effective communication channels that accept feedback year-round, ensuring the first-hand acquisition of the latest information verified by analysts.
- **Real-time Data Updates:** Real-time updates of ESG information, timely capture of ESG controversies, daily alerts for penalties and litigations, and prompt adjustments for major disputes.

2. Evaluation Model: Localized Indicator Settings, Layered Risk Penetration, Transparent Methodology

- **Rating Framework with Chinese Characteristics:** References domestic and international ESG rating frameworks while focusing on China's ESG concepts. Incorporates unique indicators such as Carbon Reduction Targets, Green Credit, and Corporate Innovation Capability Certification to build a system that balances international standards with China's characteristics.
- **Material Issues:** Identifies and assigns weights to material issues across 82 industries, highlighting the primary ESG risks and opportunities for each sector.
- **Deep Capture of Operational Risks:** Leverages knowledge graph technology to deeply identify operational conditions of associated enterprises through equity penetration, leaving no room for hidden underlying risks.
- **Open and Transparent Data & Methodology:** Full transparency from indicator scoring and weight setting to raw underlying data, allowing for flexible application in research and investment decisions.
- **Continuously Refined Model:** Closely monitors global ESG trends, combining international experience with local practice. Regularly reviews and updates the rating model based on the latest data analysis, research findings, and user feedback to ensure alignment with current market realities.

Wind ESG Rating Methodology

Wind ESG Rating proactively assesses the material ESG risks and sustainable operation capabilities of enterprises, measuring their commitment and performance in ESG to help investors identify key risks and opportunities.

Coverage

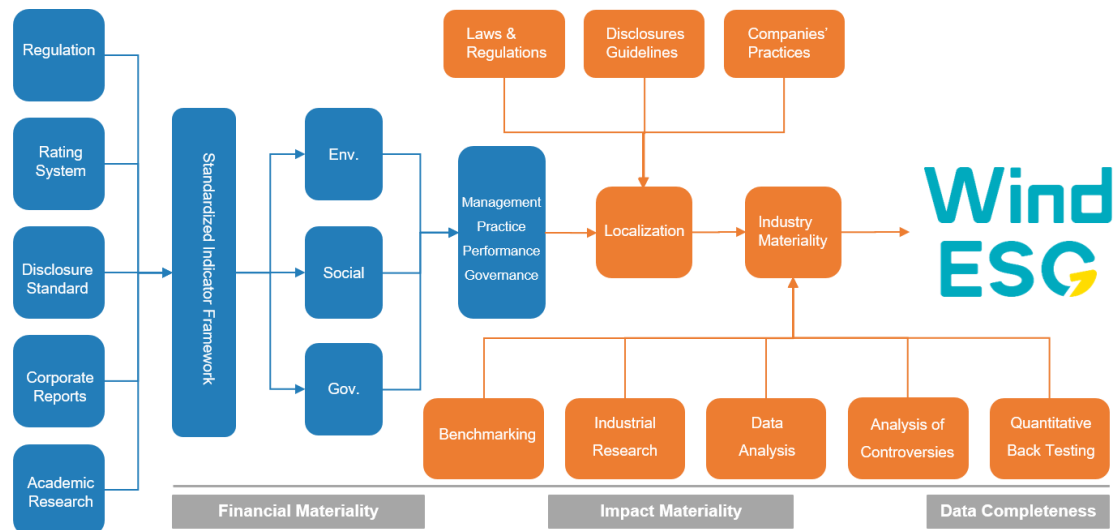
Wind ESG Rating covers all A-share and HK-listed companies, as well as China Concept Shares and public credit bond issuers. Underlying data covers the period from 2017 to the present, while ratings and scores cover the period from 2018 to the present.

Rating Framework and Evaluation Logic

The Wind ESG Rating system adheres to the core principles of “**Double Materiality (Financial Materiality and Impact Materiality)**” and “**Data Completeness**,” building a bottom-up, highly data-driven comprehensive evaluation model.

The system deeply integrates domestic and international regulatory requirements, information disclosure standards, and academic research findings. It is continuously calibrated based on years of exhaustive underlying disclosure data, controversy

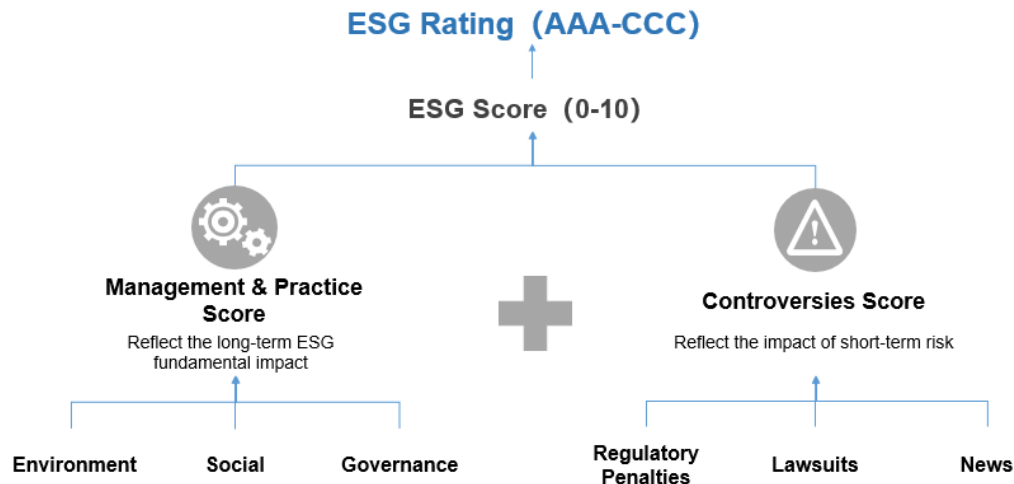
databases, and market quantitative backtesting results. This logic ensures that while the rating model aligns with global mainstream standards, it accurately captures and reflects the localized practices of the China market.



1. Core Rating Architecture: A Dual-Track System for Management Practice and Risk Monitoring

Structurally, the Wind ESG evaluation system is synergistically driven by two core modules: **“Management Practice Assessment”** and **“Controversial Event Assessment.”** This aim is to comprehensively reflect a company’s standardized ESG management level and major sudden risks:

- **Management Practice Assessment:** Starting from three dimensions—Management, Practice, and Performance—this module builds a standardized underlying indicator system under E/S/G dimensions to scientifically evaluate the effectiveness of a company’s response to industry-specific ESG risks and opportunities.
- **Controversial Event Assessment:** Real-time monitoring and assessment of major compliance risks or sudden ESG events, serving as a critical adjustment factor for the final rating result.



2. Rating Definition and Result Distribution:

Based on the ESG performance and material risk exposure of rated companies relative to their peers, Wind ESG categorizes rating results into **seven regular grades from AAA to CCC**.

For companies that trigger specific major risk events, Wind ESG uses the **"D Rating" as a risk indicator**. The issuance of a D Rating strictly follows objective criteria. Specific triggering circumstances include:

- The company's report is issued with a "disclaimer of opinion" or an "adverse opinion";
- The company's report contains false records, misleading statements, or major omissions;
- The company fails to disclose relevant reports within the statutory time limit;
- The company is involved in illegal acts related to information disclosure;
- The company experiences debt extensions or defaults.

The D Rating is only a risk indicator; it does not involve a judgment on the quality of the company's ESG performance, nor does it affect the normal update of the rated company's regular overall score. If the rated company has properly handled the relevant matters that triggered the D Rating and can provide genuine and sufficient supporting materials, it can communicate and provide feedback through the Issuer Communication Platform (esg.wind.com.cn) or the official email (GR.ESG@wind.com.cn). Analysts will conduct a timely verification of the materials and, upon confirmation that the standards are met, restore the normal rating update for the company.

Wind ESG Rating	ESG Score	Wind ESG Rating Meaning
AAA	[9, 10]	Exceptionally high management level, very low ESG risk, very

		strong sustainable development capability
AA	[8, 9)	High management level, low ESG risk, strong sustainable development capability
A	[7, 8)	Relatively high management level, relatively low ESG risk, relatively strong sustainable development capability
BBB	[6, 7)	Average management level, average ESG risk, average sustainable development capability
BB	[5, 6)	Relatively low management level, relatively high ESG risk, relatively weak sustainable development capability
B	[4, 5)	Low management level, high ESG risk, weak sustainable development capability
CCC	[0, 4)	Very low management level, very high ESG risk, very weak sustainable development capability
D	-	Cannot express a rating opinion

Rating Steps and Process

1. Constructing the Indicator System

The Wind ESG Rating indicator system consists of management practices and controversial events. While aligning with international mainstream ESG architectures, it fully considers the current status of the China capital market, regulatory policies, and specific ESG practices of China companies to build a localized indicator system:

- **500+ Management Practice indicators**, covering E/S/G dimensions, reflecting long-term ESG fundamental impacts.
- **1,200+ Risk Labels**, covering news sentiment, regulatory penalties, and legal litigation, reflecting short-term sudden event impacts.

2 Dimensions		Management & Practice									Controversy		
3 Pillars		Environment			Social			Governance			News	Regulatory Penalties	Lawsuits
29 Issues	Environment Management	Energy	Climate Change	Employment	Development & Training	OHS	ESG Governance	Directors, Supervisors and Senior Management	Anti-Bribery & Corruption				
	Raw Materials	Waste	Air Pollution Emissions	Products & Services	Research & Innovation	Information Security & Privacy Protection	Ownership & Control	Auditing	Anti-Monopoly & Fair Competition				
	Waste Water	Water Resource	Biodiversity	Customer	Supply Chain	Community	AML/CFT*						
	Green Building*	Sustainable Finance*		Access to Health Care*	Inclusive Finance*								
500+ indicators 2,000+ data points	- Total investment in environmental protection as a percentage of operating revenue - Clean energy/renewable energy use - Reducing the use of toxic and hazardous substances - Direct and indirect greenhouse gas emissions - Biodiversity conservation ...			- Equity incentives and employee stock ownership - Enterprise innovation capability certification - Product recall procedures - Ratio of R&D employees - Avoiding the use of conflict minerals ...			- ESG governance framework - Proportion of independent directors - Percentage of female directors - Change of accounting firm - Reporting and complaining against corruption ...			- Solid waste pollution - Safety incidents - Employment related penalties - Executive change - Product infringement - Party disciplinary penalties ...			

Note: *Industry-specific issues

2. Selection of Evaluation Indicators

Based on building a comprehensive and exhaustive ESG database, Wind ESG Rating selects evaluation indicators and establishes quantitative scoring standards based on the following elements:

- **Core Selection Principles:**
 - Based on Financial Materiality and Impact Materiality.
 - Aligned with international ESG disclosure and management frameworks while highly fitting the operational characteristics of China enterprises.
 - Considering both the industry representativeness of indicators and data availability.
- **Indicator Scoring Points and Scoring Logic:** Wind ESG disassembles each underlying indicator into specific “**scoring points**” and establishes scores through objective data logic. The quantification of underlying indicators in Wind ESG Rating is not a mechanical summation of disclosure items but a deep characterization from compliance status (“presence/absence”) to governance effectiveness (“quality/performance”) through a “penetrating” logic verification mechanism.

Example: Taking the “Energy Management System” indicator as an example, this indicator precisely captures the company’s substantive governance level by deconstructing the focus of governance functions, policy coverage, and the granularity of the management closed loop.

Serial No.	Scoring Point
1	Whether a dedicated department is responsible for energy management
2	Whether senior management is responsible for energy management
3	Whether the BOD is responsible for energy management
4	Whether the company specifies the roles and responsibilities of the three-tier governance structure for energy management system
5	Whether the company has an energy management policy or system
6	Whether the governance body establishes clear ways and processes to obtain energy management system information
7	Whether the governance body establishes a fixed-frequency mechanism to obtain energy management system information

- **Hierarchical Complementarity Mechanism for Governance Authority:** The rating system focuses on assessing the level of responsibility for energy management, using a “high-level coverage” logic to identify the highest authority boundary of corporate governance. Based on the granularity of disclosure, the system performs a penetrating assessment between fragmented authorization

(e.g., department division, senior management title) and systematic governance (e.g., a three-tier governance structure). If a company has established a clear “Decision-Management-Execution” governance structure, the system will directly lock in this high-level governance feature as the evaluation benchmark, automatically filtering out repetitive calculations of lower-level information. This mechanism aims to precisely capture the governance “ceiling” of a company’s energy issues, ensuring that the score objectively reflects the substantive involvement of the highest decision-making level rather than a simple sum of disclosure items.

- **Multi-dimensional Aggregation Mechanism for Management Closed-Loop:** Building on the governance foundation, the system quantitatively evaluates systemic effectiveness from top-level design to execution monitoring through the linear superposition of management behavior integrity elements. The rating treats energy management policies, the integrity of information acquisition processes by the governance layer, and the frequency of monitoring as independent and parallel evaluation dimensions. The implementation of each management action is regarded as an increment in management density. This aggregation logic requires companies to not only have a “policy tone” but also standardized information transmission paths and fixed-frequency monitoring mechanisms. By combining the assessment of these elements, it effectively distinguishes between “compliance disclosure” and “substantive control,” truly depicting the operational quality of the company’s energy management closed loop.

3. Identification of Material Issues and Weight Assignment

- Wind ESG Rating deeply integrates China’s national conditions and industry characteristics, leveraging Wind’s long-term accumulated data advantages to comprehensively analyze regulatory trends, market hotspots, and corporate management practices. The rating system is based on Wind Level-3/4 industry classification standards, precisely identifying material issues across 82 industries and implementing differentiated weight configurations to ensure scientific and targeted evaluation results.
- Within the Environmental and Social dimensions, different industries have different material issues. The governance dimension primarily consists of universal material issues for all industries, but specific settings are adjusted for certain sectors. For example, the financial industry includes a unique issue: “Anti-Money Laundering and Counter-Terrorist Financing,” while the “Anti-Monopoly and Fair Competition” issue is not applicable.
- The selection of issues and weights considers the ESG risks and opportunities, data availability, and quantitative analysis results of each industry. It highlights the primary ESG risks of various sectors, reflecting the relative substantive risks or opportunities that different ESG issues bring to companies in different

industries, as well as their positive or negative contributions to the environment and society.

Wind Level 3 Industry Classification	Capital Markets	Hotels, Restaurants & Leisure	Water UtilitiesIII
Environment	19.86%	25.61%	43.85%
Energy		5.55%	3.92%
Climate Change	6.81%	7.55%	5.99%
Air Pollution Emissions			5.96%
Waste Water			11.47%
Waste		6.30%	5.86%
Water Resource		6.21%	8.67%
Biodiversity			1.98%
Sustainable Finance	13.05%		
Social	49.47%	47.40%	30.47%
Employment	13.37%	13.24%	8.40%
Development and Training	4.22%	7.10%	4.54%
Occupational Health and Safety			8.44%
Products and Services		8.77%	9.09%
Research and Innovation	5.69%		
Supply Chain		7.62%	
Customer	7.94%	4.74%	
Information Security and Privacy Protection	11.04%	5.93%	
Community	4.63%		
Inclusive Finance	3.03%		
Governance	30.68%	26.99%	25.67%
ESG Governance	4.97%	3.27%	3.23%
Directors and Senior Management	11.62%	10.34%	9.92%
Ownership and Control	1.86%	1.88%	2.21%
Auditing	4.46%	4.22%	4.27%
Anti-Bribery and Corruption	6.60%	4.59%	4.27%
Anti-Monopoly and Fair Competition		2.69%	1.77%
Anti-Money Laundering and Counter-Terrorist Financing	1.17%		

4. Calculation of Scores and Ratings

The Wind ESG Rating model innovatively adopts a dual mechanism combining “automated evaluation technology and professional analyst verification,” balancing the timeliness and scientific nature of the ratings. The model consists of two core modules: **Management Practice Assessment** and **Controversial Event Assessment**, aiming to comprehensively quantify the company’s regular ESG management level and major sudden risks to provide comprehensive and objective rating results.

ESG Management Practice Assessment Model: The Wind ESG management practice assessment model relies on the “Management/ Practice/ Performance + Governance” underlying architecture. Through the standardized processing of non-financial information, it builds a highly objective quantitative evaluation system:

- **All-Dimensional Indicator Evaluation Paradigm:** The model deeply integrates 500+ indicators across E/S/G dimensions. Each level of underlying indicator strictly follows a 0-10 standardized scoring rule to ensure consistency and comparability of evaluation granularity.

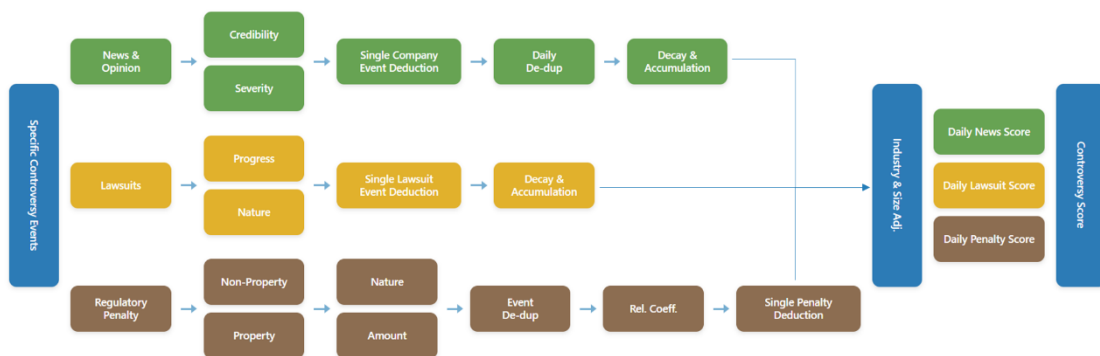
- **Differentiated Data Traceability and Timeliness Adaptation:** To scientifically reflect the variation characteristics of different types of indicators, the model has established a dynamic data traceability mechanism:
 - **Management Indicators:** Trace historical data for the past three years, aiming to evaluate the continuity and strategic stability of the company's ESG strategy.
 - **Practice and Performance Indicators:** Focus on specific performance in the most recent reporting period, achieving dynamic monitoring of the company's annual ESG execution effectiveness.
 - **Governance Indicators:** Adapt differentiated retrospective durations based on the specific attributes and risk characteristics of the indicators to accurately identify the company's governance robustness.
- **Weight Aggregation of Material Issues:** Based on industry characteristics and the "Double Materiality" principle, the model weight-aggregates the scores of each level of indicator to finally generate sub-scores for the E/S/G dimensions and an overall management practice score.

Controversial Event Assessment Model: The Wind ESG controversial event assessment model uses automated quantitative methods to timely, comprehensively, and objectively reflect the potential ESG risks faced by companies. The core evaluation logic is as follows:

- **All-Channel Event Coverage and Classification:** The model deeply integrates information from across the web, accurately classifying controversial events into three core types: news sentiment, legal litigation, and regulatory penalties. The system uses intelligent algorithms to remove duplicate records of the same event on the same day, ensuring the independence and authenticity of each risk signal.
- **Multi-Dimensional Comprehensive Evaluation System:** When evaluating a single event, the model deeply considers the severity of the event, the frequency of occurrence, the progress of the case, and the scale of the penalty. It combines these with the company's own asset scale and industry characteristics for rationalized weight adjustments to eliminate evaluation biases between companies of different sizes.
 - **Multi-Dimensional Calibration Mechanism for Risk Factors:** The model establishes a standardized quantitative evaluation system for different types of risk signals.
 - **Definition of Information Source Authority:** Confidence levels are graded based on the authoritative source directory of the Cyberspace Administration of China, prioritizing authoritative information released by state organs and central news websites.
 - **Classification of Penalty Nature and Severity:** Strictly referring to the "Administrative Penalty Law of the People's Republic of China," stepped

scoring deductions are preset based on the type of penalty (e.g., fines, orders to suspend production or business).

- **Evaluation of Litigation Nature and Judgment Results:** Dynamically monitors legal litigation types and judgment results. For substantive risks such as the company losing a lawsuit, it distinguishes between criminal and civil/administrative case natures to accurately define the compliance risk exposure.
- **Cross-Period Decay Mechanism for Controversial Events:** To objectively reflect the pattern of controversial event influence gradually weakening over time, the model introduces an exponential decay function.
 - **Sentiment Events:** Events included in scoring deductions will affect the company's score for the following 90 days, with a half-life of 15 days.
 - **Penalty and Litigation Events:** Due to their more severe and far-reaching negative impact, they will affect the company's score for the following 360 days, with a half-life set at 60 days.



5. Dynamic Release:

Wind ESG Ratings are updated periodically, while the **Wind ESG Score** is updated daily. Relevant data is released on platforms such as the Wind Financial Terminal and the Wind ESG official website (esg.wind.com.cn).

Wind ESG Rating Update Mechanism:

- When a company discloses its new annual ESG report; after confirmation through pre-rating communication, the rating will be updated.
- If a company does not disclose its annual report within 4 natural months after the fiscal year-end, or does not disclose its ESG report within 7 natural months after the fiscal year-end, a mandatory rating update is triggered.
- Companies can proactively provide feedback on their Wind ESG rating. If the relevant data is verified as genuine, sufficient, and capable of triggering a grade change, a rating update can be obtained, provided that at least three natural

months have elapsed since the last update and the score has remained stable within the current rating range for more than one month;

- If the company's industry changes, proactive feedback triggers an analyst review; after approval, the rating is updated.
- If the company's ESG score rises or falls by more than 1.5 points compared to the previous rating date, an analyst review is automatically triggered; after approval, the rating is updated.
- If a company experiences major penalties or its sustainable operation foundation is questionable, a D Rating will be given after analyst review and confirmation.

Update Frequency of Different Data Categories:

Data Category	Update Frequency
ESG Rating	Updated periodically according to the update mechanism
ESG Score	Updated daily
Controversial Event Score	Updated daily
Management Practice Score	Chain-updated periodically triggered by underlying indicator updates
Dimension and Issue Scores	Chain-updated periodically triggered by underlying indicator updates
Underlying Data	Updated on an ongoing basis

6. Annual Review of Rating Methodology:

Each year, Wind ESG reviews the setting of indicators and material issue weights, as well as the evaluation methodology, based on domestic and international ESG guidelines, in-depth industry research, and analysis of current data from rated companies. This process identifies material issues applicable to the current market and adjusts the evaluation model. For the history of Wind ESG Rating model iterations, please refer to the Appendix.

PiT Underlying Data and Score Traceability

Point-in-Time (PiT) means that all data and scores are archived and calculated according to the actual chronological order of their release and processing. Under this logic, original data will not be overwritten by factors such as company restatements. On this basis, the system can provide the latest data and corresponding scores available at each point in time, making the data at each node infinitely close to actual historical conditions. This

helps avoid look-ahead bias or overly conservative lags, ensuring that the final rating reflects the most realistic state of the enterprise at every point in time.

1. Complete Database: The standard Wind ESG underlying database has multiple data tables with tight logical correlations. An update to one piece of underlying data will trigger simultaneous updates to its corresponding indicators, issues, dimensions, management practices, and ESG score.

2. High-Dimensional Data Structure Design: The Wind ESG underlying storage system abandons the traditional single-line storage mode and builds a dual-cross logical architecture of “Business Affiliation” and “System Timeliness.” By introducing multi-dimensional unique constraints at the bottom layer, the system achieves “digital slicing” of the full trajectory of data evolution:

- **Time-Series Restatement Identification Mechanism for Business Dimensions:** The system can acutely capture data from different announcement time points for the same reporting period caused by enterprise restatements. Through differentiated business feature anchoring, it ensures that each version of data before and after the restatement is “doubly stored” in incremental form, completely eliminating information loss caused by physical overwriting.
- **Dynamic Timeliness Chain Control for System Dimensions:** Combined with high-precision effective and invalid time-series logic, the model builds a continuous timeline identifier for each scoring point. This design ensures that the system can instantly restore the “most accurate and publicly available” data state at that time on any historical cross-section.
- **Non-Overwriting Backtracking Guarantee:** This high-dimensional data structure ensures the “immutability” of historical data. Whether responding to the revision of historical data or simulating real investment decision scenarios, the system can precisely eliminate look-ahead bias through cross-identification of multi-dimensional factors, providing a lossless, backtrackable historical picture for quantitative analysis.

3. Fine Traceability of Indicator Scores: Relying on the dual-timeline underlying recording capability, the Wind ESG team has designed a data processing closed loop highly adapted to the rhythm of financial reports and ESG reports for different disclosure scenarios. The system can intelligently judge the inheritance and replacement of scoring points:

- **Dynamic Inheritance:** Before new reporting period data is disclosed, the system accurately positions the active status of existing data and continues the score.
- **Incremental Iteration:** Once new data is triggered, the system eliminates score fluctuations caused by disclosure time gaps through logical switching of effective dates.

- **Result-Orientated:** This mechanism provides investors with a high-frequency updated and logically coherent ESG scoring curve, ensuring the rigor of quantitative backtesting.

Data Collection and Quality Assurance

For over twenty years, Wind has been committed to the collection, processing, and organization of various types of data in China's financial market. By processing complex and scattered data sources from the market through scientific methods, it has created a precise and complete database in China. Wind ESG regards data accuracy as its lifeblood and implements rigorous process control throughout the beginning and end of the data life cycle. As the "provisions" and "ammunition" for ratings, this rating system deeply integrates cutting-edge AI technology to build a set of human-machine collaborative, multi-layered verified intelligent data collection and processing workflows, forming a mature data processing closed loop and institutional guarantee to ensure that Wind ESG ratings always remain objective, accurate, and efficient.

1. Intelligent Data Collection: Automation and Precision

- **Automated Parsing of Multi-source Heterogeneous Data:** The system uses an independently developed intelligent parsing engine to achieve automated identification and information extraction of unstructured text in web pages, PDF documents, and images.
- **Precise Positioning of Key Indicator Information:** By merging keyword rules with natural language processing technology, the system initially and accurately positions core narrative content related to each of the enterprise's ESG indicators.
- **Extensive Data Sources:** Web-wide tracking and identification of ESG information, covering multi-dimensional ESG data:
 - Enterprise self-disclosed information, including ESG/CSR reports, sustainability reports, environmental reports, annual reports, temporary announcements, official websites, etc.
 - National and local regulatory authorities, including the National Financial Regulatory Administration, the People's Bank of China, the China Securities Regulatory Commission, stock exchanges, and various levels of regulatory and government agencies.
 - News media, financial and mainstream news media websites, and web-wide dynamic sentiment information databases.
 - Non-profit organizations, including third-party public welfare environmental protection organizations and various industry association websites.

2. Intelligent Indicator Judgment: Standardization and Professionalism

- **Customized Professional Evaluation Prompts:** We have carefully constructed evaluation prompts for each ESG indicator that are deeply embedded with the Wind ESG rating system methodology, ensuring the professionalism and consistency of AI judgment.
- **Automated Preliminary Scoring and Screening:** The AI model automatically analyzes, judges, and provides preliminary scores for extracted information based on the aforementioned professional prompts, achieving rapid, standardized preliminary screening of massive data.

3. Human-Machine Collaborative Processing: Equal Emphasis on Efficiency and Depth

- **AI Pre-processing and Professional Manual Review:** All initial AI processing results are finally reviewed and confirmed by professional analysts, effectively merging AI efficiency with analyst depth. Meanwhile, a professional ESG data team is formed to perform manual double-entry verification to ensure the accuracy of final results.
- **Complementary Deep Data Collection:** During the review process, analysts simultaneously supplement complex or implicit indicator information not covered by initial AI screening, ensuring the comprehensiveness and depth of data collection. The database is updated timely based on the public disclosure of various types of information.

4. Multi-layered Quality Verification: Parallelism of Technology and Personnel

- **Pre-procedural Verification and Automated Interception:** All raw data is uniformly processed and entered into a temporary database before formal storage. The system performs automated pre-verification according to a series of preset complex algorithms to filter out basic deviations from the source.
- **Automated Verification of Intelligent Logic Rules:** Automated logic verification programs based on massive business rules are deployed at the data platform layer. Various balance formulas and empirical formulas are used for real-time technical checks on the consistency, legality, and statistical nature of stored data.
- **Institutionalized Independent Manual Quality Audit:** All data must finally pass in-depth assessments by an independent quality inspection team relying on a complete, strict, and scientific quality inspection system, constituting the final institutionalized guarantee for data quality.
- **Data Verification Iteration:** Sampling audits of data daily, analysis of audit results weekly. Based on different characteristics of various data types, automation tools are continuously improved to keep enhancing overall data quality.

Issuer Pre-rating Communication and Continuous Feedback

Wind ESG has established a two-way communication mechanism throughout the entire rating life cycle to ensure the objectivity and fairness of rating results and the timeliness of data. This closed loop is divided into two stages: “Pre-rating before formal release” and “Regular communication and feedback.”

1. Pre-rating Stage:

Wind ESG pre-rating is a specialized communication phase before the formal release of ratings, aimed at ensuring the accuracy of underlying data and the objectivity and fairness of evaluation results. The pre-rating covers rated companies that have published an ESG report for the current year. Eligible enterprises can log in to the Wind ESG Issuer Communication Platform (esg.wind.com.cn) in real-time to verify and provide feedback on pre-rating results and detailed underlying data. To ensure timely communication, pre-rating start notifications will be sent via the official email GR.ESG@wind.com.cn to the designated email used by the enterprise to register on the platform or the contact email disclosed by the enterprise in public channels.

Pre-rating results are not final formal results and are not displayed publicly. The pre-rating communication period is usually 30 natural days, and each issuer has only one opportunity for rating feedback. Please refer to official email notifications or the real-time display on the platform for specific deadlines.

2. Regular Communication and Feedback Stage:

To ensure the objectivity and timeliness of evaluation results, Wind ESG has established standardized rated company communication and data correction mechanisms. Rated companies can log in to the Wind ESG Issuer Communication Platform (esg.wind.com.cn) at any time to review the details of underlying indicators and submit feedback suggestions. For revisions or supplements to public information, rated companies can initiate an application online; if non-public channel data is involved, a formal written statement with the company's official seal must be submitted to authorize Wind to publicly display it, to confirm the truthfulness and legal validity of the information. After strictly verifying the feedback content, the Wind ESG analyst team will incorporate the compliant data into the dynamic evaluation system in real-time to ensure the rigor of the evaluation logic.

Wind ESG follows the principle of combining dynamic monitoring with steady adjustment. To ensure that rating results can objectively reflect a rated company's long-term and stable ESG management level, a formal grade upgrade requires verification through a rigorous observation period. If the relevant data is verified enough to trigger a grade

change, its formal adjustment must simultaneously satisfy the conditions of **a minimum three-month interval since the last rating update and at least one month of sustained score stability within the new rating range** to verify the continuity and management resilience of the company's ESG performance. Rated companies with questions can contact the Wind ESG team at any time via the official email GR.ESG@wind.com.cn. We will respond immediately to feedback demands while ensuring the rigor of the evaluation logic and the scientific nature of the rating results.

Appendix: History of Wind ESG Rating Model Iterations

June 2021

- Formally release Wind ESG Rating to the market
- Establish the “data-driven as the core” rating philosophy
- Establish the “user-pays” rating position
- Establish the rating principle of “Financial Materiality + Impact Materiality + Data Completeness”
- Establish the rating value orientation of “no industry discrimination”
- Establish the overall framework of “management practices + controversial events”
- Establish the bottom-level indicator architecture of “Management - Practice - Performance + Governance”

December 2022

- Cover all A-share and HK-listed companies
- Establish the principle of rating company entities
- Establish the principle of “Point-in-Time” data and scoring updates
- Launch the “indicator layer traceability” mechanism
- Open the rating communication channel to the entire market

December 2023

- Launch the “scoring point traceability” mechanism
- Adjust the architecture of the management practice indicator system and update material issues and weights for various industries

March 2025

- Adjust the architecture of the management practice indicator system. The upgraded indicator system includes 28 topics, 500+ underlying indicators, and 1,000+ scoring points.
- Update material issues and weights for various industries. Identification and weight assignment benchmarks for material issues switched to Wind Industry Classification (2024).
- Open the pre-rating communication channel for the first time

January 2026

- Launch the “D Rating” mechanism, representing that a rating opinion cannot be expressed
- Update material issues and weights for some industries
- Adjust the architecture of the management practice indicator system. The upgraded indicator system includes 29 topics, 500+ underlying indicators, and 1,000+ scoring points.
- Incorporate company scale and industry context into controversial event scoring deductions and optimize the score decay mechanism

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