



# MSCI SDG Alignment Methodology

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## Introduction

The MSCI SDG Alignment methodology underpins MSCI Sustainability & Climate’s (MSCI S&C)<sup>1</sup> assessment of companies’ alignment with the 17 United Nations (UN) Sustainable Development Goals (SDGs). The SDGs were agreed to by 193 countries in 2015 with a target date for delivery of 2030. Based on the 2023 Agenda for Sustainable Development, the SDGs aim to foster collaboration within and between international private and public stakeholders to address critical global challenges such as poverty, inequality, climate change, environmental degradation, peace and justice.

### Exhibit 1: UN Sustainable Development Goals



Source: United Nations

## Objectives

The overall objective of the MSCI SDG Alignment methodology is to provide a holistic view of companies’ net contribution – positive combined with negative – towards addressing each of the 17 SDGs. The assessment aims to provide an indicative signal of net impact, rather than risk.

The impacts covered include those associated with the 17 goals of the U.N. SDGs, which encompass environmental, social and governance factors collectively.

This methodology, built with input from the Organisation for Economic Co-operation and Development (OECD),<sup>2</sup> aims to address the following key objectives:

**Credibility & transparency:** MSCI SDG Alignment is built on an understanding that a single company may contribute to a variety of goals in a variety of ways (positively and negatively). For this reason, we

<sup>1</sup> MSCI Sustainability & Climate products and services are provided by MSCI Solutions LLC in the United States, MSCI Solutions (UK) Limited in the United Kingdom and certain other related entities.

<sup>2</sup> For additional information about the model and research, please see Eastman et al. 2018.

take a broad view of companies' contribution to SDGs using publicly available information, rather than relying on companies self-declared alignment with the goals.

**Measurability:** MSCI SDG Alignment offers the ability to measure and report on investments' alignment with the SDGs with reference to a common set of benchmarks.

**Scalability & flexibility:** The MSCI SDG Alignment methodology is built to allow scalability of the assessment as new best practices and products evolve.

## Methodology

### Model Output

The MSCI SDG Alignment methodology defines an assessment of each company's overall alignment with each of the 17 individual SDGs, called SDG Net Alignment. This is expressed both in the form of a numeric score (on a -10 to 10 scale) and in the form of a categorical assessment (on a scale from Strongly Aligned to Strongly Misaligned).<sup>3</sup>

The score should be interpreted in absolute terms, not relative to other companies or peers. The scores are industry agnostic and are not adjusted based on company peers.

#### MSCI SDG Alignment Assessment Scale

<b>STRONGLY ALIGNED</b>	Score > 5.0	Companies that are Strongly Aligned on an SDG offer products and services that facilitate implementation of the goal and conduct their business in line with the intent of the SDG.
<b>ALIGNED</b>	Score ≥ 2.0 but ≤ 5.0	Companies that are Aligned on an SDG offer products and services that facilitate implementation of the goal and/or conduct their business in line with the intent of the SDG. Misalignment on one characteristic may be offset by strong alignment on another.
<b>NEUTRAL</b>	Score > -2.0 but < 2.0	Companies that are Neutral on an SDG have minimal or no impact on the advancement of the goal through their products or practices. Misalignment on one characteristic may be offset by alignment on another.
<b>MISALIGNED</b>	Score > -10.0 but ≤ -2.0	Companies that are Misaligned on an SDG offer products and services that are misaligned with the intent of the SDG or whose operating practices do not show alignment with the goal. Misalignment on one characteristic may be offset by alignment on another.
<b>STRONGLY MISALIGNED</b>	Score = -10.0	Companies that are Strongly Misaligned on an SDG either generate most of their revenue from products and services that are misaligned with the goal or are involved in practices or events that suggest severe adverse impact on society, environment, or economies.

<sup>3</sup> For additional details on the definition of rating scales, refer to "MSCI ESG and Climate Symbols and Definitions" available here.

The 17 SDG Net Alignment Scores and 17 SDG Net Alignment Assessments are the highest level assessments provided. We do not provide a single, aggregate company-level assessment for SDG net alignment.

For each company, in addition to the 17 SDG Net Alignment Scores and 17 SDG Net Alignment Assessments, we also determine scores and assessments of the alignment of the company's (1) operations and (2) products and services for each of the 17 SDGs:

- SDG Product Alignment score.
- SDG Operational Alignment score.
- SDG Product Alignment Assessment (based on the SDG Product Alignment score).
- SDG Operational Alignment Assessment (based on the SDG Operational Alignment score).

The methodology for determining these Product and Operational Alignment scores and Assessments is discussed in sections further below.

As a result, the output of the model per company includes 51 scores and 51 corresponding assessments:

- 17 SDG Net Alignment Scores.
- 17 SDG Product Alignment scores.
- 17 SDG Operational Alignment scores.
- 17 SDG Net Alignment Assessments.
- 17 SDG Product Alignment Assessments.
- 17 SDG Operational Alignment Assessments.

SDG Net Alignment Assessments, SDG Product Alignment Assessments, and SDG Operational Alignment Assessments are determined by the corresponding scores (e.g., The SDG Net Alignment Assessment is determined by the SDG Net Alignment Score) and may have one of five values:

- Score >5.0: **Strongly Aligned**.
- Score between 2.0 and 5.0, inclusive: **Aligned**.
- Score less than 2.0 but higher than -2.0: **Neutral**.
- Score equal to or less than -2.0 but higher than -10: **Misaligned**.
- Score equal to -10: **Strongly Misaligned**.

### SDG Net Alignment Scores and Assessments

Each SDG Net Alignment Score is a simple average of the relevant SDG Product Alignment score and SDG Operational Alignment score, except in cases where either the SDG Product Alignment score or the SDG Operational Alignment score is 10 (corresponding to an assessment of Strongly Misaligned). In those cases, the SDG Net Alignment Score is also -10 (see Exhibit 2).

A company may only receive a -10 SDG Product Alignment score or SDG Operational Alignment score and a corresponding Strongly Misaligned SDG Product Alignment Assessment or SDG Operational Alignment Assessment when at least one of the following criteria is met:

- Generates over 50% of its revenue from products and services with adverse impact related to an SDG (resulting in an SDG Product Alignment score of -10).
- Has been involved in one or more Red Flag controversies related to the SDG (resulting in an SDG Operational Alignment score of -10).

### Exhibit 2: MSCI SDG Net Alignment Scores and Assessments

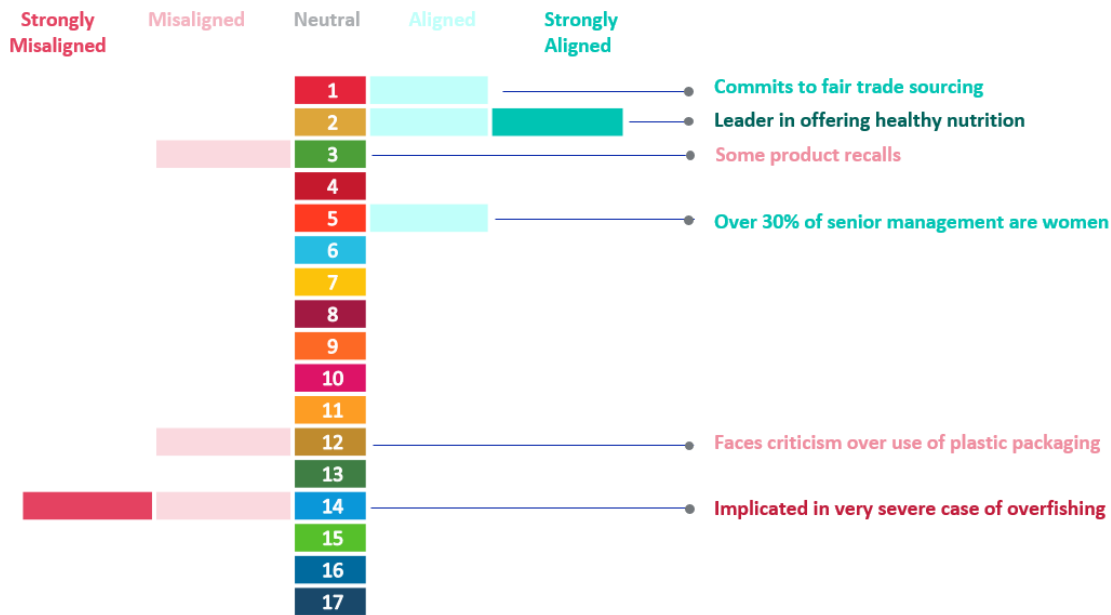
		PRODUCT ALIGNMENT																					
		Strongly Aligned					Aligned				Neutral			Misaligned						SM*			
		10	9	8	7	6	5	4	3	2	1	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	
OPERATIONAL ALIGNMENT	Strongly Aligned	10	10	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	-10
		9	9.5	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-10
		8	9.0	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-10
		7	8.5	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-10
		6	8.0	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-10
	Aligned	5	7.5	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-10
		4	7.0	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-10
		3	6.5	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-10
		2	6.0	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-10
		1	5.5	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-10
Neutral	0	5.0	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-10	
	-1	4.5	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-10	
	-2	4.0	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-10	
	-3	3.5	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-10	
	-4	3.0	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-10	
Misaligned	-5	2.5	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-10	
	-6	2.0	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-10	
	-7	1.5	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-10	
	-8	1.0	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-8.5	-10	
	-9	0.5	0.0	-0.5	-1.0	-1.5	-2.0	-2.5	-3.0	-3.5	-4.0	-4.5	-5.0	-5.5	-6.0	-6.5	-7.0	-7.5	-8.0	-8.5	-9.0	-10	
SM*	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	

SM\* = Strongly Misaligned

Source: MSCI S&C. The matrix shows the MSCI SDG Net Alignment Score based on the Operational Alignment Score (y-axis) and Product Alignment Score (x-axis). To determine the Net Alignment Score, locate the Operational Alignment value on the left axis and the Product Alignment value on the top axis; the score is shown where the two intersect. For example, if Operational Alignment is 4 and Product Alignment is 1, the Net Alignment Score is 2.5.

The SDG Alignment methodology is built on the premise that companies may contribute to the SDGs in a variety of ways (both positively and negatively) and across several impact areas. Any given company may be strongly contributing to addressing one or more of the 17 SDGs while negatively contributing to others through the company’s business activities, products, operational practices or involvement in controversies. It also may have no significant positive or negative impact on some SDGs, showing a neutral contribution towards a given goal.

**Exhibit 3: Example of the SDG Net Alignment assessment of a food retail company**



Source: MSCI S&C

SDG Net Alignment Scores are a point in time assessment. However, backward-looking (such as revenue) and forward-looking (targets or commitments) data inputs may also be used throughout the methodology.

### SDG Product Alignment

SDG Product Alignment scores and Assessments measure the net impact of a company’s products and services on achieving targets associated with each of the 17 SDGs. Net impact implies that some of a company’s products and services may be well aligned with achieving the SDG, while other products and services may have an adverse impact and be misaligned with achieving the SDG. The methodology for determining SDG Product Alignment builds on the MSCI Sustainable Impact Metrics methodology for

estimating companies' revenue from products and services addressing relevant SDGs and expands the methodology to include products and services with potentially adverse impacts on achieving SDGs.<sup>4</sup>

### Positive and Negative Product Alignment Scores

Estimated revenue from products and services that contribute positively to addressing an SDG (e.g., wind power generation for SDG 7) are scored based on revenue ranges of 0% to 100%, with corresponding Positive Product Alignment scores ranging from 0 to 10.

Estimated revenue from products and services that are negatively aligned with an SDG (e.g., coal-fired power generation for SDG 7) are scored based on revenue ranges of 0% to 100%, with corresponding Negative Product Alignment scores ranging from 0 to -10.

Instead of using direct conversion from revenue percentages to Positive and Negative Product Alignment scores, we apply scoring ranges to account for revenue estimation (see Exhibit 4, below). For example, where between 25% and 50% of a company's revenue comes from products with positive impact, the result is a Positive Product Alignment score of 7.

### SDG Product Alignment Scores and Assessments

The SDG Product Alignment score is calculated as the sum of a company's Positive Product Alignment score and Negative Product Alignment score for that SDG.

#### Example Calculation of an SDG Product Alignment Score

The following is an example calculation of a company's SDG Product Alignment score for SDG 7 (Affordable and Clean Energy):

##### Step 1: Calculate the Positive Product Alignment score

A utility company has 20% of revenue from solar photovoltaic power generation. Using the scoring ranges in Exhibit 4, this revenue yields a scoring contribution of 5 points to the company's Positive Product Alignment score. The company has no other revenue from products and services with positive impact on this SDG, so the result is a Positive Product Alignment score of 5.

##### Step 2: Calculate the Negative Product Alignment score

The company also has 40% of revenue from coal-fired power generation. Using the scoring ranges in Exhibit 4, this revenue yields a scoring contribution of -7 points to the company's Negative Product Alignment score. The company has no other revenue from products and services with negative impact on this SDG, so the result is a Negative Product Alignment score of -7.

##### Step 3: Calculate the SDG Product Alignment score

The sum of the company's Positive Product Alignment score of 5 and Negative Product Alignment score of -7 yields an SDG Product Alignment score of -2 for SDG 7.

For certain SDGs, there is no data to support positive and/or negative product alignment due to a lack of consistently disclosed information, and for this reason no data points are assessed by MSCI to measure companies' positive product alignment, negative product alignment, or both. In those cases, the

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<sup>4</sup> This expansion is based on the MSCI Business Involvement Screening Research methodology and selected revenue exposure data from MSCI ESG Ratings.

corresponding score(s) (i.e., the Positive Product Alignment score, the Negative Product Alignment score, or both scores) are treated as 0 (a neutral contribution) for the purposes of calculating the SDG Product Alignment score.

### SDG Product Alignment Assessment

The SDG Product Alignment Assessment is calculated based on the SDG Product Alignment score, as detailed in the Model Output section, above. In our example, the company's SDG Product Alignment score of -2 yields an SDG Product Alignment Assessment of Misaligned for SDG 7.

Companies that generate over 50% of their revenue from products or services with a negative impact receive an SDG Product Alignment score of -10 and an SDG Product Alignment Assessment of Strongly Misaligned, regardless of any offsetting positive impact revenues.

#### Exhibit 4: SDG Product Alignment Score aggregation

Product Alignment score	Score Contribution
<b>Positive Product Alignment score</b>	
>50% of revenue aligned with SDG	+10
25 - 50% of revenue aligned with SDG	+7
10 - 25% of revenue aligned with SDG	+5
5 - 10% of revenue aligned with SDG	+3
0 - 5% of revenue aligned with SDG	+1
<b>Negative Product Alignment score</b>	
0 - 5% of revenue negatively aligned with SDG	-1
5 - 10% of revenue negatively aligned with SDG	-3
10 - 25% of revenue negatively aligned with SDG	-5
25 - 50% of revenue negatively aligned with SDG	-7
>50% of revenue negatively aligned with SDG	-10
<b>Product Alignment score</b>	<b>Range: -10 to 10</b>

Source: MSCI S&C

### SDG Operational Alignment

SDG Operational Alignment scores and Assessments measure the extent to which companies' operations may result in a positive or negative impact on addressing specific Sustainable Development Goals. For each SDG, this measurement takes into consideration some combination of internal policies, targets and practices; trends in quantitative performance metrics (e.g., carbon emissions intensity, water withdrawals); involvement in operations with significant negative impacts (e.g., business activities typically associated with large volumes of toxic emissions), and controversies with negative impacts on achieving SDGs.

For example, a company that commits to workforce diversity and has three female directors on the board may be determined to have an SDG Operational Alignment Assessment of Aligned with SDG 5

(Gender Equality). But if the company becomes implicated in controversies related to sexual harassment of female employees by senior management, the company's SDG Operational Alignment Assessment for SDG 5 may change to Misaligned or even Strongly Misaligned, depending on the number and flag of the controversies.

For certain Operational Alignment data points assessed by reference to companies' policies, practices, and performance metrics, data is collected only for certain companies, typically based on whether they are constituents of an index or the corresponding issue is considered a financially relevant sustainability risk or opportunity for the industry based on our MSCI ESG Ratings methodology.<sup>5</sup> Company's SDG Operational Alignment scores are only based on data points collected for the issuer. For example, MSCI collects freshwater withdrawal intensity data only for constituents of the MSCI ACWI Index, or where water stress is identified as a financially relevant sustainability risk or opportunity under our ESG Ratings methodology. Specific data point coverage is noted in the "SDG Alignment Methodology by SDG" section of this document. Refer to the footnotes in that section for details.

### Positive Operational Impact Scores

SDG positive operational impact is assessed based on evidence of available policies, practices and targets to align a company's operations with relevant SDGs. This evidence is derived from publicly disclosed data from the companies themselves, our assessment of business activities' positive impacts, and industry classifications based on the Global Industry Classification Standard (GICS).<sup>6,7</sup> Each assessed policy, practice or target showing evidence of alignment is determined to have a score contribution of 1 point. The score contributions from each data point are summed to derive the Positive Operational Impact score. Positive operational impact data points are assessed for most, but not all, SDGs. For SDGs where no data points are assessed to measure companies' positive operational impact, the Positive Operational Impact score is treated as 0 (a neutral contribution) for the purposes of calculating the SDG Operational Alignment score.

### Negative Operational Impact Scores

SDG negative operational impact is assessed based on evidence of negative impacts from operations (e.g., fracking operations, which contribute to water pollution). As with SDG positive operational impact, this evidence is publicly disclosed data from the companies themselves, our assessment of business activities' negative impacts, and industry classifications based on GICS data. Each data point showing negative impact of operations is determined to have a score contribution of -1 to the Negative Operational Impact score. Data points are assessed to measure companies' negative operational impact for all SDGs.

SDG negative operational impact is also assessed based on the frequency and flag of controversies. Controversies are determined to have a score contribution from 0 to -10 to the Negative Operational Impact score, depending on the frequency and flag of incidents. We leverage our extensive database of

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<sup>5</sup> MSCI Sustainability and Climate Methodologies, including MSCI ESG Ratings Methodology and others, can be access here: <https://www.msci.com/data-and-analytics/sustainability-solutions/msci-sustainability-and-climate-methodologies>

<sup>6</sup> Global Industry Classification Standard (GICS®) is the global industry classification standard jointly developed by MSCI and S&P Dow Jones Indices.

<sup>7</sup> For more information, see MSCI 2023.

MSCI Controversies and MSCI's existing methodology for identifying Red Flag, Orange Flag and Yellow Flag controversies (see exhibit 5 for more details).<sup>8</sup>

### Performance Scores

A company's Performance score, determined using quantitative metrics, can contribute to the overall SDG Operational Alignment score either positively or negatively depending on the performance trend, if any. Various performance metrics are used to assess a company's operational performance trend over time for some, but not all, SDGs. These include energy consumption, carbon emissions, female employment, employee injury rates, and many others. A company's Performance score on an SDG with performance metrics is based on the trend in the metrics:

- A significantly improving trend over the past 3 years is determined to have a score contribution of 2.<sup>9</sup>
- A significantly worsening trend over the past 3 years is determined to have a score contribution of -2.
- A stable trend over the past 3 years is determined to have a score contribution of 0.

For SDGs where no performance metrics are assessed, the Performance score is treated as 0 (no contribution) for the purposes of calculating the SDG Operational Alignment score.

### SDG Operational Alignment Scores and Assessments

The SDG Operational Alignment score is calculated based on the sum of a company's underlying Positive Operational Impact score, Negative Operational Impact Score and Performance Score for that SDG.

#### Example Calculation of an SDG Operational Alignment Score

The following is an example calculation of a company's SDG Operational Alignment score for SDG 7 (Affordable and Clean Energy):

##### Step 1: Calculate the Positive Operational Impact score

A utility company has a target for carbon reduction (a policy) and its operations use energy from solar photovoltaics, a renewable energy source (a practice). Both the policy and the practice contribute 1 point each to the Positive Operational Impact score, for a total Positive Operational Impact score of 2.

##### Step 2: Calculate the Negative Operational Impact score

The company has fossil fuel reserves, (a practice). This contributes -1 point to its Negative Operational Impact score. The company is assessed by MSCI to have two Yellow Flag controversies, one related to energy and climate change and one relating to predatory fraud and billing over provision of electricity to customers. Together, two Yellow Flag controversies contribute -1 point to the Negative Operational Impact score. Taken together, the scoring contributions from the company's operations and controversies yield a Negative Operational Impact score of -2.

<sup>8</sup> MSCI's Controversies methodology document is available at <https://www.msci.com/esg-and-climate-methodologies>.

<sup>9</sup> Trend scoring thresholds are predefined for each metric based on the underlying data.

Step 3: Calculate the Performance score

The utility also has a significantly improving trend over the past 3 years in a performance metric that is measured for this SDG: energy consumption intensity. This improving performance trend yields a Performance score of 2.

Step 4: Combine the scores to calculate the SDG Operational Alignment score

The utility company's Positive Operational Impact score of 2, Negative Operational Impact score of -2 and Performance score of 2 are summed to calculate the SDG Operational Alignment score of 2.

**SDG Operational Alignment Assessment**

The SDG Operational Alignment Assessment is calculated based on the SDG Operational Alignment score, as detailed in Section 3.1, Model Output, above. In our example, the company's SDG Operational Alignment score of 2 yields an SDG Operational Alignment Assessment of Aligned for SDG 7.

Although the SDG Operational Alignment score is assessed based on multiple subcomponents that could result in an aggregate score of -10 or less, an SDG Operational Alignment score for any company without a Red Flag controversy is capped at a minimum value of -9. An SDG Operational Alignment score of -10, corresponding to an SDG Operational Alignment Assessment of Strongly Misaligned, is only possible for companies involved in one or more Red Flag controversy (as assessed under the MSCI ESG Controversies Methodology).

### Exhibit 5: SDG Operational Alignment score contributions

Operational Alignment score	Score Contribution
<b>Positive Operational Impact score</b>	
Policies aligned with the SDG	+1 each
Initiatives aligned with the SDG	+1 each
Targets aligned with the SDG	+1 each
<b>Negative Operational Impact score</b>	
Involvement in operations with adverse impact	-1 each
Controversies	
Any Red Flag controversy*	-10
3 or more Orange Flag controversies	-7
7 or more Yellow Flag controversies	-7
1 or 2 Orange Flag controversies	-5
5 or 6 Yellow Flag controversies	-5
3 or 4 Yellow Flag controversies	-3
1 or 2 Yellow Flag controversies	-1
<b>Performance Score</b>	
Improving trend	+2
Stable trend	0
Worsening trend	-2
<b>Operational Alignment score</b>	<b>Range: -10 to 10</b>

\* Criterion signifying automatic assessment of Strongly Misaligned

Source: MSCI S&C

## Exceptions

### SDG Net Alignment Score cap for SDGs 1, 5, and 10

We have capped the maximum SDG Net Alignment Score, SDG Product Alignment score and SDG Operational Alignment scores at 5 points each, and capped the corresponding SDG Net Alignment Assessment, SDG Product Alignment Assessment and SDG Operational Alignment Assessment at Aligned for SDG 1 (No Poverty), SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities). We established these caps because, while some products can indirectly support society in achieving these goals, it is difficult to establish a direct causal link between the products and services offered by a company and progress toward these goals for the following reasons.

- In many cases it is not possible to ascertain whether products are targeting the most vulnerable populations.

Example: we consider education services as helping to enable women's participation in the workforce. Yet, companies that offer educational materials, products and services may not explicitly target women and girls.

- While we capture companies' workforce policies around diversity, equality, and employment opportunities, it is difficult to establish a direct link between such policies and progress towards achieving the ultimate goals.

Example: We found no significant difference in the number or flag of controversies alleging discrimination and unfair treatment of employees for companies that had diversity policies and programs (e.g., employee training, equal opportunity employment) and those that did not.

## Data sources, limitations, updates and quality assurance

### Data sources

The MSCI SDG Alignment methodology is designed to use qualitative and quantitative inputs to evaluate companies' alignment with specific SDGs. The methodology is built using inputs from MSCI datasets. These include company-reported data, assessments based on MSCI methodologies (mentioned below), and revenue estimates of certain business activities. Business activity estimates are primarily based on the proportion of companies' products, business segments or production volumes that are within the scope of the activity. Generally, we obtain data on an ongoing basis.

The following elements of MSCI proprietary data sets were used in the construction of the methodology<sup>10</sup>:

- MSCI Sustainable Impact Metrics: estimated percentage of revenue from products and services aligned with SDG objectives.
- MSCI Business Involvement Screening: estimated percentage of revenue from products and services with negative impact on the environment or society (e.g., tobacco).
- MSCI ESG Ratings (Risk Exposure): estimated percentage of revenue from products and services with negative impact on the environment (e.g., plastic packaging materials), and as an indication of companies' involvement in operations with adverse impact on the environment (e.g., offshore drilling as an operation with adverse impact on marine ecology).
- MSCI ESG Metrics: indicators showing evidence of relevant policies, practices and targets that are aligned with a specific SDG (e.g., evidence of a workforce diversity policy, evidence of targets towards reducing consumption of resources in operations) and quantitative performance metrics (e.g., 3-year trend in carbon emissions).
- MSCI Governance Metrics: indicators illustrating corporate diversity (e.g. percentage of women in senior management).
- MSCI Climate Change Metrics: reported or estimated fossil fuel involvement (e.g. reserves).

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<sup>10</sup> MSCI Sustainability and Climate Methodologies, including MSCI ESG Ratings Methodology and others, can be access here: <https://www.msci.com/data-and-analytics/sustainability-solutions/msci-sustainability-and-climate-methodologies>

- MSCI Controversies: companies' direct or indirect involvement in actions or events with adverse impact on the environment (e.g., oil spills) or society (e.g., labor rights violations).

Generally, we collect data from publicly available sources only (including those available with a paid subscription), including corporate disclosures, media sources, government databases, nongovernmental organizations, trade and industry associations, multilateral organizations, and academic think tanks. Companies may review available data and estimates, but we do not accept data shared by companies that has not been disclosed to the public, with the exception of MSCI Business Involvement Screening Research, which may obtain data directly from companies.

For data sources on each data input, refer to the respective methodology documents for each methodology.

## Limitations

The SDGs were designed as a call to action for countries—both developed and developing—to work in partnership toward achieving the 17 goals. The goals and their underlying targets were formulated for national and municipal governments rather than for corporate entities. Consequently, while the MSCI SDG Alignment Methodology seeks to assess companies' net contributions to the SDGs, there are inherent limitations in measuring alignment at the individual target level when translating country-level objectives to corporate activities.

See the SDG Operational Alignment section of this document for additional limitations on data collection.

## Data updates

MSCI SDG Alignment assessments, including scores and alignment signals, are typically recalculated on a weekly basis. At each recalculation, the MSCI SDG Net Alignment Score is calculated based on the most recently available input data. For data updates on each data input, refer to the respective methodology documents for each methodology.

## Data quality assurance

All data inputs undergo the respective quality checks prior to publication. For data quality assurance of each data input, refer to the respective methodology documents. Published MSCI SDG Alignment assessments and scores are monitored regularly, particularly for outliers or material assessment changes.

## Methodology governance and update process

MSCI S&C has established an internal methodology committee which presides over the development and review of all S&C methodologies, including SDG Alignment Methodology. We aim to conduct client consultations on significant methodology changes. Prior to implementing any significant adjustments, MSCI S&C notifies clients and where possible provides simulated impact results prior to methodological changes.

## Coverage and treatment of absent data

The MSCI SDG Alignment coverage universe is determined by companies' inclusion in the MSCI ESG Ratings coverage universe.<sup>11,12</sup>

For a company in coverage to receive an SDG assessment, it must first be researched for each relevant MSCI proprietary data set which is used in MSCI SDG Alignment Methodology. These include MSCI Sustainable Impact Metrics, MSCI Business Involvement Screening, MSCI ESG Ratings, MSCI ESG Metrics, MSCI Fossil Fuels and Power Generation Metrics, and MSCI Controversies.<sup>13</sup> This ensures no publication of an SDG Net Alignment Score or SDG Net Alignment Assessment until data collection or input calculation is complete.

## Other information

The data used in this methodology is collected and used independently of Directive 2013/34/EU (the Directive) and Regulation (EU) 2019/2088 (the Regulation). However, certain datapoints used in the MSCI SDG Methodology may be disclosed by companies as part of sustainability statements required by the Directive and the Regulation. The assessments described in this methodology have different objectives from the two reporting standards, and they are not intended to correspond to the topics covered in the EU's Non-Financial Reporting Directive (NFRD).

The SDG Alignment methodology, and underlying 17 development goals, do thematically overlap with topics covered in the NFRD.

### Exhibit 6: Topics covered by this rating that correspond to the topics covered in the NFRD

Topics Covered by the NFRD	Also Covered by this Rating (Y/N)
<b>Environmental matters</b>	
Impacts on the environment (e.g., pollution, emissions, waste)	Y
Use of renewable and non-renewable energy	Y
Greenhouse gas emissions	Y
Water use	Y
Impacts on biodiversity	Y
Climate-related risks (where relevant)	N

<sup>11</sup> Supranational entities & development banks are excluded from the coverage universe.

<sup>12</sup> See the "ESG Ratings Process" methodology document for details.

<sup>13</sup> Please refer to the "MSCI Sustainable Impact Metrics Methodology," "MSCI Business Involvement Screening Research Methodology," "MSCI ESG Ratings Methodology," "MSCI Fossil Fuels and Power Generation Metrics Methodology," and "MSCI Controversies and Global Norms Methodology."

<b>Social and employee-related matters</b>	
Working conditions	Y
Health and safety	Y
Social/community dialogue	Y
Respect for workers' rights	Y
Gender equality and diversity	Y
Training and development	Y
<b>Respect for human rights</b>	
Due diligence processes	Y
Prevention of human rights abuses	Y
Remedial actions where violations occur	N
Human rights in supply chains	Y
High risk areas for civil and political rights	Y
Impacts on indigenous and local communities	Y
Conflict resources (e.g., conflict diamonds)	N
Data protection	N
<b>Anti-corruption and bribery matters</b>	
Policies and controls to prevent corruption and bribery	Y
Measures taken to detect and address misconduct	N

The methodology is not based on scientific evidence. The non-scientific sources used in the methodology are mentioned in other parts of this document.

The MSCI SDG Alignment methodology does not explicitly take into account the targets or objectives of the Paris Agreement.

MSCI S&C does not rely on artificial intelligence (AI) or algorithmic assessments to directly collect data for the SDG Alignment Methodology. Data inputs are sourced from other MSCI S&C data sets, for which the use of AI in data collection, if any, is described in the respective methodology documents.

MSCI S&C is committed to transparent communication with rated items and issuers of rated items in our coverage universe. For more details, please refer to the "Procedures of Engagement with Rated Entities" document on [msci.com](https://www.msci.com).

## SDG Alignment Methodology by SDG

All goal and target descriptions in this section are cited directly from the Sustainable Development Goals Knowledge Platform.<sup>14</sup> The data points in the right column are evaluated to determine scores and assessments. Where “N/A” is displayed, no data points are assessed for that category.

### SDG 1: No Poverty

End poverty in all its forms everywhere

#### SDG 1 Targets:

- 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
- 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
- 1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programs and policies to end poverty in all its dimensions
- 1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Nutrition</li> <li>- Major disease treatment</li> <li>- Sanitation</li> <li>- Affordable real estate</li> <li>- Small and medium-sized enterprise (SME) finance</li> <li>- Education</li> <li>- Connectivity</li> </ul>

<sup>14</sup> All targets and definitions are taken directly from the Sustainable Development Goals Knowledge Platform (United Nations n.d.b).

Revenue from products and services with negative impact	- Predatory lending
<b>Operational Alignment</b>	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Evidence of philanthropic programs<sup>15</sup></li> <li>- Evidence of fair wage practices</li> <li>- Commitment to internationally recognized labor conventions<sup>16</sup></li> <li>- High employment provider (i.e., &gt; 100,000 employees)<sup>17</sup></li> </ul>
Metrics indicating negative impact	<p>Controversies related to the following:</p> <p><b>Labor:</b></p> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> <li>• Collective-bargaining-related issues in operations</li> </ul> <p><b>Human rights:</b></p> <ul style="list-style-type: none"> <li>• Human rights issues with local communities or indigenous populations</li> <li>• Restriction of civil liberties; censorship or surveillance</li> <li>• Human rights issues in disputed territories</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Restricted customer access to products or services (e.g., restricting customer access to housing, healthcare, red-lining, etc.)</li> <li>• Anticompetitive practices</li> <li>• Predatory billing, fraud or marketing</li> <li>• Marketing safety concerns or misleading marketing</li> <li>• Product safety or quality issues</li> </ul> <p><b>Governance:</b></p> <ul style="list-style-type: none"> <li>• Bribery, fraud, corruption or unethical conduct</li> <li>• Controversial investments</li> <li>• Money laundering</li> <li>• Export/import violations</li> <li>• Tax or subsidy violations</li> </ul>

<sup>15</sup> This data point is collected and assessed only for companies for which the Community Relations key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>16</sup> This data point is only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Labor Management key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>17</sup> This data point is only collected and assessed for constituents of the MSCI ACWI Investable Market Index (IMI) in addition to companies for which the Human Capital Development key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

Performance metrics	N/A
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## SDG 2: Zero Hunger

End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

### SDG 2 Targets:

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

2.2 By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons

2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

2.5 By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed

2.a Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries

2.b Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round

2.c Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility

Product Alignment	
Revenue from products and services with positive impact	- Nutrition - Sustainable agriculture
Revenue from products and services with negative impact	N/A

Operational Alignment	
Metrics indicating positive impact	Water-efficiency programs by food product and food retail companies in their operations and in their supply chain <sup>18</sup>
Metrics indicating negative impact	<p>Controversies related to the following:</p> <p><b>Environment:</b></p> <ul style="list-style-type: none"> <li>• Toxic releases to land or water, including oil spills, pesticides, persistent organic pollutants and operational waste</li> <li>• Biodiversity issues including land use, logging and endangered species</li> <li>• Water stress or impacts on marine biodiversity</li> <li>• Environmental issues with the supply chain, packaging material and waste</li> </ul> <p><b>Labor:</b></p> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Health and safety issues in operations or supply chain</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> <li>• Collective-bargaining-related issues in operations</li> </ul> <p><b>Human rights:</b></p> <ul style="list-style-type: none"> <li>• Human rights related issues with local communities or indigenous populations</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Product safety or quality issues</li> <li>• Chemical safety issues faced by customers</li> </ul> <p>Note that all labor and human rights controversies, and some environmental and customer controversies, are considered only for food distributors, food retail, hypermarkets &amp; super centers, agricultural products, packaged foods &amp; meats and restaurant companies</p>
Performance metrics	N/A

<sup>18</sup> This data point is only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Water Stress key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## **SDG 3: Good Health & Well-Being**

Ensure healthy lives and promote well-being for all at all ages

### **SDG 3 Targets:**

- 3.1 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
- 3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births
- 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
- 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
- 3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
- 3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents
- 3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs
- 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
- 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
- 3.a Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate
- 3.b Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all
- 3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States
- 3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Conventional pollution control</li> <li>- Low-toxicity &amp; volatile-organic-compound products</li> <li>- Major disease treatment</li> <li>- Contraceptives</li> <li>- Sanitation</li> </ul>
Revenue from products and services with negative impact	<ul style="list-style-type: none"> <li>- Tobacco</li> </ul>
Operational Alignment	
Metrics indicating positive impact	N/A
Metrics indicating negative impact	<p>Controversies related to the following:</p> <p><b>Labor:</b></p> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Health and safety issues in operations or supply chain</li> </ul> <p><b>Human rights:</b></p> <ul style="list-style-type: none"> <li>• Human rights related issues with local communities or indigenous populations</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Product safety or quality issues</li> <li>• Chemical safety issues faced by customers, including issues faced due to pesticides or persistent organic pollutants</li> <li>• Marketing safety concerns or misleading marketing</li> <li>• Anticompetitive practices</li> <li>• Restriction on customer access to healthcare, or restricting access to people with disabilities</li> </ul> <p>Note that some customer-related controversies are considered only for companies in the healthcare sector</p>
Performance metrics	N/A

## SDG 4: Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

### SDG 4 Targets:

- 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
- 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
- 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
- 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
- 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations
- 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy
- 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture’s contribution to sustainable development
- 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all
- 4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
- 4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States

Product Alignment	
Revenue from products and services with positive impact	- Education
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	- Providing professional training and leadership development

<p>Metrics indicating negative impact</p>	<p>- Controversies related to the following:</p> <p><b>Labor:</b></p> <ul style="list-style-type: none"> <li>• Gender discrimination or gender harassment</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Product safety or quality issues in education services</li> <li>• Restriction on customer access to information and communication</li> <li>• Customer discrimination or restriction on the basis of disabilities</li> </ul> <p>Note that some customer-related controversies are considered only for companies in the education sector</p>
<p>Performance metrics</p>	<p>N/A</p>

## SDG 5: Gender Equality

Achieve gender equality and empower all women and girls

### SDG 5 Targets:

- 5.1 End all forms of discrimination against all women and girls everywhere
- 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
- 5.3 Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation
- 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate
- 5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- 5.6 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences
- 5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
- 5.b Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women
- 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Education</li> <li>- Contraceptives</li> </ul>
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Programs for workforce diversity and diversity policies<sup>19</sup></li> <li>- Percentage of women in the workforce, executive management and senior management are all over 20%<sup>19</sup></li> <li>- Percentage of women on the board is over 30%</li> </ul>

<sup>19</sup> This data point is only collected and assessed for constituents of the MSCI ACWI IMI in addition to companies for which the Human Capital Development key issue is deemed financially relevant, based on MSCI ESG Ratings’ materiality assessment.

	- A minimum of one woman sits on the board
Metrics indicating negative impact	- Controversies related to the following:  <b>Labor:</b> <ul style="list-style-type: none"> <li>• Gender discrimination or gender harassment</li> <li>• Forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> </ul> <b>Customers:</b> <ul style="list-style-type: none"> <li>• Customer discrimination</li> </ul>
Performance metrics <sup>20</sup>	- Trend in growth of percentage of women employees in the workforce over the past 3 years  - Trend in growth of percentage of women in senior management over the past 3 years

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<sup>20</sup> These data points are only collected and assessed for constituents of the MSCI ACWI IMI in addition to companies for which the Human Capital Development key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## SDG 6: Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all

### SDG 6 Targets:

- 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all
- 6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
- 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
- 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- 6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
- 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes
- 6.a By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies
- 6.b Support and strengthen the participation of local communities in improving water and sanitation management

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Sustainable water</li> <li>- Sanitation</li> <li>- Sustainable agriculture</li> </ul>
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact <sup>21</sup>	<ul style="list-style-type: none"> <li>- Water consumption or withdrawal targets</li> <li>- Water reduction programs in operations</li> <li>- Water risk monitoring and measurement programs</li> <li>- Evidence of recycling water</li> </ul>

<sup>21</sup> These data points are only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Water Stress key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<p>Metrics indicating negative impact</p>	<ul style="list-style-type: none"> <li>- Over 20% of operations<sup>22</sup> are in business activities that are typically water-intensive</li> <li>- Over 20% of revenue is derived from business activities that are typically water-polluting</li> <li>- Over 20% of revenue is derived from pesticides or fertilizers</li> <li>- Controversies related to the following:                             <ul style="list-style-type: none"> <li><b>Environment:</b> <ul style="list-style-type: none"> <li>• Toxic releases to land or water, including pesticides, persistent organic pollutants and operational waste</li> <li>• Water stress</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Chemical safety issues linked to pesticides or persistent organic pollutants</li> </ul> </li> <li><b>Human rights:</b> <ul style="list-style-type: none"> <li>• Human rights violations by environmental impacts on communities</li> </ul> </li> </ul> </li> </ul>
<p>Performance metrics</p>	<ul style="list-style-type: none"> <li>- Trend in freshwater-withdrawal intensity<sup>23</sup></li> </ul>

<sup>22</sup> The percentage of operations is typically calculated as the company-reported asset value of the segment divided by the total asset value. In certain cases, industry-specific metrics are used to calculate the percentage of operations, such as power generation, production volume, or reserve value. In cases where neither assets nor a relevant industry-specific proxy is available, the percentage is calculated based on revenue.

<sup>23</sup> This data point is only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Water Stress key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## SDG 7: Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all

### SDG 7 Targets:

7.1 By 2030, ensure universal access to affordable, reliable and modern energy services

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

7.3 By 2030, double the global rate of improvement in energy efficiency

7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Alternative energy generation &amp; turbine manufacturing, including hydropower</li> <li>- Demand-side management</li> <li>- Smart grid</li> </ul>
Revenue from products and services with negative impact	<ul style="list-style-type: none"> <li>- Electric power generation from fossil fuels</li> <li>- Oil &amp; gas exploration and production or coal mining</li> <li>- Fossil fuel turbines</li> </ul>
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Targets for carbon reduction or energy-efficiency enhancement</li> <li>- Using energy from renewable sources</li> </ul>
Metrics indicating negative impact	<ul style="list-style-type: none"> <li>- Ownership of fossil fuel reserves</li> <li>- Over 20% of operations are in business activities that are typically carbon-intensive</li> <li>- Controversies related to the following:                             <ul style="list-style-type: none"> <li><b>Environment:</b> <ul style="list-style-type: none"> <li>• Energy and climate change</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Restricted access to products and services by utilities</li> <li>• Predatory fraud and billing by utilities</li> <li>• Product and service safety/quality by utilities</li> </ul> </li> </ul> </li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>- Trend in energy consumption intensity</li> </ul>

## **SDG 8: Decent Work and Economic Growth**

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

### **SDG 8 Targets:**

- 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries
- 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all
- 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
- 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead
- 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training
- 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
- 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
- 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
- 8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries
- 8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Education</li> <li>- SME finance</li> <li>- Connectivity</li> </ul>
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Provides professional leadership development</li> <li>- Programs to facilitate workforce diversity<sup>24</sup></li> <li>- Evidence of fair wage practices</li> <li>- Monitors employee satisfaction</li> <li>- Commitment to internationally recognized labor conventions<sup>25</sup></li> <li>- Evidence of philanthropic investments<sup>26</sup></li> </ul>
Metrics indicating negative impact	<ul style="list-style-type: none"> <li>- Strikes or lock outs in operations</li> <li>- Controversies related to the following:                             <ul style="list-style-type: none"> <li><b>Labor:</b> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> <li>• Employee or labor health and safety in operations or supply chain</li> <li>• Gender discrimination or gender harassment</li> <li>• 50% or more employee or labor layoffs</li> <li>• Collective-bargaining-related issues in operations</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Predatory marketing practices</li> <li>• Predatory fraud and billing</li> </ul> </li> <li><b>Human rights:</b> <ul style="list-style-type: none"> <li>• Impacts on communities and human rights concerns</li> </ul> </li> <li><b>Governance:</b> <ul style="list-style-type: none"> <li>• Controversial investments</li> <li>• Money laundering</li> <li>• Export/import violations</li> <li>• Tax or subsidy violations</li> <li>• Political influence</li> </ul> </li> </ul> </li> </ul>
Performance metrics	N/A

<sup>24</sup> This data point is only collected and assessed for constituents of the MSCI ACWI IMI in addition to companies for which the Human Capital Development key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>25</sup> This data point is only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Labor Management key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>26</sup> This data point is collected and assessed only for companies for which the Community Relations key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## SDG 9: Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

### SDG 9 Targets:

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry’s share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States

9.b Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities

9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Pollution prevention</li> <li>- Alternative energy generation</li> <li>- Clean transport infrastructure</li> <li>- Energy-efficient industrial automation</li> <li>- Demand-side management</li> <li>- Passenger transport &amp; freight</li> <li>- SME finance</li> <li>- Connectivity</li> </ul>
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Programs to reduce emissions in core operations</li> <li>- Conducting regular environmental audits in operations</li> </ul>

<p>Metrics indicating negative impact</p>	<p>- Controversies related to the following:</p> <p><b>Environment:</b></p> <ul style="list-style-type: none"> <li>• Energy and climate change</li> </ul> <p><b>Governance:</b></p> <ul style="list-style-type: none"> <li>• Controversial investments</li> </ul> <p><b>Human rights:</b></p> <ul style="list-style-type: none"> <li>• Impacts on local and indigenous communities</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, finance etc.)</li> <li>• Anticompetitive practices</li> <li>• Predatory billing, fraud or marketing</li> <li>• Marketing safety concerns or misleading marketing</li> <li>• Product safety or quality issues, particularly with relation to structural integrity and transport infrastructure</li> <li>• Chemical safety of products on customers, particularly while using pesticides or persistent organic pollutants</li> </ul>
<p>Performance metrics</p>	<p>- Trend in energy consumption intensity</p>

## SDG 10: Reduced Inequalities

Reduce inequality among and within countries

### SDG 10 Targets:

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

10.a Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements

10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes

10.c By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 percent

Product Alignment	
Revenue from products and services with positive impact	- Education - SME finance - Connectivity
Revenue from products and services with negative impact	- Predatory lending
Operational Alignment	
Metrics indicating positive impact	- Collective bargaining agreements <sup>27</sup>

<sup>27</sup> This data point is only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Labor Management key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

	<ul style="list-style-type: none"> <li>- Programs to facilitate workforce diversity<sup>28</sup></li> <li>- Workforce diversity policy<sup>28</sup></li> <li>- Commitments to external mandates to protect human rights<sup>29</sup></li> <li>- Commitments to ethics and anti-corruption mandates<sup>30</sup></li> <li>- UN Global Compact signatory<sup>30</sup></li> <li>- Human rights policy or evidence of commitment to an external standard<sup>29</sup></li> </ul>
<p>Metrics indicating negative impact</p>	<ul style="list-style-type: none"> <li>- Long-term pay performance versus peers</li> <li>- Controversies related to the following: <ul style="list-style-type: none"> <li><b>Labor:</b> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> <li>• Collective-bargaining-related issues in operations</li> <li>• Gender discrimination or harassment</li> </ul> </li> <li><b>Human rights:</b> <ul style="list-style-type: none"> <li>• Human-rights-related issues with local communities or indigenous populations</li> <li>• Restriction of civil liberties; censorship or surveillance</li> <li>• Human rights issues in disputed territories</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, information and communication)</li> <li>• Predatory billing, fraud or marketing</li> </ul> </li> <li><b>Governance:</b> <ul style="list-style-type: none"> <li>• Bribery, fraud, corruption or unethical conduct</li> <li>• Money laundering</li> <li>• Export/import violations</li> <li>• Tax or subsidy violations</li> <li>• Political influence</li> </ul> </li> </ul> </li> </ul>
<p>Performance metrics</p>	<p>N/A</p>

<sup>28</sup> This data point is only collected and assessed for constituents of the MSCI ACWI IMI in addition to companies for which the Human Capital Development key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>29</sup> This data point is collected and assessed only for companies for which the Community Relations key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>30</sup> This data point is collected and assessed only for companies for which the Corruption & Instability key issue was deemed financially relevant, based on MSCI ESG Ratings' materiality assessment. This Corruption & Instability key issue is no longer part of the MSCI ESG Ratings methodology, as of October 2025. Relevant topics are covered under the Business Behavior Theme. Please see the MSCI ESG Ratings methodology for additional details.

## SDG 11: Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable

### SDG 11 Targets:

11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries

11.4 Strengthen efforts to protect and safeguard the world’s cultural and natural heritage

11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning

11.b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels

11.c Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Pollution prevention</li> <li>- Demand-side management</li> <li>- Smart grid</li> <li>- Clean transport infrastructure</li> <li>- Light-emitting diode/compact fluorescent lamp lighting</li> <li>- Insulation</li> <li>- Green building</li> <li>- Affordable real estate</li> </ul>
Revenue from products and services with negative impact	N/A
Operational Alignment	

Metrics indicating positive impact	- Offering the customer a green power option <sup>31</sup>
Metrics indicating negative impact	- Controversies related to the following: <b>Human rights:</b> <ul style="list-style-type: none"> <li>• Human-rights-related issues with local communities or indigenous populations</li> <li>• Restriction of civil liberties; censorship or surveillance</li> <li>• Human rights issues in disputed or controversial territories</li> </ul> <b>Customers:</b> <ul style="list-style-type: none"> <li>• Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, information and communication)</li> <li>• Product &amp; service safety, including structural safety and safety during transport</li> </ul> <b>Governance:</b> <ul style="list-style-type: none"> <li>• Controversial investments</li> <li>• Political influence</li> </ul>
Performance metrics	N/A

<sup>31</sup> This data point is collected and assessed only for companies for which the Opportunities in Renewable Energy key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## SDG 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns

### SDG 12 Targets:

12.1 Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries

12.2 By 2030, achieve the sustainable management and efficient use of natural resources

12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production

12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products

12.c Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Alternative energy</li> <li>- Carbon and energy efficiency</li> <li>- Green building</li> <li>- Pollution prevention</li> <li>- Sustainable water</li> <li>- Sustainable agriculture</li> </ul>
Revenue from products and services with negative impact	<ul style="list-style-type: none"> <li>- Electric power generation from fossil fuels</li> <li>- Oil &amp; gas exploration and production or coal mining</li> <li>- Fossil-fuel turbines</li> </ul>
Operational Alignment	

Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Using renewable energy in operations</li> <li>- Water-efficiency programs in operations or supply chain, or evidence of recycling water<sup>32</sup></li> </ul>
Metrics indicating negative impact	<ul style="list-style-type: none"> <li>- Ownership of fossil-fuel reserves</li> <li>- Over 20% of operations are in carbon-intensive activities</li> <li>- Over 20% of revenue is from products typically associated with high packaging waste</li> <li>- Over 20% of revenue is from businesses that are typically reliant on high-concern chemicals</li> <li>- Controversies related to the following:               <ul style="list-style-type: none"> <li><b>Environment:</b> <ul style="list-style-type: none"> <li>• Toxic releases to air, land or water, including oil spills, pesticides, persistent organic pollutants and operational waste</li> <li>• Biodiversity issues including land use, logging and endangered species</li> <li>• Water stress or impacts on marine biodiversity</li> <li>• Environmental issues with supply chains, packaging material and waste</li> <li>• Energy and climate change</li> </ul> </li> <li><b>Human rights:</b> <ul style="list-style-type: none"> <li>• Human-rights-related issues due to environmental mishaps in local communities</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Chemical safety, including concerns related to pesticides or persistent organic pollutants</li> </ul> </li> <li><b>Governance:</b> <ul style="list-style-type: none"> <li>• Controversial investments</li> </ul> </li> </ul> </li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>- Trend of carbon-emission intensity</li> <li>- Trend of freshwater-withdrawal intensity<sup>27</sup></li> </ul>

<sup>32</sup> These data points are only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Water Stress key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## SDG 13: Climate Action

Take urgent action to combat climate change and its impacts

### SDG 13 Targets:

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.2 Integrate climate change measures into national policies, strategies and planning

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible

13.b Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities

Product Alignment	
Revenue from products and services with positive impact	<ul style="list-style-type: none"> <li>- Alternative energy, including hydropower</li> <li>- Demand-side management</li> <li>- Smart grid</li> <li>- Turbine manufacturing for alternative energy and hydropower</li> </ul>
Revenue from products and services with negative impact	<ul style="list-style-type: none"> <li>- Electric power generation from fossil fuels</li> <li>- Oil &amp; gas exploration and production or coal mining</li> <li>- Fossil fuel turbines</li> </ul>
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Targets for carbon- or energy-efficiency improvement</li> <li>- Programs to reduce emissions in core operations</li> </ul>
Metrics indicating negative impact	<ul style="list-style-type: none"> <li>- Ownership of fossil fuel reserves</li> <li>- Over 20% of operations are in business activities that are typically carbon-intensive</li> <li>- Controversies related to the following:                             <ul style="list-style-type: none"> <li><b>Environment:</b> <ul style="list-style-type: none"> <li>• Energy and climate change</li> </ul> </li> </ul> </li> </ul>
Performance metrics	<ul style="list-style-type: none"> <li>- Trend of carbon-emission intensity</li> <li>- Trend of carbon-emission intensity relative to peers</li> </ul>

## SDG 14: Life Below Water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

### SDG 14 Targets:

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans

14.3 Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels

14.4 By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics

14.5 By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information

14.6 By 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation

14.7 By 2030, increase the economic benefits to small island developing States and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism

14.a Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing States and least developed countries

14.b Provide access for small-scale artisanal fishers to marine resources and markets

14.c Enhance the conservation and sustainable use of oceans and their resources by implementing international law as reflected in the United Nations Convention on the Law of the Sea, which provides the legal framework for the conservation and sustainable use of oceans and their resources, as recalled in paragraph 158 of "The future we want"

Product Alignment	
Revenue from products and services with positive impact	- Environmental remediation - Wastewater treatment
Revenue from products and services with negative impact	- Plastic materials
Operational Alignment	

Metrics indicating positive impact	- Sourcing certified sustainable seafood <sup>33</sup>
Metrics indicating negative impact	<ul style="list-style-type: none"> <li>- Over 20% of revenue is from offshore drilling</li> <li>- Over 20% of revenue is from fishing and aquaculture</li> <li>- Over 20% of revenue is from business activities typically associated with high levels of packaging waste</li> <li>- Over 20% of revenue is from marine transport, including cruises and freight transport</li> <li>- Controversies related to the following:               <ul style="list-style-type: none"> <li><b>Environment:</b> <ul style="list-style-type: none"> <li>• Marine biodiversity</li> <li>• Oil spills</li> <li>• Water stress</li> <li>• Operational waste</li> <li>• Packaging material and waste</li> <li>• Pesticides or persistent organic pollutants</li> </ul> </li> <li><b>Human rights:</b> <ul style="list-style-type: none"> <li>• Human-rights-related issues due to environmental mishaps in local communities</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Chemical safety, including concerns related to pesticides or persistent organic pollutants</li> </ul> </li> </ul> </li> </ul>
Performance metrics	N/A

<sup>33</sup> This data point is collected and assessed only for companies for which the Raw Material Sourcing key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

## SDG 15: Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

### SDG 15 Targets:

15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

15.4 By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

15.6 Promote fair and equitable sharing of the benefits arising from the utilization of genetic resources and promote appropriate access to such resources, as internationally agreed

15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products

15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species

15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

15.b Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation

15.c Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities

Product Alignment	
Revenue from products and services with positive impact	- Environmental remediation
Revenue from products and services with negative impact	N/A
Operational Alignment	

Metrics indicating positive impact	N/A
Metrics indicating negative impact	<p>- Over 20% of operations are in business activities that typically produce high levels of toxic emissions and waste (e.g., mining)</p> <p>- Over 20% of operations are in business activities that typically cause land and ecosystem disturbance (e.g., timber production, agriculture, oil sands)</p> <p>- Controversies related to the following:</p> <p><b>Environment:</b></p> <ul style="list-style-type: none"> <li>• Electronic waste</li> <li>• Packaging material and waste</li> <li>• Toxic releases to air, land or water, including oil spills, pesticides, persistent organic pollutants and operational waste</li> <li>• Biodiversity issues including land use, logging and endangered species</li> <li>• Environmental issues with supply chains</li> </ul> <p><b>Human rights:</b></p> <ul style="list-style-type: none"> <li>• Human-rights-related issues due to environmental mishaps in local communities and indigenous communities</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Chemical safety, including concerns related to pesticides or persistent organic pollutants</li> </ul>
Performance metrics	N/A

## SDG 16: Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

### SDG 16 Targets:

- 16.1 Significantly reduce all forms of violence and related death rates everywhere
- 16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children
- 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all
- 16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
- 16.5 Substantially reduce corruption and bribery in all their forms
- 16.6 Develop effective, accountable and transparent institutions at all levels
- 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
- 16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance
- 16.9 By 2030, provide legal identity for all, including birth registration
- 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
- 16.a Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime
- 16.b Promote and enforce non-discriminatory laws and policies for sustainable development

Product Alignment	
Revenue from products and services with positive impact	N/A
Revenue from products and services with negative impact	<ul style="list-style-type: none"> <li>- Nuclear weapons</li> <li>- Civilian firearms</li> </ul>
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Regular audits of anti-corruption practices</li> <li>- Regular audits of data security policies and systems<sup>34</sup></li> <li>- Whistleblower protection policy</li> <li>- Supplier collaboration and monitoring of anti-corruption practices<sup>35</sup></li> </ul>

<sup>34</sup> These data points are only collected and assessed for constituents of the MSCI ACWI Index in addition to companies for which the Privacy & Data Security key issue is deemed financially relevant, based on MSCI ESG Ratings' materiality assessment.

<sup>35</sup> This data point is collected and assessed only for companies for which the Corruption & Instability key issue was deemed financially relevant, based on MSCI ESG Ratings' materiality assessment. This Corruption & Instability key issue is no longer part of the MSCI ESG Ratings methodology, as of October 2025. Relevant topics are covered under the Business Behavior Theme. Please see the MSCI ESG Ratings methodology for additional details.

<p>Metrics indicating negative impact</p>	<ul style="list-style-type: none"> <li>- Significant vote against pay practices</li> <li>- Controversies related to the following:               <ul style="list-style-type: none"> <li><b>Labor:</b> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> <li>• Collective-bargaining-related issues in operations</li> <li>• Gender discrimination or harassment</li> <li>• Kidnappings and attacks</li> </ul> </li> <li><b>Human rights:</b> <ul style="list-style-type: none"> <li>• Generic weapons</li> <li>• Human-rights-related issues with local communities or indigenous populations</li> <li>• Restriction of civil liberties</li> <li>• Human rights issues in disputed or controversial territories</li> </ul> </li> <li><b>Customers:</b> <ul style="list-style-type: none"> <li>• Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, finance, etc.)</li> <li>• Anticompetitive practices</li> <li>• Predatory billing, fraud or marketing</li> <li>• Marketing safety concerns or misleading marketing</li> <li>• Privacy and data security</li> </ul> </li> <li><b>Governance:</b> <ul style="list-style-type: none"> <li>• Bribery, fraud, corruption or unethical conduct</li> <li>• Political influence</li> <li>• Money laundering</li> <li>• Export/import violations</li> <li>• Tax or subsidy violations</li> </ul> </li> </ul> </li> </ul>
<p>Performance metrics</p>	<p>N/A</p>

## SDG 17: Partnership for the Goals

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

### SDG 17 Targets:

17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

17.2 Developed countries to implement fully their official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance (ODA/GNI) to developing countries and 0.15 to 0.20 per cent of ODA/GNI to least developed countries; ODA providers are encouraged to consider setting a target to provide at least 0.20 per cent of ODA/GNI to least developed countries

17.3 Mobilize additional financial resources for developing countries from multiple sources

17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress

17.5 Adopt and implement investment promotion regimes for least developed countries

17.6 Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge-sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism

17.7 Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed

17.8 Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology

17.9 Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South and triangular cooperation

Data, monitoring and accountability

Multi-stakeholder partnerships

Policy and institutional coherence

17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda

17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

17.12 Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access

17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence

17.14 Enhance policy coherence for sustainable development

17.15 Respect each country’s policy space and leadership to establish and implement policies for poverty eradication and sustainable development

17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries

17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

17.18 By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts

17.19 By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries

Product Alignment	
Revenue from products and services with positive impact	N/A
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	<ul style="list-style-type: none"> <li>- Commitments to external mandates to protect human rights<sup>36</sup></li> <li>- Commitments to ethics and anti-corruption mandates<sup>37</sup></li> <li>- UN Global Compact signatory<sup>37</sup></li> <li>- Philanthropic investments that leverage the company’s resources and expertise<sup>36</sup></li> <li>- Human rights policy or evidence of commitment to an external standard<sup>36</sup></li> </ul>
Metrics indicating negative impact	<ul style="list-style-type: none"> <li>- Estimated tax gap (the difference between the estimated effective tax rate and estimated statutory tax rate) is greater than 20%</li> <li>- Controversies related to the following:</li> </ul>

<sup>36</sup> This data point is collected and assessed only for companies for which the Community Relations key issue is deemed financially relevant, based on MSCI ESG Ratings’ materiality assessment.

<sup>37</sup> This data point is collected and assessed only for companies for which the Corruption & Instability key issue was deemed financially relevant, based on MSCI ESG Ratings’ materiality assessment. This Corruption & Instability key issue is no longer part of the MSCI ESG Ratings methodology, as of October 2025. Relevant topics are covered under the Business Behavior Theme. Please see the MSCI ESG Ratings methodology for additional details.

	<p><b>Labor:</b></p> <ul style="list-style-type: none"> <li>• Labor working conditions in operations or supply chain</li> <li>• Child or forced labor in operations or supply chain</li> <li>• Employee or labor discrimination in operations or supply chain</li> <li>• Gender discrimination or harassment</li> </ul> <p><b>Human rights:</b></p> <ul style="list-style-type: none"> <li>• Generic weapons</li> <li>• Human-rights-related issues with local communities or indigenous populations</li> <li>• Restriction of civil liberties; censorship and surveillance</li> <li>• Human rights issues in disputed or controversial territories</li> </ul> <p><b>Customers:</b></p> <ul style="list-style-type: none"> <li>• Restriction of customer access to products or services (e.g., restricting customer access to housing, healthcare, finance etc.)</li> <li>• Anticompetitive practices</li> </ul> <p><b>Governance:</b></p> <ul style="list-style-type: none"> <li>• Bribery, fraud, corruption or unethical conduct</li> <li>• Political influence</li> <li>• Money laundering</li> <li>• Export/import violations</li> <li>• Tax or subsidy violations</li> </ul>
Performance metrics	N/A

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## Updates and Version History

Version	Changes	Date
2.1	This version updated the coverage universe, refining companies in coverage to include companies in coverage for MSCI ESG Ratings dataset.	March 2026
2.0	This version reflected methodology enhancements to MSCI ESG Controversies, used as one of the core inputs to the SDG Operational Alignment assessment within our SDG Alignment signal. The updated approach computes the deduction to the SDG Operational Alignment from ESG Controversies based on the type of controversy and frequency of the case flag. Previously the deduction to SDG Operational Alignment was based on type and frequency of case severity. This change is driven by the 2022 ESG Controversy methodology update.	January 2025

This methodology has evolved since its initial development. The version documented as 2.0 (dated January 2024) represents the first formally versioned release. Earlier iterations are considered baseline methodology. All future updates will be documented in this section with corresponding version numbers.

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