MSCI SDG Alignment Methodology

MSCI ESG Research

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Contents

Introduction

The MSCI SDG Alignment methodology underpins MSCI's 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. 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 (United Nations n.d.a).

Exhibit 1: UN Sustainable Development Goals

Source: United Nations n.d.a

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. This methodology, built with input from the Organisation for Economic Co-operation and Development (OECD),[1] 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 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.

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[1] For additional information about the model and research, please see Eastman et al. 2018.

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).[2] We do not provide an aggregate company-level assessment. 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 3.2 and 3.3.

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**.

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[2] For additional details on the definition of rating scales, refer to "MSCI ESG and Climate Symbols and Definitions" available here.

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 4).

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).
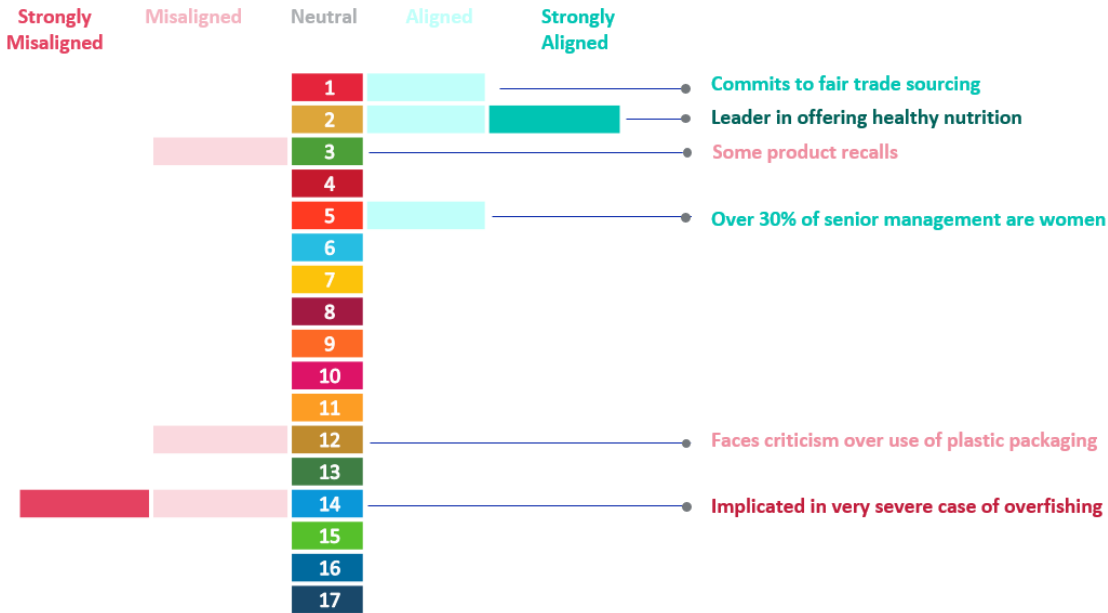
Exhibit 2: MSCI SDG Net Alignment Scores and Assessments

SM* = Strongly Misaligned

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

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.[3]

Positive and Negative Product Alignment Scores

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[3] This expansion is based on the MSCI Business Involvement Screening Research methodology and selected revenue exposure data from MSCI ESG Ratings.

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 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 Section 3.1, Model Output, 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
Positive Product Alignment Score	
>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
Negative Product Alignment Score	
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
Product Alignment Score	**Range: -10 to 10**

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.

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).[4,5] 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 due to a lack of consistently disclosed information, 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 MSCI ESG Controversies and MSCI's existing methodology for identifying Red Flag, Orange Flag and Yellow Flag controversies (see exhibit 5 for more details).[6]

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.[7]

- 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.

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[4] The Global Industry Classification Standard (GICS®) is the global industry classification standard jointly developed by MSCI and S&P Global Market Intelligence.

[5] For more information, see MSCI 2023.

[6] MSCI's ESG Controversies methodology document is available at https://www.msci.com/esg-and-climate-methodologies.

[7] Trend scoring thresholds are predefined for each metric based on the underlying data.

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.

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
Positive Operational Impact Score	
Policies aligned with the SDG	+1 each
Initiatives aligned with the SDG	+1 each
Targets aligned with the SDG	+1 each
Negative Operational Impact Score	
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
Performance Score	
Improving trend	+2
Stable trend	0
Worsening trend	-2
Operational Alignment Score	**Range: -10 to 10**

Criterion signifying automatic assessment of Strongly Misaligned

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 polices 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.

Inputs and 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 ESG Research datasets. These include company-reported data, assessments based on MSCI ESG Research 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 ESG Research proprietary data sets were used in the construction of the methodology:

- 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 ESG 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)

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. We invite companies to review available data and estimates, but we do not accept data shared by companies that has not been disclosed to the public.

Coverage

The MSCI SDG Methodology universe is determined by companies' inclusion in all the coverage universes for each relevant MSCI proprietary data set. These include MSCI Sustainable Impact Metrics, MSCI Business Involvement Screening, MSCI ESG Ratings, MSCI ESG Metrics, and MSCI ESG Controversies. The coverage universe for each dataset is provided in the respective methodology documents.[8]

SDG Alignment Methodology by SDG

All goal and target descriptions in this section are cited directly from the Sustainable Development Goals Knowledge Platform.[9] 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

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[8] See ESG Ratings Process documents, available here https://www.msci.com/esg-and-climate-methodologies

[9] All targets and definitions are taken directly from the Sustainable Development Goals Knowledge Platform (United Nations n.d.b).

Product Alignment	
Revenue from products and services with positive impact	- Nutrition - Major disease treatment - Sanitation - Affordable real estate - Small and medium-sized enterprise (SME) finance - Education - Connectivity
Revenue from products and services with negative impact	- Predatory lending

Operational Alignment	
Metrics indicating positive impact	- Evidence of philanthropic programs - Evidence of fair wage practices - Commitment to internationally recognized labor conventions - High employment provider (i.e., > 100,000 employees)
Metrics indicating negative impact	Controversies related to the following: **Labor:** • Labor working conditions in operations or supply chain • Child or forced labor in operations or supply chain • Employee or labor discrimination in operations or supply chain • Collective-bargaining-related issues in operations **Human rights:** • Human rights issues with local communities or indigenous populations • Restriction of civil liberties; censorship or surveillance • Human rights issues in disputed territories **Customers:** • Restricted customer access to products or services (e.g., restricting customer access to housing, healthcare, red-lining, etc.) • Anticompetitive practices • Predatory billing, fraud or marketing • Marketing safety concerns or misleading marketing • Product safety or quality issues **Governance:** • Bribery, fraud, corruption or unethical conduct • Controversial investments • Money laundering • Export/import violations • Tax or subsidy violations
Performance metrics	N/A

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
Metrics indicating negative impact	Controversies related to the following: **Environment:**

	- Toxic releases to land or water, including oil spills, pesticides, persistent organic pollutants and operational waste - Biodiversity issues including land use, logging and endangered species - Water stress or impacts on marine biodiversity - Environmental issues with the supply chain, packaging material and waste **Labor:** - Labor working conditions in operations or supply chain - Health and safety issues in operations or supply chain - Child or forced labor in operations or supply chain - Employee or labor discrimination in operations or supply chain - Collective-bargaining-related issues in operations **Human rights:** - Human rights related issues with local communities or indigenous populations **Customers:** - Product safety or quality issues - Chemical safety issues faced by customers Note that all labor and human rights controversies, and some environmental and customer controversies, are considered only for food distributors, food retail, hypermarkets & super centers, agricultural products, packaged foods & meats and restaurant companies
Performance metrics	N/A

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	- Conventional pollution control - Low-toxicity & volatile-organic-compound products - Major disease treatment - Contraceptives - Sanitation
Revenue from products and services with negative impact	- Tobacco
Operational Alignment	
Metrics indicating positive impact	N/A
Metrics indicating negative impact	Controversies related to the following: **Labor:** • Labor working conditions in operations or supply chain • Health and safety issues in operations or supply chain **Human rights:** • Human rights related issues with local communities or indigenous populations **Customers:** • Product safety or quality issues • Chemical safety issues faced by customers, including issues faced due to pesticides or persistent organic pollutants • Marketing safety concerns or misleading marketing • Anticompetitive practices • Restriction on customer access to healthcare, or restricting access to people with disabilities Note that some customer-related controversies are considered only for companies in the healthcare sector
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
Metrics indicating negative impact	- Controversies related to the following: **Labor:** • Gender discrimination or gender harassment • Child or forced labor in operations or supply chain

	• Employee or labor discrimination in operations or supply chain **Customers:** • Product safety or quality issues in education services • Restriction on customer access to information and communication • Customer discrimination or restriction on the basis of disabilities Note that some customer-related controversies are considered only for companies in the education sector
Performance metrics	N/A

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	- Education - Contraceptives
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	- Programs for workforce diversity and diversity policies - Percentage of women in the workforce, executive management and senior management are all over 20% - Percentage of women on the board is over 30% - A minimum of one woman sits on the board
Metrics indicating negative impact	- Controversies related to the following: **Labor:** • Gender discrimination or gender harassment • Forced labor in operations or supply chain • Employee or labor discrimination in operations or supply chain **Customers:** • • Customer discrimination

Performance metrics	- 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

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	- Sustainable water - Sanitation - Sustainable agriculture
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	- Water consumption or withdrawal targets - Water reduction programs in operations - Water risk monitoring and measurement programs - Evidence of recycling water
Metrics indicating negative impact	- Over 20% of operations[10] are in business activities that are typically water-intensive - Over 20% of revenue is derived from business activities that are typically water-polluting - Over 20% of revenue is derived from pesticides or fertilizers - Controversies related to the following: **Environment:**

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[10] 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.

	- Toxic releases to land or water, including pesticides, persistent organic pollutants and operational waste - Water stress **Customers:** - Chemical safety issues linked to pesticides or persistent organic pollutants **Human rights:** - Human rights violations by environmental impacts on communities
Performance metrics	- Trend in freshwater-withdrawal intensity

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	- Alternative energy generation & turbine manufacturing, including hydropower - Demand-side management - Smart grid
Revenue from products and services with negative impact	- Electric power generation from fossil fuels - Oil & gas exploration and production or coal mining - Fossil fuel turbines
Operational Alignment	
Metrics indicating positive impact	- Targets for carbon reduction or energy-efficiency enhancement - Using energy from renewable sources
Metrics indicating negative impact	- Ownership of fossil fuel reserves - Over 20% of operations are in business activities that are typically carbon-intensive - Controversies related to the following: **Environment:** • Energy and climate change **Customers:** • Restricted access to products and services by utilities • Predatory fraud and billing by utilities • Product and service safety/quality by utilities
Performance metrics	- Trend in energy consumption intensity

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	- Education - SME finance - Connectivity
Revenue from products and services with negative impact	N/A

Operational Alignment	
Metrics indicating positive impact	- Provides professional leadership development - Programs to facilitate workforce diversity - Evidence of fair wage practices - Monitors employee satisfaction - Commitment to internationally recognized labor conventions - Evidence of philanthropic investments
Metrics indicating negative impact	- Strikes or lock outs in operations - Controversies related to the following: **Labor:** • Labor working conditions in operations or supply chain • Child or forced labor in operations or supply chain • Employee or labor discrimination in operations or supply chain • Employee or labor health and safety in operations or supply chain • Gender discrimination or gender harassment • 50% or more employee or labor layoffs • Collective-bargaining-related issues in operations **Customers:** • Predatory marketing practices • Predatory fraud and billing **Human rights:** • Impacts on communities and human rights concerns **Governance:** • Controversial investments • Money laundering • Export/import violations • Tax or subsidy violations • Political influence
Performance metrics	N/A

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	- Pollution prevention - Alternative energy generation - Clean transport infrastructure - Energy-efficient industrial automation - Demand-side management - Passenger transport & freight - SME finance - Connectivity
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	- Programs to reduce emissions in core operations - Conducting regular environmental audits in operations
Metrics indicating negative impact	- Controversies related to the following: **Environment:** • Energy and climate change

	Governance: • Controversial investments **Human rights:** • Impacts on local and indigenous communities **Customers:** • Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, finance etc.) • Anticompetitive practices • Predatory billing, fraud or marketing • Marketing safety concerns or misleading marketing • Product safety or quality issues, particularly with relation to structural integrity and transport infrastructure • Chemical safety of products on customers, particularly while using pesticides or persistent organic pollutants
Performance metrics	- Trend in energy consumption intensity

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 - Programs to facilitate workforce diversity - Workforce diversity policy - Commitments to external mandates to protect human rights - Commitments to ethics and anti-corruption mandates - UN Global Compact signatory - Human rights policy or evidence of commitment to an external standard
Metrics indicating negative impact	- Long-term pay performance versus peers - Controversies related to the following: **Labor:** • Labor working conditions in operations or supply chain

	- Child or forced labor in operations or supply chain - Employee or labor discrimination in operations or supply chain - Collective-bargaining-related issues in operations - Gender discrimination or harassment **Human rights:** - Human-rights-related issues with local communities or indigenous populations - Restriction of civil liberties; censorship or surveillance - Human rights issues in disputed territories **Customers:** - Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, information and communication) - Predatory billing, fraud or marketing **Governance:** - Bribery, fraud, corruption or unethical conduct - Money laundering - Export/import violations - Tax or subsidy violations - Political influence
Performance metrics	N/A

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	- Pollution prevention - Demand-side management - Smart grid - Clean transport infrastructure - Light-emitting diode/compact fluorescent lamp lighting - Insulation - Green building - Affordable real estate
Revenue from products and services with negative impact	N/A
Operational Alignment	
Metrics indicating positive impact	- Offering the customer a green power option
Metrics indicating negative impact	- Controversies related to the following:

	Human rights: • Human-rights-related issues with local communities or indigenous populations • Restriction of civil liberties; censorship or surveillance • Human rights issues in disputed or controversial territories **Customers:** • Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, information and communication) • Product & service safety, including structural safety and safety during transport **Governance:** • Controversial investments • Political influence
Performance metrics	N/A

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	- Alternative energy - Carbon and energy efficiency - Green building - Pollution prevention - Sustainable water - Sustainable agriculture
Revenue from products and services with negative impact	- Electric power generation from fossil fuels - Oil & gas exploration and production or coal mining - Fossil-fuel turbines
Operational Alignment	
Metrics indicating positive impact	- Using renewable energy in operations - Water-efficiency programs in operations or supply chain, or evidence of recycling water
Metrics indicating negative impact	- Ownership of fossil-fuel reserves

	- Over 20% of operations are in carbon-intensive activities
	- Over 20% of revenue is from products typically associated with high packaging waste
	- Over 20% of revenue is from businesses that are typically reliant on high-concern chemicals
	- Controversies related to the following:
	Environment: • Toxic releases to air, land or water, including oil spills, pesticides, persistent organic pollutants and operational waste • Biodiversity issues including land use, logging and endangered species • Water stress or impacts on marine biodiversity • Environmental issues with supply chains, packaging material and waste • Energy and climate change **Human rights:** • Human-rights-related issues due to environmental mishaps in local communities **Customers:** • Chemical safety, including concerns related to pesticides or persistent organic pollutants **Governance:** • Controversial investments
Performance metrics	- Trend of carbon-emission intensity
	- Trend of freshwater-withdrawal intensity

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	- Alternative energy, including hydropower - Demand-side management - Smart grid - Turbine manufacturing for alternative energy and hydropower
Revenue from products and services with negative impact	- Electric power generation from fossil fuels - Oil & gas exploration and production or coal mining - Fossil fuel turbines
Operational Alignment	
Metrics indicating positive impact	- Targets for carbon- or energy-efficiency improvement - Programs to reduce emissions in core operations
Metrics indicating negative impact	- Ownership of fossil fuel reserves - Over 20% of operations are in business activities that are typically carbon-intensive - Controversies related to the following: **Environment:** • Energy and climate change
Performance metrics	- Trend of carbon-emission intensity - Trend of carbon-emission intensity relative to peers

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

Metrics indicating negative impact	- Over 20% of revenue is from offshore drilling - Over 20% of revenue is from fishing and aquaculture - Over 20% of revenue is from business activities typically associated with high levels of packaging waste - Over 20% of revenue is from marine transport, including cruises and freight transport - Controversies related to the following: **Environment:** • Marine biodiversity • Oil spills • Water stress • Operational waste • Packaging material and waste • Pesticides or persistent organic pollutants **Human rights:** • Human-rights-related issues due to environmental mishaps in local communities **Customers:** • Chemical safety, including concerns related to pesticides or persistent organic pollutants
Performance metrics	N/A

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	- Over 20% of operations are in business activities that typically produce high levels of toxic emissions and waste (e.g., mining) - Over 20% of operations are in business activities that typically cause land and ecosystem disturbance (e.g., timber production, agriculture, oil sands) - Controversies related to the following: **Environment:** • Electronic waste • Packaging material and waste • Toxic releases to air, land or water, including oil spills, pesticides, persistent organic pollutants and operational waste • Biodiversity issues including land use, logging and endangered species • Environmental issues with supply chains **Human rights:** • Human-rights-related issues due to environmental mishaps in local communities and indigenous communities **Customers:** • Chemical safety, including concerns related to pesticides or persistent organic pollutants
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	- Nuclear weapons - Civilian firearms
Operational Alignment	
Metrics indicating positive impact	- Regular audits of anti-corruption practices - Regular audits of data security policies and systems - Whistleblower protection policy - Supplier collaboration and monitoring of anti-corruption practices
Metrics indicating negative impact	- Significant vote against pay practices - Controversies related to the following: **Labor:** • Labor working conditions in operations or supply chain • Child or forced labor in operations or supply chain • Employee or labor discrimination in operations or supply chain • Collective-bargaining-related issues in operations • Gender discrimination or harassment • Kidnappings and attacks **Human rights:**

	- Generic weapons - Human-rights-related issues with local communities or indigenous populations - Restriction of civil liberties - Human rights issues in disputed or controversial territories **Customers:** - Restriction on customer access to products or services (e.g., restricting customer access to housing, healthcare, finance, etc.) - Anticompetitive practices - Predatory billing, fraud or marketing - Marketing safety concerns or misleading marketing - Privacy and data security **Governance:** - Bribery, fraud, corruption or unethical conduct - Political influence - Money laundering - Export/import violations - Tax or subsidy violations
Performance metrics	N/A

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	- Commitments to external mandates to protect human rights - Commitments to ethics and anti-corruption mandates - UN Global Compact signatory - Philanthropic investments that leverage the company's resources and expertise - Human rights policy or evidence of commitment to an external standard
Metrics indicating negative impact	- Estimated tax gap (the difference between the estimated effective tax rate and estimated statutory tax rate) is greater than 20% - Controversies related to the following: **Labor:** • Labor working conditions in operations or supply chain • Child or forced labor in operations or supply chain • Employee or labor discrimination in operations or supply chain • Gender discrimination or harassment **Human rights:** • Generic weapons • Human-rights-related issues with local communities or indigenous populations • Restriction of civil liberties; censorship and surveillance • Human rights issues in disputed or controversial territories **Customers:** • Restriction of customer access to products or services (e.g., restricting customer access to housing, healthcare, finance etc.) • Anticompetitive practices **Governance:** • Bribery, fraud, corruption or unethical conduct • Political influence • Money laundering • Export/import violations • Tax or subsidy violations

Performance metrics	N/A

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Appendix 1: Data updates and quality review

Ongoing updates of data and scores

Generally, data is obtained on an ongoing basis. Companies are monitored on a systematic and ongoing basis, including daily monitoring of controversies and governance events. Updates to underlying data and scores do not in all cases lead to a change in SDG Net Alignment Scores or Assessments.

Data quality review

The MSCI SDG Alignment methodology is constructed based on data sets that are used in the MSCI Sustainable Impact Metrics, MSCI Business Involvement Screening, MSCI ESG Ratings, and MSCI ESG Controversies methodologies. The quality review, data update, and methodology governance processes for each of these is detailed in the respective methodology documents.

Communication with corporate issuers

We are committed to transparent communication with corporate issuers in our coverage universe. For more details, please refer to the "Procedures for Corporate Issuer Interaction" document.

Appendix 2: Summary of methodology updates

The ESG Methodology Committee (EMC) presides over the development and review of all MSCI ESG Research methodologies. Methodology update proposals are subject to consultation prior to approval for implementation by the EMC.

We review and update this methodology document on an ongoing basis to reflect methodology and process enhancements.

Recent key enhancements to MSCI SDG Alignment methodology and model include:

1. **January 2024** – We updated the SDG Alignment methodology to reflect enhancements to MSCI ESG Controversies, used as one of the core inputs to the SDG Operational Alignment assessment. Previously the deduction to SDG Operational Alignment from a company's ESG Controversy assessment was based on the type of controversy and frequency of case severity. The methodology was updated to compute the SDG Operational Alignment based on the type of controversy and frequency of the case flag. The change of assessment criteria from severity of controversy case to controversy flag determines controversy deductions extensively, based on: the case severity, the company role and status of the case.

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