



April 2026

MSCI Controversies and Global Norms Methodology

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Model update history

Version	Changes	Date
V2.0	This update included the following changes in controversy case scoring approach: • Introduction of a Partially Concluded controversy case Status. • Differentiated assessments for companies with Direct and Indirect involvement in a controversy case.	June 20, 2022
V2.1	This update included the following minor model changes: • Shortened conclusion and archiving timeline. • Removal of pattern-based score downgrade and reference to "historical concern" cases. • Removal of reference to the transition period for the 2022 major model changes and the Controversy Type Assessment. • Updated list of vulnerable demographics.	October 8, 2025
V2.2	This update included the following minor model changes: • Expansion of MSCI Controversies topics covered under UNGC and UNGP screens.	April 29, 2026

MSCI Controversies overview

MSCI Controversies is designed to identify companies within the MSCI Controversies and Global Norms coverage universe that may be subject to reputational risk due to their alleged involvement in controversy cases.¹ The controversy cases aim to capture impact materiality throughout the three pillars of Environment, Social and Governance. They do not aim to directly reflect financial materiality. However, some controversy cases, particularly those under the Governance pillar, are assessed on the financial consequences borne by the researched companies (see Appendix B).

A controversy case arises when reported negative environmental or social impacts are allegedly caused or contributed to by a company, or are otherwise linked to its operations, value chain, products, or services. It can also occur when the company is allegedly involved in misconduct that is seen as enabling adverse impacts.

A controversy case can be derived from allegations² of a single event such as a spill, accident or regulatory action, or multiple events or practices such as health and safety fines, investigations of anticompetitive behavior by different regulators, multiple community protests at a company's offices, or multiple individual lawsuits alleging discriminatory practices.

The MSCI Controversies analytical framework organizes controversy cases within three Pillars: Environment, Social and Governance. The Social Pillar is further divided into three Sub-Pillars: Human Rights & Community Sub-Pillar, Labor Rights & Supply Chain Sub-Pillar and Customers Sub-Pillar.

Pillars and Sub-Pillars are further divided into 28 Themes (see Exhibit 1). All allegations are associated with at least one controversy case. Since the most severe allegations may have a broad array of implications, MSCI Sustainability & Climate (MSCI S&C)³ may profile multiple controversy cases arising from the same report or reports in different Themes. For example, a reported oil spill incident may result in the profiling of a controversy case assessing alleged impact on the local ecosystem (under the Biodiversity and Land Use Theme) and a separate controversy case assessing alleged impact on the local population (under the Impact on Local Communities Theme). Each controversy case is assessed separately in accordance with MSCI Controversies analytical framework and is monitored over time for case resolution.

¹ Controversies are allegations contained in vetted public sources, and they are not assertions of fact. MSCI does not endorse any allegations, fact check them, or evaluate their merits.

² An allegation is a claim, accusation, or criticism, whether or not it triggers legal procedures or regulatory investigations, that is publicly reported.

³ 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.

Exhibit 1: MSCI Controversies thematic framework

ENVIRONMENT	SOCIAL			GOVERNANCE
	HUMAN RIGHTS & COMMUNITY	LABOR RIGHTS & SUPPLY CHAIN	CUSTOMERS	
Biodiversity & Land Use	Impact on Local Communities	Child Labor	Product Safety & Quality	Bribery & Fraud
Energy & Climate Change	Human Rights Concerns	Collective Bargaining & Unions	Anticompetitive Practices	Controversial Investments
Supply Chain Management	Civil Liberties	Discrimination & Workforce Diversity	Customer Relations	Governance Structures
Water Stress	Other	Labor Management Relations	Marketing & Advertising	Other
Toxic Emissions & Waste		Supply Chain Labor Standards	Privacy & Data Security	
Operational Waste (Non Hazardous)		Health & Safety	Other	
Other		Other		

Each controversy case receives a Score and an associated color-coded Flag based on three inputs: Severity, Company Role and Status. (see Exhibits 2 and 3).

Where a company has multiple controversy cases, the Overall Company Score and the corresponding Flag are determined by the worst-scoring Pillar.

Exhibit 2: MSCI Controversy assessment scoring matrix

Severity	Company Role	Status of the controversy case		
		Ongoing	Partially Concluded	Concluded
Very Severe	Direct	0	1	2
Very Severe	Indirect	1	2	3
Severe	Direct	1	2	3
Severe	Indirect	2	3	4
Moderate	Direct	4	5	6
Moderate	Indirect	5	6	7
Minor	Direct	6	7	8
Minor	Indirect	7	8	9

MSCI Global Norms overview

MSCI Controversies Flags are leveraged to identify companies implicated in allegations in vetted sources that may suggest misalignment with the recommendations under the following global norms and conventions:

- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.
- The Ten Principles of the United Nations Global Compact (UNGC).
- The International Labour Organization's (ILO) fundamental conventions and ILO Declaration on Fundamental Principles and Rights at Work.
- The United Nations Guiding Principles on Business and Human Rights (UNGPR).

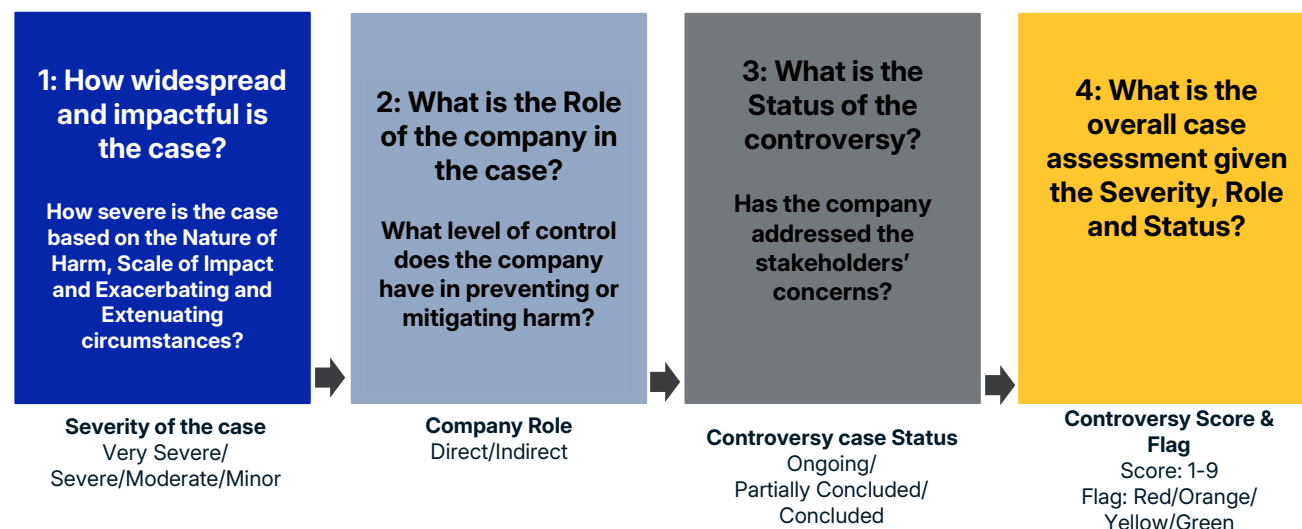
1 Controversy case assessment methodology

1.1 Controversy case assessment overview

A controversy case arises when reported negative environmental or social impacts are allegedly caused or contributed to by a company, or are otherwise linked to the company's operations, value chain, products, or services. It can also occur when the company is allegedly involved in misconduct that is seen as enabling adverse impacts. MSCI S&C relies on public sources⁴ to identify controversy cases, assess the severity of the allegations, evaluate the subject of the company's involvement, and review the company's response or remediation actions. MSCI S&C does not act in a journalistic or investigative capacity. As such, MSCI S&C does not fact-check or evaluate the merit or validity of any information included in the cited sources. Rather, MSCI S&C's role is to identify public reports in vetted sources of alleged involvement in controversies that may cause reputational risk and provide consistent assessment of such allegations.

Sources are typically vetted by a specialized third-party service provider. Where a source has not been reviewed by MSCI S&C's third-party data provider, it is vetted through an MSCI S&C internal source vetting process. Please refer to "MSCI Controversies and Global Norms Methodology – Process" for details on the frequency of updates, types of sources and review process.

Exhibit 3: Assessments made for a controversy case



⁴ Source is the entity that publicly reports or disseminates information about an allegation. For further information about the sources that can be used to inform Controversy cases please refer to the MSCI Controversies and Global Norms – Process.

For each controversy case, MSCI S&C determines:

1. The **Severity** of the controversy case based on the alleged Nature of Harm and Scale of Impact, and application of specific Exacerbating or Extenuating circumstances: Very Severe, Severe, Moderate or Minor.
2. The **Role** of the company implicated in the controversy case: Direct or Indirect.
3. The **Status** of the controversy case: Ongoing, Partially Concluded, Concluded or Archived.

Based on these three inputs, a Score and a corresponding Flag are determined for each controversy case.

Written summaries for Very Severe and Severe controversy cases provide details of each allegation and are included in each company's MSCI controversies report.

1.2 Severity assessment

The Severity of each controversy case is assessed based on the Nature of Harm and Scale of Impact of: (1) the reported negative environmental or social impact allegedly caused or contributed to by the company, or otherwise linked to its operations, value chain, products or services, or (2) alleged misconduct. In some instances, the Severity assessment can be adjusted based on Exacerbating circumstances (section 1.2.4) or Extenuating circumstances (section 1.2.5).

1.2.1 Nature of harm

The Nature of Harm varies from Very Serious to Minimal based on the degree of irreparability of the alleged environmental or social harm or misconduct:

Exhibit 4: Nature of harm scale



Very Serious applies, among other things, to the alleged destruction of habitats or ecosystems, fatalities, torture, rape, enslavement, and allegations of misconduct linked to major financial or economic instability.

Minimal harm generally refers to allegations where the actual impact is projected in the future or not yet defined. This includes controversy cases alleging adverse effects from planned or forthcoming actions - for example, protests against the construction of an oil pipeline based on concerns over potential harm to land and water resources.

See Appendix B for more details and examples of Nature of Harm assessments.

1.2.2 Scale of impact

The Scale of Impact varies from Extremely Widespread to Low based on the extent of the alleged environmental or social harm or misconduct.

Exhibit 5: Scale of Impact



Extremely Widespread applies to allegations of the most extensive damage (for example, affecting 1000+ people or 100+ km² of land) as well as allegations of misconduct with the highest financial implications (such as a financial or economic crisis).

Low Scale of Impact applies to allegations of localized adverse impact (e.g., controversy cases affecting fewer than 10 people or less than 1km² of land) as well as allegations of misconduct with localized financial implications (impact on shareholders only). Limited or Low Scale of Impact could also be attributed to allegations that do not include specific details on the extent of adverse impact, such as the area or number of people affected. If such reported allegations suggest that the impact is localized or insignificant, MSCI S&C assesses the Scale of Impact as Low. However, if such allegations suggest that the impact is far-reaching, the Scale is assessed as Limited.

See Appendix B for more details and examples of Scale of Impact assessments.

1.2.3 Combining Nature of Harm and Scale of Impact

Nature of Harm and **Scale of Impact** assessments are combined to reach an initial determination of Severity; multiple scenarios can lead to the same Severity assessment (see Exhibit 6).

Exhibit 6: Initial assessment of controversy case Severity

		Nature of Harm			
		Very Serious	Serious	Medium	Minimal
Scale of Impact	Extremely Widespread	<i>Very Severe</i>	<i>Severe</i>	<i>Severe</i>	<i>Moderate</i>
	Extensive	<i>Very Severe</i>	<i>Severe</i>	<i>Moderate</i>	<i>Moderate</i>
	Limited	<i>Severe</i>	<i>Moderate</i>	<i>Minor</i>	<i>Minor</i>
	Low	<i>Moderate</i>	<i>Moderate</i>	<i>Minor</i>	<i>Minor</i>

1.2.4 Exacerbating circumstances

Certain circumstances may warrant adjusting a controversy case Severity assessment. Controversy cases with an Exacerbating Circumstance receive a Severity assessment that is one level more severe than would otherwise be determined by the Nature of Harm and Scale of Impact alone (see Exhibit 7). This can occur if any of the following three criteria are met:

- 1) **Vulnerable demographics:** Controversy cases that allegedly negatively impact the most vulnerable demographics. See Appendix C for more details.
- 2) **Vulnerable ecosystems:** Controversy cases that allegedly negatively impact the most vulnerable ecosystems. MSCI S&C defines vulnerable ecosystems as those included on the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage List.⁵
- 3) **Deliberate action:** Controversy cases that arise from allegations that the company, its representatives or employees have attempted to obstruct investigations, cover up the event or activity, or have punished or terminated workers for voicing their concerns or participating in protests against the company.

Exacerbating circumstances generally may apply to controversy cases under the Social and Environmental Pillars as well as those under the theme of Controversial Investments in the Governance Pillar, although they also may apply in other themes of the Governance Pillar in exceptional circumstances.

Exacerbating circumstances may change a controversy case Severity assessment but are not sufficient by themselves to initiate a controversy case. Please see the controversy case assessment overview (section 1.1) for more details.

1.2.5 Extenuating circumstances

Certain situations may warrant a controversy case Severity assessment to be adjusted based on Extenuating circumstances. Controversy cases that face such Extenuating circumstances receive an assessment one level less severe than would otherwise be determined by the Nature of Harm and Scale of Impact alone (see Exhibit 7).

Extenuating circumstances are assessed if a controversy case is determined to be linked to a legacy issue that continues to present a reputational or legal risk to the company.

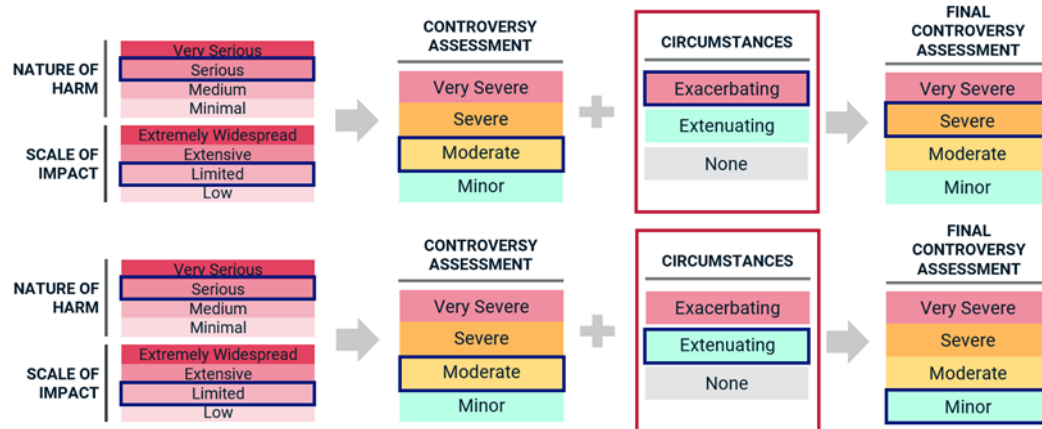
MSCI S&C defines a legacy issue as the following:

- A high-impact event that occurred 20 or more years ago (e.g., a workplace accident that led to fatalities and is still subject to ongoing legal claims).

⁵ See the 'Natural' and 'Mixed' categories at [UNESCO World Heritage Centre - World Heritage List](https://whc.unesco.org/en/list/).

- A high-impact product or practice that was discontinued and/or remediated 20 or more years ago (e.g., asbestos, lead paint, polychlorinated biphenyls [PCBs], perfluorooctanoic acid [PFOA], perfluoroalkyl and polyfluoroalkyl substances [PFAS], or hexavalent chromium [Cr(VI)]).

Exhibit 7: Example of Severity assessment with exacerbating and extenuating circumstances triggers applied



1.3 Company Role assessment

A company's Role is MSCI S&C's assessment of the degree of control a company may have in avoiding or mitigating harm or misconduct. The Role is assessed as either Direct or Indirect.

1.3.1 Direct

Usually, MSCI S&C considers companies to have a direct involvement in a controversy case if:

- the reported negative environmental or social impact is allegedly caused or contributed to by the company's operations, products or services.
- the company's employees, management or other representatives have allegedly engaged in misconduct.
- based on the reported details, the company has at least 30% ownership or is a primary operator in a joint venture project that has allegedly caused or contributed to the negative environmental or social impact or engaged in misconduct.

Examples:

- A company is implicated in a workplace incident that led to several employee fatalities.
- An oil refining company is facing substantial community opposition to a pipeline construction project carried out by an affiliate of which it owns 30% of the shares.
- A medical device manufacturer is facing a class-action lawsuit filed by patients who sustained injuries linked to malfunction of the company's pacemakers.

1.3.2 Indirect

Usually, MSCI S&C considers companies to have an indirect involvement in a controversy case if:

- the alleged negative environmental or social impact has been linked to the company through business, commercial or business to government relationships.
- the alleged negative environmental or social impact is caused by a misuse of the company's products or services by third parties.
- the alleged misconduct or the negative environmental or social impact is caused or contributed to by an entity or joint venture where the company has less than 30% ownership and is not the primary operator.
- the alleged negative environmental or social impact was primarily due to a natural event (e.g., earthquake, tsunami), whereby the company is still responsible for impact remediation.
- the company allegedly provides insurance or financing to projects or companies associated with adverse environmental or social impact or misconduct.
- there is uncertainty about the company's role due to an ongoing investigation.

Examples:

- A company faces allegations of unsafe working conditions at one of its suppliers' factories.
- An oil refining company is facing community opposition to a pipeline construction project. The project is managed by a joint venture, in which the refining company holds 20% ownership.

As events unfold or additional information becomes available, the company's Role may be reassessed as warranted.

1.4 Controversy status assessment and status update conditions

MSCI S&C monitors controversy cases on an ongoing basis to determine the resolution measures and assess the sources, nature and scale of ongoing criticism. A controversy case remains open if criticism or concerns persist, as reported in vetted sources, even if the company has responded or made remediation efforts.

MSCI S&C does not recommend actions to address allegations. A controversy case may be reviewed for a **potential status update** if any of the following conditions apply:

- **Dismissal of allegations:** Allegations are formally dismissed or refuted by a court, an external investigation, or an independent audit.
- **Revocation of allegations:** The party or parties raising the allegations withdraw their claims.
- **Remedial action or resolution:** The company has taken steps to address the issues raised—such as reaching agreements with affected stakeholders, implementing remediation measures, or ceasing the relevant practices or engagements.
- **Lack of sustained attention:** If no new developments, negative media coverage or stakeholder criticism are reported for a sustained period, as reported in vetted sources – see also Exhibit 8.

Ongoing status

A controversy case is considered ongoing if none of the status update conditions have been met.

Examples:

- A company was alleged to use forced labor in its production facilities. The company denied the allegations but did not provide any public documentation validating its assertions.
- A company was implicated in an oil spill and it has not been reported to conduct environmental remediation.
- A company was implicated in a workplace incident that resulted in several employee fatalities. Although the company allocated compensation funds, the funds have not yet been distributed, as evidenced by public documentation.

Partially Concluded Status

A controversy case is considered partially concluded if there is publicly available evidence in vetted sources that the company has implemented some resolution measures, but continues to face negative publicity, criticism, or sustained allegations.

Examples:

- A company implicated in a fatal workplace incident has developed a compensation plan with victims' families and upgraded safety equipment to international standards. However, some health-related claims remain under investigation.
- A company discontinued implicated operations and sold the subsidiary responsible but continues to face lawsuits related to the incident.
- A palm oil producer facing criticism for environmental impacts certifies over 30% of its palm oil output to the most stringent industry standard. While this is considered to be in line with industry's best practice, it does not fully resolve the allegations.

Some controversy cases may remain partially concluded if community criticism relates to an ongoing adverse impact from the company's operations. For example, operations such as Arctic drilling may need to be fully discontinued and all outstanding claims resolved before the case can be considered concluded.

Concluded Status

A controversy case is considered concluded if relevant resolution actions have been implemented, or allegations have been revoked or refuted, and there is no ongoing criticism, as reported in vetted sources.

Examples:

- A company accused of forced labor successfully publicly refuted claims with supporting evidence, resulting in the removal of allegations from a public NGO report.

- A company settled all outstanding legal claims and upgraded safety protocols following a fatal workplace incident. A lawsuit filed by several workers claiming that the incident affected their health was dismissed and not appealed, and no further public criticism has been reported.
- A food producer ceased using palm oil in its products following public scrutiny and has not been implicated in any new palm oil-sourcing controversies.

MSCI S&C may conclude controversy cases in the absence of ongoing publicly reported criticism or legal action, after a set period of time regardless of any additional actions taken by the company. The time to conclusion depends on the Severity of the alleged harm (see Exhibit 8):

- Moderate cases: One year since the latest reported public criticism.
- Severe cases: Two years since the latest reported public criticism.
- Very severe cases: Three years since the latest reported public criticism.

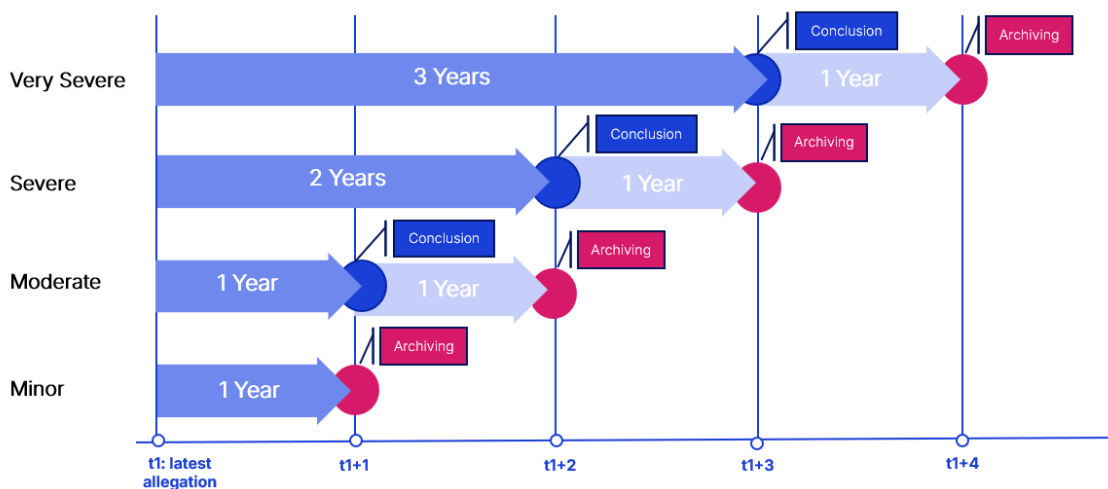
Cases may be concluded directly without first being classified as partially concluded. Minor controversy cases are typically archived one year after initiation.

Archived Status

If there is no new publicly reported criticism or if there are no new allegations for a defined period, controversy cases are archived and removed from company profiles (see also Exhibit 8):

- Moderate, Severe and Very Severe: 1 year following case conclusion.
- Minor: 1 year after initiation.⁶

Exhibit 8: Timelines for concluding or archiving cases in case of absence of ongoing public criticism, or updates.



⁶ In case of absence of ongoing public criticism or updates, minor cases will be archived one year after case initiation. They will not be concluded before they are archived.

1.5 Determining Controversy Score and Flag

Controversy cases are scored based on a combination of Severity, Role and Status. Within a given Severity level, Ongoing controversy cases score lower (worse) than those that are Partially Concluded or Concluded, and those that are Direct score lower (worse) than those that are Indirect (see Exhibit 9).

Exhibit 9: MSCI controversy case assessment scoring matrix⁷

Severity	Company Role	Status of the controversy case		
		Ongoing	Partially Concluded	Concluded
Very Severe	Direct	0	1	2
Very Severe	Indirect	1	2	3
Severe	Direct	1	2	3
Severe	Indirect	2	3	4
Moderate	Direct	4	5	6
Moderate	Indirect	5	6	7
Minor	Direct	6	7	8
Minor	Indirect	7	8	9

Companies without a controversy will have a controversy Score of 10.

⁷ The MSCI Controversies methodology outlined in this document is effective for controversy cases reviewed after June 20, 2022.

Exhibit 10: Interpretation of a Company Flag

Company Flag	Flag Description
	Red Flag (Score 0): indicates that a company is directly involved in one or more Very Severe Ongoing controversy cases.
	Orange Flag (Score 1): indicates that a company either: - Has settled most but not all of the stakeholders' concerns (Partial Conclusions) related to its alleged direct involvement in one or more Very Severe controversy cases. - Is indirectly involved in one or more Ongoing, Very Severe controversy cases. - Is directly involved in one or more Ongoing Severe controversy cases.
	Yellow Flag (Scores 2-4): indicates that a company either: - Has been implicated in one or more Concluded Very Severe or Severe controversy cases. - Has settled at least some of the concerns (Partial Conclusion) related to its alleged involvement in one or more Severe controversy cases or Indirect involvement in one or more Very Severe controversy cases. - Is indirectly involved in one or more Ongoing, Severe controversy cases. - Is directly involved in one or more Ongoing, Moderate controversy cases.
	Green Flag (Scores 5-10): indicates that a company either: - Has fully or partially Concluded one or more Moderate controversy cases in which it was involved. - Is indirectly implicated in one or more Ongoing Moderate controversy cases. - Is either directly or indirectly implicated in one or more Ongoing, Partially Concluded or Concluded Minor controversy cases. - Has not been implicated in any controversy case.



Red flag



Orange flag



Yellow flag



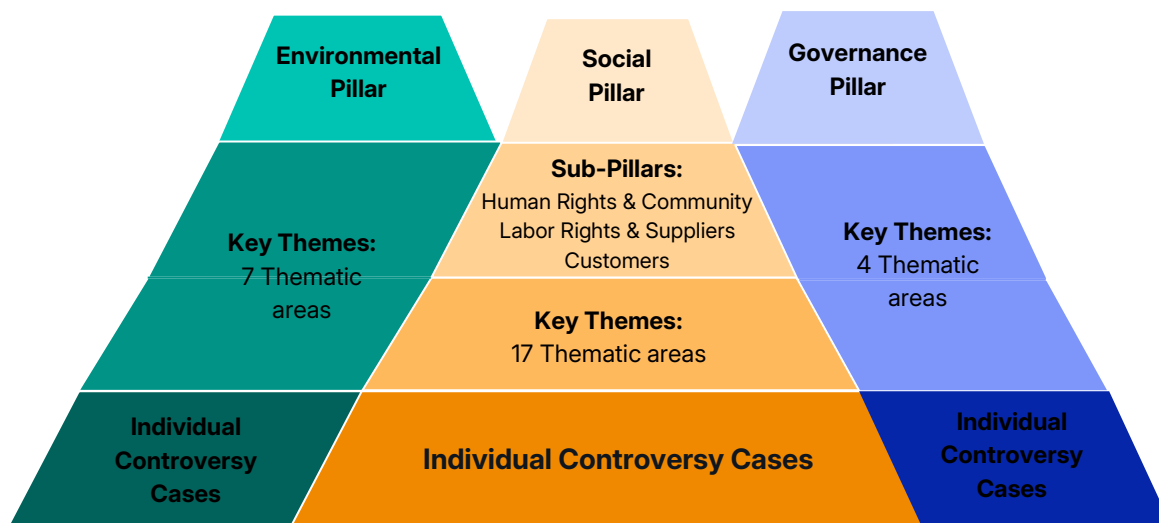
Green flag

2 Controversy scores aggregation

2.1 Controversy scores hierarchy

The MSCI Controversies framework organizes controversy cases within three Pillars: Environment, Social and Governance. The Social Pillar is further divided into three Sub-Pillars: Human Rights & Community Sub-Pillar, Labor Rights & Supply Chain Sub-Pillar and Customers Sub-Pillar. Pillars and Sub-Pillars are further divided into 28 Themes. Individual controversy cases are grouped into one of the 28 Themes. The Overall Company Score and Flag are derived from the Pillar-level scores.

Exhibit 11: Controversies hierarchy



Please see Appendix A for a complete list of Themes and descriptions of the types of controversy cases captured within each one.

2.2 Determination of Themes, Sub-Pillar, Pillar and Company scores and Flags

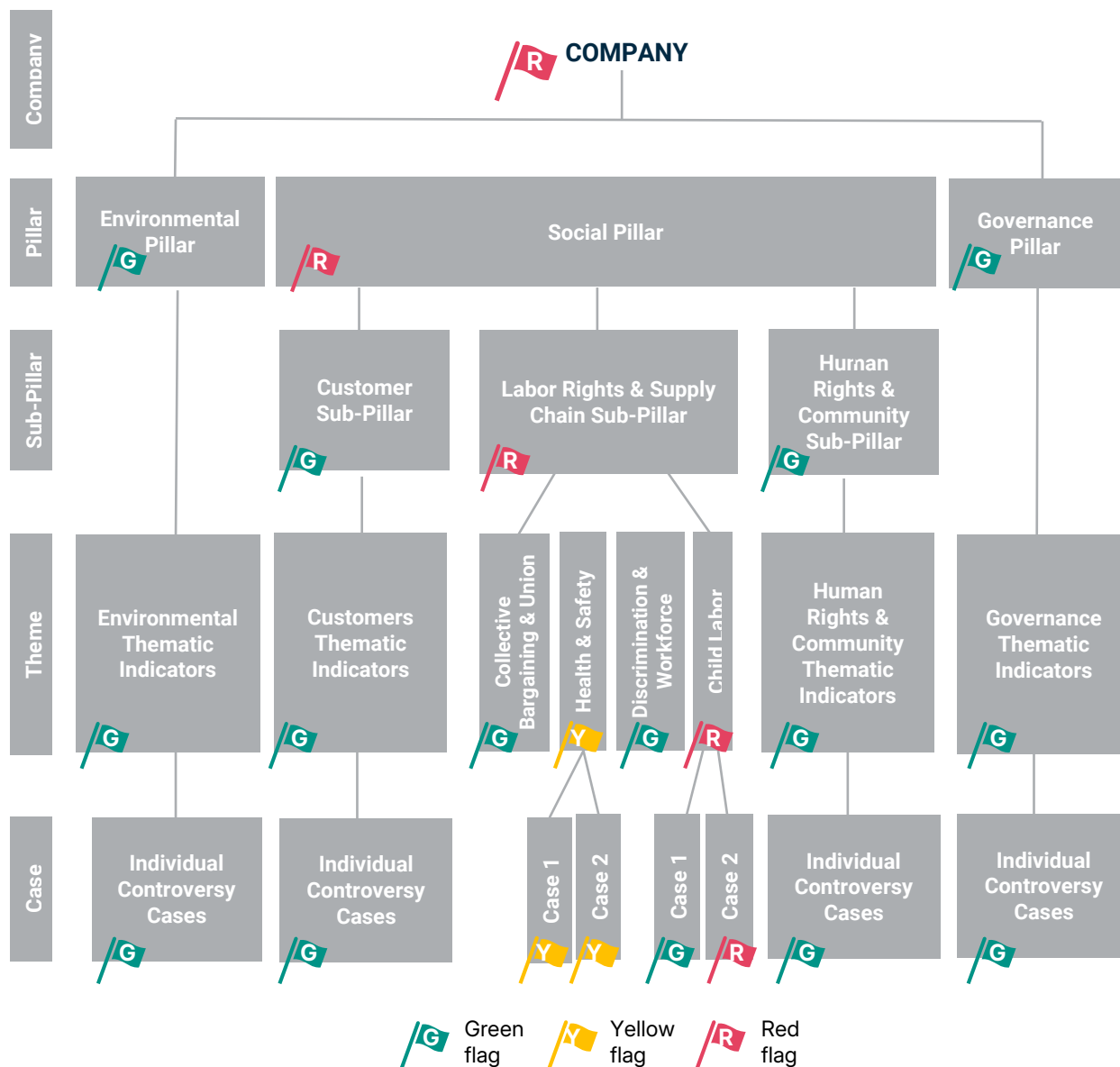
An Overall Company Score is determined based on the lowest (worst) scoring controversy case in which the company is involved. This approach is applied through the entire controversies' hierarchy structure (see Exhibit 12 for a detailed example):

- Theme scores, Flags and Roles correspond to those of the lowest scoring controversy case within the same Theme. Theme Severity assessments correspond to the case of the worst Severity within the same Theme.
- Sub-Pillar scores and Flags correspond to those of the lowest scoring Theme within the Sub-Pillar.
- Pillar scores and Flags correspond to those of the lowest-scoring Sub-Pillar within the Pillar, if any, or the lowest scoring Theme within the Pillar;

- The Overall Company Score and Flag are ultimately determined by the lowest scoring Pillar.

Exhibit 12: Controversy score propagation through the controversies' hierarchy

Example: A company is not involved in any controversy case profiled in the environmental or governance Pillars but is directly involved in an Ongoing Very Severe (Red Flag) controversy case alleging use of child labor in an ethnic community subjected to systemic abuse, and two instances of workplace safety violations, which allegedly resulted in injuries to several workers (Yellow Flags). The image below provides only a sample of the thematic indicators under the Labor Rights & Supply Chain Sub-Pillar.



3 MSCI Global Norms screens overview

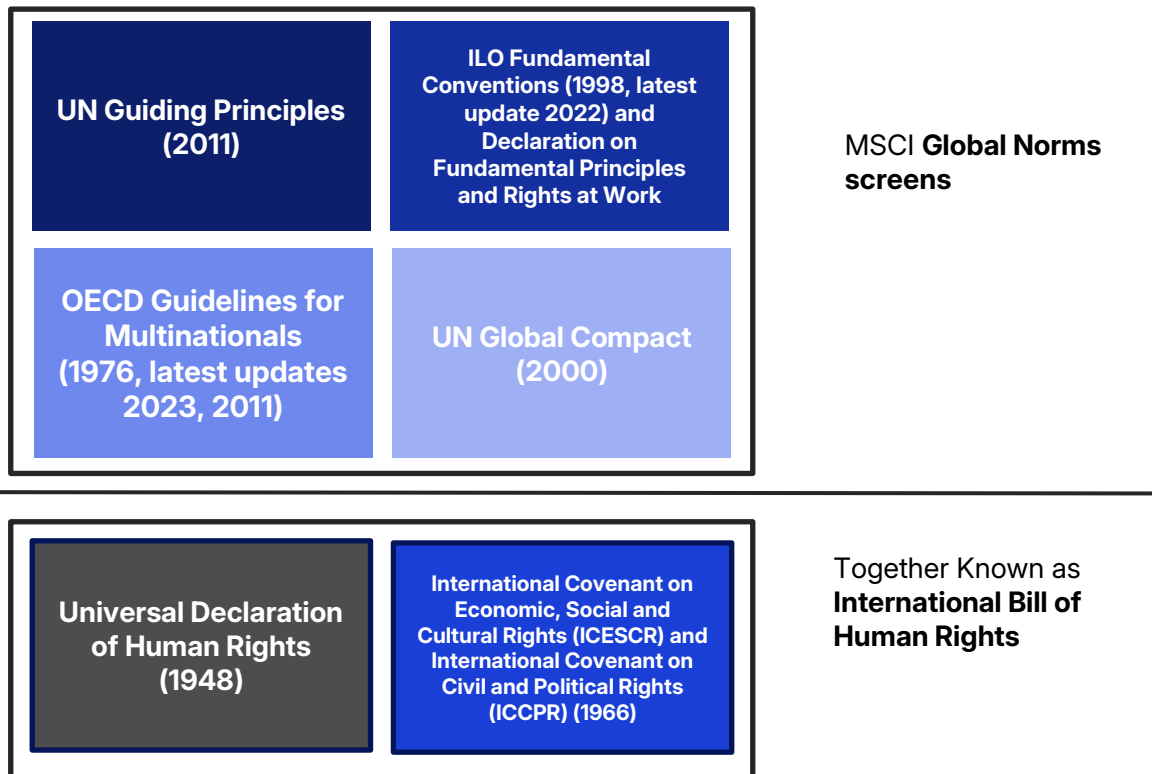
3.1 Scope of the MSCI Global Norms screens

MSCI Global Norms screens are designed to identify companies involved in controversy cases that may indicate misalignment with internationally recognized standards of responsible business conduct.

The screens focus on four principal global norms and conventions:

- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.
- The Ten Principles of the United Nations Global Compact (UNGC).
- The International Labour Organization’s (ILO) Fundamental Conventions and ILO Declaration on Fundamental Principles and Rights at Work.
- The United Nations Guiding Principles on Business and Human Rights (UNGPR).

Exhibit 13. Global norms and conventions within the scope of the MSCI Global Norms screens



The contents of these documents (referred to collectively as the recommendations) aim to prevent or minimize adverse impacts to stakeholders, communities or the environment. They build on and often cross-reference one another as well as other internationally recognized norms and conventions, and therefore they may best be interpreted in the context of each other. For instance, both the UNGP and the Ten Principles of the UNGC are derived from the Universal Declaration of Human Rights (and other sources). Principles 1 and 2 of the UNGC also refer to the UNGP.

These recommendations vary in terms of scope, structure, primary addressee, and types of recommendations. From a thematic perspective, the OECD Guidelines for Multinational Enterprises may be viewed as the broadest of the global norms, while ILO Fundamental Conventions and the ILO Declaration on Fundamental Principles and Rights at Work have the narrowest scope, covering only labor rights. However, even where a topic is covered by two or more of these norms and conventions, the expectations may differ in emphasis or application.

3.2 Methodology

MSCI Global Norms screens use MSCI Controversies Flags to identify companies involved in controversy cases that may suggest misalignment with these recommendations.

MSCI Global Norms screens do not evaluate a company's overall compliance or non-compliance with global norms and conventions, nor do they assess the quality of internal policies, or measure companies' contributions towards ensuring their business is sustainable. The screens focus on whether a company has been implicated in specific, publicly reported allegations linked to the recommendations.

The MSCI Controversies assessment of the status of controversy cases includes impact remediation and due diligence efforts. However, the assessment does not include any minimal criteria on corporate policies, codes of conduct, or other company-wide due diligence efforts.

Example: A company is implicated in a lawsuit alleging gender-based pay discrimination. MSCI S&C may consider the case concluded if the allegations are dismissed or publicly addressed by the company. However, the existence of a company-wide diversity and inclusion policy, or a narrowing gender pay gap statistic would not influence the controversy case status.

The absence of internal policies, public commitments or due diligence efforts alone, without allegations of adverse impact, does not trigger a controversy case or a misaligned global norms evaluation. For example, the UNGP screen does not evaluate a company's general human rights governance (such as a policy commitment or due diligence framework) unless tied to a specific allegation of harm. Similarly, the recommendation from the OECD Guidelines for Multinational Enterprises to "contribute to economic, environmental and social progress with a view to achieving sustainable development" is not considered in the OECD screen.

Example: A company has no publicly disclosed policy on human rights and has not been implicated in any relevant controversies. In such cases, MSCI S&C does not assign a misalignment flag under the UNGP or OECD screens based on the absence of a policy alone.

MSCI Controversy thematic indicators are mapped to the screen, based on the alignment between MSCI Controversies themes and the content of the recommendations underlying documents (Exhibit 14). MSCI

S&C does not interpret or expand the scope of recommendations beyond what is stated in the normative documents. For example, business ethics issues such as accounting fraud are only included if explicitly referenced in the normative documents, MSCI S&C will not assume that these types of controversies are to be in scope of broadly defined “Business Ethics” principles.

Exhibit 14: MSCI Controversies Themes and Sub-thematic topics under Global Norms screens

(Sub)Pillar	Theme	Sub-thematic topics	OECD	UNGC	UNGP	ILO Broad	ILO Core*
Environment	Biodiversity & Land Use		✓	✓	X	X	X
	Toxic Emissions & Waste		✓	✓	X	X	X
	Energy & Climate Change		✓	✓	X	X	X
	Water Stress		✓	✓	X	X	X
	Operational Waste (Non-Hazardous)		✓	✓	X	X	X
	Supply Chain Management		✓	✓	X	X	X
	Other		✓	X	X	X	X
Social - Customers	Privacy & Data Security		✓	X	X	X	X
	Product Safety & Quality		✓	X	X	X	X
	Anticompetitive Practices		✓	✓	X	X	X
	Customer Relations	Customer fraud, improper or excessive billing, predatory lending	✓	X	X	X	X
		Restricted or discriminatory access to products, services and information.	✓	✓	✓	X	X
	Marketing & Advertising	Marketing practices that cause health or safety concerns	✓	X	X	X	X
		False or deceptive marketing without health or safety concerns	✓	✓	✓	X	X
	Other		✓	X	X	X	X
Social - Human Rights & Community	Human Rights Concerns		✓	✓	✓	X	X
	Impact on Local Communities		✓	✓	✓	X	X
	Civil Liberties		✓	✓	✓	X	X
	Other		✓	✓	✓	X	X
Social - Labor Rights & Supply Chain	Child Labor		✓	✓	✓	✓	✓
	Supply Chain Labor Standards	Working conditions, employment, pay, health and safety issues at supply chain.	✓	✓	✓	✓	X
		Forced labor, union and discrimination issues at supply chain.	✓	✓	✓	✓	✓

	Labor Management Relations	Working conditions, employment and pay	✓	✓	✓	✓	X
		Forced labor	✓	✓	✓	✓	✓
		Employee privacy, surveillance, defamation, other	✓	X	✓	✓	X
	Collective Bargaining & Union		✓	✓	✓	✓	✓
	Discrimination & Workforce Diversity		✓	✓	✓	✓	✓
	Health & Safety		✓	✓	✓	✓	X
	Other		✓	X	✓	✓	X
Governance	Bribery & Fraud	Bribery, corruption, business ethics, fraud, accounting irregularity, money laundering, sanction violations, financial market manipulation, etc.	✓	✓	X	X	X
		Tax evasion and other tax issues, government subsidies, political influence, lobbying, etc.	✓	X	X	X	X
	Controversial Investments		✓	✓	X	X	X
	Governance Structures		✓	X	X	X	X
	Other		✓	X	X	X	X

Note: * The ILO Core screen covers the ILO's initial four subjects that were considered to be fundamental principles and rights at work, as stipulated by the ILO Declaration on Fundamental Principles and Rights at Work (1998). In addition to those covered by the ILO Core screen, the ILO Broad screen also covers occupational safety and health, which was added in 2022 as the fifth subject to the 1998 ILO Declaration, as well as working conditions, pay and other broader labor rights as part of the ILO conventions.

MSCI Global Norms evaluation criteria

MSCI Global Norms provides the following screens:

- OECD Alignment.
- UNGC Alignment.
- UNGP Alignment.
- ILO Alignment - Broad.
- ILO Alignment - Core.

Each screen applies a three-point scale:

Fail

A company receives a fail designation if it is alleged to be involved in one or more Red Flag controversy cases related to topics covered by the corresponding recommendations. A Red Flag reflects an ongoing very severe controversy in which the company is directly involved and indicates a potential misalignment with the norm.

Example: a Red Flag controversy case involving long-term harm to customers due to chemical safety issues may result in a Fail designation under the OECD Alignment screen. However, this would not affect the company's designation under the ILO Alignment screens, as customer safety is not addressed in ILO recommendations.

Watch List

A company receives a watch list designation if it is alleged to be involved in one or more Orange Flag controversy cases related to topics covered by the corresponding recommendations. This applies in the following circumstances:

- The company has partially addressed (partial conclusion) a relevant very severe controversy case in which it was allegedly directly involved.
- The company is allegedly indirectly involved in a relevant ongoing very severe controversy case through its business partners.
- The company is allegedly directly involved in a relevant ongoing severe controversy case.

Pass

A company receives a pass designation if it is not alleged to be involved in any Red Flag or Orange Flag controversy cases related to topics covered by the corresponding recommendations.

A pass designation neither indicates absence of relevant allegations nor indicates alignment with the relevant recommendations.

Appendix A – Controversy Pillars, Sub-Pillars and Thematic Indicators

PILLAR AND SUB-PILLAR	THEMATIC INDICATORS
Environmental	Biodiversity & Land Use Toxic Emissions & Waste Energy & Climate Change Water Stress Operational Waste (Non-Hazardous) Supply Chain Management Other
Social: Customers	Anticompetitive Practices Customer Relations Privacy & Data Security Marketing & Advertising Product Safety & Quality Other
Social: Human Rights & Community Impact	Impact on Local Communities Human Rights Concerns Civil Liberties Other
Social: Labor Rights & Supply Chain	Labor Management Relations Health & Safety Collective Bargaining & Union Discrimination & Workforce Diversity Child Labor Supply Chain Labor Standards Other
Governance	Bribery & Fraud Governance Structures Controversial Investments Other

Environmental

Biodiversity & Land Use

Includes controversy cases related to allegations of overuse or mismanagement of natural resources where there is an alleged or anticipated negative impact on the land or marine ecosystems.

Topics covered include, for example, allegations of species loss, impacts on biodiversity, habitat and ecosystem damage, as well as the impacts of plastic and electronic waste on ecosystems.

Biodiversity impacts primarily caused by toxic releases are captured under the Toxic Emissions & Waste Theme. Controversy cases regarding water usage are captured under the Water Stress Theme.

Toxic Emissions & Waste

Includes controversy cases related to allegations of negative environmental impact linked to non-greenhouse gas emissions or releases to land, air and/or water. Topics covered include, for example, allegations of chemical spills or releases, hazardous waste, criteria air pollutants, regulatory penalties or lawsuits alleging a violation of air quality standards, water quality standards, or waste handling standards, and the environmental impacts of standard operational emissions, whether within or in exceedance of levels allowed by permit.

Energy & Climate Change

Includes controversy cases related to allegations of contribution to climate change and energy-related negative impacts.

Topics covered include, for example, reported lawsuits over a company's alleged contribution to climate change, public criticism of a company's contribution to climate change, or penalties arising from the company's non-compliance with greenhouse gas reporting or other climate-related laws.

Water Stress

Includes controversy cases related to allegations of overuse or mismanagement of water resources. Topics covered include, for example, allegations of ecological damage resulting from water withdrawals, depletion of water resources for other users and regulatory action or community disputes regarding the company's water usage.

Water pollution cases are covered under the Toxic Emissions & Waste Theme.

Operational Waste (Non-Hazardous)

Includes controversy cases related to allegations of environmental harm linked to non-hazardous and non-toxic operational waste.

Topics covered include, for example, industrial by-products, construction waste, and non-hazardous waste, emissions, or effluents produced through normal operations and/or as part of the production of a product.

Controversy cases related to toxic and hazardous waste emitted to air, land or water are captured under the Toxic Emissions & Waste Theme. Controversy cases related to post-consumer waste are captured under Biodiversity & Land Use.

Supply Chain Management

Includes controversy cases related to allegations of negative environmental impact connected to a company's supply chain and its sourcing of natural resources. Topics covered include, for example, allegations of degradation of natural resources through use of raw materials that are resource and/or

waste intensive, deforestation, unsustainable fishing, or other environmental impacts associated with agricultural practices.

Other

Any allegations related to the environment that fall outside of the more targeted indicators listed above.

Social

Controversy cases under the Social Pillar aim to capture allegations that suggest misalignment with internationally recognized human rights as laid out in the International Bill of Human Rights⁸. MSCI S&C classifies social cases using a stakeholder model. When allegations are primarily in regard to either customers or workers, the controversy case is classified under the Customers or Labor Rights & Supply Chain Sub-Pillars, respectively. When allegations apply to local or broader communities, or are not primarily related to customers or workers, controversy cases are classified under the Human Rights & Community Impact Sub-Pillar.

Social: Customers

Anticompetitive Practices

Includes controversy cases related to allegations of anti-competitive business practices.

Topics covered include, for example, allegations of price fixing, collusion, bid rigging, antitrust violations and predatory pricing. Business-to-business claims are generally not covered unless a regulator joins the suit. Standard pre-merger regulatory inquiries are not considered controversial.

Marketing & Advertising

Includes controversy cases related to allegations of unethical marketing and advertising practices.

Topics covered include, for example, allegations of false or deceptive marketing or advertising, marketing of products that have not been approved by regulatory authorities, marketing of harmful products, such as tobacco and alcohol, to children or other vulnerable populations and mislabeling of products.

Controversy cases about reported product safety issues are covered under the Product Safety & Quality Theme.

Product Safety & Quality

Includes controversy cases related to allegations about the quality, safety or efficacy of a company's products and services.

⁸ MSCI references the Human Rights Translated 2.0 A Business Reference Guide to identify allegations of internationally recognized human rights infringements relevant to companies' operations, products, or services.

Topics covered include, for example, allegations related to food safety and unsafe products, customer complaints, disputes and criticism relating to controversial media content, product recalls, service disruptions, and the use of chemicals of concern in products.

Customer Relations

Includes controversy cases related to allegations of fraudulent billing practices, billing disputes with customers, and misconduct related to pricing transparency.

Topics covered include, for example, allegations of fraudulent or improper billing, excessive or hidden fees, predatory financial products and restricted or discriminatory access to products or services.

Privacy & Data Security

Includes controversy cases related to data breaches or cybersecurity incidents that affect a company's customers or clients.

Topics covered include, for example, controversial uses of personal data, data breaches, regulatory action against the company related to customer privacy.

Privacy issues affecting employees are captured under the Labor Management Theme in the Labor & Supply Chain Sub-Pillar. Allegations related to government surveillance or content restrictions are captured under the Civil Liberties Theme in the Human Rights & Community Impact Sub-Pillar.

Other

Any customer-related allegations that fall outside of the more targeted indicators listed above.

Social: Human Rights & Community Impact

Impact on Local Communities

Includes controversy cases related to allegations of negative impact on entire communities, residents, or groups of people, including indigenous groups.

Topics covered include, for example, allegations of land disputes with local community members, allegations that a company's operations have negatively impacted local community members due to pollution, contamination, or waste issues, and negative economic impacts on local communities. Controversy cases that are primarily about environmental impact are classified under the appropriate Environment Pillar Thematic Indicator (e.g., Biodiversity & Land Use, Toxic Emissions & Waste).

Civil Liberties

Includes controversy cases related to allegations of civil liberties violations and enablement of government censorship.

Topics covered include, for example, allegations of cooperation with governments requiring censorship, conducting surveillance or limitations on other civil liberties such as freedom of speech, freedom of movement and freedom of the press.

Violations of customer privacy are captured under the Privacy & Data Security Theme in the Customers Sub-Pillar. Violations of employee privacy are captured under the Labor Management Relations Theme in the Labor & Supply Chain Sub-Pillar.

Human Rights Concerns

Includes other controversy cases related to allegations of human rights violations associated with the company's operations, employees or the company's supply chain. Topics covered include, for example, allegations of complicity in killings, physical abuse, displacement or other rights violations, as well as complicity with such actions by governments or other parties. This does not include allegations of labor rights violations, forced or child labor, pay or employment discrimination. These allegations are captured in the relevant categories under the Labor Rights & Supply Chain Sub-Pillar.

Other

Any human rights related allegations that fall outside of the more targeted indicators listed above.

Social: Labor Rights & Supply Chain

Labor Management Relations

Includes controversy cases related to allegations of a company's labor relations, treatment of workers, and employee pay.

Topics covered include, for example, allegations of wrongful termination, reductions in benefits, mistreatment of employees or contractors, controversial workforce reductions, controversies over wages and hours, employee privacy issues and forced labor.

Health & Safety

Includes controversy cases related to health and safety of a company's employees, temps and contractors, and franchisee employees.

Topics covered include, for example, allegations of on-the-job accidents, injuries and fatalities, mental health issues, as well as kidnappings and physical harm experienced by employees in the field.

Allegations concerning health and safety issues in the supply chain are captured under the Supply Chain Labor Standards Theme.

Collective Bargaining & Unions

Includes controversy cases related to a company's relationship with labor unions.

Topics covered include, for example, allegations of anti-union activities, efforts to prevent nonunionized employees from unionizing, strikes, lockouts, and the use of replacement workers, acrimonious contract negotiations, breaches of union contracts, and organized strikes by nonunionized employees.

Union issues in the supply chain are captured under the Supply Chain Labor Standards Theme. Health and safety issues raised by a union but not primarily about the company's relationship with the union are captured under the Health & Safety Theme.

Discrimination & Workforce Diversity

Includes controversy cases related to a company's workforce diversity and allegations of discrimination relate to its permanent employees as well as temporary employees, contractors, and franchisee employees.

Topics covered include, for example, allegations of discrimination on the basis of gender, race, ethnicity or other characteristics.

Discrimination at supplier facilities is captured under the Supply Chain Labor Standards Theme. Discrimination on the basis of unionization or union sympathies is captured under the Collective Bargaining & Unions Theme.

Child Labor

Includes controversy cases related to allegations of child labor in a company's own operations or its supply chain. Topics covered include allegations that the company has used underage workers or that underage workers are present at supplier facilities.

Supply Chain Labor Standards

Includes controversy cases related to allegations of labor rights violations in a company's supply chain (except for child labor which is captured under the Child Labor Theme).

Topics covered include, for example, allegations of unsafe working conditions, inadequate pay, excessive working hours or overtime, anti-union practices, the use of forced labor or prison labor by suppliers and discrimination.

Other

Any labor related allegation that fall outside of the more targeted indicators listed above.

Governance

Bribery & Fraud

Include controversy cases related to allegations of unethical or illegal business practices.

Topics covered include, for example, allegations of bribery and fraud, tax evasion or avoidance, insider trading, money laundering, misrepresentation of financial statements, violations of government sanctions and accounting improprieties.

Governance Structures

Includes controversy cases related to allegations of inadequate governance structures and business oversight.

Topics covered include, for example, allegations of governance failures at a company, misconduct by executives, or misrepresentation of executives' qualifications.

Alleged negative governance impacts may also relate to misalignment of economic interests between shareholders and management or between minority and controlling shareholders.

Controversial Investments

Includes controversy cases related to allegations of adverse social and environmental impact of a firm's lending, underwriting, and financing activities. This theme is focused on allegations of controversial investments of financial services companies, including banks, investment banks, and private equity investors.

Topics covered include, for example, allegations of financing projects that are controversial because of their actual or anticipated environmental or social impact. This may include relevant allegations against mining companies, REITs, or similar companies that receive royalties from a particular project that they neither own nor operate.

Other

Any governance related allegations that fall outside of the more targeted indicators listed above.

Appendix B – Criteria for determining Scale of Impact and Nature of Harm

Below is an indicative list of criteria that can be used to determine the Scale of Impact and Nature of Harm of a controversy case, arranged by Pillar. The measurements take different forms depending on the type of impact. Note that the criteria listed below are representative but not comprehensive.

Environmental Pillar

The Nature of Harm for controversy cases in the Environmental Pillar is determined based on the irreversibility of the alleged damage. In general, the Scale of Impact of an Environmental Pillar controversy is determined by the size of the area affected, whether of land, water, air, or the geographical range of the wildlife impacted.

In some controversy cases, financial indicators like estimated cleanup costs, penalties, and settlements may play a role in assessing the Scale of Impact, especially when physical measurements of damage are not immediately available or quantifiable. Note: neither Exacerbating nor Extenuating Circumstances are part of the Nature of Harm or Scale of Impact assessment, and are reflected, if applicable, as a separate adjustment factor (see section 1.2.4 and 1.2.5 for details) in the assessment of controversy Severity.

Exhibit 15: Scale of Impact and Nature of Harm thresholds for the environmental pillar

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
GENERAL				
Area affected (km²)	≥100 km ² Whole watershed/river system	10–99 km ² Large bay/portion of river	1–9 km ² Stream/small river/lake Or: Not disclosed or specified	< 1 km ²
Barrels of oil spilled	≥60,000	5,000 – 59,999	1,500 – 4,999	<1,500
Species impact	Global/International	Regional/country	local	Insignificant/not determined
Geographic scale of air and water emissions impact	Multiple sovereign states	a state or province	a city	a neighborhood

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
Contributors involved in high impact activities*	Top 10 contributors from NGO reports (by sales, production)	One of many companies involved		

Note: * This category to determine the scale is rarely used as usually other scale categories are reported.

NATURE OF HARM	Very serious	Serious	Medium	Minimal
GENERAL	Permanent damage	Long-lasting damage	Remediable damage	Minimal or potential damage
Plant or wildlife impact	Death or extermination	Debilitation plant or wildlife injury/illness/contamination.	Minor plant or wildlife injury/illness/short-term damage/degradation	Potential or projected impact or disturbance
Habitat or ecosystem impact	Major habitat or ecosystem destruction	Major habitat or ecosystem damage or contamination, not easily remediated	Short-term/minor habitat or ecosystem damage/degradation Or: General pollution with damages not specified.	Potential or projected impact or disturbance. Or: Procedural failings with little or no actual damage

Social Pillar

The Nature of Harm for controversy cases in the Social Pillar is determined based on irreversibility of alleged damage to human life, health, livelihood and properties. With three underlying Sub-Pillars (Customers, Human Rights & Community, and Labor Rights & Supply Chain), the Nature of Harm of a social controversy case may vary by the type of stakeholder involved. In general, the Scale of Impact for a Social Pillar controversy case is determined by the number of people or properties affected (for example, in the case of activities damaging home values).

Note: neither Exacerbating nor Extenuating Circumstances are part of the Nature of Harm or Scale of Impact assessment, and are reflected, if applicable, as a separate adjustment factor (see section 1.2.4, 1.2.5 and Appendix C for details) in the assessment of controversy case Severity.

Exhibit 16: Scale of Impact and Nature of Harm thresholds for the social pillar

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
GENERAL				
People impacted	≥1,000 people	25-999 people	10-24 people	<10 people
Properties impacted	≥2,000 properties	100-1,999 properties	10-99 properties	<10 properties
Number of contributors	Top 3 contributors (by sales, production)	One of many companies involved in the activity or business		Insignificant or not determined
Geographic scale of events of activities	Harm caused across more than 8 sovereign states	3-7 sovereign states	2 sovereign states	<2 sovereign states
ANTI-COMPETITIVE PRACTICES				
People impacted	≥1 million people	50,000-999,999 people	3,000-49,999 people	< 3,000 people
Geographic scale	Global or ≥3 G20 countries involved	1 or 2 G20 countries or ≥3 non-G20 countries involved	1-2 non-G20 countries or local municipalities involved	
PRIVACY AND DATA SECURITY				
People impacted	≥1 million people	50,000-999,999 people	3,000-49,999 people	< 3,000 people
Geographic scale	Occurrence in ≥5 countries	Occurred in 1-4 countries with involvement of at least one national authority	Occurred in or involved ≥3 local/state/province govts (e.g. city, county)	
ANIMAL WELFARE				
Animal welfare	Events recurring over 3+ years (including reports of similar activity from separate years) across the same company facilit(-y, -ies) Or: Events at a number (3+) of company facilities over a shorter time (1+ years)	Events recurring over 1+ years or otherwise illustrated to be standard operating practice over a shorter period (ie recurring daily over several weeks) across the same company facilit(-y, -ies)	Anecdotal events recurring over less than one year across the same one or two company facilit(-y, -ies)	Instances involving one or a few animals, perpetrated by 1-5 employees, or non-recurring at a single facility

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
	(indicating a problem more widespread within the company)	Or: Events at a number (3+) of company facilities over less than a year (indicating a problem more widespread within the company).		

NATURE OF HARM	Very serious	Serious	Medium	Minimal
GENERAL	Permanent	Long-lasting	Remediable	Minimal or potential
Impacts of human rights violations	Death, permanent disability, torture, rape, enslavement.	Debilitating injury/illness	Minor, treatable short-term injury/illness	Potential injury/illness
Impacts on livelihoods or properties	Destruction of livelihood, traditional way of life or property	Major property damage, impairment of livelihood or traditional way of life, displacement	Minor, non-serious impairment to livelihood or traditional way of life. Minor, non-serious property damage (easily repaired)	Impact is projected or not scoped out Procedural failings with little or no actual damage.
Impacts on labor rights		Violation of core ILO conventions like forced labor or failure to pay minimum wage, union busting terminations	Denial of opportunity (terminations alleging gender discrimination, retaliation, lack of due process, performance dispute, etc.), rights violations without evidence of concrete resulting harm.	Potential violation of rights. Potential denial of opportunity Procedural failings with little or no actual damage
Product/service related health impacts	Product or practice is one of the leading causes of death or permanent disability	Products or practices poses significant health risks	Products or practices poses noticeable health risks	Products or practices poses mild/possible health risks
Gender/Sexual Harassment	Rape Sexual abuse (minors)	Sexual assault or sexual violence (excluding rape and child abuse)	Sexual harassment	

NATURE OF HARM	Very serious	Serious	Medium	Minimal
ANTI-COMPETITIVE PRACTICES				
Impact of anti-competitive practices	Activity bankrupted a govt body of any size (extremely rare/unlikely) leading to societal damage	Activity resulted in sustained financial impact on stakeholders or led to impairment of livelihood	Activity lead to short-term financial impact on stakeholders or temporarily affected stakeholders way of life.	Distorted or unspecified unfair anti-competitive activity. For most anti-competitive activity, harm is real but diffused
PRIVACY AND DATA SECURITY				
Impact of privacy and data security breaches	Data access used for terrorism, extortion, and other very serious human rights violations	Major property damage, major financial impact (with actual motive/allegations to use data for this purpose), identity theft	Minor financial impact Sale of user data to another entity/third party Regulatory violations or investigation (regardless of size of governing entity) Unauthorized access to medical and financial data (without evidence of concrete harm/use of data)	General data breach/data tracking; Hacker data breach with potential harm (no actual harm) Data mishandled without hacker involvement Unauthorized access to user data (including personal information) Procedural failing leading to data breach
ANIMAL WELFARE				
Animal welfare	Cruelty (causing undue pain, fear) without purpose or need	Negligence/poor management (but not malice or cruelty) resulting in death and suffering of animals	Substandard conditions and treatment causing injury or long-term discomfort; poor health care/sanitation	Substandard conditions causing occasional discomfort, poor nutrition.

Governance Pillar

In the Governance Pillar, when assessing Scale of Impact and Nature of Harm, MSCI S&C distinguishes between Business Ethics issues and Governance Structures issues.

For Business Ethics issues, the Nature of Harm and the Scale of Impact are assessed based on the legal, economic and financial implications linked to the allegations.

For Governance Structures issues, the Scale of Impact and Nature of Harm are assessed by factors such as the extent of board or executive turnover, the involvement of executives or directors in controversy cases, the magnitude of penalties or settlements, and regulatory actions taken.

Exhibit 17: Scale of Impact and Nature of Harm thresholds for the governance pillar

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
GENERAL				
Bribery Amount (USD)	≥ 100 million	10,000 –99.9 million	1,000 –9,999	< 1,000
Money Laundering/embezzlement	≥ USD 1 billion	50,000 –999.9 million	1,000 –49,999	< USD 1,000
Penalty/Settlement amount (USD) - Governance (default)	≥ 100 million	50,000 – 99 million	1,000 – 49,999	<1,000
Penalty/Settlement amount (USD) - Money Laundering	≥ 100 million	50,000 – 99 million	1,000 – 49,999	<1,000
Penalty/Settlement amount (USD) – Taxes & Subsidies	≥ 500 million	1 million –499.9 million	100,000 –999,999	< 100,000
Penalty/Settlement amount (USD)– Ethics & Fraud	≥ 50 million	10,000 - 49.9 million (National regulator G20-level) 1M - 49.9 million (Non-G20 level or local bureau)	1,000 - 9,999 (National regulator G20-level) 1,000- 999,999 (Non-G20 level or local bureau)	< 1,000
Controversial investment financing provided (USD)	≥ 1 billion	10 million –999.9 million	1 million –9.9 million	< 1 million

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
Number of countries involved	Global or ≥3 G20 countries involved	1-2 G20 countries or ≥ 3 non-G20 countries involved	1-2 non-G20 countries or local municipalities involved	Insignificant or not determined Allegations of illegal action but no formal investigation
Number of people involved/number of plaintiffs	≥1,000 people	25-999 people	10-24 people	< 10 people
GOVERNANCE STRUCTURES				
Votes at AGMs	Votes by >30% of shareholders	Votes by 10%-30% of shareholders	Votes by <10% of shareholders	
Criticism/lawsuit	By 100+ shareholders or 10+ institutional investors/shareholder groups	By 50+ shareholders or 5+ institutional investors /shareholder groups	Criticism/lawsuit by <50 shareholders or <5 institutional investors; or number unclear	Criticism/lawsuit by individuals (incl. shareholders)
	By 20+ shareholders or 5+ institutional investors AND 2+ influential external groups	By 2+ influential external groups, including NGOs, legislators, proxy advisors, etc. OR 1 government agency in official capacity	Criticism by reputable external groups but not shareholders	
Ethics/competence issues	Involves chair/CEO/multiple c-suite execs AND 2+ directors	Involves chair/CEO/multiple c-suite execs OR 2+ directors	Involves individual c-suite execs or director	Involves single exec below C-suite
Compliance deficiency/event	Applies to entire company	Applies to 50% to 99% of the company, including official company disclosures, exchange requirements	Applies to 20% to 50% of the company	Applies to < 20% of the company.
Disputes	Acrimonious disputes between directors or directors and top	Most negative changes to policy/practices	Company action against groups of shareholders.	Company action against individual shareholders

SCALE OF IMPACT	Extremely widespread	Extensive	Limited	Low
	management over how to run the company			

NATURE OF HARM	Very serious	Serious	Medium	Minimal
GENERAL				
General	Activity substantially destabilized a national government or economy	Activity bankrupts the company or a non-govt customer. Material financial impact on a govt body (incl public pension funds)	All B2B corruption & fraud Most corruption & government fraud activities: harm is real but diffused.	Impact is projected or not scoped out. Procedural failings with little or no actual damage
GOVERNANCE STRUCTURES				
Financial impact on company	Crippling material financial impact; company survival is in doubt. Note: very serious harm is rare in G pillar	Failures resulted in known financial impact > USD 1 billion [tentative]	Failures resulted in known financial impact < USD 1 billion [tentative]	Little or no actual or anticipated financial impact
Impact on shareholder rights		Systematic reduction in shareholder rights. Lawsuit against shareholders. Proxy battles	One-time or limited scope negative effects on shareholder rights	Shareholder vote goes against management and company responds to concerns
Board impact		Resignation of 1+ director or top executive in cases of intra-board or director-management disputes, shareholder opposition or ethical lapses	Most criticism, compliance deficiencies, ethical lapses, negative changes, intra-board fighting, shareholder votes against management, etc	Minor compliance or procedural failings with no evidence of harm done and negative impact unlikely to result.

NATURE OF HARM	Very serious	Serious	Medium	Minimal
		Alleged illegal actions by directors or top executives		Votes that go against the company (e.g. say-on-pay) where the company heeds the will of its shareholders and makes changes

Appendix C – Vulnerable Demographics

Vulnerable demographics are limited to (1) indigenous or tribal communities,⁹ (2) national (i.e., civilians and refugees), ethnic, racial and religious groups identified by ongoing Human Rights Council-mandated Investigative Bodies (HRC-mandated Investigative Bodies) or ad-hoc country reports issued by the United Nations Office of the High Commissioner for Human Rights (OHCHR),¹⁰ and (3) nationals (i.e., civilians and refugees) located and/or originated from countries with ongoing international armed conflicts or military offensives¹¹ (see Exhibit 18).¹²

The list of vulnerable demographics undergoes a review, typically annually, to account for updates to the HRC-mandated Investigative Bodies, new ad-hoc reports issued by the OHCHR and the RULAC Project of the Geneva Academy of International Humanitarian Law and Human Rights.

The Vulnerable Demographics exacerbating factor is not applied for the following groups:

- Local communities that fall outside the abovementioned parameters.
- Demographic groups defined by age (e.g., children, elderly), gender or sexual orientation (e.g., women, LGBTQ+) unless they belong to the national (i.e., civilians and refugees), ethnic, racial and religious groups identified by the above-mentioned sources.
- Refugees from areas not characterized by ongoing international armed conflict or military offensives, unless they belong to the national (i.e., civilians and refugees), ethnic, racial and religious groups identified by the abovementioned sources.
- Undocumented immigrants or seasonal migrants that fall outside the abovementioned parameters.

⁹ According to the United Nations and the World Bank, “indigenous peoples are suffering systematic human rights violations, internal displacement, the loss of cultural identity, the destruction of livelihoods, poverty, permanent environmental damage, pollution, and the loss of biodiversity in their traditional lands and territories.” *State of the World’s Indigenous Peoples: Rights to Lands, Territories and Resources*. 5th volume. Department of Economic and Social Affairs of the United Nations Secretariat. 2021; World Bank. Indigenous Peoples.

¹⁰ Only country-level reports are considered. When multiple reports for the same country have been issued only the most recent will be considered. In the absence of a report, an oral update may be considered. Only reports issued in or after 2022 will be considered. In the event that a country-level report is issued by the OHCHR for a country with an ongoing HRC-mandated Investigative Body, only the most recent report from either body will be considered.

¹¹ Based on the Geneva Academy of International Humanitarian Law and Human Rights’ Rule of Law in Armed Conflicts [“RULAC”] project. Non-international armed conflicts are not considered as part of the assessment of vulnerable demographics.

¹² The assessment of whether a controversy case negatively impacts vulnerable demographics is done at the time the case is opened and when the case is reviewed and is based on the criteria described in this appendix at the time of such assessment. Changes to Exhibit 15 will be reflected on individual cases only once the case is reviewed/updated following MSCI S&C’s standard procedure.

Exhibit 18: Vulnerable demographics mentioned in UN Human Rights Council reports and flagged by the Geneva Academy as regions involved in international conflict or military offenses

Country/Region ^a	National (civilians and refugees), ethnic, racial and religious groups identified by ongoing HRC-mandated Investigative Bodies or ad-hoc country reports issued by the OHCHR ^a	Nationals (i.e., civilians and refugees) located in and/or originated from countries with ongoing international armed conflicts or military offenses ^b
Afghanistan	Civilians	N/A
Aksai Chin and Arunachal Pradesh, and a number of smaller regions along the Sino-Indian border	N/A	Civilians and refugees
Belarus	Civilians and refugees	N/A
China - Xinjiang Autonomous Region	Uyghurs, Kyrgyz, Uzbeks, and other Muslim minorities	N/A
Colombia	Indigenous Peoples and persons of African descent	N/A
Cyprus	N/A	Civilians and refugees (Northern part of Cyprus)
Democratic People's Republic of Korea	Civilians and refugees	N/A
Democratic Republic of the Congo	Civilians and refugees	N/A
Eritrea	Religious and Ethnic minorities	N/A
Ethiopia	Civilians and refugees. Specifically Amhara, Oromo, Somali and Tigrayan	N/A
Georgia: Abkhazia and the Tskhinvali region/South Ossetia	Civilians and refugees	Civilians and refugees
Golan Heights and Shebaa Farms	N/A	Civilians and refugees
Guatemala	Indigenous peoples and persons of African descent	N/A
Haiti	Civilians and refugees	N/A
Honduras	Indigenous people and persons of African descent	N/A
Iran	Civilians and refugees, in particular Kurds and Baluchis	N/A

Country/Region ^a	National (civilians and refugees), ethnic, racial and religious groups identified by ongoing HRC-mandated Investigative Bodies or ad-hoc country reports issued by the OHCHR ^a	Nationals (i.e., civilians and refugees) located in and/or originated from countries with ongoing international armed conflicts or military offensives ^b
Iraq	Yezidi in particular, Faili Kurdish, Christian, Turkmen, Shabaks, Kaka'e, Sabaeans and Shi'a communities	Civilians and refugees
Israel	Israelis	N/A
Kashmir	N/A	Civilians and refugees
Libya	Civilians, specifically ethnic and religious minority groups	N/A
Myanmar	Rohingya Muslims and civilians and refugees	N/A
Nagorno-Karabakh	N/A	Civilians and refugees
Nicaragua	Civilians and refugees	N/A
Philippines	Civilians and refugees	N/A
South Sudan	Civilians and refugees, specifically ethnic and religious minority groups	N/A
Sri Lanka	Ethnic - Tamils and Non Tamilians	N/A
Sudan	Civilians and refugees, in particular non-Arab groups in the Darfur region such as Zaghawas, Masaalit and Fur	N/A
Syria	Civilians and refugees, in particular Kurds and Yazidis	Civilians and refugees
Transdnistria/Transnistria	N/A	Civilians and refugees
Ukraine, incl. Crimea, Donetsk, Kerson, Luhansk and Zaporizhia	Civilians and refugees	Civilians and refugees
Venezuela	Civilians and refugees and indigenous populations	N/A
West Bank, Gaza Strip, East Jerusalem	Ethnic – Jewish and Palestinians	Civilians and refugees
Western Sahara	N/A	Civilians and refugees
Yemen	Religious and Ethnic (self-identifying) groups - Zaydi Shiites,	N/A

Country/Region ^a	National (civilians and refugees), ethnic, racial and religious groups identified by ongoing HRC-mandated Investigative Bodies or ad-hoc country reports issued by the OHCHR ^a	Nationals (i.e., civilians and refugees) located in and/or originated from countries with ongoing international armed conflicts or military offensives ^b
	Ismaili Shiites, mainstream (Shafi'i) Sunnis and Salafi (Wahhabi) Sunnis	

Notes: Last update August 2025

a. See [Human Rights Council-mandated Investigative Bodies | OHCHR](#) for the UNHRC investigative bodies. See [Documents Listing | OHCHR](#) for the UN OHCHR documents listing. Search for country reports with the title words "Report of the Special Rapporteur on the situation of human rights", "Report of the Commission on Human Rights", "Situation of human rights", "Periodic report on the human rights situation" and "Report of the UN HCHR".

b. See [The Rule of Law in Armed Conflict Project | Rulac](#) for the RULAC (Geneva Academy) list of ongoing international armed conflicts or military offenses. Select 'international armed conflict' and 'military occupation'. Last checked on July 3, 2025.

Key Definitions

MSCI S&C relies on the following definitions:

Indigenous People

According to the United Nations and the World Bank, over 476 million indigenous people across 5,000 distinct groups and spread over 90 countries make up about 6% of the global population. While the UN Declaration on the Rights of Indigenous Peoples does not include a definition of indigenous people, self-identification as indigenous is considered a fundamental criterion.

The UN identifies common factors among indigenous populations:

- A historical continuity with a given region prior to colonization and a strong link to their lands.
- Distinct social, economic and political systems.
- Distinct languages, cultures, beliefs and knowledge systems.

Systematic abuse of indigenous populations specifically is defined by the UN Declaration on the Rights of Indigenous Peoples Article 8 and includes:

- Any action which has the aim or effect of depriving them of their integrity as distinct peoples, or of their cultural values or ethnic identities.
- Any action which has the aim or effect of dispossessing them of their lands, territories or resources.
- Any form of forced population transfer which has the aim or effect of violating or undermining any of their rights.
- Any form of forced assimilation or integration.

- Any form of propaganda designed to promote or incite racial or ethnic discrimination directed against them.”¹³

Refugees

The United Nations defines refugees as “persons who are outside their country of origin for reasons of feared persecution, conflict, generalized violence, or other circumstances that have seriously disturbed public order and, as a result, require international protection.”

Key References

- United Nations Declaration of Human Rights.
- United Nations Declaration on the Rights of Indigenous Peoples.
- International Labour Organization Convention No. 169: Indigenous and Tribal Peoples.
- International Labour Organization Convention No. 105: Abolition of Forced Labour Convention.
- United Nations Minorities Declaration.
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.
- International Convention for the Protection of All Persons from Enforced Disappearance.
- International Convention on the Elimination of All Forms of Racial Discrimination.
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.
- International Covenant on Civil and Political Rights.
- International Covenant on Economic, Social and Cultural Rights.
- Convention on the Non-Applicability of Statutory Limitations to War Crimes and Crimes Against Humanity.
- Convention on the Prevention and Punishment of the Crime of Genocide.

¹³ United Nations. 2008. *United Nations Declaration on the Rights of Indigenous Peoples*. United Nations.

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