

# MSCI Provisional ESG Ratings Methodology

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## Contents

<b>Overview of Provisional ESG Ratings .....</b>	<b>3</b>
<b>Obtaining ESG data .....</b>	<b>3</b>
Data sources .....	3
Data collection and review .....	3
Step 1: Prescreening and due diligence .....	3
Step 2: Requesting data.....	3
Step 3: Data review .....	4
Step 4: Analytical review.....	4
Data and score updates.....	4
<b>Quality of the ratings process .....</b>	<b>4</b>
<b>Coverage, corporate actions and related changes .....</b>	<b>4</b>
<b>Methodology governance and methodology changes.....</b>	<b>5</b>

## Overview of Provisional ESG Ratings

MSCI ESG Research's Provisional ESG Ratings are point-in-time, unpublished ESG Ratings that are based on public information and nonpublic information provided by the rated company to MSCI ESG Research.

Unlike an ESG Rating, a Provisional ESG Rating is solicited and paid for by the company receiving the rating.

Entities receiving a Provisional ESG Rating may include:

1. Privately held companies or entities within them,
2. Non-rated public companies or entities within them, or
3. Non-rated entities within rated public companies.

The assessment process of MSCI Provisional ESG Ratings is based on the process used to determine MSCI ESG Ratings, with certain exceptions that are detailed below.

For details on the assessment methodology and process of MSCI ESG Ratings, refer to "ESG Ratings Methodology" and "ESG Ratings Process," both available on [the MSCI ESG Methodologies webpage](#).

The remaining sections of this document are a non-exhaustive description of the elements of the assessment process of MSCI ESG Research's Provisional ESG Ratings that differ from the assessment process of MSCI ESG Ratings.

## Obtaining ESG data

### Data sources

MSCI ESG Research collects a mix of public and nonpublic ESG data to inform a Provisional ESG Rating assessment. MSCI ESG Research obtains publicly available ESG data through the same process used for ESG Ratings. Nonpublic ESG data is obtained directly from the company requesting the Provisional ESG Rating. Provisional ESG Ratings may be based entirely on public ESG data or entirely on nonpublic ESG data.

### Data collection and review

#### Step 1: Prescreening and due diligence

Upon request for a Provisional ESG Rating from a company, personnel from the Product team and, in some cases, analytical personnel, assess whether the requesting company may provide accurate, transparent and reliable data and based on this assessment, decides to accept or decline the request for a Provisional ESG Rating.

#### Step 2: Requesting data

Upon the decision to accept to provide a Provisional ESG Rating, analytical staff send a data request to the company with standardized data templates, including data quality and completeness

guidelines. In all meetings and communications with the company, commercial topics and materials are segregated from analytical topics and materials.

Data requested may include, but is not limited to, information on the business segments and geographic breakdown of the company's revenues and assets, information about its directors and board committees, and certain environmental and social data points. MSCI ESG Research may also request nonpublic documents, including, without being limited to, its annual reports, bylaws, codes of conduct, regulatory filings, term sheets, and prospectuses.

All companies requesting a Provisional ESG Rating must provide a data completion attestation which confirms the information provided is accurate.

### **Step 3: Data review**

ESG analytical staff conduct data quality checks on public data and nonpublic information received from companies.

### **Step 4: Analytical review**

ESG Analytical staff proceed to the analytical review after confirming that the available public and nonpublic data meets the minimum data availability criteria. ESG Analytical staff applies MSCI ESG methodology to assign a Provisional ESG Rating.

### **Data and score updates**

Because MSCI Provisional ESG Ratings are point-in-time assessments, data, scores and Provisional ESG Ratings are not updated.

## **Quality of the ratings process**

MSCI ESG Research's Provisional ESG Ratings process includes multiple steps to review the quality of data, the analysis and consistent application of the methodology. These are identical to those outlined in Section 2, Quality of the ratings process, of "ESG Ratings Process," available on [the MSCI ESG Methodologies webpage](#), with the following exception. Only the ESG Assessment Committee has oversight over all aspects of methodology application for Provisional ESG Ratings. The ESG Assessment Committee approves all Provisional ESG Ratings.

## **Coverage, corporate actions and related changes**

If a company assessed with a Provisional ESG Rating is included in the MSCI ESG Ratings universe for any reason, the company is considered a "new" entity and will be evaluated accordingly. In cases where the company is included in the MSCI ESG Rating coverage universe, the final ESG Rating may differ from the previously assigned Provisional ESG Rating.

As MSCI Provisional ESG Ratings are point-in-time assessments, corporate actions and related changes occurring after the Provisional ESG Rating has been assigned, have no effect on the rating.

## **Methodology governance and methodology changes**

The ESG Methodology Committee presides over methodology determination for MSCI ESG Research, including MSCI ESG Ratings methodology.

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