



MSCI – Sustainability & Climate Mandatory Regulatory Disclosures Policy

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Contents

- 1. Policy Statement.....3**
- 2. Scope3**
- 3. Policy3**
- 4. Defined Terms7**

1. Policy Statement

This document states the MSCI Sustainability & Climate (“MSCI S&C”) ¹ Mandatory Regulatory Disclosure Policy (hereinafter, “the Policy”).

This Policy is part of MSCI S&C's framework to safeguard the transparency, integrity, and reliability of S&C Ratings for Users and Rated Items.

This Policy is supplemented by the MSCI S&C Regulatory Disclosures Procedures.

To the extent there is any conflict between this Policy and any other policies or procedures, in each case, the most restrictive policies and procedures apply.

Any questions about this Policy’s meaning or application should be addressed to Compliance.

2. Scope

This Policy applies to S&C Ratings and related Methodologies.

3. Policy

It is the Policy of MSCI S&C that:

3.1 MSCI S&C publicly discloses on [msci.com](https://www.msci.com), through a Disclosure Form, the following information, in the order provided below:

- I. Rating Product Disclosures:
 - i. The S&C Rating objective
 - a) a description of the risks covered, where the S&C Rating is assessing risks;
 - b) a description of the impacts covered, where the S&C Rating is assessing impacts;
 - c) information on how the risk and impact materiality are taken into account according to the double materiality principle, where applicable;
 - d) where the S&C Rating is based on other materiality dimensions, a description of those dimensions.
 - ii. The S&C Rating’s scope
 - a) a description of what is covered under the E, S or G factors and which factors are aggregated, where applicable;
 - b) a description of the specific issues that the S&C Rating covers
 - iii. The weighting in case of an aggregated S&C Rating
 - the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the

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

explanation of the weighting method, including weight per individual E, S and G category

iv. Within the E, S or G factors

- within the E, S or G factors, specification of the topics covered by the S&C Rating, and whether they correspond to the topics from the sustainability reporting standards

v. Expression of the S&C Rating

- information on whether the rating is expressed in absolute or relative value

vi. Where an S&C Rating covers the E factor, Paris Agreement, where applicable

- a) an indication of whether the S&C Rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are considered, with reference to basic identifying information on these agreements together with an explanation of their relevance to the S&C Rating;
- b) whether the S&C Rating is assessing alignment of commitments against the objectives of the agreements referred to in point (a).

vii. Where an S&C Rating covers the S and G factors, where applicable

- a) an indication of whether the S&C Rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are considered, with reference to basic identifying information on these agreements with an explanation of their relevance to the S&C Rating;
- b) whether the S&C Rating is assessing alignment of commitments against the objectives of the agreements referred to in point (a).

II. Basic Methodological disclosures

- i. an overview of the Methodologies used
 - a) the title of the S&C Rating Methodology used
 - b) a description of the types of Rated Items in relation to which the Methodology applies
 - c) the time horizon over which the S&C Rating is considered valid, where relevant
 - d) a list and overview of the relevant supporting models and key rating assumptions, where applicable, information on measures and procedures to ensure the quality and reliability of data used
 - e) a description of the defined ranking system of rating categories used, with reference to:
 1. the meaning of each rating category for absolute and relative values and how the ranking system should be interpreted
 2. in the case of relative values, an explanation as to whether they are relative to a specific industry, geographical area, peer groups or other comparative references and their respective description

- f) the dates of the most recent update of the Methodology and a description of the changes introduced to the previous version
 - ii. the industry classification used
 - a) the name of the issuing body of the industry classification used;
 - b) the name and version of the industry classification used;
 - c) any publicly available link to the official documentation of the industry classification system.
 - iii. an overview of data sources
 - iv. information on whether and how the rating Methodologies are based on scientific evidence
 - v. reference to the use of artificial intelligence in the data collection or rating process
- III. Limitations in data sources, Methodologies and information**
- i. Limitations in data sources and Methodologies
 - a) the availability or consistency of data used in the rating process;
 - b) the completeness, timeliness and accuracy of information;
 - c) the use of assumptions, proxy reference points and data estimation.
 - ii. Limitations on the information available to MSCI S&C
 - a) the availability or consistency of data used in the rating process;
 - b) the completeness, timeliness and accuracy of information;
 - c) the use of assumptions, proxy reference points and data estimation.
- IV. Organisational disclosures**
- i. The ownership structure
 - a) a chart illustrating MSCI S&C's ownership links with any parent undertaking and subsidiaries
 - ii. General information on fees
 - a) how the criteria MSCI S&C applies for establishing fees ensure that fees are fair, reasonable, transparent and non-discriminatory
 - b) whether MSCI S&C operates a subscription-paid model, an issuer-paid model, a combination of those models, or another model;
 - c) a description of the relevant business model, and the proportion of total annual revenue derived from each model
 - iii. Main risks of conflicts of interest

3.2 MSCI S&C discloses the following information, through a Disclosure Form, to Users of S&C Ratings and Rated Items

- I. A more granular overview of S&C Ratings Methodologies and related changes, including-

- i. Where applicable, Scientific evidence and assumptions on which S&C Ratings are based,
 - ii. the relevant key performance indicators per E, S and G factor, and weighting method
 - iii. in the case of an aggregated S&C rating, the result of the assessment for each E, S and G category of factors, presented in a manner that ensures comparability of the E, S and G category
 - iv. any potential shortcomings of Methodologies, and the measures taken to address those shortcomings
 - v. policies for the revision of S&C Methodologies including:
 - a) the process and frequency for revising Methodologies;
 - b) the conditions for determining the need for revising a Methodology;
 - c) where applicable, the procedure for stakeholder consultation during the revision process;
 - d) the process for assessing the potential impact of the revision of Methodologies on S&C Ratings produced pursuant to the relevant Methodology;
 - e) the criteria for determining what constitutes a material change to a Methodology
 - vi. date of the last revision of S&C Methodologies, as well as the version number of the Methodology
- II.** A more granular overview of data processes, including:
- i. a more detailed explanation of data sources used, including whether they are public or non-public, whether they are subject to assurance engagement
 - ii. where applicable, the use of estimation and industry average and explanation of the underlying Methodology
 - iii. the policies for updating data and revising historical data, and the date of last updates of data including measures taken to ensure the accuracy and consistency of the data revision process
 - iv. data quality controls, their frequency and the remediation process if issues arise
 - v. where applicable, any steps taken to address limitations in data sources
 - vi. where applicable, an explanation of any artificial intelligence Methodology used in the data collection or rating process

3.3 MSCI S&C discloses the following information at a rating level, where applicable

- i. when an S&C Rating has been upgraded or downgraded due to any material changes to rating Methodologies, models, key rating assumptions or data sources (including estimates), the reasons for those changes and their implications for the given rating,
- ii. where an S&C Rating covers the E factor, whether and to what extent the S&C Rating is correlated with the percentage of EU taxonomy-alignment or aligned with other international agreements, with an explanation of any significant deviations therefrom,

- iii. in cases of unsolicited ratings, a prominent statement indicating that the rating is unsolicited. The statement also specifies whether the Rated Item or any related third party was informed of the rating, whether it participated in the rating process, and whether MSCI S&C had access to management or relevant internal documents
- iv. In the case of major new information in respect of a Rated Item which may affect the result of an S&C Rating, an explanation on how MSCI S&C has taken that information into account and whether the corresponding S&C Rating is amended

4. Defined Terms

Capitalized terms in this document are defined in the Glossary of Compliance Defined Terms.