

Sustainability

Norm-Based Research

Methodology & Research Process

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Terms/Acronyms

TERMS/ACRONYMS	DEFINITION
NBR	Norm-Based Research
ESG	Environmental, social, and governance
OECD	Organization for Economic Co-operation and Development
UNGC	United Nations Global Compact
UNGP	United Nations Guiding Principles for Business and Human Rights
SDGs	United Nations Sustainable Development Goals
MNEs	Multinational Enterprises
NGO	Non-profit organization
ILO	International Labor Organization

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Introduction

This document outlines the methodology and process for conducting research and analysis on corporate involvement in verified or alleged failures to respect established norms for Responsible Business Conduct, as applied in the context of ISS STOXX's Norm-Based Research solution. A methodology summary can be accessed [here](#).

Norm-Based Research Objective

ISS STOXX's Norm-Based Research solution is designed to enable institutional investors to support their investment strategies by providing assessments of corporate involvement in alleged or verified failures to respect established norms on human rights, labor standards, environmental protection, and corruption set out in authoritative standards on Responsible Business Conduct.

Methodological Foundations

ISS STOXX's Norm-Based Research has its methodological foundation in expectations for Responsible Business Conduct set forth in core normative frameworks, including the [Principles of the UN Global Compact](#) (UNGC), the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#) (OECD Guidelines for MNEs), and the [UN Guiding Principles for Business and Human Rights](#) (UNGPR), and are supplemented by the [United Nations Sustainable Development Goals](#) (SDGs).

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Global Norms and Responsible Business Conduct

Global Norms and Responsible Business Conduct are related concepts. Global Norms represent an internationally established framework of expectations and standards for conduct and responsibilities, which can be applied to states, inter-governmental organizations, and/or non-state actors of various kinds. According to a [report](#) commissioned by the International Bank for Reconstruction and Development/the World Bank: “[n]orms in development are typically established at the global level to solve complex development challenges on the ground. These norms are standards of expected behaviour about how things ought to be conducted and are deemed crucial for societies to flourish.”

In Norm-Based Research, the concepts of “global norms for Responsible Business Conduct” or “expectations for Responsible Business Conduct” refer to the authoritative interpretation by inter-governmental bodies, governmental organizations, or through multi-stakeholder initiatives of the applicability of principles of international law to business conduct. The core normative framework in Norm-Based Research consists of the [Principles of the UN Global Compact](#), the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), and the [UN Guiding Principles for Business and Human Rights](#), and is supplemented by the [Sustainable Development Goals](#).

Domestic Law

In Norm-Based Research, companies are expected to follow global norms even where these have not been ratified or implemented in national laws and regulations or are poorly enforced.

This is in line with the expectations set out in, among others, the UN Guiding Principles and the OECD Guidelines for MNEs. As established in the [OECD Guidelines for MNEs](#) (p. 25): “A State’s failure either to enforce relevant domestic laws, or to implement international human rights obligations or the fact that it may act contrary to such laws or international obligations does not diminish the expectation that enterprises respect human rights.”

Materiality

Integrating sustainability factors into portfolio construction and taking Responsible Business Conduct into consideration in investment decisions are closely related concepts. However, Responsible Business Conduct considerations (as defined under the OECD Guidelines for MNEs) refer specifically to the adverse impact that companies, through their operations or business relationships, may have on society and/or the environment, and not to the possible risks or impacts to the companies themselves. As a result, although a company’s failure to respect established norms for Responsible Business Conduct constitutes financial risks for its investors, the research scope and methodology of ISS STOXX’s Norm-Based Research is first and foremost guided by considerations related to stakeholder materiality, i.e., actual or potential adverse impacts to society and/or the environment.

While Norm-Based Research does not focus on financial materiality, its findings inform investors about potential reputational and/or legal risks that are linked to the adverse impacts of their investments on society and/or the environment. These findings can be implemented through a variety of investment strategies, such as ESG integration in portfolio construction, engagement, or voting.

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Outputs

Norm-Based Research identifies and evaluates allegations that companies fail to respect established norms for Responsible Business Conduct, as set out in the relevant international initiatives and guidelines. The analysis results are categorized and presented as Scores, Signals, and Key Indicators, which are designed to be consistently applicable. The Scores follow a 1-10 numeric scale, and the Signals follow ISS STOXX's traffic-light system of Green-Amber-Red. The scoring model takes into consideration the Key Indicators, which measure how well-founded the allegations are and how severe the impact is, the status of steps taken by the company to address the issues noted, and the degree of verification. These underlying data components can be leveraged to support tailored applications at the discretion of subscribing investors, including, for example, both engagement and proxy voting. Moreover, clients are provided with additional indicators and data points that allow for more granularity to further customize results (see Table 2 and Appendix 1 for further details).

Norm-Based Research assesses individual controversies, also known as "cases". These cases are categorized into several research topics, also referred to as "key themes" (see Table 3 for the taxonomy structure and Appendix 3 for definitions of key themes). A company may at any time face multiple controversies, and an individual case may be linked to a specific location or project or involve the entire business. The combination of individual Norm-Based Research scores and signals provides insight into a company's overall capability to identify, prevent, and mitigate actual and potential adverse impacts on society and/or the environment.

The final output of Norm-Based Research consists of a research report detailing the corporate controversies in a descriptive manner, accompanied by signals, scores, data points, and indicators. The scores produced by Norm-Based Research, ranging from 1-10, represent a combination of qualitative research results aggregated in a numerical score according to the Norm-Based Research methodology. All outputs are delivered via ISS's proprietary client platform, as well as via client-hosted and third-party platforms.

Table 1: Assessment Signals and Scores

ASSESSMENT SIGNAL	SCORE	DESCRIPTION OF ASSESSMENT CATEGORIES
● (Red)	10	Verified, very severe failure to respect established norms
● (Amber)	9	Verified, severe failure to respect established norms
	8	Alleged failure to respect established norms
	7	Verified failure to respect established norms, undergoing remediation
	6	Fragmentary information
● (Green)	5	Under observation
	4	Undergoing remediation
	3	Involvement beyond scope
	2	Past involvement
	1	(No allegation)

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Table 2: Supplementary Data

INDICATORS AND DATA POINTS	VALUES
Severity	Very severe Severe Moderate Potential
Remediation	No measures announced Commitment expressed Measures initiated Credible measures adopted
Verification	Verified Verified, under appeal Under investigation Complaint raised
Key Themes	33 themes across human rights, labor rights, environment, and corruption
Location	Country of controversy
Norm	UN Global Compact; OECD Guidelines for MNEs; UN Guiding Principles; Sustainable Development Goals; UN/ILO conventions; multi-stakeholder initiatives
Corporate involvement	Direct involvement Supply chain Financier

Table 3: Norm-Based Research Taxonomy

NORM AREA	THEMATIC AREAS	KEY THEMES
 ENVIRONMENT	Environmental protection	Pollution (Air, Soil, Water) Biodiversity Deforestation Environmental impacts
	Climate change	Climate change impacts Opposition to climate change mitigation
 HUMAN RIGHTS	Fundamental human rights	Indigenous rights Living standards Stakeholder consultation
	Taxes	Taxes
	Consumer rights	Consumer discrimination Consumer fraud
 LABOR RIGHTS	Modern slavery	Human rights due diligence Torture/inhumane treatment Forced labor Child labor Working Conditions
	Child labor	Child labor
	Forced labor	Forced labor
	Union rights	Union rights
	Workplace discrimination	Workplace discrimination
 CORRUPTION	Accounting/disclosure standards	Accounting/disclosure standards
	Anti-competitive behavior	Anti-competitive behavior
	Money laundering	Money laundering
	Workplace health & safety	Workplace health & safety

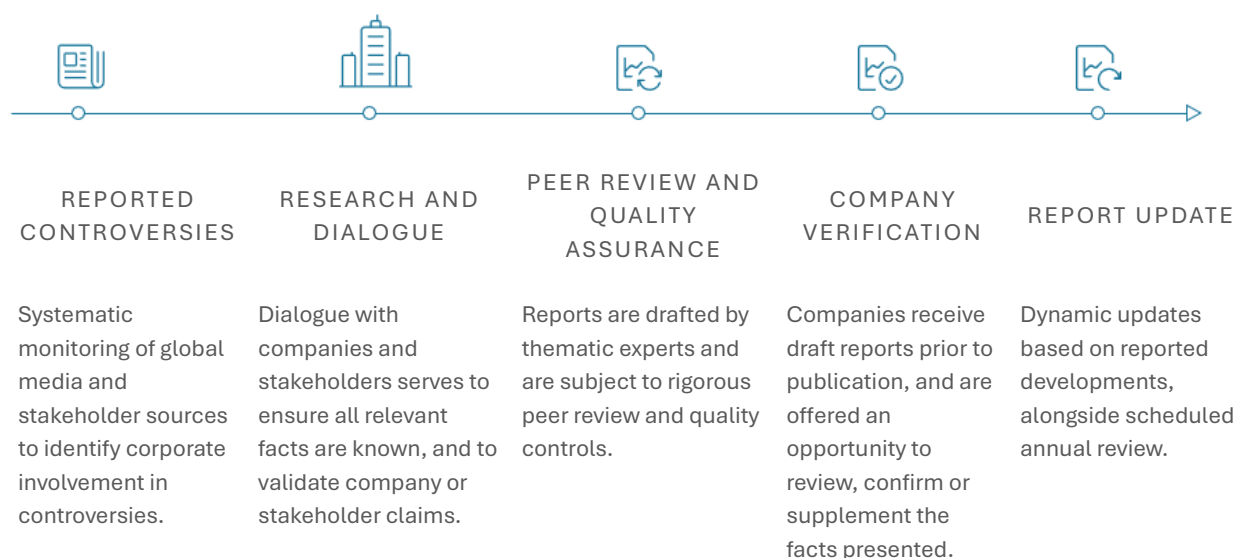
Methodology Reviews

The Norm-Based Research methodology is subject to periodic reviews and updates that are overseen by ISS STOXX’s [Methodology Review Board](#), which includes experienced methodology and research leaders across jurisdictions. Reviews consider factors such as the adoption of new international instruments and the maturity of the specific expectations these raise for businesses, including, for example, the emergence of controversies around new issues, multi-stakeholder initiatives, and new authoritative guidance. Relevant upcoming methodology changes are communicated to clients on a quarterly basis.

Research Process

Norm-Based Research starts with the identification of reported allegations of adverse business impacts on society and/or the environment and involves a comprehensive information validation and data verification process. The steps in this process, from information gathering to verification of data by the company, are designed to support a systematic application of stringent evaluation criteria, aligned with recognized standards for Responsible Business Conduct.

Figure 1: Norm-Based Research Process Illustration



Data Mining

Norm-Based Research provides continuous research on over 26,000 issuers globally, covering the constituents of major global indices (large, mid-, and small cap).

ISS STOXX carries out qualitative data collection, looking for allegations of corporate involvement in failures to respect international norms and standards. Near real-time data is collected from tens of thousands of traditional media, social media, and stakeholder publications globally through a combination of artificial intelligence (AI) and manual filters and processed by a team of dedicated news analysts.

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Data mining from selected sources occurs in several steps:

Media sources are ingested by applying proprietary AI and manually set filters which are aligned with a granular itemized controversy taxonomy and tailored to covered languages.

The filtered news is further reviewed by news analysts, who determine whether it covers a corporate controversy that is relevant to the Norm-Based Research topic coverage. If the analysts find that a news item meets this standard, the item is then assigned to the relevant Norm-Based Research themes for further review.

Stakeholder sources (authoritative bodies and governmental and intergovernmental agencies, as well as NGOs, trade unions, etc.), which provide additional context to information found in general media sources, are directly reviewed by news analysts.

Sources are categorized as follows:

- Company
- Court order
- Government agency
- Independent expert
- Industry association
- Intergovernmental agency
- Media (general, international); Media (general, local); Media (specialized)
- NGO (international); NGO (local)
- Research organization / Academia
- Trade union (international); Trade union (local)
- Other

Assessment Steps

Data mining triggers in-depth research into ongoing controversies. The research methodology has five primary functions which can be viewed as steps. Owing to the qualitative nature of the methodology, the steps below are not invariably consecutive:

1. Determining if the allegations fall within the normative scope of Norm-Based Research;
2. Determining the company's association with the controversy;

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3. Assessing the severity, on the basis of underlying factors such as credibility of information, status of practice and impact, and scope of impact;
4. Assessing remedial measures;
5. Confirming whether the allegations have been verified by an authoritative source.

1. Determining if the allegations fall within the normative scope

Norm-Based Research identifies and evaluates allegations that companies fail to respect established norms for Responsible Business Conduct, as set out in the relevant international initiatives and guidelines. These norms are organized into four overarching areas: Human Rights; Labor Rights; Environment; and Corruption.

The scope of Norm-Based Research is aligned with the [Principles of the UN Global Compact](#) and the [OECD Guidelines for Multinational Enterprises](#). These globally endorsed standards translate obligations established in international instruments into expectations of what constitutes Responsible Business Conduct. The relevant instruments and their application under Norm-Based Research are set out in Appendix 2. Examples of principles of international law that are referenced and translated for business within leading global frameworks for Responsible Business Conduct include the following:

- Human rights:
 - The International Covenant on Civil and Political Rights (ICCPR)
 - The International Covenant on Economic, Social and Cultural Rights (ICESCR)
 - The Geneva Conventions
- Labor rights:
 - International Labor Organization (ILO) Conventions
- Environmental standards:
 - The Rio Declaration on Environment and Development
 - The Convention on Biological Diversity
 - The UN Framework Convention on Climate Change
 - The Paris Agreement
- Anti-corruption standards:
 - The UN Convention against Corruption

2. Determining the company’s association with the controversy

Norm-Based Research determines a company’s association with a controversy following Responsible Business Conduct standards which recognize that all companies hold a responsibility to respect and promote high standards of business conduct within their business operations and activities, including preventing, mitigating and, where appropriate, remedying the adverse impacts that they cause or contribute to.¹ Under Norm-Based Research, these standards are reflected in the link between corporate involvement² and corporate responsibility³, both of which are taken into consideration in the analysis of the Severity and Remediation indicators.

Table 4: Link between Corporate Involvement and Corporate Responsibility

CORPORATE INVOLVEMENT	CORPORATE RESPONSIBILITY
Direct involvement Involvement in a business relationship with the controversial entity through: Majority holding (≥ 50%) in the controversial entity Controlling stake ⁴ in the controversial entity Consortia and joint ventures Value chains (as a supplier of general/bespoke products/services) Franchise arrangements	A company directly involved in a controversy is generally deemed to have caused the reported adverse impacts and will therefore have its corporate responsibility assessed as <i>cause</i> . In cases in which the company is a supplier of general/bespoke products, it is deemed to contribute to the reported adverse impacts and its corporate responsibility will be assessed as <i>contribute</i> .
Supply chain: Involvement in a business relationship with the controversial entity as a buyer of products/services	A company involved in a controversy as a buyer is deemed to be initially linked to the reported adverse impacts, and its corporate responsibility will be assessed as <i>linked</i> . In case the buyer fails to use leverage to address the issue within a certain time, its corporate responsibility will be assessed as <i>contribute</i> .
Financiers: Involvement in a business relationship with the controversial entity as a provider of financial services (e.g., project financing; corporate lending for a particular activity)	A company involved in a controversy as a financier is deemed to contribute to the reported adverse impacts, and its corporate responsibility will be assessed as <i>contribute</i> .

¹ If an enterprise is *linked* to an adverse impact through a business relationship, but does not *cause* or *contribute* to it, it is not responsible for providing remediation, though it may use leverage alone or in co-operation with other entities to do so.

² Corporate involvement indicates the nature of the company's involvement in the controversy.

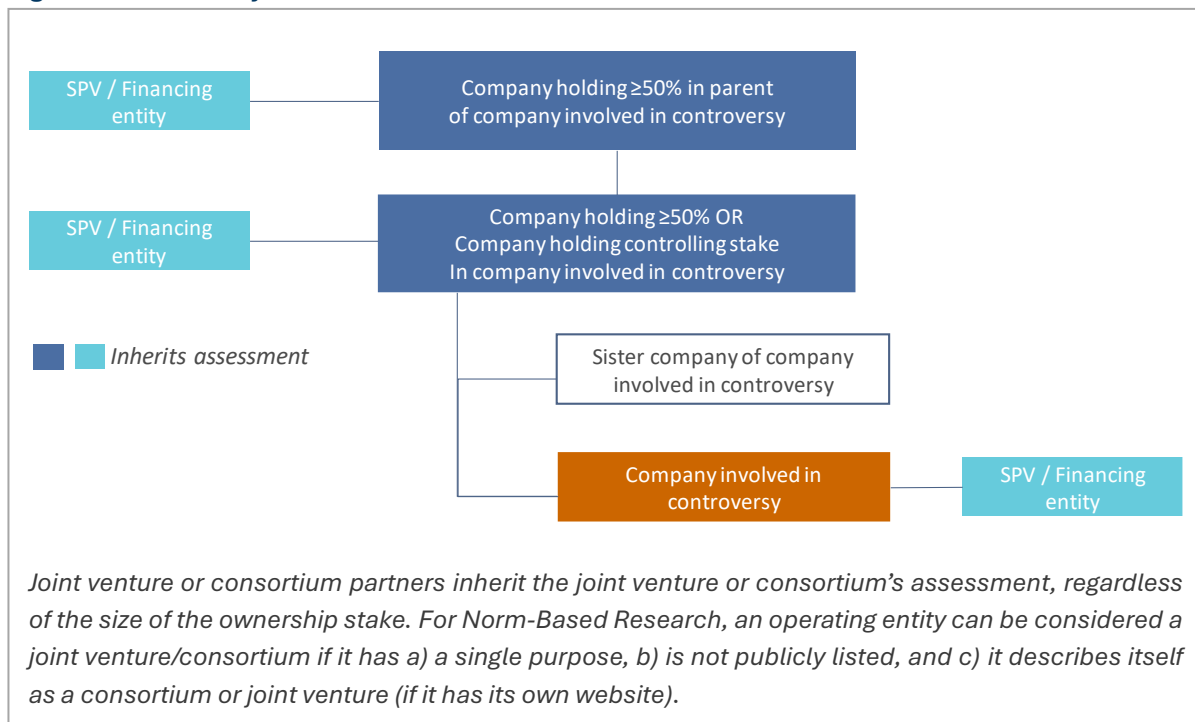
³ Corporate responsibility reflects the degree of the company's participation in the controversy and builds on the concept of responsibility as established under the UNGP. The corporate responsibility also informs expectations regarding remediation measures.

⁴ Under NBR methodology, a “controlling stake” refers to situations where a company does not own 50% or more of a subsidiary’s shares but still holds most ordinary voting rights regarding the appointment or constitution of the subsidiary’s board of directors. This information must be publicly disclosed in sources such as shareholder agreements, annual reports, or other financial statements.

Corporate failure to recognize and comply with standards for Responsible Business Conduct is assessed independently from the operations or project’s financial contribution to the business.

Note that norms for Responsible Business Conduct establish that companies should seek to address the adverse impacts with which they are involved, and that responsibility does not necessarily end with divestment from the controversy. ISS STOXX may retain its assessment for companies that, despite divesting, continue to face authoritative scrutiny or legal liability for the impacts allegedly caused due to their previous conduct and involvement in the controversy.

Figure 2: Controversy inheritance rules⁵



3. Assessing severity

When corporate involvement has been established, severity is assessed as a measure of the reported actual or potential adverse impact on society and/or the environment, taking into account corporate responsibility.

Severity is categorized as follows:

- Very severe
- Severe

⁵ As illustrated in Figure 2, controversy inheritance flows up in the ownership structure, and not down (i.e., subsidiaries do not inherit controversies from their parent companies) nor sideways (i.e., subsidiaries of the same parent company do not inherit controversies from each other). An exception is made for Special Purpose Vehicle (SPV)/Financing entities, who inherit the parent company’s assessment.

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- Moderate
- Potential

The determination of Severity is guided by a systematic evaluation of key factors outlined in Appendix 1, such as credibility of information, status of practice and impact, and scope of impact, among others. The factors considered are inspired by the [United Nations Guiding Principles on Business and Human Rights](#), widely regarded as the most influential and authoritative global framework for preventing and addressing adverse business-related impacts.

UN Guiding Principles on Business and Human Rights & the OECD Guidelines for Multinational Enterprises for Responsible Business Conduct

Today, the leading global human rights frameworks for Responsible Business Conduct are the UNGP and the OECD Guidelines for MNE.

The UNGP are the result of uniquely extensive stakeholder consultations led by the Special Representative of the UN Secretary-General on business & human rights between 2005 and 2011 and follow consideration by the UN Commission on Human Rights of an earlier draft of norms on business and human rights: the Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights. The OECD Guidelines for MNEs were first adopted in 1976 and revised in 2011 to take on key concepts set out in the UNGP.

Following the unanimous endorsement of the UN Guiding Principles by the UN Council of Human Rights in June 2011 and the Principles' integration into the OECD Guidelines for MNEs, [National Action Plans on Business and Human Rights](#) have been adopted by the following countries (in alphabetical order):

Argentina, Belgium, Chile, Colombia, Czech Republic, Denmark, Finland, France, Germany, Indonesia, Ireland, Italy, Japan, Kenya, Liberia, Lithuania, Luxembourg, Mongolia, Nepal, Netherlands, Nigeria, Norway, Pakistan, Peru, Poland, Slovenia, Spain, Sweden, Switzerland, Thailand, Uganda, United Kingdom, United States of America, Vietnam.

The UNGP are not legally binding. However, they set out established expectations of business conduct that refer to and derive from States' existing obligations under international law. The [OECD Guidelines for MNEs](#) are "recommendations addressed by governments to multinational enterprises operating in or from adhering countries" and "[t]hey provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards."

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4. Assessing remediation

Norm-Based Research also evaluates efforts by the assessed company to address its involvement in the controversy. This exercise consists of two parts:

- Establishing whether any measures have been announced or are taking place; and
- Evaluating the efficacy of the measures to determine if they provide adequate and/or effective remediation. The efficacy of measures is evaluated on the basis of information received from stakeholders, including experts and field specialists (e.g., representatives of state institutions, intergovernmental organizations, academia, NGOs, etc.).

Remediation is categorized as follows:

- No measures announced
- Commitment expressed
- Measures initiated
- Credible measures adopted

Implementation rules for the Remediation Indicator are set out in Appendix 1.

5. Assessing verification

Norm-Based Research also contextualizes the status and prospective review of a complaint raised by stakeholders against a company. Verification that the company is failing to respect international norms is a two-part process and consists of the following:

- Confirmation, through reference to the relevant international standards and authoritative guidance, that the activity or conduct in question constitutes a failure to respect international norms; and
- Confirmation by an authoritative body that the company is responsible for the controversial activity or conduct.

Note that not all controversies covered under Norm-Based Research are verified. Verification that the activity constitutes a failure to respect international norms requires a review of available guidance by the relevant authoritative body in the norm area in question.

As a general rule, verification that the company is engaging in the activity must come from an unbiased source that has first-hand knowledge of the situation. That is, bodies or agencies examining the issue must have first-hand knowledge of the situation and/or reach conclusions on information presented by other authoritative sources and not rely exclusively on, or reiterate, allegations put forward by third parties.

Below is a non-exhaustive list of authoritative bodies that Norm-Based Research has relied on to establish verification that the company is engaging in the activity in question:

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- Intergovernmental bodies or agencies
- National bodies or agencies
- The company involved in the alleged controversy
- Multi-stakeholder initiatives

Norm-Based Research categorizes Verification as follows:

- Verified
- Verified, under appeal
- Under investigation
- Complaint
- [None]

Implementation rules for the Verification Indicator are set out in Appendix 1.

Dialogue with Companies and Stakeholders

ISS STOXX engages in fact-finding dialogue with companies and stakeholders upon initiation of research into a reported allegation. This process seeks to validate facts, confirm relevant standards and expectations, and identify measures taken by companies to prevent or mitigate potential or actual impacts.

As part of this dialogue, the company is presented with the allegation and offered an opportunity to state its position. This dialogue continues for as long as ISS STOXX maintains its assessment of the company. Prior to the publication of research results, the company is provided with the opportunity to review and provide feedback on draft reports for the most significant controversies.

ISS STOXX also consults with experts and field specialists (commonly representatives of state institutions, inter-governmental organizations, academia, and/or NGOs) to cross-check information and deepen the understanding of benchmark corporate practices. However, ISS STOXX does not share draft reports with stakeholders.

Note that fact-finding dialogue is a mandatory feature of every Amber and Red controversy, while for Green controversies it is conducted on an as-needed basis.

Approach to Non-Public Information (NPI)

ISS STOXX does not and will not solicit, accept, or use in its research any material non-public information, which is defined as information that has not been adequately disclosed to the public and which would likely affect the price of a security or, if disclosed, would influence a reasonable investor's decision to purchase, sell, or hold the relevant issuer's security. Material information may include unexpected financial results, sales of major assets, significant business developments, proposed mergers and acquisitions, changes in dividends, or extraordinary items for accounting purposes.

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ISS STOXX accepts and uses supplementary non-public information, which is considered non-material based on the above definition but is relevant for sustainability performance assessments. Such information may be shared during the fact-finding dialogue process with companies. This includes information concerning the status of remedial measures adopted to address controversies, third-party reviews of the company's policies, or processes to ensure consistency with company policies. It may also include other supplementary non-material information such as clarification of the facts surrounding the controversy, additional information on remedial measures, and details concerning the status of verification of a controversy. For more information on ISS STOXX's overall approach to NPI, please refer to ISS STOXX's [Non-Public Information Framework](#).

Use of Estimated Data

Norm-Based Research does not incorporate estimated data. The research process is incident-driven and relies on stakeholder allegations, that is, reported data. In the absence of allegations, there is no trigger for research. Once allegations are identified, they are evaluated as described in [Assessment Steps](#).

Update Frequency

Assessments are updated when information on significant developments is obtained through the systematic monitoring of news and stakeholder sources, or through dialogue with the company and stakeholders. Additionally, ISS STOXX aims to review and update the most significant assessments annually. Should no new or current information be available for an extended period, including via communication with stakeholders, the assessment will be revised for lack of underpinning data.⁶

In general, the longevity of assessments with no new or current supporting information follows the guidelines below:

- 3 years Red → 2 years Amber → Green⁷
- **2 years Amber → Green**
- 2 years Green → Green (Past involvement)⁸

It should be noted, however, that there are no fixed timeframes for the expiration of controversy assessments.

Clients are notified through e-mail Alerts about (a) assessment signal changes and (b) significant developments that have no immediate impact on assessment signals/scores. All updates feed into Norm-Based Research reports.

News of significant controversies are made available to investors in different stages, first via an e-mail Alert and then by a preliminary report. As the research is completed, the news may, depending on analysis,

⁶ Please note that "current" information refers to information indicating the status of the situation, including information that the situation has remained stable since the last update, while "new" information refers to new facts and developments regarding the controversy.

⁷ For a description of assessments signals and scores, please refer to Table 5. Signals and Scores.

⁸ Except in circumstances where official investigations or legal proceedings have been initiated but no recent information on their status is available.

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eventually result in a Norm-Based Research signal/score in the following weeks. At any point during the research process, clients can access information on the content and frequency of the dialogue with the company.

Research Time Horizon

Norm-Based Research assesses individual controversies from the moment when relevant allegations are identified until the controversy is resolved, or when the information available is no longer sufficient to maintain the assessment for the controversy. As such, Norm-Based Research does not establish any arbitrary expiration date for its controversy assessments.

Quality Assurance

ISS STOXX engages in fact-finding dialogue with companies and stakeholders upon the initiation of research to ensure that facts are known, and claims are rigorously validated. ISS STOXX also consults with experts and field specialists to cross-check information and deepen the understanding of benchmark corporate practices. In addition to the opportunity to provide information during the initial research phase, companies also receive draft reports for Amber and Red signals prior to publication and are offered an opportunity to review, confirm, and supplement the facts presented.

Reports are drafted by thematic experts applying the Norm-Based Research methodology as well as established thresholds and rules for individual key themes. Assessments are subject to rigorous quality controls, covering all aspects of the assessment criteria and the interpretation of sources.

Before assessments are published, they undergo a thorough internal peer review, and significant assessment changes are reviewed by a group of senior analysts. In addition, all revisions to/from Scores 9 and 10 as well as to/from “Very severe” assessments of the Severity indicator are subject to approval by a committee, including senior analysts from across Sustainability Research as well as the Global Methodology team.

Appendix 1: Norm-Based Research Signals, Scores, and Indicators

Assessment Signals and Scores

Table 5: Signals and Scores

ASSESSMENT SIGNAL	SCORE	DESCRIPTION OF ASSESSMENT CATEGORIES	
● (Red)	10	Verified, very severe failure to respect established norms	The failure to respect established norms has been verified by an authoritative body and the issue remains unaddressed. The severity of such controversies is assessed as very severe.
● (Amber)	9	Verified, severe failure to respect established norms	The failure to respect established norms has been verified by an authoritative body and the issue remains unaddressed. The severity of such controversies is assessed as severe.
	8	Alleged failure to respect established norms	Credible allegations, which are unverified, put forward that the company is involved in a failure to respect an established norm. The severity of such controversies is assessed as severe or very severe. Also comprises cases in which the failure to respect established norms has been verified, but a conclusive assessment of remedial measures is yet to be made.
	7	Verified failure to respect established norms, undergoing remediation	The failure to respect established norms has been verified, yet the company is holding itself accountable through a relevant action plan. The severity of such controversies is assessed as severe or very severe.
	6	Fragmentary information	The source of allegations is credible but there is fragmentary information about the company's ongoing involvement. If not for the fragmentary information, the score of the controversy would be downgraded and the severity would increase.
● (Green)	5	Under observation	There are allegations that the company is involved in a failure to respect an established norm. However, information on the allegations is assessed to be incomplete, and/or the controversy is not severe, or severity is yet to be established.
	4	Undergoing remediation	The controversy is not severe, and the company has begun taking significant steps to address it, but the issue is not yet entirely resolved.
	3	Involvement beyond scope	The company is assessed to have an insufficient stake in the controversy (tenuous business relationship), or the allegations fall outside of the thematic scope of NBR as outlined under "Assessment steps."
	2	Past involvement	The company used to be involved in a controversy, but the issue has now been resolved, and no relapse has been observed.
	1	No allegation	No relevant allegations have been raised against the company.

Severity Indicator

Severity is one of the three key indicators supporting the Signal and Score assigned to a specific controversy, along with Verification and Remediation. Severity provides a measure of the reported actual or potential adverse impact on society or the environment, considering corporate involvement and responsibility. Severity is assessed on a scale of Potential, Moderate, Severe, and Very Severe. The determination of a controversy's Severity is guided by a systematic evaluation of supporting factors, including, but not limited to, the completeness and credibility of the information related to the violation, the status of the practice and impact, the scope of its impact on society or the environment (which considers qualitative as well as quantitative criteria), whether the issue reflects an issuer's problematic strategy/policy, and whether a certain incident occurs repeatedly (see Table 7).

Note that the factors used in the evaluation of the Severity indicator are contextual, with the analysis tailored to reflect the specific characteristics of each key theme. The Severity indicator is not static and will be reviewed and updated with each update of an assessment.

Table 6: Severity Indicator

VALUES	DEFINITIONS
Very severe	Applies to cases where the company is reportedly <i>contributing to/causing</i> a critical adverse impact, conditional to the assessment of further supporting factors. See Table 8 for examples.
Severe	Applies to cases where the company is reportedly contributing to/causing a significant adverse impact, conditional to the assessment of further supporting factors. See Table 8 for examples.
Moderate	Applies to cases where the company is reportedly contributing to/causing an adverse impact that is neither significant nor critical, or the company is <i>linked to</i> a significant/critical adverse impact ⁹ , conditional to the assessment of further supporting factors. See Table 8 for examples.
Potential	Applies to cases in which the impact and/or corporate involvement have not been clearly determined. See Table 8 for examples.

The determination of Severity in Norm-Based Research is guided by a systematic evaluation of supporting factors outlined below.

⁹ The different degrees of corporate responsibility are further outlined in

2. Determining the company's association with the controversy.

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The determination of Severity in Norm-Based Research is guided by a systematic evaluation of supporting factors outlined below.

Table 7: Severity Indicator - Supporting Factors

SUPPORTING FACTORS	DESCRIPTION
Credibility of Information	Signals whether the allegation is reported in a factual manner or if the claimant has first-hand knowledge of the incident or recognized expertise in the area. A review of the credibility of information evaluates whether there is a clearly defined link between the company's activity/product and the adverse impact/harm caused.
Corporate involvement	Indicates the nature of the company's involvement in the controversy.
Ownership type	Provides the nature of the stake of the company's holding in an entity involved in a controversy.
Ownership stake	Provides the percentage stake of the researched company's ownership of a subsidiary, or direct/indirect holding in a joint venture/consortium.
Corporate responsibility	Reflects the degree of the company's participation in the controversy and builds on the concept of responsibility as established under the UN Guiding Principles for Business and Human Rights. The corporate responsibility also informs expectations regarding remediation measures.
Problematic policy/strategy	Indicates whether the failure to respect international norms is formally integrated in corporate policy and/or business strategy.
Practice – Status	Indicates whether the incident or controversial practice is ongoing. It refers to the ongoing action by the company and does not refer to the prospective notoriety of the controversy or prospective legal liability tied to any ongoing litigation.
Recurrence	Indicates recidivism, or if a certain issue/type of incident occurs repeatedly.
Impact - Status	Indicates whether the impact from the practice/incident is ongoing.
Impact - Irreversible	Indicates whether the actual or potential impact caused by the incident/practice can be reversed/undone.
Vulnerability	Used as a label in cases where the impact affects a marginalized group/sensitive area/endangered species.
Scope of impact	Considers both quantitative and qualitative impacts. Quantitative impacts include e.g., number of people, workers, consumers, or species affected. Qualitative impacts include e.g. irreversible impact on human life or wildlife, vulnerability and sensitivity (i.e., endangered species, sensitive ecosystems).

Table 8. Assessment of Severity in Select Key Themes

NORM AREA	VERY SEVERE	SEVERE	MODERATE	POTENTIAL
<p>Corruption – Anti-Competitive Behavior</p> <p>In assessing the severity of Anti-competitive behavior, a key consideration is the impact of controversial conduct on the market and its stakeholders, including competitors, advertisers, and users. This assessment relies on authoritative indicators of market impact, such as regulatory fines or findings on the share of annual revenue affected by the practices.</p>	<p>Anti-competition controversies are assessed as Very Severe when they have a <i>critical</i> adverse impact on the affected market, i.e., involve large fines or major revenue losses tied to collusion to increase the prices of life-saving medications.</p>	<p>Anti-competition controversies are classified as Severe when they either (1) cause significant harm to the market, such as abuse of dominance leading to large fines or major revenue losses, or (2) have caused critical market harm, even if the practice has since been discontinued.</p>	<p>Anti-competition controversies are assessed as Moderate when they either (1) have a marginal market impact, such as limited fines or minimal revenue loss, or (2) have significant or critical market impact but are accompanied by incomplete information, unknown practice status, or where the conduct was not part of the company’s strategy.</p>	<p>Anti-competition controversies are assessed as Potential when there is incomplete information, hindering the full determination of the controversy’s impact or the company’s involvement.</p>
<p>Environment – Deforestation</p> <p>Under the Deforestation key theme, severity is determined by the scale and sensitivity of the affected area, whether the impact is isolated or recurrent, and whether the company directly causes, contributes to, or is only indirectly linked to the impact on nature.</p>	<p>Deforestation controversies are assessed as Very Severe when credible evidence shows that a company has repeatedly caused critical harm to nature, affecting an extensive area that is ecologically vulnerable, i.e., a sensitive or protected area.</p>	<p>Deforestation controversies are assessed as Severe when they involve either: (1) isolated cases of critical harm caused or contributed to by the company. (2) recurrent cases causing significant harm in sensitive/protected or extensive areas.</p>	<p>Deforestation controversies are assessed as Moderate when they involve either: (1) recurrent but discontinued practices causing significant or marginal impacts. (2) isolated cases of significant impact caused or contributed to by the company, or cases where the company is linked to (but not directly causing) significant or marginal impacts.</p>	<p>Deforestation controversies are assessed as Potential when: (1) there is incomplete information, hindering the full determination of the controversy’s impact or the company’s involvement. (2) the controversial practice is isolated, and its impact is either prospective or unknown.</p>

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NORM AREA	VERY SEVERE	SEVERE	MODERATE	POTENTIAL
<p>Human Rights – Military Supplies</p> <p>Under the military supplies key theme severity is assessed based on the use of a company’s equipment in alleged or confirmed human rights violations, considering factors such as the number of people affected, type of harm caused and whether vulnerable groups are impacted.</p>	<p>A military supplies controversy is deemed Very Severe when there are credible details confirming the ongoing use of a company’s equipment in violations of international human rights law that are causing <i>critical</i> adverse impacts on stakeholders, i.e., involving fatalities or irreversible harm (e.g., physical disability), affecting a significant number of people.</p>	<p>Military supplies controversies are assessed as Severe in the following scenarios:</p> <p>(1) when there is credible evidence that a company’s equipment is used in significant violations of international human rights law such as:</p> <ul style="list-style-type: none"> - Fatalities or irreversible harm affecting a limited number of individuals. - Single fatalities (vulnerable population). - Curable injuries or less severe health conditions affecting a significant number of people. <p>(2) the provision of military supplies <i>is confirmed</i>, and its use is <i>expected</i> to result in violation of international human rights law with a <i>prospective critical</i> adverse impact.</p>	<p>Under military supplies, a controversy is assessed as Moderate in the following cases:</p> <p>1) There are credible details concerning the use of a company’s military supplies in violations of international human rights law that are causing a <i>marginal</i> adverse impact on stakeholders, i.e.:</p> <ul style="list-style-type: none"> - Curable injuries or less severe health problems affecting a limited group of people. - Fatalities or irreversible harm affecting a small number of individuals. <p>2) The provision of military supplies is prospective, i.e., it <i>is expected to occur</i> and result in violation of international human rights law with a <i>prospective critical or significant</i> adverse impact.</p>	<p>Military supplies controversies are assessed as Potential when all the following conditions are fulfilled:</p> <p>There are incomplete details concerning the use of a company’s military supplies in violations of international human rights law.</p> <ul style="list-style-type: none"> - The impacts are estimated to be <i>marginal</i>. - The controversial practice and impact status are unknown or prospective.
<p>Labor Rights – Union Rights</p>	<p>A union rights controversy is considered Very Severe when company-linked</p>	<p>Union rights cases are deemed Severe when there is significant harm from widespread, non-violent</p>	<p>A case is assessed as Moderate when there is <i>marginal</i> adverse impact, including when the</p>	<p>Union rights cases are assessed as Potential when the controversial practice and its</p>

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NORM AREA	VERY SEVERE	SEVERE	MODERATE	POTENTIAL
Under the union rights key theme, the Severity determination includes the assessment of the company's discrimination against union members or organizers. The evaluation of impact includes the connection between the allegations of anti-union retaliation and the project/activity in which the company is involved.	anti-union practices create a documented climate of fear, including death threats, physical violence, or other life-threatening intimidation against union members.	anti-union retaliation, such as systematic dismissals, blacklisting, surveillance, or the creation of yellow unions that suppress union activity.	company does not explicitly interfere in union activities or engages in discrimination against union members and organizers by means of dismissal, surveillance, interrogation or harassment.	impact are prospective (i.e., only potential but no actual impact).

Remediation Indicator

Remediation applies to individual assessments and presents the status of efforts by the company to address the controversy.

Note that this indicator is not static and will be reviewed and updated with each update of an assessment.

Table 9. Remediation Indicator

VALUES	DEFINITIONS
1 – Credible Measures Adopted	The company has taken steps to address the controversy, and, whenever possible, these have been credibly assessed. The remedial measures usually necessitate confirmation by a third party such as a government agency or NGO. In circumstances where third party documentation is unavailable, detailed information disclosed by the company on the third party, its mandate, and the dialogue held during the consultation period may be taken into consideration.
2 – Measures Initiated	The company has begun implementing measures to address the controversy and is able to provide detailed supporting information and/or documentation (for example, a clear time-bound plan, resulting from the review and identification of the issues).
3 – Commitment Expressed	The company has expressed a commitment to review and/or dedicate resources to addressing the controversy. This information may be presented through a public statement or in dialogue with ISS STOXX.
4 – No Measures Announced	The company has not announced any measures to address the controversy.

Verification Indicator

Verification applies to individual assessments and contextualizes the status and prospective review of a complaint raised by stakeholders against a company. If the complaint was filed before an international or national agency, the indicator provides information on the stage of the review and the conclusions by the authority. The verification indicator is assessed based on the reported information on the status of the complaint; ISS STOXX does not verify or confirm any allegations.

Note that this indicator is not static and will be reviewed and updated with each update of an assessment.

Table 10. Verification Indicator

VALUES	DEFINITIONS
None	Applies to acquittals and discontinued investigations, as well as in situations where the company has taken adequate steps to address the controversy.
1 – Complaint	The company is reported to be linked to an activity, practice, or project that fails to adhere to expectations of responsible business conduct. There is, however, no indication that a complaint has been submitted for an investigation.
2 – Under investigation	There is an ongoing inquiry by a national body (including legal claims accepted by a court) or an international body into whether the company has engaged in activity that falls short of established standards for Responsible Business Conduct. This category also applies if the investigation has been suspended (but not closed).
3 – Verified (under appeal)	The company’s involvement in activity that falls short of established standards for Responsible Business Conduct has been verified by an authoritative body, but the company is appealing the findings. In the interim, there is no information indicating that the authoritative conclusions were incorrect. ¹⁰
4 – Verified	<p>The company’s involvement in activity that falls short of established standards for Responsible Business Conduct has been verified by an authoritative body, and there is no information that the company is appealing the findings. Verification can also be made by the company.</p> <p>Verification that the company is engaging in the activity must come from an unbiased source that has first-hand knowledge of the situation (for example, a U.N. Special Rapporteur that merely repeats the content of an NGO report does not elevate an allegation to a verified status). Below is a non-exhaustive list of authoritative bodies that Norm-Based Research has relied on to establish verification:</p> <ul style="list-style-type: none"> Intergovernmental bodies or agencies National bodies or agencies The company Multi-stakeholder initiatives <p>Note that Norm-Based Research reviews the structure and processes of the authoritative body prior to determining whether it is the competent authority to verify the failure to respect norms for Responsible Business Conduct.</p>

¹⁰ Note that “Verified (under appeal)” results in the controversy being assessed as verified in Norm-Based Research. If the appeals process results in the invalidation of the initial decision, or of key findings of the initial decision, Norm-Based Research will revise the Verification Indicator for the controversy accordingly.

Trend Factor

This factor applies to individual assessments and is forward-looking.

Table 11. Trend Factor

VALUES	DEFINITIONS
3 - Positive	The company is committed to addressing the controversy and has presented credible steps to achieve that goal, OR External factors will lead to an end to the company’s association with the controversy. This can include an upcoming end without renewal of a controversial contract.
2 - Neutral	A neutral trend typically represents the following: Entrenched <i>status quo</i> Unpredictability of prevailing conditions Poor access to information
1 - Negative	<u>Red controversies:</u> The company is uncommunicative on the controversy or steadfastly justifies the controversial activities it is engaged in AND is expected to expand or deepen the activity determined to be a violation of international norms. <u>Amber controversies:</u> The company fails to credibly address the controversy, AND is not decreasing its involvement in the controversial activity, and stakeholders are intensifying their criticism of the company, OR The company is about to expand or embark on an activity that, if verified, will result in a Red signal, OR Verification of the controversy is expected.

Appendix 2: Normative Framework

Table 12. Normative Framework

NBR NORM AREA	UN GLOBAL COMPACT PRINCIPLE	OECD GUIDELINES FOR MNES	SAMPLE OF RELEVANT INTERNATIONAL INSTRUMENTS & GUIDANCE
Human Rights/ Labor Rights	<p>Principle 1: Support and respect human rights</p>	<p>IV. Human Rights</p> <p>V. Employment and Industrial Relations</p> <p>VIII. Consumer Interests</p> <p>XI. Taxation</p>	<p>International Instruments: Relevant targets under the Sustainable Development Goals; The International Bill of Human Rights; Declaration on the Rights of Indigenous Peoples & ILO Convention 169 on Indigenous and Tribal Peoples; Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration) - 5th Edition (March 2017); Geneva Conventions (I-IV); Hague Convention;</p> <p>Guidance: General Comments and Recommendations by UN Treaty Bodies; UN Agencies and Bodies (e.g., Office of the High Commissioner of Human Rights); International Labor Organization (ILO) Committee of Experts on the Application of Conventions & Recommendations (i.e., with respect to ILO Convention 169) & relevant material by the ILO on indigenous rights and the ILO Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration) - 5th Edition (March 2017); The UN Guiding Principles on Business and Human Rights & the UN Working Group on business and human rights.</p>
	<p>Principle 2: Ensure non-complicity in human rights abuses (complicity in human rights abuses committed by third parties – e.g., States)</p>	<p>IV. Human Rights</p>	<p>International Instruments: Relevant targets under the Sustainable Development Goals; The International Bill of Human Rights & relevant UN Security Council Resolutions.</p> <p>Guidance: General Comments and Recommendations by UN Treaty Bodies; UN Agencies and Bodies (e.g., Office of the High Commissioner of Human Rights); International Labor Organization (ILO) Committee of Experts on the Application of Conventions & Recommendations (i.e., with respect to ILO Convention 169) & relevant material by the ILO available here; The UN Guiding Principles on Business and Human Rights & the UN Working Group on business and human rights.</p>

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NBR NORM AREA	UN GLOBAL COMPACT PRINCIPLE	OECD GUIDELINES FOR MNES	SAMPLE OF RELEVANT INTERNATIONAL INSTRUMENTS & GUIDANCE
Labor Rights	Principle 3: Uphold freedom of association and right to collective bargaining	V. Employment and Industrial Relations	<p>International Instruments: Relevant targets under the Sustainable Development Goals; ILO Convention 87 concerning Freedom of Association and Protection of the Right to Organise & ILO Convention 98 concerning the Application of the Principles of the Right to Organise and to Bargain Collectively</p> <p>Guidance: Compilation of decisions of the Committee on Freedom of Association; the ILO Helpdesk for Business on International Labor Standards.</p>
	Principle 4: Eliminate forced labor and compulsory labor		<p>International Instruments: Relevant targets under the Sustainable Development Goals; ILO Convention 29 concerning Forced or Compulsory Labor & ILO Convention 105 concerning the Abolition of Forced Labor</p> <p>Guidance: ILO Helpdesk for Business on International Labor Standards; International Labor Organization (ILO) Committee of Experts on the Application of Conventions & Recommendations; material produced by ILO (e.g., Overview available here and The meanings of forced labor).</p>
	Principle 5: Abolish child labor		<p>International Instruments: Relevant targets under the Sustainable Development Goals; ILO Convention 138 concerning Minimum Age for Admission to Employment & ILO Convention 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor; Convention on the Rights of the Child</p> <p>Guidance: ILO Helpdesk for Business on International Labor Standards; International Labor Organization (ILO) Committee of Experts on the Application of Conventions & Recommendations & material produced by ILO's International Programme on the Elimination of Child Labor (IPEC) (e.g., What is child labor).</p>
	Principle 6: Discrimination in respect of employment and occupation		<p>International Instruments: Relevant targets under the Sustainable Development Goals; ILO Convention 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value & ILO Convention 111 concerning Discrimination in Respect of Employment and Occupation</p>

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NBR NORM AREA	UN GLOBAL COMPACT PRINCIPLE	OECD GUIDELINES FOR MNES	SAMPLE OF RELEVANT INTERNATIONAL INSTRUMENTS & GUIDANCE
			<p>Guidance: ILO Helpdesk for Business on International Labor Standards; International Labor Organization (ILO) Committee of Experts on the Application of Conventions & Recommendations; & material produced by ILO concerning forced labor available here.</p>
Environment	<p>Principle 7: Support precautionary approach to environmental challenges</p>	<p>VI. Environment</p>	<p>International Instruments: Relevant targets under the Sustainable Development Goals; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Convention on Biological Diversity; & Rio Declaration on Environment and Development; The Kyoto Protocol & United Nations Framework Convention on Climate Change (1992, Paris Agreement 2015); Rio Declaration on Environment and Development & Agenda 21</p>
	<p>Principle 8: Promote environmental responsibility</p>		
	<p>Principle 9: Encourage development and diffusion of environmentally friendly technologies</p>		
Corruption	<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>III. Disclosure VII. Combatting Bribery, Bribe Solicitation, and Extortion X. Competition</p>	<p>International Instruments: Relevant targets under the Sustainable Development Goals; OECD Financial Action Task Force on Money Laundering; United Nations Convention against Corruption; United Nations Convention against Transnational Organised Crime; United Nations Office on Drugs and Crime Model Terrorist Financing Bill</p> <p>Guidance: Financial Action Task Force on money laundering</p>

Appendix 3: Norm-Based Research Taxonomy

Table 13. Definition of Norm-Based Research Key Themes

KEY THEME	DESCRIPTION
CORRUPTION (NORM AREA)	
Accounting / disclosure standards	The manipulation and falsification of financial statements/book records to mislead investors and shareholders about a company's financial health. This can include the overstatement of revenue or assets, the failure to record expenses, and the under-recording of liabilities
Anti-competitive behavior	Abuse of market position, participation in cartels, collusion, predatory pricing, price dumping, and price fixing.
Bribery	Offering or receiving any gift, loan, fee, reward, or other advantage to or from any person representing the company as an inducement to do something which is dishonest, illegal, or a breach of trust, in the conduct of the enterprise's business.
Money laundering	The process of concealing the origin, ownership, or destination of illegally or dishonestly obtained money by hiding it within legitimate economic activities to make it appear legal.
ENVIRONMENT (NORM AREA)	
Climate change impacts	Contribution to climate change through products, activities, or participation in or proposals/financing of projects; violations of national greenhouse gas standards; failure to assess and address the climate change impacts of existing or planned products (such as cars exceeding carbon emissions targets) and operations (such as power plants, cement production units).
Opposition to climate change mitigation	Active opposition to regulations aimed at mitigating climate change, including through lobbying, lawsuits, or advocacy work.
Deforestation	Deforestation, poor due diligence for logging operations, or clear-felling to establish plantations, with potential impacts on biodiversity or on High Conservation Values (HCV) in forested landscapes.
Biodiversity	Activities that impact on fragile ecosystems (wetlands, coral reefs, etc.) or areas that are known to be especially productive ecosystems, where the danger to a species has been cited (e.g., by the International Union for Conservation of Nature's Red List).
Pollution	Activity that results in concurrent pollution impacts, such as air, water, and soil pollution.
Environmental impacts	Activity – either engineering/construction or extractive – that has degraded, or is expected to degrade, the local ecosystem or wider environment. Usually applied in connection to large infrastructure projects criticized for their environmental impacts.
HUMAN RIGHTS (NORM AREA)	
Consumer fraud	This category refers to misleading or false advertising and irresponsible marketing causing financial loss to consumers.

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KEY THEME	DESCRIPTION
Consumer discrimination	Discriminatory treatment of consumers on the grounds of gender, race, national origin, disability, medical conditions, religious affiliation, sexual orientation, and age.
Consumer health	Inadequate consumer protection, marketing, and sale of goods and services affecting consumer health and safety; products that cause harm to consumers due to poor consumer product safety practices; or accidents resulting in fatalities due to poor product safety. This also covers misleading, inadequate, or absent health warnings and safety information.
Consumer privacy	The monitoring or unlawful breach of the right to privacy of consumers, such as data breaches that compromise consumer information, failing to obtain consumer data by lawful and fair means, the use of data in a way that compromises consumer privacy, the unanticipated use of personal data, complicity in government mass surveillance, or facilitating identification and tracking of dissidents by governments, by sharing consumer information.
Opposition to tobacco control	Active opposition, through lobbying or lawsuits, to tobacco control regulations, including opposition to restrictions on tobacco advertising, as well as promotion and sponsorship that promotes a tobacco product by any means that are false or misleading about its characteristics, health effects, or hazards.
Privacy	Unlawful monitoring or breach of stakeholders' privacy, including employee data breach or surveillance outside of the workplace, or complicity in government mass surveillance of specific groups or populations.
Human rights due diligence	Involvement in a failure to conduct human rights due diligence which resulted or has the potential to result in human rights abuses, through its own operations, its relationship with suppliers, or activities in conflict-affected areas / ties to government authorities responsible for human rights abuses.
Social discrimination	The discrimination and/or harassment of stakeholders other than consumers or workers on the grounds of gender, race, national origin, disability, medical conditions, religious affiliation, sexual orientation, and age.
Freedom of expression	Lawsuits against campaigners and retribution against whistleblowers. The category also applies to internet providers, broadcasters, and telecommunications companies that are criticized for restricting access to information in countries where freedom of expression is suppressed.
Torture / inhumane treatment	Complicity or participation in the torture or inhumane treatment of groups or individuals; complicity in subjecting individuals to arbitrary detention; ill treatment of detainees; corporate involvement (directly or through security providers) in violent protection/recovery of company assets, or harassment of protestors.
Indigenous rights	Activity that affects indigenous groups' rights in connection with a) projects having impacts on land they live on or use; or b) the right to consultation when yet-unrealized projects are at the planning or expansion stage. The right to free, prior, and informed consent (FPIC) is of immediate relevance.
Living standards	Activity that affects stakeholders' right to an adequate standard of living, in connection with projects that have impacts on land they live on or use and/or are affecting communities' means of subsistence.

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KEY THEME	DESCRIPTION
Right to health	Activity that affects the health of communities or individuals, other than consumers or workers.
Right to life	Activity with a fatal impact (i.e., fatalities) on communities or individuals, other than consumers or workers.
Military / security supplies	The provision of key military / security supplies to parties that use these supplies in violation of international human rights law or international humanitarian law; or the provision of such supplies when a risk of them being used in human rights violations has been identified.
Stakeholder consultation	Insufficient consultation with communities at any stage of development of a large-scale project, during project operation, or while engaging in any other type of business activity.
Taxes	Failure to comply with the spirit or intent of tax laws, through tax evasion (partial or non-payment of taxes) or tax avoidance (aggressive tax planning, even when illegality has not been established). Includes practices such as base erosion and profit sharing (BEPS) and transfer pricing.
LABOR RIGHTS (NORM AREA)	
Child labor	Situations in which children below the minimum age for admission to employment are engaged in labor that is mentally, physically, socially, or morally harmful and/or interferes with their schooling. The minimum age for admission to employment should be no less than 14 years. However, children between 12 and 14 years may engage in light work: for example, to help their parents or assist in a family business, if it is safe and does not disrupt their schooling. Children under the age of 18 years engaged in exploitative and/or hazardous work (worst forms of child labor, such as trafficking in persons, sexual abuse, dangerous equipment, heavy loads, repetitive movements, among others) is also considered child labor.
Forced labor	The use of non-voluntary labor obtained under the threat of penalty, including coercion through physical or psychological abuse, violence, threats, intimidation, deception, restrictions on movement, withholding of wages, confiscation of identity documents, or manipulation of debt. This also includes state-endorsed forced labor and labor unwillingly provided by prisoners or detainees.
Working conditions	Egregious working conditions, such as forced overtime (imposed overtime exceeding legal limits), threats to denounce workers in irregular situations, poor living conditions at work sites, verbal and physical abuse, and disguised employment.
Workplace health and safety	Activity that results in occupational injuries and accidents due to hazardous working conditions or work processes. Includes impacts on workers' health due to insufficient protective equipment, usually because of exposure to chemicals, fumes, noise, or vibration.
Workplace discrimination	Workplace discrimination and/or harassment on the grounds of gender, race, national origin, disability, medical conditions, religious affiliation, sexual orientation, and age.

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KEY THEME	DESCRIPTION
Union rights	Activity that restricts workers' rights to freedom of association and collective bargaining. Includes, among others, refusal to negotiate with trade unions or to act upon collective bargaining agreements; retaliation, discrimination, intimidation, surveillance, interrogation, dismissal or blacklisting of union members; captive audience meetings and the use of anti-union consultants; barring access to union representatives for union activity; use of strike-breakers; union avoidance policies.

Appendix 4: Version Control

Name of Methodology: Norm-Based Research

VERSION	DATE	DETAILS
1.0	June 2025	<p>Publication of the Norm-Based Research Methodology and Research Process document</p> <p>The following changes were introduced to NBR methodology, as of June 2025:</p> <p>Score 10: This score level changed from “Verified failure to respect established norms” to “Verified, very severe failure to respect established norms”. This score level only includes “very severe”, verified and unaddressed assessments. The legacy Score 10 comprised “severe”, verified and unaddressed cases which are now captured under Score 9.</p> <p>Score 9: This score level changed from “Imminent failure to respect established norms” to “Verified, severe failure to respect established norms” to reflect the inclusion of severe, verified cases formerly captured under the legacy Score 10 level “Verified failure to respect established norms”. Discontinuation of the “Imminent failure” classification. Severe, verified cases in which the failure to respect established norms has been verified, but a conclusive assessment of remedial measures is yet to be made are now captured under Score 8.</p> <p>Score 8: Modified to include cases in which the failure to respect established norms has been verified, but a conclusive assessment of remedial measures is yet to be made.</p>
1.1	March 2026	Inclusion of table 8. Assessment of Severity in Select Key Themes.



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