

## Norm-Based Research

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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. 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](#), the [OECD Guidelines for Multinational Enterprises on Responsible Business Conduct](#), and the [UN Guiding Principles for Business and Human Rights](#), and are supplemented by the [United Nations Sustainable Development Goals](#). The normative framework underpinning the scope of Norm-Based Research is dynamic. When reviewing whether an allegation is linked to established standards for Responsible Business Conduct, Norm-Based Research considers the maturity of the standards themselves and the maturity of the specific expectations these raise for businesses.

Corporate controversies are identified by evaluating allegations that companies fail to abide by norms as set out in the relevant normative frameworks. Only allegations deemed credible are researched. Research and dialogue with companies and stakeholders seek to validate facts, confirm relevant standards and expectations, and identify measures taken by companies to prevent or mitigate potential or actual impacts. Through this exchange, Norm-Based Research aims to dismiss unfounded allegations or allegations that have been adequately addressed.

## Outputs

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 a traffic-light system of Green-Amber-Red. In addition, clients are provided with Key Indicators (Severity, Remediation, and Verification) and data points that allow for additional granularity to further customize results. Severity provides a measure of the reported actual or potential impact a reported allegation may have on society or the environment, considering the degree of corporate involvement. Remediation presents the status of efforts by a company to address the allegation. Verification contextualizes the status and prospective review by an authoritative body of a complaint raised by stakeholders against a company.

The final output of Norm-Based Research consists of a research report detailing the corporate controversy in a descriptive manner, accompanied by scores, signals, data points, and indicators. The scores, ranging from 1-10, represent a combination of qualitative research results aggregated in a numerical score according to the Norm-Based Research methodology. Norm-Based Research reports thus provide a qualitative assessment of a company's involvement in controversies and its overall capability to identify, prevent, and mitigate actual and potential adverse impacts on society and/or the environment.

## Research Process

Norm-Based Research assessments are updated when information on significant developments is obtained through the systematic monitoring of news and stakeholder sources, or through dialogue with a company and stakeholders. In the absence of case developments, Norm-Based Research aims to review and update the most significant assessments annually. The Norm-Based Research process can be broken down as follows:

- **Data collection:** Qualitative data collection is carried out, 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 AI and manually set filters, and processed by a team of dedicated news analysts. The data collected during this process is of a qualitative nature.
- **Research and dialogue:** Research includes fact-finding dialogue with companies and stakeholders. Reports are drafted by thematic experts.
- **Quality assurance:** Assessments undergo a thorough internal peer review, and significant assessment changes are reviewed by a group of senior analysts.
- **Data validation:** Companies receive draft reports for Amber and Red signals prior to publication, and are offered an opportunity to review, confirm, or supplement the facts presented.
- **Final report:** A final report with the analysis results is published.

## 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 above.

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