

UN Global Compact (UNGC) Screening Dataset

Methodology

S&P Global Sustainable1 – April 2026



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Terms and Definitions

Business Involvement Screens (BIS) allow for more precise alignment of investment values with investment strategy, with an in-depth assessment of a company's business activities. BIS provides detailed assessments of common areas of investor concern, pinpointing the precise level of involvement, from production to operations and distribution, to inform values-based investment strategies.

Media and Stakeholder Analysis (MSA): An ongoing monitoring of corporate ESG controversies which captures companies' involvement in material negative events or wrongdoings.

UN Global Compact (UNGC) Principles: The UN Global Compact is a United Nations Voluntary Initiative for companies globally to implement universal sustainability principles and to take steps to support UN goals. The 10 principles are derived from: The Universal Declaration of Human Rights, the International Labor Organization' Declaration of Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. The UNGC four thematic areas are: Human Rights, Labor, Environment and Anti-Corruption.

Controversial Weapons: In international humanitarian law (IHL), controversial weapons are typically defined as those that cause unnecessary suffering or have indiscriminate effects. **In order to align with the latest regulatory perspective on sustainable finance the EU list of controversial weapons is used as reflected in the indicator 14 of Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288¹, namely "anti-personnel mines, cluster munitions, chemical weapons and biological weapons".**

Level of involvement: A company's direct (financial) exposure to a given product, as determined in the BIS methodology.

Impact Rating Severe: As per the MSA methodology, Severe controversies are "controversies with long lasting, extensive, and often irreversible or catastrophic negative impacts on the environment or society, typically resulting in major financial impact on a company's bottom line and value drivers. Generally, it includes incidents of a systemic nature involving the most serious levels of harm and crime and/or corporate governance failure. Severe cases may also reflect material violations of the UNGC principles².

Impact Rating Major: As per the MSA methodology, Major controversies are "Controversies with long-lasting, widespread, and major negative impacts on the environment, society or a company's value drivers or bottom line. Major controversies usually indicate significant levels of corporate governance misconduct. However, while severe in nature, they typically do not meet the thresholds of the most serious level of harm³.

Alignment Status: Based on S&P UN Global Compact Screening Dataset, the Alignment status indicates if a company is aligned or contravenes the spirit of the 10 principles of the UNGC. The Alignment Status flag relies on data from two sub-components: Controversies and Controversial Weapons Sub-components:

- Controversies Sub-Component: Leverages MSA data on ESG controversies related to any of the 10 UNGC principles.
- Controversial Weapons Sub-Component: Based on the latest EU definition on controversial weapons, this sub-component leverages BIS data on Cluster munition, Anti-personnel mines, Biological and Chemical weapons to flag Not Alignment with the UNGC Principles 1 and 2 (human rights).

¹ Publications Office

² https://portal.s1.spglobal.com/survey/documents/MSA_Methodology_Guidebook.pdf

³ Idem.

No flag: In the context of the S&P Global UNGC Screening Dataset, no flag indicates that the company is not involved in any Major or Severe controversy and is not involved in the manufacture and/or sale of controversial weapons.

Watchlist: In the context of the S&P Global UNGC Screening Dataset, a “Watchlist” flag indicates that the company is involved in a controversy that has not yet reached the threshold to be considered «Not aligned» but should nevertheless be monitored due to the **risk** of contravening one or more UNGC Principle(s).

Not aligned: In the context of the S&P Global UNGC Screening Dataset, a “Not aligned” flag indicates that the company is involved in a controversy that severely contravenes one or more UNGC Principle(s). And/or the company is involved in the manufacture and/or sale of controversial weapons.

Pass: In the context of the S&P Global UNGC Screening Dataset, a “Pass” label indicates that no revenue data has been found for the BIS dataset and that no “Watchlist” or “Not Aligned” has been raised for any of the UNGC 10 Principles or their corresponding thematic categories.

Introduction and Context

The United Nations Global Compact (UNGC) is the world's largest corporate sustainability initiative. It encourages businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The initiative is based on Ten Principles in the areas of human rights, labor, environment, and anti-corruption.

- **Human Rights:** Businesses should support and respect the protection of internationally proclaimed human rights and ensure they are not complicit in human rights abuses.
- **Labor:** Businesses should uphold the freedom of association, eliminate forced and compulsory labor, abolish child labor, and eliminate discrimination in employment.
- **Environment:** Businesses should support a precautionary approach to environmental challenges, promote greater environmental responsibility, and encourage the development of environmentally friendly technologies.
- **Anti-Corruption:** Businesses should work against corruption in all its forms, including extortion and bribery.

Since its inception in 2000, the UN Global Compact has become a global reference point for investors and other stakeholders to comprehend which companies are truly committed to uphold universal sustainability principles and take steps to support the UN goals.

The S&P Global UNGC Screening Dataset provides a framework to assess whether a company can be considered aligned, or not, with the spirit of the principles of the UNGC across four thematic areas: Human Rights, Environment, Labor and Anti-Corruption, addressing stakeholders' needs for a dataset that accurately signalizes companies that might be contravening the objectives of the 10 UNGC Principles.

S&P Global Sustainable1 (S1) has developed a framework to assess whether a company can be considered aligned to the UNGC 10 Principles on Human Rights, Labor, Environment and Anti-corruption. The UNGC Alignment flag indicates whether a company is "Not Aligned" with any of the UNGC principles based on:

- Its association with a 'Severe' level MSA case (taking MSA data as input) which is tagged to at least one of the 10 UNGC Principles or
- **Based on its direct involvement in the manufacture and/or, sale of controversial weapons (taking BIS data as input). For this purpose.**
- Direct involvement will be considered the generation of revenues (>0%) from the production and/or sale of controversial weapons.

The UNGC Alignment screening will also flag companies as "Watchlist", to indicate a risk of not being aligned, based on the existence of a 'Major' level MSA case tagged to at least one of the 10 UNGC Principles.

Assessment Universe

The UNGC Screening dataset assessment universe is composed of entities within any of the CSA/MSA and Business Involvement Screen (BIS) universes. All entities in the UNGC Screening dataset universe will have input from at least one of the two datasets. A mark will be displayed signaling whether data is available for each of the datasets (e.g., MSA “Not Researched”; Weapons Involvement “Not Researched”).

Data Sources and Collection

The UNGC Screening dataset leverages an extensive set of S&P data, complemented by customized analytical assessments. The list below provides an overview of the main data sources used, while a granular breakdown and methodology is provided in the Methodology overview section.

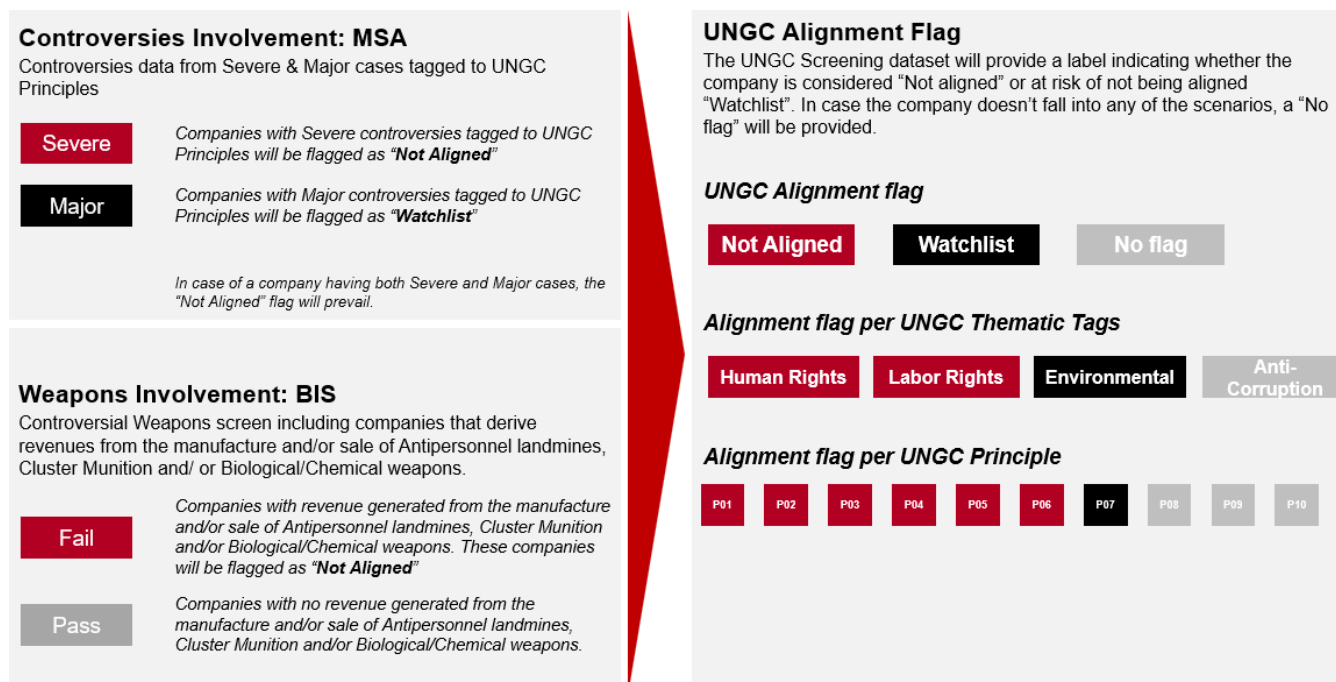
- S&P Global S1 – Media & Stakeholder Analysis (MSA) data
- S&P Global S1- Business Involvement Screens (BIS).

Methodology Overview

As shown in Figure 1 below, the UNGC Screening dataset will have one main component: the Alignment Status from which one of two types of flags will be displayed: “Not Aligned”, “Watchlist”. Companies not falling within any of the two flags, will receive the indication of “No flag”. The outputs of this methodology are (as illustrated in Figure 1 below):

- A datapoint specifying data availability for both MSA and BIS datasets (Weapons Involvement). (I.e., “Researched/ non-researched”). Companies “non-researched” by none of the datasets will show as “non-researched”. Companies “Researched” by only one of the two underlying datasets will be shown as “Partially Researched” unless the Researched datasets already flags a “Not Aligned” or “Watchlist”.
- 1 UNGC Alignment flag per company
- 1 UNGC Alignment flag x 4 UNGC Thematic areas (same flag as the overall UNGC Alignment flag)
- 1 UNGC Alignment flag x 10 UNGC Principles.

Figure 1: UNGC Screening dataset.



Source: S&P Global S1

Definition

The UNGC Alignment Status signals whether a company is aligned with the objectives and spirit of the 10 UNGC Principles. For that, the Alignment Status Component uses two Sub-components: Controversies Involvement (MSA) Sub-component and the Weapons Involvement (BIS) Sub-component. This is shown in Figure 1 above.

Key analytical methods used to standardize, analyze, and transform data

The alignment of a company to the UNGC Principles is measured through the existence of Major or Severe Controversies tagged to UNGC principles and through its involvement in the manufacture and/or sale of Controversial weapons.

Controversies Involvement Sub-component (MSA):

The main output of the Alignment Component will be the Alignment flag: "Watchlist", and "Not Aligned".

- Companies with a Severe MSA case tagged to at least 1 UNGC Principle⁴ will be flagged as "Not Aligned" to the UNGC.

⁴The S&P Global's S1 Media & Stakeholder Analysis includes as part of the case analytical assessment a datapoint referring to those UNGC principles that are related to the case, if any. The selection of the case UNGC Principles is done following an internal mapping of the 10 UNGC Principles against each of the MSA topic tags.

- Companies with a Major MSA case tagged to at least 1 UNGC Principle will be flagged as “Watchlist” given the risk of not being aligned to the UNGC. Please, note that in the case the company has a Severe and a Major case, the “Not Aligned” flag will be displayed.
- Companies with no MSA case, or no MSA case tagged to the any of the UNGC Principles, as well as companies with Minor and Medium MSA cases will be flagged as “No flag”.

Weapons Involvement Sub-Component (BIS):

Together with the Controversies Sub-Component, companies will also be screened through the BIS dataset, corresponding to the following controversial weapons:

- Cluster munition
- Anti-personnel mines
- Biological weapons and Chemical weapons

The UNGC Screening dataset methodology seeks to be consistent with the spirit of the UN Global Compact, treating involvement in controversial weapons as a business activity that is fundamentally misaligned with its principles, and more specifically with Principles 1 and 2 (human rights). This methodology builds on the EU position regarding controversial weapons. The EU has recently clarified the term “controversial weapons” to be restricted only to anti-personnel mines, cluster munitions, chemical weapons and biological weapons⁵. In that logic, and leveraging S&P’s proprietary data, the UNGC Screener will flag the user companies involved in the production and/or sale of any of those four types of weapons.

For each of the controversial weapons, only the Customized weapons Screens will be used following the logic established by the EU that only considers companies that are directly involved.

Therefore, companies that derive revenues above 0% from the manufacture and/or sale of any of the controversial weapons listed will be flagged as “Not Aligned” to the UNGC Principles.

As a result of applying the Alignment Status assessment, companies will receive the following flags at different levels.

- 1 UNGC Alignment flag per company
- 1 UNGC Alignment flag x 4 UNGC Thematic areas (same flag as the overall UNGC Alignment flag)
- 1 UNGC Alignment flag x 10 UNGC Principles.

In terms of data distribution, data output files will contain the full array of datapoints presented in this methodology. To provide data completeness, as part of the Controversies Sub-Component, the file will contain up to 5 Major and Severe cases for the covered universe, while all Major/Severe cases of a company will be used as input for the UNGC Principles alignment flags. In the event a Major or Severe case is not tagged to any UNGC Principle, they will be displayed in the file but assigned with a “No flag”, unless the company is flagged as “Not Aligned” through the Controversial Weapons Sub-Component.

⁵European Commission Guidance Notice on Sustainable Finance Framework (June 2025) clarifies that the SFDR’s Principal Adverse Impact (PAI) Indicator 14 only covers the four categories listed in the indicator 14 of Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288, namely anti-personnel mines, cluster munitions, chemical weapons and biological weapons. Publications Office (page 43).

Monitoring and Review

All new methodologies and any material changes to existing methodologies are reviewed and approved by an independent methodology governance committee.

The two S&P Global S1 datasets used will be reviewed following each of the corresponding datasets general review processes. Automatic feed of the two datasets into the UNGC Screening dataset will be required in order to keep the outcomes updated.

Assumptions and Limitations

The product is mainly based on two main datasets: MSA and BIS. Therefore, assumptions and limitations inherent in the methodologies behind those datasets will be reflected in the UNGC Screening dataset.

Maintenance/Updates

We periodically review our methodology as appropriate.

Updates and Enhancements

Month/Year of Enhancement	Enhancement Description	Impact of change
April 2026	Initial Version	

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