

Norm-Based Screening[®]

Norm-Based Screening[®] is a well-established analysis methodology that helps investors make decisions regarding companies' adherence to global norms on environmental protection, human rights, labour standards, and anti-corruption. Global norms are set out in international initiatives and guidelines such as the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Global Compact and the UN Draft Human Rights Norms for Business. These guidelines provide a tool for assessing corporate conduct in relation to principles laid out in international conventions.

Norm-Based Screening[®] can be used as a standalone service – as a basis for company dialogue and engagement programmes and as a tool for screening portfolios – or can be integrated into an overall sustainability analysis. Norm-Based Screening[®] is conducted through a structured process carried out by Ethix's professional team of analysts organized according to research areas and industry sectors.

NORM AREA, PRINCIPLES AND KEY ISSUES

Norm area	Global Compact principle	Sample Key issues
Human Rights	Principle 1: Support and respect human rights	Inadequate consumer protection Violations of health and safety standards Violations of the rights of indigenous communities
	Principle 2: Ensure non-complicity in human rights abuses	Acceptance of systematic human rights violations by host state Complicity in human rights abuses committed by third parties Supply of military equipment to irresponsible recipients, Illegal weapons
Labour Standards	Principle 3: Uphold freedom of association and right to collective bargaining	Violation of freedom of association Violation of the right to collective bargaining
	Principle 4: Eliminate forced labour and compulsory labour	Lodging of deposits for employment/induced indebtedness Use of bonded or slave labour and Use of work supplied by prisoners
	Principle 5: Abolish child labour	Failure to adhere to minimum age requirements in the workforce
	Principle 6: Discrimination in respect of employment and occupation	Discrimination at the workplace Failure to ensure maternity protection
Environment	Principle 7: Support precautionary approach to environmental challenges	Failure to prevent serious irreversible environmental damage Irresponsible use of non-renewable resources Sustained environmental degradation
	Principle 8: Promote environmental responsibility	Failure to address environmental concerns in stakeholder engagement Poor environmental supply chain management
	Principle 9: Encourage development and diffusion of environmentally friendly technologies	Failure to use standard technology for environmental sustainability
Anti-corruption	Principle 10: Work against corruption	Bribery, Extortion Offering/gaining improper advantages

GUIDING PRINCIPLES

Norm-Based Screening[®] is incident-driven and guided by the following analysis principles: 1) Focus on systematic or severe violations; 2) Focus on unaddressed violations; 3) Considering 'shared responsibility'; 4) Strict verification through stakeholder dialogue.

COVERAGE AND RESULT

Norm-Based Screening[®] covers companies within developed and emerging markets, e.g. within the MSCI World and Emerging Market Indexes. The analysis results are categorized according to Ethix's traffic-light system, formally updated semi-annually and ad-hoc when new information provides the basis for revision.

Assessment signal	Description
●	Verified involvement in unaddressed violation
●	Alleged involvement in unaddressed violation
●	Violation satisfactorily addressed