

GUIDE TO UNDERSTANDING MSCI'S ESG SCORES

MSCI's ESG Industry Risk Intensity Scores aim to measure the aggregate ESG risks faced by different industries, based on the interplay of environmental, social and governance (ESG) key risk issues facing the core business activities within that industry. The ESG Industry Risk Intensity Scores follow the same basic framework used by MSCI ESG Ratings but are focused on entire industries rather than individual companies. The industry's exposure to environmental and social risks is categorized into three key environmental and three social themes. Each theme's risk grade for a given industry indicates the potential level of risk. MSCI's assessment provides an understanding of the overall ESG risks in an industry using a 1-10 decile score where a higher score (8-10) indicates that an industry generally faces higher risk exposure across multiple ESG themes, and a lower score (1-3) indicates that companies in that industry face exposure to relatively few ESG themes.

ESG Risk Intensity Score	Decile Rank	Risk Level	Risk Definition
1	0-10%	Low Risk	Low Risk Grade (Score <3.3 for Direct Issues, score <6.6 for Indirect Issues): Based on the nature of their business activities, companies in that industry face a low level of risk exposure to the ESG Issue.
2	11-20%		
3	21-30%		
4	31-40%	Medium Risk	Medium Risk Grade (Score >=3.3, <6.6): Based on the nature of their business activities, companies in that industry face a medium level of risk exposure to the Direct ESG Issue.
5	41-50%		
6	51-60%		
7	61-70%	High Risk or Indirect Risk	High Risk Grade (Score >= 6.6): Based on the nature of their business activities, companies in that industry face a high level of risk exposure to the Direct ESG Issue or Indirect Risk Grade (Score >=6.6): based on the nature of their business activities, companies in that industry face a high level of risk exposure to the Indirect ESG Issue.
8	71-80%		
9	81-90%		
10 (Very High)	91-100%		

A higher score (8-10) indicates that an industry generally faces higher risk exposure across multiple ESG themes. A lower score (1-3) indicates that companies in that industry face exposure to relatively few ESG themes.

For the full list of underlying metrics and sources, see the [MSCI ESG Methodologies](#).