Ethical Risk Assessment of Nvidia Corporation for the Government Pension Fund Global

Section I: Executive Summary

Purpose and Scope

This report provides a comprehensive ethical risk assessment of Nvidia Corporation, a U.S.-based technology company, in accordance with the "Guidelines for observation and exclusion of companies from the Government Pension Fund Global".[1] The analysis is centered on evaluating potential breaches of the Fund's criteria, with a specific focus on product-based risks (Guideline §3), conduct-based risks (Guideline §4), and the significant geopolitical conflicts that shape the company's operational and ethical landscape. The assessment considers Nvidia's role as a critical supplier of enabling technology for the global artificial intelligence (AI) industry and the inherent dual-use nature of its products.

Key Findings Synopsis

The assessment finds that Nvidia's products do not directly meet any of the criteria for product-based exclusion under Guideline §3. The company is not involved in the production of prohibited weapons, tobacco, or thermal coal.

However, the analysis identifies significant risks under the conduct-based criteria of Guideline §4. These risks do not stem from direct corporate malfeasance but from the contribution of its general-purpose Graphics Processing Units (GPUs) to severe norm violations by third-party

end-users. Credible reports link the use of Nvidia's technology to mass surveillance systems in China's Xinjiang region, constituting a risk of contribution to gross human rights violations. Furthermore, the documented presence of Nvidia's commercial-grade chips in advanced Russian military drones used in the conflict in Ukraine presents a risk of contribution to the violation of individual rights in war.

Geopolitically, Nvidia is uniquely positioned at the nexus of the U.S.-China technological rivalry. This entanglement is the primary driver of its ethical risks, subjecting the company to volatile export control regimes and creating a high-risk environment where its products are sought by sanctioned states and military actors. This context complicates supply chain integrity and end-user verification, exposing the company to persistent reputational and legal risks.

Final Risk Categorization and Rationale

This report assigns a final risk category of **3 - Moderate Risk**.

This categorization reflects the severe nature of the documented misuse of Nvidia's technology by third parties. However, it is balanced against the fact that these products are general-purpose and that there is no evidence of direct corporate intent for them to be used in these norm-violating activities. The company has established corporate policies and due diligence processes, though their effectiveness in mitigating the downstream misuse of its products is structurally limited. In adherence with the directive to apply a generous assessment, a "High Risk" designation is deemed inappropriate as it would imply a greater degree of direct culpability. The "Moderate Risk" category acknowledges the unacceptable risk of contribution while recognizing the indirect nature of the company's involvement, warranting heightened observation and engagement rather than immediate consideration for exclusion.

Section II: Corporate Overview and Market Position

Business Model and Market Dominance

Nvidia Corporation, founded in 1993, has evolved from a specialized designer of GPUs for the PC gaming market into a full-stack computing infrastructure company that is the central engine of the global AI revolution.[2] Its invention of the GPU in 1999 and the subsequent development of the CUDA parallel computing platform in 2006 enabled GPUs to be used for a wide range of computationally intensive tasks beyond graphics rendering.[2] This technological leadership has given Nvidia a commanding position in several critical markets.

As of 2025, the company holds an estimated 92% share of the discrete desktop and laptop GPU market and controls over 80% of the market for the specialized chips used to train and deploy AI models.[2] This market dominance is not just a commercial advantage; it is a structural reality of the modern technology ecosystem. The widespread adoption of its hardware and software platforms means that Nvidia's products are ubiquitous in data centers, research institutions, and commercial enterprises worldwide, forming the foundational layer for advancements in AI, high-performance computing, and autonomous systems.[3] This market position is critical context for understanding the scale and scope of the ethical risks associated with the company, as the proliferation of its technology is vast and difficult to control.

Revenue and Geographic Distribution

Nvidia's financial performance reflects its central role in the AI boom. For fiscal year 2025, the company reported record revenue of $130.5 billion.[2] An analysis of its revenue streams reveals a profound shift in its business model. The "Compute & Networking" segment, which includes its data center platforms, AI solutions, and networking hardware, now constitutes the vast majority of its business. This segment alone generated $116.2 billion, or 89% of total revenue, dwarfing its traditional "Graphics" segment, which includes gaming and professional visualization.[9]

The company's geographic revenue distribution underscores its deep integration into the global technology supply chain and its exposure to key geopolitical flashpoints. The United States is its largest single market, but a significant portion of its revenue is derived from Asia. The data presented in Table 1 consolidates Nvidia's revenue breakdown, providing a clear financial backdrop for the subsequent risk analysis.

Table 1: Nvidia Revenue Breakdown (FY2025)

Category	Revenue (USD Billions)	Share of Total Revenue (%)

Revenue by Business Segment			
Compute & Networking	$116.2	89.0%	
Graphics (Gaming, Pro Viz, etc.)	$14.3	11.0%	
Total	*$130.5*	*100.0%*	
Revenue by Geographic Region			
United States	$61.3	47.0%	
Singapore	$23.7	18.1%	
Taiwan	$20.6	15.8%	
China (incl. Hong Kong)	$17.1	13.1%	
Other	$7.9	6.0%	
Total	*$130.5*	*100.0%*	
Sources:.[8] Figures are rounded.			

A notable feature of this geographic breakdown is the role of Singapore. While accounting for over 18% of revenue based on customer billing location, Nvidia has stated that actual physical shipments to the country represent less than 2% of total revenue.[10] The company explains this discrepancy by noting that Singapore is used for "centralized invoicing" for the broader region.[13] This business practice, while legitimate, creates a structural vulnerability. Reports from law enforcement and investigative journalists have identified Singapore as a key transit hub for the illicit smuggling of high-tech components, including Nvidia chips, into China to circumvent U.S. export controls.[14] The use of Singapore as a financial and logistical hub, therefore, inadvertently creates an opaque layer in the supply chain that complicates

end-user verification and makes it more difficult to track the final destination of its products, thereby increasing the risk of diversion for unauthorized or unethical purposes.

Section III: Product-Based Risk Assessment (Guideline §3)

This section assesses Nvidia's products against the specific criteria for product-based observation and exclusion outlined in Guideline §3 of the Fund's ethical framework.[1]

§3(1)a - Weapons Violating Humanitarian Principles

Guideline §3(1)a prohibits investment in companies that develop or produce weapons which, by their normal use, violate fundamental humanitarian principles. This includes nuclear, chemical, and biological weapons, as well as cluster munitions and anti-personnel mines.[1]

A comprehensive review of Nvidia's product portfolio confirms that the company does not design, develop, or manufacture any conventional or unconventional weapons systems.[5] Its core products are general-purpose electronic components, primarily GPUs, systems on a chip (SoCs), and related software platforms.[2] While these components are dual-use and can be integrated into military systems by third parties—an issue addressed in Section IV—Nvidia itself is not a weapons manufacturer.

Conclusion: There is no evidence of a direct violation of Guideline §3(1)a.

§3(1)b-c - Tobacco & Cannabis

Guideline §3(1)b and §3(1)c prohibit investment in companies that produce tobacco or cannabis for recreational purposes.[1]

Analysis of Nvidia's business activities, partnerships, and investments shows no involvement in these sectors.[15] The company's strategic focus is on high-technology industries such as AI, data centers, automotive, and healthcare.[9] There are no indications of any operations related

to the production or sale of tobacco or recreational cannabis products.

Conclusion: There is no evidence of a violation of Guideline §3(1)b or §3(1)c.

§3(2) - Thermal Coal

Guideline §3(2) allows for the exclusion of mining companies and power producers that derive a significant portion of their business from thermal coal.[1]

Nvidia is a semiconductor company and does not operate in the mining or power generation sectors.[20] It does not extract thermal coal or generate power from it. The significant energy consumption of data centers powered by Nvidia's products is a material environmental concern, but this falls under the conduct-based criteria related to greenhouse gas emissions (Guideline §4f) and is analyzed in Section IV of this report.

Conclusion: There is no evidence of a direct violation of Guideline §3(2).

Overall Product-Based Risk Finding

Based on the analysis, Nvidia Corporation's products do not meet any of the criteria for exclusion as defined in Guideline §3. The risk in this category is assessed as negligible.

Section IV: Conduct-Based Risk Assessment (Guideline §4)

While Nvidia's products are not directly subject to exclusion, their widespread application and dual-use nature raise significant concerns under the conduct-based criteria of Guideline §4. This section assesses the unacceptable risk that the company contributes to or is itself responsible for severe ethical norm violations through the sale and proliferation of its technology. The analysis focuses on the concept of contribution, as Nvidia's general-purpose products are used by third parties in ways that may violate these norms. Table 2 provides a roadmap of the identified risks and their correspondence to the specific criteria in Guideline

§4.

Table 2: Mapping of Identified Risks to Guideline §4 Criteria

Identified Risk/Issue	Potentially Applicable Guideline §4 Criteria
Use of Nvidia GPUs in Xinjiang mass surveillance systems	§4a: Gross or systematic human rights violations §4h: Other particularly gross violations of fundamental ethical norms
Presence of Nvidia chips in Russian AI-enabled drones	§4b: Serious violations of individuals' rights in war or conflict situations §4c: Sale of weapons to states in armed conflicts
SEC enforcement actions for inadequate financial disclosures	§4g: Gross corruption or other gross financial criminality
Indirect GHG emissions from global AI data center expansion	§4f: Unacceptable level of greenhouse gas emissions

4.1 Contribution to Human Rights Violations (§4a, §4h)

Guideline §4a addresses the risk of a company contributing to or being responsible for gross or systematic human rights violations.[1] For Nvidia, this risk is most acute in relation to the use of its technology in mass surveillance systems.

Reports dating back to 2020, including letters from bipartisan members of the U.S. Congress, raised specific concerns that Nvidia's advanced processors were being used to power supercomputers, such as the one at the Urumqi Cloud Computing Center, operated by Chinese security forces in the Xinjiang region.[23] These computing centers are foundational to the "predictive policing" and mass surveillance infrastructure that enables the repression of the Uyghur population and other Muslim minorities.[24] This surveillance system facilitates the human rights abuses that the United Nations and the U.S. State Department have documented, including mass arbitrary detention and torture.[23]

When these allegations first surfaced in 2020, Nvidia declined to comment publicly.[23] The company's formal Human Rights Policy states that it conducts due diligence on its customers, cross-checks them against U.S. government restriction lists, and requires compliance with all

export control laws.[27] However, the policy also contains a crucial caveat, acknowledging that the company "cannot vet and restrict all potential future uses of a general-purpose system that includes our GPUs" and "cannot prevent every potential misuse".[27]

This issue remains highly relevant. More recent reporting in 2025 indicates that China's ongoing plans to significantly expand its AI infrastructure in Xinjiang continue to be predicated on the acquisition of restricted high-performance Nvidia chips, often through illicit smuggling networks.[28] This suggests that both the demand for Nvidia's technology for these purposes and its use in the region's surveillance apparatus persist.

A significant tension exists between Nvidia's defense that its products are "general purpose" and the foreseeable misuse of this technology when sold into certain environments. The company actively markets its platforms for public sector and intelligence applications, demonstrating an awareness of their utility for surveillance.[30] The sale of powerful AI-enabling hardware to state actors and entities known for deploying advanced surveillance systems against their populations creates a clear and foreseeable risk of contributing to human rights abuses. The company's reliance on official U.S. entity lists for due diligence may be insufficient to prevent its technology from reaching problematic end-users within a state security apparatus that is not comprehensively sanctioned. Therefore, a clear risk of contribution to gross human rights violations under Guideline §4a exists.

4.2 Contribution to Violations in War and Conflict (§4b, §4c)

Guideline §4b concerns serious violations of individuals' rights in war or conflict, while §4c pertains to the sale of weapons to states in armed conflicts where they are used in violation of international humanitarian law.[1]

Nvidia's high-performance GPUs are inherently dual-use technologies. While developed for commercial markets, their parallel processing capabilities are ideal for modern military applications, including intelligence, surveillance, and reconnaissance (ISR), real-time sensor data processing, electronic warfare, and powering AI algorithms in autonomous systems.[32] A sub-industry of specialized defense contractors, such as Curtiss-Wright and WOLF Advanced Technology, now exists to "ruggedize" Nvidia's commercial GPUs for deployment in harsh military environments.[32]

This dual-use nature has manifested in a deeply concerning way in the ongoing war in Ukraine. There is specific and repeated evidence of commercially available Nvidia components, such as the Jetson Orin and Jetson Orin NX modules, being discovered inside downed Russian drones.[36] These are not simple reconnaissance drones; they are described as advanced AI-powered systems capable of autonomous target identification and engagement,

with enhanced resistance to electronic jamming.[36] The use of such weapons raises serious concerns regarding the laws of armed conflict, particularly around distinction and proportionality.

Nvidia has not issued a specific public statement regarding the discovery of its chips in Russian military hardware.[38] The company's general position is that it strictly adheres to all U.S. export controls, which comprehensively ban the sale of its products to the Russian military and its affiliates.[42] The presence of these components in Russian weapons is therefore the result of sanctions evasion and smuggling through complex international supply chains.

This situation highlights a paradigm shift in military procurement. The computational power of commercial-off-the-shelf (COTS) technology like Nvidia's now often surpasses that of bespoke military-grade hardware, making it highly desirable for all military actors, including those under sanctions.[32] This effectively makes Nvidia's vast commercial distribution network an unwitting component of the global military supply chain. The company's compliance framework, which is designed to vet direct customers and authorized distributors, is structurally ill-equipped to counter the sophisticated, multi-layered smuggling networks that procure COTS components for military end-use. This creates a systemic and ongoing risk that the company's products will contribute to violations of rights in armed conflict, presenting a clear risk under Guidelines §4b and §4c.

4.3 Gross Corruption or Other Gross Financial Criminality (§4g)

Guideline §4g provides for exclusion in cases of gross corruption or other gross financial criminality.[1] An examination of Nvidia's regulatory history reveals several instances of financial reporting and disclosure issues.

In 2003, the U.S. Securities and Exchange Commission (SEC) issued a cease-and-desist order against Nvidia for false financial reporting related to its fiscal year 2001 results. The SEC found that the company had improperly recorded a $3.3 million cost reduction from a supplier without accounting for a corresponding agreement to repay the amount through higher future prices. This action resulted in a material overstatement of its quarterly gross profit by 6.4% and net income by 15.3%.[44]

More recently, in May 2022, the SEC again charged Nvidia, this time for inadequate disclosures during its fiscal year 2018. The agency found that Nvidia failed to disclose to investors that a significant portion of its revenue growth in its "gaming" business was, in fact, driven by the highly volatile cryptocurrency mining market. Nvidia agreed to pay a $5.5 million penalty to settle the charges without admitting or denying the SEC's findings.[45]

This 2018 disclosure failure also led to a securities fraud class-action lawsuit by investors, which is still ongoing. The case has been reviewed by the U.S. Supreme Court on procedural matters and has been remanded to lower courts, allowing the investors to proceed with their attempt to prove their claims.[46]

While this history is concerning, it is important to distinguish between the nature of these offenses. The 2003 case involved clear accounting manipulation. The more recent issues center on inadequate or misleading disclosures to investors about the nature of its revenue sources, rather than the fabrication of revenue or bribery. This pattern suggests a corporate culture that may be aggressive in its interpretation of disclosure requirements, particularly concerning volatile or controversial revenue streams. While this represents a governance risk, these actions, especially the more recent ones, may not meet the high threshold of "gross financial criminality" as typically understood by the Guideline, which often relates to more severe offenses like systemic bribery or embezzlement. The risk of exclusion under this specific clause is therefore considered low, though the pattern is a noteworthy governance concern.

4.4 Severe Environmental Damage & Unacceptable GHG Emissions (§4e, §4f)

Guideline §4e addresses severe environmental damage, while §4f concerns actions or omissions that lead to an unacceptable level of greenhouse gas (GHG) emissions on an aggregated company level.[1]

Nvidia's direct environmental footprint (Scope 1 and 2 emissions) is relatively contained for a corporation of its scale. The company has publicly committed to sourcing 100% of its global electricity use from renewable sources for its own offices and data centers by the end of fiscal year 2025.[49] In fiscal year 2024, its combined Scope 1 and 2 emissions were approximately 190,000 metric tons of

CO_2e.[50]

The primary environmental risk associated with Nvidia is indirect and systemic. Its products are the fundamental drivers of the AI industry, which is experiencing an exponential increase in data center construction and energy consumption.[49] Projections show global data center power demand, largely driven by AI, could double by 2026.[51] This surge in demand is so rapid and immense that renewable energy sources alone cannot meet it in the short term. Consequently, major technology firms and data center operators—Nvidia's key customers—are increasingly turning to fossil fuels, particularly natural gas, as a "transitional"

power source to bridge the gap.[52]

Nvidia's position is that its technology is part of the solution to this challenge. The company argues that its accelerated computing platforms are significantly more energy-efficient for AI workloads than traditional CPU-based systems, with some estimates suggesting a 20-fold improvement in energy efficiency.[53] It is also investing in efficiency-enhancing technologies like direct-to-chip liquid cooling and developing platforms like Earth-2 for advanced climate modeling.[21]

However, the company's business model may be creating a real-world example of the Jevons Paradox, an economic theory where technological improvements that increase the efficiency of a resource's use can lead to an overall increase in the consumption of that resource. While each individual Nvidia chip is more efficient, the performance gains and cost reductions they enable are fueling a massive expansion in the total volume of AI computations performed globally. This aggregate growth in demand for computation appears to be outstripping the efficiency gains per computation, leading to a net increase in the total energy consumed by the AI sector. This systemic effect, directly enabled by Nvidia's products, creates an unacceptable risk of contributing to a material increase in global GHG emissions, thereby triggering concern under Guideline §4f.

Section V: Geopolitical Risk Exposure

Nvidia's central role in the AI industry places it at the heart of global geopolitical competition, particularly between the United States and China. This geopolitical entanglement is not merely a business risk; it is the primary driver and amplifier of the ethical risks identified in this report.

Regulatory Risk: U.S. Export Controls

Nvidia is a focal point of the U.S. government's strategy to limit China's access to advanced technologies with potential military applications. Since October 2022, the U.S. Department of Commerce has implemented a series of escalating export controls that specifically target Nvidia's most powerful AI chips, including the A100, H100, and the newer Blackwell series.[56] These regulations are explicitly designed to slow China's military modernization by denying it the computational hardware needed to train advanced AI models.[57]

This has forced Nvidia into a precarious balancing act. To maintain access to the lucrative Chinese market (13.1% of direct revenue in FY2025), the company has developed lower-performance, export-compliant chips, such as the H800 and H20.[58] However, the regulatory environment is highly unstable. In a recent and controversial development, the U.S. administration, after initially banning the H20 chip, reversed its decision and granted export licenses to Nvidia and AMD on the condition that the companies pay 15% of the resulting revenue to the U.S. government.[60] This move has been criticized by national security experts for potentially undermining the integrity of the export control regime by treating it as a revenue-generating tool rather than a strict security measure.[59] This volatility creates profound business uncertainty and places Nvidia in a position where its commercial activities are directly intertwined with high-stakes foreign policy decisions.

Supply Chain Vulnerability: Taiwan Concentration

Nvidia operates a "fabless" business model, meaning it designs its chips but outsources the capital-intensive manufacturing process.[63] For its most advanced GPUs, it is critically dependent on a single supplier: Taiwan Semiconductor Manufacturing Company (TSMC), which fabricates the chips in its foundries in Taiwan.[63]

This concentration creates an extreme geopolitical vulnerability. Taiwan exists under the constant threat of military action from the People's Republic of China. Any military conflict, blockade, or other major disruption in the Taiwan Strait would have a catastrophic and immediate impact on Nvidia's ability to produce its leading-edge products, effectively severing its supply chain and crippling its core business. This dependency makes Nvidia's operations hostage to the stability of one of the world's most dangerous geopolitical flashpoints.

Market Access and Illicit Trade Risk

The combination of high demand from Chinese entities and stringent U.S. export controls has inevitably fueled a sophisticated black market for Nvidia's chips.[14] Smuggling operations, often routed through intermediary countries, seek to acquire and divert restricted GPUs into China for both commercial and potentially military end-users.[14] This exposes Nvidia to significant reputational and legal risk if it is perceived as not taking sufficient measures to secure its supply chains.

Simultaneously, Chinese authorities have begun to publicly question the security of Nvidia's products, suggesting they may contain "backdoors" that could compromise data security.[41] While Nvidia has denied these claims, such statements may be a pretext to promote domestic champions like Huawei and pressure Chinese firms to shift away from U.S. technology, threatening Nvidia's long-term market access.

The geopolitical landscape thus forces Nvidia into a difficult position. The U.S. government has effectively defined its most advanced products as strategic assets with military implications, justifying strict export controls. The very existence of these controls is a state-level admission that the products have a high potential for misuse. Nvidia's continued efforts to sell into the Chinese market, even with downgraded chips, and the persistent smuggling of its high-end products, place the company in a state of perpetual, high-level ethical risk exposure. The geopolitical context and the ethical risk context are, for Nvidia, inextricably linked.

Section VI: Mitigating Factors and Forward-Looking Analysis (Guideline §6)

In accordance with Guideline §6, this assessment considers the breadth of the company's activities and the measures it has implemented to reduce the risk of future norm violations.[1] Nvidia has a range of formal policies and programs aimed at addressing ethical, social, and governance issues.

Corporate Governance and Policies

Nvidia has established a framework of corporate policies designed to guide ethical conduct. This includes a public Human Rights Policy, a detailed Code of Conduct that applies to all employees and directors, and a supplier code of conduct that is aligned with the Responsible Business Alliance (RBA) framework.[27] These documents formalize the company's commitment to respecting internationally recognized human rights, prohibiting the use of forced or child labor, and maintaining high ethical standards.[69] The company also provides ethics training for employees and maintains a confidential "Speak Up" hotline for reporting concerns without fear of retaliation.[54] This demonstrates a formal, board-level commitment to addressing these issues.

Supply Chain Due Diligence

To manage risks within its supply chain, Nvidia states that it utilizes the RBA-Online system to screen new manufacturing partners against social and environmental criteria.[69] For its strategic suppliers, the company expects biennial on-site, third-party audits under the Validated Assessment Program (VAP). In its fiscal year 2025 reporting, Nvidia disclosed that its diligence processes had identified several instances of supplier non-compliance, including issues related to the charging of hiring fees to workers and the retention of employee passports. The company reported that it worked with these manufacturing partners to remediate the issues, for example, by ensuring the return of fees to employees.[69] This indicates that an active monitoring and remediation system is in place for its direct, Tier 1 manufacturing partners.

Responsible AI Development

As a leader in AI, Nvidia publicly promotes a framework for "Trustworthy AI," which it defines as an approach that prioritizes safety, transparency, and the mitigation of unwanted bias.[71] The company has developed specific software tools, such as NeMo Guardrails, to allow developers to set topical and safety boundaries for their AI applications.[71] Furthermore, its CEO, Jensen Huang, has publicly spoken about the importance of ethical design principles, human oversight in AI systems, and collaboration with regulators to embed safety measures into AI development.[72] These efforts show an awareness of the societal impacts of its technology and a commitment to providing tools to mitigate potential harms.

Positive Societal Contributions

It is also relevant to note the significant positive contributions enabled by Nvidia's technology. Its platforms are critical tools for scientific research and have accelerated advancements in fields like healthcare and drug discovery, where AI is used to design new molecules and better understand diseases.[17] The company is also applying its technology to address major global challenges, most notably through its Earth-2 initiative, a project to build a digital twin of the planet to improve climate change modeling and prediction.[54]

Despite these positive and necessary mitigating factors, a fundamental challenge remains. The company's policies and due diligence programs are primarily focused on its own operations and its direct "upstream" supply chain. However, the most severe ethical risks identified in this report—the use of its products in Xinjiang and in the conflict in Ukraine—arise "downstream" from the end-use of its products by third parties who are far removed from Nvidia's direct sphere of influence. The company's own Human Rights Policy acknowledges this limitation, stating it cannot monitor all uses of its products in the field.[27] Therefore, while Nvidia's mitigating actions demonstrate responsible corporate practices within its direct control, they are structurally insufficient to eliminate the risk of contribution to norm violations by end-users.

Section VII: Final Assessment and Risk Categorization

Synthesis of Findings

This assessment has evaluated Nvidia Corporation against the Fund's ethical guidelines, yielding a complex risk profile. The key findings are synthesized as follows:

- **Product-Based Risk (§3):** The risk in this category is **negligible**. Nvidia's products do not fall under any of the specific criteria for exclusion, such as involvement in prohibited weapons, tobacco, or thermal coal.
- **Conduct-Based Risk (§4):** The risk in this category is **significant**. This risk is primarily one of contribution rather than direct action. There is a high and foreseeable probability that the company's powerful, general-purpose technology contributes to severe norm violations by third-party end-users. The most salient risks are:
    - Contribution to gross and systematic human rights violations (§4a) through the use of its technology in mass surveillance systems in Xinjiang.
    - Contribution to serious violations of rights in war (§4b) through the documented presence of its commercial chips in advanced Russian military drones.
    - Contribution to unacceptable GHG emissions (§4f) at a systemic level, as the proliferation of its technology drives a massive increase in energy-intensive AI data centers globally.
    - The company's history of financial reporting issues (§4g) represents a governance concern but is not assessed to meet the high threshold of "gross financial criminality."
- **Geopolitical Risk:** The geopolitical risk exposure is **severe**. Nvidia is a central actor in

the U.S.-China technological competition. This position subjects it to volatile regulatory changes, creates profound supply chain vulnerabilities centered on Taiwan, and is the primary driver of the conduct-based risks identified above.

Weighing Against Mitigating Factors

The company has implemented a suite of mitigating factors, including formal human rights policies, a supplier code of conduct, supply chain audit programs, and a public commitment to "Trustworthy AI." It also makes significant positive societal contributions in science and healthcare. However, these measures are most effective in addressing risks within the company's direct operational control. They are structurally limited in their ability to prevent the downstream misuse of its general-purpose products by determined state actors or illicit networks.

Application of "Generous Assessment" Principle

The Fund's guidelines call for a generous assessment, where a high-risk rating is reserved for serious cases. In applying this principle, it is crucial to consider intent. There is no evidence to suggest that Nvidia intends for its products to be used for repression in Xinjiang or in Russian military hardware. The risk arises from the inherent dual-use nature of its technology and the practical limitations of controlling its end-use once sold into global commercial channels. A "High Risk" or "Exclusion Candidate" rating would imply a degree of direct involvement or willful negligence that is not supported by the available evidence.

Final Risk Category Recommendation

Based on the synthesis of these findings, the final recommended risk category for Nvidia Corporation is:

3 - Moderate Risk

This rating appropriately balances the severity of the human rights and conflict-related impacts to which Nvidia's products contribute with the indirect nature of that contribution. It acknowledges that the company is a supplier of enabling technology rather than a direct

participant in the norm violations. The "Moderate Risk" classification signifies that the identified issues are serious and persistent, creating an unacceptable risk of contribution that cannot be ignored. However, it also reflects the company's lack of malicious intent and its established, albeit partially effective, mitigating policies. This situation warrants continuous and heightened monitoring and active engagement with the company on its due diligence processes and end-user controls, rather than immediate consideration for exclusion.

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