



Controversies Screening

Methodology Document

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Version history

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1. Overview

Controversies are a valuable component that investors can incorporate into their evaluation of a company's ESG risks to help them make better and more informed decisions. They arise when a company's actions are perceived publicly as unethical or as indicative of irresponsible business conduct, leading to potentially significant reputational damage and financial risks.

Clarity AI identifies these controversies by analyzing data from publicly documented sources, such as news articles, and providing an assessment based on Clarity AI's methodology to corporate issuers (sovereign, sub-sovereign or supranational issuers are not covered). These assessments can be applied to a range of investment strategies, helping clients to prevent and mitigate risks related to their portfolio companies' operations, products and services, business relationships, and investments.

The reputational and financial risks that emanate from corporate involvement in controversial incidents should be part of the investors' risk assessment of the companies as (i) they add an outside-in perspective on company performance, and (ii) intangible assets are an important part of companies' market value and these are vulnerable to reputational damage.

The analytical framework processes raw unstructured news media using advanced Natural Language Processing (NLP) models to detect controversial incidents, map them to standardized ESG categories, and assign absolute severity impact severity ranging from 5 (Very Severe) to 0 (No Controversy). To ensure rating stability and reflect evolving real-world risk, severity are decayed over time. Consequently, each controversy has two distinct severity: current severity, which factors in time-based decay, and peak severity, which reflects the maximum severity without applying decay. Significant (severity 3), Severe (severity 4) and Very Severe incidents (severity 5) undergo human-in-the-loop expert validation. The rating framework applies to corporate entities globally across public, private, and state-owned structures, excluding sovereign, sub-sovereign or supranational issuers.

The limitations and assumptions underlying the method are described in detail in Section 5.

2. Glossary of Terms

Term	Definition
Controversy	A controversy is a conflict, even if just alleged, between a company and any given social agent or stakeholder (employees, inhabitants of a region, governmental authorities, etc.), that has as its setting a departure from responsible business conduct, bringing as a consequence an increase in risks for the issuer. Responsible business conduct is defined in many internationally recognized and accepted standards as compliance with the law and respect for human rights, environmental protection, labor relations and ethical governance.
Responsible Business Conduct	Corporate adherence to applicable laws, human rights, environmental protection standards, labor relations, and ethical governance as defined by international norms.
Incident	A discrete, real-world controversial occurrence extracted from news media, anchored by temporal metadata, corporate entity linkage, and evidenced misconduct signals.
Episode	An aggregated cluster of related controversial incidents mapped to a specific corporate entity and controversy category.
Decay Factor	A mathematical stepwise reduction mechanism that systematically lowers an event's severity over time to reflect the diminishing risk relevance of historical incidents.
Natural Language Processing (NLP)	Advanced machine learning algorithms utilized to interpret, classify, and score unstructured text from news media feeds.
Human-in-the-Loop (HITL)	A quality assurance workflow where expert ESG analysts independently review and validate model-generated episodes with severity of 3, 4, and 5.
Bottom-Up Propagation	A corporate hierarchy inheritance rule transferring operational controversies from a subsidiary to a parent entity controlling over 50% equity.
Top-Down Inheritance	The downward transfer of group-level controversies from parent companies to majority-owned subsidiaries.
Magnitude of the Issue	An incident severity evaluation dimension measuring the scope, status, realized stakeholder harm, and reversibility of a controversial event.
Issue Management	An incident severity evaluation dimension assessing effective policies, corrective actions, and remediation measures implemented by the issuer.

Business Risk	An incident severity evaluation dimension quantifying operational, market, or legal/regulatory impacts on an issuer's financial performance.
Reputational Risk	An incident severity evaluation dimension assessing media exposure, public criticism, accountability, and involvement of vulnerable groups or NGOs.

3. Analytical Framework

3.1. Methodology Overview

The Controversies Screening methodology applies exclusively to corporate entities, including publicly listed companies, private firms, subsidiaries, joint ventures, and state-owned enterprises. Sovereign entities, sub-sovereign issuers, non-corporate bodies, and natural events are explicitly out of scope.

Its scope is limited to entity-level assessments; it does not independently rate or assign distinct ESG ratings to individual financial instruments, debt instruments, or financial products issued by these entities. Wherever a rating is shown at the level of financial instruments, it reflects the underlying issuer-level rating.

Entity relationships follow defined corporate hierarchy rules: operational controversies originating at a subsidiary level propagate bottom-up to parent entities holding more than 50% equity control to enforce operational accountability, while group-level controversies are inherited top-down by majority-owned subsidiaries within dedicated modules.

The analytical assessment is backward-looking in nature, deriving controversy signals from historical evidence of an incident documented in news sources. The methodology evaluates an entity's track record over a primary time horizon of four years. Incidents older than four years are generally excluded as their risk diminishes, except for occurrences with ongoing material impacts, such as active litigation or persistent public discourse where reputational risks are still active.

The ranking system utilizes an absolute scoring scale from 0 to 5, divided into six distinct rating categories. The scale is absolute rather than relative to industry peers or geographic regions:

Category	Severity	Description
No controversy	0	No evidence of relevant controversial behavior by the entity, its subsidiaries, or its supply chain.
Minor	1	Low impact on stakeholders, environment, or society, creating negligible operational risk for the entity (e.g., early product

		recall for minor battery inefficiency).
Moderate	2	Moderate impact on stakeholders, environment, or society, generating low entity risk (e.g., targeted product recall resolved via free software updates).
Significant	3	Significant impact on stakeholders, environment, or society, giving rise to medium entity risk (e.g., widespread vehicle recall due to brake component defects).
Severe	4	Grave impact on stakeholders, environment, or society, resulting in high entity risk or severe incidents undergoing active remediation (e.g., smartphone battery overheating causing property damage and lawsuits).
Very Severe	5	Critical impact representing severe corporate misconduct, creating severe organizational risks (e.g., pharmaceutical product contamination causing multiple fatalities and global liability).

Our ratings are a combination of rules-based and analyst-driven assessments. When human analysts are involved, structured scoring guides that codify what to look at, what evidence counts, and how to translate that evidence into a rating, are used to ensure assessment consistency. Our ratings are updated and made available to users at regular intervals through our platform or other delivery mechanisms. A change in an entity's rating occurs if new information becomes available or if there is a material change to the methodology.

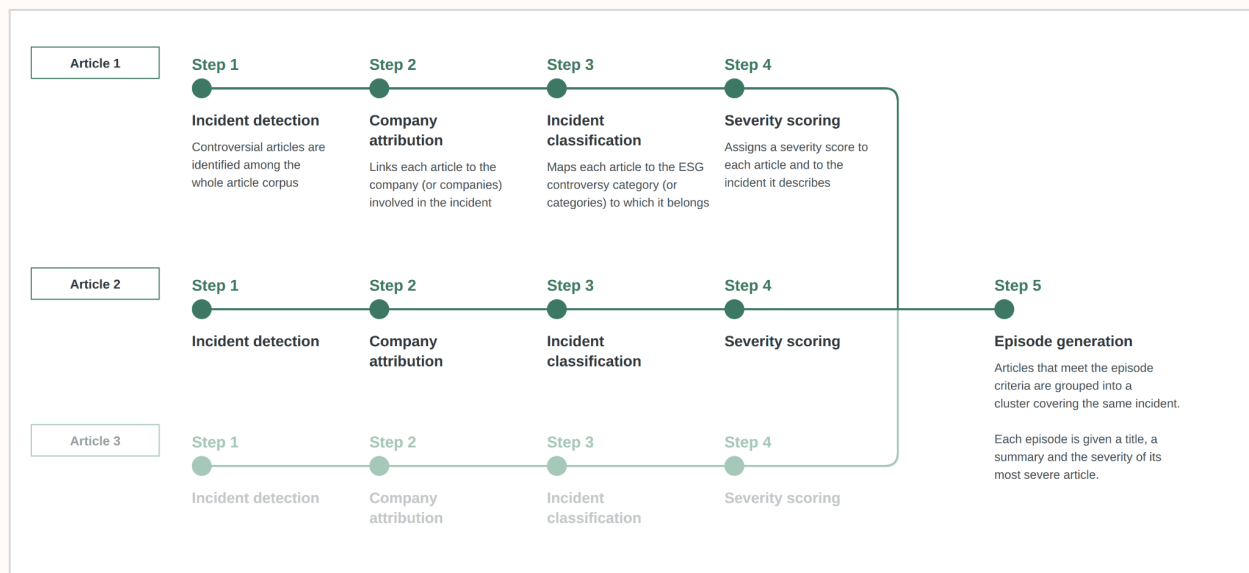
3.2. Methodology Details

The controversy evaluation process transforms unstructured raw news inputs into entity-level severity through a four-stage technical pipeline:

- **Incident Detection:** Proprietary Natural Language Processing (NLP) models analyze raw news articles to identify discrete controversial incidents involving corporate misconduct, negligence, regulatory breaches, or stakeholder harm.
- **Incident Classification:** Text extraction algorithms map each detected incident to one or more of 37 standardized ESG controversy categories (see Appendix A) across Environmental, Social, and Governance pillars.
- **Event Severity Scoring (article level):** Deep learning models quantify the severity of the information contained in each article per categories based on standardized dimensions, including magnitude of harm, issue management, business risk, and reputational impact.
- **Episode Severity Scoring (episode level):** Event severity within an episode are aggregated into an episode severity. The calculation bases episode severity on the

most recent high-severity article and applies a dynamic stepwise decay model over time.

Figure 1: Clarity AI Controversies Severity calculation process



The severity decreases over time in a stepwise manner to reflect the reduction in risk impact. Severe incidents experience a slower decline in relevance due to sustained operational and reputational exposure, whereas minor controversies undergo rapid decay.

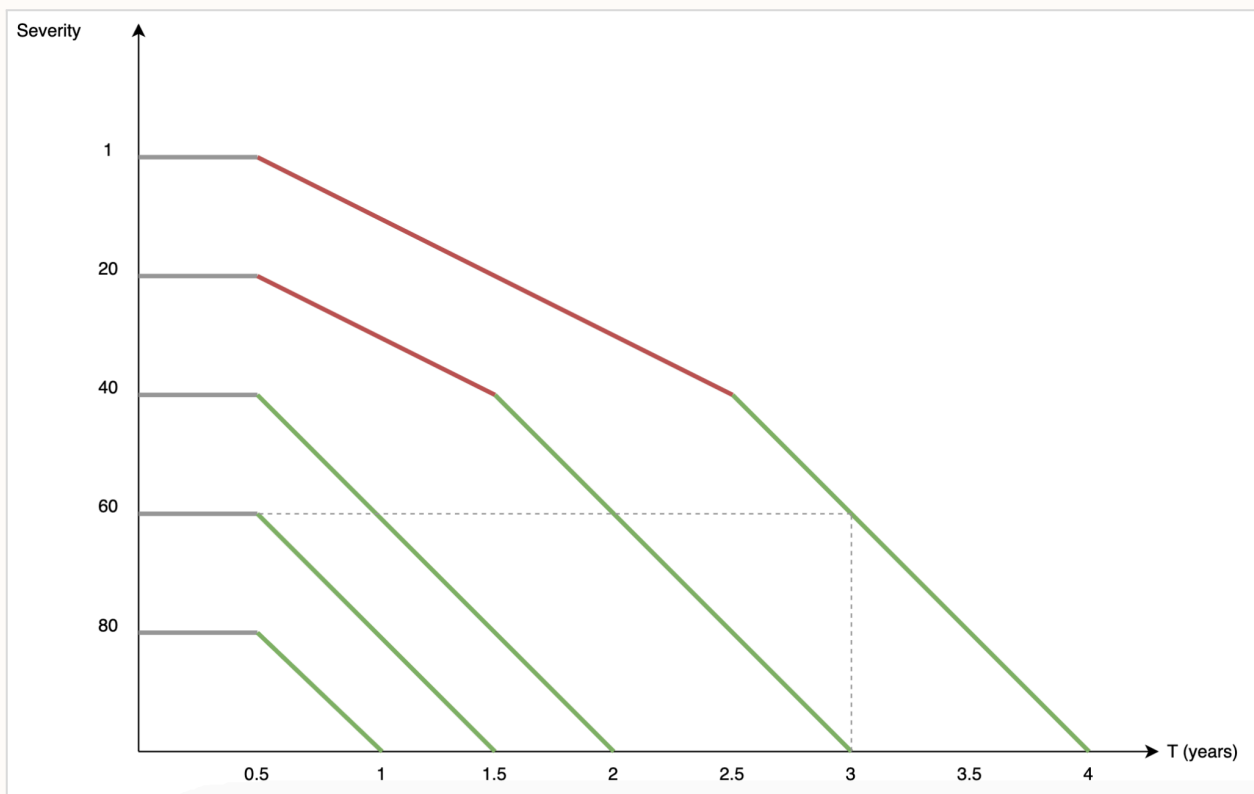


Figure 2: Clarity AI Controversies Decay Process

3.3. Quantitative Models

The methodology relies on supporting quantitative and machine learning models to process raw text into standardized scoring outputs:

- **Detection & Entity Attribution Models:** Transformer-based NLP models (such as BERT) detect whether an article describes a controversy and attribute it to the relevant companies, resolving company names, aliases and corporate structures against reference company databases.
- **Controversy Classification & Severity Models:** Supervised NLP classifiers assign each controversy to one or more of 37 controversy categories and estimate its severity from the article's content.
- **Temporal Decay & Severity Aggregation Algorithms:** Deterministic algorithms apply a stepwise time decay to each incident's severity, with more severe incidents decaying more slowly. They then aggregate articles at the event level (company and metric) using the maximum decayed severity, and combine metric severity at company-level.

4. Rating Product Specifics

4.1. Materiality Objectives & Dimensions

The objective of the Controversies Screening rating is to evaluate corporate risk exposures and adverse impacts arising from controversial business conduct. Controversies assessment applies a double materiality lens, reflecting interrelated directions of impact:

- **Impact materiality:** harm inflicted on stakeholders, the environment or society as a result of the company's conduct. This is the inside-out perspective.
- **Financial materiality:** conduct-driven risks that the controversy and its negative impacts on stakeholders create for the company itself, such as legal exposure, reputational damage, operational disruption, or loss of investor or consumer confidence. This is the outside-in perspective.

The double materiality is integrated in the severity assessment where both financial risk and impact are evaluated to determine the rating of a controversy.

4.2. Factor Scope & Specific Issues

The rating evaluates individual Environmental (E), Social (S), and Governance (G) factors at the incident level. The scope spans 37 controversies metrics that are linked to the following ESG ratings Categories:

- **Environmental (E):** Climate Change (E1), Water (E3), Biodiversity and Ecosystems (E4), and Circular Economy (E5).
- **Social (S):** Own Workforce (S1), Workers in the Value Chain (S2), Affected Communities (S3), and Consumers and End-Users (S4).
- **Governance (G):** Corporate Governance (G1) and Corporate Ethics & Behavior (G2).

4.3. Key Performance Indicators (KPIs)

The methodology uses 37 controversy metrics ([Appendix A](#)) as Key Performance Indicators (KPIs) to measure corporate performance across Environmental, Social, and Governance pillars. A full list of key performance indicators (controversy categories) and their descriptions can be found in Appendix A.

Incident severity are absolute, rules-based evaluations. No weighting logic or cross-metric aggregation is applied at the incident level. Entity-level controversy severity reflect the maximum severity (worst-case approach) among active, decayed episodes mapped to the entity.

4.4. Reference to the EU Taxonomy and comparable standards

The percentage of taxonomy-aligned economic activities under Regulation (EU) 2020/852 (EU Taxonomy) is not considered or utilized as an input scoring metric within the Controversies Screening methodology.

4.5. Weighting & Aggregation Logic

Each controversy incident and event is evaluated independently within its specific metric. Event-level severities are derived using a worst-case aggregation logic, where an entity's metric severity corresponds to the highest severity among its active, decayed controversy episodes.

4.6. Alignment with EU Reporting Standards

The 37 controversy metrics that are presented in [Appendix A](#) map directly to the sustainability reporting topics specified under Directive 2013/34/EU as amended by the Corporate Sustainability Reporting Directive (CSRD):

CSRD Sustainability Topic	Mapped ESG Ratings Category and Controversy Metric
Climate Change	E1. Product Climate Change Contribution
Water & Marine Resources	E3. Water Usage Incidents, E3. Supplier Water Usage Incidents
Biodiversity	E4. Land Use and Biodiversity Incidents, E4. Supplier Land Use and Biodiversity Incidents, E4. Product Environmental Impact Incidents
Circular Economy	E5. Waste Management Incidents, E5. Supplier Waste Management Incidents
Equal Opportunity	S1. Employee Working Conditions Violations (Diversity Opportunity), S2. Supplier Labor Rights Violations (Workforce Discrimination)
Working Conditions	S1. Health and Safety Incidents, S1. Employee Working Conditions Violations (Wages & Working Conditions), S2. Supplier Health and Safety Incidents, S2. Supplier Working Conditions Violations
Labor Relations	S1. Labor Rights Violations, S2. Supplier Labor Rights Violations
Human Rights	S2. Supplier Human Rights Violations, S3. Human Rights Violations
Relationship Management	S3. Local Impact Incidents, S3. Supplier Local Impact Incidents, S4. Product Quality and Safety Incidents, S4. Product Social

	Responsibility Incidents
Business Conduct	S4. Advertising and Product Representation Incidents, S4. Customer Data Privacy Incidents, S4. Media Ethics Incidents, S4. Access to Basic Services Incidents, G2. Animal Welfare Violations, G2. Business Ethics Violations, G2. Corruption Incidents, G2. Intellectual Property Rights Breaches, G2. Anti-Competitive Practices Incidents, G2. International Sanctions Violations, G2. Supplier Animal Welfare Violations, G2. Supplier Business Ethics Violations, G2. Supplier Corruption Incidents, G2. Weapons Activity Involvement
Corporate Oversight	G1. Corporate Governance Misconduct Incidents (Management Compensation, Shareholder Rights)
Risk Management	G1. Tax and Financial Misconduct Incidents (Accounting, Tax Fraud or Avoidance & Money Laundering), G1. Insider Dealings
Political Engagement	G2. Lobbying and Political Engagement Incidents

4.7. Assessment Model

The assessment model is absolute, evaluating incident severity against pre-defined, standardized severity rubrics rather than benchmark peer groups. Severities are mapped to fixed numerical values: 5 (Very Severe), 4 (Severe), 3 (Significant), 2 (Moderate), 1 (Minor), and 0 (No Controversy). The severity is assessed considering the following dimensions: magnitude of issue impact, issue management and remediation, business risk exposure, and reputational exposure.

4.8. International Agreement Alignment

The methodology's definitions of responsible business conduct and controversy categories are explicitly aligned with international inter-governmental frameworks and norms:

- **United Nations Global Compact (UNGC):** Principles on human rights, labor, environment, and anti-corruption.
- **OECD Guidelines for Multinational Enterprises:** Standards for responsible business conduct across global operations and supply chains.
- **UN Guiding Principles on Business and Human Rights (UNGPs):** Corporate responsibility to respect human rights and provide remedy.
- **ILO Declaration on Fundamental Principles and Rights at Work & Core Conventions:** Fundamental labor rights, elimination of child/forced labor, non-discrimination, and freedom of association.

The rating assesses whether observed corporate behaviors deviate from the normative principles set out in these international agreements. It does not measure forward-looking corporate commitments against international target pathways. The Paris Agreement is not covered by this methodology: no criterion is derived from its targets or objectives.

4.9. Industry Classification Standards

Industry classification standards are not applicable to this methodology. Controversies screening across all defined categories is performed uniformly across all companies, irrespective of industry classification.

4.10. Scientific Evidence

We align our methodology and select metrics in accordance with the global norms standards listed above. This methodology does not consider any other scientific research or standards.

5. Data Sourcing & Quality

5.1. Data Sourcing

Data is sourced from a Global News Monitoring Service (LexisNexis) screening over 500,000 articles daily across international, regional, local, trade, and regulatory feeds.

Raw news media feeds are aggregated via LexisNexis. To attribute each article to the correct company, Clarity AI maintains reference databases of company identities, name variations and corporate structures (such as parent–subsidiary relationships).

Data ingestion applies automated rule-based pre-filters prior to AI processing:

- **Media Type Filtering:** Restricts feeds strictly to News and Print media, excluding blogs, podcasts, social networks, forums, and classifieds.
- **Source Category Exclusions:** Removes corporate press releases (eliminating self-promotional bias) and academic publications.
- **Editorial Quality Controls:** Restricts ingestion to source ranks 1 and a small sample of rank 2, filtering out low-credibility rank 2 (the rest), 3, 4 and 5 sources.
- **Content Standardization:** Removes non-English content, structural noise, duplicate articles, and items with word counts under 50 or over 10,000 words.

5.2. Data Quality & Reliability

For controversy data, quality controls operate at two levels: human-in-the-loop controls, where analysts validate and correct individual cases, and automated and model-level controls, which monitor the performance of the machine-learning models and the data pipeline.

Human-in-the-Loop (HITL) controls

- Severity-based review: candidate severity of 3 (Significant) require mandatory single-analyst review, while candidate severity of 4 (Severe) and 5 (Very Severe) require independent review by two analysts, who reach consensus before production deployment;
- Standardised assessment criteria: analysts follow an internal methodology and a severity labelling matrix, so that severity and categorisation are assessed consistently across analysts and cases;
- External research: for cases classified as Significant or above, analysts supplement news sources with publicly available external sources to confirm the information is complete and up to date;

Automated and model-level controls

- Error rate monitoring: error rates are tracked continuously through a dedicated data quality dashboard, covering both errors identified internally during validation and errors that reach the product;
- Automated pipeline alerts: automated validation checks monitor the data pipeline and raise alerts when anomalies need investigation;
- Model feedback loop: analyst-validated results are fed back into the models, which are refreshed periodically to maintain accuracy and prevent model drift.

5.3. Data Revision Policy

Clarity AI maintains a policy for the revision of historical Controversies data, reflecting the fact that controversies develop over time and that model outputs may need correcting after publication. Controversies are sourced from news articles provided by LexisNexis. Machine-learning models detect, attribute, categorise and score them for severity, and group articles about the same incident into episodes. Data Research analysts validate all articles above a set severity threshold. High-severity cases are also reviewed independently by a second analyst, and the two analysts reach consensus before publication. Validated articles are published in weekly releases, which add new articles without affecting company severities. Company severities are updated in targeted releases. Corrections to previously published articles, such as attribution,

category or severity corrections, are identified during validation and quality monitoring, and incorporated in company releases. Severity decays over time according to a defined decay function, so older controversies weigh progressively less in severity. All corrections are traceable to the underlying article and are subject to the same validation standards as new data. Where a correction or methodology change is material, it may trigger a review of the affected company's severity.

5.4. Missing Data & Estimations

The methodology does not use synthetic, estimated, or imputed primary data. All controversy assessments derive strictly from observed real-world media reporting. If no valid news articles meeting quality are identified for an entity, the entity receives a severity of 0 (No Controversy). No sector averages or proxy reference points are substituted in place of missing news data.

5.5. Handling of major new information

The valid time horizon of the rating is defined as the time between Clarity AI data releases. For Controversies, the data is released on a weekly basis. A change to an individual assessment can be triggered by:

- New or updated information about a controversy, such as new evidence, an escalation, or a resolution, identified through the news weekly update.
- Significant change to the Controversies methodology or its severity framework.
- Ad-hoc correction of identified data errors.

6. Artificial Intelligence (AI) Usage

Our Controversies methodology integrates a specialized AI/ML pipeline to monitor global news and convert unstructured text into structured sustainability signals. The system processes high volumes of news through distinct models that handle entity extraction, company attribution, controversy detection, category mapping, severity scoring, and episode clustering to prevent double-counting. Additionally, large language models (LLMs) filter borderline content, summarize events, and evaluate data quality.

While highly efficient, using AI for news tracking involves inherent limitations. These include potential false positives or negatives, ambiguity in mapping multi-company news, classification or clustering errors, source coverage gaps, and LLM-specific risks like hallucination. If unmitigated, these limitations could present operational risks, such as severity volatility, bias against highly covered organizations, and reputational or investment decision errors due to misattribution or missed information.

To safeguard data integrity, we combine technical and human-in-the-loop validation. Structurally, all AI models are benchmarked against human-labeled datasets, alternative approaches are systematically logged, and company names are masked during training to eliminate brand bias. Performance is continuously tracked using automated quality dashboards.

In addition, a dedicated team of subject-matter experts performs reviews of incidents using documented methodologies to monitor the quality of the models. For ratings that combine rule-based scoring and human analyst assessment, we enforce a multi tier review process to ensure quality. Human experts can override model outputs, correcting data points and ratings while simultaneously retraining and refining future AI model iterations.

7. Assumptions & Limitations

7.1. Key Assumptions

- **Allegation Threshold Assumption:** Publicly documented allegations in news media are assumed to be sufficient to activate a controversy severity; formal regulatory findings or judicial convictions are not required, as financial and reputational exposure materializes upon public disclosure.
- **Corporate Accountability Assumption:** In corporate hierarchy structures, parent entities holding over 50% equity control are assumed to be operationally accountable for subsidiary controversies.
- **Diminishing Risk Relevance Assumption:** Controversies are assumed to have a diminishing risk impact over time, with incidents older than four years becoming less relevant unless active ongoing effects exist.
- **Absence of News Signal Assumption:** The absence of flagged news coverage for an entity assumes compliance with responsible business conduct standards, resulting in a default severity of 0 (No Controversy).
- **Observational Primary Data Assumption:** Real-world news reporting is assumed to be a valid indicator of corporate conduct.

7.2. Limitations

- **Company Size (Disclosure) Bias:** Larger companies are more exposed to media attention, and potentially also to incidents because of larger operations. No size adjustment is applied.

- **Sources Considerations:** Clarity's current unique source for Global News Monitoring Service provides us with information on 8,500+ media publishers from 200 countries. However, while the US and European markets have extensive coverage, regions like Asia or Latin America tend to be underrepresented. Also, other sources like NGO reports and International bodies are potential sources of controversial information that we currently capture indirectly when mentioned by the media.
- **Third-Party Media Reliance:** Clarity AI does not independently audit third-party news reports; unrecorded or inaccurately reported incidents cannot be verified at source.
- **Remediation Under-Detection:** News feeds favor negative misconduct over positive corporate remediation. Corrective actions reported via official corporate channels are less likely to be picked up by news feeds, causing company profiles to appear negative over time despite active remediation. In order to manage this, for cases flagged as Significant, Severe or Very Severe, analysts supplement the LexisNexis sources with publicly available external sources as part of the human-in-the-loop review.

8. Methodology Governance

The Regulated Entity maintains a robust methodology governance framework designed to ensure that all rating methodologies remain independent, rigorous, systematic, and impartial. To uphold these core principles, the Regulated Entity subjects its methodologies to a structured development, review, and approval process overseen by dedicated internal governance bodies, in line with our ESG Ratings Governance Policy. Methodologies are reviewed on a regular basis and at least annually to verify that they remain fit for purpose. Emerging regulatory requirements, and market trends are considered in those reviews. Reviewed methodologies are subject to a peer review and mandatory final approval by the Methodology Committee before any update can be deployed.

Changes to existing methodologies are applied across the entire rated universe, including corporate, financial instruments, or sovereign scores, where applicable. When a methodology modification is deemed material, an impact assessment is conducted prior to the scheduled release.

The Regulated Entity is committed to transparent communication to users and rated entities, and makes information about its methodologies publicly available. Users, rated entities and other stakeholders may submit their feedback in respect of published methodologies via the existing communication channels.

Engagement Process

The methodology is applied to the assessed universe on an unsolicited basis, relying exclusively on publicly available information. Rated items do not participate in the assessment process. Once the rating is issued, rated entities can access Clarity AI's platform for free to review it, including the underlying data used to calculate the rating, and to submit complaints in case there are any errors.

Appendix

Appendix A: List of Controversies Metrics (Key Performance Indicators)

Pillar	Controversy Metric (KPI)	Description & Scope
Environmental	E1. Product Climate Change Contribution	Incidents related to negative contributions of companies and products to climate change (thermal coal, fossil fuels, global target misalignment).
Environmental	E3. Water Usage Incidents	Incidents relating to direct/indirect water volume used in water-scarce areas, regulatory violations, or groundwater extraction.
Environmental	E3. Supplier Water Usage Incidents	Supply chain incidents and criticisms regarding water volumes used in water-scarce locations.
Environmental	E4. Supplier Land Use & Biodiversity Incidents	Supplier failure to adhere to sustainable land use standards or protect biodiversity and ecosystems.
Environmental	E4. Land Use & Biodiversity Incidents	Company operational damages to ecosystems (deforestation, habitat destruction, facility construction, chemical/pesticide use).
Environmental	E4. Product Environmental Impact Incidents	Products with negative environmental impacts, unauthorized hazardous products, plastic packaging disposal, or pollution misrepresentation.
Environmental	E5. Supplier Waste Management Incidents	Supplier poor management, handling, and disposal of hazardous and non-hazardous waste.
Environmental	E5. Waste Management Incidents	Company mismanagement of toxic, hazardous, radioactive, or e-waste, and unauthorized spills contaminating land, air, or water.
Social	S1. Labor Rights Violations	Non-compliance with employee human rights, child/forced labor, human

		trafficking, torture, or suppression of union rights.
Social	S1. Health and Safety Incidents	Direct or indirect workplace injuries, fatalities, occupational illnesses, facility structural hazards, or exposure to toxic substances.
Social	S1. Employee Working Conditions Violations	Disputes over wages, compensation, working conditions, strikes, litigation, or workplace discrimination in hiring and promotion.
Social	S2. Supplier Health & Safety Incidents	Health and safety accidents, injuries, and hazardous working conditions within a company's supply chain.
Social	S2. Supplier Labor Rights Violations	Infringement of labor rights, union suppression, strikes, or workforce discrimination within supplier operations.
Social	S2. Supplier Working Conditions Violations	Negative social impacts and poor working condition practices by supplier management.
Social	S2. Supplier Human Rights Violations	Severe human rights infringements, sanctions violations, or weapons involvement within supplier operations.
Social	S3. Human Rights Violations	Corporate complicity in human rights abuses, involvement with dictatorial regimes, trafficking, or severe freedom violations.
Social	S3. Supplier Local Impact Incidents	Supplier activities negatively impacting local/indigenous communities, heritage, or land and water rights.
Social	S3. Local Impact Incidents	Corporate operations causing harm to local or indigenous communities, heritage destruction, or land/water rights disputes.
Social	S4. Advertising & Product Representation Incidents	Misleading advertising, false claims, over-marketing unhealthy food to vulnerable groups, tied-selling, or fraudulent cross-selling.
Social	S4. Customer Data Privacy Incidents	Data privacy breaches, unauthorized customer data collection, or failure to protect customer data against IT security breaches.

Social	S4. Media Ethics Incidents	Editorial breaches, censorship, defamation, hate speech propagation, misinformation, or improper content moderation on media platforms.
Social	S4. Access to Basic Services Incidents	Restrictions on public access to essential services (food, water, health), discriminatory pricing, or market exclusion.
Social	S4. Product Quality & Safety Incidents	Mass product recalls, product defects, customer health/safety injuries, or non-disclosure of health risks.
Social	S4. Product Social Responsibility Incidents	Engagement in socially questioned products (tobacco, unhealthy food linked to obesity, torture equipment, unethical clinical trials).
Governance	G1. Tax & Financial Misconduct Incidents	Misleading accounting, asset misappropriation, fraudulent reporting, tax evasion, tax avoidance shell companies, or money laundering.
Governance	G1. Corporate Governance Misconduct Incidents	Excessive executive compensation, board independence breaches, shareholder rights infringement, or fiduciary duty breaches.
Governance	G2. Animal Welfare Violations	Inhumane animal treatment, cruelty, controversial testing, or poor livestock management in housing, transport, and slaughter.
Governance	G2. Business Ethics Violations	General ethical breaches, conflicts of interest, breach of contract, or refusal to cooperate with regulatory authorities.
Governance	G2. Corruption Incidents	Abuse of power for private gain, active/passive bribery, kickbacks, or extortion.
Governance	G2. Intellectual Property Rights Breaches	Infringement of third-party patents, copyrights, trademarks, industrial designs, or trade secrets.
Governance	G2. Anti-Competitive Practices Incidents	Monopolistic behavior, price-fixing, cartel collusion, anti-competitive mergers, or market manipulation.
Governance	G2. Lobbying & Political Engagement Incidents	Undisclosed political contributions, negative lobbying against public interest regulations, or covert political advocacy.

Governance	G2. International Sanctions Violations	Direct or indirect breach of international sanctions imposed by the UN, EU, or US OFAC.
Governance	G2. Supplier Animal Welfare Violations	Animal cruelty, inhumane treatment, or testing violations committed by corporate suppliers.
Governance	G2. Supplier Business Ethics Violations	Corporate governance misconduct, ethical breaches, or litigation between suppliers and main corporate entities.
Governance	G2. Supplier Corruption Incidents	Involvement of corporate suppliers in bribery or corruption practices.
Governance	G2. Weapons Activity Involvement	Production, distribution, or maintenance of controversial weapons or arms subject to export control regulations.

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