



Overview of methodology

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Introduction

S-Ray® is Arabesque’s unique tool that allows anyone to monitor the sustainability performance of around 7,000 of the world’s largest corporations. Smart and simple to use, Arabesque S-Ray looks beneath a company’s surface by assessing its extra financial performance, helping us to better understand its value to society.

Leveraging big data through the power of machine learning, Arabesque S-Ray systematically combines over 250 environmental, social and governance (ESG) metrics with news signals from over 30,000 sources published in over 170 countries.

S-Ray® provides information on corporate sustainability in three complementary ways:

GC Score	A normative assessment of each company based on the core principles of the United Nations Global Compact. This provides a deeper understanding of reputational risk facing a company.
ESG Score	A sector specific analysis of each company’s performance on financially material environmental, social, and governance (ESG) issues. This can be used to identify companies that are more likely to outperform over the long run.
Preferences Filter	A search tool that allows anyone to check the business involvements of companies. This helps users check company activities against their personal values.

In this document, we describe the methodology used to construct the S-Ray scores, following a three-layer process (Figure 1).

1. Input layer
 - Collect and clean a wide variety of sustainability-related data
2. Feature layer
 - Aggregate inputs along well-defined topics
3. Score layer
 - Combine features into easy-to-use S-Ray scores

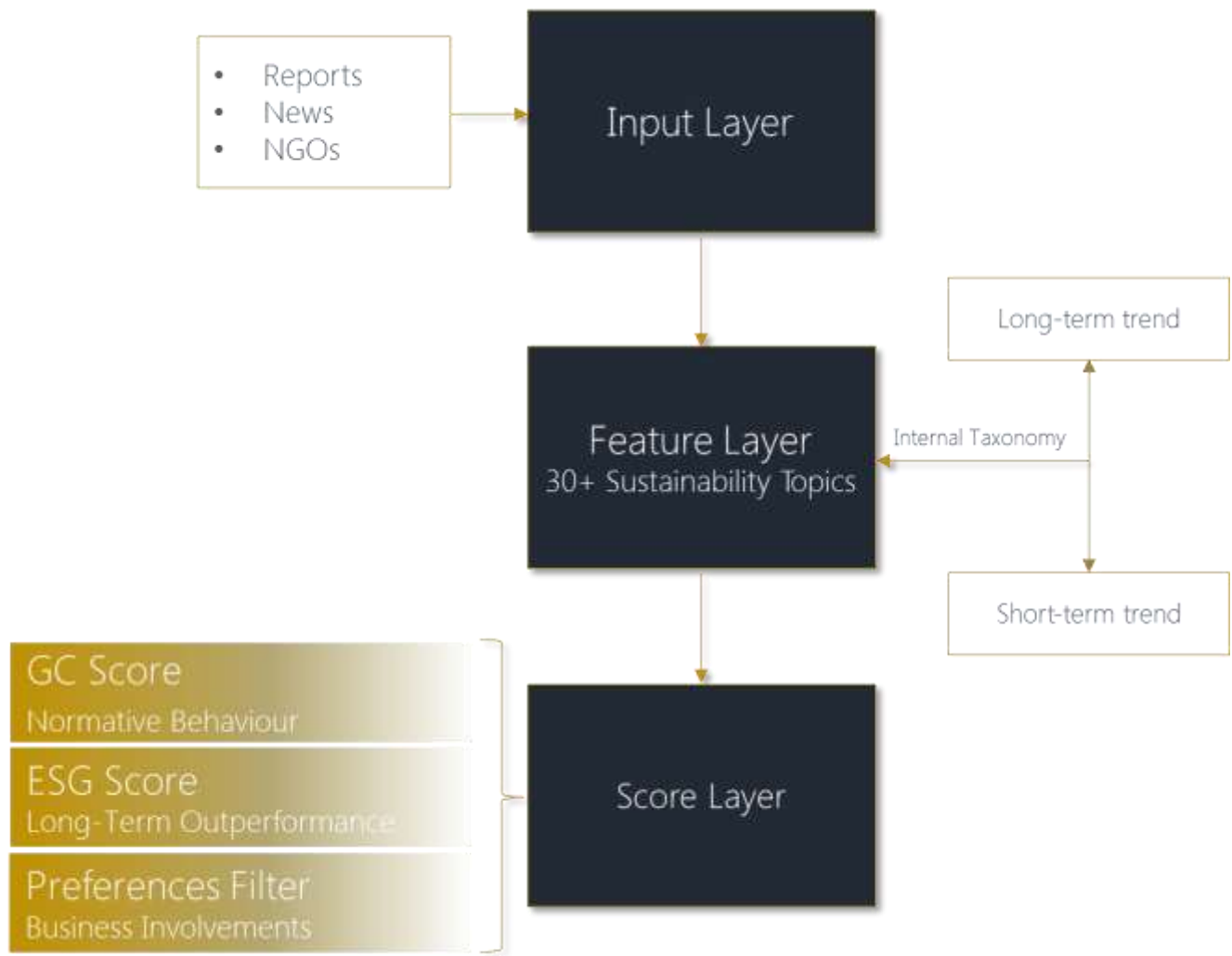


Figure 1 S-Ray methodology chart

Step 1: Input Layer

Gathering data

During the first step, S-Ray collects a wide range of data from three types of sources.

Report-based metrics

To obtain a first understanding of a company's sustainability performance, S-Ray collects over 250 reported metrics from non-financial disclosures (e.g. sustainability or integrated reports).

News-based controversies

Following typical reporting cycles, report-based metrics are only available on an annual basis. To get a more up-to-date analysis of sustainability performance, S-Ray uses natural language processing (NLP) to scan over 30,000 public news sources published in over 170 countries daily for sustainability related controversies.¹

NGO-based activity

Alongside the news-based controversies, S-Ray also tracks NGO campaign activity across over 400 sustainability issues. NGO campaigns can be both positive or negative in nature.

Cleaning data

The data are gathered daily and cleaned to allow for further operations. For example, all inputs are subjected to a set of data quality checks (e.g. false outlier detection), and poor-quality data gets discarded. In addition, inputs are scaled and/or normalized to allow for comparison and aggregation of data across various sources. Sparse or infrequent time series are imputed and resampled to accommodate daily calculations. Additional checks also take place to ensure that data is up-to-date.

Organizing data

The cleaned inputs are further organized and labeled according to an internal taxonomy, which prepares the data for further calculations in the feature and score layers. Two questions are asked for every available input:

- What is the focus of the input?
 - Preparation (e.g. having a human rights policy)
 - Outcome (e.g. number of times major incidents have halted work on the factory floors)
 - Business involvement (e.g. fraction of sales derived from tobacco-related products)
 - News (e.g. controversies regarding the redistribution of private customer information)
 - NGO campaign (e.g. campaigns focused on plastic pollution of the marine environment)
- What is the topic of the input (e.g. employee diversity, energy use, board independence)?
 - We have defined a list of 22 sustainability-related topics (see Table 1) and 11 business involvements (see Table 2) from the set of inputs, which directly correspond to the features in the feature layer.

¹ Note that S-Ray currently only considers negative news (i.e. controversies).

A comprehensive list of report-based input examples is provided in Appendix A. Examples of news-based controversies are provided in Appendix B, and examples of NGO campaigns are given in Appendix C.

Step 2: Feature Layer

A major challenge with data from the input layer is that significant correlation and overlap can be found between inputs.² The feature layer is introduced to further structure the input data along 22 well-defined sustainability topics (Table 1) using (semi-supervised)³ dimensionality reduction techniques. Measures have also been taken to ensure that there is no single or dominant reliance on any one data provider. For every topic, we first construct two types of feature sub-scores reflecting the frequency of data input. These sub-scores are calculated separately for the annual report-based data and for the higher frequency data based on news controversies and NGO campaigns. These two scores are then aggregated into a final feature score. In addition to these core sustainability topics, S-Ray also flags business involvement across 11 areas (Table 2) to allow for further filtering based on personal preferences.

Feature	Description
Environmental	
Emissions	The contribution of business activities to the emission of greenhouse gases and other air pollutants. Inputs into this feature include emissions data as well as reduction initiatives, objectives, policies and monitoring.
Environmental Stewardship	The impact of business activities on biodiversity and animal welfare. Inputs into this feature include the use and regulation of animal products/testing alongside biodiversity impact initiatives and targets such as Forest Stewardship etc.
Resource Use	The efficient use of energy and other natural resources including land and materials. Inputs into this feature include energy use/efficiency and land use reduction initiatives, recycled raw materials, toxic chemicals reduction and resource efficiency policies as well as targets and monitoring.
Environmental Solutions	The environmental impact of products and services and the contribution towards sustainable consumerism. This feature includes inputs including, but not limited to, the development of hybrid vehicles, smart water solutions and sustainable building products as well as offering environmental and renewable/clean energy products. Responsible asset management, the total supply of renewable energy and environmental products targets are also included.

² For example, S-Ray ingests raw data on board membership from three different independent sources.

³ Typical dimensionality reduction techniques (e.g. principal component analysis or PCA) are labeled as unsupervised machine learning techniques. Rather than applying these techniques unconditionally, the S-Ray algorithm requires human oversight to avoid spurious data aggregations.

Waste	The generation of waste and other hazardous output as part of business activities. This includes inputs covering hazardous and general waste generation and reduction policies, recycling practices and oil spill disclosure.
Water	The efficient and responsible use of water throughout company operations. Covering water pollution, recycling initiatives and water withdrawal.
Environmental Management	The mechanisms and policies employed to manage the overall environmental performance of the business. Inputs to this feature relate to environmental lawsuits, investments into resource efficiency and environmental impact reduction as well as the environmental management system of the company.
Social	
Diversity	The representation of and equal opportunity for women and minorities in the workforce and on the board. To calculate this board and employee diversity, discrimination lawsuits and commitment to supplier diversity among other inputs are used.
Occupational Health and Safety	The workplace-related health and safety performance. This includes inputs such as the disclosure of accident rates and workplace injuries, employee health and safety training and certification, policies/procedures and targets.
Training and Development	The opportunities and programmes in place to enable and support learning across employees and the supply chain. Considering employee training hours, costs, and policies as well as the monitoring and targeting of these.
Product Access	Providing access to products and/or services for disadvantaged communities. Product access is composed of the access to finance, medicine, education, food and affordable housing programmes.
Community Relations	The level of community involvement and public trust. Inputs include customer satisfaction and community relations policies, targets and the monitoring of these as well as a disclosure of employee volunteering hours.
Product Quality and Safety	The quality and safety of products and services and level of customer satisfaction. This feature is composed of lawsuits, policies, targets and monitoring relating to the product quality management as well as consumer satisfaction and others.
Human Rights	Adherence to and promotion of human rights throughout all business activities, including the supply chain. Inputs include suppliers' human rights consideration, employee human rights training and policy as well as targets and monitoring of these.
Labour Rights	Compliance with internationally recognized labour standards, both in-house and across the supply chain. This includes the Freedom of Association, Supplier Code Audit and child labour, forced labour and labour rights policies.
Compensation	The fair and equal compensation of staff and board members. Judged by average salaries and benefits, board member compensation, pension funding among many more.

Employment Quality	The working conditions and employee satisfaction. Accounting for employee turnover, work-life balance policy and worktime flexibility as well as several other inputs.
Governance	
Business Ethics	Fair business practices as it relates to issues like corruption, political contributions and anti-trust. Typical inputs include lawsuits relating to these issues and policies in place to monitor and reduce their impact.
Corporate Governance	The procedures and mechanisms in place that ensure proper long-term control and management of the corporation. The feature inputs relate to the board and committee as well as policies and targets surrounding governance issues like shareholder rights, insider trading and many other common problems.
Transparency	The level of transparency and disclosure of critical information about the business. This accounts for disclosures relating to director compensation and articles of association as well reporting standards and external verification.
Forensic Accounting	The overall earnings quality or the degree to which reported earnings properly represent a company's financial health.
Capital Structure	The relative level of leverage and how it might take away from a long-term focus in decision making. Inputs will typically include the debt to equity ratio and targets for this.

Table 1 List of 22 sustainability feature topics

Business Involvement	Description
Adult entertainment	Does the company derive significant revenues from adult entertainment products?
Stem Cells	Does the company derive significant revenues from stem cell research?
Alcohol	Does the company derive significant revenues from the production and/or sale of alcohol?
Defence	Does the company derive significant revenues from defence contracting?
Weapons	Does the company significantly engage in the sale and/or production of weapons?
Gambling	Does the company derive significant revenues from gambling products and/or services?
Pork	Does the company derive significant revenues from the sale and/or production of pork-based products?
Tobacco	Does the company derive significant revenues from the sale and/or production of tobacco products?
Nuclear	Does the company derive significant revenue from non-military uranium enrichment and/or the exploitation of nuclear energy?
Fossil Fuel	Does the company derive significant revenue from the extraction of fossil fuels?
Gmo	Does the company significantly engage in research and/or production of genetically modified organisms (GMO) based products?

Table 2: List of 11 business involvement topics

Long-term trend

To get an aggregate view on a company's long-term performance trend per topic, we pull together all available report-based metrics from the input layer. The different metrics are then aggregated based on several considerations, including focus (see Appendix A), dimensionality⁴, and expert input.⁵

The report-based feature score also takes into account possible asymmetries between outcome- and preparation-based performance. For example, when a company does well in terms of preparation, but is lagging when looking at the actual outcomes, the outcome-based score will be dominant when constructing the total score.

⁴ For example, two highly similar and correlated inputs may be combined into one principal component.

⁵ When appropriate, we consider the expertise of NGO's and academics for specific topics (e.g. the work of Transparency International for the business ethics topic).

Example: Occupational Health and Safety

We find 15 different report-based metrics related to occupational health and safety in the input layer. Separately, the 6 outcome-based and 9 preparation-based inputs get aggregated, also considering guidelines from the International Labour Organization (ILO) and dimensionality or correlation.

Note that not every feature follows the same formula for aggregating input metrics. Firstly, the aggregation relies on human inputs like the mapping and focus established in the taxonomy (Appendix A), and the expertise gathered from NGO's and academics. Next, the S-Ray model leverages unsupervised learning techniques to further improve aggregation.

Short-term correction

Because the report-based long-term trend is relatively slow to change – companies typically report on an annual basis – S-Ray also constructs a more frequent short-term signal based on news controversies and NGO campaigns. Looking back one year on a daily basis for each topic, S-Ray first aggregates news-based controversies using a proprietary present news value (PNV), which is a function of an article's controversy level, how long ago it occurred, and the impact of the source. Additionally, S-Ray takes into account relevant NGO campaign activities⁶ from the past year, which get added on top of the news-based signal.

Example: Community relations

In the past year, 3 different (and unique¹) news stories for a company related to community relations are found, in addition to 1 (negative) NGO campaign. To aggregate the three stories, S-Ray combines their respective present news values, which depend on its level of controversy, how long ago it was published and the influential nature of the source. The resulting community relations PNV, which is updated daily, is transformed into a news-based controversy correction (%) for every company. Additionally, a further correction is added based on the negative NGO campaign.

⁶ Note that NGO campaign activity can be both negative (critique) or positive (appraisal) in nature.

Final feature scores

To find the final feature scores, each of the 22 long-term trend scores (0-100) are multiplied with the matching short-term correction (in %) which is a combination of the news-based controversies and NGO campaign activity.

Example: Business ethics

In the first step, the 18 report-based inputs are aggregated into the long-term trend score (e.g. 65). Next, all business ethics-related news controversies and NGO campaigns over the past year are combined into a short-term correction (e.g. – 10%). The final business ethics feature score for the day is found by multiplying the long-term trend score with the controversy correction (i.e. $65 \times (100-10)\% = 58.5$).

For every company, the total feature scores represent a good approximation of sustainability performance across a range of 22 complementary sustainability topics, drawing from a variety of data types and inputs. The feature scores can now be used as the starting point to further calculate a variety of scores, which highlight different aspects of corporate sustainability performance.

Step 3: Score Layer

As sustainability is a multi-faceted concept, S-Ray offers a variety of scores which are available to subscribers through the score layer. Building from the 22 topics and 11 business involvements tracked in the feature layer, we currently offer three complementary S-Ray scores.

GC Score

The GC Score provides a normative assessment of companies based on the four core principles of the United Nations Global Compact (GC): human rights, labour rights, the environment and anti-corruption. With more than 9,000 corporate signatories from over 160 countries, the Global Compact is the world's largest corporate sustainability initiative. It calls on companies and stakeholders to conduct business responsibly, and to pursue opportunities that advance sustainable development goals. With Arabesque S-Ray these principles are quantified for the first time, with the potential to inspire more companies to take shared responsibility and join the Global Compact in its commitment to achieve a sustainable and inclusive global economy.

Category scores

The first step of computing the GC Score consists of mapping the relevant⁷ features into each of the four GC categories (Table 3). A distinction is made between features that focus more on negative aspects and features that are more positive in nature, with the former taking precedence in case of

⁷ Note that features which are considered out of scope for the GC principles are not used.

poor performance to avoid compensation. For example, if evidence is found that a company is actively violating human rights but at the same donating a lot of money through its foundation, the S-Ray algorithm will almost completely discard the positive features and focus on the more negative ones. The result of the feature aggregations are four GC category scores (0-100) that reflect a company's current performance across human rights, labour rights, the environment and anti-corruption.

Human Rights	Human Rights, Labour Rights, Occupational Health and Safety, Employment Quality, Diversity; Product Quality and Safety, Product Access, Community Relations
Labour Rights	Labour Rights, Occupational Health and Safety, Diversity, Compensation, Training and Development, Employment Quality
Environment	Emissions, Waste, Environmental Stewardship, Environmental Management, Resource Use, Water, Environmental Solutions
Anti-Corruption	Business Ethics, Corporate Governance, Transparency

Table 3: GC score feature mapping

Total score

In addition to the four GC category scores, S-Ray also computes an aggregate GC score using a non-compensatory aggregation approach that reflects the nature of the GC principles. Every GC category starts with a weight of 25%, but gets more weight allocated as the score starts dropping below 50 (i.e. the neutral center). As a result, it is not possible for a company to compensate poor performance in one category with great performance in another. As performance deteriorates for any of the GC categories, more weight gets shifted to that category, which will be driving the overall GC Score.

Both the four GC category scores and the total GC Score are scaled between 0 and 100, with higher scores indicating better performance. We believe the GC Score can be used to approximate reputational risk facing companies with lower scores correlating with a higher likelihood of a company losing its license to operate in the future (e.g. due to a major scandal or controversy). As such, the GC Score also provides a helpful tool to investors to help limit downside risk.

ESG Score

While the GC Score builds from a normative framework to approximate reputational risk, the ESG Score is all about identifying companies that are better positioned to outperform over the long term. To understand the potential for long-term performance, the S-Ray methodology considers the principle of financial materiality.⁸ That is, when computing the ESG Score of a company the algorithm will only use information that significantly helps explain future risk-adjusted performance. Materiality is applied

⁸ We refer to the materiality definition by the U.S. Supreme Court, which states that information is material when "there is a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available." Source: TSC Indus. v. Northway, Inc., 426 U.S. 438, 449 (1976).

by more heavily weighting features with higher materiality, and weights are rebalanced on a rolling quarterly basis.

Each quarter for every company, materiality is assessed on a sector- and industry-level, using both equal- and marketcap-weighted monthly index returns over a period of the past 1, 3 and 5 years. This results in 12 different portfolio index returns for each company. For each portfolio, the materiality is then calculated with the following steps:

Step 1: Static materiality

During the first step, the S-Ray model assigns a baseline materiality to each feature in each portfolio. The baseline values assigned to each feature are based on third-party research and industry reports that have looked at the materiality question. One source, for example, is the SASB Materiality Map™, which is constructed using a combination of quantitative research, industry feedback and public consultation.⁹ Among other sources, this is a valuable input to obtain a first understanding of which categories are material in understanding a company's ability to outperform in the long run.

Step 2: Data-based materiality adjustments

In the second step, the S-Ray model then considers how much of the variation in returns can be explained by each of the features. This is achieved by first applying a multi-factor asset-pricing model to obtain residuals (i.e. the unexplained part of variation in returns), followed by a recursive feature elimination procedure with cross-validation to identify those features that can explain a significant part of the variation in residuals from the multi-factor regression. Features which are found to be material during this process are assigned more weight.

The static materiality score from Step 1 is then added to the dynamic materiality score from Step 2 and normalized to obtain a total feature weight.

Total score

The total ESG score is calculated as a weighted sum of the feature scores using materiality-based weights. The E, S and G pillar sub-scores are calculated by considering only the features within each of these themes.

Like the GC Score, the three pillar scores and the total ESG Score are scaled between 0 and 100, with higher scores indicating better performance. While the GC Score takes a normative approach to sustainability and approximates reputational risk, the ESG Score is calibrated using the principle of financial materiality and can be used to help compare companies on their ability to outperform on a risk-adjusted basis over the long run. For investors, the ESG Score can be instrumental to help identify investment upside, as a complement to the GC Score in protecting downside.

⁹ Sustainability Accounting Standards Board (SASB), 2018, Materiality Map™, <https://goo.gl/hKgtTZ>

Preferences Filter

As sustainability is also a personal matter, which depends on individual preferences, S-Ray provides a Preferences Filter covering a set of 11 business involvements. To determine a company's business involvements, S-Ray collects revenue-based inputs, which are transformed into 11 business involvement feature scores. These feature scores approximate the level of involvement for each business activity and company. In the last step, the 11 feature scores are transformed into 11 corresponding flags, which provide an answer to the below questions for each involvement.

Adult Entertainment	Does the company derive significant revenues from adult entertainment products?
Alcohol	Does the company derive significant revenues from the production and/or sale of alcohol?
Defense	Does the company derive significant revenues from defense contracting?
Fossil Fuel	Does the company significantly exploit fossil fuel-based energy sources?
Gambling	Does the company derive significant revenues from gambling?
GMO	Does the company significantly engage in research and/or production of genetically modified organisms (GMO) based products?
Nuclear	Does the company significantly rely on nuclear power and/or the non-military use of uranium?
Pork	Does the company derive significant revenues from the sale and or/production of pork-based products?
Stem Cells	Does the company derive significant revenues from stem cell (research)?
Tobacco	Does the company derive significant revenues from the sale and/or production of tobacco?
Weapons	Does the company significantly engage in the sale and/or production of weapons?

The preference filters flags are binary indicators which alert users on the involvement of companies across a range of 11 business activities. S-Ray is programmed to be unbiased across all the flagged activities; the flags are not used to adjust GC or ESG scores. Rather, we see the flags as a tool for users to check companies against their personal value

Appendix A: Examples of report-based inputs

Name	Topic/Feature	Focus
Adult Entertainment Revenue	Adult entertainment	Business Involvement
Alcohol Revenue	Alcohol	Business Involvement
Amount of Income Taxes Paid	Business ethics	Outcome
Anti-Trust Lawsuits	Business ethics	Outcome
Business Ethics Lawsuits	Business ethics	Outcome
Corruption Lawsuits	Business ethics	Outcome
Intellectual Property Lawsuits	Business ethics	Outcome
Anti-Corruption Audits	Business ethics	Preparation
Anti-Corruption Policy	Business ethics	Preparation
Anti-Corruption Training for Employees	Business ethics	Preparation
Anti-Trust Policy	Business ethics	Preparation
Bribery Investigation Procedures	Business ethics	Preparation
Communication of Anti-Corruption Policy	Business ethics	Preparation
Fair Competition Improvements Initiatives	Business ethics	Preparation
Fair Competition Policy	Business ethics	Preparation
Transparency on Political Contributions	Business ethics	Preparation
Whistle-Blowing Procedures	Business ethics	Preparation
Customer Satisfaction Policy	Community relations	Outcome
Disclosure of Employee Volunteering Hours	Community relations	Outcome
Community Relations Policy	Community relations	Preparation
Community Relations Targets	Community relations	Preparation
Local Community Development Programs	Community relations	Preparation
Monitoring of Community Relations	Community relations	Preparation
Average Salaries and Benefits	Compensation	Outcome
Board Member Compensation	Compensation	Outcome
Director Stock Ownership	Compensation	Outcome
Employee Bonus Plan	Compensation	Outcome
Employee Generous Fringe Benefits	Compensation	Outcome

ESG-Linked Executive Compensation	Compensation	Outcome
Executive Remuneration Structure	Compensation	Outcome
Long-Term Oriented Executive Compensation	Compensation	Outcome
Pension Underfunding	Compensation	Outcome
Salary Gap	Compensation	Outcome
Sales-Adjusted Compensation	Compensation	Outcome
Stock Compensation Vesting	Compensation	Outcome
Stock Option Programs	Compensation	Outcome
Compensation Policy	Compensation	Preparation
Compensation Policy Monitoring	Compensation	Preparation
Performance-Oriented Compensation for Board and Executives	Compensation	Preparation
Involvement in Sensitive Countries	Controversial countries	Business Involvement
% of Non-Executive Board Members	Corporate governance	Outcome
% of Shares Held by Majority Shareholders	Corporate governance	Outcome
Anti-Takeover Devices	Corporate governance	Outcome
Audit Committee Expertise	Corporate governance	Outcome
Audit Committee Expertise	Corporate governance	Outcome
Audit Committee Independence	Corporate governance	Outcome
Board Independence	Corporate governance	Outcome
Board Individual Re-election	Corporate governance	Outcome
Board Member Tenure	Corporate governance	Outcome
Board Term Duration	Corporate governance	Outcome
Compensation Committee Independence	Corporate governance	Outcome
Equal Voting Rights	Corporate governance	Outcome
Full Common Share Structure	Corporate governance	Outcome
Independence of Nomination Committee	Corporate governance	Outcome
Independent Chairman	Corporate governance	Outcome
Limitations on Board Mandates	Corporate governance	Outcome
Nomination Committee Member Stock Ownership	Corporate governance	Outcome
Nomination Committee Procedures	Corporate governance	Outcome

Non-Audit to Audit Fees Ratio	Corporate governance	Outcome
Non-Executive Audit Committee	Corporate governance	Outcome
Non-Executive Compensation Committee	Corporate governance	Outcome
Non-Executive Nomination Committee	Corporate governance	Outcome
Number of Other Affiliations of Board Members	Corporate governance	Outcome
Reference Shareholder Dominance	Corporate governance	Outcome
Separate CEO-Chairman	Corporate governance	Outcome
Specific Skills of Board Members	Corporate governance	Outcome
Strictly Independent Board Members	Corporate governance	Outcome
Audit and Risk Committee	Corporate governance	Preparation
Balanced Board Structure Policy	Corporate governance	Preparation
Corporate Governance Committee	Corporate governance	Preparation
Effective Board Policy	Corporate governance	Preparation
Inside Information Targets	Corporate governance	Preparation
Insider Information Monitoring	Corporate governance	Preparation
Insider Trading Policy	Corporate governance	Preparation
Senior Executive Code of Ethics	Corporate governance	Preparation
Shareholder Rights Improvements Initiatives	Corporate governance	Preparation
Shareholder Rights Monitoring	Corporate governance	Preparation
Shareholder Rights Policy	Corporate governance	Preparation
Shareholders Policy Implementation	Corporate governance	Preparation
Defense Revenue	Defense	Business Involvement
Board Diversity	Diversity	Outcome
Discrimination Lawsuits	Diversity	Outcome
Employee Diversity	Diversity	Outcome
Employment of Disabled Individuals	Diversity	Outcome
Equal Opportunities in Management	Diversity	Outcome
Ratio of Female Managers	Diversity	Outcome
Commitment to Supplier Diversity	Diversity	Preparation
Diversity Policy	Diversity	Preparation

Diversity Policy Monitoring	Diversity	Preparation
Diversity Targets	Diversity	Preparation
CO2 Emissions	Emissions	Outcome
CO2 Reduction Initiatives	Emissions	Outcome
Consideration of Climate Change Risks and Opportunities	Emissions	Outcome
Environmental Impact of Production Processes	Emissions	Outcome
F-Gases Emission Reduction Initiatives	Emissions	Outcome
NOx and SOx Emissions Reduction Initiatives	Emissions	Outcome
Ozone-Depleting Substances Reduction Initiatives	Emissions	Outcome
VOC Emissions Reduction Initiatives	Emissions	Outcome
Air Emissions Reduction Programs	Emissions	Preparation
Company Transportation Emissions Reduction Program	Emissions	Preparation
Emissions Objectives	Emissions	Preparation
Emissions Performance Monitoring	Emissions	Preparation
Emissions Reduction Policy	Emissions	Preparation
Employee Satisfaction Measurement	Employment quality	Outcome
Employee Strikes	Employment quality	Outcome
Employee Turnover	Employment quality	Outcome
Family Friendly Employment	Employment quality	Outcome
Improvement of Employee Satisfaction	Employment quality	Outcome
Key Management Departures	Employment quality	Outcome
Number of Announced Lay-offs	Employment quality	Outcome
Employment Productivity Policy	Employment quality	Preparation
Employment Productivity Policy Monitoring	Employment quality	Preparation
Employment Quality Policy	Employment quality	Preparation
Employment Quality Policy Monitoring	Employment quality	Preparation
Initiatives to Improve Employee Productivity	Employment quality	Preparation
Targets for Employment Quality	Employment quality	Preparation
Work-Life Balance Policy	Employment quality	Preparation
Worktime Flexibility	Employment quality	Preparation

Disclosure of Resource Efficiency Investments	Environmental management	Outcome
Environmental Audit Transparency	Environmental management	Outcome
Environmental Lawsuits	Environmental management	Outcome
Environmental Supply Chain Selection Criteria	Environmental management	Outcome
Investments to Reduce Environmental Impact	Environmental management	Outcome
Environmental Grievance Mechanisms	Environmental management	Preparation
Environmental Management System Certification	Environmental management	Preparation
Environmental Stakeholder Involvement Commitment	Environmental management	Preparation
Product Impact Policy	Environmental management	Preparation
Development of Hybrid Vehicles	Environmental solutions	Outcome
Development of Smart Water Solutions	Environmental solutions	Outcome
Development of Sustainable Building Products	Environmental solutions	Outcome
Environmentally Friendly Design of Products	Environmental solutions	Outcome
Initiatives to Reduce Product Energy Footprint	Environmental solutions	Outcome
Offering Environmental Products	Environmental solutions	Outcome
Offering Renewable/Clean Energy Products	Environmental solutions	Outcome
Product Recycling Policy	Environmental solutions	Outcome
R&D Expenditures on Environmental Products	Environmental solutions	Outcome
Responsible Asset Management	Environmental solutions	Outcome
Total Supply of Renewable Energy	Environmental solutions	Outcome
Environmental Products Targets	Environmental solutions	Preparation
% of Labelled Wood Used	Environmental stewardship	Outcome
Animal Products In Manufacturing	Environmental stewardship	Outcome
Animal Testing Regulatory Compliance	Environmental stewardship	Outcome
Biodiversity Impact Initiatives	Environmental stewardship	Outcome
Environmental Responsibility Labels and Awards	Environmental stewardship	Outcome
Forest Stewardship	Environmental stewardship	Outcome
Initiatives for Environmental Restoration	Environmental stewardship	Outcome
Use of Animal Testing	Environmental stewardship	Outcome
Biodiversity Protection Targets	Environmental stewardship	Preparation

Environmental Protection Committee	Environmental stewardship	Preparation
Forensic Accounting - Overall Earnings Quality	Forensic accounting	Outcome
Fossil Fuel Revenue	Fossil fuel	Business Involvement
Gambling Revenue	Gambling	Business Involvement
GMO Revenue	GMO	Business Involvement
Suppliers Human Rights Impact Consideration	Human rights	Outcome
Transparency on Human Rights Audit	Human rights	Outcome
Employee Human Rights Training	Human rights	Preparation
Employee Privacy Commitment	Human rights	Preparation
Human Rights Policy	Human rights	Preparation
Human Rights Policy Implementation	Human rights	Preparation
Human Rights Policy Monitoring (incl. Suppliers)	Human rights	Preparation
Targets for Human Rights Performance	Human rights	Preparation
Freedom of Association	Labour rights	Outcome
Representation of Trade Unions	Labour rights	Outcome
Supplier Code of Conduct Audit	Labour rights	Outcome
Supply Chain Labor Lawsuits	Labour rights	Outcome
Child Labor Policy	Labour rights	Preparation
Forced Labor Policy	Labour rights	Preparation
Labor Rights Policy	Labour rights	Preparation
Supplier Code of Conduct Training	Labour rights	Preparation
Nuclear Revenue	Nuclear	Business Involvement
Disclosure of Accident Rates	Occupational health and safety	Outcome
Employee Medical Insurance	Occupational health and safety	Outcome
Workplace Health and Safety Lawsuits	Occupational health and safety	Outcome
Workplace Injuries	Occupational health and safety	Outcome
Workplace Lost Days	Occupational health and safety	Outcome
Employee Health and Safety Certification	Occupational health and safety	Preparation
Employee Health and Safety Policies	Occupational health and safety	Preparation
Employee Health and Safety Procedures	Occupational health and safety	Preparation

Employee Health and Safety Targets	Occupational health and safety	Preparation
Employee Safety Training	Occupational health and safety	Preparation
Monitoring of Employee Health and Safety Policies	Occupational health and safety	Preparation
Workplace HIV-Aids Program	Occupational health and safety	Preparation
Pork Revenue	Pork	Business Involvement
Access to Finance Programs	Product access	Outcome
Access to Medicine Programs	Product access	Outcome
Affordable Housing Access Programs	Product access	Outcome
Education Access Programs	Product access	Outcome
Food Access Programs	Product access	Outcome
Intellectual Property Sharing	Product access	Outcome
Low-Priced Product Access	Product access	Outcome
Neglected Diseases R&D Programs	Product access	Outcome
Clinical Trials and Research Guidelines	Product quality and safety	Outcome
Excluding Harmful Substances from Products	Product quality and safety	Outcome
FDA Warning Letters	Product quality and safety	Outcome
Improvement of Client Satisfaction	Product quality and safety	Outcome
Initiatives to Promote Sustainable Consumption	Product quality and safety	Outcome
Measuring Customer Satisfaction	Product quality and safety	Outcome
Product and Services Delays	Product quality and safety	Outcome
Product Chemical Components Disclosure	Product quality and safety	Outcome
Product Quality and Safety Lawsuits	Product quality and safety	Outcome
Product Recalls or Withdrawals	Product quality and safety	Outcome
Third-Party Customer Data Access	Product quality and safety	Outcome
Commitment to Responsible Marketing	Product quality and safety	Preparation
Customer Data Privacy Policy	Product quality and safety	Preparation
Personal Data Processing Caution	Product quality and safety	Preparation
Product Quality and Safety Assurance Initiatives	Product quality and safety	Preparation
Product Quality and Safety Policy	Product quality and safety	Preparation
Product Quality and Safety Policy Monitoring	Product quality and safety	Preparation

Product Quality and Safety Policy Targets	Product quality and safety	Preparation
Product Quality Management Systems	Product quality and safety	Preparation
Quality Management System (QMS) Certification	Product quality and safety	Preparation
Supplier Data Privacy Policy	Product quality and safety	Preparation
Energy Efficiency Initiatives	Resource use	Outcome
Company Green Buildings	Resource use	Outcome
Energy Use	Resource use	Outcome
Land Use Reduction Initiatives	Resource use	Outcome
Recycled Raw Materials	Resource use	Outcome
Renewable Energy Use	Resource use	Outcome
Toxic Chemicals Reduction Policy	Resource use	Outcome
Renewable Energy Use Targets	Resource use	Preparation
Resource Efficiency Monitoring	Resource use	Preparation
Resource Efficiency Policy	Resource use	Preparation
Resource Efficiency Targets	Resource use	Preparation
Adult Stem Cells Revenue	Stem cells	Business Involvement
Embryonic Stem Cells Revenue	Stem cells	Business Involvement
Tobacco Revenue	Tobacco	Business Involvement
Employee Training Costs	Training and development	Outcome
Employee Training Hours	Training and development	Outcome
Supplier ESG Training	Training and development	Outcome
Workplace Internal Promotion	Training and development	Outcome
Employee Training Policy	Training and development	Preparation
Employee Training Policy Monitoring	Training and development	Preparation
Employee Training Targets	Training and development	Preparation
Accounting Lawsuits	Transparency	Outcome
Accounting Policies and Financial Transparency Disclosure	Transparency	Outcome
Auditor Independence	Transparency	Outcome
Board and C-Suite Individual Compensation Disclosure	Transparency	Outcome
Board Attendance	Transparency	Outcome

Disclosure of Articles of Association	Transparency	Outcome
Disclosure of Board Background and Skills	Transparency	Outcome
Disclosure of Director Compensation	Transparency	Outcome
External Verification of CSR Reporting	Transparency	Outcome
IFRS/GAAP Compliance	Transparency	Outcome
Integration of Extra-Financial Challenges and Opportunities in Strategy	Transparency	Outcome
Integration of Sustainability Plans	Transparency	Outcome
Stakeholder Engagement Transparency	Transparency	Outcome
Sustainability Reporting	Transparency	Outcome
Extra-Financial Strategy Objectives	Transparency	Preparation
GRI Report Compliance	Transparency	Preparation
Hazardous Waste Generation	Waste	Outcome
Internal Waste Recycling	Waste	Outcome
Oil Spill Disclosure	Waste	Outcome
Spill Impact Reduction Initiatives	Waste	Outcome
Waste Generation	Waste	Outcome
Waste Recycling Ratio	Waste	Outcome
Waste Reduction Initiatives	Waste	Outcome
Hazardous Waste Reduction Policy	Waste	Preparation
Water Pollution	Water	Outcome
Water Recycling Initiatives	Water	Outcome
Water Withdrawal	Water	Outcome
Water Policy	Water	Preparation
Chemical and Nuclear Weapons Revenue	Weapons	Business Involvement
Cluster Bombs Revenue	Weapons	Business Involvement
Firearms Revenue	Weapons	Business Involvement
Landmines Revenue	Weapons	Business Involvement

Appendix B: Examples of news-based controversies

Company	Topic/Feature	Source	Controversy (1-5)	URL
Boeing; Lockheed Martin	Business Ethics	The Denver Post	3	Link
Lululemon Athletica Inc	Human Rights/Employment Quality	Business Insider	3	Link
Samsung Electronics	Labour Rights	Reuters France	2	Link
Geox; Esprit; Benetton; Triumph	Occupational Health & Safety/Labour Rights	La Repubblica	2	Link
RWE/Deutsche Bank	Fossil Fuel/Emissions	Die Zeit	4	Link

Appendix C: Examples of NGO campaigns

Company	Topic/Feature	NGO	Sentiment (-1 – 1)	URL
PepsiCo, Nestlé, Coca-Cola	Waste/Environmental Stewardship	Greenpeace	-0.36	Link
Samsung	Occupational Health & Safety	IPEN	-0.07	Link
Coca-Cola	Product Quality & Safety/Human Rights	Foodwatch	-0.10	Link
AXA	Emissions/Fossil Fuel	Amis de la terre	0.05	Link
Expedia	Environmental Stewardship	PeTA	0.03	Link