

# WHAT BAD ESG LOOKS LIKE

## E

### LAND

De-forestation / illegal logging / rainforest destruction  
 Non-sustainable agriculture  
 Land pollution  
 Illegal mining  
 Habitat destruction  
 Waste management  
 Use of pesticides  
 Excessive use of natural resources  
 Poor recycling  
 Tobacco

### AIR

GHG emissions

### WATER

Illegal fishing  
 Water pollution

## S

### LABOUR

Slavery	Human trafficking	Sex slavery	Migrant labour
	Bonded labour	Child marriage	Slave force
	Forced labour	Forced marriage	Slave labour
	Descent-based slavery	Child labour	
Systemic discrimination	Sexual discrimination	Disability discrimination	Pregnancy discrimination
	Gender discrimination	Religious discrimination	Discrimination against foreign workers
	Race discrimination	Age discrimination	
Labour unrest	Strikes	Demonstrations	Walkout
	Protests	Occupation	March
	Riots	Work-to-rule	Strike-breaker
	Picketing	Blockade	
Extreme low pay	Sweat shop	Denial of living wage	Unpaid overtime
Treatment of workforce	Anti-unionism	Denial of collective bargaining	Victimisation
	Denial of rights	Blacklisting	
	Denial of freedom of association	Harassment	
Health and safety	Accidents	Corporate homicide	Malffeasance
	Corporate manslaughter	Criminal negligence	
Conditions	Working hours	Hygiene	Ventilation

### COMMUNITY

Development-induced displacement  
 Involuntary resettlement  
 Lack of local engagement  
 Under-investment  
 Failure to observe local customs

### ANIMAL

Endangered species  
 Experimentation  
 Transportation  
 Illegal wildlife trafficking  
 Trophy hunting

## G

### BOARD CONDUCT

Independence / lack of oversight  
 Undue influence  
 Diversity  
 NED representation  
 Lobbying / political donations  
 Excessive remuneration  
 ABC policies  
 Compliance with financial reporting obligations  
 Aggressive tax avoidance  
 Inappropriate lobbying

### TRADING CONDUCT

Anti-competitive behaviour	Cartels	Exclusive dealing
	Price fixing	Dividing territories
	Predatory pricing	Government-granted monopolies
	Predatory lending	Limit pricing
	Bid rigging	Resale price maintenance
IP infringement	Trademark infringement	
	Patent infringement	
	Copyright infringement	
	Brand infringement	
Regulatory affairs	Regulatory breach	
	Upcoming legislation	
	Fines	Warning
	Breach of anti-trust laws	
Marketing	Greenwashing	
	Off-label marketing	
	Astroturfing	

SWEATSHOP KINDERAUSBEUTUNG ДИТЯЧЕ РАБСТВО 奴隸制度  
性奴 घरेलू गुलामी РАБАМ 노예 인신매매 การค้าทาส ÇOCUK 童奴  
แรงงานทาส ค่าประเวณี दासता 奴隸 mano de obra infantil KÖLELER 童奴  
การค้าประเวณี καταναγκαστικού γάμου 童奴 ทำงานเยี่ยงทาส  
LABOR ค่าประเวณี сексуальное рабство แรงงานขี้ดหนี้ ทาส SLAVE RINGS  
TRAFFICKING РАБИНИ ค่าประเวณีทางเพศ εργασίας ΤΡΑΦΙΚΟ DE SERES HUMANOS  
दासता แรงงานทาสในโรงงานนรก ανηλίκων คากาม 兒童奴隸制  
ОНА БИВІ АДО РАБЕ Vertragsknechtschaft UNDERAGE WORKFORCE 血汗工廠奴役  
ПРИМУСОВА ПРАЦЯ ТОРГІВЛЯ СЕКСОМ ΠΑΙΔΙΚΟΥ ΕΡΓΑΤΙΚΟΥ ΔΥΝΑΜΙΚΟΥ  
ค้าเช็กซ์ การเป็นทาสทางเพศ işgücü ticareti 童奴 兒童奴隸制  
การค้าเช็กซ์ การคานุษยดานูแรงงาน γάμου ανηλίκου INDENTURED LABOR  
SKLAVEREI 強迫勞工 การค้าประเวณีทางเพศ раби́ни 童งานเด็ก  
ทาสในโรงงานนรก SKLAVENARBEITSKRAFT इंडेचर्ड लेबर  
lavoro forzato การค้าทางเพศ บังคับใช้แรงงานทาส แรงงานขี้ดหนี้ในเด็ก

- It is reckoned that over 80% of the world’s data is in unstructured form (e.g. web pages, news articles)
- “Natural language processing (NLP) refers to the branch of computer science—and more specifically, the branch of artificial intelligence or AI—concerned with giving computers the ability to understand text and spoken words in much the same way human beings can”
- Like a human, smartKYC machine-reads every line of every document, often thousands, at speed and at scale and identifies and categorises everything in it, regardless of language... and it is always live

- ✓ Birth
- ✓ Army service
- ✓ Domicile
- ✓ Wealth
- ✓ Marriage and children
- ✓ Country exposure
- ✓ Legal issues
- ✓ Related entities
- ✓ Exposure to risky parties

**Arcadi Gaydamak** was **born** in 1952 in Moscow, the capital of the USSR. Exposure - medium risk countries Background At the age of 20, **Gaydamak** was one of the first **Jews** to emigrate to Israel from Leonid Brezhnev’s Soviet Union and receive Israeli citizenship. Exposure - medium risk countries Exposure - low risk countries **He** lived on Kibbutz Beit HaShita, and studied Hebrew at an ulpan. **He** said **he** originally intended to serve in the **Israeli Army**, but ended up moving to France, where **he** opened a translation bureau.[3] In 1982, **Gaydamak** Translations opened a branch in Canada. Career

Background Related entities Exposure - low risk countries During that period **he** commenced international **business**, in import and **export**. After the collapse of the USSR, **he** built up ties in Russia and Kazakhstan and formed various **business** organizations across Europe.[citation needed] Exposure - medium risk countries

**Gaydamak** won two citations from the French **government**: Chevalier de l’Ordre National du Mérite[4][5] and the Ordre du Mérite agricole for helping to rescue two captured French pilots in the War in Bosnia in the 1990s, as well as two French intelligence officers captured by rebel factions in the Caucasus. Exposure - low risk countries According to **Gaydamak**, these operations were secret. Hence the citations spoke of **his** contribution to agriculture. Former French **interior minister** Charles Pasqua confirmed this, saying that then-**president** Jacques Chirac had personally authorized the citations.[4]

**Gaydamak** **owns** a **home** in Caesarea,[3] is **married** to Irene Tzirolnicova and is a **father** of three children. Exposure - low risk countries Assets Related individuals **He** speaks Russian, French and English. Exposure - medium risk countries **He** also speaks Portuguese and Hebrew on a basic level.

In December 2008 it was reported that **Gaydamak** left Israel and moved to Moscow.[6] In February 2009 it was reported that **he** seeks to regain the Russian citizenship **he** lost when **he** emigrated to Israel.[7] Exposure - medium risk countries Exposure - low risk countries

**Arcadi Aleksandrovich Gaydamak** (Hebrew: אַרְקָדִי אֶלְכְּסַנְדְּרוֹבִיץ' גַּיְדַמַּק, Russian: Аркадий Александрович Гайдамак, **born** 8 April 1952 in Moscow, USSR) is a Russian-**born** Israeli **business** investor, and philanthropist. Exposure - medium risk countries Background **He** was awarded the Order of the Legion of Honour. On 29 April 2011 the Court of Appeal in Paris **acquitted** **him** of **arms dealing**. Legal issues **He** is the **owner** of the Israeli football club Beitar Jerusalem, and in February 2007 announced the establishment of an Israeli social movement, Social Justice,[1] which became a **political party** in July 2007.[2] **He** ran unsuccessfully for **mayor** of Jerusalem in the November 2008 **elections**, receiving about 3.6% of the votes. Related entities Assets

Exposure - political Career Exposure - low risk countries

In October 2009, **Gaydamak** and French **magnate** Pierre Falcone were **convicted** by a French court of organizing **arms trafficking** in Angola during the civil war in 1993-1998 in the amount of 790 million dollars, in **violation** of the Lusaka Protocol. Controversies Exposure - sensitive industries Exposure - high risk countries Exposure - low risk countries **He** was **sentenced** in absentia to six years in **prison**, but **his** **conviction** on the arms dealing charges was overturned by the Court of Appeal in Paris on 29 April 2011. Legal issues France had attempted to **extradite** **Gaydamak** from Israel, although Israeli law has changed in the interim.[8] It has been claimed by Peter Storrie that this situation helped to precipitate the financial crisis at Portsmouth Football Club. Legal issues

Exposure - low risk countries The club was **owned** by his **son** Alexandre, and the **allegations** caused banks to withdraw overdraft facilities from the club, and to demand total repayment.[9] In November 2015, **Gaydamak** surrendered himself to France **authorities** and began his 3 year sentence in **prison**. [10] Exposure - risky parties

# EXTRACTING FACTS FROM UNSTRUCTURED DATA

FACTS

## Offenses

- Type
- money laundering
- arms dealing
- tax evasion
- non-declaration of income

Multiple offences are classified

## SUPPORTING EVIDENCE ABOUT FACTS

### Offenses

Type	Sc	Hits	Muted
money laundering	100*	27	
arms dealing	100*	4	
tax evasion	100*	11	
non-declaration of income	76	1	

  

Type	Sc	Hits	Muted
money laundering	100*	27	

  

cR	eR	Snippet	Publish Date	Source	SQ	Lev	Sc
		* In October 2009, Gaydamak was <i>indicted</i> in the Tel Aviv District Court on <i>suspicions</i> of <i>money laundering</i> through Bank Hapoalim together with several managers of the bank and the Italian-Israeli businessman Nahum Gaimor.[22] In a <i>Plea Deal</i> , Charges for <i>laundering money</i> have been dropped by the court of justice, Gaydamak received one-year suspended sentence and fine.[23]	8y ago	infogalactic.co	MEDIUM	1	100*
		Headline: Arcadi Gaydamak					
		Gaydamak was <i>sentenced</i> to three years in <i>jail</i> for <i>money laundering</i> and <i>illegal guns trade</i> in <i>Angola</i> , in years of...	N/A	dbpedia.org	MEDIUM	1	71
		Headline: About: Arcadi Gaydamak - dbpedia.org					
		Gaydamak <i>indicted</i> in Hapoalim <i>money laundering</i> case	11y ago	globes.co.il	MEDIUM	1	65
		Headline: Arcadi Gaydamak found guilty of arms trafficking					
		En 2011, Arcadi Gaydamak a été <i>condamné</i> en France à 3 ans de <i>prison ferme</i> pour <i>fraude fiscale</i> et <i>blanchiment</i> dans l'affaire des livraisons d' <i>armes</i> à l'Angola.	-7y ago	letemps.ch	MEDIUM	1	64
		Headline: Aller au contenu principal					
		לאחר מספר שנים, ב-24 בנובמבר 2015, הורשע ארקדי גאידימק בעבירות מס והלבנת הון בפרשת אנגולה גייט, ונגזרו עליו 3 שנות מאסר בכלא הצרפתי.	N/A	wikipedia.org	MEDIUM	1	64
		Headline: כרזה ועליה דמותו של ארקדי גאידימק על רקע העיר					
		מספר ימים לאחר מכן נחקר גאידימק במשטרה בחשד להלבנת הון.	N/A	wikipedia.org	MEDIUM	1	64
		Headline: כרזה ועליה דמותו של ארקדי גאידימק על רקע העיר					

Supporting hits sourced from multiple sources in multiple languages

# DEFINE ADVERSE?

FINANCIAL CRIME	PREDICATE OFFENCES	LESSER OFFENCES	REPUTATION	TOXIC ASSOCIATIONS	ESG?
<b>Money Laundering</b> <ul style="list-style-type: none"><li>• Money laundering</li><li>• Terrorist financing</li></ul>	<ul style="list-style-type: none"><li>• Murder</li><li>• Narcotics</li><li>• Cybercrime</li><li>• Organised Crime and racketeering</li><li>• Illicit arms dealing</li><li>• Smuggling</li><li>• Kidnapping</li><li>• Robbery</li><li>• Terrorism</li><li>• Human trafficking</li><li>• Extortion</li><li>• Piracy</li><li>• Illicit trafficking in stolen and other goods</li></ul>	<ul style="list-style-type: none"><li>• Assault</li><li>• Affray</li><li>• Speeding offences</li><li>• Libel</li><li>• Shoplifting</li><li>• Stalking</li><li>• Hate crime</li><li>• Illegal protest</li><li>• IP theft</li><li>• Breach of planning laws</li><li>• Health and safety</li><li>• Domestic abuse</li><li>• Drink driving</li></ul>	<ul style="list-style-type: none"><li>• Bullying</li><li>• Unreliable witness</li><li>• Extreme political or religious views</li><li>• Untrustworthy</li><li>• Unethical behaviour</li><li>• Sexism</li><li>• Racism</li><li>• Substance abuse</li><li>• Aggressive tax avoidance</li><li>• Ethically questionable industries</li><li>• Close network risk</li></ul>	<ul style="list-style-type: none"><li>• 1MDB</li><li>• Laundromat</li><li>• Operation car wash</li><li>• Madoff</li><li>• Wirecard</li><li>• Mafia</li><li>• Pornography</li></ul>	<b>Environmental</b> <ul style="list-style-type: none"><li>• Land</li><li>• Sea</li><li>• Air</li></ul> <b>Social</b> <ul style="list-style-type: none"><li>• Labour and the workplace</li><li>• Community</li><li>• Animal</li></ul> <b>Governance</b> <ul style="list-style-type: none"><li>• Board conduct</li><li>• Trading conduct</li></ul>

# SCREENING DUE DILIGENCE CHECKLIST?

CHECK TYPE	RISK PARAMETER / DATA TYPE	DESCRIPTION	DIRECTOR	ORGANISATION
Third party risk database	Watchlists	Commercially curated lists of PEPs, sanctioned individuals and entities and persons of special interest	x	x
	Sanctions list	Derived directly from official sources likes OFAC	x	x
	ICIJ	Panama and Bahamas papers etc.	x	x
	Internal blacklist	Client's own lists of organisation or people they would rather not be associated with	x	x
Public and private company data check	Aggregated company data from around the world	Directors, shareholders, ultimate beneficial owners, corporate structure		x
		Shareholdings	x	
Judgements	Court records	Formal proceedings		
Adverse media references	Legal	Reporting of cases relating to money laundering, bribery and corruption, fraud, and non-financial crimes	x	x
	Controversies	e.g. informal accusations or rumours	x	x
	Toxic associations	Connection with uncomfortable subjects / organisations / sectors (e.g. FIFA, 1MDB, tobacco etc as defined by client)	x	x
	Political	Live scan of political involvement or connections	x	x
Exposure	Network risk	Links to people or organisation that have a risk associated with them	x	x
	Country	Footprint in high-risk countries (client-defined)	x	x
	Money laundering sensitive sector	Involvement in sectors with heightened money laundering risk, e.g. gambling or luxury goods (client-defined)	x	x
	ESG sensitive sector	Involvement in ESG-sensitive sectors e.g. hydrocarbons, forestry (client-defined)	x	x
ESG transgressions	Environmental	Air, land, sea		x
	Social	Labour, community, animal		x
	Governance	Board conduct, trading conduct		x
Security	Threats	Cybercrime, product recall, assets targeted, protest		x
Network	People	Formal (business) and informal (family) associations	x	x
	Organisations	Formal (structural) and informal (business dealings) relationship	x	x
Source of wealth	Extent	Wealth estimates	x	
	Assets	Shareholding, physical assets	x	
	Origin	How wealth was accumulated	x	
Background	Narrative	Birth, domicile, career, hobbies, lifestyle	x	

# FOUR SCREENING DUE DILIGENCE PHASES



## Identify and mitigate legacy risks

- Overnight batch process
- Triage potential hits for human review using web tool



## New-to-organisation third parties

- Screen and create intelligence baseline for refresh
- Human review and / or straight through process



## 24 / 7 risk vigilance

- Real time alerts of emerging, material risks
- Names matched to client files



## Rescreen at intervals

- See net new risks, not repeats
- Fully automated

# SMART EYE – 3<sup>RD</sup> PARTY RISK ALERTS IN REAL TIME smartKYC

Our products generate real evidence of historic and breaking misdeeds in your supply chain - not theoretical ratings

กรมเจ้าท่าฟ้องสตาร์ บี โตรเลียม รีไฟน์นิง ทำน้ำมันดิบรั่วที่ระยอง ยอมจ่ายแล้ว134ล้านบาท  
The Marine Department sues [redacted] for leaking crude oil at Rayong. Already agreed to pay 134 million baht

A varejista [redacted] foi **multada** em 11,3 milhões de reais em **danos** coletivos por **discriminação contra pessoas com deficiência (PCDs)**.  
Retailer [redacted] was fined 11.3 million reais in collective damages for discrimination against people with disabilities (PWDs).

\* Mientras que [redacted] Latam ya había sido **multada** por las **autoridades** de Colombia por 25 millones de dólares por **fixar precios** del cemento gris.  
While [redacted] had already been fined by the Colombian authorities for 25 million dollars for fixing prices for gray cement.

訴状によりますと、神戸市灘区などの住民グループは、神戸製鋼が増設した2基の石炭火力発電所が稼働を始めることにより**大気汚染**につながり、健康に安心して生活する権利が**侵害**されるなどとして神戸製鋼などに対し、**発電所の増設や運転の差し止め**を求め、**提訴**していました  
According to the complaint, a group of residents in Kobe City's Nada Ward and other areas are concerned that [redacted] s two additional coal-fired power plants will start operating, leading to air pollution and violating their right to live a healthy and worry-free life. A lawsuit was filed against [redacted] and other companies seeking an injunction to halt the expansion and operation of power plants.

由于美国**海关指控顶级手套强迫劳动力**,从而对其实施了长达一年的**进口禁令**,该公司赴港上市计划因而被推迟  
[redacted] : plans to list in Hong Kong were delayed after U.S. Customs imposed a year-long import ban on the company over accusations of forced labor.

\* П'ятеро людей загинуло і 22 постраждали під час аварії у вівторок, 6 серпня, на хімічному концерні в Горлівці, де під час проведення ремонтних робіт в одному з **цехів** стався викид аміаку.  
Five people died and 22 were injured during an accident on Tuesday, August 6, at the Styrol chemical concern in Horlivka, where ammonia was released during repair work in one of the shops.

\* Net als de opnames die een dierenrechtenactivist undercover maakte van mishandelde varkens in zijn ook de beelden in **Izegem** niet voor gevoelige kijkers (zie video's hieronder).  
Just like the recordings that an animal rights activist made undercover of abused pigs in the Tielt Export Slaughterhouse, the images in Izegem are also not for sensitive viewers (see videos below).

This 'ground truth' is uncovered first from local language sources