

THE KEY TO EFFECTIVE THIRD-PARTY ESG RISK MONITORING

It is now obvious that the theme of ESG is close to the top of most corporate agendas.

Typically, companies will think about ESG from two perspectives: 1) measuring their own credentials, such as sustainability, ethical behaviour, etc. and 2) evaluating the investments they make.

But they also recognise another angle—that the ESG misdeeds of the suppliers, representatives and partners they do business with might present a risk to them, by association. The impact of such misdeeds could cause significant damage to brand reputation, share price and even sales.

In order to know how to screen and monitor these relationships, you need to know what those potential ESG misdeeds are or what bad ESG looks like, if you will.

Here, we introduce our ESG framework, which serves as a guide for our third-party risk monitoring

product, [smartEYE](#). This framework determines the specific transgressions that should be monitored for. And behind each of these risk concepts is a granular set of subcategories including synonyms, colloquialisms and a myriad of language permutations.

We don't claim that this is the definitive classification of ESG risk types. In fact, we would welcome a conversation on how it can be improved. However, when combined with the precision of our multilingual search and content processing technology, for example Russian, Chinese, and Arabic, smartEYE delivers third-party ESG risk alerts in real time, representing a powerful ally in the effort to maintain corporate wellbeing.

To see what 24/7 risk vigilance looks like in action, please [schedule a demo](#).

And if you have any questions about our framework, please [get in touch](#).



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ESG RISK FRAMEWORK



E

LAND

De-forestation / illegal logging
 Non-sustainable agriculture
 Land pollution
 Illegal mining
 Illegal dumping
 Habitat destruction
 Poor waste management
 Overuse of fertilizers / pesticides
 Excessive use of natural resources
 Poor recycling
 Tobacco

AIR

GHG emissions

WATER

Illegal fishing
 Water pollution

S

LABOUR

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

COMMUNITY

Development-induced displacement
 Involuntary resettlement
 Resource appropriation
 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
 Dubious political donations
 Excessive remuneration
 ABC policies
 Compliance with financial reporting obligations
 Aggressive tax avoidance
 Controversial lobbying

TRADING CONDUCT

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