esgbook

ESG Book

Introduction, Methodology, and FAQs

2023

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Introduction

ESG Book is a global leader in sustainability data and technology.

Launched in 2018, ESG Book's wide range of cloud-based sustainability products and solutions are used by many of the world's leading financial organisations which collectively manage over $120 trillion.

- A global team of over 200 ESG and technology professionals.
- Offices in London, Frankfurt, Boston, New York, Singapore, Delhi, and Tokyo.
- Signatory of the UN Global Compact; approved SBTi.
- Supported by a world-class coalition of investors.

ESG Book's suite of solutions can be divided into 3 core areas:

1. **ESG and Climate Data** - Gain access to ESG data for over 50,000 companies worldwide. Combining analyst research with AI, ESG Book covers over 450 data points per company, mapped against leading frameworks.
2. **ESG and Climate Analytics** - ESG Book provides access to a suite of market-leading sustainability analytics that enable clients to gain deeper insights into ESG risks and opportunities, along with a range of products to meet regulatory requirements.
3. **ESG Technology** - Through a SaaS data management platform, ESG Book enables assess to over 135,000 corporate disclosures, delivered via API technology for seamless integration. Disclosure capability for public and private companies.

Methodology Links

1. ESG Performance Score Methodology
2. Temperature Score Methodology

Research Links

ESG Book thought leadership and research can be found here. Some key pieces are detailed below:

- More Than A Buzzword – Assessing the financial and transparency effects of corporate gender diversity.
- Closing the climate data gap – Explaining the ECB's new climate-related indicators.
- ESG has the 'S' Factor – The rise of socially-driven design.
- Life in Plastic – Not fantastic. The rise of chemical pollution.

Frequently Asked Questions

General

What is the difference between ESG Book and other sustainability data providers?
The key factors that distinguish ESG Book from other companies in the sustainability data space, include the following:

- Data-driven:
    - Data ownership of 135,000 corporate disclosures, leading independent ESG data firm.
    - All products are data-driven, no human judgement, daily updates.
    - Ability to compare and navigate data, mapped against multiple frameworks.
- Sustainability-focused:
    - Leading sustainability capabilities and thought leader.
    - Network of experts and advisors.
    - Faster route to market with better products to address emerging E, S, and G issues.
- Technology-driven:
    - Cloud-based, API-first, modern.
    - Capability to integrate structured (disclosed) and unstructured (news, social etc) data.
    - Full integration into all major distribution and cloud platforms.
- Innovative:
    - Platform that brings together investors and companies.
    - Free access to build trust in ESG information and democratise use of ESG data.
- Forward-looking:
    - ESG Book brings together corporate reporting with AI to turn news, NGO and social media into ESG investment insights.

ESG Performance Score

What is the ESG Performance Score?
The ESG Performance Score provides investors and corporates with a systematic and comprehensive sustainability assessment of corporate entities. The ESG Performance Score measures company performance relative to salient sustainability issues across the spectrum of environmental, social and governance. The score is driven by a sector-specific scoring model that emphasises financially material issues. The definition of financial materiality is inspired by the Sustainability Accounting Standards Board (SASB) and refers to information of particular relevance to investor decision-making.

The ESG Performance Score has two complementary offerings:

1. ESG Performance Score - CORE: Point-in-time scores showing the sustainability performance of companies based on publicly available company-reported data. Scores are derived using a transparent aggregation methodology – with flexible outputs to accommodate different use cases.
2. ESG Performance Score - PLUS: CORE Score adjusted for Media and NGO inputs that account for recent sustainability events from news sources and NGO reports. Combined, CORE and PLUS scores allow users to differentiate performance based on company reported data (annual) and global news (daily).

What is considered to be a 'good' score?

ESGP is a relative score – it shows performance of a company relative to everyone in the universe. Hence, there is not something like an absolute good or bad score (e.g., if you have this you 'made it').

- 0 indicates the worst performance possible.
- 100 indicates the best performance possible.
- 50 indicates average performance – anything <50 is below average, >50 is above average.

How should we interpret the ESG Performance Score?

The scores can be interpreted at different levels as follows:

- Category scores:
    - Indicates a company's performance relative to the universe.
    - It does not account for whether or not the category is important for the company based on industry → comparisons outside of peer groups need to be done with care.
- Pillar/Dimension scores:
    - Indicates a company's performance relative to the universe, given what the company and other companies in the universe have reported on different categories, and under consideration of industry specific relevance of categories (materiality).
- Total scores:
    - Indicates a company's performance relative to the universe, given what the company and other companies in the universe have reported on the categories, and under consideration of industry specific relevance of features (materiality).
    - Given the information you and others provided and given your industry, how good are you performing on ESG relative to others.
    - Examples: (a) Score of 20: You tend to generally under-perform on the ESG topics that really matter for your industry. (b) Score of 90: You tend to be a general leader on ESG topics that matter for your industry.

Can I see the inputs which go into the sustainability topics?
Currently, the inputs which drive the 26 granular sustainability categories can be seen on the ESG Book platform.

The platform allows you to directly dive into which specific metrics are driving the 26 sustainability category scores and thus the high-level Total, Dimension, and Pillar scores.

How often are the scores updated?
Our ESG Book ESG Performance Scores are calculated daily. This does not, however, mean that a company's score will change every day, but that when new data are available, it is incorporated immediately.

What is your approach to materiality/weighting methodology?
For each company, we classify the sustainability categories as (a) industry material, (b) sector material, and (c) immaterial.

Based on this classification and the available Category Scores, we determine the weights. We use a proportional weighting approach meaning that the relative importance of industry material, sector material, and immaterial categories is always the same. An industry material category is given 2.5 times the weight of a sector material category and 10 times the weight of an immaterial category. The exact weights depend on a company's disclosure pattern and industry/sector. Specifically, the weights are calibrated based on the number of sector material, industry material, and immaterial categories for which a company has scores. Weights are calibrated separately for every company.

The materiality weights are derived from the SASB Materiality Matrix. That materiality matrix is an across industry-sector consensus based on what the capital markets believe are topics material to 77 industries. This materiality matrix is managed by SASB & IFRS ISSB and will slowly evolve through time.

How do you ensure validity of your score?
Validity (sometimes 'accuracy') refers to a score's ability to correctly represent reality, or here, correctly represent companies' sustainability performance. Validity is ensured in the Performance Score in two ways. First, the systematic selection of metrics ensures that the sustainability category is well and comprehensively represented. Second, disclosure requirements ensure that there is sufficient relevant information to make a performance statement. To receive an ESG Performance Score, companies need to disclose against at least two material sustainability topics with at least four data points each. The majority of companies go significantly over this threshold. Companies' disclosure completeness is surfaced through the Disclosure Score for a transparent and comprehensive view.

Can you please explain how you normalise scores?
We use a relative scoring approach that translates all inputs to a scale from 0 (worst) to 100 (best) based on where in the universe a company is positioned.

Relative scoring refers to techniques that standardize metrics based on (a) the reported value of a company and (b) the reported values of all other companies in the universe. The standardised metric is an expression on how well the company performs relative to all companies in the universe. Relative scoring allows us to identify 'best-in-class' performance and account for global trends and developments. Users can quickly spot changes in the positioning of companies that result from both companies' conduct and developments in the industry, sector or universe, more broadly. An illustrative example of the latter is a push towards more sustainable practices in an industry that are missed by a particular company. The sustainability data of this company does not change. However, the standardized metrics and hence ESG Performance Score will change as the company is 'loosing ranks' against its peers. Hence, users can assess where a company stands in the field by looking at its score and without having to perform extensive comparative analyses.

What is the universe of the ESG Performance Score?

The ESG Performance Score is powered by ESG Book's proprietary data. ESG Book's data universe includes 9000+ companies and follows the constituents of MSCI ACQI IMI Index with additional sustainability disclosure relevant filters applied. The universe of the ESG Performance Score is derived from this universe and corresponds to all companies who fulfil certain disclosure requirements. Notably, companies are included in the ESG Performance Score universe if they disclose sufficient material information - i.e., at least four data points for two separate industry-material categories

How does ESG Book Ensure Data Quality for the ESG Performance Score

Where possible, assured data is collected preferentially during the data collection process. Where the company does not provide their assurance statement or state that their emissions data is assured, this data is collected if the data is in line with the GHG Protocol.

After data collection, all data goes through a series of data validation tests to ensure data accuracy. Our technical validation tests look at 8 dimensions of data quality: Completeness, Conformity, Validity, Accuracy, Consistency, Uniqueness, Reasonableness, and Timelines. Our technical validation tests are run on the entire dataset of collected data with the aim to identify any inconsistencies in the data. Examples of the technical validation tests include:

- Input error tests - Checking if the input field has been correctly filled (e.g., checking that the analyst has recorded the correct year).
- Inconsistency tests - Checking if the data is consistent in consecutive years (e.g., checking that data present in one year is also present in the subsequent year).
- Related questions tests - Checking the input for two metrics is reasonable and/or expected based on the established relationship between the two metrics (e.g., if GHG emissions data disclosure is NULL, the quantitative GHG emissions metric should also be NULL).

Companies with identified errors will be flagged for further manual comprehensive data integrity validation by our ESG analysts.

Why did you choose SASB as an inspiration over other frameworks in the market?
SASB forms the foundation for the sustainability reporting ecosystem of capital markets and investors. The standards outline the material information for 11 sectors and 77 industries. Material information refers to information that is most relevant to economic and investor decision making. SASB Standards are evidence-based and developed with broad market participation. They are the foundation of the forthcoming IFRS ISSB Standards.

If I want to check if the underlying inputs are correct, how can I go about this?
Our underlying inputs can be checked through two avenues:

1. Corporates can sign up to the ESG Book platform and directly disclose data into our scoring frameworks.
2. Alternatively, corporates can reach out to the ESG Book Customer Advisory Services via support@esgbook.com who can provide an excel data sheet with all the current underlying inputs. Any corrections or updates made to the datapoints by the user will go through a data verification process before being integrated into the scores.

How long after a new sustainability report is published will the information be reflected in the ESG Performance Scores?
Data collection for a given company occurs on an annual basis. Where there is a historical trend of the company publishing reports in different months (for instance, publishing their sustainability report two months after their annual report), data collection for that company would occur when all relevant reports have been published. This is to ensure that all reports are jointly considered to provide an accurate company profile on all sustainability metrics.

Typically, the time between publishing of a report and the data being reflected in the associated scores is circa 6 weeks.

If new data has been published and you believe that the data are not reflected in the scores, please contact ESG Book's Customer Advisory Team via support@esgbook.com.

How are the Performance Score and ESG262 different?
The main driving factors behind the differences are:

- Financial Inputs: The Performance Score no longer contains two financial features/categories which contributed heavily to the ESG262 score. These financial features are no longer deemed to be relevant to ESG.
- News Impact: The ESG Performance Score can be separated into Core and Plus which allows the user to isolate the impact of sustainability events and public sentiment. Further, while the ESG262 score included only negative news, the Performance Score includes both positive and negative news.

- Static vs Dynamic Materiality: All materiality weights are more or less static in the Performance Score, whereas with ESG the dynamic materiality was rebalanced quarterly which significantly moves the feature weights for a given industry through time, without this, scores are more static and similar.
- 26 vs 20 sustainability features/categories: The ESG262 score contained 20 features constructed from ~250 metrics, compared to ~200 metrics mapped to 26 SASB-based categories for the Performance Score.

Why is the Performance Score better than the ESG 262 score?

- Transparent Methodology: The Performance Score's methodology, including framework, data mapping, and calculations, is fully accessible to users.
- Full Data Disclosure: The ESG Performance Score offers full disclosure on the data that powers the scores including transparent mapping, with the ability to drill down to source documents.
- Established Framework: The ESG Performance Score is inspired by an established framework developed by SASB in collaboration with a broad range of stakeholders and sector experts.
- Distinct View: The ESG Performance Score enables a nuanced view on a company's sustainability profile through separate analytics on performance and disclosure.
- Enhanced News & NGO Methodology: News and NGO data are integrated to account for the public perspective and sustainability events across both positive and negative sentiment. The addition of temporal factors leads to data memory, which fades as we move back in time.

If a company is not covered, can you request for the company to be added to the universe?

For requests to cover a company, please get in touch with our team via support@esgbook.com.

How can clients seek support?

Our Customer Advisory Services is a dynamic team that will ensure they get back to any product-related requests within 24 hours. For requests involving in-depth questions or analysis, the typical turnaround period is 2-3 days. To access support please get in touch with our team via support@esgbook.com.

Temperature Score

What is the Temperature Score?
The Temperature Score reflects a company's climate impact and its level of climate ambition. It is ESG Book's unique new metric that measures the extent to which corporations across the world are contributing to the rise in global temperature. By translating the greenhouse-gas (GHG) emissions from each company to a score based on sector-specific emissions pathways, the Temperature Score recognizes the companies who are leaders in climate action. Companies can receive a score of 1.5°C, 2°C, 2.7°C, >2.7°C or 3°C, where the 3°C score is reserved for companies that do not sufficiently disclose their emissions. Three additional indicators are calculated to differentiate between companies: Target, Trend and Scope 3.

Why are GHG emissions translated into a temperature increase?
GHG emissions are expressed as a Temperature Score to allow for a fair comparison between companies of different sizes. Rather than compare companies solely by their level of emissions, whereby large companies may be penalised, the Temperature Score takes account of a company's size and sector alongside its emissions. As a result, it is possible for a small company, with high emissions compared to its revenue, to receive a high score. Using this approach, we ask 'If every company were to act in this way, what would the rise in global temperature be?'

Additionally, a temperature in degrees is a more tangible concept than tonnes of emitted CO_2.

Why should I care about a company's Temperature Score?
The Temperature Score tells you about the impact a company has on the climate, and the action, or lack thereof, it is taking to mitigate climate change. The score utilises the most recently reported emissions data to evaluate a company's climate ambition and transparency. The Temperature Score is therefore an important risk management tool for both investors and the corporations themselves.

Why should companies publicly disclose and publish their emissions data?
In order to limit GHG emissions and the resulting global temperature rise, we first need an initial understanding of the current level of emissions. By publicly disclosing and publishing GHG emissions, companies are taking an essential first-step in tackling the climate crisis.

How does ESG Book collect the emissions data?
ESG Book's sources its emissions data through in-house data collection. This data is collected by a team of experienced data analysts who gather the data from publicly available sources. Sources include the company website, annual reports, sustainability reports, proxy filings, 10K reports, policy statements and assurance statements.

Targeted reports such as the CDP climate change questionnaire and TCFD reports are also considered if publicly available on the company website.

It is important to note that ESG Book also considers insufficient disclosure as a data point, meaning that if a company has a Corporate Social Responsibility (CSR) report, for example, which does not include correctly reported GHG emissions data, then this company will be marked as having insufficient disclosure, and will receive a 3°C score.

If you are currently receiving a 3°C and feel that this is incorrect, please get in touch with us via support@esgbook.com.

How does ESG Book ensure the emissions data is factually correct?

The emissions data that has been collected is fully traceable back to the exact report or webpage it came from. Furthermore, we use data that has third-party assurance where possible.

How often is the Temperature Score updated?

The Temperature Score is calculated on a weekly basis so that any new emissions or revenue data may be incorporated, and so that the score has the most up-to-date data for companies that have SBTi targets. Generally, it can be expected that the Temperature Score for a company will change annually, at a minimum, in-line with the typical reporting cycles of emissions data.

Appendix I – Category Definitions

	GIC	DESCRIPTION
Business Model & Innovation	Business Model Resilience	The category addresses an industries capacity to manage risks and opportunities associated with incorporating social, environmental, and political transitions into long-term business model planning. This includes responsiveness to the transition to a low-carbon and climate-constrained economy, as well as growth and creation of new markets among unserved and underserved socio-economic populations. The category highlights industries in which evolving environmental and social realities may challenge companies to fundamentally adapt or may put their business models at risk.
	Materials Sourcing & Efficiency	The category addresses issues related to the resilience of materials supply chains to impacts of climate change and other external environmental and social factors. It captures the impacts of such external factors on operational activity of suppliers, which can further affect availability and pricing of key resources. It addresses a companies ability to manage these risks through product design, manufacturing, and end-of-life management, such as by using of recycled and renewable materials, reducing the use of key materials (dematerialization), maximizing resource efficiency in manufacturing, and making R&D investments in substitute materials. Additionally, companies can manage these issues by screening, selection, monitoring, and engagement with suppliers to ensure their resilience to external risks. It does not address issues associated with environmental and social externalities created by operational activity of individual suppliers, which is covered in a separate category.
	Physical Impacts of Climate Change	The category addresses the companies ability to manage risks and opportunities associated with direct exposure of its owned or controlled assets and operations to actual or potential physical impacts of climate change. It captures environmental and social issues that may arise from operational disruptions due to physical impacts of climate change. It further captures socio-economic issues resulting from companies failing to incorporate climate change consideration in products and services sold, such as insurance policies and mortgages. The category relates to the company's ability to adapt to increased frequency and severity of extreme weather, shifting climate, sea level risk, and other expected physical impacts of climate change. Management may involve enhancing resiliency of physical assets and/or surrounding infrastructure as well as incorporation of climate change-related considerations into key business activities (e.g., mortgage and insurance underwriting, planning and development of real estate projects).
	Product Design & Lifecycle Management	The category addresses incorporation of environmental, social, and governance (ESG) considerations in characteristics of products and services provided or sold by the company. It includes, but is not limited to, managing the lifecycle impacts of products and services, such as those related to packaging, distribution, use-phase resource intensity, and other environmental and social externalities that may occur during their use-phase or at the end of life. The category captures a companies ability to address customer and societal demand for more sustainable products and services as well as to meet evolving environmental and social regulation. It does not address direct environmental or social impacts of the companies operations nor does it address health and safety risks to consumers from product use, which are covered in other categories.
	Supply Chain Management	The category addresses management of environmental, social, and governance (ESG) risks within a companies supply chain. It addresses issues associated with environmental and social externalities created by suppliers through their operational activities. Such issues include, but are not limited to, environmental responsibility, human rights, labor practices, and ethics and corruption. Management may involve screening, selection, monitoring, and engagement with suppliers on their environmental and social impacts. The category does not address the impacts of external factors such as climate change and other environmental and social factors on supplier operations and/or on the availability and pricing of key resources, which is covered in a separate category.

Environment	GIC	DESCRIPTION
	Air Quality	The category addresses management of air quality impacts resulting from stationary (e.g., factories, power plants) and mobile sources (e.g., trucks, delivery vehicles, planes) as well as industrial emissions. Relevant airborne pollutants include, but are not limited to, oxides of nitrogen (NOx), oxides of sulfur (SOx), volatile organic compounds (VOCs), heavy metals, particulate matter, and chlorofluorocarbons. The category does not include GHG emissions, which are addressed in a separate category.
	Ecological Impacts	The category addresses management of the companies impacts on ecosystems and biodiversity through activities including, but not limited to, land use for exploration, natural resource extraction, and cultivation, as well as project development, construction, and siting. The impacts include, but are not limited to, biodiversity loss, habitat destruction, and deforestation at all stages planning, land acquisition, permitting, development, operations, and site remediation. The category does not cover impacts of climate change on ecosystems and biodiversity.
	Energy Management	The category addresses environmental impacts associated with energy consumption. It addresses the companies management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company. More specifically, it includes management of energy efficiency and intensity, energy mix, as well as grid reliance. Upstream (e.g., suppliers) and downstream (e.g., product use) energy use is not included in the scope.
	GHG Emissions	The category addresses direct (Scope 1) greenhouse gas (GHG) emissions that a company generates through its operations. This includes GHG emissions from stationary (e.g., factories, power plants) and mobile sources (e.g., trucks, delivery vehicles, planes), whether a result of combustion of fuel or non-combusted direct releases during activities such as natural resource extraction, power generation, land use, or biogenic processes. The category further includes management of regulatory risks, environmental compliance, and reputational risks and opportunities, as they related to direct GHG emissions. The seven GHGs covered under the Kyoto Protocol are included within the categories carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3)
	Waste & Hazardous Materials Management	The category addresses environmental issues associated with hazardous and non-hazardous waste generated by companies. It addresses a companies management of solid wastes in manufacturing, agriculture, and other industrial processes. It covers treatment, handling, storage, disposal, and regulatory compliance. The category does not cover emissions to air or wastewater nor does it cover waste from end-of-life of products, which are addressed in separate categories.
	Water & Wastewater Management	The category addresses a companies water use, water consumption, wastewater generation, and other impacts of operations on water resources, which may be influenced by regional differences in the availability and quality of and competition for water resources. More specifically, it addresses management strategies including, but not limited to, water efficiency, intensity, and recycling. Lastly, the category also addresses management of wastewater treatment and discharge, including groundwater and aquifer pollution.

Human Capital	GIC	DESCRIPTION
	Employee Engagement, Diversity & Inclusion	The category addresses a companies ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the bases of race, gender, ethnicity, religion, sexual orientation, and other factors.
	Employee Health & Safety	The category addresses a companies ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). It is traditionally accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices as well as those of their subcontractors. The category further captures how companies ensure physical and mental health of workforce through technology, training, corporate culture, regulatory compliance, monitoring and testing, and personal protective equipment.
	Labour Practices	The category addresses the companies ability to uphold commonly accepted labor standards in the workplace, including compliance with labor laws and internationally accepted norms and standards. This includes, but is not limited to, ensuring basic human rights related to child labor, forced or bonded labor, exploitative labor, fair wages and overtime pay, and other basic workers' rights. It also includes minimum wage policies and provision of benefits, which may influence how a workforce is attracted, retained, and motivated. The category further addresses a companies relationship with organized labor and freedom of association.

	GIC	DESCRIPTION
Leadership & Governance	Business Ethics	The category addresses the companies approach to managing risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities, and other behavior that may have an ethical component. This includes sensitivity to business norms and standards as they shift over time, jurisdiction, and culture. It addresses the companies ability to provide services that satisfy the highest professional and ethical standards of the industry, which means to avoid conflicts of interest, misrepresentation, bias, and negligence through training employees adequately and implementing policies and procedures to ensure employees provide services free from bias and error.
	Competitive Behaviour	The category covers social issues associated with existence of monopolies, which may include, but are not limited to, excessive prices, poor quality of service, and inefficiencies. It addresses a companies management of legal and social expectation around monopolistic and anti-competitive practices, including issues related to bargaining power, collusion, price fixing or manipulation, and protection of patents and intellectual property (IP).
	Critical Incident Risk Management	The category addresses the companies use of management systems and scenario planning to identify, understand, and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies with significant potential environmental and social externalities. It relates to the culture of safety at a company, its relevant safety management systems and technological controls, the potential human, environmental, and social implications of such events occurring, and the long-term effects to an organization, its workers, and society should these events occur.
	Management of the Legal & Regulatory Environment	The category addresses a companies approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts. The category addresses a companies level of reliance upon regulatory policy or monetary incentives (such as subsidies and taxes), actions to influence industry policy (such as through lobbying), overall reliance on a favorable regulatory environment for business competitiveness, and ability to comply with relevant regulations. It may relate to the alignment of management and investor views of regulatory engagement and compliance at large.
	Systematic Risk Management	The category addresses the companies contributions to or management of systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend. This includes financial systems, natural resource systems, and technological systems. It addresses the mechanisms a company has in place to reduce its contributions to systemic risks and to improve safeguards that may mitigate the impacts of systemic failure. For financial institutions, the category also captures the companies ability to absorb shocks arising from financial and economic stress and meet stricter regulatory requirements related to the complexity and interconnectedness of companies in the industry.

	GIC	DESCRIPTION
Social Capital	Access & Affordability	The category addresses management of risks related to the use of personally identifiable information (PII) and other customer or user data for secondary purposes including but not limited to marketing through affiliates and non-affiliates. The scope of the category includes social issues that may arise from a companies approach to collecting data, obtaining consent (e.g., opt-in policies), managing user and customer expectations regarding how their data is used, and managing evolving regulation. It excludes social issues arising from cybersecurity risks, which are covered in a separate category.
	Customer Privacy	The category addresses management of the companies impacts on ecosystems and biodiversity through activities including, but not limited to, land use for exploration, natural resource extraction, and cultivation, as well as project development, construction, and siting. The impacts include, but are not limited to, biodiversity loss, habitat destruction, and deforestation at all stages planning, land acquisition, permitting, development, operations, and site remediation. The category does not cover impacts of climate change on ecosystems and biodiversity.
	Customer Welfare	The category addresses customer welfare concerns over issues including, but not limited to, health and nutrition of foods and beverages, antibiotic use in animal production, and management of controlled substances. The category addresses the companies ability to provide consumers with manufactured products and services that are aligned with societal expectations. It does not include issues directly related to quality and safety malfunctions of manufactured products and services, but instead addresses qualities inherent to the

	design and delivery of products and services where customer welfare may be in question. The scope of the category also captures the ability of companies to prevent counterfeit products.
Data Security	The category addresses management of risks related to collection, retention, and use of sensitive, confidential, and/or proprietary customer or user data. It includes social issues that may arise from incidents such as data breaches in which personally identifiable information (PII) and other user or customer data may be exposed. It addresses a companies strategy, policies, and practices related to IT infrastructure, staff training, record keeping, cooperation with law enforcement, and other mechanisms used to ensure security of customer or user data.
Human Rights & Community Relations	The category addresses management of the relationship between businesses and the communities in which they operate, including, but not limited to, management of direct and indirect impacts on core human rights and the treatment of indigenous peoples. More specifically, such management may cover socio-economic community impacts, community engagement, environmental justice, cultivation of local workforces, impact on local businesses, license to operate, and environmental/social impact assessments. The category does not include environmental impacts such as air pollution or waste which, although they may impact the health and safety of members of local communities, are addressed in separate categories.
Product Quality & Safety	The category addresses issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users. It addresses a companies ability to offer manufactured products and/or services that meet customer expectations with respect to their health and safety characteristics. It includes, but is not limited to, issues involving liability, management of recalls and market withdrawals, product testing, and chemicals/content/ingredient management in products.
Selling Practices & Product Labelling	The category addresses social issues that may arise from a failure to manage the transparency, accuracy, and comprehensibility of marketing statements, advertising, and labeling of products and services. It includes, but is not limited to, advertising standards and regulations, ethical and responsible marketing practices, misleading or deceptive labeling, as well as discriminatory or predatory selling and lending practices. This may include deceptive or aggressive selling practices in which incentive structures for employees could encourage the sale of products or services that are not in the best interest of customers or clients.

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