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ESG Risk Monitoring of European Companies: Sentometrics Data Protocols



sentometrics

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Abstract

This document outlines the data protocols that underpin the **Sentometrics ESG Risk Monitoring** product. It explains how ESG Risk Cases involving European companies are systematically identified, validated, classified, and maintained using a robust, norm-based methodology. The protocols combine internationally recognised frameworks—primarily the OECD Guidelines for Multinational Enterprises and the UN Global Compact Principles—with alignment to key EU sustainability regulations such as CSRD, CSDDD, SFDR, and the EU Taxonomy. The document details the universe definition, thresholds for case inclusion, source selection, severity assessment, status categorisation, and update procedures. It also describes the workflow integrating AI-driven signal detection with expert human validation, as well as the process for integrating direct company feedback. Together, these protocols ensure consistency, transparency, and regulatory relevance in the Sentometrics ESG Risk Monitoring product.

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Introduction – Normative and Regulatory Context

Sentometrics analyses **ESG Risk Cases involving European companies** using **internationally recognised standards** for responsible business conduct. The **methodology** is designed to align with current and emerging **European sustainability regulations**, including the Corporate Sustainability Reporting Directive (**CSRD**), the Corporate Sustainability Due Diligence Directive (**CSDDD**), the Sustainable Finance Disclosure Regulation (**SFDR**), and the **EU Taxonomy** Regulation.

To ensure regulatory relevance, analytical robustness, and international comparability, Sentometrics applies two compatible and **complementary normative frameworks**:

OECD Guidelines for Multinational Enterprises on Responsible Business Conduct: the primary and comprehensive ESG analytical framework covering the full spectrum of E, S, and G topics and anchored in a risk-based due diligence approach.

UN Global Compact (UNGC) Principles: a widely used norm-based framework translated into ten principles, used by Sentometrics for screening, tagging, benchmarking, and client policy alignment.

Definition of the Universe

The Sentometrics database covers ESG Risk Cases involving **European companies**, including listed, non-listed, medium-, small- and micro entities with material operations, listings, supply chains, or stakeholder exposure within Europe.

The scope includes parent companies, subsidiaries, joint ventures, and key operating entities where **ESG risk exposure** may arise through operations, products, services, governance practices, or value chains.

Definition of an ESG Risk Case

An ESG Risk Case refers to an **incident, allegation, or controversy** in which a company is accused of actions, behaviours, or practices that potentially violate internationally recognised standards of **responsible business conduct**.

All ESG Risk Cases are systematically assessed against the **OECD Guidelines** and where relevant, additionally mapped to one or more **UN Global Compact Principles**.

Primary Normative Framework – OECD Guidelines

The **OECD Guidelines** for Multinational Enterprises on Responsible Business Conduct constitute the primary and **most comprehensive analytical framework** within the Sentometrics methodology. The Guidelines are government-endorsed, globally recognised, and explicitly **promote a risk-based due diligence approach** aligned with EU regulatory expectations under CSRD and CSDDD.

Sentometrics assesses ESG Risk Cases against the following **OECD Guidelines** chapters:

Human Rights: Adverse human rights impacts, complicity, inadequate due diligence or remediation.

Employment and Industrial Relations: Labour rights, health and safety, social dialogue, working conditions, and fair remuneration.

Environment: Pollution, biodiversity loss, climate impacts, environmental permits, and compliance.

Consumer Interests: Product safety, misleading practices, consumer deception, and data protection.

Disclosure: Misleading, incomplete, or inadequate corporate disclosure.

Combating Bribery, Bribe Solicitation and Extortion: Corruption, bribery, and facilitation payments.

Science, Technology and Innovation: Responsible innovation and technology-related ESG risks.

Competition: Anti-competitive behaviour, cartels, and abuse of dominant position.

Taxation: Aggressive tax planning, lack of transparency, and misalignment with economic substance.

Supply Chains and Due Diligence: Failure to identify, prevent, mitigate, or remediate adverse impacts across value chains.

Complementary Framework – UN Global Compact Principles

The UN Global Compact provides a complementary, high-level normative lens widely used by investors, financial institutions, and corporates for norm-based screening and engagement. Sentometrics maps ESG Risk Cases to the **ten UNGC Principles** where relevant.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure they are not complicit in human rights abuses.

Labour Standards

Principle 3: Uphold freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Eliminate all forms of forced and compulsory labour.

Principle 5: Abolish child labour.

Principle 6: Eliminate discrimination in respect of employment and occupation.

Environment

Principle 7: Support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Work against corruption in all its forms, including extortion and bribery.

UNGC tagging supports UNGC-based policies, reporting, engagement, and benchmarking, while remaining consistent with the OECD-based assessment.

Thresholds for Inclusion in the Database

Identifiable behaviour: The case describes a specific action, omission, decision, or pattern of behaviour attributable to the company or its representatives.

Normative relevance: The conduct potentially conflicts with expectations under the OECD Guidelines and/or UNGC Principles.

Credibility of sources: The case is reported by credible sources (reputable media, NGOs, trade unions, whistleblowers, regulators, courts).

Potential impact: The conduct has caused, or may reasonably be expected to cause, material negative impacts on external stakeholders and/or the company.

Documentation and evidence: There is supporting evidence such as investigative reports, official complaints, legal filings, regulatory findings, or consistent multi-source coverage.

European relevance: The case involves a European company or has a clear link to European operations, markets, stakeholders, or regulatory exposure.

Sources Used

The database draws on a large corpus of **high-quality European and international media sources**, supported by multi-year historical coverage and continuous monitoring. In addition to regular press and media sources, Sentometrics monitors **external stakeholder sources** such as NGOs, trade unions, sanctions lists, and regulatory databases. Companies may also provide Sentometrics with **additional documentation** (press releases, reports, emails, PDF/Word documents) that can be integrated into the case file.

Timeframe and Updates

Timeframe: All material ESG Risk Cases occurring after **1 January 2015** are included in the database.

Updates: **Daily monitoring** and **updates** of new events and existing cases.

Severity Levels and Assessment

Each ESG Risk Case is categorised into one of **three severity levels**: Low, Medium, or High. Severity is determined through a qualitative expert assessment by Sentometrics analysts, applying the **Double Materiality Principle**.

The assessment considers both (i) negative impacts for the company and (ii) negative impacts for external stakeholders, caused by or associated with the incident/allegation.

Indicative (non-exhaustive) **parameters** used to assess severity include:

Affected stakeholders (number, scale and intensity of impacts on employees, consumers, communities, environment, etc.)

Operational impact/risk (site closures, strikes, permit issues, supply disruptions, loss of markets)

Reputational impact/risk (media intensity, public controversy, consumer backlash or boycotts)

Legal security/risk (investigations, lawsuits, trials, regulatory proceedings, enforcement actions)

Human capital cohesion/risk (employee wellbeing and safety, motivation, retention, employer attractiveness)

Financial impact/risk (fines, compensation, remediation costs, revenue decline, cost inflation)

Involvement of senior management (degree of responsibility and governance implications)

Judicial or regulatory outcomes (conviction, acquittal, settlement, sanctions; where applicable)

Status of a Case

Each ESG Risk Case can be categorised as:

Resolved: Final legal decision and/or agreement with stakeholders, with no further material accusations or stakeholder protests.

Unresolved: No outcome yet and/or ongoing legal proceedings, regulatory investigations, or stakeholder concerns.

No data: Insufficient publicly available information to determine whether the case is resolved.

Involved Entities

Each company directly linked to an ESG Risk Case reported in the sources is included as an involved entity. This may include **parent companies, subsidiaries, contractors, business partners**, and other entities materially linked to the case.

Direct Company Feedback

Sentometrics is committed to providing a **balanced assessment** by ensuring that companies facing ESG Risk Cases can share their feedback or perspective, including corrective and remedial measures.

Feedback process

Initial contact: Sentometrics reaches out to companies involved in ESG Risk Cases via email.

Case details provided: The outreach includes a summary of: case headline, case description, company response (if already available), and case status.

Feedback submission: Companies can respond via email and/or submit supporting documents (Word, PDF, etc.).

Integration and visibility: Company feedback is added to the case file and made visible in the Sentometrics dashboard for client access.

Case updates: Where warranted, case descriptions and assessments are revised based on credible new information provided by the company or other stakeholders.

Field Definitions – Sentometrics Dashboard

Field definitions used in the **Sentometrics dashboard** include:

Companies:	Name(s) of the company(ies) involved in the case.
ESG Risk Categories:	UNGC areas at risk (UNGC may be left empty when not applicable).
Last update:	Date of the latest article/source reporting on the case.
Lead article:	Title of the first article reporting on the case.
Severity:	Severity level of the case: Low, Medium, or High.
Status:	Status of the case: Resolved, Unresolved, or No data.
Involved entities:	Names of all entities linked to the case.
Timeline of events:	Chronological overview of main events linked to the case, including titles and links to sources where available.
UN Global Compact Principles at risk:	Reference to UNGC Principles (1–10) linked to the case; multiple principles may apply.
Case headline:	Title / one-line summary of the case.
Case description:	Brief description of the incident/allegation involving the company/organisation.
Company response:	Summary of the company's response (from media/stakeholder sources and/or direct company feedback), including corrective measures when available.

Sentometrics assessment:	Expert rationale for severity and status, based on Double Materiality and available evidence.

Workflow

The Sentometrics methodology combines **Text and Data Mining Processes** with **Human Expertise**

Step 1 – Keyword based signal detection: Keyword based relevancy analysis systems detect and pre-select large volumes of potentially relevant ESG signals in real time[1].

Step 2 – Human expert validation: Sentometrics ESG analysts validate signals, remove false positives, and select the most material cases.

Step 3 – Risk assessment and classification: Analysts assess the case against OECD Guidelines, map to UNGC Principles where relevant, and assign severity and status based on Double Materiality.

Step 4 – Direct company feedback integration: Sentometrics invites company feedback and integrates validated input into the case file and dashboard, updating the case where warranted.

[1] For more information, see Boudt, K., Delmarcelle, O., & Ringoot, P. (2025). A news monitoring system to detect relevant news for the anti-money laundering supervision of financial institutions. *Risk Sciences*, *1*, 100018. Available as open access publication via https://www.sciencedirect.com/science/article/pii/S2950629825000086