

## CASE STUDY: HOW NATURAL LANGUAGE PROCESSING CAN INFORM UNBIASED DEFINITIONS OF “SIGNIFICANT HARM”

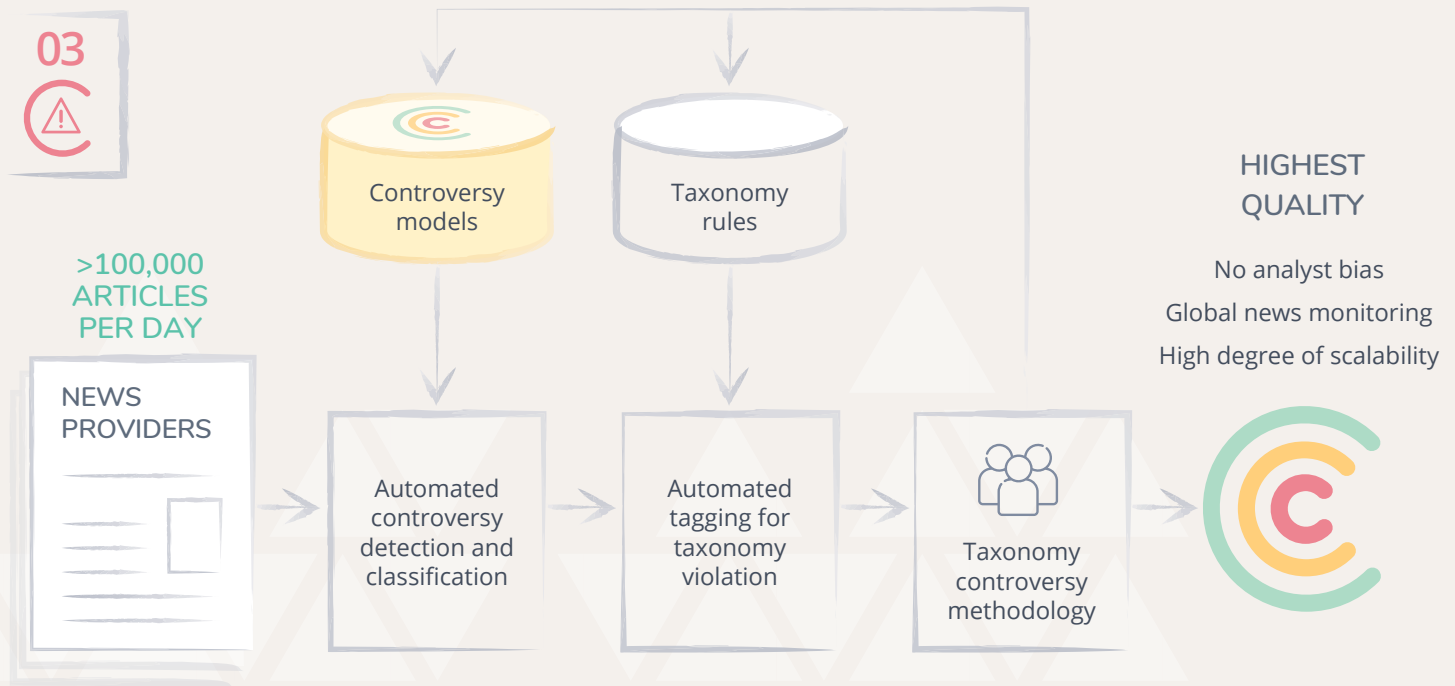
The challenge in assessing DNSH and SS is to measure company outcomes and performance—not just the stated policies and claims. Most solutions available in the market for the analysis of companies’ behavior rely heavily on a subjective, manual assessment of news reports.

Clarity AI addresses these weaknesses and limitations with a controversy scoring system that leverages natural language Processing (NLP). We built scores using a global news monitoring service as our main source of data, which provides

us with access to a universe of more than 8,500 media publishers that cover 200 countries, with more than 100,000 new articles added per day from more than 33,000 sources. This adds up to approximately 70 million articles related to the Clarity AI company universe for the past three years alone. We leverage controversies to expand the coverage of company-reported information, highlighting the conflicts and allegations that can be related to the DNSH and social safeguards (SS) criteria, as seen in Figure 9.

FIGURE 9

### Using natural language processing and removing bias.



As an example, General Electric presents a mid-risk of noncompliance with the minimum SS criteria (Figure 6). For this assessment, Clarity AI maps controversies based on the definitions of the Organisation for Economic Co-Operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Human Rights. The controversy detected for GE was related to a corruption incident in which the company was supposedly involved.<sup>10</sup> There are allegations that the company is turning a blind eye to resellers inflating the prices of ventilators, linked to the payment of bribes to

the doctors that awarded the contracts in Chinese hospitals. China requires declarations from manufacturers confirming that resellers act as agents—and not customers—of the manufacturers, which might imply GE had control over prices.<sup>11</sup>

The SS mid-risk scores in this case do not impact the final alignment of the company results (as shown in Figure 6). The reason is that a high level of mid-risk, while representative of evidence regarding a specific incident which affects the company, does not imply a sufficiently high level of severity to consider the company non-compliant with the DNSH or SS criteria.

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10. “In another verdict against a corrupt hospital president, released in July 2020, a third-party reseller testified that a GE regional manager was not only complicit in a 2011 bid-rigging scheme but “would be responsible for taking the GE authorization letter and making the bidding submission.” Source: Ben Knight, “Pandemic, prosecutions aside, bribery persists in Chinese hospitals,” McGraw Center for Business Journalism, July 20, 2021.

11. Ben Knight, “Pandemic, Prosecutions Aside, Bribery Persists in Chinese Hospitals,” 100 Reporters, 2021.