



Diagonal Social

Disclosure Report

Date Submitted: September 15th, 2024



Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company



Disclosure Questionnaire

Industries and Products

| | Yes | No |
|--|--------------------------|-------------------------------------|
| Please indicate if the company is involved in production of or trade in any of the following. Select Yes for all options that apply. | | |
| Animal Products or Services | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Biodiversity Impacts | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Chemicals | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Alcohol | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Firearms Weapons | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Mining | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Pornography | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Disclosure Tobacco | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Energy and Emissions Intensive Industries | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Gambling | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Genetically Modified Organisms | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Illegal Products or Subject to Phase Out | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Industries at Risk of Human Rights Violations | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Monoculture Agriculture | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Nuclear Power or Hazardous Materials | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Payday, Short Term, or High Interest Lending | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Water Intensive Industries | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Tax Advisory Services | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Outcomes & Penalties

| | Yes | No |
|---|-------------------------------------|-------------------------------------|
| Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply. | | |
| Anti-Competitive Behavior | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Breaches of Confidential Information | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Bribery, Fraud, or Corruption | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company has filed for bankruptcy | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Consumer Protection | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Financial Reporting, Taxes, Investments, or Loans | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Hazardous Discharges Into Air/Land/Water (Past 5 Yrs) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Labor Issues | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Large Scale Land Conversion, Acquisition, or Relocation | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Litigation or Arbitration | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| On-Site Fatality | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Penalties Assessed For Environmental Issues | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Political Contributions or International Affairs | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Recalls | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Significant Layoffs | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Violation of Indigenous Peoples Rights | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input checked="" type="checkbox"/> | <input type="checkbox"/> |



Practices

| | Yes | No |
|--|--------------------------|-------------------------------------|
| Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No." | | |
| Animal Testing | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company prohibits freedom of association/collective bargaining | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Company workers are prisoners | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Conduct Business in Conflict Zones | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Confirmation of Right to Work | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Does not transparently report corporate financials to government | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Employs Individuals on Zero-Hour Contracts | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Facilities located in sensitive ecosystems | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| ID Cards Withheld or Penalties for Resignation | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| No formal Registration Under Domestic Regulations | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| No signed employment contracts for all workers | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Overtime For Hourly Workers Is Compulsory | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Payslips not provided to show wage calculation and deductions | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| | Yes | No |
|--|-------------------------------------|-------------------------------------|
| Sale of Data | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Tax Reduction Through Corporate Shells | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers cannot leave site during non-working hours | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers not Provided Clean Drinking Water or Toilets | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers paid below minimum wage | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Workers Under Bond | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Supply Chain Disclosures

| | Yes | No |
|---|--------------------------|-------------------------------------|
| Please indicate if any of the following statements are true regarding your company's significant suppliers. | | |
| Business in Conflict Zones | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Child or Forced Labor | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Negative Environmental Impact | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Negative Social Impact | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input type="checkbox"/> | <input checked="" type="checkbox"/> |



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Other - Clients in Controversial Industries

Diagonal Social is currently involved or has had involvement within the last five years in providing services and/or products to companies in the following industries considered controversial by B Lab Global: Mining Industry.

While products and services to clients in controversial industries could help mitigate potential negative impacts or serve only as commonplace goods and services for the companies, they also could have the potential to enable the growth of the industry and indirectly contribute to its negative impacts. Certified B Corps are required to make transparent their involvement in such industries.

Any party aware of specific company practices that have had a negative impact related to its involvement in these or other controversial industries, and which may constitute a violation of the B Corp standards, may contact us via our [public complaints procedure](#).



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation

| Issue Date | 2018-2021 |
|---|--|
| Topic | Litigation related to labor issues |
| Summary of Issue | <p>In the last five years the company received 4 labor claims, which were concluded by agreement between the parties.</p> <p>All claims have as their main cause the configuration of the employment relationship. Related to salary differences compared to other lawyers, overtime, vacation payment, Fundo de Garantia do Tempo de Serviço (FGTS), and failure to accomplish prior notice. Art. 467 fine: compensation for material damage, compensation for failure to provide unemployment insurance forms and compensation for moral damage.</p> |
| Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected) | The 4 lawsuits amounted by agreement to BRL 576,204 representing 0,47% of the company's revenue. |
| Impact on Stakeholders | The affected stakeholders were employees of the company |
| Resolution | The lawsuits were settled with Payment |
| Management Practices | Hire companies or legal advisory offices instead of legal person |

Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Other disclosure practices

| Issue Date | 2023 |
|---|--|
| Topic | There have been allegations regarding the inadequate conduct of public hearings conducted by Diagonal Social and controversies around terminologies used in the diagnosis |
| Summary of Issue | <p>In December 2020, a Socio-Environmental Agreement was signed between Braskem, the Federal Public Prosecutor's Office, the State Public Prosecutor's Office and, subsequently, the City Hall of Maceió, aimed at addressing environmental, social and urban issues in Maceió (Alagoas, Brazil). This Agreement determined the hiring of Diagonal Social to carry out socio-urban diagnoses and present a Socio-Urban Action Plan (PAS), independently, which included a public hearing to discuss the PAS interventions proposed for the city of Maceió.</p> <p>The first public hearing was scheduled for February 2022, following the protocols validated by the parties to the Agreement, including considering the restrictions imposed by the COVID-19 pandemic. However, this event was canceled, at the request of the City Hall of Maceió. On this occasion, the public hearing process was subject of allegations regarding its publicity, promotion, and enrollment procedures.</p> <p>The public hearings were effectively held one year later, between February and April 2023, following the rules approved by the signatory authorities of the Socio-Environmental Agreement, with wide publicity on radio, print media, WhatsApp, individual invitations, a sound car and the holding of 4 hearings, with free transportation provided, in addition to live broadcast on YouTube. The recordings and official documents were immediately published on the website www.maisdialogos.com, which also received contributions from society to the study and intervention proposals.</p> |
| Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected) | <p>A total of 254 people attended at least one day of the public hearing.</p> <p>Between February 11 and April 12, 2023, three digital forms for contributions to the Technical-Participatory Diagnosis were made available on the website www.maisdialogos.com. During this period, a total of 38 responses were received, 2 of which expressed opinions on the proposed lines of action presented,</p> |

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| | and 36 with demands and/or proposals for the Socio-Urban Action Plan. |
| Impact on Stakeholders | <p>Potential failure to engage transparently with affected stakeholders, could erode trust, foster social tensions, and result in long-term environmental and legal repercussions. Addressing these issues requires adherence to regulations, transparent operations, and proactive mitigation efforts, alongside meaningful engagement with stakeholders to rebuild trust and achieve sustainable solutions.</p> <p>In response to these potential negative impacts, Diagonal shared the following: <i>"Currently, there is no impact on stakeholders, as the work has been conducted with public participation. The questions received in 2022 and 2023 were addressed through the revision of the Diagnosis (delivered in September 2023) the preparation of three complementary studies by independent institutions, and the incorporation of proposals into the PAS. The PAS was approved in 2024, and its actions are underway. The participatory process continues for accountability purposes: over 70 meetings have already been held with community leaders and institutions to communicate the approved actions."</i></p> |
| Resolution | <p>"Diagonal Social has confirmed that there are no closed or ongoing investigations, lawsuits, penalties, or formal complaints about both allegations.</p> <p>After B Lab's initial review of the issues flagged, the company was asked to disclose the allegations and any practices that had been implemented. As the services provided by Diagonal Social that are referenced in the allegations fall within the scope of the Socio-Environmental Agreement, B Lab relies on the local authorities to fulfill their oversight responsibilities."</p> |
| Management Comments | <p>(1) Response to the allegations of improper conduct at the public hearing: Diagonal Social stated that there was no irregularity in the public hearing. According to the company, the event was organized following a methodology defined by Diagonal and approved by the Federal and State Public Ministries, the City Hall, and Braskem (parties of the Social and Environment Agreement). The event was widely publicized within a regular period for holding this type of event, in addition to being publicized in different communication channels and on the website where the population registered. The local population was informed about the event through a notice published in a widely circulated newspaper, a website (www.maisdialogos.com.br), radio, a</p> |

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| | <p>sound truck, and an invitation letter sent to interested parties (stakeholders): academia, community leaders, civil society organizations, and government entities. The public hearings were held both in-person and virtually via live broadcasts.</p> <p>The terms of the regulations were read at the beginning of each day of the public hearing by the council secretary. Diagonal emphasized that participation extended beyond the public hearing sessions. An online channel was available for two months, allowing the public to submit comments and contributions to the diagnosis and the Action Lines (www.maisdialogos.com). In total, 252 contributions were received either in person or via the internet. All were analyzed, and those relevant to the Socio Environmental Agreement were incorporated into the revised version of the Diagnosis and the Sociourbanistic Action Plan (PAS), which contains social measures for the municipality of Maceió, approved in June 2024 and with actions currently underway. A total of 254 people participated in at least one day of the Public Hearing. As of August 2024, there have been 2,970 views of the events on YouTube. In keeping with the transparency required by the process, all information and documents are available on the website www.maisdialogos.com.</p> <p>(2) Response to criticisms around terminologies used in the diagnosis</p> <p>In the same section of the previously mentioned article, Diagonal notes that the diagnostic terms used are based on the report from the Brazilian Geological Survey (CPRM), a public agency that assessed and technically defined the situation in Maceió. These terms, along with the corresponding technical nomenclature, have been consistently adopted in various technical and legal documents related to Maceió. The diagnosis file is public and can be accessed by anyone who wishes at maisdialogos.com/documentos. It is currently undergoing revisions, taking into account the contributions from the population presented in the public hearings.</p> |
| <p>Report</p> | <p>Examples of media coverage flagged those allegations:</p> <ul style="list-style-type: none"> - Media coverage 1 - Socio-Urban Action Plan - Documents related to Brasken compensation actions <p>Updated data from the Financial Compensation Program</p> <ul style="list-style-type: none"> - Braskem Alagoas - How it works - Braskem Alagoas - Numbers and the service evolution |