CLARITY AI

CLARITY AI

ADD CLARITY.

CHOOSE SUSTAINABLY™



VFU – solutions@clarity.ai

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly Confidential.

Why Do We Do What We Do?

VFU – solutions@clarity.ai

CLARITY AI

Clarity AI brings societal impact to markets

We were founded in 2017 with that singular mission. We follow it to allow anyone to chart a path to a more sustainable world. By providing broader coverage and deeper, more transparent and granular data than any other sustainability tech platform, we create the opportunity to pause, to reflect, to check and to ensure dollars are aligned with intended purpose(s).



Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly Confidential.

Challenges Line the Path to a more Sustainable World

Investors have diverse needs and use cases, but common challenges

Asset Managers

*"I want to make more money **alpha in impact** metrics/build **thematic funds**"*

*I need to **report** to Institutions & Regulators"*

Wealth Managers

*"My customers (wealthy individuals) want to **understand the sustainability of their investments"***

Asset Owners

*"I need to **report sustainability** to Pensioners & Regulators"*

Individual Investors

*"I want to **understand** the **sustainability** of my investments"*

CHALLENGES

Data

Unavailable or unreliable, fragmented data

Methodologies

No standard definition or ratings of societal impact

Tools

Lack of tools for analysis & reporting

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly Confidential.

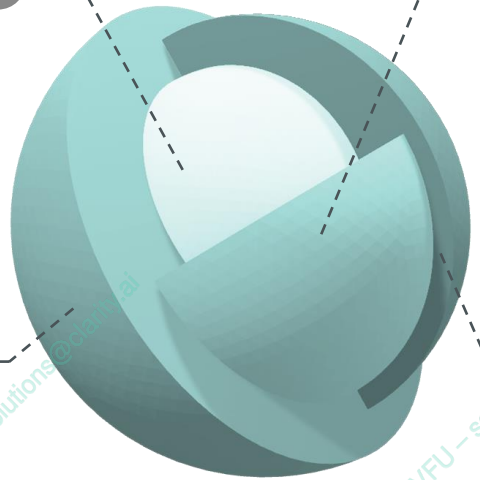
How Do We Help? Start with Powerful, Scalable Tech at the Core

1 Powerful, scalable AI at the core:

Powerful capabilities: Leveraging Natural Language Processing and Machine Learning to analyze >2M data points bi-weekly, perform reliability checks and run estimation models at scale

2 Reliable, transparent and unique data:

Extensive and unique coverage: 2-3x more than alternatives, including 30,000+ companies, 300,000+ funds, 198 countries, and 188 local governments



3 Scientific and evidence-based methodologies:

Research & data science expertise: Global team of sustainability and data science experts working to innovate, create, deploy and maintain customizable tools and scores

4 Robust, fully-customizable tech kit:

Sophisticated, yet easy: Crystal clear scores and access to full bottom-up granularity (data & methodologies)

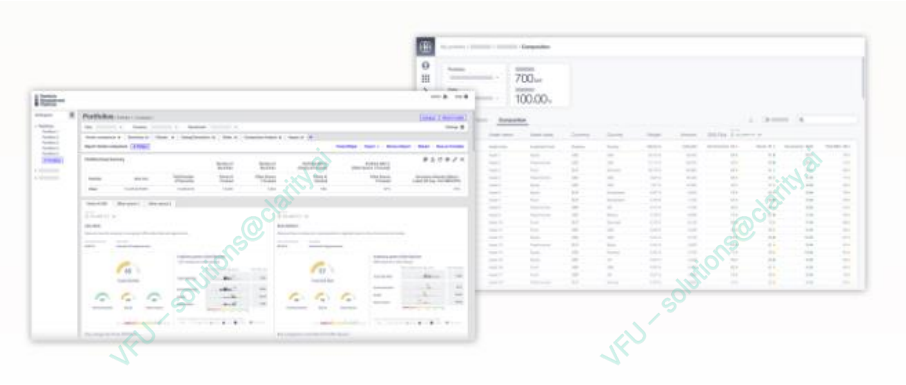
Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly Confidential.

Clarity AI Built-in

The only scalable and flexible end-to-end SaaS tool able to address any sustainability use case

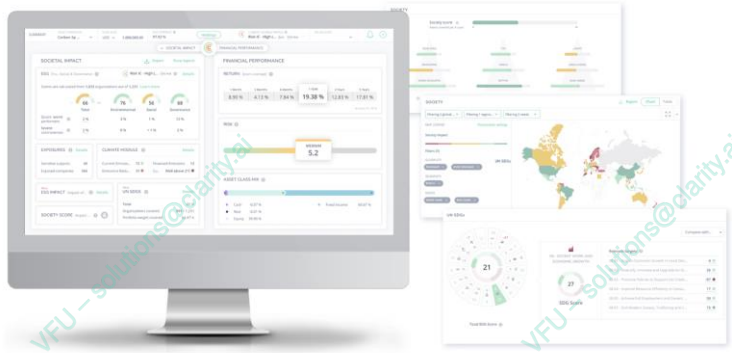
API/ Widget

For seamless integration into your platform to assess, analyze or report on any sustainability need or framework



Web App

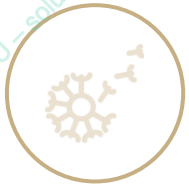
Offering a one-stop-shop to cover sophisticated end-to-end use cases (e.g., analysis, portfolio creation, simulation, etc.)



Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly Confidential.

Fully Customizable Sustainability Tech Kit

A one-stop shop for assessment, analysis and reporting



Impact

Measuring external Impact on people and the planet

- UN SDG Scoring
- Impact Highlights
- ESG Impact Assessment



Risk

Measuring Risk and potential enterprise value creation linked to sustainability

- ESG Risk Assessment
- Corporate Controversies
- Exposure Screens



Climate

Clarifying climate implications based on international climate standards

- Carbon Emissions & Footprint
- The Paris Agreement
- TCFD Alignment



Regulatory Compliance

Powering crystal clear, easy assessment, analysis and reporting

- SFDR
- EU Taxonomy
- MiFID II

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly Confidential.

Clarity AI's Regulatory Solutions, in Detail

A comprehensive and easy-to-use suite of tools to help investors comply with EU regulations



EU Taxonomy

Identify the percentage of **revenues aligned** with EU Taxonomy activities

Coverage of up to **40k+** companies and **95 taxonomy activities**



SFDR

Report your portfolio's **Principal Adverse Impacts (PAIs)**

Coverage of up to **50k+** companies and **all mandatory PAIs applicable to companies and sovereigns**

Asset Managers & Asset Owners

VFU – solutions@clarity.ai

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Intro to the EU Taxonomy

Introduction to regulation and timeline of requirements

Who is in scope?	What do they need to do?		By when?
Investment products All investment products **offered in the EU** - pension, funds, insurance	Not sustainable	Comply or explain	**Jan 2022:** Two Climate objectives alignment **Jan 2023:** All 6 environmental objectives alignment
	Sustainable products *(Art 8 & 9)*	Disclose **% of portfolio aligned** with each **sustainability objective**	
Corporates **Listed** corporates **any sector** with **>250 employees & 40M EUR Revenue** (including financial institutions)	Disclose **% of revenues, CapEx and OpEx aligned** with EU Taxonomy activities		**Jan 2022:** Eligibility **Jan 2023:** Alignment of non-financial undertakings **Jan 2023:** Alignment of Banks' loan portfolios **Jan 2024:** Alignment of financial undertakings

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Deep-dive EU Taxonomy. Overview of 6 sustainability objectives

Introduction to regulation and timeline of requirements

Sustainable objectives	Taxonomy activities*
1 **Climate** change **mitigation**	98
2 **Climate** change **adaptation**	108
3 Sustainable use and protection of **water** and marine resources	5
4 Transition to a **circular economy**	21
5 **Pollution** prevention and control	8
6 Protection and restoration of **biodiversity** and ecosystems	8

Output per fund

*The **% of the portfolio / fund aligned to the taxonomy activities** along **each one of the 6 sustainable objectives** -- differentiating between **enabling and transitioning** activities*

* Activities are not exclusive to a single objective. An activity could appear in more than one objective.

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Our EU Taxonomy Solution

A 5-step process to solve for coverage and granularity

1
Revenue Segmentation

Mapping of revenues from more than **40k+ companies** leveraging multiple data sources

2
Technical Criteria Analysis

Process information from **company reports, external databases** and **internal models**

3 & 4
DNSH & Social Safeguards Assessment

Risk level assessment based on company operations, company **reported data** and **controversies**

5
Final Alignment Assessment

Identify **% of revenues** aligned to EU Tax

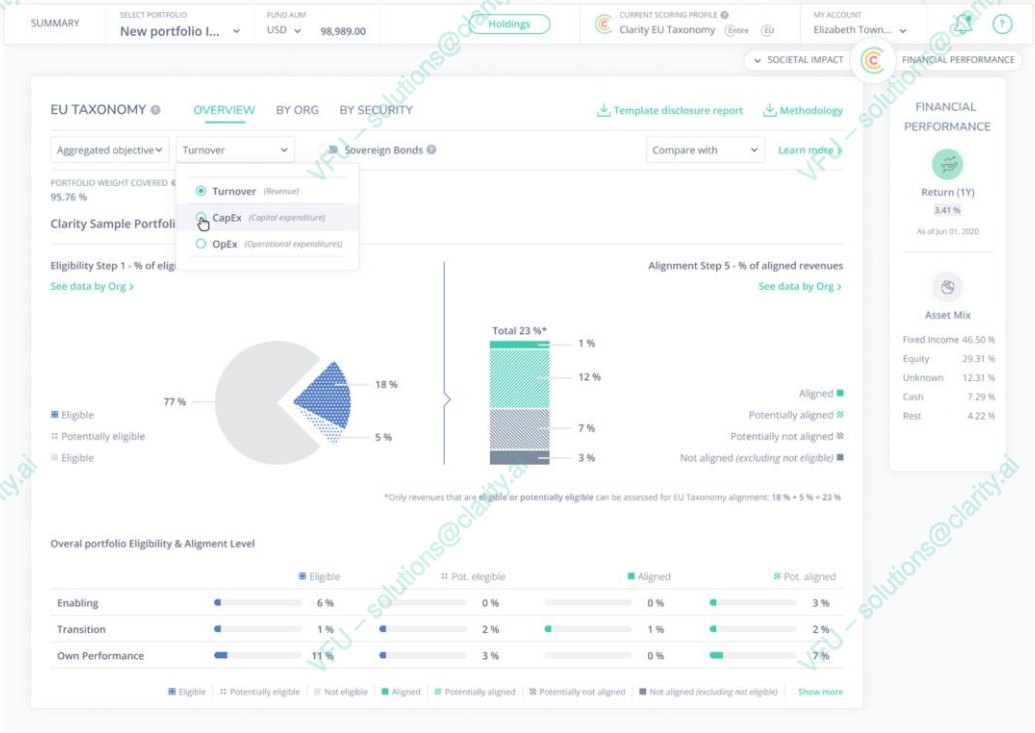
VFU – solutions@clarity.ai

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Overview of Clarity AI's EU Taxonomy Solution

With 95 EU Taxonomy activities covered

- **Largest coverage**
  Covers more than **40k+ companies** across 166 sub-industries
- **Four objectives covered**
  Climate change mitigation, climate change adaptation, biodiversity & ecosystems, pollution prevention & control
- **1-click report**
  Generate pre-populated template
- **Portfolio aggregation**
  Multi-asset and **look-through capabilities to 300k+ funds** and ETFs



Also available in Aladdin by BlackRock, allfunds, manaos, clearstream | DEUTSCHE BÖRSE GROUP

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Clarity AI's Regulatory Solutions, in Detail

A comprehensive and easy-to-use suite of tools to help investors comply with EU regulations



EU Taxonomy

Identify the percentage of **revenues aligned** with EU Taxonomy activities

Coverage of up to **40k+** companies and **95 taxonomy activities**



SFDR

Report your portfolio's **Principal Adverse Impacts (PAIs)**

Coverage of up to **50k+** companies and **all mandatory PAIs applicable to companies and sovereigns**

Asset Managers & Asset Owners

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Intro to the Sustainable Finance Disclosure Regulation (SFDR)

Introduction to regulation and timeline of requirements

Who is in scope?	What do you need to disclose?		By when?
Investment products All investment products **offered in the EU** (incl. T&Cs for **advisory service**)	Not sustainable	• How you **integrate sustainability risk**	**Mar 2021:** Application of SFDR **Jan 2023:** Sustainable investment products need to consider PAIs
	Sustainable products *(Art 8 & 9)*	• How were the **principal adverse impact (PAI)** considered • How **good governance practices** are integrated • What is the performance on **key sustainability** metrics • How it **"Does Not Significantly Harm"** other objectives	
Financial institutions **Listed** financial institutions with **>500 employees**	Publish how you are **integrating sustainability risks** and assessing adverse sustainability impact **(PAI statement)**		**Mar 2021:** Application of SFDR **June 2023:** First PAI Indicators Report for 2022 Reference period

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Deep-dive SFDR. Overview of 18 mandatory indicators to disclose

Mandatory indicators to report in Principal Adverse Impact Statement (PAIs) at product and entity level

Greenhouse gas emissions	1. Carbon Emissions 2. Carbon Footprint 3. GHG intensity of investee companies 4. Exposure to companies active in the fossil fuel industry 5. Share of non-renewable energy consumption and production
Biodiversity	6. Energy consumption intensity per high impact climate sector 7. Activities negatively affecting biodiversity-sensitive areas
Water	8. Emissions to Water
Waste	9. Hazardous waste

Table 2: Additional **22 optional** environmental indicators

Social & Employee Matters	10. Violations of UNGC principles and OECD-GME 11. Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME 12. Unadjusted gender pay gap 13. Board Gender Diversity 14. Exposure to controversies weapons
Sovereigns	15. GHG Intensities of governments 16. Investee countries subject to social violations
Real Estate	17. Exposure to fossil fuels through real estate assets 18. Exposure to energy-inefficient real estate assets

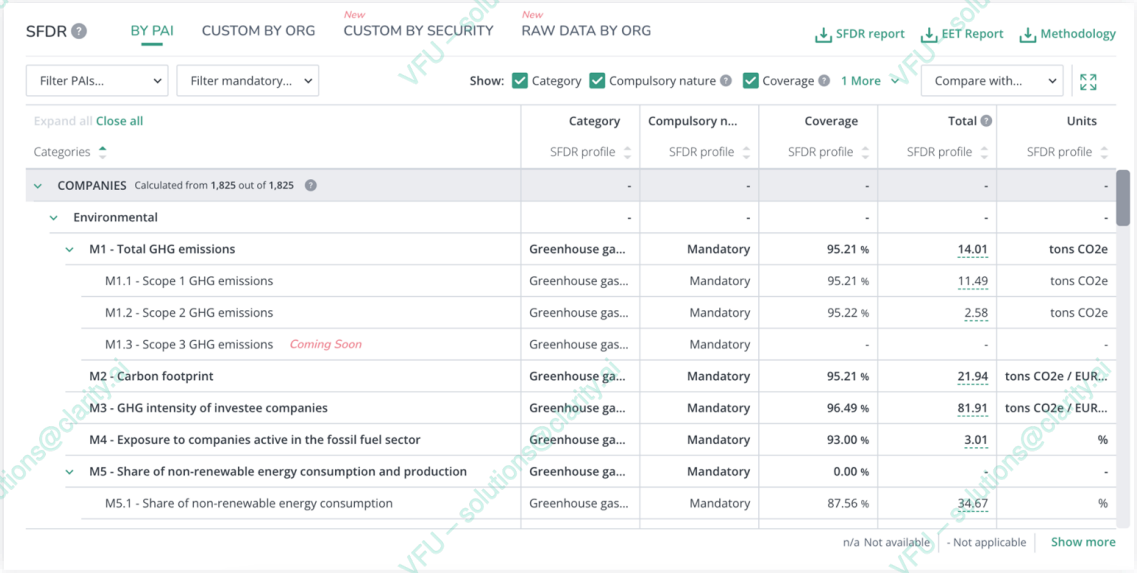
Table 3: Additional **24 optional** social, government and real-estate indicators

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Overview of Clarity AI's SFDR solution

Available on WebApp, API or through third-party platforms

- **Largest coverage**
  Covers **100% mandatory PAIs*** today across 50k+ companies
- **Portfolio aggregation**
  Multi-asset and **look-through capabilities to 300k+ funds** and ETFs
- **1-Click Report**
  Including mandatory and optional PAIs for full compliance with regulation
- **Analysis capabilities**
  Understand **underlying calculations** for stronger decision-making and assured compliance



Also available in Aladdin by BlackRock, allfunds, manaos, clearstream, DEUTSCHE BÖRSE GROUP

*PAIs applicable to investments in real estate assets not considered

Copyright © 2022 Clarity AI Inc. All rights reserved. Strictly confidential

Q&A

If you mention that you attended the **VFU Webinar**, you will get a **discount** for a limited time

Please feel free to contact us via:

- Email: esther.albert@clarity.ai
- Request a demo via our Website clarity.ai

More information on the regulation in our published Whitepapers:

- EU Taxonomy
- SFDR

VFU – solutions@clarity.ai