



EU Taxonomy Reporting Can Be More Effective and Efficient, When You Leverage Technology

Access more reliable coverage and an efficient reporting process



More Efficient: Save Time and Money and Increase Accuracy on EU Taxonomy Reporting



Broad Data Coverage Helps to Ensure More Comprehensive EU Taxonomy Reporting



Increase Accuracy with Best-in-Class Treatment of and Alignment to NACE Codes

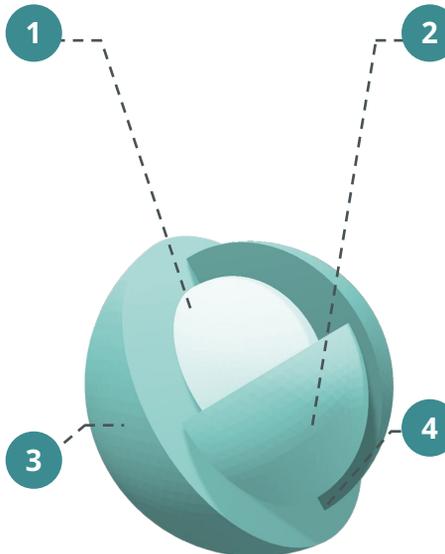
Leveraging Clarity AI's core capabilities

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

3 Robust, fully-customizable tech kit

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



2 Reliable, transparent and unique data

Extensive and unique coverage. 2-13x more than alternatives, including 50,000+ companies, 300,000+ funds, 198 countries, and 188 local governments

4 Scientific and evidence-based methodologies

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



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What does filing your EU Taxonomy report look like without Clarity AI?

- Aggregate data manually at portfolio level

- Exclude/include sovereigns from your portfolio
- Consider all EU taxonomy objectives separately/together
- Consider separately Revenues/CapEx/OpEx of portfolios
- Consider only companies under NFRD*
- Filter only by reported data*
- Calculate the % of your alignment in transition/enabling activities

- Build your pre-contractual disclosure reports
- Build your periodic disclosure reports

Versus Clarity AI's 3 simple steps

1. Upload your multi-asset portfolio and visualize it in an aggregated way
2. One-click access to all functionalities (all available via API)
3. Direct download from our platform

* financial undertakings' entity-level disclosures

With Clarity AI, gain efficiency in cost and time

Cost advantages

- **Save up to 50%** of your budget for EU Taxonomy reporting

Process advantages

- **Reduce the steps** in your process from 9 to 3
- **Increase efficiency:** Save 60-90% of your time/resources with our tech-enabled and seamless solution
- **Integrate easily:** Directly into your existing workflow via API

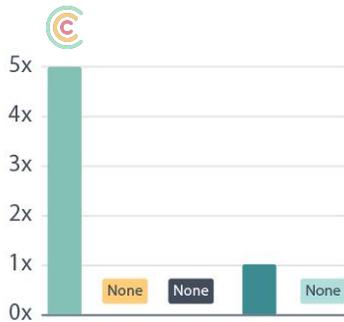


5x

Broad Data Coverage Helps to Ensure More Comprehensive EU Taxonomy Reporting

Clarity AI offers the broadest coverage in the market, with a coverage of reported data 5x more than any other provider

Coverage of reported data



Overall Coverage



EU Taxonomy eligibility data available



	Clarity AI	Vendor 1	Vendor 2	Vendor 3	Vendor 4
Mitigation	✓	✓	✓	✓	✓
Adaptation	✓	✓	✗	✓	✓
Biodiversity	✓	2023	✗	2023	✗
Pollution	✓	2023	✗	2023	✗
Water	October 2022	2023	✗	2023	✗
Circular economy	October 2022	2023	✗	2023	✗

■ Clarity AI
 ■ Vendor 1
 ■ Vendor 2
 ■ Vendor 3
 ■ Vendor 4
 ✓ Yes
 ✗ No



Clarity AI stands out from its peers because of the level of machine learning, multiple sources of ESG data and usage of big data rather than relying on data analysts. We are now spending less time on data gathering and instead focusing more on developing our ESG analysis as well as integrating Clarity AI's data into our portfolio management system even more broadly."

-Head of Responsible Investments, Large Nordic Insurer



Increase Accuracy with Best-in-Class Treatment of and Alignment to NACE Codes

Example Taxonomy Activity: Data Processing, hosting and related activities

Activities listed under NACE code J63.11

- Provision of infrastructure for hosting, data processing services and related activities
- Specialized hosting activities such as web hosting
- Data processing activities
- Data entry, application service and time-share provisioning

Activities that match the EU Taxonomy

- ✓ Single eligible activity
- ✗ Need to be further assessed to avoid greenwashing
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The NACE code is the industry standard classification system of economic activities used in the EU.

“ The NACE codes should only be understood as indicative and should not prevail over the specific definition of the activity provided in its description.”
- [European Commission](#)

Independent analysts and current clients agree that Clarity AI is a Leader and stands apart from competitors



“ It's very easy to see a company's alignment with technical standards”
They understood nuances that their competitors didn't even know existed”
- Clarity AI customer quotes from *The Forrester New Wave™: ESG Ratings, Data, And Analytics, Q3 2022*



Case Study: Providers Using NACE Codes Incorrectly Can Lead to Inaccurate Reporting

Avoid providers' solutions that overestimate EU Tax eligibility and alignment by as much as 100% by doing mapping revenues incorrectly



Leading provider's data indicates 100% alignment, when the correct mapping should be 0% eligibility/alignment

- Alignment to data management activities through data centers, with technical criteria focused on server energy efficiency.
- Even if Adobe operates a number of "Cloud" services, available information indicates that the data is being stored using third-party cloud infrastructure providers such as Amazon AWS and Microsoft Azure.
- That is, the servers are not operated by Adobe but by third parties, so even if the company was eligible, it would not have been able to pass the technical screening criteria, as it refers to server efficiency



Leading provider's data indicates 100% alignment: correct mapping should be 0% eligibility/alignment

- Accenture business segments: Communications, Media & Technology, Financial Services, Health & Public Service, Product Resources, Other.
- Normally, direct NACE code mapping is associated to the EU Taxonomy activity of "Data processing, hosting and related activities,"
- Our semantic screen identified that the activities may be related to data processing and management.
- We therefore conclude that Accenture has 0% eligibility/alignment with the EU Taxonomy. In particular, none of the activities Accenture is involved in can be attributed to an activity listed in the regulation.



Case Study: Many Leading Providers Double Count and Aggregate Portfolio Eligibility

What others are doing

Providers overestimate EU Taxonomy alignment because of double counting

Implications

1

Reporting with inaccurate data increases likelihood over compliance issues

2

Humans aligning complicated regulations with difficult codes (i.e., NACE) can lead to errors

3

Companies don't necessarily report in exact accordance with the investor regulatory requirements

How Clarity AI can solve it

Tech trained to systematically avoid double counting and aggregate portfolio eligibility/alignment across objectives

Weyerhaeuser Company

- 8% of its revenue comes from timber management (exact EU Tax. activity name: Existing forest management)
- Instead of assigning 16% eligibility in total, Clarity AI applies only the 8% to the objective for which there is clear alignment

Holmen AB

- 16% of its revenue comes from Forest management, which is an EU activity eligible for both Adaptation and Mitigation
- Instead of assigning 32% eligibility in total, we only apply the 16% to the objective that for which there is the most alignment



About Clarity AI

Clarity AI is a sustainability technology platform that uses machine learning and big data to deliver environmental and social insights to investors, organizations, and consumers. As of August 2022, Clarity AI's platform analyzes more than 50,000 companies, 300,000 funds, 198 countries and 188 local governments – 2-13 times more than any other player in the market – and delivers data and analytics for investing, corporate research, benchmarking, consumer ecommerce and reporting. Clarity AI has offices in North America, Europe, and the Middle East, and its investor client network is currently managing more than USD 30 trillion in assets, representing around 25% of the assets under management globally.

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