



CLIMATE SOLUTIONS

**Bringing Societal Impact to
Markets**

Why consider climate issues in investment decisions?

Minimize risks and capitalize on the opportunities presented by climate change



90% of World's Biggest Firms Will Have at Least One Asset Exposed to Climate Risk

Regulatory Pressures

(e.g., SFDR, EU Taxonomy, TCFD)

Stranded Assets

(e.g., coal reserves, oil tankers)

Reputational Damage

(e.g., Volkswagen diesel scandal)



Investors need to **capitalize on the transition** to a low carbon economy

High growth sectors

(e.g., clean energy, sustainable agriculture)

New investment products

(e.g., products targeting net-zero)

Client attraction & retention

(e.g., meaningful performance reports to clients)

Build climate-resilient portfolios and excel in your communication to clients and regulators

Introduction to Clarity AI Climate Solutions

A suite of tools to help investors measure and report on climate topics

Carbon Footprint & Scores

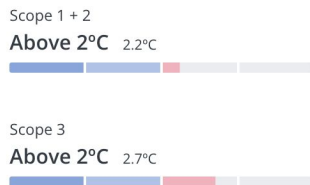
Metrics to understand the carbon attributable to your portfolio

$$\sum_1^i (weight\ on\ portfolio_i) * \frac{(scope_1 + scope_2)_i}{revenue_i}$$



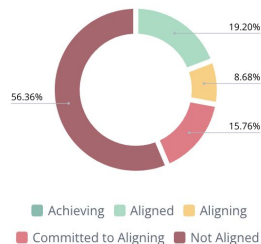
Temperature Alignment

Metric to understand how companies comply with the Paris Agreement



Net Zero Alignment

Metrics to understand Net Zero alignment at company and portfolio levels



TCFD Reporting

All-in-one solution to report portfolio footprint and climate-related risks and opportunities



Powered by robust **Emissions Dataset** with **Proprietary Scope 3 Solution** and **Highest Market Coverage**

View your Carbon Footprint

Use 4 TCFD-recommended metrics to understand your Scope 1 & 2 and Scope 3 emissions

✓ Proprietary multi-geography and industry models **reduce Scope 3 estimate variability by 5x** that of other players

✓ **95% coverage for Scopes 1 and 2** of the MSCI ACWI and 92% for Scope 3

✓ **Broadest Scope 3 coverage** in the market, leveraging our **proprietary estimation models**

Weighted Average Carbon Intensity

Weighted average of the portfolio companies' carbon intensities by portfolio weights

Financed Emissions

The % of each company owned, multiplied by that company's carbon emissions, summed across all companies in the portfolio.

Carbon Intensity

Portfolio Financed Emissions divided by the sum of revenues attributable to the portfolio

Financed Emissions/USD M Invested

Portfolio Financed Emissions divided by the portfolio value in millions of dollars

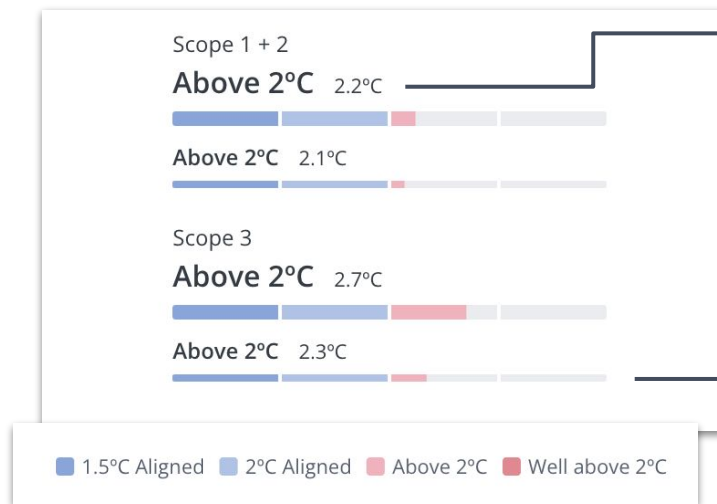
Demo Portfolio			
Weighted Average Carbon Intensity	Carbon Intensity	Financed Emissions	Financed Emissions / USD M Invested
108.49 tons CO ₂ e / USD M revenue	119.98 tons CO ₂ e / USD M revenue	2828.27 tons CO ₂ e	28.88 tons CO ₂ e / USD M invested
MSCI ACWI Low Carbon Leaders			
Weighted Average Carbon Intensity	Carbon Intensity	Financed Emissions	Financed Emissions / USD M Invested
55.62 tons CO ₂ e / USD M revenue	52.34 tons CO ₂ e / USD M revenue	1469.11 tons CO ₂ e	13.51 tons CO ₂ e / USD M invested

Compare footprint against **benchmarks**

Understand the Temperature Alignment of your portfolios

Powered by the market leading Temperature Rating Methodology co-developed by CDP and WWF

- ✓ **100% coverage of CDP and approved SBTi targets**
- ✓ **Strategic partner of the CDP**
Leveraging Clarity AI's advanced technology with the world's largest self-reported environmental dataset, to offer the only end to end solution that streamlines Net Zero progress
- ✓ **Enables creation of sustainable products**
Increase assets under management by creating Net Zero aligned Article 9 funds



Report **as a range** or to **one decimal place**

Compare footprint against **benchmarks**

A Reliable, and Automated Solution to Achieve Net Zero

Aligned with the IIGCC's Net Zero Investment Framework

✓ **100% coverage of CDP and approved SBTi targets**

✓ **Strategic partner of the CDP**

Leveraging Clarity AI's advanced technology with the world's largest self-reported environmental dataset, to offer the only end to end solution that streamlines Net Zero progress

✓ **Measure progress against targets**

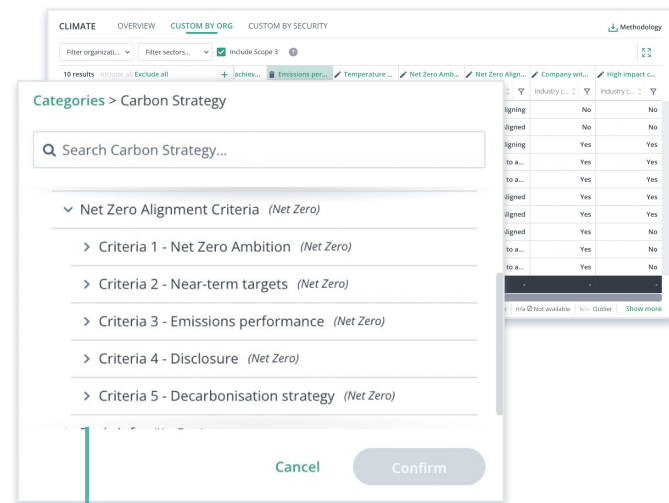
The only provider in the market to measure progression against carbon reduction targets, not just company reported targets alone

✓ **Enables creation of sustainable products**

Increase assets under management by creating Net Zero aligned Article 9 funds

✓ **Fully automated solution**

One single metric to keep track of progress, with a one-stop-shop for all data points used in calculations



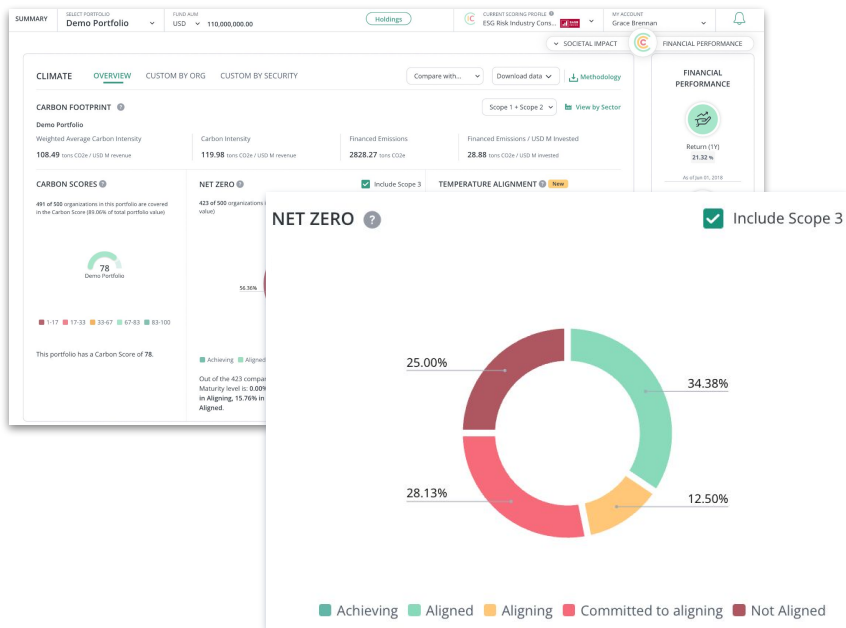
● **Assessment based on company:**

- Ambition
- Targets
- Emissions performance
- Disclosure
- Decarbonization strategy

Integrate Clarity AI's Solution into your Investment Strategy

Different use cases for every need

- + Set initial targets**
based on the current alignment of your portfolio
- + Monitor your portfolio**
 - Track overall portfolio alignment with Net Zero
 - Spot the top/worst contributors to engage with them and adjust portfolio accordingly
- + Easily report on your progress**
at the end of the year with accurate data
- + Screen companies**
based on their Net Zero alignment
- + Prepare stakeholder engagement strategies**
based on a comprehensive Net Zero dataset



Assess your portfolio's alignment based on 5 criteria

Our methodology is aligned with the Net Zero Investment Framework



Criteria**					
1	Ambition	2	Targets	3	Emissions performance
		4	Disclosure	5	Decarbonisation Strategy

Alignment Maturity Scale	Achieving net zero	Not assigned: we found no evidence of listed companies having met the necessary criteria to be achieving Net Zero			
	Aligned	Net zero by 2050 (High impact co. only*)	Net zero aligned	Progress on track	Full disclosure of material emissions
	Aligning		Net zero aligned		Full disclosure of material emissions
	Committed to aligning	Net zero by 2050			Low-carbon plan developed (High impact co. only*)
	Not aligned	Companies which do not comply with the above criteria fall into this bucket			

*A company is "high impact" if it complies with at least one of these criteria:

i) it is listed by Climate Action 100+, ii) it is classified into one of the sectors identified by the Transition Pathway Initiative (TPI), iii) it is a bank or a real estate company.

**The 6th recommended criterion of the NZIF - Capital Allocation - is not currently included in our solution due to lack of data.

Copyright © 2023 Clarity AI Inc. All rights reserved. Strictly Confidential.

Comply with TCFD-aligned disclosures with Clarity AI

Recommended disclosures in a TCFD report

Governance	Strategy	Risk management	Metrics & Targets
a. Describe the board's oversight of climate-related risks and opportunities.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a. Describe the organization's processes for identifying and assessing climate-related risks.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b. Describe management's role in assessing and managing climate-related risks and opportunities.	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b. Describe the organization's processes for managing climate-related risks.	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



Quantitative data required

Qualitative information (policies, processes, etc.) to be filled out by the firm

Clarity AI Capabilities



All climate-related quantitative metrics

Clarity AI provides all the data/metrics that you need to fill the report.



Powerful Tech for High-Quality TCFD Reporting

Best-in-class accuracy and breadth of coverage to analyze and report climate risk and opportunities

- ✓ **Full breadth of quantitative data**
Provides all quantitative data required to report in line with TCFD, including physical and transition risks






- ✓ **Coverage of 30k+ companies**
Including main indexes

- ✓ **Fully automated:** All climate-related metrics in one single solution, cutting out manual work

Metric Type	Clarity AI Solution
Carbon footprint / Emissions-based metrics	3 emissions-based metrics WACI (Scope 1 + 2 and 3), Carbon footprint, Total carbon emissions Data quality score <i>coming soon</i>
Assessment of climate-related risks and opportunities	2 metrics to assess climate-related risk/opportunities <ul style="list-style-type: none"> - Exposure to companies active in the fossil fuel sector - % of investment aligned to EU Taxonomy "Climate change mitigation" objective
Alignment to a climate warming scenario	Near-term Temperature Alignment Based on emissions from Scopes 1 + 2 and 3
Quantitative scenario analysis (e.g Climate VaR)	6 metrics to assess physical and transition risks <ul style="list-style-type: none"> - Physical (acute) - Physical (chronic) - Transition <i>Risks are evaluated via 2 dimensions</i> <ul style="list-style-type: none"> - Direct Risk - Pricing-in 1 additional metric to assess sentiment shock¹ For 3 scenarios ² under 4 time horizons ³ we provide the Total impact on Returns (%) <i>coming soon</i>

Scope 3 emissions methodology

Our proprietary solution allows for the highest coverage and company level granularity

		 Upstream activities	 Downstream Activities & Commuting	 Coverage
Clarity AI Scope 3 Emissions Data	 Reporting companies	Reported data from CDP and Clarity AI <i>Reliability process:</i> There is evidence of under-reporting in Scope 3 emissions. We provide only the best reported data based on criterias of comparison to our own estimates, 3rd party verification, and completeness of the report.		2.7k companies
	 Non reporting companies	Proprietary Supply Chain Model <i>Key advantage:</i> Our EEIO model allows comparison between companies as emissions are estimated using the same methodology	Category-level Machine Learning Model <i>A category is relevant when significant fraction (25%) of the reporting companies disclose a non-null value</i>	+30k companies

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. Clarity AI's capabilities are an essential tool for end-to-end sustainability analysis related to investing, corporate research, benchmarking, consumer ecommerce, and regulatory reporting. As of January 2023, Clarity AI's platform analyzes more than 70,000 companies, 360,000 funds, 198 countries, and 199 local governments, which represents the broadest data coverage in the market with up to 13 times more than other leading players. One way Clarity AI delivers on its mission to bring societal impact to markets is by ensuring its capabilities are delivered directly into clients' workflows through integrations with partners like BlackRock - Aladdin, Refinitiv an LSEG business, BNP Manaos, Allfunds, and Simcorp. Additionally, Clarity AI's sustainability insights reach more than 150 million consumers across more than 400,000 merchants on the Klarna platform. Clarity AI has offices in North America, Europe, and the Middle East, and its client network manages tens of trillions in assets for companies like Invesco, Nordea, PGIM, Santander, Wellington, and BNP Paribas.

Legal Disclaimer

This document and its content (the "Document") as well as all related rights are the exclusive property of Clarity AI Inc. and its affiliates and/or respective licensors ("Clarity AI"). The recipient of this Document shall keep it strictly confidential.

This Document may not be construed as an offer, and is provided solely for the purpose of engaging in commercial discussions regarding Clarity AI's products and services. Any further use is subject to written authorization by Clarity AI. Any provision of products or services by Clarity AI shall be subject to a final written agreement mutually executed between Clarity AI and recipient. Although reasonable care has been taken in the preparation of this Document, Clarity AI disclaims any and all warranties regarding this Document, whether express or implied, to the extent allowed by law, including but not limited to: warranties of absence of error, non-infringement of third-party rights (including intellectual property rights), accuracy, completeness, reliability, and possibility of profits or any form of results expected by the recipient.

Clarity AI also disclaims all warranties of compliance with any particular law, decree or other form of regulation, in relation to or resulting from the use of Clarity AI's products or services. Under no circumstances shall this Document or the Clarity AI products or services be construed as the provision of financial or legal advice or recommendation. Clarity AI recommends that the recipient of this Document and any intended beneficiary of Clarity AI's products and services obtain independent expert advice regarding such matters.