

Clarity AI's sustainability capabilities integrated with SimCorp

Clarity AI is a scalable and flexible end-to-end SaaS tool able to address any sustainability use case





Built-in sustainability tech for your existing workflow

● **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 data and broad coverage**

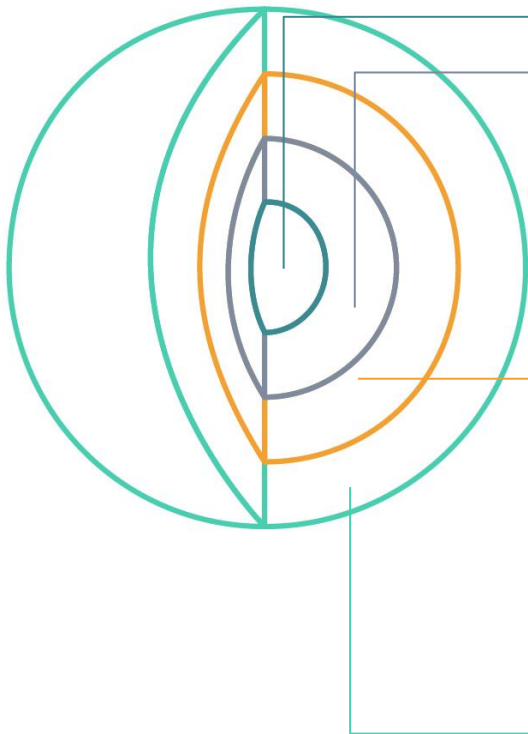
Extensive coverage, with data for 70,000+ companies, 360,000+ funds, 198 countries, and 199 local governments

● **3. Scientific and evidence-based methodologies**

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

● **4. Robust, fully-customizable tech kit**

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



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"

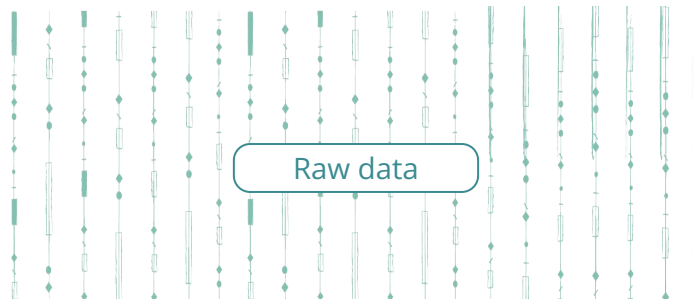
–Head of Responsible Investments, Large Nordic Insurer



Achieve 100% mandatory PAI coverage with SFDR-tailored methodologies

And streamline reporting with a tool built-in to your existing workflow

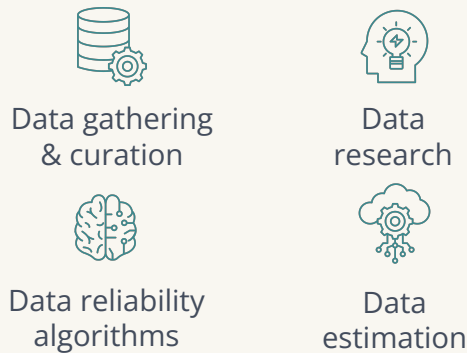
Data



Best data reliability and coverage through AI algorithms and technology

- >60k companies
- >360k funds
- 400 governments

Methodologies



Science-based methodologies

- Tailored methodology for each of the Principal Adverse Impacts (PAIs), in line with regulators' exact definitions
- **46 PAIs** (all mandatory applicable to companies and sovereigns, and 30 additional / optional PAIs)

Tools



"Clarity AI built-in"

- SaaS capabilities
- Integrated into existing workflows
- Scalable

The regulation requires a "best efforts" approach, which Clarity AI best delivers on with the most comprehensive and accurate data available

Data Accuracy

- Processing more than 1M data points each week via machine learning algorithms to contrast overlapping reported data to select the best option and to estimate missing data in a best effort to increase quality coverage
- Leveraging Natural Language Processing to assess more than 1.4M articles from 33,000 trusted news sources every day to ensure company controversies are up to date and included in an unbiased way



Case Study: Other providers use inaccurate data, which will lead to inaccurate reporting

Inaccurate reporting leads to increased regulatory scrutiny which may cause reputational risk and can lead to costly enforcement actions

What others are doing

Data providers pull ESG data from publicly available sources without tailoring it to the EU regulatory requirements

Implications

1

Reports for sustainability data are often formatted for marketing purposes, not for standardized data collection

2

Humans pulling data from tens of thousands of sources can lead to data quality issues

3

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

How Clarity can solve it

Combines advanced technology with sustainability expertise to gather, clean and cross-check data – without bias and at scale

Example 1: Incorrect data pull for PAI 8, emissions to water

- For Covestro, some providers are using the value 728kt.
- The value should be 0.29kt (2.5k times smaller), which corresponds only to phosphate, nitrates and heavy metals values.
- 728kt includes inorganic salts, which should not be included as per the regulation.

Example 2: Incorrect data pull for PAI 9, hazardous waste

- For CEZ group some providers are using the value 3035t.
- While the regulation is very clear that the value should include radioactive waste.
- This increases the value to 3348t, which is the correct number to report to regulators.



Independent Analyst Acknowledgements and Awards



“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 about sustainability capabilities from The Forrester New Wave™: ESG Ratings, Data, And Analytics, Q3 2022





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 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.

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