



COMMUNICATION ON PROGRESS (COP) BASIC

Period covered by Communication on Progress (COP): From August 2019 to August 2020

August 25th, 2020

To our stakeholders:

I am pleased to confirm that Clarity AI reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. As a company that focuses on the measurement of Social Impact, we are more than committed to the Global Compact Vision. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Rebeca Minguela

CEO and Founder of Clarity

1. DESCRIPTION OF ACTIONS

Brief overview

Clarity AI **offers a gold standard sustainability platform** to optimize the societal impact of investment and corporate strategy decisions, for all society stakeholders.

Clarity AI was launched in 2016 with a **clear mission - to bring social impact to markets**. At Clarity AI we believe that it is possible, and desirable, to align over 80 trillion dollars in assets currently in financial markets with global environmental, social and governance challenges, without compromising financial returns. The SDGs provide a comprehensive framework for us to fulfill our mission, both internally (how we run our company) and externally (our products and services).

Internally we have, through a company-wide exercise, **aligned ourselves with key SDGs and metrics** relevant to our type of company and industry:

- Goal 4: we have introduced an annual training budget for each individual staff member, to promote access to lifelong learning and continue evolving in value-added skills.
- Goal 5: we have doubled our female presence across ALL levels of the organization. At 40% we are in the top percentile of tech and data science companies, as well as the financial sector. We have proactively engaged annually in over 20 events, conferences, mentoring opportunities reaching thousands of female professionals, recent graduates and girls in tech and data science (e.g. girlswhocode, inspiring girls, WeCode Fest, Greach etc).
- Goal 8: we have doubled our staff size in the last 4 years, growing from 3 to 96 high quality jobs, aligned with technological upgrading and innovation
- Goal 9: we have increased the share of our team dedicated to research and development - currently ~30% of our team is advancing data science and research topics
- Goal 17: we believe in an ecosystem approach to responsible and impact driven investment. We have created a senior partnership and policy role, and proactively engaged in collaborations beyond our direct clients. Today we proudly partner with Responsible Investment Associations, UN PRI, the EU and academic institutions.

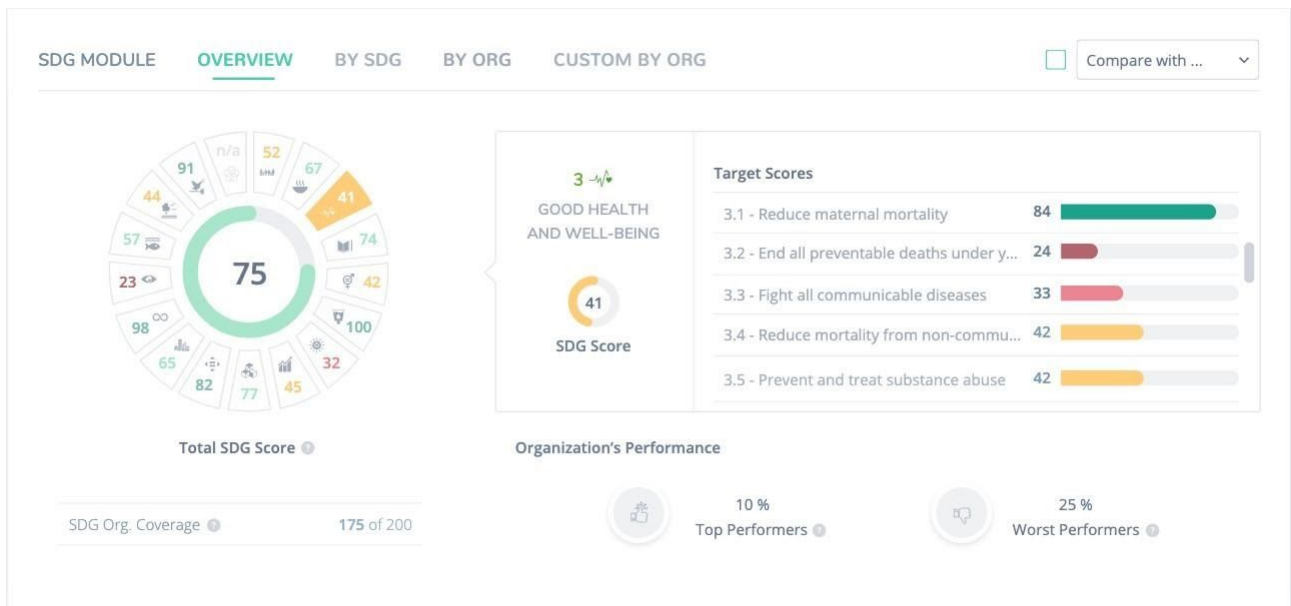
Externally, this SDG alignment exercise led us to consider how our products, in addition to our operations, could better serve the global goals. As a result, we have worked to bring to market **new disruptive products** that support investors and corporations as they look to optimize their **sustainability performance and compliance**, and their impact across social and environmental goals. Our products also **help companies understand at a glance their sustainability performance and their competitive positioning across more than 29k companies worldwide**.

Being a data-driven company we established metrics to measure the success of our tool, both related to our reach and to the information that we make available. In terms of reach, **the SDG impact score (see below) is currently used by investors managing more than 2 trillion USD and by companies with over 200 billion USD of revenue**.

The SDG impact score

We have developed and incorporated into our sustainability platform a new score – **SDG Impact** - which captures companies' **progress towards achieving the SDGs**. Clarity's product enables investors to allocate capital to entities who are working towards achieving the SDGs - effectively magnifying the impact of all SDGs.

Example screenshot of Clarity AI SDG Impact tool



The **Ten Principles** have been embedded in our new methodology to measure companies' potential impact on the SDGs across the value chain: from the definition of the theory of change for each target, to the individual metrics that we use in our SDG impact score. For instance,

- Principle 4 and 5, which we believe are highly related to target 8.7 and that are reflected through anti forced-labor and anti-child labor policies
- Principle 6, which we believe is highly related to the targets 10.3 and 5.1 and that we measure based on whether companies have diversity targets and on the proportion of female employees in their workforce
- Principle 8, which we believe is related to several targets, such as 3.9, which we measure through air pollutant emissions and 2.4 which we measure through the land degradation caused by food producers.

Human Rights

Applicable SDGs: 3, 4, 5, 10, 11, 13 and 16.

- **Safety conditions:** Our offices are located in convenient places in the center of cities. We provide our employees with tools to work efficiently (latest computers) and ergonomically, along with other amenities such as coffee and fruit. More recently with the global Covid'19 Pandemic we have turned into a 100% remote friendly company for the security and commodity of our employees.
- **Workplace harassment:** We have developed several policies to protect workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats. We onboard our employees with a thorough explanation of the company culture, which promotes diversity as one of its main pillars.
- **Diversity:** We have a deep commitment to improve diversity in the company. Clarity AI is committed to build a team with diversity of personalities, cultures, religions and backgrounds.

- **Gender equality:** We profoundly believe in gender equality. In fact, the founder of our company is a woman, and we are always encouraging women to join our team. Having 50% female managers on our board. We have the determination to attract women especially for tech positions, in order to reduce the gap between men and women in the tech industry. We sponsor events and encourage our women engineers to give talks and attend conferences to encourage other women to join the tech sector.
- **Purpose:** The purpose of our company is to provide information about social impact to professional investors, helping them to identify the companies with the best scores in terms of ESG impact.

Labour

Applicable SDGs: 3, 4, 5, 7

- **Forced labor:** We ensure that the company does not participate in any form of forced or bonded labor, not only for our employees, but also the companies that we work with.
- **Wages:** In Clarity we do not only comply with minimum wage standards, but we try to offer our employees higher wages than the average in the industry.
- **Objectivity:** We ensure that employment-related decisions are based on relevant and objective criteria. In fact, one of the pillars of the company culture is being fact-based in all decisions.
- **Flexible work in the broadest sense:** We give our employees total flexibility on their schedule, vacation or working location, enabling employees the schedule to fit their lifestyle and obligations.
- **Social Benefits:** We offer a large benefits package to the team, considering their needs and interests. In this package we include health care, education, and transport.
- **Way of working:** We try to encourage transparency and meritocracy in the way that our team works. That is one of the pillars of our culture.
- **Zero-paper:** We promote a zero-paper policy, helping reduce the use of paper in the office and with our stakeholders.
- **Committed to education:** We ensure that the interns who work at Clarity not only receive the maximum wage but also enjoy a suitable training environment and have development opportunities within the company.

Environment

Applicable SDGs: 6, 7, 11, 13, 15

- **Human health:** We ensure emergency procedures to prevent and address accidents that affect the environment and human health.
- **Climate action and Energy consumption:** We try to reduce the carbon footprint of the team, by encouraging our people to use public transportation and give some grants as a part of the social benefits program.
- **Purpose:** We provide information about the environmental impact of the companies, helping professional investors identify all those companies that have a better management of emissions, energy use, water use or any other dimension that might affect the environment.

Anti-Corruption

Applicable SDGs: 3, 4, 5, 7

- **Anti-corruption policies:** We have developed internal procedures supporting the company's anti-corruption commitment. During the recruiting process, we ensure that each employee is committed with the values of the company.
- **Ethical behavior:** We include "ethical behavior" in the contracts with other business partners.
- **Purpose:** We provide information about the governance dimension of the companies, where anti-corruption policies are included.

2. MEASUREMENT OF OUTCOMES

- **Gender equality:** we have doubled our female presence across ALL levels of the organization. At 40% we are in the top percentile of tech and data science companies, as well as the financial sector. We have proactively engaged annually in over 20 events, conferences, mentoring opportunities reaching thousands of female professionals, recent graduates and girls in tech and data science (e.g. girlswhocode, inspiring girls, WeCode Fest, Greach etc).
- **Wage policy:** : we have doubled our staff size in the last 4 years, growing from 3 to 96 high quality jobs, aligned with technological upgrading and innovation. We use ongoing benchmarks of the industry and comparison of the wages with peers in the industry and when possible, we even pay above market.
- **Quality work:** we have increased the share of our team dedicated to research and development - currently ~30% of our team is advancing data science and research topics. We have introduced an annual training budget for each individual staff member, to promote access to lifelong learning and continue evolving in value-added skills.
- **Zero-paper policy:** a digital first company, we embrace remote working and no paper policy.
- **Diversity:** we pride ourselves in the diversity of our workforce, with a wide age variation (from early 20s to well over 50), over 15+ different nationalities and an explicit commitment to diversity in our hiring practices and our company values.
- **Impact of the information provided by the company:** Statistics about the impact of the use of the Clarity platform in the decision of investments in more sustainable companies.
- **Zero emissions:** being a remote first company, our emissions are naturally low. We use co-working space when needed and the majority of our employees use public transport when needed to commute, something greatly facilitated by our office locations.
- **Ethical behavior:** we have established HR business partners and confidential means of communication to ensure all grievances are reported, monitored and addressed. At the moment, we do not have any cases of employees that do not follow the norms of ethical behavior.
- **SDGs score use:** the SDG impact score (see below) is currently used by investors managing more than 2 trillion USD and by companies with over 200 billion USD of revenue.