

## Communication of Progress 2022

Period covered by Communication on Progress (COP): From August 2021 to August 2022

August 9th, 2022

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 is a **sustainability technology platform** that uses machine learning and big data to deliver environmental and social insights to investors, companies, governments, and consumers. As of July 2022, Clarity AI's platform analyzes up to 50,000 companies, 300,000 funds, 198 countries and 188 local governments – 2-3 times more than any other player in the market – and delivers data and analytics for investing, corporate research and reporting

Clarity AI was founded in 2017 with a **clear mission - to bring societal impact to markets**. At Clarity AI we believe that anyone can 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, Clarity AI creates the opportunity to pause, to reflect, to check and to ensure dollars are aligned with intended purpose(s). 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 continue to offer an annual training budget for each individual staff member, to promote access to lifelong learning and continue evolving in value-added skills.
- Goal 5: Our gender diversity stands at 36%, significantly above the average for the technology sector (<25%). To increase the share of women working at Clarity AI, we have proactively engaged annually in several events, conferences, mentoring opportunities reaching thousands of female professionals, recent graduates and girls in tech and data science, such as Womenalia or girlswhocode.
- Goal 8: we have continued to expand our staff, growing from 129 (as of August 2021) to 278 high quality jobs (as of August 2022), aligned with technological upgrading and innovation. More than 65% of our workforce is dedicated to innovation and research.
- Goal 9: we have increased the share of our team dedicated to research and development - currently ~65% of our team is advancing data science, tech and research topics.
- Goal 13: we believe that Net Zero is the pathway to limit global warming to 1.5° and therefore we have committed to reducing our carbon footprint by 50% by 2030 and by 90 to 95% by 2050.
- 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.

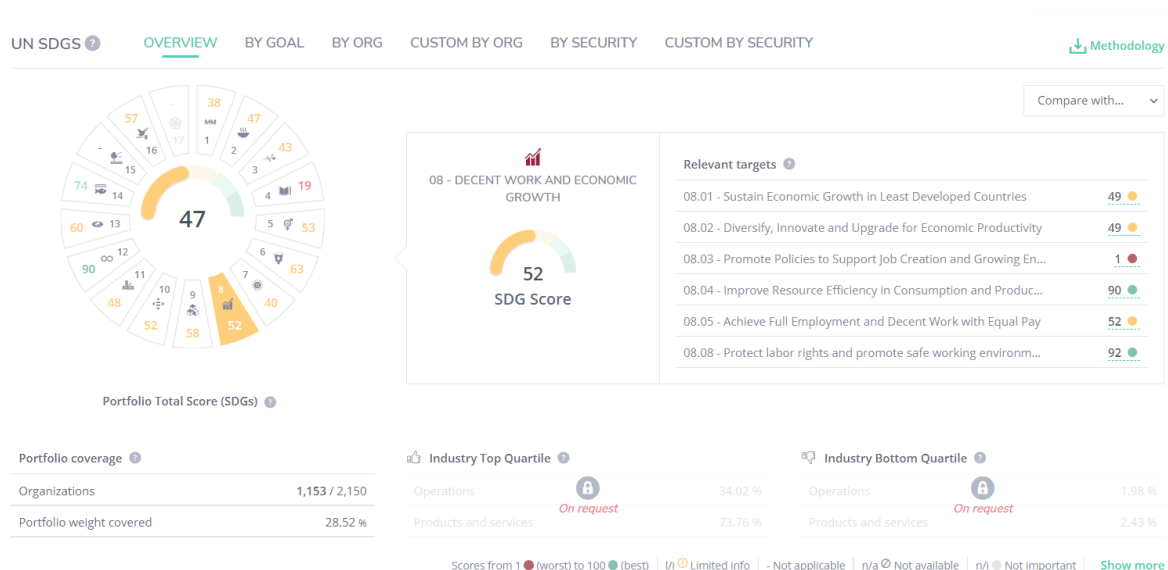
**Externally**, our products, in addition to our operations, serve the UN SDG. We have brought to market **new disruptive products** that support investors and corporations as they look to optimize their **sustainability performance and compliance**, and their impact across social and environmental goals. Our products also **help companies understand at a glance their sustainability performance and their competitive positioning across up to 50k 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 available for use by investors managing overall more than USD 30 trillion in assets**.

## The UN SDGs impact score

Clarity AI's **UN SDG Impact Scoring product** enables investors to allocate capital to entities who are working towards achieving the SDGs - effectively magnifying the impact of all SDGs. Investors can choose from 60 Impact metrics to measure their contribution to specific targets and goals and create customized UN SDG insights for any strategy and compare with international benchmarks

### Example screenshot of Clarity AI SDG Impact tool



The **Ten Principles are embedded in our 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. With the global Covid 19 Pandemic, we have turned into a 100% remote friendly company for the security and commodity of our employees and we provide employees with the option to remain working fully remote, providing them with the necessary support to make their remote work convenient and safe (e.g., budget for office material purchase).
- **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

building a team with a 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 33% female managers in 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 UN SDG 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:** In alignment with the Paris agreement, we believe that Net Zero is the pathway to limit global warming to 1.5°. We have committed to reducing our carbon footprint by 50% by 2030 and by 90 to 95% by 2050 and remove the 5-10% emissions that cannot be reduced through Carbon Dioxide Removals offsets.
- **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 to 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 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 33% 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.
- **Wage policy:** we have continued to expand our staff, growing from 129 (as of August 2021) to 278 high quality jobs (as of August 2022), 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 ~65% of our team is advancing data science, tech and research topics. We have maintained 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 over 30+ 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. In addition, we are setting up an internal working group to create a plan to remove our CO2 emissions, which are mostly attributed to Scope 3. In the meantime, we will purchase carbon offsets associated with our emissions to contribute to net zero through carbon dioxide removal (CDR) technologies and high-quality carbon offset projects.
- **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 UN SDG impact score (see above) is currently available for investors managing more than 30 trillion USD.