vestedImpact

How Vested Impact works:

Automated Impact Assessment & Measurement Methodology

Executive Summary

May 2023

V2.3.1

Contents

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Introduction

What Vested Impact's Impact Ratings Measure

Vested Impact's Impact Algorithm can help investors, asset managers and companies to understand impact and impact opportunities and integrate these factors into their decision making, portfolio construction, compliance and reporting, and business management process.

Vested Impact's methodology is different to existing ESG-focused metrics as it goes beyond standard inward looking ESG metrics; which assess the internal operations and self-disclosed decelerations of a company; rather Vested assesses and quantifies the external material impact of a company's products and services on their contribution to solving the World's greatest social issues, leveraging external and fit-for-purpose impact data. This approach to external impact materiality assessments and risks is often referred to as "impact-materiality" approach.

Assessing impact is inherently complex. How do you determine how much a mobile phone changes an individual's life? What if that phone is in the hands of a person in Uganda as opposed to the United States? Where and for whom, is the impact most significant? Why? And how do we know it's so?

That's where Vested Impact's Impact Algorithm can help; designed using leading social science on quantifying and attributing impact and underpinned by independent and fit-for-purpose data from the World's leading impact sources.

More specifically, Vested Impact's Impact algorithm seeks to answer five key questions about companies:

- What is the overall impact of a company's products and services on contributing to achieving some of the World's greatest challenges – the United Nations Sustainable Development Goals?
- What are the specific impact areas and how is the company contributing to that area of impact? How much impact is the company having on the relevant social issues?
- Where geographically is the company having an impact? And what geographic markets is the company having more of an impact?
- What are the negative impacts that the company contributes to that hinder the achievement of the Sustainable Development Goals?
- What is the overall picture for the company and how does it compare to other companies, within and beyond it's industry.

The Vested Impact scores are data-driven, where the scores are based on relative impact of individual company activities related to their products and services, and countries of

delivery/operations of these activities. Vested Impact does not presume to define what 'good' looks like, nor what social issues are deemed more critical than others; we let the data determine relative impact within the construct of our methodology and data model.

Vested Impact's methodology has a number of key calculation principles set out below.

- **Quantified:** The methodology must produce measurable and quantifiable metrics and consider both positive and negative impacts and provide their net total. This is a minimum requirement for informing decision-making.
- **Comparable:** All impact scores produced by the methodology must be comparable. Comparisons must be possible within industries, across industries, and across different types of global issues and geographies. Vested Impact produces absolute, not relative, score/s.
- **Comprehensive:** The methodology must consider all types of positive and negative external impacts, not only, e.g., environmental/carbon or job creation. This is a minimum requirement for understanding the whole impact and interactions of a company's products and services, and any subsequent risks or opportunities, and thus informing decision-making on resource allocation.
- **Context-specific**: The methodology must take into account that social issues are not only interconnected but also their importance and impact differ across geographic locations. The system must use data that is relevant not only to the industry, activity and global issue; but that is relevant and indicative of the geographic implementation and be adaptable to the changing geographic contexts that can drive changes in the need for and importance of global issues e.g., war/conflict emergence, communicable disease outbreaks etc.
- **Scalable**: The speed, cost and consistency of the impact analysis should be as automated and repeatable as possible, meaning that it should not require any manual work. This also maintains independence of the methodology from self-reported biases. This automation required for large-scale adoption and widening of the coverage and thus significance of the data.

Defining Impact

Vested is focused on measuring the impact of a company and quantifies the change that can be attributed to a company and its activity/s.

At Vested, impact is defined as;

The marked and material external positive and negative, primary, and secondary immediate and long-term change attributed to a business activity, directly or indirectly, intended or unintended.

Vested currently focus on assessing and quantifying the impact of the products and services of the company ("activities") and does cover upstream and downstream activities and input (incl. raw materials) it does not self-specify specific supply chain entities, unless supplied by the users.

The United Nations Sustainable Development Goals

Vested assess and quantifies impact in relation to a company's activities contribution to advancing and solving the United Nations Sustainable Development Goals.

The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. This agenda consists of 17 sustainable development goals (SDGs) and 169 targets. Global challenges – ranging from climate, water and food crises, to poverty, conflict and inequality – are in need of solutions that the private sector can deliver, representing a large and growing market for business innovation.

Figure 1: United Nations Sustainable Development Goals

Vested's algorithm maps all company activities against the SDG's and all analysis in conducted at the level of targets because targets are more specific and attributable than the broader goals.

Figure 2: Example of SDG Targets for SDG Goal 10
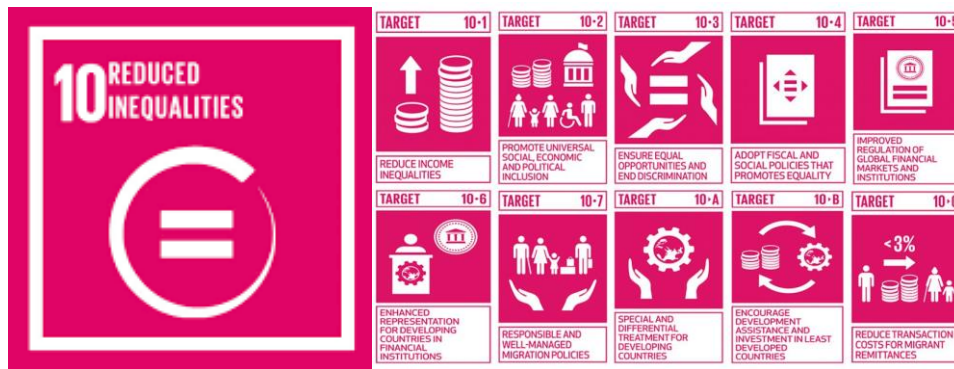
The SDGs should be always be adopted as an integrated approach (Allen et al. 2019; Merry 2019; Elder and Olsen 2019; Gasper et al. 2019; Saner et al. 2019). In this regard, Vested's algorithm and methodology was developed to be implemented entirely within the companies' influences in regards to relevant SDG targets and their interconnected influences. For example, climate change will affect the most vulnerable people, resulting in failure of the efforts to end poverty (SDG1), to attain gender equality (SDG5), and to lessen inequality among countries (SDG10).

The Vested Impact scores are data-driven, and Vested Impact does not presume to define what 'good' looks like; we let the data determine industry-based relative performance within the construct of our methodology and data model.

Indicators and data are essential to measuring and quantifying the achievement of implementing the sustainable goals and their targets. While the United Nations has official indicators against all Targets, there is significant lack of detailed, up-to-date and private-sector-relevant indicators and data. Vested solves this through the integration of over 40,000 indicators and 100,000,000 data points from additional data sources where each indicator has been manually mapped against relevant SDG Targets and company activities in order to strengthen the accountability, monitoring and attribution of impact and progress on the SDG Targets.

The Methodology

Methodology Overview

Vested Impact's Impact Algorithm can help investors, asset managers and companies to understand impact and impact opportunities and integrate these factors into their portfolio construction and management process.

Vested Impact's algorithm is based on a methodology built by our experienced impact analysts, leveraging and combining the best impact measurement methodologies in the world to be able to attribute and quantify impact, focusing on the intersection between a company's core business activities and markets, and the social issues that can create significant risks and opportunities for the company.

Vested Impact strongly incorporates the pillars and approach of the Impact Management Project, whilst also adopting the terminology, definitions of the OECD Due Diligence Guidance for Responsible Business Conduct which directly aligns with regulatory requirements for companies and assets such as the EU CSRD, EU CSDDD. Detailed mapping of Vested Impact to regulatory frameworks such as SFDR and TCFD is available on request.

Figure 3: Vested Impact Methodology alignments, integrations and supporting frameworks.

The algorithm leverages over 200,000,000 academic articles to provide science-based evidence for the causal link of individual business activities against the issues they impact (relevant to different geographies) and pulls on over 100,000,000 data points from over 250 impact organisations to validate the impact across each activity, country and SDG Target combination (which are referred to as "impact slices"); assessing the impact against 4 core pillars that are consistent across all company's, to produce an absolute impact rating for a company.

Automated science & evidence-backed methodology

**Pulls in data and, using NLP, automatically assigns what a company does, and where.**

Leverages 257M academic articles to provide science-based evidence for impact attribution.

Assesses & quantifies activity impact against global standards for impact and development. Leveraging over 100M impact datapoints

Assess and provide data for your own frameworks

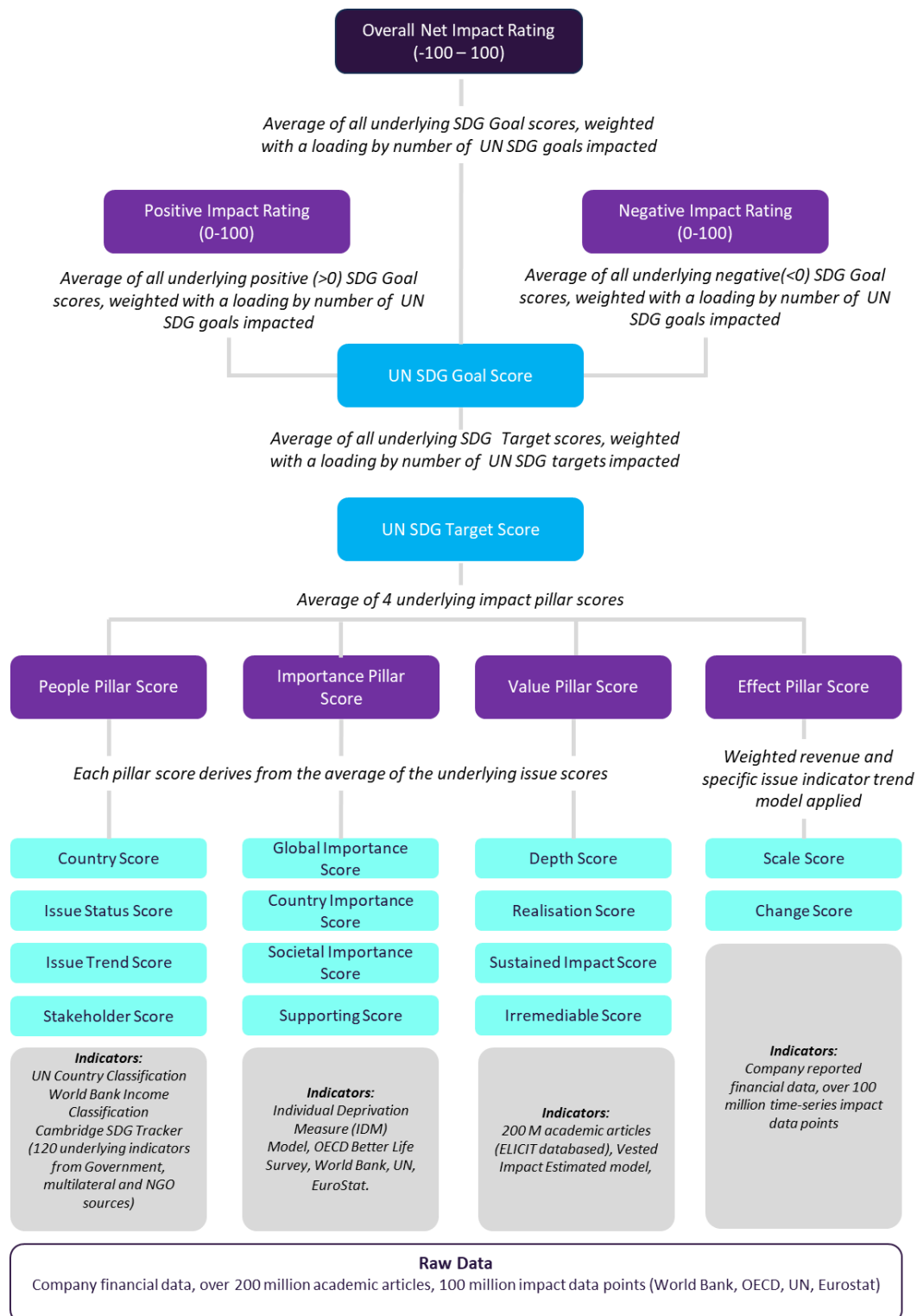**Outputs quantified and comparable metrics & summaries**
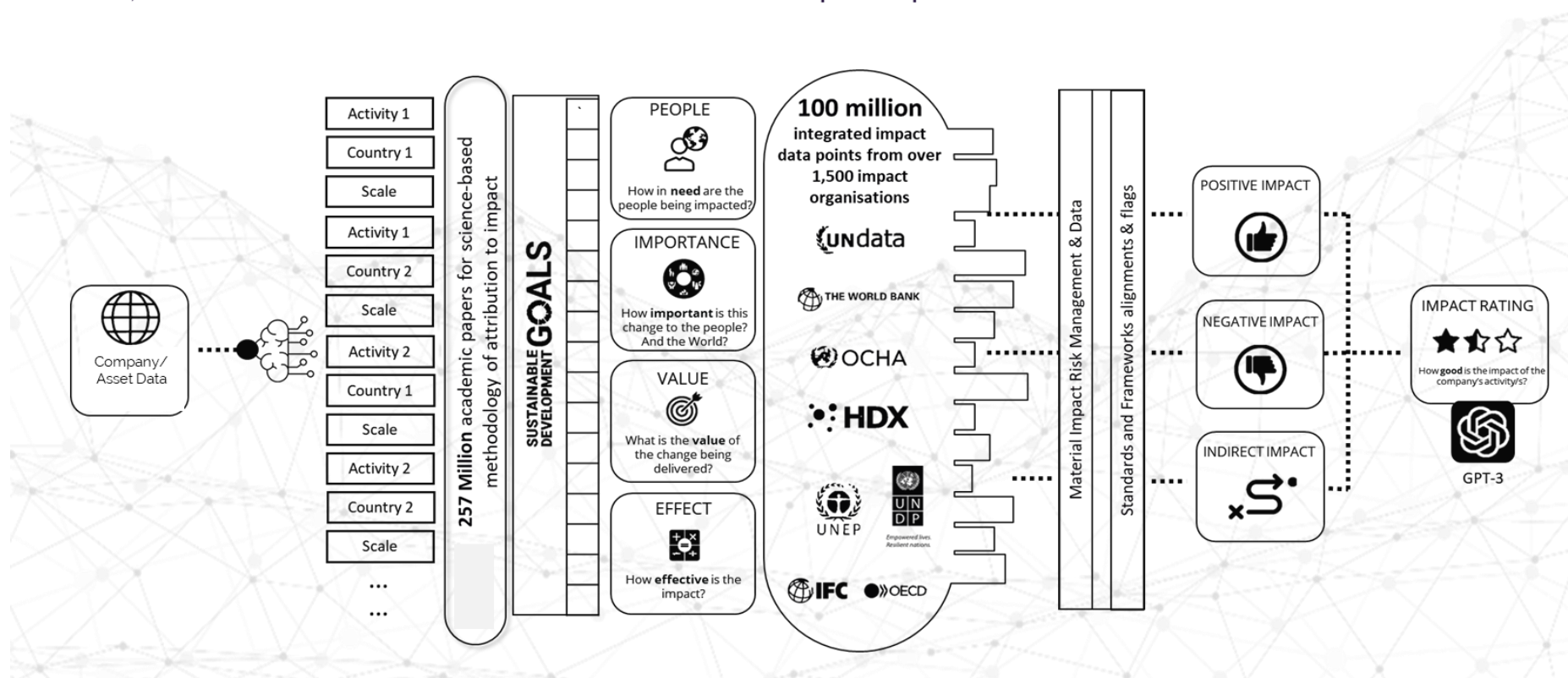
Scores Structure Overview

The detail of each pillar and tier in the scores is outlined in the document, however the below diagram gives a summary of the aggregation and hierarchy of impact scores to produce the overall net impact rating.

Figure 5: Hierarchy of impact scores

Impact Scores Overview

Overall Net Impact Rating	The Overall Net Impact Rating is a quantification of the **quality** of the company's activity/s, as a weighted average of the company's positive and negative impact scores.
Positive Impact Score	The Positive Impact Score is the weighted average of the overall degree of positive impact the company's activities deliver.
Negative Impact Score	The Negative Impact Score is the weighted average of the overall degree of negative impact the company's activities deliver

Impact Score Ranges

Score Range	Status	Description
75-100	Very High Positive Impact	A very high impact company has products and services that directly serve society and the environment on issues that are most important and delivers value with little negative impacts
50 - 74	High Positive Impact	A high impact company has a very significant impact on issues that are important and serving in need stakeholders, and generally has low negative impacts
25-49	Medium Positive Impact	A medium impact company has a significant impact on issues that are important and serving in need and vulnerable stakeholders.
1-24	Low Positive Impact	A company scoring Low Impact has minimal or undiscernible significant positive benefits on social issues through their products and services and/or has significant negative impacts
If a company scores below 0 they are deemed to be doing more harm than good where their negative impacts clearly outweigh any positive impacts delivered.		
0 - -24	Low Negative Impact	A low negative impact company has net overall more negative impact than positive, however their negative impacts are only minimally more than any positive impacts.
-25 - -49	Medium Negative Impact	A medium negative impact company has significant negative impacts on reasonably important and/or vulnerable stakeholders, and their negative impacts significantly outweigh any positive impacts.
-50 - -74	High Negative Impact	A high negative impact company has very significant negative impacts on issues that are important and impacting in need and vulnerable stakeholders, and generally has low positive impacts.
-75 - -100	Very High Negative Impact	A very high negative impact company has products and services that directly counteract progress and deliver severe negative impacts on societal and the environmental issues that are most important, and delivers value little negative impacts

Identifying company activities, products, and services

A core underpinning of the methodology is the ability to map the activity/s of a company against the social issues that it positively or negatively, indirectly, intended or unintended affects. And also to identify the key geographic country/s that company delivers its activity/s in.

Based on input data from financial and company data sources, the activity of a company is automatically identified and matched by the Vested algorithm – leveraging combination of Natural Language Processing (NLP) and machine-learning refined key word matching. For large or conglomerate company's with multiple key activities, Vested analysts can manually add and weight the activities based on business segmentation and revenue stream data. To be counted as a 'key activity' the activity must be where the company derives more than 10% of their revenue.

Similarly, to activities, based on input data from financial and company data sources, the key country/s that a company delivers its activities in are automatically identified by the Vested algorithm. For large or global company's with multiple key countries, Vested analysts can review, edit, add and weight the countries assigned to a company based on reported market and revenue stream data. To be counted as a 'key country' the country must be where the company derives more than 15% of their revenue.

Impact attribution and causal linking

In order to determine, objectively, what activities, products and services have an impact on the algorithm leverages over 200,000,000 academic articles to provide science-based evidence for the causal link.

Every company activity is linked, positively or negatively, to all relevant SDG Target's at Activity level (equivalent to TRBC Level 5 – +1,500 activities) leveraging an AI model that processes the abstract text of 200,000,000 academic journals, scientific literature and manual research. The database of scientific articles is scanned for articles with combinations of mentions of all possible combinations of product phrases and impact phrases, relevant to industry, and taking into account sentiment analysis to determine positive or negative links. The top 10 most relevant articles are extracted then ranked on number of citations – with an underlying assumption that an article with more citations is a more reliable finding. The top 5 are presented in the report. Any unclear sentiment is interpreted and flagged as a potential scientific division of opinion. The process of academic articles also flags author/commissioner – to screen out industry funded research which can be biased. Activity mapping and weights undergo a formal review and feedback process at the end of each calendar year.

Indirect impacts and impacts attributed from value chain

Vested Impact's methodology is about attributing impact across the breadth of activities, products and services a company delivers and engages with. This is necessary to account for indirect impacts in the upstream and downstream value chains of each product or service. Social issues are interconnected and interdependent, so assessing impact of direct relational integration alone could miss the impact created by activities that are enablers or essential supporting activities to enable larger impacts

Because global value chains are complex, attribution of impact across value chains often leads to non-obvious impacts. I.e. a bus company may have small positive impacts on education due to their impacts on transporting children to school, or a sustainable fashion company may still have negative delivery emissions.

Impact Assessment - Pillars

Impact Pillar #1: People

How in need are the people being impacted?

This key pillar focuses on assessing; is the activities of the company helping the people who are most in need, relative to the activities, in the geographic areas most in need, and for the problem that is most?

It rests on the assumption that impact is greater when delivered to those who are most in need of the specific activities that address the linked SDG Target/s. Our scoring is both present and forward looking in the sense that it identifies the current status of a country in relation to the SDG Target but also the projected trend of where a country's need will be in the future for that SDG Target.

The assessment of material ESG issues occurs at the individual activity level and the identified linked SDG Targets, as well as the identified key countries that a company delivers its activities in.

Figure 5: Vested Framework for People Pillar
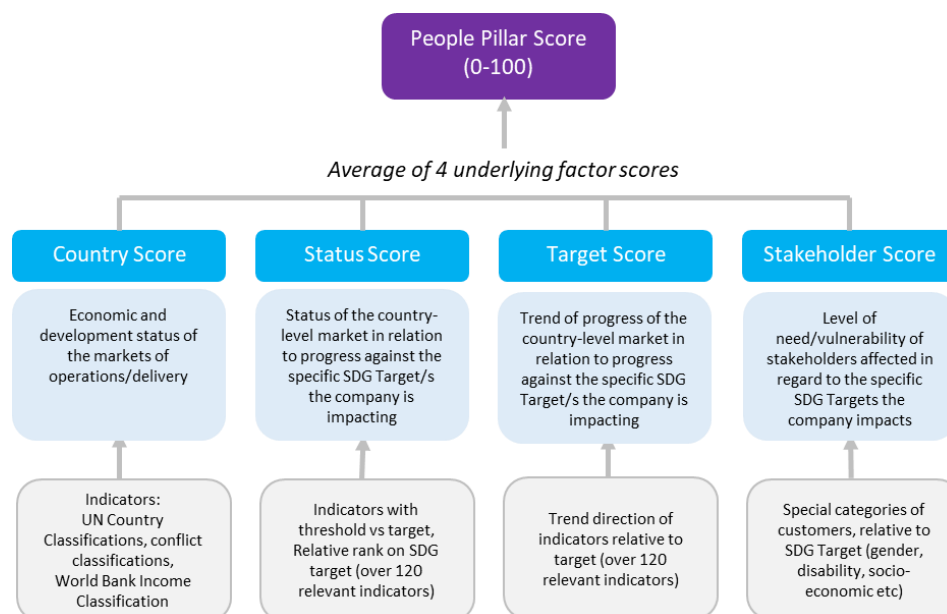
There are 29 metrics that feed to sub-scores and then the People Pillar Score. The people score is calculated against every activity->country->SDG Target combination then the overall SDG goal people pillar score is the weighted average (against market and revenue segmentation) of the people pillar scores; and again when aggregated to the final Overall People Pillar Score. Where weights are not available, all company activities and geographies (and thus impact SDG Targets) are weighted equally.

Impact Pillar #2: Importance

How important is the problem being solved; to the people? The country? And the World? And what is their capacity to fully support realisation of the impact?

This key pillar focuses on assessing; how important the intervention is in relation to other SDG Targets, the community, and their underlying needs and available infrastructure to ensure the full impact of an activity can be materialised and supported.

It rests on the assumption that impact is greater where it is addressing social issues that are not just globally important, but are seen as important and needed to people on the ground and the issues relevant to them directly. Not only that, but also that in order for an impact of an activity to be fully realised it must also have any underlying needs met and supporting/enabling infrastructure present.

The Importance Score considers 3 core levels of importance; Globally how important is the SDG Target, how important is the SDG Target relative to the country and its progress, status and wider social issues, and how important is the SDG Target as voiced and perceived by the people themselves (based of perception survey data).

Figure 6: Vested Framework for Importance Pillar
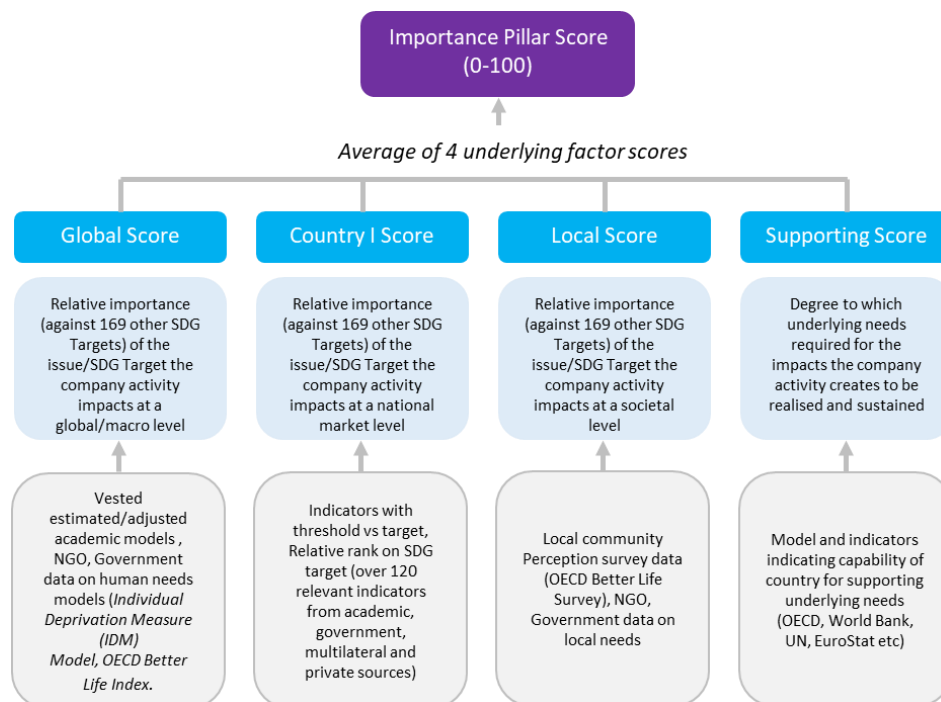
To determine the perceived importance of the intervention (based on SDG grouping), according to global models the algorithm uses an enhanced modification of the Individual Deprivation Measure which developed a hierarchy of needs for humans (similar to a Maslow's Hierarchy of Needs). The model takes into account wider academic models and maps to SDG Targets to identify what are the most important and essential activities to support improved social development.

To consider how important the intervention is as perceived by the people in the region themselves, the algorithm leverages a proprietary modified model of the OECD Better Life Index (that extends the model beyond OECD countries and applies some proprietary calculations off the model) The model based entirely of perception data and infrastructure data, leverages 26 data points over 15 key categories that identifies what people determine as most important to them and their communities. The algorithm references the model by country and SDG thematic group.

From a proprietary model developed, Vested also determines whether the underlying needs that are required to support an activity in regards to progressing impact are met, implying that the less underlying needs met the less chances the activity will succeed in being impactful.

This score is based on 65 underlying metrics. The importance score is calculated against every activity->country->SDG Target combination then the overall SDG goal importance pillar score is the weighted average (against market and revenue segmentation) of the importance pillar scores; and again when aggregated to the final Overall Importance Pillar Score. Where weights are not

available, all company activities and geographies (and thus impact SDG Targets) are weighted equally.

Impact Pillar #3:Value

How much value does the activities deliver to contribute to solving the problems?

This impact pillar focuses on assessing; how significantly and to what degree the intervention is addressing the core problem and stakeholders. Some activities deliver higher value impact than others.

Company activities are mapped against every SDG Target at the company Activity level (TRBC Level 5 or custom Vested Impact category) based on each activity's relative external impact against the relevant SDG Target, the time horizon associated with the realisation of the impact, and the longevity and ability of the impact to be sustained, and/or continue to impact, long-term.

The series of scores and weights assigned to each activity against an SDG Target are underpinned by leveraging an AI model that processes the abstract text of 200,000,000 academic journals and manual research. Activity mapping and weights undergo a manual formal review and feedback process at the end of each calendar year – unless any major emerging research triggers a requirement for update of an activity<>SDG Target attribution.

Figure 7: Vested Framework for Value Pillar
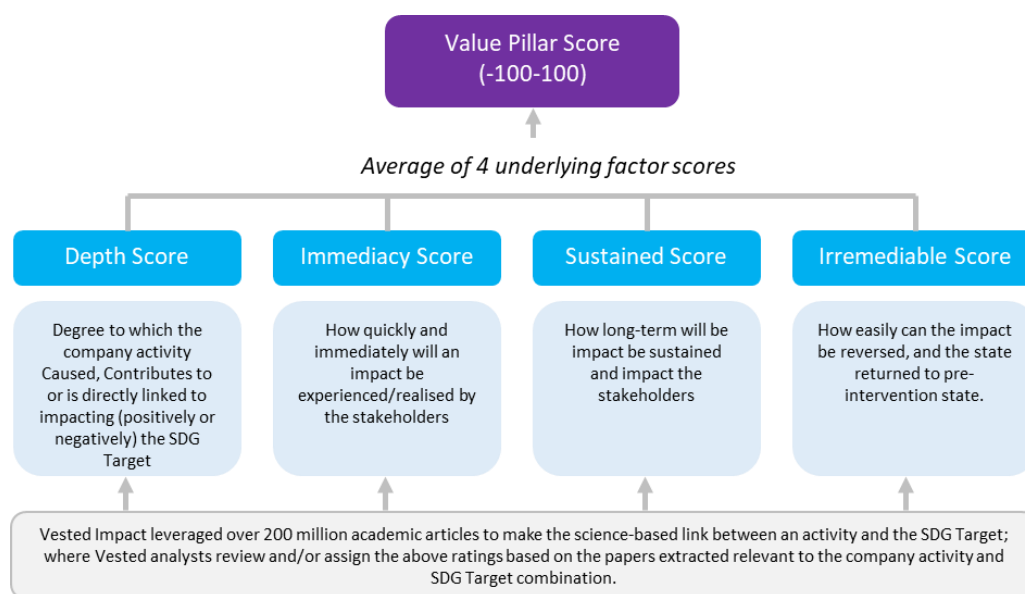
There are 4 metrics, and over 200 million academic articles, that feed to sub-scores and then overall Value Pillar Score. The value score is calculated against every activity->country->SDG Target combination then the overall SDG goal value pillar score is the weighted average (against market and revenue segmentation) of the value pillar scores; and again when aggregated to the final Overall value Pillar Score. Where weights are not available, all company activities and geographies (and thus impact SDG Targets) are weighted equally.

Impact Pillar #4: Effect

This key area aims to focus on what is the overall effect of the intervention taking into account attribution, and what change is/was predicted to occur regardless of whether the activities of the company materialized or not.

Having a strong focus on attribution favours rigorous (typically experimental and quasi-experimental) quantitative methods that can be good at assessing causality. In order to attribute

level of change resultant to the company, issue trend data, based on linked indicators relevant to the SDG Target, the activity, and the Country are used to understand the broader issue. Financial and company data on the size, market cap and market share of the company are used to understand . Derivative calculation to also attribute how much the private sector as a whole can be accountable for the impact is also weighted per an activities impact on the SDG Target.

Figure 8: Vested Framework for Effect Pillar
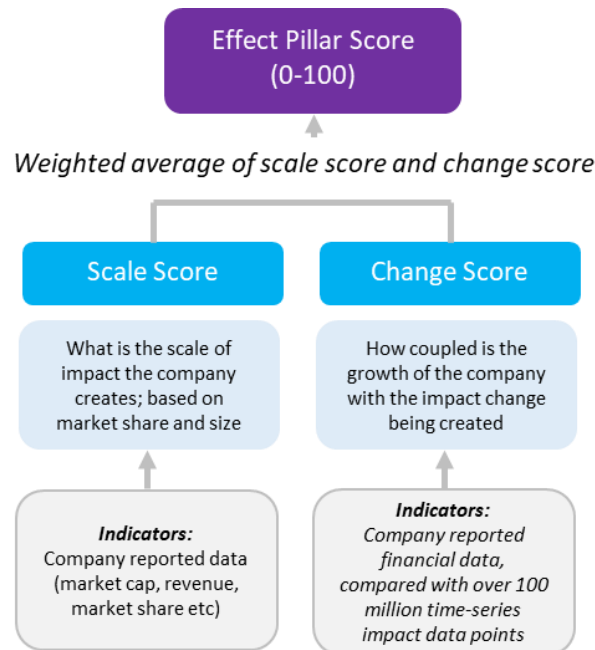
Indirect/Secondary Impact

Social issues are interconnected and interdependent, so assessing impact of direct relational integration alone could miss the impact created by activities that are enablers or essential supporting activities to enable larger impacts. I.e Semiconductors, while directly may seem limited in their impact, indirectly they are essential enables for electrification, technological advancements and improved efficiencies. Vested uses a mapping of the interconnected links between all SDG Targets, including the weighting of the relationships (positively and/or negatively) to identify and calculate the value of secondary impacts of an activity.

The main challenge facing SDGs implementation is the exhaustiveness and complexity of interlinkages among the goals and their targets. For example, the climate change issue is overlapping with all the SDGs, so this goal (SDG 13) should be considered with each goal.

Figure 8: Example of a sample of secondary and interconnected SDG Targets and SDG Goals

Secondary impacts are weighted into a score that is weighted against the companys overall impact rating to ensure company's that have large enabling activities still gain attribution for their impact/s.

The series of scores and weights assigned to each activity against a secondary SDG Target are underpinned by academic research and data. Activity mapping and weights undergo a formal review and feedback process at the end of each calendar year.

Negative Impacts

It is critical to take into account the negative impacts, intended, unintended, direct or indirect, of a company's activities to understand where the activity/s of the company could be hindering or counteracting the progress of other SDG targets.

Negative impacts are assigned to each activity against a linked SDG Target. The attribution and mapping of negative impacts against activities and SDG Targets are underpinned by academic research and data. Activity mapping and weights undergo a formal review and feedback process at the end of each calendar year.

Impact Ratings & Scores

Overall Net Impact Rating

How good is the overall impact of the company's activity/s?

The Impact Rating is effectively a quantification of the **overall net impact** of the company's activity/s, as a weighted average of the company's positive and negative impact scores.

Overall Net Impact = Overall Positive Impact – Overall Negative Impact

To arrive at a final Impact Rating, the weighted average of individual Impact Area Scores is taken, per SDG Target. Then the SDG Target Impact Ratings are averaged and any activity and geographic weights are applied at the Target Rating level before being averaged into the overall Impact Rating. Any negative impact weightings are applied to the Overall Net Impact Rating.

Each company's Impact Rating corresponds to a rating between best (100) and worst (-100). The Impact Rating is an **absolute value**, explicitly intended to allow comparison across industries, and the Impact Rating is not normalized relative to Industry peers.

Positive Impact Rating

The Positive Impact Score is the weighted average of the overall degree of positive impact the company's activities deliver, and a loading is applied when multiple SDG Targets within a single goal are impacted.

Positive Impact Rating = SUM(weighted score of each SDG Target positively impacted) / total SDG Targets positively impacted

Weighted score of each SDG Target = (SDG Target Score x Loading) + SDG Target Score

Loading = loading = total SDG Targets positively impacted / 100

Negative Impact Rating

The Negative Impact Score is the weighted average of the overall degree of negative impact the company's activities deliver, and a loading is applied when multiple SDG Targets within a single goal are impacted.

Negative Impact Rating = SUM(weighted score of each SDG Target negatively impacted) / total SDG Targets negatively impacted

Weighted score of each SDG Target = (SDG Target Score x Loading) + SDG Target Score

Loading = loading = total SDG Targets negatively impacted / 100

Benchmark Impact

We calculate the benchmark impact as the arithmetic mean of the net impacts of all assets within the same industry as the target asset. Whilst calculating the benchmark impact we also generate rank information for the asset within its industry and globally within all data recorded by Vested Impact.

LIVES Score

How many people are significantly positively impacted by the company?

The LIVES Score is an indication of the scale of the impact of a company and aims to indicate a number of human lives that are significantly impacted by the activity/s of the company. The LIVES

Score, while based on derivative numbers of customers it is underpinned by 122 metrics that allow a weighting to be applied around high significantly an individual's life is positively impacted, in regards to the SDG target and company activity/s. It is possible for a company to have a larger LIVES Score than their total customers, due to the fact some activity/s have a multiplier effect (i.e provision of internet can benefit an entire household) In this regards an example of the attribution would;

Where customer numbers cannot be obtained, derivative values are calculated based on total market and activity indicators and weighted based on company market cap, market share etc. The derivative number is then multiplied by the weighted Impact Rating to take into account the quality of the impact.

$$Lives = (netImpact / 100) * assetScale * assetCustomers$$

Peer Comparison

In order to provide a view of similar assets to users we must identify and select applicable peer assets which are most similar to our target asset, we do that by the following process.

Grouping Peers By Relevance

In order to find the highest quality peer assets we group the assets which impact the same activities as the target asset. The groups are as follows:

- Matching group: Assets which impact exactly the same activities as the target
- Secondary group: Assets which impact either one additional or one less activity than the target
- Tertiary group: Assets which impact either two additional, two less or one additional and one less activity than the target

Sorting & Selecting Peers

Once we have found the matching, secondary and tertiary peer groups each is sorted by revenue delta in ascending order such that the assets which are closest in revenue to the target are at the front of the list. We combine all three groups into one list sorted by group and then by revenue delta within the group and select the first 10 results (which are the most relevant and closest in revenue) which we then sort by revenue delta again before storing them with the impact report.

SDG Target & Goal Impacts

We also calculate the asset impact against each SDG goal by calculating the sum of all negative and positive impacts within the goal and dividing by the number of targets which have any impact whether positive or negative.

$$SDG \ Goal \ Negative \ Impact = SUM(targets.negativeImpact) / COUNT(targetsImpactedInGoal)$$

$$SDG \ Goal \ Positive \ Impact = SUM(targets.positiveImpact) / COUNT(targetsImpactedInGoal)$$

Country & Region Impacts

From the list of impact slices we can make aggregations of the asset impact within each country as follows.

$$Country \ Negative \ Impact = MEAN(slices.overall \ WHERE \ overall < 0)$$

$$Country \ Positive \ Impact = MEAN(slices.overall \ WHERE \ overall >= 0)$$

We also calculate the asset impact within each geographic region by calculating the sum of all negative and positive impacts of countries within the region and dividing by the number of countries which have any impact whether positive or negative.

Region Negative Impact = SUM(countries.negativeImpact) / COUNT(countriesInRegion)

Region Positive Impact = SUM(countries.positiveImpact) / COUNT(countriesInRegion)

Activity & Industry Impacts

From the list of impact slices we can make aggregations of the asset impact per activity as follows.

Activity Negative Impact = MEAN(slices.overall WHERE overall < 0)

Activity Positive Impact = MEAN(slices.overall WHERE overall >= 0)

We also calculate the asset impact per industry by calculating the sum of all negative and positive impacts of activities within the industry and dividing by the number of activities which have any impact whether positive or negative.

Industry Negative Impact = SUM(activities.negativeImpact) / COUNT(activitiesInIndustry)

Industry Positive Impact = SUM(activities.positiveImpact) / COUNT(activitiesInIndustry)

Coverage

Standing-capacity Coverage

Vested Impact's current standing capacity of automated coverage for its customers is 25,000 companies, including listed companies from the main stock markets, including over 7,000 companies from exchanges listed in the global south and emerging markets.

Verified vs unverified

Vested Impact's assessments and coverage is divided into two classes, **verified** and **un-verified**.

Companies within the **verified** coverage class have been manually reviewed and checked by an analyst at Vested Impact. Unverified companies have been automatically modelled and calculated, so should be viewed with less accuracy. For that reason, such results are not intended for direct company-by-company comparison of similar companies and are mainly to be used for aggregated results.

On-demand verification

Normally, Vested Impact focuses its verification on the most viewed and utilised assets. However, users can request for a company to be prioritised for verification by Vested Impact through filling out the request in the platform. In some instances, there is an additional cost for verification and lead-times can be between 24-72hrs.

Coverage roadmap

Vested Impact is in the process of rapidly ramping up its standing-capacity company coverage, with a target of 1,200,000+ companies by 2025; with the intent to focus on SME's and private companies.

Vested Impact provides customers the option to upload private companies and assets to create their own custom coverage.

Custom Coverage

Vested Impact provides customers the option to upload private companies and assets to create their own custom coverage to ensure that customers' investments, supply chains, and interests are sufficiently covered.

This is especially relevant for PE/VC firms, DFI's, fixed income funds, and funds with regional focus whose investments may not be (fully) included in the off-the-shelf coverage.

User's can submit custom companies/assets for assessment through completing the necessary fields in the form within the platform. An initial assessment is produced immediately, and a reviewed/verified assessment (if requested) will be visible in 24-72hrs.

Normally, Vested Impact re-assesses and recalculates impact scores after receiving updated holdings data from customers.

Process Overview

Data Sources

To assess companies' exposure to and management of impact risks and opportunities, we collect data from the following sources:

- Data at SDG Target, activity or geographic level from academic, government, NGO datasets (e.g. United Nations, World Bank, FAO, ILO, OECD, EuroStat)
- Academic Articles from aggregators; CORE, Semantic Scholar, and Elicit
- Company disclosure and performance data (from financial market providers & open source)
- Government databases, NGO, other stakeholder sources regarding specific companies

Algorithm And Automation

The underlying research that brings our Impact Ratings to life is based on three processes and research cycles. From a top-down perspective, we review our impact measurement methodology, and its automation through the algorithm, on an annual basis to incorporate any emerging research the strengthen the academic rigour.

The second process is to review our mapping of company activities to SDG Targets on an annual basis, including a refresh and review of the AI model executing the causal links. During this review, the Value scores for different SDG Targets may be adjusted for the activity, along with the allocation/mapping of underlying indicators. Finally, in addition, new indicators may be introduced to better attribute and quantify a company's underlying and pillar scores. Such enhancements are extensively tested of their impact on scores and need to stay in certain, pre-defined boundaries.

Clients are given advance notice of upcoming structural changes, like the addition of new scoring points, that can be implemented once a year. Indicator data can be added at any time, to maintain quality data, so long as the methodology underpinning the score is unchanged.

Quality Review, Monitoring And Updates

Data quality is a key part of the collection process; that is why we use a combination of both algorithmic and human processes to make sure we achieve as close to 100% data quality as possible.

Formal in-depth quality review processes take place at each stage of analysis, including automated and quality checks of data and rating publication; industry and market lead oversight of ratings and reports; and ESG Ratings Methodology

Companies are monitored on a systematic and ongoing daily basis, including monitoring of the impact data sources. New information, from either the company or impact indicators, is reflected in reports when detected. Noting most significant changes in impact often occur on a quarterly basis, and any significant changes to scores (beyond a threshold of +-10%) trigger analyst review and re-rating.

Issuer Communication and Feedback Process

We do not issue surveys or questionnaires or conduct general interviews with companies, nor do we accept or consider in our analysis any data provided by issuers that is not publicly available to other stakeholders and independently issued. Companies are welcome to ask questions and provide feedback at any time on their impact rating and identified impacts (SDG Targets). We are

committed to updating a company profile as required in a timely manner. This process is also in accordance with the objective of frequently updating impact rating with the latest available impact indicator data/information as provided by the external data providers (United Nations, World Bank etc.)