



Impact Dashboard

WHITEPAPER

Introduction

Always on the leading edge of innovation, Interactive Brokers is excited to introduce the Impact Dashboard, designed to help you evaluate and invest in companies whose business principles align with your personal values. It's free to all clients, and sets a new standard for tools that support socially responsible and impact investing.

The Data

The Socially Responsible Investing (SRI) data behind the Impact Dashboard comes from top-tier, third-party providers Refinitiv and Truvalue Labs, who collect unstructured data and compute scores within common frameworks, including ESG¹ and SASB² among others. Offering reliability, broad global coverage and transparency, these providers calculate scores using thousands of company and non-company resources including annual reports, regulatory filings, trade blogs, industry publications and social media.

IBKR's proprietary dashboard technology overlays the SRI data, your value preferences and your portfolio holdings to provide you with a single Portfolio Impact Score letter grade.

How it Works

The Impact Dashboard allows you to personalize your responsible investing experience by selecting the values you want companies to support and the practices you want companies to avoid. Once you have clarified what's important to you, the dashboard grades your portfolio and shows how positions either align with or conflict with your impact values. It also "red flags" companies that engage in the practices you want to avoid. Armed with this knowledge, you can now choose whether to adjust your holdings to improve your Portfolio Impact Grade.

¹ Source: Refinitiv ESG Data, <https://www.refinitiv.com/en/financial-data/company-data/esg-data>

² Source: SASB, <https://www.sasb.org/>



Impact Dashboard

WHITEPAPER

We also offer tools that can help you find assets offered by companies whose values are better aligned with yours:

- The **Impact Effect** column is available to add to your Watchlists and other tools. The green thumbs up icon identifies potential buy investments that align with your impact values. The red thumbs down icon identifies potential sell investments.
- Add the **Impact Flag** column to your Watchlist to see which companies are flagged for engaging in practices you tagged as unacceptable.
- The **Impact** tab in Fundamentals Explorer lets you see the effects of buying or selling a product, and shows you whether the company aligns with your stated Impact values.

Define your Principles

Start by choosing from a list of 13 Impact Values. You can tag a value as “Important” or “Very Important”. Make your selections carefully, as they are used in the Portfolio Impact Score calculation and selecting too many will weaken their impact. We believe these values represent the top 13 most significant universal principles in business conduct.



www.interactivebrokers.com



Impact Dashboard

WHITEPAPER

Find out more about each principle in [Appendix A](#).

Identify Practices to Avoid

Next choose the practice you want to avoid. These are not included in the portfolio score calculation, so you can select as many as you want. Instead we “red flag” all companies that engage in the practices you select. The small number in the red circle tells you how many companies in your portfolio engage in that practice.



Find out more about each practice in [Appendix B](#).

See your Portfolio Score

Once you have selected the values you support and the practices you oppose, the tool analyzes and grades your portfolio. The chart on the left shows your overall Portfolio Impact Score. Hold your mouse over slices around the outside to see the weight of companies in the green (Aligns), red (Conflicts) and yellow (Neutral) categories.

Directly under the doughnut chart we show you what percent of your portfolio has impact data. This is a weighted calculation based on the contribution of holdings to the total portfolio. For



Impact Dashboard

WHITEPAPER

example, if you have a \$1000 portfolio with 10 positions, and only two of the 10 have impact data but those two are worth \$900, that means that 90% of your holdings have impact data.

Values You Support



To the right of the doughnut chart we show the **Values You Support** and their individual letter grade. In the image above you can see that Gender Equality was tagged as **Important**, and received a grade of “B.” This means that value is relatively well-supported among companies in your portfolio. Consumer Safety was tagged as **Very Important**, but this value got a grade of “C.” Since it’s tagged as Very Important, it carries more weight in the calculation. This explains why, even if the same number of companies support Consumer Safety as support Gender Equality, Consumer Safety only receives a “C.” See the next image where we modified the importance of these values and got different grades as a result.

Note in the image below we have changed Gender Equality to “Very Important” and the grade change from “B” to “C.” Additionally we changed Consumer Safety from “Very Important” to “Important” and its grade changed from “C” to “B.”



Impact Dashboard

WHITEPAPER



Click a Value You Support, for example “Gender Equality” to see details such as how each individual company scored on the specific value. The image below shows the detail for the Gender Equality value tagged as Very Important.



Impact Dashboard

WHITEPAPER

Your Preferences


Values You Support

B

Fair Labor & Thriving Communities
Important

C

Gender Equality
Very Important

B

Consumer Safety
Important

Practices You Avoid



Animal Testing



Corporate Political Spending and Lobbying



Hazardous Waste



Impact Dashboard

WHITEPAPER

Practices to Avoid

Below the **Values You Support** we list the **Practices to Avoid**. We use small numbers in the top right corner of a practice (when applicable) to show how many companies in your portfolio engage in these practices. Click one to see which of your portfolio companies have been flagged.

Practices You Avoid

Corporate Political Spending and Lobbying
Companies that donate the most in support of political parties/candidates and spend the most on lobbying, relative to size.

Companies you hold that are flagged for corporate political spending and lobbying

INSTRUMENT	EFFECT	MKT VALUE	
JNJ JOHNSON & JOHNSON	Aligns	15,160.20 USD 0.7%	Trade
T AT&T INC	Neutral	-3,075.40 USD 0.1%	Trade
VZ VERIZON COMMUNICATION...	Neutral	36,242.27 USD 1.6%	Trade



Impact Dashboard

WHITEPAPER

All of your positions are listed below the chart, and the icons in the Effect column show how well they align with your values:

- Aligns = Green Thumbs Up
- Conflicts = Red Thumbs Down
- Neutral = Orange horizontal lines

Long Positions				
INSTRUMENT	EFFECT	MKT VALUE	INDUSTRY	ANALYST RA...
AMZN AMAZON.COM INC	👍	637,563.43 USD 28.5%	Internet & Mail Order Department Stores	Buy
V VISA INC-CLASS A SHARES	👍	20,904.33 USD 0.9%	Internet Security & Transactions Services	Buy
JNJ JOHNSON & JOHNSON	👍	15,160.20 USD 0.7%	Pharmaceuticals - NEC	Buy
BKR BAKER HUGHES CO	👍	340.53 USD 0.0%	Oil Related Services and Equipment - NEC	Buy
AAPL APPLE INC	=	442,223.99 USD 19.8%	Phones & Smart Phones	Buy
VZ VERIZON COMMUNICATIONS INC	=	36,242.27 USD 1.6%	Integrated Telecommunications Services (NEC)	Buy
KOS KOSMOS ENERGY LTD	=	1,551.20 USD 0.1%	Oil & Gas Exploration and Production - NEC	Buy
TSLA TESLA INC	👎	889,757.25 USD 39.8%	Electric (Alternative) Vehicles	Hold

Dive deeper by selecting a position. We'll show you whether or not the company you selected aligns with your Impact values. If a company does not align with your Impact values, we will show you similar stocks for companies that align better with your Impact values. Use the Trade button next to an alternative company to set up an order.



Impact Dashboard

WHITEPAPER

TSLA

Fundamentals Trade

Your TSLA long position...

Conflicts with your Portfolio Impact Score

Fair Labor & Thriving Communities

Conflicts

Gender Equality

Conflicts

Consumer Safety

Neutral

Alternatives to TSLA

Stocks with better Impact scores than TSLA. [Show All](#)

SYMBOL	EFFECT	
OC OWENS CORNING		Trade
TCS CONTAINER STORE GROUP INC/TH		Trade
NLSN NIELSEN HOLDINGS PLC		Trade

Close

By allowing you to decide what values and practices are important to you, the Impact Dashboard can help you trade your way to the world you want.



Impact Dashboard

WHITEPAPER

Scoring Methodology

Results from the Impact Dashboard are personalized, founded on the values that are important to you. We derive the Portfolio Impact Score and Impact Effect score based on the underlying ESG metric that aligns to a specific Impact Value, such as Ocean Life, then scale the effect of the metric based on your preference.

The process starts with defining a target benchmark. You do this when you set your preferences. A company's ESG performance is measured against this benchmark to determine if it is exceeding your expectations (Helping), performing far below your expectations (Hurting) or just meeting your expectations (Neutral). We call these Helping, Hurting and Neutral labels the company's Impact Effect. Each company's Impact Effect and portfolio weight are factored to derive the Portfolio Score.

Impact Effect

At the security level, Impact Dashboard calculates the Impact Effect, which essentially indicates whether a specific company Aligns with (green thumbs up), Conflicts with (red thumbs down) or is Neutral toward (orange horizontal lines) your impact values.

The Impact Effect is based on the level of importance you selected for each of your values along with the score of the security.

See an example of Impact Effect on a set of securities in a portfolio in the image to the right.

Long Positions	
INSTRUMENT	EFFECT
WDAY WORKDAY INC-CLASS A	👍
F FORD MOTOR CO	👍
A AGILENT TECHNOLOGIES INC	👍
AMZN AMAZON.COM INC	=
GE GENERAL ELECTRIC CO	=
GOOG ALPHABET INC-CL C	=
RELX RELX PLC - SPON ADR	=
EEM ISHARES MSCI EMERGING MARKET	=
IOM IOMART GROUP PLC	👎
Short Positions	
Effect scores are reversed for short positions. Learn More	
INSTRUMENT	EFFECT
TSLA TESLA INC	👍
CVX CHEVRON CORP	=
EL ESTEE LAUDER COMPANIES-CL A	👎

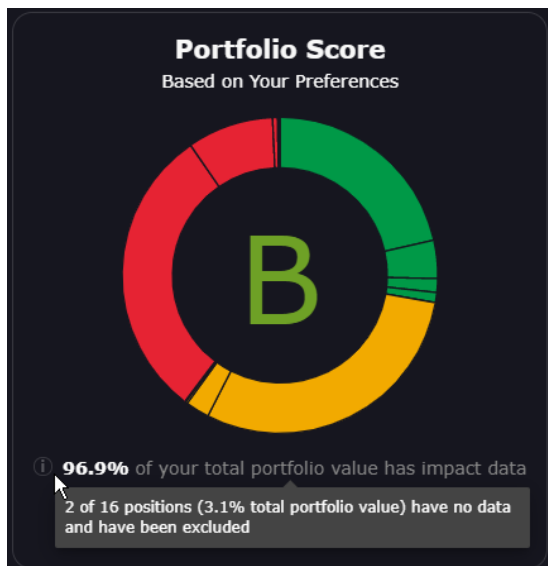


Impact Dashboard

WHITEPAPER

The SRI and ESG worlds are still evolving as companies report on these metrics for the first time, so occasionally we won't have data for a company. In that case, the Impact Dashboard will exclude that security from the analysis.

In the image below, you can see that 96.9% of this portfolio has impact data. Since 2 of 16 positions are excluded for not having data, we can tell that 14 of 16 positions make up that 96.9% of your total portfolio value by weight. The remaining 2 positions comprise only 3.1% of your total portfolio value by weight.



Portfolio Score

The Portfolio Impact Score is the weighted average of your Impact Effect score for each position in your portfolio. If this weighted score is greater than the benchmark score derived from your preferences, the portfolio receives an “A” grade. If the weighted score is lower, the portfolio receives a score of B, C, D or F depending how far the score is below the preference benchmark.



Impact Dashboard

WHITEPAPER

Appendix A

Impact Values



Sustainable
Product
Lifecycle

This value considers the design, quality and safety of products and services, focusing on the entire supply chain and the materials used in manufacturing products. It examines how companies consider the demand of customers for sustainable products including recycling, product testing and environmental effects. The value also comprises the value companies and suppliers place on labor practices and human rights.



Mindful
Business
Models

Mindful Business Models captures the ability of companies to incorporate ESG elements into long-term planning. It includes transition to low carbon and climate friendly economies and to serve underrepresented populations. Considerations include the handling of a company's assets and their impact on the environment and society. Management's willingness to abide by the legal and regulatory requirements while respecting the views of investors, customers and society at large is also an important part of the value.



Clean Air

Management of air quality by companies is key for this value. It includes emissions from factories, plants, offices, machines, and methods of transport used to manufacture and deliver products and services. Specifically, these emissions are oxides of nitrogen, sulfur, and heavy metals in addition to greenhouse gases (GHG) such as carbon dioxide. Another component of this value is how companies manage the sustainability of their energy specially when it is derived from third party sources.



Impact Dashboard

W H I T E P A P E R



Pure Water

The Pure Water value centers around how companies manage their water use and consumption when making products, specifically on avoiding contamination and toxic waste. Being mindful of the communities where companies operate is also significant, including the members access to clean water.



Ocean Life

The way companies oversee their water use when making products is an important factor for this principle. Yet the primary consideration is the value and respect placed on the ocean and its marine life. Of note is the strength of companies' waste management and recycling initiatives. Crucial are also controls and systems that companies have in place to avoid significant disasters that can impact ocean life.



Land Health

Land Health considers the environmental concerns of harmful land waste when creating products. Specifically, how companies manage solid waste derived from agriculture and other land processes. It includes its safe treatment, storage and disposal while observing local and universal regulations. Lastly, this value also considers how companies handle the impact from the extraction of natural resources such as deforestation, biodiversity damage and habitat loss.



Ethical Leadership

Ethical Leadership is driven by how management handles its company's behavior towards customers, suppliers, peers, and society. It comprises monopolistic and anti-competitive behavior such a collusion, price fixing, fraud, corruption, and bribery. Management's ability to interact with regulators, resolve conflict between corporate and societal interests, and to act responsibly in times of crises are also important factors for this value.



Impact Dashboard

WHITEPAPER



Consumer Safety

The safety of consumers involves different layers that companies must take into consideration. These include the use and protection of personal information, transparency and accurate marketing, the safe use of products and services, and broad access to universal needs such as healthcare & food. Failing to address these factors may lead to misuse of personal data, product recalls from harmful practices, deceptive labeling, and predatory selling, to name a few.



Company Transparency

Emphasizes the importance of a transparency but most importantly, the disclosure of policies and strategies aimed to always protect the consumer's wellbeing. This includes openness in the making of products such as ingredients, nutritional value, use of chemicals or antibiotics and the ability to prevent any harmful imitations. It also considers the cyber security of all personal information from data breaches and misappropriation by third parties or hackers.



LGBTQ Inclusion

This value focuses on the significance of diversity & inclusion in the workplace with a focus on the LGBTQ community. It includes a company's ability to incorporate plans that ensure the recruiting, retention and safety of LGBTQ employees and their families. This can be done through workplace policies, hiring practices, employee resource groups, executive sponsorships, benefits, and training programs.



Gender Equality

This value points to the importance of diversity and inclusion in the workplace. Specifically, Gender Equality centers on a company's ability to achieve gender parity by encouraging equal pay, active recruiting, and promotion of women. This can also include an embracing culture with tailored benefit packages and mentorship programs.



Impact Dashboard

WHITEPAPER



Racial Equality

Racial Equality forms part of a company's diversity & inclusion considerations, along with LGBTQ Inclusion and Gender Equality. Racial equality will occur when companies practice equal hiring and offer employment opportunities to persons of all races regardless of skin color, background, and ethnicity in an environment that is free from discrimination.



Fair Labor & Thriving Communities

Fair Labor & Thriving Communities considers the relationship between companies and the societies in where they operate. It accounts how management interacts and gives back to local communities. This includes companies' contact with indigenous populations and how they value their rights and respect their land. The value also accounts for the health and safety of employees including universally accepted labor standards and laws.



Appendix B

Practices to Avoid



Animal Testing

Companies selling personal and household products and services that are tested on animals.



Business Ethics Controversies

Companies associated with the highest number of ethical, political, and corruption-related controversies, as reported in the media.



Corporate Political Spending and Lobbying

Companies that donate the most in support of political parties/candidates and spend the most on lobbying, relative to size.



Energy Intensive

Companies with the highest total energy usage.



Impact Dashboard WHITEPAPER



Fossil Fuels

Companies that operate in the coal industry and/or are among the largest oil producers.



Greenhouse Emissions

Companies with the highest reported direct and indirect CO2 emissions.



Hazardous Waste

Companies responsible for creating the largest volume of hazardous waste.



High Water Usage

Companies with the highest level of water withdrawals.



Tobacco, Alcohol and Gambling

Companies that derive revenue from the sale of tobacco and alcohol or from gambling activities.



Impact Dashboard WHITEPAPER



Weapons and Gun Manufacturers

Companies that derive revenue from the sale of military equipment and weapons.

Interactive Brokers LLC is a member of NYSE, FINRA, SIPC.

Any trading symbols displayed are for illustrative purposes only and are not intended to portray recommendations.