

# EthosAlpha® Methodology & Assurance Note

## 1. Purpose and Scope

This document describes the **EthosAlpha cultural analysis methodology**, the principles governing its application, and the assurance mechanisms designed to ensure rigor, traceability, and decision-grade reliability.

EthosAlpha evaluates corporate culture with a specific focus on its **coherence with innovation capacity and long-term value creation**. It is intended for use in: - investment analysis and portfolio construction, - strategic and board-level decision-making, - ESG, human capital, and cultural risk assessment, - M&A and organizational due diligence.

The methodology applies to publicly available information and explicitly recognizes the interpretive nature of culture while enforcing analytical discipline comparable to financial or impact analysis.

---

## 2. Foundational Principles

EthosAlpha is governed by five non-negotiable principles:

### 1. No Claim Without Evidence

Every analytical statement must be traceable to documented data sources.

### 2. Separation of Facts, Interpretation, and Judgment

Descriptive findings, evaluative inferences, and strategic conclusions are treated as distinct analytical steps.

### 3. Explicit Uncertainty

Variance, contradictions, and data insufficiencies are surfaced rather than smoothed out.

### 4. Reproducibility

Analyses can be reconstructed using the same inputs, methods, and model versions.

### 5. Human Accountability

Final judgments and signals remain reviewable and challengeable by qualified analysts.

---

### 3. Sources of Evidence

EthosAlpha relies exclusively on identifiable and timestamped sources, including:

#### 3.1 Management Disclosures

- Annual reports (MD&A sections)
- CEO and Chair letters
- Strategy and capital allocation narratives
- Sustainability and impact reports (when available)

These sources are treated as **statements of intent and framing**, not as evidence of enacted culture.

#### 3.2 Employee Experience Data

- Glassdoor, Indeed, and comparable platforms
- Narrative reviews and ratings
- Role- and geography-specific commentary where available

Employee data is treated as **situated experience**, subject to variance and local conditions.

#### 3.3 Customer Experience Data

- Google Reviews, Trustpilot, FeaturedCustomers, and similar platforms
- Qualitative feedback and complaint narratives

Customer data is interpreted as the **external manifestation of internal culture**.

All sources are archived with: - document identifiers, - retrieval dates, - sampling windows.

---

## 4. Analytical Framework

### 4.1 Core Evaluation Axes

EthosAlpha evaluates culture along three primary axes:

#### 1. Strategic Appropriateness

The degree to which culture supports the stated strategy and competitive context.

#### 2. Soundness (Innovation-Enabling Capacity)

The presence of cultural conditions known to support sustained innovation.

#### 3. Congruence

The alignment between management intent, employee experience, and customer perception.

---

## 4.2 Innovation Culture Dimensions

Soundness is assessed through four dimensions:

- **Psychological Safety:** ability to speak up, learn from failure, and challenge authority.
- **Growth Mindset:** learning orientation, feedback quality, development pathways.
- **Meaning and Mission:** clarity of purpose and perceived societal contribution.
- **Role Clarity and Information Flow:** decision rights, transparency, and coordination.

Each dimension has a documented coding scheme and inference logic.

---

## 5. Claim–Evidence–Inference Structure

Every EthosAlpha insight is formalized as a **Claim Object**, comprising:

- Claim statement
- Claim type (descriptive, evaluative, strategic)
- Relevant cultural dimension
- Confidence level

Each claim is linked to one or more **Evidence Bundles**, including: - verbatim excerpts, - source identifiers, - contextual metadata.

Interpretation is governed by **Inference Rules**, which define how specific patterns of evidence support or weaken a claim. All inference rules are versioned and documented.

Contradictory or disconfirming evidence is explicitly recorded when present.

---

## 6. Scoring Methodology

### 6.1 Score Construction

Scores are expressed as **ranges rather than point estimates**, reflecting: - heterogeneity of experiences, - conflicting narratives, - data density.

Each score is accompanied by: - a confidence level (high / medium / low), - an explicit variance assessment.

## 6.2 Score Justification

For each score, EthosAlpha produces a **Score Justification Sheet**, detailing: - supporting and opposing evidence, - weighting logic across sources, - sensitivity considerations.

---

## 7. Assurance and Quality Controls

### 7.1 Data Integrity Controls

- Immutable archiving of source documents
- Version control for analytical models and inference rules
- Clear temporal boundaries for each analysis

### 7.2 Analytical Controls

- Mandatory separation of descriptive and evaluative layers
- Automated search for counter-evidence
- Minimum data thresholds for scoring

### 7.3 Human Review

Critical outputs are subject to human analyst review, including: - major cultural claims, - dimension scores, - final EthosAlpha signals.

Reviewers may downgrade confidence, request additional evidence, or flag interpretive risk.

---

## 8. Limitations and Appropriate Use

EthosAlpha does not claim to: - measure culture exhaustively, - predict short-term performance, - replace on-site or ethnographic assessment.

Findings are valid **within the limits of available data and the analysis period**. Rapid cultural change, internal subcultures, or opaque organizations may reduce confidence levels.

---

## 9. Governance and Evolution

The methodology is reviewed periodically to: - incorporate new research on innovation culture, - improve inference rules, - refine assurance practices.

All material changes are versioned and disclosed.

---

## 10. Regulatory and Fiduciary Integration

### 10.1 Positioning Under SFDR

EthosAlpha is designed to support **sustainability risk integration, governance analysis, and stewardship decision-making** within the meaning of Regulation (EU) 2019/2088 (SFDR). The framework does not purport to measure sustainability impact or Principal Adverse Impact (PAI) indicators. Instead, it provides evidence-based insights into cultural and organizational factors that may influence long-term financial performance and sustainability-related risks, particularly those associated with human capital, conduct, governance effectiveness, and execution of stated sustainability strategies.

EthosAlpha outputs may be used as:

- qualitative inputs into sustainability risk assessments;
- supporting analysis for governance and social risk narratives;
- identification of stewardship and engagement priorities.

### 10.2 Positioning Under UK Sustainability Disclosure Requirements (SDR)

EthosAlpha incorporates **anti-greenwashing controls by design**. Any insight that could reasonably be used to substantiate sustainability-related or people-related claims is subject to enhanced evidentiary and stability requirements, including multi-source corroboration, explicit counter-evidence review, and elevated confidence thresholds.

Claims that do not meet these criteria are restricted to internal analytical or risk-management use and are not eligible for public-facing sustainability disclosures.

### 10.3 Regulatory Relevance Classification

Each EthosAlpha Claim Object includes a mandatory regulatory relevance classification, specifying:

- intended regulatory use (e.g., sustainability risk input, governance risk, stewardship rationale);
- disclosure eligibility (public / internal-only / not eligible);
- stability assessment (structural, transitional, or volatile).

This classification ensures that analytical insights are not misused or overstated in regulated disclosures.

### 10.4 Fiduciary Duty Alignment

EthosAlpha is designed to support fiduciary duties of care and prudence by:

- documenting the evidentiary basis for all material judgments;
- explicitly surfacing uncertainty, variance, and limitations;
- requiring human review and accountability for final signals.

EthosAlpha outputs are intended to inform, not replace, investment judgment and must be considered alongside financial, strategic, and other relevant information.

---

## 11. Sustainability Claim Substantiation and Anti-Greenwashing Controls

EthosAlpha distinguishes between descriptive findings, evaluative interpretations, and claims that could support external sustainability communications. Any claim that could reasonably underpin statements regarding workplace culture, employee well-being, purpose, or innovation capacity must satisfy enhanced substantiation criteria.

These criteria include: - consistent evidence across management disclosures, employee experience, and customer perception; - documented review of contradictory evidence; - high stability classification and confidence level.

Where these conditions are not met, claims are explicitly restricted from use in marketing, labeling, or public sustainability disclosures.

---

## 12. Conclusion

EthosAlpha provides a disciplined, evidence-based approach to cultural analysis that is compatible with regulatory expectations, fiduciary standards, and anti-greenwashing requirements. By embedding traceability, uncertainty management, and governance controls directly into the analytical framework, EthosAlpha enables culture to be incorporated into serious strategic, investment, and sustainability decisions without overstating precision or impact.