

Inherent Group ESG Policy

I. MISSION STATEMENT & ESG COMMITMENT

Inherent Group believes that businesses that incorporate material sustainability factors into their strategy, operations, and culture will outperform over the long-term. Furthermore, we believe that businesses are uniquely positioned to address environmental and social challenges through product innovation, operational excellence and sustainability advocacy.

Our principal duty is to act in the best interest of our investors. Our mission is to compound capital at superior rates of return by investing in businesses that are financially, environmentally and socially sustainable. Through our engagement, we aim to inspire business owners and managers to incorporate sustainability factors into their decision-making, and to encourage business more broadly to address environmental and social challenges.

Our Values:

- **Purpose.** Refer to our mission as our north star. Patiently but urgently execute our mission.
- **Discipline.** Stick to our strategy, strike zone, and investment process. Think like an owner.
- **Diversity.** Seek diverse backgrounds and perspectives in our hiring and research processes.
- **Candor.** Take and give honest, constructive feedback. Be open about what we do and don't know.
- **Sustainability.** Reduce our environmental impact. Recognize our responsibility to give back to the community.
- **Joy.** Create a positive, collaborative environment where people enjoy coming to work and pursuing our mission.

Our Approach:

Inherent Group integrates environmental, social, and governance (ESG) considerations into all phases of the investment process. We use ESG as a tool to enhance the sourcing of investment ideas, the underwriting of risk-reward, and the efficacy our engagement with portfolio companies. We believe that this approach helps us build a differentiated investment portfolio, deepens our fundamental investment analysis, and increases our understanding of a company's culture and incentive alignment.

Our Commitment:

Inherent Group is a signatory to the UN Principles for Responsible Investment (UN PRI) and a member of the PRI Reference Group on Corporate Reporting.

Our investment philosophy is aligned with the six UN PRI Principles:

- We incorporate ESG issues into investment analysis and decision-making processes.
- We are active owners and incorporate ESG issues into our ownership policies and practices.
- We seek appropriate disclosure on ESG issues by the entities in which we invest.
- We promote acceptance and implementation of the Principles within the investment industry.
- We work together to enhance our effectiveness in implementing the Principles.
- We report on our activities and progress towards implementing the Principles.

Inherent Group is a certified B Corporation.

As a B Corp, we have formally committed to consider our business's impact on a broad range of stakeholders—including our investors, the local community, the environment, and employees—and to maximize our positive impact on society as a whole. We completed a comprehensive evaluation of our operations and business impact. The firm is subject to physical site reviews and, every three years, full recertification. The company's B Impact Report is available online at bcorporation.net/directory/inherent-group. We decided to become a B Corp to lend support to the growing global movement of more than 3,000 B Corps that focus on more than just financial

returns to their owners and because we wanted to undertake the same sort of policy-setting, operational, and business improvements that we encourage our portfolio companies to pursue.

II. 360° ESG INTEGRATION

WHAT WE OWN

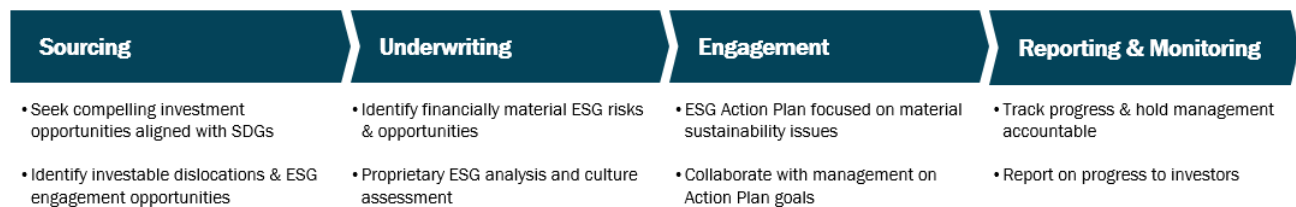
Long-term thinking is a critical feature of ESG-integrated investing, a core value at Inherent Group, and a key component of our investment approach. We seek to identify investable ESG themes that can affect asset prices over the next three to five years. These themes are often aligned with the United Nations Sustainable Development Goals (SDGs).

Investable SDGs we prioritize:

- Goal 3: Good Health and Well-Being
- Goal 4: Quality Education
- Goal 5: Gender Equality
- Goal 7: Affordable and Clean Energy
- Goal 9: Industry, Innovation, and Infrastructure
- Goal 11: Sustainable Cities and Communities
- Goal 13: Climate Action

HOW WE INVEST

ESG analysis is fully integrated in the investment process and conducted by the investment team in tandem with fundamental analysis. Selected ways in which we integrate ESG across the investment process include:



Where a suitable option is available, we seek to invest our cash in liquidity funds that incorporate ESG criteria in the portfolio construction process.

Underwriting & Financial Materiality

We believe strong performance on financially material ESG factors can reduce a company’s cost of capital, reduce the risk of unforeseen liabilities, and improve productivity. Our assessment of financial materiality is company-specific and determined by our proprietary research and tools. This assessment is informed by the industry-specific Sustainable Accounting Standards Board (SASB) standards. Inherent Group is a member of the SASB Alliance.

As part of the underwriting process, we seek to analyze a company’s performance on financially material ESG matters versus its peers.

Material ESG issues may include, but are not limited to:

- Pricing of externalities (e.g., carbon and water)
- Resource intensity
- Diversity, inclusion, and talent retention
- Workforce health and safety
- Alignment of financial incentives
- Board and management quality and accountability

Engagement

Inherent Group is an active stakeholder that seeks to engage with portfolio companies on ESG performance, reporting, and progress. We engage with companies with the goal of increasing the sustainability of the enterprise and improving financial results.

Engagement topics may include:

- Integration of material ESG considerations into business strategy and operations
- Externality pricing strategy (e.g., carbon, water, sulfur dioxide)
- Transparency and consistent reporting of material ESG targets and performance
- Executive compensation alignment
- Regulatory compliance
- Human capital management (e.g., talent retention and development, diversity and inclusion, health and safety, labor relations)
- Supply chain sustainability
- Climate risk and environmental impact
- Board structure, composition, and quality

Exclusions

As a matter of practice, Inherent Group emphasizes externality pricing when underwriting investment opportunities. As a result, while we do not have formal exclusions, our risk-reward framework generally screens out industries with particularly high negative environmental or societal impacts including munitions, tobacco, extractive industries, etc. Furthermore, as reflected in our mission statement, we look to invest in companies that are financially, environmentally, and socially sustainable. As such, we consider the impact a company's operations, products, and services have on all stakeholders when deciding whether to invest in a company.

Investment Stewardship

Proxy voting is both a fiduciary responsibility and an opportunity for dialogue with companies. We have formal governance and engagement principles that help guide our investment process, engagements with companies, and proxy voting.

We do not use external proxy advisors to guide our voting decisions. We independently determine how to vote each ballot measure. And, when we disagree with management's recommendations, we engage with the company to explain our position.

All proxy voting recommendations are discussed with and approved by the firm's investment committee and votes are recorded in our in-house proxy tracker.

HOW WE OPERATE

Just as we engage with companies to improve their ESG performance, we endeavor to lead by example with best-in-class sustainability practices built into firm culture and operations. And we are always looking for ways to improve.

Environmental Impact

- We measure and offset the firm's carbon footprint via CO₂ credits.
- We encourage a paperless office, with idea-sharing and meeting documents shared primarily electronically.
- We minimize our waste stream by recycling what we can and we strive to reduce single-use plastic in our office.

- We support select advocacy efforts and are signatories to the Global Statement to Governments on Climate Change (2018) and the CEO letter on Investor Expectations on Climate Lobbying (2019).

Diversity & Inclusion

We strive to build a culture of cognitive and cultural diversity that embraces difference and fosters inclusion. We believe that valuing diversity will lead to better investment and business outcomes.

Our commitments include:

- Seeking diverse backgrounds and viewpoints in our hiring and research processes
- Valuing and welcoming the insights of diverse groups; employees are not alienated or excluded because they don't fit a set of cultural norms
- Respectful communication between all employees regardless of title or level
- Prioritizing internship candidates from communities underrepresented in the financial services industry
- Advancing social enterprises in education, the environment, and sustainable investing through Inherent Foundation, which is supported with a portion of our profits

Governance

Inherent Group's Investment Committee has direct responsibility and oversight of ESG integration including the application of this and related policies. We also maintain an external Advisory Council whose members provide guidance and feedback on sustainability best practices, trends, and opportunities.

In addition to our ESG policy, our work is guided by the following firm-developed materials:

- Code of Ethics
- Compliance Manual
- Governance Principles
- Engagement Principles

Broader Sustainability Ecosystem & Advocacy

Our sustainability advocacy work encompasses a number of efforts beyond investing as we aim to encourage business to address environmental and social challenges.

- Ceres: Board Member and Member, Investor Network
- NYU Stern Center for Sustainable Business: Member, CSB Advisors
- Interfaith Center on Corporate Responsibility (ICCR): Member
- The Aspen Institute Business & Society Program: Member, Long-Term Strategy Group
- CREO Syndicate: Member
- NationSwell Council: Member
- The ImPact: Member

In addition, Inherent Foundation supports both non-profit organizations and high-impact for-profit companies that are improving educational opportunities and career pathways, benefiting the environment, and advancing the field of sustainable investing.

This policy is reviewed on an annual basis and updated as necessary.

For more information on our investment process or the policies cited herein, please email info@inherentgroup.com

***Important Notes:** While Inherent Group (the "Firm") endeavors to implement this policy in all material respects, there can be no guarantee that every aspect of this policy is always implemented in all respects. This policy and the information contained herein is subject to change without notice at any time in the Firm's sole discretion.*