AESG™ MANIFESTO

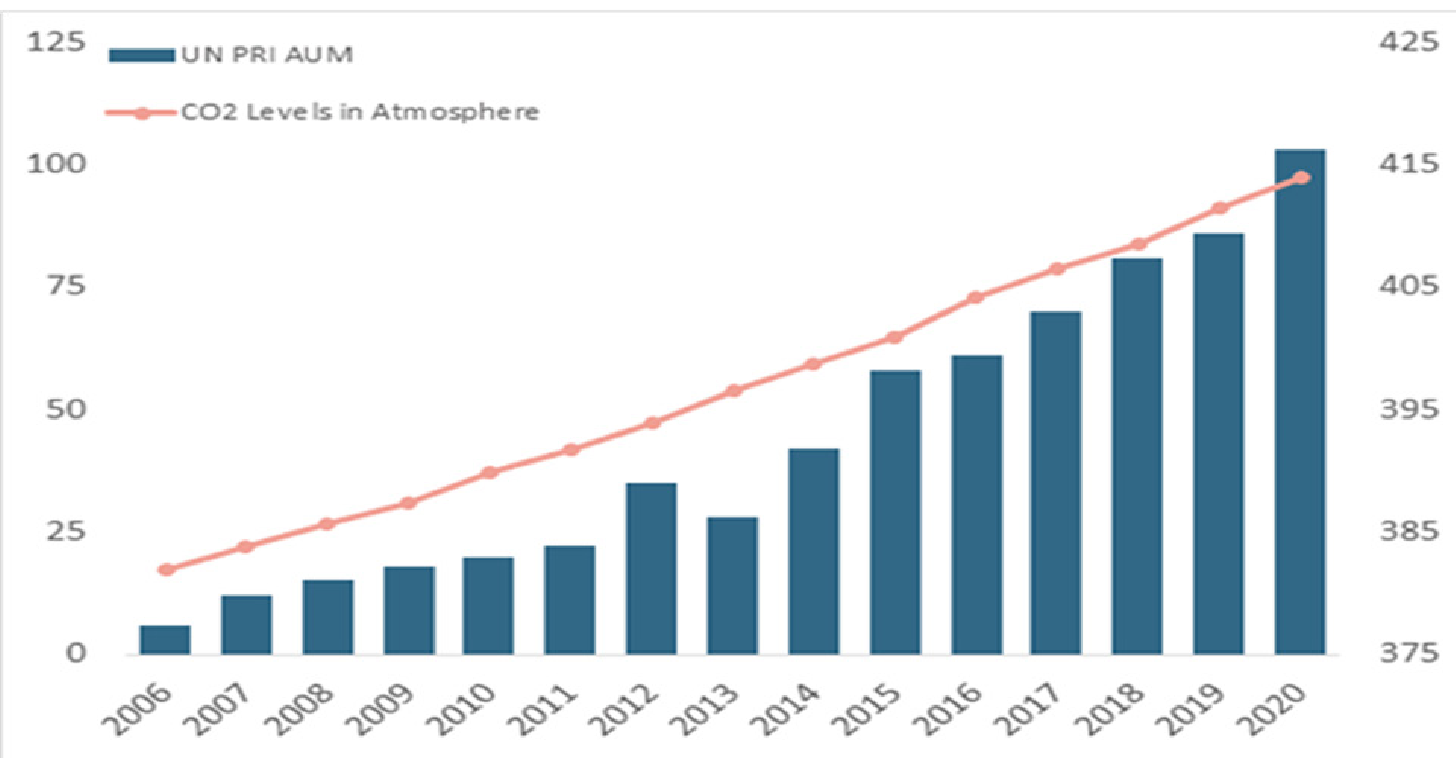
ESG Investing. Environmental, social, and governance (ESG) investing is when an investor uses a socially conscious set of standards for a company's operations to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers and communities. Governance deals with a company's leadership, board composition, alignment with stakeholders and stakeholder rights. The benefits of ESG investing cannot be overstated. It has changed the focus of investors and executives dramatically to think of things other than just returns and profits. It has led to much more diversity on corporate boards and allowed many retail investors the opportunity to make investments consistent with their values. However, due to its passive nature it has several shortcomings.

ESG Limitations. Its first limitation is that it uses quantitative screenings to identify ESG companies that appear to exhibit the most positive ESG behavior. This is problematic for two reasons. First, quantitative screenings do not tell the entire story. For example, possibly the biggest contribution that the ESG movement has made is its effect on board diversity, but a quantitative process is far from perfect here. ESG funds screen for companies that have diverse boards, but the analysis ends there. Diverse boards can still be entrenched or unengaged, and in an ESG quantitative analysis an unengaged, entrenched, conflicted, self-dealing diverse board will have the same ranking as an engaged diverse board working for stakeholders. One example that comes to mind is a technology company that was controlled by the founder husband and wife team with questionable material payments going to a company controlled by family members of the founders. The wife was banned by the SEC from being an officer or a director of a public company for five years because of option backdating. When the ban expired, she was reinstated as a director and an officer, and the Company's ESG score went up because they added a woman to the board.

The second limitation to traditional ESG investing is that it only screens for the best-in-class ESG companies, and investing in those types of companies does very little to create change. Passively investing in the publicly traded securities of premiere ESG companies will do nothing to affect the environment or social issues facing our world. For example, over the past 14 years the dollars invested in ESG funds have increased significantly, but not only has this not reduced CO_2 levels in the atmosphere, but CO_2 levels have significantly increased over the same time period (see Exhibit 1).

AESG™ Investing – What's Next. ESG investing is still very young and will likely evolve over the next several generations. The first step was changing mindset, which has clearly been done and continuing to happen. The next logical step is changing behavior and that requires active ESG investing, which is already happening. By active ESG investors we do not mean investors who actively create their portfolio or any investor that is not a purely

Exhibit 1



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passive ETF or index fund. These investors share the same problems as the passive ETF funds. They invest in the best ESG actors and not the ones that need to change. Active ESG ("AESG™") investors are investors who actively engage with portfolio companies to induce change to better the environment, social aspects and/or governance. The way to truly create real ESG change is to invest with the ESG investors who have someone in the boardroom.

AESG™ investing will remedy the two major problems with traditional ESG investing. First, it is a completely qualitative analysis of portfolio companies. It does not look at a diverse board and end the analysis there. AESG™ funds actively and qualitatively analyze boards for not only diversity but engaged, conscientious and experienced directors. All diverse boards are not equal in an AESG™ investment world. Second, because it is an active and engaged strategy, it does not necessarily look for best-in-class ESG companies, but for any companies where it can make a positive change, and those companies are often below average ESG companies. For example, investing in an oil and gas explorer and producer and actively persuading the company to convert its operations to renewables does much more for the environment than passively investing in the publicly traded equity of a solar company. Putting it another way, passive ESG investing is all about not being part of the problem whereas AESG™ investing is about being part of the solution. Moreover, the process of changing a poor ESG company to a good one is not only more valuable for society than just investing in good ESG companies, but creates more value for shareholders as well.

AESG™ Investing In Action. There are already a handful of activist funds that have an ESG focus, like Impactive Capital, Inclusive Capital and Engine No. 1. Funds like these are creating substantial ESG improvements by engaging companies that have negative or non-existent ESG characteristics and trying to convert them to positive ESG companies. For example, Engine No. 1 received three board seats at Exxon through a proxy fight and is urging the Company to increase its focus on renewable energy, net-zero emissions and clean energy infrastructure. Impactive Capital is involved with Asbury Automotive, an automotive retailer and repair company, hardly the beacon of ESG. But Impactive is working with them to make changes like adding maternity leave and women's bathrooms to bring more women in as mechanics while also solving the labor shortage issues the industry is experiencing. And Inclusive Capital is active at wood pellet manufacturer, Enviva, where it is helping to convert coal plants to biomass and assure tree farms are managed responsibly. These are all companies that would never be included in a traditional ESG screen, but with the activist involved and an ESG thesis, there is more ESG opportunity here than in the passive ESG companies that fill ESG portfolios today.

However, the bigger shift will come from activist funds that have primarily focused on shareholder value and governance but are now starting to address "E" and "S" as well, and in an active way. For example, Starboard Value reconstituted the board at Papa John's with Starboard founder Jeff Smith becoming Chairman. In addition to the successful economic and governance campaign, Starboard removed a CEO who had for years created a hostile work environment for employees. Another example is Trian's campaign at Proctor & Gamble where Nelson Peltz won a board seat. Trian mentioned to the Company that they had spent significant resources on R&D and hadn't really come out with new products. Peltz found out about a technology to eliminate plastic packaging which was more expensive but was worth it from an environmental perspective and it was implemented. Funds like these have regularly been taking board seats at companies for many years and have had a huge impact on shareholder value and corporate governance. Now they are starting to also address environmental and social policies at companies and having an impact there as well. We believe that conscientious activists who concentrate on the "G" often do more for "E" and "S" than ESG investors who are completely passive, and we expect this philosophical change to be enduring and escalating.

ESG Investing and AESG™ Investing Working Together. Investment in global ESG funds have risen to over $1 trillion and is continuing to grow, as it should. Because of the ease in creating a passive ESG portfolio through quantitative metrics and ESG scores, passive ESG will always get the lion's share of ESG assets. But if real ESG change is going to happen, AESG™ investment strategies should also get a piece of these assets. Because there is a limited number of investors who have the skillset, characteristics and inclination to actively engage with management of portfolio companies, AESG™ investment strategies will always be a small subset of aggregate ESG assets. But it will be an increasingly important subset, and those who engage in AESG™ investing will add a much needed active component to ESG investing. Furthermore, passive ESG funds and AESG™ funds are not mutually exclusive, and can have a symbiotic relationship. AESG™ investments will expand the universe of potential ESG companies for passive ESG portfolio managers to invest in. These are companies that did not traditionally satisfy ESG screens but are now recognized as ESG companies because of the activist component to affect change. To the extent they are included in screens for the trillions of dollars of passive ESG assets in the marketplace, these passive ESG funds can now play a role in effecting ESG change by investing in stocks of companies that are engaged by an AESG™ investor and supporting the active ESG investors in achieving their ESG goals.