

Atlas Impact Partners

September 23, 2020

Dear Impact Investing Community,

We are pleased to be writing to you with our first annual impact assessment report.

Atlas Impact Partners is built upon a strong conviction by our team after decades of investment experience: that investing in public companies is an important means for directing capital toward solutions to some of the world's most pressing issues, and conversely, shorting those companies which are creating the world's largest problems. Further, we view negative externalities as an important catalyst for resolving some of these imbalances.

This impact thesis is the foundation of our firm. Our process begins by identifying a universe of companies which we assess for impact through an empirical analysis of the outputs and outcomes created by the products and services generating revenue for each company. Our examination leads us to a group of approximately 600 companies in Developed Europe and North America which generate a high degree of impact, either positive or negative.

Our standard for impact is rigorous: The impact must be observable, measurable, and compared relative to a counterfactual. We have a strong preference for "pure plays", or single product companies; we must be able to measure how far the company "moves the needle" on a single but critical issue. As our investment process begins with impact, structurally our investible universe consists of only high impact companies, which prevents us from justifying an impact thesis to enable a good investment idea based solely on commercial return potential.

It is with this self-imposed standard of impact in mind that we offer our annual impact report. We do so with two objectives. First, we are passionate about impact *investing* and endeavor that our work will create a robust platform for proving that investing in impact generally, and in certain companies specifically, is a productive allocation of capital. Second, we are empiricists and hold ourselves to a high standard. As investment professionals dedicated to an impact mission and as conscious stewards of trusted capital, we believe that transparency is a mandatory commitment upon which we build our fellow impact investors' trust and to which we hold ourselves accountable.

Section 1: Our Definition of Impact Investing

Impact is a topic which often creates honest debate and even passionate disagreement: an issue which is critical in the eyes of one stakeholder may be secondary to another equally authentic and motivated stakeholder. For example; a foundation with a primary goal of alleviating income inequality by supporting small business owners with access to capital may have a reasonable debate about the relative importance of this effort with an investor seeking to support vulnerable communities by addressing hard to treat diseases through improved diagnostic testing. The members of a family dedicated to investing in environmental solutions may debate equally compelling choices between the relative effectiveness of cutting carbon emissions through electric vehicle transportation and geothermal energy production.

At Atlas, we do not endeavor to make these relative judgments; rather we align our impact mission with widely understood and increasingly accepted global standards for impact investing and we use these as the foundation for six thematic areas which are, in our opinion, significant and vital global challenges. Once a company is determined to be aligned with our thematic framework, we develop metrics to measure the impact produced by the product or service sold by the company to ensure the impact is authentic. In our eyes, impact is not generally a relative assessment, it is a binary one: a company's product or service either meets our rigorous standards of impact or it does not.

We believe this approach directly supports our mandate three ways: first, a clearly articulated impact framework keeps us consistently accountable to a mission-aligned standard across all companies; second, the discipline of identifying rigorous metrics for measuring the impact of each company's product or service assures an authentic articulation of our own standards, and; third, a well-defined, empirically rigorous metric prevents "mission creep" as companies evolve. In other words, for every company, we understand how it fits our impact thesis and can estimate the impact its product or service generates. While we do not claim to have created "the" definition of impact investing, we believe we are managing a genuine impact framework, and one which is consistent with the UN PRI and industry standard-bearers such as The Impact Management Project.

To be sure, we believe there is significant investment benefit derived from this impact process. As investors with a long view of systemic challenges and solutions, we consistently seek to look through the current trend to a full cycle. Beginning with an impact mandate allows us to innately

lengthen the time horizon for our fundamental company valuation assessment of the investment return. Additionally, a narrowly constrained set of companies focuses our resources and our analyses, generating a deeper understanding of the issues which drive each company's valuation. We believe these constraints lead to focus, clarity, and ultimately better investment decisions.

Atlas Impact Thematic Areas of Impact

Enabling Environmental Solutions

- ◆ Sustainable Energy
- ◆ Clean Water Technologies
- ◆ Avoiding Environmental Externalities

Creating a Sustainable Food System

- ◆ Sustainable Food Production
- ◆ Clean, Transparent Supply Chains
- ◆ Healthy Consumer Products

Modernizing Capital and Industrial Infrastructure

- ◆ Evolving Industrial Practices
- ◆ Evolving Built-space
- ◆ Low Impact Real Estate
- ◆ Inclusive Housing
- ◆ Sustainable Transportation

Unique Solutions for Healthy and Productive Living

- ◆ Precision Medicines
- ◆ Medical Devices and Diagnostic Solutions
- ◆ Supporting Vulnerable Populations
- ◆ Promoting Mental Health and Wellness

Harnessing Beneficial Digitization

- ◆ Smarter Cities
- ◆ Efficient Delivery
- ◆ Protecting Consumer Privacy
- ◆ Purposeful Content
- ◆ Closing the Education Gap

Financial Services as a Force for Good

- ◆ Democratized Investing
- ◆ Under-served Credit Markets
- ◆ Promotion of Financial Equality
- ◆ Global Money Flow Transparency

Global Alignment: The United Nations Sustainable Development Goals

Enabling Environmental Solutions



Creating a Sustainable Food System



Modernizing Capital and Industrial Infrastructure



Unique Solutions for Healthy and Productive Living



Harnessing Beneficial Digitization



Financial Services as a Force for Good



Atlas Impact Thematic Products and Services

Positive Impact | Negative Impact

Enabling Environmental Solutions

- ◆ Geothermal energy production
- ◆ Wind Systems Components
- ◆ Solar Inverters
- ◆ Train components
- ◆ Biomass-based diesel fuel
- ◆ Water Engineering
- ◆ Diesel engines for marine use
- ◆ Diesel Buses
- ◆ Oilfield Services
- ◆ Coal

Modernizing Capital and Industrial Infrastructure

- ◆ Low cost insulation materials
- ◆ Student housing
- ◆ Life science and agriculture research facilities

Harnessing Beneficial Digitization

- ◆ Testing and verification
- ◆ Online health services
- ◆ Recycling sensors
- ◆ Social networks
- ◆ Digital entertainment
- ◆ Online gaming

Creating a Sustainable Food System

- ◆ Consumer grocery distribution
- ◆ Fast food restaurants
- ◆ Corn syrup

Unique Solutions for Healthy and Productive Living

- ◆ Life sciences tools and analytics
- ◆ Children's medical devices
- ◆ Tobacco
- ◆ Firearms

Financial Services as a Force for Good

- ◆ Digital payments for small business
- ◆ Peer-to-peer financial services
- ◆ Consumer credit analytics providers
- ◆ Subprime auto loans
- ◆ Subprime consumer credit

Section 2: Metrics

As discussed above, we define metrics to measure the impact created by each company's product or service – we seek an unbiased empirical assessment of the outputs and outcomes created by the products and services generating revenue for each company.

We offer some examples of our impact metrics discussed below for Environmental Solutions and Healthy and Productive Living, as well as aggregated metrics for companies in the former.

We measured the positive impacts on the environment of companies who manufacture solar inverters, which create the power electronics equipment to manage photovoltaic electricity generation; the leading global manufacturer of composite wind blades for on-shore installations of wind power generation; and the world's leading producer of plant-based protein. We also measured the negative impacts on the environment of the leading North American diesel bus manufacturer and a Finnish manufacturer of diesel engines for marine transport.

Our impact metrics for companies impacting healthy and productive living issues have included the global leader in liquid biopsy for cancer detection and a biopharma firm producing monoclonal antibody-based products for the treatment of cancer, and one of the world's largest tobacco products manufacturers.

Environmental Solutions

SMA Solar

SMA Solar Technologies is a German technology company, one of the world's oldest photovoltaic solar inverter manufacturers, whose inverters are used in industrial power installations worldwide.

Product	Solar Inverter
Atlas Impact Theme	Environmental Solutions
United Nations SDGs	Affordable and Clean Energy, Climate Action
Solution	Alternative Energy Production
Impact Metric	Average annual displaced kWh of traditional sourced energy converted to emissions
Impact Counterfactual	CO2 emissions from traditional carbon-based energy
Source of Measure	Company reports, IEA
Metric Value	57,900,000 Metric tons

TPI Composites

TPI Composites is an American engineering and manufacturing company producing outsourced wind blade systems for use in large wind energy generation installations.

Product	Blades for Wind Turbines
Atlas Impact Theme	Environmental Solutions
United Nations SDGs	Affordable and Clean Energy, Climate Action
Solution	Alternative Energy Production
Impact Metric	Displaced kWh of traditional sourced energy converted to emissions
Impact Counterfactual	CO2 emissions from traditional carbon-based energy
Source of Measure	Company reports, IEA
Metric Value	239,196,667 Metric tons

Beyond Meat

Beyond Meat is an American food products company and the global leader producing plant-based meat protein.

Product	Plant-based Protein
Atlas Impact Theme	Environmental Solutions, Creating a Sustainable Food System
United Nations SDGs	Climate Action, Zero Hunger, Good Health and Well-Being
Solution	Plant- based protein from renewable sources
Impact Measure	Average annual reduction in emissions
Impact Counterfactual	Emissions production from cattle / pound of protein
Source of Measure	Environmental Working Group and Company Reports
Metric Value	900,424 Metric Tons

NFI Group

NFI Group is a Canadian company and one of the world’s leading diesel engine bus manufacturers.

Product	Diesel Bus
Atlas Impact Theme	Environmental Solutions (negative)
United Nations SDGs	Climate Action, Sustainable Cities and Communities
Solution	Replace Carbon-based transportation
Impact Measure	CO2 Emissions Produced
Impact Counterfactual	EV Bus emissions
Source of Measure	Company reports, IEA
Metric Value	6,570,607 Metric tons

Wärtsilä

Wärtsilä is Finnish company engaged in two global businesses: a leading provider of diesel based marine power plant equipment and land-based diesel engine fired power generation plants.

Product	Diesel Marine and Land-Based Engines
Atlas Impact Theme	Environmental Solutions (negative)
United Nations SDGs	Climate Action, Industry, Innovation and Infrastructure
Solution	Create Clean Energy Industrial Power
Impact Measure	CO2 Emissions Produced
Impact Counterfactual	Clean Energy Marine Transportation and Industrial Power Production
Source of Measure	Company Reports, IEA
Metric Value	106,545,998 Metric tons

Impact Metrics Summary: The Environment

	Positive	Negative
Average Annual Emissions Reduction	2,893 MM Metric Tons	
Average Annual Emissions Produced		914 MM Metric Tons

Healthy and Productive Living

Guardant Health

Guardant Health is a market leading healthcare company which provides liquid biopsy for cancer detection

Product	Cancerous cell diagnostics
Atlas Impact Theme	Promoting Health and Wellness
United Nations SDG	Good Health and Well-Being
Solution	Cell-free DNA (liquid) cancer biopsy
Impact Measure	Improvement in detection rate Time to test result
Impact Counterfactual	Tissue biopsy
Source of Measure	NILE study at MD Anderson Cancer Center
Metric	28% increase in detection rate versus standard of care 60% faster time to result (15 days to 9 days)

Immunomedics

Immunomedics is a biopharma company focused on monoclonal antibody-based products for the treatment of cancer

Product	Monoclonal antibody-based cancer treatment
Atlas Impact Theme	Promoting Health and Wellness
United Nations SDG	Good Health and Well-Being
Solution	Cancer treatment
Impact Measure	Median progression free survival (mPFS) versus standard of care
Impact Counterfactual	Current standard of care
Source of Measure	ASCENT Trial, phase 3 data
Metric	Trodelvy showed 5.6 months versus 1.7 months standard of care

Altria Group

Altria is a global manufacturer of cigarettes and other tobacco products

Product	Tobacco
Atlas Impact Theme	Promoting Health and Wellness (negative)
United Nations SDG	Good Health and Well Being
Solution	Cigarette consumption
Impact Measure	Percentage of lung cancer attributable to use of product
Impact Counterfactual	Non smoking
Source of Measure	Center for Disease Control
Metric	35.9% of tobacco related deaths

While they represent a portion of our total impact metrics, we hope these examples provide color and context for our broader impact measurement strategy.

Looking forward, we reiterate our unwavering commitment to authentic, rigorous, and transparent impact measurement. As we hope to continuously sharpen our focus and improve our methods, we welcome comments and suggestions.

Finally, we would be remiss if we did not thank the members of the Atlas Impact board, our academic advisors, countless former colleagues and importantly, the impact standard-bearers who precede us, all of whom have offered their support, research and valuable guidance.

Best regards,
The Atlas Impact Team

THIS DOCUMENT IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE RELIED UPON AS INVESTMENT ADVICE. This document has been prepared by AIP and is not intended to be (and may not be relied on in any manner as) legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy any securities of any investment product or any investment advisory service. The information contained in this document is superseded by, and is qualified in its entirety by, such offering materials. This document may contain proprietary, trade-secret, confidential and commercially sensitive information. U.S. federal securities laws may prohibit recipients from trading in any public security or making investment decisions about any public security on the basis of information included in these materials.

THIS DOCUMENT IS NOT A RECOMMENDATION FOR ANY SECURITY OR INVESTMENT. References to any portfolio investment are intended to illustrate the application of AIP's investment process only and should not be used as the basis for making any decision about purchasing, holding, or selling any securities.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS OR A GUARANTEE OF FUTURE RETURNS. The performance of any investment discussed in this report is not indicative of future performance, and you should not assume that investments in the future will be profitable or will equal the performance of past investments. Investors should consider the content of this report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments discussed herein.