Atlas Impact Partners

November 17, 2021

Dear Impact Investing Community,

We are pleased to be writing to you to present our annual impact report. While the last year and a half has been exceptionally challenging for the world, this period has further strengthened our passion for and commitment to an authentic impact investment framework, for several reasons.

First, the pandemic and the related global healthcare crisis have been stark reminders of the critical importance of innovative commercial solutions which address and resolve global challenges in human health and wellness, as well as those affecting the environment and issues of economic equity. Advances in vaccine research have been prominent this year, and we have seen an equally important acceleration in the pace of adoption in other areas, such as alternative energy, battery storage, alternative food production and access to financial services. Given the prominence of healthcare issues during this past year, we pay particular attention to the commercial solutions to many healthcare challenges in this year's report.

Second, and more subtly, we have also witnessed the interrelated nature of many of these problems and their solutions: for example, economic inequality and the disparities in access to these solutions can exacerbate many healthcare challenges, while a key driver of access to healthcare and related wellness solutions is of course economic empowerment. And for many people, empowerment begins with improved access to the most basic financial services which allow for economic independence and the ability to pay for goods and services. We explore the interdependence of these impacts further in our report.

Finally, over the course of this year we have seen increased attention from policymakers on all of these challenges. We embrace many of these policies and welcome the positive momentum which supports our broader objectives. We also note that policy mandates sometimes fall short of intended objectives, a dynamic which further strengthens our belief that commercially viable solutions to drive change with or without government intervention are the preference.

Thus, while the pandemic and the ensuing economic challenges have caused significant societal disruption and for many, personal pain, we do believe that this period will be seen as an important inflection point for many social and environmental issues. This period has served to buttress our conviction that investing in public companies is the most important means of directing capital to innovative solutions to many of the world's pressing issues. The scale required to advance the adoption of alternative energy, to resolve healthcare challenges and to develop a sustainable food system requires large amounts of capital. Conversely, we believe that progress toward these solutions can be hastened by elevating the cost of capital for incumbent actors doing harm.

We will close by reminding our readers that 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 cohort of companies in Developed Europe and North America which generate a high degree of impact, either positive or negative. We then generate impact metrics for these companies.

Thus, with this self-imposed standard of impact in mind we offer our annual impact report every year. We do so with two objectives: first, we are passionate about impact investing and hope that our work will create a robust platform for proving that investing in impact 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 capital entrusted to us, we believe that transparency is a mandatory commitment upon which we build our fellow impact investors' trust and to which we hold ourselves accountable.

As always, we welcome your thoughts, and are grateful for your support.

The Atlas Impact Team

The Atlas Impact Definition of Impact Investing

Impact investing can create honest debate and passionate disagreement: an issue which is critical in the eyes of one stakeholder may be secondary to another equally authentic and motivated stakeholder. A foundation seeking to alleviate income inequality by providing small business owners with access to capital may have a reasonable debate over the importance of this with an investor seeking to support vulnerable members of the same communities by addressing hard to treat diseases. A family dedicated to promoting environmental solutions may debate equally compelling choices between the 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 assessment which lead us to six thematic areas which are, in our opinion, significant global challenges. Once we believe a company is aligned with our thematic framework, we develop metrics to measure the impact of the product or service sold by each company. Thus, 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 or it does not.

We believe this approach directly supports our mandate three ways: first, a clearly articulated framework keeps us accountable to a mission-aligned standard across all companies; second, the discipline of identifying rigorous impact metrics assures an authentic articulation of these standards, and; third, an empirical metric prevents "mission creep" as companies inevitably evolve. In other words, for every company, we understand how it fits our impact thesis and endeavor to 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 also believe this process drives significant investment benefit. 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 valuation assessment and investment return. Additionally, a 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

Modernizing Capital and Industrial Infrastructure

- Cleaner Industrial Practices
- Low Impact Real Estate
- Inclusive Housing
- Sustainable Transportation

Harnessing Beneficial Digitization

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

Creating a Sustainable Food System

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

Unique Solutions for Healthy and Productive Living

- Precision Medicines
- Medical Devices and Diagnostic Solutions
- Supporting Vulnerable Populations

Financial Services as a Force for Good

- Democratized Investing
- Under-served Credit Markets
- Banking services to promote impact
- Promotion of Financial Equity
- Global Money Flow Transparency

Atlas Impact Thematic Products and Services

Positive Impact | Negative Impact

Enabling Environmental Solutions

- Geothermal energy production
- Wind systems components
- Solar inverters
- Train and railway components
- Biomass-based diesel fuel
- Water engineering
- Diesel engines
- Diesel buses
- Oilfield services
- Coal extraction

Creating a Sustainable Food System

- Automated grocery distribution
- Plant-based proteins
- Sustainable food production
- Unhealthy food derivatives
- Fast-food restaurants

Modernizing Capital and Industrial Infrastructure

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

Unique Solutions for Healthy and Productive Living

- Life sciences tools and diagnostics
- Precision medicine and Innovative treatments for diseases
- Children's medical devices
- Inclusion of vulnerable populations
- Tobacco
- Firearms

Harnessing Beneficial Digitization

- Testing and verification
- Online health services
- Recycling sensors
- Predatory social networks
- Digital entertainment
- Online gaming

Financial Services as a Force for Good

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

Impact Ecosystems: Healthy and Productive Living

Diabetes: Cause, Prevention, and Solutions

Shake Shack, Domino's Pizza, Krispy Kreme, Monster Beverage, DaVita, Fresenius Medical Care, Weight Watchers, Planet Fitness, Dexcom, Insulet

Diabetes is a high priority threat to overall healthy and productive living that exists in an impact ecosystem influenced by the negative impact of companies in sectors such as unhealthy foods and for-profit dialysis centers, and by the positive impact of companies involved in diabetes management technologies and preventative weight loss services.

> **Notes to our readers**
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> Throughout this report:
>
> Atlas Impact calculated **metrics** are highlighted in light blue text
>
> Referenced **data citations** can be accessed by clicking dark blue underlined text

Diabetes is a national US healthcare crisis, driven by rising incidence of obesity and poor quality diets and lifestyle choices: a little over 1 in 10 Americans has diabetes and 1 in 3 adults has prediabetes. Alarmingly, an increasing number of youth are diagnosed with Type I and Type II Diabetes, indicating increasing risk factors starting at younger ages. Additionally, these national averages mask underlying issues of equality. According to the CDC, Type II Diabetes demonstrates higher incidence rates in all ethnic groups than in white Americans, with the highest incidence rates in American Indians/Alaska Natives at 14.7% incidence, followed by people of Hispanic origin with 12.5% incidence, compared to a 7.5% incidence rate in non-Hispanic white individuals. And, Diabetes diagnosis decreases in prevalence with increased levels of education in the United States. Diabetes was observed in 13.3% of US adults with less than a high school level of education, compared to 9.7% of individuals with a high school education and 7.5% of individuals with more than a high school education.

Type II Diabetes is commonly caused by obesity – which is frequently caused by an unhealthy diet: excessive fat consumption in the diet can increase obesity and rapid weight gain. For those with diabetes, high fat diets can further increase the chances of cardiovascular disease complications. For these reasons, we focus on the caloric intake from certain food chains and more specifically the calories from fat. We recognize that nutrition is complex and varies for each individual, but in the context of contributors to obesity and subsequently diabetes, we believe our focus is warranted. Based on the US Department of Health and Human Services and US Department of Agriculture's 2015-2020 Dietary Guidelines, we calculate that an average, healthy meal would contain 750 calories. In comparison, each meal at Shake Shack contains 1,228 additional calories, 631 of which are calories from fat[1]. We also calculate that by the same comparison, a meal at Domino's Pizza in the US contains 337 additional calories, 136 of which are calories from fat[1]. In the UK, a meal at

[1] Based on US nutritional values

Domino's contains an additional 59 calories per meal, 18 of which are calories from fat[2]. We also estimate that Krispy Kreme's donuts contributed over 8.98 billion grams of fat in total and 11 grams of fat per original donut consumed in the US & Canada that could have been avoided by choosing nonconsumption. One original glazed donut represents 18% of the recommended daily fat intake for an average adult.

In addition to obesity, clinical studies have demonstrated a specific dose-response linkage between diabetes and sugar-sweetened beverages: for each additional sugary drink consumed per day, the consumer increases their risk for diabetes 27%. This is alarming given that many individuals consume more than one of these beverages each day, especially younger consumers. In 2020, we calculate that over 12 billion servings of Monster Energy drink were sold.

In addition to the inherent morbidity and mortality threats associated directly with Diabetes, the disease is also the most common cause of end stage renal disease (ESRD), commonly known as kidney failure. The two treatment options for ESRD are a kidney transplant or dialysis. DaVita and Fresenius Medical Care are two for-profit dialysis companies, with negative observed differences in patient outcomes compared to independent, nonprofit dialysis centers. In 2020, our estimate is that this resulted in a combined 17,100 patients who were not added to the kidney transplant waitlist compared to independent nonprofit dialysis centers.

In fighting the Diabetes crisis, the CDC recommends weight loss and exercise for at-risk obese individuals and those with prediabetes. Weight Watchers and Planet Fitness are two companies that help consumers do just that. Studies have shown that Weight Watchers results in 28% more of its participants losing 5% or more of their body weight compared to standard of care weight loss, which amounted to over 1.3 million more individuals hitting that 5% weight loss goal in 2020. Planet Fitness makes physical fitness more accessible to consumers, with affordable membership fees and a more inviting atmosphere for members. In 2020, Planet Fitness saved its members over $6.5 billion in aggregate in gym membership costs compared to the average gym membership.

In treating diabetes, companies such as Dexcom and Insulet provide distinctive diabetes management products to help the growing diabetic population manage their diabetes and live with lower symptom burden. Dexcom G6 is a continuous glucose monitoring system (CGM) that provides an improved alternative to conventional finger-prick blood glucose testing, and Insulet's Omnipod is a continuous subcutaneous (under the skin) insulin infusion (CSII) device that serves as an improved alternative to multiple daily injections (MDI) of insulin.

The standard indicator for long term diabetic health in diabetes is HbA1c, which reflects long term blood sugar levels: lower HbA1c levels indicate better diabetes management over time. Both products from Dexcom and Insulet result in reductions in diabetics' HbA1c levels compared to the standard of care. Dexcom G6 also increases a patient's annual hours in a normal glycemic range by an average of 1,314 hours compared to finger-prick testing, and Omnipod usage results in an

[2] Based on UK nutritional values

average of 26 fewer hypoglycemic events per year compared to daily insulin injections. Taken together, we believe these are significant improvements to the quality of life for diabetics using one, or both of these products compared to standard of care alternatives.

In addition to these issues, insulin prices have historically been inaccessible, particularly so for patients lacking insurance coverage. However, after weighting costs by US insurance coverage and respective copay, we calculate that Omnipod costs the average American user $843.25 per year, which is $497.83 less than the most common injectable insulin in 2020. This is in addition to the cost savings to both the healthcare system and individual patients from worse clinical outcomes from insulin alone.

Cancer: Cause, Detection, and Treatment

Guardant Health, Adaptive Biotechnologies, Merck & Co., Altria, Philip Morris, The Clorox Company

Cancers continue to present challenges to clinicians in detection, treatment selection, and patient survival. We view the oncology impact ecosystem as positively impacted by drug products or clinical services that address these three areas, and view the space as negatively impacted by the consumer products that are known to cause cancer.

First, we explore the positive impacts in oncology through advancing cancer detection and therapy selection. In 2020, we calculate that Guardant Health's superior liquid biopsy testing was able to detect relevant biomarkers to make treatment decisions in an additional 12,651 patients compared to a conventional tissue biopsy. Detection is also essential after treatment, in remission, especially in blood cancers. Adaptive Biotechnologies' ClonoSEQ is the first and only FDA-cleared (as of this writing) assay for minimal residual disease (MRD) management for multiple myeloma, acute lymphocytic leukemia, and chronic lymphocytic leukemia patients. Acute lymphocytic leukemia is the most common pediatric cancer, accounting for around 30% of all childhood cancers. Based on survival rates and MRD management clinical usage, we project that 30,895 of the patients diagnosed with these cancers in 2020 will receive MRD management with ClonoSEQ in the future.

Merck & Co.'s anti-PDL-1 immunotherapy drug, Keytruda, was awarded FDA approval for six new tumor indications in 2020. These new approvals include therapies for extremely challenging to treat tumors such as triple-negative breast cancer (TNBC). Keytruda can gift patients and their families with an increased 4.1 months of overall survival compared to the next best treatment option (a 73% increase). TNBC is arguably the most impactful of Keytruda's 2020 approvals given the associated healthcare disparities: studies have shown that Black/African American women are twice as likely as non-Hispanic White women to be diagnosed with this cancer. Also included in these six approvals is relapsed or refractory classic Hodgkin Lymphoma (cHL), an indication for which Keytruda can increase progression-free survival by 4.9 months (a 59% increase).

Our impact metrics for tobacco companies reflect the associated negative impacts related to oncology. In 2020, we calculate that Altria was responsible for 14.8% of all cancer deaths in the United States and Philip Morris was responsible for 5.5% of all cancer deaths globally. To come to these figures, we identified the reported total cancer deaths in 2020 and applied the percentage of these deaths reported to be caused by cigarettes: 30% in the US, and 22.1% globally. Of these cigarette smoking caused cancer deaths, each company's market share was applied to find the number and subsequent percentage of all cancer deaths that their cigarettes had caused.

In a related issue, during the pandemic and contrary to the nearly 20-year downward trend in cigarette smoking, the excessive stress and isolation of the pandemic resulted in a slight increase in cigarette sales in 2020. While cigarette usage is already alarming, current or past cigarette smoking also increases one's risk for severe illness from COVID-19, a situation exacerbated by

Altria's 2020 US cigarette sales of 101 billion sticks and Philip Morris' 2020 OUS cigarette sales of 629 billion sticks.

Along similar lines, we also note that The Clorox Company, the parent company of Kingsford Charcoal, was responsible for around 3 Million Metric Tons of CO2e from residential charcoal grilling in 2020. These emissions result in a negative environmental impact, and studies show that charcoal grilling exposes the user to higher than acceptable levels of inhaled carcinogens.

Impact Ecosystems: Enabling Environmental Solutions

Alternative Energy Solutions

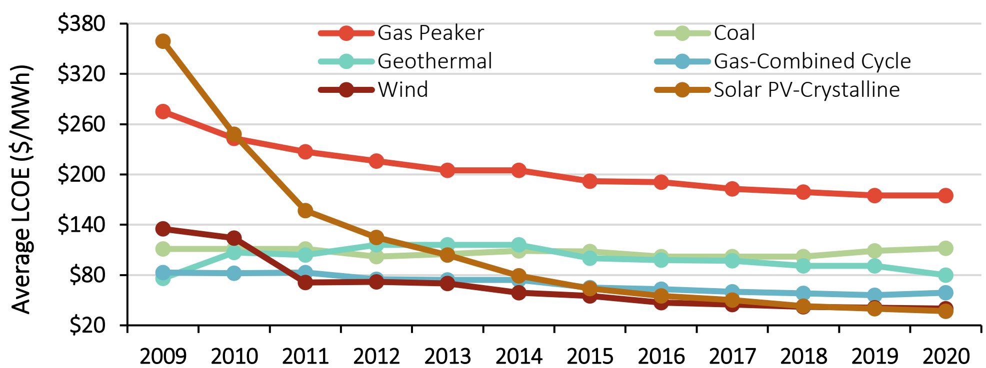
The increased usage of renewable energy sources is essential to combating climate change. Aligned with the world's climate needs, we measure the positive impacts of companies in the solar, wind, and geothermal energy industries. These types of renewable energy investments can generate numerous benefits to the world: lower carbon-based fuel utilization, lower electricity costs, improved public health, and job creation opportunities. We discuss some specifics below.

Solar

Array Technologies, First Solar, Sunnova, Sunrun, SMA Solar Technology, SolarEdge

Solar energy is the most abundant and cleanest renewable energy source available in the world. In addition to a positive environmental impact, the commercial profile is highly compelling: consumption of solar energy has become more affordable and accessible to consumers compared to historical, carbon-based standards (see *Figure 1*). In the United States, the average cost of solar photovoltaic (PV) panels has decreased over 70% since 2014. According to the U.S. Energy Information Administration (EIA), the estimated capacity-weighted levelized cost of electricity (LCOE) for standalone, PV solar energy is $31.30 per MWh entering service in 2026, compared to combustion turbines' LCOE of is $107.83 per MWh.

Figure 1: Levelized Cost of Energy Comparison - Historical Utility Scale Generation Comparison



Source: Lazard estimates

Private solar system manufacturers are a vital component to the advancement of solar energy use across the world. Companies making a positive impact in solar energy are broad based across several component parts of the solar energy complex, such as Array Technologies, First Solar, Sunnova, Sunrun, SMA Solar Technology, and Solar Edge. In aggregate, these companies have displaced a total of 21 Million Metric tons of CO2e in 2020 alone. For annual breakdowns of each company's displaced emissions, see *Chart 1* below.

Chart 1: ENV Solar Companies CO2e Displacements (in Metric Tons of CO2e)				
Company Name	**Ticker**	**2018**	**2019**	**2020**
Array Technologies	ARRY	n/a	n/a	1,267,011
First Solar	FSLR	3,680,820	3,011,580	3,067,350
Sunnova	NOVA	216,009	283,835	437,190
Sunrun	RUN	746,109	825,963	913,823
SMA Solar Technology	S92	5,821,361	7,860,801	8,058,544
SolarEdge	SEDG	4,440,411	6,365,458	6,918,385
	Total	14,904,710	18,347,638	20,662,204

Wind

TPI Composites, Vestas Wind Systems

Much like solar energy, wind has a positive environmental impact and a competitive commercial profile (see *Figure 1*). According to the EIA, the estimated capacity-weighted LCOE ("levelized cost of energy) for onshore wind turbines is $31.45 per MWh entering service in 2026. In contrast, the LCOE of combustion turbine plants is $107.83 per MWh. Two of the world's leading companies providing solutions for wind power generation, TPI Composites and Vestas Wind Systems, supported the combined displacement of 898 Million Metric Tons of CO2e in 2020. For annual breakdowns of each company's displaced emissions, see *Chart 2* below.

Chart 2: ENV Wind Companies CO2e Displacements (in Metric Tons of CO2e)				
Company Name	**Ticker**	**2018**	**2019**	**2020**
TPI Composites	TPIC	281,942,324	410,128,099	531,190,786
Vestas Wind Systems	VWS	181,027,008	213,225,372	366,694,297
	Total	462,969,332	623,353,471	897,885,083

Geothermal

Ormat Technologies

Geothermal energy is a clean, renewable energy source harvested from the natural heat of the Earth's core. It is directly used for heating, or it can be transformed into electricity. Geothermal energy production occurs without emissions of many of the pollutants associated with fossil fuel combustion and significantly lower emissions of carbon dioxide. Compared to other renewable energy sources, like solar and wind, geothermal energy plants can run around the clock all year long. As a renewable energy source, geothermal energy shares many of the benefits previously discussed, especially its cost effectiveness when compared to traditional fossil fuel sources (see *Figure 1*). According to the EIA, the estimated capacity-weighted LCOE for geothermal plants is $36.02 per MWh entering service in 2026. In contrast, the LCOE of combustion turbines is $107.83 per MWh. The geothermal company Ormat Technologies has displaced a total of 7 Million Metric Tons of CO2e from 2017 to 2019. Although 2020 figures were not yet available, on average, Ormat displaces about 2 Million Metric Tons of CO2e each year.

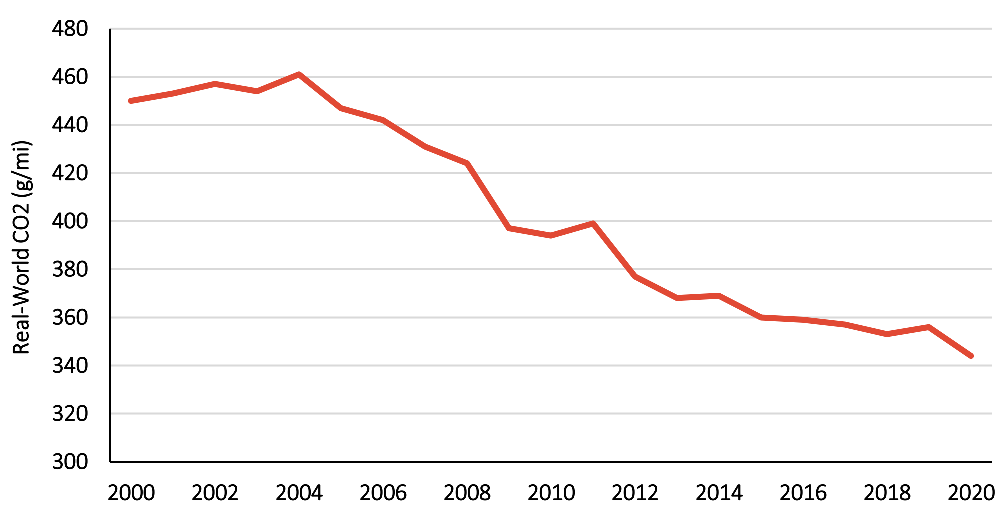
Combustion Engines: Incumbents with Enormous Carbon Footprints

Cummins, DEUTZ, Advanced Auto Parts, AutoZone, Avis Budget Group, Sixt

Emissions from diesel engines are known to have extremely harmful effects to the environment and human health: emissions from diesel-fueled engines contribute to the production of harmful "ground-level" ozone, which negatively affects our crops, our trees, and other types of vegetation. For this reason, we focus our negative impact measurement of diesel engine manufacturers on the emissions that we calculate their sold products produced once in the hands of consumers each year. These calculations include two of the largest industrial diesel engine manufacturers: US company Cummins and German company DEUTZ. We calculate that the use of their products generated a combined total 295 Million Metric Tons of CO2e in 2020. For annual breakdowns of each company's emissions, see *Chart 3.*

The Retail Auto Parts industry has played a significant role in elongating the life of polluting internal combustion engine cars by maintaining and servicing them which results in an increase in lifetime miles driven. On a yearly basis, the EPA reports data on fuel economy and CO2 emissions for every model and year car since 1975. As shown in Figure 2, the most recent trend suggests that newer vehicles have become increasingly more efficient, and thus emit less pollutants into the environment. We calculate that in the Retail Auto Parts industry, Advanced Auto Parts and AutoZone enable the production of 63 Million Metric Tons of CO2e and 79 Million Metric Tons of CO2e, respectively, from elongated life vehicle emissions in 2020.

Figure 2: Trends in CO2 Emissions Since Model Year 2000



Source: The 2020 EPA Automotive Trends Report

Car rental companies also play a significant role in enabling vehicle emissions through the promotion of single driver transportation, which is almost entirely of internal combustion vehicles. For the traveling public, these cars serve as a less environmentally conscious alternative compared to public transit or ride sharing transportation. The negative impacts of Avis and Sixt can be measured by the emissions from cars rented each year. In 2020, Avis Budget Group reported a 34%

decrease in rental days due to the pandemic, and thus we calculate a lower than usual 3 Million Metric Tons of CO2e in 2020. Comparisons to previous years and resulting emissions outside of the pandemic can be observed in *Chart 3* below. Sixt rentals were responsible for 1 Million Metric Tons of CO2e in 2020.

Chart 3: ENV Combustion Engine Companies CO2e (in Metric Tons of CO2e)

Company Name	Ticker	2018	2019	2020
Cummins Inc	CMI	202,880,720	187,578,881	148,657,315
DEUTZ Corporation	DEZ	166,228,919	164,344,734	145,978,885
Advanced Auto Parts	AAP	67,575,683	62,823,615	63,234,506
AutoZone	AZO	79,147,145	76,765,917	79,037,286
Avis Budget Group	CAR	5,517,000	5,553,450	2,930,400
Sixt	SIX2	1,477,109	1,742,563	1,324,830
	Total	522,826,577	498,809,159	441,163,221

Impact Ecosystems: Financial Services as a Force for Good

Inequitable Access to Financial Services: Lease to Own Retailers

Aaron's, Conn's

Lease-to-own (LTO) retailers typically offer durable household items such as furniture, appliances, and electronics on an installment-basis under rental agreements, typically in 12-to-18-month terms. The consumer has the option to return the item or renew the lease at the lease end date. LTO retailers benefit an under-represented market: consumers that do not qualify for traditional financing options to purchase big-ticket household items. While this is potentially a positive, we also note that the cost of ownership dramatically rises for a cohort of buyers who are most susceptible to misunderstanding their purchase. Our negative impact calculations include two prominent companies in this industry: Aaron's and Conn's.

To quantify Aaron's negative impact, we compare the total cost of ownership of an item sold/leased by Aaron's with the retail price of the same item available at traditional retailers. Based on an analysis of a basket of products from Aaron's, we quantify the negative impact. In 2020, we find that a consumer will spend 146% more per item if it is purchased through Aaron's. In dollar terms, this represents an average excess cost of $789 per item.

Instead of sampling a basket of products, we base our assessment of Conn's negative impact on the company's disclosure of the interest rates and fees it charges to its consumers. We have chosen this route since we have observed that retail prices at Conn's are comparable to those at other retailers, while they impose a burden on the consumer from the interest and fees charged. After computing the total number of approved and utilized applications, we find that the costs associated with an application to purchase an item at Conn's have been increasing: $1,023 on January 1, 2020 and $1,127 on January 1, 2021.

Promoting Equitable Access to Financial Services: Buy Now, Pay Later Solutions

Affirm, PayPal, Square

Buy Now, Pay Later (BNPL) services offer a payment alternative to lease to own retailing and credit card debt. According to Experian, the average credit card balance in the US in 2020 was $5,897. Despite the seeming ubiquity of credit, large portions of the public do not have access to essential financial tools to repay credit card debt, and many consumers lack the financial literacy to understand the terminology and cost structure to make fully informed decisions.

Buy Now, Pay Later (BNPL) services provide short-term, point-of-sale financing to consumers for the exact amount of their purchase in each transaction. Then, consumers make installment payments, and depending on the provider, may also pay interest or late fees if incurred. BNPL services rose in popularity in 2020: from July 2020 to March 2021, there was a 48% increase in individuals who had reported using BNPL services. BNPL is most popular with younger consumers aged 18-44, but showed the highest growth in the June 2020 to March 2021 period in the 54+ age group, with 98% growth in this userbase. When surveyed, the most popular reason cited for using

BNPL services was to make purchases that did not otherwise fit in the consumer's monthly budget. Our positive impact calculations represent three of the four most popular BNPL platforms: PayPal's Pay in 4 and Bill Me Later, Affirm, and Square's Afterpay.

Our calculations suggest that, when compared to the average credit card user, financing a transaction through Affirm can generate average savings of approximately 13% of the total nominal spending amount. The main driver of these savings is Affirm's fixed set of payment installments and the non-existence of late or hidden fees. Affirm also benefits its merchants, and reports an 85% increase in average order volume compared to other payment methods.

PayPal has launched a handful of BNPL platforms by different names in different parts of the world. In Q4 2020, PayPal processed over $750 Million in BNPL transactions from an estimated 2.8 Million unique customers. In Q2 2021, PayPal processed more than $1.5 Billion in BNPL transactions. This represents an increase of 49% from Q1 2021. PayPal's BNPL services have also positively impacted its merchants: PayPal reports that its BNPL services have more than double the average order volume of PayPal's standard average order volume.

Square, with its recent acquisition of Afterpay in August 2021, will be able to provide its customers – mostly small businesses—the ability to offer installment payment plans. In comparing FY 2021 to FY 2020, Afterpay saw a 102% increase in underlying sales, which totaled over $22 Billion in FY 2021. Afterpay serves more than 16 Million consumers and approximately 100,000 merchants worldwide as of June 2021.

Banking to Promote Impact: Mission Aligned Lending

Amalgamated Bank

The banking industry is often criticized for supporting some of the most controversial businesses, including many we highlight as negative impact companies above. There are few we believe embrace an authentic mission alignment across all segments, and one that stands out to us is Amalgamated Bank. Amalgamated was founded almost 100 years ago by the Amalgamated Clothing Workers of America with a singular mission: to provide banking services to union workers and their families. Since 1923, Amalgamated has maintained that focus and grown to include multiple services supporting union families, as well as an increasing alignment with the environment. Key business areas at Amalgamated include Workforce Housing, which comprised 83% of the bank's multifamily housing portfolio and 22% of total lending in 2020, and Climate Protection, which comprised 23% of lending and nearly $1 Billion in Property Assessed Clean Energy (PACE) financing in 2020. In addition, the bank avoids lending to harmful sectors, including fossil fuel industries, debt collection agencies, private prisons, and firearms. And while it is not strictly impact, we applaud Amalgamated's status as the nation's largest Certified B Corp bank.

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