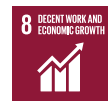


The UN Sustainable Development Goals seek to end poverty, protect the planet and ensure prosperity. In this year's Impact Report, we highlight the impact of several Appleseed Capital holdings with regard to these important goals.



SHAREHOLDER ADVOCACY FOR IMPACT

Appleseed Capital acts as a shareholder advocate to encourage boards and management teams to become more transparent and responsible with regard to environmental, social and governance (ESG) matters. We believe investors can have significant influence on their portfolio companies through informal engagement, proxy voting, and shareholder resolutions.



In late 2018, we filed a shareholder resolution on the behalf of Appleseed Fund shareholders requesting that Titan International transition its Board director compensation program away from cash in favor of equity. Much empirical research indicates that equity-based compensation programs for Board directors can lead to improved company performance due to better alignment of director and shareholder incentives. As a result of our resolution, Titan's Board agreed to retain a compensation consultant to review the company's compensation program, and in late 2019, the Board announced a significant change to the program. Non-employee directors will now be given the option to receive their director fees in the form of either cash or restricted stock units (RSUs), instead of all fees automatically being paid in cash. In addition, directors will no longer receive meeting fees as they have in the past. In the first year under the new program, all non-employee directors opted to receive all of their director fees in restricted stock units. While the new program still allows directors to receive cash compensation, this change is unquestionably a step in the right direction toward aligning director and shareholder incentives.



On behalf of a Pekin Hardy Strauss client, we filed a shareholder resolution asking that the Spirit Airlines Board publish a comprehensive sustainability report on the company's operations. Despite strong historical ESG performance, Spirit Airlines has significantly lagged its air carrier competitors in disclosing key sustainability metrics related to its business. Our client's resolution specifically asked that Spirit's Board focus its attention on the environmental impacts of its operations, as well as employee and customer relations. The filing of the resolution led to a constructive engagement with Spirit's management team in which the team agreed to significantly enhance the company's sustainability disclosures. Management specifically stated that they will seek to align their enhanced disclosures with the Global Reporting Initiative (GRI). In response to the COVID-19 pandemic, Spirit's management team has recently directed its focus toward managing the immediate challenges facing its business operations, but our engagement with the company is ongoing, and we expect to see progress over the coming year with regard to the company's enhancement of sustainability disclosures. The average flight today produces 50% less CO2 than the same flight would have in 1990, thanks to new technology and improved efficiency.

OUR PORTFOLIO IMPACT

Appleseed Capital seeks long term investments with companies who have aligned corporate actions with the SDGs. We believe value is not created in a single quarter or even in a single year. Long-term, enduring value is created over years of hard work with smart decisions and prudent long-range planning.



Accounting for approximately 18% of all onshore wind blades on a MW-basis in 2019, TPI Composites is a leading wind-blade manufacturer. TPI recognizes that climate change is one of the most pressing issues of our time and is well positioned to be a part of the solution. TPI's mission is creating affordable and clean energy by advancing the decarbonization of the electric sector and supporting electrification of the vehicle fleet.



Heron Therapeutics is a commercial-stage biotechnology company. It is focused on improving the lives of patients by developing a topical analgesic treatment that should limit the prescription of opioids. HTX-011 is the first and only non-opioid under review for postoperative pain management to receive all 3 FDA designations intended to expedite review of new drugs. The U.S. CDC found that in 2018 overdoses involving opioids killed nearly 47,000 people, and 32% of those deaths involved prescription opioids.

COMMUNITY INVESTING FOR IMPACT

Besides Appleseed Capital advocating on behalf of our investors for increased corporate responsibility, we seek out appropriate community investing vehicles as a tool for directing capital to environmental projects, low income communities, and local businesses and non-governmental organizations (NGOs) that are driving sustainability at a local level.



In 2020, we once again partnered with Self-Help Federal Credit Union to provide much-needed capital to underserved neighborhoods specifically in our hometown of Chicago. Through the creation of a special term certificate offering, our clients and employees raised more than \$1.1 million of capital that Self-Help will deploy directly in the Chicago community.

“Our partnership with Pekin Hardy Strauss helps deepen our impact in communities that need it most,” said Kimberly Jones, Manager of Investor Relations for Seaway, a division of Self-Help Federal Credit Union. “This investment will become a powerful force for social impact, supporting economic growth and expanding small business and financial opportunities for people of color, immigrants, women and their families, and other underserved communities. This mission-driven support is especially critical in these uncertain times.”

“We work with all our clients to ensure that their investments and financial goals are aligned with their values, and we were confident that this opportunity would appeal,” said Adam Strauss, Appleseed Capital portfolio manager. “But we simply couldn’t be prouder of the way our clients and employees stepped up to help their fellow Chicagoans in this difficult time, and we are so grateful to have a partner like Self-Help who is out in the community making a difference with this capital.”

This commentary is prepared by Pekin Hardy Strauss, Inc. (dba Appleseed Capital, “Pekin Hardy”) for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any security. The information contained herein is neither investment advice nor a legal opinion. The views expressed are those of the authors as of the date of publication of this report, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of individual holdings or market sectors, but as an illustration of broader themes. Pekin Hardy Strauss Inc. cannot assure that the type of investments discussed herein will outperform any other investment strategy in the future. Appleseed Capital is the impact focused investment group within Pekin Hardy Strauss, Inc.