



ESG 2022

Malk's ESG and Impact Journey

We strongly believe that for us to be the best ESG advisor to our clients, we must practice internally what we preach to our clients externally, consistently implementing ESG best practices in every facet of our organization and leveraging our pillars of people, purpose, and profit to guide our decision making.



Inside the Report

A Letter from Leadership	2
About Malk	4
2022: Malk by the Numbers	7
Our Impact	8
Our Approach to ESG Internally	11
Environment	11
Social	14
Governance	20
Looking Ahead: Our Future Goals	22

IMPORTANT DISCLOSURE Although most of the content of this report focuses on events from the 2022 calendar year, certain statements look forward and thus reflect our current expectations regarding future events. Words such as “expects” and “plans” are intended to identify forward-looking statements. Such statements are based on the best information available to us on the date of publication, but they are subject to many risks and uncertainties that may cause actual results to differ. We undertake no obligation to publicly update or revise any forward-looking statements in this report.



Andrew Malk founded our business based on the fundamental belief that the private markets were key to catalyzing meaningful environmental and social change. The combination of significant ownership stakes, long hold periods, and direct engagements with portfolio companies with businesses on rapid growth trajectories created the perfect conditions for the industry to have an outsized impact on society. The task was (and continues to be) tremendous, with *~10,000 PE firms globally, over \$11.7T invested in private markets, and the opportunity to impact the lives of over 20 million individuals employed by private equity-backed businesses.* While we still have a ways to go, we are proud of the work done to date, including the hearts and minds changed, the diversity programs implemented, the data breaches prevented, and the emissions reductions achieved.

In Spring of 2022, Malk hired our new CEO, Max Hong, as Andrew Malk stepped into his current role of Founder and Executive Chairman. Max eagerly took on this role as a natural extension of his time and learnings at McKinsey, BCG, and Crosspoint Capital, where he came to understand the necessity of ESG integration within the private markets. To address this demand, Max has joined Malk to steward its growth journey, scaling within its existing markets and boldly venturing into new markets that will most benefit from Malk's vast capabilities and expertise.

While 2022 will be Malk's first year with a formal ESG and Impact report, the topics outlined throughout this report have been core to Malk and our identity as a firm since our founding in 2009. We strongly believe that for us to be the best ESG advisor to our clients, we must practice internally what we preach to our clients externally, consistently implementing ESG best practices in every facet of our organization and leveraging our pillars of people, purpose, and profit to guide our decision making.



2022 was a significant year for Malk's ESG program and performance, including our first full year as a Public Benefit Corporation. Select highlights from 2022 include:

- **Formalizing our approach to measuring our impact** through our proprietary ESG Maturity Score tool
- **Entering a partnership with IntegrumESG** to help clients better capture ESG performance through data
- **Reduced per emissions intensity** (on a per employee basis) by 45.5% compared to 2021
- **Issued our first ESOP** individual participant statements

While we are proud of our efforts and accomplishments from 2022, we are excited to continue to embrace the challenges that lie ahead on Malk's ESG and Impact journey. We will continue on our mission to steer capital to responsible investors and investments through enhancing our services, investing in our people, and keeping Andrew's vision at the core of everything we do.

With gratitude,
Malk Leadership

¹ Public resources: <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/mckinseys-private-markets-annual-review>, <https://hbr.org/2022/07/private-equity-should-take-the-lead-in-sustainability>, https://www.investeurope.eu/media/5169/ie_pe_at-work_report_online_220413.pdf

About Malk

Malk Partners is the foremost ESG and impact advisor to private market investors and their portfolio companies, guiding firms and management teams to protect and create value through environmental, social, and governance (ESG) management and impact investing.

Our Vision

We empower our team to solve problems that matter.

Our Mission

We are ESG management and impact investing trailblazers. We forge market best practices and leading-edge programs for alternative investors by serving as their trusted, commercially oriented advisors in order to raise the bar on ESG and impact and chart positive change in our shared global community.

Our Values

The beliefs, philosophies, and principles that drive our business. They affect the employee experience as well as the relationships we develop with customers, partners, and shareholders.

IMPACT

- Inclusive
- Mission driven
- Passionate
- Authentic
- Collaborative
- Trailblazing

Our Pillars

In 2021, after a period of particularly high client demand and employee burn, the Management Team established the following three pillars as the foundation from which it would continue to build the business, as a way to keep future growth, aligned to our mission and vision:



People



Purpose



Profit

Our Approach to ESG

Malk's operationally aligned ESG framework leverages elements of public company-focused frameworks (e.g., SASB) simplified into 14 issue areas to help companies and investors understand the relevance of ESG to their operations.

Outlined in orange are the issue areas we believe are of greatest importance to our operations as a business — adverse impact risk and impact opportunity because of our purpose pillar and the role we play as trusted advisors to PE markets. Mitigating risk of adverse impacts is important to ensure that we do not participate

in any greenwashing or steer the flow of capital to less responsible investors and investments. Conversely, engaging with impact opportunities allows us to steer the flow of capital to more responsible investors and investments. We also highlight diversity, equity, & inclusion, and social & labor conditions because of our people pillar, understanding that our people are our most valuable asset. Our people provide the expertise, thought leadership, and commitment to excellence that has established us as the foremost advisor to private market investors and their portfolio companies.





We use these issue areas to drive our work across our service lines, which include the following:



ESG due diligence services: enable GPs to identify and mitigate ESG risks at time of investment, as well as prepare to capitalize on value creation opportunities during the hold period, while meeting and exceeding LP expectations.



Monitoring and portfolio stewardship services: protect investment value during the hold period by facilitating end-to-end management of ESG risks and opportunities.



Fund advisory: we partner with clients on all steps of their ESG journey, from program set-up and ongoing investment professional ESG education to LP reporting and navigating industry standards such as UN PRI and SFDR.



ESG data: enables clients to effectively assess risk and performance, drive actionable outcomes, and report out to stakeholders. We have integrated ESG data work streams into our advisory services and partnered with Integrum ESG to support GPs in all aspects of data collection and analysis.



Impact: we help investors identify impact targets, maximize positive impact through their investment strategy, and meet LP expectations by standardizing their approach to impact integration throughout the investment lifecycle.



ESG value creation: engaging directly with both sponsor-backed and independent companies to build out ESG programs and capabilities that create value, reduce risk, and make companies more marketable to investors.

2022: Malk by the Numbers

More than
13 years
specializing in
ESG advisory

Over
100 clients
in PE, credit, real estate,
secondaries, & venture capital

Clients oversee
\$1.5T
in assets under
management (AUM)

Completed
524
diligences for target
investments

Supported
398
Portcos through
ESG monitoring

Over
80
dedicated ESG
experts

Our people provide the expertise, thought leadership, and commitment to excellence that has established us as the foremost advisor to private market investors and their portfolio companies.

Our Impact

Outlined below is Malk's approach to generating positive impact, from upholding our commitment to steering the flow of capital to responsible investors and investments as a Public Benefit Corporation (PBC), to measuring our clients' ESG maturity and monitoring progress over time. We also engage deeply with our clients to mitigate risk and create value across the investment lifecycle and leverage external partnerships to bolster our product and service offerings.

Public Benefit Corporation (PBC)

In 2021, Malk became a PBC, a legal designation that requires us to integrate broader stakeholder accountability to produce a public benefit and operate responsibly and sustainably. Our purpose statement is "Malk's public benefit is to steer the flow of capital to more responsible investors and investments." We are required to compile a benefit report every two years on how we are executing against this purpose statement, using the following KPIs to measure and report on our progress:

- Total AUM advised by Malk (\$T)
- # of companies diligenced by Malk
- # of companies monitored by Malk
- Client ESG Maturity Score (EMS) change YoY

ESG Maturity Score (EMS)

To better support tracking of clients' ESG progress over time, Malk built a new, proprietary ESG Maturity Score (EMS) in Q4 2022. Our new scoring methodology is informed by Institutional Limited Partners Association's (ILPA) ESG Assessment Framework with additional nuances to ESG best practices determined by Malk.

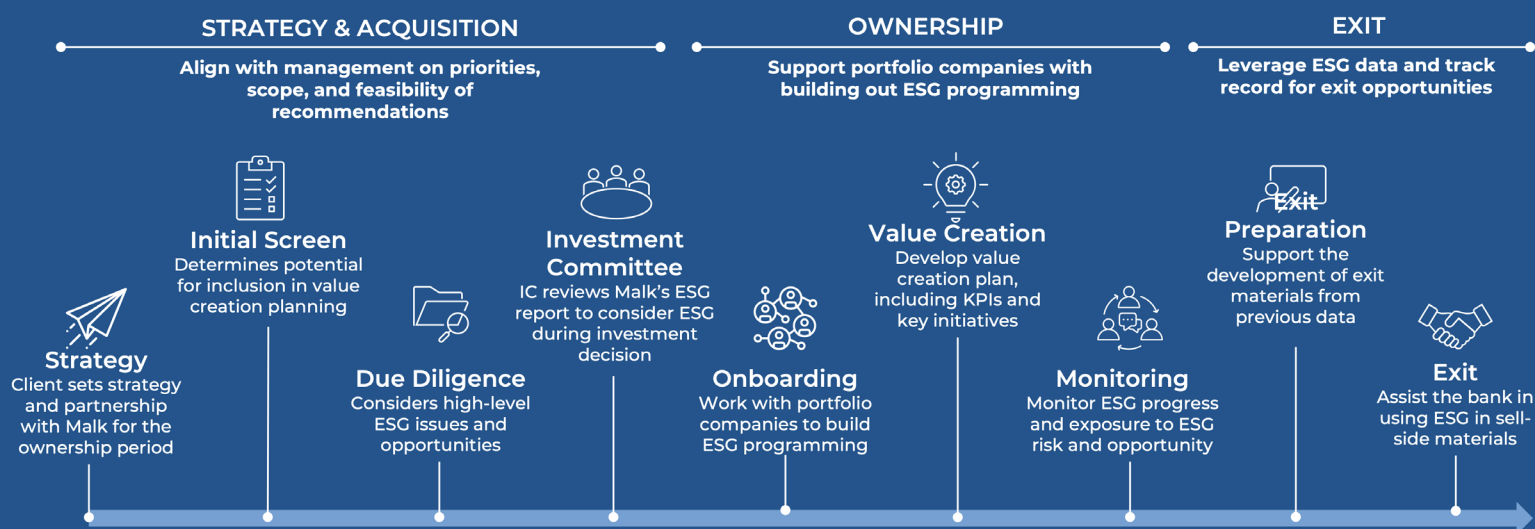
The EMS scoring methodology was developed to create a more objective scoring system, minimize bias across our client account owners, align assessment with industry expectations, and consider ESG not only as a risk mitigator but as a value creation strategy. This metric also allows us to track and report on our efforts to fulfill our purpose as a PBC.

On a quarterly basis, account leads review and update client EMS scores; scores are then audited by the Corporate Citizenship Committee and Leadership Team to promote alignment across account leads.

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Client Journey

We drive impact by designing and executing tailored ESG strategies, at both the GP and portfolio company level, informed by quantitative and qualitative data analysis — see the target “client journey” visualized below.



GP Advisory

Throughout the hold period, Malk supports GPs' fund advisory and internal initiatives, including developing annual ESG reports, conducting ESG training, collecting portfolio-wide ESG KPIs, calculating GHG emissions, and drafting ESG-specific policies

In practice, each client journey is unique — it may not be inclusive of all services or follow the chronology outlined, but it is through each of these types of engagements that we expand the breadth, depth, and longevity of our impact.

ESG Partnerships

We couldn't do it all alone! In 2022, we entered into a partnership with Integrum ESG, our first (big!) step towards building a robust network of external partnerships that bolster our ability to execute against these services, driving forward our purpose and profit pillars.

The partnership responds to increasing investor demand for data-driven ESG management that

supports improved ESG performance across investors' portfolios.

Increasingly, the best private market investors want environmental, social, and governance data and analysis that is accurate, framework-aligned, and comparable, which Integrum ESG helps us deliver.



INTEGRUM ESG

We power our ESG data advisory capabilities with Integrum ESG. Leveraging AI/ML and natural language processing capabilities, Integrum ESG helps our clients capture, assess, and report on their funds' ESG performance. Our partnership and services are complementary, minimizing the strain on

management teams and investors while optimizing outcomes through deep, meaningful engagements.

We continue to evaluate how we can build new partnerships (e.g., carbon accounting, carbon offsets) to enhance ESG sophistication in the private markets.



Our Approach to ESG Internally

Environmental

As we strive to consistently improve our work's impact on the world, we also recognize that we have a responsibility to minimize the impact of our direct operations on the environment.

FIGURE 1.1: SCOPE 1, 2, AND 3 GHG EMISSIONS YEAR OVER YEAR (2020 - 2022) — MtCO₂e

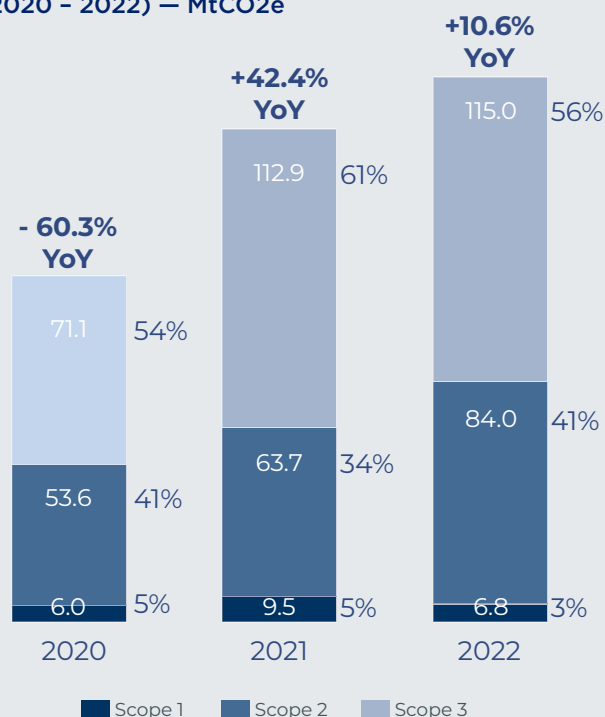
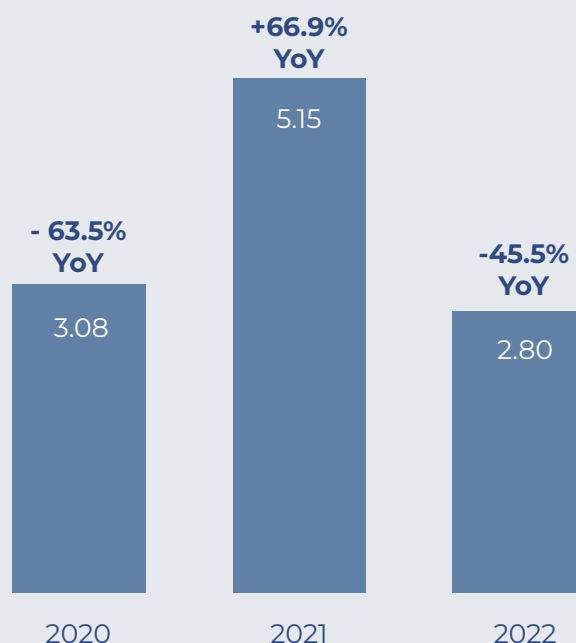


FIGURE 1.2: EMISSIONS INTENSITY PER EMPLOYEE YEAR OVER YEAR (2020 - 2022) — MtCO₂e



Carbon Neutrality

We've tracked our Scope 1, 2, and 3 emissions since 2018, allowing us to monitor and strategically reduce our emissions over time, and have attained carbon neutrality by reducing emissions where possible and purchasing carbon credits to offset any remaining emissions. We measure and report on both our absolute emissions and our carbon intensity, the latter of which expresses the emissions intensity of our operations in a way that accounts for changes in organizational activity, such as growth in headcount, over time. In 2022, though our absolute emissions increased by 19.7 MtCO₂e (+10.6%) YoY

(see Figure 1.1), our carbon intensity per employee decreased by 2.34 MtCO₂e / employee (-46%) YoY (see Figure 1.2).

We attribute this decrease to internal efforts to reduce business travel, changes to our carbon accounting methodology to improve accuracy, and the lack of a company-wide offsite retreat.

Notably, our Scope 3 emissions, or indirect emissions such as those generated from employee commuting or business travel, comprise over half of our total emissions output (see Figure 1.1). With this, we encourage



employees to reduce business travel when possible, including through utilizing virtual meeting options and optimizing scheduling for any necessary air travel. Additionally, we encourage Malk employees to opt for more sustainable transit options during their commute to the office — for example, our benefits include Citi Bike memberships for our New York employees, as well as a Pre-tax Commuter Benefits Plan that is compatible with Mass Transit for our entire workforce.

We compare our emissions intensity on a per employee basis to other professional services firms and found that Malk's per-employee emissions intensity was comparable to peer firms.

We are currently evaluating our options for offsetting our 2022 GHG emissions.

Social

People make up one of our three pillars guiding our decision-making as we continue to grow our business. We know our employees are our most valuable resource, which is why we strive to implement best practice initiatives with a focus on creating a culture the emphasizes diversity, equity, and inclusion, provides employees with opportunities to develop professionally, facilitates employee engagement, and values employee feedback.

Diversity, Equity, Inclusion, & Belonging

We believe employees perform best in a workplace in which they are treated fairly and embraced for their unique perspectives. This is why Malk Partners has been committed to fostering a culture of diversity, equity, inclusion, and belonging since its inception.

Our Culture & Inclusion Committee recently worked together to create a DEI policy for our company to adhere to, codifying our commitment to DEI, outlining our DEI programs and practices, and describing our expectations and approach for our priorities in upcoming years.



initiatives include training recruiters on bias, conducting partially-blinded interviews, and tailoring our on-campus recruitment efforts to source diverse candidates.

Recruitment

We understand the importance of making dedicated efforts to bolster diversity within our recruitment pipeline, as the key determinant of diverse representation amongst all levels of a given organization. Current

Since 2021, Malk has recruited its summer interns through the Inroads Internships Program, which works at the college level to prepare talented diverse students across the country for corporate readiness with business soft skills, real world leadership

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development activities, academic and career support, and an opportunity for a paid internship.

We continue to evaluate our internal processes and partnerships and look for opportunities to improve over time.

Workforce Diversity

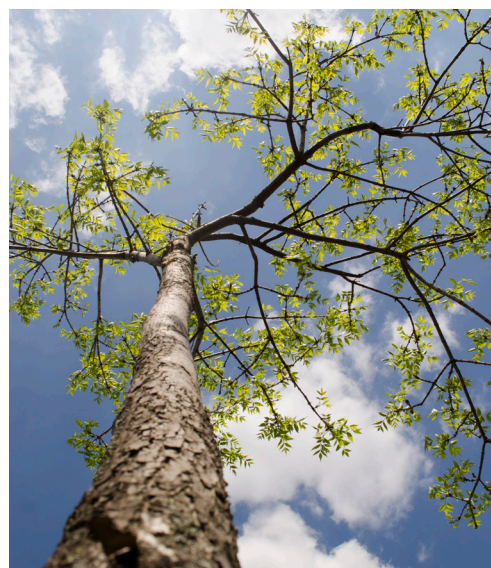
We track our workforce diversity metrics, allowing us to benchmark ourselves to industry averages and evaluate the success of both our recruitment and retention initiatives. At the end of 2022, Malk's workforce was 64% female and 31% racially/ethnically diverse, both of which are significantly above the professional services industry average for diverse representation. In addition to workforce diversity, in 2022 Malk's board was 25% female and 25% racial/ethnically diverse.

Retention

It is important that inclusivity and equity are deeply engrained in our culture and thus a part of how we do business. In the past year, we have taken steps to increase the inclusivity of our internal employment policies. For example, we created

a Pregnancy Loss Leave Policy and adjusted our PTO and Holiday policies to allow employees more flexibility for individual circumstances (e.g., observance of religious holidays, mental health days, time with family).

We have also created multiple initiatives to actively engage employees in our DEI efforts and foster inclusion as part of the employee experience. Our Culture & Inclusion Committee spearheaded that effort through cultural celebrations for the company, including events for holidays and months of cultural significance, such as Lunar New Year, National Arab American Heritage Month, and Black History Month.



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We also maintain several employee resource groups (ERGs), which are voluntary, employee-led affinity groups that aim to foster a diverse and inclusive workforce based on certain shared characteristics. We are proud to offer the following three ERGs that are vital threads in our cultural fabric:

BIPOC In 2022, our Black, Indigenous, and People of Color (BIPOC) ERG facilitated employee support channels through a buddy program, social events (e.g., happy hours at local restaurants/bars run by minority business owners), and quarterly meetings, including discussions on topics such as self-advocacy and career growth.

LGBTQ+ The LGBTQ+ ERG aims to empower our LGBTQ+ talent through building connections, taking on high visibility initiatives, and serving as a professional support system. Activities in 2022 included quarterly gatherings and networking events.

Womxn of Malk The Womxn of Malk (WoM) ERG puts on programming to support woman-identifying employees in their professional development, which in 2022 included a mentorship program, quarterly coffee chats, and workshops covering topics such as negotiating, microaggressions, and resilience in the workplace.

Employee Engagement

In 2022, our voluntary employee turnover rate was 29%, significantly below industry average (40.4%), suggesting strong employee engagement and retention relative to industry peers.⁴

Feedback

We leverage multiple employee feedback channels to proactively identify areas of strength and address opportunities for continuous improvement. In 2022, engagement survey results highlighted strengths including early career professional development opportunities and high sense of belonging at work. Opportunities for improvement included improving quality of feedback, promoting healthy PTO usage, and supporting ongoing learning. In response, the team implemented initiatives such as refreshing our approach to PTO distribution and utilization and creating the opportunity for Senior Associates to lead Career Development Projects.

⁴ Public resource: : <https://data.bls.gov/PDQWeb/jt>

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ESOP

One of our strongest engagement initiatives is embedded into our business model. Malk Partners is proud to be an employee-owned company! In 2021, we underwent an Employee Stock Ownership Plan (ESOP) transaction, which gave every employee an ownership interest in

the company in the form of private stock and retirement benefits, vested over a four-year period. The goal of this transaction was provide our team with access to one of the most meaningful pathways to wealth creation and financial stability and give our employees the opportunity to contribute to and participate in the



San Diego Beach Cleanup

success they help create. Our ESOP is 100% company funded, allowing all employees to participate in and enjoy the upside of company ownership without having to use their personal capital to buy into firm ownership.

In 2022, our first ESOP individual participant statements were issued, signifying success in these benefits being realized. Today, our employees, as partial owners of the firm from their first day of employment, work to drive Malk's mission forward to steer the flow of capital to responsible investors and investments.

Engagement Initiatives

We offer employees a flexible work environment where, in addition to a weekly hybrid schedule, employees can work remotely from Thanksgiving to New Years as well as four other weeks per year. Malk also provides employees with a life change day (e.g., moving, pet adoption) and a civic day (e.g., volunteering, jury duty), so that vacation days can be spent on vacation instead of personal "work" outside of work.



New York City “Neutral” Hour

We also value the benefits that come from a connected workforce. We encourage employee connections through recurring benefits such as meal stipends and in-office Thursday social events, a time for team members to spend time together away from their work. Employees are also paired across the organization each quarter to spend time outside of work and learn more about their teammates that are not on their direct team. In addition to team communication in Slack, channels are used for various recreational discussions for a variety of interests.

In 2022, our offices enjoyed quarterly events (organized by our Social Committee) to bond outside of work, including sunset cruises, happy hours, and holiday parties.

Professional Development

A key differentiator of our workforce is our emphasis on developing early career talent. One of our value

propositions to employees is our rigorous training program, which rapidly upskills new hires (including from any and all disciplines) into seasoned ESG experts. Part of our success in creating our specialized workforce is our prioritization of professional development. Across all levels of the company, employees meet with their managers for monthly professional development coaching sessions and biannual performance reviews, consistent with our culture of feedback and growth.

In 2022, the People & Culture Team also hosted a leadership training series for managers to develop skills to support themselves and others at work — example topics include motivation and accountability, mental health in the workplace, and how to provide feedback during performance reviews.

Employees who have been with Malk for at least six months can apply for financial assistance towards education opportunities including conferences, speaker series, webinars, industry events, and course work. We are supportive of continuing education opportunities which may need accommodations such as increased flexibility around in-person work or part-time status.

In 2022, our employees explored external educational opportunities to improve our internal expertise on topics including supply chain management and carbon accounting.

Charitable Contributions

Lastly, we recognize that many of our employees are passionate about contributing to a greater purpose through their work. Because of this, we commit a fixed share of annual profits to employee-nominated charitable organizations, carefully vetted to ensure alignment with Malk values, as well as to ensure all donated funds are appropriately. Malk plans to make these donations in the near future.

Komera supports and empowers girls and young women in Rwanda through sport and education.



Community Help in Park Slope (CHIPS)

provides groceries and meals to people in need; CHIPS also provides residence shelter for single mothers and infants, provides pre- and post-natal care, and provides training to mothers on maternal/child health and career development.



Even Ground strives to help families and communities break the cycles of poverty and inequality by providing support to community-based programs that offer high-quality education and care to young people in Africa.



Billion Oyster Project is a New York City-based nonprofit organization with the goal of engaging one million people in the effort to restore one billion oysters to New York Harbor by 2035, as oysters serve as a natural water filter with a number of ecosystem benefits.



City Harvest provides food rescue and distribution, education, and other practical solutions to end hunger in communities throughout NYC.



A Reason to Survive (ARTS)

provides arts education focused on design thinking, cultural equity, and healing-centered engagement to youth in South County, San Diego.



In addition to the donations made during our standard annual philanthropic cycle, we contributed to two organizations, Save the Children and SAMS, following the earthquake affecting Turkey, Syria, Lebanon, Cyprus, Jordan, and Iraq. We recognize that climate change will continue to exacerbate the effects of extreme weather events on vulnerable populations and plan to continue assessing our ability to provide resources to victims of global catastrophic events.

Save the Children

provides support to children through a variety of avenues, including health programs, education programs, protection programs, emergency response programs, policy and advocacy, and child sponsorship.



Syrian American Medical Society (SAMS)

is a global medical relief organization working on the frontlines of crisis relief in Syria and beyond to save lives and alleviate suffering through providing dignified patient in need.



Governance

Our clients and employees trust us to safeguard their information and ensure that our internal practices align with our mission and values. As such, we maintain a strong data privacy program, extensive client stewardship process, and Corporate Citizenship Committee to ensure that we can deliver on stakeholder expectations for risk mitigation and responsible business conduct.

Data Privacy and Security

As an advisor to some of the world's largest and most respected private market investors, we understand the importance of safeguarding our clients' sensitive information, as well as the personal information of our employees. Strong data privacy and security practices are essential in maintaining credibility with our stakeholders and ensuring the safeguarding of all sensitive information with which we are entrusted. We maintain internal practices to ensure employees are equipped to support our firm-wide priorities of maintaining client confidentiality, mitigating risk of security breaches, and adhering to all relevant regulations pertaining to the protection of personal information.

We maintain protocols regarding numerous security topics, including acceptable use, data organization and retention, data loss prevention, internet safety, data separation, and patch management. All Malk

employees receive a mandatory data privacy and security training at onboarding and complete refresher trainings on an annual basis. We also receive written and narrative guidance regarding ensuring client confidentiality, which we hold to the utmost importance.

Additionally, our technology team has implemented various technical controls to prevent data breaches, such as multi-factor authentication, secure password storage, antivirus software, and encrypted cloud-based document storage.

Stewardship

At Malk, we are committed to ensuring that we are not complicit in furthering societal harm. Carefully vetting prospective clients and partners is essential to guarantee that we do not work with firms perpetuating societal harms. To promote alignment between our clients and our mission and values, our internal Stewardship Committee

To promote alignment between our clients and our mission and values, our internal Stewardship Committee completes a robust diligence process for each new prospective client before we begin an engagement.

completes a robust diligence process for each new prospective client before we begin an engagement. By completing diligence for potential clients, we aim to understand if a firm's ownership or investment approach represents a conflict with Malk values.

Corporate Citizenship

As the foremost advisor to private market investors and their portfolio companies, we must reflect the Environmental, Social, and Governance best practices that we advise our clients to follow. To drive our internal ESG initiatives, we created the Corporate Citizenship Committee (CCC): an internal committee dedicated to helping us achieve and actualize our mission and

vision internally. The CCC aims to be an operational model of Environmental, Social, and Governance best practices as well as an internal resource of the latest developments in sustainability solutions.

The CCC is responsible for calculating and offsetting internal carbon emissions, exploring waste and energy reduction opportunities, and implementing sustainable sourcing strategies across Malk. In addition to internal sustainability initiatives, the CCC ensures compliance with the requirements for Public Benefit Corporation status, including collecting internal impact metrics, engaging in philanthropic efforts, and evaluating further opportunities to track and report on our positive impact.

To drive our internal ESG initiatives, we created the Corporate Citizenship Committee (CCC): an internal committee dedicated to helping us achieve and actualize our mission and vision internally.



Looking Ahead: Our Future Goals

Goal 1 **Strive to build a culture where difference is valued** through a holistic approach that enhances our people, programs, and tools. Make progress on the talent mix and inclusion of underrepresented groups in our workplace.

Goal 2 **Grow our technical expertise around emerging ESG issues** (e.g., biodiversity, decarbonization, human rights) so Malk can better serve Clients to mitigate risk, create value, and adopt best practices across their investments.

Goal 3 **Expand our product and service offerings to deepen our scale of impact** through engagements, as well as maintain our market positioning as the leading ESG “one-stop shop” for private market investors (e.g., ESG data, value creation planning).

Goal 4 **Strengthen Client relationships and account data collection practices** (e.g., EMS) to improve upon our ability to identify and address gaps in Client’s ESG programs.

Goal 5 **Enhance Malk’s stewardship process** to focus on opportunities to meaningfully push ESG progress in high-risk industries.



Mitigate Risk.
Make an Impact.
Exceed Expectations.