

**Acacia Research Corporation
Environmental, Social and Governance Report**

March 2024



A WORD FROM THE NOMINATION, GOVERNANCE AND SUSTAINABILITY COMMITTEE (“NSG Committee”)

We are pleased to present to you Acacia Research Corporation’s (the “Company”) amended annual report on environmental, social and governance (“ESG”) matters. The goal of this report is to provide details on our ESG practices and policies and our recent progress on ESG and corporate responsibility matters, and to discuss some of the ESG related risks and our goals for the future.

The Company is committed to being a responsible corporate citizen with policies that promote responsible, sustainable and environmentally sound business practices and policies.

As a result, we incorporate corporate responsibility and sustainability into every business decision we make. We build durable, scalable programs and processes and set long-term goals for ESG performance, including governance, human rights, health and safety, diversity and inclusion, climate change and the environment.

We are proud of our contribution to the lives of all the people that we deal with, all over the globe, and consider our sustainability and ESG efforts as a critical element of our risk mitigation and business analysis and investment process.

Moving forward, as we seek to identify, assess and select acquisition opportunities, we expect our corporate responsibility and ESG programs and efforts to evolve and lead to business decisions that not only generate strong economic returns but also exemplify best-in-class corporate social responsibility, diversity and inclusion, and sustainability.

We encourage all our stakeholders and others to proactively approach us with any questions or comments regarding this report and the policies that make up our corporate responsibility and ESG programs.

Sincerely,

Katharine Wolanyk

Chairman

Philosophy and Approach

The Company's top priority is to act as responsible stewards of the business for our shareholders and stakeholders, including employees, customers, investors and the communities where we operate. Our approach is risk-based and non-concessionary, meaning that we do not actively sacrifice business performance over any specific sustainability criteria, but that we consider ESG and sustainability criteria as an integral part of the decisions we make and our risk mitigation process. Additionally, our approach is iterative as we continually seek to improve our process through feedback from our employees regarding their satisfaction and engagement in our business and the process. We do this because we believe that business decisions that are considerate of such criteria will result in better risk-adjusted returns over time than those that do not.

- *Culture and Human Capital*—People and culture are at the core of our business. We have an exceptionally talented team working to implement our unique business plan. Our team comes from diverse backgrounds and brings a range of highly developed skills to our common endeavor. We value each individual contribution that advances our common goals. Accordingly, we are committed to implementing an inclusive team and culture that gives each individual an opportunity to make their greatest contribution. We seek to provide an engaging work experience that excites and motivates our people to deliver their best. Our culture values and leverages the uniqueness and broad perspective of each employee to allow our employees to build meaningful careers and ensure our success as a company. Everyone who works at the Company is involved in fostering our culture, considering employee rewards and benefits and building the overall employee experience.
- *Diversity and Inclusion*—the Company is dedicated to promoting a culture of diversity and acceptance within our company, both in management and our workforce, in our Board of Directors ("Board") and with those we do business. We aim to recruit, retain and promote a diverse and talented team of employees and leadership. The Company believes that all current and prospective employees and partners — regardless of religion, sex, race, national origin, gender identity or expression, sexual orientation, age or disability — should be welcomed and treated with respect and dignity in the workplace. This diversity and inclusion allow us to function better as a team of innovators and benefits both our stakeholders and communities. Our commitment to building diverse, inclusive and meritocratic teams is a practice of constant improvement and is supported and applied at all levels of our Company.
- *Safety & Health*—We are proud to offer all of our employees comprehensive health care benefits. During the global pandemic, we prioritized the health and safety of our employees from the outset. We have implemented remote work for employees, including senior management.
- *Ethics & Compliance* —We maintain a corporate Code of Conduct ("Code"), which is available on our website, at https://acaciaresearch.com/ACTG/corporate_governance. This Code is the foundation of our high-level commitment to ensuring our officers, directors and employees act at all times in an honest and ethical manner in connection with their service to the Company.
- *Environmental and Sustainability* —Our corporate environmental responsibility efforts begin by making decisions and conducting our business in an environmentally sensitive and proactive manner by conserving natural resources, minimizing waste through recycling, and using renewable and cleaner energy sources when possible. In an effort to reduce our carbon footprint and reduce our environmental impact we have, among other things, implemented flexible remote work for

employees and reduced travel for business, and implemented a program of recycling and waste management that includes the elimination of plastic and reduction of food and other waste in our offices, and a thoughtful and considered approach to the recycling of office equipment and supplies.

Enterprise Level Commitment

Given the interconnected nature of the numerous ESG, corporate responsibility, and sustainability imperatives, an effective ESG strategy requires an enterprise-wide, overarching approach. As we acquire businesses and operate subsidiaries, our goal is to have those businesses and subsidiaries act in a manner in-line with the Company's internal ESG and Corporate Responsibility Policies. This effort is integrated into our investment identification, assessment, and selection due diligence process as well as through the life-cycle of the investment or ownership of the subsidiary.

Pre-Acquisition Diligence. During pre-investment due diligence, we leverage our internal ESG resources and processes to analyze material ESG risks and opportunities in potential acquisitions, keeping materiality and proportionality in mind. We engage subject matter experts, lawyers and consultants in addition to our own experienced due diligence professionals to conduct an in-depth review of a potential acquisition's business lines and practices before moving forward with any transaction. Pre-acquisition diligence is focused on risk identification using multiple approaches for identifying ESG-related risks: megatrend analysis, industry analysis and best practices, impacts and dependency mapping, stakeholder engagement and ESG-related materiality assessments. These tools can help identify and express ESG issues in terms of how a risk threatens achievement of an entity's strategy and business objectives. Applying these approaches through collaboration between risk management and sustainability practitioners elevates ESG-related risks to the risk inventory and positions them for appropriate assessment and response.

Material findings are evaluated and communicated to the investment and management team and are included as part of the value creation and risk mitigation profile.

Post-Acquisition Integration. Our approach to incorporating these considerations is dependent on our influence over the management of each investment, which may vary depending on the investment structure and terms, and our ESG engagement will be tailored accordingly. In cases where the Company determines it has limited ability to conduct due diligence or to influence and control the consideration of ESG issues in connection with an acquisition, the Company will only apply those elements of this ESG policy that it determines to be practicable. Post-acquisition we are focused on:

1. *Risk Assessment and Prioritization:* Our subsidiaries may have very limited resources, so they cannot respond equally to all identified risks. For that reason, it is necessary for us to assess risks for prioritization. Leveraging our ESG and industry subject-matter expertise is critical to ensure that emerging or longer-term ESG-related risks are not ignored or discounted, but instead assessed and prioritized appropriately.
2. *Risk Remediation Implementation:* Following risk assessment and prioritization, the Company will then develop a plan to leverage its own internal policies, processes and intellectual resources to remediate any policies or practices of the subsidiary that do not comply with our policies or goals. Our approach is intended to help connect sustainability goals with daily efforts, by applying a range of innovative and collaborative approaches that consider the source of a risk, the

materiality of such risk as well as the cost and benefits of each approach to remediation of the issue.

3. *Monitoring, Communicating and Record Keeping:* Finally, as part of our enterprise-level approach, the Company monitors subsidiaries' progress towards ESG and sustainability compliance on an ongoing basis and communicates and records status updates to the Board, employees, and investors on a periodic basis that is no less than annually.

CORPORATE RESPONSIBILITY

Procedures and Objectives

It is the Company's position that all businesses have a responsibility to respect human rights and that human rights are universal and indivisible.

More specifically, this means that all people are born free and equal in value and rights. There are different types of rights, including civil and political rights, economic, social and cultural rights. The Company does not discriminate against others on the basis of race, color, gender, age, sexual orientation or identity, national origin, ethnicity, religion, marital status, pregnancy, physical or mental disability, or veteran status. We believe in providing reasonable working hours, fair wages for our employees, and the right of access to water as a fundamental human right.

The Company's human rights policy is predicated on certain formalized globally recognized standards such as those outlined by the UN Guiding Principles on Business and Human Rights (UNGPs), as well as the PRI (Principles for Responsible Investment). We strive to promote human rights in accordance with such principles in our relationships with our employees, as well as our suppliers, vendors, and business partners (collectively, "Business Partners"). As such, we apply the standards upheld in this Policy to ourselves and to all our Business Partners. We will conduct periodic reviews to assess our Business Partner's adherence to this Policy, to the Company's Human Rights Policy and Business Partners Code of Conduct. Further, all new Business Partners will be screened for their adherence to this Policy and to the Company's Human Rights Policy.

The Company respects that human rights are part of international law outlined in various types of international agreements and conventions. When states sign these conventions, they guarantee the individual that the rights will be respected. However, companies also have a responsibility, namely, to respect human rights above and beyond what certain states may or may not adhere to. For example, and depending on circumstances, the Company may need to consider additional standards. For instance, there may be specific groups or populations that require particular attention and protection, where they may have adverse human rights impacts on them. In this connection, the United Nations has provided further elaboration on the rights of indigenous peoples; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families. Additionally, the Company is committed to protecting the rights of minority groups and women. Moreover, in situations of armed conflict enterprises should respect the standards of international humanitarian law.

The Company's responsibility to respect human rights requires that business enterprises at a minimum:

- (a) avoid causing or contributing to adverse human rights impacts through our activities and address such impacts when they occur; and
- (b) seek to prevent or mitigate adverse human rights impacts that are directly

linked to our operations, products, or services by our business relationships, even if we have not contributed to those impacts.

The Company believes that meeting international human rights standards – and preventing and mitigating actual and potential negative outcomes for people – leads to better financial risk management and helps to align their activities with the evolving demands of employees, investors and regulators.

As part of our policy and approach to human right the Company's NGS Committee will conduct a periodic (but no less than annual) review of our policies and activities to identify any new risks and opportunities.

Risks and Opportunities and Due Diligence

As most of our operations take place in the United States where most of these salient human rights are addressed by laws and regulations, we believe our risk profile is moderate, however, we understand that we need to keep our salient issues under review as well as being diligent regarding any new, emerging issues and opportunities we need to consider—such as those relating to technology or new ways of working in a post-COVID era.

To identify potential risks and to prevent, mitigate, and account for how the Company will address any adverse human rights impacts from our business enterprises in a manner that considers proportionality and materiality, we will carry out human rights due diligence both on our existing operations and potential acquisitions. Our goal is to have this due diligence process to include, as much as is proportional to our size and industries:

- The assessment of actual and potential human rights impacts;
- Integrating, and acting upon the findings;
- Tracking results of our alleviatory actions;
- Maintain an ongoing human rights due diligence process, recognizing that the human rights risks may change over time as the business enterprise's operations and operating contexts evolve; and
- Communicating the results of our actions for internal and external audiences.

When conducting human rights due diligence, the Company will identify and assess the nature of the actual and potential adverse human rights impacts with which a business enterprise may be involved. Typically, this includes assessing the human rights context prior to a business activity under consideration, and, when possible, identifying who may be affected and cataloguing the relevant human rights standards and issues. Issues and risks we look for include, but are not limited to, discrimination; fair wages; forced labor; freedom of association; harassment; health & safety; land rights; and working hours. We then project how the proposed activity and associated business relationships could have adverse human rights impacts on those identified.

Through diligence and outreach the Company will also seek to understand the concerns of shareholders and other stakeholders potentially affected by consulting them directly in a manner that considers language and other potential barriers to effective engagement. In situations where such consultation is not possible, the Company will consider reasonable alternatives such as consulting credible, independent expert resources.

Because human rights situations are dynamic, our assessments of human rights impacts will be undertaken at regular intervals: prior to a new activity or relationship; prior to major decisions or changes in the

operation (e.g., market entry, product launch, policy change, or wider changes to the business); in response to or in anticipation of changes in the operating environment (e.g., rising social tensions); and periodically throughout the life of an activity or relationship.

Governance, System Protections, and Procedures

Our commitment to respect human rights at the enterprise level will:

- Be approved at the most senior level of management;
- Be informed by relevant human rights expertise;
- Be made publicly available and actively communicated, both internally and externally;
- Be embedded throughout the business, including within other policies and procedures; and
- Be reviewed by the NSG Committee no less than once a year.

Key characteristics of our governance include:

- Embedding our human rights policy commitment into other institutional policies and governance systems, including those related to ESG risk management;
- Allocating responsibility and accountability for implementation of this human rights policy commitment to specific functions;
- Oversight by our Board;
- Ensuring the Company has adequate resource allocation;
- Capacity building across all functions (e.g., internal business managers, research analysts, engagement specialists);
- Clear procedures for selection, engagement, oversight, and review of all Business Partners; and
- Promoting human rights and responsible behavior in our industries and communities.

It is the responsibility of all directors, officers and employees to report violations or suspected violations in accordance with the Company's code of conduct policies. The Company aims for open communication among all employees and an employee who wishes to report a suspected violation of any company policy or inquire further about a company policy should raise such issues with company management, Human Resources or the Legal Department. Employees may also report policy violations anonymously by calling the Company's whistleblower hotline, as set out in the Company's Employee Handbook. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Training and Professional Development

The Company is committed to supporting a thriving culture of personal and professional development among its employees by providing key areas of training on an annual basis as well as encouraging each employee to seek additional professional training opportunities applicable to their role with the Company. In addition to their professional development, the Company employees participate in annual anti-harassment and discrimination training, human rights training, and environmental responsibility training. Additionally, the Company, with oversight of the Board, has developed compliance training for its employees and members of the Board covering, among other topics, insider trading and e-communication, and recently expanded it to include anti-corruption and information security training.

Labor Rights

As an adherent to the Ten Principles of the UNGP on human rights, labor, environment and anti-corruption, the Company has also adopted the following principles set forth in the UN Global Compact related to labor and employment matters:

- PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights.
- PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses.
- PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- PRINCIPLE 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.
- PRINCIPLE 5: Businesses should uphold the effective abolition of child labor.
- PRINCIPLE 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Diversity, Inclusion, and Equal Opportunity

The Company is dedicated to promoting a culture of diversity and acceptance within our company and Board and with those we do business. We aim to recruit, retain and promote a diverse and talented team of employees and leadership.

The Company believes that all current and prospective employees and partners — regardless of religion, sex, race, national origin, gender identity or expression, sexual orientation, age or disability — should be welcomed and treated with respect and dignity in the workplace. We are committed to a culture that encourages collaboration, flexibility, and fairness to enable all employees to contribute to their potential.

The Company is committed to a policy of equal employment opportunity. The Company is committed to establishing a workforce made up of a diverse and qualified group of individuals to increase diversity of thinking and perspective. The Company will not discriminate against employees or applicants for employment on any basis made unlawful by federal, state or local laws, including, but not limited to, race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender, gender identity or gender expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability or genetic information. All such discrimination is prohibited by the Company.

We believe our commitment to diversity, inclusion, and equal opportunity allow us to function better as a team of innovators and benefits both our stakeholders and communities. Our commitment to building diverse, inclusive, and meritocratic teams is a practice of constant improvement and is supported and applied at all levels of the Company.

To our knowledge, our workforce is currently gender and age diverse. We can disclose that:

- 35% of our workforce are women
- 65% of our workforce are men
- 40% of our workforce is under 40 years old
- 60% of our workforce is over 40 years old

Health, Safety, and Wellness

The Company is committed to a safe workplace as outlined in our Workplace Safety Policy. We are proud to offer all of our employees comprehensive health care benefits. In 2023 we did not experience a work-related injury or fatality.

Community

The Company's commitment to responsible citizenship extends to the communities where we work and live. We support strong, vibrant communities and, through our employees, seek to identify organizations that make an outsize contribution to the initiatives that they pursue. In 2021, the Company reached a settlement with an investor relating to trading profits secured in violation of the Company's charter as a result of which the Company directed nearly \$1 million in gains to various charitable organizations. Consistent with our confidence in the personal values of our people, we asked our employees in our New York and California offices to choose organizations where they are personally involved and knew that these funds would make a tangible difference to outcomes. The results were extraordinarily heartwarming—our funding rescued marine mammals in the Pacific, saved the lives of dogs in New York (including a beautiful mastiff named Acacia, coincidentally), supported organic farming in the Hudson Valley, and strengthened a small community organization dedicated to reducing teenage suicide. We also made significant contributions to universities in the United States and United Kingdom. The Company did not use any corporate funds for the purposes of political advocacy in 2023.

Business Partner Code of Conduct

The Company conducts business with an ethical approach and places a high priority on compliance by our Business Partners. Accordingly, the Company has developed a Business Partner Code of Conduct based on its own internal policies and those of the United Nations Universal Declaration of Human Rights, Responsible Business Alliance Code of Conduct, and the International Labor Organization's Fundamental Conventions, to guide its business partner relationships.

Our Business Partner Code of Conduct is meant to assist our Business Partners in understanding and complying with our minimum expectations of conduct. This Business Partner Code of Conduct shall serve to inform those parties of what minimum moral and ethical standards should be practiced worldwide and covers Environmental matters as well as Human Rights practices. It is the Company's policy to consider adherence to these standards when selecting potential Business Partners. Business partners are expected to self-monitor their compliance with this code while conducting business with or on behalf of the Company, and to inform us in a timely manner of any non-compliance. The Company will seek appropriate assurance from Business Partners that they comply with this Code of Conduct through periodic review of compliance. The scope of review will depend on the nature and delivery of the service and may range from self-assessment to independent audit. Any Business Partner that does not comply fully with this code, is expected to remediate any lapses to the Company's satisfaction in a timely manner. The Company may work with Business Partners in their remediation efforts, to the extent practical. Failure to remediate in a timely manner may result in the termination of our relationship with the offending Business Partner. Specifically, we expect the following:

1. *Ban on Discrimination.* We expect our Business Partners to offer equal employment to all, to treat all workers with dignity and respect, and to maintain a work environment that is free from intimidation, violence and abuse of any kind. Discrimination or harassment on any grounds, including but not limited to race, color, creed, religion, sex (including pregnancy, childbirth, or related medical conditions), genetic information, gender, gender identity, gender expression, sexual orientation, national origin, citizenship status, age, ancestry, marital status, medical

conditions, disability (including physical or mental disability), military and veteran status, or any other factor proscribed by applicable law is prohibited. Business partners are expected to provide training to employees to prevent discrimination or harassment in the workplace.

2. *Working Conditions and Remuneration.* We expect our Business Partners to adhere to local laws and regulations to provide safe and healthy workplace conditions to prevent accidents, injuries or exposure to health risks. Business partners are expected to comply with minimum compensation requirements and maximum working hours, including overtime pay, as defined by applicable local laws and regulations. Further, in compliance with such local laws and regulations, workers should be compensated for overtime at pay rates greater than regular hourly rates. Working conditions must conform to minimum legal standards to ensure a safe and healthy working environment.
3. *Freedom of Association.* We expect our Business Partners to respect the right of all workers to engage in peaceful assembly as well as the right of workers to refrain from such activities. Our Business Partners should respect open communication and freedom of association in all aspects of their operations and assure the right of their employees to engage in collective action, including collective bargaining and unionization, as determined by applicable local regulation or legislation.
4. *Compliance With Laws.* The Company adheres to all applicable laws and regulations in our business activities. We likewise require our Business Partners to comply with all applicable laws and regulations, including, but not limited to: anti-trust and fair trade policies, anti-money laundering and anti-terrorist financing laws, anti-bribery and anti-corruption laws, tax laws, wage and hour laws, privacy and information security laws, environmental laws, and laws that address child labor, forced labor, modern slavery, human trafficking, equal pay, nondiscrimination and occupational safety and health.
5. *Ethical Standards.* The Company respects our applicable jurisdiction's moral and ethical standards. Business partners are also expected to respect the standards set out by the countries in which they operate, in addition to conventions between countries. The Company has procedures for Business Partners to be able to confidentially report any suspected case of fraud, bribery, or corruption.
6. *Ban on Child Labor.* Our Business Partners must take all necessary steps to ensure that there is no child labor within their organizations or supply chains. A "child" is any person under the age of 16 (or as otherwise stated in the law of the applicable country), or under the local legal minimum age for work or mandatory schooling, whichever is greatest. ILO Conventions 138 and 182 provide further detail.
7. *Ban on Forced Labor and Disciplinary Action.* All forms of forced labor are forbidden. All forms of mental and physical coercion, verbal abuse, and corporal punishment are not permitted. Indentured servitude, trafficked labor, or the forced labor of individuals against their will or subject to intimidation or under threat of any kind is prohibited.
8. *Environmental Responsibility.* The Company expects its Business Partners to demonstrate a clear understanding of the environmental risks, impacts and responsibilities associated with the products and services they provide. The Company expects its Business Partners to have in place an effective environmental policy, statement or program to mitigate environmental risks. The Company expects its Business Partners to make practical efforts to minimize the use of energy, water and raw materials and using renewable or sustainably sourced energy, where possible. The

Company expects its Business Partners to consider the environmental credentials and performance of Business Partners within their own supply chain and require them to operate to a minimum set of standards. Business Partners will authorize the Company and its representatives to engage in monitoring activities to confirm compliance with this Business Partner Code of Conduct, including on-site inspections of their sites, and reviews of records relating to environmental management. The Company commits to reviewing and monitoring on a regular basis the environmental impact of its Business Partners.

SUSTAINABILITY AND ENVIRONMENT

Our responsibility and commitment

We accept responsibility for all environmental impacts generated by our operations. We will continually seek opportunities to improve our environmental performance by establishing objectives and targets, measuring progress, and reporting our results; including but not limited to energy, water, paper and fuel consumption and vehicle miles traveled. We will promote participation and communicate our commitment to responsible environmental management by promoting environmental responsibility among our employees; by providing the necessary training and support to enable them to implement our Enterprise Level Environmental Policy (“Environmental Policy”); by informing Business Partners of our Environmental Policy and encouraging them to adopt effective environmental management practices; and by soliciting input from our employees, Business Partners, customers, and Board in meeting our environmental goals.

The Company is committed to managing environmental impact as an integral part of our risk mitigation and management operations.

- We employ environmental management systems and procedures to assist in: (i) identifying and minimizing the use of hazardous materials, energy, and other natural resources, (ii) identifying and minimizing the generation of waste, and (iii) enabling recycling and reuse of materials.
- We seek opportunities to improve our environmental performance by establishing objectives and targets, measuring progress, and reporting our results; including but not limited to energy, water, paper and fuel consumption and the overall risks to the environment of our operations.
- We promote participation in, and communicate our commitment to, responsible environmental management by promoting environmental responsibility among our employees; by providing the necessary training and support to enable them to implement the Environmental Policy; by informing Business Partners of our Environmental Policy and encouraging them to adopt effective environmental management practices; by regularly evaluating our Business Partners’ environmental policies and re-evaluating our relationship with such Business Partners if their environmental policies do not meet the standards of our Environmental Policy, and by soliciting input from our employees, suppliers, customers, and Board in meeting our environmental goals.

ESG Initiatives and Six Principles

We believe that material ESG criteria are an evolving set of factors that should be considered in our business decisions and risk assessment process. For this reason, we commit to expanding and improving our ESG framework with implementation executed in a thoughtful and incremental manner to provide the most sustainable positive impact over the long term. Moving forward, we are committing ourselves to several areas to drive our ESG initiative. These include our Six ESG Principles, an internal ESG Advisory Committee, ESG Education

and Professional Development. In addition, we plan to work closely with our third-party resources and our Board and their expertise to enhance our ESG efforts.

1. Incorporate ESG considerations into business analysis and actions;
2. Be active corporate leaders and incorporate ESG issues into our policies and practices;
3. Seek appropriate disclosure on ESG issues by the companies we do business with;
4. Promote acceptance and implementation of these principles within our industry and peers;
5. Work with others to enhance our effectiveness in implementing these principles; and
6. Report on our activities and progress towards implementing sustainable business and social practices.

ESG Advisory Committee. To lead us in this commitment, we have created an active and engaged internal ESG Advisory Committee to promote, monitor and measure the Company's commitment and compliance to responsible investment practices, anti-corruption, health and safety, and its internal environmental management systems. This committee consists of our General Counsel and Corporate Secretary, as well as other senior level representatives from executive leadership and legal/compliance. All ESG initiatives are discussed and agreed on by the ESG Advisory Committee. The committee will meet at least quarterly to review and discuss all responsible investment initiatives, goals, and reporting requirements and report its findings to the Nomination, Governance, and Sustainability Committee of the Board.

ESG Education and Professional Development. The Company has a culture of constant improvement in our ESG efforts supported from the top down. This includes encouraging and sponsoring employee's efforts to participate in ESG-related networking events and continuing education/certification opportunities.

ESG and Sustainability Training. It is our intent to include ESG policy training for employees as part of an annual training framework which we will conduct with the UNGP in mind as well as other resources for employee education.

ESG Collaboration and Resources. The Company will continually be assessing and engaging with third-party resources and the ESG community to help us evolve with our ESG-related initiatives. Examples of these parties include:

- The Sustainability Accounting Standards Board (SASB)
- United Nations Global Compact, Global Reporting Initiative (GRI)
- 1.5°C UN Global Compact

Each of these organizations promote a fair, unified and productive reporting and compliance environment which advances positive corporate ESG actions that promote practices that present new opportunities or that mitigate related financial and reputational risks for the Company and our stakeholders.

Climate Change Policy and Related Risks.

The Company, like all businesses, must consider climate change as a systemic financial risk to its employees, customers and shareholders.

Since 2010 the Securities and Exchange Commission (SEC) has required public companies to disclose to their shareholders any issues related to climate change that could have a significant impact on their business

operations. Those regulations, and U.S. environmental policy in general, are likely to increase in complexity in the future. Some examples of risks include:

- Changing weather patterns can result in temporary or permanent disruptions to supply chains and logistics;
- Emission control systems can be so expensive that public companies are required to report them as business costs;
- Climate change alters consumer behavior, to the detriment of some businesses and the benefit of others;
- Higher prices for goods and services;
- More severe weather - International shipping could become more dangerous. Long-established agricultural regions could be decimated. Coastal communities and infrastructure could suffer repeatedly;
- Changing Demand for Goods - The combination of changing prices and changing weather patterns create changes in demand
- Increased costs to comply with local, domestic and foreign regulations

Accordingly, the Company's philosophy and subsequent policy on climate change is based on 5 precepts:

1. We do not know precisely how climate change will alter the planet, but we do know that the complex environmental impact of climate change will affect the Company's business, our stakeholders, society, and ecosystems; and governments will seek to mitigate its effects with far-reaching regulations.
2. Climate change needs to be managed from a business risk perspective with materiality and proportionality.
3. Companies that persist in treating climate change solely as a corporate social responsibility issue, rather than a business problem, will expose themselves and their shareholders to greater and less predictable risk scenarios.
4. The potential effects of climate on our operations are now more tangible and should be an integral part of our risk mitigation strategy along with our responsibilities as a good corporate citizen and steward of our investor's capital.
5. The Company believes that it is best that we pursue our internal climate change efforts from a science-based target perspective aligned with limiting global temperature rise to 1.5°C above pre-industrial levels.

Our climate change policy is supported and endorsed by our senior management and employees as well as the Board. We believe responsibility for the successful implementation of this program belongs with every employee at each level and function within the Company.

The Company strives to limit its impacts on climate change and to carry out all its business activities in a sustainable manner. We believe that industry has a key role to play in finding sustainable solutions to today's climate challenges. However, all companies have different challenges and as such policies, goals and results should be measured within the context of materiality, resources, and proportionality. In accordance with our climate change policy, we will:

- Reduce the energy used in our operations.

- Implement alternative or renewable energy technologies such as combined heat and power plants and solar panels, where practical to provide additional sustainable energy for our facilities.
- Regularly engage with stakeholders to combat climate change;
- Work with Business Partners to reduce the carbon embedded in packaging materials, the carbon footprint of our Business Partners to minimize their carbon impacts;
- Regularly evaluate and set targets to reduce our supply chain carbon emissions;
- Report our greenhouse gas emissions, targets, results, and activities openly and in accordance with the Greenhouse Gas Protocol or another globally accepted compact or criteria;
- Incorporate these principals into our diligence process including consideration and evaluation of climate-related risks and opportunities that could have significant impact on value; and, finally,
- Actively engage with our portfolio companies on their emission profiles, controls and preparedness to manage climate-related risks.

Enterprise Level Environmental Policy.

Our corporate environmental responsibility efforts begin by making decisions and conducting our business in an environmentally sensitive and proactive manner by conserving natural resources, minimizing waste through recycling, and using renewable and cleaner energy sources when possible. Given that the Company can at any time be operating in several different industries, we approach our enterprise level environmental policy objectives and efforts from a risk-based and materiality standpoint.

The Company believes that material environmental risks and impact criteria are an evolving set of factors that should be considered in our business decisions and risk assessment process. For this reason, we commit to making this policy core to our business plan with implementation executed in a thoughtful and incremental manner to provide the most sustainable positive impact over the long term and expect our dealings with our Business Partners to uphold the standards of this Policy.

Raw materials. In buying and using raw materials, we strive to conserve resources, avoid damage to the environment and protect the health of our employees and the public. It is the Company's responsibility and intention to avoid any actual or potential unacceptable risk arising from the use of environmental damaging chemicals, compounds, or practices. We also will encourage our Business Partners to work jointly with us on improving supply chain environmental safety and sustainability. By engaging proactively, we aim to promote innovation, manage performance and risk, ensure business continuity, and decrease negative environmental impacts.

Energy. For the Company, most of our operations are knowledge-based and take place in offices so energy consumption is relatively minimal. However, as part of our commitment to a sustainable development and the responsible use of resources, we will continuously endeavor to cut energy consumption while increasing the proportion of sustainable energy as well as energy efficient offices and equipment. Our strategy is to reduce our use first, then look for ways to substitute fossil fuels with sustainable energy when possible.

We seek to improve energy efficiency throughout our global operations. This, in turn, will reduce the environmental impact, the strain on the energy supply chain and costs. Our systematic approach to energy management includes:

- Adjusting the range of acceptable temperatures in offices and other workplaces;
- purchasing energy-efficient equipment, including Energy-Star rated equipment;
- changing work processes; and
- and reviewing employees' travel needs.

Water. The Company is dependent on clean water for our operations and some production of certain goods and takes very seriously the effect that the misalignment of supply and demand for freshwater has on the environmental, social and financial ecosystems on which we all rely. We support global efforts to protect and conserve water and to improve access to clean drinking water. Our goal in this effort is to stabilize water consumption despite the growth of our businesses through the evaluation of our operations, supply chain and the wider basin health in the geographical areas in which we operate.

We will adopt water conservation and reduction programs according to local conditions and needs and will work to ensure that that we work with Business Partners who are equally rigorous about their own contributions to water stress.

Air emissions. Our priorities are to avoid pollutants, reduce quantities of pollutants and control remaining pollutant emissions in line with our eco-balance goals. Our overall objective is to keep emissions to the low levels we have achieved in recent years.

CO2e and GHG Emissions. Most greenhouse gases emitted by the Company come from energy consumption and consist, for the most part, of CO2. As the majority of our GHG emissions originate from the use of energy, our goal for improving energy efficiency also applies to GHG emissions, i.e., a 20% reduction, measured in tons per employee, by 2032 from 2023 levels. We do not favor the use of carbon offset as an alternative to driving our own efforts to reduce emissions. We expect to achieve further reductions by substituting fossil fuels with energy from sustainable sources.

Travel. We track and will report our metric tons of CO2 used each year in employee travel. Ground and air travel for 2023 were significantly higher than in 2022 due to several factors including fewer travel restrictions around COVID 19 and increased business need. CO2e emissions from air and ground travel in 2023 were 155.68 metric tons¹.

Move to Paperless. We moved to Office 365 in 2019 and since then accounts payable is paperless, HR is paperless, and payroll is paperless. Moving forward we plan to continue to reduce paper consumption and our wastepaper through use reduction and greater use of cloud-based technologies to help our employees, customers and Business Partners lessen the impact to the environment and communities. The Company is committed to a continual reduction in paper usage down to minimal levels. The Company will also consider ways to encourage reforestation efforts to help offset our paper consumption.

¹ Basis for Calculating Air travel: ¼ ton CO2 emissions per hour of flying on short international flights with an average number of passengers of 333. Basis for Calculating Ground Travel: 14.3kg CO2 per gallon of gas. CO2e is calculated by taking global warming potential (GWP) of CO2 (GWP for CO2 is 1) and multiplying it by the emissions in metric tons so: CO2e = GWP*GHG emission (mt). Summary: 1*155.68 = 155.68mt of CO2e.

Waste management. At the Company, we are committed to the responsible use of resources to reduce waste. We accept responsibility for all waste generated at our operations, including that previously deposited at our sites or at landfills. We have adopted the following waste management policy:

- Avoid generating waste.
- Re-use materials where possible.
- If re-use is not possible, the waste materials are recycled.
- Only as a last resort do we dispose of waste – and only inert materials.
- We permit landfilling only as a last resort and, even then, only for inert materials. Depending on the availability of suitable local waste-treatment plants, we may dispose of non-hazardous general waste in authorized landfills. We prohibit the landfilling of problematic chemical waste.

General waste. General waste encompasses all waste arising from activities other than chemical-pharmaceutical production. It includes paper, cardboard, glass, plastics, wood and electronic equipment and construction waste, which consists mainly of rubble. Waste minimization and reduction measures are not only restricted to production processes but are evaluated and implemented across all operations at the Company. We strive for eco-efficient solutions, which show both a reduction in the environmental burden and an economic benefit, e.g., reduction in raw material and disposal cost.

Electricity, Water and Waste Consumption. The following are the Environmental Sustainability usage metrics for our Irvine and New York offices for 2023².

Electricity (KWH) ³	108,113
Electricity CO ₂ Emissions (mt)	48.8
Water (CCF)	74
Waste (Tons)	
Trash & Food Waste	5.25
Single Stream Recycling	5.13

In 2023 we did not produce any scope 1 GHG emissions and produced a negligible amount of scope 2 GHG emissions in our operations. Scope 3 GHG emissions are limited to necessary employee air and ground travel⁴ and our CO₂e scope 3 GHG emissions for 2023 was 155.68 metric tons. The Company's landlords do not track total waste-water discharge. Accordingly, the Company is not able to calculate its amount of waste-water discharge. However, the Company believes that its total waste-water discharge is minimal and in-line with other companies with similar operations. The Company's Irvine office participates in a water recycling program through the Irvine Ranch Water District.

² The landlord for the Company's New York Headquarters does not have or does not provide water by suite. While we will encourage more transparency on their part, we cannot guarantee this data will be available. However, we will continue to work towards reducing our consumption of water, waste and electricity at this facility and will provide disclosure to the extent available. The Company derives all of its energy from non-renewable sources.

³ 100% of energy is provided by the grid.

⁴ Basis for Calculating Air travel: ¼ ton Co₂ emissions per hour of flying per passenger on short international flights with an average number of passengers of 333. Basis for Calculating Ground Travel: 14.3kg CO₂ per gallon of gas. CO₂e is calculated by taking global warming potential (GWP) of CO₂ (GWP for CO₂ is 1) and multiplying it by the emissions in metric tons so: CO₂ e = GWP*GHG emission (mt).