TWO SIGMA IMPACT

Finding Untapped Value in the Workforce

Created by
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OCTOBER 2020

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Introduction

One of capitalism's great promises, dating back at least to Adam Smith, is that competition in the free market benefits all of society. By many measures, it is true that Americans' standard of living has improved steadily through much of the postwar era. In recent decades, however, something has gone wrong. Amid the rise of automation and globalization, millions of workers are clearly struggling, even as U.S. companies earn record profits.

People can feel themselves losing ground. More than 90% of those born in 1940 earned more than their parents in real terms, but only about 60% of those born in 1965 did. This figure drops to roughly 50% for those born in the 1980s.[1] A majority of Americans today are pessimistic about the future, don't think elected officials care about them, and are unsatisfied with the way capitalism is working.[2,3] Compounding the challenges are a pandemic that has claimed more than 30 million jobs[4] (along with access to healthcare for millions), and the country's continuing struggle for greater equality and justice.

The difficulty millions face in finding solid, meaningful work is directly related to many social ills, while greater availability of good jobs helps individuals and communities to thrive. Indeed, workforce issues are associated with at least six of the UN's 17 sustainable development goals.[5]

High-quality jobs lead to improved economic stability and greater opportunity. They offer a path for underrepresented groups to make real progress, and they lead to rising standards of living and life expectancies. As MIT professor Zeynep Ton notes in a recent Harvard Business Review article, improvements in wages and work conditions contribute to "fewer unmet medical needs, better nutrition, less smoking, less child neglect, fewer low-birth-weight babies, and fewer teen births," among many other positive effects.[6]

Searching For a Better Way

Orthodox management science (embraced successfully by the private equity industry, among others) has incentivized corporate efficiency gains above all. Capital continues to flow toward tech and data-driven businesses, leaving relatively less of it to create and grow businesses that depend more heavily on human labor. Meanwhile, private equity has tended to view labor as a line-item to be reduced rather than a place to invest, resulting in a large blind spot for the industry. What if there were another, more fruitful way of looking at workforce issues?

What if a specific focus on workforce investment—in effect, helping companies create not only more but better jobs—could both benefit workers and unlock previously untapped value for companies? We believe that it can, and this belief lies at the heart of Two Sigma Impact's mission.

A growing body of research, supported by years of practical experience across the Two Sigma Impact team itself, indicates that human capital can be a crucial competitive advantage: something companies should invest in, rather than simply a cost to be minimized. Cultivating good jobs can make companies more valuable not only because engaged employees are more productive than disengaged workers, but also because employee turnover can be a tremendously wasteful expense—two topics we explore later in this paper.

More broadly, we believe that by paving the way for greater acceptance of these views, Two Sigma Impact can contribute meaningfully toward a society in which quality jobs underpin better outcomes across many different dimensions, including stronger communities, broader equality and inclusivity, better health, and greater prosperity.

This paper outlines Two Sigma Impact's approach to workforce as a driver of value-creation not just for workers themselves, but for companies, investors, and society, too. In the following

1 Chetty, Grusky, et al., The Fading American Dream:Trends in Absolute Income Mobility Since 1940, 2016.
2 Pew Research, Many Across the Globe Are Dissatisfied With How Democracy Is Working, 2019.
3 JUST Capital, The Harris Poll, What Americans Want from Corporate America During the Response, Reopening, and Reset Phases of the Coronavirus Crisis, 2020.
4 Department of Labor, July 2020.
5 United Nations Department of Economic and Social Affairs, Sustainable Development Goals. Accessed August 3, 2020. See discussion below for further details.
6 Zeynep Ton, Equality in the U.S. Starts with Better Jobs, Harvard Business Review, 2020.

sections, we summarize some of the main stressors holding U.S. workers and companies back, show how a focus on workforce investment can help, and finally explore the positive impact we believe this approach can create.

Key Stressors Holding U.S. Workers—and Companies—Back

A powerful confluence of social, economic, and policy trends over the past several decades has weighed on incomes and opportunities for millions of Americans. These developments have been especially detrimental to those with lower levels of educational attainment, or with skill sets that are becoming less competitive in the face of both globalization and rapid technological change. Positioning workers to survive and thrive in the face of these trends is among the central social challenges of our time.

Globalization, Automation, and Skills Obsolescence

Globalization and automation have led to significant changes in labor patterns felt widely across the American workforce. Together, according to MIT economist David Autor and others, these two factors have demonstrably reduced demand for "routine" skills—initially for repetitive manual skills, but with the rise of computerization, increasingly for cognitive skills, as well.[7] These developments, they find, have contributed to increased economic inequality and led to greater overall polarization of the labor force: while many routine jobs have been offshored or automated away, both manually intensive jobs and those requiring more abstract reasoning have either gained traction or stayed comparatively safe, so far.

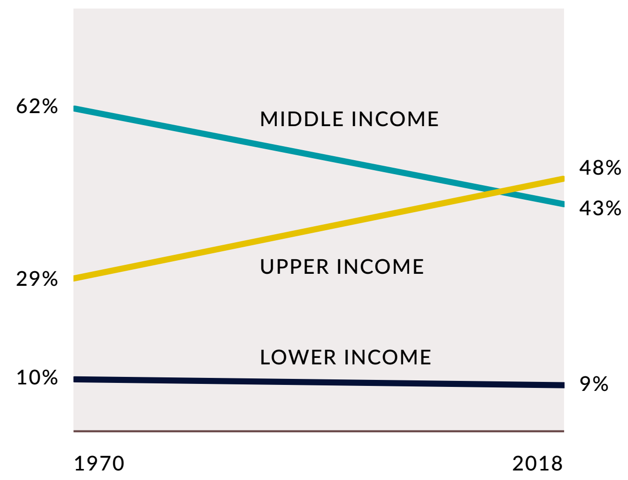
Against this backdrop, skills obsolescence has become a significant headwind for many in the middle. Recent years have seen a growing acknowledgment of the importance of STEM skills to "prepare workers for tomorrow," but neither the education system nor adult retraining programs have broadly helped the workforce to keep pace. Notably, in a 2018 World Economic Forum survey, more than 25% of adults globally "reported a mismatch between their current skill sets and the qualifications required to do their jobs."[8]

Exponential gains in computing power, innovations like artificial intelligence, and the rise of big data further threaten the prospects of workers who lack the skill mix to leverage them. It's true that in some cases, technology complements existing jobs and creates new ones. Still, one frequently cited University of Oxford study argues that roughly 47% of U.S. jobs have a "high probability" of being automated or computerized within a decade or two.[9] Perhaps surprisingly, among the at-risk occupations listed are traditionally human-centric, non-manual jobs like sales, office and administrative support, and other types of service-related work.

Income Gaps Are Widening

The effects of these trends are troubling. While U.S. median wages have managed to grow (albeit sluggishly) over the past several decades,[10] those in the middle- and lower-income brackets are taking home a much smaller share of the nation's aggregate income now than they were 50 years ago (see chart below).

SHARE OF U.S. AGGREGATE HOUSEHOLD INCOME BY INCOME TIER, 2018 DOLLARS



Source: Pew Research Center. Shares may not sum to 100% due to rounding.

7 Autor, Dorn, and Hanson. Untangling Trade and Technology: Evidence from Local Labour Markets, 2015.
8 World Economic Forum, Towards a Reskilling Revolution, 2018.
9 Frey, Osborne, The Future of Employment: How Susceptible Are Jobs To Computerisation?, 2013.
10 Pew Research Center, For most U.S. workers, real wages have barely budged in decades, August 2018.

Many of the fastest growing job categories in the U.S. today are relatively low-skill, low-wage occupations (see chart on right). That's both good and bad news. While it's helpful that work may be available at the lower end of the skills spectrum, those jobs frequently don't offer many benefits, opportunities for advancement, or meaning for the people who hold them. In fact, most of the top 20 fastest-growing jobs pay less than the median wage.[11] They are unlikely to help workers regain the ground so many have already lost.

OCCUPATIONS WITH MOST PROJECTED NEW JOBS
(Boxed occupations do not require a college degree)

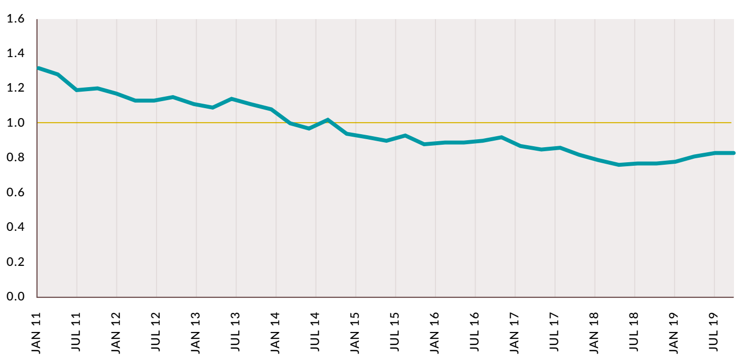
OCCUPATIONS	NUMBER OF NEW JOBS (PROJECTED, 2018-2028)	2018 MEDIAN PAY
PERSONAL CARE AIDES	881,000	$24,020
COMBINED FOOD PREP. & SERVING WORKERS, INCLUDING FAST FOOD	640,100	$21,250
REGISTERED NURSES	371,500	$73,300
HOME HEALTH AIDES	304,800	$24,200
COOKS, RESTAURANT	299,000	$27,790
SOFTWARE DEVELOPERS, APPLICATIONS	241,500	$103,620
WAITERS AND WAITRESSES	170,200	$22,890
GENERAL AND OPERATIONS MANAGERS	165,000	$100,780
JANITORS & CLEANERS, EXCEPT MAIDS & HOUSEKEEPING CLEANERS	159,800	$27,430
MEDICAL ASSISTANTS	154,900	$34,800
CONSTRUCTION LABORERS	148,100	$36,860
LABORERS & FREIGHT, STOCK, AND MATERIAL MOVERS, HAND	144,000	$29,510
MARKET RESEARCH ANALYSTS AND MARKETING SPECIALISTS	139,200	$63,790
NURSING ASSISTANTS	135,400	$29,660
MANAGEMENT ANALYSTS	118,300	$85,260
FIRST-LINE SUPERVISORS OF FOOD PREPARATION & SERVING WORKERS	107,200	$33,400
LANDSCAPING & GROUNDSKEEPING WORKERS	106,400	$30,440
FINANCIAL MANAGERS	104,700	$129,890

Source: Employment Projections program, U.S. Bureau of Labor Statistics, via Ton, *Equality in the U.S. Starts with Better Jobs*, Harvard Business Review, 2020.

Employers Report Difficulty Filling Roles

Workers aren't the only ones bearing the brunt of these challenges. U.S. employers consistently report difficulty in hiring and retaining the workers they need. Over the past decade, the ratio of private-sector hires to job openings has steadily fallen, indicating that companies find it harder and harder to fill their open positions (see chart below).

RATIO OF TOTAL NONFARM HIRES TO JOB OPENINGS



Source: U.S. Bureau of Labor Statistics, quarterly, seasonally adjusted. Retrieved from FRED, Fed-eral Reserve Bank of St. Louis, Aug. 3, 2020. A ratio greater than 1.0 indicates that businesses hired more employees during the month than they had jobs remaining open at the end of the month. A ratio less than 1.0 indicates fewer hires during the month than there were open jobs at the end of the month.

This unmet need for workers represents an opportunity cost for companies in terms of foregone productivity. Moreover, even backfilling a role can be tremendously expensive: an average of 20% of annual salary for midrange positions, according to one study, and 16% for high-turnover, lower-skilled roles.[12] In industries like retail and wholesale trade, where employee turnover can reach past 60% annually (and for some companies is much higher),[13] it's clear that the current dynamic isn't working optimally, either for companies or their workers.

A Mismatch Between the Skills Companies Want and the Quality of Jobs Workers Need

One reason there can be both millions of jobs available and millions of U.S. workers unable to find a suitable role may be that too many of the jobs on offer are incompatible with available workers' actual needs, including wages, benefits, training and career paths, and dignity and purpose. In other

11 Zeynep Ton, Equality in the U.S. Starts with Better Jobs, Harvard Business Review, 2020.
12 Boushey, Glynn, There Are Significant Business Costs to Replacing Employees, 2012. Center for American Progress.
13 2018 Mercer US Turnover Survey of 163 U.S. organizations, via the Society for Human Resource Management, 2019.

words, part of the reason companies report difficulty in hiring and retaining people is that qualified workers are unwilling to accept the terms of employment being offered. From a benefits perspective, consider that among U.S. private employers, as of 2019 only:[14]

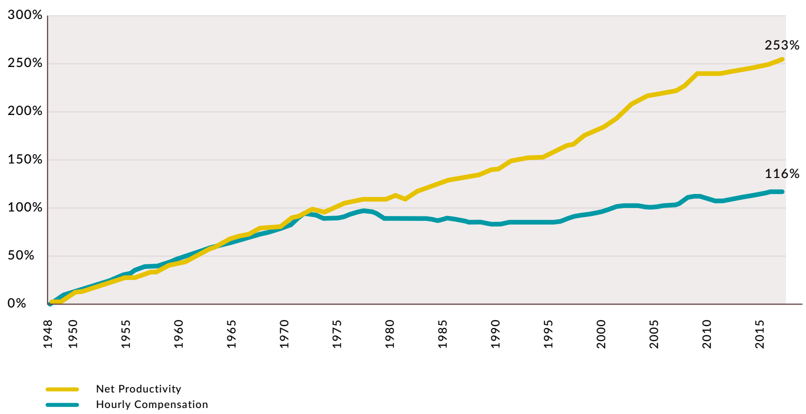
- 64% offer a defined-contribution retirement plan
- 49% participate in a medical plan
- 18% offer paid family leave

On each count, and others besides, the U.S. stands out among developed nations for the number of its citizens lacking access to such basic components of economic security. Yet, as we've seen, it is not only workers, but companies themselves, who pay the price.

Management Science and the Efficiency Imperative

Management science has played a role in de-emphasizing the value of investing in the workforce. As Harvard's Clayton Christensen and Derek van Bever have argued,[15] investment that creates jobs tends to be companies' third-favored option, behind substitutive innovation (replacing an old product with a new one, which tends not to create new jobs) and efficiency innovation (finding ways to cut costs, which almost always results in job losses). In effect, human workers are too often seen as a drag on financial performance—a necessary expense that's best to minimize as much as possible. As a result of this mindset, even as workers have become steadily more productive throughout the postwar era, compensation growth has failed to keep pace for the last fifty years (see chart below).

PRODUCTIVITY GROWTH & HOURLY COMPENSATION GROWTH, 1948-2018



Source: Economic Policy Institute, The Productivity–Pay Gap, 2019.

Disengaged Workers: "Silent Killers" for Companies

Though a skeptic might argue that investing meaningfully in workers is simply adding costs, we believe that in many cases the opposite is actually true. Consider that in 2019, voluntary turnover alone cost U.S. industry in excess of $630 billion, an increase of $30 billion over 2018.[16] Additionally, organizations whose workforces rank in the top quartile for employee engagement are more than 20% more profitable than the bottom-ranked group globally.

This is good news for companies with high employee engagement, but they are in the minority; as of July 2020, a full 47% of U.S. workers surveyed said they were not engaged with their work, while 13% reported being "actively disengaged" from it, meaning they "are resentful that their needs aren't being met and are acting out their unhappiness."[17]

Dissatisfied and disengaged workers are "silent killers" for companies. Seen through a different lens, however, we believe the problem contains the seeds of its own solution: investing in workforce is a major opportunity.

> "...as of July 2020, a full 47% of U.S. workers surveyed said they were not engaged with their work, while 13% reported being 'actively disengaged' from it, meaning they 'are resentful that their needs aren't being met and are acting out their unhappiness.'"

14 U.S. Bureau of Labor Statistics, Employee Benefits Survey, July 2020.
15 Christensen, van Bever, The Capitalist's Dilemma, Harvard Business Review, 2014.
16 2020 Retention Report, Work Institute, 2020.
17 Gallup, Employee Engagement: Maximizing Employee Potential. 2019.

How Two Sigma Impact Can Help

The issues outlined above are complex, intertwined problems for both workers and companies. Two Sigma Impact's approach to addressing them began with asking questions:

- What if we could help the companies we invest in a) demonstrably improve their financial performance and b) find and retain the best people more easily, by making smart investments in their workforces?
- If we could help more companies do this in a scalable, repeatable way, what are the implications both from an investment and a social perspective?

Having set out to explore these and related questions, the Impact team, in conjunction with several key partners, developed a research framework to organize a broad range of evidence in support of our investment thesis: investing in workers drives good jobs and positive financial outcomes.

Our own experiences and observations, coupled with research by ourselves and partner organizations like the Good Jobs Institute and JUST Capital, demonstrate the acute need for better human capital management that taps human creativity, unlocks discretionary effort, and provides continuous learning and pathways for employee development. Driving these things is good for both workers and for employers, too. We've certainly observed this dynamic over the almost 20-year history of Two Sigma itself. We've learned a great deal about human capital management in building and shaping Two Sigma, and we're excited to leverage our experience—and the frameworks and tools we're building for the Two Sigma Impact portfolio—to continue to drive high performance and retention rates in the diverse businesses we invest in.

A Different Starting Point

We are certainly not the first business professionals to study the relationships between investing in workforce and financial outcomes, though we may be the first to do so in such a targeted way, in a private equity context, using the scientific method as a basis.

To advance our thesis, we reviewed the existing research on good jobs and valuable employers. Collaborating with various research partners, we gathered, analyzed, and qualified 448 statistics from 191 sources to understand the current landscape of public research on good jobs, ranging from academic studies to news reports. We developed an initial Workforce Impact Model concept by mapping statistics to A→B→C relationships. This A/B/C framework has given us a language for talking about nuanced concepts and relationships among people and outcomes that are present, yet not always visible or well-understood, in organizations.

A **Workforce Levers** | Productized Interventions

Develop tailored human capital responses to specific business problems.

B **Good Jobs** | Social Impact

Develop and refine a working definition of "good jobs" to evaluate social progress.

C **Financial Outcomes** | Business Impact

Understand the links between workforce levers pulled, good jobs created, and financial metrics.

Our investment and operating team members have deep investing, governance, and human capital expertise, and this framework has helped us delineate "levers" we've pulled in the past to the benefit of employees and the bottom line. We define "workforce levers" as actions we can take to improve both jobs and financial outcomes in the organizations we invest in through our active ownership. This framework has given us a common language for talking about cultural and financial health and the interplay between the two. It has helped us communicate and align with our multidisciplinary internal and external partners who have added diverse perspectives and insight to this work.

Our Workforce Impact Strategy[18]

One of the most critical levers we can pull is listening to employees. We believe that an intense focus on a potential portfolio company's entire workforce, coupled with the application of social data science, can be a critical strategic differentiator—especially if that focus is applied reliably to each stage of the investment process.

On a practical level, beyond hearing the voice of the worker, how will Two Sigma Impact create more—and better—jobs for humans through our work?

First, we plan to find and invest in businesses where humans are critical to the delivery of a service or product. We are currently focused on four verticals — education & training, consumer, healthcare, and business services. These industries represent ~50% of the U.S. economy and are expected to create over 5 million jobs by 2028.[19]

Second, we plan to find and invest behind management teams who are aligned with our values on workforce issues. We intend to look for teams who see investing in workforce as an accelerant of value, not just another hoop to jump through "for the sponsor" in diligence. We are seeking to invest in teams who are excited to learn with us and from our strategic partners, as we collaborate to add to the growing body of knowledge on good job creation.

We plan to partner closely with these teams and our strategic partners to identify and invest in workforce transformation initiatives that have a high likelihood of creating not just more, but better, jobs for workers, given the industry they're in. As an example, when we looked at a retail business earlier this year, we partnered with the Good Jobs Institute, which has deep expertise in what makes a good job in retail. Through this pilot together, we gained a deeper understanding of what it would take to grow good jobs and financial performance in an operationally complex consumer business with a large front line workforce with high turnover. Though we didn't end up making this investment, the lessons we learned have informed our investment process since then.

We believe this work also validated our point of view that asking workers what would make their job better reveals interesting and important things you won't hear in the boardroom. While asking front-line workers what they think about their job is not a widespread practice in private equity today, we hope it will be in the future.

Third, we plan to explore efficient and effective ways to test and measure what we do in our portfolio companies to drive learning and continuous improvement. We aim to share our learnings and insights for the benefit of private equity as an industry, and in the hopes of supporting the growing good jobs ecosystem in the broader economy.

Importantly, we see these strategies and activities as business imperatives, not a form of charity bolted on to an otherwise for-profit strategy. We see workforce investment as a path to alpha for our investments. And if we can show we are right, we believe others will follow, in ways that might not be true if we were willing to accept even an ounce of concessionary returns.

> "We are seeking to invest in teams who are excited to learn with us and from our strategic partners, as we collaborate to add to the growing body of knowledge on good job creation."

Influencing and Measuring the Growth of Good Jobs

At Two Sigma Impact, we bring a product and growth mindset to workforce strategy and operations. We expect the companies we invest in to grow during our ownership, both financially and in terms of total employment, as well as in the percent of good jobs. This mindset also means that we see workers as customers with a diverse set of needs, not simply as uniform cogs in the wheel of the enterprise. We aim to cultivate opportunities for workers to grow during our ownership. We believe that good jobs should allow for real-time learning, and we will help our companies lean into the processes, tools, and data capabilities that can empower

18 There can be no assurance that Two Sigma Impact will be able to implement this investment strategy and investment approach or achieve its investment objectives. Please see "Important Information" at the end of this document for important disclaimers.
19 U.S. Department of Labor – September 2019.

more of their workers to succeed and grow beyond their current roles. In some cases, this may mean growing even beyond the walls of the company and becoming valued alumni.

Given our focus on education and training, we plan to invest in "enabling" businesses as well as employers—meaning those businesses which help to drive workforce readiness. In such cases, we will endeavor not just to drive and measure good jobs at the companies themselves, but also the good jobs created or enabled indirectly through their products and services.

We developed a working "good jobs" definition through the following process:

1. **We designed and deployed a workforce survey instrument (A→B).** Informed by existing survey constructs and research, we designed and deployed an 80-item survey to ask 1000+ U.S. workers whether they have what they and the external research would define as a good job.

2. **We analyzed the survey results.** We analyzed data to understand how respondent perceptions of different aspects of their experience at work related to self-reported and externally validated indicators of a good job and financial outcomes.

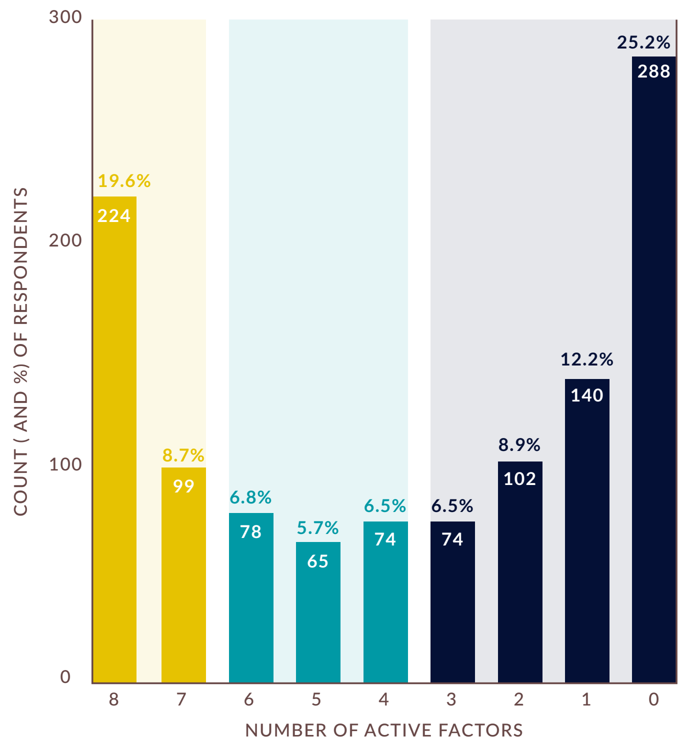
3. **We constructed a definition.** We defined a prototype good jobs construct and definition driven by eight statistically derived factors, and examined a job's fit with these factors linked to financial outcomes. We observed a meaningful association between the number of factors present at a company, and better financial performance, customer satisfaction, and innovation—relationships we will explore further in testing.

8 ESSENTIAL FACTORS OF A GOOD JOB

Best Self	Promising Future
Professional Pride	Collaborative Work
Connected Supervisor	Sufficient Flexibility
Attuned Leadership	Basic Job Needs

At this point in our research, our working definition of a good job is one where at least seven of the eight factors are active (see charts this page). As we begin to marry employee sentiment data with objective workforce data in our companies, we plan to verify linkages and disconnects between voice of the worker and indicators of a good job, as well as with financial outcomes. We plan to analyze these data sets to ensure we're growing the number and proportion of good jobs in our portfolio companies. We expect this ongoing work to inform both our research and value creation plans.

WE CURRENTLY DEFINE A GOOD JOB AS ONE WHERE 7 OR MORE OF THE 8 FACTORS ARE ACTIVE



GOOD JOB ZONE
Respondents answered favorably to 7 or 8 of the eight essential factors

28% of respondents had 7 or 8 active factors

OPPORTUNITY ZONE
Respondents answered favorably to 4 to 6 of the eight essential factors

19% of respondents had 4 to 6 active factors

REMEDIATION ZONE
Respondents answered favorably to 0 to 3 of the eight essential factors

53% of respondents had 0 to 3 active factors

In our next phase of research, we plan to test our working good jobs definition at our portfolio companies. Partnering with management teams, we plan to deploy our workforce survey and study which factors are activated across which segments of the workforce—and why. We will work to understand how our workforce actions drive a higher percentage of good jobs, and in turn drive improved financial outcomes. We expect these insights to guide what we do with our companies and management teams around workforce.

While there is no silver bullet for creating good jobs and building great workplaces, there are a large number of best practices we plan to use as guides. Our investment team members have a great deal of experience behind us, but an open mind as we look ahead. What's more, we hope to share what we learn through case studies to help more companies and private equity firms design and implement actionable workforce impact practices.

"The strategy's greatest impact, we believe, will be the role that Two Sigma Impact and its portfolio companies can play together in encouraging broad societal change."

The Impact We Can Make—Together

Improving the number and quality of jobs at portfolio companies, and helping those companies become more valuable, are worthy goals. However, Two Sigma Impact's mission goes further. We believe our approach, if scaled over a diverse array of portfolio companies, stands not only to benefit thousands of workers directly, but to drive broader change that ultimately helps alleviate some of the key stressors on workers and companies noted above. The strategy's greatest impact, we believe, will be the role that Two Sigma Impact and its portfolio companies can play together in encouraging broad societal change.

Driving System Change

We strongly believe that we cannot solve our biggest social issues without addressing jobs. Workforce issues bear directly on many of the United Nations' Sustainable Development Goals, including eradicating poverty, fostering good health and well-being, providing access to quality education, supporting economic growth, and reducing racial, gender, and economic inequality.

Impact private equity investing may not be able to change the world by themselves, but we believe their example can. The private equity industry, which in North America represents roughly $2.3 trillion in total assets,[21] employs roughly nine million Americans[22]—which means that any one fund can only have so much direct impact. However, we believe that there is enormous potential in showing that disciplined and strategic investments in workers can drive outsized value in companies.

The benefits of increasing both the number and quality of jobs—and showing how doing so can help companies grow—we don't expect to stop with the workplace, but to flow to households, communities, and beyond. By sharing new insights and knowledge not only within the investment management community but among academics, policymakers, foundations, and others who share our vision, we aim to cultivate a vibrant research ecosystem that helps drive meaningful social change.

Along the same lines, Two Sigma Impact aims to be on the forefront of ESG measurement and compliance, and to capture data and stories indicating our positive impact beyond workforce issues wherever applicable. Additionally, we intend to work closely with the companies we invest in to use evidence-based best practices to foster robust diversity, equity, and inclusion programs, policies and processes. Such efforts will aim to support company cultures in which employees at all levels can thrive, knowing they belong. While much research shows greater diversity and inclusion improves businesses, Two Sigma Impact

20 2020 Preqin Global Private Equity & Venture Capital Report.
21 Prequin, as of December 2019.

strongly believes that actively working toward these goals is also the right thing to do.

Because we seek values alignment as part of our diligence screening efforts, it is our belief that we will attract companies that provide social goods outside of workforce issues, and we will aim to foster and measure those other forms of social impact where relevant.

Leading the Way

Private equity continues to evolve, initially from financial engineering to operational and strategic engineering, and now towards data engineering and broader stakeholder focus. Two Sigma Impact aims to help lead the way.

We are not the first private equity group to try to improve companies' financial performance by elevating workforce issues, and "doing well by doing good" is not a new concept. Yet few others in the space have focused so specifically on these issues, along with their effects on both the bottom line and broader society.

Our focus is narrow but deep. While there are many ways a private equity firm can encourage positive social change, our efforts in this space are devoted entirely to the "how" of driving value creation through improvements to workforce engagement and productivity.

Conclusion

Workers, particularly middle-skill workers, face a daunting array of chronic pressures, ranging from increased automation and globalization to skills obsolescence and a system of market incentives that values near-term efficiency measures above all. Moreover, the difficulty millions of workers face in finding high-quality jobs feeds directly into other crucial social issues, making it harder for families to raise children in a healthy and constructive environment, for underrepresented groups to overcome the many hurdles they still face, and for society as a whole to thrive.

Two Sigma Impact's mission is to drive positive social change along all these dimensions. We aim to add sophistication to how to make workforce investments beyond what other private equity firms have done in the past. Moreover, we believe that by demonstrating that our strategy can work commercially, we can make the case for real system change. Finally, we hope that impact investing will move from simply exploring the overlap between the social and the commercial to studying it scientifically and developing repeatable playbooks for companies to follow.

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