



KOPERNIK GLOBAL INVESTORS, LLC ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (“ESG”) PRINCIPLES

Kopernik’s investment philosophy is built upon a long-term perspective. Investing for the long-term benefit of our shareholders is our principal objective. Making decisions based on potential short-term gains, at the expense of long-term returns, is contrary to what we do. We expect the same from the companies in which we invest.

As stewards of capital, we look to invest in companies that can deliver favorable risk-adjusted returns on a sustainable basis. Our investments must meet our stringent value-oriented investment guidelines. It is our belief that sound Environmental, Social, and Governance (ESG) practices are important in maintaining and growing the intrinsic value of the underlying business. Our philosophy on corporate sustainability and ESG practices is consistent with our overall investment approach, stemming from the conviction that the companies in which we invest should act ethically and in the best interest of **all** corporate stakeholders across the value chain, including the following: employees, customers, suppliers, community members, the government, and shareholders. It seems intuitive that companies that practice these values are more likely to attract and retain top-notch employees, loyal and satisfied customers, and welcoming communities. They are less likely to encounter opposition and appropriations.

Kopernik takes an active approach to addressing corporate governance and fulfilling its fiduciary duties. Rather than passively avoiding certain companies, we prefer to engage companies, where possible, to promote positive change in their treatment of ESG issues. We do not do this for altruistic reasons; rather, we believe such practices manage risk and increase shareholder value over the long term.

We are proud to inform you that, in the second half of 2018, Kopernik announced its decision to sign on to the United Nations-supported Principles for Responsible Investment (PRI), a leading global network for investors who are committed to integrating environmental, social and governance considerations into their investment practices and ownership policies. We believe in their goal of increasing transparency and specifically requesting that companies maintain publicly available reporting on ESG policies. We have found both the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council’s frameworks to be particularly helpful for determining the materiality of ESG disclosures.

We integrate ESG principles into the investment process in two ways:

- I. **Stock selection:** Equitable and judicious treatment of employees, customers, shareholders, the community, government and the environment are among the factors we look for when valuing a company and determining whether to invest. Analysts include material industry-tailored ESG factors on a company-by-company basis in their reports.
- II. **Shareholder engagement:** We periodically reach out to the companies in which we invest to inform them of our position on various issues, including executive compensation and option compensation. Through face-to-face meetings, letters or other correspondence, we make a concerted effort to convince company managements of the benefits of incorporating sound ESG principles in their capital spending and operational decisions. At minimum, we will send letters each year to companies in which we hold greater than 0.50% of outstanding shares notifying them of our values and expectations.

To aid us in conducting our analysis, we request full transparency with regard to ESG factors. Specifically, we request that companies maintain publicly available reporting on Environmental, Social and Governance policies. We know that all companies face pressure from more short-sighted shareholders to maximize immediate-term profits, even at the expense of creating long-term value. However, we publicly voice our support for companies to embrace transparency and responsibility on behalf of the broader community of stakeholders affected by their operations and shareholders such as ourselves and our valued clients.

We welcome any questions, feedback and discussion.

