



April 19, 2018

Re: Investor's Exchange LLC rule change establishing LTSE Listings on IEX (Release No. 34-82948; File No. SR-IEX-2018-06)

At Inherent Group, we believe that businesses that appropriately incorporate material sustainability factors into their strategy, operations, and culture will outperform over the long term. Furthermore, we believe that businesses have a unique role to play in addressing environmental and social challenges through product innovation, operational excellence, and sustainability advocacy.

Today's public markets often push companies to focus on short-term returns. This can lead businesses to de-emphasize important long-term investments including a focus on material ESG matters. Furthermore, this short-term pressure has contributed to the declining number of IPOs. Short-term pressures also tend to reduce transparency into information relevant to investors like us who focus on long-term performance. Therefore, we welcome the creation of a new listings option with key innovations in listing standards to better align investors like Inherent Group with companies focused on long-term value.

We are generally supportive of the proposed standards as they relate to many issues that we believe are important. First, we support increased transparency where it provides valuable information to investors. We believe that companies should identify sustainability issues that are financially material to their businesses, set long-term targets, and report publicly on their performance. We also believe that companies should make their policies on issues such as diversity, supply chain management, the environment, and community publicly available.

Companies operating in a sustainable way see their employees as a critical asset and invest in their training and development. However, current accounting standards and disclosure policies do not recognize this as investment, therefore disincentivizing such expenditures. The proposal to separately report on human capital investment is a step in the right direction.

We also believe that boards should play an even more active role in long-term strategy. Transparency around a company's long-term goals and metrics and the creation of a board committee with this charge will help to advance this objective. Similarly, we support the goal of aligning executive compensation with long-term performance through longer equity award vesting periods and performance metrics such as economic value added.

Finally, while we generally prefer single-class share structures, we support mechanisms that reward long-term shareholders with a greater say in corporate governance issues than short-term shareholders. However, such mechanisms must maintain management accountability, preserve adequate liquidity in the public markets, and balance the interests of small and large—and short-term and long-term—shareholders.

We believe that LTSE Listings on IEX will help to create an ecosystem rooted in transparency that aids long-term investors like us in identifying and engaging with our target investment opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read 'TD', with a long horizontal flourish extending to the right.

Tony Davis
CEO, Inherent Group