



2017 IMPACT REPORT

INVESTING IN SUSTAINABLE GROWTH



Message from the Partners

Arborview Capital was founded in 2008 to invest in high growth, impact-focused companies that can deliver top tier financial returns. All of our portfolio companies are mission-driven in areas such as energy and water efficiency, resource efficiency, sustainable food production and health and wellness. We seek opportunities to work with businesses and create stakeholder value while building a more sustainable and cleaner economy.

We also work hard to be good stewards of the capital committed to us by our like-minded investors and to provide as much visibility as possible into our impact and sustainability initiatives. This is our first Impact Report and we have included case studies which examine how sustainability creates value at our portfolio companies.

We incorporate environmental, social and governance (ESG) metrics and analytics into all of our investment and management decisions. Our fund and each of our fund's portfolio companies are GIIRS rated, an impact rating system widely recognized in the impact community. After receiving our initial ratings for 2015, our portfolio companies expended significant effort in improving those ratings during 2016. We are happy to report that our fund and portfolio companies made material progress during the year in improving measurable impact. Vital Farms was the first of our portfolio companies to become a Certified B Corp and Rachio became a Certified B Corp in 2017. The report that follows contains some of the highlights of these ratings, as well as case studies of some of our portfolio companies and how they are achieving impact. Our objective with each of our companies has been to create a culture of continuous improvement in attaining operational, financial and impact goals.

We are also humbled to have received recognition within the impact community for our efforts. We have been named a Best for the World Fund by B Lab and we were named by ImpactAssets to the ImpactAssets50, the leading 50 impact investment firms in the world. We are proud to have been selected for both of these awards and are working hard to ensure that we do as well or better in 2017. We have also made the development of the broader impact community a priority for our firm. Our partners have been involved in the impact initiatives at two of the country's leading business schools. We see these initiatives as critical to the long term health of the impact ecosystem, attracting talent, capital and resources to ensure that impact grows as an important force across the business landscape.



We thank you for your support and commitment to investing in sustainable growth.

Karl Khoury
Co-Founder and Partner

Joe Lipscomb
Co-Founder and Partner

Brian Lee
Partner



	YEAR	SCORE	OPERATIONS	IBM	ENVIRONMENT
Arborview Capital Partners LP	2015		Rated	SILVER	PLATINUM
	2016		Rated	BRONZE	PLATINUM
	2017		★★★	BRONZE	PLATINUM
Drexel Metals	2015	46	Rated	SILVER	GOLD
	2016	62	Rated	BRONZE	SILVER
	2017	100	★★★	GOLD	PLATINUM
 Rachio	2016	63	Rated	BRONZE	GOLD
	2017	91	★★★	SILVER	PLATINUM
Shenandoah Growers	2017	68	Rated	BRONZE	SILVER
 Vital Farms	2014	82	Rated	GOLD	PLATINUM
	2015	82	Rated	GOLD	PLATINUM
	2016	72	Rated	BRONZE	GOLD
	2017	81	★★★	BRONZE	GOLD



The GIIRS Rating is powered by the B Impact Assessment (BIA). The BIA measures the overall impact of a business on all of its stakeholders. Each company receives an overall B Impact score and two ratings.

IBM RATINGS

The IBM Rating reflects the company's impact business model performance through medal designations, segmented by quartile performance on a relative scale. This rating recognizes business models designed to solve social or environmental problems.

Examples include:

- Socially or environmentally focused products & services
- Underserved beneficiaries such as customers, employees, or suppliers
- Innovative ownership & operation models

OPERATIONS RATINGS

The Operations Rating reflects the company's performance on the operations section of the assessment, reflected on a 1-5 star scale based on quintiles of relative performance. Measures impactful practices, policies and achievements related to companies' governance structure, workers, community engagement, and environmental footprint.

CASE STUDY: LRI Energy Solutions



LRI Energy Solutions is the market leader in advanced energy and water efficiency services for government, institutional and commercial buildings provided through the design and delivery of innovative building efficiency projects managed by energy services companies (ESCOs) that generate ~35% – 40% in savings. LRI's unique competencies, comprehensive capabilities, geographical reach and unparalleled execution track record have produced established partnerships with clients, leading to highly recurring project flow and increasing barriers to entry. LRI is a trusted partner to the top ESCOs as evidenced by average client tenure of 16+ years and consistent expansion of market share. To date, LRI has over 81.5 kWh and 5.1 gallons of water saved.



KEY STATS

WASHINGTON, D.C. METRO

Headquarters

650+ PROJECTS

Completed Since 1991 Founding

#1 MARKET POSITION

Federal / MUSH Market

0.72 EXPERIENCE MODIFICATION RATE

Impeccable Safety Record

300+ YEARS COMBINED

Management Experience



SELECT BLUE-CHIP CLIENTS

AECOM

conEdison

AMERESCO

Constellation
An Exelon Company

ESG
ENERGY SYSTEMS GROUP

Johnson Controls

FPL

MIDSTATE Energy



Washington Gas

McKinstry
For The Life Of Your Building

SIEMENS

ENERGY

- > LED (street, parking, building)
- > LED high mast lighting and controls
- > Lighting controls and daylight harvesting
- > Wireless exterior and interior controls
- > Interior / exterior / runway

WATER

- > Water harvesting and re-use
- > HVAC optimization
- > Stream efficiency
- > Irrigation systems and management
- > Green roofs

OTHER MEASURES

- > Steam optimization
- > Building envelope
- > HVAC rejuvenation
- > Cooling water optimization
- > Cooling system O&M
- > Thermal restoration of buried piping

NATIONAL PARK SERVICE

LRI completed the successful installation of water and irrigation measures for the nation's landmarks and will continue to provide monitoring services for 20+ years

SITUATION OVERVIEW

- National Park Service consistently experienced water over-usage and paid high premiums for its water use
- LRI optimized water use for landscape irrigation and plumbing spread across the National Park Service National Capitol Region

RESULT & FUTURE

- Irrigation improvements, sub-metering and leak detection **reduced** end-customer's annual water bill from **\$500,000** to **\$90,000**
- Performed ongoing post-retrofit measurement and verification of all equipment to verify performance and provide annual maintenance services
- Completed a rain water harvesting design for the Lincoln Memorial

FORT BLISS

Since 2008, LRI has designed and implemented multiple phases for Fort Bliss, including one of the industry's largest and most comprehensive lighting energy savings performance contract projects

SITUATION OVERVIEW

- LRI designed and implemented lighting and controls measures for Ft. Bliss from 2008 through 2013
- \$14 million total contract value makes it one of the largest single lighting projects under any ESPC

RESULT & FUTURE

- LED implementation has resulted in **annual savings of 7.9 million kWh**, a **56% savings rate**
- The next phase of this recurring relationship includes a broader scope: LRI has been awarded a \$6.8 million advanced irrigation project
- Potential to perform additional ECMs in solar thermal, solar cooling and smart grid in future repeat projects



CASE STUDY: Shenandoah Growers



Shenandoah Growers is one of the largest providers of organic herbs in the United States and utilizes vertical farming, conventional farms, and greenhouses. SGI built the country's first USDA certified organic greenhouse, which employs patented and proprietary technology with best-in-class water efficiency, irrigation, fertilization, LED lighting and nutrient systems. SGI's vertical farming uses less water and land resources and limits pollution and other negative impacts on the environment.

ENERGY EFFICIENCY

SGI's best-in-class greenhouse technology employs gutter systems and LED nurseries to produce 800 units per square meter per year, utilizing 0.5 kWh of energy per unit on average. In comparison, output from a traditional greenhouse growing in the ground produces 100 units per square meter, utilizing 3.5 kWh of energy per unit.

SUSTAINABILITY

SGI employs a closed water system in which all access water is collected, filtered, and reused. This approach utilizes less than 2 liters of water per square meter per day, or one-tenth that of any open loop or outdoor system. Other measures taken by SGI to foster sustainability include:

- Rain water is collected from roof surfaces
- No pesticides are used - only natural products and predators
- No synthetic fertilizers are used - only natural products
- The supply chain is vertically integrated, which is critical to the supply of fresh cut raw material



Other Portfolio Companies



RACHIO provides a smart sprinkler controller that brings the smart home outdoors and allows users to manage their sprinkler system from any smart mobile device. It can save users up to 50 percent off their monthly water bill and has helped save more than 3.3 billion gallons of water to date. According to the EPA, some experts estimate that as much as 50 percent of water used for irrigation is wasted due to evaporation, wind, or runoff caused by inefficient irrigation methods and older legacy systems. Driven by intelligent, cloud-based software, Rachio analyzes recent and upcoming weather, humidity levels, as well as personal soil types and lawn conditions, to adapt to each individual yard. Rachio is a Certified B Corp.
www.rachio.com



VITAL FARMS is the largest national supplier of pasture-raised eggs and grass fed butter. Its core mission is to bring ethically and sustainably produced food to the table. It currently coordinates with over 90 family farms that are committed to organic agricultural practices and humane treatment of farm animals. Pasture-raised eggs are simply the best eggs that you can find: Laid by hens that get to spend their days outside on fresh pastures – not cooped up in small cages or huddled by the thousands in cage-free barns. The eggs are simply better in every way. They taste better. They look better. They're better for you. With 108 sq ft of pasture for each hen to roam, the hens that lay our eggs live happy, healthy lives as close to natural as is possible for domesticated animals. Vital Farms is a Certified B Corp.
www.vitalfarms.com



DREXEL METALS is a leading fabricator of standing seam metal roofing, which is the most energy efficient and durable roofing material. The company's customers fabricate roofing panels on-site using portable roll-forming machines, resulting in increased flexibility, reduced inventory, and significantly lower transportation, logistics and other costs for customers.
www.drexelmetals.com



OVABRITE technology ends the culling of male chicks which results in the death of ~7 billion chicks every year. Ovabrite allows chicks to be repurposed for human consumption rather than destroyed.



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