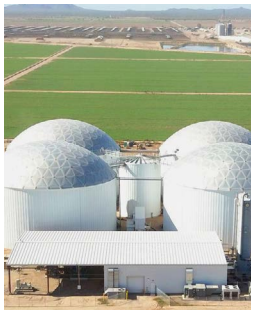
Equilibrium™

SUSTAINABILITY FRAMEWORK

2020 UPDATE





INTRODUCTION

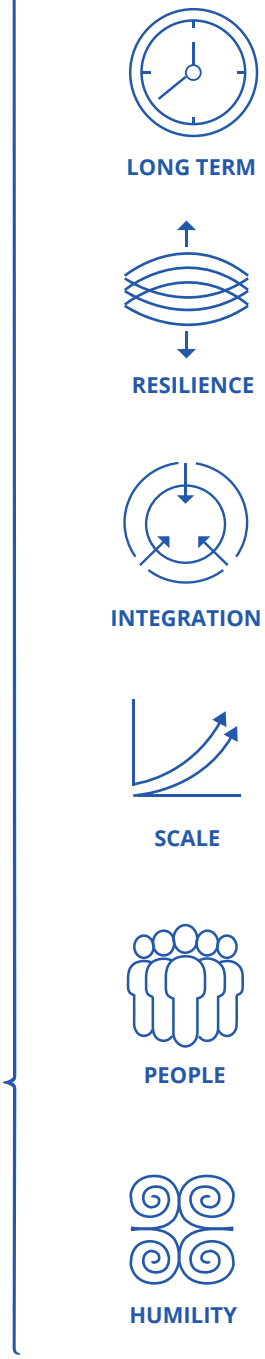
EQUILIBRIUM'S SUSTAINABILITY PATH

Equilibrium innovates and manages sustainability-driven real asset investment strategies and products for institutional investors. We expect to be the thought and practice leader in this field, ensuring sustainability drives and governs intended financial and non-financial outcomes of all our investments. We execute on our strategies by identifying markets and value chains where operating sustainably creates economic advantage. Our investments in Food and Agriculture, and in Renewable Resources, are scalable and repeatable. We select them in part for resilience to future shocks, and for anticipated superior long-term returns.

To Equilibrium, leadership means implementing responsible investment practices throughout our operations, across our corporate structure, infrastructure, and personnel, and through the entire investment life cycle of our assets. Measurements, analyses, and standards are critical components of sustainability-driven investing. They are key to understanding connections between physical assets and financial outcomes, and to enabling comparison for quality and determination of progress.

In 2020, Equilibrium renews its commitment to measurement, monitoring, and reporting. We are focused on fundamental cross-platform metrics, as well as attributes specific to individual portfolios. We insist on discipline and authenticity in our approach to impact, together with the application of relevant guiding standards. Our approach comprises a holistic resiliency strategy that:

- Aligns with our **six sustainability principles**;
- Reflects continuous improvement;
- Makes a contextually relevant contribution;
- Contributes to solutions for global challenges; and
- Positions sustainability as a component of economic viability and strength.



MISSION

Transform our planet into sustainable prosperity through markets.

Our impact reporting is designed to allow evaluation of the success of our work in developing products that leverage sustainability to deliver risk management, resilience, and returns, as well as positive outcomes. This 2020 update of our efforts lays out the process by which we are enhancing the integration of sustainability across our firm and managing our broader impact.

THE FUTURE OF SUSTAINABILITY REPORTING

With the mainstreaming of ESG-oriented (environmental, social, and governance) investing, stakeholders have access to a wide range of shared frameworks, standards, certifications, methodologies, and metrics intended to guide sustainable investing. We respect the history of this work and believe that, above all, a robust impact management system must be widely relevant and practically oriented. Continuous reporting improvement will mean moving from a static reporting phase, to managing to benchmarks, and eventually to geographical context.

Despite this proliferation of reporting tools, Equilibrium believes that broadly applicable standards remain elusive. A select few guidelines may take hold, but how they are used will reflect the individual thinking of data suppliers and fund managers. We deliberately formed our own opinion as to how to best leverage these tools in the creation of a Sustainability Framework that creates proprietary strategic and operational advantages.

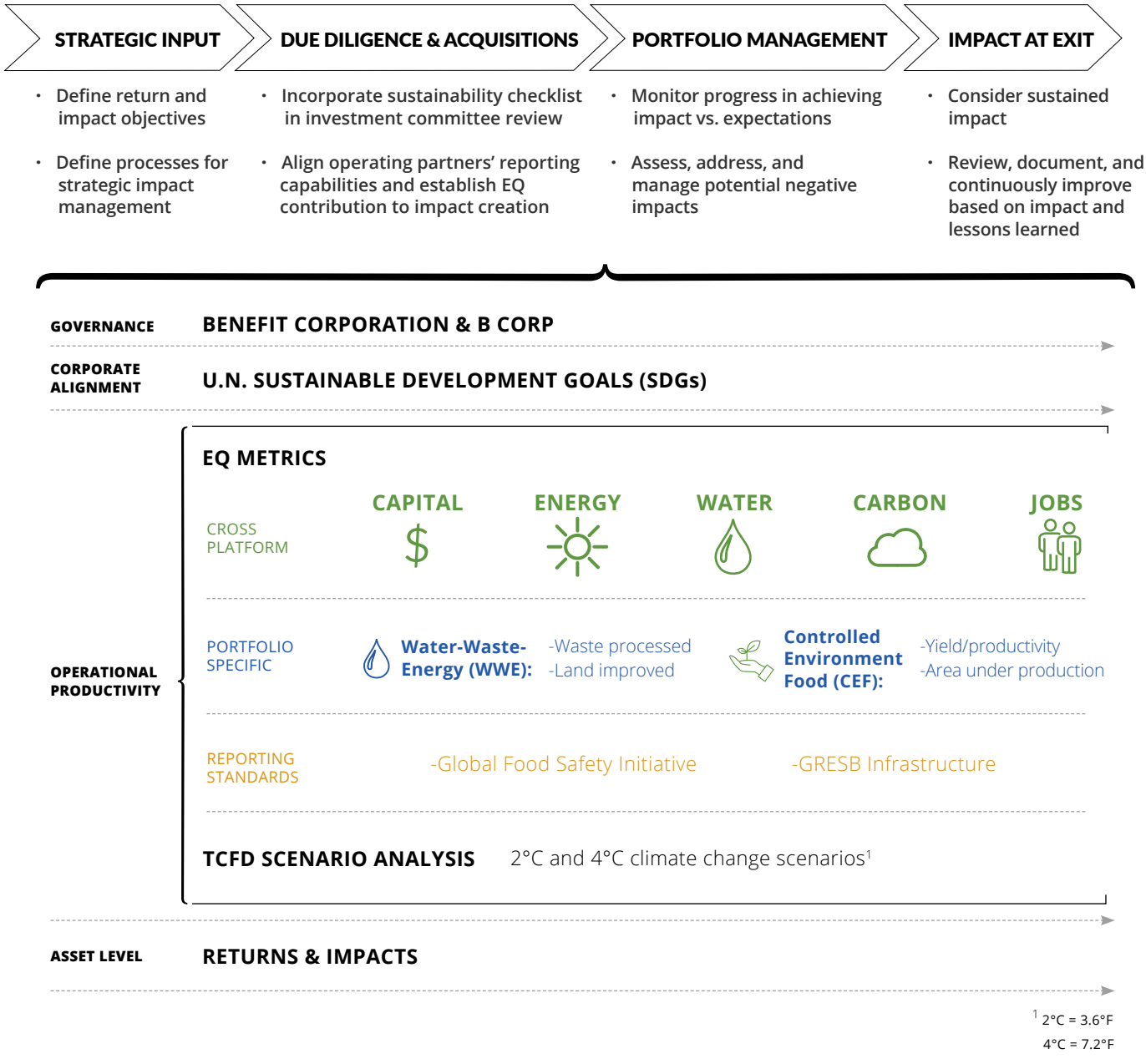
EQUILIBRIUM'S SUSTAINABILITY FRAMEWORK 2.1

Equilibrium focuses on risk, time, and judgment. *Managing and optimizing these factors is critical to our success. We have built our unique investing and operating experience into this "2.1" release of our Sustainability Framework. The Framework serves multiple purposes, incorporating: 1) a legal framework for corporate governance; 2) globally recognized standards of alignment; and 3) metrics capable of driving operational performance. Our thinking during the construction of the Framework was shaped by a number of underlying "Principles of Usage", including:*

- **Customizing to our business.** Each component is chosen to reflect what we do, in terms of economic, social, and environmental productivity.
- **Driving value.** The Framework reflects our ability to drive value in our operational decision-making via measurements of accountability, productivity, and impacts.
- **Communicating.** The Framework allows us to report, disclose, and benchmark our impacts in a transparent manner.
- **Recognizing the need for continuous improvement.** Our "humility" Sustainability Principle forces us to face the negative and positive impacts of our work, refine reporting capabilities, and relate what we do to emergent standards, especially where tied to market value.
- **Making choices.** We applaud increased global awareness of ESG metrics and standards and believe in the need to carefully select relevant Framework components from this broad collection of measurement structures and criteria.

Equilibrium is deeply engaged with industry efforts to drive more responsible investing. Our Sustainability Framework takes into account select, globally recognized standards as well as internal materiality measures. We find the result gives us a robust, proprietary lens through which to evaluate financial and non-financial outcomes, one that is embedded throughout the lifecycle of Equilibrium's assets, from due diligence through operation and exit.

Internally, our Sustainability Framework 2.1 operates from the asset level to the board level. Management performance will be rewarded, in part, on achievement of its metrics. Externally, we work with our operating partners, suppliers, and offtakers to ensure that their activities and reporting are consistent with Framework standards.



[1] 2°C = 3.6°F
4°C = 7.2°F

GOVERNANCE & CORPORATE ESG

Equilibrium is passionate about sustainable, transparent, and ethical business practices. Our corporate governance embeds sustainability and climate change at every level, as we continually identify opportunities and mitigate risk. ESG considerations inform how Equilibrium is managed, including its risk management framework and governance mechanisms for Board oversight. They also drive the development of investment strategies that meet the needs of our investors and deliver sustainable growth and positive impacts.

We are a legal benefit corporation. We worked at the forefront of benefit corporation legislation, supporting passage of these laws in Delaware and Oregon. The benefits to our corporate governance are material. The Benefit Company legal structure allows us to think long-term for the benefit of our investors, communities, employees, supply chain counterparties, and the local and global environment. We believe doing so is value maximizing.

Equilibrium is also a certified B Corp. This certification highlights our commitment to high and continually improving standards of transparency, accountability, and performance. In 2019, for the third year in a row, Equilibrium was recognized as one of a select few "Best for the World" companies, a ranking that **puts us in the top 10 percent of all B Corps.** We earned the designation, overall, as well as individually in each of four other categories – **Changemakers, Workers, Governance,** and **Customers.**

Certified B Corporation Best For The World 2019 Overall Honoree

Certified B Corporation Best For The World 2019 Changemakers Honoree

Certified B Corporation Best For The World 2019 Workers Honoree

Certified B Corporation Best For The World 2019 Governance Honoree

Certified B Corporation Best For The World 2019 Customers Honoree

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Equilibrium's Sustainability Framework aligns with multiple SDGs. While the design of our strategies predates the September 2015 adoption of the SDGs by the United Nations General Assembly, we have found them powerful as a common articulation of impact objectives. We have conducted a robust examination of all 17 goals and corresponding 169 targets, evaluating the impact of our investment strategies in the context of relevant business metrics and U.S.- specific needs to identify where we can deliver meaningful impact.

Equilibrium's Water-Waste-Energy (WWE) strategy is highlighted in the Investment Strategies section of this report. Its impacts most strongly align with the **SDGs shown on the right** and the following individual Targets:

Goal #6, Clean Water and Sanitation:

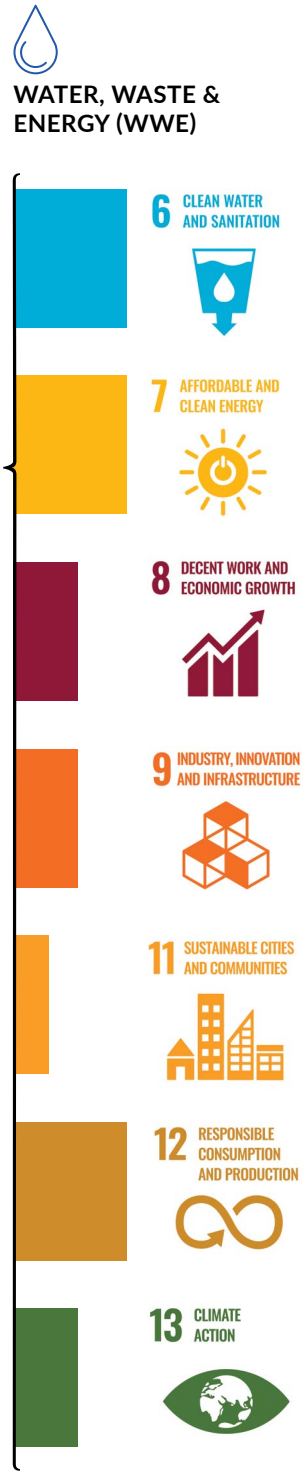
- **Target 6.3** Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater, and sustainably increasing recycling and safe reuse.
- **Target 6.4** Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity.

Goal #7, Affordable and Clean Energy:

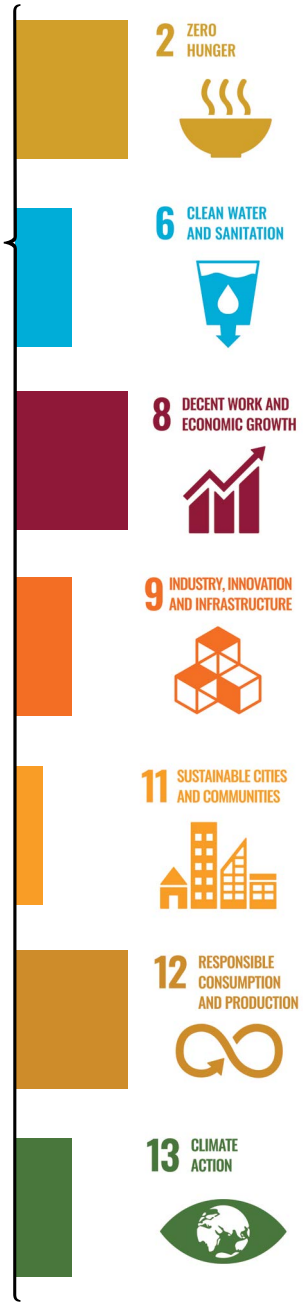
- **Target 7.2** Substantially increase the share of renewable energy in the global energy mix.

Goal #12, Responsible Consumption and Production:

- **Target 12.4** Achieve environmentally sound management of chemicals and all wastes throughout their life cycle, and significantly reduce their release to air, water, and soil.
- **Target 12.5** Substantially reduce waste generation through prevention, reduction recycling, and reuse.



CONTROLLED ENVIRONMENT FOOD (CEF)



The impacts of Equilibrium's Controlled Environment Food (CEF) strategy (also highlighted in the Investment Strategies section) strongly align with the **SDGs on the right** and the following individual Targets:

Goal #2, Zero Hunger:

- **Target 2.1** End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, to safe, nutritious, and sufficient food year-round.
- **Target 2.4** Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding, and other disasters, and that progressively improve land and soil quality.

Goal #8, Decent Work and Economic Growth:

- **Target 8.4** Improve progressively global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation.
- **Target 8.8** Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, and those in precarious employment.

Goal #12, Responsible Consumption and Production:

- **Target 12.3** Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
- **Target 12.4** Achieve environmentally sound management of chemicals and all wastes throughout their life cycle, and significantly reduce their release to air, water, and soil.

CROSS-PLATFORM METRICS

Equilibrium has selected five cross-platform impact metrics that are important for all the sectors in which we have investments. Three - carbon, energy, and water - are recommended by the Sustainability Accounting Standards Board (SASB) as having a high correlation with physical or regulatory risks associated with climate change.

	2019 & TREND[1]	WWE	CEF	Equilibrium
1. CAPITAL DEPLOYED: Called capital and long-term debt used to drive acquisition and operation of impact-generating assets.	CAPITAL ($ MILLION)	$252	$273	↑ $525
2. CARBON: Carbon equivalents sequestered minus operational carbon usage from primary energy consumption.	CARBON[2] (METRIC TONS)	182,921	-57,136	↔ 125,785
3. NET ENERGY GENERATED: Renewable energy generated minus total energy used.	ENERGY (kWh)	74,054,249	-30,849,148	↔ 43,205,101
4. WATER IMPACTED: Water reused, recycled, and saved.	WATER[3] (LITERS)	260,695,440	6,754,461,212	↑ 7,015,156,652
5. JOBS: Full-time employment enabled, not including indirect and part-time employment created.	JOBS[4] (FTE)	82	869	↑ 951

Indicates 2020 trend ↑ ↔ ↓

For each of these measures, Equilibrium employs an outcomes-based approach, comparing absolute and standardized metrics to a counterfactual scenario in which our assets are absent and reporting negative as well as positive impacts to identify and quantify impact creation transparently.

As part of our support for the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), Equilibrium is conducting a comprehensive climate scenario analysis across our investment strategies. We have begun this process with a qualitative analysis presented in the Investment Strategies section. The result will be a detailed look at the impact of 2- and 4-degree centigrade (°C) climate change scenarios on operations, supply chains, and markets, as well as policy and technology, in future versions of our Sustainability Framework. We expect that this work will help us identify associated risk and opportunities, and better position us to actively mitigate climate-related risks while harnessing opportunities that drive innovation.

1. Metrics not available for all assets
2. Methane sequestered by WWE's RNG-producing assets minus CEF Scope 1 and 2 carbon emissions. Sequestered as used here means prevented from being emitted or disposed of at the plant. In the case of WWE assets, captured methane is put to use as renewable natural gas, where it both displaces fossil fuel and avoids atmospheric methane emissions
3. For WWE, includes water used minus credits for pass throughs and recycling. For CEF, uses the difference between actual usage and field requirements for similar crops
4. Does not include indirect employment impacts

PORTFOLIO-SPECIFIC METRICS

Each of our investment strategies stands on unique sustainability features. Related metrics reflect sector-specific risks, resilience attributes, and return opportunities.

2019 AND FORECAST TREND

WATER-WASTE-ENERGY (WWE)		CONTROLLED ENVIRONMENT FOOD (CEF)	
WASTE PROCESSED Manure, solids, and organic wastes	↑ 342,961 (metric tons)	**PRODUCTIVITY/YIELD** Compared to field production for a range of high wire crops	↔ 14-24x FIELD (kg/m^2)
LAND IMPROVED Through waste management and soil application	↑ 53,791 (hectares)	**GROWING AREA** Total area of controlled environment food production	↑ 117 (hectares)

Indicates 2020 trend ↑ ↔ ↓

Our investment strategies also follow domain standards and report to sector-specific frameworks. Equilibrium's WWE team submits information to the Global Real Estate Sustainability Benchmark (GRESB), which produced a 2019 assessment of a 65 out of 100 Fund Score. Areas in which the WWE portfolio outperformed include the identification of ESG risks and opportunities in the investment monitoring process and disclosures of ESG actions and performance.

Our CEF team partners with certified Global Food Safety Initiative (GFSI) suppliers and is committed to the GFSI vision of "safe food for consumers everywhere." All of Equilibrium's agricultural investments will also be aligned with new "Leading Harvest" standards currently being compiled by a select group of large-scale investors and industry players.

INVESTMENT STRATEGIES

WATER, WASTE & ENERGY (WWE)

- **Unlocks value by processing Industrial, Municipal, and Agricultural water and waste**
- **Generates returns from water re-use fees, renewable energy sales, and waste processing fees**
- **Drives revenues via sustainable processing and production of waste, water, and energy**

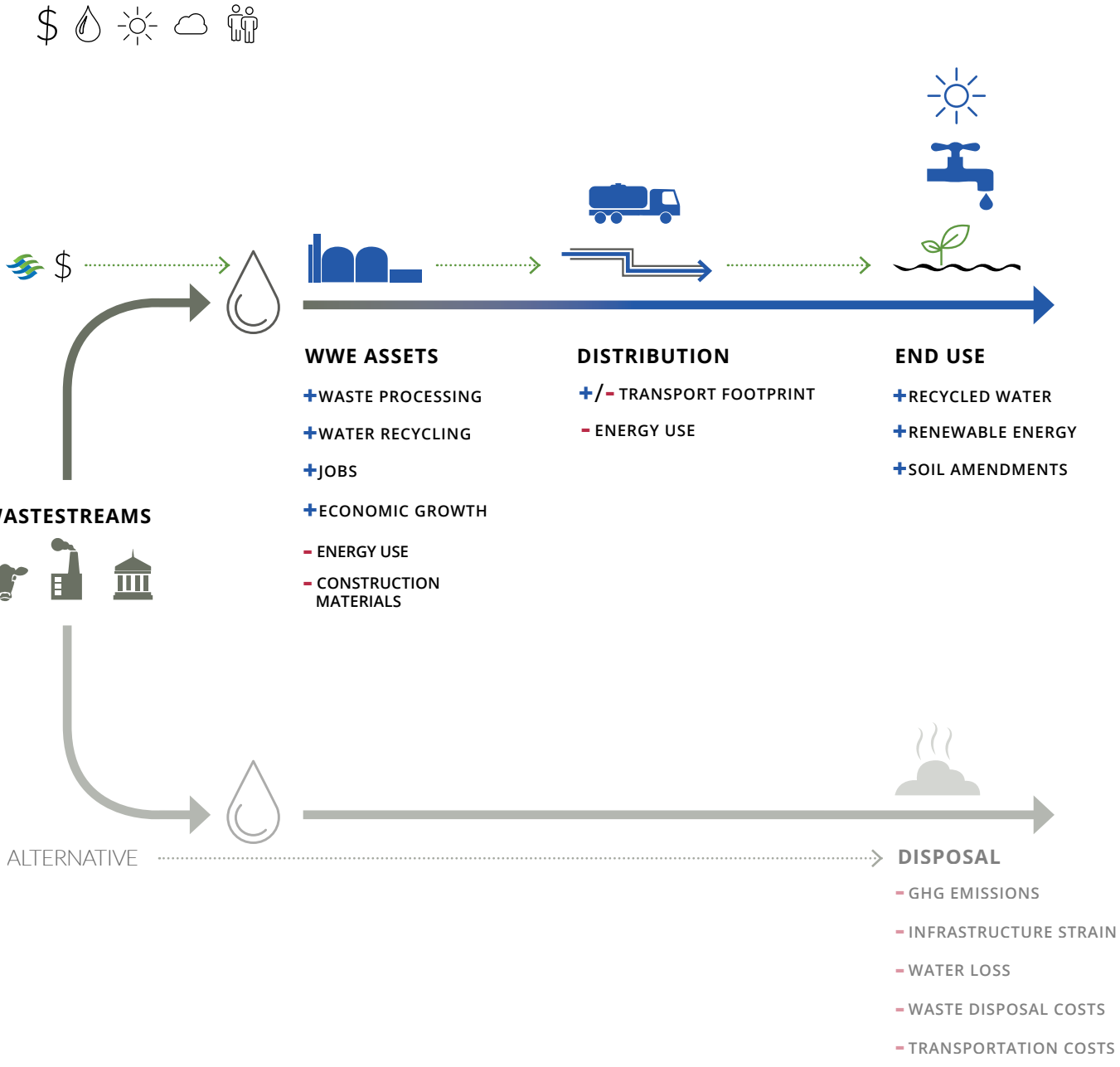
Water consumers and waste generators require solutions that meet sustainability criteria and comply with increasingly stringent regulations and supply security. Equilibrium believes that investment in regional distributed water, wastewater, and waste infrastructure presents a unique opportunity to unlock value from underutilized resources via long-term contracted revenues such as water and waste processing fees and renewable energy contracts.

Sustainability attributes drive economic value in our WWE funds. We reduce carbon emissions and stress on neglected centralized municipal infrastructure by managing and diverting waste to better, higher value uses.

We minimize energy use and transportation footprints by processing industrial wastewater, organic food waste, and animal manure either on-site or at nearby locations. Finally, we reuse high value outputs – recycled water, renewable natural gas and renewably-generated electricity, and soil amendments – materially reducing waste impact on the ecosystem.

In April 2019, Equilibrium was awarded Environmental Finance's Green Bond Project of the Year for the construction of its anaerobic digestion facility in Arizona. This represented a landmark renewable natural gas project financing in the U.S. capital markets, allowing Equilibrium to take advantage of the ability to borrow with bonds exempt from income taxes by using a solid waste disposal exemption.

KEY IMPACTS


WWE ASSETS
+WASTE PROCESSING
+WATER RECYCLING
+JOBS
+ECONOMIC GROWTH
- ENERGY USE
- CONSTRUCTION MATERIALS
DISTRIBUTION
+/- TRANSPORT FOOTPRINT
- ENERGY USE
END USE
+RECYCLED WATER
+RENEWABLE ENERGY
+SOIL AMENDMENTS
WASTESTREAMS
ALTERNATIVE
DISPOSAL
- GHG EMISSIONS
- INFRASTRUCTURE STRAIN
- WATER LOSS
- WASTE DISPOSAL COSTS
- TRANSPORTATION COSTS

CONTROLLED ENVIRONMENT FOOD (CEF)

- **Addresses demand for cost-effective, predictable, year-round supply of fresh produce**
- **Generates income through facility leases and upside facility revenue shares**
- **Leverages sustainability attributes to reduce risk and enhance consumer value**

The sustainability features of Equilibrium's CEF investment strategy drive its success, as the adoption of advanced controlled environment agriculture fundamentally transforms food production. Consumers today expect a year-round supply of produce that is fresh, safe for their families and for farmworkers, and has excellent flavor characteristics. This, in turn, is driving retail and food service companies' demand for produce that de-risks their supply chains from input, climate, and weather, as well as food safety risks.

CEF facilities manage risks associated with regionality and climate exposure in advanced ways, while producing nutritious, fresher, more flavorful, and higher value produce within an overall context of sustainability. Controlled environment food production typically uses more energy than field growing for similar crops but significantly increases yield-per-acre vis-a-vis traditional agriculture, reducing land-use requirements.

The most advanced greenhouses are not reliant on soil, do not create erosion, and do not require crop rotations, so help preserve high quality soil for highest and best field agricultural uses. They materially reduce the amount of water used to grow each unit of produce, as well as the need for harmful chemicals and pesticides. Workers in these facilities are more likely to benefit from full-time family wage jobs and ergonomically safer, more physically sustainable environments.

CEF's operating partners stand at the forefront of sustainable agriculture. For example, Houwelings was recently awarded a Silver Medal Ranking in Walmart's Project Gigaton Sustainability Index, which aims to avoid one billion metric tons of carbon emissions from the value chain by 2030. In particular, Houwelings' efforts to reduce packaging via a partnership with Apeel Sciences is expected to reduce nearly 30,000 kilograms per year of plastic use.

KEY IMPACTS

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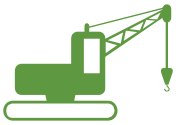
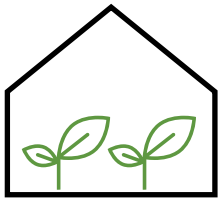
CONTROLLED ENVIRONMENT FOOD

- INTENSIVE MATERIALS SOURCING
+ MINIMAL LAND REQUIREMENTS

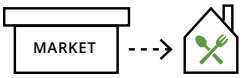


+ LIMITED PESTICIDE USE
+ HIGHER QUALITY JOBS
+ LOWER WATER USE
+ HIGH YIELDS
- HIGHER ENERGY USE



+ SHORTER TRANSPORT

+ NUTRITIOUS FOOD
+ LONGER SHELF LIFE
+ LESS FOOD WASTE
+ INCREASED FOOD SAFETY



CONVENTIONAL FIELD PRODUCTION

+ LOW ENERGY NEED
- UNSKILLED SEASONAL LABOR
- HIGH ARABLE LAND REQUIREMENT
- LOWER YIELDS
- HIGH WATER USE
- HIGH PESTICIDE USE AND RUN-OFF
- SOIL DEGRADATION

- LONG TRANSPORT

+ LESS PACKAGING
- MORE FOOD WASTE
- LESS FRESH
- FOOD SAFETY ISSUES

ALTERNATIVE

PARTNER STRATEGIES

Equilibrium recognizes the performance and impacts of our partners' investment strategies. Through Gerding Edlen's Green Cities funds, we helped pioneer institutional sustainable investing in human-centered green buildings, contributing to urban sustainability and local economic growth. Through our Agriculture Capital joint venture and its funds, we partnered in the acquisition and management of permanent cropland and midstream assets as part of a vertically integrated, regenerative agriculture strategy that positively impacts water stewardship and soil health. Altogether, four Green Cities funds and two Agricultural Capital funds gathered over $1.8 billion in equity capital, resulting in about twice that total in sustainable project value.

TCFD CLIMATE-RELATED SCENARIO ANALYSIS

We include TCFD recommendations in Equilibrium's Sustainability Framework because we believe this global accounting disclosure standard should become, and is becoming, an integral means of promoting informed, sustainable investment. One of the most important things we can do as asset managers is identify climate-related risks to our assets, as well as the resiliency attributes of our strategies, under two scenarios:

2°C scenario, consistent with meeting the Paris Agreement Goal; and

4°C scenario, as an alternative high emission, business-as-usual scenario.

In our assessment, we considered changes to business model, portfolio mix, transition capabilities, and technologies under both scenarios.

Our approach included a qualitative assessment of physical and transitional risk, as well as workshops convening key personnel to better understand Equilibrium's material climate risks and opportunities. We will iterate and improve the process as new information and assessment tools become available.

Broadly, the 2°C scenario entails increased operating costs, mainly as a result of the increased cost of carbon and/or other policy interventions. The 4°C scenario also incurs additional operating costs, more likely arising from increased disruption due to frequency of extreme weather events. Our strategies are expected to outperform traditional solutions under these risks, because our methods are inherently resilient. However, there is a material wildcard in impacts, especially in the 4°C scenario, on our supply and value chains.

CLIMATE-RELATED SCENARIOS

WATER-WASTE-ENERGY (WWE)

WWE's fundamental thesis focuses on increasing reliability and resilience in water and waste infrastructure via investment in distributed assets. In the context of greater climate volatility, distributed infrastructure mitigates risk.

	2°C SCENARIO	4°C SCENARIO
TRANSITION RISKS AND RESILIENCY		
POLICY	↑ Stricter regulation benefits. Energy inputs more costly; however, increased renewables demand is good for suppliers. Potential for growing competition from large players with lower cost of capital. Waste processing fee escalation and use of by-products increase yield.	↔ Lower demand and fewer incentives for renewables negatively impacts yield; however, waste management requirements are inelastic, creating continued unsubsidized needs. Long-term contracts mitigate risk.
TECHNOLOGY	↑ Well-positioned for shift to electrification. Increased investment in technology disruptors creates new markets.	↔ Limited incentive for technology advances create missed opportunities to lower cost of production.
PHYSICAL RISKS AND RESILIENCY		
OPERATIONAL **Acute:** -Extreme precipitation -Wild Fires -Storms **Chronic:** -Extreme Heat -Water Stress -Sea Level Rise -Soil Degradation	↑ Limited operational impacts.	↑ Increased storm activiy damages facilities and increases insurance costs; however, severe rainfall creates need for investment in infrastructure, e.g., stormwater and flood control systems, creating a larger market.
	↑ Limited operational impacts.	↑ Asset operation negatively impacted by higher temperatures. Water scarcity creates opportunities for recycling and higher pricing, as does sea level rise with desalination. Soil degradation increases need for by-products unless soil is no longer fit for growing.
SUPPLY CHAIN	↑ Increased incentives for renewables drives competition for feedstock; however, a larger market benefits first-movers in terms of partnerships, offtake, and investment opportunities.	↓ Potential disruption of construction supply chain. Climate events disrupt agricultural partners' businesses, negatively impacting the availability of feedstock and farm labor. Operational costs increase with adaptation requirements, which could impact yield.
MARKET	↑ Greater demand for renewable products, as well as increased pricing for recycled water and renewable energy all benefit market and yields.	↑ Less support and demand for renewable products; however, increased climate events create need for infrastructure to manage. Market continues to grow as a result of this and inelastic need for waste management.

2°C = 3.6°F
4°C = 7.2°F

↑ Positive or no impact
↔ Some negative impact
↓ Significant negative impact

Where returns and risk intersect.

2°C SCENARIO

Society works to rapidly limit GHG emissions:
- Policy implementation (e.g., carbon price)
- Regulation on GHG emissions
- Acceleration of low carbon technologies
- No significant impact from physical changes

4°C SCENARIO

Society fails to significantly reduce carbon emissions:
- Minimal impact from policy/regulatory change changes
- Moderate impact from Technology advances
- Significant impact from physical changes

CONTROLLED ENVIRONMENT FOOD (CEF)

CEF's thesis focuses on enabling North American growth of the advanced greenhouse industry. The industry's leader is the Netherlands, which has advanced sustainability regulations. CEF originates the majority of its greenhouse technology with Dutch companies, taking advantage of that design lineage to incorporate world-leading climate resiliency attributes.

	2°C SCENARIO	4°C SCENARIO
TRANSITION RISKS AND RESILIENCY		
POLICY	⇔ Energy inputs become more expensive; however, ongoing focus on enhanced efficiencies mean the portfolio is well-positioned to work within a more robust regulatory setting.	↑ Limited policy impacts. CEF will continue to optimize energy mix even if emissions policies remain unchanged.
TECHNOLOGY	⇔ Older assets require upgrades and retrofits to comply with stricter regulations. Technological expertise allows CFF to remain at the forefront of efficiency and sustainability.	↑ Continued benefit from adaptive technologies and innovation, which lower production costs and increase returns.
PHYSICAL RISKS AND RESILIENCY		
OPERATIONAL **Acute:** -Extreme precipitation -Wild Fires -Storms **Chronic:** -Extreme Heat -Water Stress -Sea Level Rise -Soil Degradation	↑ Limited operational impacts to both controlled environment and field production.	⇔ Adverse impacts on field supply increase controlled environment demand, accelerating build-out and competition.
	↑ Limited operational impacts to both controlled environment and field production.	⇔ Local climate change results in operational difficulties, reduced production, and/or additional costs. Water allocation threatened via increased competition. However, CEF strategy is more resilient than field production.
SUPPLY CHAIN	⇔ CEF accelerates efforts to lower reliance on fossil fuel energy.	↓ Increased frequency of acute climate events negatively impacts construction supply chain.
MARKET	↑ Growing awareness of health and safety benefits of sustainably-produced products drives demand and increases CEF yields.	↑ CEF's market grows significantly as a result of reduction in field production.

2°C = 3.6°F
4°C = 7.2°F

Positive or no impact ↑
Some negative impact ⇔
Significant negative impact ↓

CASE STUDIES

TRENTON BIOGAS

Food waste is a growing problem and an untapped opportunity. In 2017 alone, the U.S. generated almost 41 million tons of food waste, with only 6.3 percent diverted from landfills and incinerators for composting. In a response to this growing problem, many states are beginning to institute regulations to minimize the amount of waste going into landfills. However, alternative options have been limited, including in the Northeast where population density is high. In many cases, the lack of other solutions has slowed the beneficial reuse or recycling of waste.

Seeking to address this problem, the WWE team's partner, Trenton Biogas, acquired the lease of an existing regional sludge management facility in New Jersey. The original project was financed with municipal funding but had never gone into operation because changes in regulations and the market stalled its operation and resulted in significant carrying costs.

WWE enabled the repurposing of the site for the anaerobic digestion of source-separated organics, allowing for the generation of renewable electricity.

The total capital required for the refurbishment was $57.3 million, obtained via a combination of equity, grant funding, traditional project financing; with a construction loan that converts to a term loan and an export credit guarantee. The project also benefits from its location in an opportunity zone and qualifies for investment tax credits.

The facility is capable of recycling 100,000 tons of food waste per year into renewable energy. It also generates revenue from tipping fees paid to accept organic waste, sales of electricity exported to the grid, and sales of fertilizer by-products. The project is designed to process an average of 350 tons per day of source-separated organics and generate 3.3 MW of renewable electricity.

In 2020, the State of New Jersey passed a bill requiring large food waste generators to dispose of separate organics at an approved recycling facility. This mandate has further benefited the Trenton Biogas project, which was a first-of-its-kind facility in New Jersey and a significant commercial-scale production step toward addressing climate change and food waste in the region.

REVOL GREENS

Field production of leafy greens is under long-term pressure due to labor shortages, increasing extreme weather events, and food safety disruptions. The geographic concentration of the U.S. lettuce supply in California and Arizona creates material risk. Equilibrium believes these factors will drive leafy green production to distributed controlled environment facilities.

In 2018, Equilibrium's CEF team acquired an existing 2.5-acre greenhouse in Medford, Minnesota, 60 miles south of Minneapolis. This facility was built in late 2017 and is one of the most advanced of its kind, worldwide. It was leased back to its original owner, Revol Greens, and Equilibrium is now building a 7.5-acre expansion.

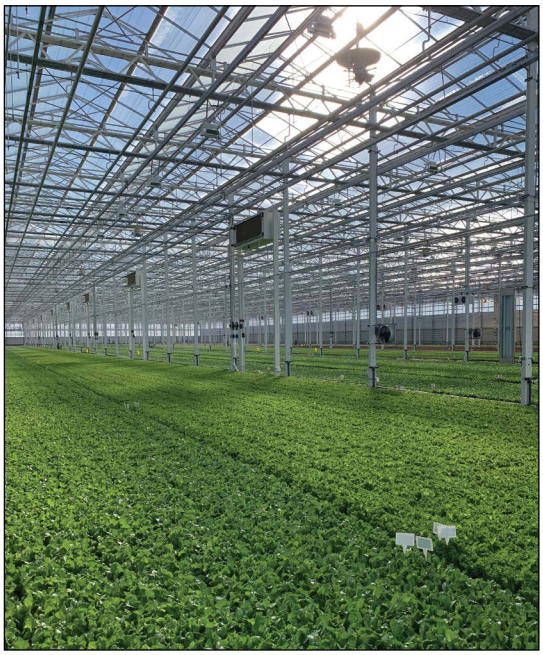
Upon completion (anticipated for the second quarter of 2020) the greenhouse will represent over $30 million of investment and produce nearly four million pounds of leafy greens and lettuces a year, enough to meet the annual needs of over 300,000 people.

Key sustainability features in this greenhouse include:

- Reduced water usage: Revol's leafy greens production uses less than 10 percent of the water required for traditional field farming.
- Increased land productivity: Revol's crop yields reflect productivity levels of up to 25x field farming.
- Fewer food miles: Revol sells its product directly into the surrounding region, eliminating long-haul trans port from California and Arizona.
- Less food waste: Production near consumers allows longer shelf lives and less handling of Revol's produce, thereby reducing food waste.
- Residual-free produce: Revol's growing environment eliminates the need to spray harmful chemicals, meaning its leafy greens are clean and food-safe.
- Family-wage jobs: Upon completion of its expansion, Revol will employ more than 30 workers, year-round, at a base pay that is significantly higher than average agricultural wages

Equilibrium's transaction structures are designed to offer best-in-class operators a capital efficient method to scale rapidly to meet growing retailer demand. By solving for financing, Equilibrium has become a major catalyst for, and active participant in, the transformation of produce production.

2.5 Acre Existing Greenhouse (Phase 1)



7.5 Acre Expansion (Phase 2)

EQUILIBRIUM SUSTAINABILITY COMMITTEE

In the course of updating our Framework, we reorganized our multidisciplinary Sustainability Committee to include key portfolio team members, as well as strategy and finance personnel. This structure reflects the integration of sustainability practices across our platform. The Committee reports to Equilibrium's CEO.

Kimberley Player (author)
Bill Campbell
Dave Chen
Marco de Bruin
Casey Delaney
Gavin Haladay
Erick Hunt
Colin McMahon
Angelo Meaderds
Alicia Ramsey

REPORT CONTRIBUTERS

Every member of Equilibrium contributed to the production of this report and we are grateful for our team's thoughtful input and detailed review.

Additional thanks go out to:

- Jack Davies, RE Tech Advisors
- CC Huang, Research and Strategy Consultant
- Gerding Edlen
- Malcolm Preston, Sustainability Advisor
- Wood Turner, Agriculture Capital
- Nell Westerlund Visual Communication

NOTE FROM THE AUTHOR

When I set out to update Equilibrium's Sustainability Framework 2.1, it was with a dose of skepticism. Not about the sustainability attributes of Equilibrium's investment strategies and impacts, but around our ability to accurately measure impact in a manner that didn't come across as greenwashing "fluff". I've read more impact reports than I can count and have been struck by their need to use stories, case examples, anecdotal commentary, aspirational goals, and an alphabet soup of acronyms as rubber stamps of approval, in lieu of hard performance data and industry-available measurement methods and tools.

My colleagues and I wanted Equilibrium's report to be different and genuine, even raw in our admission of the challenges associated with reporting ideals. We are by no means criticizing others' efforts to measure impacts. I have gained a newfound appreciation for how hard it is to identify and quantify environmental, social, and even economic benefits.

This Framework is not perfect or static. We made deliberate choices around what really mattered to our business, with a view to continuously improving a proprietary impact lens that is relevant, honest, and able to drive operational value.

Looking forward, we're already thinking about what more we can do. Developing more nuanced metrics for social equity and inviting third-party assessments of our assets are just two such goals. We look forward to sharing progress with all of our stakeholders.

Thank you,

Kimberley Player
Equilibrium Research Director

Equilibrium

2020 SUSTAINABILITY FRAMEWORK