



RESILIENCE, RECOVERY, REVITALIZATION



“Arctaris Impact Investors supports companies that value people and communities in addition to business. The Arctaris team offers their time, talent, and connections to grow these high-impact companies, to create more jobs, and to support vibrant and more inclusive communities.”

Eileen O’Rourke, CFO and Director of Impact Investing, Abell Foundation¹



CONTENTS

03	Letter from Managing Partner	10	Our 2021 Year In Review: Steady Growth Against Headwinds of Uncertainty	35	Case Study: Chime Solutions
05	Arctaris in Action	12	Our Key Events in 2021	38	Case Study: S&K Holdings, Inc.
06	Who We Are	14	Portfolio Summary	41	Challenges and Lessons Learned
06	What We Do	15	Portfolio Impact Results	42	2022 Impact Goals
07	Our Impact Approach	16	Portfolio Company Overviews	44	Appendix: Detailed Impact Reporting
07	What Makes Us Different	30	Case Study: Saddleback Mountain	46	Contact Us
08	Diversity, Equity, and Inclusion			47	Disclaimer

¹ Abell Foundation is a first-loss partner and investor in the Arctaris Funds. No compensation was paid related to this quote.
Cover - Top row: Norwich Solar Technologies, The Flagship Complex, Great Works Internet. Bottom row: Maine Mountain Media. Above - Middle image: Andy Gagne Photography; Right image: Great Works Internet. Middle image courtesy of Andy Gagne Photography.

LETTER FROM MANAGING PARTNER

DOING GOOD AND DOING WELL

Arctaris Impact Investors, LLC, delivered on significant objectives in 2021, and the firm is pleased to share its results with stakeholders in this Annual Impact Report. In 2021, the firm added 9 team members, strengthened its national voice in Opportunity Zones and Impact Investing, and completed its capital raise for its 6th fund, becoming most likely the largest impact-focused OZ fund and also one of the largest impact firms nationally.¹ As Arctaris now has launched its 7th fund, the Arctaris Opportunity Zone Fund 2022, LLC, again capitalizing on the Opportunity Zone incentive, we can pause a brief moment to reflect our gratitude to the incredible group of investors, government and foundation partners who have joined this initiative. And when that moment is up, let's get back to work because there is so much more opportunity ahead.

Over our 13 years, Arctaris has stated its policy of *Doing Good and Doing Well*, as our team completed investments that exemplify these goals. In short, it means simultaneously *doing good* in underserved communities and *doing well* for our investors. Arctaris has always focused on investing in this integrated manner to deliver higher returns and higher impact.

Arctaris employs a host of impact investment strategies that help to drive higher returns. First, thanks to our track record in identifying opportunities in underserved communities, our funds are able to secure guarantees and first-loss capital from government and foundation partners. These partnerships provide a significant economic benefit: downside protection for our investors. Second, we often secure additional subsidies at the deal level, structured to provide additional downside protection for a particular transaction. Third, our operating businesses, infrastructure and real estate frequently demonstrate commercial benefits because of the positive roles they play in their communities, for instance, in securing and retaining loyal customers, employees or tenants. Indeed, doing good is good for business.

Arctaris specifically targets investments that offer community benefits as well as financial subsidies. We turn down hundreds of opportunities annually that present high returns but lack in social, economic, and environmental impact, or vice versa. Arctaris seeks to find the investments that deliver both. We aim for higher returns with the benefit of impact, not *in spite* of impact. We typically invest in the context of place-based programs for cities or states that provide subsidy benefits in recognition of our approach to focused capital allocation. In Cleveland and Baltimore, our investments focus on minority-owned businesses; in Colorado and Maine, we are building municipal scale fiber networks to narrow the digital divide; in Pittsburgh, we are investing in companies and infrastructure that foster a more inclusive city.

Even with these benefits, the overall concept of impact investing still presents notable challenges. The motto itself, *Doing Good and Doing Well*, implies a point of contention. Does *doing good* mean that investors need to sacrifice returns to yield a positive impact? Arctaris has unique perspective on this question. For any investor or impact investor, there is always room for "better," especially given 20/20 hindsight. Similarly, Arctaris can always



Arctaris has stated its policy of Doing Good and Doing Well, as our team completed investments that exemplify these goals. In short, it means simultaneously doing good in underserved communities and doing well for our investors. Arctaris has always focused on investing in this integrated manner to deliver higher returns and higher impact.

Jonathan Tower
Managing Partner
Arctaris Impact Investors, LLC

¹ OpportunityDb: The Opportunity Zones Database, <https://opportunitydb.com/funds/>

DOING GOOD AND DOING WELL *continued*

look back and see where we could have added more impact, more jobs, more fiber. Keeping the balance between impact and returns is an exercise in dynamic portfolio management. It should be no surprise that many of our investments are targeted to generate financial returns far higher than the norm in impact investing.² The simple fact is that achieving investment success helps create a stronger balance sheet and additional liquidity to deliver, in turn, higher community impact. It is our conviction that these two factors work together hand in hand.

Arctaris is a strong believer in impact measurement and reporting because we know from experience that you need to measure something to improve it. While no company is perfect before (or after) our investments, we focus on the impact that comes as a result of our investment. Arctaris actively leverages our investments and board influence to help achieve measurable outcomes, for instance enhancing workforce training where we measure the ongoing improvements in social mobility. We have implemented diversity initiatives in our companies and real estate projects and then measured the increase. Additionally, we have collaborated with our portfolio companies to invest in clean technology and then measured the curtailment of energy consumption and carbon emissions.

The 2021 Arctaris Annual Impact Report consolidates these impact measurements for you, our stakeholders. Arctaris drives measurable impact into each of its investments, and that data is tracked by our impact partner, the Initiative for a Competitive Inner City, the nonprofit organization founded by Harvard Business School professor Michael Porter. Arctaris and ICIC hope that you will make use of this Report, finding opportunities to contribute to these efforts or identifying new ones.

In this year's Impact Report, you will learn about the aggregate impact of our new investments in place-based programs, as well as more in-depth case studies that detail our work. You will read about our investment in Chime Solutions, a Baltimore-based minority-owned BPO call center that serves as a leader in creating minority jobs and providing skills training for upward mobility. You will learn about Erie, PA, home to some of the country's lowest-income census tracts, where we partnered with Erie Insurance and the Erie Community Foundation to renovate and reopen the Flagship Building, a food hall primarily for

minority food vendors, a retail grocer in a food desert, and 24 rental units. You will learn about our OZ investment in S&K Holdings, a Pittsburgh-based home health care provider for Medicaid patients, to help the business expand and create jobs and career paths for largely minority female employees. The Report discusses our growth capital investment in Market Fresh Gourmet, an operator of healthy grocery stores in food deserts, as well as Up to Date Laundry, a commercial laundry for hospitals which created hundreds of new jobs.

Looking ahead, we are building on 2021 to expand our partnership model to new locations. Thanks to guaranty agreements from the Colorado Health Foundation and Financial Authority of Maine, we are building high-speed broadband coverage in under-served or unserved communities to enable telehealth, online education, and remote work access. We are also investing in OZ real estate projects, such as the Northeast Heights development in the 7th Ward of Washington, D.C., south of the Anacostia River, and a multifamily project in Huntsville, Alabama, which will support diverse suppliers and help mitigate the city's housing shortage.

Moreover, we are institutionalizing our emphasis on Diversity Equity and Inclusion. We are focusing on recruiting diverse talent to Arctaris and training our team on the racial wealth gap. We have also invited board members who are experts in DEI, such as Beverly Norman-Cooper, the former head of Supplier Diversity at Kaiser Permanente, to guide our strategy.

Between the launch of our 7th fund and new place-based programs throughout the country, Arctaris is grateful for this opportunity to serve and offer new hope to underserved communities. **We humbly thank all our stakeholders, current and future, for your confidence and for the opportunity to do our best—both as investors and as agents of impact.**

Kind regards,



Jonathan Tower
Managing Partner
Arctaris Impact Investors, LLC

² Cambridge Associates, "Private Equity and Venture Capital Impact Investing Index and Benchmark Statistics," <https://www.cambridgeassociates.com/wp-content/uploads/2020/08/PEVC-Impact-Investing-Benchmark-Statistics-2020-Q1.pdf>

ARCTARIS IN ACTION

\$244M

of total equity and first-loss capital raised for Opportunity Zone Fund platform¹

\$96M

deployed into 9 new impact investments in 2021¹



60%

of operating company investments in 2021 were to minority-owned businesses²



67%

of real estate investments in 2021 to projects led by minority developers or with minority business anchor tenants²



1,709,696 square feet

of construction and historic rehabilitation work underway³



1,696

multifamily units under construction³



18,500

residential or business premises expected to access broadband in 2023⁴



925

jobs created in 2020 and 2021²



19%

growth in full-time equivalent jobs across Arctaris portfolio from 2019 to 2021²



6.5x

increase in full-time equivalent employees impacted by Arctaris from 2019 to 2021²



30

megawatts of solar power generated additional 7+ megawatts under construction²



¹ Arctaris accounting data as of May 17, 2022
For complete understanding of Arctaris assets under management, please see form ADV on sec.com.

² 2021 Arctaris impact survey

³ Huntsville Multifamily Project, the Eddy, Altitude Apartments, The Flagship Complex, Northeast Heights, Saddleback, Gowanus, and Erie Block Two

⁴ Cleantworx and Great Works Internet Partners ("GWI")

WHO WE ARE

OUR VISION

We see a world where all underserved communities have access to the resources they need to thrive.

OUR MISSION

We integrate impact into every investment decision to drive equitable prosperity in under-resourced communities.

OUR STRATEGY

We use impact investing to create inclusive opportunity for underserved people through partnership-driven, blended capital investments in sustainable enterprises paired with transparent impact measurement.

OUR VALUES

Partnership — Unite stakeholders to compound value creation and catalyze progress toward common goals.

Authenticity — Build and maintain trust through honest and transparent communication.

Creativity — Innovate and develop unique solutions to complicated problems—challenge the comfort zone.

Equity — Create opportunities for underserved people and communities to reach their highest potential.

Stewardship — Uphold the highest standards of excellence in social, and environmental responsibilities to investors, partners, and communities.

WHAT WE DO

Arctaris partners with local community stakeholders and invests to benefit underserved populations. We invest to revitalize challenged communities, improve quality of life, and build a sustainable future.

ECONOMIC IMPACT

Revitalize Local Communities

Create and retain living-wage jobs with quality benefits and career advancement opportunities in low-to-moderate income communities across the U.S.

Align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation.

SOCIAL IMPACT

Improve Quality of Life

Expand access to critical products and services for underserved populations, including broadband internet, housing, healthy food, and healthcare.

Promote diversity and inclusion for all community members, prioritizing business ownership, management opportunities, and employment with women and underrepresented minorities.

ENVIRONMENTAL IMPACT

Build a Sustainable Future

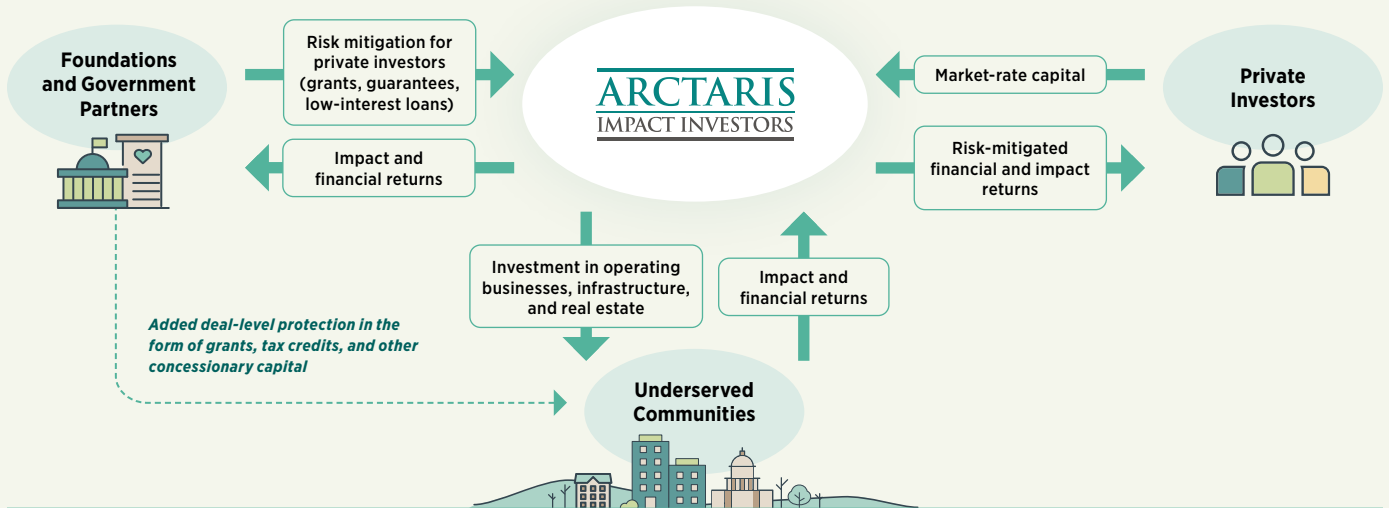
Advance renewable energy projects and businesses whose products and services directly contribute to positive environmental outcomes.

Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources.

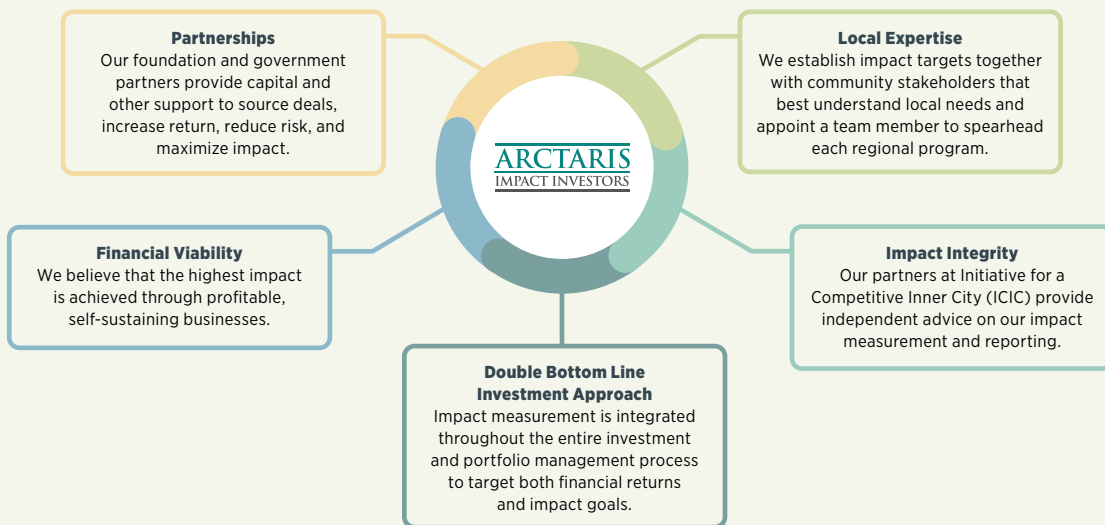


OUR IMPACT APPROACH

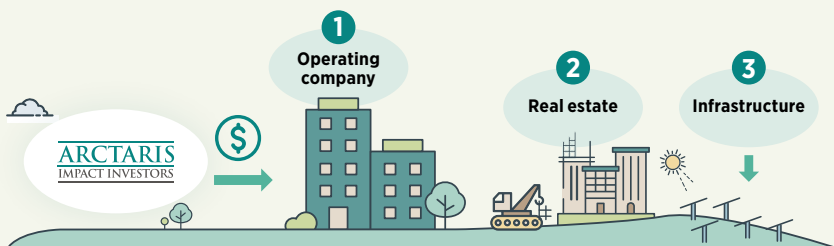
We believe the most sustained and inclusive impact is created through partnerships between private investors, foundations, and governments. The Arctaris impact investing model bridges the for-profit/non-profit gap with mutually beneficial investment programs solving the needs of market participants and local communities.



WHAT MAKES US DIFFERENT



OUR IMPACT IN PRACTICE: CATALYZING EQUITABLE IMPACT CLUSTERS Arctaris has the flexibility to invest in operating businesses, infrastructure, and real estate which broadens our opportunity set for creating additional impact.



- 1 Arctaris makes an initial investment** into an operating company.
- 2 We use our real estate expertise** to build workforce housing on the land.
- 3 We use our infrastructure expertise** to build a solar array and generate clean power for the business.

DIVERSITY, EQUITY, AND INCLUSION

Our Diversity, Equity, and Inclusion Approach

Arctaris proudly emphasizes diversity, equity, and inclusion (DEI) throughout our internal organization and external business practices including:



1 DEI policy and firm-wide priority

We established an internal committee to institutionalize our DEI practice, to review the firm, and to implement a plan to improve our strong and weak areas.

2 Employee hiring, onboarding, and retention

We regularly highlight the importance of diversity while recruiting new employees at events, conferences, and through university networks. When recruiting new employees, we take an active DEI approach targeting industry groups, student clubs, and diversity-focused recruiters.

All Arctaris employees actively participate in an annual DEI training.

3 Supplier diversity

We have started the efforts to review our vendors annually against a DEI checklist and questionnaire and make adjustments as needed.









4 Portfolio monitoring

We work with our impact reporting partners at Initiative for a Competitive Inner City to survey portfolio companies annually on DEI metrics and assess performance trends to gauge progress and identify areas for growth.



Arctaris is experienced in investing in BIPOC¹ communities

We have launched public-private partnerships, and dedicated place-based investment programs in communities with high concentrations of Black, Indigenous, and People of Color (BIPOC) residents and business owners. This focus is fundamental to our identity and mission as impact investors.

<p>2013</p> <p>Launched the Michigan Income and Principal Protected Growth Fund, LP, a private debt fund focused on investing in underserved communities in Michigan. The fund has deployed a significant portion of capital in Detroit with 78% BIPOC* community.</p> 	<p>2014</p> <p>Invested in and successfully exited Moguldom Media in Michigan, which owns and operates websites focused on African American viewership.</p> 	<p>2015</p> <p>Invested in minority-owned business ACT Group in Michigan.** Refer to pg. 30 for more details.</p> 	<p>2018</p> <p>Invested in minority-owned business AEL in Michigan.** Refer to pg. 23 for more details.</p> 	<p>2019</p> <p>Launched the Arctaris Baltimore Program in partnership with Abell Foundation and Neighborhood Impact Investment Fund to lend to businesses in low and moderate-income census tracts (62% BIPOC*).</p>
<p>2020</p> <p>Launched the Arctaris Erie Program, which invested in a food hall operated by minority vendors. Refer to pg. 16 for more details.</p> 	<p>2021</p> <p>Launched the Arctaris Cuyahoga Program in partnership with Cuyahoga County and the Cleveland Foundation to help address the racial wealth gap (48% BIPOC*).</p> 	<p>Invested in minority-owned businesses** in Baltimore that hire mostly minority employees: Chime Solutions, Market Fresh Gourmet, and S&K.</p> 	<p>Launched the Arctaris Pittsburgh Program to support economic development, workforce training, and sustainable job creation (23% BIPOC*).</p>	<p>2022</p> <p>Arctaris launched a two-part DEI training workshop joined by Arctaris team members, advisory board, and strategic partners.</p> 

¹ Black, Indigenous, and People of Color

* Sources: US Census 2019, <https://data.census.gov/cedsci/table?t=ACSST5Y2019.B03002&g=0400000US25>; World Population Review, <https://worldpopulationreview.com/states>

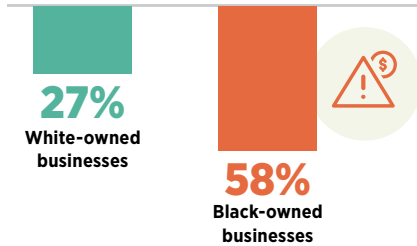
** Refer to portfolio company overviews for investment details

Arctaris expanded BIPOC investments amidst the pandemic

We further expanded our focus on investing in BIPOC communities as minority-owned businesses faced disproportionately more dire challenges during the pandemic.

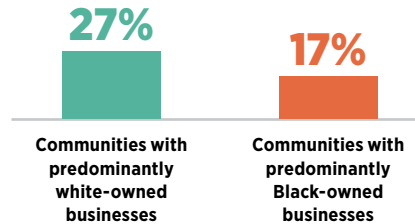
Uneven economic impacts of the pandemic on white-owned and black-owned businesses

Pre-Pandemic Financial Risk Levels by Business Ownership



Black-owned businesses were at disproportionately higher risk of financial distress¹ before the pandemic, compared with white-owned businesses.²

PPP Lending by Community, Q2 2020



Districts with African Americans making up more than half the population were disproportionately excluded from receiving PPP loans.³

Job growth by Business Ownership, Q2 2020 vs Q3 2021

22%

More growth in staff for white-owned businesses vs. Black-owned businesses in underserved U.S. Communities.⁴



Arctaris increases support for minority-owned businesses with new investments and portfolio companies

NEW INVESTMENTS

3 of 5 new operating business investments in 2021 were to minority-owned businesses



S&K: Home healthcare for low-income seniors and veterans



Market Fresh Gourmet: Full-service grocery store in a food desert



Chime Solutions: Business process outsourcing company

2 of 3 new real estate investments in 2021 were to projects led by minority developers or with minority businesses as anchor tenants



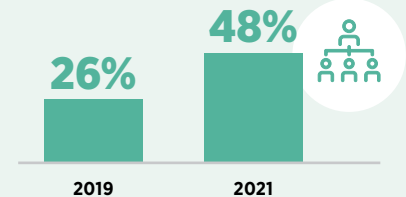
Northeast Heights: Minority developer Washington, DC



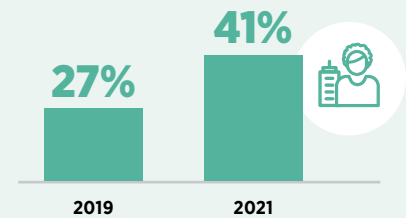
The Flagship Complex: Minority retail tenants Erie, Pennsylvania



EXISTING PORTFOLIO COMPANIES



Growing representation of minorities in senior management: Average share of senior management who are minorities in Arctaris portfolio companies **increased from 26%⁵ to 48%⁶ from 2019 to 2021**



Growing minority ownership: Percentage of portfolio companies eligible for or already certified as Minority-Owned Businesses **increased from 27%⁷ to 41%⁸ from 2019 to 2021⁹**

¹ Financial Distress is defined by the Federal Reserve survey as "Meeting 0 or 1" of the following criteria: Profitability, High Credit Score (80-100 business credit, 720+ personal credit), and Use of Retained Business Earnings to Fund the Firm

² Federal Reserve Banks, 2019 Small Business Credit Survey

³ Bloomberg, "White America Got a Head Start on Small-Business Virus Relief," July 2020 <https://www.bloomberg.com/graphics/2020-ppp-racial-disparity/>

⁴ ICIC (Initiative for Competitive Inner City) Recession Recovery Tracker; Note: data is not inclusive of the "survivorship" bias, given business closures are untracked in count of employment during this period.

⁵ 2020 Arctaris Impact Survey Results

⁶ 2021 Arctaris Impact Survey Results

⁹ Minority-Owned Business: defined as minority-owned operating companies and developer

OUR 2021 YEAR IN REVIEW: STEADY GROWTH AGAINST HEADWINDS OF UNCERTAINTY

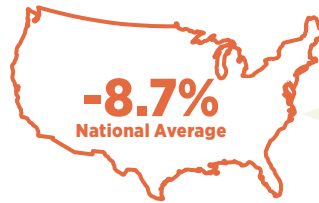
Under-resourced communities across the U.S. were negatively impacted by COVID-19, with unemployment effects persisting into late 2021. Arctaris helped portfolio companies weather the storm, pursuing a wide range of solutions to navigate employee retention challenges.

Arctaris portfolio companies mitigated job losses experienced by companies in under-resourced communities



Zero net job loss at the **entire Arctaris portfolio level** from 2020-2021, during the pandemic*

The Arctaris portfolio realized zero net job loss in under-resourced communities from 2020 to 2021, exhibiting considerable resiliency relative to the national average.



Considerable job loss in under-resourced communities **National average**¹

ICIC tracks a decline in 1,800,000 jobs (or 8.7% of total pre-pandemic jobs) in under-resourced² U.S. communities from the start of the pandemic to late 2021.

Arctaris portfolio companies consistently retained and grew employee base across industries



MANUFACTURING

-10.1%

of manufacturing jobs lost on average in the U.S. during the pandemic³

100%

net job retention at **Arctaris portfolio companies** during the same time period*



REAL ESTATE

-5.4%

of real estate jobs lost on average in the U.S. during the pandemic⁴

+550

Construction jobs created through **Arctaris portfolio companies**⁵ during the same time period*

Arctaris portfolio companies implemented additional employee support initiatives during COVID-19

All portfolio companies took at least one additional action as means to drive social and economic impact in the wake of COVID-19.

50%



of portfolio companies **retained employees on payroll despite lack of work or reduced work***

43%



of portfolio companies **provided or expanded paid sick leave for all employees***



¹ ICIC (Initiative for Competitive Inner City) Recession Recovery Tracker, Q2 2020 - Q4 2021 Data, All US Sectors

² ICIC defines under-resourced communities as relatively heavily populated areas of high poverty and low income located in metropolitan areas

³ Net employment change per ICIC Recession Recovery Tracker, Q2 2020 - Q4 2021

⁵ Given Arctaris invested in new real estate developments, the base job total was zero to start with. Developer data for the Eddy and Northeast Heights.

⁶ Net employment change per ICIC Recession Recovery Tracker, Q2 2020 - Q3 2021

*Arctaris 2021 impact survey results



“We’re thrilled that we’ve attracted an investor of Arctaris Impact’s caliber to Erie. This significant infusion of capital accelerates our work to revitalize Erie’s downtown and encourages other potential investors.”

***Tim NeCastro
President and CEO of Erie Insurance¹***

¹ Erie Insurance is a first-loss partner and investor in the Arctaris Funds. No compensation was paid related to this quote.

Erie Insurance serves on Arctaris advisory board. Advisory board members may be compensated.

Image courtesy of The Flagship Complex

OUR KEY EVENTS IN 2021

JANUARY

Arctaris Impact Investors announces \$10 million investment program partnership with Cuyahoga County

The Arctaris Cuyahoga Program will invest primarily in manufacturing, industrial, and healthcare companies located in Opportunity Zones or low-to-moderate income census tracts in Cuyahoga County.

"The county administration is thrilled to finalize this loan. It brings new long-term private sector funding into our community to support and advance needed social impact economic investments and our revitalization and equity strategies in marginalized communities."

Paul Herdeg, Cuyahoga County's Chief Economic Development and Business Officer



Arctaris welcomes Sorenson Impact CEO Geoff Davis to Board

Over Mr. Davis' distinguished career in social impact, he has founded, co-founded, or advised more than 25 startups and impact-oriented investment funds, as well as served on the boards of 14 companies. Davis will focus on overall impact strategy and directly engage with Arctaris's portfolio companies.

FEBRUARY

Arctaris adds former Kaiser Permanente Diversity Chief Beverly Norman-Cooper to Board of Advisors

As the former Executive Director of National Supplier Diversity at Kaiser Permanente, Norman-Cooper brings decades of experience to help Arctaris assess and improve its DEI practices and policies.

Arctaris welcomes David Evans Shaw to Board of Advisors

Shaw is currently the Managing Partner of Black Point Group and Founding CEO of Idexx Laboratories. David brings extensive leadership experience with high-growth technology and impact investing and management, having built more than a dozen successful technology companies in healthcare and other sectors.



Arctaris funds broadband fiber in Opportunity Zones in Colorado and Maine to increase access to high-speed internet

In partnership with The Colorado Health Foundation and the Finance Authority of Maine, Arctaris is deploying significant equity capital in Opportunity Zones to deliver affordable broadband access to underserved communities.

"The Foundation is excited to explore the Arctaris partnership and how broadband expansion in rural Colorado could have a major impact in helping underserved communities gain much needed access."

Ben L. Bynum, M.D. Portfolio Director, The Colorado Health Foundation



MARCH

Arctaris partners with the Richard King Mellon Foundation on a \$20 million investment program in Pennsylvania

The program targets job creation, workforce training, and economic development initiatives in low-income communities in Allegheny and Westmoreland counties. Arctaris is planning to invest in operating businesses, real estate, public infrastructure, renewable energy, and broadband.

"The Opportunity Zone program provides incentives to investors to bring the revitalizing fuel of private capital to our communities that need it the most. We believe Allegheny and Westmoreland counties should realize the benefits of this proven program, and our Board was willing to make the first investment to lead the way."

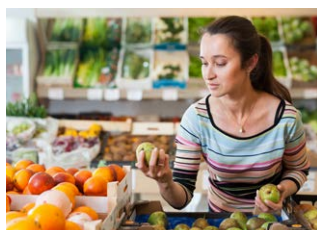
Sam Reiman, Director, The Richard King Mellon Foundation

Arctaris Impact Investors invests in Market Fresh Gourmet in Baltimore, Maryland

Market Fresh Gourmet is a Minority-Owned grocery store, bringing fresh produce to a Baltimore food desert in the Poppleton neighborhood and creating accessible job opportunities for local residents.

"This venture helps address the food desert predicament in Southwest Baltimore by expanding access to healthy food while also providing job opportunities to local residents. I look forward to welcoming Market Fresh Gourmet to the community."

Mayor Brandon M. Scott, Mayor of Baltimore



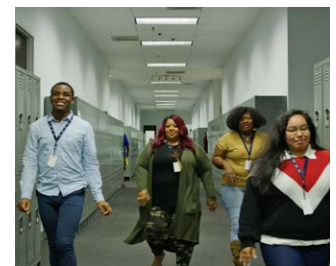
JUNE

Arctaris Impact Investors announces an Opportunity Zone equity investment in the Flagship Complex in Erie, Pennsylvania

The Flagship Complex is a \$26.9 million redevelopment project in downtown Erie that includes a grocery store, food hall, and 28 residential units. The investment will transform and revitalize Erie's downtown core, home to one of the poorest zip codes in the United States and a USDA-designated food desert.

"This project is a great example of private investment addressing so many of a community's challenges, including blight remediation, food insecurity, and economic opportunities for historically disadvantaged communities. This work would not be possible without the financial support and investments from Arctaris, Erie Insurance, and the Erie Downtown Equity Fund."

John Persinger, CEO of the Erie Downtown Development Corporation



Arctaris announces investment in Chime Solutions

Chime Solutions is a certified Minority Business Enterprise (MBE) providing a full suite of Business Process Outsourcing solutions to blue chip clients. Chime recruits from under-invested communities and has already created 40+ jobs in Baltimore with the support of Arctaris's investment.

JULY

Arctaris announces hiring of Alan Halfenger as General Counsel and Chief Compliance Officer

Mr. Halfenger brings nearly three decades of legal and compliance experience where he served as Global Chief Compliance Officer at Bain Capital, LP, and in leadership roles at both ACA Compliance and Treliant.



AUGUST

Arctaris announces investment in Recaro Automotive

Recaro is a Michigan-based high-performance automotive seat manufacturer with locations in the U.S., Europe, and Japan. The Arctaris investment enabled Recaro to establish a new manufacturing facility in an underserved Metro Detroit community, bringing 125 new quality jobs to the Opportunity Zone.



SEPTEMBER

Arctaris hires Lee Kimball as Pittsburgh Investment Director

Mr. Kimball has strong ties to Pittsburgh's entrepreneurial and investment communities. Prior to Arctaris, he was the COO and CEO of three venture and private equity backed international companies in Pittsburgh, building operations, supply chains, and sales teams in the U.S., Europe, Australia, and Central America.

2021 Team Offsite at Saddleback Mountain for strategic planning and improving our impact practices



Arctaris announces investment in Huntsville multifamily real estate development

The Arctaris investment will transform a vacant manufacturing site into an inclusive community development in downtown Huntsville, Alabama. The project is expected to create over 200 jobs in an Opportunity Zone.

OCTOBER

Arctaris Impact Investors completes Opportunity Zone investment in S&K Holdings

S&K is a minority-owned home healthcare company that provides personal care services for elderly patients. The investment will help S&K expand access to quality home healthcare services and to create living-wage jobs in Pittsburgh.

"Erie Insurance is pleased to partner with Arctaris to make an Opportunity Zone investment in S&K Holdings, Inc. We were impressed by the founders' story and their strong commitment to serve the community's most vulnerable population and to see caregivers and their loved ones thriving."

Christina Marsh, Chief Diversity and Community Development Officer, Erie Insurance Group

Arctaris announces hiring of Richard Hampson, formerly President of Citizens Bank in Michigan

Mr. Hampson joins Arctaris as a Principal leading the firm's efforts in Michigan and Ohio markets. He brings decades of commercial banking experience, having previously served as State President for Citizens Bank Michigan as well as Senior Vice President at both PNC Financial Services Group and Comerica Bank.

DECEMBER

Arctaris announces hiring of Janney Chang Lucki as Director of Investor Relations

Ms. Lucki joins Arctaris after 10 years at Spring Mountain Capital, where she served as Director of Client Relations. Ms. Lucki leads the Arctaris Investor Relations function.

Saddleback partners with Arctaris and Nexamp to build a 7.34 MW community solar project

The solar project will offset more than 14 million pounds of carbon annually while reducing Saddleback's energy costs and adding new operational revenue.

Arctaris invests in Northeast Heights development in Washington D.C.

The Northeast Heights development is a 13-acre office development in Washington, D.C. that will host the employees of the Department of General Services, bringing 700 city employees to the Opportunity Zone and spurring economic development in a historically underserved region.



PORTFOLIO SUMMARY: ARCTARIS IN ACTION

New investment activities in 2021

IN 2021, WE MADE

9

NEW INVESTMENTS
TOTALING

\$96M



S&K Home Care Services

The Flagship Complex

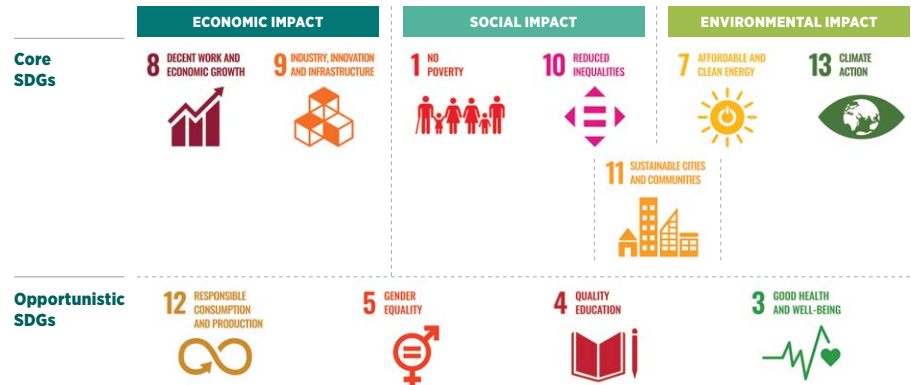
Recaro Automotive

Chime Solutions

Portfolio composition by impact theme

Arctaris benchmarks investments against the U.N. Sustainable Development Goals (SDGs) to communicate impact in a universal language.

Core SDGs are those most commonly addressed through Arctaris portfolio investments. Opportunistic SDGs are not core to the Arctaris impact model, but are often addressed through opportunistic sector exposure.



Within the current portfolio, Arctaris has deployed the most amount of investment focusing on SDG 8 Decent Work and Economic Growth, SDG 11 Sustainable Cities and Communities, and SDG 9 Industry Innovation and Infrastructure

Distribution of current portfolio investment notional by primary SDGs¹



The 2021 investments focused on the same 3 primary SDGs as the total portfolio.

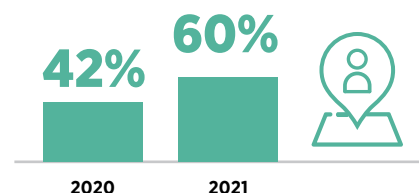
Commitment to underserved communities

100%

of our portfolio companies are based in **low-to-moderate income census tracts and/or Opportunity Zones**

Our portfolio companies make meaningful efforts to hire within their local communities

PERCENTAGE OF EMPLOYEES AT ARCTARIS PORTFOLIO COMPANIES LIVING IN THE SAME ZIP CODE THEY WORK IN



¹ Each investment can count across multiple SDGs. The chart shows the notional distributions of the investments' primary SDGs
* Portfolio impact results from 2021 Arctaris Impact Survey results

PORTFOLIO IMPACT RESULTS*

ECONOMIC IMPACT

Expand the Footprints of Economic Impact

6.5x increase

the total number of full-time equivalent¹ employees the whole Arctaris portfolio impacts from 2019 to 2021



END OF YEAR 2019
FULL-TIME
EQUIVALENTS
422.5

END OF YEAR 2021
FULL-TIME
EQUIVALENTS
2,737

With each \$1M invested, 265% more total full-time equivalent jobs impacted

Create Quality Jobs

19%

growth in full-time equivalent jobs in portfolio companies from 2019 to 2021



Grow Employee Wages

4.9%

increase in average lowest wage since investment



Support Special Hiring Initiatives

Portfolio companies on average implemented total **2 special hiring initiatives** for disenfranchised groups.²



CORE SDG'S

8 DECENT WORK AND ECONOMIC GROWTH

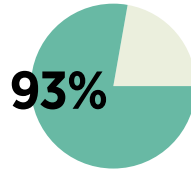


9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



SOCIAL IMPACT

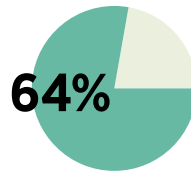
Offer Quality Benefits



of portfolio companies offer health benefits compared to

71%

national average³



of portfolio companies offer retirement savings plans/benefits compared to

54%

national average⁴

71%

of portfolio companies offer professional development training⁵



79%

of portfolio companies offer bonuses⁶



CORE SDG'S

1 NO POVERTY



10 REDUCED INEQUALITIES



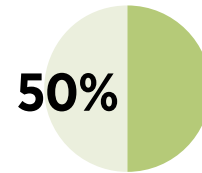
11 SUSTAINABLE CITIES AND COMMUNITIES



ENVIRONMENTAL IMPACT

Support Sustainable Initiatives & Invest in Clean Energy

3 average number of sustainability initiatives underway at Arctaris portfolio companies



of portfolio companies have sustainability measures that reduce energy usage

Generated **30 megawatts of solar energy; permitted to install a 7.34 megawatts solar farm.**



Sustainability initiatives underway include:

- ✓ Sourcing sustainable materials
- ✓ Reducing energy usage
- ✓ Reducing water usage
- ✓ Reduce paper usage
- ✓ Reducing emissions
- ✓ Reducing waste
- ✓ Solar solutions
- ✓ Lighting solutions
- ✓ Recycling
- ✓ Water filtration
- ✓ Supply chain assessment/optimization

CORE SDG'S

7 AFFORDABLE AND CLEAN ENERGY



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



¹ Full-time Equivalents is a unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts.

² Include hiring initiatives for women, people of color, veterans, formerly incarcerated individuals, individuals who live in the local area where the business is located, immigrants, migrant workers, LGBTQIA+, individuals with disabilities, and refugees.

^{3,4} Bureau of Labor Statistics National Compensation Survey: March 2021

^{5,6} National average data not available

* Portfolio impact results from 2021 Arctaris Impact Survey results

PORTFOLIO COMPANY OVERVIEWS

OPPORTUNITY ZONE FUND SERIES

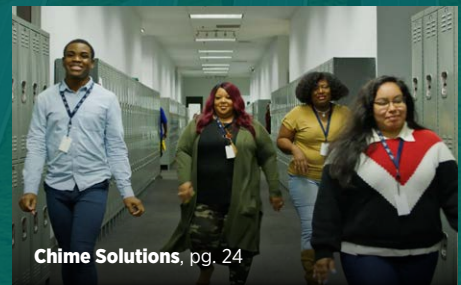
- 17 **S&K Holdings, Inc.** – Maryland and Pennsylvania¹
- 18 **The Flagship Complex** – Erie, Pennsylvania
- 19 **The Eddy** – Grand Junction, Colorado
- 20 **Altitude Apartments** – Glenwood Springs, Colorado
- 21 **GCAP HoldCo, LLC** – Glenwood Springs, Colorado
- 22 **Arctaris Broadband Company** – Boston, Massachusetts



The Flagship Complex, pg. 18

IMPACT FUND

- 23 **AEL** – Belleville, Michigan
- 24 **Chime Solutions** – Atlanta, Georgia; Baltimore, Maryland; Charlotte, North Carolina; Dallas, Texas



Chime Solutions, pg. 24

OPPORTUNITY ZONE FUND SERIES AND IMPACT FUND

- 25 **Up to Date Laundry** – Baltimore, Maryland
- 26 **Saddleback Mountain** – Franklin County, Maine
- 27 **Recaro Automotive** – Clinton Township, Michigan
- 28 **Market Fresh Gourmet** – Baltimore, Maryland



Up to Date Laundry, pg. 25

LEGACY FUND

- 29 **Norwich Solar Technologies** – White River Junction, Vermont



Norwich Solar, pg. 29

¹ Other locations are New Jersey, Virginia, and Washington D.C.
Note: refer to appendix for current portfolio companies that are not mentioned in the Portfolio Company Overviews.
Portfolio Companies have been selected to present the impact mission and process of Arctaris.

S&K HOLDINGS, INC.

Maryland and Pennsylvania¹

Company Overview

S&K Holdings, Inc. (S&K) is a minority-owned home care company formed in 1996 providing personal care services for the elderly in Maryland, Pennsylvania, New Jersey, and Washington, D.C. S&K’s services satisfy its customers’ core home care needs. S&K assists clients with respite care, recovery at home, long distance care giving, and assistance with daily living activities. S&K primarily serves low-income seniors who are often living alone or with a partner who may also need assistance.

Impact Thesis

The core impact of the S&K investment is to provide health care career entry opportunities for those otherwise lacking the educational background or professional certifications to get a job in the field, support the growth of minority-owned and operated business, and provide quality care to residents of underserved communities.

Cognizant of its role as a career starter for many of its predominantly female employees, and drawing staffing from the neighborhoods it serves, S&K offers a unique program for its employees, called the Upward Mobility program. Initiated to provide an educational and training track for Personal Care Assistants (PCAs) and Certified Nursing Assistants (CNAs), the program helps those who want to enhance their caregiving management skill set. PCAs can enter a two-step process to achieve a level titled Personal Care Professional II (PCP II). PCP IIs and CNAs can continue their training by choosing from various disease management tracks.



Graduates are publicly recognized amongst their peers at annual awards ceremonies. Additionally, S&K offers full healthcare, retirement, flex-work, and paid sick leave to its employees. There are also incentive compensation benefits such as performance, referral, and signing bonuses.

Impact Additionalities²

The Arctaris investment expands S&K’s footprint in Pittsburgh’s Allegheny County and Altoona’s Blair County. In assisting S&K in the acquisition of the Pittsburgh-based Integrity Home Care, Arctaris facilitated the company’s move to an Opportunity Zone. The move is expected to create 50+ jobs annually in a low-income area. By acquiring Integrity Home Care, S&K grew its total workforce to near 1,000 of both full and part time employees. The goal is to continue to grow the business, adding up to 500 employees over the next 3–5 years.

INVESTMENT TYPE

Equity | Operating Company

KEY IMPACT METRICS*

50
full-time jobs expected to be created

40%
of supplier spending on minority individuals

100%
BIPOC senior management

Certified Minority Business Enterprise

SDGS IMPACTED

3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



¹ Other locations are New Jersey, Virginia, and Washington D.C.

² Impact additionalities is defined as the increase in the quantity or quality of the enterprise’s social outcomes beyond what would otherwise have occurred. Stanford Social Innovation Review: https://ssir.org/articles/entry/unpacking_the_impact_in_impact_investing#:~:text=And%20for%20an%20investment%20or,what%20would%20otherwise%20have%20occurred.

*Arctaris 2021 impact survey results

THE FLAGSHIP COMPLEX

Erie, Pennsylvania

Company Overview

The Flagship Complex, LLC is a redevelopment property that includes a food hall, grocery store space, and 28 market-rate multifamily rental units. The food hall will house a variety of restaurant concepts and serve as a gathering place for the community of Erie, while the commercial space will include a grocery store that serves the area designated by the USDA as a food desert. The Flagship Complex is part of a larger, three-phase plan to redevelop the core of downtown Erie, Pennsylvania.

Impact Thesis

The Flagship Complex is set in Erie, Pennsylvania, home to some of the poorest zip codes in the U.S. Erie is a severely impoverished city with a 25.1%¹ poverty rate (vs national average of 13.4%)² and median household income of \$37K, half the national average.³

The Flagship Complex is a part of a larger downtown revitalization effort intended to have significant positive externalities for the community, including increasing downtown residents and daily foot traffic to local businesses, adding to the city tax base, and creating an inclusive downtown space for residents to live, work, and play.

As part of the downtown revitalization, the Flagship Complex is a mixed-use project aiming to increase quality of life for its residents. It is creating downtown Erie's first full-service grocery store in decades, Erie Food Cooperative, which serves a variety of budgets and offers all employees a living wage.



The Food Hall aims to facilitate economic development by supporting minority-owned tenants and by promoting local community building. Six of the nine vendors will be women or minority-owned. All vendors understand what constitute feasible products and price points for the community. Instead of requiring vendors to cover large up-front costs and pay set monthly rents, the Food Hall implemented a royalty payment system that allows vendors to start businesses with minimal upfront capital and greatly reduces barriers to entry for small business owners. The dining area also offers common tables, promoting local community building efforts.

The Flagship Complex is expected to create 91 full-time jobs and the developer is a certified Minority Business Enterprise.

INVESTMENT TYPE

Equity | Real Estate

KEY IMPACT METRICS*

12
new jobs created in 2021

67%
BIPOC senior management

91
new full-time jobs
expected to be created

SDGS IMPACTED

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



^{1,2,3} US Census as of 2020, <https://www.census.gov/quickfacts/fact/table/eriecountypennsylvania,eriecitypennsylvania/IPE120220> and <https://www.census.gov/library/publications/2021/demo/p60-273.html>
*Arctaris 2021 impact survey results. Food hall rendering courtesy of The Flagship Complex.

THE EDDY

Grand Junction, Colorado

Company Overview

The Eddy at Grand Junction is a multi-family/campsite project with 96 units of market-rate residential workforce housing and a 74-site RV campsite on a 12-acre site located in Grand Junction, Colorado. The development aims to address the significant rental unit shortfall in the City of Grand Junction and surrounding areas.

Impact Thesis

The Eddy addresses the region’s lack of housing by pricing units at rents accessible to median-income households in the surrounding community.

The site is situated along the Colorado River and borders a new city riverfront development of parks, an amphitheater, offices, and river access. The Eddy is a cornerstone of local riverfront revitalization efforts.



INVESTMENT TYPE

Equity | Real Estate

KEY IMPACT METRICS*

4
new full-time jobs
created in 2021

150
new construction
jobs created

4
environmental sustainability
measures implemented

SDGS IMPACTED

8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



*Arctaris 2021 impact survey results. Rendering courtesy of The Eddy

ALTITUDE APARTMENTS

Glenwood Springs, Colorado

Company Overview

Altitude Apartments is a development of 100 units of workforce housing serving median-income households in Glenwood Springs, Colorado. The property is located 1.4 miles south of downtown Glenwood Springs and 2.1 miles from the Glenwood Hot Springs Pool. As a strategic bedroom community, Glenwood Springs supports many neighboring resort destinations including Aspen and Vail, which are approximately 40 and 64 miles away, respectively.

Impact Thesis

The project creates more workforce and affordable housing options for the local community by pricing units at 80% of the recommended budget for the area median income (AMI).

The project serves the severely constrained region of Garfield County, which estimates a 2,000-unit¹ shortfall over the next 10 years. The 100-apartment unit development, Altitude, will help mitigate this shortfall of workforce housing once operational in the summer of 2022. In addition, the development provides convenient access to transportation and resident/community amenities in Glenwood Springs, Colorado. The development is designed to accommodate the existing community's housing needs without displacing the current residents.



INVESTMENT TYPE

Equity | Real Estate

KEY IMPACT METRICS*

2

new full-time jobs created in 2021

LEED Certified²

Apply WELL Building Standards³

SDGS IMPACTED

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



¹ Post Independent, "Time to take area's housing needs seriously," <https://www.postindependent.com/opinion/pi-editorial-time-to-take-areas-housing-needs-seriously/>

² LEED (Leadership in Energy and Environmental Design) Certification is a set of ratings used to evaluate the construction, design, operation, and maintenance of green buildings, homes, and other real estate developments. It is intended to make real estate developments environmentally-friendly and use resources efficiently.

³ WELL Building Standards is a performance-evaluation system that analyzes how the built environment impacts human health and well-being through air, water, nourishment, light, fitness, comfort and mind. *Arctaris 2021 impact survey results. Image courtesy of Altitude Apartments

GCAP HOLDCO, LLC

Glenwood Springs, Colorado

Company Overview

GCAP HoldCo, LLC operates the only mountaintop theme park in the United States, with over 17 attractions including two large cave systems (ranked top 10 in the U.S. by USA Today), rollercoasters (Mountain Coaster recognized by USA Today as a “top 10” coaster) and canyon swings. Located 2.5 hours west of Denver between Vail, Aspen, and Grand Junction, GCAP is well positioned to attract tourists traveling through the heavily trafficked region of Western Colorado.

Impact Thesis

The core impact of the GCAP investment is job retention and creation. GCAP is one of the largest employers in Glenwood Springs and is expected to continue to grow its workforce throughout the investment period. This investment is the second phase of Arctaris’s economic development vision for the area that began with the Altitude Apartments workforce housing investment, which will provide more affordable housing options for many of Glenwood Springs’ tourism and service industry workers. With sufficient housing options and a booming theme park with growing job opportunities, Glenwood Springs is well positioned to attract more visitors to boost the overall regional economy.



INVESTMENT TYPE

Equity | Operating Company

KEY IMPACT METRICS*

90
full-time and part-time
jobs retained

31
seasonal jobs
retained

8
environmental sustainability
measures implemented

SDGS IMPACTED

1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



13 CLIMATE
ACTION



*Arctaris 2021 impact survey results. Image courtesy of Glenwood Caverns Adventure Park

ARCTARIS BROADBAND COMPANY

Boston, Massachusetts

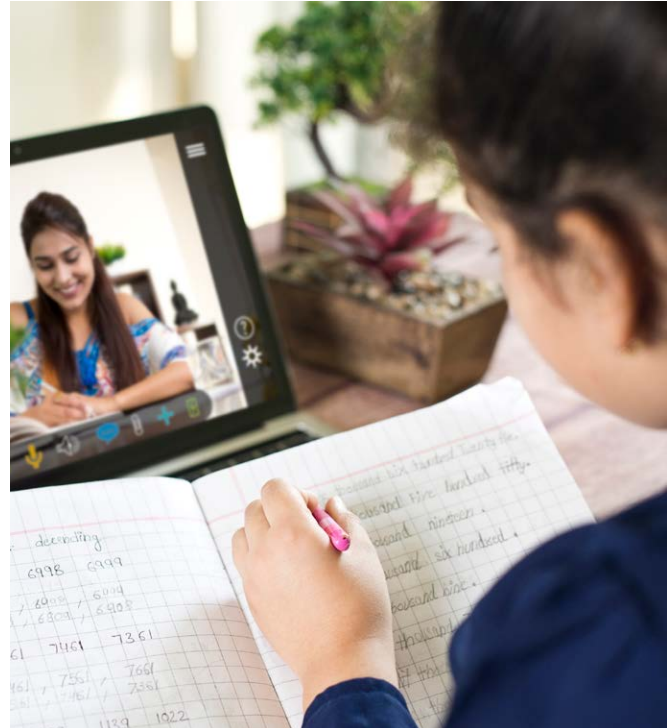
Company Overview

Arctaris Broadband Company, LLC (“ABC”) is a Qualified Opportunity Zone Business, which owns and operates fiber broadband infrastructure in underserved communities through partnerships with internet service providers (ISPs). ABC is currently constructing networks in Colorado and Maine in partnership with local government agencies, ISPs, and foundations, and has a robust pipeline of future opportunities across the nation.

Impact Thesis

High-quality and reliable broadband is essential for communities to thrive and prosper in the modern economy. The need for connectivity was further accentuated during the pandemic when many were forced to work and attend school remotely—putting a greater spotlight on the digital divide in America. For these reasons, it is essential to provide unserved and underserved communities with connectivity to high-speed broadband in order to promote economic development, enable remote work, education, and telehealth, and ensure that these communities are no longer cut off from the modern economy.

Arctaris formed ABC to help bridge the digital divide by making investments in state-of-the-art broadband networks that can deliver future-proof services in underserved urban and rural Opportunity Zone communities. The ABC-owned fiber networks have a useful life that is greater than 20 years and require less ongoing maintenance than traditional copper plant or wireless facilities, which means that ABC’s networks are positioned to provide affordable and high-speed internet to these underserved communities for decades to come.



Impact Additionalities

The Arctaris investment expands broadband access to underserved communities that has historically lacked private funding to build out the needed broadband networks.

INVESTMENT TYPE

Equity | Infrastructure

KEY IMPACT METRICS

18,500
underserved residential
and business premises
expected to be passed by
ABC broadband networks¹

22
construction jobs
created in Colorado²

SDGS IMPACTED

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



¹ Cleantework and Great Works Internet Partners (“GWI”)

² Cleantework

AEL

Belleville, Michigan

Company Overview

AEL is a certified Minority Business Enterprise (MBE) that offers inbound logistics, warehousing, re-packing, labeling, and delivery to large manufacturers and automotive companies across the United States. AEL uses integrated technology and tailored strategies to serve logistical needs of major Tier 1 customers, such as ThyssenKrupp, Cummins Inc., and Lear Corporation.

Impact Thesis

AEL is a minority-owned business with 200+ employees. Arctaris invested in AEL to retain and create more living-wage jobs in underserved communities. In addition, Arctaris intended to support the growth of a minority-owned business to create more opportunities for minority communities in Michigan.

Following Arctaris's investment, AEL added 33 new living-wage jobs and the lowest wage at the company increased 92% from 2018 to 2021. AEL is able to maintain its 247 full-time employees despite challenges in the automotive industry.



INVESTMENT TYPE

Debt and Royalty | Operating Business

KEY IMPACT METRICS*

33
new jobs created since
Arctaris investment

100%
BIPOC senior management

21.8%
inflation adjusted average
wage increase since 2018

**Certified Minority
Business Enterprise**

SDGS IMPACTED

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



*Arctaris 2021 impact survey results

CHIME SOLUTIONS

Atlanta, Georgia; Baltimore, Maryland; Charlotte, North Carolina; Dallas, Texas

Company Overview

Formed in 2015, Chime Solutions is an Atlanta-based certified Minority Business Enterprise (MBE) focused on providing a full suite of Business Process Outsourcing (BPO) solutions to industry sectors including financial services, insurance, healthcare, and telecommunications.

Impact Thesis

Chime is a minority-owned business with a track record of hiring within low-income census tracts and partnering with municipalities to implement workforce development programs for the underserved. Arctaris invested in Chime Solutions to retain and create living-wage jobs. Chime has already created 40+ new jobs in the city of Baltimore since Arctaris investment and expects to create 200+ new jobs by 2023.

Management actively seeks opportunities to support employee well-being, including a new program to assist with first-time home purchases and in-office childcare center for employees. Arctaris will support Chime Solutions to expand higher-quality employee benefits that increase employee retention and create long-term career paths.

Impact Additionalities

Arctaris is working with the Chime management team to source workforce training grants from government and foundation partners to help Chime expand to new locations, such as Cleveland, Ohio, and to create more living-wage jobs.



INVESTMENT TYPE

Debt | Operating Business

KEY IMPACT METRICS*

47
new jobs created since
Arctaris investment

95%
BIPOC employees

**Certified Minority
Business Enterprise**

SDGS IMPACTED

1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



*Arctaris 2021 impact survey results. Image courtesy of Chime Solutions

UP TO DATE LAUNDRY

Baltimore, Maryland

Company Overview

Located in Baltimore, Maryland, Up To Date Laundry is one of the largest healthcare laundries on the east coast. Up To Date provides laundry services, such as linen/curtain cleaning and linen rental, to healthcare facilities across the mid-Atlantic.

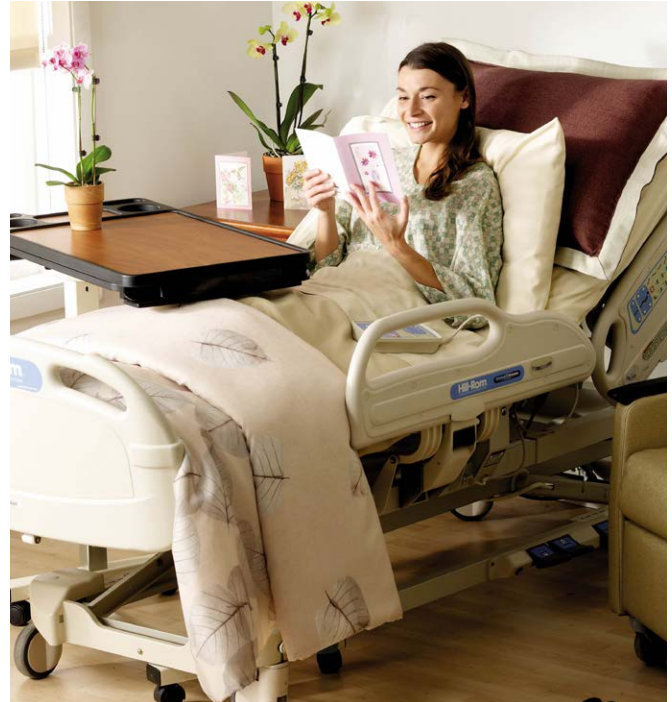
Impact Thesis

Up To Date Laundry is a long-standing business in Baltimore City and the core impact strategy is to retain and to create jobs paying above-market wages and benefits. Located in an economically distressed neighborhood, the company has a very diverse base of 200+ full-time employees, as well as 300+ temporary employees. The goal of the company is to increase the employee base by up to 50 in the next two years.

Additionally, Up To Date Laundry provides critical medical linen cleaning services during the pandemic, which supported its hospital clients to focus their efforts on fighting COVID.

Impact Additionalities

Arctaris is working with Up To Date Laundry management to secure Property Assessed Clean Energy (PACE) financing to upgrade the current equipment to improve water utilization and reduce energy consumption.



Arctaris has also supported Up to Date Laundry management to invest in state-of-the-art automation and material handling equipment that will create additional skilled job opportunities.

INVESTMENT TYPE

Debt and Equity | Operating Company

KEY IMPACT METRICS*

31

jobs created since
Arctaris investment

TRSA Clean Green
Certification¹

Benefits Available for All Employees

Healthcare, retirement, paid
sick leave, and professional
development training

SDGS IMPACTED

1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



¹ TRSA Green Certification is an accreditation given to companies that demonstrate leadership in water and energy efficiency and adoption of best practices for reclaiming, reusing, and recycling resources.

*Arctaris 2021 impact survey results. Image courtesy of Up To Date Laundry

SADDLEBACK MOUNTAIN

Franklin County, Maine

Company Overview

Saddleback Mountain is a ski resort in Western Maine with over 60 years of history and the third largest vertical drop in the state at over 2,000 feet. Saddleback’s business lines include downhill skiing, ski school, ski rentals and repairs, outdoor programming, food and beverage, retail, and mountain biking.

Impact Thesis

The core impact strategy is the economic revitalization of a community in distress. Saddleback was the largest employer in Rangeley prior to the shutdown in 2015. Arctaris’s investment has created 271¹ new jobs at Saddleback and has helped revitalize the local economy, bringing over 70,000 skier visits in the 2021 season.

An additional component of Saddleback’s impact thesis is to adopt an environmentally sustainable resort strategy. Arctaris and Saddleback worked together to develop a 7.34 MW DC solar farm. The solar farm will produce double the electricity needed to operate the resort, creating substantial environmental impact related to carbon emission reduction.

Impact Additionalities

After five years of closure, which created substantial economic distress in the local community, Arctaris’ investment enabled Saddleback to reopen. Arctaris facilitated the renovation of the



base lodge, installation of new lifts, construction of a solar farm, and several other ongoing capital improvement initiatives.

Arctaris has made an ongoing commitment to social impact for Saddleback employees through plans for a workforce training center, child care center, and an additional 100-bed workforce housing development.

INVESTMENT TYPE

Debt and Equity | Real Estate, Operating Company, Infrastructure

KEY IMPACT METRICS*

271

new jobs created since 2019²

7

hiring initiatives implemented for disenfranchised groups

On-site solar farm expected to generate double the electricity needed to operate the resort

SDGS IMPACTED

3 GOOD HEALTH AND WELL-BEING



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



^{1,2} Saddleback IMPLAN Analysis by Initiative for a Competitive Inner City.

*Arctaris 2021 impact survey results. Special hiring initiatives include hiring initiatives for women, people of color, veterans, formerly incarcerated individuals, individuals who live in the neighborhood or local area where the business is located, immigrants, migrant workers, LGBTQIA+, individuals with disabilities, and refugees.

Image courtesy of Andy Gagne Photography

RECARO AUTOMOTIVE

Metro Detroit, Michigan

Company Overview

Located in Clinton Township, Michigan, Recaro is a high-performance automotive seat manufacturer that was divested from its parent company in 2019. In late 2019, Arctaris partnered with Recaro’s management team and another strategic partner to move the firm’s headquarters to an Opportunity Zone in Eastern Michigan.

With deep experience in manufacturing and turnaround management, Recaro’s executive team is well positioned to grow the business. As a global company with operations in the U.S., Germany, Japan, and a joint venture in China, Recaro has one of the strongest brands in the industry.

Impact Thesis

The core impact thesis for Recaro is living-wage job retention and creation. At the time of investment, Clinton Township reported a poverty rate of 40.7%¹ and an unemployment rate of 14.0%.² Through its partnership with Arctaris, the company promised to retain 125 jobs of all skill levels and grow the employee base over the next four years. The average wage per annum is over \$60,000, which is nearly double the region’s \$30,378 median household income.³



INVESTMENT TYPE

Debt and Equity | Operating Business and Real Estate

KEY IMPACT METRICS*

9
full-time jobs
created since 2019

125
full-time jobs
retained

Benefits Available for All Employees

Healthcare and retirement

SDGS IMPACTED

1 NO
POVERTY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



^{1,2,3} 2019 US Census American Community Survey 5-Year Estimates for Clinton Township OZ Census Tract.
*Arctaris 2021 impact survey results. Image courtesy of Recaro Automotive.

MARKET FRESH GOURMET

Baltimore, Maryland

Company Overview

Opening its first location in 2022, Market Fresh Gourmet is a minority-owned, full-service community grocery store chain operator based in Baltimore, Maryland, which will carry fresh produce, baked goods, and hot/cold prepared foods. The express grocery store will operate within the first phase of a mixed-use building as an anchor ground-floor retail tenant, serving residents of the 260+ unit building along with local community members within a food desert.

Impact Thesis

The Arctaris impact thesis for Market Fresh Gourmet includes supporting and growing a minority run and owned business that will source inventory and other materials from minority suppliers. Market Fresh Gourmet is managed by a 100% Black leadership team with significant industry experience. The company aims to concentrate procurement with local minority-owned suppliers.

Market Fresh Gourmet plans to tackle the health challenges facing the local communities. In addition to supporting vital social needs for accessible healthy food, the company also offers community cooking classes, educational workshops on healthy eating, and other health-related initiatives to residents of severely distressed census tracts.

Market Fresh Gourmet will also create substantial job opportunities locally. The first store is projected to create 45 living-wage jobs, primarily from the local community in Baltimore.



Impact Additionalities

Arctaris aims to scale the business through at least two additional store openings, with leases executed and construction currently in pre-planning phases. The expansion is projected to create an additional 125-150 jobs.

Arctaris is supporting Market Fresh Gourmet management in securing grants, concessionary loans, and tax credits. Strategic financing will help scale up operations, supporting sustained job growth and retention of staff at living wages.

INVESTMENT TYPE

Debt and Equity | Operating Company

KEY IMPACT METRICS*

125-150
new jobs expected
to be created

Eligible to certify
as **Minority Business
Enterprise**

100%
BIPOC senior management

66%
of supplier spending on
minority individuals

SDGS IMPACTED

3 GOOD HEALTH
AND WELL-BEING



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



*Arctaris 2021 impact survey results. Image courtesy of Market Fresh Gourmet.

NORWICH SOLAR TECHNOLOGIES

White River Junction, Vermont

Company Overview

Norwich Technologies is a regional developer, installer, purchaser, and owner of solar projects and solar technology. Located in White River Junction, Vermont, Norwich has installed over 30 megawatts (DC) of solar capacity, leading to over 600 million tons of CO2 avoided from reduced burning of fossil fuels. Norwich has been voted best solar company in Vermont’s Upper Valley in each of the last three years by Valley News Reader’s Choice Awards and is the recipient of multiple grants from the U.S. Department of Energy (DOE).

Impact Thesis

Norwich Technologies’ financial and environmental goals are directly aligned. As Norwich develops and builds additional projects, growing the company’s revenues, greenhouse gas emission reductions will continue to grow.

At the time of investment, Norwich management committed to make commercially reasonable efforts to create living-wage jobs in the low-income census tract of White River Junction and has succeeded in increasing head count by 38% with the creation of 10 new jobs.

Norwich is committed to sharing its commercial success with the local community in Vermont. Norwich contributes a significant portion of its solar credits from Vermont projects toward organizations that support low-income communities.



INVESTMENT TYPE

Debt and Royalty | Operating Business

KEY IMPACT METRICS*

98
acres of renewable
energy installed

30MW
of solar energy
generated

50%
of the credits from Vermont 2020 solar projects
went towards housing and support agencies for
low-income Vermonters

SDGS IMPACTED

7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



11 SUSTAINABLE CITIES
AND COMMUNITIES



*Arctaris 2021 impact survey results. Image courtesy of Norwich Solar Technologies.

Saddleback Mountain: Hands-On Approach Maintains Legendary Ski Resort's Charm and Yields Economic Optimism

When Saddleback Mountain ski resort closed its slopes and shuttered its doors for good in 2015, it all but eliminated the cornerstone of the Rangeley economy. The Maine town with a population of just over 1,000 had been a destination for outdoor enthusiasts for at least 40 years before the ski resort was established to round out the area's seasonal economic viability.





CASE STUDY: SADDLEBACK MOUNTAIN



In subsequent decades, the ownership of Saddleback changed hands, the business faced management challenges, and promised expansions never materialized. When the mountain closed, not only did tourism suffer, but so did the workforce and the local economy.

In January 2020, Arctaris purchased Saddleback from its previous owners and took a hands-on approach to re-opening the business, aware that transformative growth of the community relied on the resort's financial stability. Arctaris prioritized partnerships with local stakeholders throughout the acquisition process to ensure that the mountain's character was maintained while reinstating the resort as a cornerstone of the region.

The First Season: Restoring Operations During a Global Pandemic

As the COVID-19 pandemic began to unfold in early 2020, Arctaris and Saddleback took the opportunity to invest in modernizing the mountain's infrastructure, updating its lifts, and renovating the existing base lodge on the mountain. The operations staff capitalized on the lack of skier traffic to install a state-of-the-art high-speed quad chairlift, significantly reducing the lift's ride time from 12 minutes down to around 4 minutes. A high-powered air filtration system was also installed in the main lodge to increase guest safety by raising indoor air purity levels to roughly outdoor levels. This update not only assisted public health

SADDLEBACK MOUNTAIN

Year invested: 2019

Impact goals: Welcome 150,000 visitors by its 2025 season and create 250 jobs

Geography: Franklin County, Maine

during the pandemic, but will continue to do so in subsequent cold and flu seasons.

In its first season since reopening, Saddleback was able to restore 157 direct jobs to the area through its ski operations, bringing a much-needed economic uplift to the region. Furthermore, Saddleback surpassed its 70,000-visitor goal and welcomed approximately 72,000 guests in the 2020/2021 ski season. The additional 70,000+ visitors to the region helped support businesses in Rangeley and increased local tax revenue.

Saddleback also effectively handled the volume of skier visits in its first year back in business as customer service research concluded that Saddleback received best-in-class ratings from its customers.¹

The Second Season: Continuing to Improve the Visitor Experience

In its second season, Saddleback continued its rapid development plans focusing on central infrastructure improvements to increase uphill capacity and extending its operational season. Improvements were made with the goal to further enrich the visitor experience while remaining committed to community interests and becoming an environmentally sustainable business. Heading into the 2021 offseason, the Saddleback team began work on upgrades for the 2021/2022 season, which included the installation of a new high-speed T-bar surface lift, the construction of a new mid-mountain lodge, and new on-mountain condominiums.

During the process of making the critical investment decision whether to add a new T-bar lift or chairlift, Saddleback listened to customers and incorporated community feedback, conducting a customer survey to discover what would best serve the community's interests. The decision to move forward with a T-bar lift represented the willingness and

¹ Belanger Crumb & Eschle Saddleback brand and customer experience research. Image on previous page and image on this page are courtesy of Andy Gagne Photography.

commitment of Saddleback and Arctaris to move forward with community cooperation and insight.

With the mid-mountain lodge project, Arctaris partnered with community members and the Venn Foundation to source capital needed for the project to pencil out financially. In an effort to minimize the environmental impact of the new lodge, Saddleback consulted with key environmental groups, including the Maine Audubon Society, and ultimately moved forward with plans to build on pedestals and implement a sod roof, making the building inconspicuous to hikers on the Appalachian Trail and undistruptive to native bird populations.

Restoring an Important Regional Employer and Becoming a Four-Season Resort with Community Focus

The economic ripple effects of Saddleback's reestablishment have been substantial as the town of Rangeley recovered from several economic challenges, including sagging real estate prices and shuttered businesses. The reopening of Saddleback is responsible for the creation of roughly 370¹ new jobs in Franklin County, including 271² jobs at Saddleback, 30³ jobs sustained by sourcing from local suppliers, 34⁴ jobs created by employee spending, and 35⁵ jobs resulting from visitor spending outside of Saddleback.

To achieve impact goals for Saddleback set forth at the time of investment, it is essential for the resort to remain a busy operation year-round, even when the slopes are closed to skiers in the summer and shoulder seasons. Through its wedding and events businesses, outdoor program operations, and soon-to-be mountain biking program launching in summer of 2022, the mountain will not only attract more visitors during the off-season, but it will also continue to bring more off-season jobs for Saddleback employees and customers for local businesses.

With increased staffing comes potential challenges to sustained growth and success in the coming years: two of the biggest obstacles facing Saddleback are the lack of affordable housing and childcare for its employees. Because Rangeley is a small, remote town with most real estate devoted to vacation homes and rentals, securing sufficient affordable housing and childcare for employees

poses a barrier to achieving growth targets. Yet it remains an essential part of Arctaris and Saddleback's workforce development strategy. As a short-term solution for the 2021/2022 ski season, Saddleback reserved hotel rooms for 30 employees in Rangeley. To ameliorate the longer-term issue, Saddleback secured a forgivable loan through the Venn Foundation that is intended to finance a 100-bed workforce housing facility to be constructed in fall 2022. In addition to removing obstacles to affordable employee housing, providing access to childcare will be a crucial step toward unlocking the full potential of its workforce. Accordingly, the resort is currently developing an in-house childcare center for employees that is expected to open before the 2023/2024 skiing season.

Beyond housing and childcare, Saddleback prioritizes a culture of fair treatment, collaboration, connection, and engagement at all levels of the resort. Opportunities for advancement, which are among its most important advantages as a regional employer, include a leadership program that creates opportunities for employees to work cross-functionally in other company departments and a focus on internal recruitment for open positions. The resort also works to connect employees who are not needed



^{1,2,3,4,5} Saddleback IMPLAN Analysis by Initiative for a Competitive Inner City. Image courtesy of Andy Gagne Photography.

CASE STUDY: SADDLEBACK MOUNTAIN

during the summer months with local employers in need of talent to provide support and maintain workforce connections within the local community. Free season passes and discounted resort amenities also provide additional perks for employees.

Coming Soon: More Snowmaking, New Chairlifts, and Better Roads

With an eye toward the future and to keep up with its visitor goals for coming years, Saddleback has planned further infrastructure upgrades. First, Saddleback is investing in snowmaking technology to ensure that the resort can open earlier and stay open for a longer period during winter, expanding the ski season and the duration of seasonal jobs. Second, the replacement of the historic Sandy double chairlift with a modern quad will make it easier to keep more skiers on the mountain and open opportunities for night skiing and tubing. Third, the resort is partnering with the Maine Department of Transportation and local communities Dallas and Sandy River plantations to repair the access road that is the only way from Rangeley to the base of the mountain. Over the longer term, the mountain contemplates the construction of a welcome center, an additional base lodge, several

additional lifts, and a hotel to accommodate guests on the mountain. These investments will help increase skier visits, improve the customer experience, and contribute to the success of the mountain.

Investing in Renewable Energy

In a practical and environmentally conscious push in the fourth quarter of 2021, Saddleback completed the permitting and design of a 7.36 MW DC solar farm in partnership with Nexamp, a Boston-based solar development and construction firm. This investment aligns with Saddleback's ethos of environmental responsibility and will help allay operational expenses at the business. The solar project will offset more than 14 million pounds of carbon annually while reducing Saddleback's energy costs and adding new operational revenue. As with the mid-mountain lodge project, the solar farm is thoughtfully situated in a way that minimizes its impact on the mountain's natural ecology and avoids the Appalachian Trail viewshed.

Saddleback's Future

Saddleback's long-term goals revolve around demonstrating best practices for environmentally responsible development and local community engagement. Saddleback is working on creating a master plan to develop a four-season resort complex. In conjunction with the development of the master plan, the mountain expects to welcome over 150,000 visitors by the 2025 season and create over 250 new jobs. Saddleback aims to become an internationally renowned destination and an example of responsible practice in the economic development community. Andy Shepard, Saddleback's general manager, stressed that these long-term goals are attainable only with a very specific type of funding partnership: "What we need is a partner that understands this is a long-haul strategy and we absolutely found that in Arctaris."



Image courtesy of Andy Gagne Photography.



Chime Solutions: Empowering Under-Resourced Communities

When CEO Mark Wilson founded Chime Solutions in 2015, he had a specific goal in mind: provide industry-leading Business Process Outsourcing (BPO) solutions to major companies while hiring and empowering residents of under-resourced communities. Headquartered outside of Atlanta, Chime is a minority-owned business that provides BPO solutions to leading companies in the financial services, insurance, healthcare, and telecommunications sectors. Its clients include companies from the Billion Dollar Roundtable, an organization of 28 major companies that have spent at least \$1 billion on minority- and women-owned suppliers. The company has rapidly expanded to other locations including Dallas, Charlotte, and now Baltimore, thanks to an investment from Arctaris.

CHIME SOLUTIONS

Year invested: 2021

Impact goal: Create 200+ jobs in Baltimore

Geography: Atlanta, Georgia; Dallas, Texas; Charlotte, North Carolina; Baltimore, Maryland

A Focus on Impact

For Chime, having an impact on under-resourced communities through job creation is at the core of its operations. Rather than having BPO jobs be outsourced to other countries, Chime offers its clients an opportunity to keep jobs in the U.S. while also investing in the residents of under-resourced communities.

“Corporations typically struggle with making impacts on their local communities. Chime offers a way for them to have those direct impacts,” said CEO Mark Wilson. “Our clients can help create jobs in communities that are important to them and that they care about, rather than just exporting those jobs abroad.”

Chime works with local workforce development organizations in the places where it operates to hire residents of underserved areas. The company offers new hires a competitive wage that starts at \$15-\$17 per hour with benefits that include healthcare and retirement. Chime also offers flexible working arrangements for its employees. Work can be done either remotely or in-person at the company’s locations in Atlanta, Dallas, Charlotte, and Baltimore. For parents who have had to navigate the complex challenges of childcare and will continue to do so in the future, Chime is planning to partner with local daycare providers to offer childcare for its employees at the company’s office locations. Recently, the company partnered with the Dallas Independent School District to offer free childcare for employees in its Dallas office location.

Finding and promoting reliable access to transportation for its employees is also important to Chime because residents in under-resourced communities often experience a disproportionate burden when accessing public transportation. For example, Atlanta has a history of segregation and racism in city planning that has resulted in limited public transportation options for residents of under-resourced

communities. After opening its office inside the Southlake Mall in the Atlanta suburb of Morrow, GA, the company realized how difficult it was for many of its employees to access the office. Chime worked with the Metropolitan Atlanta Rapid Transit Authority (MARTA) to extend a local bus line to its Southlake Mall location.

“It’s very difficult for our employees who are residents of under-resourced communities to get to work,” said CEO Mark Wilson. “But when you make the connections and provide people an avenue to get to work, they show up!” he said.

Chime University: An Innovative “Total Life” Approach

Providing a welcoming and inclusive culture for its employees is integral to Chime’s continued success and impact on under-resourced communities. The company’s innovative Chime University program is at the heart of this effort.

After an initial four to six weeks of training, employees can access a variety of training and development opportunities through Chime University to advance to management or other administrative positions. The program is accessed via an online portal and includes pre-recorded and live remote learning opportunities as well as in-person classes.

Beyond standard workforce training opportunities, Chime University offers a “total life” approach to employee development. There are classes on mindfulness, yoga, stress management, and financial education that employees can access online or attend in-person. The company offers a series of in-depth classes on homeownership. As a result, 39 employees became first-time homeowners.

“Chiming In”

Chime has recently created a new “gig work”-style opportunity for trained agents to access flexible hourly work from their clients. The ChimeIn mobile app allows clients to utilize additional labor in the event of staffing gaps or sudden increases in demand. Workers who access opportunities through the app are paid the same as the client’s permanent employees. The new app allows workers who may require more flexibility in their schedule to still tap into paid work opportunities through Chime.

Image on previous page courtesy of Chime Solutions

Learn how Chime Solutions has impacted employee lives

WATCH THE VIDEO HERE:

vimeo.com/410401005/b93ca41be3
or on Chime Solutions website



CHIME SOLUTIONS



73% of employees say they'd stay at their company if there were more skill-building opportunities

- LinkedIn Global Talent Trends 2020

Expanding Impact to Baltimore With the Help of Arctaris

In 2020, Arctaris initially learned of Chime Solutions and its focus on benefiting under-resourced communities through one of Chime's major clients. The client hoped Arctaris could help provide Chime with the funding to expand its operations to Baltimore, where creating new jobs for residents of the city's under-resourced communities could make an impact.

With the help of Arctaris, Chime expanded to Baltimore, where it aims to create 200+ new jobs and foster new partnerships with important local stakeholders who could help it carry out its mission to empower residents of under-resourced communities.

"Generational impacts are possible with dedicated, hype-free access to good jobs," said Mark Wilson. "We want Baltimore to be another example of a city where we've had that type of impact, but without investment, it's really hard to do anything. Thanks to Arctaris, we've found a partner with a similar mission who is helpful and invites others to join us in the process."

"Arctaris is thrilled to fund the expansion of Chime Solutions into Baltimore City. We are excited to continue supporting Chime to provide employees—a majority of whom are African American women from under-served communities—with living wage, on-site day care, management training and first-time home ownership programs."

**Anita Graham, Managing Director
Baltimore Market Manager, Arctaris**

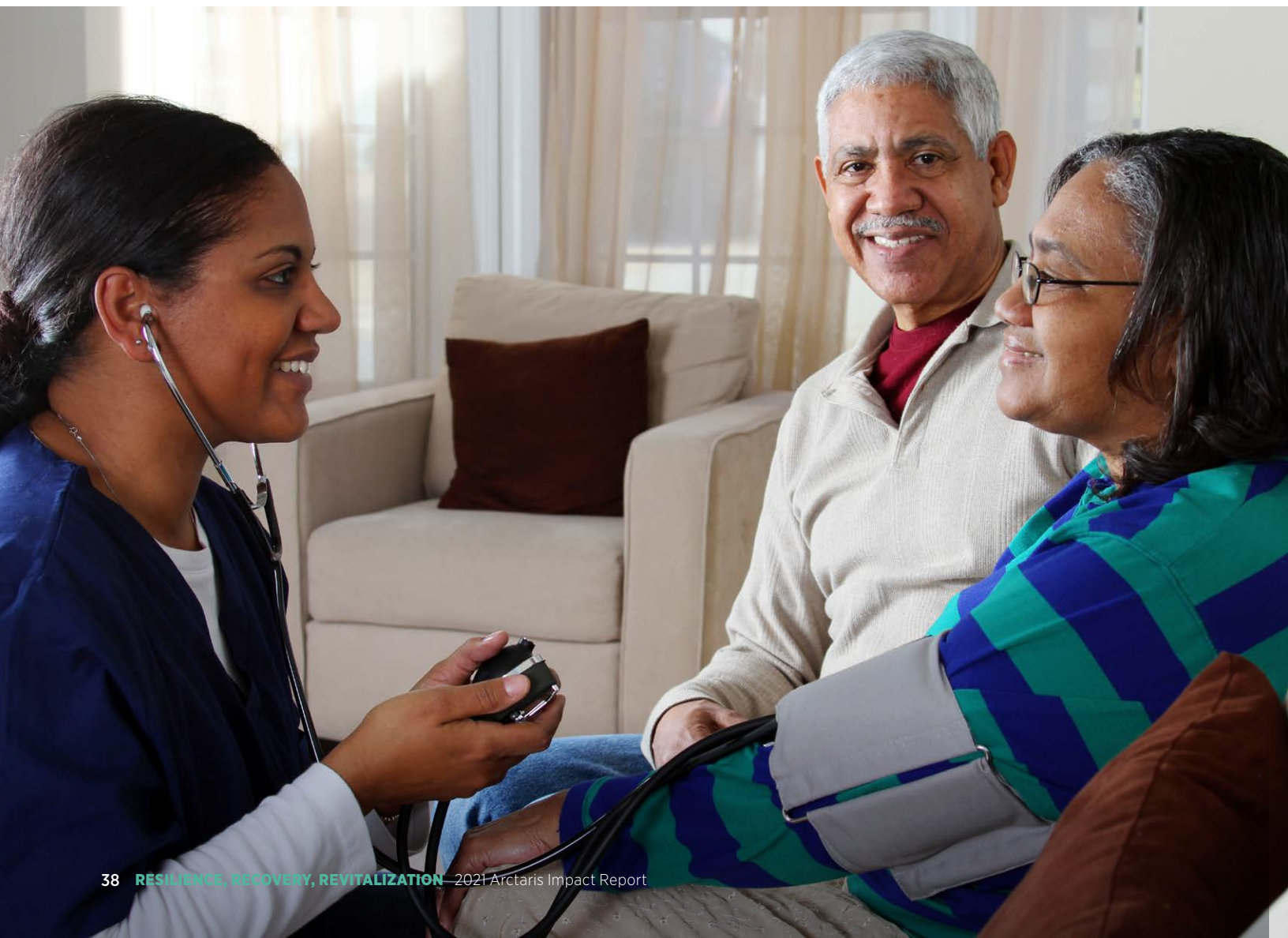
Over the next few years, the company will continue to build out its operations in Baltimore with the continued support of Arctaris. Chime has already started hiring new employees in Baltimore and plans to open a brick-and-mortar office location in an Opportunity Zone there as well. Arctaris is also planning to support Chime to expand to other Arctaris program locations such as Cleveland and Detroit.

Image courtesy of Chime Solutions

S&K Holdings, Inc.: Taking Care of Our Veterans

Things were not easy for Steve and Kym Taylor in 1996. For the second time in two years, Steve had been laid off from his job in the pharmaceutical industry. The young, recently married couple found themselves wondering: what to do next?

Always looking forward, Steve saw an opportunity to provide high-quality in-home care for veterans in his wife's home state of Maryland through the Veterans Affairs (VA) health system. The "S&K" (Steve and Kym) in what ultimately became S&K Holdings, they jointly started their first homecare company, Mid-Atlantic Compassionate Care. It was the beginning of their homecare journey.





At first, business was slow for the minority-owned company, but word quickly reached the VA about the high level of care S&K provided to veterans as well as Steve and Kym's commitment to their employees. "I remember our first client through the Maryland VA was over an hour away in Frederick County," Steve recalled, smiling. "One of our first professional caregivers did not have access to a car, so I drove her an hour each way to make sure she got to the client."

Ensuring its employees have the tools to succeed and grow into professional caregivers has always been central to S&K's success. Over time, S&K expanded its homecare operations to New Jersey, Pennsylvania, Virginia, and Washington, D.C. It continues to provide a high quality of care to its clients, who are mostly lower-income seniors and veterans in under-resourced communities.

S&K also provides excellent career opportunities for its 950 employees, many of whom are from the same communities where its clients live. The company is committed to ensuring that residents of under-resourced communities have access to good jobs and pathways to careers in healthcare. It offers competitive wages as well as benefits that include healthcare, retirement, and paid time off.

S&K Holdings, Inc.

Year invested: 2021

Impact goals: Encourage caregivers to advance in their field with additional education and professional certification. Provide high-quality home care services to seniors in under-resourced communities.

Geography: Maryland, New Jersey, Pennsylvania, Virginia and Washington, D.C.

Workforce Development Efforts

S&K offers a range of training opportunities through its "Upward Mobility" program. The program includes online and in-person training opportunities for employees. Employees who complete training courses are eligible for benefits such as bonuses, raises, and promotions. "Ultimately, we hope [the training] springboards our employees into nursing or similar professions," said Steve Taylor.

The program helps S&K stand out from its competitors and foster a workplace culture that leads employees to stay with the company. In an industry notorious for high turnover, S&K's caregiver employee retention rate is about double the industry median.

Although some employees who pursue nursing careers may end up leaving the company, S&K hopes many will return as registered nurses after receiving their nursing degrees. To help achieve this vision, S&K partners with public workforce development organizations such as the Maryland Department of Labor, Pennsylvania CareerLink, and the New Jersey Department of Labor and Workforce Development.

Expansion to Allegheny and Blair Counties

In 2021, S&K saw an opportunity to acquire a Pennsylvania homecare company operating in Allegheny County (home to Pittsburgh) and Blair County (home to Altoona). S&K came to the attention of Arctaris and the Richard King Mellon Foundation, which partnered to launch the Southwestern Pennsylvania Opportunity Zone Program in 2021. The \$20 million program invests in Opportunity Zone projects supporting workforce development and job creation in Southwestern Pennsylvania.

CASE STUDY: S&K HOLDINGS, INC.

“The Foundation invested \$4 million in Arctaris to help bring the lifeblood of private capital to the 72 Opportunity Zones in Allegheny and Westmoreland counties,” said Sam Reiman, director of the Richard King Mellon Foundation. “This inaugural project with S&K is a promising example of the power and potential of Arctaris’s work: supporting a minority-owned business to help bring new jobs to the Hill District, and much-needed health and well-being services.”

The Arctaris investment gave S&K the ability to consolidate its Pittsburgh operations into an Opportunity Zone, moving existing jobs and creating new ones in communities where current and future employees live.

“I thought the incentives for the Opportunity Zone were incredible and it helped us move into disadvantaged communities where we could hire new professional caregivers,” said Steve Taylor.

Arctaris invested in S&K to ensure that the company had funding to expand its operations in Allegheny County and Blair County, bringing access to good jobs, career opportunities, and quality homecare to residents. As part of the investment by Arctaris, S&K has pledged to create an additional 50 to 100 jobs in Pennsylvania.

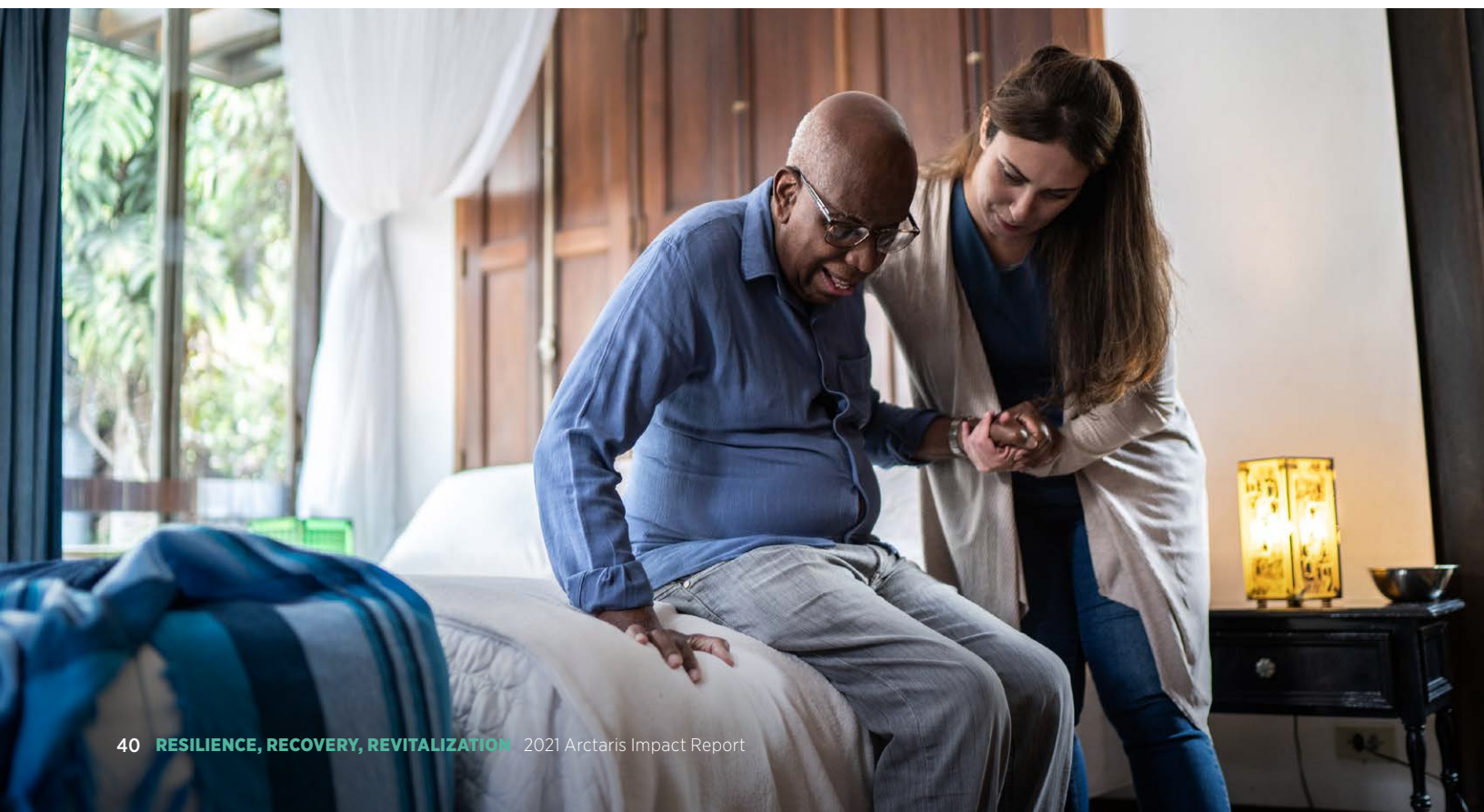
“S&K is the type of minority-owned and -operated business we invest in,” said Anita Graham, principal at Arctaris. “The company is stable and quickly growing with excellent leadership at its helm. In addition, Arctaris shares S&K’s vision to uplift the most vulnerable residents in these underserved communities—the aged, disabled, and underemployed—to restore dignity and improve the quality of life for all.”

S&K’s Future

By bringing in Arctaris’s expertise in creating positive impact in underserved communities, S&K believes it can improve its ability to offer good jobs and career development opportunities to its current and future employees.

Steve Taylor offered his perspective on the firm’s recent growth. “Arctaris really planted the vision for us to help our caregivers become even better at what they’re already good at and open opportunities for them to get into a professional nursing or another healthcare related career. With their help, we want to partner with local colleges, the public sector, and nursing licensing services to help provide a stairway for our employees,” he noted.

He’s still looking forward.



CHALLENGES AND LESSONS LEARNED

We find it important to be authentic and transparent not only in reporting on impact progress, but also in reporting on challenges we face and lessons learned. Impact investing remains a nascent industry and learning from what we could have done better is as important as learning from what went well. Here are some challenges we faced and lessons learned in 2021:

INCENTIVIZING PORTFOLIO COMPANIES TO REPORT ON IMPACT

Challenge:

Arctaris frequently invests in companies with lean teams and competing demands on managers' time, and our requests for new impact data can take managers' focus away from driving profitability at the company.

What is the optimal tradeoff between i) tracking, reporting on, and managing against critical impact metrics and ii) minimizing the drag on management teams' time and allowing them to focus on growing their businesses?



Lessons Learned:

- 1. Wear our intentions on our sleeve.** Make clear our intentions starting with the earliest conversations and prioritize opportunities with impact-aligned owners and managers.
- 2. Document our intentions.** Include impact management and reporting expectations in preliminary term sheets.
- 3. Make their lives easier.** We are constantly looking for ways to streamline the reporting process for our portfolio companies with technology and other solutions.
- 4. Find and communicate alignment for portfolio companies between impact initiatives and financial performance.** With a strong impact reporting and management practice, portfolio companies can benefit from increased demand from impact-oriented customers and investors and tap into various philanthropic funding opportunities.

BALANCING STANDARD AND CUSTOM IMPACT METRICS

Challenge:

Impact reporting by its very nature requires a level of customization. Take for example two companies that each created 100 new jobs. Comparing the economic impact of those two businesses based on that metric would suggest comparable performance. But what if one company is located in a community with a 20% unemployment rate while the other resides in a community with a 5% unemployment rate?

Utilizing customized reporting to account for the nuanced nature of impact must be balanced with standardized metrics that provide accountability and benchmarking across impact funds.

Lessons Learned:

While we continue to iterate on the optimal balance between custom and standard metrics, we have strong conviction that best practices in reporting must include elements of each.

We utilize survey tools to collect standard metrics for each investment type and leverage the expertise of our partners at ICIC who are experienced with impact measurements. We measure and appropriately convey the impact performance of our more nuanced investments through interviews, and benchmarking analysis against relevant macro data.



Image courtesy of Maine Mountain Media

2022 IMPACT GOALS

We are excited to further the progress of our impact strategy by pursuing the following goals in 2022:



Continue to refine and improve impact measurement and management throughout the entire investment process, including deal screening, due diligence, and portfolio management



Establish sector-specific impact measurement and management framework for broadband and real estate investments



Further automate and streamline portfolio company impact data collection process, minimizing required time commitment from portfolio companies



APPENDIX: DETAILED IMPACT REPORTING

Arctaris Current Portfolio Companies Impact Performance Summary

Company Name	Impact Thesis	Impact Performance	Commentary
S&K Holdings, Inc.	<ul style="list-style-type: none"> Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> S&K offers Upward Mobility Program 950 full-time and part-time jobs retained 	Meets impact thesis
The Flagship Complex	<ul style="list-style-type: none"> Align with local stakeholders to provide flexible and creative solutions to catalyze inclusive economic growth and innovation. 	<ul style="list-style-type: none"> The project is not yet in operation and currently doesn't have impact performance to report in this category. 	The impact target is to increase downtown residents, foot traffic, and tax base once the project is in operations
	<ul style="list-style-type: none"> Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> 12 new jobs created in 2021 	Meets impact thesis
	<ul style="list-style-type: none"> Promote diversity and inclusion for all community members 	<ul style="list-style-type: none"> Six out of the nine retail vendors will be women or minority owned. 	
The Eddy	<ul style="list-style-type: none"> Expand access to critical products and services for underserved populations 	<ul style="list-style-type: none"> 96 units of market-rate workforce housing under construction 	Meets impact thesis
	<ul style="list-style-type: none"> Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> 50 construction jobs created 	
Altitude Apartments	<ul style="list-style-type: none"> Expand access to critical products and services for underserved populations 	<ul style="list-style-type: none"> 100 units of market-rate workforce housing under construction 	Meets impact thesis
GCAP HoldCo, LLC	<ul style="list-style-type: none"> Create and retain living-wage jobs 	<ul style="list-style-type: none"> 90 full-time and part-time jobs retained 31 seasonal jobs retained 	Meets impact thesis
Arctaris Broadband Company	<ul style="list-style-type: none"> Expand access to critical products and services. 	<ul style="list-style-type: none"> 18,500 premises expected to be passed by ABC broadband networks 	Meets impact thesis
	<ul style="list-style-type: none"> Create and retain living-wage jobs 	<ul style="list-style-type: none"> 22 jobs created in Colorado 	
AEL	<ul style="list-style-type: none"> Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> 33 new living-wage jobs created since 2018 247 full-time employees retained in 2021 	Meets impact thesis
Chime Solutions	<ul style="list-style-type: none"> Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> 47 jobs in Baltimore created in 2021. Chime created a first-time home purchase program, an online training program Chime University, and is the process of opening an in-office childcare center. 	Meets impact thesis
Up to Date Laundry	<ul style="list-style-type: none"> Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> 208 full-time employees retained 31 new jobs created in 2021 	Meets impact thesis
	<ul style="list-style-type: none"> Identify and advance initiatives at portfolio companies to reduce waste, curb emissions, and conserve natural resources. 	<ul style="list-style-type: none"> Up to Date Laundry is in the process of installing new capital equipment to reduce energy consumption 	

Saddleback Mountain	<ul style="list-style-type: none"> • Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> • 271 new living-wage jobs created since 2019 	Meets impact thesis
	<ul style="list-style-type: none"> • Expand access to critical products and services for underserved populations 	<ul style="list-style-type: none"> • Saddleback is building an on-site workforce housing project and a childcare center. 	
	<ul style="list-style-type: none"> • Advance renewable energy projects 	<ul style="list-style-type: none"> • On-site solar farm will be built in 2022 and expects to generate 2x the electricity needed to operate the resort 	
Recaro Automotive	<ul style="list-style-type: none"> • Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> • 125 jobs retained 	Meets impact thesis
		<ul style="list-style-type: none"> • 9 new jobs created since 2019 	Challenged to meet impact thesis
Market Fresh Gourmet	<ul style="list-style-type: none"> • Expand access to critical products and services for underserved populations 	<ul style="list-style-type: none"> • The first express grocery store will open in 2022. 	Meets impact thesis
	<ul style="list-style-type: none"> • Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> • The first express grocery store expects to create 45 living-wage jobs. 	
	<ul style="list-style-type: none"> • Promote diversity and inclusion for all community members 	<ul style="list-style-type: none"> • The company management is 100% minority. • The company is eligible to certify as Minority Business Enterprise 	
Norwich Solar Technologies	<ul style="list-style-type: none"> • Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> • 10 new jobs created 	Meets impact thesis
	<ul style="list-style-type: none"> • Advance renewable energy projects 	<ul style="list-style-type: none"> • 30+MW DC of total solar projects installed; 600M+ tons of CO₂ emission avoided 	
ACT GROUP	<ul style="list-style-type: none"> • Create and retain living-wage jobs with quality benefits and career advancement opportunities 	<ul style="list-style-type: none"> • 29 full-time employees retained, and 9 full-time jobs created since 2019 	Meets impact thesis

List of Current Portfolio Companies Not Included in the 2021 Impact Report Portfolio Company Overviews

Company Name	Rationale
Huntsville Multifamily Project	<ul style="list-style-type: none"> • Huntsville Multifamily Project is a recent investment in 2021. It is in early stage of development and doesn't yet have sufficient impact details to report. This investment will be featured in detail in the 2022 impact report. • The project is expected to deliver tangible social and economic benefits to the community: opening a grocery store in a USDA-designated food desert, providing opportunities for local minority and women-owned contractors and retail tenants, creating over 200 permanent local jobs
Northeast Heights	<ul style="list-style-type: none"> • Northeast Heights is a recent investment in 2021. It is in early stage of development and doesn't yet have sufficient impact details to report. This investment will be featured in detail in the 2022 impact report. • Arctaris anticipates bringing 700 workers to this location daily and is exploring the potential for opening grocery store and other development add-ons.
Events.com	<ul style="list-style-type: none"> • Arctaris is navigating an investment exit.
VLF Automotive	<ul style="list-style-type: none"> • Arctaris is navigating an investment exit.
Advanced Technology Automotive Co.	<ul style="list-style-type: none"> • Arctaris is navigating an investment exit.
Advanced Composite Technologies (ACT)	<ul style="list-style-type: none"> • Arctaris is navigating an investment exit
Seapine	<ul style="list-style-type: none"> • Seapine is a holding company for subsidiary businesses and was unable to obtain reporting metrics from its subsidiaries for this reporting period.

CONTACT US

Arctaris.com



Jonathan Tower
Managing Partner
jonathan@arctaris.com



Benjamin Bornstein
Managing Director
ben@arctaris.com



Anita Graham
Managing Director
anita@arctaris.com



Alan Halfenger
General Counsel,
Chief Compliance Officer
alan@arctaris.com



Rick Hampson
Managing Director
rick@arctaris.com



Neil Katz
Managing Director
neil@arctaris.com



Jeff Nordhaus
Managing Director
jeff.nordhaus@arctaris.com



Uche Osuji
Managing Director
uche@arctaris.com



Nihar Sait
Managing Director
nihar@arctaris.com



Janney Lucki
Director of Investor Relations
janney@arctaris.com



Mandy Zhang
Senior Associate
mandy@arctaris.com

ARCTARIS

IMPACT INVESTORS

Baltimore | Boston | Chicago | Detroit | New York | Pittsburgh | Salt Lake City



[ARCTARIS.COM](https://www.arctaris.com)

1330 Boylston Street
Suite 600
Chestnut Hill, MA
02467-2100

Office: 617-735-6000
invest@arctaris.com

