CSB VALUE CREATION FRAMEWORK

Case Study – Builders Fund

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THE BUILDERS FUND

PosiGen
Solar Energy and Energy Efficiency

NYU | STERN
Center for Sustainable Business

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In Summary | The CSB tool allowed Builders to develop an actionable investment roadmap for PosiGen (PortCo) that targets its most critical sustainability issues

	1	2	3
	Understanding the PortCo *Due Diligence Assessment*	**Identifying What Matters** *Issue Prioritization*	**Setting a Plan of Action** *KPI Development & Roadmap*
Objective	The tool provided a structured framework for **assessing** the existing status of PosiGen's handling of key issues	The tool provided a structured framework for **prioritizing** issues for PosiGen to focus on going forward	The tool provided a platform to develop KPIs and quantifying the impact of proposed actions
Activity	***Identified the most pressing issues for PosiGen…*** ***17 material issues*** ✖ ***Ratings guidance across 6 dimensions***	***…prioritized issues for PosiGen to address…*** ***Downside factors*** ✖ ***Upside factors*** ✖ ***Investment requirements***	***…prioritized practices for investment*** ***Identified underlying initiatives for the prioritized issues*** ✖ ***Developed actionable KPIs for the specified initiatives***
Output	***6 most pressing issues***	***4 prioritized issues***	***8 actionable KPIs*** → ***Investment roadmap***

1 Company Overview | Builder's residential solar company is the leading national provider of leased solar + energy efficiency upgrades focused on low-moderate income (LMI) homeowners

Key Metrics

Industry	**Residential Solar Energy**
Role in Value Chain	**Working with 30K families in 15 states,** PosiGen works to close the clean energy affordability gap for LMI homeowners with lower - cost utility bills & environmental benefits of clean energy **through residential solar, storage & energy efficiency upgrades**
Number of Employees (2023)	**~750**
Revenue (2023)	**$77.4 M**
Investment Maturity Stage	**2021 Series E $100M Preferred Equity Financing Round led by Magnetar Capital, supported by Builders Fund**

Products and Services

- 25-year solar lease plus energy efficiency upgrades for LMI homeowners.
- PosiGen customers have saved more than $65.9 million to date.
- No money down. No FICO credit check. No variable interest rate lease escalators, ensuring long-term savings, driving retention.
- Standardized kit model enables PosiGen to cost-effectively serve target working family communities.

Strategic Goals

- **Carbon Mitigation:** By installing solar panels on residential rooftops, households can provide for their own electricity needs with 80% lower carbon emissions than by using fossil fuels.
- **Democratizing Access to Clean Energy:** By reducing their energy bill, these households can save on average $640+ per year with their solar system.
- **Economic Empowerment:** There are 30+ million LMI households in the company's target states, representing 42% of the total potential for residential solar yet they only represent 30% of installations annually.

Source: Company Materials

1 Understanding the PortCo | Issues already tackled / achieving strong performance were removed from selection, leaving six material issues for further review

Selection of Issues	Why is this issue critical?	What is currently being done?	Current Status Score (1 = not well managed, 5 = very well managed)
01 **Labor Practices**	Improved **retention**, higher **productivity**, lower **recruitment costs**, fewer work stoppages, reduced **insurance costs**	Company offers **profit sharing** / ownership options to employees to boost retention, **wellness programs**, comprehensive insurance, and **assesses worker health** (no exposures detected)	3.6
02 **Waste & Hazardous Materials – Zero Waste**	**Operational efficiencies in reduced waste costs**, **reduced regulatory risks**, innovation (required to reduce waste generation)	Company has a **reuse / redeployment program** for used solar panels and a recycling program addressing more than 50 tons of waste annually.	3.1
03 **GHG Emissions**	**Operational efficiencies in terms of costs**, **reduced exposure to regulatory fines and fees**, **reduced reputational and market risk**, lower cost of capital, improved employee recruitment	**Business model promotes climate resiliency** and reduces emissions in residential, company is **preparing to measure Scopes 1-3 emissions and set targets**	2.3
04 **Supply Chain Management**	Increased **market share and premium, improved supplier and customer loyalty**, **reputational brand benefits**, reduced regulatory, operational, and market risk	Suppliers must obtain a **third-party certification**, **opportunity to develop a supplier code of conduct**	2.2
05 **Physical Impacts of Climate Change**	**Reduced operational and physical risk** (reduced costs), reduced likelihood of stranded assets, **improved ability to avoid supply chain disruption**	Company does not track or offset emissions of suppliers in value chain and **does not have specific targets to reduce risk in sourcing**	2.0
06 **Waste & Hazardous Materials – Reducing Harmful Chemicals / Materials**	Reduced chemical costs, **reduced regulatory risk**, reduced negative health incidents, potential reduction of lawsuits	Company relies on **suppliers to disclose chemicals of concern**; does not currently monitor hazardous waste in supply chain	2.0

***11 other material issues were assessed** that were already addressed or yielded lower relevancy for PosiGen, including Critical Incident Risk Mgmt., Energy Management, Employee Health & Safety, Employee Engagement & Inclusion, etc.*

*Scoring methodology is based on assessment of 6 criteria for each topic: Current progress, clarity of targets, innovation & growth, risk mitigation, credible reporting standards, Mgmt/Board capabilities

Source: Builders Fund, PosiGen, Arthur D. Little

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Identifying What Matters | Issues were prioritized according to both upside potential and downside risk

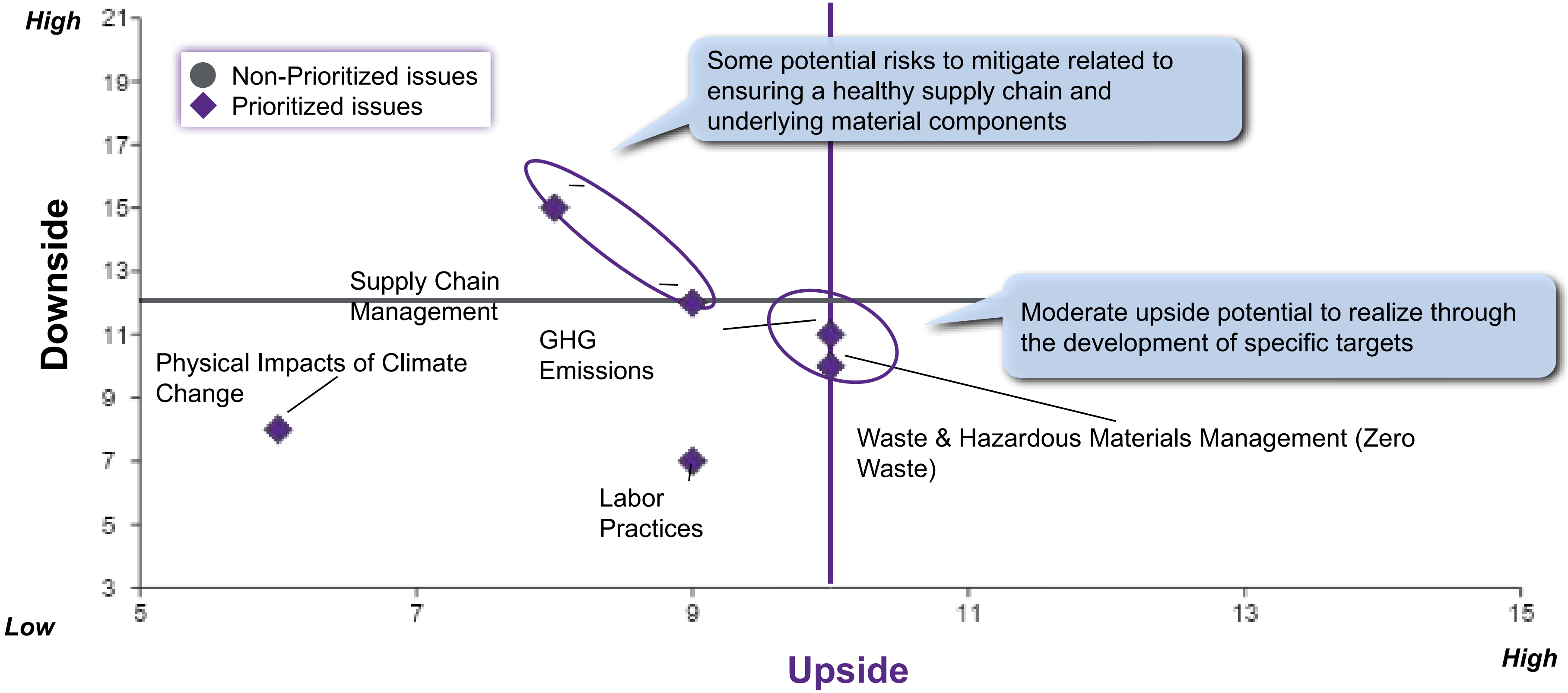
Upside Factors

- Revenue growth potential
- Operational efficiency
- Reputation

Downside Factors

- Market risk
- Regulatory risk
- Environmental risk
- Geopolitical risk

Prioritization Matrix*



*Only 6 most material topics are visualized in the matrix; 11 other material topics were assessed and yielded lower relevancy for PosiGen (Critical Incident Risk Mgmt., Energy Management, Employee Health & Safety, Employee Engagement & Inclusion, etc.)

Source: Builders Fund, PosiGen, Arthur D. Little

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3 Setting a Plan of Action | Initiatives in zero waste and supply chain were selected as most attractive for implementation or measurement

Material Issue	#	Proposed Practice	Builders KPI Creation	Sustainability KPI	Status
01 Waste & Hazardous Materials – Zero Waste	1	Develop zero waste principles to manage end-of-life solar panels	Develop standards to maximize useful life, incl. maintenance & reassembly	Ensure x% of waste diverted from landfill by xx date, implement processes focused on circularity and extension of useful life	
	2	Zero waste recycling program	Measure baseline levels of waste and achiev	Increase % of solar panel components reused and recycled by	
03 GHG Emissions	3	Work with Proof to establish 2024 baseline of scopes 1-3 and set targets for reduction	Measu ntif		
04 Supply Chain Management	4	Draft and approve supplier code of conduct in alignment with industry standards	E co su		
	5	Implement preferred supplier status and incentives for sustainable sourcing	Dev subs suppl		
06 Waste & Hazardous Materials – Reducing Harmful Chemicals / Materials	6	Implement Toxicity Characteristic Leaching Procedure (EPA Test Method 1311)	Meas harmf subst reduc		
	7	Program to reduce hazardous waste in procurement	Asses hazar		
	8	Introduce a training program to relevant employees on best practices for waste reduction	% of r comp trainir		

- **PortCo has implemented recycling / reuse programs and can capture further value via zero waste practices**
- Highlighted zero waste value drivers: operational efficiencies in reduced waste, reduced regulatory risks, reduced material input costs, increased revenues through sale of waste by-products

Value creation potential

Est. Avg. Price of Solar Equipment:	$14,000	Resale Value of Panels to Recyclers:	36% of Purchase Price
Avg. # of Panels:	19	Est. Avg. Resale Value:	$265
Avg. Price / Panel:	$737	Total # of Panels Installed to Date:	25,000+

- ***Total Opportunity Size: ~$6.6mn → Likely to increase with US legislation***

Study findings:

- "Used modules could be sold at 36% of new module prices" (PV Magazine)
- "The average home needs between 15 and 19 solar panels to cover its daily electric usage" (Solar Reviews)

Initiative in place / already covered

KPI opportunity / ongoing area of focus

Source: Builders Fund, PosiGen, Arthur D. Little, PV Magazine, Solar Reviews, SEIA