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About Renovus Capital
A Message from the Founding Partners

We are thrilled to release Renovus Capital Partners’ inaugural Impact Report.

Since our inception in 2010, we have remained steadfast in our mission to invest in responsibly-run small businesses that offer innovative solutions and simultaneously improve our society. While we are pleased to now disclose the outcomes of our portfolio companies’ impact on environmental, social, and governance (ESG) factors pertaining to their employees and business practices, Renovus has long embraced a commitment to making a positive difference. Our dedication to impact is deeply embedded in our organizational culture, and we have a robust track record of integrating ESG factors into our investment principles and processes.

The companies we invest in typically align with the ten principles of corporate governance enshrined in the United Nations Global Compact in the areas of human rights, labor, the environment, and anti-corruption. Additionally, Renovus supports its portfolio companies in certain social impact goals, such as: ➀ diversity of workforce, management, and ownership ➁ job creation and job improvement and ➂ education, human capital growth, and upskilling. We integrate these impact factors into our investment analysis and decision-making processes pre-investment, and post investment when we engage with our portfolio companies on risks or opportunities.

At Renovus Capital, managing impact serves a powerful dual purpose: it mitigates various business risks while fostering value creation. We are passionate about supporting companies that create transformational positive impact in education, healthcare, and workforce advancement. As impact issues are identified in our investment processes, we make our portfolio companies aware of them so they may improve performance and reduce adverse impacts in these areas.

This report offers insight into how ESG integration weaves through our investment process and showcases the tremendous impact our portfolio companies have on their ecosystems every day. As we reflect on this report, we celebrate the strides we made last year, and look forward to the continued progress ahead. As we continue our effort to build a leading lower middle market firm, our focus remains on deploying capital profitably by partnering with conscious, purpose-driven businesses.
Renovus Capital is a lower middle market private equity firm, building and growing companies in the Knowledge and Talent industries. From its base in the Philadelphia area, Renovus manages over $1 billion across its three sector-focused funds and other strategies. The firm’s current portfolio includes 25+ U.S. based businesses specializing in education and training, healthcare services, technology services and professional services. Renovus typically partners with founder-led businesses, leveraging its experience within the industry and access to debt and equity capital to make operational improvements, recruit top talent, pursue add-on acquisitions and oversee strategic growth initiatives.
What we do
Our Sector Focus

Education Services
- Pre-K, K–12, and postsecondary education solutions
- Workforce skills development
- All education services and technology providers

Healthcare Services
- Life sciences commercialization
- Healthcare IT
- Revenue cycle management, claims administration, and payor services
- Provider models
- Behavioral health

Technology Services
- Digital transformation application development
- Managed services, security & compliance
- Marketing technology
- Data & analytics

Professional Services
- Sales & marketing enablement
- Outsourced legal services
- BPOs and third-party administrators
- Human capital deployment, staffing and consulting
How We Invest:
Portfolio Value Creation

At Renovus, we implement our value creation playbook in partnership with entrepreneurs and management teams. Leveraging our sector expertise, access to capital and resources, and deep industry knowledge, we aim to drive robust outcomes for all stakeholders of our portfolio companies. Our commitment to ESG investing is integrated into our investment approach and investment selection process.

Investment criteria:

➀ Compelling Customer Value Proposition
We believe that delivering a unique and valuable product or service is the key to a sustainable, long-term business. Renovus seeks to invest in companies with compelling and durable value propositions.

➁ Mature & Defensible Business Model
Renovus seeks to invest in companies that have a proven and stable business model. It typically avoids companies that compete primarily on price or are in sectors where business models are subject to rapid change.

➂ Meaningful Growth Opportunities
Renovus focuses on companies that can put the invested capital to good use for growth. Central to Renovus’ sector focus thesis is that Knowledge & Talent is fundamentally a growth industry.

➃ Ability to Add Value
Renovus targets businesses where it can improve their profitability and value through its value creation playbook. Renovus primarily seeks to add value through accretive acquisitions, strategy & operational improvements, human capital enhancement, and overcoming regulatory, legal, and financial complexity.
Power of Prioritizing Purpose

Investing for impact creates a virtuous cycle that has the potential to create both financial and social value for our companies, their employees, investors, and the communities and customers they touch.

1. Purpose-driven businesses focus on long-term growth and compelling value proposition
2. Compelling value proposition and impact-focused approach creates satisfied customers
3. Satisfied customers propel the brand; strong brand attracts top talent
4. Top talent creates marketplace wins
5. Marketplace wins generate returns for investors that can be reinvested in purpose-driven businesses

Intersection of Commerce and Conscious
Our Impact Pathways

Thematically, we invest in entrepreneurial companies led by mission-driven management teams who aim to generate positive impact for their customers and/or employees.

Our investment strategy revolves around three impact pathways—① Advance Quality Education, ② Create Good Jobs, and ③ Promote Good Health and Wellbeing.
United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) offer a shared blueprint for creating a sustainable future for people and the planet.

At its core are 17 SDGs, which are urgent calls to action to end poverty, improve health and education, reduce inequality, promote economic growth, and address climate change. These SDGs serve as a universal measure of impact for both nations and companies. Renovus Capital’s Impact Pathways—➀ Advance Quality Education, ➁ Create Good Jobs, and ➂ Promote Good Health and Wellbeing—are aligned with five SDGs.
Impact Pathways and SDGs in Practice with Renovus Portfolio

This illustration provides a visual representation of Renovus Capital’s Fund I, Fund II, and Fund III portfolio companies’ alignment to the five selected SDGs. The three SDGs that align with Renovus’ “Create Good Jobs” impact pathway are applied to all Renovus portfolio companies, while the SDGs aligned with “Advance Quality Education” and “Promote Good Health and Wellbeing” are applied to investments particularly in our Healthcare Services and Education and Training verticals, respectively.

- **Create Good Jobs**
  - Inflow Communications [II]
  - Insight Technology Solutions [II]
  - LeapPoint [II/IIIA]
  - Premier International Enterprises [II/IIIA]
  - ProfitOptics [II/IIIA]
  - RCP Legal [II/IIIA]
  - Solomon Edwards [II/III]
  - ThoughtLogic [II]

- **Advance Quality Education**
  - CS Holdings [I]
  - DataServ Integrations [II/IIIA]
  - Deep Water Point [II/IIIA]
  - NUC University [I]
  - EducationDynamics [II/II/IIIA]
  - Great Lakes Institute of Technology (Renovus Education I, LLC) [I/II]
  - Lockstep Holdings [II]
  - Panum Telecom [II]
  - Phoenix East Aviation Enterprises-Hillsboro Aero Academy [I]
  - The Ariel Group [I]
  - TNG [II]

- **Promote Good Health and Wellbeing**
  - Re:Strategies [II]
  - Futura Mobility [II]
  - ToxStrategies [II/IIIA]
  - R× Strategies [II]
  - MC3 [II/IIIA]
  - Thomas J. Paul, LLC [II/IIIA]
  - ClinicalMind [II]
  - TNG [II]
  - MC3 [II/IIIA]
  - Thomas J. Paul, LLC [II/IIIA]
  - ClinicalMind [II]

Founders’ Message | Renovus Snapshot | Portfolio Companies | Sector Focus | How We Invest | Prioritizing Purpose | Impact Pathways | United Nations SDGs | SDGs & Pathways in Practice | Industry Involvement | Methodology | Performance | Highlights | Ariel Group Impact | Education Dynamics Impact | Look Ahead | About This Report
Renovus Capital’s investment teams use an Impact Due Diligence Questionnaire (Impact DDQ) to assess the potential impact of an investment and establish a baseline for the company’s impact plan after the investment. Renovus does not reject an investment if it does not currently have impact objectives; instead, the questionnaire serves as the basis from which to work and move forward. Investment teams incorporate the Impact Playbook into the post-close 100-day Renovus onboarding plan and ongoing reporting requirements.

As part of the Impact Playbook, Renovus Capital tracks outcome metrics periodically during the hold period, and all portfolio companies undergo an annual impact audit through Novata. Some may also engage ImpactableX for impact modeling.

Over time, our goal is to create a comprehensive impact assessment repository for all of our portfolio companies. This will enable us to effectively demonstrate the positive impact our investments generate at exit. Over time, our goal is to foster a governance and workplace culture that prioritizes ongoing measurement and reporting of impact that lasts beyond Renovus Capital’s hold period.
Industry Involvement

Renovus is a member of Impact Capital Managers. The Impact Capital Managers mission is to accelerate the performance of our members and to scale the private capital impact investing marketplace with integrity and authenticity. We do this through our membership association, which today includes 85+ funds representing more than $36B in impact-focused capital, and through field-building initiatives and partnerships.

Renovus is a member of its local Association for Corporate Growth (“ACG”) chapter. ACG delivers on its mission to drive middle-market growth by bringing investment professionals together and giving them the resources to navigate the industry landscape to their utmost success.

Renovus Capital actively participates in the strong community of impact investors, regularly attending industry conferences to share and learn from our partners and peers in the field.

Renovus received the Founder Friendly Award in 2021 as a result of its partnership and successful exit outcomes with several small business founders.
Our Impact
Methodology Across The Portfolio

Renovus Capital’s portfolio companies actively contribute to impact across three pathways:

To ensure effective measurement and monitoring of our impact, we employ our internally-developed Impact Playbook framework, which is based on the principles of GIIN IRIS+ and allows us to monitor impact data most aligned to specific portfolio companies. This year, 2023, is the first year our Impact Playbook is being adopted across our portfolio.

To further our commitment to impact practices, Renovus Capital has partnered with Novata, an ESG platform tailored specifically for the private markets. This collaboration enabled us to collect, analyze, benchmark, and report relevant social and governance data across all portfolio companies from Renovus Fund I through Fund III. This represents a substantial expansion from the data tracking conducted for Fund III only in 2021.

Novata’s comprehensive data collection efforts have primarily focused on the “Create Good Jobs” impact pathway for the calendar year 2022.

Renovus Capital also powered by Impactable to conduct impact deep-dives into two of our portfolio companies, the results of which are shared in this report.
In 2022, we established a measurement baseline to evaluate the impact of our companies. As we celebrate the significant milestones we have achieved, we also strive to explore new initiatives that will drive continuous improvement in our impact outcomes.

### Performance Highlights

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average % wage increase paid to non-executive workers last year</td>
<td>6.4%</td>
</tr>
<tr>
<td>Attrition (Novata Benchmark: 30.45%)</td>
<td>28.1%</td>
</tr>
<tr>
<td>Employee wages in upper-to-middle income</td>
<td>74.1%</td>
</tr>
<tr>
<td>Companies raised wages under Renovus hold period</td>
<td>81.9%</td>
</tr>
<tr>
<td>C-suite employees are women</td>
<td>32.3%</td>
</tr>
<tr>
<td>Company ownership by under-represented groups</td>
<td>57.9%</td>
</tr>
<tr>
<td>Companies added or improved employee benefits under Renovus hold period</td>
<td>63.6%</td>
</tr>
</tbody>
</table>

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**Attrition (Novata Benchmark: 30.45%)**

**Employee wages in upper-to-middle income**

**Companies raised wages under Renovus hold period**

**C-suite employees are women**

**Company ownership by under-represented groups**

**Companies added or improved employee benefits under Renovus hold period**
Ariel empowers leaders, teams, and individuals to communicate clearly, professionally, and authentically, driving business results by helping them access the power of their personal presence through experiential learning. The Company envisions a world where every individual has the opportunity to authentically communicate, creating a more inclusive and collaborative society.

**Theory of Change**

Ariel makes its impact through two of Renovus Capital’s impact pathways: ➀ Advance Quality Education, and ➁ Create Good Jobs. For 2022, Ariel powered by Impactable to measure its impact in service of the second impact pathway for its clients—“Create Good Jobs” by providing professional development for underrepresented employees, defined as women and people of color. As employees ascend the career ladder, representation in the leadership pipeline increases for those in the majority groups, but decreases for underrepresented ones. The Ariel impact model defined the ROI to its clients as the ratio of total turnover cost savings among underrepresented leaders over the number of unrepresented leaders who were retained because they benefited from professional development opportunities. The power of Ariel's impact lies in the fact that it furthers the retention of underrepresented employees, leading to increased turnover cost savings and more diverse workforce over the long-run. For this exercise, Ariel aligned to the UN SDG focused on reducing inequalities within and among countries.
Our Impact at Education Dynamics

With over 30 years of helping schools serve non-traditional students, EducationDynamics is the leading provider of unbundled marketing and enrollment management services focused on adult-centric and online programs. EducationDynamics helps colleges and universities achieve a shared mission of expanding opportunity through education by helping schools better understand, engage, and serve students in a rapidly changing higher education environment.

Theory of Change

EducationDynamics makes its impact through two of Renovus Capital’s impact pathways: ➀ Advance Quality Education, and ❼ Create Good Jobs. For 2022, EducationDynamics powered by Impactable to measure its impact in service of the first impact pathway—“Advance Quality Education” by connecting increased underrepresented prospects, defined as women and people of color, to higher education institutions. The EducationDynamics impact model measured the total impact value created as a result of increased prospects who went on to enroll in higher education institutions and as a result, garnered an increased salary. For this exercise, EducationDynamics aligned to the UN SDG focused on Quality Education.
In 2023, Renovus Capital will continue to build on the foundation set in 2022. We will refine our impact framework, continue our measurement and monitoring efforts, and engage with the broader impact-focused community to build on the progress thus far.

In assessing the impact of our portfolio companies for the year 2022, Renovus Capital has identified crucial areas of focus that will drive continuous improvement in the years ahead. These key focus areas will guide our efforts to enhance the positive outcomes created by our investments.

In 2023, Renovus Capital will continue to build on the foundation set in 2022. We will refine our impact framework, continue our measurement and monitoring efforts, and engage with the broader impact-focused community to build on the progress thus far.
We believe that ESG factors are material to our long-term success and that integrating them into our decision-making will help us to create a more sustainable and prosperous future for our portfolio companies and our investors. We are pleased to present Renovus Capital’s inaugural impact report, which reflects our commitment to transparency in communicating our progress. This report offers an overview of our impact approach and highlights the outcomes we achieved in 2022.

To ensure that our impact efforts align with industry best practices and adhere to widely accepted standards, we rely on various guiding frameworks and external resources. In particular, we reference Impact Capital Managers, Novata, GIIN IRIS+, and the U.N. Sustainable Development Goals when measuring and tracking our impact. These frameworks and resources provide valuable insights and enable us to assess our performance effectively.

By leveraging these guiding frameworks, Renovus Capital strives to continuously improve our impact measurement and reporting practices. We remain dedicated to transparency and look forward to sharing our progress with stakeholders through future impact reports.