

IMPACT REPORT

2017



THE IMPACT ANGEL NETWORK™

RENEW would like to thank the members of the Impact Angel Network for believing in the vision and investing with us, our entrepreneurs and their staff for their hard work and perseverance, our development partners for their support to make this investment model possible, and the RENEW team for their hard work on the ground and around the world. RENEW's work in Ethiopia was piloted with USAID and is currently undertaken with financial support from the Government of Canada provided through Global Affairs Canada (GAC). The GAC project, Accelerating Business Growth, aims at sustainable job creation for low-skilled workers, including women and young adults, through a dynamic and growing small and medium business sector in Ethiopia.



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About the Impact Report

In the following pages, we will take a closer look at RENEW's business model and the Impact Angel Network's (IAN) portfolio in Ethiopia to see how they complement and intrinsically support the United Nations 17 Sustainable Development Goals (SDGs). The IAN's current portfolio includes companies from the energy, coffee, teff, sesame, juice, textile, emergency care and logistics industries.

About the Impact Angel Network

The Impact Angel Network is a global angel network for Africa and currently one of the most active private equity investors in Ethiopia. The IAN is made up of forward-thinking change-makers who look beyond the current problems and see opportunities. They realize that sustainable growth cannot be achieved by giving or through the traditional aid paradigm alone, rather we must invest in and build out the private sector in order to bring about lasting financial and social impact.

Letter from the CEO

This year marks the sixth year RENEW (and Laura and I) have been in Ethiopia. When we arrived back in February 2012, there was no light-rail shuttling thousands across the city, no Addis-Djibouti freeway, no international fast food chains and no reliable internet. I was using an iPhone 2 (which got stolen by a young pickpocket the first week) and we were driving an old, rented Vitara that burned more oil than gas.

Now, we have a team of sharp and dedicated employees, a small fleet of vehicles to shuttle us around the city to meetings, nine companies under our management, and a growing list of lessons learned that will serve us well as we expand to new and uncharted economies. The Impact Angel Network, which was just an idea when we first arrived, is more than 130 families strong and has claimed the title as the most active equity investor in Ethiopia, the 12th largest country in the world. Not bad for six years.

Our purpose is to fill a gap in the capital markets that exists across many countries in Africa known as the missing middle; a financing chasm where small- to medium-enterprises (SMEs) commonly become trapped. Because SMEs are the greatest contributors to new job growth around the world, the fact that SMEs stall in growth in Africa is a major concern. In the coming decade, according to the Africa Development Bank, around 12 million people will be added each year to Africa's labor market. The private sector is currently only creating openings for 3 million.

SMEs must become more active in Africa, otherwise we believe Africa will always have extreme poverty. The UN estimates that the SDGs need around \$2.5T of additional financing from the private sector, if they are to have a chance of being accomplished. When the private sector's response to encouraging SMEs involves them having to wait in long lines at banks to hear that they don't have the collateral needed to take out a loan, or getting kindly turned away from private equity funds because their EBITDA is too small, we are left with both a problem and an opportunity that our model addresses. I hope you enjoy our progress report from 2017!

Warm Regards,
Matthew Davis, CFA



Note: Numbers above as of May 2018.

About RENEW

RENEW is an impact investment and consulting firm that manages and serves the Impact Angel Network (IAN). Our mission is to generate superior financial returns and positive social impact for our investors by turning small - and medium-enterprises (SMEs) into market leaders. Our vision is to be the best and most successful SME investment firm in Africa and investing in 20 countries across the continent. As a team, we are committed to loyalty, and we welcome the challenge of being trailblazers.



What We Believe In

- That economic growth addresses many of the problems in developing countries, including providing better access to clean water, education and healthcare for those who are employed.
- That the best way to empower developing countries is through private enterprise and job creation, not charity.
- That SMEs are the engines of economic development, and that investing in them will create long-term prosperity.
- That many of these businesses are attractive investments and if investors had a simple and clear path that allowed them to invest in them, they would.
- That you can and should do well by doing good. And with this incentive, both investors and entrepreneurs can ignite the spark of economic growth that developing countries need.

How We Achieve It

The Exchange is an investment platform for the IAN and local angel investors to find, invest in and help grow startups and growing businesses into market leaders. What makes The Exchange and its partnership with the IAN so different? The platform is unlocking private capital from individuals and families around the world, enabling them to invest in local businesses in Africa. Currently, most of that money is on the sidelines without a trusted, on the ground partner, or invested into private equity funds that typically can't invest less than \$5M and thus aren't effective in investing in the "missing middle". The Exchange model, in partnership with the IAN, has the potential to play a significant role in solving today's development challenge by building Africa's private sector. As RENEW expands, The Exchange becomes self-sustaining and stimulates the local ecosystem by partnering with incubators, accelerators and angel networks as it strengthens the investment landscape. In doing so, The Exchange fills the missing middle.

The Numbers

Impact Angel Network in Numbers

Value as of Dec. 31, 2017

Number of families	117
Percent of members who have attended an Econ-Tourism Trip to Ethiopia	34%
Regions with the largest membership	Southeast = 20 Pacific = 18 Mid-Atlantic = 17 Rocky Mountains = 16 Northeast = 16
Regions with the most active angels	Mid-Atlantic = 9 Southeast = 8 Rocky Mountains = 5 Northeast = 5



The Portfolio in Numbers

Value as of Dec. 31, 2017

First close	July, 2013
Number of companies invested in	8
Average investment size	~\$400,000
Sectors	Fast-Moving Consumer Goods (4), Textiles (1), Healthcare (1), Technology (1), Logistics (1)
Market focus	Domestic only (3), Export “also” (5)
Total jobs supported by the portfolio	2,280
Total jobs created post-investment	1,539
Smallholder farmers supported	5,700
Total annual sales for 2017	~ \$10 million
2017 sales growth	19.2%
2017 profit growth (excluding pre-revenue companies)	589%* Only for revenue generating companies

RENEW & the SDGs

As of February 2018, RENEW celebrated six years of operating and investing in Ethiopia. We and the world have come a long way since RENEW first entered the country in 2012. In 2015, the United Nations released a sweeping action plan for the world to meet 17 Sustainable Development Goals (SDGs) and 169 targets by the year 2030. In 12 years time, the UN seeks to end poverty in all its forms, achieve gender equality, empower all girls, and accomplish a number of other bold actions. And the UN goes even further by providing frameworks, action plans and a call to governments, organizations and businesses around the world to join in this massive effort. Many organizations, governments and the private sector have stepped up to the task and aligned with them, including RENEW.

The gap in financing to achieve the goals is estimated to be at \$2.5 Trillion. In the words of UN Secretary General António Guterres, “enlightened self-interest” is the only way we will be able to reach (or try to make some measurable impact with) the SDGs in the next 12 years. But what is enlightened self-interest and what form does it take for the business community? RENEW thinks several terms shed additional light on Guterres’ meaning, including “conscious capitalism,” “blended finance,” “impact investing” and a host of other popular buzzwords related to investing for both positive financial and social returns. Our enlightened thought is that almost all of the problems that people are trying to fix on the continent will be resolved or become significantly better once there is a thriving private sector. To name a specific SDG that aligns with RENEW’s business model, it would be Goal 8: decent work and economic growth, which fits squarely in our impact investment model.

The beauty of being an impact investing firm is that our business model aligns with Goal 8, and we also are able to participate in and measure the sustainability efforts of every one of the companies in which we invest. Their business models are



diverse and each one of them is playing a different but important role in meeting the SDGs. On the following pages, you will read how we believe RENEW and our portfolio companies align with the SDGs and are creating positive social impact in Ethiopia.

It’s clear that many of the SDGs have the continent of Africa specifically in mind, and so grows our conviction that a vibrant private sector is a solution to many of these goals. And, if you believe the idea that countries with vibrant and thriving private sectors are better off than those without, it only makes sense to want to find solutions that stimulate Africa’s private sector as a main theme for the SDGs. Therefore, ethically led, growing SMEs in Africa (can we say companies acting out of “enlightened self-interest”), are one of the best antidotes for what ails not only the continent, but the world.

At RENEW, we’ve grown a substantial and dedicated network of impact angels who believe in this. It could be said that the SDGs are baked into the very core of RENEW’s business model, and the portfolio companies in which RENEW and the IAN invest. We wholeheartedly believe that if we and many like us continue to fervently pursue enlightened self-interest, the world will continue to get better and better.



SUSTAINABLE DEVELOPMENT GOALS



NO POVERTY: In 2017 alone, RENEW's portfolio companies directly or indirectly supported 2,280 individuals and 5,700 small-holder farmers in Ethiopia by providing full and part time employment at competitive salaries and wages.



ZERO HUNGER: Mama Fresh is not only a worldwide ambassador of Ethiopian cuisine but the company also provides nutritional lunches to all of its employees, of which 84% are women and many of whom have families at home to feed.



GOOD HEALTH AND WELL-BEING: Tebita Ambulance, East Africa Emergency Service's in-country partner, has transported more than 50,000 patients to local area hospitals and clinics, saving thousands of lives that could have otherwise been lost.



QUALITY EDUCATION: In addition to exporting some of the highest value specialty coffee from Ethiopia, METAD supports elementary and middle school-aged students near its Hambela farm through a newly built school, uniforms, and covering the teachers' salaries.



GENDER EQUALITY: Konjit, the "Mama" behind Mama Fresh, is a co-founder of one of the most well recognized injera brands in the country. Many of our companies employ women in management.



CLEAN WATER AND SANITATION: METAD, being an environmentally conscious company, uses a coffee cherry cleaner/pulser that reduces water waste by 10% and educates smallholder farmers on irrigation best practices.



AFFORDABLE AND CLEAN ENERGY: dVentus Technologies, under the direction of a former GE executive, is building smart electric meters, smart water meters, and other efficient energy grid solutions for the region and the continent.



DECENT WORK AND ECONOMIC GROWTH: In addition to providing 2,280 jobs in 2017, our portfolio companies have grown their collective sales by 19.2% and net profit by 33.7%, directly contributing towards the underlying goal of creating a robust private sector.



INDUSTRY, INNOVATION AND INFRASTRUCTURE: KROTAJ aims to add value to a key Ethiopian commodity and generate foreign currency for the country; Sadura plans to produce a quality food product for local consumption. All our companies aim to develop and set industry standards.



REDUCED INEQUALITIES: By investing in the private sector, RENEW's portfolio companies are able to, in turn, create jobs in the local economy, and thereby contribute towards a growing middle class and decrease income and socioeconomic disparities.



SUSTAINABLE CITIES AND COMMUNITIES: Roadrunner Technologies and partner organization Deliver Addis reduce traffic and increase livability of Addis by delivering food and other items directly to customers.



RESPONSIBLE CONSUMPTION AND PRODUCTION: Desta, Mama Fresh, Sadura, and KROTAJ all seek to backward integrate into their respective value chains, thereby creating sustainable supply chains, educated farmers, and informed consumers.



CLIMATE ACTION: dVentus Technologies seeks to assist Ethiopia and the world by sustainably powering enterprise and economic development; Roadrunner seeks to reduce CO2 emissions by decreasing the number of vehicles on the road.



LIFE BELOW WATER: Just to make sure you are still paying attention, you probably know there is no ocean access in Ethiopia, so we are not working towards achieving this goal just yet! Stay tuned to when we expand to new countries that have coastlines.



LIFE ON LAND: METAD seeks to sustainably manage the forests surrounding and running through its coffee farms by growing coffee varieties that require the shade of trees, and thereby fights against deforestation and desertification.



PEACE, JUSTICE AND STRONG INSTITUTIONS: All of RENEW's portfolio companies work hand-in-hand with the Ethiopian government to foster peaceful relations and understanding with its citizens and the outside world.



PARTNERSHIPS FOR THE GOALS: It is important to thank our partner Global Affairs Canada, and previously USAID, for seeing the potential of a partnership with RENEW and the IAN to help achieve the SDG goals in the countries we operate.



METAD, a SDG Case Study



The expression, “It’s not our job, it’s theirs” is a phrase that resonates with the RENEW team. As we look around our portfolio, we see great examples of Ethiopian entrepreneurs, committed to their businesses and communities and making significant impact that aligns with the SDGs. METAD is one such example.

The IAN closed an investment into METAD, an Ethiopian specialty coffee company, in October 2013 and made a second investment in 2015. The investments helped establish two coffee processing facilities on the METAD coffee farms, located near Yirgacheffe in the districts of Hambela and Gedeb in the Oromia region of Ethiopia. At the end of 2017, the company reported they were employing 200 people on a permanent basis and 1,200 seasonal laborers, in addition to supporting 5,400 out growers.

We sat down recently with METAD’s CEO Aman Adinew and this is what he said.

What’s your vision for METAD?

From a business standpoint, we aim to be the best in specialty coffee. We started out to build a company that is socially responsible, environmentally conscious and making the highest possible impact in the community. That’s

why we chose coffee. We saw the gaps and problems in the value chain, and we’ve focused on the opportunity of building a trusted, specialty coffee brand. Enhancing the lives of the people we work with...that’s the vision. That’s the biggest impact we can make.

How do you engage the community?

It’s key to meet leaders, elders and the community. Once you gain acceptance, they treat you like their son. They trust and respect you. We’ve been lucky at both our processing sites. The people welcomed us and truly know we are there to help them. We’ve significantly raised the average price per kilogram of coffee for the farmer by 30-40%.

We focus a lot on education. It matters, because we have the opportunity to groom the next generation of leaders. Ethiopia is still a tribal place. My farm is in an area dominated by a tribe that is not my own. My presence and community engagement is breaking down stereotypes. The people see me putting additional money in their pockets, educating their children and helping to build the community. This is more satisfying than the EBIDTA that I have been able to accomplish.

Specifically, we subsidize teacher salaries; we have built a school that holds 800 students; and

we are adding an additional wing this year. The community leaders are asking for water, so we are hoping to build a well soon. We also sponsor 105 students from the area to attend college at Gilla University. For our 5,400 out growers, we have built a community center where we provide training to enable them to get premium values for their coffee, and we make a second payment to them at the end of the year, to essentially share our profit with them. We've been able to get all of them certified organic. The community center is also used for community meetings and other trainings including family planning seminars. The average family size is 12 in their area. Some families have 15-20 children which is unfortunately some of the highest per capita in the world.

What kind of diversity are you aiming for in your work force?

At the farm about 70% of our workers are women. At our headquarters, it's about 50%. I won't say there aren't challenges, it's hard for women from our headquarters to be taken seriously by some in the field near the farm, but we are working on it. Our staff are highly paid in our industry. We try to recruit the best, and then when the company grows, they benefit. We also encourage our team to take courses. Our high performing people attend conferences and also learn the export side of the business. Above all, I try to lead by example. I even stay at the farm for two months during the coffee harvest to show them that I am committed and with them.

Any special programs for women?

We helped bring Grounds for Health to Ethiopia and they run a program in coffee areas to screen workers and out growers, and others in coffee for cervical cancer. It's an important and lifesaving initiative, we are proud to be a part of.

We are also founding members of a group called Equal Origin which encourages women in coffee. Currently of our 5,400 out growers, most are men, but this doesn't mean that the women don't play a key role in the coffee production. So, we are educating families about equal rights, and in

partnership with some of our buyers, including Intelligentsia, we are encouraging husbands, brothers and fathers to register their wives, sisters and daughter on the land documentation. Women are doing a lot of the work, and we, along with our buyers, are willing to pay a premium for families who are willing to recognize equal rights. Some people are rigid, but what we find in the communities where we work, is that most are open to change. And the economic benefit helps too!

Why do your customers chose METAD?

Our customers care about our story. That's the beauty of specialty coffee. Specialty coffee is all about the community in which the coffee is produced. Buyers are willing to pay for good coffee. A whole story like METAD is exciting to them. Coffee they can find anywhere. But good coffee with a story is what our buyers are looking for.



Gender & Empowerment



As an impact investing and consulting firm, RENEW has a vested interest in embracing equality both in our investments and internally. We run our business the same way we hope to see other companies run theirs: with a diverse team that includes women in key leadership positions. We recognize that through our work in Africa, we must continue to make a concerted effort to go beyond traditional venues to make women aware of our training programs, as well as create a system and culture that provides women entrepreneurs an equal opportunity to pitch their companies to our investor network. We will keep moving forward with this agenda, and we will do our part to drive towards equality, equity and empowerment. Currently, we do this in a number of ways:

Focusing on the advantages: It's so easy as humans, no matter our gender, to dwell on our disadvantages. But when we can stop ourselves and persist through the challenges, the outcomes are powerful and rewarding. One such example is the positive financial results that occur when women sit on Boards of Directors. According to a report by Catalyst.org, companies with gender diverse Boards of Directors outperform those with the least diversity by 53% in terms of return on equity, by 42% in terms of return on sales, and by 66% in terms of return on investment. It's hard

to deny the strong correlation between financial performance and gender diversity.

Keeping an open and empathetic mind: Here in Ethiopia, and frankly in most parts of the world, certain family obligations fall more completely on the shoulders of wives and daughters, and it is our duty to keep these cultural nuances in mind as we conduct business internationally.

Amplify: According to a WSJ article, women are less likely to take or receive credit for accomplishments or to have their ideas or opinions acknowledged. There is a similar dynamic in negotiations for employment or promotions - women are less likely to negotiate and, when they do, they're less likely to know their market value and competitive standing. These dynamics may be part of the reason we see such a dramatic drop in the representation of women in upper levels of management. While women represent 49% of entry level employees, they represent just 35% of senior managers and directors and just 20% of C-suite employees, according to a 2016 McKinsey Report. One thing we can do to combat this reality is to amplify and recognize the exceptional accomplishments and contributions of the women around us. At RENEW, we have the honor of encountering some of the best and the brightest women entrepreneurs in Ethiopia.

Outperforming Benchmarks

RENEW's 2017 cohort of The Exec's Program, a key initiative of our model, reported impressive results as compared to the Global Accelerator Learning Initiative (GALI) benchmarks. On average, participants of The Exec's Program reported the creation of 8.7 jobs year-over-year, whereas GALI companies reported only 1.33 jobs. Nearly 90% of the companies in The Exec's Program, increased their staff numbers after

joining, compared to the GALI survey results of 70% on the accelerated ventures based in Sub-Saharan Africa. On average, RENEW companies increased their revenues by \$391,832 while the accelerated companies surveyed in the GALI report, increased their revenues on average by \$22,321.

Category	ABG Project	GALI Benchmark
Job Creation	8.7 jobs	1.33 jobs
Job Growth	89%	59%, 70%
Average Revenue Growth	\$391,832	\$22,321
Capital Secured	89%	28%



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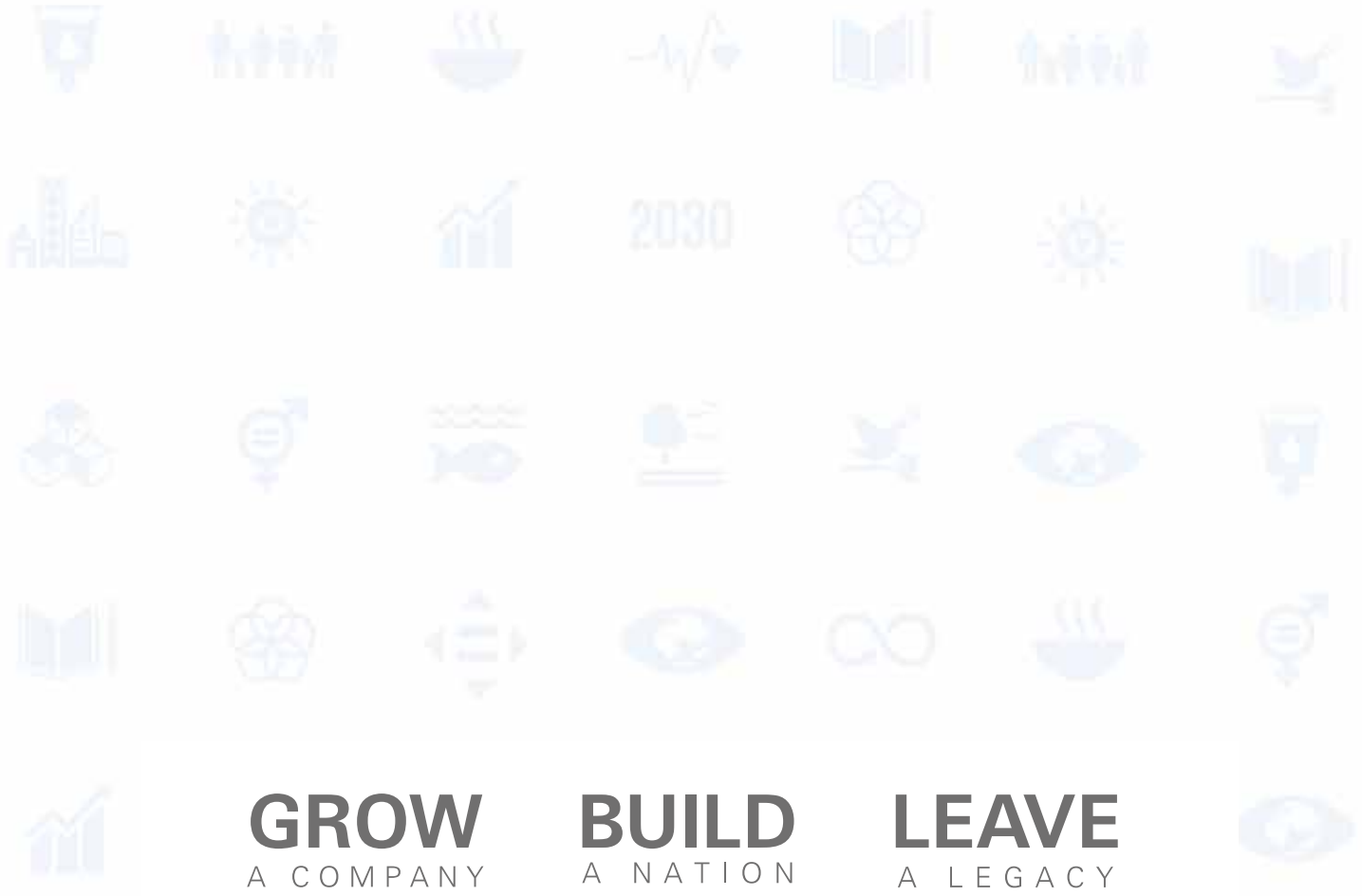
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