

2023

# Public Benefit Corporation Annual Report

novata

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# Letter from Novata's Senior Advisor

Novata is a B Corporation and registered as a Delaware Public Benefit Corporation ("PBC"). As a PBC, Novata is driven by its purpose to provide enhanced transparency on ESG matters in the private markets. Novata accomplishes this by developing cutting-edge technology solutions to help investors and companies track progress on their important ESG metrics and improve areas of weakness. Intrinsic to this, Novata provides access to reliable high-quality, standardized data that can be used for benchmarking analyses.

Novata has assembled the broadest set of ESG benchmarks in the private markets, which today includes 125 universal benchmarks and more than 750 sector-specific benchmarks. Novata's expertise is further bolstered by our [General Partner Advisory Committee](#), a group of leading private investment firms that embody purpose and authenticity in their approach

to ESG. In addition to this, we leverage the industry and academic expertise of our [Sustainability Advisory Board](#).


“  
Novata is driven by  
its purpose to provide  
enhanced transparency  
on ESG matters in the  
private markets.

Novata's customers range from some of the world's largest private equity and credit investors to small private companies, and today, approximately 7000 companies depend on Novata to shed light on their sustainability dynamics. Our clients collectively manage over \$10 trillion in assets.

As a public benefit company, Novata believes it is playing an important role in advancing a more inclusive form of capitalism. This report highlights Novata's progress towards the mission and goals stated in its PBC documents, as well as challenges and future opportunities.

We welcome feedback, requests for collaborations, and partnership in the coming months to support the work we are leading on disclosure, education, and incentivizing a race to the top in the private markets.

Sincerely,



**Lorraine Spradley Wilson**  
Senior Advisor  
Novata

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01

# Company Profile

Operations

Our Corporate Values

B Corp Certification

Industry Recognition



# Company Profile

As set forth in its Certificate of Incorporation, Novata’s public benefit purpose is to provide enhanced transparency of the environmental, social and governance (ESG) attributes of private companies through the creation of a contributory database for private investors and their portfolio companies.

Novata’s public benefit purpose commits the company to provide access to reliable high-quality, standardized ESG data that can be used for benchmarking analyses, and to make improvements in ESG programs at private companies. Together, Novata’s data management, analytics, benchmarking capabilities, and services

enable private companies and their owners to manage their impact on society. Novata believes that clear, consistent and robust measurement of company ESG performance is a prerequisite for creating an economy that works for everyone.

Novata’s 2021 \$21mm Series A funding round represented one of the largest initial financings for a public benefit corporation. Novata works together with its consortium of philanthropic and for-profit leaders focused on social justice, financial performance tracking, and private markets. Our collective visions have driven our mission to empower private markets to achieve a more sustainable and inclusive capitalism.

## CONSORTIUM

As of December 31, 2023, Novata’s consortium of [investors](#) included:



In addition, several of Novata’s general partner advisors—The Vistria Group, Clearlake Capital Group and Kohlberg & Co.—made investments in support of Novata.

S&P Global (NYSE: SPGI), Hamilton Lane (NASDAQ: HLNE)

\$32M  
Series B

#### SERIES B

Novata closed a Series B funding round of approximately \$32m in 2023, with funds received from:

S&P Global

Ford  
Foundation

NOVATA FOUNDERS  
& EMPLOYEES

KOHLBERG  
& COMPANY

CLEARLAKE

HAMILTON  
Lane

CANSON  
CAPITAL PARTNERS

VISTRIA

LINDSAY GOLDBERG

Microsoft

Hellman & Friedman  
Partners and  
Managing Directors

S&P Global (NYSE: SPGI), Hamilton Lane (NASDAQ: HLNE), Microsoft (NASDAQ: MSFT)



# Operations

Novata is a privately held company with headquarters in New York City.

In January 2024, Novata added a London office.

## Our Corporate Values

We strive to embed integrity, togetherness, agility, and longevity in the way we work with each other, our clients, and our ecosystem of partners. We believe that the incorporation of these values allows for mindful growth and progress, keeping our mission at the forefront of all we do.

### INTEGRITY

We abide by the highest ethical standards of professionalism and human decency.

### TOGETHERNESS

We are the sum of all our parts: every individual is celebrated for being who they are.

### AGILITY

We foster the courage to change and work cohesively to implement shifts.

### LONGEVITY

We are built to last in our purpose to serve the long-term mission of creating a more inclusive form of capitalism where value and success are more than just commercial.

# B Corp Certification

Novata selected the B Corp standard, a performance-based standard, as the right marker to demonstrate our commitment to a more inclusive form of capitalism. In 2023, Novata applied for and received a B Corp certification with a validated score of

102.9, exceeding the threshold of 80 points needed to qualify.

B Lab, the nonprofit which manages the standard, seeks to transform the global economy to benefit all people, communities,

and the planet. This designation means Novata has reached the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose.



# Industry Recognition

Novata has been recognized for its contributions across a number of different areas. In 2023, the company received the following awards:

—THE—  
**DRAWDOWN**

The Drawdown Award for ESG Technology

**PRIVATE EQUITY WIRE**

PE Wire U.S. 2023 Best ESG Advisory

**cord**

Cord’s 2023 Award for Gender Diversity Sourcing

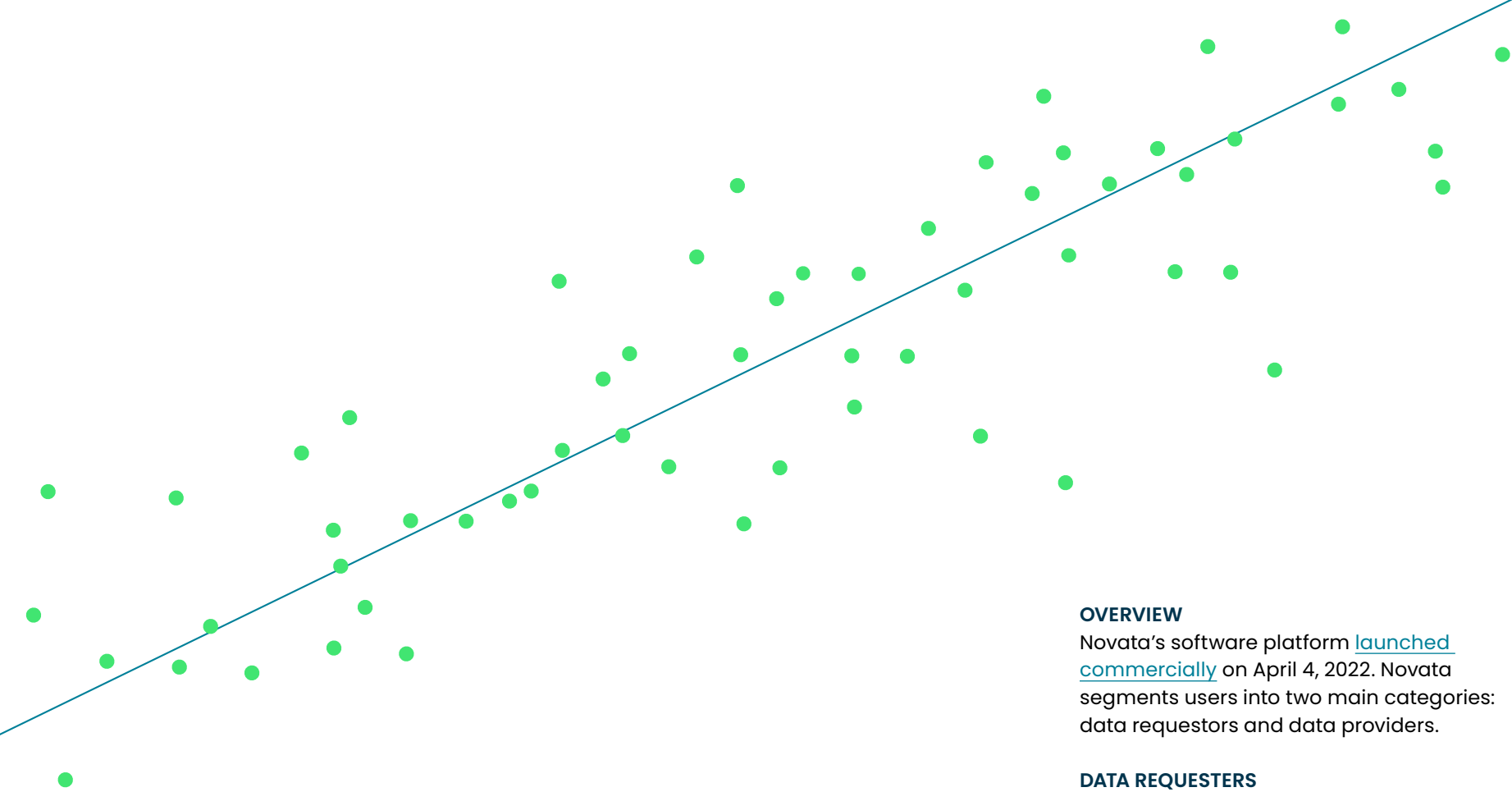


02

# Case Studies & Stories

Number of Private Equity Funds &  
Portfolio Companies Served





**OVERVIEW**

Novata’s software platform [launched commercially](#) on April 4, 2022. Novata segments users into two main categories: data requestors and data providers.

**DATA REQUESTERS**

Data requestors own the commercial contract and pay an annual subscription to utilize Novata’s platform. Contracts are typically structured as a base annual fee with an incremental fee for each data provider.

**DATA PROVIDERS**

Novata’s data providers leverage the platform in order to complete ESG framework report requests from Novata’s primary customer, data requestors. The data requester can analyze and export data collected from the data providers.

Data providers can purchase subscriptions to the platform for their own purposes in sustainability reporting.



CASE STUDY A

# Private Credit

## Data Collection

**FRAMEWORKS USED**

A majority of standardized metrics with some proprietary custom metrics

**REQUEST**

One framework used across the entire portfolio

## Fulfillment Rates



**COMPANY RESPONSE RATE**

84% of reports requested were submitted



**METRIC FULFILLMENT RATE**

84% completed responses

CASE STUDY B

# Mid-Market Buyout

## Data Collection

**FRAMEWORKS USED**

A selection of standardized metrics with some proprietary custom metrics

**REQUEST**

One framework used across the entire portfolio

## Fulfillment Rates



**COMPANY RESPONSE RATE**

86% of reports requested were submitted



**METRIC FULFILLMENT RATE**

90% completed responses



03

# Performance & Progress

Efforts to Enhance Transparency &  
Quality of Reporting & Data Standards



PRODUCT OVERVIEW

Novata equips clients with the ability to track, report, benchmark, and analyze key metrics to demonstrate progress towards achieving goals in a transparent, data-informed manner. Novata’s aim is to support clients in using data collected to establish goals and make year-over-year improvements.

OUR USE OF STANDARDS

Novata builds on the efforts of leading standard and framework organizations, such as the International Financial Reporting Standards (IFRS) and Global Impact Investing Network (GIIN). Guided by the leadership of these organizations, companies have made major strides in voluntary reporting on the metrics that matter.

Novata supports data collection against the following voluntary and mandatory disclosure standards:

- ESG Data Convergence Initiative (EDCI)
- International Financial Reporting Standards (IFRS)
- Sustainability Accounting Standards Board (SASB)
- Global Reporting Initiative (GRI)
- ESG Integrated Disclosure Project (IDP)
- Global Impact Investing Network (GIIN) with IRIS+ Catalog of Metrics
- Europe’s Sustainable Finance Disclosure Regulation (SFDR)

TABLE 01  
Novata’s Metric Library

AS OF <sup>1</sup>	BASIC GUIDANCE Definition Only	ENHANCED GUIDANCE Definition & Expanded Guidance	TOTAL # OF LIBRARY METRICS
Dec 31, 2022	338	159	497
Dec 31, 2023	448	687	1,135
Mar 31, 2024	757	907	1,664

<sup>1</sup>Metric counts as of these dates are best estimates.

Most Popular Themes of Novata Metric Library,  
Within Each Dimension as of March 2024



**ENVIRONMENTAL**

GHG Emissions

Energy Management

Water & Wastewater Management



**SOCIAL**

Systemic Risk Management

Business Model Resilience

Business Ethics, Corruption & Bribery

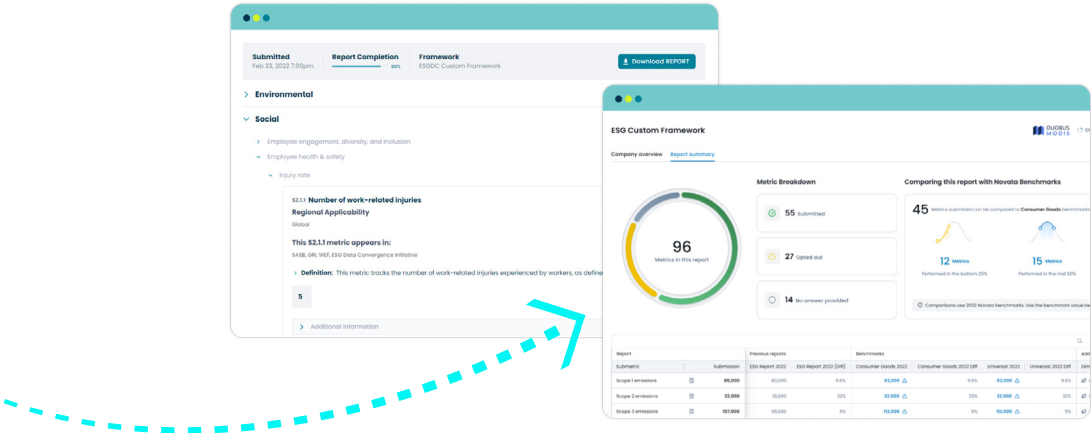


**GOVERNANCE**

Employee Engagement, Diversity & Inclusion

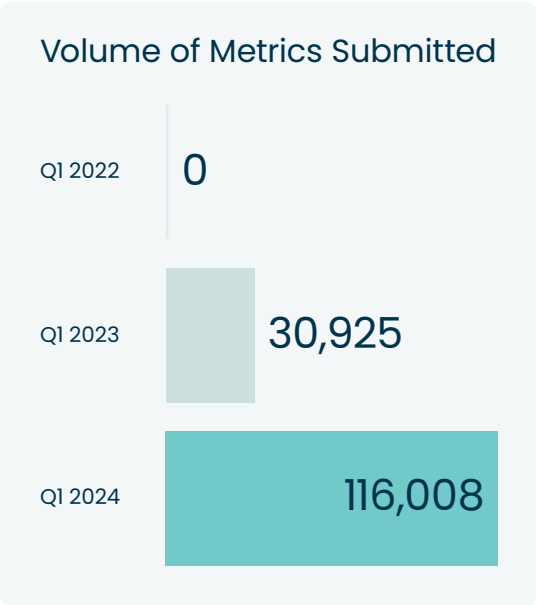
Employee Wages & Benefits

Employee Health & Safety



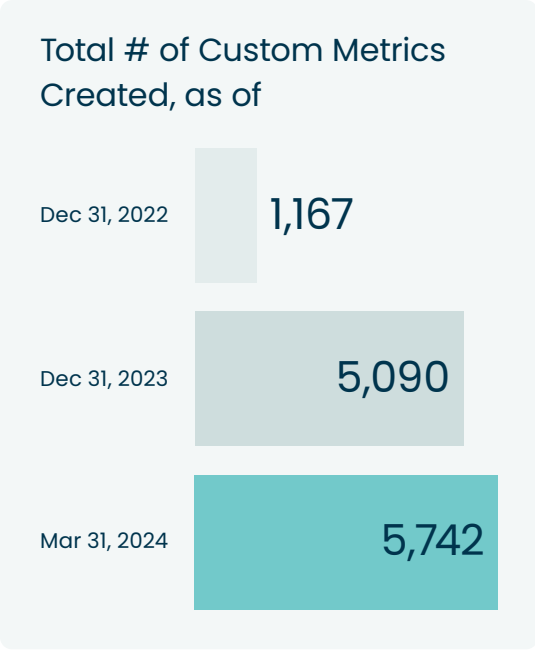
VOLUME OF METRICS SUBMITTED

As the number of data providers on the platform continues to grow, so does Novata’s data set. The team hit a big milestone in Q1 2024, when the number of metrics submitted for the quarter exceeded the volume of metrics submitted for the full year in 2023. With more data collected, Novata’s team of data scientists can produce more insights.



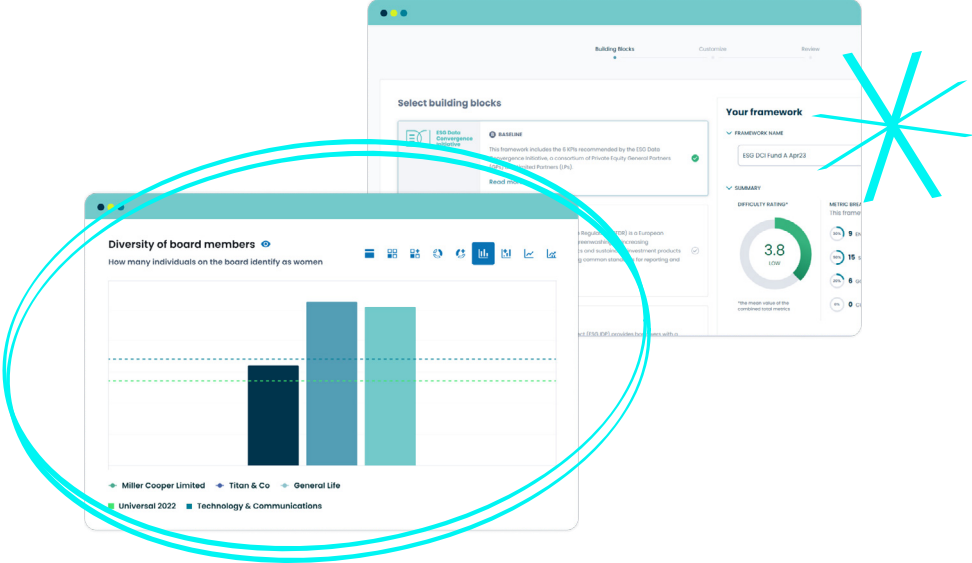
CUSTOM METRICS

Novata offers an additional service to customers, adding metrics to the platform that are highly customized to the clients, and key to tracking their business initiatives.



BUILDING BLOCKS

The platform allows users to filter on single, or multiple frameworks, enabling the construction of a holistic and comprehensive ESG data set. To help quickly build reporting frameworks, Novata provides a series of predefined templates called “Building Blocks.”



ANALYTICS AND BENCHMARKING

Once ESG data is collected from data providers, data requesters can utilize the analytics module. The **analytics module** allows for year-over-year comparison. Novata’s analytics module also includes **Novata Benchmarks**, built from aggregated and anonymized data provided by contributors to the Novata platform. Novata’s Benchmark offering includes 125 universal benchmarks and more than 750 sector-specific benchmarks.

Novata’s **action planning** module allows data requesters to set specific, time-bound action requests for its data providers. Data providers can accept or decline the actions and provide their rationale.

CUSTOMER INSIGHTS

Novata’s internal metabase, managed by the Product team, reveals how data providers utilized the reporting platform in 2023. These serve as early indicators of product usefulness and a strong baseline for continuous improvement.





# 04

# Stakeholder Engagement

Efforts to Educate the Market on the  
Importance of Measurement

## 2023 Key Engagement Highlights

232

live webinar  
viewers combined

12,752

LinkedIn  
followers

5,835

LinkedIn  
reactions

1,887

website content  
downloads

13

industry conferences with  
presentatons from Novata  
subject matter experts

## Broader Education & Outreach

As a public benefit company, Novata is focused on educating a broad set of stakeholders beyond its paying customer base. As such, Novata's educational campaigns emphasize the importance of environmental, social, and governance considerations and focus on empowering audiences to build sustainable and inclusive business practices.

All of Novata's educational efforts target a range of audiences and include both paid and unpaid content.

Even prior to Novata's commercial launch, the company provided thought leadership free of charge via its external website.

## Customer Pre-Engagement Process

Prior to engaging on the platform, clients have introductory sessions with dedicated Customer Success Managers and Onboarding Associates to set expectations, assess current ESG reporting maturity, and incentivize internal action on ESG topics.

The client onboarding process includes:

- Discussion of the client's broader ESG strategy, including existing practices and commitments, aspirations, and reporting requirements.

- Mapping existing reporting framework to the Novata metric library, or guiding customers through initial metric selection.
- Overview of best practices for any custom metrics.
- Resources and sample communications for internal and external use for engagement, data collection, and time period for analysis.
- Introduction to Novata's services team, if applicable.



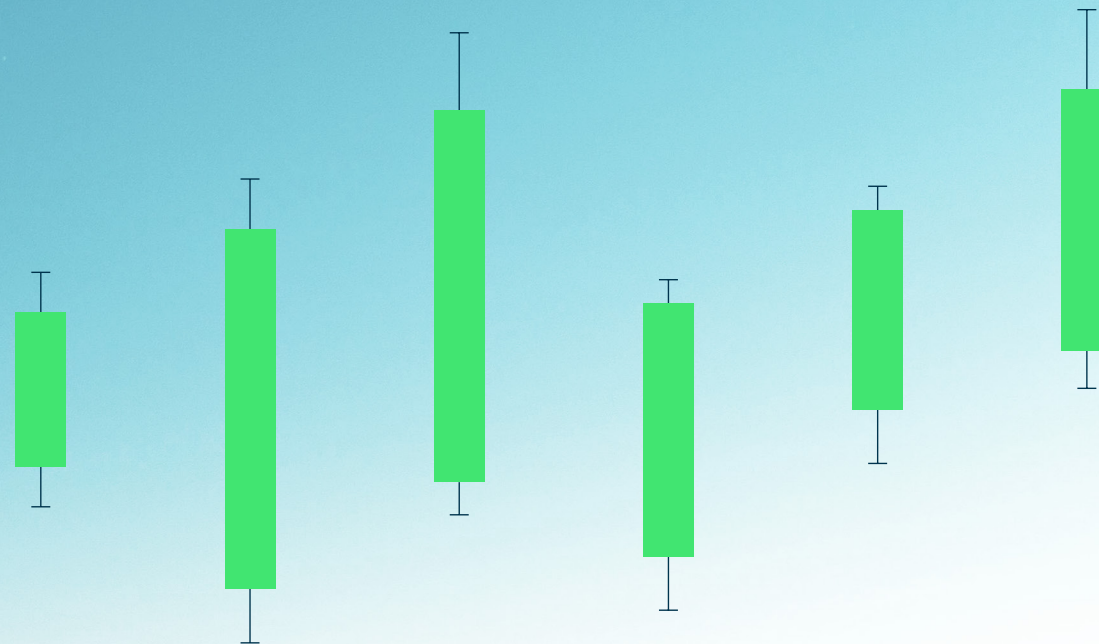
05

# Spotlight on Novata's Focus Areas

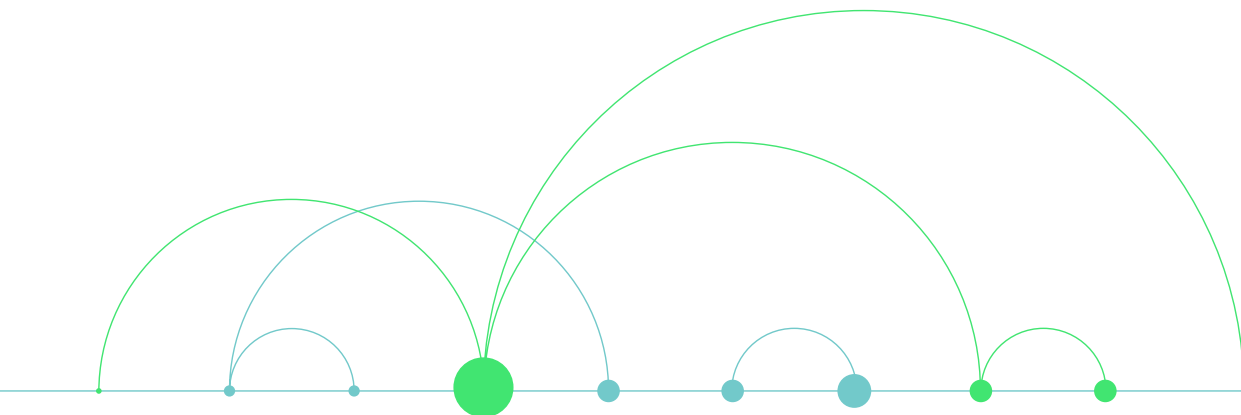
Workers

Data Security & Privacy

Carbon Impact







# Workers

## WE VALUE OUR TEAM

Novata has measures in place to ensure it hires and retains best in class talent. We believe each employee has an impact on our continued growth and success, and we all take pride in the work we do to drive the company forward. Similarly, Novata is committed to supporting our employees so they feel valued and set up for success.

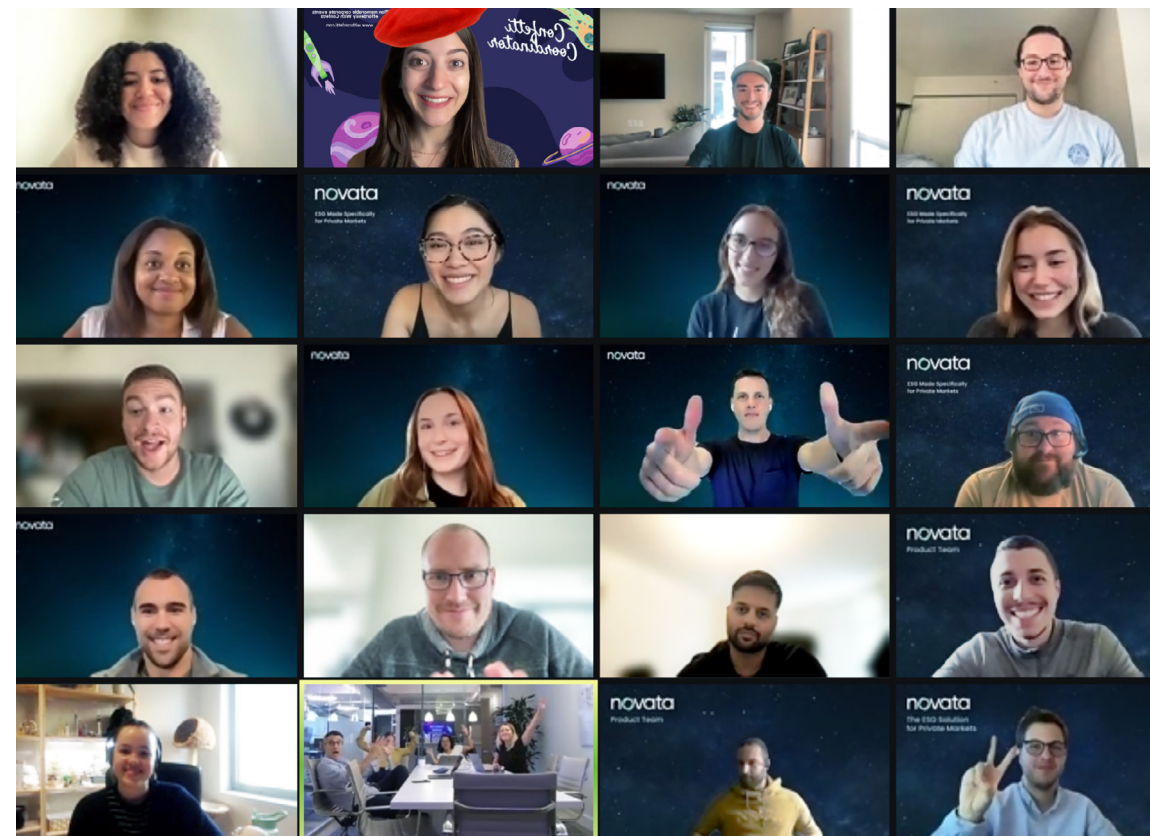
## WE WELCOME DIVERSITY

The company is led by a diverse management team. As of December 31, 2023, Novata's management team was made up of 9 [leaders](#), 5 of whom identify

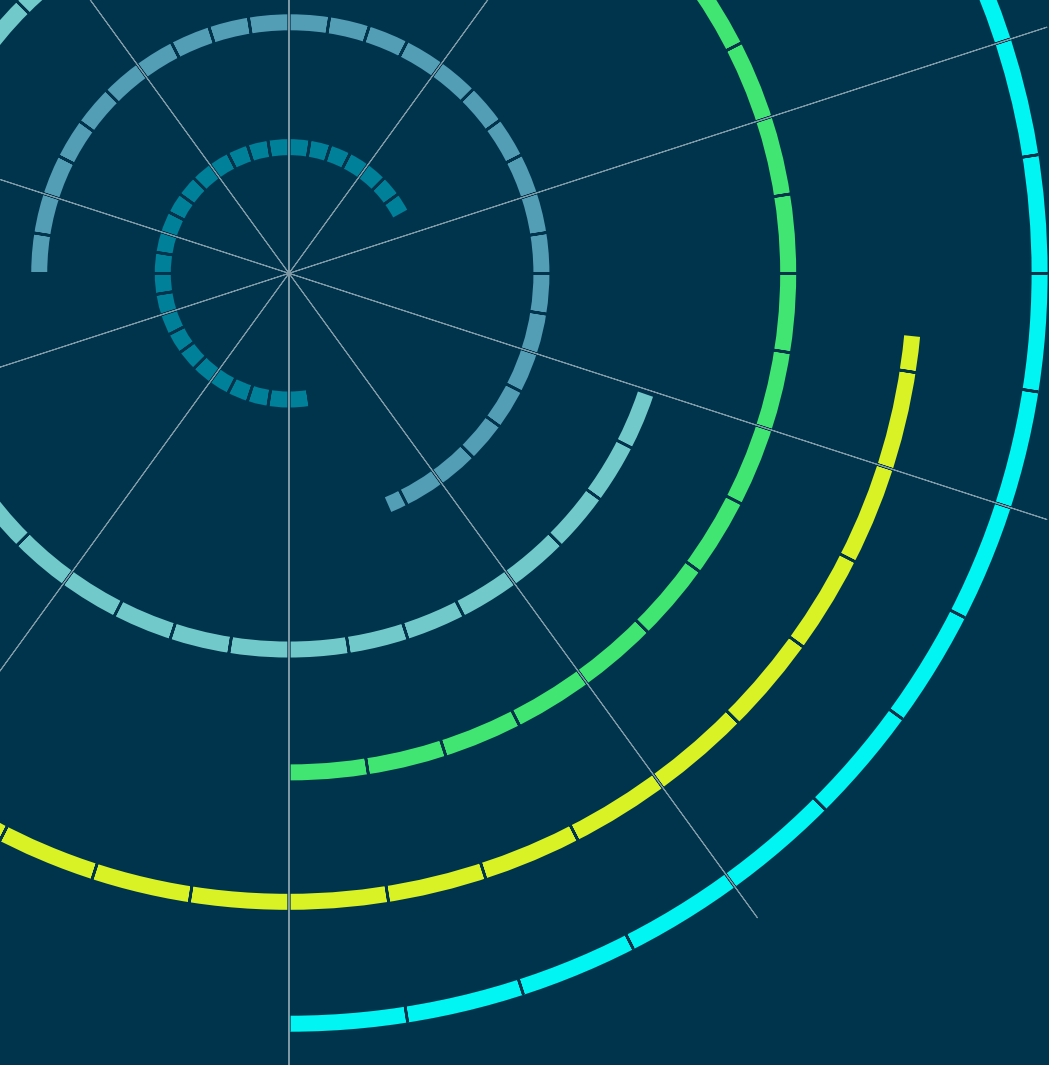
as women. Novata continues to enhance its worker related policies. The company has a Recruiting Policy that includes the employment of diverse individuals and offers diversity, equity, and inclusion training for existing employees.

## WE MENTOR OUR EMPLOYEES

Novata promotes mentorship, which is organized and carried out by the company's Employee Resource Groups (ERGs). At the end of 2023, the company's ERGs included: Black Employee Group, QueERG for LGBTQIA+, Parents and Caregivers, Women's Employee Group, and the Multicultural Network.







## Novata’s Worker-Related Policies

At Novata, we deeply value the importance of work-life balance and understand that a supportive work environment extends beyond the office. That’s why we prioritize family-friendly policies designed to help our employees seamlessly integrate their professional and personal lives. Our family friendly policies include 30 days Paid Time Off, 26 weeks parental leave for the Primary Caregiver, six weeks’ leave for the Secondary Caregiver and additional days off for volunteering. Our comprehensive benefits package is crafted with a focus on holistic well-being of our employees and their dependents. These benefits ensure that our employees have the time and resources to care for their families without compromising their careers.

Moreover, we believe in nurturing the growth and development of our team members. To this end, we provide mandatory training for all employees, and also encompass a wide range of topics from professional skills to personal development. These training programs are designed to equip our team with the latest knowledge and skills, fostering a culture of continuous learning and adaptability. By investing in family-friendly policies, holistic well-being benefits, and extensive training, we aim to create an enriching and supportive environment where every employee can thrive both personally and professionally.



### WE LISTEN TO EMPLOYEE FEEDBACK

Novata conducts an annual Employee Survey to gather valuable feedback from our employees to gain insights and enhance our workplace culture. The 2023 employee survey had a 94% participation rate.

As part of our survey analysis, we looked at the results by breaking down data by departments and demographics to identify key themes and compare these findings against industry benchmarks. We believe in transparent communication, so we can share the results with all employees and customize our communication for different groups to ensure relevance and clarity.

At Novata, engaging in dialogue is crucial, and we held feedback sessions and team meetings to discuss the results in detail. Additionally, we conducted Q&A sessions with leadership to address any concerns and explain the next steps. Developing action plans is a critical step, where we prioritize the most pressing issues, set clear goals, and assign responsibilities for implementation.

At Novata, continuous improvement is key, and we foster a culture that embraces it. Recognizing and rewarding contributions is important to us. We acknowledge and celebrate the efforts of teams and individuals who drive engagement,

reinforcing positive behavior and outcomes. Cultivating an open culture where employees feel comfortable sharing their ideas and concerns is vital. We aim to make employee engagement an ongoing priority rather than a one-time survey event.

### WE SUPPORT INDUSTRY INITIATIVES

Novata supports the Women's Awareness Initiative, an industry-led group which is committed to advancing gender equity in the asset management space, through programming and industry engagement. Our 2023 LinkedIn Live programming, which targeted high school students, had over 1,000 views.

## Posse

### WE GIVE BACK

Novata maintains its commitment to corporate philanthropy. In 2022 and 2023 the company made direct donations to the Posse Foundation. The organization identifies, recruits and trains individuals with extraordinary leadership potential. Posse Scholars receive full-tuition leadership scholarships from Posse's [partner colleges and universities](#). Novata's employees have also volunteered in support of Posse.



# Data Security & Privacy

At Novata, we take data security, privacy, and compliance seriously. We apply secure-by-design principles throughout the platform to ensure the safety of clients' information, utilize encryption and segregation of data to ensure the privacy of their information, and leverage DevSecOps practices to ensure the secure delivery, testing, and validation of platform features. Novata is ISO 27001 certified and has achieved SOC2 Type II compliance across the trust principles of Security, Confidentiality, and Availability.

Novata maintains Data Security training for employees, and has a continuous pursuit of 100% training completion, with an annual re-

training. In addition to this, we have a Data Privacy Policy that explains how individuals' personal data is collected, stored, used, shared, and protected. In 2023, the Novata team completed 302 hours of platform based training and 270 hours of live training.

Additional information on our security practices can be requested on our [Trust Page](#). To learn more about Novata's terms and conditions for our platform and site, click [here](#). For information about the information we collect and how we protect users' privacy, click [here](#).



# Carbon Impact

Novata tracks its greenhouse gas emissions. The company selected 2023 as the baseline for reporting.

### HOW WE SUPPORT OUR CLIENTS

In 2023, Novata concentrated on developing and enhancing the infrastructure required to support our clients’ decarbonization efforts. Our software platform itself does not directly reduce, remove, or sequester greenhouse gases, but facilitates these actions through the provision of tools and

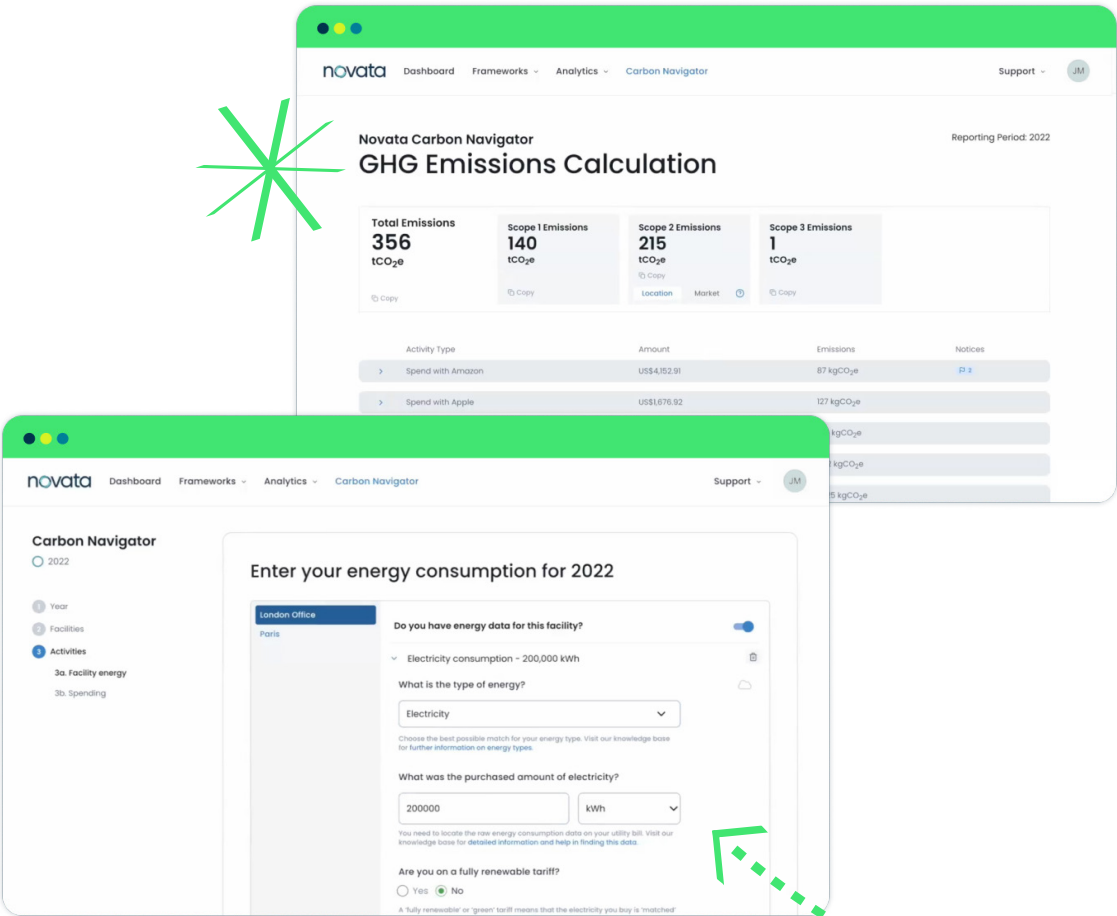
services that support Scope 1, 2, and 3 measurement and reporting.

### CARBON METRICS

There are thirty-five critically important carbon metrics on the Novata platform that enable precise tracking of a company’s GHG management journey, from measurement to mitigation and disclosure. Novata can assess where companies are on the path to decarbonization, and provide concrete steps for companies to get there.

TABLE 02  
Novata’s Carbon Footprint

	SCOPE 1 EMISSIONS	SCOPE 2 EMISSIONS	SCOPE 3 EMISSIONS	TOTAL GHG EMISSIONS
Methodology	Activity-based	Location-based	Spend-based	—
Tons of carbon dioxide equivalent tCO2e	0	2	605	607





## CARBON NAVIGATOR

Novata's Carbon Navigator launched commercially in January 2024. The offering builds on past carbon accounting offerings integrated into the platform, the basic estimator and refinement. This fully integrated solution sits within Novata's industry-leading sustainability management platform.

The Carbon Navigator's easy-to-use GHG calculation tools for Scope 1, 2, and 3 allow users to:

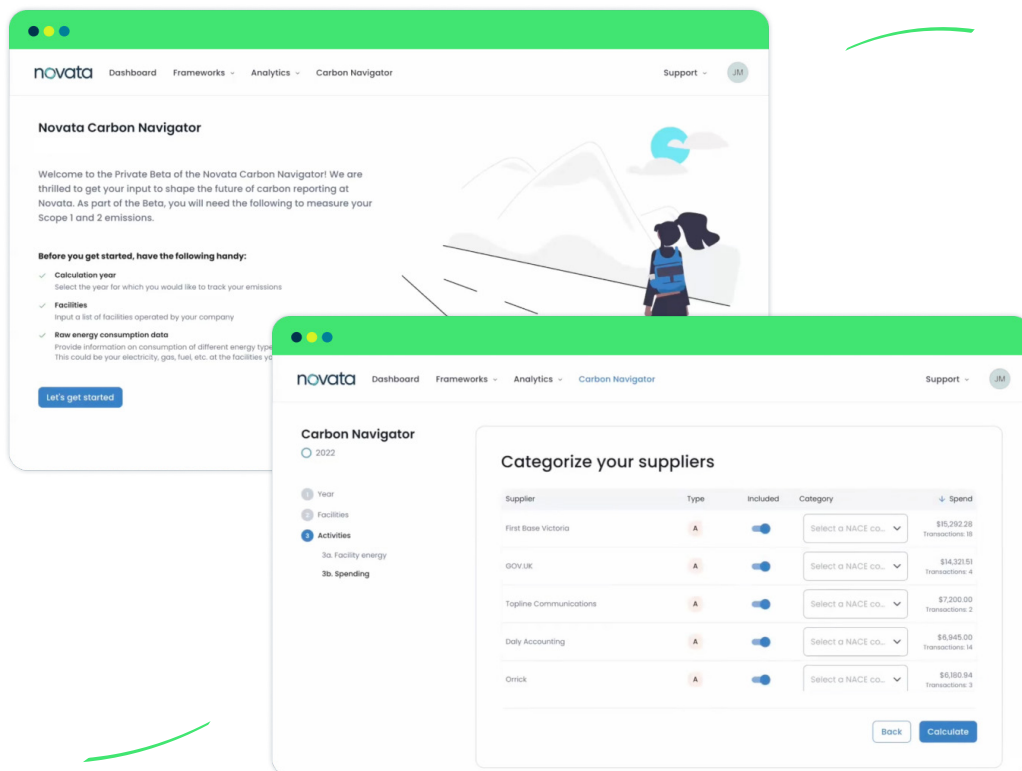
- Streamline tracking facility energy consumption
- Easily upload company expenses and categorize vendors
- Have full confidence to report on emissions and meet regulatory requirements with an investor-grade audit trail

## NOVATA CARBON-RELATED SERVICES

In addition to the Navigator technology, Novata's carbon experts partner with organizations reporting on the platform to design data collection processes, improve carbon reporting capabilities, and identify effective ways to manage carbon performance and risks.

Since Novata Services launched in April 2023, the Services team has supported over a dozen General partners in formulating portfolio-wide carbon data collection strategies. Services directly engaged with numerous portfolio and private companies to assess the availability of underlying carbon data, to implement a collection process, or to assess the quality and completeness of reported carbon data.

Services further engaged several General Partners to measure their financed emissions, and a number of their portfolio companies, to measure financed emissions of private credit portfolios for three million borrowers. Services will expand its carbon-related offerings in 2024 to further support clients on Scope 3 data collection, and selecting climate impact metrics such as emissions avoided.





# 06 Challenges & Risks



## Challenges & Risks

While many forces support additional disclosure and use of technology, some firms are still electing to go through the process unassisted. This segment of the market is the most challenging to convert. Our team is committed to sharing best practices throughout the ecosystem on appropriately resourcing ESG reporting and corporate sustainability initiatives.

As we shared in our survey conducted with Oliver Wyman in 2023, leading investors are finding innovative ways to go beyond the reporting exercise and find use cases for the data collected.

Another headwind for the broader ESG reporting ecosystem is the politicization of ESG considerations. Given the additional scrutiny, we've fielded questions from clients and prospects on how to outline their initiatives and make disclosures accurately. As we shared in the graph on page 15, Volume of Metrics Submitted, despite the headwinds ESG reporting faced, our platform experienced tremendous growth in reporting coming out of a challenging year of coverage in the media, in political arenas, and even in universities. While ESG terminology may evolve, our clients understand the value of fostering

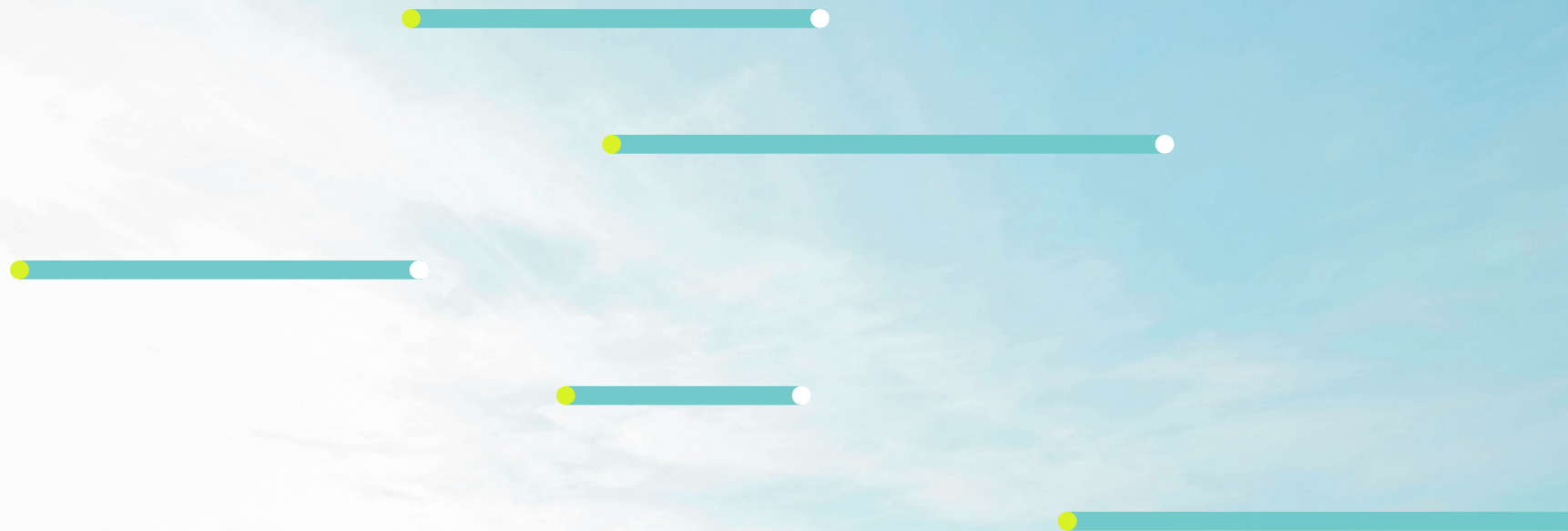
collaboration through technology, bringing analytics and benchmarking insights, and sharing decision-useful information with other investors.

The global sustainability-related regulation landscape is rapidly evolving. As regulators move closer toward a global reporting baseline, Novata is focused on working with clients to use the information collected in order to find opportunities for value-creation. Novata stays informed of developments in regulatory and voluntary reporting through our staff, partners, board, and advisors.

“Despite the headwinds ESG reporting faced, our platform experienced tremendous growth in reporting.”

07

# Potential for Future Impact







## Potential for Future Impact

Novata is not just the first ESG software platform to focus on both the data requester and data provider experience, but also a platform that is constantly evolving. Our commitment to continuous improvement has driven high metric fill rates and short turnaround windows for reporting. Looking ahead, we are determined to further enhance the user experience, expand carbon accounting capabilities, enrich our metric library, and produce more benchmarking. The potential for Novata is vast, as global regulators increasingly mandate more disclosure requirements and stakeholders demand transparency from the private markets.

At Novata, we are not just about advancing progress on environmental, social, and governance goals. We are about making a real difference, both as an organization and through our clients' use of our platform. As we look to the future, we are committed to engaging with our stakeholders to continue striving for positive corporate and societal impacts. We are dedicated to integrating sustainable business practices across all areas of our work, ensuring that our platform is not just about numbers, but about making the world a better place.

# Thank You

Thank you for reviewing Novata's 2023 Benefit Corporation Annual Report.

To learn more about Novata, visit [novata.com/mission](https://novata.com/mission).



novata