

IMPACT INVESTMENT EMERGING AS NEW PARADIGM

Panel Discussion: Sustainable Business Models for Social Entrepreneurship:
New Approaches for Asia

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Definition

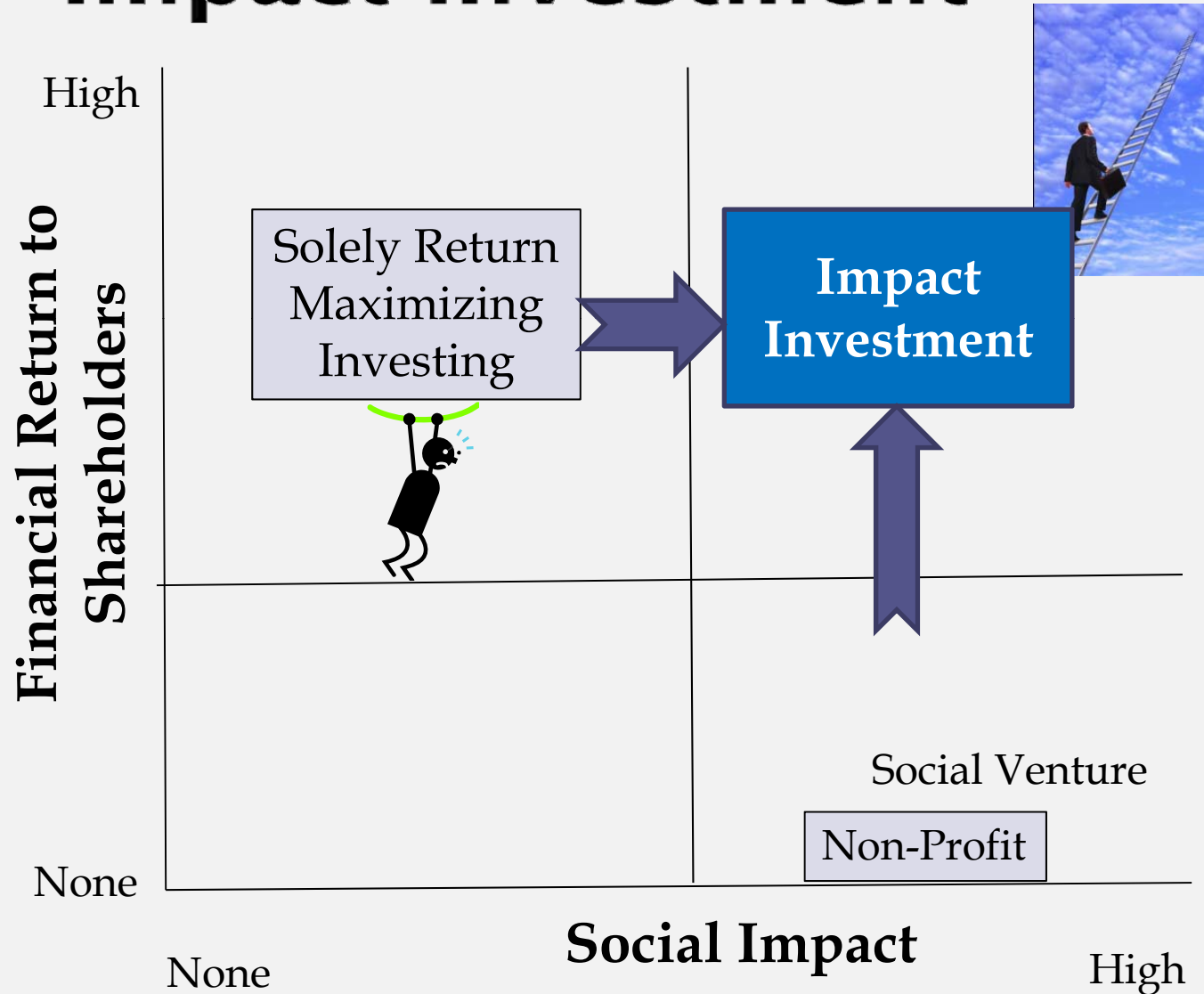
□ Impact Investment, Social Investment, Sustainable Investment, and Socially Responsible Investment (SRI) means;

“actively placing capital in businesses and funds that generate social and/or environmental good and a range of returns, from principal to above market, to the investor.”

□ When we discuss business purpose of it, it is defined as “triple bottom line (TBL)” – profit, people and planet.

□ Making positive social and environmental impact as well as generating profit, a business is “sustainable.”

Move to Impact Investment



Impact Measures Being Deployed

90% of Fortune 250 Companies

- Sustainability Index – Wal-mart
 - 100% Renewable Energy, Zero Waste and Sale of Sustainable Products
- Forest Stewardship Council- Kimberly Clark

“Sustainability Nears a Tipping Point” (MIT Sloan Management Review)

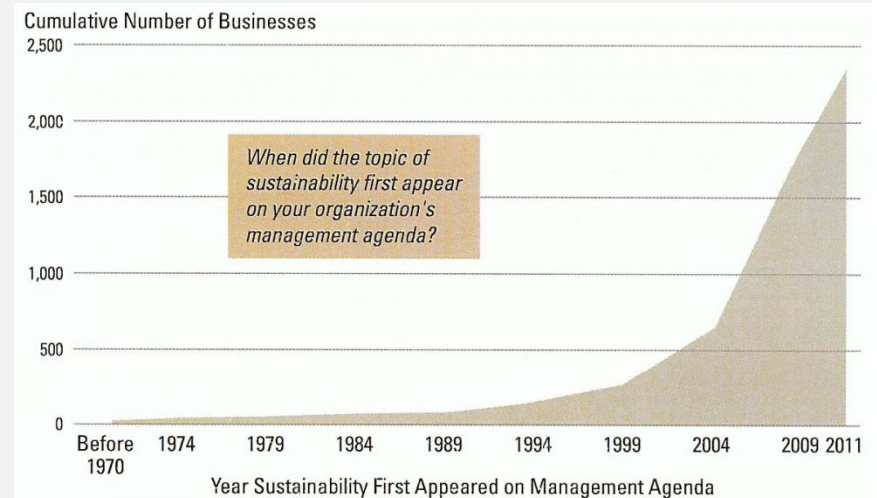
Human Impact and Profit (HIP) Index

B Corporation - Certified

- 500+ B Certified Corporations
Patagonia, etc.

Global Impact Investment Rating System – GIIRS

- 50+ SRI Funds: Acumen Fund, E+Co...



HIP 100 Portfolio Performance
As Of 5/31/2011

Timeframe	HIP 100	S&P 100	HIP Over By:
Since Inception*	+ 37.88%	+ 31.73%	+ 6.15%
First Year**	+ 13.41%	+ 9.37%	+ 4.04%
Y/E 2010***	+ 12.69%	+10.88%	+ 1.81%
2011 Y-T-D	+ 7.11%	+5.86%	+1.25%

The perception that Impact Investment necessitates accepting sub-market return is eroding.

Reasons for Business Model Innovation with Sustainability



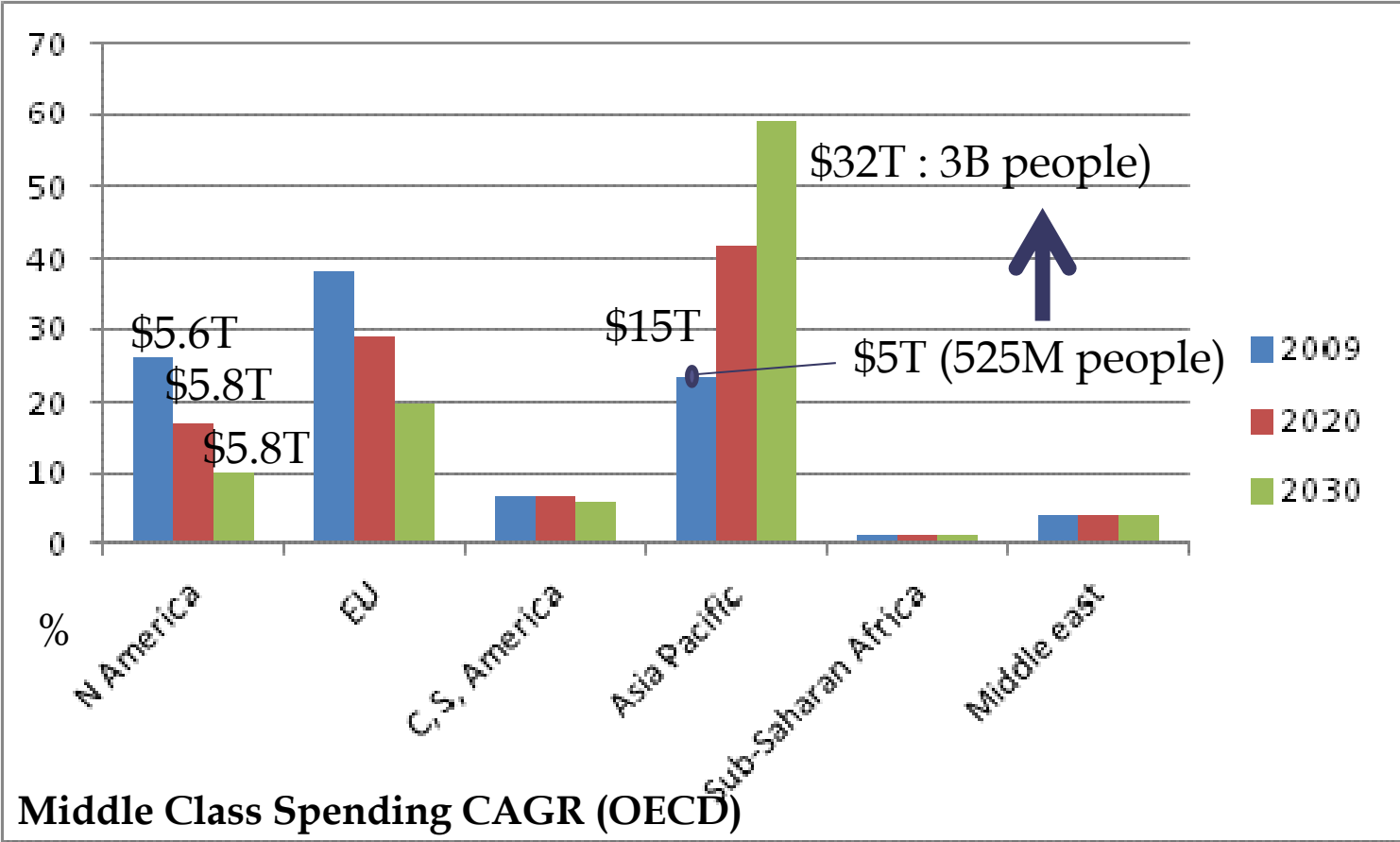
Exit Cases

Public Acquirer	Acquired	Value
L'Oreal	The Body Shop	\$1.4B
MM Clorox	Burt's Bees	\$913M
Unilever	Ben & Jerry's	\$326M
Coca-Cola	Odwalla	\$181M
Colgate-Palmolive	Tom's of Maine	\$100M
Coca-Cola	Republic of Tea	\$43M

AG Bio-Tech Acquirer	Acquired	Value
Monsanto	Ceres	\$330M
Multiple Companies	Multiple Companies	\$100-\$1.5B

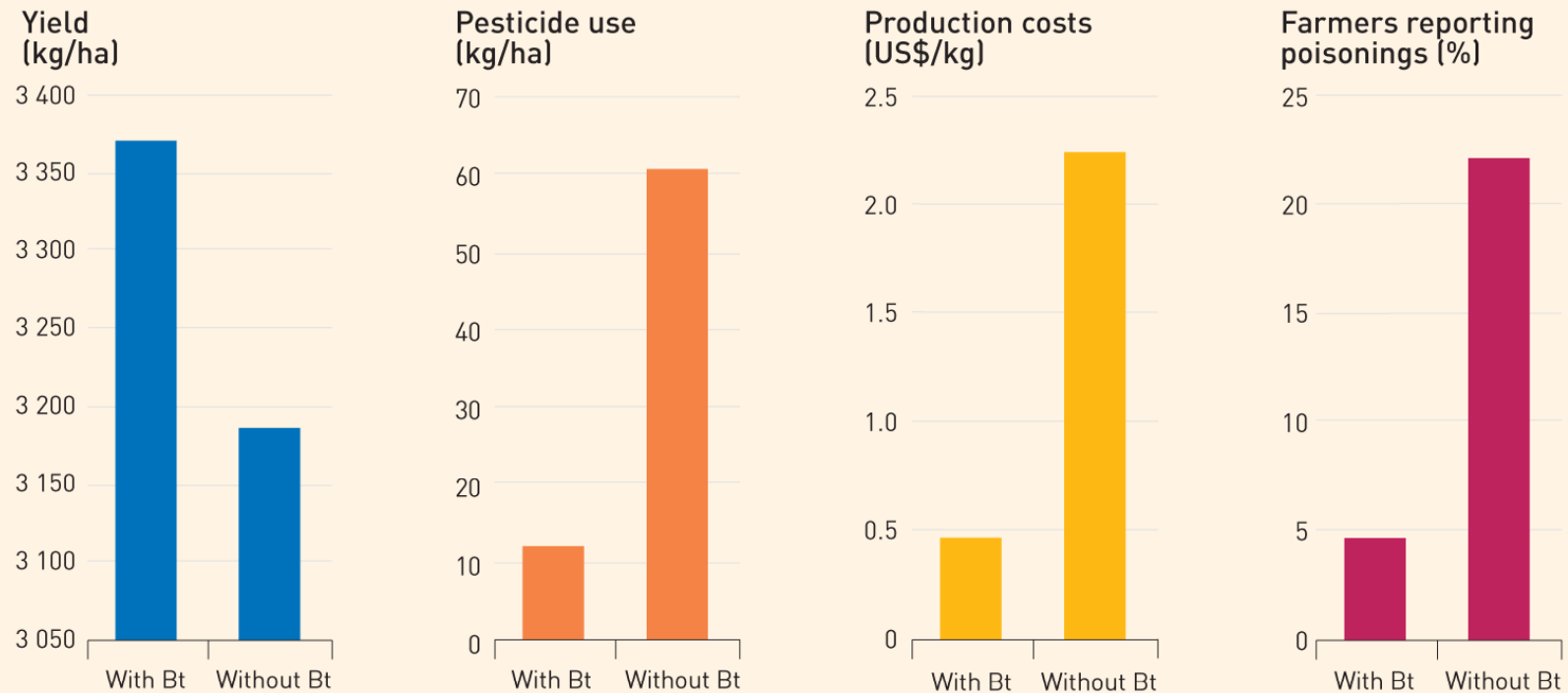
Investor's Circle	Exits	Year
IPOs	13	1992-2007
M&A	20	1993-2007

Consumer Market Grows Fastest in Asia



By 2030, the world will need at least 50 percent more food, 45 percent more energy and 30 percent more water, according to U.N. estimates.

Case Study: BT Cotton in China



Source: Huang *et al.* (2002)

One of the most impressive successes in agricultural biotechnology is China's experience with Bt cotton.

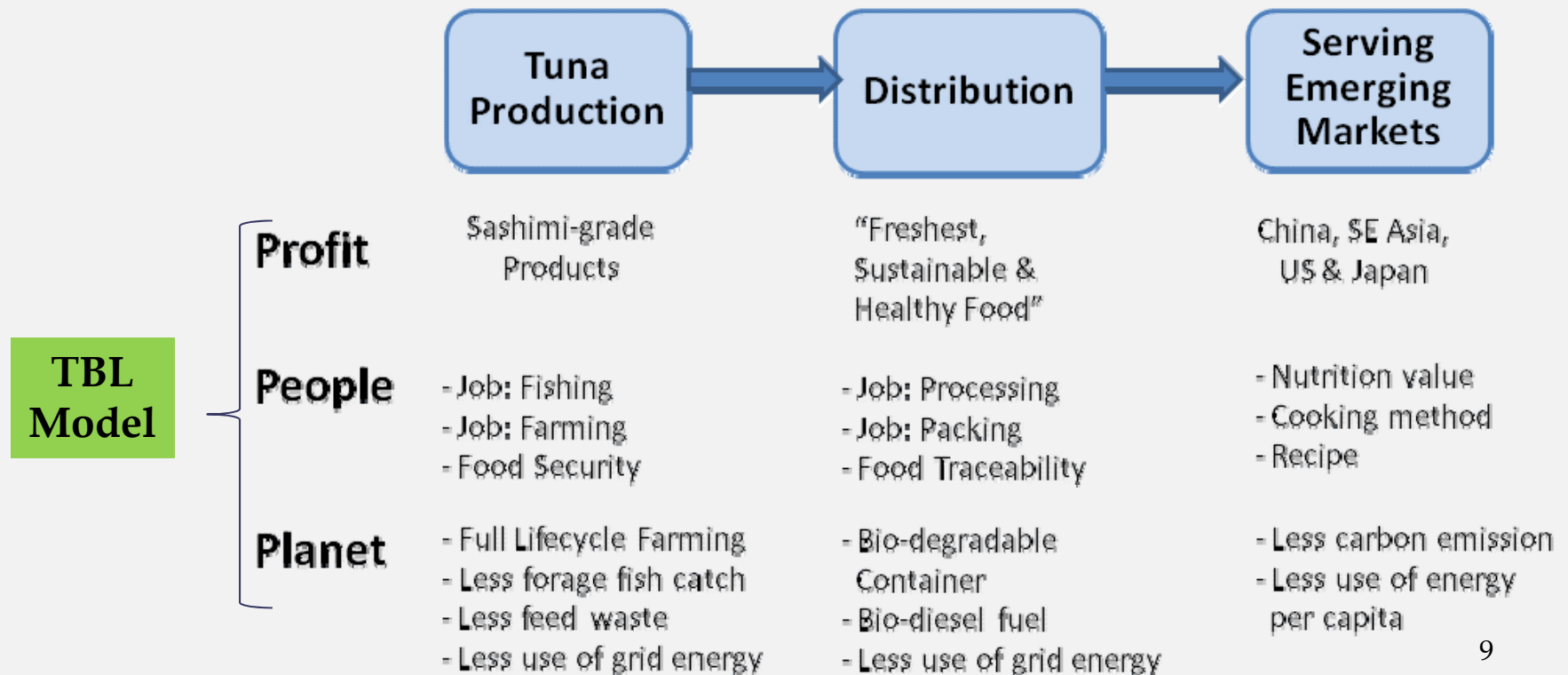
TBL Example: Sustainable Tuna Production

Case:

Wild catch based blue-fin fishing and farming is considered unsustainable;

- 1) Fisheries depleting
- 2) Fishing methods involve bi-catch,
- 3) Farming demands voluminous forage fish as feed*, and
- 4) Coastal environmental impact by farming

* Conversion ratio
13-15.



Summary

- ❑ Social and environmental impact consideration is a requirement for the next generation enterprise to sustain and grow its business.
- ❑ Solutions for increased demand for food, energy and water are of critical importance to us all.
- ❑ The primary consumer market growth will be in Asia.
- ❑ Technology plays a key a role for smart use of ecosystems and natural capital.

Message: Opportunities are waiting for you to design and build impactful TBL businesses. Define problems, innovate approaches and involve people to embrace results!