SUSTAINABLE PRIVATE EQUITY INVESTING
STRENGTHEN YOUR PORTFOLIO AND IMPROVE INVESTOR RELATIONS THROUGH SUSTAINABLE INVESTING

- Are you interested in helping your portfolio companies save money?
- Would you like to improve relations with current investors and attract new ones?

If so, take advantage of IFC’s Sustainability Advisory Services for Private Equity funds in Africa. Differentiate your fund by incorporating environmental and social issues in your work with companies and Limited Partners.

WHY SUSTAINABLE INVESTING?

Sustainable investing allows investors to derive the benefits of factoring environmental, social and governance issues into their investment decision making. Sustainability is fast becoming a foundation of business and investment strategy worldwide. More and more local and global regulations, rising prices of raw materials and supply shortages mean that businesses are starting to explore sustainable practices and solutions to outperform their competitors. A recent study\(^\text{1}\) found that four out of five companies committed to sustainability outperformed industry averages by 15 percent.

Leading companies are re-inventing their business models to adapt to the changing business landscape. Sustainability means more efficiency and better financial returns. This is why an increasing number of companies and investors are starting to develop sustainable processes, products and services such as ‘green’ buildings, energy efficient manufacturing and generating energy from organic waste.

BENEFITS

MAXIMIZE PROFITS, IMPROVE RELATIONS AND ATTRACT NEW INVESTORS

This is how Sustainable Investing can help:
- Helping investee companies maximize profits, accessing new markets and meeting customer demand for sustainable products.
- Improving existing investor relations through transparent and effective reporting on environmental and social performance.
- Attracting new sustainability conscious investors (e.g. investors with combined assets under management of $20 trillion have signed the UN Principles for Responsible Investing).

\(^{1}\) AT Kerney 2000, Green Winners: The Performance of Sustainability-focused Companies in the Financial Crisis
SERVICES AVAILABLE
The Private Equity Africa Climate Change Investment Support (PEACCHIS) program is funded by the Norwegian Government and works with private equity fund managers through:

**Support to funds**
- Portfolio diagnostic, mining the portfolio for opportunities
- In-house training on the Environmental & Social Management Toolkit for funds

**Support to investee companies**
- Audits that identify energy, water and cost savings for investee companies
- List of sources of financing for sustainability improvement projects

**Research and networking**
- Cleantech sector research and best practice publications of sustainable private equity investing will be available in 2011
- Access to investor forums that promote sustainable investing

By taking advantage of this support from IFC you will get a head start in sustainability best practice and get access to ongoing support from IFC experts.

EXAMPLES OF SUPPORT

**MANUFACTURING COMPANIES IN KENYA: PROCESS EFFICIENCY AUDITS**
Audits of five manufacturing subsidiaries of an IFC client company identified:
- Between 19-39 percent savings in fuel and electricity consumption
- 28 percent savings in water consumption
- Investments with payback periods of only 20 months

**GREEN BUILDING IMPROVEMENTS IN WEST AFRICA - SAVING ENERGY AND WATER IN HOTELS**
An audit of four hotels in Burkina Faso and Mali identified:
- 23 percent in energy and water savings
- Potential to increase net profit by 10 percent
- Investments with payback periods of 16 months
- Potential to create positive reputational benefits from the investments

**CLEANER PRODUCTION IN THE MINING SECTOR: PAJINGO OPERATIONS CASE STUDY**
- Energy savings of 1,858 MWh through optimized processes such as ventilation and pump systems
- Reduced water usage
- Reduced diesel consumption through reduction in idle time for mobile equipment

**OPPORTUNITIES CAN BE FOUND ACROSS SECTORS:**
- **Manufacturing**: energy/process efficiency, process and product certification
- **Agribusiness**: cost savings through energy efficiency and renewables (especially biomass) and product labeling
- **Real estate & hospitality**: energy and water savings
- **Extractive industries**: energy efficiency
- **Infrastructure**: renewable energy, energy efficiency and material use, carbon credits
- **Banking**: sustainable energy finance products
- **In addition, cleantech sectors** can offer new investment opportunities

**HOW TO APPLY:**
Contact program manager Cecilia Bjerborn for needs assessment and costing.
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NB: IFC will pay for activities that benefit the industry at large and recover certain costs for fund-specific services.