



Corporate Initiative Webinar#1: *New strategies to support societal solutions: How can corporate foundations & impact funds act as game changers?*

Key Takeaways

Steven Serneels, Investor SI2 Fund, EVPA board member, Chair of EVPA Corporate Initiative Task Group

- There is a gap of 3 trillion dollars to deliver on the SDGs and corporates have been both invited and accepted as key partners.
- Going through the transformation process of moving from a traditional business to an inclusive business requires a highly committed and daring CEO and risk-taking appetite.
- Although responsible business practices should come from within the company, corporate social investment (CSI) vehicles such as foundations or impact funds enable to co-create and scale societal innovations next to mainstream business activities.
- These vehicles sit in between two worlds: On the one hand, they are close enough to the corporation to leverage business assets (people, networks, technologies etc) and, on the other hand they can play a major role in building the ecosystem for societal impact.
- We are not there yet, but we see an increasing number of early adopters.

Leslie Johnston - Executive Director, C&A Foundation

- In 2014, C&A moved away from a fragmented and decentralised philanthropy approach and set up the global C&A Foundation focusing on addressing the deeply rooted societal issues of the fashion industry.
- Venture philanthropy is a very interesting tool in areas where we need the private sector to move. It can help much needed trigger market mechanisms, grow demand on one hand (for instance companies who want to buy organic cotton) and grow supply on the other (farmers who want to transition into organic production).
- Aside from traditional grant-making and equity investments, as part of the Fashion for Good initiative, we have recently launched a new fund which acts as a guarantee fund to “de-risk” and unlock money. The objective is to enable innovations to be embedded in supply chains.
- We look at the societal issues from an industry perspective and therefore work with competitors, notably through multi-stakeholders initiatives (MSI). If you really want to change an industry, collaboration and even convergence between different actors working together towards a common goal is critical to success.
- Through the work of the Foundation, C&A is able to engage and get exposed to very early stage innovations.

- The ultimate question is the one of the relationship with the parent company. The corporation and the foundation play different roles but work on the same sustainability framework. When you bring the business and the foundation together, you can achieve much more and create additionality.
- What's beautiful about a corporate foundation is that it is governed by business leaders who want to see performance against indicators and targets. It brings a business lens to running a foundation.
- The main challenge is the one of money versus mission. We have a bold mission to change the industry in which the corporate acts and sometimes there are tensions between the ambition to disrupt and come up with new solutions and a company that has been very successful in the industry for a very long period of time.
- We will see more and more corporate foundations moving into this space.

Loic de Fontaubert, Investment and Partnership Manager, Engie Rassembleurs d'Energies

- In 2011, Engie decided to complement its toolbox to fight energy poverty with a corporate impact fund called Engie Rassembleurs d'Energies addressing the investment gap between seed money and commercial funding.
- Engie Rassembleurs d'Energies invested in 20 companies providing close to 1.5 million people with clean sustainable energy (such as energy efficiency housing, solar power and clean cooking solutions) and increased its initial endowment from 10M€ to 50M€.
- Investments are made through equity or debt-related instruments and tailor made solutions such as demand dividend (convertible loan with repayment tranches based on the revenue generated over the previous 6 months) and impact related yield dividend (the interest rate decreased as the societal impact rises) have been developed.
- In terms of ROI, the target is to reach break-even in the foreseeable future.
- Because of the high risk, there is still a gap between potential social investors that visit projects on the field and the ones actually investing. We did not expect to learn so much from the entrepreneurs and get exposure to new business models in line with Engie's strategy. For instance, we now know how to reach customers that were not even eligible to micro-credit.
- The good news is that we see more and more Development finance institutions (DFIs) such as Proparco coming into the space, adapting to this small scale industry and unlocking capital.