



2011 ANNUAL MEETING

September 19 - 22, 2011 ★ Sheraton New York Hotel and Towers

Jobs Breakout: Financing Inclusive Jobs: Impact Investing and the Triple-Bottom-Line

Tuesday, September 20, 2011: 3:45 – 5:00 PM

I. Session Objective:

In an increasingly connected global marketplace, “impact,” and socially responsible investors (SRI) are emerging as an ever larger market force. Because these investors evaluate a company’s values as well as its profitability and product offering, they have become an important source of capital for triple bottom line businesses, particularly in the developing world. The segment of the potential impact investing market in developing economies is estimated to reach anywhere from \$400 billion to \$1 trillion over the next 10 years. As a result, many businesses that generate social good but have depended on traditional financing are now turning to impact investing as well. What kind of businesses could benefit from SRI and impact investing, and how can governmental action support these inclusive businesses to help stimulate job growth? What are the opportunities for growth in this sector, and what realistic challenges remain? In this session, leading finance, business, and government voices will share success stories and discuss effective impact investing and inclusive businesses practices.

II. Summary of Discussion:

MODERATOR:

Adam Davidson, *co-founder and co-host, Planet Money*

PANELISTS:

Sanjiv Ahuja, *chairman and CEO, LightSquared*

Cheryl Dorsey, *president, Echoing Green*

Andrew Kassoy, *co-founder, B Lab*

Christina Leijonhufvud, *managing director, social finance, J.P. Morgan*

Mr. Ahuja:

- Expanding mobile access to low-income countries, because Internet access is not available for much of the world (especially broadband connectivity).
- Launched a for-profit business in South Asia to expand Internet access to underserved populations and plans to expand this service to the US as well. Not only has this created economic opportunities, it has increased connectivity as well.

Ms. Dorsey:

- Echoing Green was founded in 1987 to make angel investments for social entrepreneurs. Initially they received proposals to develop non-profits, but in 2007 they began receiving a deluge of proposals for for-profit businesses.
- Young entrepreneurs appreciate the significance of developing for-profit ideas that scale quickly and easily.
- An engineer graduate from Columbia’s business school founded an app development company that has hired 18 people and raised \$1.8 million in investments. He has also experienced difficulties obtaining financing from classic investors because of skepticism around his business model.

Mr. Kassoy:

- B Lab is a group that addresses legal constraints for social entrepreneurs.
- Benefit Corporation Legislation removes barriers to social entrepreneurship.
- Investors and the companies they invest in should be able to determine how they do business.
- Launching a rating system to measure the environmental impact of a business.

Ms. Leijonhufvud:

Turning ideas into action.



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- JP Morgan collaborated to draft a report that attempted to define impact investing, developing a core definition based on the intent of business. This includes a business with infrastructure in place to assess its impact and hold itself accountable to its stated intent. The report goes so far as to define impact investing as an “emerging asset class,” which has been controversial.
- Invested in one of the first insurers in South Africa that has made a huge positive impact on people who need insurance.
- Scale is the biggest problem this space faces. She believes it is the individual clients who are going to lead this market into its next era. She notes the real issue is maximizing the social value gained for the trade-off of being a socially conscious, for-profit business.

Mr. Ahuja:

- At LightSquared, we are investing millions more in a market in America that is expected to have a big supply gap. The data demand from smart phones and tablets will drive the need for more broadband access. When you run out of creativity, innovation, and an environment that encourages risk-taking, you end up with the economic environment we are in right now.

Audience Member: What are the major gaps to impact investing?

- **Ms. Leijonhufvud:** The pipeline is a major problem. There are major barriers in the system to this concept, including high-level executives at JP Morgan.

Audience Member: How do we bridge the gap between social entrepreneurs and JP Morgan and other big investors in the US? Currently it is easier for people to just go overseas.

- **Ms. Leijonhufvud:** There are more boutique investors cropping up to make funding more accessible domestically for social entrepreneurs.

III. Opportunities for Action:

- Develop an infrastructure/pipeline to support social entrepreneurs.
- Develop a means for measuring the sustainability of impact investing compared to classic investing.
- Develop a more comprehensive understanding of how social businesses can operate profitably while still seeking to benefit shareholders, employees, and the community.

Turning ideas into action.