

Sustainable Enterprise Fund

Investment Criteria

Entrepreneurs are a crucial source of innovative solutions to address some of the world's most difficult sustainability challenges. **ennovent** is a for-profit enterprise established to promote entrepreneurs, who advance innovations for sustainability at the base of the economic pyramid. Building on our broad expertise and leveraging our network, **ennovent** discovers, incubates, finances and scales enterprises with innovations that catalyze fundamental change to sustainable development. These innovations must yield social and environmental, in addition to financial, returns. We currently focus our services on advancing innovations for sustainability in India.

All applications submitted to **ennovent** will be evaluated in accordance with the following investment criteria. Additional, as well as more specific, criteria may be laid down by **ennovent** from time to time. It is impossible to compile an exhaustive list, given the potential variety of applications which may be submitted.

Each project will be evaluated along the following main dimensions including a set of sub-criteria and our exclusion criteria:

MARKET: Base of the Economic Pyramid

According to the World Bank, nearly half the world's population – some 2.8 billion people – subsists on \$2 a day or less. The number of people living in poverty at the base of the economic pyramid, versus the relative handful at the pyramid's peak, represents what is potentially the most important challenge to sustainable development facing the world. The enterprise and the focus of the innovation should have the potential to succeed in markets in developing countries and fulfil the following criteria:

- **Geographical Region:** The current political, economic, currency, commercial, transfer and trade risks as well as the enabling policy environment for entrepreneurship allows the enterprise and innovation to succeed.
- **Market Challenges:** The innovation has the potential to overcome market challenges in developing countries such as poor consumers, fragmented markets, insufficient infrastructure and immature market.
- **Market & Competitors:** The innovation has a high potential to fill a valuable niche in a developing market and is superior compared to innovators from competitors.
- **Local Partnerships:** The enterprise is a valuable partner of other local and national businesses and organizations in a value chain and open to establish additional partnerships for a collaboration with **ennovent**.

FOCUS: Disruptive Innovation for Sustainability

Innovative products, processes, services and business models are needed to meet the challenges of sustainability in low income countries. These sustainable innovations either create new markets or reshape existing markets by delivering relatively simple, practical and affordable innovations to poor customers. The innovations of the sustainable enterprise will be evaluated along the following criteria:

- **Disruptive Innovations:** The solution to a challenge of sustainability is innovative and transforms traditional practices in the geographic region or even globally.
- **Thematic Focus:** The thematic focus of the innovation addresses key challenges to sustainability and is within the thematic focus of **ennovent**.
- **Exclusion Criteria:** The innovation as well as the activities of the enterprise do not fall within the general exclusion criteria of **ennovent**.
- **Scalability and Replication:** The innovation has the potential to reach scale by using the profits the enterprise generates and can be adapted successfully to other local or international settings.
- **Implementation Effectiveness:** The implementation of the innovation to date and the future plans fulfil the standard criteria for effective and efficient business management.

PARTNERS: Sustainable Enterprises

Creative and motivated entrepreneurs harbour a potential for production, innovation and entrepreneurship that is largely untapped. They are a crucial source of innovative solutions to address some of the world's most difficult sustainability challenges. The entrepreneur and the enterprise have to fulfil the following criteria:

- **Entrepreneurial Quality:** The enterprise is led by an inspired sustainable entrepreneur able to mobilize the resources required to drive the enterprise and willing to provide long-term leadership.
- **Management Capacity:** The enterprise demonstrates an effective business strategy and excellent management capacity with measurable outcomes and a proven track record over at least several years.
- **Financial Viability:** The enterprise or the implementation of the innovation will be financially profitable within the project period and sufficient to contribute to the financial viability of the fund.
- **Corporate Governance:** The enterprise implements effective, transparent and accountable governance models and practices that protect shareholder and stakeholder interests.
- **External Reputation:** The founder of the enterprise and the enterprise have a good external reputation with local, national or even international partners and stakeholders.
- **Development Stage:** The enterprise has a short to medium-term operating history, a proven business model and a beginning or high potential for a viable revenue stream.

IMPACT: Sustainable Impact

The innovations for sustainability should yield economic in addition to social and environmental returns in the short and long term. They have the potential to fundamentally transform the current status and promote systemic change towards sustainability. They delve behind visible symptoms, involve new ways of applying resources to underlying causes and result in tangible and enduring benefits. Key criteria for systemic sustainable impact are:

- **Social Impact:** The innovation should have the potential for a positive impact on people at the base of the economic pyramid and the enterprise promotes fair and beneficial business practices toward the employees, the community and the region.
- **Environmental Impact:** The enterprise and the innovation endeavours to benefit as much as possible or at the least does no harm the natural environment or curtail positive environmental impacts for short-term profits.
- **Economic Impact:** The enterprise and the innovation ensure economic benefits for the host society and the beneficiaries and does not limit their economic impact to the internal profit made by the enterprise.
- **Systemic Change:** The subsequent result of the innovation either eliminates the cause of the problem or alters products, policies, practices, funding or services to reduce the negative impact of a sustainability challenge on a long-term basis.

Exclusion Criteria

In addition to the above criteria, will apply the following exclusion criteria:

ennovent will not consider discriminatory, political, religious, lobbying, immoral or illegal activities; sponsoring of individuals, events and conferences; enterprises that do not respect human rights or comply with current environmental and social legislation; activities related to weapons, casinos, drugs, alcohol, tobacco; or real estate and construction activities.

Government personnel or public sector organizations will not be considered, nor will intermediary organizations such as international NGOs that seek to create social value through provision of financial and technical support to local NGOs and community-based groups.

If you have any question about our investment and exclusion criteria, please feel free to contact us at: enterprise@ennovent.com

ENNOVENT

innovations for sustainability

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