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INVESTING IN WOMEN

INDUSTRIAL SYMBIOSIS  
– AN INVESTMENT OPPORTUNITY





## INVESTING IN WOMEN

By Faith Khanyile and Nicola Gubb - Women's Development Bank

OVER THE PAST 25 YEARS WOMEN'S DEVELOPMENT BANK (WDB) INVESTMENT HOLDINGS HAS BEEN A GAME-CHANGER IN THE FIELD OF WOMEN EMPOWERMENT AND CREATING SPACE FOR WOMEN LEADERS AROUND SOUTH AFRICA'S BOARDROOM TABLES. FAITH KHANYILE AND NICOLA GUBB SHARE THEIR INSIGHTS INTO TRANSFORMING THE CORPORATE ARENA.

WDB Investment Holdings (WDBIH) has an impressive track record that stretches back 20 years and the company's leadership team firmly believes that empowering women creates solid and sustainable business value for a company and its investors.

CEO Faith Khanyile says one needs to look at new research from Petersen Institute for International Economic Research and EY, which bolsters the case for gender diversity in corporate leadership teams.

Analysing 21,980 global, publicly traded companies in 91 countries from various sectors and industries showed that

having at least 30% of women in leadership positions, or the C-suite, added 6% to net profit margin. Khanyile says, "The study looked at women in three positions: CEO, board and members of the C-suite. The C-suite results confirm that more women in senior positions translates to higher profits."

Citing a recent EY study, Khanyile points out that women drive 70% to 80% of all consumer purchasing decisions through a combination of their own purchases and influence, and that the global income of women is predicted to reach over \$18-trillion by the end of 2018.

## Diversity and accountability

Khanyile says businesses need to acknowledge the evidence that diverse leadership teams bring different and complementary thinking and approaches to innovation and problem solving.

She says, "In addition, the markets and clients that are served by companies are diverse (culturally, geographically and gender) and for any company that wants to retain a sustainable competitive advantage and performance, it

must take into account different perspectives, cultures and insights in serving its markets and stakeholders."

In her view, the 20th and 21st centuries have seen an unprecedented move towards demand for greater accountability from companies, not only towards their shareholders, but other stakeholders such as labour, government, customers, communities and society at large.

## Engaging effectively with company executives

What steps and strategies can an investor use to engage effectively with company executives? For Faith Khanyile and the team at WDB Investment Holdings, it's very important to "set the tone" right up front.

"By this we mean that our commitment to the empowerment and advancement of women is clearly articulated in the initial

discussions with the management team of the prospective investee company," she says.

"We also take a long-term approach to transformation and see it as a process and not an event. A misalignment of values has seen WDB walk away from an investment opportunity."

## Playing a part in the strategic direction of a company

Khanyile explained that WDB Investment Holdings seeks to acquire a significant minority interest in its investee companies, along with at least one board seat. "This enables us to play a role in the strategic direction of the company and ask the necessary questions around transformation and the promotion of gender equality at a senior level. An additional strategy would be to ensure that your board member is also a member of the nominations committee of the board, which conducts the interviews and makes recommendations for

new directors to the Board."

"WDB has also facilitated the recruitment of senior women executives into some of our investee companies using our network of contacts and understanding of what the management teams are looking for. We believe it's important that an organisation has senior women role-models that younger women can follow or be mentored by," she says.

## Inclusion in the workplace makes business sense

Khanyile says "WDB is of the belief that by including women in the workplace, and on boards, and encouraging them to own their own businesses, we are helping to drive greater involvement and inclusion in the economy, and that makes

business sense." She points to research as well as common sense: "If 52% of the population is not participating in the economy, then this is a massive opportunity lost!"

## Current challenges

Nicola Gubb, Chief Investment Officer at WDB Investment Holdings, says an important consideration in relation to female employees is their multifaceted life, with numerous commitments that fall outside of the workplace.

"There are various ways in which these challenges can be accommodated, such as flexible working hours and the ability to work from home if necessary.

"There are some financial services firms that have implemented a flexible or part-time employment regime for working mothers. This enables the firm to hold on to the skilled women by allowing them to meet family commitments. This does help to create a supportive environment and increases staff loyalty," Gubb says.

## How can women support each other in their careers and in business?

According to Gubb, there are a number of strategies that can create an enabling environment for women to support one another in the workplace. Mentorship programmes are an effective tool for women to support each other and share ideas across companies and sectors.

"WDB Investment Holdings would encourage the male leaders in organisations to champion the gender transformation cause and make it comfortable to talk about, and therefore viewed as less of a threat. It is very important to use forums where men are also given a voice and encouraged to participate in a non-confrontational and positive way."

## WDB as a game-changer

Gubb says WDB Investment Holdings has played an important role in advocating for women advancement in its investments. "The WDBIH investment team possesses a wide range of finance, leadership and technical skills, which it brings to bear in its investments. We are active strategic investors and serve on the boards of our investments, where we influence and drive the discussions and decisions around gender diversity and women advancement. The average women representation on the boards of our current portfolio of 17 investments is around 30%, and our target is to increase this number to 50% over the next 5 years."

She says the organisation also works with its investee companies to support women-owned small and medium-sized businesses in their supply value chain through the WDB Seed Fund, an impact equity fund that provides funding and business development support to high-growth SMMes.

"We have seen significant positive shifts and attitudes within our investments around women's role and ability to make meaningful contributions to their strategic objectives. However, there is still much more work to be done to get women's representation to acceptable levels," says Gubb.

"If 52% of the population is not participating in the economy, then this is a massive opportunity lost!"



## No time like the present

For Faith Khanyile, Nicola Gubb and the team at WDB Investment Holdings, there is no time like the present to get stuck in and be part of transformation.

"The economic power of women can no longer be ignored and companies that embrace diversity can only win in the long run," says Khanyile.

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