

CASE STUDY

Who Gives A Crap



Size: \$400,000

Who Gives A Crap is a social enterprise dedicated to selling environmentally friendly toilet paper with 50% of profits going to sanitation projects overseas. Their vision is to combat poor sanitation and the diseases it brings in developing countries worldwide, by changing the buying habits of Australian consumers towards ethical toilet paper alternatives.

Impact Investment Group and Cubit Family Foundation each provided a working capital loan of \$200,000. The money was used to help secure additional inventory of Who Gives A Crap's main product line, enabling Who Gives A Crap to scale up production to meet rapidly growing demand. At the maturity of the loan, a little more than 3 years after initial sales commenced, Who Gives A Crap had been able to donate \$428,500 to help fund access to clean toilets for people in East Timor and Papua New Guinea.

THE INITIATIVE

Purpose of capital	Working capital loan was used to finance the purchase of additional inventory of Who Gives A Crap's core product line, increasing production volumes and stock on hand to meet demand. Over the duration of the loan term, Who Gives A Crap's revenue grew more than 250%.
Sector	Consumables
Geography	Global
Scale of impact	The loan enabled Who Gives A Crap to reach tens of thousands of additional consumers and in turn increase total donations to \$428,500 by the time of repayment.
Timeline	2014 onwards

THE INVESTMENT

Investor/s	<ul style="list-style-type: none"> Impact Investment Group (IIG) is an Australian impact investing funds manager who aims to source and develop investments generating social and environmental impact for duration of investment, as well as strong financial returns. IIG have currently over \$100 million funds under management.
------------	---

	<ul style="list-style-type: none"> • Cubit Family Foundation is a private family foundation.
Investee	<ul style="list-style-type: none"> • Who Gives A Crap is an Australian-based social enterprise which sells ethically made toilet paper aiming to change consumption patterns and raise funds for sanitation projects in developing countries globally.
Investment structure and terms	Private investment <ul style="list-style-type: none"> • Fixed Income (unsecured debt)
Arranger/Lead	None
Source of deal	<p>Who Gives A Crap's CEO, Simon Griffiths, separately met IIG's Chair, Danny Almagor, and Chief Investment Officer, Will Richardson, in 2010, prior to IIG's inception. Over the years that followed Simon, Danny and Will shared notes on the emerging impact sector, and occasionally discussed the potential for Who Gives A Crap to raise capital. In 2014 Who Gives A Crap could see that its rapid growth would lead to a cash shortfall in 2015, and began conversations with IIG and a handful of other investors.</p> <p>Simon met with Mark Cubit, one of the trustees of the Cubit Family Foundation, in 2013 when seeking advice on how his previous business, Shebeen, could make donations to organisations outside of Australia. During this conversation, Mark became interested in Who Gives A Crap, which had just sold its first production run in an unexpectedly quick amount of time - five days instead of the expected three months. Mark agreed to lend \$50,000 of working capital so that Who Gives A Crap could triple its production volume. Strong growth meant that Mark's loan was repaid more quickly than expected, and the mutually enjoyable relationship led Mark to offer a larger loan through his foundation when Simon approached him again in 2014.</p> <p>The deal was completed with two loan agreements in early-2015.</p>

THE IMPACT

Social, cultural or environmental impact	<ul style="list-style-type: none"> • All toilet paper rolls are made from forest friendly materials; either 100% recycled post-consumer waste paper or bamboo fibres • 50% of all profits go towards water and sanitation projects, helping to provide people in developing countries with access to toilets • Since its inception, Who Gives A Crap has helped save 30,797 trees, 74 million litres of water and 5,922 tons of carbon emissions through their environmentally friendly product choices • Who Gives A Crap also donated \$428,500 to help fund access to clean toilets for people in East Timor and Papua New Guinea
--	--

FINANCIAL RETURN

Financial return	The loan was made at a monthly interest rate of 1%, with interest paid each quarter.
How a financial return was generated	Who Gives a Crap generates a financial return from the sales of ethically produced toilet paper, tissues and kitchen towels. Half of its profits are donated, and to date, the other half have been reinvested into the business to help fund its growth.

OTHER

Future opportunities	Following its success in Australia, Who Gives A Crap is going global. New overseas operations commencing in 2017 will allow Who Gives A Crap to ship competitively to an additional ~800 million new consumers in Europe and North America. This is expected to radically expand the scale of business and hence its impact.
More information	Who Gives A Crap Cubit Family Foundation Impact Investment Group