

Business Leader of the Month: YANG Tae Soo, CEO

SGI Korea

Staff Reporter

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Samho Green Investments (SGI) is the first and only venture capital firm in Korea focused on the clean growth sector, including renewable energy, green and agricultural technologies. To date, SGI's three funds have focused on Korean cleantech investments. They are: the KOFC-SGI Green Industry Fund (primary LP: Korean Finance Corporation) targeting renewable energy, energy efficiency and carbon emissions; the MIFAFF-SGI Green Growth Fund (primary LP: Korean Ministry of Food, Agriculture, Forestry & Fisheries) targeting renewable energy and eco-friendly Agri-tech; and the Jeonnam Green Energy Fund (primary LPs: Jeonnam Provincial Government and the Korean Small & Medium Business Administration) targeting renewable energy projects and companies in Jeonnam. SGI is currently raising an international fund, which will focus on Southeast Asian investment opportunities. Here are excerpts from the interview by the Asia-Pacific Business and Technology Report with Mr. YANG Tae Soo, CEO of SGI Korea.

You are the leader in Korean “green” investments. Can you tell us a bit about how you began, how you see yourself today, as well as where you are going?

Well, Samho Green had the benefit of timing. We entered this area four years ago, prior to the Korean government's big push in green growth. We have, of course, fully exploited the favorable financing environment and our first-mover advantage, and as a result, I believe that we have successfully created and guarded a niche position for our firm. This leadership, however, is not based solely on being first. We are continually striving to be the best, in our focused areas of expertise. SGI is not an all-areas investment fund, and as such, we have distinct advantages in cleantech, including our recently announced partnership with the CleanTech Group, the worldwide leader in cleantech intelligence. In fact, they're the ones who coined the term, cleantech. Our management team members have an average of 15+ years experience in investment and risk management, and our technical team has an average of 20+ years of experience in the green sector. It is SGI's view that this technical diligence improves both deal execution and post-investment controls and

cost-management, so that exits are facilitated efficiently. Finally, the technical team's importance in providing engineering and environmental services cannot be overemphasized. SGI also includes dedicated incubation and globalization teams that assist portfolio companies in overcoming the difficulties of entrepreneurship and management with regard to their outreach to international markets. As for where we're going, it's clearly international, both with respect to our firm's investment and financing activities, as well as, most importantly, the business development of our portfolio companies. Korea is an export-driven economy, and this is true of cleantech and green-tech firms, as well. There are limited opportunities for business and growth within Korea, and it's important that our portfolio companies reach out to markets beyond simply Korea.

For Korea in particular, the government has done a great job in implementing a quite aggressive "green growth" strategy. Do you see this continuing in the future?

Absolutely. Climate change and the need for clean and green technologies aren't going away! What's happened now in Korea is that these issues have been raised to a national priority and integrated into our national economic strategies. Green Growth is really about both of those aspects: green and growth. The opportunity here is in addressing two of the most vexing challenges facing the world today: climate change and sustainable economic growth. What we've recognized as a nation is that we can tackle both at once, as solutions to the climate crisis can catalyze the green growth that will be the foundation of long-term economic prosperity. I see this as a significant and substantial shift in Korea's growth trajectory, with regard to both direction and magnitude, for the long-term.

With regard to your own portfolio investments, can you tell us how you screen and select companies?

We have a two-stage process, focusing on technology and financial/ business aspects, respectively. Of course, these are related and tend to overlap, but my point is that we have a distinct view on the importance of technology, and with respect to green and clean technologies, our know-how and experience are part of our competitive advantage, vis-a-vis other investors.

Once a preliminary screening on technical and other factors has been conducted, we initiate due diligence in earnest and generate an internal report for presentation to our investment committee and final selection.

This sounds simple, and it is, in a way: a lot of hard work and effort goes into screening and selection, so that the process yields investment opportunities for which the risks are reduced to the maximum extent possible. You have to understand that venture capital is indeed a high-risk, high-return asset class, and to the extent that we can reduce risk while preserving return potential, we create a better opportunity from inception. The market, technology and execution risks all remain, of course, but again, if we invest our hard work into due diligence prior to investment, we become more efficient at exploiting the investment opportunity, with regard to that investee but also in general, as a lot of learning occurs throughout this process.

This is why specialization is our competitive advantage. As a result, our portfolio companies have green technologies that are globally competitive. They are expanding both their technology deployments and products to worldwide markets. Their introductions can be seen on our website: www.sgivc.com.

Are there specific areas within cleantech or green-tech that SGI has a special interest in?

SGI's areas of investment and management experience are:

- **Cleantech Commercialization and Early-Stage Development**, including waste energy, battery and fuel cell technologies, green vehicles, energy efficiency, renewable energy, nanotechnology and organic and printed electronics (OPE),
- **Clean Infrastructure based on Mature Technologies**, including waste to energy plants, bio-mass plants, wind power facilities, solar facilities, biofuel plants and green buildings, and finally,
- **Eco-Friendly Agri-tech**, including eco-friendly pesticides and fertilizers, greenhouses and vertical farms, agricultural water quality projects, clean processing facilities, cold-chain systems, plant growth promotion, farming systems with resource circulation and the restoration of contaminated lands.

What about your strategy? Is there a particular approach that differentiates you from other funds?

SGI's investment strategy is based on origination and exit via extensive networks and partnerships with public, private and non-profit institutions, intensive research and due diligence for selection and allocation and broad cleantech industry experience across the Asia-Pacific region, for execution and management through exit.

What's different about SGI, perhaps, is our recognition of the importance of government, whether in Korea or elsewhere, in creating cleantech and green-tech deployment opportunities. The regulatory environment, as well as direct and indirect government supports, is particularly important in this sector.

As a venture capital fund, we are dedicated to seeking out new opportunities for extraordinary growth and profits for our investors, via the identification of opportunities and the provision of services that add value to our portfolio companies from inception through exit.

In this, I would say that we are similar to other funds, as this is what we are all striving for: extraordinary growth through extraordinary efforts!