Happiness Return

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HAPPINESS CAPITAL

Happiness Capital is a global venture capital firm committed to co-creating a happier world by investing in like-minded startups and collaborating with investor partners.

Our vision is to change the world of investing and lead it towards considering happier, more inclusive outcomes for growing companies.

Happiness is essential for the future of humanity and should be at the heart of capital investment decisions

At Happiness Capital, we believe that happiness is fundamental to building a better future for everyone. We strive to place well-being at the core of our investment decisions, fostering an ecosystem where our portfolio companies and partner VC funds collaborate to create lasting, positive impact.

We are committed to investing in startups and VC funds that share our dedication to co-creating a better world. Our investment philosophy, rooted in the belief that "WE > I," emphasizes the importance of supporting not only founders but also their teams, stakeholders, customers, and the communities they serve – including future generations and our planet.

Our goal is to contribute to a world where well-being is prioritized, ensuring that our investments not only deliver financial returns but also foster a healthier, happier society.

Our Happiness Return is the framework we have co-created with our partners to help us to deliver our mission.

Jed Emerson is a leading authority in impact investing, social entrepreneurship, and strategic philanthropy. Emerson originated the Blended Value concept, which integrates financial performance with social and environmental impact, and developed the Total Portfolio Management approach. He has published extensively on these topics, co-editing several books and authoring over 30 articles.

svt group

SVT Group is a leading firm in impact management, known for its innovative approach to defining and assessing value creation. With a focus on human-centered methods, SVT stays at the forefront of the latest impact management and disclosure standards, delivering results that are not only meaningful but also practical and influential in shaping positive outcomes.

60 decibels

60 Decibels is an impact measurement company that helps organizations around the world better understand their customers, suppliers, and beneficiaries. Its proprietary approach, Lean Data, brings customer-centricity, speed and responsiveness to impact measurement. 60 Decibels helps clients listen more effectively and benchmark their social performance against their peers.

Together we have re-imagined investing by focusing on innovation, impact and well-being.

The Happiness Return framework incorporates the expertise of all of our partners, to enable thoughtful consideration of the impacts on well-being of each investment.

Incorporating well-established measurement methods, from impact measurement formula and modeling to human engagement, ensures we get a 360° view of the financial, social and environmental impact of every business we invest in.

Impact management norms

Well-being models & psychology

Conditions & experiences for happiness

Objective & subjective responses

Environmental sustainability

Economics of happiness

Our investments are centered around four key sectors that reflect our commitment to making a positive difference in the world.

Sustainable Food

We are excited to support innovations that are transforming the way we nourish the world.

Environment

From addressing climate change to ensuring the sustainability of space, our investments demonstrate our dedication to preserving the environment for generations to come.

Trust

Our investments in this area focus on fostering transparency and integrity among people and organizations.

Health

We invest in groundbreaking healthcare solutions that tackle both physical and mental health challenges, aiming to improve quality of life across the globe.

Our Happiness Return is informed by quantitative analysis and qualitative assessments of available evidence.

We methodically and constructively balance the positive and negative outcomes of enterprise's operations.

FINANCIAL RETURN

HAPPINESS RETURN

$$HR_{it} = \sum_{1}^{N} \left[N\{W(Pe + Im)\} * IF(De * Du * Co) * \{Wc(C_1^{11} * R_{C1}^{11})\} + We(E_1^5 * R_{E1}^5) \right]$$

Redefining the potential of investment by measuring impact where it matters.

The Happiness Return framework differs from the traditional venture capitalist model by going beyond just financial metrics like potential ROI, future cash flows, exit strategies, and risk assessment. While these factors are still important, the Happiness Return framework also considers the broader impact of a startup on society, the environment, and overall well-being.

By integrating social and environmental considerations with financial goals, this framework seeks to create sustainable, long-term value that benefits both investors and society as a whole. It promotes a holistic approach where financial success and positive impact are interconnected, leading to investments that are both profitable and purposeful.

The path to visibility, accountability and success.

The Happiness Return approach helps investors not only achieve financial success but also enhance stakeholder well-being by considering both positive and negative outcomes.

This framework enables investors and portfolio companies to use this information to learn, adapt, and make choices that improve their financial performance and create a greater happiness return

Clearly define the purpose and activity of invested companies.

Identify the stakeholders who are affected, assessing depth and duration of their experiences, what has changed and by how much.

Evaluate specific social and environmental conditions and experiences that are impacted.

Use all insights to inform investment decisions, from due diligence to business developments and hold strategies.

Acknowledge the true environmental and social value generated by these investments, considering their contribution to a happier, more sustainable world and opportunities to improve wellbeing.

The happiness return score

The Happiness Return score is designed to provide a comparable metric to traditional venture financial returns, typically ranging between 0 and 2.0.

While conventional financial returns can vary widely – from total loss to multiples of the initial investment – Happiness Capital operates at an early stage, where extreme highs or lows are less common.

In the absence of an established benchmark for Happiness Return, we aimed to align our scoring system to yield similar numbers to traditional financial returns.

1.0

A Happiness Return score below 1.0 signals a reduction in happiness among stakeholders, potentially due to a weak impact thesis, significant negative effects on certain groups, or limited scalability in a competitive market.

1.5

Conversely, a score above 1.5 indicates exceptionally high happiness returns, which could result from ventures with scalable positive impacts on well-being, social equity, and environmental sustainability, with minimal negative impact.

However, the score may not capture all nuances. For example, within a stakeholder group, some individuals might experience negative outcomes even if the overall group score is positive.
To identify and address these risks, additional feedback mechanisms, such as detailed surveys, are necessary to ensure a comprehensive understanding of the impact.

For each venture, we start by understanding who is affected. This means identifying the different groups of people involved and considering:

- How many people are in each group.
- How important each group is in relation to the venture's purpose.
- The depth and duration of the changes they experience.
- The role the venture plays in bringing about these changes.

Next, we assess what changes occur for each stakeholder group by:

- Identifying the specific conditions and experiences that are impacted.
- Determining the relative importance of these conditions and experiences.
- Balancing the significance of these changes to get a clear picture of overall impact.

Finally, we measure how stakeholders feel about the changes they experience by:

- Evaluating whether these changes are seen as positive or negative by the people affected.
- Understanding the value they place on these changes, which helps us gauge the overall happiness impact.

By applying the Happiness Return framework, venture capitalists gain key insights and benefits.

Holistic impact measurement

Both financial returns and stakeholder well-being, covering both objective conditions and subjective experiences.

Informed decision making

The model offers detailed insights into how different stakeholder groups are affected by a venture's activities, allowing for a better understanding of the social and environmental value it generates or diminishes.

Strategic alignment

It helps investors align their strategies with the broader goals of social and environmental sustainability, ensuring that their investments contribute positively to society while achieving strong financial returns.

Enhanced stakeholder understanding

VC firms can use the insights gained to make more informed portfolio decisions, such as company selection, additional investments, divestment, and hold strategies.

Forward looking analysis

The approach is designed to provide forward-looking assessments, enabling investors to anticipate the future financial value of a venture relative to its broader impact on happiness.

This approach ensures that we fully understand the impact of our ventures on happiness, making sure we contribute positively to the well-being of all stakeholders involved.

2021

Case Study Applying the Happiness Return framework to

plantix

Plantix, a Berlin-based company founded in 2015, is revolutionizing agriculture through artificial intelligence (AI). Specializing in plant disease detection via image recognition.

Plantix collaborated with Happiness Capital and SVT Group, leveraging the expertise of 60 Decibels to design and implement customer surveys. These surveys were strategically aligned with both industry impact standards and the Happiness Return framework, ensuring that the data collected was not only relevant but also actionable.

By directly engaging with the farmers who use the Plantix app, the survey brought valuable, on-the-ground feedback to the company's management. This approach not only validated the desktop findings but also ensured that Plantix could tailor its strategies to better meet the needs of its users, ultimately enhancing both business success and the well-being of its stakeholders.

The data was carefully weighted by state to accurately represent Plantix's farmer base in these regions. With an impressive response rate of 83%, the survey successfully captured insights from a significant portion of the farmer population, providing robust and reliable data to inform Plantix's impact and strategy.

The findings from this survey helped validate aspects of the happiness return and highlighted other practical issues that would benefit from adjustment.

Aspects that were validated by the pilot:

The most relevant and most important conditions and experiences for stakeholders

The importance to accuracy of the assessment of hearing directly from stakeholders

The opportunity to provide meaningful customer insight to the venture

The results...

Over **8 out of 10** farmers reported **quality of life improvements** because of Plantix

To gauge depth of impact, farmers were asked to reflect on whether their quality of life has changed because of Plantix.

Farmers in Telangana were more likely to report ‘very much improved’ quality of life compared to those in the other states, with nearly 1 in 2 doing so.

Farmers who reported ‘very much improved’ quality of life were more likely to report an increase in total production from their land and an increase in money earned from their crop(s).

37%
say their crop production 'very much increased'

67%
found all the information easy to understand

36%
way of farming 'very much improved'

"A lot of my crop is still in the planting stage and I'm yet to enjoy the fruit of the yield. However, my yield looks better and my neighbours come and praise me for my work. I too feel proud and have made my parents happy."

Male, 31
Maharashtra

72%
first trial of the recommended product

81%
could not find a good alternative to Plantix

91%
of challenges are not resolved

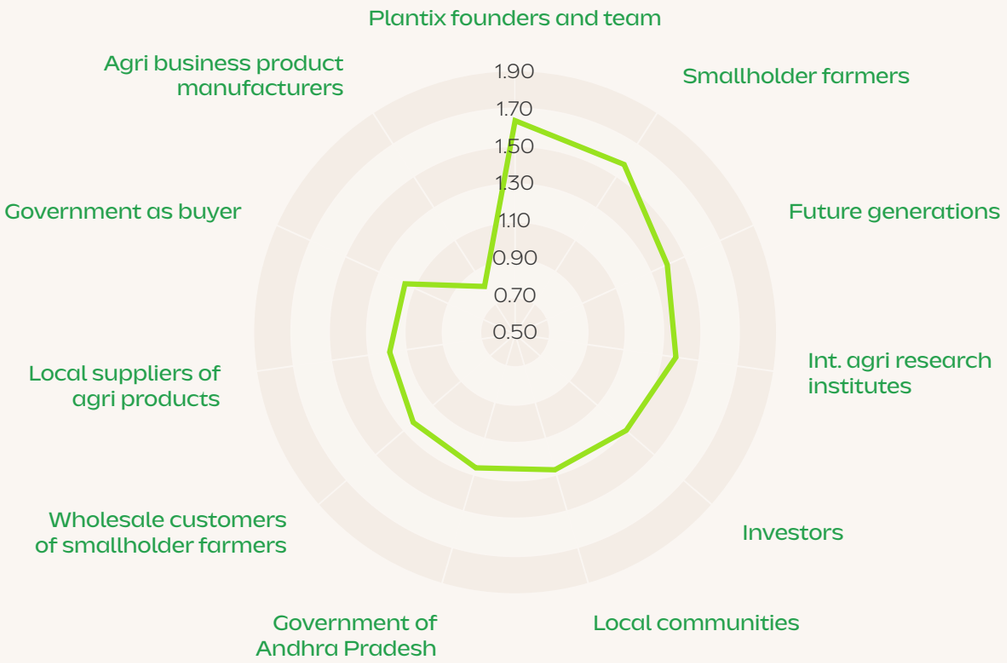
26%
report challenges

30%
live in the bottom 60th percentile in India

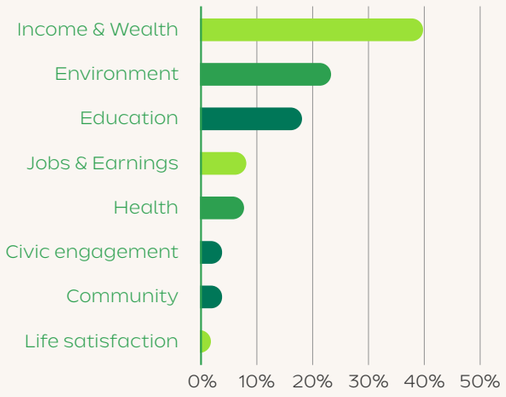
*Using DHS Wealth Index

45 NET PROMOTER SCORE
Medium

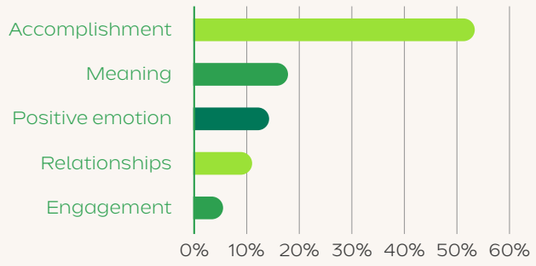
Happiness factors



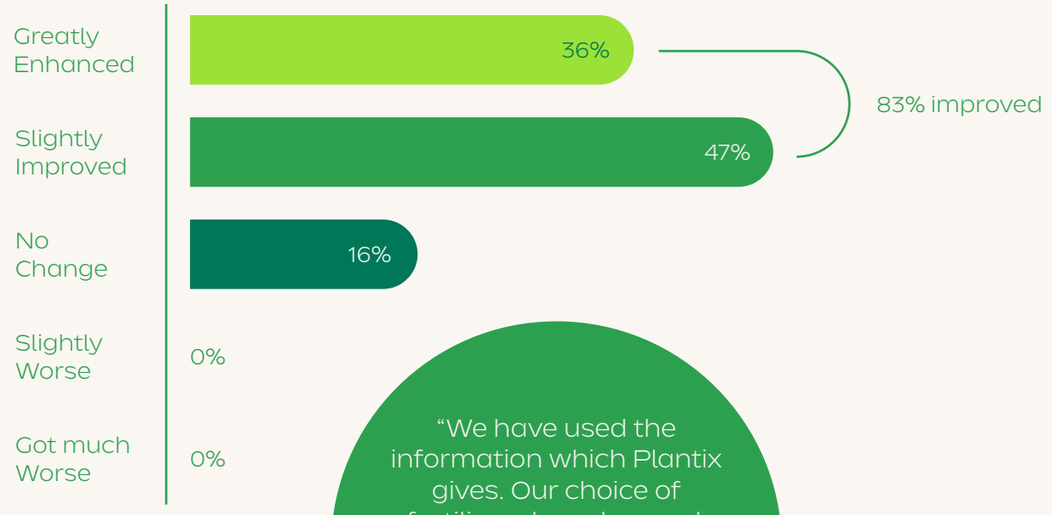
Condition weighting



Experience weighting



Q: Has your quality of life changed because of Plantix? (n = 416)



"We have used the information which Plantix gives. Our choice of fertilizers has changed, and sowing method has also improved."

Male, 27
Maharashtra

"Now I cannot be cheated by the agro dealer who would give me extra and expensive products thinking that I do not know anything about resolving the disease of the plant."

Male, 32
Maharashtra

"I'm not getting the opportunity to implement the recommended pesticides due to the non availability."

Male, 47
Andhra Pradesh

Key findings...

A quarter of all farmers report unresolved challenges with the app. Top issues include unavailability of recommended inputs locally, insufficient information on the app, and poor customer service. These also get reiterated as top suggestions for improvement by farmers.

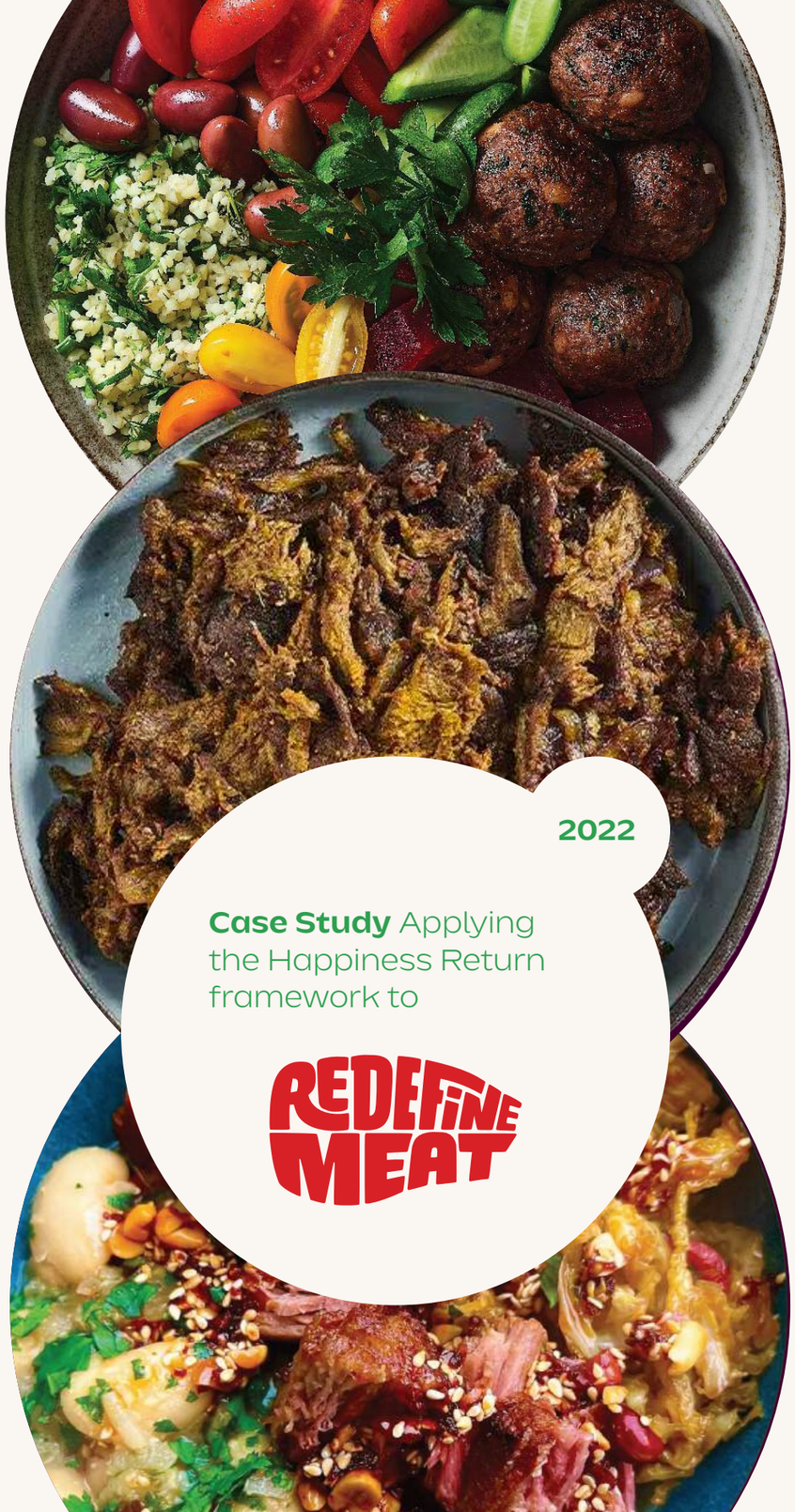
and valuable insights

A recommendation: Is it possible to connect with a network of agrodealers that stock Plantix-recommended inputs to help farmers easily access them and apply all the provided information?

Over half of all farmers say they are usually "extremely happy" indicating positive level of farmer well-being.

Moving forward

As Plantix and its new owners move forward, continuing to assess their happiness return could help decision-makers assess how their decisions are impacting wellbeing. While the direction they take is their own, they hold the opportunity to maintain a focus on happiness..



2022

Case Study Applying the Happiness Return framework to

REDEFINE MEAT

Redefine Meat aims to make meat alternatives a culinary masterpiece.

In the meat industry more than fifty percent of the product (animal) is wasted across the supply chain. With this, from raising an animal, to becoming a food product, there is significant air and water pollution, deforestation, antibiotic resistance, chronic disease, and nutritional injustice.
All of these damages continue to grow as the supply chain becomes more and more outdated.

Redefine Meat offers a solution to these challenges by producing plant-based meat that retains traditional flavors. Using proprietary Meat Matrix Additive Manufacturing (MMAM), they've entered the restaurant and grocery markets.

Redefine Meat is 20 times more efficient and uses 96% less water than beef. If every OECD family replaced one monthly meal with Redefine Meat, the water saved would match the annual drinking water of China and India combined. With meat production quadrupling in 50 years, contributing up to 17% of global greenhouse gas emissions, the demand for protein alternatives is essential.

Source : https://thebreakthrough.org/issues/food-agriculture-environment/livestock-dont-contribute-14-5-of-global-greenhouse-gas-emissions#:~:text=In%20short%2C%20livestock%20production%20appears,land%2C%20or%20land%2Duse%20change

Redefine Meat aligns with our focus areas

Sustainable environment for mankind to continue to live, in the Earth

Sustainable food systems environment, nutrition, and food security

Improve overall well-being reduce animal cruelty, physical health, community engagement

A significant motivation for the Redefine Meat team is to educate other meat lovers about their impact on the environment. The team has designed and launched an impact calculator on their website for users to see the impact of animal meat vs. their alternative.

Redefine Meat may just provide the meat alternative many in the restaurant industry, and at home population, are looking for. Reducing environmental impacts while providing the same taste desired by many.

Saving...

up to **91%** less GHG emissions

up to **96%** in water usage

up to **98%** in land use

Source : Redefine Meat Website

Redefine Meat's Happiness Return

Strong alignment with **positive contribution** to society by protecting the planet while educating consumers on their **environmental impact** in meat consumption.

Redefine Meat also **reduces animal cruelty** and improves opportunity for vegetarian/vegan diets allowing for alignment with personal taste

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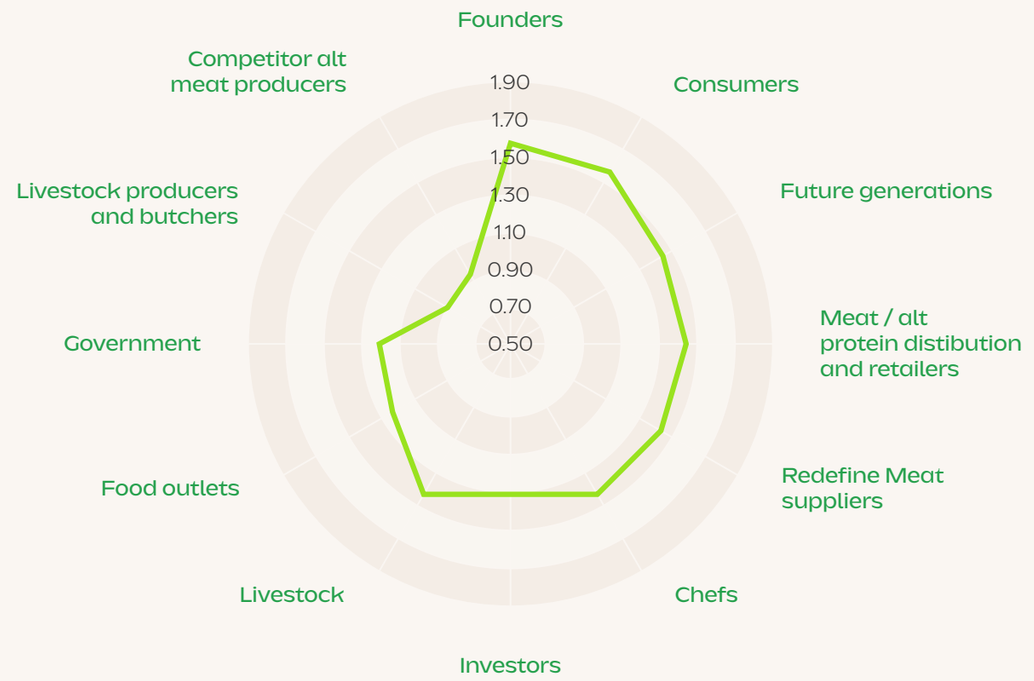
Positive contribution to **2 of the 2** societal boundaries

Positive contribution to **5 of the 9** planetary boundaries.
4 are neutral

Happiness Return score

1.35

Happiness factors



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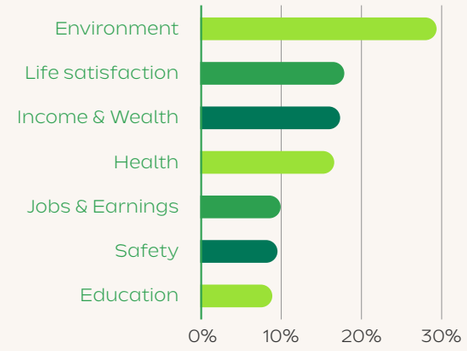
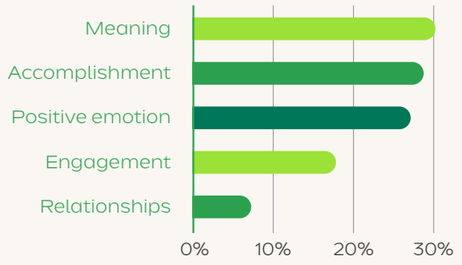


Experience weighting



At Happiness Capital, we believe in a future where investments are not just about financial returns, but about creating meaningful, positive impacts for people and the planet.

The Happiness Return framework allows us to align our investments with our vision, ensuring that every venture we support contributes to the well-being of all stakeholders.

We invite you to join us in this journey. Whether you're an investor, a partner, or a startup dedicated to making the world a better place, we want to explore how together, we can co-create a happier, more sustainable future. Contact us at info@happinesscapital.com