



Social Impact-Based Investment

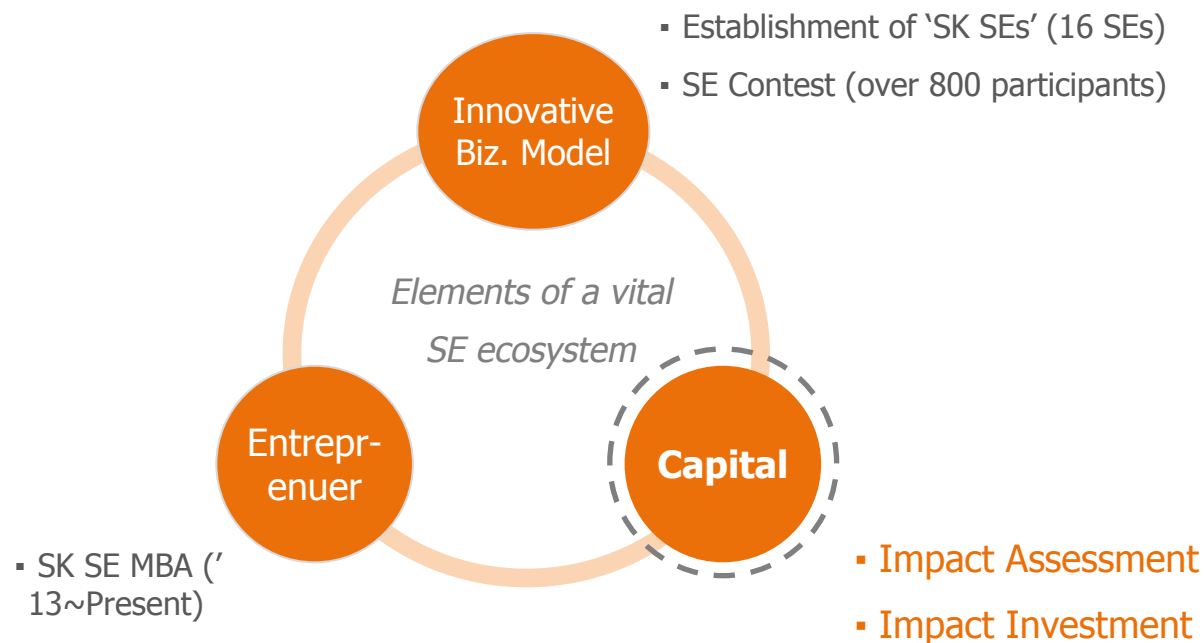
: Strategy and Practice

Jan. 2015



Social Enterprise Support Initiative of The Happiness Foundation

Aims for a vital SE ecosystem by developing innovative biz. models, fostering social entrepreneurs and broadning the impact capital market



To broad Impact Capital Market

The Happiness Foundation strives to expand impact capital market

Impact Assessment

- Measurement of social value of SEs established by SK ('12~)
- Participation in government-lead project aimed to develop social value measurement standards ('13~)
- Participation in Social Impact Evaluation Network (SIEN) to promote impact assessment ('13~)

➤ To build social assessment methods and standards with credibility

Impact Investment

- Investment decisions & Deal Structures based on Financial and social value measurement and performance evaluation
10 investments (20B KRW, 1.8M UDS)
- Investment on government-led SE Fund (25B KRW, 2.3M USD)
- Establishment of Youth Start-up Fund (10B KRW, 0.9M USD)

➤ To support growth of SEs to attract more Investors into Impact capital market

Social Impact-based Investment in Practice

[Step 1] Comprehensive evaluation of potential investee

- Participation of experts in social welfare/corporate management/finance

Evaluation Item	Detail	Score
Social Entrepreneurship	Entrepreneur's mission and passion, sincerity towards creating social impact	15
Social Impact Potential	Clarity of social mission	35
	Innovativeness of solution to the problems	
	Magnitude of social impact	
	Relationship between the product/service and the social impact created	
Sustainability of Biz. model	Market : Growth and profitability	35
	Competitive advantage of business model	
Biz. Capacity	Expertise of the core personnel	15
	Organizational capacity & corporate culture	
	Accessibility to resources	
Total		100

Social Impact-based Investment in Practice

[Step 2] Measurement and monetary translation of intended social value

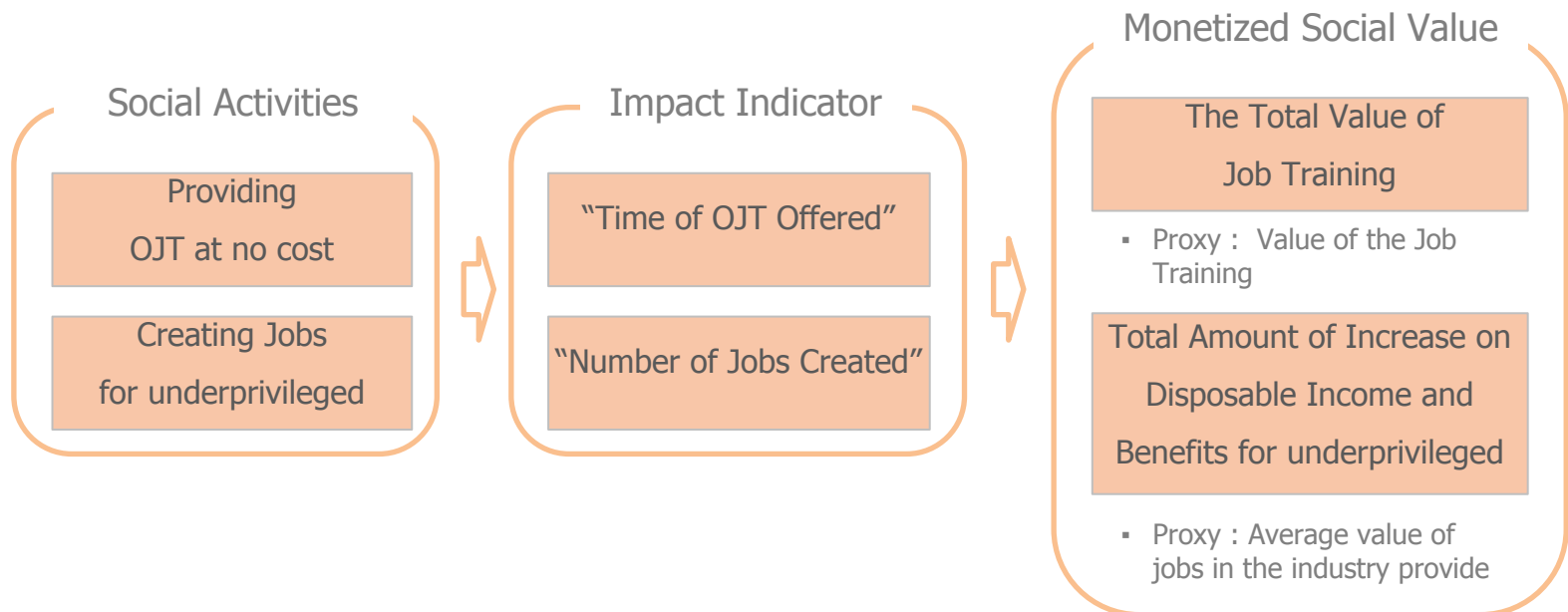
[Example] Social Enterprise 'D' (an Impact Investee)

❑ Social Mission

- Support financial independence of vulnerable social group

❑ Business Model

- Restaurant Business



LINE	DATE	DESCRIPTION	AMOUNT	BALANCE
1	1/1/78	OPENING BALANCE	100.00	100.00
2	1/15/78	PAYROLL	50.00	50.00
3	1/20/78	RENT	20.00	30.00
4	1/25/78	UTILITIES	10.00	20.00
5	1/30/78	SALES	150.00	170.00
6	2/5/78	PAYROLL	50.00	120.00
7	2/10/78	RENT	20.00	100.00
8	2/15/78	UTILITIES	10.00	90.00
9	2/20/78	SALES	100.00	190.00
10	2/25/78	PAYROLL	50.00	140.00
11	2/28/78	RENT	20.00	120.00
12	3/5/78	UTILITIES	10.00	110.00
13	3/10/78	SALES	120.00	230.00
14	3/15/78	PAYROLL	50.00	180.00
15	3/20/78	RENT	20.00	160.00
16	3/25/78	UTILITIES	10.00	150.00
17	3/30/78	SALES	100.00	250.00
18	4/5/78	PAYROLL	50.00	200.00
19	4/10/78	RENT	20.00	180.00
20	4/15/78	UTILITIES	10.00	170.00
21	4/20/78	SALES	150.00	320.00
22	4/25/78	PAYROLL	50.00	270.00
23	4/30/78	RENT	20.00	250.00
24	5/5/78	UTILITIES	10.00	240.00
25	5/10/78	SALES	100.00	340.00
26	5/15/78	PAYROLL	50.00	290.00
27	5/20/78	RENT	20.00	270.00
28	5/25/78	UTILITIES	10.00	260.00
29	5/30/78	SALES	120.00	380.00
30	6/5/78	PAYROLL	50.00	330.00
31	6/10/78	RENT	20.00	310.00
32	6/15/78	UTILITIES	10.00	300.00
33	6/20/78	SALES	150.00	450.00
34	6/25/78	PAYROLL	50.00	400.00
35	6/30/78	RENT	20.00	380.00
36	7/5/78	UTILITIES	10.00	370.00
37	7/10/78	SALES	100.00	470.00
38	7/15/78	PAYROLL	50.00	420.00
39	7/20/78	RENT	20.00	400.00
40	7/25/78	UTILITIES	10.00	390.00
41	7/30/78	SALES	120.00	510.00
42	8/5/78	PAYROLL	50.00	460.00
43	8/10/78	RENT	20.00	440.00
44	8/15/78	UTILITIES	10.00	430.00
45	8/20/78	SALES	150.00	580.00
46	8/25/78	PAYROLL	50.00	530.00
47	8/30/78	RENT	20.00	510.00
48	9/5/78	UTILITIES	10.00	500.00
49	9/10/78	SALES	100.00	600.00
50	9/15/78	PAYROLL	50.00	550.00
51	9/20/78	RENT	20.00	530.00
52	9/25/78	UTILITIES	10.00	520.00
53	9/30/78	SALES	120.00	640.00
54	10/5/78	PAYROLL	50.00	590.00
55	10/10/78	RENT	20.00	570.00
56	10/15/78	UTILITIES	10.00	560.00
57	10/20/78	SALES	150.00	710.00
58	10/25/78	PAYROLL	50.00	660.00
59	10/30/78	RENT	20.00	640.00
60	11/5/78	UTILITIES	10.00	630.00
61	11/10/78	SALES	100.00	730.00
62	11/15/78	PAYROLL	50.00	680.00
63	11/20/78	RENT	20.00	660.00
64	11/25/78	UTILITIES	10.00	650.00
65	11/30/78	SALES	120.00	770.00
66	12/5/78	PAYROLL	50.00	720.00
67	12/10/78	RENT	20.00	700.00
68	12/15/78	UTILITIES	10.00	690.00
69	12/20/78	SALES	150.00	840.00
70	12/25/78	PAYROLL	50.00	790.00
71	12/30/78	RENT	20.00	770.00
72	1/5/79	UTILITIES	10.00	760.00
73	1/10/79	SALES	100.00	860.00
74	1/15/79	PAYROLL	50.00	810.00
75	1/20/79	RENT	20.00	790.00
76	1/25/79	UTILITIES	10.00	780.00
77	1/30/79	SALES	120.00	900.00
78	2/5/79	PAYROLL	50.00	850.00
79	2/10/79	RENT	20.00	830.00
80	2/15/79	UTILITIES	10.00	820.00
81	2/20/79	SALES	150.00	970.00
82	2/25/79	PAYROLL	50.00	920.00
83	2/28/79	RENT	20.00	900.00
84	3/5/79	UTILITIES	10.00	890.00
85	3/10/79	SALES	100.00	990.00
86	3/15/79	PAYROLL	50.00	940.00
87	3/20/79	RENT	20.00	920.00
88	3/25/79	UTILITIES	10.00	910.00
89	3/30/79	SALES	120.00	1030.00
90	4/5/79	PAYROLL	50.00	980.00
91	4/10/79	RENT	20.00	960.00
92	4/15/79	UTILITIES	10.00	950.00
93	4/20/79	SALES	150.00	1100.00
94	4/25/79	PAYROLL	50.00	1050.00
95	4/30/79	RENT	20.00	1030.00
96	5/5/79	UTILITIES	10.00	1020.00
97	5/10/79	SALES	100.00	1120.00
98	5/15/79	PAYROLL	50.00	1070.00
99	5/20/79	RENT	20.00	1050.00
100	5/25/79	UTILITIES	10.00	1040.00
101	5/30/79	SALES	120.00	1160.00
102	6/5/79	PAYROLL	50.00	1110.00
103	6/10/79	RENT	20.00	1090.00
104	6/15/79	UTILITIES	10.00	1080.00
105	6/20/79	SALES	150.00	1230.00
106	6/25/79	PAYROLL	50.00	1180.00
107	6/30/79	RENT	20.00	1160.00
108	7/5/79	UTILITIES	10.00	1150.00
109	7/10/79	SALES	100.00	1250.00
110	7/15/79	PAYROLL	50.00	1200.00
111	7/20/79	RENT	20.00	1180.00
112	7/25/79	UTILITIES	10.00	1170.00
113	7/30/79	SALES	120.00	1290.00
114	8/5/79	PAYROLL	50.00	1240.00
115	8/10/79	RENT	20.00	1220.00
116	8/15/79	UTILITIES	10.00	1210.00
117	8/20/79	SALES	150.00	1360.00
118	8/25/79	PAYROLL	50.00	1310.00
119	8/30/79	RENT	20.00	1290.00
120	9/5/79	UTILITIES	10.00	1280.00
121	9/10/79	SALES	100.00	1380.00
122	9/15/79	PAYROLL	50.00	1330.00
123	9/20/79	RENT	20.00	1310.00
124	9/25/79	UTILITIES	10.00	1300.00
125	9/30/79	SALES	120.00	1420.00
126	10/5/79	PAYROLL	50.00	1370.00
127	10/10/79	RENT	20.00	1350.00
128	10/15/79	UTILITIES	10.00	1340.00
129	10/20/79	SALES	150.00	1490.00
130	10/25/79	PAYROLL	50.00	1440.00
131	10/30/79	RENT	20.00	1420.00
132	11/5/79	UTILITIES	10.00	1410.00
133	11/10/79	SALES	100.00	1510.00
134	11/15/79	PAYROLL	50.00	1460.00
135	11/20/79	RENT	20.00	1440.00
136	11/25/79	UTILITIES	10.00	1430.00
137	11/30/79	SALES	120.00	1550.00
138	12/5/79	PAYROLL	50.00	1500.00
139	12/10/79	RENT	20.00	1480.00
140	12/15/79	UTILITIES	10.00	1470.00
141	12/20/79	SALES	150.00	1620.00
142	12/25/79	PAYROLL	50.00	1570.00
143	12/30/79	RENT	20.00	1550.00
144	1/5/80	UTILITIES	10.00	1540.00
145	1/10/80	SALES	100.00	1640.00
146	1/15/80	PAYROLL	50.00	1590.00
147	1/20/80	RENT	20.00	1570.00
148	1/25/80	UTILITIES	10.00	1560.00
149	1/30/80	SALES	120.00	1680.00
150	2/5/80	PAYROLL	50.00	1630.00
151	2/10/80	RENT	20.00	1610.00
152	2/15/80	UTILITIES	10.00	1600.00
153	2/20/80	SALES	150.00	1750.00
154	2/25/80	PAYROLL	50.00	1700.00
155	2/28/80	RENT	20.00	1680.00
156	3/5/80	UTILITIES	10.00	1670.00
157	3/10/80	SALES	100.00	1770.00
158	3/15/80	PAYROLL	50.00	1720.00
159	3/20/80	RENT	20.00	1700.00
160	3/25/80	UTILITIES	10.00	1690.00
161	3/30/80	SALES	120.00	1810.00
162	4/5/80	PAYROLL	50.00	1760.00
163	4/10/80	RENT	20.00	1740.00
164	4/15/80	UTILITIES	10.00	1730.00
165	4/20/80	SALES	150.00	1880.00
166	4/25/80	PAYROLL	50.00	1830.00
167	4/30/80	RENT	20.00	1810.00
168	5/5/80	UTILITIES	10.00	1800.00
169	5/10/80	SALES	100.00	1900.00
170	5/15/80	PAYROLL	50.00	1850.00
171	5/20/80	RENT	20.00	1830.00
172	5/25/80	UTILITIES	10.00	1820.00
173	5/30/80	SALES	120.00	1940.00
174	6/5/80	PAYROLL	50.00	1890.00
175	6/10/80	RENT	20.00	1870.00
176	6/15/80	UTILITIES	10.00	1860.00
177	6/20/80	SALES	150.00	2010.00
178	6/25/80	PAYROLL	50.00	1960.00
179	6/30/80	RENT	20.00	1940.00
180	7/5/80	UTILITIES	10.00	1930.00
181	7/10/80	SALES	100.00	2030.00
182	7/15/80	PAYROLL	50.00	1980.00
183	7/20/80	RENT	20.00	1960.00
184	7/25/80	UTILITIES	10.00	1950.00
185	7/30/80	SALES	120.00	2070.00
186	8/5/80	PAYROLL	50.00	2020.00
187	8/10/80	RENT	20.00	2000.00
188	8/15/80	UTILITIES	10.00	1990.00
189	8/20/80	SALES	150.00	2140.00
190	8/25/80	PAYROLL	50.00	2090.00
191	8/30/80	RENT	20.00	2070.00
192	9/5/80	UTILITIES	10.00	2060.00
193	9/10/80	SALES	100.00	2160.00
194	9/15/80	PAYROLL	50.00	2110.00
195	9/20/80	RENT	20.00	2090.00
196	9/25/80	UTILITIES	10.00	2080.00
197	9/30/80	SALES	120.00	2200.00
198	10/5/80	PAYROLL	50.00	2150.00
199	10/10/80	RENT	20.00	2130.00
200	10/15/80	UTILITIES	10.00	2120.00

LINE	DATE	DESCRIPTION	AMOUNT	BALANCE
1	1/1/78	OPENING BALANCE	100.00	100.00
2	1/15/78	PAYROLL	50.00	50.00
3	1/20/78	RENT	20.00	30.00
4	1/25/78	UTILITIES	10.00	20.00
5	1/30/78	SALES	150.00	170.00
6	2/5/78	PAYROLL	50.00	120.00
7	2/10/78	RENT	20.00	100.00
8	2/15/78	UTILITIES	10.00	90.00
9	2/20/78	SALES	100.00	190.00
10	2/25/78	PAYROLL	50.00	140.00
11	2/28/78	RENT	20.00	120.00
12	3/5/78	UTILITIES	10.00	110.00
13	3/10/78	SALES	120.00	230.00
14	3/15/78	PAYROLL	50.00	180.00
15	3/20/78	RENT	20.00	160.00
16	3/25/78	UTILITIES	10.00	150.00
17	3/30/78	SALES	100.00	250.00
18	4/5/78	PAYROLL	50.00	200.00
19	4/10/78	RENT	20.00	180.00
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21	4/20/78	SALES	150.00	320.00
22	4/25/78	PAYROLL	50.00	270.00
23	4/30/78	RENT	20.00	250.00
24	5/5/78	UTILITIES	10.00	240.00
25	5/10/78	SALES	100.00	340.00
26	5/15/78	PAYROLL	50.00	290.00
27	5/20/78	RENT	20.00	270.00
28	5/25/78	UTILITIES	10.00	260.00
29	5/30/78	SALES	120.00	380.00
30	6/5/78	PAYROLL	50.00	330.00</

Social Impact-based Investment in Practice

[Step 3] Financial Evaluation

- DCF, Relative Valuation

[Step 4] Financial & Social KPIs and milestones are set

when the milestones are met, financial incentives are given

- incentive scheme is embedded into investment agreement

[Step 5] Non-monetary supports are provided after investments are made

- Mentoring, Consulting
- Inviting investment
- Market Accessibility

Impact Investment lists of The Happiness Foundation

	Name of Enterprises (Year of Establishment)	Year of Investment	Key Business	Social Mission
1	Philos	2013	Unpowered water Purifier	To Improve Accessibility on Drinking Water
2	Farmer Space (2012)	2013	Fruit Juice Café, Farm Product Distribution	To Increase Disposable Income of Vulnerable Class(Farms)
3	Mic Impact (2008)	2014	B2B & B2C Lecture, Lecturer Management, Café	To Ease Psychological Stress Of Youth
4	Travelers' Map (2009)	2014	Travel Agency	To contribute to Local Economy, And Create Local Jobs
5	Law and Company (2012)	2014	Online Legal Issue Consulting Platform	Solve the 'High Cost Burden' Problems on Legal Issue Consulting
6	Locomotive Labs (2012)	2014	Mobile Education Apps (specialized for kids with special needs)	To Improve Accessibility on Education for Kids with Special Needs
7	Org. (2009)	2014	Organic Apparel, Production Procuracy Platform for Apparel	To Improve Labor Environment And Solve Appreal Polution Issues
8	Oyori Asia (2012)	2014	Restaurant, Restaurant consulting	To Create jobs and Improve Accessibility on OJT for Vulnerable Class
9	Dongbu Care (2011)	2014	Silver Care Service (Alzheimer's, Longterm Care)	To Improve Quality of Social Services and Create jobs for Seniors
10	Weenu (2007)	2014	Art Events & Online Contents Production	To Increase Disposable Income of Junior Artists

Role of The Happiness Foundation as an Impact Investor

The Happiness Foundation provides patient capital to serve the needs of innovative SEs, from start-up to scale-up

Early-Stage Start-up Investment

- ✓ Investing Vehicle : KAIST Youth Start-Up Investment Holding Co.
- ✓ Target Investee : SEs and mission-led ventures less than 3 years after inception
- ✓ Investment size : ~ KRW 100 mil
- ✓ Technical Support : shared & 1:1 capacity development service

Growth Stage Scale-up Investment

- ✓ Investing Vehicle : The Happiness Foundation
- ✓ Target Investee : SEs and mission-led ventures with proven biz. model and scale-up plan
- ✓ Investment size : KRW 200 mil +
- ✓ Technical Support : Post-investment performance monitoring & customized consulting services

Q&A