

# Mustard Seed Impact Report 2019

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# I.

## The indispensable role of impact

2019 saw the Business Roundtable (the world's business leaders) do away with its outdated philosophy of the purpose of a corporation. No longer is it sufficient for firms to accumulate wealth solely for shareholders; they should commit to serving all stakeholders, including customers, employees, suppliers and communities, which in turn, inevitably drives long term returns for shareholders.

Of course, we've known this for a while. Over the last 5 years we have invested in and supported close to 30 ventures\* who prove our thesis that lock-step ventures will win to deliver outsized financial and social returns in the long run. But for decades many believed that if you are delivering returns to your shareholders, all other stakeholders will benefit as a derivative. And this may be true in a perfect world, with perfect information and totally free markets in the long run; markets would sort the good from the bad and shareholders would not support companies with questionable ethics.

But the myopia of financial markets means that for years investors have failed to effectively sort the good from the bad, chasing short term returns whilst ignoring the externalities building. Quite often these negative externalities are invisible, unknown, lurking under the surface as icebergs. We, alongside every other investor, invest under unquantifiable and invisible uncertainty which can hit us at any time.

To take a very current example, whilst this impact report is reflecting on our portfolio over the course of 2019, we are writing it as the repercussions of the Covid-19 pandemic and society's introversion and economic devastation are unfurling.

The changes we are now facing have the capacity to mark us forever, and we are reminded of Hemingway's words in *The Sun Also Rises* when the drunken war veteran, Mike Campbell, is asked how he went bankrupt – he replies: “Two ways. Gradually, then suddenly.” This is how we feel about the changes that will rush from the various environmental and social challenges we are facing – the effects are gradual, then sudden. Covid-19 is no different; for decades corporates have been freeriding off globalisation –

\* includes Mustard Seed MAZE ventures, not shown in this report.

reaping the benefits whilst ignoring the externalities that have been building gradually in the pursuit of short-term profit maximisation. Globalisation has enabled the free-flow of the coronavirus, but our systems are inadequately equipped to stem it and protect us. And now the whole of society is paying for it, quite suddenly.

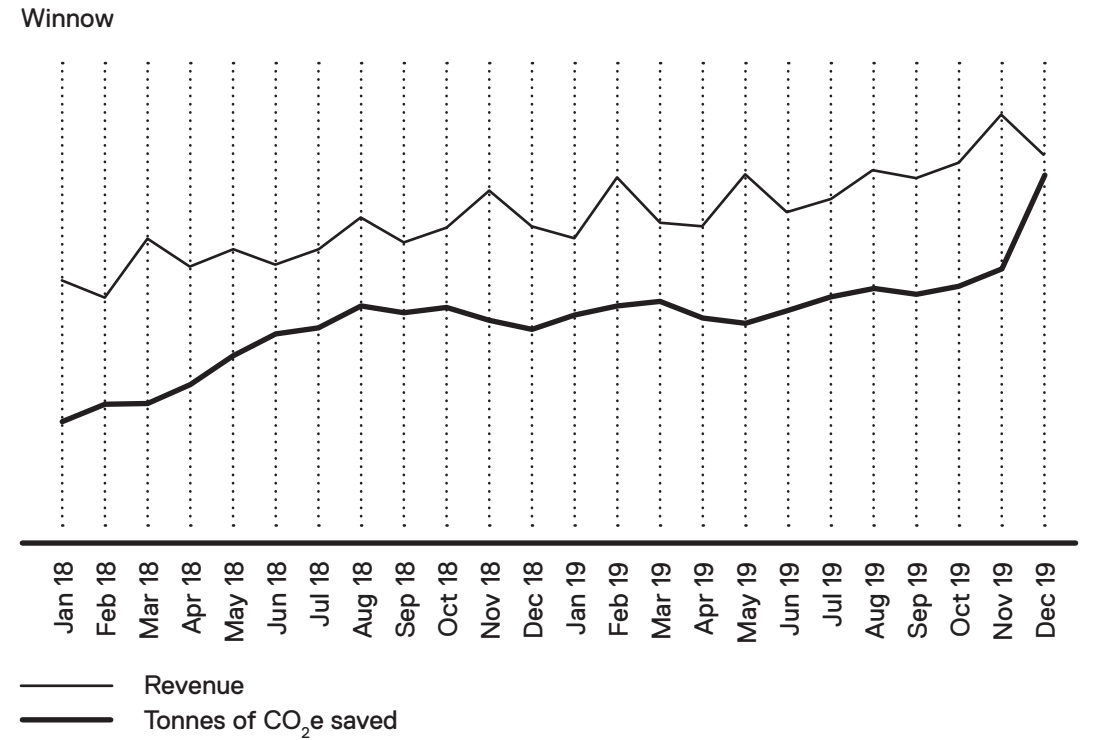
Investing in businesses predicated in the long term on not ignoring, but eliminating negative externalities allows us to minimise the risk of unknown unknowns. Our investment thesis is built on the premise that long term impact and long term profitability are intrinsically linked. If all companies took the long term view, acting with the safety and wellbeing of customers, employees, communities in mind, then shocks such as Covid-19 may not have the capacity to destabilise our economy and society on such an astronomic scale.

Our ventures are built by inspirational founders who are in the small (but increasing!) pool of innovators filling the holes and growing from the cracks that will inevitably continue to grow as long as we, as a society, fail to reduce our externalities. The pandemic has proved to us the importance of investing in lock-step impact for the long run; longevity is intrinsically linked with sustainability. As the global financial crisis showed us, things have to, and can, change to diminish systemic vulnerabilities that have the power to suddenly impact our lives. Management and correction of the externalities caused by ever increasing consumption and globalisation is essential if we want to preserve our health, our planet, our oceans, and our society.

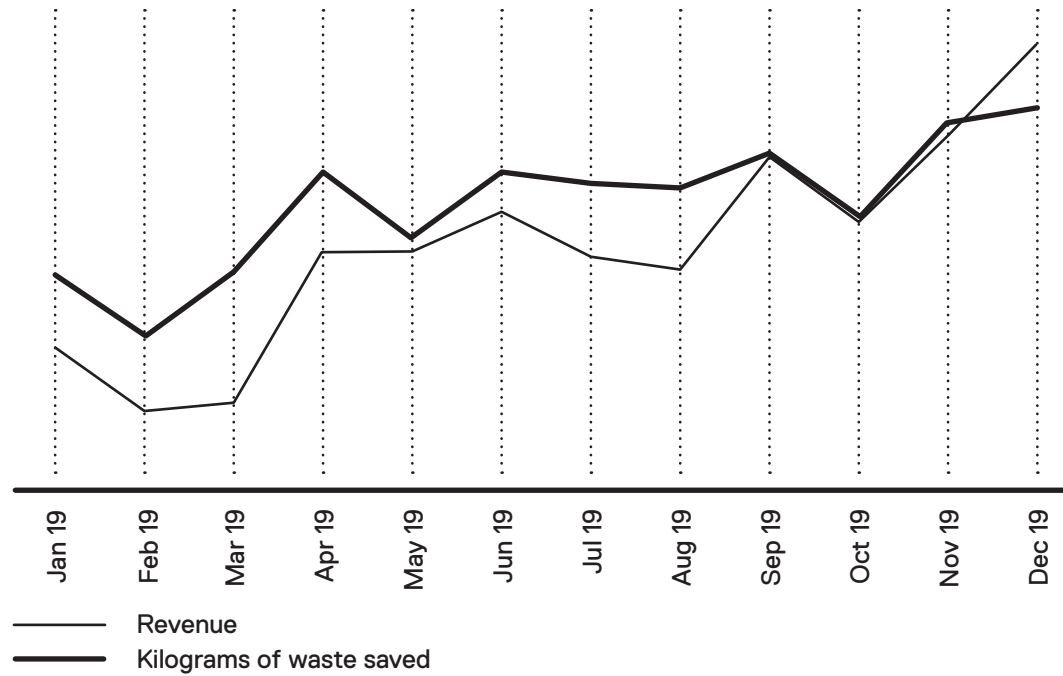


# 2. Proving lock-step returns

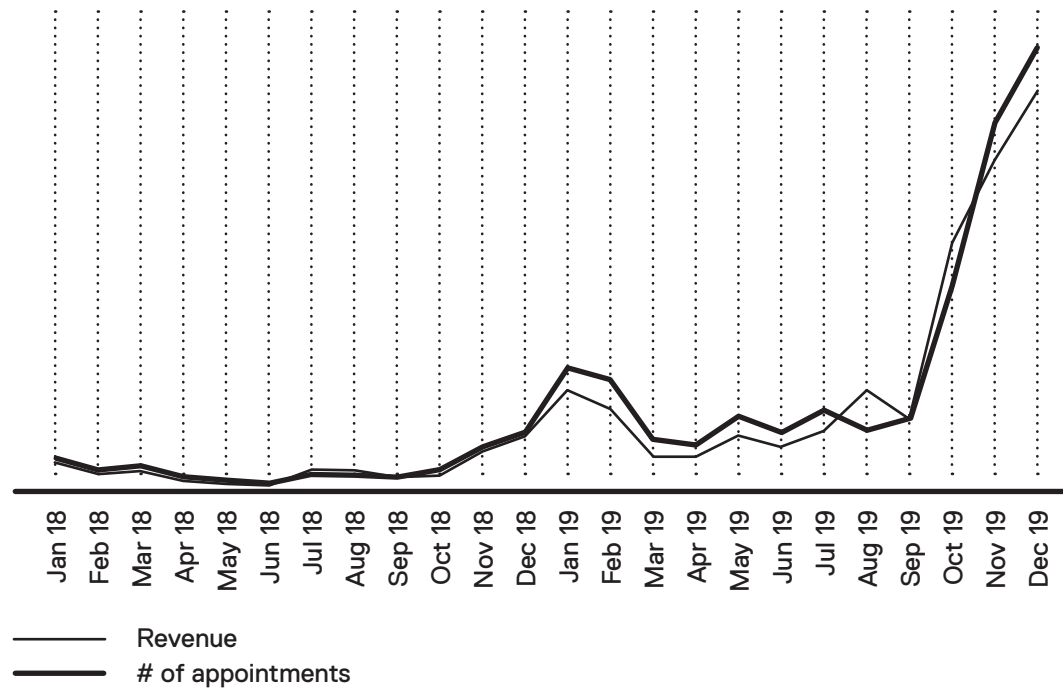
The ventures we invest in all demonstrate lock-step potential, this means that their business solves for a meaningful social or environmental problem with a clear commercial value proposition. Now that we have a few years of track record, and the seeds we planted are starting to grow, we have a growing body of evidence supporting our lock-step model.



Rubies in the Rubble



knok



Our ventures will inevitably thrive as their business models are predicated on long run sustainability. But as we laid out in our last report, there is much more to it than that. People do not only act in their own self interest, their actions and preferences are also shaped by altruism and reciprocity. This affects the actions and preferences of all stakeholders – founders, consumers, employees and investors. By simply being an impact venture and focussed on benefiting communities or preserving the environment, founders, employees and investors are more committed and customers are more loyal. And this adds to the success of our ventures at a magnified rate, as the network effects from having top tier hires and world class investors advocating for them permeates both the impact and the mainstream investing ecosystem.

# 3. Mustard Seed's impact

But what about us? How do we measure our own impact? The way we see it there are two aspects: the impact that we have on our ventures which helps accelerate their success, and the impact that we have on people and the planet more broadly through our investment strategies.

To take the first of these, it is difficult to quantify, but we believe the greatest impact we have on our ventures is through the network and support we provide them. We seek to be advocates for our ventures, be it through promoting them at events and conferences, or through direct introductions to directors, customers, employees or investors. Whilst impact investing is still in the process of shrugging the last of its “niche” references, there is an essential role for Mustard Seed to act as the conduit connecting our founders with “mainstream” capital and providing them a stage on which to do so.

Turning to our strategies, combined with the actions of our ventures, we can attempt to quantify our impact based on an adaptation of the Impact Management Project's (“IMP” – see section 5 for an overview of the IMP) Investor Impact Matrix. Summarising, our enterprises are either classified as:

**Acting to avoid harm**

**Benefiting stakeholders**

**Contributing significantly to solutions**

And our actions as an investor are categorised as:

**Signalling that impact matters**

**Engaging actively**

**Growing new / undersupplied markets**



As an impact VC we aim to have close to 100% of our portfolio in the bottom right of this matrix, with every investment signalling that impact matters, engaging actively with our founders to improve their impact performance and growing undersupplied markets. We're not quite there but we're close – and will continue to develop our own strategies to enhance the impact of our ventures.

Venture impact		Act to avoid harm	+ Benefit stakeholders	+ Contribute to solutions
Mustard Seed's contribution	Signal that impact matters	0%	0%	4%
	+ Engage actively	0%	7%	4%
	+ Grow new or undersupplied markets	0%	17%	68%

% of portfolio as of December 2019, excludes ventures in trial phase

Extending the impact we have on people further, we provide an opportunity for our investors to put their wealth towards enhancing socially and environmentally sustainable outcomes. In the process of creating this report we interviewed a handful of our investors, asking them what the purpose of their wealth is, and why impact is important to them. You can see their thoughts in the portfolio impact section.

→  
what3words' 3 word address



4.  
Portfolio impact  
in 2019

Reduced  
44,100 tonnes  
of CO<sub>2</sub>

Saved over  
10,300 tonnes  
of food waste

Provided 7,900  
improved healthcare  
opportunities

Facilitated

Facilitated  
employment  
opportunities for  
over 818,000 people

Made more than  
707,500 community  
connections

Saved over £270k  
for UK households

Improved education  
opportunities for more

opportunities for more  
than 745,000 students

12 ventures expanding  
their impact  
internationally

Over 900 inspirational  
people employed  
across our ventures



→  
Switchee's smart home thermostat





# AtoCap

is developing a platform technology for the more effective delivery of drugs

.....  
**Action area**

Health

.....  
**Impact metric**

Human life days improved

.....  
**2019 impact**

Company in pre-clinical testing

2019 witnessed the culmination of AtoCap’s exhaustive validation process of CapFuran using a sophisticated human “lab bladder” which has convinced the UK regulatory body that the therapy is ready for the next stage.

# Beulah

exists to empower vulnerable and trafficked women through the business of fashion

.....  
**Action area**

Economic Inclusion

.....  
**Impact metric**

Number of days of employment created

.....  
**2019 impact**

1869

.....  
**Growth**

213%

.....  
**Total since inception**

3504

As well as employing vulnerable women through it’s supply chain, Beulah also commits to donating 10% of profits into projects that support vulnerable women and raising anti-slavery awareness. Their most recent anti-slavery global marketing campaign reached 23 million people through significant press, celebrity and influencer outreach, selling their “For Freedom” T-Shirts which donated 100% of proceeds to the charity Justice and Care.

Edukasyon.ph  
is empowering the Gen Z  
Youth to make better  
informed choices that will  
lead to a successful and  
fulfilling life

.....  
**Action area**  
Education  
.....

**Impact metric**  
Number of student seats  
on platform  
.....

**2019 impact**  
745k  
.....

**Growth**  
11%

Edukasyon's impact now extends to half of the Gen-Z  
Filipino population and far beyond the classroom, equipping  
students with the skills and confidence to excel in their  
desired career paths. Over 2019 they launched multiple  
collaborations, including the Share Campaign and STEM  
Forward, working with leading tech innovators to bring  
inspiration to their students.

Fenton & Co  
is bringing supply chain  
transparency and  
accountability to the jewellery  
market with its ethical gems

.....  
**Action area**  
Economic Inclusion  
.....

**Impact metric**  
Number of jewellery  
pieces sold  
.....

**2019 impact**  
250

Fenton & Co sources 100% of their jewellery from places  
with regulated and audited mining practices such as  
Sri Lanka or Thailand. Their metals are recycled, and accent  
diamonds are carefully sourced from a unique group of  
dealers that only work with highly regulated international  
mining companies. Each of their manufacturing partners  
pay fair wages, have equal employment opportunities for  
women, do not employ child labour and have an exemplary  
safety record.

Nicholas O'Donohoe /  
CDC Group, CEO

“I believe that every investment has impact – some positive and some negative – and when I make my investment decisions I want to focus on those investments where the impact is a positive one. I invest with Mustard Seed because, relative to other venture firms, they have a greater focus on identifying and backing entrepreneurs who build strong businesses that are not only profitable and sustainable but also build a better society and a greener environment.”

Jon Watts /  
Children's Investment Fund Foundation, CFO

“I really identify with Mustard Seed's underlying philosophy that sustainable impact comes from a sustainable business. They have repeatedly been able to invest funds that generate a good level of risk adjusted returns alongside demonstrable impact, through wise investing in innovative and sustainable business models. Mustard Seed are one of the innovators in the field; they are good for the sector as well as good for the investors and companies they fund.”

# Good Club

makes sustainable living accessible to everyone

.....  
**Action area**  
Economic Inclusion  
.....  
**Impact metric**  
GBP cost savings  
.....  
**2019 impact**  
£82k

Good Club has undergone a change in business strategy in the last year, relaunching as a member's club with huge success. In addition to the cost savings for consumers, Good Club now aims to contribute further to environmental enhancements, by creating a closed loop system, recovering delivery and product packaging for reuse. The club also donates to food bank charities for referrals of new customers and provides free membership to low income and distressed households.

# HireHand

helps organisations staff flexibly via its advanced matching technology that places the needs of workers first

.....  
**Action area**  
Economic Inclusion  
.....  
**Impact metric**  
Number of actively working hands  
.....  
**2019 impact**  
1344  
.....  
**Growth**  
13%  
.....  
**Total since inception**  
2622

Over the last year HireHand fully automated and licensed its advanced matching technology, thereby increasing the scope of its impact to additional sectors and continents beyond the London hospitality marketplace. HireHand is on a mission to have all organisations that staff flexibility do so through its technology that places the needs of the worker first.



# HypeLabs

is providing connectivity  
for people without Internet

.....

**Action area**  
Family & Community

.....

**Impact metric**  
SDK / API calls

.....

**2019 impact**  
Projects in development

Over 2019 HypeLabs partnered with The Internet Society in Zimbabwe this year to help develop a solution for incredibly expensive and limited access to the internet for the Mbare community. Hype Labs' SDK would allow members of the community to create an internet network which would also be available offline, which can be shared with the community otherwise unconnected.

# knok

is a private health care  
platform which enables  
patients to access on-demand  
and in person medical support  
at their convenience

.....

**Action area**  
Health

.....

**Impact metric**  
Number of appointments

.....

**2019 impact**  
5330

.....

**Growth**  
452%

.....

**Total since inception**  
6800

knok has continued to grow internationally over the year, and now operates in 3 countries with over 100 doctors on board. It continues to improve access and efficiency to healthcare in its countries of operation, combining technological development with participating experts. The doctor's CV and ratings given by other patients are also viewable, enhancing accountability and quality of care.

Cristina Diaz Dickson /  
Diaz Dickson Family Investments

“In pursuing impactful opportunities, our investments can in some small way make a difference and our long-term horizon can help us to hopefully realize meaningful returns for whatever the future may bring in our lifetimes or in those of our children.

We invest with Mustard Seed because of the team, the vision and the portfolio. They are uniquely positioned to select the best impact ventures in the UK and Europe given their vast network, experience and ability to connect with talented and driven entrepreneurs.”

Timothy Church /  
Former President McKinsey Investment Office

“Good investments, good companies should generally be a good in society. Impact oriented investments represent investments that have the aim to change society for the better at their core. And if done well, there needs to be no compromise in potential returns. From the outset, Mustard Seed has focused on opportunities in which the positive societal impact actually drives the returns; a win/win”

# mush

is an app-based mobile social network focused on delivering both in-person and virtual engagement between new mothers

.....  
**Action area**  
Family & Community  
.....

**Impact metric**  
Number of mum connections  
.....

**2019 impact**  
1.4m  
.....

**Growth**  
84%  
.....

mush is combatting loneliness for new mothers, and the breadth of this impact is set to take off after being selected as a top maternal mental health tool by the NHS innovation Accelerator in 2019, and they are now working together to ensure all GPs recommend Mush at the 6–8 week postnatal check-up.

# OLIO

is an app-based platform connecting hyperlocal communities and local businesses to share surplus food and household goods

.....  
**Action area**  
Environment  
.....

**Impact metric**  
Tonnes of CO<sub>2</sub> emissions saved  
.....

**2019 impact**  
1586  
.....

**Growth**  
226%  
.....

**Total since inception**  
2562  
.....

.....  
**Action area**  
Environment  
.....

**Impact metric**  
Tonnes of food waste saved  
.....

**2019 impact**  
368  
.....

**Growth**  
226%  
.....

**Total since inception**  
594  
.....

OLIO recently reached several major cumulative milestones, including 1 million organic downloads, 1 million food listings, 1 million successful food pickups and 10 million car miles saved. They are also raising awareness for the need to reduce food waste through major partnerships, such as with Airbnb.

# Rapido

## is evolving the public transportation in India with a bike taxi platform

.....  
**Action area**  
 Economic Inclusion  
 .....  
**Impact metric**  
 Number of rides  
 .....  
**2019 impact**  
 70m  
 .....  
**Growth**  
 1113%  
 .....  
**Total since inception**  
 103m

Every ride taken by Rapido users decreases the traffic on India's busiest roads. The impact that Rapido has goes far beyond the number of rides however, creating employment opportunities for drivers and providing cheap transport for customers, allowing them to access their own new employment opportunities.

# Rubies in the Rubble

## provide a solution to food surplus with their innovative condiments

..... <b>Action area</b> Environment .....	..... <b>Action area</b> Environment .....	
..... <b>Impact metric</b> Tonnes of CO <sub>2</sub> emissions saved .....	..... <b>Impact metric</b> Tonnes of food waste saved .....	
..... <b>2019 impact</b> 61 .....	..... <b>2019 impact</b> 57 .....	
..... <b>Growth</b> -6% .....	..... <b>Growth</b> 38% .....	
..... <b>Total since inception</b> 238	..... <b>Total since inception</b> 119	

With the launch of its Tomato Ketchup, Rubies in the Rubble's CO<sub>2</sub> impact decreased this year, but with a much larger market and a plethora of awards behind it it has the potential to accelerate this impact in the future. To further increase their impact, they widened their scope to include reducing packaging waste through the launch of refillable ketchup bottles.



Alice Lacey & Rizwan Rahim /  
Mirath Family Office

“Climate change, inequality and corporate excess are some of the critical issues facing the planet today. We want to be part of the solution, not the problem. Investing for growth shouldn’t mean you forgo your guiding principles. Mustard Seed is a perfect fit with our investment criteria; they are investing in world-class businesses with purpose. Their drive, vision, humility and passion for impact will create meaningful and positive change in the world.”

Matthew Hurn /  
Mabadala, Abu Dhabi

“Mustard Seed sticks to core values, they buck the trend and spend the time getting to understand the founders who are always the catalyst for growth. Mustard Seed and their investors operate collectively with collaboration and so it feels like you are part of a group of like minded individuals who all share similar passion and beliefs.”

# SafetyNet Technologies

is protecting and conserving the environment and promoting the sustainable development of commercial fishing

.....  
**Action area**  
 Environment  
 .....

**Impact metric**  
 Reduction of bycatch & CO<sub>2</sub> saved  
 .....

**2019 impact**  
 Company in commercial trials

SafetyNet's impact will be measured by its reduction in bycatch and the CO<sub>2</sub> emissions saved by using its technology. Over 2019 SafetyNet conducted 8 scientific trials and 5 commercial trials with a 85% success rate, paving the way for a significant impact to come in 2020.

# Skin Analytics

uses Artificial Intelligence algorithms to screen for skin cancer, reducing referrals and cost to the health system

.....

<b>Action area</b> Health	<b>Action area</b> Health
.....	.....
<b>Impact metric</b> Number of lesions analysed	<b>Impact metric</b> GBP net savings
.....	.....
<b>2019 impact</b> 2596	<b>2019 impact</b> £100k
.....	.....
<b>Growth</b> 400%	<b>Growth</b> 400%

Skin Analytics's impact continued to be proven in 2019, as research studies published in leading journals, such as JAMA and the DPC, showed that their AI technology, DERM, can diagnose people with suspected skin cancer with the same accuracy as clinical specialists.

# Stuffstr

is changing the flow of goods post sale with its circular fashion marketplace for used clothes

<b>Action area</b> Environment	<b>Action area</b> Environment	Stuffstr recently launched its “Infinite Play” pilot with adidas, resulting in adidas customers being able to trade in their gear and re-circulating over 900 items, providing scope for expansion and increasing impact in 2020.
<b>Impact metric</b> Number of recycled items	<b>Impact metric</b> Kgs of CO <sub>2</sub> emissions saved	
<b>2019 impact</b> 2784	<b>2019 impact</b> 928	

# Switchee

is a smart connected device for social housing residents and their landlords

This year Switchee developed a capability to send messages directly to tenants via its devices, with a 90% response rate (significantly higher response rate than text messages) when offering residents free energy advice, they are helping social housing tenants save even more.

<b>Action area</b> Economic Inclusion	<b>Action area</b> Economic Inclusion	<b>Action area</b> Environment
<b>Impact metric</b> GBP savings for social housing tenants	<b>Impact metric</b> GBP increase in wellbeing	<b>Impact metric</b> Tonnes of CO <sub>2</sub> emissions saved
<b>2019 impact</b> £188k	<b>2019 impact</b> £3.0m	<b>2019 impact</b> 345
<b>Growth</b> 153%	<b>Growth</b> 153%	<b>Growth</b> 153%
<b>Total since inception</b> £285k	<b>Total since inception</b> £4.5m	<b>Total since inception</b> 523

Ken Wilson /  
Impact Investor

“The purpose of wealth is not just to maintain a lifestyle and provide for family, but also to deploy capital for socially and environmentally sustainable outcomes as an investment in all future generations. I invest in impact as the combination of innovation and passion for impact inherent in the portfolio companies is essential to contribute to solving the world’s most significant problems.”

Kim Morrish /  
Ground Control, Owner & Director

“Working to drive positive social and economic change has been a primary objective for me almost 30 years. I firmly believe that we all have a responsibility to positively contribute to the world we live in. Mustard Seed has the network, experience and expertise to significantly influence social impact investing, adding value to their portfolio companies by placing highly experienced business leaders from their investor base on Boards to support their growth and development.”



what3words  
divides the world into  
3m x 3m squares, each with  
a unique 3 word address

.....  
**Action area**  
Economic Inclusion

.....  
**Impact metric**  
Languages covered

.....  
**2019 impact**  
37

.....  
**Growth**  
28%

what3words is helping emergency services deliver a quicker and more resource-efficient response. 78% of the emergency services across the UK now have what3words integrated into their Command and Control room systems allowing callers to give their exact location in an emergency. This integration is being rolled out in several countries across the world to help other services respond to emergencies faster by efficiently finding and communicating precise locations.

Winnow's  
technology platform enables  
commercial kitchens to  
measure, monitor, and prevent  
food waste

.....  
**Action area**  
Environment

.....  
**Impact metric**  
Tonnes of  
food waste saved

.....  
**2019 impact**  
9939

.....  
**Growth**  
30%

.....  
**Action area**  
Environment

.....  
**Impact metric**  
Tonnes of CO<sub>2</sub>  
emissions saved

.....  
**2019 impact**  
42080

.....  
**Growth**  
31%

Winnow continued to make significant progress over the year, launching its new AI-based Vision platform, signing contracts with the majority of global hotel brands, and now supporting kitchens in 45 countries. Alongside their partners they are saving around 35m meals a year from waste.

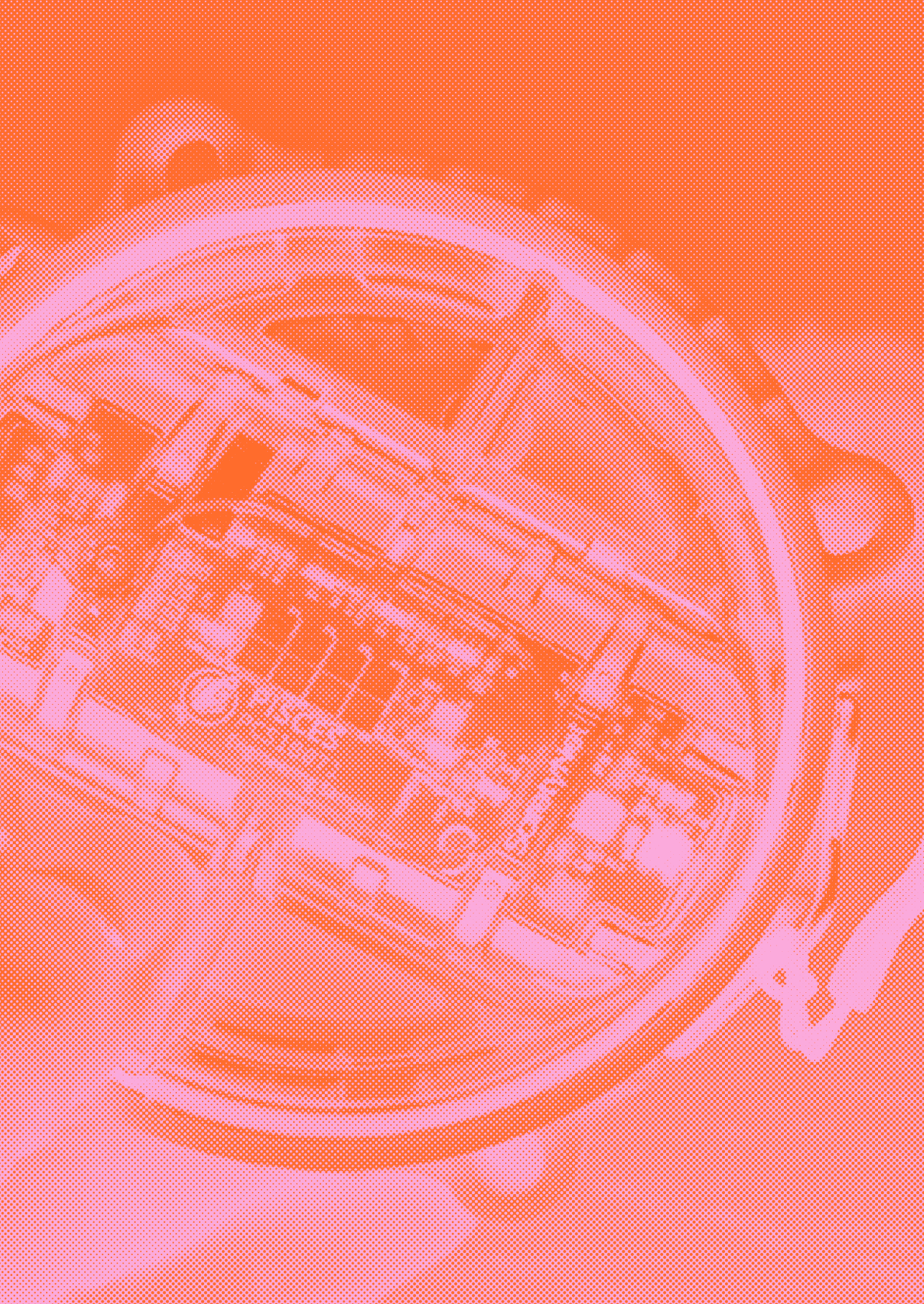
Niall Brennan /  
Saracen Group Ventures

“We invest in impact to ‘prove the concept’ to others that impact investing is not only benevolent but a sound financial decision. With Mustard Seed we are part of the family where we support and are supported in our investments.”

Lord & Lady Deighton

“We invest in impact ventures because we believe in making a difference with our wealth. We do this through Mustard Seed because we have enormous confidence in Alex and Henry and the team they have built. We believe in their integrity and judgement and in the processes they have developed to make great investments, and have been just as impressed by the ongoing support they provide to the management of these young companies.”

# 5. How we think about impact



←  
SafetyNet Technologies'  
bycatch reduction shield

We have been part of the global movement calling for a consensus on how impact is assessed, measured and managed in order to align impact investors across the world through creating a common and well understood set of definitions, guidelines and principles. In line with this, we have decided to implement the Impact Management Project's (IMP) guidelines for measuring and managing the impact of our ventures, and will now use them to shape our investment process.

We are part of the IMP community through our joint venture in Portugal, Mustard Seed MAZE, who has been a Strategic Partner of the IMP since early 2018 and we see this as the most intuitive, straightforward and broadly adopted framework across the industry.

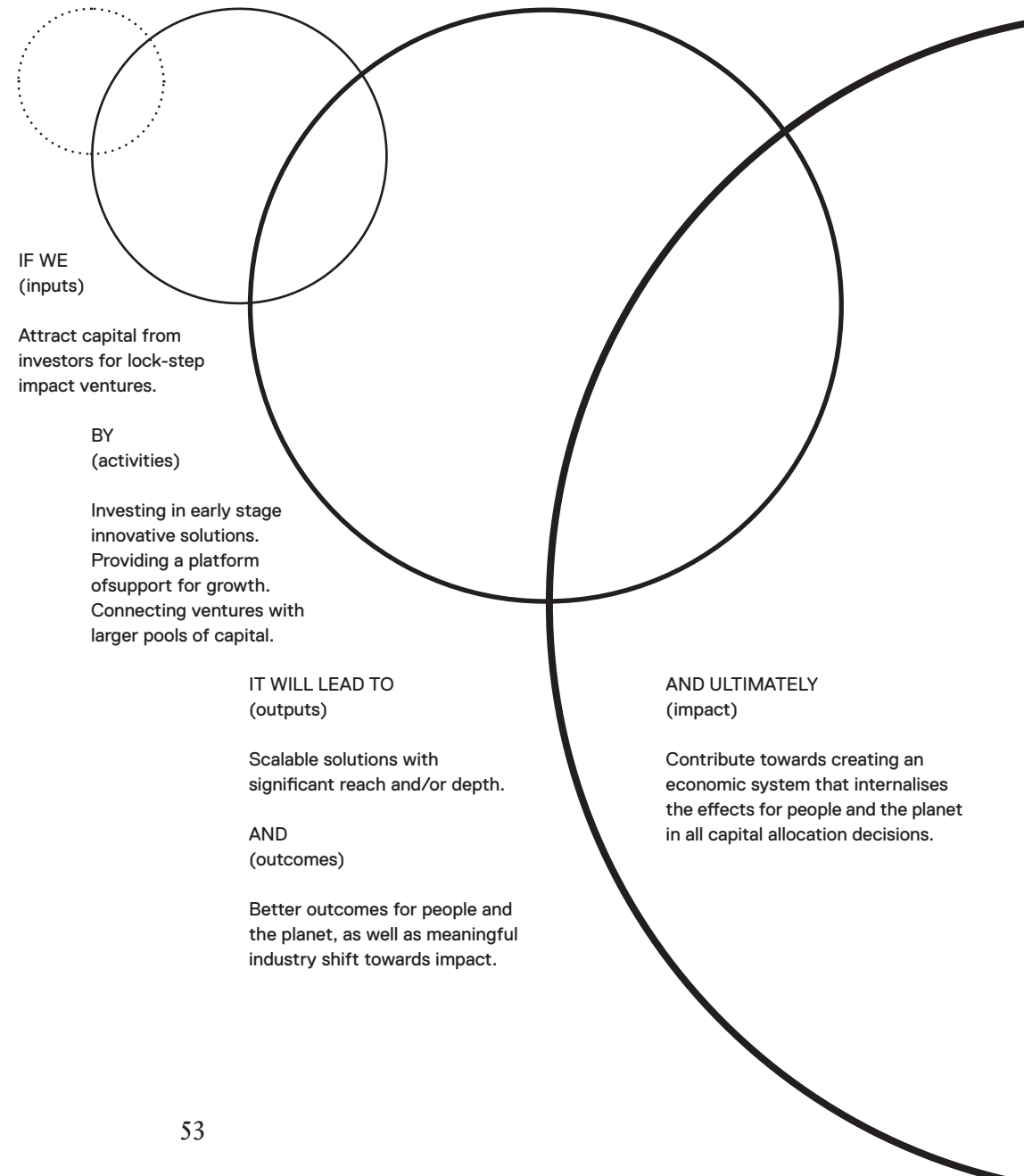
## How does it work?

There are three stages to our investing process which ensure that our investment decisions are made with impact at the core:



## Initial screening

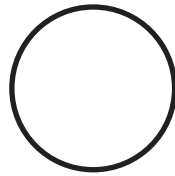
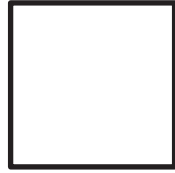
For each prospective investment we work through a Theory of Change exercise to test whether the business is set up to deliver tangible impactful outcomes from the outset. We have done this exercise for our own business to prove that impact is at the heart of what we do and how we think.





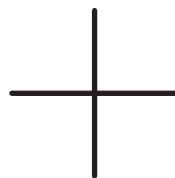
We then assess each prospective investment based on 5 key dimensions to ensure that our investment is contributing to positive, significant and tangible outcomes.

What



Who

How much



Contribution

Risks



## Developing impact goals

It is important that our founders can clearly articulate their impact in a few clear sentences. At the point of investment, we work closely with them to develop and select a few key impact metrics and associated targets. For example through reducing CO<sub>2</sub> emissions by eliminating food waste, enhancing the welfare of farmers and fishermen through more efficient practices, or saving lives through enhancing access to medical technical innovations.

Sometimes it isn't possible to capture impact quantitatively, but this does not mean that our ventures' goals are any less viable. We just have to be cognisant that not all impact is directly measurable and work out how best to represent the strengths of each of our ventures for example through case studies or key stakeholder surveys. Afterall, what drives us to invest is the impact our ventures have on society and the environment, and sometimes we need to step back from the numbers and actually ask people what our ventures mean to them.



## Ongoing monitoring and reporting

What the IMP principles bring us is the importance of ongoing management of impact, not just measurement. We want to ensure our ventures are achieving their goals and we want to help them along that journey.

In addition, monitoring the impact of our ventures and, in aggregate, our portfolio is essential to ensure we follow our own theory of change model and impact goals.

This being said, all this is not set in stone. To use an already overused phrase, this is an art not a science. This is particularly true when joining companies on their most exciting phases of development and growth. We want to be as adaptive and resilient to change as our founders are and we will continue to work closely with them to ensure we are aligned.

We believe structuring our investment approach in this way is not only beneficial in terms of setting out how we and our founders think about impact, it also clearly shows how we create value and impact for our own investors.


→  
Neighbours sharing food  
with OLIO





←  
Fenton & Co's ethical stones

**Authorship**  
Mustard Seed

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