Happonomy

CONCEPT NOTE · 02

Regenerative Equity

A new asset class to structurally undo damage

A share-like instrument, applicable to any for-profit company, that turns profit distribution into a **regenerative act** — rather than an extractive one.

Design intent · 2026

happonomy.org

Legal form: in development with Impact Advocaten

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Conventional equity is an engine of extraction. Because dividends and capital gains flow to shareholders proportionally and **without ceiling**, the cheapest way to maximise return is to **externalise costs** onto nature, employees, communities and future customers. The more profitable the company becomes, the more pressure the surrounding system absorbs.

Three structural defaults drive this outcome, and no amount of ESG, B-Corp certification or mission statement removes them, because they sit in the share structure itself:

1. **Unbounded personal upside.** Shareholders can capture an unlimited multiple of their original contribution. Beyond a certain point, additional returns do not improve any real quality of life — they simply concentrate wealth and create pressure for further growth.
2. **Decoupling of ownership from stewardship.** Voting rights are tied to share count, not to responsibility carried. Those most exposed to the company's impact — employees, place-based communities, ecological partners — have no formal seat on the cap table.
3. **Dividends only flow to capital.** Time, attention and care are treated as paid labour costs; only financial contribution earns a claim on the surplus. This encodes the primacy of capital into the company's DNA.

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Regenerative Equity replaces the three defaults — at the level of the share structure, not as a policy layer on top. Personal upside is **capped at a dignified life**. Ownership is tied to demonstrated **awareness and stewardship**. Dividends are paid to those who contribute **time** as well as those who contribute capital, and to **partner organisations** engaged in active regenerative work. Any profit above the aggregate personal cap is routed, by design, into the **mission, the ecosystem and the partner network**.

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Each category carries board representation, so no single kind of contribution — capital, time, mission or partnership — can capture the company alone. Mission Steward and Time Contributor seats sit alongside Capital Contributors and, where active, Regenerative Partners.

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A **mission-anchoring entity** — e.g. a foundation, perpetual-purpose trust or golden-share holder — is the legal vehicle that holds the company's purpose and appoints Mission Steward seats. A **Node of Change** is a partner organisation in active collaborative process with the company.

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Unlike conventional equity, dividend rights are **earned** through awareness of our systemic problems, the definition of a personal Good Life Budget, and transparent income logging. Share transfer and dilution rules protect against capture and speculation.

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Time and Capital Contributors only acquire the right to receive a **Good Life Dividend** once **all four** of the following conditions are met. The conditions exist so that the people receiving the return have done the work to understand the system they are now co-owning.

1. **Awareness of the challenges** — completion of 2 awareness workshops that introduce the structural dynamics (economic, ecological, social) the company's mission is responding to.
2. **Understanding of root causes** — completion of a foundational training in systems thinking, so that shareholders can locate the company's work inside the larger system rather than in isolation.
3. **Personal Good Life Budget defined** — each shareholder individually sets their own GLB using a structured budgeting method, capped upward at the dignified-living formula below.
4. **Income logged transparently** — income from all sources is tracked on a shared platform. This allows the dividend mechanism to compute the GLB-respecting share for each person, and to detect when the personal cap is reached.

> **Good Life Budget = 60% of median income × Cultural Justice Coefficient**
> *The coefficient is calibrated per jurisdiction — e.g. factor 7 in Belgium and the Netherlands — capping personal dividend take at a dignified living budget.*

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Category 2 — Time Contributors. Ranking is based on the founders' estimate of time contributed up to incorporation. The ranking follows the **LETS principle**: no differentiation by age or expertise — a senior consultant's hour and a volunteer's hour count equally. This explicitly resists the tendency to smuggle salary hierarchies into equity stakes.

Category 3 — Capital Contributors. Ranking is based on estimated financial contributions made prior to and at incorporation. This includes **ecosystem contributions** made as a client or partner of the company before it was formally incorporated — so the people who took the early risk of engaging with the mission are recognised on the cap table.

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When the company raises additional capital, **right of first refusal** on new shares is granted first to category 3 (Capital Contributors), then to category 2 (Time Contributors). Existing capital contributors are therefore protected from dilution by incoming money, while time contributors remain next in line — preventing capital from silently overwriting the time-based cohort.

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Sale. The company holds **right of first refusal** on any sale, at **book value**. This single rule removes the speculative channel entirely — there is no exit-event upside to trade towards, no private-equity roll-up logic, and no secondary market that can price the shares above their productive value.

Inheritance. Shares may pass to a child of the deceased shareholder, **provided the heir has completed all four entry conditions** (see section 2). Where there are multiple children, the shareholder's contribution is divided by the number of children, which may lower individual ranking within the category. Mission continuity is preserved; dynastic ownership is not.

LETS = Local Exchange Trading System — a community currency tradition based on equal valuation of human time, regardless of age or expertise. **Good Life Budget (GLB)** = the personal cap on dividend take, defined individually per shareholder using a structured budgeting method, bounded upward by the formula above.

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Every euro of distributable profit passes through the same three gates — a **50/50 split** between time and capital, personal **GLB caps**, and a **three-way system split** for surplus. A worked example shows the regenerative effect directly.

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(a) Split between categories. Distributable profit is split 50/50 between Time Contributors (category 2) and Capital Contributors (category 3). Time and capital are treated as co-equal claims on the surplus.

(b) Within each category. 50% is distributed **sequentially**, starting from the top of the ranking (most time, respectively most capital) and working down the list. The remaining 50% is distributed **pro rata** across all members of the category.

(c) GLB cap. When a shareholder reaches their personal Good Life Budget, the share that would have flowed to them is **redistributed pro rata within their group**, until every member of the category has reached their GLB.

(d) System split. Once all Category 2 and 3 GLBs are met, further surplus is divided **equally three ways**: the Mission & R&D Reserve, the Regenerative Projects Fund, and Regenerative Credits for Category 4 partners.

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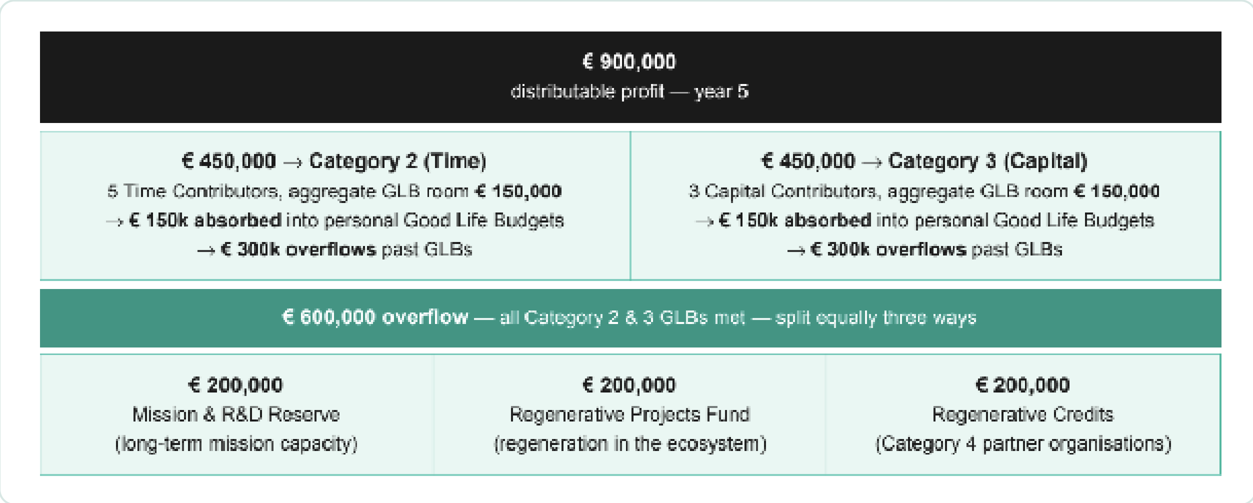
Consider a for-profit company at year 5 with **€ 900,000 in distributable profit**, 5 Time Contributors and 3 Capital Contributors. Each individual's remaining Good Life

Budget room (i.e. the gap between their other income and their personal GLB cap) is modest, giving an aggregate absorption capacity of **€ 150,000 per category**.



Worked example — €900,000 distribution flow

Result. Of the € 900,000, **€ 300,000 flowed to individuals** — and no further, because each contributor's dignified-life cap was respected. The remaining **€ 600,000 flowed back into regeneration**: mission and R&D capacity, ecosystem projects and partner credits. **Two thirds of the profit became systemic, not personal** — automatically, without relying on philanthropy, tax or managerial discretion. The same arithmetic applies to any year and any profit size: as soon as personal caps are met, the marginal euro becomes regenerative by construction.

Numbers in the worked example are illustrative. The sequential/pro rata split within each category shapes how the first euros flow when GLBs are *not* yet fully met; once aggregate GLB capacity is reached, the three-way system split takes over.

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The Category 4 partner mechanism carries regeneration outward from the company into its ecosystem. Taken together, the model's seven mechanics produce a **different asset class** — not a softer version of equity.

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The third destination of GLB-overflow surplus is a credit pool reserved for **Nodes of Change** — partner organisations with an active collaborative process with the company. Credits may be denominated in the **local currency** or in a **dedicated token system**, and can only be spent on specific products from the ecosystem designed to accelerate regeneration inside the partner organisation.

Allocation. 50% of the pool is divided **equally per shareholder** in category 4 — each partner receives the same base credit, regardless of size. The remaining 50% is distributed **pro rata on revenue spent within the ecosystem** — partners that are already active in the regenerative supply chain receive proportionally more.

Expiry. Credits must be spent within **one year**. Unspent credits return to the system rather than accumulating as a store of deferred claim. The credits are a circulating regenerative instrument, not a speculative asset.

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Mapped back to the three structural defaults of conventional equity, the model produces five directly observable effects:

- **Wealth concentration is structurally bounded.** The GLB cap means no shareholder, however much time or capital they brought, can capture more than a dignified life from this company.
- **Surplus is automatically regenerative.** Every unit of profit beyond *enough* can only travel outward — into mission, ecosystem and partners. Externalities become **internal beneficiaries**.
- **Time and capital are co-equal.** The 50/50 split between categories 2 and 3, combined with stewardship-weighted pre-conditions, ends the structural primacy of capital. Showing up compounds alongside writing a cheque.
- **Speculation is engineered out.** Book-value buy-back, capped GLB and expiring partner credits remove every channel through which the asset could be priced as a bet on future scarcity.
- **The ecosystem sits on the cap table.** Through Nodes of Change, the Regenerative Projects Fund and the Mission & R&D Reserve, the partner network and the broader regenerative field are structural beneficiaries of the company's success — not its externalities.

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The Regenerative Equity model is currently being designed by **Impact Advocaten** (https://www.impact-advocaten.be), a legal practice specialised in mission-anchored and stakeholder-governed company structures. A finalised legal structure — articles of association, shareholder agreement templates and governance by-laws — is **expected to be ready by summer 2026**, after which the model can be adopted by any for-profit organisation willing to embed regeneration at the level of its share structure.

For reference only: this document summarises the design intent. The legally binding form — articles of association, shareholder agreement and governance by-laws — is under development with Impact Advocaten.