**IMPACT INVESTMENT TERM SHEET – STEWARD-OWNERSHIP**

(blue text indicates options)

This term sheet (the **Term Sheet**) summarises the terms and conditions regarding the proposed investment in [Company] B.V. (the **Transaction**). The term sheet has the following annexes:

Annex 1: Cap table and Investor Process,

Annex 2: Guiding Principles,

Annex 3: Existing Mission Safeguards.

Aside from the sections listed under "Binding Conditions," no legal obligations or rights take effect until all involved parties sign the subscription agreement, shareholders agreement, and related documents (the **Transaction Documentation**).

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| --- | --- |
| PARTIES | |
| **Company** | [name Company], having its registered address at [address] and registered with the Trade Register under number [number] (the **Company**). |
| **Shareholders** | [List current shareholders] (together, the **Existing Shareholders**). |
| **Investor(s)** | DOEN Participaties B.V., having its registered address at Beethovenstraat 200, 1077 JZ Amsterdam and registered with the Trade Register under number 33275441 (the **Investor**), acting alone or in a consortium with the following investors (together the **Investors**): [xx] |
| STATEMENT OF INTENT | |
| **Company Mission** | Company Mission: To achieve [*overarching objective*] while achieving [*positive societal and environmental impact*] for [*main stakeholders*].  Mission Commitments:   1. Uphold responsible business practices. 2. Create value for a broad range of stakeholders across short, medium, and long-term horizons.   The Mission and Mission Commitments direct the board, shareholders, investors, and all stakeholders in defining their roles, responsibilities, and interests within the Company.  [The Mission and Mission Commitments will be implemented in the articles of association and shareholders agreement of the Company/[OR] In implementing its Mission and Commitments, the Company has already established the mission safeguards detailed in Annex 3. ​​The Company commits to maintain these safeguards, which are integral to the ongoing fulfillment of its Mission. The existing safeguards will be reviewed as part of the due diligence for necessary improvements where needed.] |
| **Shared Vision** | The Parties are exploring this Transaction as the Company's Mission aligns with the investment philosophies and impact agenda of Investors.  Collectively and individually, the Investors seek measurable positive social and environmental impacts along with financial returns. |
| **Guiding Principles** | During negotiations of the Transaction Documentation and throughout their ongoing relationship, the Parties will adhere to the Guiding Principles detailed in Annex 2, which will also be integrated into all Transaction Documentation. |
| INVESTMENT DETAILS | |
| **Investment and Investor Shares** | EUR [•] (the **Investment Amount**) against issuance of [•] non-voting redeemable preferred shares (the **Investor Shares**).  The Investor Shares shall be entitled to receive a [maximum aggregate amount of distributions equal to [amount],[ to be adjusted annually as per the 1st of January in accordance with the consumer price index published by the government of the country where the Company has its seat/increased with an annual compounding interest of [•]%]] (**Investor Return**).  Attached as Annex 1 is a cap table showing the share capital of the Company at Closing. Each share in the capital of the Company.  Once the Investor Return is distributed the Investor will cooperate with the redemption of its Investor Shares against no additional consideration.  **Cap Table:** Annex 1 details the Company’s capital structure pre- and post-money at Closing. |
| **Payment** | TheInvestor Shares will be issued at Closing upon payment of the full Investment Amount. |
| MAIN INVESTMENT TERMS AND STEWARD OWNERSHIP IMPLEMENTATION (FOR THE TRANSACTION DOCUMENTATION) | |
| **Steward-ownership Principles** | 1. The Parties aim for a balanced and equitable governance amongst the shareholders, the Company and its stakeholders, in accordance with the Guiding Principles and by implementation and taking into account the steward-ownership principles,[OPTION SHORT FORM: which include a division between control and profit entitlement, limitations on the returns to investors, founders and other contributors, the eventual repurchase of investor shares, and self-ownership as outlined herein. / OPTION LONG FORM: as outlined below: 2. Steward-ownership is a unique form of ownership that preserves a Company's purpose, mission and independence, and is based on two principles: profits serving the purpose and self-governance. Steward-owned companies are controlled by stewards for the benefit of a company’s purpose, mission, society and the planet. 3. By not taking private profit and shareholder value maximisation as the primary driver of management decisions, steward-owned businesses create better outcomes for other stakeholders such as workers and customers as well as for the environment. 4. To achieve this, the majority of the voting rights are kept in the hands of stewards rather than financial investors. 5. The “steering wheel” of the company is not passed on through inheritance or in return for money, but is kept in the “value and ability family” through separate voting rights held by independent custodians. 6. In addition a golden share may be created with a veto-right on envisaged changes to the key elements of steward-ownership or the mission and purpose. 7. Finally the rights to distribution on the Shares are typically limited and capped so the majority or at least a significant part of the company’s profits can be reinvested in its mission and purpose.] |
| **Share Classes** | The following classes of shareholders and shares will be implemented as part of the implementation of steward-ownership:   * Stewards – Mission-aligned Stewards will be selected that can contribute to the development of the Company. The Stewards either directly or through a separate legal entity hold steward shares which will hold voting rights in the General Meeting but no profit rights (ensuring the Stewards are not financially driven). * Investors/founders/employees - separate classes of shares will be created for these shareholders (among which the Investor Shares), which will each hold (capped) profit rights and no voting rights in the General Meeting. * [Golden Share - the Golden Share will be issued to an independent foundation or equivalent, that has as part of its purpose the monitoring of compliance by the companies in which it holds shares with steward- ownership governance principles as implemented by said companies in their governance structure. The Golden Share will only have veto rights on decisions affecting the key-elements of steward-ownership, Mission-drift and exits.] |
| **Stewards** | All Stewards shall need to meet all of the following criteria to be eligible for appointment (“**Steward Requirements**”):   * [TBD, e.g. being of impeccable behaviour, being an employee or otherwise actively involved with the Company;] * being aligned with and able to strongly contribute to the Mission; and * meeting such other requirements for stewardship as determined by the General Meeting and approved by the holder of the Golden Share from time to time.   In the appointment of stewards there will be an aim for a gender-balanced, inclusive composition including sufficient impact and sustainability expertise.  The initial Stewards shall be:   * [TBD] * [TBD] * [TBD] |
| **Board** | The management board (**Board**) consists of [xx] in the position of [xx] and [xx] in the position of [xx] and they commit to stay on board for [xx] years since investment closing.  The Board will be and appointed and dismissed by the General Meeting. Appointments to the Board will aim for a gender-balanced, inclusive composition including sufficient impact and sustainability expertise.  **Investor Representation.** In the event of [Material Company Underperformance (to be defined in the Transaction Documentation) or the majority of the members of the Board leaving the Company within the lock-up period as defined under Board below without having provided for a suitable replacement, the Investor will forthwith have the right to appoint one Board member.  Investor has the right to appoint a board observer which shall have the right to attend all board meetings and receive all information which is provided to the members of the Board.  Board remuneration will be directly linked to the achievement of the Company’s strategic performance KPIs as outlined in the "Strategic Performance Metrics" section. These KPIs encompass business, financial, and impact objectives. |
| **Supervisory Board** | A Supervisory Board will be established upon Investor’s request post-Closing.  The Supervisory Board will consist of 3 to 5 members, with a majority being independent, including its chairperson, and will have a gender-balanced, inclusive composition with sufficient impact and business expertise.  The Transaction Documents will include a resignation schedule to maintain board efficiency and independence (meaning that the independent seats will have to outnumber the investor seats) when new investors join, ensuring optimal participation without increasing board size.  Members of the Supervisory Board will be appointed and dismissed by the General Meeting based on nomination from the Supervisory Board itself (independent seats) or investor nomination (investor seats). |
| **Employees** | Employees are crucial to the success of the Company, its Mission, and the Shared Vision:   * Employee performance conditions will align with the Board's company-wide performance conditions, including the Strategic Performance Metrics. * The Company is committed to promoting a healthy work culture and work-life balance. The Company will adhere to ILO Conventions and UN Global Compact Principles, focusing on equal opportunities, fair working conditions, and respect for human rights. * The employees will be informed of the Transaction and intended outcomes. |
| **Employee Incentive Plan** | An "Employee Incentive Plan" will be implemented on or shortly after closing. The available pool will represent the equivalent of at least [10]% of the fully diluted shares upon closing (including Investors’ dilution), and included in the Company valuation as specified in the Cap Table. [The participants to the plan will be consulted regarding changes proposed to the Mission Statement, as part of the mission lock process.] |
| **Baseline Business Plan** | The Parties will agree on a Baseline Business Plan. This Baseline Business Plan will contain a budget for implementing the Mission safeguards specified in this Term Sheet and detail the use of investment proceeds. |
| **Strategic Performance Metrics** | The Board will translate the Company’s Mission and Shared Vision into short, medium, and long-term strategies using measurable, science-based business and impact metrics and targets, forming the basis of its annual business plans (**Strategic Performance Metrics**). The Strategic Performance Metrics and annual business plans will be approved by the General Meeting following a positive recommendation from the Supervisory Board (when established). [Option: If no independent SB/Golden Share Foundation is established, DOEN's approval is required along with GM approval for the impact metrics included in the strategic metrics.]  The Company will commit to increasingly ambitious targets each year, ensuring that sufficient budget is allocated to increase impact results, when circumstances allow.  The Strategic Performance Metrics will once requested by DOEN be verified annually by an independent auditor who will submit their report to the General Meeting, together with the approval of the new annual business plan. |
| **Reporting** | The Board will report monthly in the first 12 months after closing and then quarterly to the Investors on the state of the business, financial and impact performance, progress on Strategic Performance Metrics, mission safeguard implementation, how stakeholder interests are being considered, any disputes or grievances, key HR metrics and other topics.  Investors will work together to align and reduce the burden on the Company by agreeing on a consistent set of metrics, reporting frequency, and data collection process.  In addition to the above, the Company commits to developing and publishing an annual report to ensure public accountability and support stakeholder access to information. This report will include information about the financial and impact targets and actual performance. |
| **Reserved Matters** | In the Transaction Documentation, the Parties will establish Reserved Matters (requiring approval of the General Meeting, and/or prior approval of financial shareholders and/or prior approval of the holder of the Golden Share, to pass) based on the following principles:   * there must be sufficient checks and balances to ensure integrity of decision-making in the Company, whereby the steward-ownership principles dictate:   + A mechanism shall be implemented to ensure that the Stewards (through the steward shares with voting rights) are in a position to directly or indirectly influence or at least veto material matters in respect of the day to day business;   + to safeguard the interests of the financial shareholders, they are only given limited approval rights on actions impairing their financial rights or horizon;   + the holder of the Golden Share will have veto rights on any changes or actions affecting the principles of Steward-ownership, the Mission or relating to exits; * the Board must have a reasonable level of autonomy to run the business, given the industry it operates in and the specificities of the business; * the shareholders should have a reasonable insight into the course of business; and   each Company body must have a duty to preserve and observe fulfilment of the Mission and the Parties’ shared vision. |
| **Exit Provisions** | The Investors and shareholders are motivated to participate in the Company to realise a financial and impact return on investment; while the Company is driven by the long-term sustainable success of its Mission. This may require extended exit timelines (ideally >7 years) as permitted by funds terms.  Led by the Board, the shareholders, investors, and founders will transparently establish an exit plan outlining: exit timelines for achieving the Mission and Shared Vision, desired return on investment and impact, and specific mission safeguards that must be in place for a successful exit.  It will have a succession plan for founders, status of founder equity and whether founders' and employees equity will adhere to the same exit provisions as those for investors.  [The Investors agree to maintain their investment for a minimum of 5 years.]  The Company undertakes to use all reasonable efforts to ensure that the Investor has ultimately by the [8th] anniversary of the Closing date received the Investor Return and shall use at least [xx]% of the Company’s Free Cash (to be defined in the Transaction Documentation) to that effect.  In the event that the Investor Return is not realised within said term, financial means other than [xx]% of the free cash flow shall insofar as reasonably possible be used to make the envisaged distributions to the Investor, such as free cash flow in excess of the threshold, investment amounts obtained from future investment rounds, debt financing, or proceeds from the sale or liquidation of Company assets. |
| **Share transfers** | **Share transfers may only take place as follows:**   * a holder of a steward share is only allowed to transfer its steward share with the approval of the General Meeting, and only to a person that meets the Steward Requirements; * a holder of financial shares (including the Investor Shares) is only allowed to sell and transfer one or more of its shares if (i) the shares are first offered to the other holders of financial shares of the same class, and (ii) the other holders of shares of the same class are given a tag-along right in proportion to its shareholding and (iii) the prospective purchaser is aligned with and undertakes to commit to the Mission and Steward-ownership principles of the Company, which determination shall require the prior approval of the General Meeting; * [the holder of the Golden Share is only allowed to sell and transfer the Golden Share to a similar independent non-profit entity approved by the General Meeting.]   **Put Option**. The Investor can require Existing Shareholders to buy back all Shares held by the Investor at any time for a total of one euro (EUR 1). The Existing Shareholders are jointly and severally obligated to complete the purchase within 30 days of the request for the same total price of one euro (EUR 1). |
| **Mission Commitment New Investors** | Shares can only be sold or issued to an investor that provides sufficient Mission commitments, which will be defined in the Transaction Documentation. The [Stewards/Supervisory Board [or the Golden Share Foundation] will check that sufficient commitments have been provided in the transaction documentation and included in the Company constitutive documents. |
| **Warranties, indemnities and security** | Each Party shall give warranties, indemnities and security/recourse to each other which are customary for a transaction of this scope and type and which take into account the outcome of the due diligence.  Leaver (like good leaver/bad leaver) and non-solicitation arrangements shall apply for the shares held by founders and employees and will be detailed in the Transaction Documentation. |
| BINDING PROVISIONS | |
| **Investment Process** | The Parties commit to efficient deal closing, a fair negotiation outcome for all parties involved; and reasonable transaction costs. Parties aim to complete the Transaction ultimately by [date] (Closing). The first drafts of the Transaction Documentation will be prepared by the counsel of [Investor/the Company]. |
| **Due Diligence** | Investors will conduct essential assessments of the Company's baseline performance in legal, commercial, sustainability, and financial areas.   * The Company will cooperate by providing necessary due diligence documentation. The due diligence process will avoid unreasonable costs and minimize disruption to employees and management, support fair and transparent discussions regarding Company valuation and provide useful insights for the Company's business case and sustainability performance and for the Investor, ensuring a sufficient analysis to meet internal approval requirements. * It will also support the finalisation of the Transaction Documentation, including with adequate Mission safeguards, reporting schedules and impact-related incentives. * Where necessary, it will Include an initial stakeholder identification exercise, identifying and consulting relevant stakeholders as integral to the overarching due diligence process, supporting the Company’s mission and impact objectives. * All information made available in the data room will be regarded as fairly disclosed to the Investor during the negotiation of representations and warranties. |
| **Conditions Precedent** | From the date of this Term Sheet until Closing, Existing Shareholders must conduct the Business prudently and as usual.  The execution of the Transaction Documentation depends on the following conditions:   * Completion of due diligence to the Investor's satisfaction. * Mutual agreement on the definitive Transaction Documentation. * Approval of these documents by the Investors’ investment committee * No significant adverse change in the Company's financial condition, business or prospects. |
| **Exclusivity** | The Company and the Existing Shareholders commit to diligently and in good faith work towards the Closing. Until [date], the Company and the Existing Shareholders will end any current discussions with other parties regarding potential investments in the Company; avoid starting, inviting, or helping with any proposals or negotiations for selling or issuing any shares of the Company or selling any major part of its assets, except with the Investor. They will promptly inform the Investor about any inquiries from other parties regarding a potential investment. |
| **Confidentiality** | Each Party shall maintain confidentiality regarding the Transaction. They must not disclose any information to third parties, except as required by law. However, each Party may share information with its employees, counsel, or advisors on a "need to know" basis, provided they are also bound by confidentiality obligations. The Parties will reasonably consider requests to waive confidentiality for stakeholder consultations, due diligence, or implementing Mission safeguards, in line with the Guiding Principles. |
| **Costs** | Each Party will choose their own advisors and will be responsible for their own costs. If and when the Transaction is closed, the Company will pay the external legal advisory and due diligence costs of the Investor up to a maximum of EUR [25,000].  If one or more of the Existing Shareholders decide not to enter into the Transaction on the terms as agreed in this Term Sheet, while Investor does want to complete the Transaction on the terms as agreed in this Term Sheet, the Existing Shareholders shall, jointly and severally, or through the Company [pay the investor a total fee of EUR [●]] [reimburse the costs made by the Investor (mainly costs of external advisors) in connection with the Transaction. |
| **Term and Termination** | If no Transaction results from this Term Sheet by [longstop date], the Parties are not obliged to continue negotiations. |
| **Governing law** | This Term Sheet and any resulting agreements will be governed by Dutch law and any disputes will be exclusively resolved in the competent court of Amsterdam. Apart from the "Binding provisions," this Term Sheet is not legally binding, and no enforceable rights or obligations will exist until all parties sign the Transaction Documentation. |

This Term Sheet is signed by or on behalf of the Parties on [date of the last signature].

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| [Investor 1]  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name:  Title: | [Company B.V.]  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name:  Title: | [Investors XYZ]  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name:  Title: |
| [Shareholder 1]  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name:  Title: | [Shareholder 2]  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name:  Title: |  |

ANNEX 1

**CAPITALIZATION TABLE (PRE- AND POST-MONEY) AND INVESTOR PROCESS**

[ADD]

**INVESTOR PROCESS:**

Investment Process Transparency (approximate timelines)

Investment Screening: Completed

Initial Evaluation: Completed

Due Diligence: Within [xx] months post-term sheet signing

Investment Committee : Within [xx] months following due diligence

Signing and Closing: Within [xx] months after due diligence reports

Portfolio Period: [xx] years

Exit Strategy: Post [xx] years of portfolio period

Annex 2: Guiding Principles

**Honesty** – the Parties strive to have transparent exchanges at all levels within their relationship, including through actively trying to express and understand the reason behind a question, issue or matter in order to provide a complete, relevant and honest answer. The Parties will use their best efforts to ensure that listening to and taking account of all points of view is part of the implementation of their Shared Vision and a driver for positive impact.

**Integrity** - the Parties must align their words and their actions and will continually strive to make and implement decisions that are consistent with the Guiding Principles and the Shared Vision. The Parties will not say one thing while doing another.

**Reciprocity** - exchanges, whether large or small, will be mutually beneficial over the long term. A Party will only make a demand which it is willing to reciprocate, either in the same or an equivalent form (either immediately, or within the life of the relationship).

**Equity** - each Party or Stakeholder that contributes to the Company will be compensated in a fair manner, be it financial or in other forms of compensation, in proportion to the value, risk, or investment made in the relationship or the impact caused by the Company. When unpredictable situations arise that have not been addressed in the agreements, the Parties will work to remedy any inequities.

**Consistency** – the Parties commit to be consistent in adhering to their commitments, meaning that the Parties will treat each other’s interests equally and be faithful to the partnership and to what they have agreed.

**Autonomy** - neither Party will seek to use its power to persuade or induce the other to make a decision that is against its best interests or contrary to the Shared Vision. Each Party has the right to ask relevant questions which help solve any uncertainties. All Parties strive to make all relevant information available to each other in a transparent and equitable manner, to allow each Party to make good decisions for itself and in the interest of the Shared Vision, avoiding information asymmetry.

**Transparency** - the Parties shall organise, engage and work fairly for the full and honest disclosure of necessary information, to prevent undermining the quality of decision-making processes and promote equitable and efficient information access and accountability.

ANNEX 3: Existing Mission Safeguards

[ADD]