**IMPACT INVESTMENT TERM SHEET**

(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)** | [Investor 1] having its registered address at [adres] and registered with the Trade Register under number [..] [NAME INVETSOR 1], acting alone or in a consortium with the following investors (together the **Investors**): [xx] |
| STATEMENT OF INTENT | |
| **Company Mission** | The mission of the Company is: [to achieve [overarching objective], while ensuring [positive societal and environmental impact] for [the Company’s main stakeholders, including the environment and society at large]] (**Mission**).  Mission Commitments:   1. Uphold responsible business practices by:  * integrating ESG considerations into its decision-making processes and proactively assess the environmental and social impacts of its activities; * respecting fundamental human rights and labour rights, at a minimum in accordance with local laws and universally agreed minimum standards relevant to the company size and sector; * [additional relevant commitments based on deal specifics]; and  1. Create value for a broad range of stakeholders across short, medium, and long-term horizons.   The Mission and Mission Commitments direct the Management 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 Mission 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 fulfilment 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 Mission aligns with the investment philosophies and impact agenda of Investors.  The Company and 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 Details** | **Investment Amount**: EUR [∙] for the issuance of [∙] [ordinary] shares (**Investor Shares**), representing [∙]% of the Company's fully diluted post-money share capital (excluding shares reserved under the Option Plan).  **Price per Share:** EUR [∙] per Investor Share, determined by a pre-money valuation of EUR [∙], calculated on a fully diluted basis (excluding shares reserved under the Option Plan).  **Cap Table:** Annex 1 details the Company’s capital structure pre- and post-Transaction on a fully diluted basis at Closing. |
| **Payment** | TheInvestor Shares will be issued at Closing upon payment of the full Investment Amount.  Option (Milestone Mechanism): The post-money equity valuation of the Company (the basis for the Transaction) and the Investors' total participation may be adjusted upwards or downwards based on the Company's outperformance or underperformance against the business, financial, and impact KPIs defined in the "Strategic Performance Metrics" section. This adjustment mechanism may result in the issuance of additional Investor Shares to the Investors or the redemption or repurchase of Investor Shares from the Investors by the Company or other shareholders, resulting in earlier shareholders, founders and the team (through participation plans or otherwise) holding an increased participation in the Company. |
| MAIN INVESTMENT TERMS (FOR THE TRANSACTION DOCUMENTATION) | |
| **Mission Safeguards** | The Transaction Documentation will implement the following core mission safeguards, implementation of which will be supported by the investment proceeds and funds available in the Baseline Business Plan.  **Mission Lock**: The Transaction Documentation will incorporate a worked-out mission lock mechanism including a Mission statement and describing the process of changing the Mission and Mission Commitments. The General Meeting, upon consultation with the Supervisory Board (when in place), will approve or reject the changes [ with a supermajority of [75%] of the votes cast/as well as the affirmative vote of [DOEN/The majority of the shares held by the Investors **(Investor Majority)**]/the Golden Share]  [Golden Share. A Golden Share will be created to prevent Mission drift. The Golden Share shall initially be owned by [SHAREHOLDER]. It may be transferred to a successor at the request of either the Golden Share holder or the General Meeting. However, the Golden Share must always be held by a legal entity that (i) is a stichting or an equivalent foreign entity, (ii) includes in its purpose the oversight of companies in which it holds shares to ensure compliance with their mission, and (iii) maintains sufficient independence from the Company and its related parties. The Company will cover the reasonable costs incurred by the holder of the Golden Share in fulfilling its duties.]  **Board’s explicit commitment and impact mandate:** The Company's constitutive documents will clearly and explicitly commit the Management Board to consider the interests of a broad range of stakeholders while acting in the best interest of the Company, alongside a commitment from shareholders to exercise their rights to support this approach. As part of it, the Management Board will consider the impact of its decisions on stakeholders and sustainability issues such as human rights, climate change, and environmental consequences over the short, medium, and long term.  **A System of Incentives:** The Company will adopt impact and financial incentives to advance the Mission. When established, non-fixed remuneration or bonuses for directors, managers and employees will be related to both financial and impact targets. For its employees, the Company will adopt a fair remuneration policy, including equal pay for equal work, paying a living wage, and a fair ratio between lowest and highest remuneration.  **Stakeholder Governance:** The company will establish mechanisms appropriate for its stage and industry that enable stakeholder involvement. At a minimum, these mechanisms will include initial stakeholder identification, public reporting on impact, stakeholder dialogue and grievance channels to record, investigate, and resolve complaints from stakeholders.  [Optional: The Parties may include the following mission safeguards in the Transaction Documentation and may consider additional safeguards as necessary based on the results of the due diligence.   * **Distributions towards the Mission** Profits may only be distributed to shareholders to the extent that such distributions do not compromise the Company’s ability to pursue its Mission and growth objectives. The Management Board is authorised to allocate a minimum of [30]% of its annual [net profits/free cash flow] to a Mission-reserve, with the aim to accelerate the Company’s Mission. This allocation will be monitored and reported annually to the Supervisory Board and the General Meeting. * **Transition to Steward-Ownership** The Company is free to explore and present a case for transitioning to a steward-ownership model to the general meeting, with sufficient funds allocated for this exploration. The general meeting will positively engage in the process of exploring a steward-ownership model. This transition would involve restructuring the Company’s core structures to prioritize its Mission, core values, and operational objectives over financial returns to external shareholders.] |
| **Company Governance** | The Parties aim to establish fair accountability and equitable distribution of influence and powers among the Investors, Existing Shareholders, the Company, and its stakeholders in line with the Guiding Principles. |
| **Board** | The management board (**Management** **Board**) consists of [xx] in the position of [xx] and [xx] in the position of [xx] and they commit to stay on board for [3] years following investment closing.  The Management Board will be [nominated by the Supervisory Board (once established)] and appointed and dismissed by the General Meeting. Appointments to the Management Board will aim for a gender-balanced, inclusive composition including sufficient impact and sustainability expertise.  [Management 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 [DOEN’s/Investor Majority’] request post-Closing to oversee the Management Board’s alignment with the Company’s Mission and Shared Vision, ensuring decisions serve the best interest of the Company and stakeholders. Approval from the Supervisory Board will be required for material Management Board decisions (including related to Mission safeguards).  The Supervisory Board will consist of 3 independent members and will have a gender-balanced, inclusive composition with sufficient impact and business expertise. [DOEN/The Investor Majority] may nominate one member of the Supervisory Board and the Founders may nominate one member of the Supervisory Board. The third member shall be nominated by the other Supervisory Board members jointly. All members are appointed by the General Meeting.  The Shareholders shall vote in accordance with the aforementioned nominations. The party nominating a member of the Supervisory Board, may also decide about suspension or dismissal of the respective member of the Supervisory Board.  The Transaction Documents will include a resignation schedule to maintain board efficiency when new investors join, ensuring optimal participation without increasing board size. |
| **Employee Participation Plan** | An "Employee Participation 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), as specified in the Cap Table. |
| **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 Management Board will translate the Company’s Mission and Shared Vision into short, medium, and long-term strategies using measurable, science-based business, financial 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 Management Board will report [monthly, ]quarterly and annually to the Investors on the state of the business, financial and impact performance.  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. |
| **Reserved Matters** | The Transaction Documentation will include which Management Board decisions must be approved by the General Meeting, Investor(s) or the Supervisory Board. These provisions aim to create decision-making integrity and to allow Company bodies to safeguard the Mission and Shared Vision through adequate checks and balances. |
| **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 Management 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.  Investor Exit. If an Investor wishes to pursue an exit of its interest after the [7th] anniversary of the Closing Date, then the Company shall be obliged to use all reasonable efforts to facilitate such an exit and all parties will co-operate to facilitate such exit[, including by waiving of their tag along rights [and rights of first refusal]. |
| **Tag, Drag and other transfer obligations** | **ROFR and Tag Along.** In case of a sale of shares other than to an affiliate of a shareholder, the selling shareholder must first offer these Shares to the other shareholders (*right of first refusal*), and each shareholder has a tag-along right in proportion to its shareholding *(tag along*).  **Drag Along.** If a Mission-aligned third party wishes to acquire 100% of the shares in the Company at a bona fide price and conditions, all shareholders are obliged to also sell their shares to that third party if the General Meeting agrees with a majority of 66% (drag along), [and provided that shareholders receive at least a value equal to [x%] the purchase price they paid for their shares].  **Put Option**. Each Investor can require the Company or Existing Shareholders to buy back all Shares held by the Investor at any time for a total 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 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. |
| **Profits allocation** | All Shareholders (including Investors) shall have equal rights to the liquidity proceeds, which shall be distributed pro-rata to the number of Shares held by each of them (i.e. no liquidation preference). |
| **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 [Investors/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 Investors 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 each Investor's satisfaction. * Mutual agreement on the definitive Transaction Documentation. * Approval by each Investor’s 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 Investors. They will promptly inform the Investors 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 Investors up to a maximum of EUR [25,000] ex vat.  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 Investors 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 Investors a total fee of EUR [ \_\_ ]] [reimburse the external costs made by Investors (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: | [Target 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]