

# **STEWARD-OWNERSHIP ALIGNED FINANCING**

A NEW QUALITY OF FINANCE

**“It just doesn’t make sense to produce a great, sustainable product, but then have an exploitative company structure and culture.”**

– Ines Schiller, Founder VYLD



**How can capital be invested so that it serves people, planet and society?**

**More and more wealth holders and institutional investors are searching for alternative, more intentional forms of investing.**

**“It was a good first step to shift investments to companies, looking at ESG and impact. But to realize my intentions and align my investments with my values, I need to also look at the investment structure and structure of the companies I support.”**

– Kai Viehof, Impact Investor



# MOVING BEYOND THE **WHAT** OF INVESTING TO **HOW** INVESTMENTS ARE STRUCTURED

**“More than the design of specific products or services, what matters most is the deep design of the organisation itself.”**

– Kate Raworth, Author of Doughnut Economics, University of Oxford, University of Cambridge



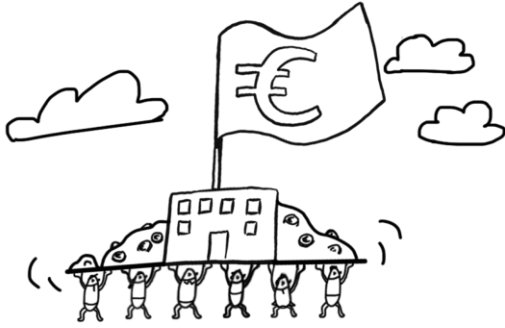
# **STEWARD-OWNERSHIP PRESENTS AN ALTERNATIVE DEEP DESIGN FOR COMPANIES**

**“We have the power to change, but doing so requires that we adopt a long-term stewardship view. (...) [Steward-ownership] is a very tangible and practical expression of stewardship as an alternative mindset to ownership.”**

– Adam Bendall, CEO Tonic







**In short: Instead of shareholder primacy and maximizing profits, steward-ownership creates a new system in which all stakeholders – including investors – are aligned towards the purpose of the company.**



# STEWARD-OWNERSHIP ASKS:



**Who should have control over a company and why?**



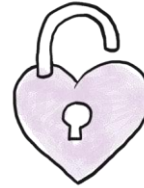
**Who should benefit from the value created and to what extent?**

# IT LEGALLY SECURES TWO PRINCIPLES:



## SELF-DETERMINATION

Power over the company cannot be speculated with but is held by people directly connected to the company's operation and mission: stewards, not absentee owners.



## PURPOSE-ORIENTATION

The company exists not solely to create shareholder value, but to solve problems for customers, people or planet. Profits are means to a purpose, not a goal in itself. They are reinvested, used to cover capital costs or donated.



# WITH MORE AND MORE STEWARD-OWNED COMPANIES, THE MODEL WILL BECOME INCREASINGLY RELEVANT FOR INVESTORS



... and many more

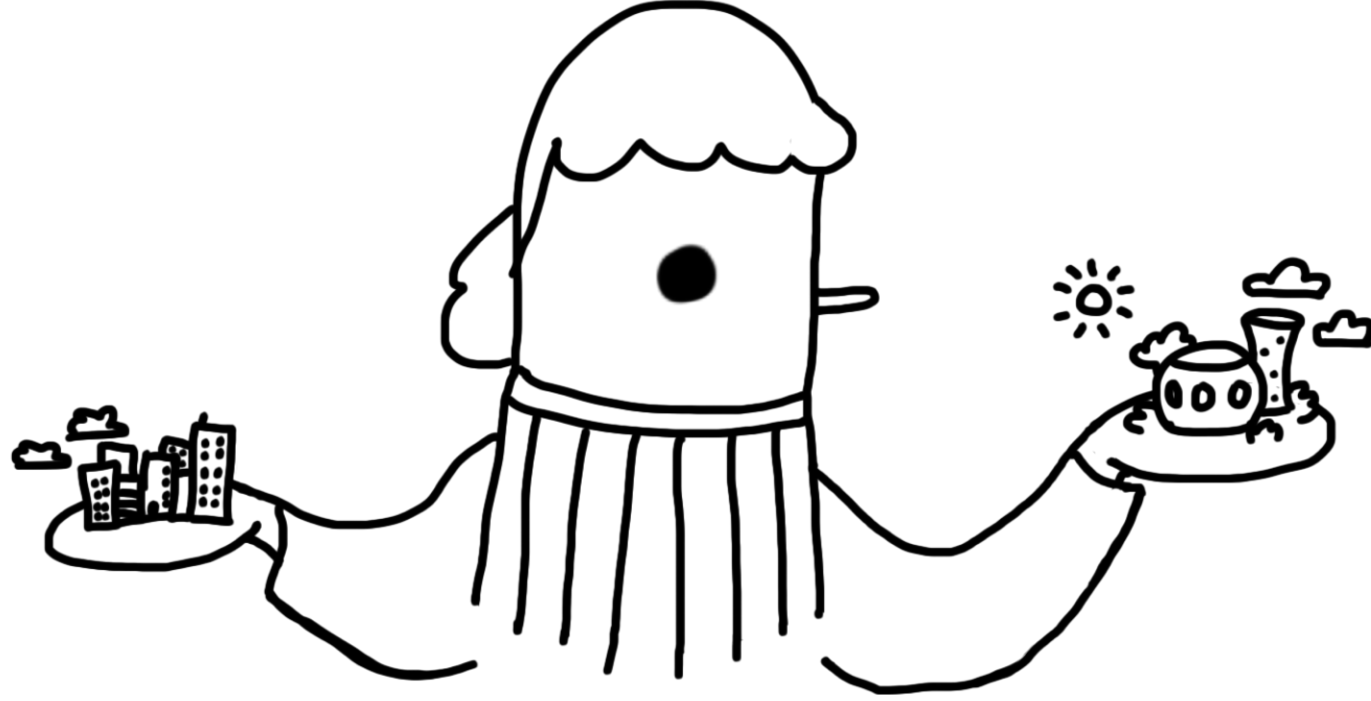
**Many investors loved what Patagonia or Ecosia did with steward-ownership – but are not investing in a way that enables the companies that could become the Patagonia of tomorrow.**

# **SO, HOW CAN ONE INVEST IN STEWARD-OWNED BUSINESSES?**

**INVESTING IN STEWARD-OWNED BUSINESSES MEANS  
BREAKING WITH CENTRAL PARADIGMS OF  
CONVENTIONAL INVESTMENTS.**

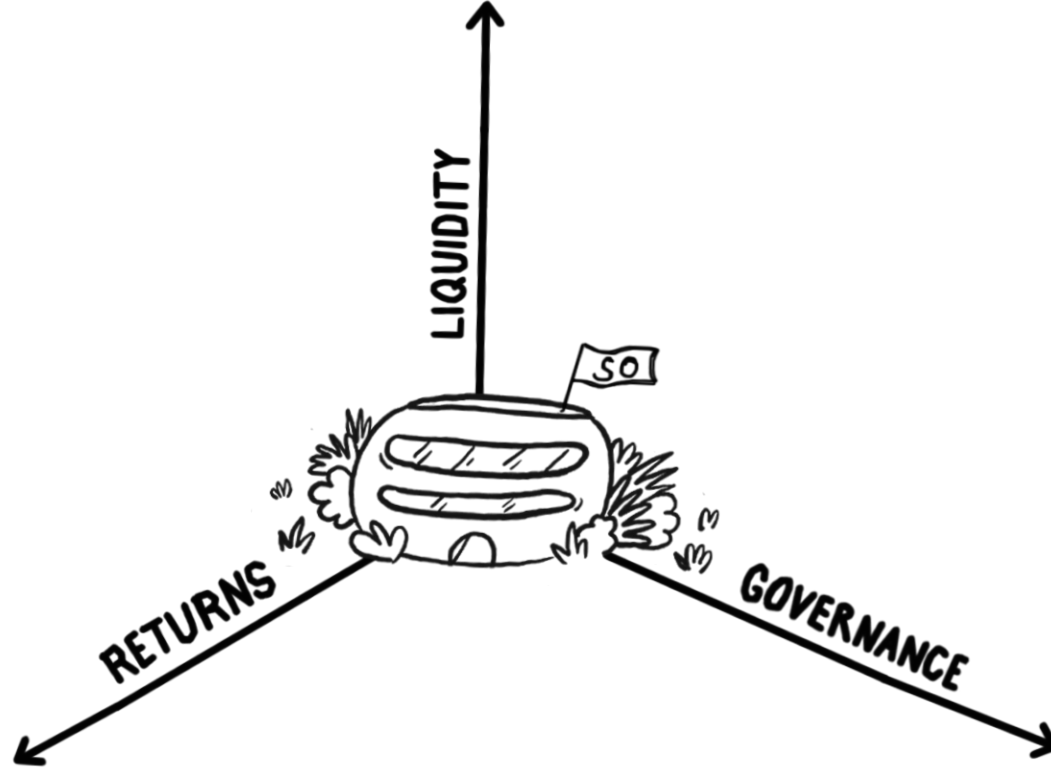
**IT ALLOWS FOR A NEW QUALITY OF FINANCE,  
OPENING THE DOOR TO A DIFFERENT INVESTMENT  
LOGIC, INCENTIVES AND RELATIONSHIPS.**

# WHAT CHANGES?





# Steward-ownership aligned financing differs from conventional investment on three main levels:



# GOVERNANCE

**From traditional equity investments ...**



**... to steward-ownership aligned financing**

**Money = Power**

Investing capital buys voting rights/  
control over the company.

**Power remains with stewards**

Entrepreneurial control over the company  
cannot be traded as a commodity. The role of  
investors changes from owners to investment  
partners for company.

# LIQUIDITY

**From traditional equity investments ...**



**... to steward-ownership aligned financing**

Exit/ IPO

Liquidity through selling company shares.

Structured redemption of investment

Liquidity comes from a repayment of the investment plus upside by the company from free cashflow or new financing rounds.

# RETURNS

**From traditional equity investments ...**



**... to steward-ownership aligned financing**

**Uncapped/ Maximizing**

The question is “How much is possible?” by betting on the growth of the future valuation of the company.

**Risk-adequate, not maximized**

The question is “How much is enough?”. Returns for investors can be high and risk-adequate, but potential returns are based on a fix or flexible cap defined by multiples, time, milestones or other processes.

## IMPLEMENTATION

Steward-ownership aligned financing can be implemented using various innovative financing structures, from specific forms of non-voting equity, mezzanine instruments to debt. Following the principals above, it can be flexibly adapted to the needs of companies and investors.



**STEWARD-OWNERSHIP ALIGNED FINANCING  
ENSURES THAT THE PURPOSE OF A COMPANY AND  
THAT ALL STAKEHOLDERS, INCLUDING INVESTORS,  
ARE ALIGNED TOWARDS THIS PURPOSE.**

**“The model suits itself well for impact investors and angel investors that want to work closely with a company that’s focused on ecosystem value and wants to solve a problem, and still expect a healthy return – which, of course, is possible. There can be a clear path to liquidity due to the structured exit once the company is profitable.”**

– Marc Rasmussen, Impact Investing Principal,  
DOEN Participaties



**AT THE SAME TIME, STEWARD-OWNERSHIP AND  
ALIGNED FINANCING ANSWER REAL-LIFE  
ENTREPRENEURIAL NEEDS**



# IT IS RELEVANT FOR DIFFERENT TYPES OF COMPANIES AND SECTORS

## **(FAMILY) BUSINESSES LOOKING FOR VALUE-ALIGNED SUCCESSION SOLUTIONS BASED ON STEWARDSHIP**

e.g. Patagonia (US), BOSCH (GER), Victorinox (CH), Organically Grown Company (US)

## **ENTREPRENEURS LOOKING FOR MORE COHERENT OWNERSHIP MODELS**

e.g. Locales Conectados (CL), BuurtzorgT (NL), John Lewis Partnership (UK), soulbottles (GER), einhorn (GER)

## **STARTUPS BUILDING COMPANIES THAT STAY MISSION-DRIVEN & INDEPENDENT FOR THE LONG RUN**

e.g. Ecosia (GER), Signal (US), OpenAI (US), wildplastic (GER), VYLD (GER)

# AND HAS POSITIVE IMPACT ON COMPANIES AND STAKEHOLDERS\*



**Long-term orientation**



**Better sustainability performance**



**Reduced concentration of wealth**



**More resilience in crises**



**Higher company survival rate**



**Higher employee retention rate**



**More potential for social mobility**



**Higher intrinsic motivation of employees**

**“It may sound quite boring to some people, it’s some legalistic changes here and there, but I think it’s a pretty massive transformation of how you would organize society and it could massively impact the behaviour of hundreds, thousands, millions of people.”**

– Rutger Bregman, Author of Humankind & Utopia for Realists

**STEWARD-OWNERSHIP IS AN OPPORTUNITY FOR  
MORE INTENTIONAL INVESTING.**

**IT PROVIDES A SOLUTION TO INVESTORS  
LOOKING FOR FORMS OF NON-EXTRACTIVE,  
REGENERATIVE FINANCE.**

**“I strongly believe that the steward-ownership model, or similar structures, are the most effective way to ensure that companies remain committed to their mission. As impact investors, it is important that we are mindful of our values and make a conscious decision about whether we wish to extract from or protect impactful companies. For those who choose the latter, this model truly adds value.”**

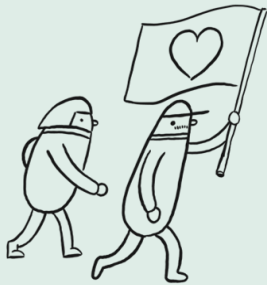
– Deborah Keller, Artha Impact, Rianta Capital



# BECOME PART OF THE FUTURE OF FINANCE



You can find specific financing cases, podcasts about steward-ownership aligned financing and other materials on our [website](#).



[Join the growing community of investors](#) interested in steward-ownership aligned financing to connect with like-minded investors and wealth holders.



You can contact us at [hello@purpose.ag](mailto:hello@purpose.ag) to learn more about steward-ownership aligned financing and investment opportunities.

# IMPRINT

## PUBLISHED BY

© 2023 Purpose Stiftung gemeinnützige GmbH  
Adrian Hensen (acting as Managing Director)  
Süderstraße 73, 20097 Hamburg, Germany  
Ph.: +49 (0) 40 65587898 | email: [hallo@purpose.ag](mailto:hallo@purpose.ag)

[www.purpose-economy.org](http://www.purpose-economy.org)

## COPYRIGHT

The content published here is protected by copyright. Third-party content and contributions are marked as such.

We are happy to share our knowledge and information with you. Since steward-ownership is a topic very dear to us, we publish all related content under the Creative Commons license "Attribution – No Derivatives 4.0 International (CC BY-ND 4.0)." This means that you are free to share our content if you provide appropriate credit, but you can't distribute derivatives of this work. This is to make sure that information is spread correctly.

However, as we generally encourage the spread of information on steward-ownership, we allow the derivation of our material under certain conditions. You can find detailed information on our website. If you value our work and the benefits of free content – we'd appreciate you giving back and supporting us.