Steward-ownership

A short guide-book to legal frameworks

Purpose Foundation

FOREWORD

This guidebook was written for lawyers from any jurisdiction looking into alternative ownership models and inclusive finance structures. It provides an introduction to the concept of steward-ownership and presents practical tools and insights about the implementation of steward-ownership structures. In this way, we aim to enable legal practitioners to support clients in developing ownership and financing structures that ensure that companies stay mission-driven and independent by retooling the goals and incentives that guide corporate decision-making.

The guidebook outlines specific ways in which companies can embed the principles of steward-ownership (self-governance and profits serving purpose) in their legal DNA and thus protect their values, mission and independence in the long term. Through exploring current, tested steward-ownership models, as well as important legal considerations for new or existing businesses wishing to adopt a mission-focused structure, we offer some guidance and inspiration for lawyers in finding creative ways to assist their clients to achieve their goal.

INTRODUCTION

An introduction to steward-ownership

Before giving an in-depth explanation of steward-ownership, we must start by unpacking the very concept of "ownership".

Unpacking ownership...

Laws today typically define corporate ownership as an investment and an asset for generating personal wealth to the shareholders. Fundamentally, ownership of a business signifies both governance rights (i.e., voting rights, the right to govern and control an entity) and economic rights (i.e., the right to share in any profits generated by its operations). In conventional businesses, a person who purchases equity obtains a partial ownership stake of the company, affording the owner both voting and dividend rights. Together with the other shareholders of the company, that person holds the ultimate decision-making power and, amongst others, the right to decide whether to buy, sell, or dismantle the company for any reason. That same person, as owner of the company's stake, has the right to get the profits and privatize the wealth generated by the company. Ultimately, corporate law defines purpose as the maximization and distribution of profits to its shareholders.

Corporate ownership is traditionally bought or inherited. In other words, the allocation and reallocation of ownership has traditionally been attributable to blood or money, which are the traditional legal mechanisms that govern the transference of power and control in companies. They are sustained by the underlying understanding of a company as an asset designed to build wealth to the benefit of the owners and/or the family.

This legal reality is the foundation of conventional corporate ownership, the basic element of financial markets, and the operating system of the current shareholder-value-maximizing economy.

...and rethinking it: steward-ownership

The Purpose Foundation believes that redefining corporate ownership and retooling the motivations that underlie decision-making in business is an essential step on the road to building an economy that supports people and the planet. The current normative legal forms for corporate ownership have made it difficult for businesses and the leaders within them to deliver on their long-term purpose and economic success, maintain their relationships with stakeholders, and operate within the planetary boundaries.

Conventional corporate forms legally code companies as assets or commodities, i.e., private property from which wealth can be extracted either through distributions or a sale. This framework mandates the prioritization of value-creation above purpose, and most commonly dislocates control over the business from its operations and stakeholders. This results in what the 20th Century economist Thorstein Veblen called “Absentee Ownership”.[1]

For a growing community of entrepreneurs, investors, and corporate leaders, this legal framework contradicts why they started businesses and what role they see their organizations playing in the creation of a more just economy. These pioneers are looking for legal tools that enable them to protect their independence and maintain control in the hands of people active in the business or invested in its mission, so that they are empowered to make decisions that are in line with the company’s purpose, support its long-term financial success, and that reflect its commitments to stakeholders.
Steward-ownership is an innovative approach to the ownership and operation of businesses that places these tools in the hands of business leaders.

[1] Veblen, 1923

Key principles of steward-ownership

Steward-ownership represents an innovative alternative to conventional ownership, but it is also time-tested and proven to work by many successful and resilient businesses like Bosch, Zeiss, Novo Nordisk, Carlsberg and many others. All these steward-owned companies are legally and perpetually committed to two key principles:

Self-governance

Steward-ownership structures keep control with the people who are actively engaged in or strictly connected to the company's mission (the "stewards"). In order to safeguard and further the purpose, the steering wheel of the company (i.e., control held through the majority of voting rights) can only be held by stewards, and control can never be sold or inherited like an asset. The steward may pass on stewardship, but only to another steward who shares the vision of the company and serves its long-term purpose. Depending on the culture and organization of the company, the stewards can be "insiders", i.e. people directly active in the company (such as managers or employees), and/or "outsiders" (such as advisors deeply connected to the business, representatives of certain stakeholders, the previous generation of stewards, etc.).

Profits serve purpose

For steward-owned companies, profits are a means to an end - the means by which their purpose can be furthered - and not an end in and of themselves. Profits are either reinvested in the business, used to repay capital, shared with stakeholders, or donated to charity. Founders and investors get their fair return, but in a healthy and sustainable way, which does not compromise the long-term development of the company under the guide of the stewards.

Steward-owned companies have been found to be more successful over the long term and to act in the interests of a broader range of stakeholders, including employees, consumers, and society. This is connected to the fact that a steward-owned company – essentially and in non-legal terms – "belongs to itself and its purpose", allowing it to be stewarded towards what is actually best for the company, intended as a social organism made of its different stakeholders and embedded in society.

Steward-ownership has the potential to drive systemic change to the corporate sector. It could transform how we think of companies and the way they should interact with the world around us. Steward-ownership is not just a corporate model, but a move towards a more mindful and inclusive global business society.

STEWARD-OWNERSHIP & BUSINESSES

Why businesses want steward-ownership

Here are some common situations in which steward-ownership is particularly useful and needed to protect the company's development and mission in the long term:

A family's legacy

Often, when a family builds a company, it does so with a vision and values of what it wishes to impart to its community and posterity. Family businesses represent trustworthiness, stability, and commitment to relationships. Free from the pressure of outside shareholders, these businesses have the flexibility to reinvest in their people, products, and practices. This makes them uniquely innovative and long-term oriented. It is well-documented that this far-sighted mission struggles to survive in moments of leadership succession or family crises such as divorce or inheritance issues.

Steward-ownership provides an alternative to inheritance or sale. It ensures that the family's legacy will survive and always have a presence in the business's core activities. It provides for succession mechanisms selecting the fittest person, independent of blood relations, to steward the company towards its purpose. At the same time it allows successive family generations the opportunity for economic, governance, and leadership participation in the company, as well as for talented, values-aligned leadership to advance within the business.

Social enterprises – mission-driven startups

In the startup phase, businesses are presented a generic, one-size-fits-all approach to growth capital, designed to produce unicorn businesses and home runs for investors. These investments typically force businesses on a track to fast growth or failure, and ultimately push the founders towards an exit, either through a sale or an IPO. This approach to growth capital investment has been adopted also by the impact investment community, along with the funding structures and financial expectations that accompany it. Yet these conventional investment forms are often at odds with the ambitions of millennial and Generation Z entrepreneurs and their founding values and missions. These founders are interested in more than just money. In the face of mounting social and environmental crises, they have deliberately chosen enterprise—rather than policy, non-profit, or activism work—as their vehicle for social change. They want to create businesses that are social and sustainable. As a result, they often struggle with conventional, institutional venture capital terms, which can force them to dilute their founding missions to satisfy the needs of investors (e.g., exits, growth, etc.). Startups are looking for alternative investment and ownership structures that do not force founders to sell their companies or compromise their missions. This is even more compelling for companies offering products and services essential to the common good and where users play an active role (like network, search machines, crowdfunding platforms), to secure their independence, protect their mission and their users and allow innovation, healthy competition and diversity.

Succession alternatives for mature businesses

Founders and owners of mature businesses face a fundamental tension between the need to achieve liquidity for themselves and investors and the desire to maintain their companies' missions and values. Having seen the fates of their peers' businesses after they were sold (willingly or unwillingly) to multinationals and private equity firms, they are skeptical that these new parents can maintain their missions and values in the face of pressure from public markets, shareholders, and limited partners. Many express concerns about impact investors' long-term commitment to a company's mission, values, and stakeholder community given their market-rate return expectations and occasional resistance to legally codified company-specific standards and values. As a result, these founders feel forced to choose between liquidity and loyalty to their mission and community. New solutions are needed for providing liquidity to retiring founders and exiting investors without undermining their companies' visions.

What makes steward-ownership unique

Steward-ownership provides a paradigm shift from conventional business models. The following are examples of what makes steward-ownership a unique endeavour for companies:

De-commodification

The company is no longer a saleable commodity but rather an entity that survives independently for a particular purpose. The profits are no longer extracted for personal gains, but rather reinvested or retained to promote the mission.

Focus on purpose

The company, and the value it generates, exists for and finds its North in its purpose. This is achieved through various provisions that prevent outsiders from tampering with and altering the company's long-term goal of serving its purpose.[2]

Long-term orientation

The company can focus its long-term goals on innovation and social/environmental impact through sustainable economic development and growth, without having to compromise it for short-term excess profits demanded by stockholders and other investors.

Diverse governance

Since voting rights and economic rights are split, the governance control can be given to those who are active in the business and/or strongly aligned with its purpose. Control can be distributed among various stakeholder groups to ensure that there is a balance in protecting the long-term mission. In addition, the voting rights are not saleable, which means governance can always be placed in the hands of those who wish to further the company's goals.

Maintained localism

Control is kept close to the company, either within its employees or the greater community it serves. Decisions are not driven by distant investors or shareholders, but rather by those that are closely linked and deeply involved in the company's success and mission. Statistics and profit are no longer the driving factors and the people become the company's guiding force.

Equitable value distribution

Capital is understood as a resource for sustainable growth. By reinvesting profits rather than extracting them for personal gain, the company stays independent and can make innovative decisions on its future actions.
Its capital is then shared with the company's stakeholders, including but not limited to their shareholders and investors, so that all who are touched by and involved with the company are able to share in its successes.

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[2] In some special cases it can be provided that the company can be sold, provided that the sale profits (if any) are not privatized, but rather invested in a way which is compatible with the purpose and mission of the company.
Examples are: worst case scenarios where the company is on the verge to bankruptcy and a sale is preferable to liquidation from a purpose-perspective; sale to another steward-owned company.

What are the benefits of steward-ownership?

Since profits are not extracted for personal gain, they can be used to invest in innovation, people, and the future or to build up reserves. The following are a few of the many benefits of steward-ownership.

Aligned incentives among stakeholders, loyalty and reputation

The focus on purpose reflected in the ownership structure of these companies has a powerful impact on the relationships with the stakeholders. It undoes the adversarial dynamics between capital and labor and replaces them with a structure that enables stakeholders to share in the common goal of the company's purpose. Partners and clients benefit from the improved service of a company in which employees and managers feel connected to and directly responsible for a company's mission. This leads to long-term customer loyalty and better reputation.[3]

Prevents acquisitions & consolidations

These companies become "self-owned" as they break away from the tradition of consolidating with others to centralise the industry. They no longer require constant merging in order to survive and grow because they have the ability to make decisions based on mission rather than profit.

Improved survivability

Studies have shown that steward-owned companies are six times more likely to survive over a forty-year span than conventional companies. These companies also tend to be more resilient in times of economic downturns, thus making their long-term survival brighter.[4]

Democratises wealth

Since these companies are protected by a steward and ownership is exclusively given to those people or entities who promote its purpose, the company is no longer inheritable by family or blood. This prevents dynastic wealth transfer and maintains the wealth with the company itself.

Better employees, more talent

Employees tend to experience increased job security, better representation in corporate governance, and fairer pay. This leads them to remain with the company and be more inspired in their workplace, empowering them to do their jobs with more enthusiasm and dedication.[5]

Increase innovation

Since profits are not distributed to shareholders, a higher percentage of capital can be invested into research, development, and design. This promotes innovation and keeps an eye on the future.[6]

3. Allensbach-Study, 2012
4 Thomsen, S. & C. Rose, 2004; Thomsen, S., 2017
5. Børsting, C. & Thomson, S., 2017
6 Thomsen, S. et al., 2018; Børsting, Kuhn, Poulsen, Thomsen, 2017

Examples of steward-owned companies in the world

Novo Nordisk A/S	Carlsberg A/S	Sharetribe Oy	Robert Bosch GmbH
Industrial foundation-owned	**Industrial foundation-owned**	**Golden Share model**	**Trust-Foundation structure**
Denmark	Denmark	Finland	Germany

Waschbär GmbH	soulproducts GmbH	Carl Zeiss AG	Ecosia GmbH
Golden Share model	**Golden Share model (with Gbr)[7]**	**Foundation-owned**	**Golden Share model**
Germany	Germany	Germany	Germany

TÜV Rheinland AG	Empresa Social de Comercialización de Productos Spa	Pierre Fabre SA	Inter IKEA Holding BV
Commercial association-owned	**Foundation-owned**	**Foundation-owned**	**Foundation-owned**
Germany	Chile	France	Sweden

[7] The GbR (Gesellschaft bürgerliches Recht) is the German equivalent of a partnership. The voting rights of Soulbottles are held by a GbR, whose partners are the employees who have been with the company for a certain amount of time. This structure reflects the holacratic principles to which the company is committed.

Triodos Bank NV	BuurtzorgT BV	Rolex SA	Victorinox AG
Foundation-owned[8]	**Golden Share model**	**Foundation-owned**	**Double foundation-owned**
Netherlands	Netherlands	Switzerland	Switzerland

John Lewis Partnership plc	Scott Bader Co.	Organically Grown Co.	Mozilla Corp
Foundation-owned	**Trust-owned**	**Perpetual Purpose Trust**	**Foundation-owned**
United Kingdom	United Kingdom	USA	USA

Berrett-Koehler Publishers Inc.	Equal Exchange Coop	Tata Sons Private Limited	EcorNaturaSí SpA
Perpetual Purpose Trust	**Steward-owned cooperative**	**Trust-owned**	**Foundation-owned**
USA	USA	India	Italy

[8] Triodos Bank uses the STAK ("Stichting Administratiekantoor", a Dutch vehicle that shares some characteristics of a foundation and some of a trust) to protect its mission and to separate voting rights (which stay with the STAK) from economic rights (which are represented by depository certificates issued by the STAK).

STEWARD-OWNERSHIP: LEGAL SOLUTIONS, TOOLS & CASE STUDIES

The role of lawyers

Finding a tailored solution to the challenges faced by a business wishing to ensure its financial prosperity as well as the sustainability of its purpose, mission and long-term independence, requires creativity and strategic thinking. Lawyers are an indispensable part of the process of designing a steward-owned structure, thus enabling a business to pursue the best interests of its mission and its stakeholders as successfully as possible.

The transition to steward-ownership is a complex process that does not focus on a specific legal structure or even a fixed model, like those discussed later in this guidebook. Rather, it is about developing a deep understanding of people and values, financial realities and logistics, then creating a plan to fit these pieces into a legal form which exists in the relevant jurisdiction together with a clear governance structure, so that the business can operate as a steward-owned entity.

Lawyers might be mindful that the legal set-up is just the final step of this process, which starts with the intimate process of the current owners willing to make this transition and then involves all the stakeholders of the company. In complex cases, it is recommended to seek the assistance of business consultants with experience in transitioning a company with a traditional legal form to a steward-owned structure.

This is an overview of what the process could look like:

1. Soul-searching:
Understand what has brought and connects the client to steward-ownership

2. Information gathering:
Assess the size and type of business, its current financial and governance situation as well as feasibility of a transition in the short- or medium-term.

3. Stakeholder engagement
Consult and align stakeholders.

4. Make a transition plan:
Design new financial deals, research, and decide on legal forms and governance. Discuss, adjust and align the plan with your stakeholders as needed.

5. Execute legal form transition
Formally set up desired outcome for governance and profit-sharing.

Lawyers must remember that steward-ownership cannot be easily defined in the way a traditional, profit-driven corporation can and cannot be described purely by reference to particular legal forms existing across jurisdictions. Instead, it represents an innovative approach built on the two principles (1) self-governance (and the relevant governance structure allocating the decision-making power within the company) and (2) profits serving purpose (and the relevant company profits sharing mechanisms and structures). When creating a corporate structure for a steward-owned company, lawyers must keep coming back to these principles.

It is exciting and challenging to advise on steward-ownership. Different jurisdictions present unique obstacles in navigating the current, nearly universal presumption that a company is an asset of the shareholders with the purpose of maximizing profits to their private benefit. However, this cultural paradigm is slowly shifting. It is the role of lawyers to tackle outdated hurdles, think creatively and embrace solution- and mission-focused perspectives.

Furthermore, lawyers are not limited to only helping to execute and prepare companies to transition to steward-ownership. They can also work with their government to help cement steward-ownership models as a viable legal entity. In Germany at the time of publication of this guidebook, the *Stiftung Verantwortungseigentum* (Steward-ownership Foundation), together with lawyers and academics are working with the Ministries to develop a proposal for a new legal form to codify steward-ownership into German corporate law.

Solutions and tools for embedding steward-ownership principles

There are many possible tools available for embedding steward-ownership into a company's structure. The choice of tools will depend on (1) your client's needs and goals, and (2) your jurisdiction's legal limitations. Below are some of the tools commonly used, but it is important to remember that any one of these alone is not sufficient to achieve steward-ownership. It is important to remember that any one of these alone is not sufficient to achieve steward-ownership. The two principles of steward-ownership, **self-governance** and **profits serving purpose**, as described above, can guide you in creatively combining these tools into a unique structure – how can you help your client embed them in their corporate structure forever?

Division of Rights

The splitting of economic and voting rights removes incentives to prioritise profits over purpose and ensures control of the company remains with its stewards

Governance

Governance structures can help to keep long-term control of the company with the people most connected to its mission

Golden Share

Issuing a veto right to an independent entity can prevent significant changes to the company structure and help to guarantee mission lock

Perpetual Purpose Trust

Using a perpetual purpose trust as the company's sole or majority shareholder can help to ensure that the company will never be forced to exit

Foundations

A foundation is per se a self-owned entity. As controlling shareholder it can serve as a guardian of the steward-owned business

Employee Trusts & Cooperatives

An employee trust or cooperative can help a company keep owner-employees driven to advance the mission, thus leading to the company's success

Alternative Investment Instruments

Steward-owned companies have a range of alternative investment instruments to ensure sufficient capital to achieve their purposes

Non-Profit Associations

Non-profit associations can be used as a vehicle to hold either the voting rights or the economic rights of a steward-owned entity

A historical example of creative legal structuring: Bosch

Bosch steward-ownership structure

The Bosch Group is one of the leading technology and service companies in Germany, founded in 1886 and reaching a global presence in approximately 60 countries today. Its founder, the entrepreneur, industrialist and philanthropist Robert Bosch began laying the groundwork for the future governance structure of the Bosch Group and experimented with different ownership forms prior to his death in 1942. In his will, Bosch outlined three possible future ownership structures for the company, among which his will-executors chose what may be defined as “trust-foundation structure” or “two entity structure”, which ensured its independence and sustainable growth up until today.

The trust-foundation structure was implemented in 1964. The Robert Bosch Foundation, a charitable organisation, holds 92% of the economic rights, but no voting rights B-shares. The Industrietreuhand KG (“Kommanditgesellschaft”, the equivalent of a limited liability partnership) holds 93% of the shares with voting rights but no economic rights A-shares. The foundation and the KG may block each other from selling any shares.

The stewards are the trustee shareholders of the KG. Of the ten total, four are current or former Bosch executives, and six are external business professionals who can bring an outside perspective. Each steward holds one vote for 5-year terms and they must make decisions unanimously when possible. The KG controls Bosch both directly and indirectly through its selection of board members. The Bosch family received 8% of the company’s dividend shares and 7% of the company’s voting shares, which they still hold today.

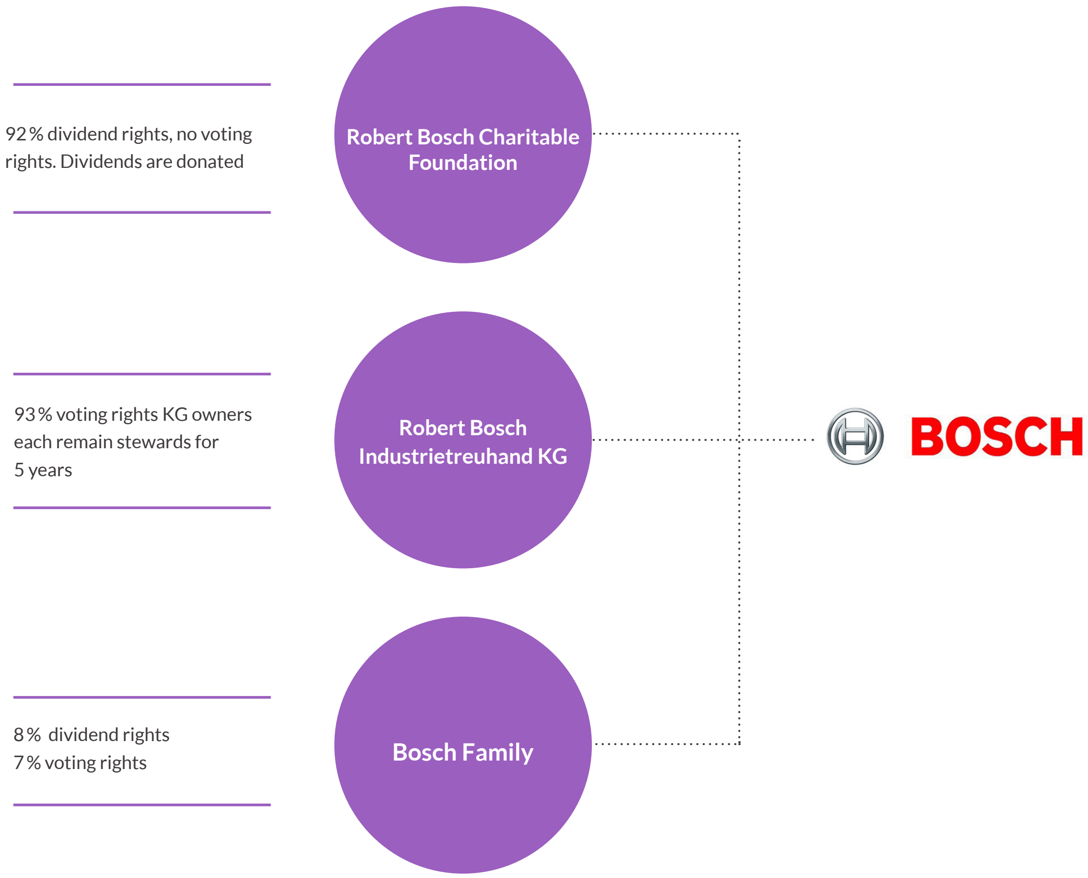
By separating the economic rights from the voting rights, the structure legally ensures that the long-term objectives of the Bosch Group will be self-governed because there are no incentives for the company’s committed stewards to maximise profit over the company’s mission, culture, or environmental impact.

This has proved key to the Bosch Group’s success. For example, Bosch invested heavily in eco-friendly technology decades before most others, which lowered short-term profitability, but created a market advantage in the long-term. The profits are mainly reinvested into the business enabling great innovation or donated through charitable and social causes – an amount reaching over €100 billion as of 2017. However, because of this clear separation of voting and economic rights, the entrepreneurial arm of Bosch can act fully independently, and there is no mechanism for the Bosch Foundation or the Bosch family, who hold the economic rights, to pressure the company to distribute more profits for charitable purposes or the family wealth.

The Bosch story is a great example of innovative and creative structuring, using some of the tools outlined in the previous pages. Bosch was able to leverage two different vehicles and the separation of shares into classes splitting voting and economic rights, in addition to including a prohibition on the sale of voting shares and a strong governance structure.

Bosch steward-ownership structure

Graph 1. Bosch steward-ownership structure



Current examples of steward-ownership legal implementation

The following sections will focus on two models which are being used in different jurisdictions to implement steward-ownership, and combine some of the tools mentioned above: the Golden Share model and the Perpetual Purpose Trust. They represent two of the many possible structures and tools which can be used to embed the principles of steward-ownership in a company structure.

Golden Share model

Executive Summary

The instrument of the "golden share" originally emerged in the 1980s when the United Kingdom government decided to privatise many well-known companies. However, to enable the government to continue protecting the public interest, Parliament retained some shares that they called "golden shares" with special veto-rights.

At the beginning of its activities in Germany, the Purpose Foundation undertook a legal investigation to look for easy, affordable and safe solutions to entrench the principles of steward-ownership without implementing complicated and expensive structures, like the one of Bosch. The Purpose Foundation found a shortcut in the golden share. A relatively simple division of the share-capital into different classes of shares, the so-called "Golden Share model" embeds the principles of steward- ownership in the articles of association of a normal limited liability company as follows:

Self-governance

Shares with voting rights and no economic rights are held by the stewards and cannot be sold to the highest bidder or automatically inherited by blood successors. When stewards leave their role as managers or employees of the company, they must pass their voting shares to capable and mission-driven successors or return them to the company.

Profits serving purpose

The articles of association provide for a profit-sharing model reflecting the following: profits are reinvested into the purpose, shared with stakeholders (employees, community, providers) or donated. Shares with limited/capped profit rights, but no voting rights, can be issued to founders and/or investors.

These two principles and their practical implementation are protected by the issuance of a "golden share," held by an independent no-profit foundation (or similar asset-locked entity, more on this in the Legal Consideration section below), which has the authority to veto any attempts to unwind the structure, or undermine the separation of control and economic rights, or sell the company.

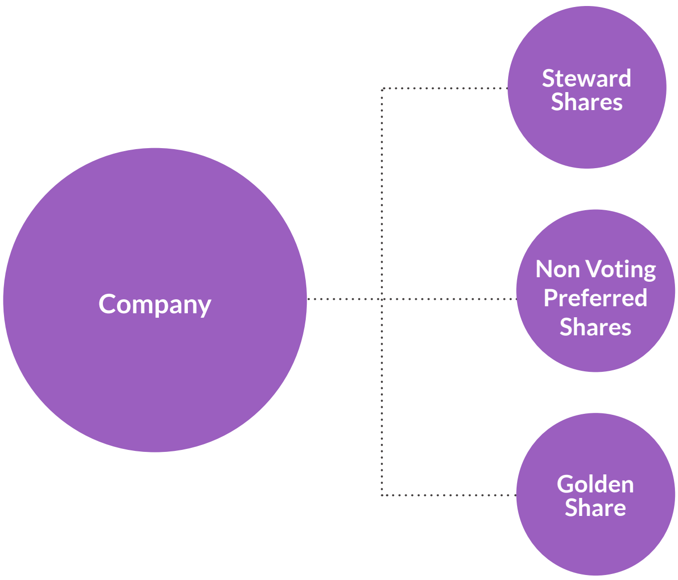
Benefits

The great advantage of the Golden Share model is its simplicity. Through a mere restructuring of the share capital of a normal limited liability company, the principles of steward-ownership can be embedded in the legal DNA of the same. This structure grants companies complete entrepreneurial freedom, while ensuring the principles of steward-ownership are preserved, as well as, avoiding the legal complexity and higher costs which can be associated with hybrid models, which require the company to set up a non-profit foundation or association to protect the company mission and independence.

Structure

In the Golden Share model the steward shares and the golden share are required, while the non-voting preferred shares are optional.

Graph 2. Golden Share model



These shares typically represent 99-100% of the voting rights, without any dividend rights. These shares are held and passed on to able and aligned successors (the "stewards") at nominal value and cannot be automatically inherited.

Non-voting preferred shareholders hold economic rights but not voting rights. These shares may be issued to a charitable entity, investors, employees or founders (thus representing delayed compensation for their work in the early years).

The golden share grants to its holder a veto right (or 1% or less voting rights) over certain provisions of the articles of association or corporate action which are essential for steward-ownership principles like the division into classes of shares or issuance of a new one, sale, liquidation, or other relevant actions. Notably, the golden shareholder cannot weigh in on the company's daily operations or in any corporate decisions other than those that would change the company's constitution regarding its steward-ownership.

Tools used: Division of rights, golden share, alternative financing instruments, foundation (third party as golden shareholder).

Examples: Sharetribe (Finland), Zielwear, (USA), Ecosia, Waschbär, soulbottles, Einhorn, Arche (Germany), GreaterThan (UK), BuurtzorgT (NL)

Legal considerations

Whether your client is a new or existing business adopting the Golden Share model, you may consider the questions, tips and jurisdictional examples below. Please note that these points are not meant to be exhaustive but merely illustrative of some of the legal/tax issues that have been encountered in some jurisdictions. It is strongly recommended to obtain accurate legal and tax advice before setting up a steward-owned company.

Corporate law

Does the law provide any restrictions on the types of shares that may be issued?

In countries like the United States, Germany, the Netherlands and the UK, corporate law is generally very flexible. However, in some jurisdictions legislation prevents the issuance of shares carrying no economic rights (e.g., Italy, Brazil, Chile), or shares carrying no voting rights (e.g., Austria, Switzerland, Sweden). In such cases lawyers should look for solutions (limiting the respective rights to a minimum, setting special majorities and additional guarantees) to effectively safeguard the principles of steward-ownership.

Governance, shares and transfers

Which third party can be the holder of the Golden Share and thereby be entrusted with the safeguard of the mission and independence of the company?

A veto-service provider (the golden shareholder) must be a trustworthy entity, steward-owned itself (like a foundation or another asset-locked entity depending on the jurisdiction) and have clear provisions in its own charter that ensure it uses this veto right to protect the provisions of steward-ownership. One option is that the golden share is held by the Purpose Foundation, which offers this service and has a safe tested governance structure which obliges itself to veto any decisions jeopardizing steward-ownership.

Who holds the steward shares?

In steward-owned companies voting rights are held by the stewards, who are the guardian of the mission and long-term vision of the company. Some companies explicitly limit the group of people eligible to receive those shares (e.g., only active shareholders, managers, clearly defined groups of stakeholders).

How are steward shares transferred?

To ensure that control is always held by stewards, the question of succession is fundamental. The articles of association of steward-owned companies include specific succession mechanisms ensuring that the steering wheel of the company remains in the hands of the right stewards. How successors are chosen varies across companies (e.g., stewards select their successor, succession board made of different stakeholders, etc)

From a legal perspective it should be ensured that:

- these shares are not automatically transmitted to the blood successors; and
- when a steward leaves the company the shares are transferred to the next successor or back to the company at nominal value.

Instruments like a call option by the company or cancellation of shares can help to tackle these issues.

What's the typical structure of non-voting preferred shares?

They are optional and their structure varies among companies. It can include multiple classes of economic stock held together or separately by investors, founders and employees.

Because steward-owned companies do not aim for an exit– at least not in the traditional sense – they need alternative ways of providing investors with liquidity. As a result, the non-voting preferred shares are often constructed to provide either long-term dividends up to a certain cap or redemption (buy-back) opportunities for the company or its investors.

These shares are normally constructed with a capped return value or some kind of performance-based return rate, and an agreement on a redemption schedule between investors and the company. It is common for this schedule to include a "holiday" period, when the company is expected to invest fully in growth and not redeem any of the outstanding equity obligation. These shares can also have an "open-ended" dividend, allowing investors the option to hold shares long-term if they choose.

In case of economic shares issued to founders/ employees, a cap is necessary to avoid conflict of interests between mission-preservation and profits-maximization.

Tax

What will be the tax consequences of issuing and/or transferring steward shares and a golden share?

Steward shares and the golden share should have negligible value for tax purposes because there are no economic rights attached to them. The transfer should be done at nominal value (principle "naked in – naked out"). An accurate analysis of local tax practice and case-law and, eventually, a check with the competent tax authority is recommended.

In the case of an existing business transitioning to the Golden Share model, what are the tax consequences?

Depending on the specifics of the case, the transition to a Golden Share model would ideally be done in a tax-free reorganization of the capital structure through conversion of shares, as far as the voting shares are concerned. For shares bearing economic rights, valuation of existing shares will be key in how the share conversion will be implemented in this model.

Enforcement & liquidation

Will the Golden Share structure be enforced under local law?

It is important that the structure is embedded in the articles of association to ensure enforceability and not simply a contractual right. Depending on the jurisdiction, solutions implemented in the shareholders agreement can be less effective and secure than those reflected in the constitutional documents: they are usually limited in time by law, and in case of breach only right to damages is given.

What happens upon liquidation of a steward-owned company?

Beyond repaying investors and founders in full, a steward-owned corporation should name some way to "re-assign" the residual value that would normally be assigned to the shareholders in the case of a liquidation. Steward-owned companies often include a clause in their constitutional documents that dictates how the proceeds of a liquidation would be distributed or decided upon (for example to one or more non-profits which work on a similar mission to the company, but which has no other direct financial benefit from the liquidation).

Investors & financing

Please refer to the guidebook sections on Financing and Alternative Investment Instruments, below at page 32 ff.

Case-study: Sharetribe

Golden Share model (Finland)

Sharetribe co-founders Juho Makkonen and Antti Virolainen started building sharing platforms in 2008. Since then they have grown Sharetribe into a thriving business with the mission of democratizing the sharing economy by making platform technology accessible to everyone.

Sharetribe represents the alternative to platform giants like Airbnb and Uber, which provide effective cost-cutting solutions but extract relatively large cuts from each transaction, leaving little to be distributed to the people working through these platforms. As a result, freelancers using these platforms often struggle financially and do not receive the benefits to which traditional employees would be entitled. Sharetribe technology enables individuals to leverage the positive aspects of sharing marketplaces while ensuring that the value created is distributed fairly, people have control over the conditions of their work, and resources are utilized efficiently.

To protect this mission and avoid becoming an extractive platform giant, Juho and Antti transitioned Sharetribe to steward-ownership in 2018. Their Golden Share model ensures that the company will be controlled by the people most connected to its operation, mission, and customers over the long-term. It also enables the company to take on new investments, and allows founders and early employees to share in the upside of the company's success.

In addition to the golden share (issued to the Purpose Foundation) and the steward shares described generally above, Sharetribe issued investor shares and founder shares. The investor shares represent dividend rights, but not voting rights. They are redeemable shares, which in the company's last round of financing sold for €20/share. The shareholder agreement requires the company to use 40% of its annual profits to redeem these shares for €100/share until they have been fully redeemed.

If Sharetribe is unable to meet its goal of buying back all the shares in the next 10 years, it will need to either redeem the remaining shares immediately from its free cash flow, refinance, or use 100% of its EBITDA in subsequent years to redeem shares until all Investor shares are bought back.

During the transition to steward-ownership, the shares already held by founders and early team members were split into two types of new shares: each old share became one steward share and nine founder shares. The founder shares do not include voting rights, but they include a right to redemption similar to that of investor shares. The redemption schedule for founder shares is designed such that most of the redemptions for this class will happen only after the investor shares have been fully redeemed.

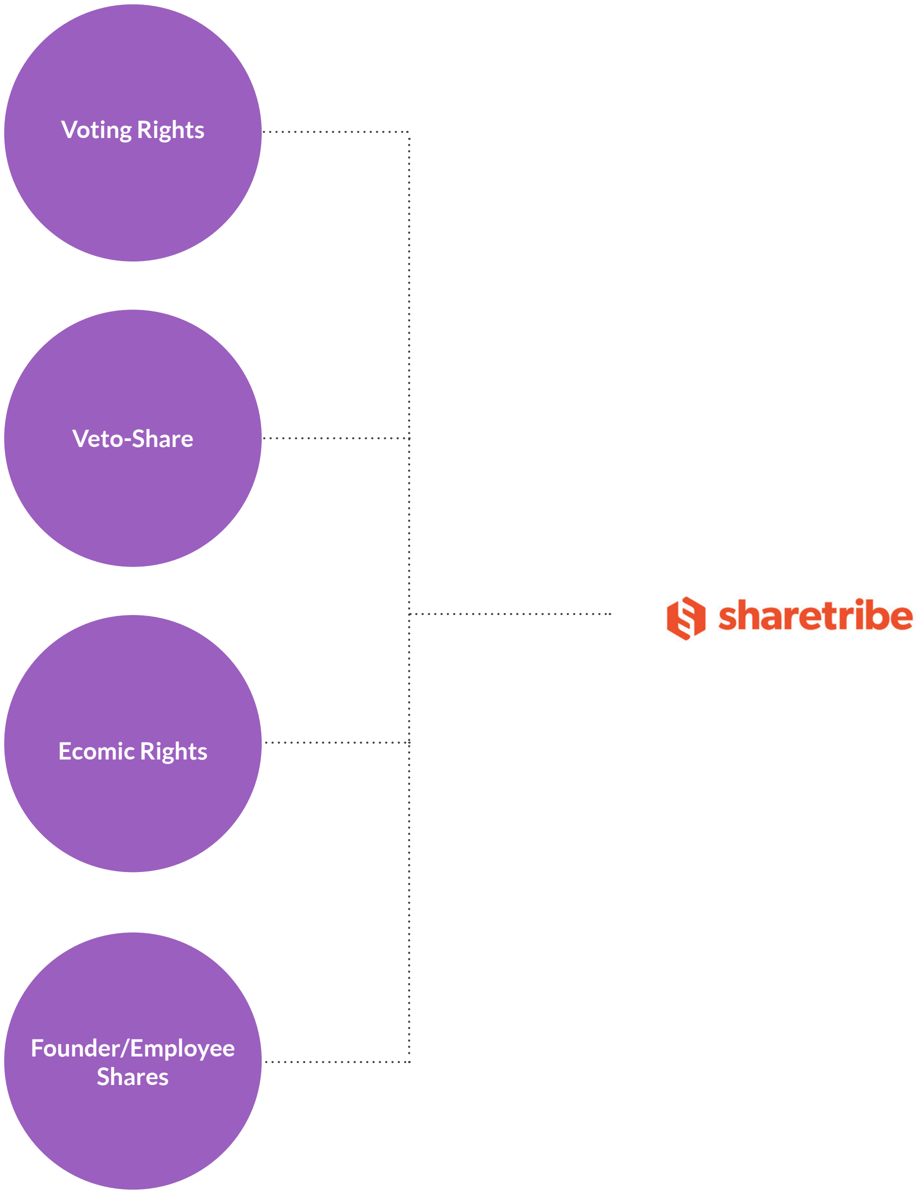
Graph 3. Sharetribe steward-ownership structure

A-Shares
A-Shares have voting rights, but no dividend rights and are held by stewards. Holders of these shares must be active within the company. Founders hold the majority of these shares.

B-Shares
The Purpose Foundation holds a 1% veto share without dividend rights. This B-Share can block a sale of the company and any change to the charter that would undermine steward-ownership.

C-Shares
C-Shares have dividend rights, but no voting rights.

D-Shares
D-Shares are held by founders and early team members. They have dividend rights, similar to investor shares, but no voting rights and a capped upside. They represent delayed compensation for the founding years.



Perpetual Purpose Trust

Executive Summary

The Perpetual Purpose Trust (PPT) is a non-charitable trust established for the benefit of a purpose rather than a person. Unlike most trusts, which generally, in the United States, last 21 years or end with the death of the grantor, a PPT may operate indefinitely. The PPT structure grants a great deal of flexibility as to how trust agreements are structured, the purpose of the trust, and how the operating bodies relate to one other. The PPT structure enables a company to remain permanently independent and to continue to deliver on its positive environmental, social, and economic goals without pressure to demonstrate short-term quarterly profits or produce exit-value for shareholders. Furthermore, it enables the stewards of the organization, who often represent a broad range of stakeholders, to realize the company's purpose while sharing in its profits.

Currently only four U.S. states (Delaware, New Hampshire, Wyoming, and Maine) have trust laws that meet all the criteria for a PPT. Additionally, Oregon recently enacted an amendment to their trust code creating a Stewardship Trust, which also meets the criteria for a PPT.

In the PPT model the principles of steward-ownership are implemented as follows:

Self-governance

Control over the company (at least 51% of the voting shares) is with the trust, which means it is independent and can survive on its own without the interference of investors. The various stakeholders have a seat on the Trust Protector Committee, which elects the company board. This is a way to ensure that all stakeholders have a say, but are not able to sell their rights for profit.

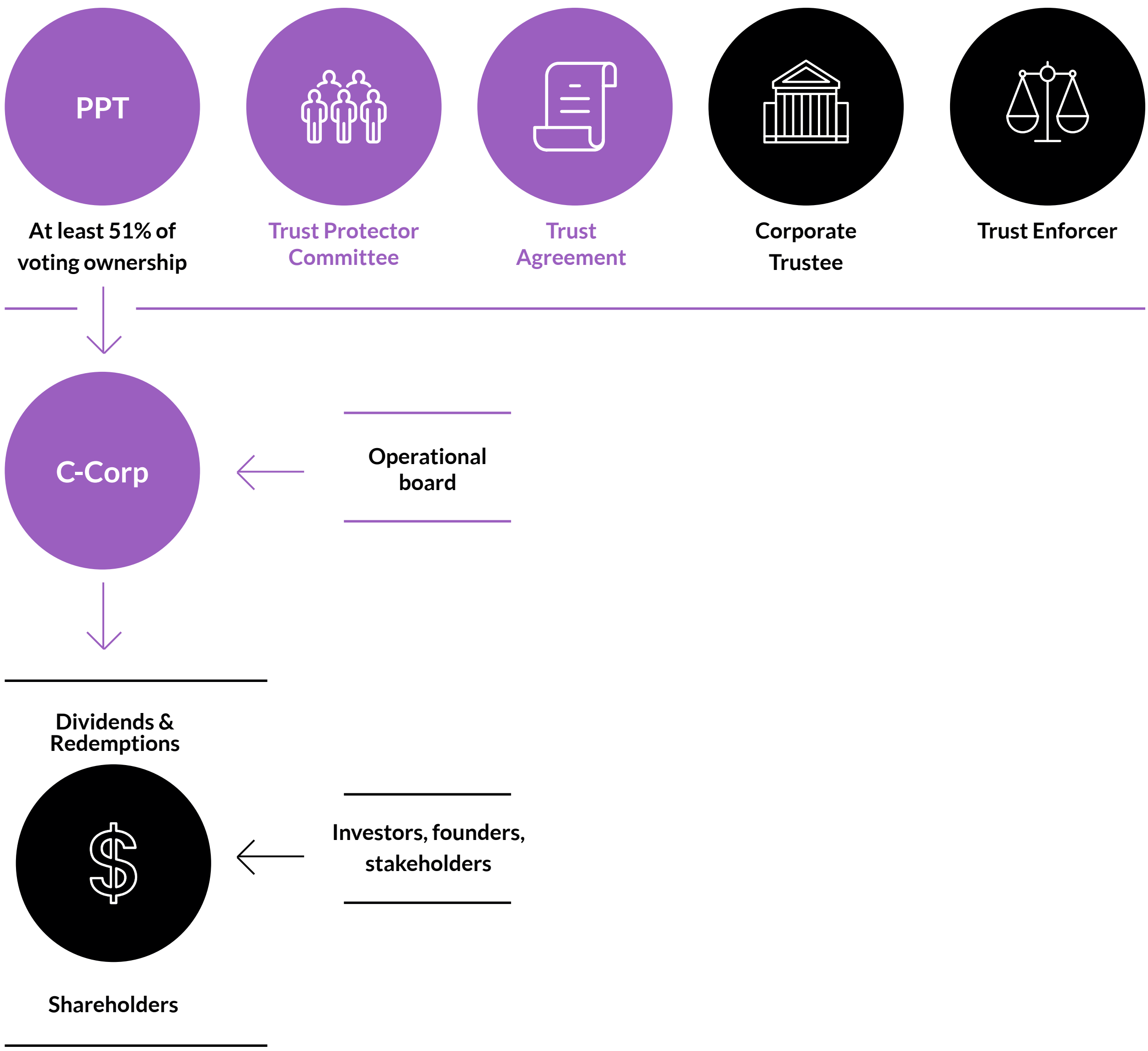
Profits serving purpose

The profits of the company are distributed and shared with its various stakeholders, not just one particular group. All stakeholders of the company will benefit from the economic upside of the business. In addition, many companies can include provisions that ensure reinvestment of capital towards innovative projects. The PPT allows for a mission-lock that is held by the Trust Enforcer to ensure that, for as long as the trust survives, it operates solely with the stated purpose in mind.

Benefits

The PPT provides businesses with the freedom to choose their stakeholders, giving them the creativity to build a structure that encompasses a wide range of individuals connected with the business. These stakeholders are then given the right to appoint a Trust Committee, which helps with the management of the for-profit company. Through this structure, the PPT allows all who have different expertises to have a say in the management of the business. The PPT provides balance for all parties that feel strongly about the company's success and survival.

Graph 4. Perpetual Purpose Trust model



Common requirements

Trust Enforcer

A trust enforcer (which can be one or more persons) is appointed to make sure the purpose of the trust is fulfilled. They play the role of trust beneficiary and enforce the purposes of the trust, and have the authority to pursue legal action if necessary. The enforcer does not have the power to change or modify the trust situs, the status of the trust, or its beneficiaries/purpose. Their appointment/removal powers are stated in the trust agreement, and are either held by the Trust Protector Committee or the operating company Board of Directors.

Trust Protector Committee

The Trust Protector Committee is the party appointed in a trust agreement to advise the trustee and ensure that the trust pursues its purpose. The Trust Protector Committee approves profit distributions from the Trust, and has the authority to modify the trust agreement – though with limitations when it comes to changing the Trust's purpose. It also has the authority to remove or replace a trustee, and to terminate the trust (though only in conjunction with other parties).

Corporate Trustee

This is a required element of the PPT legal structure and it needs to be appointed in the state where the Perpetual Purpose Trust is located, i.e., a Delaware Corporate Trustee. Corporate trustees are a generic element of many trust structures and are responsible for administrative matters, e.g., tax reporting, trust distributions, etc.

Tools used: perpetual purpose trust, division of shares, alternative financing instruments

Examples: Organically Grown Company (United States), Equity Atlas (United States), Mêtis Construction (United States)

Legal considerations

Whether your client is a new or existing business adopting the Perpetual Purpose Trust , you may consider the questions, tips or the jurisdictional examples below. Please note that these are not exhaustive, but merely illustrate some of the legal/ tax issues that have been encountered in some jurisdictions. It is strongly recommended to obtain accurate legal and tax advice before setting up a steward-owned company.

Corporate law

Does your client's jurisdiction allow for the creation of trusts?

Internationally, many jurisdictions do not provide any provisions for trusts. For example, in Germany or Chile, trusts do not exist, so the solution is found by utilising another vehicle, such as a foundation, to achieve similar results. In many of the Anglo-saxon countries, trust laws do exist but for inheritance purposes, so a bit of creativity when integrating those trust laws into PPT structures.

If your client's jurisdiction does support trusts, what are the limits imposed by law to reflect the essence of a PPT?

In the U.S. only five states (Delaware, New Hampshire, Wyoming, Oregon and Maine) have trust laws that meet all the criteria for a PPT. In the other states, laws do not allow a business trust existence in perpetuity and/or require that trusts serve the interest of a trust beneficiary. However, it is possible to incorporate your client's business in a jurisdiction with trust law that allows for the PPT, even if your client does business in a different jurisdiction.

Internationally, depending on the jurisdiction, you may utilise existing trust laws and incorporate the principles of steward-ownership into those existing laws, using for example charitable-trusts owning the majority of the business - like Tata in India, or employee trust structures like those implemented by John Lewis in the UK. In countries where the concept of trusts is not accepted by the law, you will have to work with other instruments, such as foundations or associations (more on this at page 30 ff.).

Governance, shares, and transfers

What governance and succession structure is needed to develop a PPT?

Accurate and transparent governance structures and succession mechanisms that reflect the needs and the culture of the company is required. Due to the PPT's flexibility, many different types of governance designs can be developed to fit each and every type of company. The PPT ensures that whatever design is implemented, the division of power between the trust, the board, and the company management is properly divided.

Can the trust in the PPT sell its shares?

The trust agreement can provide for exceptional cases, upon which the sale of shares may be authorized by the trustee (usually with qualified majority), such as:
- the transfer or sale of stock in order to facilitate a company restructuring to another steward-ownership structure;
- the sale of the company in extreme financial circumstances (i.e., impending bankruptcy), providing that all reasonable efforts have been made to right the company's financial health.
In this case, the trustee will act in such a way to preserve fair treatment of stakeholders, and that no shareholder or stakeholder group is disproportionately financially benefited from the transaction.

How many stakeholders can be included in the trust agreement?

The PPT allows the highest flexibility to include all the stakeholders that the company wishes to, both in governance and in economic rights.

Tax

Can the distribution of dividends be structured in a tax-efficient manner?

As a non-charitable trust, money that flow into the trust will be heavily taxed. For tax-efficiency, distributions to investors should happen at the company level rather than at a trust level.

In the case of an existing business transitioning to steward-ownership, what are the tax consequences?

The transfer of shares into a PPT is not a tax-free transaction, but it can be set up in a tax-efficient manner, especially if the shares transferred to the PPT bear low/no economic rights. As to the conversion of the existing shareholders/ investors into the PPT structure, different solutions are possible depending on the specifics of the transaction and the company. One option used was a leveraged buy-out of all existing shareholders in a triaged manner, where after a few years, all shareholders sold their shares back to the company and have new non-voting shares in the new structure.

Enforcement & liquidation

Does your client's jurisdiction give courts the power to inquire about the purpose of the trust?

In certain states in the U.S. under the Uniform Trust Code, courts have the power to reduce the amount held in a purpose trust to the extent the total amount is "not required for the intended use," under a common law rule prohibiting capricious purposes.

What happens upon liquidation?

In the event of liquidation of the trust's assets, PPT agreements usually provide that all proceeds should be donated to a registered charity, not directly associated with the company, its managers, board members, or employees, but associated instead with the mission of the company. Some companies add a list of non-profits to their trust agreement. Other companies leave the decision up to the Trust Stewardship Commitee.

Investors & financing

Does your client's company have the funds to establish a Perpetual Purpose Trust?

Due to the cost and complexity of establishing trusts, the PPT may not be a realistic option for early-stage or low-revenue businesses. A Golden Share model can be a more convenient option.

Please refer to the guidebook sections on Financing and Alternative Investment Instruments, below at page 33 ff.

Case-study: Organically Grown Company

Perpetual Purpose Trust (Delaware)

Founded in 1978, Organically Grown Company (OGC) has been a pioneer in sustainable, organic agriculture for over 40 years. From its roots as a farmer-run nonprofit, OGC has grown into one of the largest independent organic produce distributors in the United States. OGC has been instrumental in building and supporting organic regulation and trade at both the regional and national levels.

OGC understands the impact ownership can have on an organisation's mission and has utilized multiple ownership structures over the course of its existence. It began as a nonprofit, set up to help farmers implement organic growing methods. OGC later became a farmers' cooperative, and after, an S-Corp that worked to include employees in its ownership structure. Eventually, OGC created an employee stock ownership plan (ESOP).

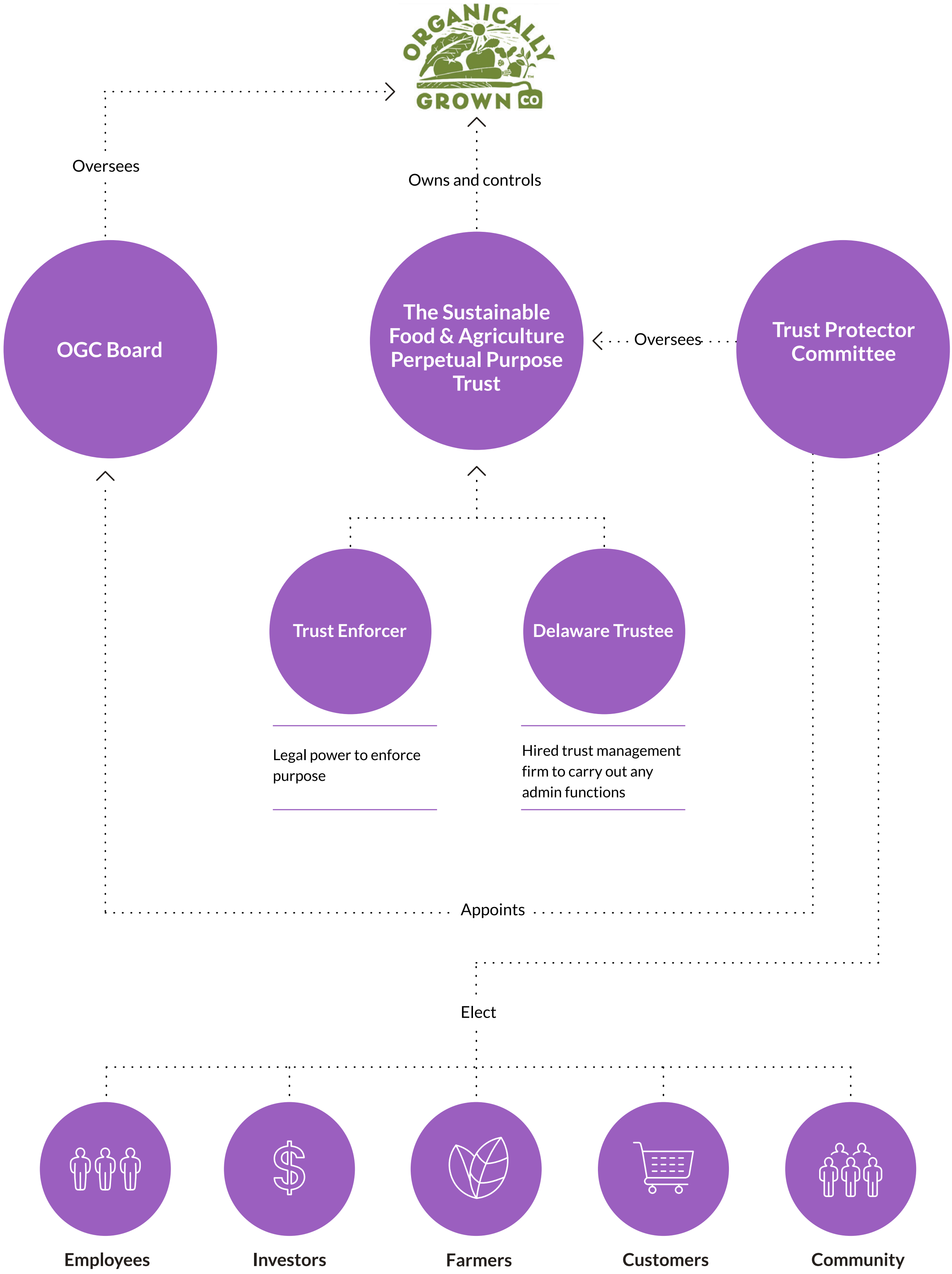
A few years ago, the company was faced with a common business challenge: How does a mission-based company scale and transition its founders and early employees without selling or going public? OGC needed a long-term ownership solution that would enable the company to responsibly exit owners and employees while remaining purpose-driven and independent. In 2018 OGC came across the PPT model under Delaware trust law. With a combination of debt and equity, OGC was able to buy back all the shares from its stockholders to transition from an ESOP to a PPT (the Sustainable Food and Agriculture PPT), which will eventually own 100% of OGC shares. In this transition OGC created a governance and financial structure based on shared governance and shared upside among its stakeholders, including farmers, employees, customers, investors, and the wider community. To ensure democratic control and active stakeholder involvement, the various stakeholder groups elect the members of the trust protector committee, which serves as the protector of OGC's mission and elects the board of directors of the OGC.

Further, OGC created a cash flow waterfall that ensures that the business' core stakeholder groups participate in economic upside alongside investors. First, the waterfall allocates any monies to the operation of the business, the mechanics of which are determined by the board. Prioritizing reinvestment in the business reaffirms OGC's belief in and commitment to its mission. Second, any remaining monies are used to pay debts and debt servicing obligations. Third, OGC's non-voting preferred stockholders receive a 5% baseline dividend, ensuring that investor dividends are paid before any other stakeholder groups participate in profit distributions. Fourth, any remaining profits are shared with employees up to a ceiling of 20% of OGC's prior year net income. Fifth and last, the waterfall flows upward, and any remaining profits are shared with the stakeholder groups by various means, such as the expansion of grower services and community giving.[9]

OGC's steward-ownership structure enables the company to remain permanently independent and to continue to deliver on its positive environmental, social, and economic goals without pressure to demonstrate short-term quarterly profits or produce exit-value for shareholders. And it enables the stewards of the organization, who represent a broad range of stakeholders to realize the company's purpose while sharing in its profits.

[9] Henriquez-Schmitz C., Brown D., Haghighi A., 2019 p. 27

Graph 5. OGC steward-ownership structure



Additional tools & models

In addition to the models discussed above and depending on the jurisdiction, the following tools, vehicles and structures may also be useful when building up a steward-ownership structure for a specific client.

Foundation

Foundations have been used by the pioneers of steward-ownership, like Zeiss, Bosch and Novo Nordisk. They are a useful vehicles to secure the mission and independence of a company as they are by definition "self-owned entities". The country with most foundation-owned companies is Denmark (60% of the stock-exchange, where only limited or non-voting shares are listed), that can boast a solid legislation on the so-called "industrial foundations" which are specifically designed to control a business.[10]

There are two typical structures:

In a **single-foundation** structure, control of the business stays with a self-governing non-profit entity. Single-foundation models often have two boards: one that holds the controlling rights of the company and one that holds the rights to distribute dividends to charitable causes.

Examples: Zeiss (Germany), Novo Nordisk, Carlsberg (Denmark), Triodos Bank (The Netherlands), Mozilla (USA), Late! (Chile)

The **trust-foundation** structure, or two-entity structure, separates voting rights and dividend rights completely by placing them into two separate legal entities: dividend rights are held by a charitable foundation, while voting rights are kept in a trust, foundation or association that is managed by stewards. Because of this clear separation of voting and economic rights, the trust-foundation model is particularly effective for decoupling profits from charitable contributions.

Examples: Bosch (Germany), Elobau (Germany) and Mahle (Germany)

Non-profit association

Non-profit associations can be used as alternative vehicles to set up the two-entity structure mentioned above. The non-profit association could either hold the dividend rights of the company (like a foundation in the trust-foundation structure above) or the voting rights (in the latter case the stewards of the company would be the members of the non-profit association and a solid governance shall be set at the association level). An association can also be combined with the Golden Share model, where the association is holding the steward-shares.

Note on hybrid-structures (combining non-profit and for-profit entities):

In the majority of the jurisdiction there is not a specific legislation like the Danish on foundation-owned companies. A non-profit foundation is intended to serve and promote its non-profit purpose . From the perspective of the German tax code, the fact that holding a company is not considered a non-profit activity from a tax law perspective may give rise to some problems. Contributing a company to a non-profit foundation may be blocked by tax authorities or be subject to fulfillment of some requirements. In Germany for example, the majority of the foundation board-members must not overlap with the company management or that the non-profit foundation distributes a lot of profits for charitable support or eventually its company is sold because this would generate the highest profits to support the charitable purpose of the foundation. In other countries the structure would be regarded with suspicion and be subject to very in-depth audits because nonprofits typically receive certain tax benefits not available to for-profits.

[10] Børsting, C., Kuhn, J., Thomsen, S., 2018

Employee Ownership Trust

The Employee Ownership Trust (EOT) is a type of PPT in which employees or members are defined as the "purpose" of the business. The trust structure ensures that the ownership of a company remains in the hands of its employees or members. Employee-ownership in the trust is contingent on employment, and all privileges and rights are terminated when an individual leaves the company. Membership rights and privileges cannot be sold or transferred. The trust agreement outlines the powers of the members, the board, and the trustees.It also outlines core values such as that wages must be at market-rate and that the promotion of equity works as part of its mission. In the event of liquidation, profits could be donated to non-profit organisations supporting worker ownership.

Example: Mètis Construction (USA)

Cooperative

Cooperatives (co-ops) can be structured as steward-owned companies in various ways. When co-ops become successful, so do the member-owners in the business. It is common for members to sell the company to another firm, or transform the co-op into a non- cooperative structure in order to personally benefit from the company's successes. This is known as "demutualisation." This is common among co-ops that are organised as "producer cooperatives", where member-owners are other businesses rather than worker-owners. To prevent demutualisation, combining co-ops with other stewardship models is a possible solution.

Examples: Evergreen Cooperatives (USA), Equal Exchange (USA)

FINANCING AND ALTERNATIVE INVEST-MENT INSTRUMENTS

Like all companies, steward-owned companies may reach stages in their development where they require investment capital to grow and develop their business. Additionally, all investors need a straightforward way to get liquidity from their investments. For early-stage investors, liquidity typically is provided through a sale of the company or an IPO. Because steward-owned companies do not aim for an exit, however – at least not in the traditional sense – they need alternative ways of providing investors with liquidity. Fortunately, there are several well-proven alternatives for financing and securing liquidity. The instruments described on the next pages do not threaten the independence of a steward-owned company, nor do they compromise a company's commitment to mission-preservation.

Alternative investment instruments

Equity

Non-voting redeemable equity are equity shares that have no voting rights, but are protected by certain provisions in case of emergency situations. In addition, these shares can and – under certain conditions – must be repurchased by the company either gradually or at a specific maturity date under a predetermined value.

A ***demand dividend*** is a preferred equity share that requires a company to make periodic payments to investors based on a percentage of its available cash flow, usually until the investors have achieved the total predetermined return. Demand dividends are best suited for companies with relatively healthy growth projections and a reasonable line of sight to stable revenues. It can be combined with non-voting redeemable equity.

Equity-like debt

Subordinated loans are unsecured loans subordinate to other debt to be repaid over a pre-defined term with fixed or variable interest rate. It acts like equity on the balance sheet.

Silent participation is a mezzanine capital instrument, common in Germany, that acts like equity without (or with limited) voting-rights. It is a non-trading partnership between an investor and a company, with the investor participating directly in the profits and losses of the company. From a financial perspective it works like equity.

Revenue/ Royalty share loan

Under a ***revenue/royalty share loan***, operating revenue is shared with investors to repay investments. Investors are repaid incrementally as the company generates more sales, typically receiving a predetermined return on their investments.

Securing liquidity

Cash share buybacks
Buybacks can be arranged with investors based on a valuation of the company or a pre-agreed buyback price or formula. To ensure buybacks do not occur solely at the discretion of the company, investors in steward-owned start-ups usually get a put-option, or a "redemption right."

Leveraged buy-out
Earlier investors may be bought out with debt, in combination with subordinated debt or preferred non-voting equity. Debt providers often require covenants or liens on assets to secure their investments. Preferred equity providers might want a minimum dividend paid annually with a defined upside.

Equity raise
A start-up company may want to provide investors with some liquidity through partial share buybacks as it grows and raises larger and larger rounds of equity. This relieves the return pressure for early investors, while ideally securing the company cheaper capital for continued growth.

Dividends
Some investors are willing to accept a long-term share of dividend distributions in lieu of liquidating shares. The conditions under which dividends are distributed must be agreed upon before, as investors typically do not hold board seats or have controlling votes in steward-owned companies.

Non-voting or low-voting IPO
Steward-owned companies do not allow the sale of their majority voting interests, but this does not preclude a company from offering shares publicly with limited or no voting shares. This strategy enables investors to capture gains from valuation increases without compromising the control of the company.

Sale to steward-owned company
In some cases, a steward-owned company may take over another if they share a common purpose and operating philosophy. Unlike a traditional exit, this transaction does not undermine the mission of the company. In some cases a larger steward-owned company may simply be the best next steward.

ABOUT THIS GUIDEBOOK

This guidebook was created by the International Transactions Clinic of the New York University School of Law (ITC) to support the Purpose Foundation in its endeavour to promote and facilitate transition to steward-ownership around the world. The goal of this project was to produce a universal source of knowledge and tools that lawyers can use to support clients in implementing steward-ownership principles in their jurisdiction. We hope that with this guidebook lawyers around the world are inspired to embrace steward-ownership as an innovative tool that will help businesses preserve their purpose and independence in the long-term.

About the International Transactions Clinic (ITC)

The International Transactions Clinic (ITC) at New York University School of Law provides students with the opportunity to provide legal services to clients that are conducting cross-border transactions in emerging markets. The ITC focuses on international transactions where law students provide legal services to clients that are intent on making the world a better place through innovative business models, products and services. Together, the ITC's students and its clients are proving that it is possible to do good by doing deals – globally.

About Purpose

Purpose is a group of organizations supporting a global community of businesses and entrepreneurs on their path towards steward-ownership. Its mission is to build the field of steward-ownership and alternative financing and create the necessary legal, financial, and educational infrastructure to make a transition to steward-ownership easier and more accessible.

Since its founding in 2015, Purpose has grown to meet the demand for alternative forms of ownership and financing both in business communities and in the public discourse. Today, Purpose has successfully supported dozens of companies on their path to steward-ownership and has a global footprint across the European Union, North America, and Latin America.

Purpose work combines non-profit research, field building, and resource development with for-profit consulting and investment. All Purpose legal entities are structured as steward-owned businesses and any proceeds generated by the for-profit activities are reinvested in steward-ownership and steward-owned companies.

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Specifically, the ITC team and the Purpose Foundation would like to wholeheartedly thank the following lawyers for their input and support throughout the development of this guidebook. We appreciate your time, dedication and valuable contribution to the legal implications of steward-ownership and alternative financing in different jurisdictions.

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EXTRAS

Disclaimer

The contents of this guidebook do not constitute legal advice for any jurisdiction. The information herein is intended only to inform and inspire further practical legal research on steward-ownership, which would enable legal practitioners to provide meaningful legal advice to their clients. The legal considerations referred to throughout this guidebook may not be relevant for all existing or prospective steward-owned entities or all jurisdictions. They also do not exhaust the range of considerations legal practitioners must address when advising on steward-ownership. Anyone seeking to implement principles of steward-ownership into their business's legal corporate structure should seek legal advice and consult a lawyer in their relevant jurisdiction.

List of graphics

Sources & Bibliography

With the publication of this guidebook, we would like to share our knowledge and experiences about the legal implications of steward-ownership. Our research is based on the work of Purpose, conversations with lawyers, professors and other experts on alternative ownership models and alternative financing. We used books, articles, lectures, interviews and internet sources. Some of them are listed in detail below:

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DISCLAIMER

LEGAL ADVICE

The content of this guidebook does not constitute or replace legal advice. The information herein is intended only to inform and inspire further practical legal research on steward-ownership. The legal considerations referred to throughout this guidebook may not be relevant for all existing or prospective steward-owned entities. They also do not exhaust the range of considerations legal practitioners must address when advising on steward-ownership. Anyone seeking to implement principles of steward-ownership into their business’s legal corporate structure should seek legal advice and consult a lawyer in their relevant jurisdiction.