PURPOSE®

Case Study

WILDPLASTIC
CASE STUDY

> *WILDPLASTIC® has been a steward-owned company from the start – to save our mission and to create transparency and trust for our employees, partners, and consumers.*

– Nadia Boegli, Co-Founder

WILDPLASTIC
CASE STUDY

REGENERATIVE OWNERSHIP AND FINANCE FOR A REGENERATIVE BUSINESS MODEL

WILDPLASTIC® was founded in 2019 with the goal to free the planet from unmanaged plastic waste. Following their motto "recover, recycle, reuse", they are collecting "wild plastic" from the environment together with their partners and recycling it into circular products. In spirit of their dedication to a regenerative and circular system and to ensure that the company will always put creating systemic and ecological change first, WILDPLASTIC® was founded as a steward-owned company and successfully raised two rounds of aligned non-extractive financing.

KEY FACTS

Location: Hamburg, Germany
Founded: 2019
 # Employees: 16 (2024)
In steward-ownership since: 2019

Photo: WILDPLASTIC®

> *We are wild! Wild about making products for a better world, instead of just worrying about it. Wild about solving one of today's biggest problems, instead of just talking about it. Wild about seeing waste not only as waste, but as a material that inspires us to build.*

– WILDPLASTIC®

EXECUTIVE SUMMARY

WILDPLASTIC® was founded in 2019 by seven entrepreneurs with the goal to free the environment from plastic waste by structurally changing the way we think about plastic. In close cooperation with organizations and NGOs, the startup works globally to collect wild plastic from nature, landfills, and illegal dumpsites. Together, they ensure better working conditions for people working in the highly stigmatized sector. In spring 2019, WILDPLASTIC® started producing and selling the first trash bag made out of 100% recycled and formerly wild plastic.

The company's mission is not to produce trash bags or plastic packaging. Instead, WILDPLASTIC® seeks to clean up the planet by regarding wild plastic not as waste but as a resource with which they create new products. Their motto is to build a system on circularity and minimize one-sided extraction – an approach mirrored in their ownership and financing model.

To guard the focus on long-term system change, WILDPLASTIC® was founded as a steward-owned company. Opting for the golden share model for steward-ownership, 1% of the voting shares are held by the Purpose Foundation to protect the principles of steward-ownership. Over two financing rounds, a diverse group of investors (from family office to impact investors and Purpose Ventures) provided WILDPLASTIC® with non-extractive, mission-aligned growth capital using 1) convertible loans, 2) subsidiary loans and 3) redeemable equity to help the business grow whilst ensuring that the purpose of the business always comes first.

FREEING THE WORLD FROM WILD PLASTIC

Germany alone produces up to 21 million tons of plastic a year. More than 80% of the plastic produced is made of virgin plastic and only 20% of it is being recycled. But especially countries in the global South are suffering from insufficient waste infrastructure. Environmental plastic pollution is everywhere. About 5 billion tons of plastic waste are littering our ecosystems and can be found in the environment, lakes, and oceans.

On their travels and in everyday life, the founders noticed time and again how much plastic waste collects on beaches, in nature, in the wild. Plastic waste that destroys ecosystems and livelihoods. Instead of simply worrying about the problem, they came together as a group to build a business model based on tackling plastic waste in the long-term – by cleaning up wild plastic and ensuring that no new plastic is used for their new products.

Conventional production processes are often focused on the addition of virgin plastic to create new plastic products. WILDPLASTIC® has developed a new solution: a process that makes it possible to use exclusively recycled and wild plastic in new creations – such as trash bags and plastic packaging.

Bright colors and unusual prints make the trash bags a real eye-catcher and add to successful marketing. And their plastic bags not only clean up the environment – but, according to a published life cycle analysis – also save up to 60% of CO_2 emissions in comparison to bags made of virgin plastic.

A second growing product branch for WILDPLASTIC® is shipping materials made out of wild plastic. With ever increasing online shopping relying heavily on plastic packaging, packaging made from wild plastic creates a huge potential to clean up the world, regenerate ecosystems and save resources. Imagine how much plastic would get collected if all deliveries would be shipped in bags made out of wild plastic! This is what is envisioned in a collaboration between WILDPLASTIC® and the second largest online retailer in Europe, OTTO. By changing OTTO's shipping bags to OTTOBAGs made out of collected and recycled plastic, the collaboration could clean up an estimate of 340.000 kg of wild plastic from nature and save 516.800 kg CO_2e[1]. Additionally, WILDPLASTIC® is constantly expanding its partnerships (e.g. with steward-owned company Goldeimer) to reduce the amount of virgin plastic going into the system.

ALIGNING OWNERSHIP: PURPOSE AND MOTIVATION

The task of cleaning the planet from plastic waste is monumental and intergenerational. It requires all the help – and attention – it can get. Therefore, and right from the start, the mission was set for the long-term and is reflected in the legal form and ownership structure of the company. To find a structure that would be aligned with their mission and goals, the founding team underwent a process where they would challenge their individual and team motivation that made them found the company in the first place, their visions for WILDPLASTIC® in the near and far future, and its focus in the long-term. They knew: For WILDPLASTIC®, the purpose would always come first and profits would be used as a means for this purpose – and not the other way around.

> *Companies often face the dilemma that they want to do cool things in the world but have to maximize profits for their shareholders. That is neither fun nor sustainable in the long run and can lead to problematic trade-offs*
>
> – Nadia Boegli

The founders' goal was for WILDPLASTIC® to grow sustainably and clean up the planet in the long run, not to maximize shareholder value. They didn't want to compromise their mission in response to shareholder pressure and profit maximization. And they never planned on making an exit and selling the company.

[1] https://www.wildplastic.com/otto/

When hearing about steward-ownership and PURPOSE®, the idea of enshrining purpose-orientation and self-determination into the company's legal DNA resonated deeply with the founders' idea and motivation. They wanted a structure that was aligned with their mission and allowed for a trust-based and supportive relationship with investors. After learning more about the concept and getting into contact with PURPOSE®, the founders decided that founding a steward-owned company was the perfect fit to enshrine their impact-orientation from the start.

Founded directly as a steward-owned company with a golden share model, WILDPLASTIC® now ensures that the company's mission is always in focus and that decisions are made by people connected to the mission and activities of the company.

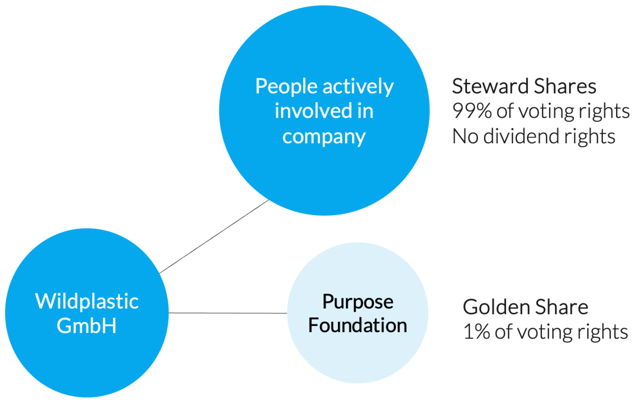
> *"WILDPLASTIC® has been a steward-owned company from the start – to save our mission and to create transparency and trust for our employees, partners, and consumers."*
>
> – Nadia Boegli

STEWARD-OWNERSHIP WITH A GOLDEN SHARE MODEL

Golden Share Model

Purpose Consulting supported WILDPLASTIC® in the process of setting up a steward-owned company using the golden share model. The company was founded as a GmbH[2] with the principles of steward-ownership enshrined in its legal statute and ownership structure. By separating the voting rights from economic rights, the model ensures that decisions are made inside the company on the basis of the company's purpose and not on individual financial motives. The people holding the voting rights are stewards of the company and cannot extract its profits or assets. The voting shares cannot be sold, but are passed on to people actively working in the company, so WILDPLASTIC® can never be a speculative good. The control always remains inside the company. This structure is enshrined in the company's legal statutes. To make it legally binding in the long-term, WILDPLASTIC® has entrusted one percent of the voting rights, a golden share, to the Purpose Foundation, which is legally bound to veto changes that undermine the principles of steward-ownership, but that does not have any further say in the company (see illustration below).

Illustration: Share Structure until 2024



Source: Purpose Stiftung gGmbH

The **steward shares** make up 99% of the voting rights and are distributed evenly between the founders currently active in the company. The steward shares can only be held by people who are actively working in the company. They do not include any economic rights.

The **golden share**, or veto share, makes up 1% of the voting rights. This voting right is limited to a right to veto changes to the statutes of the company that touch the principles of steward-ownership. It doesn't make up any further voting or economic rights.

The golden share is held by the Purpose Foundation, which is through its own statutes mandated to always use its veto in the case of respective changes.

Profits after capital costs can be reinvested, remain in the company or donated.

[2] German legal form:Gesellschaft mit beschränkter Haftung – limited liability company

Soulsearching process

To decide whether steward-ownership was the right fit for the founders and the company, the founding team went through an intensive 'soulsearching process', in which they challenged and discussed their individual motivation, the role they wanted to play now and in the future and their vision for the company and its purpose. For them, this led to many discussions and produced insights that would usually have come much later in the further development of the organization. For a team of five, this process was intense and at times not easy, but eventually allowed for more transparency and a mutual understanding of the individual's motives and roles. Their example shows the relevance of honest and trust-based conversations in the process of becoming steward-owned. "It wasn't all easy, but the conversations we had, the issues we dealt with are insanely important and make a huge difference to our work", says Christian Sigmund.

The founders' role

WILDPLASTIC® decided that the steward shares – the voting rights – should only be held by people playing an active role in the company. For WILDPLASTIC®, an active role is defined as a minimum of 20 working hours per week for at least two years, thus catering to different types of involvement in the company. This will come into place after a certain "founding period" that currently allows all five founders to hold steward shares irrespective of their active involvement in the company. After this period is over, founders who do not play an active role within the company (e.g. employee or Managing Director) automatically lose the qualification to be the trustees of WILDPLASTIC®. Their voting rights can be taken back by the company. This gives them the security that the company's mission-orientation is protected in the long-term and the company cannot be controlled from absentee-owners.

Founder's compensation

Similarly to many startup founders, the founders of WILDPLASTIC® took a risk in starting a company and worked many unpaid hours before and after setting up the company. As they won't be able to be compensated for this risk by paying themselves out profits later, they devised a process for a founders' compensation once the company is able to sustain it.

The founding team, (existing and potential) investors and Purpose Consulting, calculated a sum for unpaid salaries and initial risks: the founders' compensation. A contract was set up between the individual founders and WILDPLASTIC® stating that this sum will be paid out under the conditions that:

- payments have to be structured in alignment with the principles of steward-ownership;
- payments can only be made if the company is profitable and can sustainably finance the payments;
- payments can only begin after a part of the investment sum has already been paid back, after that the founders' compensation will be linked to the investors' return payments.

To leave flexibility for future developments of the company, details of the type of payment instrument for the founders' compensation have not yet been fixed. Options include salaries, boni or other tools. By linking the founders' compensation to payments made to investors, WILDPLASTIC® increases security for existing and potential investors.

Photo: WILDPLASTIC®

DEBT-BASED, NON-EXTRACTIVE FINANCING

The core principle of WILDPLASTIC® is to further a circular economy. To them, a basic component and driver of a circular economy is non-extractive, regenerative financing – investments designed to support the purpose of the company without extracting more value than they give in.

So this is what they set out to build throughout their financing rounds. Through steward-ownership and aligned financing, they ensured that the company cannot be controlled by investors and cannot be sold as a speculative good. This was a purposeful statement with which they wanted to protect WILDPLASTIC®'s mission and show their motivation and purpose. Still, to grow and make a difference in the world, the company needed capital and aligned financing partners, who share the same vision and want to support the company – whilst making a fair return.

The first step to finding aligned financing was to clarify what kind of investment partner and financing conditions would support the company best. Based on their mission, strategy and ownership structure, they set up the future financing conditions:

- It was clear to the founders that conventional equity and giving too much power to shareholders would not be an option, (1) due to their mission-orientation and the need to stay independent from shareholder value pressure in order to clean up the planet from wild plastic and (2) their already established steward-ownership structure. They needed alternative financing structures and investors willing to invest without taking over control.
- They knew they wanted investors that understand and support the mission of WILDPLASTIC®, so they were actively looking for investors who could be trusted partners for the journey.
- Their mission was a long-term one – cleaning up the planet from wild plastic will not be achieved in a few months – so they needed capital with a long horizon and investment partners that would invest for the long term.
- Their business model – recovering tons of WILDPLASTIC® and turning them into circular products – has a lot of growth potential, but doesn't cater to traditionally tech-focused venture capital funds and the idea of unlimited, exponential growth. So they needed investment partners whose expectations matched their envisioned business model and growth path – and ones that were able to give risk capital beyond the traditional venture capital model.
- The founders wanted a fair and risk-adequate return for investors. Being a startup, they knew an investment in WILDPLASTIC® comes with risk for investors. So they were looking for a fair and risk-adequate return on investment.

> *We asked ourselves: If we want to become a relevant company that has an impact in the world – how can we finance ourselves? How much does WILDPLASTIC® need from a financial perspective in order to successfully grow and what kind of financing conditions and financing partners are aligned with our mission? And on what does the risk profile of an investment in WILDPLASTIC® depend on?*
>
> – Christian Sigmund

Initially, the founders calculated with fundraising a large amount of capital to grow the company as quickly as possible. However, after considering the cost of capital and the actual financing requirements they would need for sustainable growth, they realized that the most promising path for them would be to only raise the capital they truly needed for the next phase. Therefore they decided to initially raise a lower amount of money that would help them reach the next level and then proceed from there.

In 2021, WILDPLASTIC® closed its first financing round with aligned financing instruments and investors and in 2023 they topped their funding up in a second round of financing with different investors. Experimenting with different financing instruments over the different rounds, they managed to build a structure that feels right for them and the investors and investors. The investors receive a risk-adjusted return on investment with a clear path to liquidity (a "structured exit") and the company has access to long-term capital that enables it to grow at a speed that is ambitious and gives them the opportunity to build sustainable structures for the future. Over their financing journey, WILDPLASTIC® used convertible loans, subordinated loans and redeemable non-voting shares, all of which are described in more detail in the Deep Dive section below.

ALIGNED INVESTMENT PARTNERS

When looking for investment partners in each of their financing rounds, the founders of WILDPLASTIC® had a specific goal in mind: They wanted to build a close, trust-based and supportive investment-company relationship and find long-term and value-aligned partners.

> *Independent of capital structure and limits to financing instruments as a result of steward-ownership, we were always looking for partners on our journey. We would have always been looking for people we trust and who support our mission without taking over the steering wheel disrespective of steward-ownership.*
>
> – Christian Sigmund

While WILDPLASTIC® had a clear idea of the type of investors they wanted to attract from the beginning on, being structured in steward-ownership enabled them to clearly communicate the desired relationship and investment criteria to investors – and draw a clear line on what they didn't want. This was a game-changer in conversations and transported the potential of steward-ownership into the investment relationship. WILDPLASTIC®'s commitment to steward-ownership legally signaled that not the creation of shareholder value but the purpose of the company would remain in focus. In this regard, the model of steward-ownership acted both as a filter for less aligned investors and as a driver for relevant conversations around the expectations and intentions of entrepreneurs and investors for the investment relationship.

> *We experience investment conversations in a completely new way and we feel that steward-ownership has the potential to radically change investments as well.*
>
> – Christian Sigmund

Having these intentions and expectations out in the open ensured that all the investors joining the company on its journey are sharing their belief in the mission of WILDPLASTIC® and the approach it was taking. At the same time, with the commitment both to the company and its systemic approach but also to a more regenerative form of steward-ownership aligned financing, investors and founders alike were aligned in their long-term vision around systemic changes.

Steward-ownership also clarified the role of investors not as owners taking over entrepreneurial control over the company but as investment partners and supporters. This also shows in their investment relationship today: They have found investors who don't claim to know better what the company should do in each step, but on the contrary have been able to build a trust-based relationship in which investors are challenging the founders to express if they need support for anything. The effect is a living culture of steward-ownership in which the entrepreneurs are the ones taking on entrepreneurial responsibility and the investors are actively supporting them if – and only if – the entrepreneurs are wanting them to.

In the first financing round, the WILDPLASTIC® team found close and supportive partners in four very different investors: Planet A, an impact fund; Golzern Holding, a family office; INNOVATION for IMPACT, an impact investor and Purpose Ventures as a financing partner for steward-owned companies, in addition to the sustainable bank GLS Bank.

In the second financing round, the group of investors in WILDPLASTIC® increased from four to ten investors, three of whom had never invested in a steward-ownership aligned way. The investment now consists of a combination of business angels and impact investors like fricke.vc, Janina Weingarth, Wilfried Gillrath, Cantella, Nadia Boegli and Focussed Business Events GmbH who joined early investors Golzern Holding, INNOVATION for IMPACT, Purpose Ventures and Planet A Ventures.

For most of the investors in both rounds, investing in WILDPLASTIC® as a Purpose company was quite a new experience. With their diverse backgrounds ranging from impact fund to private investors and family offices, their motivation to invest in WILDPLASTIC® differed in detail. However, all of them were attracted by the clear purpose and direct impact of WILDPLASTIC®, they believed that it would generate good return on investments, understood the role of steward-ownership for the company and wanted to join the founders in their journey. They regard steward-ownership as an aligned ownership structure for WILDPLASTIC® that supports their mission, which is why they were content to invest in this structure. The investors consider the investment in a company that plans on building a profitable and solid business through an impactful business model as attractive, and steward-ownership – by supporting such a long-term oriented business – as a sensible structure to invest in. At the same time, steward-ownership provides them with a structure that fits their investment intentions and opens up new opportunities for more purpose-oriented financing.

Photo: WILDPLASTIC®

DEEP DIVE FINANCING STRUCTURE

WILDPLASTIC®'s financing structure evolved with the company's growth and development and allowed many different types of investors to get first experiences with steward-ownership aligned financing. After their initial funding in 2019, they followed up with a first financing round of €680.000 in 2021 and a second round of €825.000 in 2024. As WILDPLASTIC was founded directly in steward-ownership, they set up all financing rounds with financial instruments aligned with the principles of steward-ownership. The following will provide a deep dive into each of the financing rounds and how they were structured.

Initial financing 2019: Grants, loans and convertible loans

In the very beginning of developing the initial idea of WILDPLASTIC®, the team received grants from the IFB Hamburg (investment and development bank Hamburg), a development bank supporting innovative business models. Thus, they had initial funding to start off with, which did not have to be paid back. WILDPLASTIC® also received a loan from the GLS Bank, a sustainable bank. Receiving a bank loan as a startup is rather unusual, however the impact-driven business model was attractive to the bank – and the loan was backed by steward-ownership aligned risk capital of €75.000 from Purpose Ventures. On the basis of these three investments, WILDPLASTIC® was founded as a steward-owned company in 2019.

Investment and investors	Initial Funding	Structured exit
Loan by GLS Bank	DEBT	Loan paid back with interest after fixed period
Convertible loan by Purpose Ventures	EQUITY-LIKE DEBT	Conversion to terms of first follow-on financing round
Grant by IFB Hamburg	EQUITY	Development grant remaining in the company

The early-stage financing from Purpose Ventures was structured as follows: WILDPLASTIC® and Purpose Ventures set up a subordinated convertible loan (German contract and term sheet) in alignment with steward-ownership. To do this, the investment agreement states that the convertible loan could only be converted into steward-ownership aligned options, so either (1) equity without voting rights or (2) debt. For future financing rounds, the convertible loan would be converted into a into a debt-based instrument structured in the same way as other future investors, but with slightly better conditions (a discount) to account for the added risk in the beginning.

Convertible Loan

A convertible loan is a financing instrument between mezzanine capital and equity, as it is usually set up as debt which can be reverted as a later point in time to equity. Traditionally, they are structured as subordinated loans where the loan debt (loan amount and accrued interest) plus a risk premium (discount) is converted into another financing instrument on the terms of the subsequent financing round. In steward-ownership, this can be another equity-like debt-based instrument or redeemable non-voting shares.

First round of financing 2021: Subordinated Loan

In 2021, WILDPLASTIC® completed a round of financing, raising a total of €635.000 as equity-like debt from four investors in addition to a bank loan of €450.000 from GLS Bank. With the money from the investment, they took further steps towards scaling up their business model through supply chain development, product development, marketing and increasing the team.

The investments of the four startup investors were structured as an equity-like subordinated loan running over 10 years. A multiple-of-investment of 3.5 after ten years (i.e. 3.5 times the investment) was mutually decided on as a risk-adequate return target. This multiple took into account Wildplatic's situation and the time scale and structure of the investment.

The repayments were structured as bullet payments, meaning that the final sum is paid back at the end of the loan period: If its financial situation allows it, WILDPLASTIC® was scheduled to repay a 0.5 multiple-of-investment in year 6 and year 8, thus already freeing up liquidity for the investors.

[3] German: Wandeldarlehen

[4] German: Nachrangdarlehen

Subordinated Loan

Subordinated loans is a financing instrument belonging to mezzanine capital. It is an unsecured loan that is subordinate to other debt. An investment is paid to the company as a loan, and repaid over a pre-defined term; the interest rate can be either fixed or variable, tied to inter-bank lending rates or the company's performance. It should be noted that the taxation of mezzanine capital always depends on the details of its contract. Depending on the contract and repayment structure, (institutional) investors can be in danger of having to pay taxes before actually receiving payouts from the company ("dry income problem"). This issue should be addressed with tax experts and lawyers of company and investors.

If WILDPLASTIC® were not able to follow the fixed repayment schedule, the final return target would have increased. The final payments were due after 10 years.

As the investment was structured as a subordinate loan, the repayments could only be made if they would not endanger the solvency of WILDPLASTIC®. Given that the investment was contract-based, both the investors and WILDPLASTIC® had the option to renegotiate the contract and repayment terms if needed, without having to involve external parties like a notary.

A speciality of the investment contract were certain consent-, information- and consultancy-rights for investors that apply to a few specified points such as significant changes made to the company's purpose. The investors had the usual information rights to the annual financial statements and financial plannings. Consultancy rights mean that the company is obligated to listen to and consider the investors' feedback before making a decision concerning one of the specified points, for example large investments of the company. These rights of investors ensure that the investors are involved in (major) decisions being made and events in the company and that WILDPLASTIC® can count on their input and leverage their experience. In addition to the subordinated loans, WILDPLASTIC® also received another bank loan which was derisked by the risk capital.

Second financing round in 2023/2024: Redeemable equity

In 2023, WILDPLASTIC® needed further financing to be able to take on large partnership contracts. Their liquidity was not high enough to pre-finance the costs for raw material and production necessary to fulfill the contracts. As they were now bankable and the purpose of the capital was quite low in risk, they applied for a bank loan. Initially, the loan was expected to be confirmed, as the subordinated loans were considered as equity-like and thus a substantial security by the bank. However, in the final check in autumn 2023, the bank declined the loan as their compliance regulations didn't allow for a loan to a "company in difficulties" – even though it recognized that the quality of the subordinated loans doesn't actually result in over-indebtedness and the payback of the loan would have been preferential to the investment capital already in the firm.

So WILDPLASTIC® was in the situation that they still needed capital and would not get it from a bank due to the classification of the subordinated loans as debt in the balance sheet. The fact was: as long as the balance sheet looked like it did, they would not receive a bank loan. They realized they wouldn't manage to both convert the current financial setup and apply for a bank loan again in time to cover their financial needs. So they decided to convert the existing capital and at the same time raise new risk capital in a steward-ownership aligned way, thus expanding their group of investors.

The investments of the initial funding and first financing round were converted from subordinated loans into redeemable equity without voting rights. Additionally, they raised another €825.000 using the same instrument.

Redeemable Equity Without Voting Rights

Like traditional equity, non-voting equity represents financial ownership of the company. Redeemable equity is equity that allows for companies to buy back or call back the shares from their investors at pre-defined terms (e.g. multiples/holding periods/milestones or other processes, either gradually or at a fixed maturity date). At WILDPLASTIC®, the redeemable shares have capped dividend rights and are structured to not grant any voting rights over the company. Once the total value of the investment's upside has been distributed, WILDPLASTIC® has the right to recall these shares.

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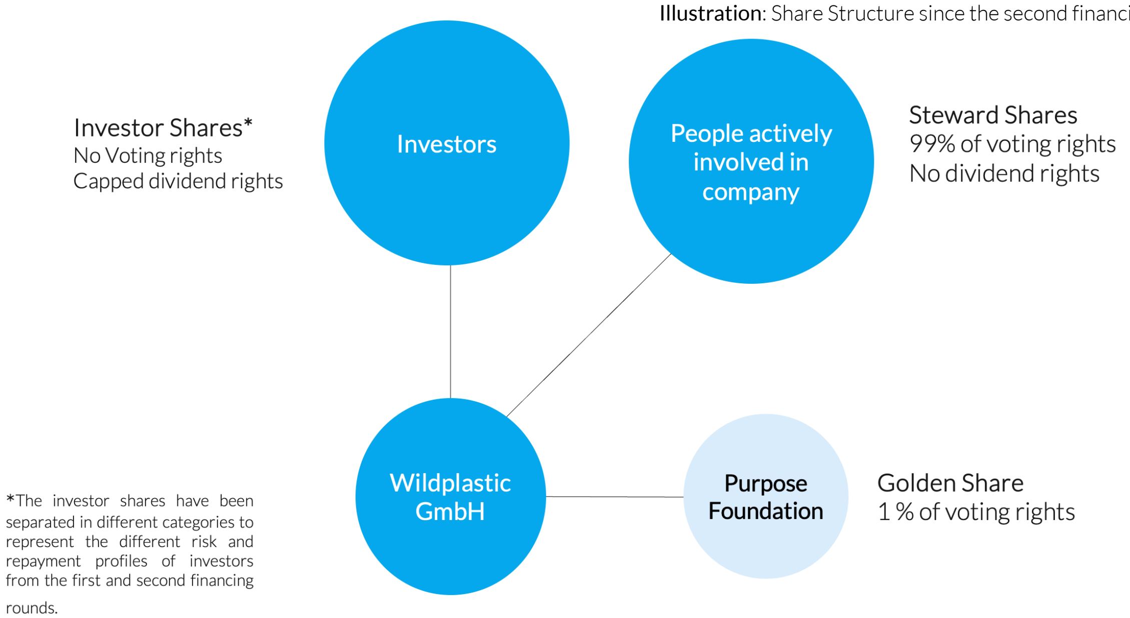
Illustration: Share Structure since the second financing round



This change results in a new capital and share structure for WILDPLASTIC® represented in the following graph. It is worth noting that while the steward-owners only hold 3/56.775 shares, they hold 99% of the voting rights so have full entrepreneurial control over the company.

The investor shares have been separated in different categories to represent the different risk and repayment profiles of investors from the first and second financing rounds.

What changes when converting from equity-like debt to equity

What changes for investors and the company by converting the investments from subordinated loans to redeemable shares?

- In the case of losses: With subordinated loans, the investors can't push for payments if that might result in insolvency of the company. However, in theory, free cash flow needs to be used to make payments to investors. This is different in the case of shares as the investors have a share in losses as well. Only when losses are recovered the repayments can start. This means that in the case of redeemable shares, the repayment might happen later.
- Future bank loans: With the changes in the balance sheet, WILDPLASTIC® will be likely to receive bank loans in the future.
- In the case of contract breaching by the company: In the investment contracts of WILDPLASTIC® and its investors, some points are specified in which the company needs to consult with its investors or in which they even have to confirm decisions.
  In the case of subordinated loans, if the company breaches these agreements, investors can decide to end the contract and receive their investment back. In the case of redeemable shares, the contract cannot be ended; if disagreements happen, the claims would need to be sued for. So for both sides this conversion means that they can't end the relationship with each other as easily.

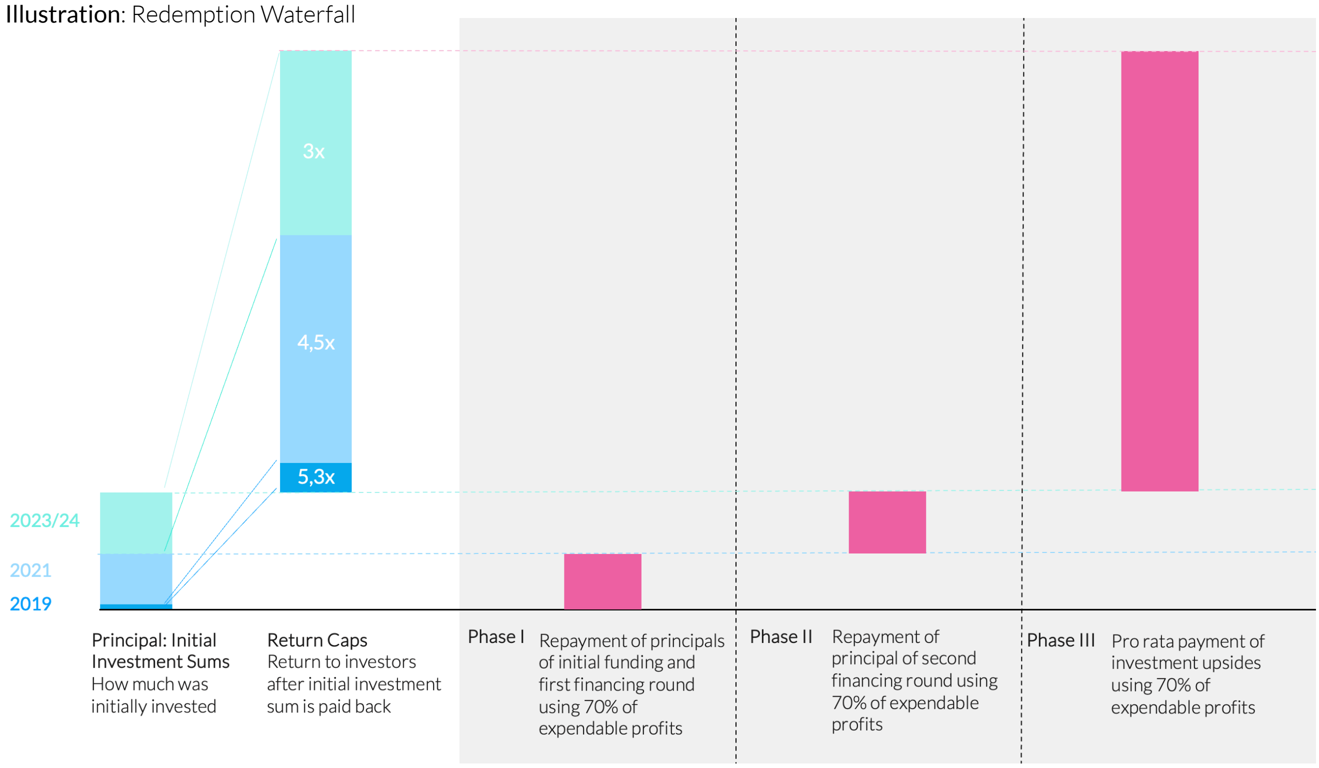
These differences are also reflected in the financing terms, namely the return and path to liquidity for investors.

Return

The different risk profiles of the different financing rounds is reflected in different multiples that determine the investors' claim (total value of the investment upside, which once fully distributed to investors, allows WILDPLASTIC® to recall the shares):

- Initial funding round (convertible loans/ 2019): 5,3X
- First investment round (subordinated loans/ 2021): 4,5X
- Second investment round (redeemable loans/ 2023): 3X
- If the redemption happens substantially later than expected, a further interest rate of 5% plus Euribor (Euro Interbank Offered Rate) is applied to the investments.

Illustration: Redemption Waterfall



Repayment Terms and Liquidity Waterfall

The repayment terms and order of the repayments across all financing rounds are structured as follows.

70% of expendable profits are used for distribution to investors until the investments' cap is achieved and the shares can be redeemed (recalled). If at any point in time there is a strategic reason for fewer profits to be paid out, WILDPLASTIC® and the investors will work to find a solution as everyone is in agreement that the purpose of the company comes first. The remaining 30% of expendable profits can (but don't have to) be used to pay the initial founders' compensation and/or are reinvested into the mission of the company, but only after the investors' initial investment has been repaid.

There are three phases of investment redemption:

Phase I

- Payback of principal investment of the first financing round as well as the convertible loan up to the cap through profit distribution.
- Once fully distributed, the shares can be recalled by the company at the nominal price per share.

Phase II

- Payback of principal investment of the second financing round through profit distribution.
- Once fully distributed, the shares can be recalled by the company at the nominal price per share.

Phase III

- Pro rata payback of the investment upsides of both investment rounds up to the cap through profit distribution.
- Once fully distributed, the shares can be recalled by the company at the nominal price per share. If no further investment has been taken on, the company has paid back all its risk capital investments after this phase is finished.

> *We have agreed on an appropriate return for investors and, if successful, we will pay this return out to the investors. In the medium term, this has the effect that we can operate profitably and grow sustainably and that we can then at some point repay the trust placed in us. And afterwards, we can use all profits for the purpose of Wildplastic.*
>
> – Christian Sigmund

Again and again, WILDPLASTIC® has managed to find innovative financing partners and solutions appropriate to their current phase, pioneering a new form of less extractive investments. This is not only an impressive feat but WILDPLASTIC® and their investors also sets an example for aligned financing for steward-ownership and regenerative business models.

ACKNOWLEDGEMENTS

The content in this case study is based on extensive resources by the team of **WILDPLASTIC®** as well as experiences from the consulting and financing work of **Purpose Ventures**.

THANK YOU!

READ ON

Learn more about Wildplastic and their journey on their website and with articles and podcasts:

WILDPLASTIC®

- Blogpost: Warum wir in Verantwortungseigentum gegründet haben
- Deutschlandfunk Nova – Wirtschaft: Wenn nicht das Geld, sondern die Verantwortung zählt
- Purpose Projects:#18: Nadia Boegli & Christian Sigmund von WILDPLASTIC | Wie können wir Plastikmüll nachhaltig verwerten?
- Medium. Ein Social Impact StartUp und seine Finanzierung — wie wir gemeinsam die Welt vom wilden Plastikmüll befreien
- Planet A Ventures. Addressing the global plastic waste crisis.
- Nord Wirtschaft: Mehr als 300 Tonnen wildes Plastik gerettet
- Neue verpackung.de: Otto setzt nur noch Versandtaschen aus wildem Plastik ein

Youtube

- Chris from WILDPLASTIC® and one of its investors, Patrick Knodel from INNOVATION for IMPACT, at the ChangeNow conference 2024 on steward-ownership and aligned financing
- WILDPLASTIC®'s YouTube-Channel
- FUTURE HAMBURG TALKS x Christian Sigmund von WILDPLASTIC über alternatives Recycling

Podcast

- Regernativ & Digital: Episode 006: Wildplastic über wildes Plastik & Kooperationen für eine regenerative Wirtschaft - Christian Sigmund
- W&V - Der erste Müllbeutel, der aufräumt
- https://purposeprojects.de/podcast/18-nadia-boegli-christian-sigmund-von-wildplastic-wie-koennen-wir-plastikmuell-nachhaltig-verwerten/
- Equalizer – von und für Gründerinnen: Katrin Oeding, Co-founder Wildplastic, befreit die Welt von wildem Plastik

Contracts

- Template of the Subordinated Loan (in German)
- Template of the Convertible Loan (in German)
- Template of the Articles of Association incl. the redeemable non-voting shares (in German)

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