

The left side of the page features several overlapping, organic shapes in various shades of blue, ranging from a deep navy to a light sky blue. These shapes are positioned on the left edge, creating a layered, abstract effect that frames the text.

# Steward Ownership

Because Ownership Matters

# PURPOSE®

---

Our journey with steward-ownership began in 2015 when we coined the term and founded the Purpose Foundation, which is part of the bigger Purpose Group, united by one mission: to make steward-ownership known and accessible to everyone.

While the non-profit Purpose Foundation drives the foundational work of advocacy, research, and education – like the book you are holding in your hand – our investing (Purpose Ventures and Purpose Evergreen Capital) and consulting (Purpose Consulting) entities work directly with founders, companies, and investors. By freely sharing their knowledge and experience, they enable us to create research and educational materials as open content, freely available to a global audience. This book is a direct result of that collective effort. We are incredibly grateful to everyone who has contributed to this work and made this book possible.

A special thank you to the pioneering companies and investors whose courage and vision have led the way, as well as to the countless experts and changemakers who dedicate their expertise to this movement. Our work is also strengthened by the commitment of our international partners under the Purpose brand and our regional allies who collaborate with us to advance steward-ownership worldwide. We are grateful to be a part of this growing community.

It is our hope that this book serves as a valuable resource for your own journey.

---

## About this book

**It's a simple idea, really: what if companies were built and run on two core principles? The first is that the company's purpose-orientation is protected. The second is that its control always rests with its stewards.**

This is at the very heart of steward-ownership. For many of us, this idea started with a moment of clarity. That moment where you realize that corporate ownership and how it is structured truly matters – for people, companies, investment, community, economies, society, our planet. That it is key to building the kind of business you believe in.

But after that, the next question quickly follows: "What next? How to dig deeper?"

That's exactly why we wrote the first edition of this book back in 2018 for the first steward-ownership conference. The book was born from our own journey to learn from those who were already forerunning the model and embodying its principles.

A decade later, the ecosystem has turned truly global, and with the steward-ownership conference SO:25 approaching, we felt it was time to revisit this foundational work. Much has changed in the world and within the movement, yet some things have stayed the same.

We are still a beautifully diverse group of people from many walks of life. You'll find founders of startups next to leaders of family businesses or CEOs of multinational corporations. You'll meet social democrats, conservatives, greens or democrats and republicans, simply many people from across the political spectrum. We are fortunate to be part of a larger movement driven by the forerunners – the steward-owned companies, the investors pioneering aligned financing, the policymakers working on new legislation, and the many researchers, employees, lawyers, and consultants who have

picked up this idea and helped it flourish. All united by a single belief: that an alternative way of doing business is possible. This is a diverse collective that agrees, disagrees, and stays in conversation, working collaboratively on and with steward-ownership and its principles.

Whatever your background or motivation, this book is written to help you take that next step from a moment of inspiration about steward-ownership to a deeper exploration, and ultimately, to action. We know that steward-ownership can feel complex, but we've organized this book as a first step to guide you through it and assist you on your own journey.

In the first part, we'll dive into the basics of steward-ownership and the theory behind it. We'll then introduce you to steward-ownership in practice, to the companies and entrepreneurs and their stories, offering a peek into their unique structures and journeys. For the first time in this edition, we have a new, comprehensive chapter dedicated to steward-ownership aligned financing (SOAF), with detailed case studies and stories of both companies and investors.

The forerunners in this book have bravely charted new territories and overcome systemic challenges. This book is also a thank you to them and a testament to all who have contributed. We can't tell every story, but know that this movement and our appreciation are bigger than the pages you hold. We owe a huge thank you to everyone who has supported steward-ownership and this movement along the way.

We wish you joy and success on your own steward-ownership journey. May this book be an asset on your path. Happy reading!

*YOUR PURPOSE TEAM*

# Table of Contents

## *01.* Introduction

---

About this book	3
Preface	7

## *02.* Steward-Ownership Basics

---

What is Ownership, What is Steward-Ownership?	10
Steward-Ownership Principles	12
Effects of Steward-Ownership	15
Freeing Ben & Jerry's – An interview with Ben Cohen	18
The Rise of Steward-Owned Companies: A Timeline	22
Steward-Ownership – A Cartoon	24
Freedom of Choice – The beauty of building what you want	26

## *03.* Theory of Steward-Ownership

---

The Role of Ownership in Purposeful Business	30
Unbundling Ownership	33
Employee Ownership, B Corps, ...	34
Models of Steward-Ownership	35
Sales and Mergers	39

## 04. Steward-Ownership in Practice

---

### Historical Case Studies

ZEISS	42
Bosch	46
John Lewis Partnership	50
Novo Nordisk	54
Transitioning To Steward-Ownership	58

### Start-Ups

Ecosia	62
Sharetribe	66
Stapelstein®	70

### Succession

Succession with Steward-Ownership – A conversation with Thomas Bruch	75
elobau	78
Märkisches Landbrot	82
Patagonia	86
A Letter from Yvon Chouinard	90
Organically Grown Company	92
Legislation for Steward-Ownership	96

## 05. Steward-Ownership Aligned Financing (SOAF)

---

Why Steward-Ownership Aligned Financing Matters	101
SOAF 101	103





A field in movement	106
Rethinking Finance – An interview with Aunnie Patton Power	108

## 06. Steward-Ownership Aligned Financing in Practice

---

VYLD	112
Haferkater	116
WILDPLASTIC®	120
BuurtzorgT	124
OGC Financing	128
Capital For Steward-Ownership	130
A Capital Provider’s Perspective on Aligned Financing	134
The Role of Impact Investors for Steward-Ownership	138

## 07. Steward-Ownership Ecosystem

---

The Way To Steward-Ownership	141
The Growing Steward-Ownership Ecosystem	142
Sources	144
Acknowledgements	145
Imprint	146
How to Get Involved	147

# Preface



Ownership is a system of power. By shaping the rules of property, society determines who can participate in markets, who can accumulate wealth, and who is excluded.

– Katharina Pistor, *The Code of Capital*



Ownership is one of the most powerful codes of our society. It shapes the way we live, work, and interact with the world. Companies – and through them the products we use, the services we rely on, the workplaces that sustain us – are all governed by the rules of ownership. How a company is owned determines who makes decisions, how value is created, and who benefits from that value – in short, it directly steers corporate behavior. As Kate Raworth, author of *Doughnut Economics*, puts it: “More than the design of specific products or services, what matters most is the deep design of the organisation itself.”

For decades, the dominating societal and legal understanding of corporate ownership was to define companies as commodity: something to inherit, sell, or trade; a commodity; a tool for generating financial wealth for its owners. This framing is at the heart of a shareholder-value capitalism, where business ownership is treated as an investment to be maximized rather than a responsibility to be exercised – with the result that the company’s purpose, its stakeholders and effects on society often become an afterthought to shareholder value and short-term profit

maximization. But what if we saw ownership differently – not as entitlement, but as responsibility? Not as a tool for wealth extraction, but as stewardship?

Historically, many cultures have recognized ownership as something far beyond personal financial gain. All over the world, family businesses are firm in the belief that the company doesn’t serve the family but the family serves the company. In Japan, many of the world’s oldest companies have survived for centuries by entrusting leadership to those most capable, not to heirs or those who can pay the most. And in many indigenous cultures, ownership is viewed not as personal possession, but as a responsibility to the land, the community, and future generations. Many of these models were not about wealth extraction, but about stewardship.

Steward-ownership is building on these traditions and values and translates them into a concrete, legal company model. As Prof. Nien-Hê Hsieh from Harvard Business School observes: “Steward-ownership is taking us back to the future. When corporations first formed, governments only granted the right to incorporate for a clear purpose. Over time, we’ve strayed from that original sense of corporation. So while steward-ownership points to the future, it also brings us back to the origins of what corporations were meant to be.”

Steward-ownership challenges the notion that money equals power, asking the radical questions: “Who should have power and why?”; and “What is enough?”. By decoupling money and power in the long run, steward-ownership ensures that companies remain self-determined and purpose-oriented in the long run. “It rewrites the psychology of companies, changing

the deep structures that shape their behavior”, as [The New Yorker](#) describes it. Steward-owned companies don’t exist for the wealth of their shareholders and they are stewarded into the future by capable, value-aligned people closely connected to the company.

Independently from each other, companies across generations and regions have adopted the same principles, same notion of corporate ownership and brought it to life – a convergent evolution, which we call steward-ownership today. As Germany’s President Frank-Walter Steinmeier puts it, the entrepreneurs trailblazing this form of business form an “economic avant-garde” that strengthens the idea of a free and social market economy. While each entrepreneur’s focus is first and foremost to create coherence between their company and its ownership structure, together they show how entrepreneurship can be a force for good.

Steward-ownership cannot be understood through abstract principles alone. It’s the companies – family businesses, startups, and global corporations reimagining ownership – that really bring it to life. Whether for a SME looking to secure succession, a tech startup striving to remain independent, critical infrastructure or social businesses striving to prevent mission dilution – steward-ownership answers a diverse set of real-life entrepreneurial challenges. That’s the beauty of this movement: the variety, the diversity of solutions.

For this movement to become even more diverse and flourishing, steward-ownership needs to become more accessible. We need more narratives about this company type, better-suited legal and political frameworks and a shift in the quality of capital available so that entrepreneurs can not only make a free decision whether the model is right for them but also implement it.

“The stories we tell literally make the world”, as writer Chris Cleaves reminds us. For a while now, we have mainly been told stories of

entrepreneurial success such as high financing rounds, exits, multi-million-dollar multinational corporations and monopolies.

But this needs to change. As steward-ownership entrepreneur Juho Makkonen puts it, “economists are great at making capitalism sound like the laws of physics: that these are the objective truths about how things work and can’t be changed. This isn’t true. Our economic systems are created by humans, and they can be changed by humans.” This book highlights stories, reflections, and insights from those already working on this change with innovative forms of ownership. We hope it will inspire you to find your connection to ownership as stewardship, not as wealth-ownership – and allow you to tell your own story. And maybe together we can prove Patagonia CEO Ryan Gellert right and show that this is “the future of business.”

# Steward- Ownership Basics

This chapter lays the essential foundation for understanding steward-ownership by first dissecting the prevailing notion of corporate ownership and how steward-ownership can reshape that relationship. We learn from Ben Cohen, co-founder of the well-known ice cream brand, why he wishes he had known about this concept before his company's sale to Unilever. By identifying the historical and contemporary forerunners, we ground the theory in practice and dive deep into the core principles.

# What is Ownership, What is Steward-Ownership?

*A contribution by Armin Steuernagel*



Armin co-founded the Purpose Foundation and the investment funds Purpose Ventures and Purpose Evergreen Capital.

Is it domination? Is it a right of use? Is it a form of identification?

Could our concept of ownership embody the very essence of how, in our consciousness, we perceive “I” and “world” and relate them to each other? Ownership as a mirror of our relation to the world?

If we understand ownership as control over something, as the right to use it personally, to take its fruits for ourselves, this already presupposes that we perceive the world outside as “not myself”, as something that can be owned.

World and I must be two different things.

This form of relating to the world, the “subject-object split,” does not begin only with the Enlightenment, 250 years ago, nor merely with Descartes (“Cogito ergo sum”) 400 years ago. If we follow Karl Jaspers and Charles Taylor, it actually begins much earlier, between 800 and 200 BCE. This period is known as the Axial Age, because before and after it, the world was experienced in radically different ways.

Before the Axial Age, Jaspers and Taylor argue, human beings experienced themselves as inseparably bound and embedded in a cosmic order – in nature or tribe. The self was “porous” (Taylor): gods, spirits, and demons could flow in and out of it. The world was alive, mythical, filled with meaning. It was not “objectifiable,” and therefore not ownable in the modern sense. To be an owner meant to care for something, to act as a manager or steward, for the world belonged to God, or was even itself divine.

In the Axial Age, for the first time in human history, religious founders and philosophers arose who explored the inner life of human beings, who distinguished between self and world, and who asked how we stand in relation to God and to the world. “I am not the world, and the world is not me” – subject and object are experienced as separate. From Confucius in China, to the Buddha in North India, Zoroaster in Mesopotamia, Socrates in Greece, and the prophets in Israel: everywhere the divine withdraws from immediate surroundings and becomes transcendent. Thus begins the search for God, and the world as an object. Taylor calls this the “great disembedding.”

“Subdue the earth,” says the Old Testament (written around the 6th century BCE) – an expression of this changed relation to the world, and with it, of a changed understanding of ownership. Fittingly, in the same period, the Roman concept of *dominium* arose: legally codified, exclusive ownership.

Two thousand years later, with the Enlightenment and the mechanistic-technological worldview that followed, the separation of self and world was pushed even further. The world was made ever more usable, ever more controllable. It became, as Hartmut Rosa puts it, more and more “available.” This way of relating to the world corresponds to an understanding of ownership that prioritizes availability above all else – extending property, for example, even to the patenting of plant DNA codes. Almost everything becomes an object, and therefore ownable. It is – in Rosa’s words – an “aggressive” relation to the world.

Paradoxically, despite – or perhaps precisely because of – this appropriation, the world seems to grow alien to us. It withdraws from us through our own instrumentalization. We live in great cities, physically closer to and surrounded by more people than ever before, and yet lonelier than ever. We know more about nature – in certain respects – than at any time in history, and yet we are increasingly alienated from it, even destroying it. Corporate ownership, made “available” through anonymous stock markets and pension funds, is in principle open to everyone – and yet fewer and fewer people truly identify with the company itself, leading to a succession crisis of enormous proportions. Charles Taylor speaks of alienation; Hartmut Rosa calls it a withdrawal of the world.

To make possible another, resonant way of relating to the world, Rosa argues, we must allow ourselves to be touched by the world – so that, perhaps transformed ourselves, we may respond, and once again assume genuine responsibility for it. In a certain sense, what is needed is a new binding of self and world, a “re-embedding without regression,” as Taylor suggests.

Not in the old sense – before the Axial Age – of mythical fusion, where the self dissolves, but in a new connection that brings the self into resonance with the world. An understanding of ownership that mirrors such a new relationship would likely describe ownership less as a right of use and more as a relationship of care, or stewardship for something, or, precisely, steward-ownership. Such relational, resonant, or steward-ownership would take two principles seriously:

1. First, this understanding would involve the *de-instrumentalization* of the perspective on ownership: property would no longer be reduced to an investment object, thereby freeing the gaze for the world, which is no longer reduced to utility. This would allow a different way of seeing the company, enabling resonance and stewardship: the purpose-principle or asset-lock.
2. Second, the responsiveness of stewards or owners requires proximity. Owners who are distant – absent from the company – can neither be touched nor transformed, nor can they respond to what happens on the ground. Yet this is necessary for genuine responsiveness, for resonance, for stewardship. Hence the second principle would be the *self-governance of the company*: steward-owners (usually local) remain connected to the enterprise.

This conception of ownership allows a new perspective on the company, precisely because it renders it, from a pure financial perspective, unavailable – unavailable, for instance, to speculation. One might assume this represents a reduction of freedom. Yet for those whose view of the world is clouded by utility and instrumentalization, the world itself becomes more difficult to reach – and with it, ultimately, the foundation of every free decision. A more resonant relation to the world creates new insight, new knowledge of the world, a foundation for free action. It enables us to act in the spirit of the world – not because we must, compelled by impact assessments, profit pressures, or legal mandates, but because we are in genuine relationship with it.

# Steward-Ownership Principles

Ten years ago, we founded the Purpose Foundation and began our work around the idea of steward-ownership. At that time, whilst this form of corporate ownership had already been implemented and well-tried by some pioneering companies around the world, the concept was not yet well defined, and had no identifiable name. Coining the term “steward-ownership” and communicating the principles behind it was the starting point of our journey with the Purpose Foundation.

One decade later, a lot has changed. The term steward-ownership is now widely used in many parts of the world and translated into other languages, for example, the Spanish Propiedad Responsable. More and more companies are taking inspiration from the concept, either transitioning to steward-ownership or building on its principles. We see an increasing number of employees working in steward-owned companies, more investors curious to learn about and to invest in this type of company and a growing amount of organisations in various regions of the world are dedicating their work to the idea and movement.

In light of all the progress and learnings over the last ten years, we want to share our current thoughts on what shapes the core principles of steward-ownership. We hope it will inspire discussion and exchange.

## Two levels of consideration

In order to approach the question of what exactly steward-ownership is, we distinguish between two levels. First, there is the level of principles – the core notion and the two fundamental principles on which the concept of steward-ownership is built.

Second, we describe how many companies interpret the principles for themselves – in other words, how the principles are implemented in concrete terms by these companies. After all, it is this technical implementation that determines whether the intended principles – and, with them, the entrepreneurial attitude behind them – can come to life. On this technical level, there are common elements that have become a recurring pattern across cultures and legal contexts.

What we are sharing is not entirely new, but offers a more nuanced version of the principles and their technical interpretations, which we hope will provide orientation and inspiration for those looking to better understand, work with or adopt steward-ownership.

## The principles

Steward-owned companies are guided by two principles:

**Self-determination:** The company cannot become an object of speculation but remains self-determined and independent in the long term. The steering wheel always remains in the hands of people who are connected to the company and its mission.

**Purpose orientation:** Profits are a means to an end, not an end in themselves. They serve the company’s mission and development or can be used to fund charitable activities. The value created within the company cannot be extracted by the company owners for their personal benefit.

These principles, together with their (legally) binding implementation, constitute the very core of steward-ownership.

They express the entrepreneurial attitude at the heart of the idea. Depending on the cultural, historical, regional, and legal context, they can be brought to life in different ways: from 'the Danish model' – large corporations majority-owned by foundations, yet with a stock-market listing, like Novo Nordisk – to foundation/trust-owned enterprises such as Bosch (Germany), John Lewis Partnership (UK) or Patagonia (USA), to startups that implement the principles using veto-share models. The diversity of ways of technically implementing the principles is certainly one of the concept's strengths. The principles leave it up to each entrepreneur, as an individual, to find the technical derivation and implementation that is appropriate for the respective company.

Nevertheless, or precisely because of this, the question remains relevant: What do all these diverse models have in common on a technical level, beyond the principles mentioned?



## Implementation at the technical level

We observe that among companies guided by the principles, certain common design patterns have been established and are implemented in a legally binding manner:

**Self-determination:** Control <sup>[1]</sup> over the company cannot be inherited or bought/sold in any form. It is held and passed on in trust by individuals.

**Capital lock:** Those who hold control over the company do not have access to its assets and value <sup>[2]</sup> for private consumption. They can be compensated at market-appropriate and risk-adjusted levels for their work.

Profits serve the company (reinvestment), society (donations) or are used to repay investors (capital costs), whose economic claims are limited in terms of time, amount or influence. Beyond these patterns, there are – depending on the model – additional technical aspects that individual companies consider central for implementing steward-ownership and which can also be derived from the principles. One example is a further interpretation of self-determination, which, in addition to the aspects mentioned above, also ensures that control always remains specifically with the employees and managers of the company. This can be considered as another expression of the principle of self-determination.

## A method for classification and orientation

In everyday work with steward-ownership, one question that repeatedly arises is: Can company XYZ be classified as a steward-owned company or not? It is tempting to try to create a technical definition that allows for this question to be answered easily and clearly, almost mathematically, for everyone at any time. However, our experience shows that each company must ultimately be evaluated individually. We do this with the help of the basic entrepreneurial attitude and mindset described above in the principles, as well as by considering the respective technical

<sup>[1]</sup> Control means being able to make all essential entrepreneurial decisions independently – including those concerning the design and assignment of the role of the steward-owner(s). Therefore, this does not only involve voting rights but also all decision-making, approval, control and oversight rights.

<sup>[2]</sup> "Access to value and assets" refers in particular to the following rights: the right to participate in profits; the right to access liquidation proceeds; the right to sell or transfer shares for personal gains; the right to acquire new shares in the event of capital increases; the right to compensation.

interpretations. Taking a look at the specific implementation of the two principles in each case is decisive for our conclusion. We also stay continuously open to considering new technical forms of implementation outside the existing models and examine them through the lens of the principles. Examples of such individual considerations are our analyses of the Patagonia and OpenAI cases.

Despite the variety of ways the principles are implemented, there is a clear distinction from other business concepts and philosophies, such as shareholder value primacy and its basic principles.

Thus, from an ownership perspective, we see a broad range of companies: from those that implement steward-ownership in accordance with the principles and give the concept their own flavour in their technical interpretation, to others that only implement certain aspects and are closer to or further from the principles, to those that clearly base themselves on other entrepreneurial philosophies and may be diametrically opposed to the concept.

## What this means for companies

So, what does this mean for all the companies that are engaging with the principles or are considering applying them to their own businesses?

They have the wonderful and admittedly challenging freedom that comes from engaging with the principles to choose an ownership, governance, and financing structure that reflects the will of the people involved and is appropriate to the respective enterprise. It is this exercise of freedom, combined with the uniqueness of organizations, that gives rise to the inspiring diversity of solutions we see in the context of steward-ownership. A diversity whose common denominator lies in the principles of self-determination and purpose orientation, as well as their technical interpretations, forms, and variations.

We hope that our contribution will provide some orientation and inspiration. The discussion and the pursuit of clarification is certainly not over. This text is intended more as a starting point. It reflects the Purpose Group's current answer to the question: Steward-ownership – what exactly is that again? We, for our part, will continue to revisit and reflect on this central and important question again and again, and warmly welcome your questions, contributions and input.

**Read our evaluations in the detailed analyses of the Patagonia and OpenAI examples**

- [steward-ownership.com/patagonia](https://steward-ownership.com/patagonia)
- [steward-ownership.com/openai](https://steward-ownership.com/openai)

# Effects of Steward-Ownership

## *Evidence from Denmark and beyond*

Drawing from extensive research in Denmark (and abroad), this paper strives to compile literature on the effects of steward-ownership. The effects suggest that steward-ownership has a range of beneficial effects in many different areas, including the companies themselves but also on employees, the wider economy and society more broadly. Denmark has the highest number of foundation-owned companies worldwide and therefore provides the most findings on this type of ownership as related to steward-ownership which are summarized here.<sup>1</sup>

### Companies in foundation-ownership show a range of beneficial outcomes

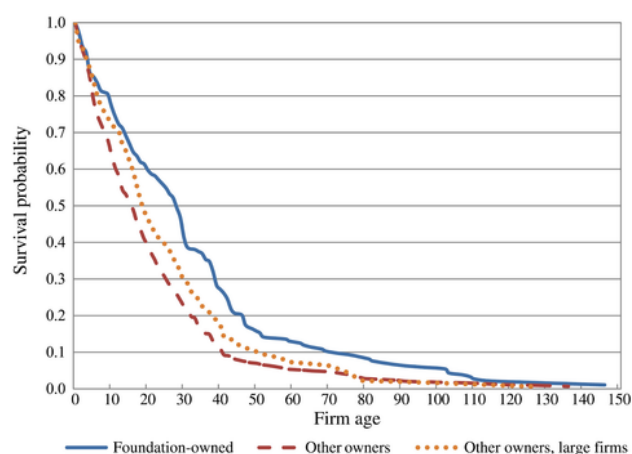
By fundamentally rewriting the ownership and incentive structure in a company, steward-ownership changes the rules for behaviour on all levels of the company. With less short-term pressure from financial markets and investors, steward-owned companies can focus on what is best for their organizations, employees, customers, investors, and society at large in the long-term.

#### *Stability and survival rate*

Danish research shows that the stability of ownership (the non-selling of voting shares) is four times higher than in other companies.<sup>2,3,4</sup> The majority ownership and separation of dividend and voting rights also protect companies from takeovers.<sup>5</sup> Furthermore, research shows that companies with this model have a higher survival probability than conventionally-owned companies (see Figure 1)<sup>2</sup>

Applied in a more specific context, steward-ownership also represents an alternative to – at times very costly – succession processes or solutions in family-owned businesses.<sup>6</sup>

Figure 1: Kaplan-Meier survival curves<sup>2</sup>



#### *Long-term orientation*

The steward-ownership structure with the resulting credible ownership stability empowers business leaders to take a long-term perspective on corporate decisions.<sup>2,3,7</sup> This is reflected in the significantly higher long-termism score compared to non-foundation-owned companies.<sup>2</sup> This could be a competitive advantage in terms of stakeholder loyalty, trust-based relationships,<sup>2,6</sup> as well as an argument for value-sensible consumer and labour markets. Danish data also show more stable management with a 40 percent lower fluctuation rate in management in these organizations compared to companies with dispersed ownership.<sup>8</sup> Foundation-owned companies on average also have a significantly higher image rank than other companies.<sup>9</sup>

A sample of 110 Danish companies confirms that the separation of compensation from profitability works well, showing a strong positive relationship between this governance and firm performance.<sup>10</sup>

### *Financial performance*

The long-termism and purpose-orientation of these companies are also reflected in financial indicators. While their financial performance is similar to other companies,<sup>11,12,13</sup> and they show smaller sales growth,<sup>4</sup> research shows a lower level of volatility on average in profitability measures, indicating a lower level in business risk.<sup>10</sup> This also shows in their reduced likelihood of large losses.<sup>4,6</sup> They show more normal, organic growth than sudden large growth spurts.<sup>6</sup> On average, the Danish foundation-owned companies additionally have a lower leverage,<sup>14,12,15</sup> a strong capital basis, a higher equity ratio and higher reserves than generally found amongst Danish companies.<sup>12,15</sup> Research on productivity in Denmark shows that depending on size, these companies have similar to higher factor productivity,<sup>4</sup> so the ownership structure does not seem to lead to inefficiency. International research supports these findings, showing that this type of ownership also improves corporate financing by providing for higher creditworthiness, lower credit risk and lower interest rates,<sup>16,17</sup> and a higher return on equity.<sup>18</sup>

### *Innovation hubs*

Also, Danish foundation-owned companies make up more than 50 percent of the Danish private investments in research and development.<sup>6</sup> This could lead to more innovativeness.<sup>19</sup> These significant expenses in research and development seem to have a positive effect on the companies' performance.<sup>4</sup>

## **Positive effects on economy, employees, society and sustainability**

### *A win for the economy*

As mentioned above, the ownership stability and long-termism of foundation-owned companies in Denmark result in an average higher risk aversion and a more steady mode of conducting business.<sup>6</sup> This greater economic stability may have a stabilizing effect on the Danish economy in general and can prove to be an advantage for stakeholders such as employees, consumers, business partners and the general public through stable and more long-term tax payments.<sup>6</sup> Furthermore, a positive spillover effect can be found from large, foundation-owned businesses on other firms in their sectors.<sup>11,5</sup>

### *Happy employees*

Due to the reduced shareholder pressure, a higher leverage to build a more productive corporate culture with less emphasis on short-term profits is observed.<sup>9,15,20</sup> On average, employees in these companies are paid slightly higher wages than in other companies.<sup>9</sup> This could also be a strategy to secure the long-term survival of the company by attracting qualified and talented employees with better wages and good employer reputation. Furthermore, research and statistics show that total employment in foundation-owned companies is, on average, more stable than in other companies.<sup>9,21</sup> The stability of employment does not only account for total employment, but foundation-owned companies also show higher employee retention rates.<sup>9,21</sup> Besides being more stable and better paid, employment also tends to be more diverse in regard to gender and age.<sup>9,21</sup>

## Good for society

From a societal perspective, equity being held in this way instead of privately could significantly lower wealth inequality. If the top 1% wealthiest in Denmark were to own foundation-owned companies instead, Danish wealth inequality would increase from relatively equal to relatively unequal compared to other OECD countries.<sup>22</sup> Foundation charters often stipulate high ethical standards for the business, products and employees. This could also have positive spillover effects on other companies in their industries.<sup>11,6</sup> It can also be argued that the resulting business behaviour, e.g. in terms of corporate social responsibility or employee treatment, explains the significantly better public reputation of such enterprises.<sup>9</sup>

## Sustainability

Danish research also points to sustainability as a potential benefit and so does international research. Global empirical research shows that indeed foundation-owned companies consistently have higher environmental, social and governance (ESG) performance.<sup>23</sup> A global literature review suggests that more stringent forms of ownership as exemplified by steward-ownership are required for reliably sustainable company behaviour.<sup>24</sup>

## Good governance

Transitioning to steward-ownership requires a deep reflection on a company's values, mission, purpose and long-term goals. Research further suggests that entrepreneurs in steward-owned ventures make more deliberate ownership choices, treating ownership as a core element of company design. While the governance structure of each steward-owned company can take on very different forms, the design process itself

forces current owners and stakeholders to identify what the best solutions are for a company in the long-term. It can be argued that this can reduce internal conflict and team break up, given that questions around equity and power (often factors for conflicts) are addressed early on. Furthermore, steward-ownership can signal alignment to co-founders, employees, and investors which can help create purpose-driven partnerships early on.<sup>25</sup>

Steward-owned companies may also be better positioned to balance value creation with long-term exploration. The model allows for more flexible inclusion of diverse stakeholder groups in governance, which can strengthen representation and accountability. With a broader range of stewards helping define what constitutes "valuable" entrepreneurship, steward-owned ventures might benefit from a richer and more purpose-driven strategic discourse.<sup>25</sup>

## Customer

Due to the reduced shareholder pressure, foundation-owned companies have more leverage to build a more productive corporate culture with less emphasis on short-term profits and more emphasis on customer satisfaction, integrity and collaboration.<sup>9,15,20</sup>

Furthermore, partners and consumers 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.

### Looking for more research and reading on steward-ownership?

- Find academic articles, studies, and stay up to date with the growing research community: [research-stewardownership.org](https://research-stewardownership.org)
- Discover stories, resources, and more at: [steward-ownership.com](https://steward-ownership.com)

# Freeing Ben & Jerry's

## *An interview with Ben Cohen*



**Ben Cohen** is an American entrepreneur, activist and philanthropist. He co-founded the ice cream company Ben & Jerry's.

*Maike: Before we dive into specifics, I'd like to start with the bigger picture. How do you see the role of businesses in society, and, based on that, what were the thoughts behind founding Ben and Jerry's?*

**Ben:** I think we're all starting to understand that business is the most powerful force in our society. It didn't always used to be that way. Originally, the most powerful force was religion, then it was nation-states, and today it's business. As the most powerful force, business controls pretty much all aspects of our lives. It controls our lives as employees and customers. It controls our legislation through lobbying, it controls our elections through political donations, it controls the media through ownership.

And all of that is done in the narrow self-interest of business. Traditionally, the narrow self-interest of business has been maximizing profit, and business has traditionally not given any concern to the fallout of that narrow-minded, single-minded approach.

The interesting thing is that business is incredibly political; it just tends to be covert. It doesn't want people to know that it's influencing our legislators and our political leaders et cetera. The big difference for Ben & Jerry's is that we decided to run our business the way the average person on the street would like to see a business run – a business that cares about the community, that cares about improving the quality of life for people, that uses its power to be reparative in terms of the society instead of destruction and essentially externalizing its costs.

At Ben & Jerry's, we developed a three-part mission statement: a social mission in terms of improving the quality of life in the community, a product mission, making the best ice cream we can, and a financial mission: making a profit. And they're all interrelated. When we came up with this three-part mission, there was a lot of discussion about which one is primary, and eventually we realized they're all equal. And when we print them out, we print them out horizontally to indicate that. And essentially, as the business supports the community, and as we put out great ice cream, we end up making a bunch of money.

When we first started, all the experts, and the accountants, and the lawyers were saying: It's impossible, you can't do it. If you want to take care of social needs, you do it in the nonprofit sector, and if you talk about making money, you do it 180 degrees on the other side, in the for-profit sector.

When we first started trying to do it, we did run into the problem that if we devoted company time and effort and resources to improving the quality of life, that took away from resources we can put into increasing profitability. Finally, we realized that the solution to the dilemma is to choose those courses of action that have a positive effect on both parts of the mission – on social benefit and on making money.

So we started sourcing our ingredients in a conscious way so that, just by buying them, we were helping to solve social problems. We found a banking relationship with a bank designed to get accounts from outside a decaying urban area and use them to invest in that formerly decaying area to improve it. We have some scoop shops that are owned by nonprofits that are working with at-risk youth. The ways to combine the two are limitless.

And the interesting thing that we discovered is that there's a spiritual aspect to business, just as there is to the lives of individuals: as you give, you receive; as you help others, you're helped in return. As your business supports the community, the community supports your business. Most people are buying products from companies, from corporations they don't like – they're buying products in spite of the values of those corporations. When they have a chance to buy from a company whose values they agree with, they're really happy. It builds the strongest possible relationship with your customers that you could ever build. It's a relationship based on shared values, and that's pretty deep.

You can see it in what's going on now with the struggle to keep the social mission at Ben & Jerry's alive and the struggle to get Ben & Jerry's owned by socially aligned investors. Jerry put out this statement talking about the problems Ben & Jerry's is having, and in two days there were, I'm told, around 20 million views. All these companies are spending tens of millions, hundreds of millions of dollars on advertising and PR agencies which are all about trying to get the people to feel good about the company.

What they end up doing is this pretty ephemeral stuff that might move the needle for a little bit, but once the ad campaign is over, it dies. Companies like Ben & Jerry's that are using their power to improve the quality of life in the community – the community gets it. You don't have to spend so much money making up stories to make people like your company, you just have to be who you are.

*Armin: This is super impressive, Ben, and it really resonates. It's impressive how you're realizing companies are such powerful players, and by loving the community, you are loved as well. This kind of spiritual aspect: would it also work if a company realizes, "I just need to do some things for the community so I will increase my shareholder value"? Or does the community sense whether you do it out of shareholder-value interest or because you think it needs to be done?*

**Ben:** You're talking about some version of greenwashing – trying to make it look like you really care when you don't, throwing a few crumbs to the community while you screw them with your other hand. No. Your intentions have to be authentic. I mean, authenticity, as even mainstream marketers are starting to figure out, is what consumers are yearning for. What ends up happening is all these exclusively profit-driven companies that don't care about any of these social needs trying to make themselves look like they're authentic. You can't fake authenticity. They try, but it doesn't work.

*Armin: As you know, we are working with the model of steward-ownership, where money and power are decoupled in the long run so as to ensure that the company remains independent and purpose-driven. In this context, we are talking a lot about ownership and how important it is to have a good ownership design to support your mission and avoid mission drift. So what interests us a lot is what happened after you sold Ben & Jerry's to Unilever? How did it affect things?*

**Ben:** It's interesting the way you described what Purpose is doing and what their guiding principle is, which is separating power from

money. I'm sorry we didn't know about you guys when the company was being acquired. Purpose wasn't around, so we did the best we could. We came up with this independent board of Ben & Jerry's which has legal authority over the social mission of the company, over the quality of the product, and the way the brand is marketed. Unilever, the acquirer, had authority over operations and finance. And that actually worked pretty good for 20 years.

And I think what happened was that over the course of time, management at Unilever churned. The people who we made this agreement with were no longer at Unilever, and the way the people at Unilever see it is that, boy, what kind of cockamamie deal did those predecessors do? That was stupid, and we're not going to abide by it. So what's happened is that this independent board – one of whose legal responsibilities was to be in charge of the social mission – has been overruled and stifled by Unilever.

*Armin: And that was possible despite the contracts?*

**Ben:** The independent board is suing Unilever. Anything is possible. What happened was that Ben & Jerry's, under supervision by the independent board, wanted to put out a bunch of social media posts speaking against the genocide in Gaza, speaking in favor of free speech, speaking in favor of DEI, and speaking in support of Black History Month which I didn't really realize was controversial. And Unilever muzzled those efforts. They've essentially usurped the power of the board of directors.

And that's the situation that we find ourselves in now. One, the independent board is suing Unilever. And two, it's become clear to Jerry and me that after years of trying to work this out, of trying to negotiate, that it's not possible for Ben & Jerry's to live out its values if it's owned by an entity that is not aligned with those values. That's why we're now trying to free Ben & Jerry's and get it owned by a group of investors who support the values of the company.

*Maïke: If I understand correctly, Jerry has left Ben & Jerry's. How is it for you, after so many years with him in this journey, to go on without him?*

**Ben:** Jerry is very, very supportive of the company becoming owned by socially aligned investors. Jerry has a really big heart, and everybody has their own tolerance for conflict. This has been an incredible conflict. Jerry has taken it very personally, and it's just been tearing him apart. So the right move for him was to resign, but I can guarantee you that he's very supportive of the company becoming independent so it can live out its values.

Jerry and I were friends long before the business started. We met each other in seventh-grade gym class. We were the two slowest, fattest kids in the class, and that formed a pretty strong bond. We continue to be the best of friends. We are, we will be, we have been. And that doesn't change anything for us personally.

*Armin: Ownership is often not visible and only becomes hurtful if it's not in the right design, so the power of ownership is often overlooked. What is the lesson you're drawing from this story?*

**Ben:** The lesson is to do it the purpose way: separate the money from the power. Have a separate entity – which is what we tried to do – that is responsible for the values and the mission of the company.

*Armin: What would you say to founders who are starting now and are in a situation like you were decades ago?*

**Ben:** The mainstream business community – and the mainstream accountants and lawyers – are going to tell you that it's never going to work, that you can't marry your values and your business. I'm here to say we've proven that's a bunch of bullshit. You can do it. Not only can you do it, but it builds the strongest relationship with your customers that you could ever hope to build.

The other thing I think to understand is that if you're going to take a stand on something, if everybody already agrees with it, you don't need to take the stand. By definition, the only things worth taking a stand on are going to be controversial. Not everybody's going to agree with it. But you don't need everybody for your business. I think Ben & Jerry's doesn't need any more than 5% of the population – probably a whole lot less than that – to be a billion-dollar-business.

*Maïke: You're talking about trying to buy back Ben & Jerry's and free it from Unilever. So if Unilever sells – crossing my fingers – how can you prevent this from happening again? Do you have a plan in mind – also a merger agreement? What are your thoughts?*

**Ben:** There's been talk about using the Purpose methods. We're screening potential investors for agreement with the social values of the company. That's pretty much where we're at right now.

*Armin: The most interesting thing, of course, is what happens if Unilever sells. Do you have enough investors on board? Also, investors may die, children take out the money, or a new management arrives like at Unilever and you have the same problem. Could you give a glance into your ideas? You said Purpose methods – how would you structure a new independent Ben & Jerry's so this doesn't happen again? Have you thought about making Ben & Jerry's foundation-owned – give it to a foundation and have investors hold just economic rights – or trust-owned like Yvon Chouinard did with Patagonia?*

**Ben:** The various methods that you spoke of have all been under discussion. We're just trying to figure out the best one, and we can use your help.

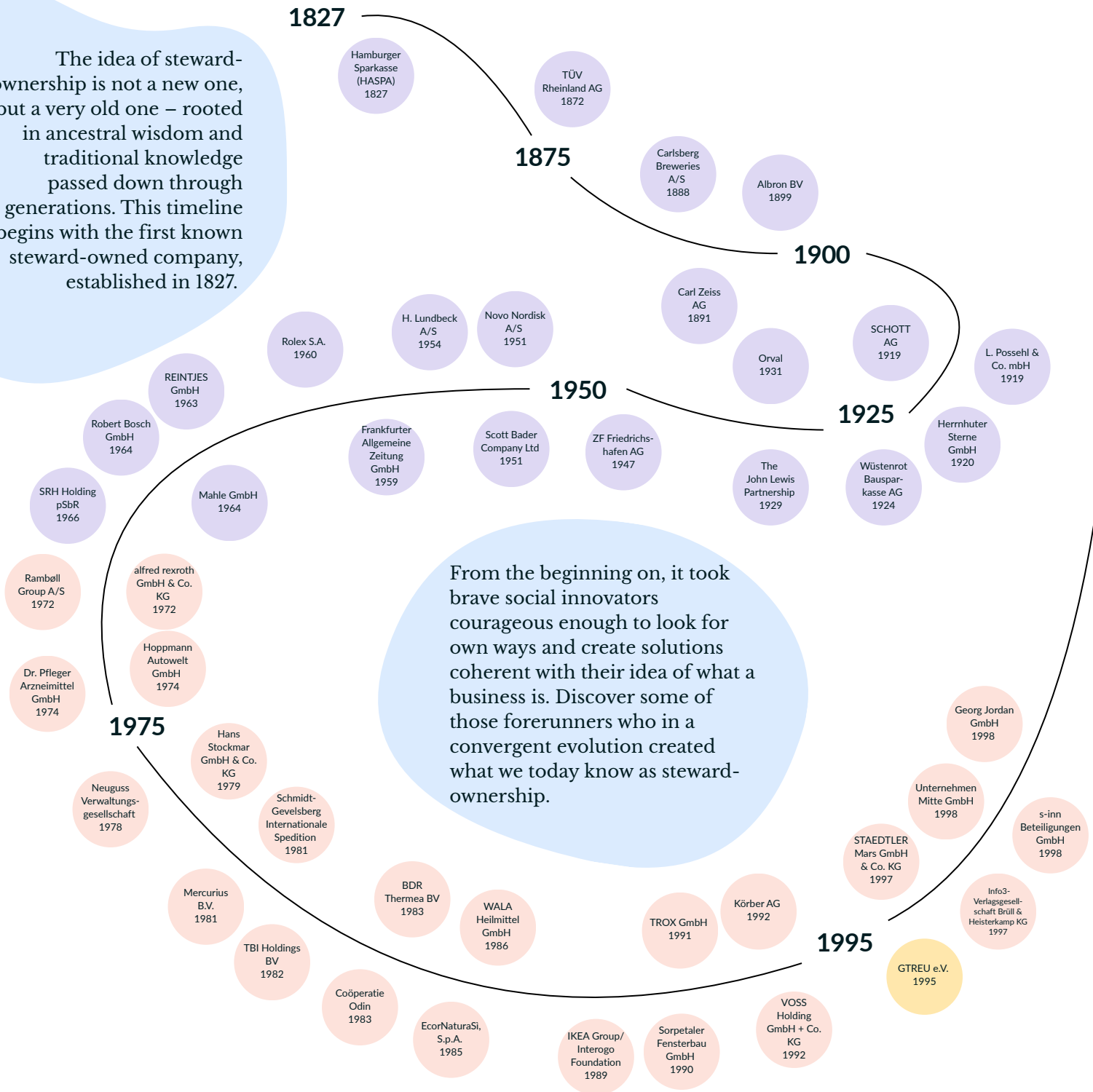
*Maïke: We would be happy to help in any way we can. So thank you for this interview, Ben.*

**Ben:** Thank you so much for the work you're doing.



# The Rise of Steward-Owned Companies: A Timeline

The idea of steward-ownership is not a new one, but a very old one – rooted in ancestral wisdom and traditional knowledge passed down through generations. This timeline begins with the first known steward-owned company, established in 1827.



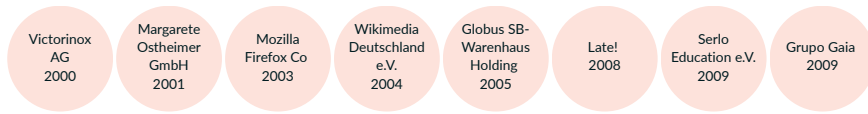
**Phase I:**  
The first steward-owned companies

**Phase II:** Forerunners, succession in small- and medium-sized businesses

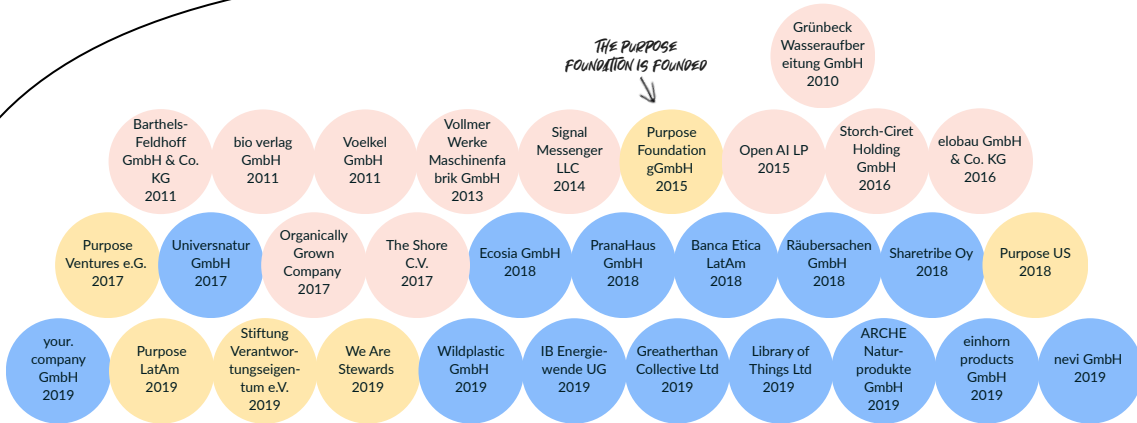
**Phase III:**  
A new generation of founders

**Organisations supporting the steward-ownership ecosystem**

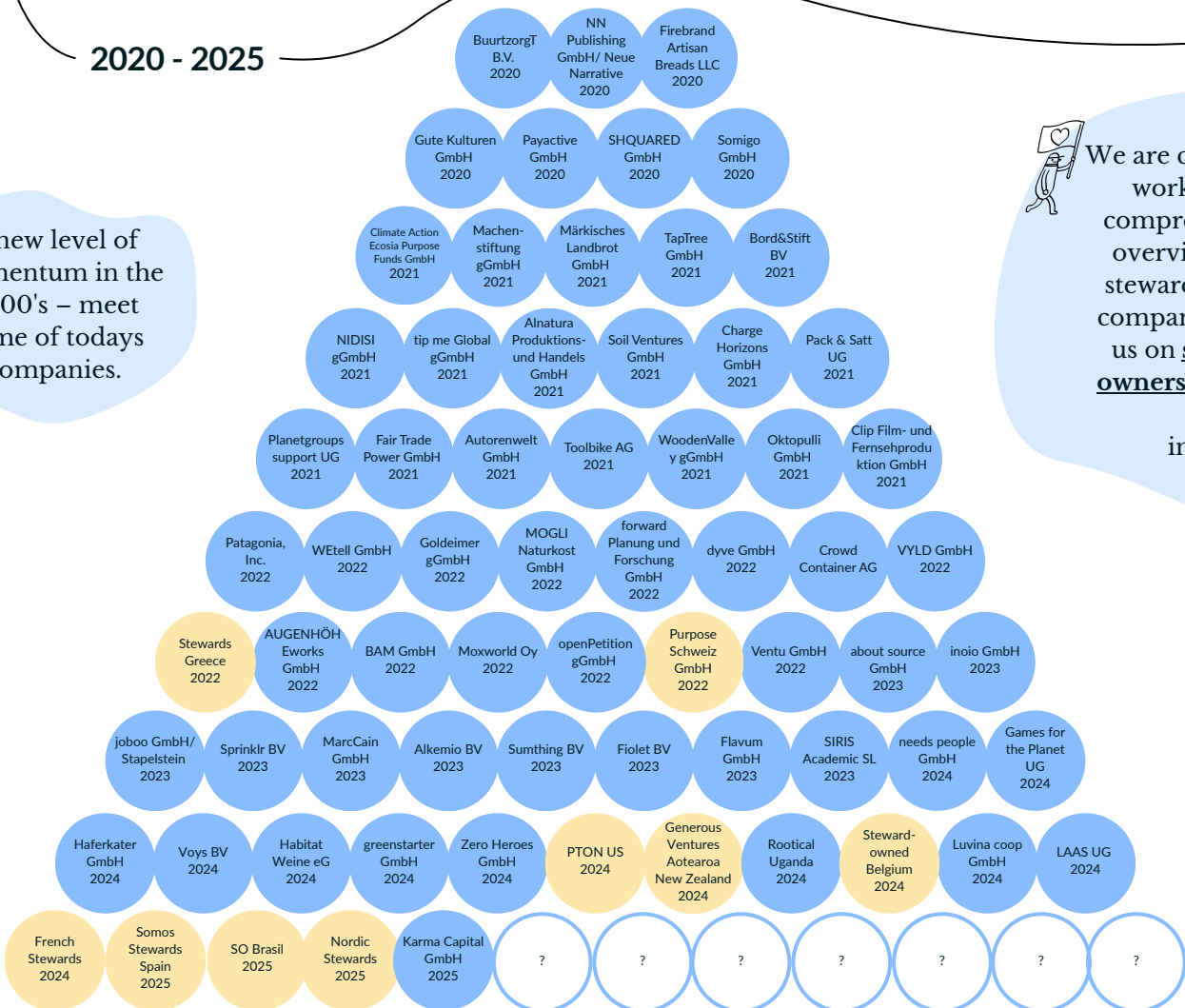
2000 - 2009



2010 - 2019



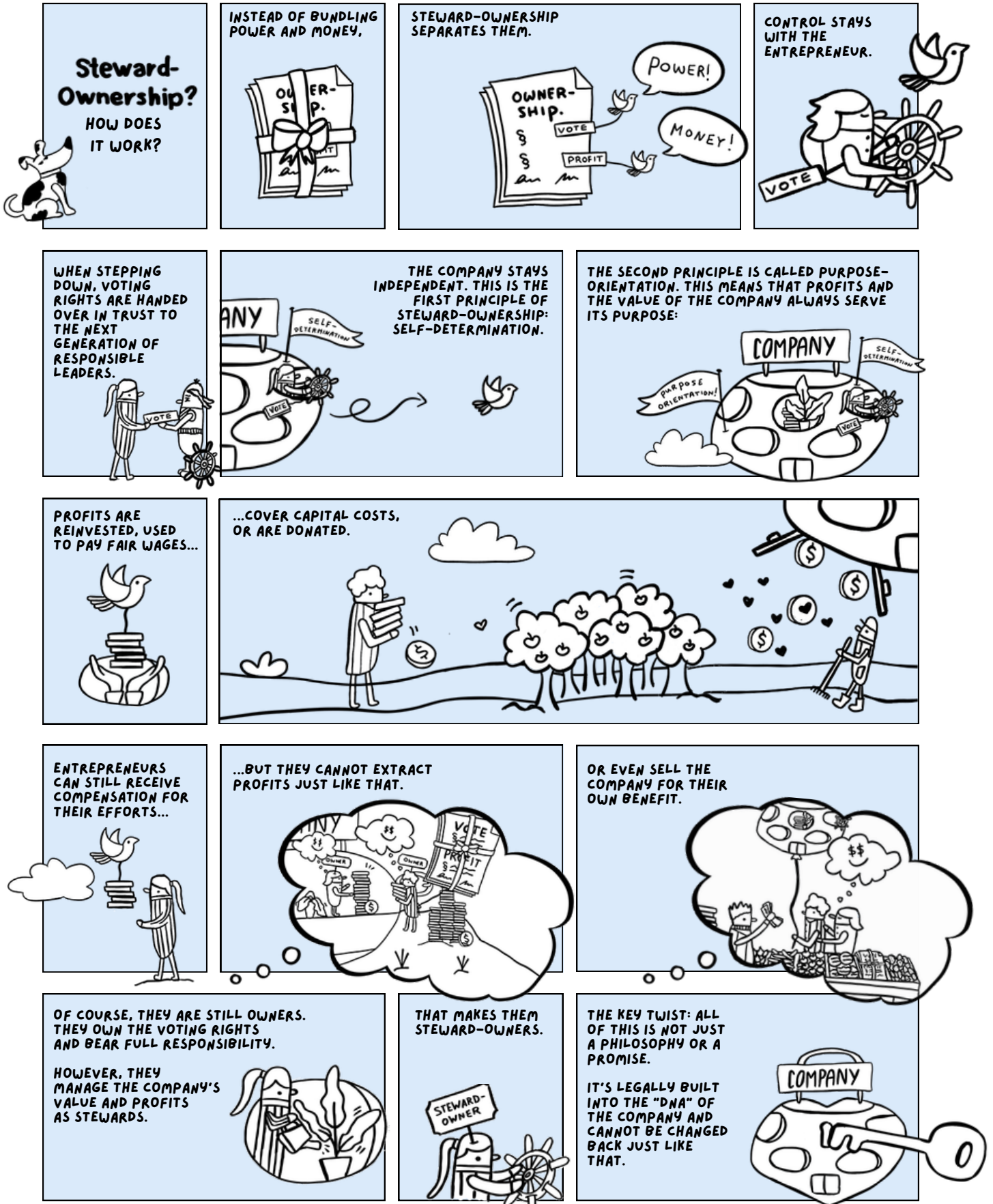
2020 - 2025



A new level of momentum in the 2000's – meet some of today's companies.



We are currently working on a comprehensive overview of all steward-owned companies. Join us on [steward-ownership.com](https://steward-ownership.com) to stay informed.



AND THE INVESTORS? THEY ALSO PLAY AN IMPORTANT ROLE.

BUT THE FOCUS LIES ON FOSTERING A HEALTHY FINANCING PARTNERSHIP.

INVESTORS PROVIDE CAPITAL AND THEY GET RETURNS FOR THEIR INVESTMENTS.

HOWEVER, THESE RETURNS ARE ALWAYS LIMITED IN SOME WAY, AND INVESTORS DO NOT RECEIVE A WHOLE OWNERSHIP BUNDLE.

BECAUSE IN STEWARD-OWNED COMPANIES, CONTROL IS NEVER FOR SALE.

OH, AND WE'VE SAVED THE BEST FOR LAST: RESEARCH SHOWS THAT STEWARD-OWNED COMPANIES SURVIVE LONGER AND ARE MORE RESILIENT IN CRISES.

THEY OPERATE MORE SUSTAINABLY...

...AND ARE MORE INNOVATIVE.

THEY HAVE HAPPIER EMPLOYEES WHO STICK AROUND LONGER...

...AND EVEN HAVE LOWER DIVORCE RATES.

SO AS YOU CAN SEE, THE WAY HOW OWNERSHIP IS SET UP MAKES A DIFFERENCE. THE QUESTIONS OF WHO HOLDS POWER AND WHO RECEIVES PROFITS AREN'T JUST WORTH ASKING.

ANSWERING THEM IN A DIFFERENT WAY IS KEY TO CREATING INDEPENDENT COMPANIES, FLOURISHING ECONOMIES, AND HEALTHY SOCIETIES.

# Freedom of Choice

## *The beauty of building what you want*



Photo: Fisher Studios

Adrian Hensen is a co-founder of the Purpose Foundation.

A couple months ago, our co-founder Adrian was interviewed by Leandro Machado, co-founder of the Brazilian firm CAUSE, to speak about how we, the Purpose Foundation, came to coin the term steward-ownership and what we have learnt on our 10-year journey bringing this model into the world. Curious? Read on – and join us on the adventure.

*Leandro: How would you describe what steward-ownership is?*

**Adrian:** There are probably many answers I could give here, but I'll try to stay away from the standard definitions you'd find on a website and will go with what feels most true to me in this moment: For me, steward-ownership is freedom.

We often think of corporate ownership as something fixed – something god-given or scientifically determined. But steward-ownership, at its core, opens up the space to find the right legal structure for what you actually want to create in the world. If your perspective is that a company should exist to increase shareholder value, that's fine – there are plenty of legal forms for that. But if you're seeking a different perspective, steward-ownership offers an alternative. It moves away from the idea of wealth ownership and replaces it with stewardship. And in a world where it's considered normal, sometimes even noble, for companies to grow individual wealth as their central purpose, stepping away from that can open up a tremendous amount of freedom. It allows you to ask: What is the mission I want to serve? What kind of impact do I want to have in the world – through this company, in this region, or even globally? You're no longer operating under the automatism that you exist to increase shareholder value. And you get to fill that space with whatever truly aligns with your intention. That's the beauty of it. And why I believe steward-ownership is freedom.



It's only real because these principles are not just promises. If it were just a set of values or aspirations, the power would still lie elsewhere. The real freedom comes from the fact that steward-ownership is legally binding. It's coded into the legal structure of a company.

– Adrian Hensen



*Can you give an example of what that freedom means to you?*

What really brought me into the topic of ownership and finance was an experience I had working in a Berlin startup as part of the management team. After four years, the company was sold to a large media corporation in Germany. And I experienced what that did to the business: the shift in how we thought about long-term versus short-term, how we treated employees and partners, how we related to customers – a lot changed. During that time, I noticed that I had changed. I realized this in one particular situation. Over the course of that startup journey, I had to lay people off, which is, unfortunately, part of entrepreneurship. But in those early years, I could always look myself – and them – in the eye. The decisions were transparent, respectful, and came from a place of integrity.

But the first layoff I had to make after the company was sold – I still remember sitting there and saying something like, “We have to do this because of the numbers, because of the new owners.” I was pushing away responsibility. I noticed how easy it was to do that, when the real responsibility and ownership for the company is somewhere else. And that happened automatically. I didn’t even realize it. That moment was eye-opening. I studied psychology and have always been someone who thinks deeply about how we treat one another. But even for me, it became so easy to hide behind the idea that “the real responsibility lies somewhere else.” True responsibility – real ownership – means being able to say: I, as Adrian, stand behind this decision. And that’s only possible if the organization gives you the space and authority to step into that responsibility. If all the power ultimately lies with shareholders, you’re in a way not truly responsible. That’s the beauty – but also the burden – of the freedom steward-ownership creates.

*Many economic systems are built on the idea that people are self-interested by default. Do you think that assumption is flawed?*

Our work around steward-ownership builds on a certain picture of human nature. It is based on the belief that if individuals are given full responsibility and placed in the right conditions, they will act pro-socially. The idea that humans are inherently selfish or bad has dominated for decades – and so many systems are built on that assumption. I think we need to break away from that.

*If the steward-ownership model were to disappear – or never take hold – what would the world lose? A bit of a philosophical question to end on, but...*

Oh, I’ll need a couple of seconds to think about that... Now, I’ve spoken a lot about freedom, about deliberate and conscious choices around power. But what I want to say now feels a bit violent – but I think it’s important. If steward-ownership was to disappear, the world would lose a stinging little needle, one that pokes at individuals, at capitalism, at entrepreneurs, at investors, one that says: “What you’re seeing isn’t the only truth. There is another way.” Right now, it’s just a small needle – but it’s an annoying one. It keeps pressing on the idea of power and money, reminding us that there’s a different perspective. There is this needle, quietly insisting: “What is your choice because it doesn’t have to be this way.”

And I think if we lost steward-ownership, we’d lose that. We’d lose that energy, that sharp little reminder and something essential, something uncomfortable – possible in the best way – would be gone.

*Thank you for the interview, Adrian.*



“

It's about showing that there is a different way which we can organise businesses ... You don't have to sacrifice commercial return, but you can be kinder, you can be more decent, you can be purposeful.

– Sharon White,  
Chairwoman John Lewis  
Partnership, at the SO:23

# Theory of Steward- Ownership

This chapter lays the theoretical groundwork for steward-ownership. It facilitates an in-depth conversation on corporate ownership with leading expert Prof. Colin Mayer and places steward-ownership within a broader ecosystem of alternative ownership structures like employee ownership and outlines how it relates to them. We explore the distinct principles of steward-ownership, examining the different legal pathways and general structures available for its implementation.

# The Role of Ownership in Purposeful Business

*An interview with Prof. Colin Mayer*



Photo: Colin Mayer

Colin Mayer is Emeritus and Visiting Professor of Management Studies at the Said Business School and the Smith School of Enterprise and the Environment at the University of Oxford. He is an expert on corporate finance, governance and taxation, and the regulation of financial institutions. He has consulted for numerous large firms and for governments, regulators, and international agencies around the world.

*From your perspective, how has the role and purpose of corporations evolved?*

In the first half of the 20th century, there was a growing belief that management should consider the role of the corporation in society alongside its commercial and financial performance. In the second half of the century, spurred on by Milton Friedman's views about the business of business being business, the pendulum swung against the corporation doing anything other than promoting the financial interests of its shareholders. In this century, in face of growing

concerns about the environmental and social impact of business, the pendulum was swinging back again towards a broader definition of the purpose of the corporation, only to be stopped in full swing by concerns about ESG and purpose washing. At present, there is considerable confusion about what precisely should be the purpose of business.

*How can we understand the relationship between purpose and profit?*

The reasons for these gyrations in the understanding of the purpose of business is a perceived conflict between management on the one hand meddling in politics instead of sticking to its business and financial expertise, and on the other hand failing to recognize the environmental and social consequences of its actions. That there is a conflict between the two is at the heart of the failure to define the purpose of business correctly.

While Friedman was right to recognize the centrality of profit to business, he was wrong to presume that profit was the purpose of business. Profit is derivative of the purpose of business and the consequence of the successful realization of a business purpose; it is not per se the purpose of business. The purpose of business is to solve problems that you and I face as individuals, societies and the natural world. But business must do this in a particular way. It must do it in a form that is commercially viable and profitable, because business is not about charity or philanthropy. It must not profit from solving problems in a way that creates problems for others.

So, the purpose of business is to produce profitable solutions for the problems of people and planet, not profiting from producing problems for either. It then follows immediately from this that a profit derives from solving, not creating problems. Or to put it even more simply, companies “profit without harm.”

Profit without harm is the equivalent of the Hippocratic Oath in medicine – “do no harm.” Do no harm is impossible in business because it is always making hard choices about whether to support its employees by charging higher prices to its customers or employ people in one part of the world by laying off those elsewhere. However, it should not profit from inflicting harm, and we are legitimately outraged by cases of where businesses do.

*What role does corporate ownership play in this context?*

Ownership is critical to achieving this because owners exert two important functions. First, they are the recipients of the profits that companies generate either in the form of dividend payments or capital gains on their shares; and second, they exert control through the voting rights they exercise on their equity capital. That means that owners are the ultimate assessors of the success of the corporation, and they oversee the appointment and removal of directors and certain significant transactions. It is therefore the controlling shareholders who determine and sanction the corporate purpose and oversee its implementation. Identifying appropriate forms of ownership therefore lies at the heart of establishing desirable corporate purposes.

*We increasingly see alternative models of corporate ownership, from foundations to employee ownership to steward-ownership. When it comes to steward-ownership, how do you see it supporting companies that want to prioritize purpose?*

Many different forms of ownership are observed around the world. They range from state

ownership to cooperatives and mutuals, to employee, family, and private capital ownership, and publicly listed corporations. A particularly interesting form of ownership is what is termed “enterprise foundations.” These are companies that do not simply have a foundation – many companies have philanthropic foundations – but instead are owned by their foundations.

Enterprise foundations are observed in many countries around the world, most commonly in Europe and especially in Denmark where they account for approximately 60% of stock market capitalization.<sup>26</sup>

The advantage of enterprise foundations is the long-term perspective they bring to the purpose of the enterprises they oversee. They provide an anchor to ownership which allows the boards of enterprises to pursue their corporate purposes over long horizons. Some of the largest foundation owned enterprises are listed on stock markets and therefore have a parallel form of ownership in which dispersed institutional and individual shareholders sit alongside controlling foundation owners. That permits liquid, short-term investors who provide external equity capital to co-exist with long-term stable owners. Enterprise foundations are one example of a general class of steward-ownership firms in which the control rights of the firm are separated from economic rights to cash flows.

In essence, steward-ownership is a form of dual class-shares in which voting rights of shareholders are separated from cash flow rights by employing more than one class of shares. This is commonplace in the US and elsewhere, and some of the most successful businesses in the world, such as Alphabet/ Google, adopt this form of share ownership.

The justification for the use of dual class shares is very similar to that of steward-ownership, namely, to preserve the vision and ambitions of the founders and ensure that their enterprises can fulfil their long-term objectives and purposes.

The obvious concern that this separation of control rights and economic interests raises is that the interests of the controlling shareholders may deviate from those of the financial investors. They may therefore create a divergence between the purpose of the firm and its financial success. As a result, flotation of corporations with dual class shares frequently raises concerns from institutional investors about the governance of such firms.

However, that misses the point. As described above what is required is to align economic interests not just with those of their investors but also with those of individuals, societies and the natural world, in other words with a purpose of solving not creating problems for others. By separating control from economic interests, the problem-solving purposes of business can be specified in relation to societal and natural world interests, while financial rewards to those employed inside and investing in the firm are linked to the value of cash flow rights.

This provides a powerful way of preserving and protecting long-term problem-solving goals, while at the same time aligning economic with social and environmental interests. It reverses the process of aligning societal and environmental interests (or lack of them) with economic interests by establishing the delivery of societal and environmental solutions as the determinants of economic performance. That makes external shareholders, rather than as at present, the environment and society, the true residual claimants of the firm.

*If you imagine the corporation of the future, what will be needed? What do you envision? What gives you hope?*

Reimagining the corporation of the future comes from a real understanding of the failures of the past. The failures come not from emphasising the importance of financial interests but from failing to appreciate that these should derive from addressing not creating

problems for individuals, societies and the natural world. That makes ownership the linchpin because what needs to be owned is not just the assets of the firm but the purpose that underpins their deployment. The assets should serve a purpose for mankind and the natural world that in the process delivers economic benefits for their possessors.

We have to date relied on markets and competition to provide that alignment. But as we have come to appreciate, if the fundamental driver of business is not to promote social and natural world flourishing and wellbeing as well as generating economic benefits for investors, then competition for the economic benefits exacerbates not solves social and environmental problems. Competition for private benefits exploits the interest of others, not protects them.

However, if we turn this on its head and make solving not creating problems the driver of economic benefits then competition for economic benefits enhances not detracts from broader societal and environmental interests. Ownership plays a key role in achieving this by establishing the stewards and trustees of the problem-solving corporate purpose as separate from the recipients of the economic interests. Furthermore, by reducing reliance on regulation and taxation to deliver societal benefits, firms' financial value is increased, not diminished.

Once we recognize and implement this then the world we inhabit will be fundamentally changed from the divisive and polarized existence we are increasingly confronting. Capitalism will have been re-established as the incredibly powerful instrument for promoting human and natural world flourishing that was intended of it.

This does not require a revolution to achieve it, but, until it happens, we will continue to endure crises and conflicts of ever-increasing frequency and amplitude that threaten our political as well as economic systems.

*Thank you so much for the interview!*

# Unbundling Ownership

## *From wealth- to steward-ownership*

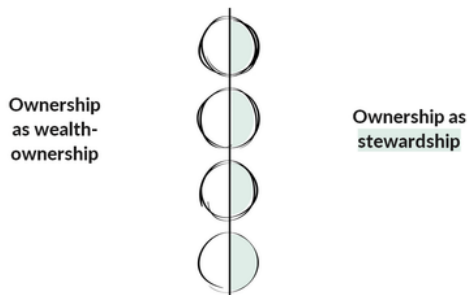
When people talk about corporate ownership, the conversation usually focuses on who owns a company – founders, family members, foundations, the state, asset management firms, or institutional investors – while ignoring a more fundamental question: what does ownership actually mean, who should hold which rights and why, and how can it be structured?

### Ownership as a bundle of rights

At its core, ownership is a bundle of rights attached by law to a particular asset. These rights can either be combined or separated. In the context of companies, two rights are especially important:

1. Voting/ Decision rights: The power to exhibit ultimate control over the company.
2. Economic rights: The right to personally access profits and value from the company.

In most companies, these two rights are bundled together by default. Shareholders who own shares typically have both the right to control the company and the right to capture the profits and realize the value it generates. This bundle is so familiar that many people treat it as natural. But it is, in fact, a choice, and one with profound consequences.



### The default model: wealth-ownership

Because voting and economic rights are usually issued together, a company becomes whether intentionally or not – a **personal financial asset of its owners**. Legally, any value created belongs to those who control it, reinforcing a model where maximizing shareholder wealth becomes the company's default purpose. **The company exists (legally) for the wealth of its shareholders, whoever that may be.**

### Unbundling the rights: ownership as stewardship

But you can also decouple the bundle of rights – separate money and power – and legally structure ownership as steward-ownership. This means that the company isn't a financial asset of its shareholders anymore but that ownership is legally defined with control over the asset while value created serves the purpose of the company. The company exists legally for its purpose and is steered towards that purpose by its owners (stewards), whoever that may be.

Regardless of who owns a company, there are two primary forms of corporate ownership: corporate ownership as wealth-ownership, or steward-ownership. Both models are justifiable, depending on what you want to achieve. For some, the goal is wider wealth distribution that extends to employees or customers. For others, it's about locking in the company's purpose and ensuring its mission can never be sold. It is important to match your intention with a coherent corporate ownership structure.

# Employee Ownership, B Corps, ...

## *Steward-ownership & other models*

The realm of “alternative” company models – alternative as in, not like shareholder primacy models – is wide and complicated. The following outlines some of the models available to companies to be chosen and combined.

### Models targeting ownership

**Employee ownership** means employees collectively own the company, but ownership can take different forms. It can either be structured as *wealth-ownership*, where employees share in profits and sometimes the financial value of the company, as in ESOPs, stock options with employees or certain types of cooperatives. This can make sense where the vision is to create equity for employees. This form can or cannot include voting rights.

The other option is to structure employee-ownership as *steward-ownership*, where employees collectively own control over a company with limited or no profit rights and no commodification of the company, as is the case in many Employee Ownership Trusts and certain types of cooperatives.

The same – structuring as wealth-ownership with or without voting rights or as steward-ownership – applies to **mutual / user ownership**, where the company is mutually owned by customers or users of the company, and to **family ownership**, where a family owns the company and passes it on within the family.

### Models targeting standards of conduct

Where ownership models like steward-ownership decide who has rights and control, models targeting the standards of conduct are certifications that look at how the business behaves and is accountable. While some consider corporate ownership structures as one of the certification criteria, the certification works regardless of ownership.

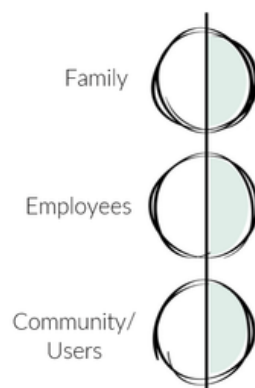
Taking B Corps or companies certified with Economy for the Common Good standards as examples, the model requires that companies demonstrate their impact in several different categories in which they are assessed/ scored. If the score is high enough, they are certified. The information and certification process is transparent, so employees and customers can make decisions based on the certification, while entrepreneurs can draw conclusions and see improvements. The upholding and re-certification is voluntary, so future company leaders can decide to continue or exit the certification.

Steward-ownership and other ownership models can be combined with any certification methods – but it is a fundamentally different approach. Where the lever for change in models targeting standards of conduct lies in measuring output, evaluating how well the company performs in various categories, and its measurement and ranking, steward-ownership starts at the ownership level as the base of corporate behavior.

Read on here:



[steward-ownership.com/  
employeeownership](https://steward-ownership.com/employeeownership)



# Models of Steward-Ownership

## *Different ways of implementation*

The principles of steward-ownership (self-determination and asset lock through separation of voting and economic rights) can currently be implemented and secured on a permanent basis using various legal structures. The most common models are briefly summarized in this chapter.

Each of the models described below can be flexibly adapted to the needs of the company, although some offer more room for customization than others.

The following overview is a highly simplified schematic. Importantly, these models are heavily influenced by the legal jurisdiction in which a company operates, making some more viable in certain countries than others. Depending on the jurisdiction and the company's preferred structure, factors such as costs, ongoing administration, permanence, and flexibility can vary significantly.

### Double-foundation model *(Double-entity model)*

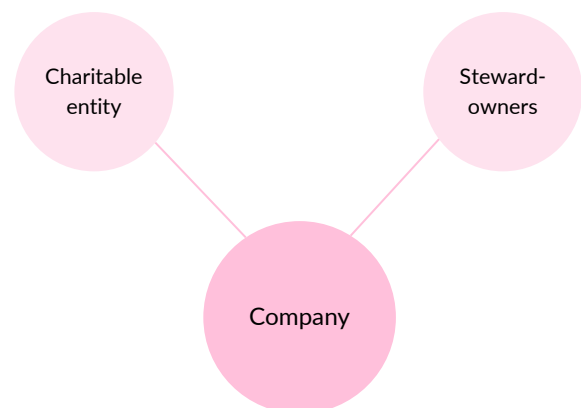
In the so-called double-foundation model, ownership rights in the company are divided into two classes of shares: 1. steward-shares, with voting rights but no economic rights; and 2. non-voting shares, which have economic rights but no voting rights. The two classes are assigned to different entities. A charitable foundation receives the economic rights, and a second entity receives the voting rights. The voting-rights entity can be another foundation, another legal entity, or a natural person. In the voting-rights entity, the stewards determine the fundamental direction of the company. The qualifications of the stewards as well as the mode of transfer of voting rights are laid down immutably in the statutes.

The charitable foundation that holds the economic rights ensures the asset lock, as the capital shares held by it are non-transferable. The foundation must pursue a charitable purpose that goes beyond the purpose of business management or corporate continuity (potential conflict of objectives). In some cases, the foundation does not hold all of the dividend shares – some shares might also be held by investors, or sold on the stock market in accordance with the principles of steward-ownership. For more details please have a look into the Novo Nordisk case study on [p. 54](#). Because of this clear separation of voting and economic rights, the double-foundation model is particularly effective for building the relationship between profits that serve the company and charitable contributions. It is important to ensure charitable purposes can't pressure the company to generate more profits for its charitable purposes.

#### Double-foundation model

A foundation holds economic rights in the company, but no voting rights.

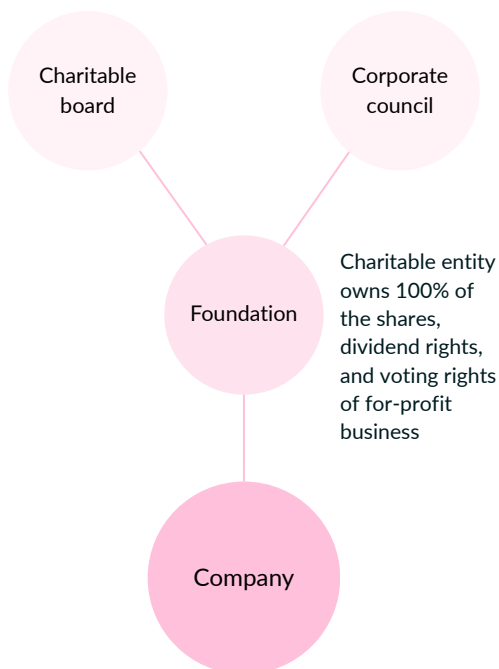
Steward-owners can be another foundation, legal entity, or a natural person. They hold the voting rights in the company.



## Single-foundation model

In the so-called single-foundation model, all ownership rights in the company are held by a single-foundation. Ownership rights in the company are divided into two classes of shares and often assigned to two different governing bodies of the foundation. For example, the foundation board may manage the economic rights, while a corporate council exercises control (= voting rights) over the company as stewards. The separation of boards ensures there is no conflict of interest between the charitable and operational arms of a business. The qualifications of the stewards as well as the mode of transfer of voting rights are immutably laid down in the statutes. The foundation ensures the asset lock, as the capital shares held by it are non-transferable. The foundation must pursue a charitable purpose that goes beyond the purpose of business management or corporate continuity (potential conflict of objectives).

### Single-Foundation model



## Trusts and perpetual purpose trusts

In other jurisdictions (especially in the US), trusts, more precisely Perpetual Purpose Trusts (PPTs) are currently the most common forms to achieve the same goals as described above. A trust is a legal arrangement where assets – in this case, a company's shares – are held and managed by a trustee for the benefit of another person or, in the case of a Perpetual Purpose Trust, for the benefit of a specific purpose. A PPT can be structured in a way to achieve and safeguard the principles of steward-ownership. As it is with foundation structures, it is important to note that PPTs need to be set-up in the right way to ensure the principles of steward-ownership. You can find more information in our case study on OGC on [p. 92](#) of this book.

## Veto-share through a shared-foundation model

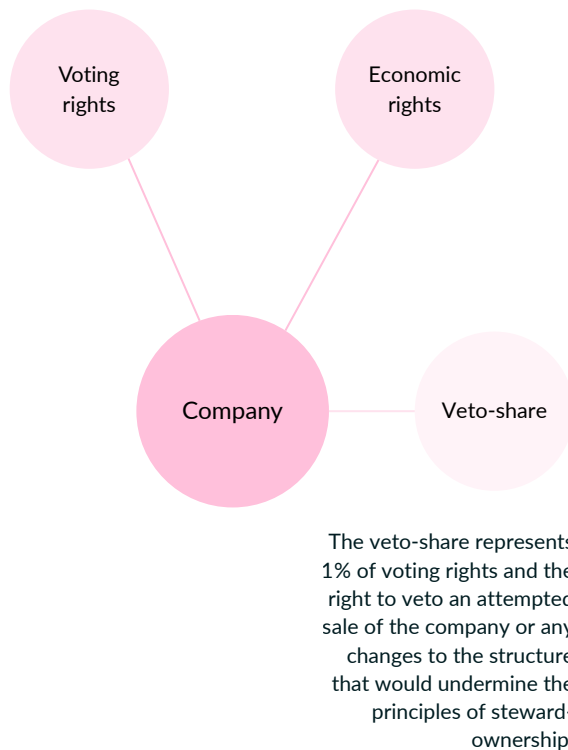
In the so-called shared-foundation model several companies “share” a foundation, which monitors compliance with the steward-ownership principles laid down in the company's statutes. To ensure separation of power and capital, at least two classes of shares are created in the company's statutes, one holding voting and the other economic rights. Stewards typically hold only voting-right shares, but no economic rights. The company's statutes also define the qualifications of the stewards, the mode of transfer of voting rights, and exclude profitable sales and inheritance of shares. If needed, another share class can be issued for investors or founders. These non-voting shares don't hold full economic rights but capped dividend rights e.g. linked certain information, consultation and repurchase rights (for more information see SOAF chapter, [p. 100](#)). The shared foundation is a co-owner of the company but only holds a veto right, which enables it to vote against violations of the steward-ownership principles

in the shareholders' meeting. The shared foundation must only be involved in shareholder resolutions that directly affect steward-ownership principles (e.g., amendments to the statutes, profit distributions, share transfers). This model is called veto-share model, sometimes also golden-share model.

### Veto-share model

This share class holds 99% of voting rights of the company but no dividend rights.

If needed, this share class can be created for investors and founders. Shares have capped dividend rights but no voting rights.



## Guardian model (veto-share light)

The so-called guardian model corresponds in its basic structure to the shared-foundation model, with the difference that the veto right is not held by a shared foundation used by multiple companies, but by a guardian. This guardian can be a natural person, several natural persons, or another legal entity. Since this model does not always legally safeguard the steward-ownership principles in a binding way, it is in some cases not classified as steward-ownership.

This overview provides a general look at the topic. The information is based on generalizations from various regions and examples, and it can vary significantly depending on the specific legal jurisdiction, region, and taxation. Its purpose is to offer an insight into relevant aspects and the most widespread experiences.

## Summary

- **Double-foundation:** Best for larger, profitable firms due to high setup and upkeep costs.
- **Single-foundation:** Similar to double-foundation but slightly cheaper, since only one entity.
- **Veto-share:** Designed for start-ups and SMEs that cannot or do not want to afford their own foundation solution. Often used by companies with up to ~€20m revenue.
- **Guardian model:** Very cost-effective for very small companies, but legal security depends heavily on how the guardian role is structured.

	Double-foundation	Single-foundation	Veto-share	Guardian (veto light)
<b>Setup costs</b>	Very high – creation of charitable foundation plus voting-right entity, plus legal & notary costs	High – creation of foundation plus legal & notary costs	Low – legal & notary costs for statute change	Low – only statute changes; costs depend on design of guardian role
<b>Ongoing costs</b>	High – foundation bodies + voting-right entity, bookkeeping, audits	High – foundation bodies, bookkeeping, audits	Medium – contributions to veto-share provider	Low
<b>Legal enforceability (perpetuity)</b>	Yes	Yes	Yes (depending on provider)	No (not always recognized as steward-ownership)
<b>External oversight (reliance on third parties)</b>	No (only state foundation oversight)	No (only state foundation oversight)	Yes – dependent on veto-share service (e.g., Purpose Foundation)	Minimal (guardian only)
<b>Flexibility</b>	Low	Low	Medium	High
<b>Required bodies/people</b>	Foundation board + voting-right entity management	Foundation board + internal councils	Stewards + shared foundation involvement	Stewards + guardian(s)
<b>Reputation</b>	Widely used	Popular in countries with flexible foundation law (e.g., Denmark); also used in Germany	Growing, Esp. popular in start-up & sustainability communities	Relatively unknown; weaker legal binding
<b>Suitable for</b>	Larger, profitable firms	Larger, profitable firms	Start-ups, SMEs up to ~€20m revenue	Very small firms, start-ups
<b>Examples</b>	Bosch, Patagonia, elobau	Zeiss, dm, Dr. Hauschka/Wala, Carlsberg, Lundbeck	BuurtzorgT, VYLD, WILDPLASTIC®, Stapelstein®, Sharetribe	Library of Things (UK)

# Sales and Mergers

## *Can a steward-owned company be sold?*

Partial or full sales of businesses, as well as mergers, often give rise to critical questions in steward-ownership: Is it possible to sell a company? Can assets be sold? And what happens to the proceeds?

One of the core promises of (legally binding) steward-ownership is that the sale of a business purely for the personal financial gain of its owners is categorically excluded. Proceeds from business (partial) sales remain bound within the purpose-locked assets and cannot be privately extracted. Instead, these proceeds must either be reinvested or donated to charitable causes. Reinvestment can also include channeling the proceeds into another steward-owned company (e.g., in the case of establishing a new business). In all steward-ownership models, decisions regarding asset sales or the sale of the entire business rest with the stewards. Depending on the structure, these (critical) decisions may also require the approval of the oversight shareholders (e.g., in a veto-share model), other stakeholders such as investors, or nonprofit entities (as seen in foundation-based models). In the context of business sales, two forms are distinguished: asset deals and share deals.

### Asset deals

Asset deals, which involve selling individual assets of a company such as machinery or trademark rights, are possible within steward-ownership models. Asset deals are possible within the various models of steward-ownership. The concept of steward-ownership does not inherently require an inflexible attachment of individual assets or economic goods to the company. The key is that the proceeds from an asset deal remain bound and are used within the constraints of asset lock (i.e. are either reinvested or donated).

In the veto-share model, selling assets requires the approval of the oversight or veto shareholder. This approval ensures the sale price is fair and market-consistent, securing that an adequate value remains bound within the company.

In foundation-based models, whether and under what conditions significant company assets can be sold depends on the specific design of the model. Generally, foundation structures ensure that key company assets cannot be sold at all, or only with high approval thresholds – sometimes requiring 100% of voting rights. Many foundation statutes also specify that an asset deal decision must be economically necessary. Companies in steward-ownership can have subsidiaries (for example, within holding structures) that are not themselves steward-owned, but are structured with an asset lock through their relationship to the parent company. The shares of these subsidiaries are considered assets of the parent company and can thus be sold, with the proceeds bound within the asset lock of the parent company.

### Share deal as the sale of the entire company

In a share deal, the entire company is sold by selling all its shares. In steward-ownership, this is typically prohibited or limited to exceptional cases. The legal safeguards of an asset lock ensure that the people making the decision to sell (the stewards) cannot personally profit from the sale, and any proceeds must be reinvested or donated.

In a veto-share model, selling the entire company is effectively excluded by the veto rights of the oversight shareholder.

If there is no other entrepreneurial solution to preserve the company, some veto-share providers might agree to a share sale under certain conditions.

In foundation-based models, the sale of the entire company is generally only allowed in extreme emergencies and is subject to high approval thresholds. The proceeds usually go to a charitable entity.

## Share deal as the sale of individual company shares

In a share deal involving individual shares, a company can sell parts of itself while maintaining the core principles of steward-ownership. The key is that the stewards must retain control of a majority of the voting rights, which are not sold for profit or inherited.

In a veto-share model, the sale of individual shares with both voting and profit rights is generally not permitted. An exception can be granted, but it usually comes with several steps of approval.

In foundation-owned companies, share deals are possible but come with strict approval requirements. For example, Danish foundation-owned companies sometimes allow shares with voting and profit rights to be held in free float, but their statutes set a clear limit on how many of these can be distributed to external parties.

## Mergers

When steward-owned companies merge, be it forming a new company or joining an existing one, the core principles must be preserved. This means that the company receiving the assets must also be steward-owned.

A steward-owned company cannot merge with a non-steward-owned entity without an additional approval process and a formal change in its articles of association.

## Relevance for steward-ownership aligned financing

For investors, it is important to understand that steward-ownership offers flexibility. Companies can sell assets or even the entire company while keeping the capital locked within the business.

This allows for strategic moves like raising liquidity to buy back investor shares.

What is crucial is that capital providers do not have control over the decision of whether assets or the entire company should be sold. However, they can still be granted rights, such as the ability to block a sale to prevent mission drift. The specific rules for sales and mergers depend on the steward-ownership model and the legal structure chosen.

In conclusion, all steward-ownership models ensure that a company's assets are dedicated to its purpose. While not all sales or mergers are excluded, these transactions are possible only under specific conditions.

Steward-ownership thus provides ample room for entrepreneurial agility when needed, it does not stand in the way of strategic business realignments and does not tie up capital in an economically inefficient manner for specific purposes. The goal of steward-ownership is not to prevent sensible sales and restructurings, but to exclude speculation and sale dynamics driven purely by private interests.

# Steward- Ownership in Practice

This chapter transitions from theory to practice, diving deep into how steward-ownership is actually implemented. We'll examine how historical forerunners first structured pioneering solutions, paving the way for today's entrepreneurs. We look at how this model helps startups to build their companies from inception. We finally explore how well-known businesses structure it to solve the challenge of mission drift and how family businesses utilize it for succession.



# ZEISS

## *Promoting research and innovation*

### In a nutshell

The Carl Zeiss Foundation is the sole stockholder of Carl Zeiss AG and Schott AG. This single-foundation model has ensured both organizations' long-term success, their independence, and their commitment to social responsibility.

### Creating something new

ZEISS, a company you may not know by name, is one of those hidden champions, responsible for making microscopes and lenses. In fact, our smartphones today could not be produced without their technology. ZEISS and SCHOTT are leaders in developing, producing, and selling high quality products in the field of optics, precision engineering, electronics, and precision glass technology. Since its foundation in 1889 by Ernst Abbe, one of Carl Zeiss' fellow researchers, the Carl Zeiss Foundation has changed the way we see the world through its innovations in microscopes and camera lens,

optical glass, optoelectronics, and glass ceramics. Ernst Abbe developed the mathematical foundation behind Zeiss' successes while teaching physics at the University of Jena. It was most likely there – at a public university, where he benefited from the support and research of other academics – that Abbe concluded that his successes did not belong to him alone. He felt that his achievements were shared by a broader community of scientists, researchers, and visionaries, both past and present, and instilled this value of shared ownership in the structure of ZEISS and SCHOTT.

After Carl Zeiss died in 1888, Abbe became sole owner and director. Abbe found himself grappling with a question: "Have I really created all this wealth?" He realized, "No, it wasn't just me. My employees, generations of scientists, and countless others played their part."

Abbe recognized that while the law gave him complete control over and financial access to the company, he felt that wasn't right. He believed that the company wasn't solely his; it also belonged to the employees and to society. But in his time, no corporate ownership model reflected this belief, so he did what he did best: he invented one. Abbe created one of the first foundation-owned companies by donating ZEISS to a non-profit foundation, dividing up entrepreneurial control and control over charitable goals between two different boards in the foundation.

The Carl Zeiss Foundation has owned the company ever since and later acquired Schott AG as well. The foundation's constitution prohibits the sale of shares, whether to the general public or to another firm.



**FOUNDED: 1889**



**OBERKOCHEN, GER**



**SALES: €10.9 BILLION  
(2023/24)**



**46,485 EMPLOYEES  
(2023/24)**

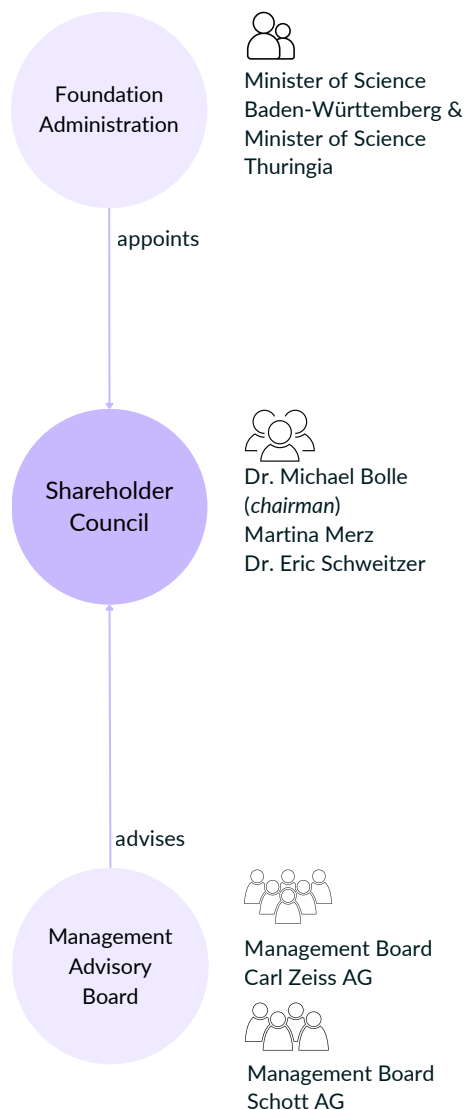
**STEWARD-OWNED SINCE: 1891**

**STEWARD-OWNERSHIP MODEL:**  
Single-foundation

The shares will therefore never be listed on any stock exchange. The Zeiss single-foundation structure ensures that the two firms' profits are either reinvested or donated to science and mathematics education and research. It has enabled both firms to stay true to their original purposes and their mission of technological innovation, corporate responsibility, and the importance of fair treatment of their employees. The foundation is responsible for the economic security of both firms and their social responsibility to their employees, and works to advance the interests of precision industries, support research and instruction in the natural and mathematical sciences, and provide community facilities for the working people of Jena (German city where Zeiss was founded).

## Single-foundation ownership

The Carl Zeiss Foundation consists of three governing bodies that share power and responsibility:



### Foundation Administration

The Foundation Administration is responsible for appointing members of the Shareholder Council. They determine how subsidies for research and education are to be allocated, and are responsible for any changes to the foundation's constitution.

### Shareholder Council

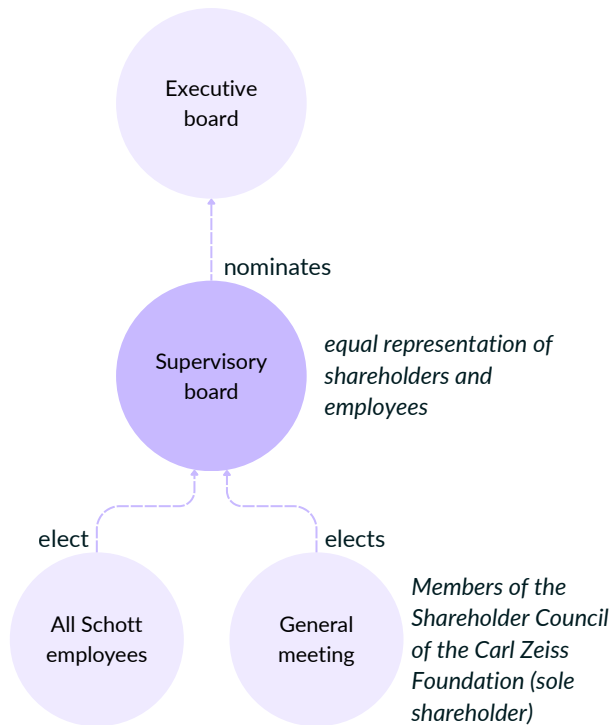
The Shareholder Council is responsible for attending to the foundation's economic interests as the sole shareholder of both Carl Zeiss AG and Schott AG. The council also represents the voting rights of the foundation, in particular at the annual general meetings of Carl Zeiss AG and Schott AG. The council elects the supervisory boards of each company. The chairman of the Shareholder Council also serves as the chairman of the supervisory board of both companies, which unites the foundation and both companies.

### Management Advisory Board

The Management Advisory Board consults on the selection of Shareholder Councilmembers, the allocation of subsidies, and changes to the foundation's constitution. Within the two organizations, the interests of the foundation and those of the employees of Carl Zeiss AG and Schott AG are equally represented on the supervisory board, which is responsible for electing the executive board of each firm (see figure on p. 44). This structure gives the foundation indirect influence over the management and operation of the businesses without creating a conflict of interest between the business and the charity.



### ZEISS' governance structure



### Global scientific impact

Through both its investments in research and development at ZEISS and SCHOTT and its philanthropic giving, the Carl Zeiss Foundation has continued the scientific legacies of founders Zeiss and Abbe. Because of the foundation structure, both firms have been able to invest in long-term growth strategies and innovation. Today the firm's product offerings range from semiconductor manufacturing to medical technology microscopy, industrial metrology to consumer optics.

Through its charitable donations, the foundation also supports local and global initiatives to promote health care and improve science education and research. The foundation has been a generous supporter of the University of Jena, where ZEISS' technology was originally developed: Initiated and funded by ZEISS, the ZEISS Research Award has honored outstanding achievements in optical research across the world every two years since 1990. Many award winners have subsequently received other distinguished awards, with four of them going on to win the Nobel Prize.

### Reform of the foundation

In 2004 ZEISS underwent a major governance reform. ZEISS and SCHOTT were legally converted into Aktiengesellschaften (independent joint stock companies) and the Carl Zeiss Foundation shifted from directly running the company to a holding foundation. A major shift was the financial independence of the two companies, which were not financially tied anymore now. Furthermore the foundation acts primarily as a shareholder with a long-term mission instead of day-to-day operations. This reform has been essential for economic competitiveness and legal clarity, especially in an international context, for the future development of ZEISS.<sup>27</sup>



“

...the possessions I currently have and the earnings that I can expect in the future on the basis of existing assets have essentially come because it was possible for me and my comrades to have others work in our service and for us to unrestrictedly use them for profit. The current legal system also unconditionally declares that wealth is the private ownership of a successful businessman. It's my personal conviction, however, that an acquisition of such origin should be viewed against a concept of property, which satisfies a more stringent concept of morality, and should be treated as a 'public good' insofar as it goes beyond the measure of a reasonable wage for personal activity.

– Ernst Abbe



# Bosch

## *Foundation-owned companies through the lens of steward-ownership*

### In a nutshell

Entrepreneur, industrialist, and philanthropist Robert Bosch started planning for the long-term ownership of his company decades before his death in 1942. Since 1964, the Bosch Group has been held under a trust-foundation structure that has maintained the innovative strength and social commitment of its creator.

The Bosch Group is one of the leading companies in Germany with over 400.000 employees worldwide. The group has expanded globally since its founding in 1886 in Stuttgart, and now has around 400 subsidiaries and regional companies in approximately 60 countries. Its products are found in all parts of modern life, from cars to homes and smart devices to industrial equipment.

Robert Bosch was not just an engineer and businessman; he built his company with the primary motivation to serve society and progress with technological innovation.



**FOUNDED: 1886**



**STUTTGART, GERMANY**



**SALES: €90.3 BILLION  
(2024)**



**417,900 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 1964**

**STEWARD-OWNERSHIP MODEL:**  
Trust foundation

For instance, he introduced the 8-hour workday in 1906 (earning him the name “red Robert”) and paid his employees up to 60% better than competitors. In short, he saw a social responsibility in his role as an entrepreneur. To ensure that his understanding of the company and of entrepreneurship as serving a long-term goal would be continued into the future he started to think about the long-term ownership of his company decades before his death.<sup>28</sup>

In an early attempt to secure the company’s future, Bosch tried selling shares to his managers, thinking that it would empower them to steward the company’s mission. But the result was opposed to what he hoped for.

Unfortunately, some of his managers passed away unexpectedly. Now their heirs owned the shares, people who were not involved with the business in any way. This was not what Bosch intended.<sup>29</sup> Additionally, the managers, now financially incentivized, began acting like typical investors, focusing primarily on short-term financial gains rather than the holistic and long-term well-being of the business. This shift in behavior shocked Bosch. Seeing the damage it was causing, Bosch swiftly bought back the shares, determined to find a different path. Another path, family succession, did not sit well with him. Bosch had doubts about whether his direct heirs were the right ones to carry forward his legacy. More importantly, he feared the internal conflicts that could arise within the family, especially once larger future generations might not be actively involved in the company anymore. The last thing he wanted was for his company to become a battlefield of competing interests and personal rivalries, and he wanted to avoid that the company would become a cash machine for the family.

In consequence, Robert Bosch needed another way. On his 80th birthday he announced his wishes for the future of his company: “I ask you to share this spirit of dedication to our common cause [...] and to continue in this spirit, for the sake of each and every associate, and for the sake of the company that, as my life’s work, is so close to my heart.”<sup>28</sup>

So, he set out to create a new governance model that would meet three critical needs:

1. Security for his family, the protection of his company's values,
2. Purpose-orientation and people, and
3. Ensuring that the most capable leaders would always be in charge, passing the company on from one generation of stewards to the next. These thoughts and wishes were put into his will, setting the foundation for the future structure of the Bosch Group.

Over two decades after his passing, Bosch’s vision came to life through a trust-foundation model. The Bosch Group was officially restructured, with one crucial goal: to protect Bosch’s entrepreneurial spirit alongside its philanthropic mission for generations to come.

Bosch’s trust-foundation structure ensures that the company is stewarded by the people who feel most connected and committed to the company’s mission and culture. The structure separates voting and dividend rights, removing any incentive to maximize profit over the company’s long-term success, employee conditions, or environmental impact.

Voting and economic rights were separated into two share classes: 92 percent of the economic rights (including dividend rights and financial value of the Bosch Group) lie in a charitable organization, the Robert Bosch Stiftung gGmbH. The Bosch family held 8% of the company’s shares with economic rights (nowadays, these also lie in charitable entities). 93 percent of the shares with voting rights (A-Shares) are held by a stewarding entity (Robert Bosch KG) led by ten individuals – the steward-owners of Bosch.

These shares cannot be sold or inherited. Instead they are passed from one generation of stewards to the next. 7 percent of the voting rights remain with the family.

Bosch’s steward-owners, and those who followed, are responsible for the company’s continued success and its adherence to its mission.

This structure has secured the company’s lasting entrepreneurial freedom, while maintaining its links to the Bosch family and using its dividends to support charitable and social causes.

Since 1964, the Robert Bosch GmbH (= German private limited company, holding 1% of the dividend rights) has had three shareholders, which today hold the following rights:

### Robert Bosch Foundation (Stiftung):

The Bosch charitable foundation, which donates to causes that were particularly important to Robert Bosch, holds 94% of dividend rights but no voting rights.

### Bosch Industrietreuhand KG (voting rights / stewards):

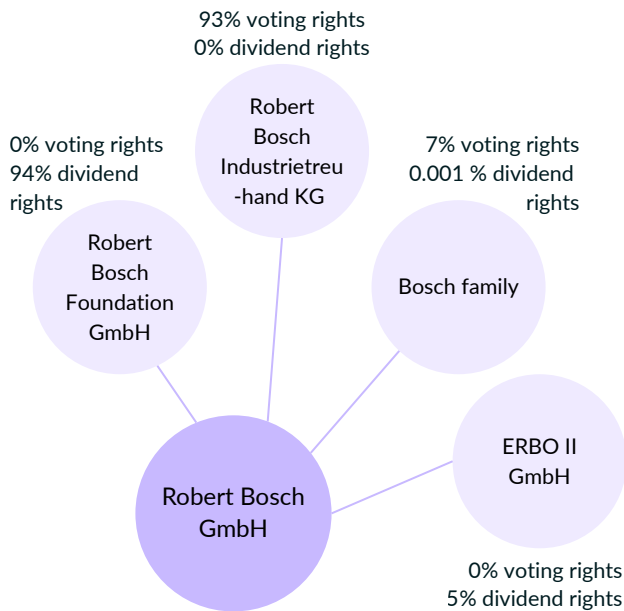
Comparable to a limited liability partnership, the KG owns 93% of voting rights and no dividend rights. There are ten steward-owners of the Industrietreuhand KG who serve for limited periods. These positions cannot be sold or inherited.

### Bosch family:

Since 2021, the Bosch family holds only 0.001% of dividend rights and keeps its 7% of voting rights. Their previous dividend shares were transferred to the Gänseheide-Foundation (within the Robert Bosch Foundation) with 2% and 5.4% were allocated to the non-profit ERBOII GmbH.



## Bosch's ownership structure



This trust-foundation structure permanently protects Robert Bosch's entrepreneurial and innovative humanist mission, and ensures the company will never be sold to external investors. The separation of power (voting rights) and money (economic rights) in the structure ensures that decisions made are never based on personal financial interests. They are also the ones to decide whether dividends are paid out – which would then go to the Robert Bosch Foundation and other non-profits. The foundation and the KG may block each other from selling shares, with or without voting rights, to outsiders. And the Bosch family has no significant influence over the operation of the business.

This ensures the steward-ownership structure is protected for the long-term, and that no one will ever be able to buy the company.

The KG, the majority voting rights holder, controls the company through ten trustee shareholders. Four of these shareholders are current or former Bosch executives, and five are external business professionals who are familiar with the business but bring an outside perspective and one is a Bosch family member.

In 2025, this group includes professors at the ETH Zürich and St. Gallen, the head of the Schwarz Group (e.g., Lidl & Kaufland), board members of the Carl Zeiss AG and other highly experienced individuals. Each shareholder holds one vote, and they are mandated to make decisions unanimously whenever possible. If one of the shareholders turns 72 while serving, he or she is required to retire, to be replaced with a new shareholder elected by the remaining shareholders. Shareholders are always appointed for five-year terms, and have to be reappointed by the other shareholders after that. The KG controls Bosch both directly and indirectly through its selection of supervisory board members and board members. The KG also plays a role in selecting the company's CEO.

## History of innovation

Bosch's trust-foundation structure has helped it become an international leader in industrial and technological innovation. Thanks to its ownership structure, the company has been able to invest heavily in research and development without the pressure of quarterly reports or stock-market valuations. For example, Bosch invested in green technologies decades before they became a trend. Although these investments significantly lowered the company's profitability in the short-term, they have given it a market advantage in the long run.

As former Bosch CEO Franz Fehrenbach explained, "As a shareholder-owned public company, we could not have invested so intensely."<sup>30</sup> The trust-foundation has given Bosch the competitive advantage of patience in its strategic decision-making.

As Robert Bosch intended, he left a lasting legacy of philanthropy, with the Bosch Stiftung funding projects worldwide. These activities reinforce Bosch's reputation as a good corporate citizen, which benefits the company in its branding, recruitment, and employee retention.



Photos: Bosch

“

---

It is my intention, apart from the alleviation of all kinds of hardship, to promote the moral, physical and intellectual development of the people.

– Robert Bosch



# John Lewis Partnership

## *Trust-partnership on behalf of all employees*

### In a nutshell

The John Lewis Partnership's trust-partnership is a model of democratic steward-ownership that includes over 48,000 employees in its corporate governance structure. Through a sophisticated set of checks and balances, the trust-partnership ensures that the trust's purpose and independence are secure for the long-term.

The John Lewis Partnership (JLP) is a major retail organization based in the United Kingdom that operates John Lewis department stores, Waitrose supermarkets, banking and financing services, and other retail-related activities. With around 70,000 partners and £11.1 billion in annual sales, the employee-owned trust has thrived for almost 100 years.

Spedan Lewis, the son of John Lewis, introduced the first profit-sharing schemes to his organization in 1920 after a car accident gave him time to reflect on the future of the business, working conditions, and the mission of the company.



**FOUNDED: 1864**



**LONDON, UK**



**SALES: £11,113 M  
(2024)**



**48,100 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 1929**

**STEWARD-OWNERSHIP MODEL:**  
Trust-partnership

It was during this period that he learned that his father and brother annually earned the equivalent of the entire workforce of two of their company's shops. Lewis was convinced that "the present state of affairs is a perversion of the proper workings of capitalism"<sup>32</sup> and that "the dividends paid to some shareholders" for doing nothing were obscene when "workers earn hardly more than a bare living."<sup>32</sup> He set out to improve working conditions, offering shorter work days, setting up a staff committee, and providing more paid leave. In 1929 he established the Trust and Partnership, which allowed him to retain practical control of the business while distributing its profits among employees. In 1959 he signed over the last remaining shares to the trust, and the partnership became the property of John Lewis' employees.

This trust-partnership structure has enabled the company to stay independent, principle-led, and dedicated to its commitment to foster the happiness of its employees.

### Trust-partnership structure: democratic governance

JLP is owned by a trust on behalf of all of its employees, or "partners." The trust holds the shares for the benefit of the company's employees. The trustee is the John Lewis Partnership Trust Limited. John Lewis also practices a blend of employee democracy and meritocracy: All partners have a say in how the company is run, and have a right to its profits. The ownership structure can only be changed by the worker-elected partnership council in agreement with the chairman.





## Partners

The partners (employees) together comprise a worker-democracy. In accordance with the company constitution, the partners elect a Partnership Council, which can, in turn, elect persons to the company's Board of Directors.

## Chairman

The chairman of the JLP is appointed by the previous chairman. They are simultaneously the chairman of JPL PLC and the JLP Trust Ltd, and must be operationally active. The chairman holds the sole voting right of the JLP Trust Ltd (A-Shares), and, as such, has a great deal of discretionary power. They can only be dismissed by a qualified majority of the Partnership Council. The chairman's role and powers bring a meritocratic element into the organization.

## Partnership board

The Partnership Board is in part appointed by the chairman, and in part elected by the Partnership Council. It is responsible for vital business decisions, including how financial resources are invested, how profits are distributed, and the salary of the chairman.

## Partnership council

The Partnership Council comprises 82 representatives, 80 percent of whom are elected by the partners; the remaining representatives are appointed by the chairman. The council has the power to discuss 'any matter whatsoever,' and is responsible for the non-commercial aspects of the business. The Partnership Council can change the governance structure of the organization with the agreement of the chairman.

## People as purpose

As partners, JLP employees share in both the responsibility of ownership and its rewards, including profits, knowledge, and power. In this structure, partners are able to express their views about the business, its mission, and its practices through formal democratic bodies like the Partnership Board and Council, as well as through the company's weekly magazine, the Gazette. Partners get final-salary pensions and perks, ranging from holiday homes to memberships in sailing clubs. This unique ownership structure has helped JLP grow into one of the UK's largest retailers, one with a loyal, committed employee base that delivers exceptional customer service. This exceptional level of service continues to be JLP's competitive strength.



Photos: John Lewis/PA

“

After all, as a Partnership, we are a democracy – open, fair, and transparent. Our profits are shared, our Partners have a voice, and there is a true sense of pride in belonging to something so unique and highly regarded.

– John Lewis



# Novo Nordisk

## *Steward-ownership for a global health care leader*

### In a nutshell

Novo Nordisk is one of the world's most influential healthcare companies, best known for producing nearly half of the world's insulin and, more recently as a pioneer in tackling obesity and other chronic diseases. With operations in more than 170 countries and tens of thousands of employees, the company plays a central role in addressing some of today's greatest health challenges.

Behind this global success lies an unusual ownership structure. Novo Nordisk is controlled not by private shareholders or family heirs, but by the Novo Nordisk Foundation – the largest enterprise foundation in the world. This model, a form of steward-ownership deeply rooted in Danish corporate tradition, separates control from personal profit and locks in the company's purpose-orientation across generations. A model that was tried and tested over the past 100 years.



**FOUNDED: 1923**



**BAGSVÆRD, DENMARK**



**SALES: \$ 40.30 BILLION  
(2024)**



**80,000 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 1929**

**STEWARD-OWNERSHIP MODEL:**  
Single-foundation model

### The origins of Novo Nordisk

Novo Nordisk's origins trace back to the early 20th century when insulin, discovered by Canadian scientists Banting, Best, and Macleod in 1921, revolutionized diabetes treatment. The Canadian discoverers famously sold the patent for one dollar to the University of Toronto, which then licensed it globally. This sparked a race, including two separate Danish efforts.

In 1922, Danish physiology professor August Krogh and his wife Marie, a doctor with type 2 diabetes, met Banting and secured permission to produce insulin in Nordic countries, as Banting declared, "Insulin does not belong to me, it belongs to the world."<sup>33</sup> Back in Denmark, Krogh partnered with physician Hans Christian Hagedorn to found Nordisk Insulin Laboratorium, soon placing it under the charitable Nordisk Insulin Foundation.

However, in 1925, former Nordisk employees Harald and Thorvald Pedersen founded Novo Terapeutisk Laboratorium after a dispute with Hagedorn over production scaling. They developed their own methods. In 1951, the Pedersen brothers, nearing retirement, also transferred their shares to a new foundation, mirroring Nordisk's long-term stewardship.

For decades, the two companies were fierce competitors, driving rapid innovation in insulin, like Novo's 1985 insulin pen and human insulin from genetically engineered yeast in 1987. By the 1980s, genetic engineering advancements highlighted the need for greater scale, research investment, and global reach, making collaboration between the two rivals increasingly attractive.

## Merger on the horizon

By the early 1980s, Novo, with \$100 million in insulin revenue, was larger than Nordisk (\$30 million). However, Novo lacked capital for modernization, prompting a merger proposal from them, which Nordisk rejected. Nordisk instead independently upgraded and expanded globally, growing revenues at 30% annually, nearly matching Novo by the late 1980s.

Towards the late 1980s, both were on equal footing, with Novo holding 30% and Nordisk 20% of the global insulin market. With key early figures gone and new management in place, serious merger talks began. Under Danish Law, foundations that served the same purpose could merge relatively easily, enabling the merge of the two foundations into the Novo Nordisk Foundation with the two limited liability companies to merge subsequently, creating Novo Nordisk A/S.

The merger instantly made them the world's largest insulin producer, employing 12,000 and holding about half the global market, surpassing US-based competitor Eli Lilly (35%) and Germany's Hoechst (15%). Despite this, then-CEO Lars Rebien Sørensen called Novo Nordisk a "specialized dwarf" amid a wave of pharma mergers, though one ready to "create a certain furore on the global stage."<sup>34</sup>



Portraits of the Danish scientist August Krogh and the Danish physiologist Marie Krogh (1874-1943), born Birte Marie Jørgensen (photo taken around 1910).

Photos: Public Domain

## The steward-ownership model: The Novo Nordisk Foundation

### Ownership model & safeguards

The 1989 merger was designed not only to combine strengths but to protect independence for generations to come. Ownership and especially voting power was concentrated in the Novo Nordisk Foundation, an enterprise foundation without personal profit motives, but a legally binding charter with two core purposes: to provide a stable basis for the Novo Group's commercial and research activities, and to support scientific, humanitarian, and social causes. Correspondingly, it can be referred to as a dual-purpose ownership structure.

The Foundation exerts ownership via Novo Holdings A/S, its wholly-owned subsidiary established in 1999 to manage assets. Shares in the operating companies – Novo Nordisk and Novonosis – are split into A- and B-shares, with A-shares carrying ten times the voting weight. Crucially, Novo Holdings exclusively holds the unlisted A-shares, obligated to retain them indefinitely. By late 2024, Novo Holdings held 28.1% of capital and 77.1% of votes in Novo Nordisk, and 25.5% of capital and 63.4% of votes in Novonosis.

This structure prevents the majority voting control from being bought or speculated, ensuring it remains with the Foundation's board, who are bound by the Articles of Association.

The board must:

- 1) prevent dilution of its majority,
- 2) block A-share sales in Novo Nordisk or Novozymes, and
- 3) ensure Novo Holdings decisions align with the Foundation's charter. The Foundation must maintain a voting majority and hold at least 25.5% of both companies' share capital.



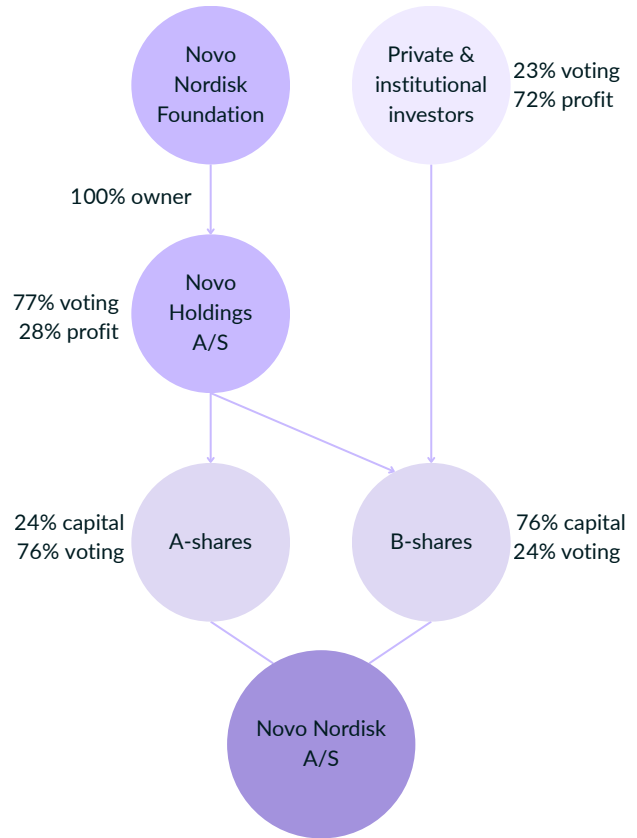
As foundation board members hold no personal profit participation rights, this structure separates voting rights (control) from economic rights (profit) at the personal level and legally ensures the company’s self-determination, a core steward-ownership principle. However, the Foundation itself holds economic rights, and its board must maintain financial strength to fund charitable activities and participate in future capital increases of the Novo Group, thus safeguarding its controlling interest.

Most of Novo Nordisk’s economic rights, the majority of B-shares, are publicly traded, and private shareholders do receive dividends. But dividend payments follow the company’s charter, which prioritizes long-term financial strength and competitiveness. This means profits are first used for organic growth and acquisitions before any dividends are paid, preventing excessive payouts that could weaken stability. In this sense, Novo Nordisk applies a hybrid version of the second principle of steward-ownership, the asset lock: profits are balanced between reinvesting in science and business development, rewarding investors and supporting the Foundation’s charitable mission.

### Tested in practice

In 2004, the Novo Nordisk Foundation's steward-ownership model faced its first major test when the holding company's management pursued a merger with Swiss firm Serono. While the Foundation's charter allows for reducing its controlling stake if necessary for global competitiveness, it still requires maintaining significant influence. While executives of the holding company as well as the two operating companies were convinced of the potential deal in 2004, the foundation board, citing strong recent growth and market share, challenged and ultimately blocked the deal, insisting on independence.

### Novo Nordisk’s ownership structure



From today’s perspective, it is sure that the foundation ownership model preserved the Novo Group as we know it today. The Novo Nordisk Foundation has since become the world’s wealthiest charitable foundation with a net worth of US\$167 billion and a \$4.6 billion investment return in 2023. Of this, \$2.8 billion came from Novo Group dividends, and \$1.8 billion from other investments.. This demonstrates how business value is effectively recycled into both mission-driven reinvestment and broader societal benefit, perfectly embodying the "profit serves purpose" principle of steward-ownership.

## Governance and group structure

As a Danish enterprise foundation, the Novo Nordisk Foundation operates independently, guided by its charter's vision to "drive change to defeat serious chronic diseases." Governed by the Danish Foundation Act and supervised by the Danish Business Authority, its core governance lies in charters defining board appointments and composition to maintain this vision.

At the top sits the Novo Nordisk Foundation's board of directors, an independent body that is self-selecting within defined rules and mainly responsible for strategy, grant-making, and oversight of Novo Holdings A/S. The Foundation's self-selecting board oversees strategy, grants, and Novo Holdings. It has ten members – seven appointed under the Articles and three elected by employees – with mandated expertise in science, Novo executive experience, and commercial skills. Members serve renewable one-year terms until age 75.

The Foundation's board appoints registered officers (CEO, CFO, COO) for daily management and strategy implementation. It also appoints the majority of directors to Novo Holdings A/S, the holding company managing Novo Nordisk and Novonesis ownership. Remaining directors are shareholder-elected at AGMs, with employee representatives included, reflecting Danish co-determination. The Foundation's charter mandates its board members strive for positions on the Novo Holdings A/S board. On the Foundation's behalf, the Novo Holdings board executes long-term ownership of the operating companies, which also have independent boards.

## Impact on business decisions

The Novo Nordisk Foundation's enterprise ownership directly shapes the companies'

operations and objectives. Its permanent ownership allows the Foundation to set long-term goals for the operating companies, focusing on global leadership in research and business, societal and sustainability contributions, inspiring workplaces, strong financial results, and upholding the Novo charter. This translates into a triple bottom line approach, prioritizing financial, environmental, and social responsibility.

Research on industrial foundations, notably by Steen Thomsen at Copenhagen Business School, confirms the effectiveness of this responsible, long-term ownership. Foundation-owned firms generally exhibit longer time horizons, more conservative financial policies, and a greater emphasis on stakeholders and reputation than conventionally owned companies.

Novo Nordisk demonstrates this through heavy, long-term research investments, even for uncertain or distant payoffs (e.g., GLP-1 medicines). Their conservative financial philosophy – low leverage, strong balance sheets, and prioritizing resilience over aggressive growth – grants management freedom to prioritize sustainability while remaining competitive. Oxford's Colin Mayer notes foundation-owned firms seek profit but with a long-term perspective, creating solutions without causing harm.<sup>35</sup> This differentiates them, yet profitability remains crucial for their endurance and independence.

Thus, foundation ownership acts as a "commitment device",<sup>2</sup> as Mayer and Thomsen highlight, locking in independence and purpose-orientation. This credibly commits the companies to long-term objectives, preventing redirection towards short-term profit maximization at the expense of broader stakeholder needs.

# Transitioning To Steward-Ownership

## *An interview with Purpose Consulting*



Photos: Andie Rieksina

**Purpose Consulting** accompanies entrepreneurs in finding tailor-made ownership and governance solutions for their companies and succession. The consulting boutique's approach is to engage owners in conscious dialogue around fundamental questions of power, money and entrepreneurship, and to accompany them in finding their individual answers for their company with its own unique purpose, culture and business model.

Since 2015, the team has supported over 150 companies worldwide, from startups to family businesses and corporations, to find ownership, governance, and succession solutions that are coherent with the entrepreneur's and company's values. For the technical implementation Purpose Consulting works with a trusted network of legal and tax experts.

“

Purpose offers a kind of corporate therapy. It rewrites the psychology of companies, changing the deep structures that shape their behavior.

– THE NEW YORKER

”

*Annika Schneider (Purpose Foundation): Achim, you co-founded Purpose in 2015 and the Purpose team has since worked with over 150 entrepreneurs. What motivates you to do this work?*

**Achim Hensen:** I have always, from a young age onwards, been passionate about human collaboration. I think the greatest achievements in human history became possible because humans collaborated. I find this aspect of humans and of societies fascinating and love being part of processes where one can feel that groups get into their potential. Throughout my career question of how individuals and groups of people can unleash this potential was a constant.

An especially pivotal experience on this journey let me to the ownership question. I worked as an organizational developer at an online vacation rental platform, where I accompanied a successful transformation during a growth phase. We received several awards for a New Work concept, with over 140 people working in self-managed, autonomous teams. Purpose and self-determination were guiding principles of that work.

The blind spot of the approach to tailoring a purpose-driven, self-determined and self-managed organizational set-up became painfully clear when the platform was sold one day. Suddenly, there were people entering the office who said “we are the new owners - you are part of the family now.” I was really struck by the absurdity that a business could be commandeered simply because someone became an owner by the power of money. The entrepreneurial freedom we had before was essential for the approach. The sale was the end of that freedom and created absentee owners. By that, a lot of the magic that was the company left - together with its owner. While observing how the organization went south and the very precious place we created lost its spark I painfully realized that you can not leave ownership and investment structures out of the equation when talking about purpose and self-determination.

That moment was eye-opening, and the question of how healthy ownership structures could look entered my life. On my search for a solution I met my co-founders and we started the Purpose Foundation. After we found the forerunners of steward-ownership like Bosch and Zeiss and discovered the ownership patterns they share - we nowadays call that steward-ownership - we started helping other entrepreneurs understand this idea and build their own versions. Till today I think there is a special magic when an organization's structure and the financing and ownership structure complement each other. If those elements are designed coherently and come together as one it can be an extremely powerful environment for human collaboration. And this is what companies are for me: A group of people collaborating to turn an idea into reality and work on a shared purpose.

*Can you tell us more about the work you do with entrepreneurs and company owners? So let's say a company owner approaches you. What do you tell her, what are the steps they need to start thinking about?*

The first step is understanding that the concept of ownership is one you can play around with, it's not a fixed thing. Let me explain that. Ownership consists of two main aspects, namely who holds the power in form of voting rights and what role profits play - who owns the rights to profits and why. You can combine these aspects in any beautiful way you can imagine, based on the question “what is a company and which specific ownership structure suits it best?” You don't have to be told by a professor or by a legal form that already exists. And that's what we do with all the entrepreneurs we work with. We help them understand the flexibility of ownership and find a concept that feels coherent and gives them freedom because it fits their entrepreneurial idea of what a company is. Next, we do a stakeholder mapping to understand the needs of each party involved. From there, we create a "future ownership memo" that outlines design principles before consulting a lawyer and tax advisor to find the most cost-effective and suitable legal structure. But our work does not end there. We help companies to implement the new structure, we support them on how to communicate the changes and what it means for all stakeholders. So essentially we help them to bring the new structure to life. And if desired, we also accompany them in the following years to reflect and if needed to adjust the new structure to ensure its coherence with the present.

*What are the biggest hurdles or blockages companies face that get in the way of a successful process?*

A major challenge that many company owners face during the ownership process is to differentiate personal needs from the needs of the company. Entrepreneurs often put the company's goals first, disregarding their own needs. For a successful ownership transition, it is important to allow these different needs to coexist and create space for open dialogue, including for perspectives and voices that aren't always heard.

*Could you give an example of these not-so-often-heard perspectives?*

For instance, a perspective might be: "For the company, the best thing is to transition into steward-ownership, so I'm doing that" But on a personal level, the individual might have concerns like, "How will I secure my retirement?" or "I feel like I've sacrificed a lot over the years, and I want to balance that out." If these often unaligned needs are not acknowledged, a tension can build that grows over time. So we help entrepreneurs to bring these perspectives into a dialogue with the company's purpose and see if it can be reconciled, if a balance can be found. What often happens is people move too early into legal implementation without really knowing what they want. They need to think about the "body" for which they're designing a "dress", before even thinking about the choice of dress. Take Robert Bosch, for example: he ended up at steward-ownership because of specific needs and wishes he had for the legal set-up of his company. The goal wasn't simply to implement steward-ownership for its own sake. That's why it's always important at the beginning to clarify the design principles based on the stakeholders needs that a legal dress should fulfill. If in the end it turns out to be steward-ownership, fine. If it's a slightly different shade, that's okay. And if it's something completely different, that's okay too. The most important thing is to find the right fit, not just to implement something arbitrarily.

*What determines the success or failure of a process?*

One thing that immediately comes to mind is how much headspace and resources those who can actually decide on ownership – the current owners – have to really engage with what they truly want and what the right solution for them is. There are certain aspects of ownership that simply cannot be delegated – to any advisor or internal project manager. You have to sharpen your own understanding and make decisions.

No one can decide for you what you need, what worries or fears you have, etc. Ownership structuring simply doesn't work without the owners.

And ownership structures don't work without people, the owners, to fill the roles in the structure. Steward-ownership without people taking up the task of stewarding doesn't work. A structure doesn't take responsibility and decisions, people do.

*And what would you say if I asked how long such a process usually takes?*

Everything – from 2 weeks to a number of years. For entrepreneurs that already know 100% what they want and where a legal option within the jurisdiction already exists, we could go to the notary in two weeks. But it's also perfectly valid to spend a couple of years on it, because this is really about getting to the essence of what your company should be and all the processes that might be triggered while or need to be resolved before implementing a next iteration of your ownership.



*What would you say is special about the work you do?*

Well, it requires a lot of trust. Because we go to the heart of a company and tackle two questions that are culturally and psychologically extremely challenging: namely, who should get power and why, and who should get profits and why and what is enough.

And this touches very deep topics for the owners, like, if I decide how much money I should get, that can be tied to self-worth and self-image. And in many societies money is a taboo topic, and people also don't like to talk about power. It's much easier not to question the reason, the deeper structure of ownership and stay in line with the ruling logic "because I inherited the company or because I have the money to buy myself in."

This work requires an enormous amount of trust and willingness to be vulnerable, and to engage with uncertainty. First, it's about not just implementing something, but searching for what is truly right for the company in its current phase. That means letting go of pre-made solutions and focusing on what the real question is and what should really happen. Conceptually speaking, we spend 55 minutes of an hour engaging deeply with the problem or situation and what we want to build, and then 5 minutes on the solution.

Our main goal is not simply to implement steward-ownership. Our main goal is to find the right "ownership dress" in the realm of self-determined, purpose-oriented structures. With everything around it, the first goal is to build a solution that is individually right, not just to implement steward-ownership.

*Thank you for the interview, Achim!*



# Ecosia

*Steward-ownership ensures that profits are used to fight deforestation*

## In a nutshell

Christian Kroll founded Ecosia in 2009 after a trip around the world exposed him to the environmental and social impact of deforestation. An alternative search engine, Ecosia uses the profits it generates from search queries to plant trees in areas most impacted by deforestation. Unlike Google and other dominant search engines, Ecosia is privacy-friendly, meaning it never sells data to advertisers, has no third-party trackers, and anonymizes all searches a week after they're conducted. Ecosia is also contributing to European digital sovereignty by creating new and more diversified search indexes to build fairer and more democratic tech. What's more, all its servers run on 100 percent renewable solar energy, and each search removes 1kg of CO<sub>2</sub> from the atmosphere. Since 2009 Ecosia has successfully planted more than 200 million trees across 35 countries. It has 80 million regular users and a team of 120 employees. Ecosia is steward-owned, meaning its mission-orientation is safeguarded in the long-term.



**FOUNDED: 2009**



**BERLIN, GERMANY**



**SALES: €35.3 MILLION  
(2023)**



**120 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 2018**

**STEWARD-OWNERSHIP MODEL:**  
Veto-share

## Environmentalism with a business mindset

Environmental activism and advocacy have typically been the work of non-profits. These organizations depend on charitable donations to fund their projects and operations; as a result, they often spend a significant portion of their manpower maintaining relationships with donors and raising funds. These institutions are commonly restricted by their charitable tax status in how they define their mission, use donations, and generate revenue.

Although non-profits are an effective solution for some leaders and organizations, Christian wanted to bring a business mindset to environmentalism. He structured Ecosia as a for-profit social enterprise, which has given him and his team the entrepreneurial freedom to experiment, invest in the product, and iterate on business solutions.

## Challenge: mission protection

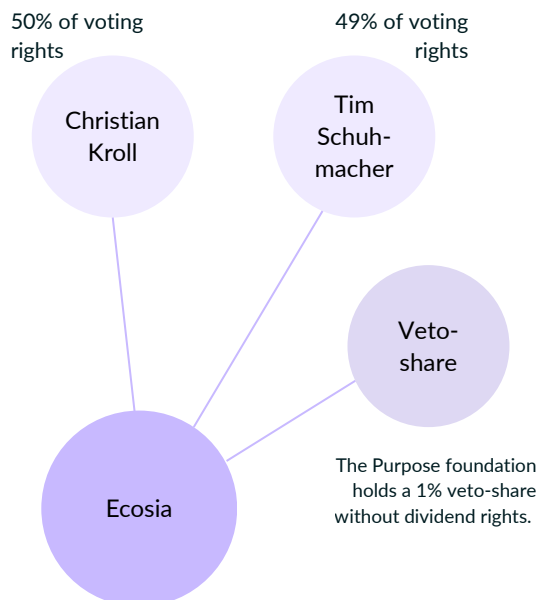
After nearly a decade of significant growth, Christian and co-owner Tim Schumacher started to wonder: What would become of Ecosia if something catastrophic happened to one of us? How do we ensure that the company, which would theoretically be worth millions of dollars on the market, is never sold? How do we protect its mission and independence for the long-term? The team considered several alternative ownership solutions to address these questions, including converting the business to a German non-profit or establishing a foundation.

Both of these solutions had constraints, though: A non-profit, for example, would have restricted the team's ability to dictate strategy on how best to use profits to fulfill the company's mission. What's more, a nonprofit could theoretically be converted back into a for-profit and sold. A foundation would have been a more secure long-term ownership solution, but foundations are expensive to establish and operate, and could have limited Ecosia's entrepreneurial freedom.

## Solution: Veto-share

Ecosia needed an alternative, a solution that would provide the security of a foundation without the cost and overhead. With the support of the Purpose Foundation, Christian and Tim transitioned Ecosia to steward-ownership in 2018. By protecting its independence, Ecosia's veto-share model ensures that the company's profits will be used to combat deforestation for generations to come. No one in or outside the company holds economic rights to Ecosia. The company will never be sold, and control of it will always remain with people directly involved in its mission and operations.

### Ecosia's ownership structure



## The veto-share 'hack'

Using a 'legal hack', the veto-share (or golden-share) model builds on the structure of foundation-ownership by setting up different classes of shares to separate economic rights and voting rights in the articles of association of a normal GmbH - limited liability company.

The principles of steward-ownership (purpose-orientation and self-determination) are written into the statutes of the company and can only be changed with 100% of the voting rights. A guardian entity holding a minor percentage of the voting rights as a veto-share safeguards the principles of steward-ownership in the long run.

Steward-shares are currently held by Christian and Tim, who hold 50 and 49 percent respectively. These shares represent voting rights, but not dividend rights. In the event that Christian or Tim leaves the company, their steward-shares must be passed on to new team members. In that event, a five-person succession committee would select new steward(s) for the business.

## Veto-share

One share was issued to the Purpose Foundation. The veto-share holder is responsible for vetoing any attempted sale of the company, along with any changes to the structure of Ecosia's charter that would undermine its steward-ownership structure. The veto-share holder does not have any further rights, and cannot weigh in on the company's operations. In its charter, the Purpose Foundation is obliged to use its veto to help Ecosia to stay independent and mission-driven.



## Long-term mission protection with entrepreneurial freedom

This structure protects Ecosia's environmental mission and also gives Christian, Tim, and their team the entrepreneurial freedom to strategically determine how to best meet their goals of nature restoration and protection. That could mean, for example, reinvesting profits in product development, or expanding their team in the short term to scale their environmental impact in the long term.

It also gives Ecosia the freedom to develop its environmental strategy, from planting trees to advocacy work and beyond. In 2024, Ecosia planted over 18 million trees, developed a Global Biodiversity Standard with leading experts and produced double the renewable energy needed to power all Ecosia searches. That means that Ecosia searches also actively contribute to pushing fossil fuels out of the energy grid. Beyond that, Ecosia also collaborates with different advocacy and non-profit environmental organisations like Greenpeace to raise awareness on environmental destruction and how to improve our systems.



Photo: Ecosia



Ecosia is rapidly becoming one of the biggest environmental movements in the world. We believe that a movement should not be owned by a single person and therefore steward-ownership is the perfect solution for us. Our new ownership model protects our mission but also provides entrepreneurial freedom.

– Christian Kroll



## Deep dive – Digital monopolies and an unusual offer

Ecosia is a prime example of the diversity of steward-owned enterprises and especially showcases the relevance of alternative business models and ownership structures in the digital world. The recent events in August 2025 around the Chrome browser exemplify this: Authorities are stepping up their review of Google's near monopoly in online search. Regulators are considering remedies, including separating Chrome from its core business. And while no decision has been made, major players like OpenAI or Perplexity have already expressed their interest in acquiring the browser. They are offering sums up to 3.45 billion dollars.<sup>39</sup> But what if Google could still earn around 400 billion dollars and yet it would be more beneficial for society and nature?

Here comes Ecosia, which has stepped in with a very different idea. Instead of a sale, it sent a proposal to the responsible judges as well as to Google, suggesting setting up a foundation-ownership model where Ecosia would take on stewardship for Chrome for the upcoming 10 years.

So effectively, Chrome would be held by a foundation managed by Ecosia. The current Chrome team would stay on board to continue developing Chrome, Google would retain intellectual property of Chrome and receive 40 % of net revenues. The remaining 60 % would be controlled by Ecosia to be used for climate projects. After 10 years, a new steward could be chosen. Jobs would stay, Google would still benefit, but – society would benefit too: monopoly profits repurposed for the public good, not just for private shareholders.

"For once, we don't have to imagine utopia. The math is here, the opportunity is real, and the only barrier is political will." Ecosia states in their blog.<sup>39</sup> Ecosia estimates Chrome's net profits over the next 10 years to be around 1 trillion dollars. Already 60% of this would mean some of the biggest investments into climate protection to date. Ecosia's team already worked out a proposal on how to invest the \$60 billion annually, from rainforest protection to establishing biodiversity corridors.

As Ecosia's founder and CEO, Christian Kroll, puts it in an interview with German newspaper ZEIT: a sale just moves Chrome "from one Big Tech company to the next" without changing the fundamental problem of power concentration. With their stewardship proposal, Ecosia, as a frontrunner of independent, user- and data-friendly digital infrastructure, reminds us that the future of digital infrastructure doesn't have to be linear or uniform. And particularly, it shows regulators and tech companies that other alternatives exist.

There are other pathways – successful models where technology can be governed in service of the public, not just shareholders. And these alternatives, like steward-ownership and similar models, are being proposed, tried, and lived today.



“

We don't pay out dividends and cannot be bought. That way, we're able to use 100% of our profits for the planet.

– Ecosia

”



# Sharetribe

## *Democratizing platform ownership*

### In a nutshell

Sharetribe was founded in 2011 with the mission to democratize platform ownership. The company provides a software product that enables individuals and organizations to launch, monitor, and manage their own online marketplace websites for renting or selling items or spaces, or for booking services without the need for technical skills or large capital resources. Today, the Finnish company is a thriving business with more than 1,000 customers across 70 countries worldwide. In the course of a financing round in 2018, Sharetribe's founders transitioned the company to steward-ownership to ensure that they would always be mission driven and independent. During the transition, Sharetribe raised steward-ownership aligned capital from professional investors and through an equity crowdfunding campaign.

### Accessible marketplaces for all

Sharetribe was founded by Juho Makkonen and Antti Virolainen in 2011 offering a technology that enables individuals and organizations to set up their own online marketplaces. With their software products, they want to contribute to a more democratic sharing economy by enabling individuals and entrepreneurs to create platforms for sharing goods and services. From the start, the founders were eager to build a company and infrastructure that truly leverages the positive aspects of marketplaces. They wanted to prevent Sharetribe from being pushed into using its market power to exploit its customers. Instead, they ensured that the value created through their technology is distributed fairly and customers always have control over the conditions of their work and platform. Today, the Finnish company presents a real alternative to the current trend of commercialization and market capitalization that is symbolized by dominating sharing platforms such as Airbnb and Uber.<sup>36</sup>

### The sharing economy as a force for good

The sharing economy has witnessed an extraordinary boom that is impacting the economy worldwide. Sectors such as mobility, housing, food sharing and crowdfunding are showing enormous growth rates and the industry is projected to grow to \$1.4 trillion by 2030.<sup>37</sup> Online marketplace providers have created opportunities to bring together supply and demand within seconds and many have been driven by the more idealistic motive to facilitate the use of underutilized resources.



**FOUNDED: 2011**



**HELSINKI, FINLAND**



**SALES: €2.5 MILLION  
(2024)**



**21 EMPLOYEES  
(2025)**

**STEWARD-OWNED SINCE: 2018**

**STEWARD-OWNERSHIP MODEL:**  
Veto-share

In recent years, however, the sharing economy has witnessed a tendency of commercialization and market capitalization. The industry is now largely dominated by global giants often extracting large cuts from individual transactions and thus leaving little to be distributed to the people actually working through these platforms. Multi-billion dollar companies such as Etsy, Airbnb and Uber symbolize this development. Juho Makkonen, Sharetribe's co-founder, explains their own journey in the sharing economy: "Initially we thought the sharing economy is purely positive, so the mission was to help the whole world share. Then we realized giant VC-funded platforms might be net negative so we decided to focus on democratizing platform ownership instead.."

Juho Makkonen and Sharetribe's other founder Antti Virolainen have taken the claim to make the world a better place quite literally to their business. Having identified global challenges such as the environmental crisis, inequality and the loss of meaning, both founders believe that resource-efficiency and the democratization of platform ownership are key to tackling those problems.<sup>38</sup> Offering a technology that enables the sharing of already existing resources instead of producing and extracting new ones, Sharetribe seeks to use its leverage as a business to actively create a net positive impact on society. To do so, Juho and Antti have identified three areas of impact:

- **Facilitating resource-efficiency on a large scale** by enabling anyone to set up an online marketplace and thus offering to re-use and co-use existing resources.
- **Helping smaller players compete with industry giants** and thus diversifying the sharing economy by offering an easily implemented and affordable tool and keeping the hurdle low to enter the sharing market.
- **Supporting people to work on things that matter** by providing an opportunity for people to easily implement (individual) business ideas.



## Mission-driven was not enough: aligning ownership

Although Sharetribe was mission- and impact driven from the start, when seeking to scale their company, Juho and Antti questioned whether that was enough to truly protect the independence and purpose of their company in the long term. They had witnessed businesses like Etsy and Airbnb having to put the maximization of their shareholders' profit first and compromise the companies' mission to tackle societal challenges as they grew and took on more traditional venture capital. The founders wanted to ensure that growth and externalities would not undermine their company's mission. Juho and Antti were looking for a way to remain independent from the control of outside shareholders and to ensure that the Sharetribe management was forever incentivized to put the company's mission first. For them, the answer lay in the company's legal structure and corporate ownership. This was particularly apparent whilst looking for investors for their financing round in 2018; they realized that conventional ownership and financing models were based on incentives that were not aligned with their vision for Sharetribe.



For them, this investment round was an important and maybe last chance to align their ownership and investment structure with their mission.

In their search for different models, Juho and Antti came across the concept of steward-ownership and alternative financing. After a deep-dive into the principles of steward-ownership and its implications for Sharetribe, they were confident that transitioning to steward-ownership was the right decision for Sharetribe. It would not only allow them to protect their company's mission-orientation, but also ensure that no future financing rounds would force them to exit or IPO in order to disburse investors. In 2018 Juho and Antti transitioned Sharetribe to steward-ownership using a veto-share structure with the Purpose Foundation.



To me, steward-ownership is a way for our society to get all the benefits of capitalism and free markets while remedying their negative effects.

– Juho Makkonen



## Four different share classes

The founders were keen to maintain maximum flexibility within their steward-ownership model. In partnership with the Purpose team and Kimmo Reina from the Finnish law firm Bird & Bird, Sharetribe drew up a legal structure that set up four classes of shares:

### 1. Steward-shares (A-shares)

A-shares, or steward-shares represent voting rights, but not dividend rights. People holding the voting rights are stewards of the company. They cannot extract its profits or assets and must be active in the company's business. Steward shares are distributed in a democratic fashion: one person can hold only one share. Any team member who has worked at the company for at least two years, expresses their interest in becoming a steward, and completes steward training can become a steward. If a team member leaves the company, their A-shares must be returned to the company or passed on to new team members. At the time of this writing, in September 2025, 19 out of Sharetribe's 21 team members were stewards.

### 2. Veto-share (B-shares)

One veto-share was issued to the Purpose Foundation. In line with Finnish legislation and with regards to Sharetribe's steward-ownership structure, all voting shares are needed to implement changes to the articles of association. With 0.01% of the voting rights the Purpose Foundation thus acts as the veto-share holder and is responsible for vetoing any changes to the structure of Sharetribe's charter that would undermine the principles of steward-ownership. The Purpose Foundation does not have any further rights, and cannot weigh in on the company's operations or strategy.

### 3. Investor-shares (C-shares)

To maintain flexibility for setting up investments within their steward-ownership model, Sharetribe set up this separate class of shares. These C-shares represent dividend rights, but not voting rights. Shares issued in Sharetribe's 2018 financing round are redeemable and capped shares that will be bought back within a fixed time frame using the company's annual profits. This class of shares also represents the economic rights of previous investors and includes them in the new structure.

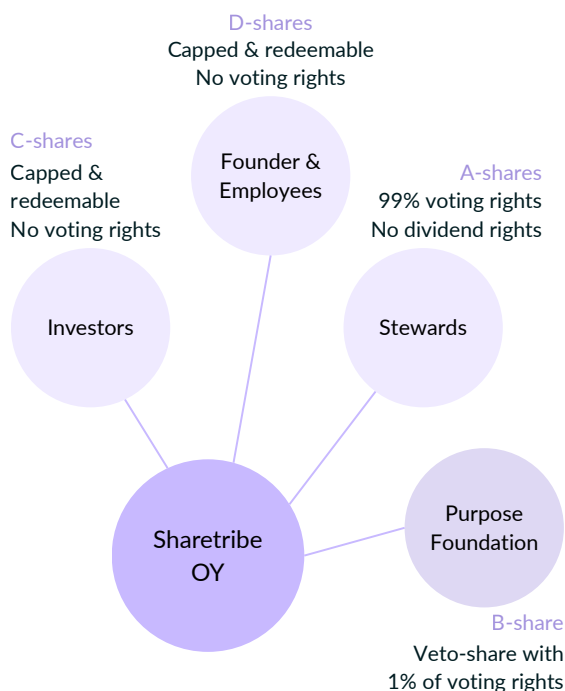
*Note: Financing mechanisms like redeemable shares are subject to the national legal context. As this context differs between countries, e.g. Finland and Germany, it is crucial to consider the specific financing needs and their applicability per case.*

#### 4. Founder-/ Early employee-shares (D-shares)

To compensate for early risk, investments and years with little or no salary of the founders and early team members, Founder-/ Early employee-shares were included in the statutes. D-shares have no voting rights, but a right to redemption similar to that of investor shares. The redemption schedule for D-shares is part of a waterfall model that foresees the redemption of investor shares first and thus grants extra safety and accountability for investments.

If you want to deep-dive into financing mechanisms for steward-ownership, read Sharetribe's full case study: [steward-ownership.com/sharetribe](https://steward-ownership.com/sharetribe) or check out the chapter [05](#) & [06](#) in this book.

#### Sharetribe's ownership structure



## Process of allocating shares

In the process of allocating the company's shares, Juho and Antti considered who should hold the steering wheel of the company, and who should be able to benefit from the economic upside of the company. To account for the responsibility and risks already taken by founders and early employees, shares already held by founders and team members were split into two: each old share became one A-share with voting rights and nine D-shares with capped economic rights. C-shares were set up as investment shares with dividend rights only – to be able to convert previous shares and establish future investment possibilities.

## Sharetribe today

Raising €1.12m in the 2018 crowdfunding campaign, Sharetribe was able to buy back most of the old investor shares and set up a redemption-based exit model in an overall aligned and inclusive financing structure. This allowed the company to incorporate different needs and requirements and to transition to steward-ownership in spring 2018. The transition has allowed the company to focus on its long-term impact even amid challenges. In 2021, the company saw its product portfolio at the time not matching what its customers were looking for. The company went on a 2.5 year journey to launch a completely new product offering, combining the benefits of its no-code solution and developer platform into one product. During this period, the company's revenue was mostly static and even decreased slightly. For an investor-controlled company, such a long static period might have been a reason to reconsider the company's viability altogether. Thanks to its structure, Sharetribe's team was able to remain patient. After launching its new product offering in January, the company swiftly returned to a track of sustainable revenue and profit growth, and at the time of this writing, is on track to reach its second year in a row with a 30%+ growth in subscription revenue.



# Stapelstein®

## *The challenging process of reclaiming independence*

### In a nutshell

Stapelstein®, registered as joboo GmbH, is a German company that produces a simple yet innovative, versatile and sustainable element for children (and adults): the Stapelstein® (~ *stacking stone*). It aims to revolutionize the way children play and interact with their environment to foster their development and creativity. During the founding phase, founder Stephan Schenk took on business angels as shareholders. By doing so, he gave away two-thirds of the company ownership early on without quite realizing how much decision-making power he was ceding. This became problematic when several conflicts around prioritization and decision-making with the business angels highlighted the discrepancy between Stephan's vision for the company and the angels' interest in an exit and dividend payouts. In a challenging process, Stephan and his co-founder, Hannah König managed to establish independence of the organization by buying out the old shareholders and setting up an aligned ownership and financing structure with steward-ownership.



**FOUNDED: 2016**



**KORNTAL-MÜNCHINGEN,  
GER**



**SALES: €15 MILLION  
(2023)**



**29 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 2023**

**STEWARD-OWNERSHIP MODEL:**  
Veto-share

### Enabling creativity and play

During his university studies Stephan was looking for ways of bringing movement into children's everyday lives through playful means. He noticed that children have an incredible urge to move but mobile, multifunctional objects with a call-to-action character were often missing. This gave rise to the idea of the Stapelstein® – a very simple, colorful, and robust stacking element that opens up an infinite number of interaction possibilities for play, movement or as a design element.

Within two years, Stephan turned the idea into a product and series production, together with his co-founder Hannah, who devised fitting communication and marketing strategies. The company quickly gained recognition for its flagship product, the Stapelstein®, renowned for its versatile usability for children and adults.

In addition to the desire to encourage and enable more movement, Stephan and Hannah wanted to take value-aligned decisions for Stapelstein® from the beginning. Acting and thinking carefully, with focus and foresight, as well as reliability and transparency hold great value to them. Locally produced in Germany, the stacking elements are made from resource-saving expanded polypropylene (EPP), using only pure air and water vapor, free from plasticizers, additives, or any other substances. The Stapelstein® is designed to be timeless, durable, gender-neutral and fully recyclable.

## The journey into dependency

Stephan was supported with equity by two business angels to establish the company and for the initial product development of the first officially produced Stapelstein®. Furthermore, the angel investors provided guidance and advice in building the operational structure. In return, they each received a third of the shares of the company: voting and dividend rights were evenly shared among Stephan and the investors. This gave the angels the majority of voting rights and the power to dismiss Stephan from the company. It is noteworthy here that Stephan had transferred his intellectual property (Stapelstein® concept and design) to the company, so owning shares in the company also meant controlling the concept itself.

After an initial phase in which financial resources as well as sweat, blood and tears had been invested, Stapelstein® was able to record its first profits in 2019. It became clear here for the first time that Stephan and Hannah, and the business angels, had differing views and visions for the future of Stapelstein®. While there was no question for Stephan and Hannah that profits would be reinvested to pursue Stapelstein®'s mission at this early stage, the business angels opted for dividend payments. With a combined two-thirds of the voting rights, they were able to outvote Stephan.

After this incident, Stephan and Hannah decided to try to regain control over Stapelstein®. Researching ways to regain autonomy of the organization, they stumbled upon steward-ownership in the media. The model was a legal framework for the type of company they had intuitively wanted to build.

Predictably, the co-owning business angels were not fond of transitioning their shares into a steward-ownership structure. As they were not actively involved in the company, they would have needed to transition their shares into financing instruments that ensured the

repayment of their investment with a capped upside and without voting rights. Stephan and Hannah were not able to proceed with the business angels owning the majority of voting rights. Seemingly a dead end – and an incredibly tough and emotional situation for them.

To Stephan and Hannah, this was the moment when they realized the problem that the initially somewhat naively created ownership structure posed for them and the future of the company. Due to their initial investments, the business angels had controlling power over Stapelstein® without being at all involved in the operations of the company – and were no longer aligned with the founders' values and vision. This was a huge challenge.



Of course, Stephan and I discussed our opinions before. Nevertheless, I relied on him taking my opinion into account when making a decision. From my personal perspective, it hurt when it came down to making final decisions regarding a business I feel so attached with. The door closed and I was left out standing on the other side with no voice while two strangers who are not actively involved with the business were heard.

– Hannah König



Up to this point, Stapelstein® managed to grow without further external financing. Its growth and success were based on self-generated profits. As Stapelstein® was highly profitable in 2019, Stephan and Hannah were able to buy out one of the business angels using financial resources from the company. The shares including



dividend rights and voting rights were divided equally between Stephan and the remaining business angel. However, the second investor proved reluctant to sell and the financial resources were not sufficient yet. This is where the conflict really heated up. With a division of the voting right of 1:1 and the investor's son established as CEO next to Stephan, Stephan and the investor had arrived in a stalemate. Many decisions were put on hold. A painful situation, particularly considering the high growth phase that Stapelstein® was in, with the share value – and thus the price for buying back the company – increasing every quarter. While Hannah and Stephan were continuously working for the purpose of Stapelstein®, they knew that everything great they were working for would be reflected in the shareholder value for the business angel.

## The solution

While many investors offered their help, it became clear early that most would only provide financing in return for voting rights. But Stephan and Hannah were looking to regain control over the company due to their prior experiences and wanted to set up steward-ownership and an aligned financing structure.

After considering their options, Stephan and Hannah decided to collaborate with Purpose Ventures and Purpose Evergreen Capital, capital providers focused on investments in companies in steward-ownership. One condition included in the investment contracts was that Stapelstein® had to complete their transformation to a steward-owned company in the forthcoming months. After settling the terms and conditions of the investments, the financing deal was completed in 2022 using redeemable shares. With capital from the new investments (58%) and also with available profits (42%), the second business angel was finally bought out in 2022 – a giant success after long and delicate negotiations.

## Golden-share model for steward-ownership

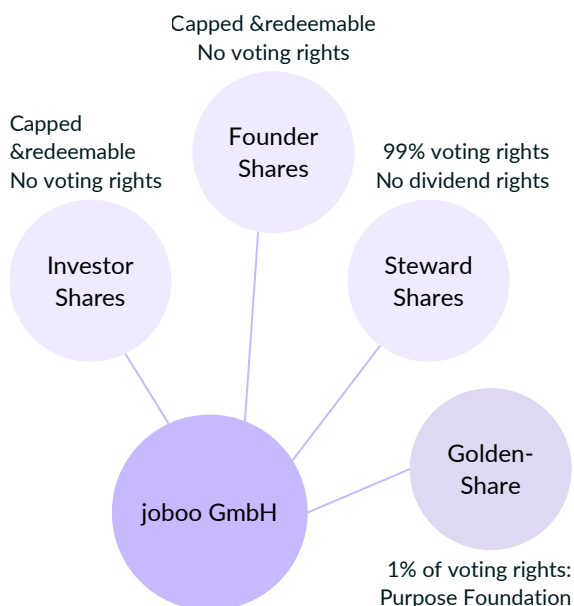
Stapelstein® was finally able to fully embrace their journey and legal adjustments towards steward-ownership in 2023. The team decided to use the golden-share model (also called veto-share) to implement steward-ownership and set it as a basis for their future financing structure as well.

To reflect the different types and roles of shareholders in the organization, Stapelstein® opted for establishing five different share classes:



- **Steward Shares:** make up 99% of the voting rights. Do not include dividend rights or rights to participate in the value of the company. These shares are held by the steward-owners of Stapelstein®. Can only be held by people who are actively involved in the organization.
- **Golden-Share:** with 1% of the voting rights, it can only be held by organizations qualified to be controlling shareholders for securing the principles of steward-ownership. For Stapelstein®, the golden-share is held by the Purpose Foundation.
- **Investor Shares:** structured without voting rights but with capped economic rights and options for financial return. Redeemable.
- **Founder Shares:** structured without voting rights but with capped economic rights and options for financial return. Redeemable.
- **X-Shares:** held by the company itself and can be transitioned into the other share classes, when necessary.

### Stapelstein®'s ownership structure



Through these different share types and a fitting founder compensation, Stapelstein® created well-aligned financing structures. This is an essential, yet challenging step during the steward-ownership transition. Chapter [05](#) & [06](#) are all about finance and you can read the full case study of Stapelstein®-[steward-ownership.com/stapelstein](https://steward-ownership.com/stapelstein).

The transition to steward-ownership was also an opportunity to reallocate voting rights. It was especially important to reflect Hannah's vital role in the company through legal-decision making power.

Today, the steward-shares are divided between Stephan, who holds the majority of voting rights, Hannah, and a golden-share for securing the principles of steward-ownership with the Purpose Foundation. A strict catalog was established defining which decisions require the approval of both, Stephan and Hannah. These include financial, strategic and value-based decisions like the dissolution of the organization or election of CEOs.

### The relief of success

The long-lasting conflict that Stephan and Hannah had to endure was worth it as they were able to reclaim the organization. They are back in full power and committed to make the best out of it! The path was long, bumpy and emotional, often pushing them to the edge of giving up Stapelstein®. Until the last angel investor was bought out, it was not clear whether they would ever be able to steer Stapelstein® into the future they envisioned for the company.

Stapelstein®'s case highlights the significance of ownership and finance from the beginning. Especially in the context of early-stage financing, entrepreneurs need to consider the effects on power distribution early on. Nevertheless, the case also demonstrates that opportunities to reclaim autonomy and regain control over a business exist.



# The Steward-Ownership Toolkit

What next? How to navigate the next step after having read all those stories about steward-ownership?

Especially for entrepreneurs and companies who don't have the resources to get help by consultants experienced in guiding you through the way towards steward-ownership and helping you face the challenges on the way, we have created this open-content toolkit in partnership with and based on the knowledge and experience from Purpose Consulting.

This collection of materials, tools, stories, and information has been designed to support entrepreneurs on their journey toward an ownership structure that aligns with their needs and values. Whether you are a founder yourself or you want to support entrepreneurs on their path, this toolkit is for you.

This isn't a one-size-fits-all legal guide. It's a collection of tools and information designed to support you on the emotional and organizational journey toward steward-ownership, wherever you are in the world. We give you the tools and information to begin drafting your own solutions and starting your journey even though we perhaps don't have all the answers for your specific region, yet.

Good luck and enjoy the adventure!



Check out our toolkit on steward-ownership at [steward-ownership.com/toolkit](https://steward-ownership.com/toolkit)

# Succession with Steward-Ownership

## *A conversation with Thomas Bruch*



Photo: Globus

**Thomas Bruch** is the former CEO of the German company GLOBUS, which is family-owned in the sixth generation, now led by his son Matthias Bruch.

The Globus Holding includes the Globus hypermarkets in Germany, Russia and the Czech Republic, as well as the Globus DIY stores. The Globus Group employs around 47,000 people and reported an annual turnover of €9.82 billion (22/23)

20 years ago Thomas Bruch implemented an innovative ownership structure for Globus. The structure ensures that ownership is tied to active entrepreneurial roles, and that ability and values are the most important criteria for filling key leadership positions. More than 50% of the employees hold shares of the company, making them active co-entrepreneurs.

\*This interview was originally conducted for the first edition of this book, when Thomas Bruch was still serving as CEO. He has since handed over leadership to his son. We have preserved the interview in its original form, as the insights it contains remain timeless.

*Armin Steuernagel: Mr. Bruch, let's talk about ownership. Who owns Globus?*

**Thomas Bruch:** My understanding is that Globus is self-owned. We have legally implemented this definition of ownership as well: The voting rights of the Globus Holding company cannot be inherited. Instead, through the foundation's governance, they are passed on to people who have the necessary values and abilities.

To understand our ownership structure, you have to meet our people. They are the ones who share and support Globus. First and foremost it's our employees, ten thousand of whom hold a silent investment in the company. At the same time, Globus is part of over 170 local communities with its regional operations. Our customers talk about "their Globus," and our cooperations with local institutions in education or other parts of the public sector strengthen that bond.

*You've taken a very different approach to ownership. Ten years ago you officially changed your legal status to foundation ownership. Aren't you breaking with a 200-year-old tradition of passing the company to the next generation of your family?*

What I inherited from my ancestors is the responsibility to ensure that the company continues to evolve and innovate, and I take that task seriously. It is not productive to just continue with the same approach as past generations. The company is a different organization than what it was forty years ago, when I started, and society has changed as well. Those changes must be taken into account. We need new paths into the future.

*Why don't you just pass your shares on to your children?*

Naturally, the tradition in a family-owned business is something special, and growing into a company is a valuable experience. From a very young age, I witnessed how my father fulfilled his responsibilities in the business. He demonstrated what it meant to be an entrepreneur in good times and in bad. It is only possible to have those experiences when you are born into a company.

With three sons I faced the question of how to divide the shares in the company between them. At the same time, I was conscious of the fact that my children wouldn't necessarily want futures at Globus. By placing my shares into a number of foundations, we have found a solution that



At Globus, profits are not an end in and of themselves. They are the seeds for the future.

— Thomas Bruch



leaves the option open for the next generation to take an active role in the business. At the same time, it was important for us to make sure that abilities and values play a role in filling key positions. Decisions regarding those positions will be made by the board. In the end, the question is this: What is the key thing about being an entrepreneur? Is it the legal voting right to control the company? Or is it the potential to shape the company in the many ways an effective leadership role offers?

*Are there any other reasons for your decision?*

There is one more thing: What would happen if I left equal shares of the company to my children? Should I assume that they would act in concert on key decisions for the longterm? What if they have children of their own one day? I already have two grandchildren, and I am sure that there will be more. Does it make sense to continuously split the voting rights generation after generation? Would this not create a lot of potential for tension in the company?

When making this decision, I wanted what was best for the company. I came to the conclusion that a foundation structure or steward-ownership structure would work very well for us. It makes clear that the company has a value in itself: as a home to thousands of employees, for our customers, many of whom have been buying from us for two or three generations, for the society we are part of, and of course, also for the family, which continues to have a close relationship to the company through the foundation structure.

*What exactly is special about your ownership structure?*

In my opinion, there are two aspects that make our ownership structure stand out: First, our foundation model ties ownership to entrepreneurship for the longterm. Voting rights will always be held by people who act as entrepreneurs. There is no room for so-called investors in this model. This tight connection between those who take on leadership roles in the organization seems fundamental to me. The second point is that ability and values play a key role in filling leadership positions. The board of our foundation decides who will take on significant responsibility for shaping the company.

*What is your position on the profits the company makes?*

At Globus, profits are not an end in and of themselves. They are the seeds for the future. They remain in the company to fund investments and development in many different areas. A portion of our profits goes to the non-profit Globus Foundation, which is used to address societal concerns.

*What were the challenges and considerations you had when implementing the structures you describe?*

There was a long decision process before we took this step. On one hand, I had long been thinking that Globus, as a company where employees and customers play a special part, should also have a special ownership structure. I had been thinking about a foundation model for some time. I had many conversations with our board where we developed these thoughts. It was all about creating some clarity about what it means to be entrepreneurial and what we could do to emphasize the role of entrepreneurship at Globus in a special way. In 2005 we reached a point of some clarity. That was the year when we implemented the structure we have today.

*Your steward-ownership structure creates a special kind of responsibility. What do you consider to be the greatest advantages of that?*

I believe stewardship has an impact on how people take responsibility for the company's actions. It is immediately clear that what we do is not about portfolio management or maximizing personal gains. It is about the company itself and everything that belongs to it. Steward-ownership strengthens the focus on what the company needs for the long-term.

*Does this also affect how innovative the company can be?*

If innovation is to be successful, it requires a lot of patience. Short-term profit orientation runs counter to innovation. At Globus we do not

depend on quarterly reports. What matters for us is that what we do makes the company stronger for the long-term. This attitude creates investments that make it possible for great ideas to develop, even if they take a number of years.

*Do you believe that your ownership structure has a noticeable effect on the actions of Globus employees?*

I think that how employees identify with the company is crucial to achieving sustainable success. Do they identify with the company's products? Do they identify with the way people work together in the company? More and more people pay attention to how you answer those questions. More and more people want to know how your company takes responsibility for the environment and society. We took all this into account in developing our ownership structure. The way in which we live steward-ownership fosters individual responsibility and consideration for the whole organization. Living responsibility for people, nature, and the company - that is one of our core principles. We're told by customers that there's a special mood at Globus. This reflects the fact that we are simply different from many other businesses.

*Can you give us a concrete example of the way workers take responsibility for the company?*

Last year on a Saturday morning during the Christmas season we had a very busy day in one of our stores in St. Wendel. A few of our cashiers were ill, and the lines at checkout were especially long. One of our employees happened to be shopping there and saw what was going on, so she went inside, put on her uniform, and opened another register. Just like that - without asking anyone. To me, this demonstrates how special our employees are. They are aware of the importance and the meaning of what they do. They know that they and their personal efforts are needed. They are entrepreneurs within the organization, and they shape Globus for themselves, the community, and our customers. They feel the purpose of their work.

*Thanks a lot for your insights!*



# elobau

## *How modern family-owned companies switch the narrative*

### In a nutshell

Founded in 1972, elobau has been a family-owned and family-operated company for two generations. In 2010, Michael Hetzer, the second-generation owner and current chairman of the advisory board, began to question whether family succession was the right path for elobau in the future. Hetzer wanted to give his children the freedom to pursue their passions while ensuring the company's independence, values, and purpose were permanently enshrined in its legal structure. He found an answer in steward-ownership and set out to develop a double-foundation structure with two main objectives. First, to ensure that control of elobau could never be sold and that the company would always be led by qualified, value-aligned successors. Second, to further strengthen the sense of social responsibility that had always been integral to the organization. In doing so, elobau exemplifies how steward-ownership can offer a future-proof and purpose-driven approach to succession.

### A future-oriented SME

Established half a century ago, elobau is a globally active, family-run business in the engineering and manufacturing sector. As such, it stands as a beacon of the German Mittelstand. Over the years, elobau expanded its product line, and its range now includes components and systems for equipment control, machine safety, and level measurement, all made in Germany with nearly all processes performed in-house. With a widespread presence in Europe, the Americas, and Asia, elobau earned a reputation as a provider of cutting-edge technological products that help make industrial processes more efficient. elobau's mission is to empower industries through smart, sustainable solutions, while also being a trusted, long-term partner not only for its customers, but also its employees, the environment, and society. elobau's commitment to sustainability has continuously shaped the company's journey and values. Ultimately, this focus on multidimensional sustainability was also one of the factors in transitioning to steward-ownership.



**FOUNDED: 1972**



**LEUTKIRCH, GERMANY**



**SALES: €160 MILLION  
(2024)**



**1200 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 2016**

**STEWARD-OWNERSHIP MODEL:**  
Double-foundation

### Rethinking a family legacy

In 2010, Michael Hetzer, then the sole shareholder and managing partner, began to grapple with a very personal and pressing question: What would happen to elobau if something were to happen to him – suddenly and unexpectedly? With his children still too young to take over, he found himself questioning what a sustainable succession solution could look like and whether family succession was the right path for elobau. This reflection sparked a deeper inquiry into the

foundation of the company's success: Who or what truly drives the value of the company? For him, the answer was as simple as clear: The employees. In Hetzer's view, value in a company is created by its people, and each employee plays an equally important role.

Hetzer always saw himself more as a steward than an owner. Employees work together, and everyone shares responsibility for the company's success. Why, then, should ownership belong to just one individual? Selling the company was also never an option for him. elobau had grown into a unique organization, driven by a commitment to innovation and uncompromising quality. "Everything we do is centered on being a reliable partner for the long term." Hetzer feared that a new owner might steer the company in a completely different direction, compromising its strong focus on quality, innovation, reliability and sustainability. Another significant concern for Hetzer was his responsibility to the employees, fearing that new owners could consider moving operations elsewhere.



I asked myself 'Who or what is responsible for the value of the company?' and my answer was clear: 'It's the employees. They are the most important.'

— Michael Hetzer



Inspired by German pioneers like Bosch (p. 44) and ZEISS (p. 40), he discovered the foundation ownership model – specifically, the kind of foundation-owned structure that would later be known as steward-ownership. He decided to simply draft a will that will include this foundation solution as the succession model for elobau. In this, he only specified that the company's ownership should be transferred into a foundation, without any further specifications about the timing and structure.

The level of urgency, however, changed with a pivotal moment. While driving around, Hetzer had a conversation with his second-born son, then eight years old. Out of the blue, his son asked, "Dad, if my brother doesn't take over the company, I will have to do it, right?" Hetzer was surprised; he had never spoken much about the company or its future with his sons, yet his young son already felt the weight and obligation of carrying on the family heritage. To realize that his sons were carrying around this load at such a young age did not feel right to Hetzer. He wanted his children to have the freedom to pursue their own paths in life without feeling obligated to the family business. After this key moment, Hetzer realized that he would prefer to implement his new succession plans as soon as possible.

## The process towards steward-ownership

In the years leading up to the transition, Hetzer restructured the company to ensure a high level of autonomy across the entire organization, minimizing the need for hierarchical leadership. Motivated employees are the heart of a company's success, and for them to thrive, they need the freedom to make decisions in the areas they know best. At elobau, this meant empowering each employee to make decisions within their own department, guided by clear principles.

Although Hetzer had aimed to finish the transition within one year, he ultimately spent six years devising an ownership structure that would ensure elobau continues to deliver on its responsibility to employees, society, and the environment. The bureaucratic processes were lengthy and troublesome: from tax offices taking years to review elobau's case only to redirect them elsewhere, to lacking guidance on business transitions of this sort. But Hetzer didn't give up and shifted his original plan of a single-foundation structure to elobau's double-foundation model. Today, the ownership model Michael Hetzer chose is known as steward-ownership – a concept that had not yet gained widespread recognition when he took this step.



## Foundation-ownership

Hetzer had two objectives for the transition: First, to ensure control of elobau could never be sold, and that the company would continue to be led by qualified, value-aligned successors; and second, to enable charitable work that would further strengthen the sense of social responsibility that had always existed within the organization.

The six-year transition culminated in the establishment of a double-foundation, or also referred to as a trust structure, consisting of a charitable entity and a company (or family) trust. In this structure, 99% of the economic rights of the elobau holding company are held by the charitable foundation, with the remaining 1% held by the family trust. The family trust holds 99% of the voting rights, with the remaining 1% vested in the charitable foundation. The elobau holding company (“ensian group”) holds all ownership rights of the operating companies.

### The family trust

The family trust holds 99 percent of elobau’s voting rights (or steward shares) and 1 percent of its economic rights. Although being called family trust, it has no direct ties to the Hetzer family. The trust is governed by a group of 3-5 external stewards who are elected unanimously for two-year terms, with an age limit of 70. Michael Hetzer, the current sole exception to the external steward requirement, also serves on the board. These stewards are intentionally selected to provide diverse perspectives, including financial expertise, younger viewpoints (e.g. from startup world), and sector-specific knowledge. As Hetzer puts it, “This diversity has proven to be a real strength over the past eight years.” The stewards primarily serve as advisors, offering an external perspective and acting as sparring partners to the elobau group. They also appoint the managing directors and advise on strategic questions concerning the company’s development. Importantly, the advisory board of the elobau Holding (ensian group) is composed of the same members as the family trust’s board, while the charitable foundation has a separate, non-

overlapping board of stewards. Trust agreements stipulate that stewards cannot sell their voting shares or pass them on to their children. Michael Hetzer is also preparing a non-legally binding guiding document to support future stewards in upholding elobau’s mission and values. As part of becoming a stewardowner, Hetzer stepped back from his role as managing director in 2021 and handed over operational leadership to two colleagues. The family trust holds 1 percent of the company’s economic rights specifically to cover inheritance tax payments, which are due every 30 years.

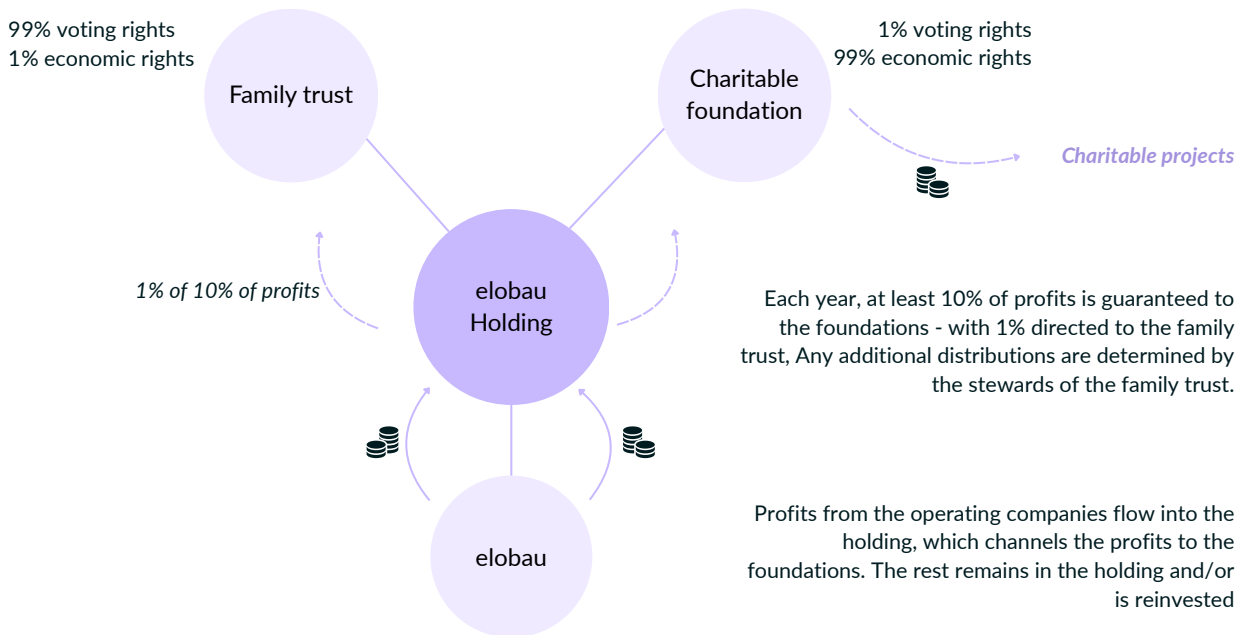


Photo: elobau GmbH & Co. KG

### The charitable foundation

elobau’s charitable foundation holds 99% of the company’s economic rights and 1% of its voting rights – clearly separating money (economic rights) from decision-making power (voting rights). While the foundation holds the economic rights, it has no influence over how much is distributed. Each year, the foundation is guaranteed a minimum of 10% of the company’s profits. Any decision to distribute additional profits is made by the stewards within the family trust. All profits generated by the operating companies of the elobau group first flow into the

## Profit distribution at elobau



holding company which determines the amount to be distributed. The remaining funds stay in the holding and are allocated to the operational units according to their investment needs. Any surplus that is not immediately required remains in the holding for future use and reinvestments (see illustration). The charitable foundation is managed by a board of three stewards who are all external to the family trust (the voting power entity) and are elected with an age limit of 70. These stewards oversee the foundation's funding allocation, focusing on projects in education, integration, and environmental protection. They fund existing charitable projects and also initiate their own projects to have a hands-on role in shaping support that wouldn't exist otherwise.

## Sustainable succession beyond bloodlines: a community of skills and values

Today, elobau stands as a forerunner of sustainable succession in the German Mittelstand, showing that succession can extend beyond family lines to a "community of skills and values."

Hetzer's journey reinforced his conviction that a dedicated legal form for steward-ownership is essential to make it more accessible, particularly for smaller companies. At its core, steward-ownership is an evolution of the family business model – legally enshrining into the company's DNA what family-owned businesses embody through tradition. Therefore, unlike traditional family businesses, succession is no longer tied to a genetic family of owners but instead to a "community of skills and values." This significantly expands the pool of potential succession candidates, as it makes it considerably easier also for capable employees to take on the ownership role: While they would have to buy (parts of) the company in conventional legal structures, steward-ownership allows them to take over as stewards, without buying the company or going into debt. Also for employees, this structure offers stability, free from the uncertainties of family succession. And family members can still pursue careers or leadership roles in these companies. The difference is that they're selected based on ability, not lineage. Read elobau's full case study at [steward-ownership.com/elobau](https://steward-ownership.com/elobau).



# Märkisches Landbrot

## *A single-foundation model as a good succession plan*

### In a nutshell

Founded in 1930 as a bread bakery and delivery service in Berlin-Neukölln, Märkisches Landbrot underwent a significant transformation when Joachim Weckmann assumed ownership in 1981. Fast forward to 2021, as part of his succession planning, Weckmann decided to further transform the company into a steward-owned company. To achieve this goal, he opted for a single-foundation model and gifted the company to a charitable foundation.

Märkisches Landbrot was founded in 1930 as a bread bakery and delivery service in Berlin-Neukölln, from where bread was delivered to other districts of the city. In 1981, Weckmann purchased the company for 50,000 DM – borrowing the money from friends. Driven by his fundamental motivation to contribute positively to society and the environment while producing high-quality bread, Weckmann transitioned Märkisches Landbrot into an organic bakery, using locally sourced grains.

Since then, Märkisches Landbrot has been working towards two goals: contributing to the healing of the earth through ecological products and contributing to the well-being of people through whole-grain bread. Märkisches Landbrot now serves around 330 retail outlets, spanning organic supermarkets, independent stores, food co-ops, and community hubs in and around Berlin, producing around 8000 kg of bread daily.

The company relies on an active, open and honest exchange with employees, consumers, traders and suppliers. It also provides above-average compensation for employees. Long-term supply contracts and fixed price commitments make farmers more independent of strongly fluctuating market prices. The bakery bakes in a climate-neutral manner, minimizes food waste and works with an EMAS-certified environmental management system with eco-balancing.

### Succession and ownership

In 2013, Joachim Weckmann began to engage more deeply with the question of succession for Märkisches Landbrot. This issue held significance for him on two levels: the management level, where he had already been working with Christoph Deinert as co-managing director since 2008, and the ownership level. He explored various models to position Märkisches Landbrot successfully for the future and ensure its medium-term independence from his person. Weckmann viewed these succession processes as distinct endeavors. He sought a structure where the management team doesn't solely represent the owners of Märkisches Landbrot.



**FOUNDED: 1930**



**BERLIN, GERMANY**



**SALES: €10.3 MILLION  
(2024)**



**90 EMPLOYEES  
(2022)**

**STEWARD-OWNED SINCE: 2021**

**STEWARD-OWNERSHIP MODEL:**  
Single-foundation

Joachim Weckmann had been grappling with the issue of ownership and determining a suitable structure for quite some time, even before the issue of succession became more pressing. As someone with roots in a food co-op, he was already familiar with participatory structures but had previously decided against implementing such a structure at Märkisches Landbrot.

The ownership considerations became more tangible for Weckmann as he began structuring his succession plan. Born in 1953, he couldn't and didn't want to continue indefinitely, and it was important to him to actively shape the future structure of Märkisches Landbrot and ensure a smooth transition of the company. He doesn't have any children who could take over the business and he wanted to establish independent structures. Inheritance was, therefore, not an option. Selling the company was equally undesirable. Joachim Weckmann was well aware of his responsibility in shaping the succession process, as the legal owner and given his significant experience. Nevertheless, he was also aware that the future structure had to be supported by his successors, so he approached the process in close consultation with the inner circle of leadership.



Photo: Märkisches Landbrot GmbH

## The path towards steward-ownership

Weckmann came into contact with the concept of steward-ownership at the Ownership Conference in 2018 organized by the Purpose Foundation, where, among others, Franz Fehrenbach from Bosch, Beate Oberdorfer from Sonett, and Götz Rehn from Alnatura shared their experiences with steward-ownership in their companies. Inspired by this, Weckmann delved deeper into the concept and the various models for implementation (compare [p. 35](#)).

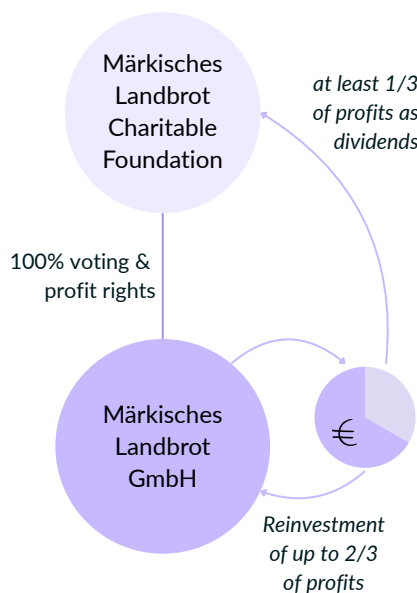
### Single-foundation model

With the assistance of Purpose Consulting and the law firm Dr. Mecking, Joachim Weckmann and his team were able to develop a plan to establish a steward-ownership legal structure for Märkisches Landbrot that aligned with their vision. They evaluated the available models for implementing steward-ownership in Germany and ultimately opted for a single-foundation model with a dedicated charitable foundation for the company's future. In doing so, they designed a customized governance structure that ensures that the nonprofit purposes do not jeopardize the continuity of the company. The consulting costs for the process and the establishment of the foundation amounted to approximately €35,000. The foundation itself was endowed with free assets amounting to €50,000, in addition to the contribution of the operating company. Joachim Weckmann chose to establish his own foundation solution for Märkisches Landbrot to maintain the company's independence from other organizations and to create a suitable structure for its desired charitable activities. These factors led to the decision to pursue a single-foundation model instead of the veto-share model option that was also under consideration. A double-foundation model was not considered due to the higher costs associated with its setup and maintenance.



The single-foundation model entails a company being majority-owned by a self-governing, typically a charitable foundation that refrains from distributing profits to private individuals. The foundation retains full ownership rights over the company, and the charitable board members exercise these rights in accordance with the guidelines outlined in the articles of association. The foundation's primary objective is to pursue charitable purposes in accordance with the tax-privileged purposes specified in the German Fiscal Code, under the name of the Märkisches Landbrot Foundation.

### Profit allocation in the single-foundation



## Allocation of profits

The foundation's purpose is financed by its free assets, donations and endowments, as well as profit distributions from Märkisches Landbrot GmbH. At least one-third of the company's profits must be distributed to the Märkisches Landbrot charitable foundation, as long as this is economically justifiable and does not lead to insolvency. This is stipulated in the articles of association.

One-third of the company's profits are, therefore, invested in activities that support education, environment and climate protection, public health and development cooperation. The foundation, as the sole shareholder, decides on the utilization of the remaining two-thirds of the profits and is represented by the foundation board in this process. This portion of the profit can be reinvested into the company, set aside, or used for other entrepreneurial purposes but cannot be personalized. This strengthens the company, and in the long run, both the foundation and its pursued charitable purposes benefit from it.

## Governance

In steward-ownership single-foundation models, it's common to establish two distinct boards: one to oversee ownership rights within the foundation enterprise, and another to manage the charitable foundation and supervise fund usage. This division serves to mitigate conflicts between the business and charitable interests of the company. Similarly, Märkisches Landbrot has adopted a governance approach with separate entities: the corporate council and the charitable board. Together, these bodies ensure the founder's wishes are upheld and implemented effectively.

## Corporate council

The corporate council is the main board exercising the voting rights of the company, with the "steward-owners" of Märkisches Landbrot holding seats here. The task of the corporate council includes guiding the affairs of Märkisches Landbrot GmbH and representing the foundation's ownership interests. The corporate council also oversees the adherence to the founder's intentions and the charitable board, which it also appoints and dismisses. Together with the charitable board, the corporate council is also responsible for pursuing charitable objectives.

## Charitable board

As the legal representative of the Märkisches Landbrot Foundation, the charitable board oversees and manages the foundation, its assets, and decides on the use of the foundation's funds in accordance with the statutes. The charitable board of Märkisches Landbrot GmbH can consist of up to three members, with the chairman acting as the legal representative of the Märkisches Landbrot Foundation. Together with the corporate council, the charitable board bears responsibility for the charitable activities of the Märkisches Landbrot Foundation and thus the implementation of its purpose.

## Retirement provision and founder compensation

As an independent entrepreneur, Joachim Weckmann considered Märkisches Landbrot as his retirement provision. To provide sufficient old-age security within steward-ownership without undermining the asset lock, he divided Märkisches Landbrot into two entities via a business split before establishing the foundation: an operating company and a holding company. In 2021, he transferred Märkisches Landbrot's operations, including all brand rights, production rights, etc., to the Märkisches Landbrot Foundation. The operating facility of Märkisches Landbrot remains under Joachim Weckmann's ownership and is leased to Märkisches Landbrot. The rental income is allocated for his pension/retirement provision. If not donated to the foundation before his passing, Joachim Weckmann's will states that the property will be transferred to the Märkisches Landbrot Foundation.

## Organic process towards democratic leadership structures

During the establishment of the new ownership structure, one of Joachim Weckmann's wishes was to enable a democratic approach to decision-making in the legal structure. Purpose Consulting supported with ideas to shift from a person-oriented structure to a democratic structure. Weckmann realized that this significant step should be approached consciously and gradually, allowing for an organic process. If rushed and implemented all at once, it could potentially lead to conflicts, especially if Weckmann significantly shaped the leadership culture before leaving. Therefore, he decided on an approach suitable for today's culture, in which decision-making power can be gradually shifted to the employee level, if the current and future stewards consider it appropriate. Read the full case study of Märkisches Landbrot at [steward-ownership.com/landbrot](https://steward-ownership.com/landbrot).





# Patagonia

## *Not woke capitalism but the future of business*

### In a nutshell

In 2022, Yvon Chouinard and his family transferred their ownership of Patagonia, valued at around \$3 billion, to a specially designed trust and a non-profit organization – effectively setting up a steward-ownership structure. Through the two-entity structure of the Patagonia Perpetual Purpose Trust and the non-profit Holdfast Collective voting and economic rights are separated in a legally-binding way. With that, Patagonia safeguards the company's independence, the founder's vision and the direction of profits toward its mission, stating that "each year, the money we make after reinvesting in the business will be distributed as a dividend to help fight the [environmental] crisis."

Patagonia primarily adopted steward-ownership as a succession model. As neither passing the shares directly to Chouinard's children nor selling the company was a legitimate option for them, they went to design their own path – and ended up with a steward-ownership model.



FOUNDED: 1973



CALIFORNIA, U.S.



SALES: \$1.5 BILLION  
(2022)



3,000 EMPLOYEES  
(2024)

STEWARD-OWNED SINCE: 2022

STEWARD-OWNERSHIP MODEL:  
Double-foundation

### Benefitting the planet but not at all cost

The iconic outdoor apparel and gear company has been committed to high-quality products as well as environmental activism since its foundation. The billion-dollar global brand has time and again demonstrated that business can both be radically responsible and profitable.

Patagonia offers a wide range of upscale products – ranging from hiking and climbing gear to surfing and skiing equipment. Known for its innovative designs and sustainable materials, their products illustrate core values that the company has subscribed to: quality, integrity, environmentalism, justice and not being bound by convention.

At the heart of Patagonia's mission is its deep commitment to the planet and its people. The company's mission statement, "We're in business to save our home planet," reflects Patagonia's dedication to environmental conservation and activism. Through different initiatives and an innovative business design, Patagonia is a lighthouse company in sustainable business practices.

### How can the purpose be upheld?

When founder Yvon Chouinard was approaching retirement age, he knew he needed a solution for his succession: How could he ensure that his company would stay true to its mission after he wasn't personally involved in the company anymore?

If he sold Patagonia and donated the resulting money, there was no guarantee that new owners would maintain its values. Going public would have resulted in financial pressure to extract money for shareholders from the company, instead of combating the climate crisis. Yvon struggled with this question of what to do with the business for decades. So he knew that he needed an unconventional solution.

Greg Curtis, current Executive Director of the Holdfast Collective, remembers how they had regular in-depth meetings with the owners to understand the needs and wishes of everyone. "In a typical kind of Patagonia fashion, we ended up having bi-weekly phone calls with the whole family about, well, what are we really trying to achieve here? What's really important to you?"

As Patagonia was always drawn to disruptive ideas, Greg, a lawyer by profession, kept a close eye on innovative succession models for a while. In 2017, he first heard of purpose trusts in an article about Portland-based Organically Grown Company (check their story on [p. 92](#)). Through conversations with lawyers involved in the ownership transition as well as open source materials on steward-ownership, Greg collected inspiration and ideas about alternative corporate structures and steward-ownership. This knowledge, the family's wishes and creativity came together to establish the succession model which felt right to Yvon and Patagonia: the double-entity model.

“

Instead of ‘going public’, you could say we’re ‘going purpose.’

— Yvon Chouinard, founder of Patagonia

”

## Patagonia's new ownership structure

The Patagonia Perpetual Purpose Trust and the nonprofit Holdfast Collective were created to preserve the company's independence and ensure that all distributed profits are used for climate protection and the preservation of undeveloped land around the globe.

In setting up this two-entity structure, Patagonia separates voting and economic rights: 98% of the economic value of Patagonia is held by the Holdfast Collective, 2% by the Patagonia Perpetual Purpose Trust. However, this value cannot be liquidated by either entity and does not influence the distribution of dividend rights or voting rights – this is called a disproportionate distribution. While the ultimate control over Patagonia in the form of 100% of its voting rights lies with the Patagonia Purpose Trust, the dividend rights remain in the nonprofit entity, the Holdfast Collective. This way, if dividends are distributed after reinvesting in the business, they are used to help fight the climate crisis.

## The Patagonia Purpose Trust

The Patagonia Purpose Trust is a Perpetual Purpose Trust that was established to protect the company's purpose-orientation, independence and values. It holds all voting rights of the company, but no right to receive dividends. These shares will be held by the Trust in the long run. The non-charitable Patagonia Purpose Trust cannot access the value or profits of the company. This way, the board of the Trust, which has control over Patagonia in the last instance, is not financially incentivized to maximize shareholder value or profits.

While CEO Ryan Gellert and the employees of Patagonia are responsible for the operation of Patagonia, the Patagonia Purpose Trust is where the last instance of control and accountability for the company's long-term development lies.



## The Holdfast Collective

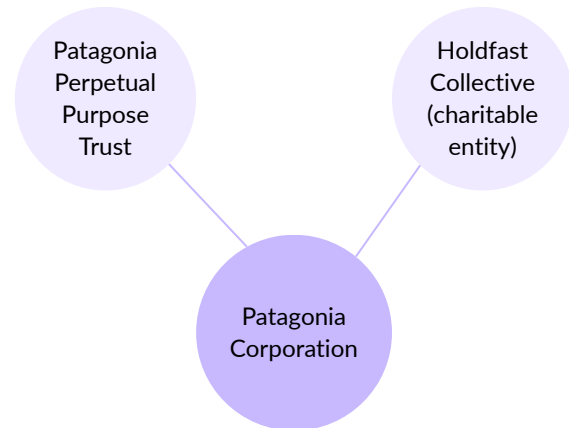
Dividend rights are held by the charitable Holdfast Collective, which focuses on activities that protect the environment and climate. When Patagonia distributes profits that are not needed for reinvestment in the company, they are paid out as dividends to finance the Holdfast Collective's charitable activities.

The Holdfast Collective doesn't hold any voting rights and can therefore not influence the company's strategy and decision-making. As a result, the Holdfast Collective cannot force the company to maximize profits for charity.

## Patagonia's ownership structure

Dividend rights: 0%  
Voting rights: 100%

Dividend rights: 100%  
Voting rights: 0%



## Also profits with purpose should have limits

While Patagonia's distributable profits are used to combat the climate crisis, the team is well aware of the risk of overprioritising these donations. On the website, Patagonia states that they will not maximize sales to give more money to charity: "This is not an excuse to ignore the real tension we'll continue to face between growth and the environmental impact of our operations.

But the new ownership structure provides a way to put the value that comes with responsible growth to work fighting the climate crisis." Patagonia has been a pioneer on rethinking the deep design of business. Through implementing



Yvon's a craftsman. The way he thinks about products, you're always refining things, you're always improving things: lighter, more insulation, more durable. He really thinks about the company in that way, too. And all of these choices that we made along the line are really examples of how we were thinking about it from a legal, structural business perspective, too.

---

– Greg Curtis, Executive Director  
Holdfast Collective

a steward-ownership model, they have tackled the ownership layer and solved their succession struggle. Patagonia has always been a role model for many entrepreneurs worldwide. With this transition, they have also become a lighthouse case for steward-ownership, ensuring that the mission-orientation of Patagonia is always upheld.

With the global popularity of Patagonia, this transition also increased media attention on steward-ownership, making a headline on how succession can be handled differently than through inheritance or selling the company.

Yet, initially, the public debate did not entirely portray the depth and meaning of the step Yvon Chouinard and his family took – and revolved around many misunderstandings, like "Patagonia was donated to charity" or "all profits will be used for climate protection." This is to show the unfamiliarity of media outlets as well as the public with other forms of ownership than shareholder ownership, state ownership or nonprofit ownership. Redesigning corporate ownership as steward-ownership in a complex and unfamiliar structure goes far beyond transferring the entire company to nonprofit ownership – or to "only" dedicate profits to climate protection. They have fundamentally rethought the function of ownership and shareholders for Patagonia as well as the role that Patagonia will play in society going forward. They have created a different type of ownership – not based on maximizing shareholder value, but on stewarding the purpose and independence of the company for the future.

**Now, hear directly from Yvon what motivated him to take this step and how he experienced the process:**



# *A letter from Yvon Chouinard*

*Giving Patagonia away is the best  
business decision I've ever made.*

I've always said I never wanted to be a businessman, but if I had to run a company, it was going to be on my own terms. You could say that philosophy was key to giving the business away.

This would be unthinkable at a company solely focused on dollars and cents. When the only role a company's leadership has is making money, we know how the story ends. Shareholders put pressure on corporate leaders to bloat the company's stock prices. The principals cash in, the company is sold off, absorbed or becomes a shell of itself. It's all too common now. When Patagonia was founded in 1973, the average lifespan of an American company on the S&P 500 was around 30 years. Today, it's less than 18, and the downward trend shows no sign of stopping.

The pursuit of short-term profit and mindless consumption are destroying the planet. Corporate leadership and ownership can play a part in turning that around.

Patagonia is not a perfect company by any means, but the fear of getting things wrong in the process has never stopped us from trying to get things right in the end. Any company claiming to be

purpose driven needs leaders – including owners – to buy into whatever that purpose may be. Without top-to-bottom support, forget about it. The moment purpose becomes unprofitable is the moment we see just how important corporate leadership is in keeping it alive.

The responsible route is often not the fastest or most profitable option. It is rarely the easy way. We are still figuring things out ourselves, and I've been working more than I ever have before.

*Now that the planet is our sole  
shareholder, I feel an even  
deeper responsibility to help the  
company succeed to provide a  
counter to the prevailing  
extractive model of capitalism.*

I'm getting back to my roots, working on product quality and design, but the stakes feel higher.



Photo: Patagonia

To prove that a company does not have to sell its soul to succeed, we have to keep succeeding. To help save places like the Vjosa River in Albania, we have to make money. If we want to continue helping grassroots activists fighting the Pebble Mines and protecting the Okefenokees of the world, we have to be profitable. If we want to inspire change in the business world with our practices and products, we can't just be scraping by making low-quality junk. But that is the responsibility of a company that behaves in an examined way. It's something everyone in the organization has to commit to, or the intention dies on the vine.

I spent years thinking about how Patagonia could continue after I'm not around. My adult children understandably had no interest in the burden of running a company, and all the other options had pretty serious drawbacks. Selling the business and giving away the profits? There was no guarantee the new owners would commit to our values and purpose for as long as the company existed. We thought about going public, but there aren't any public companies that I admire. Offering the company to employees might have been an option, but that would have left out employees outside the U.S., and a lot of employee-owned businesses end up incurring huge debt.

So what do you do when there is no good answer to such a simple but vital question? You come up with something new. In September 2022, my family and I transferred the voting stock of the company to a purpose trust to ensure that Patagonia's founding values would stay intact beyond our lifetimes.

The rest of the stock was transferred to a new nonprofit called the Holdfast Collective that uses the profits not reinvested into the company to fight the climate and ecological crisis. We created a new ownership model that enshrined Patagonia's values and devoted its value to saving our home planet.

It falls on every Patagonia employee to support our purpose in their own way. Each team and individual finds ways to contribute, and together the company improves. Just as the Zen approach to archery focuses not on the bullseye but on each individual movement before releasing the arrow, we identify our targets then turn all focus to the process. While profit is tied to our impact and influence, it is not the goal. As a Zen master might say, it is the natural outcome if we manage to do everything else right.

**Yvon Chouinard, founder Patagonia**



# Organically Grown Company

*From nonprofit to cooperative to ESOP to steward-ownership*

## In a nutshell

Founded in 1978 by a collective of Oregon farmers, Organically Grown Company (OGC) has evolved over 45 years from a small nonprofit into one of the largest organic produce distributors in the US. Throughout its history, OGC has shifted through multiple ownership forms, always adapting its structure to better serve its mission of advancing sustainable agriculture, supporting farmers, and nourishing communities.

In the mid-2010s, OGC faced a structural challenge: how to sustain succession while reinvesting in the business and upholding its mission. The company needed an ownership model that could balance financial obligations with purpose-driven priorities for the long-term. In 2018, OGC became one of the first U.S. companies to transition to a Perpetual Purpose Trust (PPT), embedding steward-ownership principles that permanently safeguard its independence and mission with governance shared across multiple stakeholders.



**FOUNDED: 1978**



**PORTLAND, OREGON, U.S.**



**SALES: >\$100 MILLION  
(2024)**



**280 EMPLOYEES  
(2025)**

**STEWARD-OWNED SINCE: 2018**

**STEWARD-OWNERSHIP MODEL:  
Perpetual Purpose Trust (PPT)**

## OGC's ownership journey

Organically Grown Company (OGC), founded in 1978, has continuously reshaped its ownership and governance to align with its mission of supporting sustainable agriculture and community well-being. What began as a nonprofit to assist farmers in adopting organic practices, OGC transitioned into a grower-owned cooperative in 1982 to better market and distribute produce.

Although this cooperative structure enabled shared ownership among growers and helped formalize operations, it also revealed certain limitations. Restrictions on membership, equity, and board participation gradually constrained OGC's growth and its ability to fully recognize the contributions of all stakeholders, prompting the company to explore a more flexible ownership model.

In 1999, OGC transitioned to an S Corporation, allocating shares to farmers based on their involvement and inviting all employees into co-ownership. This new structure enabled the company to expand its product line, scale operations, open new distribution facilities, and even host a major summit on organic produce and sustainability in 2005. Over the next decade, OGC grew significantly, but the S Corporation model – legally capped at 100 co-owners – soon posed limits. With its workforce continuing to expand, and committed to broad stakeholder participation, OGC began seeking a model that could include all employees in governance.

In 2009, OGC established an Employee Stock Ownership Plan (ESOP), achieving full representation of staff in the company's ownership structure – a core principle since the company's founding. The ESOP allowed employees to have a direct stake in the company's success, fostering engagement, shared responsibility, and alignment with OGC's mission of supporting sustainable agriculture and community well-being. While the ESOP strengthened internal equity and ensured broader participation in governance, it also introduced another challenge: stock ownership under U.S. law ties valuation to market norms, which can conflict with mission-driven priorities.

Building on its commitment to purpose-driven business, OGC became a certified B Corporation in 2010 and registered as an Oregon Benefit Corporation in 2011, formally embedding social and environmental responsibility into its corporate identity and governance framework. While the B Corp status reinforced the company's mission commitment, it did not address deeper ownership and succession challenges – issues that would become increasingly urgent as the company continued to grow and mature.



## The succession challenge

By the mid-2010s, OGC faced a critical juncture. Many of the long-time farmer-owners were approaching retirement, and the company needed a sustainable way to fund share repurchases while continuing to invest in operations and uphold its mission.

OGC recognized that without a fundamental change, the company could be forced to prioritize short-term financial obligations over long-term purpose.

“We were trying to be stewards of the business. But a stock ownership plan ties you to a fair market valuation and it's comparing you to similar companies in your industry who may not run them for mission maximization as we do. If we got to a certain level, our hands would be forced by law. We wanted to keep OGC to its mission for the long haul and not be bought and end up in the wrong hands because employees or anyone else wanted to sell,” explained Nathalie Reitman-White, VP of Organizational Vitality and Trade Advocacy at Organically Grown Company (OGC).

## Pioneering steward-ownership: setting up the perpetual purpose trust

In 2018, OGC took a groundbreaking step by transitioning into a Perpetual Purpose Trust (PPT), becoming one of the first U.S. companies to adopt this model. By buying back all shares from the company's previous owners and employee stock plan and transferring them to the Sustainable Food and Agriculture Perpetual Purpose Trust, which is set up as an Oregon Benefit Company and holds the majority of the voting rights, OGC set up a structure that allows it to remain purpose-driven while protecting the company from sale or takeover.



True to OGC’s longstanding commitment to shared stewardship and stakeholder engagement, the transition process itself was highly participatory, reflecting the company’s values and respect for the voices of employees, growers, and mission-aligned partners. Employees and growers voted to approve the sale of their shares to the Trust, while some former board members helped design the transition and acted as early advisors and supporters. Shareholders were also offered the opportunity to convert common stock into preferred stock and participate in governance roles.

OGC’s steward-ownership model is anchored in the Sustainable Food & Agriculture Perpetual Purpose Trust (PPT), which acts as a permanent legal guardian for the company, protecting its independence and mission over the long term. Governance is shared across three bodies, creating a system of checks and balances:

**Corporate trustee**

Responsible for the administration of the Trust and formalities of owning the common stock, the Corporate Trustee casts votes as a shareholder and oversees tax reporting, and distributions for the Trust. The original Trustee is appointed in the Trust Agreement, with the Trust Protector Committee able to remove or replace them in the future.

**Trust Protector committee**

Serving as the steward of OGC’s mission, this committee ensures that business decisions align with the company’s purpose. It is made up of employees, growers, customers, investors, and community representatives, including leaders such as Joe Rogoff and George Siemon. The Committee approves distributions and elects the operational Board of Directors but cannot unilaterally change the Trust’s purpose.

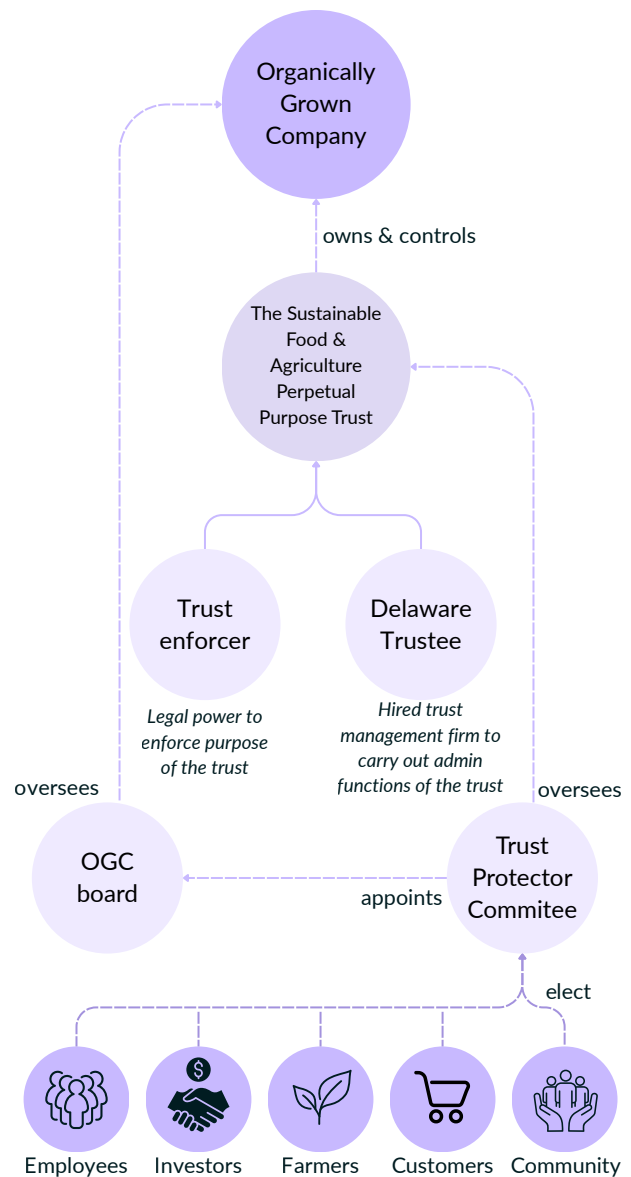
**Trust enforcer**

Acting as the ultimate watchdog, the Enforcer ensures that the Trust, the Corporate Trustee, and the Trust Protector Committee all operate according to the Trust Agreement. They can review financing, address stakeholder grievances, and take legal action if the Trust’s

purposes are compromised.

This governance structure maintains shared stewardship, secures long-term resilience, and integrates investors through non-voting preferred shares whose returns are aligned with OGC’s mission rather than controlling the company.

**OGC’s governance structure**



Today, OGC is a leading U.S. example of steward-ownership, showing how a mature, mission-driven company can redesign ownership and governance to protect its purpose and enable sustainable growth. Through the Perpetual Purpose Trust, investors, employees, farmers, and community members share oversight and benefit without compromising the mission.

Read more about OGC's financing structure in the 'SOAF in Practice' chapter on [p. 128](#).

“

Through Perpetual Purpose Trust ownership, OGC remains independent and purpose-focused, now and into the future.

– Brenna Davis, CEO

”



Photo: OGC

# Legislation for Steward-Ownership

## *Why legal forms for steward-ownership are needed – an interview with the foundation for steward-ownership*



**Carla Reuter** is one of three Executive Director of the German Foundation for Steward-Ownership. Together with her team, she advocates for a new legal form for steward-owned businesses. With a background in law and economics, her interests span both the legal aspects of long-term ownership models and their macroeconomic consequences. She has also co-founded a steward-owned company herself.

*Annika: Many companies are already using steward-ownership models. But you're advocating for a new legal form for it. Why is a political solution even necessary?*

**Carla:** Current steward-ownership implementations, many of them depicted in this book, are often what we call "legal hacks." They're essentially workarounds, using existing legal structures in ways that weren't really intended for this purpose.

Many companies invest significant time and money to establish these, especially those forming their own foundations or trusts. While some countries, like Denmark, have liberal foundation laws that work, in many other places, foundations are complex and costly. There's a general rule of thumb that a foundation structure in Germany only really makes sense for companies with over 30 million in revenue and/or more than 300 employees; lawyers often advise smaller companies against it - that means for 95 percent of the German enterprises steward-ownership is legally prohibitively costly.

Veto-share models, like the one offered by the Purpose Foundation, represent a good option to transition to steward-ownership in the absence of appropriate legal forms, but often come with legal uncertainties due to them being created as work-arounds. Besides companies using such a solution have to transfer a part of their business to an external entity. This external transfer of legal ownership is psychologically challenging for many business owners.

*So you're campaigning for a new legal structure, and you've actually managed to get it included in the German federal government's coalition agreement not once, but twice! The new German CDU/CSU and SPD government announced in their coalition agreement: "We... want to introduce a new, independent legal form: 'Company with tied assets.' The characteristics of this legal form are an unalterable capital lock and a membership logic "that provides for entry and exit independent from descentance or financial resources," without any tax privileges or discriminations." Was it hard to get to this point?*

Well, I think what made it challenging is that a demand for an entirely new legal form isn't something that comes along every year. This is, at least in Germany, more like a once-in-a-century kind of project. Because of that, we're dealing with complex questions not only in terms of legal technique, but also in terms of legal and political culture. Even though we can refer and build on existing law to a substantial extent, what we're proposing doesn't really exist yet in German corporate law.

So, one aspect of our work is truly foundational: creating a new legal form that meets entrepreneurial needs while also fitting cleanly and legally soundly into the broader framework of German corporate law. We are incredibly lucky that a team of independent law professors has formed around Prof. Anne Sanders and, pro bono, developed a proposal for such a legal form at the request of the German parliamentary rapporteurs in the last legislative term.

The other side is the extensive outreach we do. We talk to many politicians and other individuals and organizations who were or still are completely unfamiliar with this concept - even though it is very successfully realized by famous companies as Zeiss, Bosch, Carlsberg and many more. A lot of our effort goes into "field-building," you could say, to really bring this topic into awareness, not just in academic discussions, but also in the political debate.



## The Foundation for Steward-Ownership

The Foundation for Steward-Ownership, among other activities, works to improve the legal and political frameworks for companies to set up steward-ownership structures.

The team's work is based on the insight that simple, effective and legally secure set-ups for steward-ownership are key to open up long-term entrepreneurial independence to every kind and size of companies. Such models are especially important for enabling intergenerational successions that do not depend on inheritance or on selling the company.

Understanding the entrepreneurial value of independent companies as well as the crucial role they play for a free and competitive market economy, the team politically advocates for the interests of steward-owned companies, promotes and initiates academic research (covering legal, economic, and governance aspects), facilitates networking among steward-owned businesses, and conducts public relations to raise awareness, focused on the German-speaking world as well as the European Union.



A symposium in the German Bundestag on introducing a new legal form, 2024

*So what are the key narratives you use in those conversations to make them understand the great value of steward-ownership by the end of the conversation?*

We always start with the practical, business need, because that is exactly where we come from. It's crucial to convey that this isn't some academic theory, or ideology as some opponents try to spread; it's a real-world demand from businesses. We're seeing diverse types of companies, from startups to established players, who genuinely need this solution.

Many countries around the world are facing a massive succession wave. The traditional family succession model isn't working as it used to – only about a third of family businesses even plan for it, and even fewer actually achieve it. Steward-ownership offers a vital solution here. It allows these companies to preserve their independence, values, and professional cultures, even without a direct family successor. Voting rights can be passed on following the principle of capability independently of family lineage or financial status. For example, often there are very competent candidates among the employees, who could never afford to buy the company.

Opening up entrepreneurial succession in that way helps protect our decentralized German Mittelstand from closure or being sold off to large corporations or short-term oriented investors.

In fact, studies show that over 70% of companies surveyed support a legal form for steward-ownership as a succession option, and many can even imagine it for their own business. One cannot underestimate the urgency of this succession issue.

Because the businesses embracing and advocating for this concept are so varied, there are a lot of different angles to connect with politicians. Of course, you have many very traditional, small and mid-sized companies desperately looking to solve their succession planning challenges, and those cases connect more or less with everyone we talk to. Then, for example, we see very innovative digital companies, some of them even market-leaders in their field, that might be of special interest for certain politicians. Or you have companies with a strong sustainable focus, and their stories might resonate particularly well with other politicians.



Hundreds of entrepreneurs demonstrating for a new legal form for Steward-Ownership in front of the German Bundestag in Berlin, September 2024

*So, why should governments actually have a political interest in creating a solution for steward-ownership?*

If you look at steward-ownership from the perspective of what governments might gain, it becomes pretty clear.

First off, it's fundamentally about preserving companies and jobs. I mean, just in Germany, we're looking at hundreds of thousands of businesses facing closure in the near future simply because they can't sort out their succession. So, it's literally about keeping businesses alive, protecting livelihoods, and maintaining these institutions that play such a vital role in people's lives – not just as consumers or employees, but as key parts of their culture and region.

Building on that, more businesses actually means more competition, right? If we want to keep our social market economy alive that is based on competition, then that competition needs to exist. And we see it eroding with increasing market concentration.

Also, if the alternative to closing isn't just closing, but selling, who's actually buying up German Mittelstand companies these days? There's not a lot of transparency, but we can observe a lot of money coming in from the US and China, leading to significant entrepreneurial power shifting out of Germany. It's not necessarily bad per se, but it definitely raises questions about how we want our economy to be structured long-term and who's making those decisions. Then, there's the whole aspect of innovation and long-term investment. Supporting businesses that take a long-term view can actually free up more capital for innovation. Think about it: innovation isn't just happening in exit- or IPO-driven companies. Examples like Zeiss or Ecosia show that huge innovations can really thrive in a steward-owned setup. That asset lock attracts deeply intrinsically motivated innovators who aren't just thinking about shareholder value or quick exits. This also leads to incredibly extended investment horizons. Take Zeiss, for example, with their 30-40 year investment outlook.

They put money into technologies that took decades to develop, but which every chip producer needs today. We really shouldn't have a monoculture when it comes to fostering innovation; it happens in so many different places and so many different ways, and we shouldn't just be pushing one particular path. I mean, there are tons of non-exit startups out there already.

*Thanks. We've talked a lot about Germany. What about other countries? What can you tell us about global considerations and efforts regarding political demands for steward-ownership?*

Right, so, up until now, the legal form project has been matured furthest in Germany. But we do see similar efforts emerging in other countries, like the Netherlands, for instance, where there are pushes to introduce their own independent legal forms for steward-ownership. We also know about first thoughts in this direction in Portugal and Greece. And the EU considers strengthening steward-ownership within the 28th regime. Steward-ownership is definitely not just a German topic, nor just a European. You find companies realizing Steward-Ownership with complex legal structures all over the world - so in the future we will likely see more similar initiatives elsewhere over the globe.

*Thank you for your time and the interview, Carla!*

# Steward- Ownership Aligned Financing

It is about ensuring that the core design of a company – the very DNA of an enterprise – remains supportive of its vision. There is not a one-size-fits-all solution when it comes to financing your business – it is upon you to find out what aligned financing means to you. Join us in this next chapter laying the foundation what it actually means to apply the core principles of steward-ownership to financing.

# Why Steward-Ownership Aligned Financing Matters

With the development of steward-ownership and a rising community of practitioners, a critical challenge emerged: How to finance these companies. It became clear from the beginning that steward-owned companies need aligned financing and that mainstream financing often doesn't sufficiently cater for the needs of companies that rewire their DNA.

You cannot rethink ownership without having to rethink financing. Talking about ownership means talking about money and power – and steward-ownership effectively rethinks the relationship between money and power. So what does this mean for investments into these companies or companies that potentially want to move towards steward-ownership in the future? This is what this whole section is about. We have collected inspiring stories of steward-owned companies and their financing structure, interviews with experts and of course, also a 101 on the most important aspects.

Every company is unique, with its own vision, mission and purpose. To truly succeed, it's essential to find financing that not only meets your needs but also aligns with your values and your vision for the company and your role in it. This means stepping away from supposedly simple, "normal" paths and instead focusing on what truly matters: finding ownership and financing structures that are coherent with your values of stewardship and entrepreneurship, the economy you want to build and the needs of your company.

## A diversity of approaches

Different companies need different solutions – and the landscape of financing has become disproportionately skewed towards conventional equity investments being the only solution out there. It's time to burst this bubble and recognize that many other finance models exist. Models that could, for some of you, be a better fit for your business. Venture capital and private equity are great for some companies, but they are not the only "normal" form of investments, they are just one model amongst many others.

Between traditional bank loans and conventional equity, there is a spectrum of financing options that are often overlooked. This in-between area is full of possibilities for entrepreneurs who need something different – something that aligns with their unique business model and mission. And steward-owned companies are far from "one-size-fits-all." Instead, they reflect the diversity of a thriving ecosystem, much like permaculture: a system rich in variety rather than a uniform monoculture. Each company has its own mission, business model, market environment, stewards in the company, life stage, funding history and investors – all of which influence its financing approach. These differences shape their distinct approaches to financing, creating unique "flavours" of steward-ownership- aligned financing. Yet, despite their diversity and different approaches to aligned financing, they share a core foundation: their financing solutions are (or strive to be) deeply rooted in the principles of steward-ownership.

## An alternative paradigm of business and finance

More and more entrepreneurs, investors, customers and communities worldwide are longing for a different approach to business – a different way of thinking about enterprises and the structures and relationships we build in and around them. They are looking for structures that are coherent with their understanding of entrepreneurship, their vision of a healthy economy and healthy businesses creating good products, services and value for customers, employees, communities and the planet.

This search for new models is particularly visible in the investment world where the demand for alternative, less extractive, regenerative or innovative forms of financing are becoming prevalent. But when talking about new forms of investment, it is not just essential to talk about what we invest in, but in order to align structure with intention, we also need to look at the how of investments: the investment structures and structures of the companies that are invested in.

But what exactly does this mean for investments into steward-owned companies or companies that potentially want to move towards steward-ownership in the future? How do entrepreneurs still raise the necessary capital to pursue their entrepreneurial vision while adhering to these principles? And how can investors participate in these companies? This is where we dive into the fundamentals of steward-ownership-aligned financing.



### Excursion into the SOAF history

How and why this topic came about

When we at Purpose first started supporting companies transition to steward-ownership in 2016, one question quickly became clear: How do we finance these companies? If we want to see more steward-owned businesses in the world, we also have to think about where the capital would come from and what kinds of investment models could foster them. But this understanding doesn't emerge from theory alone; it requires trial and error, hands-on experience, and learning from others.

That led us to found Purpose Ventures (in 2017) and Purpose Evergreen Capital (in 2018): two investment funds dedicated exclusively to steward-owned companies – one focused on startups, the other on more established businesses. We invested alongside co-investors to explore and learn, in practice, how structures for steward-ownership-aligned financing could look like.

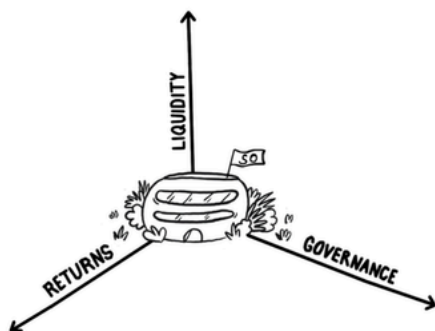
We connected and collaborated with various investors, thought leaders, social innovators and practitioners, many of whom you'll also hear from in this chapter.

# SOAF 101

## *An introduction to steward-ownership aligned financing*

The definition of steward-ownership-aligned financing applies the core principles of steward-ownership – self-determination and purpose-orientation – to the financing side of things, thereby forming the foundation for how investments can be designed.

In order to put this definition to life and create the investment quality that aligns with its definition, adjustments, alignments and twists are carried out in three key areas of investments: 1) governance, 2) returns and 3) liquidity; to turn conventional investment structures into steward-ownership-aligned financing.



### **Governance:**

#### **Who has entrepreneurial control over the company?**

Following the principle of self-determination, in steward-ownership-aligned financing, entrepreneurial power (control) over the company is not an asset one can buy. It is not distributed proportionally to capital put into the company – money does not equal power. Guided by the question “What form of stewardship will help this company thrive?”, control is being allocated based on the question “Who is best suited to steer the company?”, not

### **SOAF definition** in a nutshell

In steward-ownership-aligned financing, the quality of the investment (i.e. how the investment is structured) and the relationship with the company are designed in such a way that investors become financing partners of the company while:

- preserving the company's entrepreneurial autonomy
- and refraining from commodifying the company as a whole.

Thus, the relationship between the financing partner and the company is defined by:

- the entrepreneurial control never being overtaken (bought),
- and economic claims being limited in terms of duration, amount, or influence.

based on the automatism of “Who is the highest bidder?”

This means that while investments in steward-ownership-aligned financing don't automatically come with voting rights, investors play the role of key partners for the company, with specific rights tied to that role. They are viewed as enablers and can be involved in the governance in ways that extend beyond overtaking the control.

Investor involvement can be designed in various ways: through information rights, consultancy, co-determination and veto rights on specific aspects, investor provision rights giving them a say in situations connected to the performance of their investment, or – depending on your steward-ownership model – even a minority of voting rights. The suitability of these rights depends on the role and involvement that the company and the investors envision and the relationship they want to build.

## Return for investors: How much is enough?

Of course, investors expect to receive their initial investment back, along with a suitable return – provided the company is successful. This also holds true in steward-ownership-aligned financing, with one key difference: the principle of purpose-orientation reshapes how returns are structured, demanding limits on economic claims in terms of duration, amount, or influence.

This principle ensures that the company's value primarily serves its mission, rather than being maximized for external financial gain – whether it be for personal gain, on behalf of investors or other financially participating parties. At the same time, it allows for fair compensation to all stakeholders for their contributions, including investors. Whereas in conventional (equity) investment structures returns are typically uncapped, steward-ownership imposes some form of limitation on returns, thus counteracting the maxim of making as much profit as possible by optimizing the company towards that goal. The discussion therefore evolves from “How much can we make?” to “What is enough? What is a risk-adequate return for the investment? What is a fair compensation for the investor's contribution?”

## Liquidity for investors? Structured exits!

In steward-ownership, there are many ways for investors to access the liquidity they seek. However, because control remains with the company and not with capital – following the principle of self-determination –, investors cannot steer the company based on their individual liquidity needs. That's why, in most cases, steward-ownership calls for a structured exit: a predefined and agreed-upon path to liquidity that respects both the integrity of the company and the needs of its investors.

As in other financing models, liquidity in steward-owned companies can come from a variety of sources: the company's own cash flow, new investments or refinancing (equity or debt), the secondary market, or, in some cases, even an IPO – though in this case with limited or no voting rights. A sale to another steward-owned company is also a possible scenario.

One welcomed side effect of focusing on these kinds of liquidity options – especially those that don't involve an IPO or sale – is that companies tend to stay more closely aligned with their mission, their long-term vision, and the next meaningful steps in their journey. Rather than chasing rapid increases in valuation, these businesses prioritize corporate health and purpose. And in the long run, this orientation pays off: steward-owned companies show significantly higher survival rates compared to those with conventional ownership structures.

## Financing instruments: How do things change on the technical side?

So having laid out the underlying essence of steward-ownership-aligned financing, let's have a look at the technical side of things – financing contracts and cap tables. Steward-ownership-aligned financing usually means using nontraditional and innovative financing structures. There is a spectrum of ways and instruments to implement steward-ownership-aligned financing, with a lot of space to fit the individual needs and situations of companies and investors.

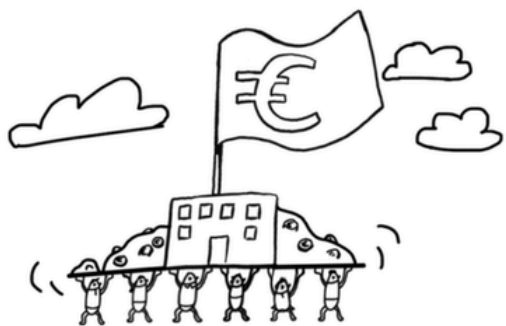


Of course bootstrapping and normal debt work just fine, but what if you have capital needs and the investment is too high, risky or early-stage to be fully covered by loans?

While we will dive deeper into the specific ways to structure steward-ownership-aligned financing later, it's important to note that this approach typically involves structures that extend beyond traditional equity. There are a variety of instruments available, ranging from normal loans, mezzanine instruments to non-voting (redeemable) equity instruments, all of which can be creatively shaped to fit the needs of the company and its investors. The range of what can be used is wide, but the terms need to be adapted to make the different instruments compatible with steward-ownership-aligned financing. While this may sound complex, it is absolutely possible, has been successfully implemented before, and we will share concrete examples later on to illustrate how these structures can work in practice.

## A different quality of capital and investor-company dynamic

The characteristics of steward-ownership-aligned financing – following the principles of steward-ownership – fundamentally challenge core mechanisms of the current investment world. This presents a different quality of capital, paving the way for a larger plurality of company models and investor relationships.



In steward-ownership-aligned financing, investors, founders and other stakeholders are aligning and structuring their interests and needs around the purpose and the development of the company. Ensuring the company develops in a way that fulfils its purpose and achieves success is just as important to investors as it is to entrepreneurs. Profitability and operating as a financially healthy business is absolutely crucial – but not as an end in itself or mainly for higher shareholder value but to work sustainably towards the company's purpose in the long run, while also covering capital costs and providing adequate pay for the work put into the company. This stands in contrast to conventional equity investments, where the company's orientation towards creating shareholder value is often – at least in the long run – dominating the purpose of the company.

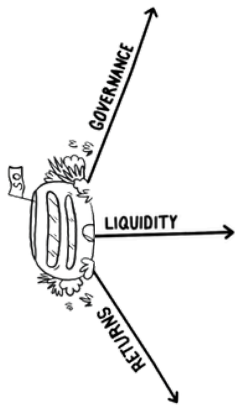
As a result, steward-ownership-aligned financing allows for another quality of (risk) capital, relationships and roles that cater to a diverse range of companies. This includes startups like VYLD and Haferkater, which prioritize entrepreneurial independence and purpose over quick exit strategies, as well as companies like Patagonia, Bosch or Organically Grown Company seeking succession solutions aligned with their values – and thereby becomes part of the global growing movement and ecosystem of alternative and non-exit-oriented financing models.



## To recap

Steward-ownership-aligned financing is a form of investment structured along the principles of steward-ownership. It focuses not just on WHAT a company does or WHAT investors fund, but on HOW the investment itself is structured. The nature of the investment and the relationship between the company and its investors take centre stage.

This translates into a different logic compared to conventional investment in three key areas:



**Governance:** Control over the company remains with entrepreneurs; investors don't automatically receive power by investing in the company but can be involved in the company's governance based on their role.

**Liquidity:** Instead of relying on speculative sales or conventional exits, investors achieve liquidity through alternative paths. Investors and companies co-create financing solutions that align with the company's long-term goals, structuring repayments to ensure the business thrives well beyond the investment period.

**Return:** Returns can be structured in various ways, but economic claims are always limited – either in terms of duration, amount, or influence. The focus shifts from “How much can we make?” to “What is enough? What is a risk-adequate return for the investment? What is a fair compensation for the investor's contribution?”

This allows the investor-company relationship to fundamentally shift towards a more intentional relationship, aligned with the purpose and long-term development of the company. Steward-ownership-aligned financing often means new and innovative financing structures and instruments.

## A field in movement

### *Challenges and progress*

While the idea of steward-ownership has been around for some time and has come a long way, it is now being newly embraced and explored also in the investment world. The actors you will meet later in this chapter and many others have found a lot of innovative approaches and solutions for steward-ownership-aligned financing. Yet, we must acknowledge that there are still significant challenges and hurdles. These can broadly be categorized into three main clusters:

### Tools & language development

The innovative structures and solutions being created by pioneering visionaries who are exploring new possibilities in this field will need ongoing refinement. This includes evolving suitable language and creating models and solutions that can be applied more universally. It also includes exploring more ways to set up financing structures and build, inspire and include more investment vehicles that align with the principles of steward-ownership.

## Market maturity

Steward-ownership and the finance market supporting it are still in its early stages. Many investors have never heard of steward-ownership or aligned financing and are not familiar with other types of financing besides conventional exit-oriented equity investments or loans. Common fund structures and regulations often reflect this, as they sometimes do not allow for financing instruments aligned with steward-ownership principles. This means that the burden on entrepreneurs to explain the concept to investors, who are unfamiliar with it, remains high and the freedom of fund managers is often very limited.

**Structural Disadvantages:** There are structural disadvantages for steward-ownership and aligned financing due to a lack of legal options and challenges in accessing state subsidy programmes because they do not follow conventional models. These barriers need to be addressed to level the playing field for steward-ownership-aligned financing.

## Philosophical perspective on money

It is also essential to consider the critical role and dynamics of money within this context. Historically, philosophers like Aristotle have noted that the quality of money is measured solely by its quantity. Unlike other goods, money has no saturation point; more is always better. In steward-ownership, this dynamic is challenged by introducing limitations and redefining the role of money within companies. By limiting the influence of money and asking the question of “what is enough”, steward-ownership challenges fundamental beliefs and norms of our current economy and investment world. This makes it a structurally challenging, psychologically and emotionally charged topic, which many individuals do not feel equipped to dive into.

## The role of individuals and the emerging movement

Despite these challenges, the most critical factor is the motivation and commitment of individuals.

We see a growing trend across various sectors and major economies: an increasing demand for value-driven, mission-secure, resilient businesses that prioritize long-term orientation and regenerative thinking over short-term profit. Labor and capital markets are beginning to take notice, and among investors, too, there is a rising interest in alternatives to conventional IPOs and exit models.

Still, the field of steward-ownership is a collective experimental ground. There is no single answer, and being part of this movement means embracing the discomfort of uncertainty and co-creating solutions. But this field is not developing in isolation. Steward-ownership-aligned financing has evolved through ongoing conversations and exchanges with other movements, positioning itself as part of a broader landscape of alternative financing models. These movements share a common motivation: rethinking traditional investment structures to better align with today's reality of business and society. Initiatives such as Zebras Unite, Transform Finance, RSF Regenerative Social Finance, the Exit2Community movement, or ideas like Community Capital and Regenerative Finance, along with thought leaders like Aunnie Patton Power and Erinch Sahan, all contribute to this shared landscape to develop financing (and ownership) solutions beyond the conventional, exit-driven investment paradigm.

Now, hear directly from some of these forerunners.

# Rethinking Finance

## *An interview with Aunnie Patton Power*



Photo: Aunnie Patton Power

**Aunnie Patton Power** is an academic, advisor, author, and angel investor focused on directing innovative finance toward social and environmental impact. She is an Associate Fellow at Oxford's Saïd Business School, a Visiting Fellow at LSE's Marshall Institute, an Impact Fellow at The Impact, Founding Director of the Innovative Finance Initiative, and Academic Director for the BEAM Network. Aunnie designs financing structures for global funders and serves on the investment committee of Nyala Venture and the Social and Ethics Committee at JUMO. She is the founder of Impact Finance Pro and a founding member of Dazzle Angels. Her first book, *Adventure Finance*, was published in 2021. A reformed M&A banker, Aunnie began her impact journey in India and has worked across five continents with a wide range of stakeholders.

*Maïke Kauffmann (Purpose Foundation): Aunnie, you've been at the forefront of innovative finance. Why do you think the world really needs these new ways of funding businesses?*

**Aunnie:** The reason that innovative finance – a different way to think about how we allocate capital towards entrepreneurs – is necessary, is that the old system doesn't work – or rather, it does work for a very small select set of people. The truth is, the dominant models of equity and debt push the majority of companies to become something they were never designed to be. Originally, impact investing was envisioned to be revolutionary for finance. This idea of doing well and doing good was itself revolutionary, but the financing structures replicated the traditional system rather than changing it. So it was just impact plus finance. But what impact investing is trying to do at its core is to create different outcomes from traditional finance. To get those outcomes, we need different models, different mechanisms, different strategies. We can't just add impact on top, but need to address the root problems around inequality, power, ownership, governance, equity timelines, etc. Particularly when it comes to ownership, the traditional ways in which we think about financing don't create a pathway that considers the long term from an ownership, from a governance perspective, and really from a community upliftment perspective.

*How do you see the relationship between ownership and financing? Can you talk about one without talking about the other?*

You can talk about one without the other, but increasingly, I don't think you should.

The more I've learned from the Purpose team and others that have done incredible work in what we call "alternative ownership" – a term I hope we won't even need to use in the near future, the more I see the connection.

A lot of focus in investing is on the tenure of ownership: the investor's time engaged with a company. In finance, we often assume perpetuity: that the access to say healthcare will continue indefinitely after the investor has exited while the company continues to exist. But I've come to believe that traditional exits and conventional ownership structures can easily work against that mission. If a company isn't structured to distribute power, governance, and returns in alignment with its purpose, the long-term impact is limited.

For me, it's harder to see a true impact story when wealth, power, and ownership are concentrated. In a world of extreme and growing inequality, how can we claim that impact investing is truly disrupting the status quo if it ends up concentrating wealth in the hands of a few? Even if impact investors ostensibly are trying to create wealth for an underrepresented set of people, if it's just another small, select set of people benefiting, it doesn't feel like fulfilling the promise of impact. That's not what we set out to do.

Instead, we need to look at the question of how our investments are actually pushing towards the creation and distribution of power and value in a regenerative instead of an extractive manner.

*What have you learned about innovative financing since you wrote your book *Adventure Finance in 2021*?*

The world has changed in these past five years, obviously. And the willingness to listen to ideas outside of the traditional venture capital model, even for venture capitalists, has changed significantly. I teach a lot of venture capitalists and the idea of innovative deal structures and fund structures is increasingly being brought into the center of conversation. I have learned so much about really courageous and brave fund managers and other capital allocating vehicles that are really choosing to do things differently, that are actively designing new funds with a different set of rules.

My belief is even stronger that traditional fund models are not correct for the change we want to see. We need to re-evaluate every single element of how we set up funds.

*Why is the traditional fund model not working?*

Let's look at both sides. For entrepreneurs, closed-end equity funds create a fixed horizon – usually five to seven years – because the fund has to return capital in ten years. That timeline often has nothing to do with the life cycle of the business. Companies might be on the cusp of a new discovery or growth, and suddenly they have to sell, or try to sell. It creates an artificial timeline and forces exits where there might be none naturally. And that's not even considering the barriers to getting into these funds in the first place – the criteria, track records, all of that. Many companies are excluded directly – particularly those with alternative ownership structures.

It's similar for fund managers, especially in emerging or challenging ecosystems. How do you tell someone in Ukraine or Palestine that they must return their investor's capital in ten years? That rigid schedule simply doesn't match reality.

Across the board, the system is designed for Limited Partners, for the investors in these funds: incentives, timelines, governance, cost of capital; it works for them, but often fails everyone else.

*Speaking of companies with alternative ownership structures, let's move to the relationship between steward-ownership and the whole innovative finance field. What excites you most about steward-ownership through your lens of innovative financing?*

So I think one of the cornerstones around innovative finance is fit for purpose and long-term thinking. So how do we create the mechanisms and infrastructure for these types of entrepreneurs, founders, communities? Steward-ownership adds value here by clarifying the role of capital, the role of investors.

In steward-ownership, investors aren't "kings of the castle." Their role is defined, limited, and focused on support, while being able to receive financial return. That clarity is powerful: it creates a set of circumstances for innovative financing to design deals or funds so that capital can play that specific role.

Steward-ownership gives companies, communities, and stakeholders the role they deserve, while still letting investors contribute meaningfully. Because the legal structure ensures the company's mission and impact continues, we as investors don't have to build restrictive safeguards ourselves. From an innovative finance perspective, by reducing the investor's role, steward-ownership actually opens up creative ways to support businesses.

*What would you tell entrepreneurs currently struggling to find steward-ownership aligned investing for their business?*

What I hope is that as the market shifts from this hyper infatuation with venture capital to a more wholesome understanding of the spectrum of risk capital, the options for small and growing businesses as well as medium-sized businesses will grow. The big gap between grants and investments as well as debt and equity that is currently limiting funding opportunities for many businesses will be filled up.

As things like structured exits, like revenue-based financing and redeemable equity become more commonplace, the ability to find investors that are able and willing to finance these types of companies will increase because there will be more templates, more understanding, more stories.

There will also be a better understanding of the benefits for investors – like the aspect of liquidity when investing in companies that can create cash flow over a period of time instead of waiting for only winners.

We are at a really pivotal moment with the "silver tsunami", large amounts of business owners passing on their business, in the US and in Europe. This is an opportunity to transform businesses – whether it's toward employee ownership or steward-ownership.

I think steward-ownership has to be a significant element of how entrepreneurs think about businesses going forward – from small community businesses to much larger organizations.

*Thank you, Aunnie, for sharing your perspective.*

# SOAF in Practice

This chapter focuses on the practical side of steward-ownership aligned financing, exploring case studies from the forerunners who successfully developed capital solutions. We examine how funding works: from securing early-stage capital for startups, to achieving successful later-stage financing, and how SMEs structured capital to transition into steward-ownership. We also talk with capital providers about their perspective, motivation, challenges, and what the model offers them.



# VYLD

## *Financing as unique as their sustainable and healthy kelp on*

### In a nutshell

VYLD is a start-up seeking to promote menstrual health while saving the oceans. Founded in 2021 in Berlin, VYLD embarked on a mission to produce the world's first tampon made out of seaweed: radically sustainable, fair, healthy and degradable in water and on land (the "Kelp on"). Wanting to set up the company as a profit-for-purpose company, the founders carefully designed a non-exit oriented financing structure, including a successful crowdfunding campaign, that allows them to stay independent and grow organically – and set up their company in steward-ownership.



### Radical products need radical business structures

Ines Schiller founded VYLD with the goal of producing reliable, healthy, and sustainable period products that contribute to ocean conservation and with the vision to build an "Algaeverse" – a universe of sustainable and healthy absorbent algae products (from pads, liners and even period panties over baby diapers to adult incontinence care) that helps establish a regenerative economy within the boundaries and cycles of the living world. At the same time, VYLD wants to reduce the stigma around menstruation and contribute to period health and empowerment for all menstruators.

Besides the environmental benefits, using seaweed also offers health and performance benefits. Research indicates that VYLD's tampon fibers, derived from marine algae, preserve the vaginal microbiome, and outperform conventional tampons in testing.<sup>40</sup>

Looking for a way to set up a company structure aligned with their values, vision and their concept of entrepreneurship, Ines and Melanie Schichan of VYLD discovered the concept of steward-ownership. They didn't want to build up VYLD and then make an exit, but focus on their business model and mission in the long run. The questions of ownership, power distribution and a fitting financing structure were central for Ines and Melanie. To them, steward-ownership was a way to legally enshrine their company's vision – and also to credibly communicate it to potential investors.



**FOUNDED:** 2021



**BERLIN, GERMANY**



**INDUSTRY:**  
FEMTECH / BIOTECH



**4 EMPLOYEES**

**STEWARD-OWNED SINCE:** 2022

#### **FINANCING TOOLS:**

Loans, profit participation certificates (FPPA), crowdfunding

From the start, they strategically built their financing structure to facilitate a transition into steward-ownership, integrating a group of investors as well as a crowdfunding campaign in their financing model. In their second financing round, VYLD collaborated closely with its investors to successfully convert the financing instrument into one that better suited their needs: from subordinated loans into a “Future Profit Partnership Agreement” (FPPA) based on profit participation certificates. With the implementation of this new financial instrument, although not selling shares, the investments are still categorized as equity, allowing VYLD to qualify for subsidies and bank loans.



## Designing an aligned financing structure

Ines and Melanie understood that they needed significant financial support for product development and couldn't rely on bootstrapping. However, they were also mindful of not raising more money than necessary, maintaining a frugal approach to resource management.

Ines and Melanie put a great deal of thought into the choice of financing instruments and their potential impact, particularly in terms of the resulting incentive structures. From the very beginning, Ines and Melanie were determined not to build VYLD only to sell it for a quick profit. They rather envisioned a company with a purpose that would create a lasting impact. As a result, traditional venture capital as a treadmill to hyper growth and exiting the company wasn't a path they were interested in. Instead, they were seeking investors who believed in their idea and were willing to take risks for the long haul.

In between their two financing rounds, VYLD converted to a steward-ownership structure. They implemented the veto-share model, where the Purpose Foundation holds 1% of the company shares, ensuring that VYLD will always operate in alignment with the steward-ownership principles, safeguarding the freedom for mission-driven decisions and the company's interest over time.

They initiated a first financing round in June 2021 (pre-seed) with the objective to build a commercial prototype of the Kelpon. They were able to find a group of investors ranging from (impact) investing funds to business angels and private investors who understood and supported their mission and their journey to steward-ownership. VYLD opted for subordinated loans as their financing instrument. They developed their first own non-exploitative financing contract with which investors will receive a capped but risk-adequate return if the company is successful. However, Ines and Melanie encountered a hurdle with subordinated loans. The characteristics of this financing instrument – even when structured in an equity-like manner – resulted in depiction of debt on their balance sheet. This could potentially deter funding agencies, state funding and banks from providing grants or additional loans due to the perceived over-indebtedness, even though it did not reflect the real situation of VYLD.



Steward-ownership benefited our funding. It is a concept that we can refer to and the most important function for us is that it serves as a filter when we talk to potential investors or other people who are somehow interested in VYLD.

- Ines Schiller



Together with their lawyers, they managed to create a contractual financing structure that was recognized as equity in their balance sheet, presenting a more favorable financial picture. They designed this instrument based on profit participation certificates and named it the Future Profit Partnership Agreement (FPPA). They converted the subordinated loans from the first financing round into these FPPAs to reclassify the received capital as equity rather than debt. The FPPAs answered another important challenge for VYLD: FPPAs can continuously be used to get additional investors on board if needed. VYLD's initial financing structure demanded negotiating the relative amount of co-determination rights given to investors per round. In the FPPA, the amount of those rights per investor is coupled to the amount invested in relation to the overall invested capital. This provides VYLD with the liberty and flexibility to raise additional capital independent of traditional funding rounds.

## Overview of the Future Profit Partnership Agreement (FPPA)

The FPPA designed by VYLD is a mezzanine instrument combining equity and debt character based on profit participation certificates. It has the following characteristics:

- Profit rights without voting rights
- Subordinated risk capital: if the company is profitable, the investor makes adequate returns, if it isn't, nothing is paid out → similar to conventional equity.
- Structured redemption: the profit participation ends once a) predefined multiple of the investment reached or b) after maximum term.
- Tradable: no termination of the profit participation certificate, but option to sell the certificate as an alternative path to liquidity for the investors.
- Representation of the different risk levels over time by adapting the terms for investor return



### FPPA redemption principles

Structuring the investor return and path to liquidity for investors

- Predefined multiple of investment, a sum X that the investors will receive in return for their initial investment if the company is successful.
- Additional option for VYLD to over-fulfill the agreement with investors if it goes very well ("Blockbuster-kicker").
- 35%+x of the annual net profit is automatically distributed to investors.
- VYLD can use more at its discretion to accelerate the redemption.
- The redemption (paying back investors) starts as soon as accumulated net income is available.
- Redemption waterfall:
  - First, payback of the principals (initial investment amount) of all investors
  - Secondly, payouts of the multiples of investments
  - Pro rata profit distribution
- If the multiple of investment is not repaid after 10 years, 90 percent of profits are automatically paid out to investors plus 5 percent interest on outstanding amounts.
- Founders receive analogously capped participation ("founder compensation").



### FPPA investor involvement:

Structuring the investor-startup relationship

- Investors are involved in VYLD through an investing committee in the advisory board.
- Investors receive unlimited information rights similar to shareholders.
- The principles of steward-ownership are guaranteed by the golden-share model
- Investors receive limited co-determination rights in specific questions/ cases:
  - distribution according to the amount invested.
  - execution through the investing committee. If VYLD wants to raise more than 10% new equity or equity-like capital the investing committee has to consent.

The full FPPA template can be found in the full case study at [steward-ownership.com/vyld](https://steward-ownership.com/vyld). A big thank you to VYLD for making these freely available, sharing the founders' gained knowledge and resources in such a condensed form.

## Non-equity crowdfunding campaign

In between the financing rounds VYLD successfully executed a non-equity crowdfunding campaign in September 2022. With the help of the community they were able to raise the funds for starting the production of the first Kelpons. They had two primary motivations for using crowdfunding in their second financing round. Firstly, they wanted to explore alternative forms of financing and see what else was available beyond the typical investor-startup relationships. Secondly, they aimed to involve the community in the development of their products, recognizing the importance of engaging consumers early on. Crowdfunding emerged as an ideal means to achieve both objectives.

They decided on reward-based crowdfunding instead of crowdfunding (or equity-based

crowdfunding), meaning that instead of receiving financial return on the capital put in, the crowd receives products or other rewards like posters or workshops.

## Founder compensation

Ines and Melanie decided to approach founder compensation similar to the way they treated financial investments. Their founders' principal (1) represents one year of universal basic income. They then asked themselves the questions which multiple/ cap felt good and is enough (2) for a return for this founder's investment in relation to what they put in the company. They calculated their founder compensation to provide a basic income for the “rest of their lives” (a predefined amount of years), aiming to free themselves from dependence on wage labor. Any surplus financial value generated by VYLD beyond the capped compensation will not benefit the founders or their families. In contrast to voting rights, until the cap on founder compensation is reached, claims from the founder compensation are treated as an investment in the company, and will be inheritable to take care of families for whom otherwise security would have not been built up during the founder's time at VYLD.

## A windy yet clear path

With a firm commitment to steward-ownership from the very beginning and their non-exit-oriented financing structure in place, VYLD was able to transition into steward-ownership in late 2022 using a veto-share model. VYLD is a unique case showing the potential in asking difficult questions around ownership, power and financing before going into the first financing round – and the relevance of legally enshrining steward-ownership even when founders are completely aligned. It is also a case showing the potential of steward-ownership for collaboration, stakeholder engagement, social entrepreneurship and investor relations.



# Haferkater

## *Reinventing train station food and investment, with crowd support*

### In a nutshell

Haferkater is the company that brought simple yet nourishing oat dishes from kitchen tables to train stations. Founded in 2014 the company now offers its porridges and other vegetarian & vegan food at 29 stores, primarily at central train stations. As a fast-scaling start-up, Haferkater's founders took on investors to support their journey. Realising that, despite a close and trust-based relationship with their investors, they wanted their business to stay independent and aligned to its mission, the founders searched for alternative financing and ownership forms. In 2024, the company completed its transition to steward-ownership in close collaboration with its founding investors. By successfully raising €3.5M through a crowdfunding campaign, they were able to facilitate a fair and respectful mutual buy-out, which marked a new phase for the company.

### Creating a new business concept

Haferkater started in 2014 as a cozy porridge café in Berlin, serving up a simple breakfast made from just three ingredients, topped with fruits and nuts. The vision behind Haferkater is simple: to transform a humble dish made of just three ingredients into the go-to breakfast for today's sustainability-conscious consumers. In 2014 founders Anna Schubert, Leandro Burguete and Levin Siert bought a small kebab store in Berlin and started a hip breakfast spot providing healthy takeaway porridge. The idea quickly proved to be a huge success, leading to the opening of more stores all over the country. To date, 29 company-owned and franchise branches have been established across Germany and Austria. "With Haferkater, we cater to the needs of active people in urban areas. We focus on oats and a vegan-vegetarian range, and it is important to us to grow and operate sustainably and respectfully", explains Anna.<sup>42</sup> Organic high-quality ingredients are indispensable for them, and so are their teams and employees.

### Success stories need support

Haferkater partnered early on with two major investors, Katjes and Zentis – both prominent players in the food industry. They provided the startup with external capital in exchange for shares, a typical approach that turned out to be fruitful also for Haferkater, enabling rapid growth for the company. "Both are family businesses and great partners who have supported us very well. But there is no guarantee that the people in charge will stay forever", Leandro says in a recent article of the German newspaper F.A.Z.<sup>41</sup>



FOUNDED: 2014



BERLIN, GERMANY



SALES: €21 MILLION  
(2024)



270 EMPLOYEES  
(2024)

STEWARD-OWNED SINCE: 2024

FINANCING TOOLS:

Crowdfunding & aligned investors

And this was the reason that around two years ago, the founders started thinking about what they wanted Haferkater's future to look like. Together with Purpose Consulting, the three started to dive into questions of ownership and what a sustainable financing solution could look like – ensuring long term independence, securing value-orientation while also enabling the company to grow further. It turned out that more venture capital might put Haferkater's purpose-orientation at risk: "Our promise of quality cannot be kept if investors demand more and more profit per shop. At some point, this can only be achieved by reducing staffing levels and purchasing cheaper goods", explains Leandro.

The three founders decided to transition their startup to steward-ownership in order to be able to grow independently and, at the same time, secure Haferkater's value-orientation. That meant they had to buy out the two investors to get back the shares.

In the negotiations, both Zentis and Katjes aligned with the founders' vision to set up the company independently – a commitment that's not always a given and can often be a red line for investors, especially when it comes to selling shares of a highly successful, emerging startup. For the buy-out, the ambitious goal was to raise at least € 3.5 million with a big crowd-investing campaign – starting in December 2023. At the same time, Haferkater began to raise money also from steward-ownership aligned investors in order to enable the next growth steps as well.

## Good investor relationships matter

Through Haferkater's rapid expansion at train stations, the company needed financial support for scaling up in 2017. The first investor was Katjes Greenfood with 25% of the shares. Additionally, food-producer Zentis took over 6% and a business angel 2% of shares. The three founders each kept 22% of shares, forming the majority.

The founders were fortunate to have a strong and supportive group of early investors. Katjes provided invaluable guidance on retail and showed immense support during the Covid crisis with a convertible loan. The partnership with Zentis was also highly beneficial, as they were a key partner for packaging Haferkater's products for food retail. Anna appreciates the trust all investors placed in them from the beginning, underscoring that while these relationships were successful, the company's next phase required a new structure.

The pandemic made the founders aware of the vulnerability of their business. And they chose the "Patagonia-way." For Anna and Leandro it was clear that their company should become more independent from its founders while staying true to its values. To achieve that, they worked together with the Purpose Foundation to determine the best way to implement steward-ownership. When they communicated their wishes to their investors, they were fortunate: with Katjes and Zentis, they had supportive, family-owned businesses on board who understood the wish to safeguard the mission-orientation and to strive for independence.



Photo: Haferkater



## The journey to steward-ownership

To make the transition to steward-ownership possible, Haferkater needed to buy out its existing investors. Given the company's success, this buyout came with a certain price tag – and wouldn't have been possible without the cooperation and support of new investors. Therefore, Haferkater decided to embark on a crowdfunding campaign through the GLS Bank's platform to raise the necessary capital. The goal was clear: Haferkater wants to "buy itself out" and solidify its commitment to steward-ownership. They successfully raised €3.5 million in subordinated capital. The first €2.2 million will be used to expand operations and open new stores, ensuring that Haferkater no longer relies on external investor funding for future growth. The remaining €1.03 million will be combined with funds from Purpose Ventures eG to buy back shares from the existing investors, allowing the company to fully transition to steward-ownership.

Jakob Willeke from Purpose Ventures, who supported Haferkater on their journey, explains that not all companies are fortunate enough to have existing investors who want to take a different path with your company and are as cooperative as they were in the case of Haferkater. Another advantage was the brand recognition. For known brands crowdfunding offers, among other things, "stronger customer loyalty to the company."

## Crowdfinancing to buy out investors

Anna, Leandro and Levin faced some hurdles on their way to steward-ownership. Having decided that they wanted to use the power of the crowd and their loyal customers to raise the needed capital, they partnered with the GLS bank. Despite experienced partners on their side, this

was the first time that a company used crowdfunding to buy out old investors and hence the German financial supervisory authorities were dealing with something unusual and new.

Another challenge was that the company was only collecting money for a company structure that they had not yet set up. To protect their investors, the founders set up an investment structure in which they can only access the raised capital after Haferkater successfully transitioned to steward-ownership.

More and more companies are following this path but a transition to steward-ownership is still not a walk in the park but requires dedicated time and appropriate resources. Especially because administrative hurdles remain because no distinct legal form exists yet – even though countries like Germany and the Netherlands are working on legislation to make steward-ownership more accessible. Haferkater also had to make this experience on their way to create a legal commitment to steward-ownership principles.

## The crowdfunding details

Haferkater's crowdfunding, together with the sustainable GLS bank, was set up with the following conditions and returns for investors:

- Duration: 7 years
- Interest rate: 8.5% per year plus a potential one-time bonus of 15% if 78 stores are built by 2029
- The redemption happens over five years at different rates, starting in 2026

To make its crowdfunding successful, Haferkater directly approached its customers through leaflets and information at the shops in train stations. The team wanted to speak to their loyal

and satisfied customers to ask if they would also be interested in financially accompanying Haferkater's journey.

“

Crowd investing enables us not only to raise funds, but also to allow a larger group of people to participate in the economic development of Haferkater.

– Leandro Burguete on WiWin, a sustainable investment platform

”

## Founder compensation

With steward-ownership the three founders of Haferkater gave away their financial ownership of the company. While they won't directly benefit from the increasing value of Haferkater, they have created a founder compensation in a similar way to investor benefits – these compensations are capped and limited. Leandro explains that it is not only them who forgo financial benefits, but that also the investors have a different approach towards financial reward, than in mainstream financing. As Haferkater was very successful in 2023, the previous investors could have questioned the buyback price agreed to in 2022. But they didn't. Similarly, the new investors are all attracted to the steward-ownership thinking and logic and therefore appreciate the conditions and how they reflect their intentions and needs.

If you want to learn more about founder compensation, read VYLD's case study, and for investor relationships and financing details, check out WILDPLASTIC® and BuurtzorgT.

## Successfully transitioned and financed

In October 2024, Haferkater crossed the finishing line, or rather: flew over it! The company had not only raised the targeted 3.5 million Euros with their crowdfundering campaign, but has also collected 2.3 million Euros in capital from new investors, including Purpose Ventures, Cantella, Karma Capital and private investors. On October 10th, Purpose met the founders at the notary's office and signed the contracts that seal the transition to steward-ownership: The Purpose Foundation holds a veto right to secure the principals of steward-ownership, and Haferkater has become one true lighthouse for steward-ownership and aligned financing.



Photo: Haferkater



# WILDPLASTIC®

*A long-term mission needs purpose-aligned financing structures*

## In a nutshell

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.

## Plastic as a vehicle to tidy up nature?

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. 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, plastic packaging and shipping materials.

The task of cleaning the planet from plastic waste is monumental and intergenerational. It requires all the help – and attention – it can get. To find a structure that would be aligned with their mission and goals, the founding team underwent a process to challenge their individual and team motivation for founding the company, their visions for WILDPLASTIC®, and its long-term focus. They knew: For WILDPLASTIC®, the purpose would always come first and profits would be used as a means for this purpose – not the other way around.

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.



**FOUNDED: 2016**



**HAMBURG, GERMANY**



**INDUSTRY:  
CIRCULAR ECONOMY**



**16 EMPLOYEES  
(2024)**

**STEWARD-OWNED SINCE: 2019**

### FINANCING TOOLS:

Convertible loans, subsidiary loans, redeemable equity

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.

## A fitting financing process

To WILDPLASTIC®, 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. 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.

### 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, a development and investment 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

The early-stage financing from Purpose Ventures was set up as a subordinated convertible loan (see full case study for the German templates: [steward-ownership.com/wildplastic](https://steward-ownership.com/wildplastic)) 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 debt-based instrument structured in the same way as for other future investors, but with slightly better conditions (a discount) to account for the added risk in the beginning.

Investment & Investor	Initial funding	Structured exit
Loan by GLS Bank	Debt	Paid back with interest after fixed period
Convertible loan by Purpose Ventures	Equity-like debt	Conversion to terms of first following financing round
Grant by IFB Hamburg	Equity	Development grant remaining in company

### 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 plus a bank loan of €450,000 from GLS Bank. With that money 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 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 of 10 years: 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.



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



If WILDPLASTIC® had not been able to follow the fixed repayment schedule, the final return target would have increased. As the investment was structured as a subordinate loan, the repayments could only be made if they didn't 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 for a few specified points such as significant changes made to the company's purpose. The investors also have 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 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 de-risked through the provision of 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 overindebtedness and the payback of the loan would have been preferential to the investment capital already in the firm. So WILDPLASTIC® 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.

This change results in a new capital and share structure for WILDPLASTIC®: Investor shares, Steward Shares and a Golden-Share held by the Purpose Foundation. While the steward-owners only hold 3 out of 56,775 shares, they hold 99% of the voting rights so they have full entrepreneurial control over the company. The investor shares have been separated into different categories to represent the different risk and repayment profiles of investors from the first and second financing rounds.

## Aligned financing at all stages

Again and again, WILDPLASTIC® managed to find innovative financing partners and solutions suited 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 set an example for aligned financing for steward-ownership and regenerative business models. To learn more about how they found their investors or their repayment structure, read their full case study: [steward-ownership.com/wildplastic](https://steward-ownership.com/wildplastic)

## Founder 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 aligned with the principles of steward-ownership;
- the company is profitable and can sustainably finance the payments;
- payments 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.



# BuurtzorgT

*How investor partnerships based on trust can revolutionize the healthcare sector*

## In a nutshell

BuurtzorgT is a fast-growing provider of mental healthcare services in the Netherlands. The company focuses on patients with complex psychiatric and social issues. The services are delivered by local teams of health care professionals that are embedded in their neighborhood who put the patient central and seek to provide efficient, qualitative care. In 2020, BuurtzorgT transitioned to steward-ownership to reflect its transformative approach to health care and psychiatric care in particular.

Collaborating with Purpose Evergreen Capital (PEC), BuurtzorgT secured patient and aligned capital without compromising its mission. They created an ownership structure with steward shares, economic shares, and a veto-share to protect the principles of steward-ownership. The investment process was built on trust and mutual respect, resulting in a model that preserves the soul of BuurtzorgT while ensuring its independence and long-term stability.



**FOUNDED: 2014**



**ALMERE, NETHERLANDS**



**SALES: €40 MILLION (2024)**



**> 450 EMPLOYEES**

**STEWARD-OWNED SINCE: 2020**

### FINANCING TOOLS:

Funding from Purpose Evergreen Capital, Waterfall redemption

## An unhealthy healthcare system

Nico Moleman, co-founder of BuurtzorgT, had observed the rise of Dutch healthcare pioneer Buurtzorg, revolutionizing the home care system in the Netherlands by enabling patients to receive holistic care in their own homes. With a background in psychiatric care, Nico wondered if a similar concept could work for the mental health care sector.

"The idea was to bring psychiatric care into the homes of people" Nico recalls. "Normally, in the mental health sector, there are two options. You can either treat people in outpatient care, meaning they come to a building, have treatments there and go home afterwards. The second option is that you admit people to a hospital. Option one is used for mild problems and option two for severe ones. But there is no option in between. Getting admitted is always a very heavy burden for people that must undergo it. So I thought that if we treat people at home we might be able to prevent admissions."

Nico reached out to Jos de Blok, the founder of Buurtzorg, who caught onto the idea after a few initial meetings. The co-founders set off to build an organization based on their values: simplicity rules over complexity, trust replaces control. This, they believed, would also open the space for comradery and connection between employees instead of the alienation and isolation which they had often observed in large organizations. And thus, the inspiring journey began.

## Why steward-ownership?

In 2019, five years after its foundation, the organization had grown to 180 employees in 34 teams. The concept was very well established and successful, the organizational set-up stable and scalable. BuurtzorgT had become a blueprint for a more humane, effective future in mental health treatment.

However, the two founders faced two major challenges they needed to overcome: Companies in the mental healthcare sector in the Netherlands were only allowed to invoice the work done for a patient either at the end of the calendar year or when the treatment was completed. This regulatory requirement meant that BuurtzorgT had to pre-finance all the work delivered.

In addition, both Jos and Nico were getting closer to retirement age and started to look into succession planning and management-buy-out options for their company that would not require them to sell the entire business and endanger its special setup and values.

In 2019, the company urgently needed an external capital injection to finance the growth spur. Nico and Jos were faced with a dilemma. "Taking on capital from investors would have been the easy solution, they were all casting their nets at us," Nico recalls. "But we did not want to sell our soul." Both founders had seen over and over again how, especially in the healthcare sector, organizations started to change after investors had been taken on.

Through a mutual acquaintance, the co-founders got in touch with the Purpose Foundation and Purpose Evergreen Capital and learned about steward-ownership. It clicked right away, working perfectly with their vision for the company and its self-managed setup. So Nico Moleman and Jos de Blok decided to transition their company into steward-ownership and take on investment structured accordingly.

Purpose Evergreen Capital is an investment vehicle that provides patient, value-aligned capital to small and medium-sized enterprises in steward-ownership or transitioning to steward-ownership. With their vision to enable businesses to remain independent and true to their values, they presented the perfect investment partner for BuurtzorgT.



In conventional investments, the whole relationship is based on control, with excel sheets and targets clouding the vision of the entrepreneurs and the organization's turning more and more into formalized, soulless entities, losing their strength and soul.

– Nico Moleman



## The financing structure of BuurtzorgT

### The role of investors

Investors often play a crucial role as partners for entrepreneurs, going far beyond mere financial support. In addition to providing capital, they offer valuable expertise and access to relevant networks, which are instrumental in helping entrepreneurs grow and scale their businesses. Given the non-voting nature of the shares that Purpose Evergreen Capital is holding in BuurtzorgT, the influence through voting power that investors are able to exert over the company in conventional investments does not apply.



The partners needed to actively shape their relationship and the rights for investors in a role-based process rather than relying on conventional formats. In practice, Purpose Evergreen Capital received comprehensive information rights, which include detailed reporting, updates on multi-year financial forecasts and impact metrics.

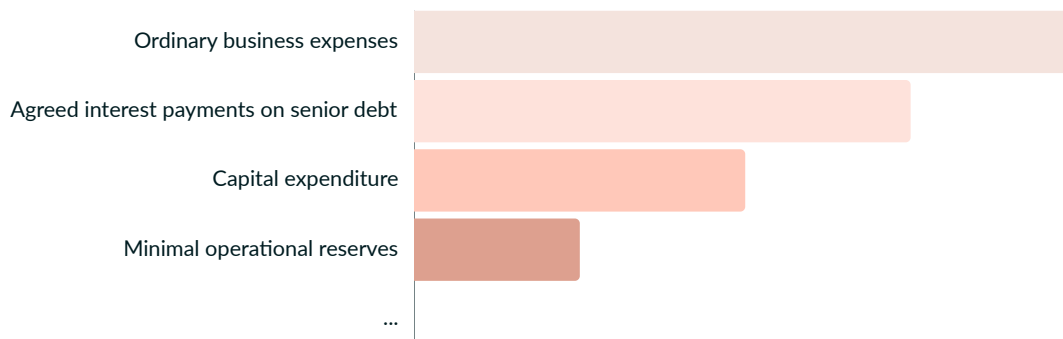
The only situation in which PEC must provide its validation is when BuurtzorgT would consider bringing in new investors who could potentially dilute the financial position of PEC, or change its position in the foreseen redemption process. This arrangement ensures that the PEC team remains well-informed and can safeguard its interests while respecting BuurtzorgT’s operational autonomy. "I find the collaboration more inspirational than controlling", Nico states. Exchange between the PEC team and BuurtzorgT occurs on a half-year basis or if a certain question arises. For instance, in the design of the steward succession process, the PEC team was consulted for their feedback and insights. "Through the extended steward-ownership transformation and investment process, we really got to know the team and their respective qualities," PEC steward Daniel recounts. "So we were able to develop a trust that now helps us nurture our working relationship."

## Redeeming the ownership

As part of their new steward-ownership structure, BuurtzorgT included investors as shareholders of investor shares of the company. Because the investor shares are redeemable, BuurtzorgT retains the option to repurchase them. Unlike traditional private equity, where the buyback price can skyrocket based on external valuations, these shares have a predefined yearly dividend and a capped redemption price, equal to their initial nominal value.

The redemption timeline is not set in stone but rather depends on the company's actual cash flow situation. To navigate the payback process, a waterfall scheme was collaboratively designed. Such a scheme is commonly used to prioritize payments while ensuring that essential obligations like operating expenses and debt repayments are met before distributing excess cash to other stakeholders.

### Waterfall financial prioritization flow



“

It was really a special process because of the high level of trust and mutual understanding we fostered in the beginning. We decided to not work with two lawyers, one from each side, [...]. Instead, we decided to work with Maurits Bos, a lawyer we both trusted. [...]. While there were specific points that required real negotiation, the overall process was cocreative, allowing the parties to jointly find the ‘golden middle’ that reflects a fair and beneficial outcome for everyone.

---

– Daniel von Moltke, steward-owner,  
Purpose Evergreen Capital

”

## A health-care system aligned towards well-being

In a field plagued by bureaucracy and burnout, BuurtzorgT stands out. The vision on which the organization was built challenges the status quo in healthcare – and so does its ownership model. So, what lessons can the broader field of healthcare learn from BuurtzorgT's example about the potential benefits of rethinking ownership?

Ownership structures in which shareholders can both extract profits and realize large pay-outs can create misaligned incentives in healthcare.<sup>43</sup> Medical decisions may be influenced by the financial interests of shareholders, leading to a situation where patients might not receive the best possible treatment, but rather the most profitable one, thus driving up profits.

To achieve a higher exit price, profits must increase, often at the expense of patient care. "Many organizations today face internal tensions, translating into dissatisfied people," Jos de Blok observes, "but especially in mental health care, forming connections and fostering relationships with patients and colleagues is essential. It requires deep mutual trust, open communication, and viewing patients holistically – as individuals embedded in their communities, not merely as diagnoses. It's the frontline professionals, not distant managers, who truly understand patient needs." Establishing an organizational deep design that furthers trust and allows for a patient-oriented approach is, therefore, especially vital in mental health care.

While BuurtzorgT also needs to be financially healthy, high-quality patient care and the wellbeing of employees are not a means to the end of maximizing shareholder values but are the actual goal of the company. Steward-ownership represents a model that has the ability to alleviate some of the structural diseases which the healthcare sector has caught over the past decades. And it can help health care professionals to refocus on what they actually want: to help patients get better.

To learn more about BuurtzorgT, their governance model and what conscious contracting means, read their full case study at [steward-ownership.com/bzt](https://steward-ownership.com/bzt).



# OGC Financing

## *Financing for the transition*

### In a nutshell

For Organically Grown Company (OGC), the move to a Perpetual Purpose Trust (PPT) in 2018 was not only a legal and governance shift but also a financial one. To realize the new ownership structure, OGC needed to buy out its former shareholders – farmers, employees, and ESOP participants – without compromising the company’s mission or stability. Central to the redesign was the development of a waterfall model, which balanced investor returns with reinvestment needs by structuring profits to first cover operations and debt, then provide capped dividends to investors, and finally support employees, farmers, and community allies in line with OGC’s mission. The transition was made possible through the backing of three pioneering investors – RSF Social Finance, Purpose Evergreen Capital, and Candide Group. Today, OGC stands as one of the largest independent organic produce distributors in the United States, recognized as a trailblazer in steward-ownership and a proof point that aligned capital can sustain mission-driven business at scale.



It was really a co-creative process ... everybody was thinking what is the right balance, and not what is my greatest interest.

– Matt Mrozcek, Vice President of Finance at OGC



### Ownership and financial transformation

For Organically Grown Company (OGC), setting up the Sustainable Food & Agriculture Perpetual Purpose Trust (SFA PPT) in 2018 represented not just a shift in governance, but a redesign of its financial foundations. The transition presented a central challenge: how to offer investors fair, risk-adjusted returns while ensuring that purpose, not profit, remained the company’s guiding principle? And, how to honor broad stakeholder representation without jeopardizing OGC’s independence?

“Independence is important to us because we want those who are active in OGC’s initiatives and business efforts to be able to control our destiny,” explained David Lively, pioneer emeritus and founding farmer of OGC. “Selling out could compromise our ability to do that. We founded this business to carry out a mission that is multi-generational; we need our ownership structure to support our mission now and in perpetuity.”

In order to buy out previous shareholders and recapitalize its business, OGC leveraged a combination of debt and equity and collaborated with its investors to design a deal structure that would balance both profits and governance responsibilities between the company and its stakeholder groups.

## Aligning mission and profit

Making the waterfall work in practice required substantial capital and a carefully staged process. First, RSF Social Finance provided debt to buy back ESOP shares, consolidating 51% of the company under the Sustainable Food & Agriculture Perpetual Purpose Trust (SFA PPT). Next, Purpose Evergreen Capital (PEC) and Candide Group supplied patient, non-voting preferred equity to buy out remaining farmer-owners. These investors accepted capped returns and long-term horizons, reflecting alignment with OGC's mission.

“Our challenge as preferred equity investors was to design an equity investment in a context where an ‘exit’ is off the table, and where purpose is explicitly being placed ahead of investor returns,” said Aner-Ben Ami of Candide Group.

At the heart of OGC's financing structure is the waterfall model:

- First, all operational costs and debt obligations are covered.
- Next, preferred investors receive cumulative, capped dividends.
- After these obligations, remaining profits are allocated to employees, farmers, and community initiatives.

The model also includes a tiered system for surplus allocation: 60% of additional profits beyond base allocations are distributed among stakeholder groups until investors reach a predefined dividend threshold, after which 80% of further profits flow to stakeholders. By explicitly defining the order, conditions, and caps for distributions, OGC has created a transparent and purpose-aligned system.

## Governance and the role of investors

Governance under the SFA PPT is deeply intertwined with financing. The Trust Protector Committee (TPC) – elected by employees, farmers, investors, customers, and community allies – appoints the OGC Board and ensures adherence to its mission (for details on governance, see the OGC case study p. 92 in the SO in Practice chapter). The Trust, as the legal owner of all common stock, safeguards the company's independence and long-term purpose. Investors hold non-voting preferred shares but participate as a key stakeholder group, influencing governance through the TPC without controlling the company.

## Sustaining purpose and shared success

The transition to the Perpetual Purpose Trust (PPT) was complex. OGC faced legal, financial, and operational challenges, including structuring debt without personal guarantees and designing investor agreements that balanced risk, return, and mission alignment.

OGC has maintained independence, lowered administrative costs compared to an ESOP, and enabled values-aligned investment. Employees, farmers, and community members share in its success while investors support long-term growth without control. Embedding steward-ownership in governance and finance protects the mission and ensures fair participation, making OGC one of the largest independent organic produce distributors in the U.S.

# Capital For Steward-Ownership

## An interview with two forerunners

*Annika Schneider (Purpose Foundation): What was your founding impulse, why did you not launch one but two funds?*

**Achim:** Purpose was founded with a specific goal, to make steward-ownership known and accessible to everyone. A big part of that goal was to find a way to invest in steward-owned companies and to help more capital flow to them, creating a dedicated "capital layer" that works for this governance model.

**Laura:** The need to take action really came from real cases where we saw opportunities that were incredibly inspiring and could have a huge impact, but were lacking money for transformation. It quickly became obvious that this task couldn't be outsourced but something we had to do, and that we wanted to be fully involved in.

**Achim:** At the time, people thought this was crazy. They said, "You're insane; no one invests in this, and it won't work." But we went out and found the first people who believed in the idea



Photo: Achim Hensen

Achim Hensen is one of the Co-Founders of Purpose Foundation and Purpose Ventures

and wanted their capital to be a force for systemic change. On that foundation, we made our first investments, and we started exploring and testing which terms and processes would actually work. We focused on what was needed to get more investors to gain experience in this space.

*Why did you set up two different investment vehicles?*

**Achim:** We noticed that there are two different target groups with different needs. The first group is startups that often require early-stage, riskier growth capital. The second one is established, profitable small to medium-sized enterprises (SMEs) that are looking for succession solutions, buyouts, or simply long-term stability. The risk categories and investment processes for these two groups are distinct, so we decided to create dedicated models and investor groups for each. Purpose Ventures looks primarily for startups, typically those in Series A.



Photo: Laura Höcherl

Laura Höcherl is  
Managing Director at Purpose Evergreen Capital

These founders need growth capital and choose a steward-ownership structure while they grow their business. They want to ensure they can promise their employees and other stakeholders that the company will always remain independent and operate according to its values and mission.

**Laura:** The companies we work with at Purpose Evergreen Capital are generally established, profitable SMEs, often facing succession issues. The founding generation wants to hand over the business without compromising its values or mission. They have few options that guarantee this: a strategic investor or private equity firm might not preserve the company's culture, while an internal succession often requires the new leadership to take on significant personal debt. These companies turn to us to preserve the business's independence and mission through a steward-ownership structure.

**Achim:** At their heart, both groups are trying to solve the same problem: they want to create a coherent ownership model for their company. We act as their financing partner, supporting them with all steward-ownership-related things and accompanying them as partners throughout their journey, to the best of our ability.

*Looking back after almost ten years, how has your approach and focus changed?*

**Achim:** We've made significant progress. We have proven there are several effective ways to finance, buy out, or co-invest in companies at different stages, from early startups to Series A to succession. Other funds are now building on our work and focusing on steward-ownership. Some are even adopting elements of our structure into their own funds. A network of different investors has emerged, who co-invest and share deals. Additionally, best practices are starting to take hold, even though there is still a lot to learn and develop. This is exactly what was part of our mission from the beginning. But there is still a lot of work to be done.

## Purpose Ventures

Purpose Ventures helps the next generation of founders build profitable, steward-owned businesses with purpose-aligned capital – bringing their values, mission, and ownership into harmony while mobilizing more investment for steward-owned companies.



**FOUNDED: 2016**



**GERMANY**



**ASSETS UNDER  
MANAGEMENT  
€18 MILLION**



**3 EMPLOYEES**

### **FOCUS:**

We support the next generation of purpose-driven steward-owned businesses! With a focus on businesses in which stakeholder-relationships and steward-ownership give a competitive edge and companies have mission-oriented circular and / or regenerative business models both for B2B and B2C clients, across multiple sectors.

### **PORTFOLIO HIGHLIGHTS**

- Sharetribe (p. 64)
- VYLD (p. 110)
- Haferkater (p. 114)
- WILDPLASTIC® (p.118)



## Purpose Evergreen Capital

Purpose Evergreen Capital offers patient, value-aligned capital to small and medium-sized enterprises, supporting businesses to stay independent and true to their values with steward-ownership.



FOUNDED: 2018



GERMANY



ASSETS UNDER  
MANAGEMENT  
FIRST FUND CLOSED  
WITH €27 MILLION



4 EMPLOYEES

### PORTFOLIO HIGHLIGHTS

- Arche Naturküche, Germany: PEC supported the management buy-out and ownership transition of the organic food producer
- BuurtzorgT, The Netherlands: PEC provided growth capital through non-voting redeemable shares with capped returns for the psychiatric home care provider
- Stapelstein®, Germany: PEC helped buying out prior investors in order to enable a steward-ownership structure and a follow-on investment for growth for the product design company

### SCOPE OF INVESTMENT:

€ 0.5 million to €5 million

### INVESTMENT PERIOD:

Purpose Evergreen Capital is an evergreen investment fund without pressure to force an exit. Contracts normally run between 8 to 13 years.

**Laura:** What we've seen recently is that there's this potential for "copyability" of our funds, but it's still not happening often enough to say there's enough capital for steward-owned companies worldwide. So the need is still there: to think even bigger, build on these first experiences, and turn the learnings into new approaches and methods.

**Achim:** We want to contribute to a system that grows with the market step by step, ensuring that capital isn't a bottleneck, that the movement of steward-ownership can continue expanding. That's why we want to take all the learnings we've gathered over the past seven years, synthesize them, and channel them into a new investment company or a fund that builds on all of that. And through that make more capital available. We also want to stick with our approach of radically sharing our experience and knowledge through the Purpose Non Profit Work.

*As a growing number of businesses face a generational transition due to the "Silver Tsunami", what are the key challenges in financing a succession for steward-owned companies, and what solutions are needed to address them?*

**Laura:** Right now, we're still quite alone in this space. There's some capital that might help, but ultimately, we need a much wider range of vehicles enabling succession in a steward-ownership structure, with different foci on sector, phase, company size, from large firms seeking an alternative to IPOs to SMEs looking to secure their mission. The key is providing valuable expertise to help these companies grow within their business model and mission without taking over control.

**Achim:** Steward-ownership opens new paths for succession and new structures that aren't tied directly to having a lot of money or coming from the right family.

Steward-ownership doesn't solve the challenge of finding the right people to step into the role of successors, but the pool of potential successors expands, not only because you don't have to put in personal money, but also because the transparency and openness of the succession process itself often encourages people from within the company to lean in.

*Looking ahead, what do you see as the key challenges and opportunities for PEC and Purpose Ventures in expanding steward-ownership and alternative financing models?)*

**Achim:** Honestly, what it's really about today is enabling the next Patagonias - purpose-driven and steward-led companies - to grow from the start, or to allow other companies to stay independent through the financing model they choose. The current financing structures don't just fail to enable the Patagonias of the future to be built – they make it harder or sometimes impossible. Our goal is to create alternative pathways. After having paved the first paths through the jungle early on, today we see a better track entrepreneurs and investors can walk. I wish for many clear paths for all kinds of companies, where the “how” is already figured out, so entrepreneurs don't have to reinvent it while building their business. It should be as tried-and-true and easy as today's VC-model, in a way.

Ideally, we'd also demonstrate that steward-ownership is a strong enough case with enough proven data at the fund level for even large institutions being able to join the party. That's an aspect where we haven't enough proof and data yet, so I'd leave that as a future goal.

**Laura:** Another wish would be to enable more investors to co-invest with us and experience first-hand how it feels to approach this differently, like Achim mentioned before, away from the well-known pathways of investments.

It's amazing to live through an investment process where suddenly everybody has the same goal and is centered around the company's purpose while respecting each other's needs, without having to use methods of lack of transparency, poker and power play. For that purpose we are actively building an investor community and always welcome new members.

**Achim:** Yes, one such example is our collaboration with Haferkater (see case study on p. 116). In this case, we worked with earlier investors who were very much needed and important to support a certain phase. When we came into the picture in a later stage, we helped to fulfill the entrepreneur's deep desire to transform the company to steward-ownership and buy out the previous investors while still rewarding the risk of the earlier investors appropriately. This was only possible because next to us many others joined as financing partners for Haferkater, including many private individuals via GLS Cloud.

*Thank you for the interview, Achim and Laura.*

“

Purpose Ventures is exactly what most companies need and most funders aren't.

– Aunnie Patton Power

”

# A Capital Providers Perspective on Aligned Financing

## *An interview with Karma Capital*



**Theresa Böttger** is a co-founder of Karma Capital with over 15 years of experience in finance and banking. She previously worked in the asset management division at Deutsche Bank.

*Why did you start Karma Capital? What motivated you to set up a fund in steward-ownership?*

We founded Karma Capital because we are deeply concerned about the growing inequalities in society, especially wealth inequality. Steward-ownership provides a powerful solution to this challenge. At the same time, there's a significant gap in capital markets for "profit for purpose" businesses. Most companies are either fully profit-driven (often in an extractive way) or operate as nonprofits. Very few exist in between: companies that aim to be financially successful while staying fundamentally committed to a greater purpose - something steward-ownership enables. These businesses want to grow sustainably but often struggle to access suitable

capital because they don't fit traditional investor models.

That was the opportunity we saw: to tackle inequality through both organizational and financial innovation, with the goal of building an economy that truly serves people and the planet. This mission drives everything we do.

*Can you give a bit of backstory? How did Karma Capital come about?*

Karma Capital was founded in 2018 as an investment holding company, in which my co-founder Sebastian Klein reinvested the profits from his entrepreneurial work into further startups. When Blinkist was sold - a company that Sebastian co-founded earlier - he decided to give away 90% of his personal wealth, which laid the foundation for our work. Building on this, Sebastian, Nikolas and I professionalised and established Karma Capital as a steward-owned company aiming for co-creating multiple funds embedded in a holistic theory of change. In shaping our fund, we have been inspired by the pioneering work of Purpose on steward-ownership. We have been in exchange for many years and are now building on much of their foundation.

*What's your investment philosophy?*

We follow a systemic investing approach that goes beyond traditional impact investing. The difference lies in our philosophy: we use the mindsets, methods, and tools of systems thinking to understand and address the root causes of social and environmental challenges. Instead of treating symptoms, we aim to use capital to transform entire systems, especially the venture capital market system in Germany, from within.

To do this, we design investment strategies that focus on key leverage points for real change: developing fair finance vehicles, creating new incentives, and shifting narratives. We work with both return-oriented and philanthropic capital.

Unlike traditional venture capital, which targets exponential growth in individual companies, we emphasize sustainable, long-term growth across the portfolio as a whole.

In steward-owned companies, this translates into healthier profitability metrics, earlier breakeven points, and more resilient business models. We also expect lower insolvency rates, because capital is allocated more efficiently and integrated into long-term business development.

By aligning financing with purpose rather than quick exits, we support a diverse mix of businesses and ideas, which strengthens market resilience in times of crisis.

For us, success is not measured by financial gains alone, but by the collective positive impact of the companies we back and the systems change they help create.

*Let's take a look at the fund structure you chose for your steward-ownership fund. Which challenges did you meet when looking for the right structure?*

We initially aimed for an evergreen model, as we believe companies shouldn't be pressured into quick paybacks. However, the market demonstrated a strong preference for a closed-end fund structure. Given today's geopolitical and societal uncertainties, investors are seeking greater predictability. Our solution is a 10-year fund, designed to provide a clear timeframe that balances investor expectations with the flexibility companies need for sustainable growth. A significant portion of the carry flows back into our nonprofit entity to support systemic change. Additionally, we tailor individual contracts to accommodate the specific timeframes of each business within the overall 10-year fund structure.

*Which structural elements mirroring steward-ownership did you integrate into your organizational set-up?*

We went with the veto-share model. Shares are split into classes to separate voting rights and profit rights, aligning control with purpose rather than capital:

- A-shares: held by stewards in a staff partnership (GbR).
- B-shares: reserved for the veto-share guardian (Purpose Foundation), which has a veto to enforce steward-ownership principles.
- C-shares: for investors participating financially, with capped returns.
- D-shares: planned for employee compensation

Profits remain purpose-bound: after distributions, the remaining surplus is reinvested or used for mission-aligned activities.

## Karma Capital



**FOUNDED: 2018**



**BERLIN, GERMANY**



**TICKET SIZE:  
€50 - 500K**



**9 EMPLOYEES**

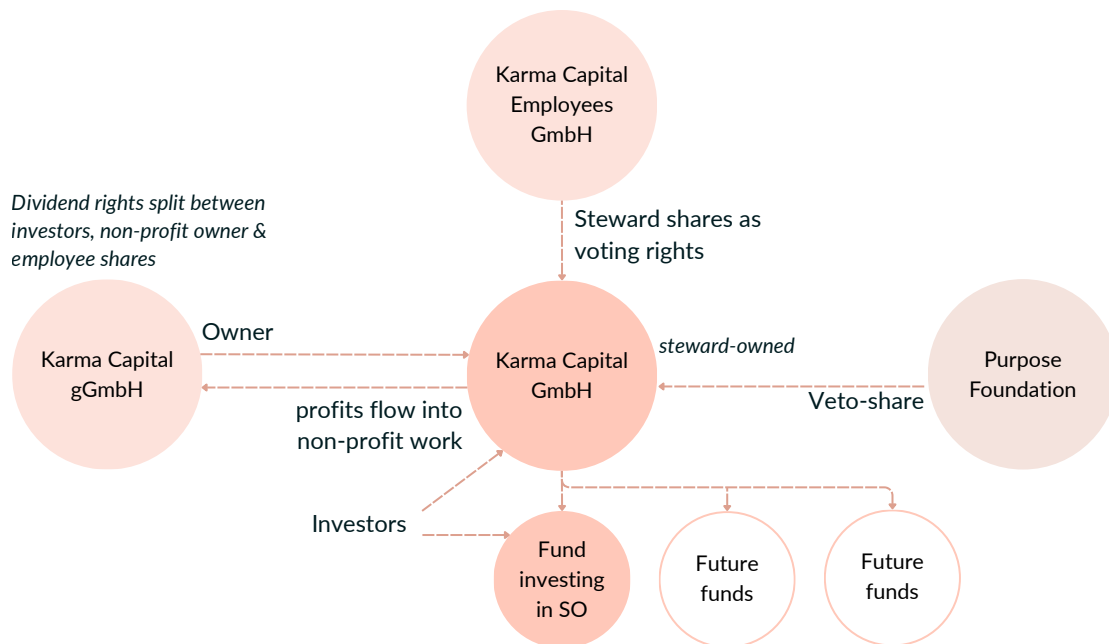
### **FUND DETAILS:**

**Strategy focus:** Early-stage companies in steward-ownership and established companies transforming to steward-ownership

**Geography focus:** Germany and Europe

**Investments to date:** 8, e.g. Haferkater, WILDPLASTIC®, Wetell, Vyld

## Karma Capital's ownership & governance structure



### And on the fund level?

On the fund level, we built a classic VC structure with a 2 % management fee and a 20/80 carry split, meaning profits are shared so that limited partners (LPs) receive 80% and we receive 20 %. At least half of our carry is reinvested into our nonprofit for further systemic work.

We invest using a variety of financial instruments, either debt or equity, including subordinated loans, convertible loans, profit participation certificates, silent partnerships, and equity with dividend but no voting rights. Steward-ownership principles and non-extractive business practices cap the returns on the equity side. In accordance with that we decided for our equity investments in the fund to be limited to 2-3x on average. When blended together with the debt investments, this results in an expected return on investment of 3-6 % annually for investors.

### And now, what's the next step? What's your vision?

Our vision is to transform the capital market over the long term and make steward-ownership more mainstream. More and more

entrepreneurs, next generation wealth holders and business angels are looking for more than conventional investing with philanthropy on the side. We want to prove that our hybrid model works and help scale the market for profitable, purpose-driven businesses that are not focused on quick exits.

To achieve this, we need to mobilize significant capital and open up new ways for funders to participate. At the same time, we want to actively inspire and enable others to build funds like ours, integrate steward-ownership into existing networks, and make the approach accessible and relevant to a much broader audience. By sharing our concrete learnings as a blueprint, we want to shift steward-ownership from a niche idea into a widely adopted mainstream model.

In Germany especially, we see huge potential when steward-ownership also reaches later-stage and mid-sized companies. This could unlock far greater capital flows into regenerative organizational structures and generate even greater systemic transformation.

*Thank you for the Interview, Theresa.*

# A practical Guide to Steward-Ownership Aligned Financing

Now you might be asking: "What next?"

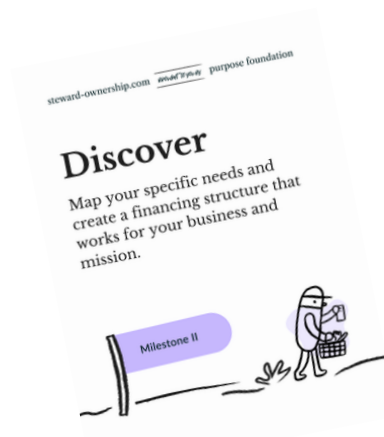
The journey from inspiration to concrete action is where things can get complex, especially when it comes to financing. The good news is, you don't have to navigate that alone.

We've designed a special open content learning journey, a practical guide to steward-ownership aligned financing, to help you with that crucial next step. It's a direct and practical follow-up to what you've learned in this book, and it is built on years of experience from practice.

Shaped as a learning journey, the course moves through three milestones: from understanding the basics to reflecting on your own situation and preparing to raise funds.

The guide is designed to help you write your own journey, based on the insights, learning and experiences of the ecosystem. This is made possible through the support of Purpose Ventures, Purpose Evergreen Capital and many more practitioners and allies.

We hope it serves as a valuable resource on your path.



Check out our practical open content SOAF guide at [steward-ownership.com/soaf](https://steward-ownership.com/soaf)

# The Role of Impact Investors for Steward-Ownership

*An interview with DOEN*



**Mirjam Niessen, Principal Impact Investments  
DOEN Ventures**

**Mirjam** is an investment professional with more than 20 years of international experience in the investment industry. She serves on various Investment Committees, Boards and Advisory committees. Impact is her main driver in her professional career, having two young daughters, she cares for the world we leave behind. Impact is the reason why > 5 years ago she moved to DOEN Ventures, one of the oldest and prominent impact investors of the Netherlands.

*Annika Schneider (Purpose Foundation): Mirjam, what was the “aha” moment that led DOEN Ventures to back steward-ownership aligned financing (SOAF)?*

While DOEN finances impact-driven startups and innovations in general, we’ve seen quite a number of companies lose that impact when the business and its shareholders decided to take a different path. For us as impact investors, our investment then feels rather fruitless and like wasted time. The real impact is unlocked when a company’s mission and vision stay intact throughout its growth stages and journey. That’s why steward-ownership is so important to me.

*In your own words, what problem does SOAF solve that conventional capital doesn’t?*

Steward-ownership and its aligned financing solves the problem of short-term profit maximization (or subsequent financing rounds) inherent in conventional capital-based systems by legally safeguarding a company’s structure and its independence, and thus safeguarding its long-term vision from the control of financial shareholders.

DOEN Ventures itself is an evergreen fund (no carry, no bonuses) and reinvests profits back into the fund. And yes, we do make profit, like any other VC investor, while focusing on impact primarily.

*What do you think is the most important thing if you want to finance your company in an aligned way?*

Because not all investors are familiar with steward-ownership yet, the pool of potential backers may be smaller than in a conventional ownership structure. While you may need to convince some investors, there are also those, like DOEN, who see steward-ownership structures as beneficial to their investment. Knowing that a company has carefully considered its ownership structure gives me confidence that it will stay focused on what's best for the company and its stakeholders, rather than purely on shareholders.

*If you had one wish for SOAF in the ecosystem, what would it be?*

I wish for people to understand that steward-ownership is a way to keep a company intact – and in doing so, to generate healthy profits as well. SOAF is also interested in returns, potentially even high, VC-like IRRs, in theory, but with the difference that in order to serve all stakeholders of a company, focus is not only on pure return maximization. Steward-ownership raises the sufficiency question – it makes stakeholders think about what is enough. A question we should ask ourselves more often.

*How do you see the future of SOAF evolve? Paint a picture of the ecosystem in 5,10,50 years*

At DOEN, we see positive momentum for steward-ownership. More people are aware of it, and more founders are starting to experiment with it. However, investors tend to be traditional and resistant to change. Combined with the strict and long mandates of financing funds, that makes the system slow to evolve. Even so, we fully expect SOAF to keep gaining ground and to actively help drive that change.



## DOEN Ventures

DOEN Ventures is the Impact First investment company of the DOEN Foundation, the beneficiary of two Dutch lotteries, the Friends Lottery and the Postcode Lottery.



**FOUNDED: 1991**



**AMSTERDAM, NL**



**TICKET SIZE:**  
€50 - 500K WITH  
POTENTIAL FURTHER  
INVESTMENT



**8 EMPLOYEES**

### FOCUS:

Investing in sustainable and social startups with a positive impact the investments are aimed at accelerating the transition to a regenerative economy. Within this broad mission, DOEN Ventures focuses on sustainable consumer products, alternative materials, circular business models, sustainable food systems and blue economy.

DOEN (Foundation + Ventures) finances > 1000 projects and companies on a yearly basis with various small (like community projects) to large (funding startup companies for multiple years onwards) financial instruments. DOEN Ventures has an investment portfolio of 50 equity investments and convertible loans, and 18 fund investments.

**GEOGRAPHY FOCUS:** NL, GE, SE, N, UK

### PORTFOLIO HIGHLIGHTS

Equity investment in Crowdfunding<sup>44</sup>, a platform facilitating collective sustainable housing solutions and renewable building materials.

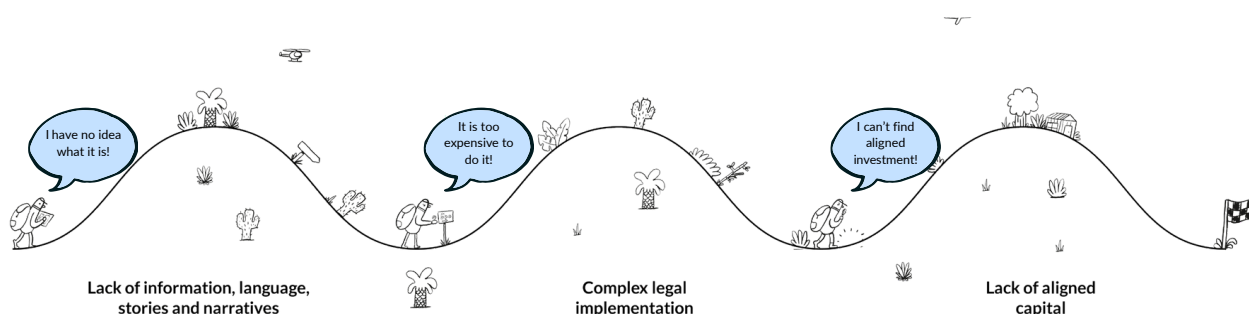
# Steward- Ownership Ecosystem

This chapter shines a light on the steward-ownership ecosystem, focusing on what is needed to help it flourish today and who the core actors are. We will explore who is part of this movement – from legal specialists to mission-aligned investors – and discover who can help in your region by highlighting organizations that provide local support. Finally, we will show you how you can practically get involved and support steward-ownership.

# The Way To Steward-Ownership

## *No equal access compared to other models*

While steward-ownership has already proven to be a powerful solution and building block for many of the companies featured in this book, bringing it to life in today's world still comes with significant challenges. Founders and entrepreneurs who choose this path often face three main hurdles in an ecosystem not yet built for them. Put simply, the path towards steward-ownership still is very hilly today:



### 1. Information and narrative

Many founders and investors simply do not know that steward-ownership exists as a viable option. The concept is rarely taught at schools and universities, discussed in entrepreneurial networks, in law and finance circles, or by business media. The mainstream business world's narratives are often still centered on maximizing shareholder value, achieving a lucrative exit and such. This lack of awareness and knowledge makes it difficult or impossible for entrepreneurs to even consider steward-ownership as an alternative.

### 2. Implementation

Even when a founder chooses steward-ownership, the legal and tax systems in most countries are not designed for it. This forces entrepreneurs to find their own ways and work arounds, a process that is often time-consuming and expensive. The high cost and complexity of implementation can become a major deterrent, preventing many from ever transitioning.

### 3. Capital

Finally, as you have learned in the chapter about steward-ownership aligned financing, the traditional capital market is a major challenge, as its dominant players are often built on a different logic. This systemic mismatch can make it more difficult for steward-owned companies to secure the funding they need compared to conventional business.

Because of these depicted hurdles, depending on the region, only a fraction of entrepreneurs who would move towards steward-ownership can actually implement it. These three hurdles persist in all regions but to varying degrees; depending on the region, they are higher or lower. If we want to help steward-ownership grow, make it known and accessible to everyone and unleash its potential for people, planet and society we tackle these challenges. The path to steward-ownership must be as accessible as traditional ownership models, allowing founders to freely choose the best model for their business.

# The Growing Steward-Ownership Ecosystem

The Purpose Foundation works to make steward-ownership globally known and accessible through advocacy, research and education. In this endeavour, we are fortunate to be embedded into a large ecosystem driven by the forerunners who make our work possible. What began with a few pioneering companies has grown into a vibrant web of founders, family businesses, multi-nationals, legislators, students, lawyers, researchers, investors, and many more.

From the very beginning and still today, it took brave social innovators and forerunners, looking for new ways. One thing this ecosystem clearly displays – represented in the stories in this book – is one core: steward-ownership is multifaceted. There are so many perspectives, no single narrative, but instead an array of stories, perspectives and entrepreneurial motivations. We are deeply grateful for so many of these brave forerunners to tell their stories, sharing their learnings and joining our movement.

The steward-owned companies themselves are the true heart of this idea and its most vital actors. Without their courage and willingness to chart new territories – whether establishing a purpose-driven startup, transitioning a purpose-driven business or securing a company succession – steward-ownership would remain only a theory. These founders and leaders, driven by entrepreneurial challenges, wishes and needs, are the ones finding real-world solutions, demonstrating the viability of this model, and inspiring others to follow. You are too many to list, but our biggest thanks go out to all of you, both today and for all your past efforts.

A dedicated group of investors and capital providers, paving the way – like Karma Capital, DOEN, Innovation for Impact, Fair Capital Partners, GLS Bank, RSF Social Finance, BMW

Foundation Herbert Quandt, 2050, Krisos, FA-SE Impact Fonds, Real Future, The Case for Her, Fresh Ventures, Impact Shakers, Donor Impact Invest Fund, Nonprofit Ventures, Viva con Agua, investors of our fund Purpose Evergreen Capital – along with key changemakers like the Innovative Finance Initiative (IFI) and many courageous private individuals and family offices investing in steward-ownership, all help us investigate and pave the way for aligned financing.

We are deeply grateful for the work of our close partners at Purpose Ventures, Purpose Consulting, Purpose Evergreen Capital, GTREU and Foundation for Steward-Ownership, without whose knowledge and experience, our non-profit work would not be possible.

We are equally proud to cooperate with changemaker organizations like Doughnut Economic Action Lab (DEAL), Purpose Trust Ownership Network, Wellbeing Economy Alliance, B Lab, Economy for the Common Good, Joseph Rowntree Foundation, Zebra Unite, Partners for A New Economy, ClientEarth, Transform Finance, Toniic, NEXUS, Katapult Foundation, Stichting PYM, Eigendom Anders, Türetim Ekonomisi Derneği, and so many more working for change.

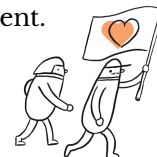
We are grateful for every researcher working on the topic, particularly the ones shaping the field like Prof. Dr. Steen Thomsen, Prof. Dr. Anne Sanders, Prof. Dr. Möslein, Prof. Dr. Simon Kempny, Prof. Dr. Colin Mayer, Prof. Dr. Barbara Dauner-Lieb, Dr. Arne von Freeden, Prof. Dr. Rüdiger Veil, Prof. Dr. Christoph Teichmann, Dr. Noah Neitzel, Mark Clayton Hand, Prof. Nien-he Hsieh, and for connections such as the Steward-Ownership Network (StONE) to Harvard Business School and many others deepening the theory and evidence.

Leading lawyers, tax consultants, company leaders and legislators across the aisle who gave their time and expertise to this topic, working on the tough and detailed questions. You know who you are and we are deeply grateful for your support.

Around all of these gather the international changemaker community, our allies and partners from Europe over Asia and Africa to Latin America that are championing steward-ownership in their regions. Together this network of independent organizations collaboratively works to make

steward-ownership known and accessible around the world.

This list could go on forever, and that is exactly the point. We can't possibly name everyone here, and yet every single person and organization is essential. From the students who write their first paper on steward-ownership to the lawyers crafting new legislation, from the early-stage founders to the long-standing family firms, from investors testing new financing models to the consultants guiding transitions – you are the heart of this movement.



## Driving steward-ownership together

In the fall of 2025, our international community of allies includes three regional affiliated Purpose Partners which operate under the Purpose brand, as well as nine other regional organizations that we collaborate closely with. We are excited to expand this network even further, building and exploring new relationships with partners around the world.



# Sources

1. Kühn, J. Research note: Industrial foundations in the Danish register data. (2015)
2. Thomsen, S., Poulsen, T., Børsting, C. & Kühn, J. Industrial foundations as long-term owners. *Corp. Gov. Int. Rev.* 26, 180–196 (2018)
3. Børsting, C., Kühn, J., Poulsen, T. & Thomsen, S. The governance of industrial foundations: Executive and director turnover. (2014)
4. Børsting, C., Kühn, J., Poulsen, T. & Thomsen, S. The performance of Danish foundation-owned companies. (2014)
5. Medicon Valley Alliance. *State of Medicon Valley 2017: An analysis of life science in Greater Copenhagen*. (2017)
6. Thomsen, S. *The Danish Industrial Foundations*. (Djøf Forlag, 2017)
7. Mayer, C. *Firm Commitment: Why the Corporation Is Failing Us and How to Restore Trust in It*. (OUP Oxford, 2013)
8. Thomsen, S. Corporate ownership by industrial foundations. *Eur. J. Law Econ.* 7, 117–137 (1999)
9. Børsting, C. & Thomsen, S. Foundation ownership, reputation, and labour. *Oxf. Rev. Econ. Policy* 33, 317–338 (2017)
10. Hansmann, H. & Thomsen, S. The governance of foundation-owned firms. *J. Legal Anal.* 13, 172–230 (2021)
11. Kühn, J. & Thomsen, S. Performance drivers in foundation-owned firms. (2015)
12. Thomsen, S. Foundation ownership and economic performance. *Corp. Gov. Int. Rev.* 4, 4 (1996)
13. Thomsen, S. & Rose, C. Foundation ownership and financial performance: Do companies need owners? *Eur. J. Law Econ.* 18, 343–364 (2004)
14. Børsting, C., Kühn, J., Poulsen, T. & Thomsen, S. Capital structure in industrial foundations and their firms. CCG Research Paper. (2013)
15. Pagano, M. & Volpin, P. F. Managers, workers, and corporate control. *J. Finance* 60, 841–868 (2005)
16. Buchanan, B. & Kaya, C. Foundation ownership and creditor governance: Evidence from publicly listed companies. *J. Int. Financ. Mark. Inst. Money* 93, 101982 (2024)
17. Block, J. & Fathollahi, R. Foundation ownership and firm growth. *Rev. Manag. Sci.* 17, 2633–2654 (2023)
18. Schröder, D. J. Publicly listed foundation-owned firms around the world: An overview. Working paper. (2021)
19. Williamson, J., Driver, C. & Renway, P. Beyond shareholder value: The reasons and choices for corporate governance reform. (2013)
20. Bertrand, M. & Mullainathan, S. Enjoying the quiet life? Corporate governance and managerial preferences. *J. Polit. Econ.* 111, 1043–1075 (2003)
21. Kühn, J. & Thomsen, S. The demography of Danish foundation-owned companies. (2014)
22. Thomsen, S., Levorsen, C. & Nilausen, A. Enterprise foundations and inequality. (2023)
23. Schröder, D. & Thomsen, S. Foundation ownership and sustainability. *J. Corp. Finance* 91, 102740 (2025)
24. Thomsen, S. & Kavadis, N. Sustainable corporate governance: A review of research on long-term corporate ownership and sustainability. *Corp. Gov. Int. Rev.* 31, 198–226 (2022)
25. Manelli, L. et al. Beyond ownership as usual: The implications of steward-ownership for management research. *J. Manag. Inq.* (2025)
26. Thomsen, S. Foundation ownership around the world. In *Enterprise Foundation Law in a Comparative Perspective* (eds. Sanders, A. & Thomsen, S.) (Intersentia, 2023)
27. Carl-Zeiss-Stiftung. History. (n.d.)
28. Bosch. Robert Bosch: Der Visionär. (n.d.)
29. Siegel, C. History of the transformation of Bosch's legal form. Bosch Global. (n.d.)
30. Bosch-Chef Franz Fehrenbach – „Ich verliere lieber Geld als Vertrauen“. *Cicero – Magazin für Politische Kultur*. (n.d.)
31. BBC Home Service West. Dear to my heart: speaker John Spedan Lewis. Issue 1744, 12 April (1957)
32. Cox, P. *Spedan's Partnership: The Story of John Lewis and Waitrose*. (Latie Books, 2010)
33. T1 International. 100 Years: From gift to greed. (2021)
34. Acquired Podcast. Season 14, Episode 1: Novo Nordisk Foundation. (n.d.)
35. Mayer, C. *Firm Commitment: Why the Corporation Is Failing Us and How to Restore Trust in It*. (Oxford Univ. Press, 2017)
36. Loske, R. Die Doppelgesichtigkeit der Sharing Economy. Vorschläge zu ihrer gemeinwohlorientierten Regulierung. *WSI* 72, 64–70 (2019)
37. Research and Markets. Sharing economy industry to grow by US\$1 trillion reaching US\$1.4 trillion by 2030 – expansion of collaborative consumption models drives adoption in various sectors. (2025)
38. Makkonen, J. On what matters. *Sharetribe*. (2020)
39. Ecosia Blog. What if a browser could save the planet? (2025)
40. Koch, C. Die Kraft des Ozeans. *Bethmann Bank*. (2023)
41. Mohr, D. Haferkater-Strategie: Warum Kapital auch mal geduldig sein muss. *Frankfurter Allgemeine Zeitung*. (2024)
42. Willenbrock, H. Haferkater: „Wofür hätten wir dann all die Jahre gearbeitet?“. *brand eins online*. (2024)
43. Hoffmann, F. Gesundheitswirtschaft: Mehr Marktwirtschaft für das Gesundheitswesen. *Tagesspiegel Background Gesundheit & E-Health* (2023)
44. Higgins, K. Dutch impact investors back bio-based collective building initiative. (2025)

# Acknowledgements

## Thank you!

From the bottom of our hearts, we want to thank all our donors, partners, and advisors. Our new edition of this book would not have been possible without your support, collaboration, time, courage, and dedication. A heartfelt thank you to all the steward-owned companies out there who fill the concept with life. You are the true forerunners.

With the same gratitude, we look at our close partners and friends at Purpose Ventures, Purpose Evergreen Capital, Purpose Consulting, and the Foundation for Steward-Ownership and above. Without your support, our shared mission would not be possible.

An equally big thank you goes to all the like-minded investors who show that steward-ownership aligned investments are possible. Also we want to thank all academics, lawyers, legislators, changemakers, tax consultants, thought leaders and professional helping steward-ownership flourish.

Our deepest thanks to each one and all of you supporting this idea and work for your continued commitment to our common cause.

You all function as protagonists, enablers, and facilitators of the wonderful stories and insights we are thankfully able to share here.

This book and our work have been shaped by two cherished friends to whom we owe our warmest thanks. Alexander Kühl, for co-founding and shaping Purpose and for your continued support.

And Ernst Schütz (†), thank you for being such a formidable companion on our journey. We miss you.

## Thanks for your contribution in this book:

Fleur Augustinus  
 Dr. Christoph Bietz  
 Jos de Blok  
 Theresa Böttger  
 Thomas Bruch  
 Leandro Burguete  
 Yvon Chouinard  
 Ben Cohen  
 Greg Curtis  
 Brenna Davis  
 Jessica Edioke  
 Michael Hetzer  
 Charlotte Horder  
 Laura Höcherl  
 Lotta Jachalke  
 Maike Kauffmann  
 Luisa Kliche  
 Vera Koppenhöfer  
 Hannah König  
 Christian Kroll  
 Marcelina Krysta  
 Marie Langer  
 Morgan Logan  
 Juho Makkonen  
 Prof. Colin Mayer  
 Nico Moleman

Mirjam Niessen  
 Karl Overdick  
 Bas van Riet Paap  
 Matti Pannenbäcker  
 Aunnie Patton Power  
 Malin Pohl  
 Lilly Prokraka  
 Carla Reuter  
 Zachariah Schaap  
 Lisa Schemmerling  
 Melanie Schichan  
 Ines Schiller  
 Anna Schubert  
 Annika Schneider  
 Stephan Schenk  
 Chris Siegmund  
 Levin Sirt  
 Armin Steuernagel  
 Leon Tietz  
 Dana Vowinckel  
 Dr. Till Wagner  
 Anna Weber  
 Joachim Weckmann  
 Sharon White  
 Jakob Willeke

# Imprint

## Publisher:

© 2025 Purpose Stiftung gemeinnützige GmbH  
Registered in the commercial register B of the  
Hamburgdistrict court of Hamburg as a non  
profit: HRB 153854.

Responsible for the content pursuant to § 55 (2)  
MStV: Adrian Hensen (acting as managing  
director), Süderstrasse 73, 20097  
Tel.: +49 40 65587898 | Email: hallo@purpose.ag



The content published in this book is protected by copyright. Third-party content and contributions are marked as such. We are happy to share our knowledge and information with you. Since steward-ownership is a topic very dear to us, we publish all related content under the Creative Commons license «Attribution - No Derivatives 4.0 International (CC BY-ND 4.0).» This means that you are free to share our content if you provide appropriate credit, but you can't distribute derivatives of this work. This is to make sure that information is spread correctly. However, as we generally encourage the spread of information on steward-ownership, we allow the derivation of our material under certain conditions. You can find detailed information on our website. For more information or consent to special use of this book please reach out to us.

## Editorial Team:

Annika Schneider, Anna Weber, Adrian Hensen

## Graphic Design:

Lead: Zebra Growth, Zachariah Schaap, Support:  
Fleur Augustinus, Anna Weber and Luisa Kliche

## Legal Disclaimer:

The information provided in this book is for general informational purposes only and is not intended to constitute legal advice. Although we have a great deal of experience with legal forms of organizations and steward-ownership and aligned financing, we do not offer and provide legal advice. We lack the professional qualification for this. We are happy to pass on our previous experience and, if required, provide sample contracts. However, reliance on any information contained in this book is strictly at your own risk. Just as the responsibility of obtaining tax and legal advice lies solely with you. We recommend consulting with a qualified legal professional before making any decisions or taking any actions based on the information provided herein. If you have specific legal questions or concerns, please seek the advice of a licensed attorney.

## Steward- Ownership

*Brought to you by*

Purpose Foundation

# How to Get Involved

The stories of steward-ownership have excited and inspired you? Now it is on you to transform that spark into action. Here are some ways, how you can be part of the movement.

## Ambassadors

Subscribe to our newsletter, follow us on social media and share our posts with your network.

Bring up the topic of steward-ownership in your circles and networks. Not as a solution, but as a reason for engaging discussions.

## Investors & capital provider

Become part of the growing network of investors and capital providers investing in companies that are already steward-owned or want to transition.

## Supporters

Bring steward-ownership into your company, school, university, associations, or clubs with a workshop, and share information materials with friends and acquaintances, colleagues, and entrepreneurs.

## Creatives

Are you a journalist, filmmaker, blogger, or influencer? Tell stories about purpose and the pioneers of steward-ownership.

## Regional allies

Join our community of regional allies and partners from Europe to Asia, Africa, and Latin America to champion steward-ownership in your country or region.

## Donors

Our field-building work is made possible through donations. Help us unlock steward-ownerships potential for people, planet and society.

Do you know people or organizations who would like to support us through donations?

## Entrepreneurs

Can you imagine setting up your company as steward-owned? Then take a look at our website and find out more about our open-source materials.

## Tax & legal experts

Strengthen the international network of tax consultants, lawyers, and notaries who advise companies on the implementation of steward-ownership.

## Researchers

Advance the field by researching steward-ownership and integrating its principles (including purpose orientation, self-determination, alternative financing and much more) into academic and legal texts.

## Legislators & politicians

You want to drive the topic in your city, community, region or country? Reach out to us and our friends from the Foundation for Steward-Ownership to learn more.



Find all opportunities of how to get involved at [steward-ownership.com/getinvolved](https://steward-ownership.com/getinvolved)

This book is your starting point for steward-ownership. It leads you from inspiration to deeper exploration, and ultimately, to action.

---

**The Theory:**

A clear introduction to the core principles of steward-ownership.

**The Practice:**

Meet the forerunners – from historical examples to startups, and succession cases.

**The Financing:**

An in-depth look at aligned financing, featuring companies and investors applying it in practice.

---

Learn more about a concept that *“rewrites the psychology of companies, changing the deep structures that shape their behavior”* (The New Yorker) and offers *“not woke capitalism but the future of business”* (Ryan Gellert, CEO Patagonia).

# Steward-Ownership

Brought to you by

Purpose Foundation