

Impact Conveners Trust Initial Structure, Governance, & Transaction Design Summary

July 2021

OVERVIEW

Here's what we'll cover in this presentation

1. Why the Impact Conveners Trust?
2. How will the Trust work?
3. How will organizations become part of the Trust?
4. Suggested next steps
5. Q&A

01.

Why the Impact Conveners Trust?

The Impact Conveners Opportunity

As a group of values-aligned impact convening organizations, we sense a set of shared opportunities enabled by creating a new steward-ownership entity.

As individual organizations there is an opportunity to shift towards an **ownership model that puts our communities in the long-term drivers seat and shares the proceeds and control in a new-paradigm way.**

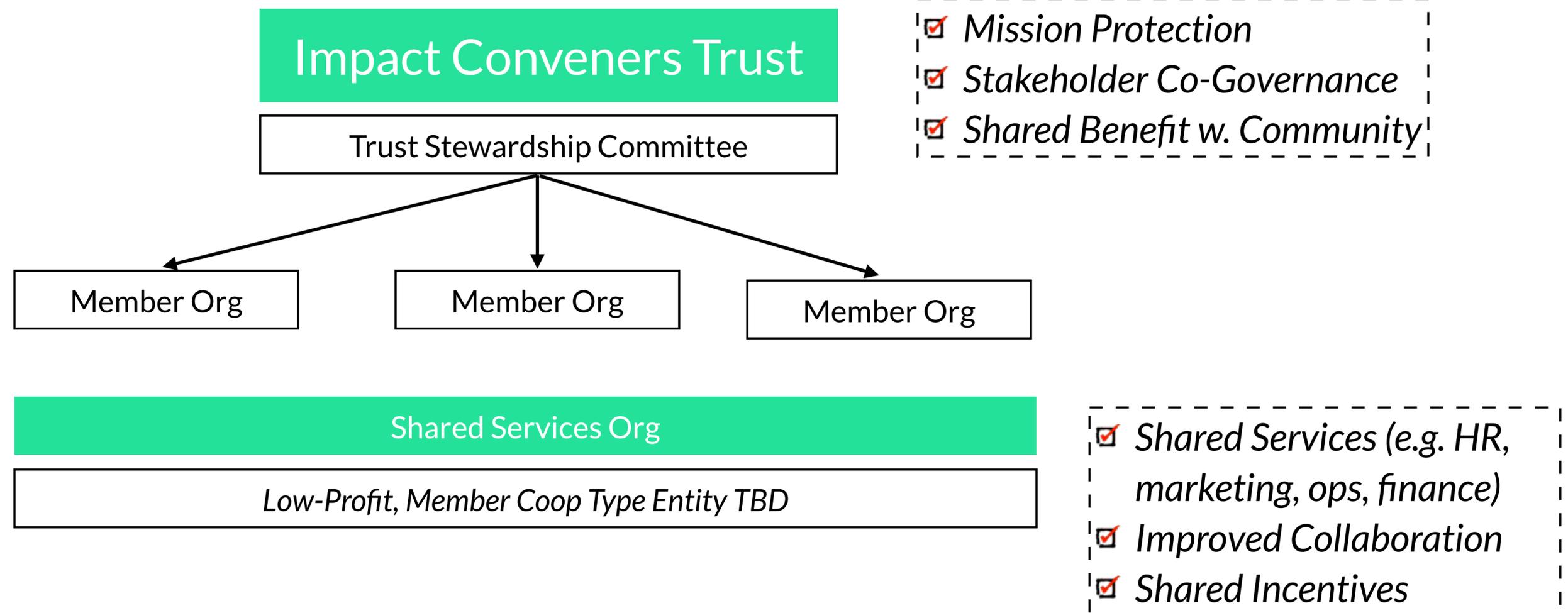
As a collective of organizations, there is an opportunity to create a new kind of **impact convening ecosystem that amplifies success and impact through shared services and deeper partnership.**

Key Goal:

We have been exploring shared ownership, governance, and benefit structures to **enable mission protection and operational collaboration** between multiple convening orgs.

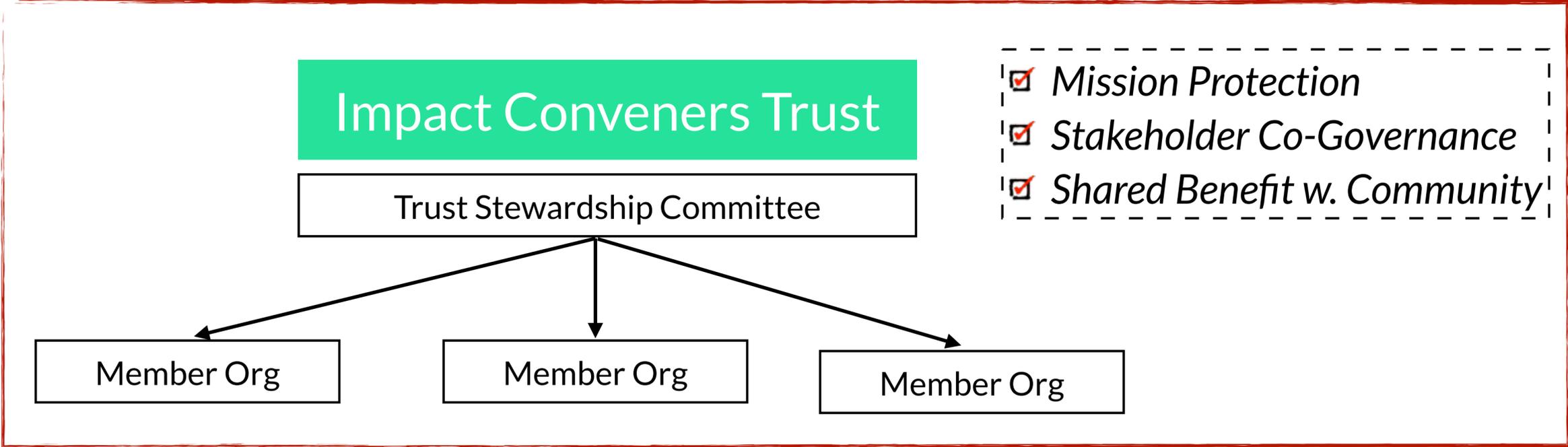
Vision: The Impact Conveners Ecosystem

A long-term impact convening ecosystem that amplifies everyone's success, has transformative impact, and shares proceeds and control in a new-paradigm way.



Solution: The Impact Conveners Trust

Focus of this presentation



Shared Services Org

- ✓ Shared Services (e.g. HR, marketing, ops, finance)
- ✓ Improved Collaboration
- ✓ Shared Incentives

The Ecosystem's Path to Stewardship

In the course of our exploration process, we've vetted a range of different legal forms, governance options, and operational approaches. We propose moving forward with a steward-ownership model to allow ecosystem organizations to:

- ☑ Secure ecosystem's long-term mission and enhance long-term impact
- ☑ Improve operational alignment and supply-chain efficiency
- ☑ Create a new paradigm co-benefit model for community members and other stakeholders
- ☑ Provide liquidity to current and future owners/investors where necessary
- ☑ Allow a range of existing and new stakeholders to participate in governance

02.

How will the Trust work?

Recap: What is Steward-Ownership?

Steward-ownership changes the legal and capital structure of member companies — aligning their ownership, governance, and financing with the goals of stakeholders and community.



STEWARD-OWNERSHIP

- No longer a commodity, belongs to the commons
- Value cannot be extracted into perpetuity
- Upside is shared among stakeholders



STAKEHOLDER-GOVERNANCE

- Stakeholder - not just shareholder - power
- **Capital ≠ Control**
- Voting rights are no longer saleable or inheritable



INCLUSIVE FINANCING

- Investments with structured exits help maintain independence
- Fair, non-extractive risk return profile keeps value in communities
- Companies become engines of community health and prosperity

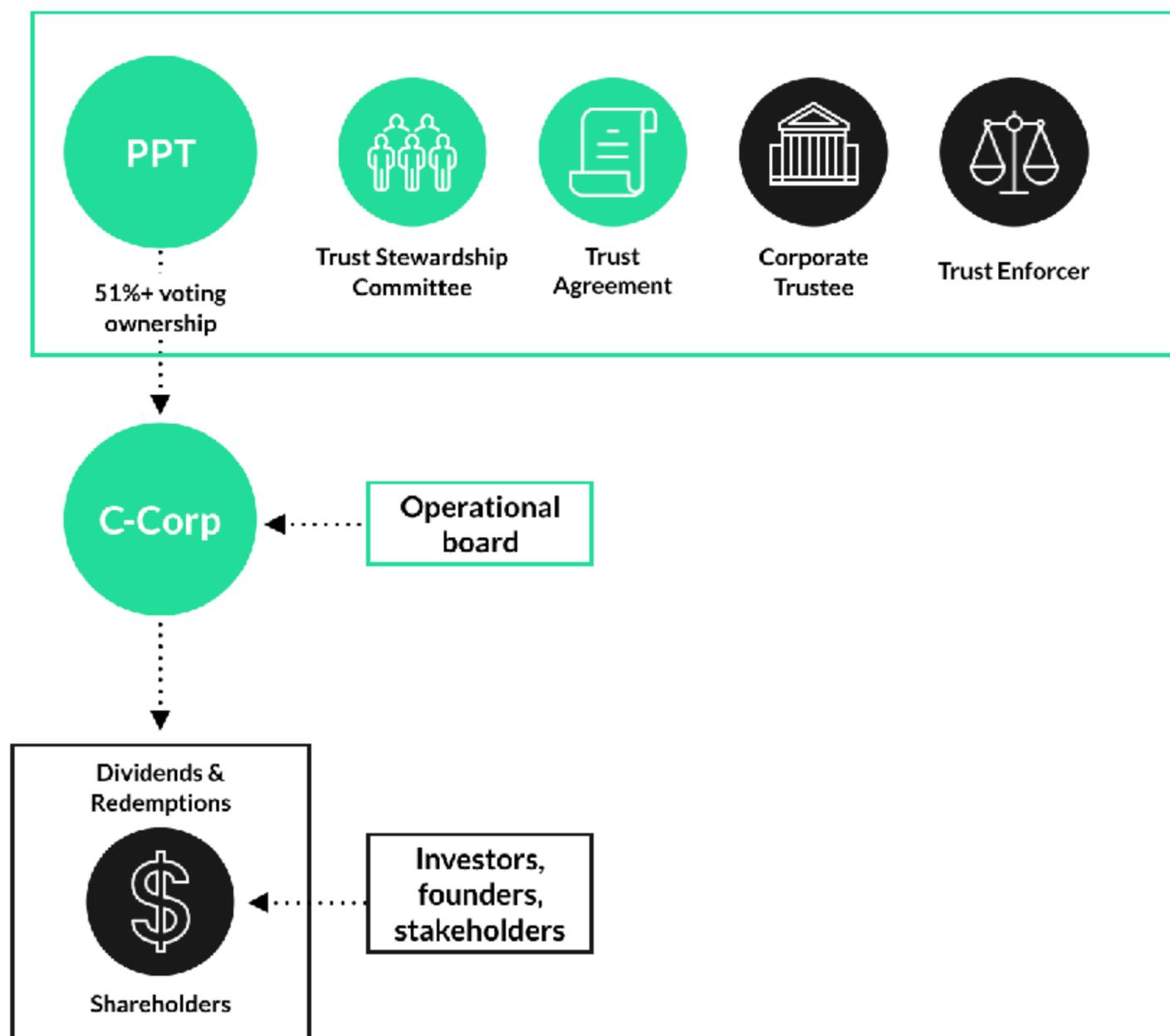
Recap: How will we use a Perpetual Purpose Trust?

A legal form that offers control by a purpose-dedicated org.

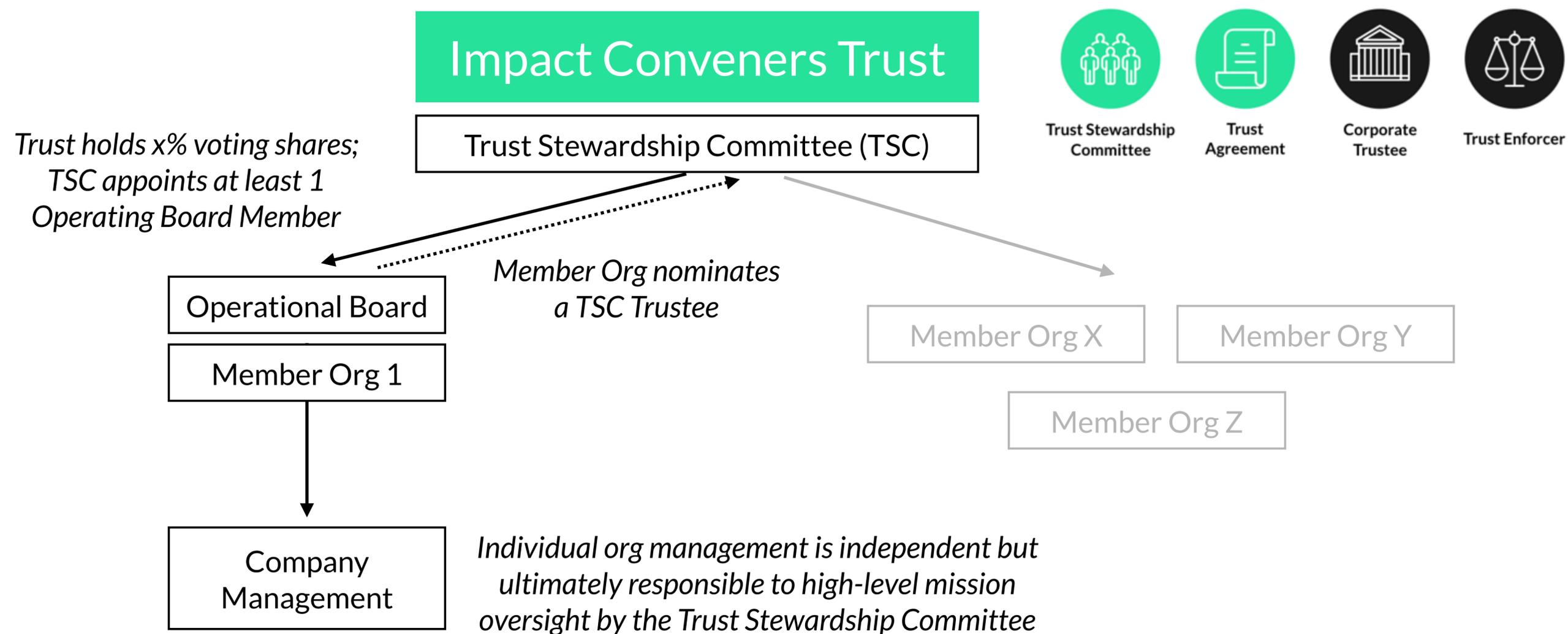
The Perpetual Purpose Trust (PPT) is a non-charitable trust that is established for the benefit of a purpose rather than a person.

The PPT structure is governed by a Trust Agreement, which aligns the company mission with ownership. Trustees vote the trust shares as a conventional owner would.

Trust-ownership is the gold-standard for mission driven ownership in the US.



Basic Impact Conveners Trust Structure



Company Board & Trust

Distribution of responsibilities between the company board and the trust stewards

Trust Stewardship Committee (TSC)	Operational Board
<ul style="list-style-type: none">• Shared governance between company delegates and financial owners.• Responsible for appointing # of board members in alignment with mission.• Determines “extreme” circumstances regarding dilution of voting control and sale of company assets.• Oversees financial health akin to conventional owner.• Meets with board / management 1-2 times per year to asses budget and strategic accordance with mission.	<p>Regular board duties, including:</p> <ul style="list-style-type: none">• Reporting to shareholders• Budgetary oversight• Capital Structure Approvals• Tactical side of impact strategies• Risk and liability assessments



Trust Stewardship
Committee

Trust Stewardship Committee

PURPOSE®

1. Committee seats:

1. Rep for each member org (“one member one vote”)
2. Additional seats for independent stakeholder representation

2. Committee term:

1. 3 years with a 2-term limit for the independent seats
2. No limit for organizational seats

3. Initial Committee members:

1. Start with the first generation of member org representatives, who will be tasked with naming and filling the independent seats.

1. Member Org Representatives (1 seat by default)

1. Membership criteria and representation reviewed every (1) year

2. *Independent Seats (TBD by first TSC; named and appointed at annual review)*

1. *For example, TSC may name independent seats as:*
 1. *Global South / Global Diversity Representative*
 2. *Underestimated Individuals Representative*
 3. *Elders Representative*
 4. *Next Gen Representative*
 5. *Indigenous cultural representation*
 6. *Etc.*



Trust
Agreement

Draft Purpose Statement (Abridged, 1/2)

PURPOSE®

1. **Promoting engagement of Stakeholders** in governance of the trust, the Company, or any other Values-Aligned business enterprise in which the trust holds an interest.
2. Operating the Company (or any other Values-Aligned business enterprise in which the trust holds an interest) for the **benefit of the Stakeholders rather than profit maximization and shareholder return, while acknowledging the necessity of financial and competitive security** for the long-term viability of the enterprise.
3. **Sharing the economic benefit** of the Company (or any other Values-Aligned business enterprise in which the trust holds an interest) with Stakeholders during the period of time that such Stakeholders are actively engaged in the business relationship, not upon exit or termination of the business relationship.
4. Ensuring that financial decisions serve the various missions represented by the organizations within the trust. That the **long term sustainability of each company, and the social-impact business ecosystem as a whole** to be considered over short term gain of any one organisation or group of organisations.

[Read Full "Purpose Statement" Here](#)



Trust
Agreement

Draft Purpose Statement (Abridged, 2/2)

PURPOSE®

5. **Continually increasing the positive impact** of the Company, its products and services while also supporting financially healthy growth of the Company.
6. Ensuring that **formal governing representation**, and representation within advisory capacities, of both the trust and the underlying companies represents, to the greatest extent practicable, **represent the full racial, ethnic, socioeconomic, and cultural diversity of the communities served and targeted** for impact, including minority and often least represented populations.

7. To establish and maintain a **transparent and shared criteria for membership** in, and exit from, the trust including shared ownership, standard governance procedures, and other programs or governance structures as determined by the trust, and in consultation with the current membership.
8. To establish and **maintain the potential to share services** among impact convening and other aligned organizations

[Read Full "Purpose Statement" Here](#)



Trust
Agreement

Voting & Governance Design

- **Trust Stewardship Committee**
 - Has a voting process defined for enforcing the Purposes of the Trust
 - Specific voting procedures are defined for different categories of decisions
 - Mission-impacting decisions (like selling a majority-owned org) are given a higher-threshold of voting and multi-stakeholder scrutiny
- **Trust Enforcer**
 - Provides independent oversight on major decisions
 - Can be approached with grievances by any ecosystem community member

[Read Full "Trust Governance" Here](#)

Summary: Governance will be Iterative

PURPOSE[®]

Governance will evolve as our ecosystem grows and evolves. We want to set up structures that are flexible enough to evolve over time, while protecting member companies' missions and independence.



Aligned incentive structures

- Resilient governance structures align the incentives of key stakeholders to meaningfully connect responsibility and power in governance. Ideally, one key stakeholder's upside is tied to the upside of other key stakeholders.



Accountable transfer of control

- Designing succession to ensure the skills and experiences needed to steward the company are represented intergenerationally.



Transparency & accountability

- Supporting good governance with culture and systems that ensure transparency and accountability is baked in from the onset.

03.

PURPOSE®

How will organizations become part of the Trust?

Impact Conveners Trust Membership - Two Paths

Majority Trust-Owned Member	Minority Trust-Owned Member
<ul style="list-style-type: none">● 51%+ voting share ownership by Trust<ul style="list-style-type: none">● Agreement between Trust & company at time of transition about how Operating Board seats will be allocated● Convening is now “community-owned & governed”<ul style="list-style-type: none">● Substantial % of profits are distributed to community members● Community ownership is protected by the Trust● Provides a mission-driven exit / “final purpose-protecting home” for a convening, which can now no longer be bought/sold except under specific mission-aligned terms	<ul style="list-style-type: none">● Minority voting share ownership by Trust<ul style="list-style-type: none">● Has 1 Operating Board Seat appointed by Trust● Convening is now has “community co-governance”<ul style="list-style-type: none">● Requirement that some % of profits are distributed to community members● Trust Stewardship Committee provides some governance oversight via 1 Board appointment● Provides a path to collaboration & co-governance within the ecosystem without precluding future company sale or M&A● Opportunity for mission-driven exit into Trust in future

[Read Full “Membership Requirements” Here](#)

Draft Membership Requirements (Abridged)

- | | |
|---|--|
| <ol style="list-style-type: none">1. Allocate a seat on your Board to a member of the Trust Steering Committee or other appointee from the TSC2. Assign one representative from your org to the Trust Steering Committee3. Commit to equitably (vs. equally) covering annual costs of the PPT (expected to range between \$10-\$20K annually) | <ol style="list-style-type: none">4. Agree to distribute a meaningful percentage of profits or other source of tangible value to your community5. Report X times per annum to the TSC from the member organisations appointed board member on impact performance metrics6. Commit to diverse representation at the leadership levels of your org, including but not limited to board and executives. |
|---|--|

[Read Full "Membership Requirements" Here](#)

Paths for Donation or Sale of Ownership into the Trust

- **Donation**
 - Owner(s) donate some or all of their ownership into the Trust
- **Trust Buyout**
 - Trust raises money to buy some or all of ownership of a convening
- **Seller Financing**
 - Owner(s) convert the value of their interest into a loan, settle shares into the Trust, and are paid out of company profits over time
- **Hybrid**
 - Any combination of above; can also split voting & economic shares

Example: Selling Financing —> Majority Trust-Owned



Context

- Longtime values-aligned owner group
- No need for growth capital currently
- Motivation for community ownership and eventual leadership succession

Potential Ownership Transition Process

- Convert ownership to loans based on agreed upon valuation and transfer controlling interest to Trust
- Owners' loans will be paid back out of company profits over 5-10 years
- Trust will ensure that current leadership remains until owner-buyout period is complete

Example: Trust Buyout → Majority Trust-Owned

The logo for UCOT, consisting of the letters 'U', 'C', 'O', and 'T' in a bold, blue, sans-serif font. The letter 'T' has a unique design with three horizontal bars at its base.

Context

- Single founder/owner
- No need for growth capital currently
- Motivation for community ownership

Potential Ownership Transition Process

- Owner raises dedicated funds into the Trust
- Trust purchases convening from owner at agreed upon valuation
- Trust agrees to keep on founder as a “Lifetime Custodian Trustee”

Example: Donation/Hybrid → Minority Trust-Owned

*Hypothetical Impact
Convening X*

Hypothetical Context

- Corporate owner
- Plans to raise growth capital
- Motivation for ecosystem collaboration and community co-governance accountability

Potential Ownership Transition Process

- Owner raises growth capital
- Uses a small % of raise to buy equity from existing owner(s) and settle into Trust
- Trust appoints one Board member to Company and company becomes Minority Member

Key Questions for Orgs Considering Trust Membership

- **Motivation**

- Why is the Impact Conveners Trust interesting to your leadership/community? What are the key “gives” and “asks” you expect to have for the ecosystem?
- Is “community ownership” or some level of community co-governance appealing to you?
- How much alignment is there among owners with community profit sharing?

- **Ownership/Leadership Transition**

- Are current owners willing to move some voting interest into Trust?
- What is the current value of the ownership that would be transferred?
- What approach to buyout/donation is appealing to owners? What is reasonable (e.g. could profit-sharing support a progressive buyout at current valuation)?
- How are you planning for long-term succession of current generation of owners/leaders?

04.

Suggested next steps

Impact Conveners Ecosystem // Suggested Next Steps

- **Determine role of shared services organization**
 - Complete initial design process
 - Determine whether to set up as part of the initial Trust ecosystem
 - Determine whether to write MOUs with initial member organizations
- **Trust setup and legal implementation**
 - Incorporate feedback and finalize design documents
 - Retain law firm to paper Trust documents
- **Continue to build shared vision, brand, and onramp for/among interested groups**
 - Refine membership requirements, offerings, and associated docs
 - Possibly issue an “open call for membership”

05.

Q&A

05.

APPENDIX

REFERENCE DOCS

Links to our core design docs

1. [Purpose Statement](#)
2. [Membership Requirements](#)
3. [Trust Governance Docs](#)

Impact Conveners Ecosystem // Annotated Proposed Structure

