

MEMBER REGULATIONS (“RULES”)

COÖPERATIE B FOR GOOD LEADERS U.A. (THE B FOR GOOD LEADERS COOPERATIVE WITH EXCLUDED LIABILITY)

*“We don’t spend time discussing if or why the transition to a regenerative economy in which businesses are used as a force for good; balancing people, planet and profit. **We are here to find out and show the world how we do it.**”*

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Introduction

Our mission:

*'It is inevitable to move towards a regenerative economy in which businesses are used as a force for good; balancing people, planet and profit. This is not an easy transition. It requires policy makers to change laws, consumers to make educated choices, researchers to develop best practices and financial entities to allocate their money differently. And it requires businesses to change the way they do business. The B for Good Leaders Cooperative exists to speed up this transition by bringing together a global network of business leaders with this same, shared mission. **We don't spend time discussing if or why this transition is required. We are here to find out and show the world how to do it.'***

The Rules

1) Parties involved

Coöperatie B for Good Leaders U.A. (cooperative association with excluded liability, hereinafter referred to as: 'BFGL') keeps records of the parties involved in the application of these Rules, all members of this cooperative and all holders of Profit Category units, regardless of whether they are also members.

BFGL also keeps records of all parties involved in the 'B for Good Community'. This includes parties that are not members of BFGL, but that wish to contribute towards the goal of BFGL in the future or by becoming a Member or in a less active way. These parties are referred to as 'Pending Members'. Personal data will be processed in accordance with the GDPR (General Data Protection Regulation). A privacy statement will also be distributed.

2) Background

- a. BFGL is a holding company and sole shareholder of currently one and in the near future potentially more private companies with limited liability, as listed in appendix 1: *Our structure*.
- b. The Members of BFGL have the benefits indicated in the non-exhaustive list in appendix 2.
- c. This background and details thereof in the other documents mentioned form an integral part of the Rules.

Article 1 – Definitions

- 1.1 To ensure the correct interpretation of the Rules, the following terms will have the following meanings:

BFGL	the B for Good Leaders Cooperative with Excluded Liability;
Articles of Association	the BFGL Articles of Association (appendix 3);
General Membership Meeting	the BFGL General Membership Meeting, the opportunity for each Member to cast their vote;

Management Board	the management board of BFGL, initially consisting of L. Zevenbergen and M. Palazzi;
Financial Year	the financial year of BFGL, which runs from 1 January to 31 December;
Membership Agreement	the agreement entered into at the time of joining BFGL as a Member (members' agreement), whereby the Rules including explanatory notes and appendices are declared applicable (appendix 4);
Member	any member/all members and all new natural persons or legal entities hereafter admitted to BFGL as members in accordance with the Rules;
Profit Category	an economic interest in BFGL defined at the time of joining, distinguished as category F, category I and category S;
Distributable profit	the profit available for distribution to the members as proposed each year by the Management Board and approved (determined) by the General Membership Meeting;

Article 2 – The receipt of Profit Category units

- 2.1** Membership may be linked to Profit Category units, whereby a distinction is made between:
- Profit Category F units for members who have contributed to the initiation of and the creation of value at BFGL and its mission, also referred to as founding partners or founding members.
 - Profit Category I for investor members.
 - Profit Category S for the Stichting B for Good Fund.
- 2.2** Each Profit Category confers upon the holder specific economic rights, including the potential to share in the profit of BFGL. For further information on and clarification of the Profit Categories and profit sharing see appendices 5 and 6.
- 2.3** The Management Board can create new Profit Categories and have these issued by BFGL, if the Board considers such a measure to be functional and to serve the mission.
- 2.4** Profit Categories, both existing and any new Profit Categories, are designed to distinguish between profit interests and solely confer an economic right on the holder. The Profit Categories do not confer any control or voting rights.
- 2.5** A single Member can hold more than one type of Profit Category and more than one unit in this category, and have the corresponding rights. Nevertheless, the Member will have only one vote at the General Membership Meeting. Under the Articles of Association and these Rules, the Stichting B for Good Governance has special control within the General Membership Meeting.

Article 3 – Expiry of Profit Category units

- 3.1** Profit Category units can also expire. A detailed explanation can be found in appendix 6. In short:
- Profit Category F: this profit category expires for the holder or Member after 31 December 2030, for the sole benefit of the Stichting B for Good Fund;
 - Profit Category I: this profit category expires for the holder or Member after 31 December 2030, for the sole benefit of the Stichting B for Good Fund; and
 - Profit Category S: this type of profit category unit, which can be held solely by the Stichting B for Good Fund or another charitable foundation to be designated, does not expire.
- 3.2** A list of the existing Profit Categories and existing holders (names, category, number of units) can be found in appendices 5 and 6. The Management Board will update this list on an annual basis where necessary.

Article 4 – Realised value - profit distribution

- 4.1** The realised distributable profit of BFGl will be distributed each year among the holders of the Profit Category units in accordance with our profit sharing process as described in appendix 6.
- 4.2** The profit determined and distributed according to the above process will be paid directly by BFGl to the holders of the relevant Profit Category units by 1 August, or earlier if possible, each year.
- 4.3** We reach agreement on the actual payment of the distributable profit on an annual basis, as described in these Rules. This also serves the interests of the holders of Profit Category F and I units, because the distribution of Profit Categories F and I (unlike Profit Category S entitlements) is subject to a time limit as stipulated in Article 3.1.

Article 5 – Termination of membership

- 5.1** The Articles of Association include provisions on the termination of membership. In short: membership ends following notice of termination by the Member or notice of termination by BFGl under the conditions set out in the Articles of Association. Upon termination of membership, the units held by that member, regardless of Profit Category, must be offered to BFGl or to another party designated by BFGl. If the parties are then unable to reach agreement on the price within a reasonable period of time, a value will be determined by a Registered Valuator. In any event, no purchase obligation applies to this obligation to offer.

Article 6 – Membership or Profit Category units: prohibitions

- 6.1** It is not possible and members are not permitted to offer, sell, encumber, attach limited rights to or grant an option on some or all of their regular membership rights and/or some or all of their Profit Category units or other rights associated with membership. Deviations from this clause require the explicit written approval of the Management Board.

Article 7 – Additional profit category, membership fee and attracting funding

- 7.1** Subject to the conditions set out in the Rules, BFGl can issue additional Profit Category units if the Management Board considers this to be necessary or desirable, and/or create new types of Profit Categories, subject to Article 2.3 and 2.4 above.

- 7.2** If the Management Board considers such a measure to be necessary or desirable, the Board can resolve to change the membership fee stipulated in the Members' Agreement for an individual Member or a group of Members or to set the fee at zero, for a specified or unlimited period, subject to Article 2.3 above (by analogy).
- 7.3** Loan capital may be attracted to support the effectiveness of the commercial nature and business activities of BFGL, if the Management Board considers such a measure necessary or advisable. Such a decision does not require the approval of the General Membership Meeting.

Article 8 – Management Board and General Membership Meeting

General

- 8.1** The Articles of Association include provisions on the role and powers of the Management Board and of the General Membership Meeting. They also set out rules on the frequency of, and process to be followed in relation to, meetings and decision-making for both the Management Board and the General Membership Meeting.
- 8.2** Under the Articles of Association, there is a division of tasks between the Management Board and the General Membership Meeting. The Management Board is responsible for management while the General Membership Meeting has voting powers. The Management Board is obliged to follow the instructions of the General Membership Meeting.
- 8.3** The Articles of Association also include provisions on the appointment of members of the Management Board by a resolution of the General Membership Meeting and the removal of members. They also clarify the representative authority of the Management Board and individual board members and state that the General Membership Meeting must adopt and approve the annual accounts. The Articles of Association stipulate that the General Membership Meeting must pass resolutions on profit appropriation and profit distribution in line with the Rules, whereby the Management Board makes a recommendation for the amount of the distribution.
- 8.4** The Articles of Association contain provisions on convening member meetings. They stipulate that each Member has one vote, as well as setting out the special control or rights of approval of the extraordinary Member Stichting B for Good Governance. In brief, the Articles of Association state that ordinary resolutions by the General Membership Meeting require an ordinary (or 'absolute') majority, in other words more than 50%, and that exceptional resolutions, such as those regarding amendments to the articles of association, the dissolution, closure or transfer of BFGL, require a larger majority of 75% of the General Membership Meeting.

Management Board

- 8.5** Each board member has one vote within the Management Board. The Management Board consists of at least three members or another uneven number of members. The Management Board is responsible for managing BFGL, without prejudice to the limitations under the law, the Articles of Association and the Rules.

General Membership Meeting

- 8.6** Within the General Membership Meeting, each Member has one vote. As stated above, the Stichting B for Good Governance is the only Member to have special control or rights of approval. In short: the right of approval of the Stichting B for Good Governance is necessary for special resolutions of the General Membership Meeting and/or Management Board (see also Article 8.7).

Amendments/additions to the Articles of Association and other special resolutions

- 8.7** Decisions such as amendments or additions to the Articles of Association and the dissolution/transfer of BFGL or an integral part thereof, namely an essential equity interest or essential assets, require a resolution of the General Membership Meeting by a majority of at least 75%, as well as the approval of the Stichting B for Good Governance.

Article 9 – Members’ rights and obligations

- 9.1** Members and the General Membership Meeting vote in accordance with the Articles of Association, the Membership Agreement and the Rules.
- 9.2** No Member has any personal liability in his or her capacity as a Member, in respect of the obligations of BFGL or losses of BFGL.
- 9.3** Each Member will indemnify BFGL against any liability resulting from any action by the member carried out on behalf of BFGL in his or her capacity as Member, without the prior approval of the Management Board.

Article 10 - Duration and termination of the Rules

- 10.1** The Rules are valid for an indefinite period and may be amended over time by a decision of the Board, if the Board considers such a measure to be functional and serve the mission, and the approval of Stichting B for Good Governance.
- 10.2** Application of the Rules will end on withdrawal from BFGL as a result of termination of the Membership Agreement, if the Member in question is no longer a Member, does not hold any units of any Profit Category and is not connected to BFGL in any other way. In all other cases the Rules are and will remain in force.
- 10.3** Provisions of the Membership Agreement and/or Rules (and/or Articles of Association) that are intended to continue to exist after termination (for example those regarding disputes) will remain in force.

Article 11 – Miscellaneous

- 11.1** The Membership Agreement and the Rules (including background and introduction) form the entire agreement between BFGL, its members and persons entitled to profits, and replace all previous and contemporaneous agreements, negotiations and arrangements. The Articles of Association also apply, whereby in the event of any conflict we refer to Article 11.6 below.
- 11.2** The Rules benefit and are binding on BFGL, its members and persons entitled to profits and any permitted successors thereto.
- 11.3** The Membership Agreement and the Rules are exclusively governed by Dutch law.
- 11.4** If the Dutch Tax and Customs Administration, or in the event of an insurmountable dispute a court, considers the Rules to contain an unforeseen taxable element or elements for the parties involved, we will seek to amend the Rules such that this is no longer the case, if this is reasonably possible and not detrimental to other parties involved in BFGL (but also for BFGL itself).

11.5 Members themselves will at all times bear all tax and social security charges associated with the performance of any contract (agreement) relating to any provision of services by the Member, insofar as permitted by law.

11.6 In the event of conflict between the provisions of the Rules and those of the Articles of Association, the provisions of the Rules will prevail if and insofar as possible. It is also agreed that the members of BFGl will cooperate fully in amending the Articles of Association to align with the Rules, should the Management Board consider any such amendments necessary.

Article 12 – Validity

12.1 If any provision of the Rules and/or the Membership Agreement is void, voidable, invalid, unenforceable or impractical, the remaining provisions will remain fully in effect. We will consult with each other to agree the best possible valid alternative to the provision in question.

Article 13 – New members

13.1 The Management Board is entitled to admit new members and therefore to allow other parties to enter into a Membership Agreement, subject to compliance with the provisions of the Rules.

APPENDIX 1 Our structure

APPENDIX 2 Benefits associated with membership

[...]

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[...]

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[...]

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- ...
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APPENDIX 3 Articles of Association

-Separate appendix-

APPENDIX 4 Membership Agreement

-Separate appendix-

APPENDIX 5 Profit distribution

Distributable profit

The following steps are taken for the distribution of profit:

- 1) The BFGD draft annual report or annual accounts are drawn up by an external accounting firm;
- 2) The Management Board determines the distributable profit and drafts a proposal for the General Membership Meeting to pay out the distributable profit;
- 3) The board proposal is submitted to the General Membership Meeting; and
- 4) Following approval by the General Membership Meeting, and Stichting B for Good Fund, the distributable profit is paid out according to the payment schedule

Distribution of distributable profit

The distributable profit in a year will be distributed as follows:

Profit allocation	Member Allocation
50% to holders of Profit Category S units	Holders of Profit Category S units receive the profit distribution in proportion to the number of units, as calculated under appendix 6.
25% to holders of Profit Category F units	Holders of Profit Category F units receive the profit distribution in proportion to the number of units, as calculated under appendix 6 This profit category will expire as of 31 December 2030, as stipulated in Article 3.1.
25% to holders of Profit Category I units	Holders of Profit Category I units receive the profit distribution in proportion to the number of units, as calculated under appendix 6. This profit category will expire as of 31 December 2030, as stipulated in Article 3.1.
Remainder to holders of Profit Category S units	If not all (200) Profit Category I units have been assigned, the remainder of the profit will be paid to the holders of Profit Category S units following application of the abovementioned order.

If Profit Categories F and I expire, as described in Article 3.1, the distributable profit in a year will be distributed as follows:

Profit allocation	Member Allocation
100% to holders of Profit Category S units	Holders of Profit Category S units receive the profit distribution in proportion to the number of units, as calculated under appendix 6.

APPENDIX 6 Distribution per Profit Category

Distribution of Profit Category S units

The distributable profit accorded to Profit Category S units will be distributed in proportion to the number of units held by the Member in question.

At the commencement of the Rules, the Profit Category S units are distributed as follows:

Entity	Representation	Number of Units
Stichting B for Good Fund	L. Zevenbergen and M. Palazzi	1
Total		1

The distributable profit accorded to Profit Category S units will be distributed in proportion to the number of units held by a Member.

Distribution of Profit Category F units

The Profit Category F units have been granted to the founder members. There are 2 Profit Category F units, which have been distributed as follows:

Entity	Representation	Number of Units
Seven Mountains Investments B.V.	L. Zevenbergen	1
OTICLA B.V.	M. Palazzi	1
Total		2

The distributable profit accorded to Profit Category F units will be distributed in proportion to the number of units held by a Member.

Distribution of Profit Category I units

The distributable profit accorded to Profit Category I units will be distributed on the basis of the number of units held by the individual Member. The number of Profit Category I units is limited to 200 units. Each unit grants entitlement to 0.125% of the total profit of BFGL and 0.5% of the profit accorded to Profit Category I as shown in appendix 5.

At the commencement of the Rules, the Profit Category I units are distributed as follows:

Entity	Representation	Number of Units
[...]	[...]	
[...]	[...]	
Total		200

The Management Board will update the above list of Members with Profit Category I units whenever members join or leave the cooperative.

Expiry of Profit Category units

Expiry of Profit Category F units

The Profit Category F units expire for the Member in question after 31 December 2030.

Expiry of Profit Category I units

The Profit Category I units expire for the Member in question after 31 December 2030.