

Shareholders' Agreement – Key Term Sheet

The list below consists of our general template for “Key Terms” to be implemented into a Shareholders' Agreement for a start-up company. As stated before, please bear in mind that each SHA should be tailored to the specific needs of the shareholders, the company, and the industry in question. The list should not be considered as a comprehensive of all the provisions that should be included in the SHA for your company. The list below should be read so that each Topic/Question should be implemented into its own provision in the contemplated SHA. Please note that this template is not legal advice and is intended for information purposes only.

Please fill out the “Answer” section of the below form and submit the populated form via email to byro@byro.legal and we will contact you.

Topic/Question	Answer	Guidance
Language		Finnish or English? We recommend having a SHA in English if you are aiming to get outside shareholders or investors in future.
Name and business ID of the company		
Is there more than one share class in the company and how they differ?		The company can have, for example, series A shares and series B shares that have different rights in respect of voting and financial rights.
Number of shareholders and their details		Depending on whether a shareholder is a private individual or a company, set out person's name and its date of birth or company's name and its business ID.
Shareholdings		Please set out how many shares per share class each shareholder has and their ownership percentages.
Financing		If the company will need further financing, how it will be arranged? Are the shareholders obligated to further finance the company in the form of shareholder loans or equity injections?
Profit sharing		What are your plans for future profit sharing and is there a need to deviate from the Finnish Companies Act, pursuant to which majority of the shareholders may resolve upon distributing all distributable funds? The SHA should set out frames for company's dividend policy.

Topic/Question	Answer	Guidance
Composition of the Board of Directors		Are all shareholders also members of the board of directors or is it possible to appoint third party members of the board of directors? Who will be appointed as the chairman?
Decision-making		Have you considered whether there are certain matters in your company that should only be passed by qualified majority approval of shareholders or even unanimously? If yes, please make lists of such matters.
Intellectual property rights		Do you want that all intellectual property relating to the business shall be fully owned by the company and shareholders must do what they can to ensure that it stays that way?
Working obligations		Are there different classes of shareholders in the company, for example, some are employee shareholders and other passive investing shareholders? If yes, the SHA may include working obligations of the employee shareholders and transfer restrictions in case of termination of the employment.
Transfer of shares		If a shareholder wants to leave the company and sell its shares, is it possible for a shareholder to transfer their shares to a third party without any restrictions?
Exit plans		Do you need to prepare for an exit by selling all shares in the company to a third party or aim for IPO (or what else)?
Drag along right		Drag Along means that you can force other shareholders to sell their shares. For example, if a qualified majority of the shareholders receive an offer to buy the whole company, they can force remaining shareholders to sell their shares. The purpose of the drag along right is to make it easier to sell the company even if a few minor shareholders would not want to.
Tag along right		Tag along means that if someone else sells their shares, other shareholders would have the right sell their shares to the same purchaser with the same terms.

Topic/Question	Answer	Guidance
Redemption right		Do you want to include a redemption right for the company or other shareholders in case of certain events that could, for example, be a material breach of the SHA, a change of control, liquidation, bankruptcy, division of property or death?
Redemption price		How the redemption price per share will be calculated?
Vesting		<p>Do you want to add a vesting schedule in respect of the shareholders that are also working for the company and it is a critical to have them working for the company for a certain period of a time? The purpose of the vesting is to make sure that if a shareholder stops working for the company early, they must return all or some of their shares.</p> <p>The vesting schedule typically contains a temporal cliff, meaning that no shares vest until after a set period, after which a portion of one's shares vests at once. From that date, a small part of your shares vests every month until all shares are vested.</p>
Breach of contract		If a shareholder breaches provisions of the SHA what consequences are agreed and is a remedy period needed during which the shareholder may remedy its breach? It is often advisable to decide on contractual penalty and with a severe breach even to redeem the shares from the breaching party.
Non-compete and non-solicitation		<p>Usually, it is agreed that the shareholders are not allowed to compete with the company, or to do anything to help a competitor. In respect of non-solicitation, it is usually agreed that they are also not allowed to try to steal employees, consultants, customers etc. from the company (even if it is not for helping a competitor).</p> <p>You should also agree on that for how long these restrictions shall apply after that person has sold all his/her shares in the company.</p>
Confidentiality		For how long a confidentiality undertaking is in force after the person has sold all his/her shares in the company?