

Shareholders' Agreement  
Draft Template 3 April 2025  
Confidential

## SHAREHOLDERS' AGREEMENT

Relating to

[•] OY

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APPENDICES

Appendix	Description
Appendix A	Shareholders
Appendix 2.1.1	Cap Table
Appendix 2.5.1	Deed of Adherence
Appendix 5.1.4	Vesting Schedule

**Commented [BOR1]:** The following documents should be used in connection with this Agreement, and the draft of these documents have been included after the agreement text in this template agreement:

**Appendix A - New Shareholders:** Shall be amended once new parties adhere to this Agreement.

**Appendix 2.1.1 – Cap Table:** Please include the Company's cap table as appendix to this Agreement.

**Appendix 2.5.1 - Deed of Adherence:** The template Deed of Adherence to be used once new shareholders adhere to this Agreement.

**Appendix 5.1.4 - Vesting Schedules:** The shares will vest in accordance with schedule 5.1.4. The vesting schedule appendix includes alternative wordings for the vesting schedule.

In addition, the Parties may also introduce a corporate governance policy if deemed necessary. The draft corporate governance policy has been included to this template as a separate document.

## SHAREHOLDERS' AGREEMENT

THIS SHAREHOLDERS' AGREEMENT (the "Agreement") is entered into on [date] by and between:

- (1)
  - a) [Name], a [nationality] citizen with the date of birth [●] (the "Founder 1");
  - b) [●], (the "Founder 2");
  - c) any such new Shareholder accepted as Party to this Agreement as **Founder** according to Sections 2.5 or 4 and listed in **Appendix A** from time to time;
- (2)
  - a) [Name], a [nationality] citizen with the date of birth [●];
  - b) [Name], a [Finnish] limited liability company with Business Identity Code [●];
  - c) any such new Shareholder accepted as Party to this Agreement as **Minority Shareholder** according to Sections 2.5 or 4 and listed in **Appendix A** from time to time;
- (3) Helsingin Yliopiston Rahastot, a Finnish legal entity with Business Identity 0246242-8 (the "**Helsinki University Funds**");
- (4) **Investors**, accepted as Party to this Agreement as Investor according to Sections 2.5 or 4 and listed in **Appendix A** from time to time; and
- (5) [●] Oy, a Finnish limited liability a company with Business Identity Code [●] (the "**Company**").

Parties listed under (1) jointly "**Founders**" and each individually a "**Founder**".

Parties listed under (2) jointly "**Minority Shareholders**" and each individually a "**Minority Shareholder**".

Parties listed under (4) jointly "**Investors**" and each individually a "**Investor**".

(3) – (4) jointly "**Shareholders**" and each individually a "**Shareholder**".

(3) – (5) jointly "**Parties**" and each individually a "**Party**".

## BACKGROUND

- (A) The Company was founded on [date].
- (B) The business of the Company is to [description of the business of the Company at the time of the signing of the Agreement], or such business defined in more detail by the Board (the "**Business**").
- (C) In this Agreement the Parties agree, among other things, upon the administration and financing of the Company, upon the rights and obligations of the Parties in relation to each other and upon ownership and transfer of Shares.

## 1 DEFINITIONS

- 1.1 As used in this Agreement, including the introductory sections hereof, unless expressly stated otherwise or evident in the context, the following terms shall have the following meanings, the singular (where appropriate) shall include the plural and vice versa and references to Appendices and Sections shall mean Appendices and Sections of this Agreement:

**Commented [BOR2]:** The Agreement includes four different shareholder groups:

(1) **Founders:** Please include all the founder shareholders that shall have the rights and obligations of a founder to section (2).

(2) **Minority Shareholders:** Please include all the minority shareholders, i.e. individuals who are not founders or institutional investors (e.g. VC funds) to section (3).

(3) **Helsinki University Funds**

(4) **Investors:** Please include all the investors signing this agreement to section (4) and the investors who, at a later stage, adhere to this Agreement, to Appendix A.

It is also customary that the Company is a party to the shareholders' agreement in addition to the shareholders in Finland.

The four different shareholder groups introduced in this template agreement should be sufficient to cover all the rights and obligations (and their distinctions) of the different shareholders, and no other shareholder groups should be introduced. In case there is e.g. no Investor shareholders already at the signing of this Agreement, the section (4) and all the references to investors should still be left in this Agreement as investors may then adhere to this agreement at a later stage without the need to amend the agreement.

**Commented [BOR3]:** Please include here the date when the memorandum of association of the Company was signed.

**Commented [BOR4]:** The definition of Business relates to e.g the scope of non-competition obligation and intellectual property rights. Therefore, it should be ensured that it is not unnecessarily broad.

"Affiliate"	means with respect to any entity or person, any other entity Controlled, Controlling, or under common Control with such entity or person.
"Articles of Association"	means the articles of association of the Company, as amended from time to time.
"Bad Leaver"	means a Leaver that is not a Good Leaver.
"Board"	means the board of directors of the Company.
"Business Day"	means any day from Monday to Friday on which the banks in Helsinki, Finland are normally open for the general banking business, excluding internet banking.
"Companies Act"	means the Finnish Companies Act (21.7.2006/624), as amended from time to time.
"Confidential Information"	means any and all information of any kind whatsoever, whether written or oral, including without limitation financial information, trade secrets, client lists and other proprietary business information, regarding the Company, which information is not known to the general public or to persons unaffiliated with the Company, as the case may be.
"Control"	means (a) holding all or a majority of the shares and votes in the legal entity (such as a Personal Holding Company), (b) being able to appoint all or a majority of the directors, members of the board of directors or such persons performing similar functions in the legal entity (such as a Personal Holding Company), or (c) otherwise having actual control over the legal person (such as a Personal Holding Company).
"Equity Securities"	means stock options, convertible warrants and other equity linked instruments or other rights which are directly or indirectly convertible into or exercisable for, or entitle to acquire or subscribe for Shares.
"Exit"	means a Trade Sale or an IPO.
"Fair Market Value"	<p>means (a) the value agreed by the Board with Qualified Majority on the other hand and the Shareholder whose Shares are subject to repurchase or redemption right pursuant to the terms of this Agreement on the other hand for a Share, or if the Company has multiple different share classes, for a common share. The value agreed by the aforementioned parties shall primarily be the subscription price for a Share used in the latest issuance of the Company's Shares or other Equity Securities, provided that the issuance of Shares has occurred no longer than 18 months from the date when the event triggering the redemption occurred or last transaction wherein certain amount was paid for each Share (excluding any redemption of shares wherein the price might not reflect the fair market value) if no issuance of Shares have occurred as set forth above. The parties may deviate from the said subscription price only with a justified cause.</p> <p>If such value cannot be agreed in accordance with (a) above, then Fair Market Value shall be (b) a fair market value determined by an independent and reputable investment bank</p>

**Commented [BOR5]:** Basically, this means potential stock options that may be issued to employees in the future. However, aim is also to cover all the loans/ other instruments that may be converted into shares, i.e. that may become shares (for instance, convertible capital loans).

**Commented [BOR6]:** The fair market price for shares is needed for the redemption of shares in a Leaver situation or material breach of the company.

(A) The primary aim is that the fair market price may be agreed between the parties. The basis of the agreed fair market value shall be the fair market price used in previous share issuances. However, if the previous share issuance has occurred more than three months ago, the fair market price applied in the previous share issuance may be out-of-date. There may be also other reasons to deviate from the price applied in the previous share issuance, for instance in case a founder Leaver 1 month after a share issuance, this may naturally have an impact on the valuation of the company. Therefore, the latest subscription price should not be "automatically" applied.

(B) If the parties cannot agree on the market value, then external view is needed, which is of course costly and takes time.

There are also alternatives ways to determine the fair market price and also other mechanisms may be introduced.

nominated by the Board (acting in good faith). The valuation provided by the independent expert shall be final and binding upon all Parties and may not be disputed. The Parties agree to procure that such valuation shall be determined without undue delay.

**"Good Leaver"**

means a Founder or a Working Minority Shareholder becoming a Leaver due to:

- (i) retirement due to reaching statutory retirement age, permanent incapacity to work or death;
- (ii) termination of the Service Relationship by the Company on other grounds than grounds, which give the employer the right to terminate an employee's employment pursuant to Section 2 of Chapter 7 (in Finnish: *työntekijän henkilöön liittyvät irtisanomisperusteet*) or Section 1 of Chapter 8 (in Finnish: *työnantajan oikeus purkaa työsuhteen*) of the Finnish Employment Contracts Act (55/2001, as amended), regardless of whether such act is applicable on the Service Relationship or not, or comparable reason e.g. criminal verdict which may harm the Company and/or cause the respective person not being able to fulfil its duties towards the Company in a duly manner; or
- (iii) termination of the Service Relationship by the Founder or the Working Minority Shareholder on grounds that give the employee the right to cancel (in Finnish: *purkaa*) his/her employment agreement pursuant to Section 1 of the Chapter 8 of the Finnish Employment Contracts Act, regardless of whether such act is applicable on the Service Relationship, or not.

**Commented [BOR7]:** In case a Founder or a Working Minority Shareholder leaves the Company with reasons stated in this definition, the shareholder is regarded as Good Leaver. Otherwise, he/she is regarded as a Bad Leaver.

**"Helsinki University Funds Related Party"**

means any entity directly or indirectly controlled by University of Helsinki or Helsinki University Funds or an entity which advises or manages investments made by Helsinki University Funds.

**"Intellectual Property"**

means any and all product descriptions, patents, discoveries, supplementary protection certificates, utility models, trademarks, design rights, logos, trade, business and domain names, know-how, methods and trade secrets, copyright and related rights and rights in databases, source code, computer software as well as rights in inventions and innovations, scientific, technical and product information relating to the Company or arising from the Business and other proprietary confidential information (whether registered or not and any applications to register or rights to apply for registration of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing as well as any licenses of any of the foregoing) and all other intellectual property rights of a similar or corresponding nature which may now or in the future subsist in any part of the world (including also without limitation rights to sue for and claim damages for past infringement and all rights of priority). Intellectual Property also includes usernames and passwords to any online and

offline services created or held by a Shareholder (including, but not limited to Facebook, Twitter, LinkedIn and similar social media service) and any information and content created or provided by any Shareholder to such service.

**"Investor Related Party"** means any entity directly or indirectly advised or managed by an Investor, any investor in such entity, or any Affiliate of any of the foregoing.

**"IPO"** means a public offering of all or part of the Shares on a recognized stock exchange.

**"Leaver"** means a Founder or a Working Minority Shareholder whose Service Relationship with the Company is terminated (including without limitation due to retirement, death, permanent incapacity to work or criminal verdict which may harm the Company and/or cause the respective person not being able to fulfil its duties towards the Company in a duly manner), or a Founder or a Working Minority Shareholder who leaves for a study leave (in Finnish: *opintovapaa*). If the Service Relationship is terminated following a notice (in Finnish: *irtisanomis- tai purkuilmoitus*) given by or to the Founder or Working Minority Shareholder, such Founder or Working Minority Shareholder shall be considered a Leaver from the date when the termination notice was given, regardless of whether the Service Relationship ends later and whether a notice period is applicable or not. For the avoidance of doubt, a Leaver is a situation exclusively defined in this Agreement, and any terms and conditions or any laws applicable on the Service Relationship shall not prevent a person from becoming a Leaver as set forth in this Agreement. If a Service Relationship is terminated but the Founder or Working Minority Shareholder still has another Service Relationship with the Company, or immediately enters into a new Service Relationship with the Company, then such Founder or Working Minority Shareholder shall not be a Leaver.

[Where a Founder or a Working Minority Shareholder doesn't have a Service Relationship or has entered into an employment agreement with the Company without a working obligation, "Leaver" shall mean a Founder or a Working Minority Shareholder if he/she has not been reasonably available for the Company to contribute to the Business in the roles agreed [in **Appendix (B)**/Deed of Adherence] irrespective of repeated requests by the Company.]

**"Material Breach"** means (a) any breach of the provisions of Sections 2.4 (*Further Investment Rounds*), 4.1 - 4.5 and 6.3 (*Non-Competition and Non-Solicitation*), save for a breach of procedural term provided the breach is rectified within a 30 days period and that no damage has been incurred to any other Party; or (b) any other material breach of this Agreement which is not rectified, if capable of being rectified, within 30 days after receipt of written notice of default setting forth particulars of the alleged breach and making a reference to the Section 6.4 (*Material Breach*).

**Commented [BOR8]:** In case a Founder or Working Minority Shareholder has service or employment relationship with the company, termination of that relationship leads to a leaver situation (i.e. a person leaves the company).

**Commented [BOR9]:** In case the company has e.g. minority shareholders who, at the beginning, does not have an active operative role and is not actively involved in the company but has agreed that he/she will join and contribute at a later stage, this wording may be applied. Then, a separate appendix should be introduced where his/her roles and the time how long he/she have to be available are set out.

In case this is not used, similar references in Section 5 and Vesting Schedule shall be removed.

Alternatively, also the following wording may be applied:

"where the Minority Shareholder or the Founder doesn't have employment agreement with the Company, or has entered into an employment agreement with the Company without a working obligation, "Leaver" shall mean a Founder or a Minority Shareholder if he/she has refused within 60 days from a request by the Company to enter into a reasonable employment agreement (including a reasonable salary) for a full-time employment at the Company for responsibilities set out in Appendix (B)."

**Commented [BOR10]:** Material Breach covers issues that relates to the ownership and transfer of shares, e.g. in connection with trade sale event. The idea of Material Breach is to ensure that the mentioned SHA provisions may be enforced although an individual shareholder would create a deadlock situation. Thus, the remedy of Material Breach is redemption of the breaching shareholder's shares.

Remedy of Material Breach may also include liquidated damage, however, liquidated damages have not been included in this Agreement template.

The breach may always be fixed within 30 days until it is regarded as material breach.

**Commented [BOR11]:** Sections 4.1- 4.5 refers to **General Restriction on Transfer, Right of First Refusal, Drag-Along Sale Right, Tag-Along Right and Transfer to Personal Holding Company**.



"Qualified Majority"	means Shareholders holding 2/3 or more of the Shares, including always Investors representing more than 50% of the Shares that are owned by the Investors.
"Service Relationship"	means employment relationship or a service agreement of directors and employees with the Company, including a managing director.
"Shareholder"	means an owner of one or more of the Shares.
"Shares"	means all the shares issued by the Company from time to time and for the purposes of Section 4 ( <i>Transfer of Shares and Equity Securities</i> ) and Section 5 ( <i>Leaver Situations</i> ), Shares shall include also Equity Securities.
"Trade Sale"	means (a) a sale of all or substantially all of the Shares and Equity Securities to a bona fide arm's length third party; (b) a sale of all or substantially all of the business and assets of the Company to a bona fide arm's length third party; or (c) any other form of realization of the investment into the Company by the Parties, including a realisation where the consideration is composed of, partly or in whole, marketable securities.
"Working Minority Shareholders"	means the Minority Shareholders having Service Relationship [or who have agreed roles in the Company as described in Appendix (B) or Deed of Adherence for the purposes of Leaver provisions].

**Commented [BOR12]:** Certain key decisions that may have material impact on the Company's business or the shareholders' rights shall require prior approval from holders of 2/3 majority of the Shares and from Investors.

## 2 CAPITALISATION AND FINANCING OF THE COMPANY

### 2.1 Ownership of Shares and Equity Securities

2.1.1 The shareholding of the Company on the date of this Agreement is set forth in **Appendix 2.1.1 ("Cap Table")**. Upon any issue or Transfer of the Shares, the Board shall update the Cap Table.

**Commented [BOR13]:** The Minority Shareholders may include both co-investors and management/ employees. Therefore, the definition of Working Minority Shareholders is needed to scope the Minority Shareholders who have employment relationship or agreed roles in the Company and whose Shares shall therefore be subject to vesting. The shares held by co-investors shall not be subject to vesting.

### 2.2 No Obligation to Provide Additional Financing

2.2.1 The Shareholders shall not be obligated to participate in any possible increases in the share capital of the Company, to subscribe for Shares or Equity Securities, grant capital or other loans to the Company or to guarantee or provide any security for any of the Company's debts or other liabilities other than as agreed in this Agreement.

**Commented [BOR14]:** Please include the Cap Table of the Company setting out the non-diluted shareholding as an appendix to this Agreement.

**Commented [BOR15]:** The Sections 2 and 4 of this Agreement include certain provisions concerning further financing of the Company. However, it is important to note that **no shareholder is obliged to make any further investments or provide any further funds** to the Company under this Agreement.

### 2.3 Pre-Emptive Rights

2.3.1 In case the Company obtains financing through the issue of Shares or Equity Securities (the "**Subsequent Financing**"), Founders, Investors and Helsinki University Funds shall have a pre-emptive right, but no obligation, to make further investment into the Company as part of such Subsequent Financing. Founders, Investors and Helsinki University Funds may use their pre-emptive right and make the investment pro rata to their (at the applicable time) respective holdings of Shares and only on the same terms and at the same price as those Shares or Equity Securities are being offered to others.

**Commented [BOR16]:** Helsinki University Funds and each of the Founders and Investors shall have a right to participate in any subsequent financing of the Company in order to protect the dilution of their ownership (i.e. protect their relative ownership in the Company), with a few customary exceptions that have been set out in 2.3.2.

2.3.2 The pre-emptive right described in Section 2.3.1 above does not apply in case of the issuance of:

- (i) Shares or Equity Securities to employees, consultants and directors under employee incentive plans approved by the Qualified Majority;

- (ii) Shares or Equity Securities in connection with a bona fide acquisition by the Company of any company or business or a venture debt or convertible note financing by the Company (including the conversion of convertible notes into Shares); or
- (iii) share splits, share dividends and similar events affecting each Shareholder equally.

## 2.4 Further Investment Rounds

- 2.4.1 For the purpose of securing additional financing that is supported by the Qualified Majority, the Parties shall irrevocably in their part agree to sign and execute new investment and/or shareholders agreement on the same or in all material aspects corresponding terms and conditions with the Qualified Majority and to use their best efforts to complete the closing of new investment and/or shareholders' agreement.
- 2.4.2 The Founders and Minority Shareholders further acknowledge that typically the Founders and Minority Shareholders active in the Company may be required to give representations and warranties and agree on certain restrictive obligations upon such additional financing round. The Founders and Minority Shareholders agree to approve and execute such investment terms that are required for completion of the abovementioned actions, provided that such terms shall be approved by majority of the Shareholders who will be bound by such terms (i.e., more than 50% of the Shareholders giving the representations and warranties shall approve them).

## 2.5 New Shareholders

- 2.5.1 The Parties acknowledge and accept that the condition for subscription of new Shares or Equity Securities is that such party becomes party to this Agreement or to a separate minority shareholders' agreement by signature of the deed of adherence attached as **Appendix 2.5.1** or other agreement having the same effect ("**Deed of Adherence**"), and upon acceptance of such Deed of Adherence by the Board. The Parties acknowledge and accept that the party who has executed the Deed of Adherence and received acceptance from the Board shall become party to this Agreement or to a separate minority shareholders' agreement without separate consent of the other Parties.

## 3 MANAGEMENT OF THE COMPANY AND DECISION-MAKING

### 3.1 Board

- 3.1.1 The Board shall consist of the minimum of three and the maximum of [●] ordinary members; [●] members of the Board shall be appointed by the Founders and [●] members of the Board shall be appointed by the Investor. In addition, Helsinki University Funds shall be entitled to appoint one ordinary member of the Board as long as it holds 5% or more of the Shares.
- 3.1.2 Other Shareholders do not have the right to nominate members of the Board. A Deed of Adherence may set forth additional rights to nominate board members to new Shareholders.
- 3.1.3 In the event a Shareholder is entitled to appoint a member to the Board and has not done so, such Shareholder shall always, subject to customary confidentiality provisions and restrictions, have the right to take part in the Board meetings in an observer role.

### 3.2 Decision-making

- 3.2.1 The decision-making by the Board or the Shareholders shall be made in accordance with the Articles of Association and the Companies Act, save for as otherwise provided in this Agreement.
- 3.2.2 The following decisions shall be approved by Qualified Majority regardless of which corporate body, if any, makes the decision and if such decision is made with Qualified Majority, the other Shareholders shall comply with such decision:

**Commented [BOR17]:** The Section 2.3.2 includes customary exemptions from the main rule set out in 2.3.1.

#### Exemption

(i) concerns mainly stock options that are issued to employees as part of Company's incentive plan.

(ii) concerns situations where the Company acquires another company and uses its own shares as a mean to pay the purchase price or where the convertible note/venture debt is converted into shares.

(iii) concerns mainly share splits, i.e. an event where the number of company's shares is increased by a certain multiplier in order to "split" one share to e.g. 100 shares.

**Commented [BOR18]:** The Section 2.4 is a key provision in the shareholders' agreement ensuring that the Company will be able to obtain further financing also in a the potential deadlock situations where certain (minority) shareholders refuse to sign e.g. a new shareholders' agreement with new investor(s). The prerequisite of the further investment round is that it is supported by Qualified Majority (2/3 of the shareholder votes and 50% of the investors).

It should be noted that, in accordance with section 2.4.3, breaching this Section may lead to redemption of shareholder's shares.

**Commented [BOR19]:** The Company may have new shareholders after the date of this Agreement, e.g. a new employee subscribing for shares, or a new investor. Such new shareholders shall become parties to this Agreement by signing a deed of adherence. Deed of adherence shall always be approved and signed by the Board.

**Commented [BOR20]:** The Company may introduce also a corporate governance policy which includes further terms on conduct of the board, managing director, management expenses and other corporate governance matters.

This template agreement includes draft Corporate Governance policy as an appendix.

It should be noted that corporate governance policies or detailed rules concerning the administration of the Company are not often introduced and applied in a start-up company but rather are more often used with larger companies.

If corporate governance policy is needed, please include the following text after section 3.2.1: "*The Company has also a corporate governance policy that has been attached hereto* [...]"

**Commented [BOR21]:** According to Finnish Companies Act, the Board shall consist of minimum of three members or otherwise a deputy member shall be elected.

**Commented [BOR22]:** The proposed wording is standard suggestion that creates a straightforward way to distribute the board seats.

Alternatively, it could be stated that "Each Founder and Investor shall have a right to appoint one ordinary member of the Board."

**Commented [BOR23]:** The Section 3.3.2 includes a list of key decisions that require a prior approval of the Qualified Majority, i.e. approval of the Shareholders 2/3 more of the Shares, including always Investors representing more than 50% of the Shares that are owned by the Investors.

Shareholders' agreement always includes a list of key decisions that may have material impact on the Company's business or the shareholders' rights, and thus requires [...]"

- (i) approval of material changes to the business plan of the Company, and other material changes to the business actually conducted by the Company;
- (ii) increase or decrease of the share capital of the Company, or issue of Shares or Equity Securities;
- (iii) redemption or purchase of Shares by the Company (other than in case of Leaver situations);
- (iv) approval of any merger (regardless of the form through which such merger is executed) or de-merger;
- (v) discontinuing, sale, lease, reorganisation or other disposal of any material business or material business assets, including but not limited to intellectual property rights of the Company;
- (vi) any acquisition of the whole or part of any other legal entity or business or any equity investments;
- (vii) resolution on distribution of profit;
- (viii) terminating the employment/service agreement of any Shareholder being in an employment or service relationship, including the service as the managing director;
- (ix) entering into any agreement or assignment with a Shareholder or its immediate family member or any entity controlled by a Shareholder and/or its immediate family member(s);
- (x) approval of a Deed of Adherence and the terms of a Deed of Adherence; and
- (xi) any consent or approval required under Sections 4 (*Transfer of Shares and Equity Securities*), 5 (*Leaver Situations*) or 6.3 (*Non-Competition and Non-Solicitation*) of this Agreement.

3.2.3 For the purposes of certain resolutions concerning approvals for Founders or Minority Shareholders, the Shares of such Shareholders being the possible beneficiaries of the resolution shall not be counted when determining the Qualified Majority.

#### 4 TRANSFER OF SHARES AND EQUITY SECURITIES

##### 4.1 General Restrictions on Transfer

- 4.1.1 The Parties agree that the Founders, Minority Shareholders and Helsinki University Fund shall not be entitled to sell, assign, mortgage, transfer, pledge, gift or otherwise dispose of (a disposition or disposal in any such manner shall hereinafter be called a "**Transfer**") any Shares, Equity Securities or any interest therein unless such Transfer is approved by a Qualified Majority. However, such Shareholders shall be allowed to Transfer their Shares to Personal Holding Company or to Helsinki University Fund Related Party as set out in Sections 4.5 (*Transfers to Personal Holding Company*) and 4.6 (*Transfers to Related Parties*), as applicable, without other Parties' right of first refusal or tag-along right.
- 4.1.2 The Parties agree that the Transfer of Shares by the Investors shall be made in accordance with Sections 4.2 (*Right of First Refusal*) and 4.4 (*Tag-Along Rights*). However, the Investors shall be allowed to Transfer their Shares to their related parties as set out in Section 4.6 (*Transfers to Related Parties*) without other Parties' right of first refusal or tag-along right.
- 4.1.3 The Parties agree not to use the redemption right contained in the Articles of Association and, if applicable, undertake to procure that the Board gives its consent to the Transfer if required by the Articles of Association with regard to Transfers permitted by this Agreement.

**Commented [BOR24]:** Section 4 refers to **Transfer of Shares and Equity Securities**, Section 5 to **Leaver Situations** and Section 6.3 to **Non-Competition and Non-Solicitation**.

**Commented [BOR25]:** A key provision of any shareholders' agreements is a general restriction to transfer shares. By this restriction, the company and the other shareholders ensure that **the shares of the company held by founders and minority shareholders are not transferred** e.g. to a competitor of the company.

After the general restriction on transfer of shares, the sections 4.3, 4.5 and 4.7 contain exceptions for the main rule. However, Qualified Majority may always give exceptions to the general restriction.

**Commented [BOR26]:** Investors (incl. Helsinki University Funds) may transfer their shares to a third-party provided that (i) other investors and founders are given "right of first refusal", i.e. purchase right for those shares, (ii) and if the transferred shares concern more than half of the shares, other shareholders have a right to "tag-along".

However, investors may freely transfer their shares to related parties.

**Commented [BOR27]:** The Articles of Association usually includes redemption and consent clauses (*in Finnish: lunastus- ja suostumuslauseke*) which provides that the transfer of shares is restricted both in the Shareholders' Agreement and under Articles of Association.

The provision 4.1.3 means that in case the transfer of Shares is made in accordance with Shareholders' Agreement (e.g. Founder transfer shares to its holding company), the shareholders agree not to use the redemption clause included in the Articles of Association to block such transfer and to procure that the Board gives its consent for the transfer

- 4.1.4 [The Founders and Minority Shareholders who are physical persons shall always uphold necessary prenuptial arrangements or similar to the effect that all their Shares (or shares in Personal Holding Company) always remain with the said party in question in case of a divorce.]

#### 4.2 Right of First Refusal

- 4.2.1 If a Shareholder (the "**Transferring Shareholder**") wishes to sell and transfer all or some of its Shares or Equity Securities (the "**Offered Shares**"), the Company primarily and the other Investors, Founders and Helsinki University Funds (the "**Non-Transferring Party**") secondarily shall have a right of first refusal to purchase the Offered Shares in accordance with the below.

4.2.2 The Transferring Shareholder shall notify the Non-Transferring Parties and the Board in writing of its intention to dispose the Offered Shares, stating the material terms of the disposition, including information on prospective purchaser, number of Offered Shares and price per Offered Share (the "**Transfer Notice**"). The Company shall within a period of 30 days after the receipt of the Transfer Notice notify the Transferring Shareholder and the Non-Transferring Parties in writing to what extent it wishes to exercise its right of first refusal and accept the offer under the Transfer Notice. If the Company does not use its right of first refusal or does not use it with respect to all of the Offered Shares, the other Shareholders shall within a period of 14 days from the end of the above 30 days period notify the Transferring Shareholder in writing to what extent they wish to exercise their right of first refusal and accept the offer under the Transfer Notice with respect to those of the Offered Shares that are not purchased by the Company (the "**Remaining Offered Shares**"). Those Shareholders accepting the offer (the "**Accepting Shareholders**") shall be entitled and required to purchase some or all of the Remaining Offered Shares. If more than one Shareholder accepts the offer, the Remaining Offered Shares shall be allocated between the Accepting Shareholders on a pro rata basis in relation to their (at the applicable time) respective holdings of Shares. If a Shareholder does not notify the Transferring Shareholder within the stipulated 14 days period, such Shareholder shall be deemed to have rejected the offer under the Transfer Notice.

4.2.3 If the Company or the other Shareholders do not accept, or if they have rejected, the offer under the Transfer Notice, then the Transferring Shareholder shall be entitled to sell the Offered Shares to a third party on terms not more favourable for the acquirer than the terms that the Company and the other Shareholders were entitled to under the Transfer Notice, provided that such sale is completed within 45 days from the day the Transferring Shareholder became entitled to sell the Offered Shares under this Section 4.2.

4.2.4 The Right of First Refusal shall not apply

- (i) purchases of Shares in accordance with Section 5.1 (*Redemption of Shares in Leaver Situation*), or
- (ii) to Transfers described under Sections 4.3 (*Drag-Along Sale Rights*), 4.5 (*Transfers to Personal Holding Company*) and/or 4.6 (*Transfers to Related Parties*);

but, for the avoidance of doubt the Tag-Along Rights under Section 4.4 (*Tag-Along Rights*) shall apply (as the case may be) to Transfers described in this Section 4.2 (*Right of First Refusal*) (whether to such third party specified in the Transfer Notice or pursuant to the right of first refusal).

#### 4.3 Drag-Along Sale Rights

- 4.3.1 In case a bona fide arm's length purchaser makes written offer of a Trade Sale ("**Drag-Along Sale**"), and that offer is accepted by the Qualified Majority (the "**Accepting Parties**"), all Shareholders shall irrevocably agree to sell all their Shares to the offeror on the same or in all material aspects corresponding terms and conditions (the "**Trade Sale Terms**"), in particular at the price set forth by the Accepting Parties ("**Drag-Along Sale Right**"). Consideration may be cash, shares or other equivalent monetary instruments. However, the Founders and Minority Shareholders acknowledge and agree that typically the Founders and Minority Shareholders

**Commented [BOR28]:** The SHA may include a provision pursuant to which each founder and minority shareholder (who are physical persons) have to make sure that the Shares owned by them in the Company are not transferred to a spouse in divorce.

Transferring the Shares to a spouse in divorce breaches the general transfer restriction set out in Section 4.1.1 and makes the Right of First refusal applicable to such transfer. Therefore, the proposed clause in section 4.1.4 is not necessary but might be a useful addition in the SHA to ensure that the necessary precautionary measures are taken to ensure that no shares are transferred in case of divorce.

**Commented [BOR29]:** Right of first refusal means the Company's, Founders', Investors' and Helsinki University Funds' priority right to purchase shares that a shareholder considers to sell to a third-party.

The purpose of the provision is to ensure that the shares of the Company may not be transferred to third-party (e.g. a competitor of the company).

The right of first refusal concerns both transfers for which Qualified Majority has given approval for Founders/Minority Shareholders and transfers by Investors/Helsinki University Funds.

**Commented [BOR30]:** Drag-along means that in case Qualified Majority approves a trade sale concerning the Company, each shareholder is obliged to sell their shares with same terms and conditions as agreed by Qualified Majority Shareholders. The same terms includes that each shareholder receives the price for a share.

active in the Company may be required to agree on certain restrictive obligations, such as customary non-competition and non-solicitation covenants, that are not given by and applicable to Investors upon Drag-Along Sale.

4.3.2 The Accepting Parties shall at least 10 Business Days prior to the execution of a final agreement on the Drag-Along Sale give notice on the use of the Drag-Along Sale Right, and such notice shall include the Trade Sale Terms (the "**Drag-Along Sale Notice**"). However, the Drag-Along Sale Notice does not need to include the final Trade Sale Terms if such Trade Sale Terms have not been agreed upon at the time of such Drag-Along Sale Notice, and the final Trade Sale Terms shall be notified by the Accepting Parties to the other Shareholders as soon as they have been agreed upon by the Accepting Parties and the purchaser(s).

4.3.3 The Board may give the Shareholders binding instructions regarding the details of the Drag-Along Sale process.

#### 4.4 Tag-Along Rights

4.4.1 If a Party or Parties negotiate on any sale of all or a part of its/their Shares with any third party, and such Transfer(s) concerns 50 % or more of all Shares or results 50 % or more of the Shares being held by same third party (including together with its affiliates), such Party/Parties shall be obliged to secure that also the other Parties are entitled to participate in the intended Transfer(s) (the "**Tagging Parties**") at the same price per Share and otherwise on the same or equal terms and conditions as agreed between the selling Party/Parties and the third party (the "**Tag-Along Right**").

4.4.2 The selling Party/Parties shall notify the other Parties in writing of the terms and conditions of the intended Transfer as agreed between the selling Party/Parties and the third party (the "**Tag-Along Notice**"). The Tag-Along Notice shall identify the number and series of Shares to be Transferred, the price and other material terms and conditions of the intended Transfer (including without limitation material obligations and undertakings of sellers).

4.4.3 The Tagging Parties shall within 10 Business Days from the receipt of the Tag-Along Notice notify the selling Party/Parties in writing of exercising the Tag-Along Right. If the aggregate number of Shares intended to be sold by the selling Party/Parties and the Tagging Parties exceeds the number of Shares which may be sold under the terms and conditions set out in the Tag-Along Notice, the Tagging Parties shall only be entitled to request that the Shares to be sold to the third party are divided between the selling Party/Parties and the Tagging Parties pro rata to their fully-diluted ownership at the time of the receipt of the Tag-Along Notice.

4.4.4 The Tag-Along Right shall not apply to Transfer of Shares made in accordance with Sections 4.5 (*Transfers to Personal Holding Company*) and 4.6 (*Transfers to Related Parties*).

#### 4.5 Transfers to Personal Holding Company

4.5.1 Each Founder and Minority Shareholder is allowed to Transfer their Shares to a legal entity Controlled by them ("**Personal Holding Company**"). The transferring Shareholder shall remain a Party to this Agreement and to be personally liable of all contractual liabilities pursuant to this Agreement of such Personal Holding Company.

4.5.2 A Shareholder Transferring Shares of the Company to a Personal Holding Company undertakes on its own behalf and on behalf of its Personal Holding Company:

- (i) not to Transfer any shares or other equity rights in the Personal Holding Company to a third-party, and ensure that the other shareholders of the Personal Holding Company shall not Transfer the shares or other equity rights owned by them in the Personal Holding Company to a third-party, without the Board's approval after Personal Holding Company has been accepted as a Party to this Agreement; and

**Commented [BOR31]:** Tag-along means that in case other shareholders are negotiating on a sale of shares concerning 50 % or more of all Shares of the Company, every shareholder has a right to sell their shares with similar terms and conditions, i.e. "tag-along".

**Commented [BOR32]:** The Founders and Minority Shareholders may transfer their shares to a company where they **own a majority of the shares**. However, the Personal Holding Company shall always be controlled by the individual shareholder, and the individual shareholder shall remain to be personally bound by the obligations of this Agreement.



- (ii) to remain in Control of its Personal Holding Company, i.e. always be able to appoint at least majority of the directors and have otherwise actual control over its the Personal Holding Company.

4.5.3 In case of violation of this Section 4.5, the Shares of the Company held by the Personal Holding Company may be redeemed according to Section 6.4 (*Material Breach*) below.

#### 4.6 Transfers to Related Parties

4.6.1 Helsinki University Funds shall be allowed to transfer any of its Shares to any Helsinki University Funds Related Party without any restrictions as to price or otherwise, and Helsinki University Funds may assign to such Helsinki University Funds Related Party all or part of its rights under this Agreement provided that such Helsinki University Funds Related Party undertakes in favour of the other Parties to be bound by the terms and conditions of this Agreement by executing a Deed of Adherence as described in Section 2.5 (*New Shareholders*).

4.6.2 The provisions set out in this Section 4.6 shall be mutatis mutandis applicable to Investor's right to transfer any of its Shares to any Investor Related Party.

#### 4.7 Exit

4.7.1 The Qualified Majority may decide, and the Board shall then take all preparatory actions as are reasonable for Exit, including the appointment of a recognised investment bank and making necessary resolutions related thereto. If the decision on the preparatory actions for an Exit has been made by the Qualified Majority each Party and the Company shall take all actions reasonably necessary and appropriate in order to complete the Exit as efficiently as possible.

4.7.2 The Parties acknowledge that the fees of advisors engaged by the Company in order to complete Exit shall be borne primarily by the Company and if not possible, pro rata by the Shareholders and eventually reduced from the consideration payable to the Shareholders for their Shares and/or Equity Securities at Exit.

### 5 LEAVER SITUATIONS

#### 5.1 Redemption of Shares in Leaver Situation

5.1.1 If a Founder or Working Minority Shareholder becomes a Leaver, the Founder or Working Minority Shareholder (and/or their Personal Holding Company) hereby grants to the Company, or to a buyer nominated by the Board, an irrevocable right, but not an obligation, to redeem (i) all of the respective Shareholder's Shares in the event of Bad Leaver; and (ii) all the Unvested Shares and 50% of the Vested Shares of the respective Shareholder's Shares in the event of Good Leaver, as set forth below.

5.1.2 If the Company decides not to use its right to redeem the respective Shares or to nominate a buyer, each Investor, Founder (other than the Leaver) and Helsinki University Funds shall be entitled, but not under an obligation, to purchase the respective Shares owned by the Leaver.

5.1.3 Leaver is always either a Good Leaver or a Bad Leaver. For the sake of clarity, where the Founder or the Working Minority Shareholder does not have Service Relationship or has entered into an employment agreement with the Company without a working obligation, the Working Minority Shareholder or the Founder shall be a Bad Leaver if he/she has not been reasonably available for the Company to contribute to the Business in the agreed roles irrespective of repeated requests by the Company.

5.1.4 The Shares shall vest as set out in **Appendix 5.1.4**. The Qualified Majority may decrease the number of Unvested Shares for the benefit of a Leaver.

5.1.5 The purchase price payable for the Shares shall be following:

- (i) In the event of a Bad Leaver:

**Commented [BOR33]:** The section (i) ensures that the ultimate shareholder does not sell or otherwise transfer any shares in the personal holding company to third-party. So once the Personal Holding Company has become a Shareholder of the Company and been accepted as a Party to this Agreement, every transfer of shares of Personal Holding Company. The reason is that the Company should always know who owns the Personal Holding Companies.

The section (ii) ensures that the ultimate shareholder does not otherwise give decision-making rights in the personal holding company to a third-party, e.g. through shareholders' agreement, and that the ultimate shareholder always has actual control of the personal holding company.

**Commented [BOR34]:** Helsinki University Funds and Investors have a right to transfer their Shares to their related parties.

**Commented [BOR35]:** One of the key purposes in a shareholders' agreement for an investor (and to other shareholders as well) is to ensure that Qualified Majority shareholders may initiate Exit process.

**Commented [BOR36]:** In the Exit process, the company will use external advisors and the fees of such advisors may be reduced from the purchase price payable to the shareholders.

So the shareholders do not have to engage their own advisors but the company has external advisors facilitating the process.

**Commented [BOR37]:** In case the employment or service of Founder or a Minority Shareholder in the Company terminates, the founder or minority shareholder becomes a leaver and this Section 5 becomes applicable.

Under this section, the leaver (founder or minority shareholder) gives the company, a person nominated by the company and other shareholders right to purchase leaver's certain and/or all the shares.

The division between vested and unvested shares depends on the leaver's time in the company and is agreed in the vesting schedule 5.1.4.

The price payable for leaver's shares depends on whether the leaver is regarded as a Good Leaver or a Bad Leaver.

Good Leaver is e.g. a person that is dismissed by the company, and Bad Leaver is a person that leaves the company by him/herself.

**Commented [BOR38]:** As stated in the definition of a "Working Minority Shareholder", the Minority Shareholders may include both co-investors and management/ employees. Therefore, the Leaver provisions set out in this Section 5 shall only be applicable to "Working Minority Shareholders", i.e. for those minority shareholders who are not co-investors.

- (a) the Unvested Shares: the lower of (A) the original subscription or purchase price and (B) Fair Market Value.
- (b) the Vested Shares: Fair Market Value reduced by 50%.

(ii) In the event of a Good Leaver:

- (a) the Unvested Shares: the lower of (A) the original subscription or purchase price and (B) Fair Market Value.
- (b) the Vested Shares: Fair Market Value.

5.1.6 The vesting schedule of adhering Shareholder shall be recorded in the Deed of Adherence.

## 5.2 Redemption Process

5.2.1 The Company and the Shareholders, as provided in Section 5.1 above, may execute the redemption right pursuant to this Section 5.2 by informing the Leaver thereof in writing. Such notice shall be submitted within three months from:

- (i) the date when a notice of termination of the Service Relationship was given, regardless of whether such notice was given by the Company or the Leaver in question;
- (ii) the date when the Service Relationship ended, if such Service Relationship terminated without notice; or
- (iii) where the Minority Shareholder or the Founder doesn't have Service Relationship or has entered into an employment agreement with the Company without a working obligation, one month following the date when the Company requested for the second time for the Founder or the Minority Shareholder to contribute to the Business in the agreed roles.

5.2.2 The three-month period shall, however, not begin before the Board has been informed of the event triggering such repurchase right in writing. The notice submitted to the Leaver shall contain the identity of the purchaser(s).

5.2.3 The Board shall inform each Investor, Founder (other than the Leaver) and Helsinki University Funds within 20 Business Day whether it will use its right to purchase or nominate a buyer. In case the Company does not use its right, the Shareholders must notify their willingness to purchase such Shares within 20 Business Days after written notice and instructions thereto by the Board. If several Shareholders wish to exercise their right of redemption, the Shares shall be allocated among such Shareholders pro rata to the Shares owned by such Shareholders. If the Shares available for redemption or purchase the Shares do not allocate equally, the Board shall at its sole discretion make the final resolution on the final allocation of Shares.

5.2.4 The Fair Market Value used as the repurchase price, if applicable, shall be determined as of the date when the notice referred to in Section 5.2.1 was submitted to the Leaver if such value is not based on the latest issuance of the Company's Shares or other Equity Securities.

## 6 CERTAIN RIGHTS AND OBLIGATIONS

### 6.1 General Obligations

6.1.1 The Parties shall (and shall procure that their respective nominees and representatives shall) vote and act at the Shareholders' meeting and the meetings of the Board in accordance with the provisions of this Agreement.

6.1.2 The Parties shall (and shall procure that their respective nominees and representatives shall) do and execute and perform all such further deeds, documents, assurances, acts and things as may reasonably be required to give effect to the terms of this Agreement.

**Commented [BOR39]:** Section 5.2 sets out the process that is followed if Leaver's unvested shares are redeemed.

Similar process is introduced in Section 6.4. if shareholder's shares are redeemed due to breach of material provision.

**Commented [BOR40]:** In case a founder leaves the company, this may naturally have an impact on the valuation of the company. Therefore, the Fair Market Value should be determined on the date that takes into account the loss of resources/ know-how.

**Commented [BOR41]:** In order to ensure that the provisions of this Agreement are followed and complied with, each Shareholder undertakes to act in accordance with this agreement in annual general meeting and sign the documents that are required to give effect to the terms of this Agreement.

## 6.2 Confidentiality

6.2.1 The Parties shall hold in confidence and shall not disclose to any third party without prior written consent of the Board the contents of this Agreement or its Appendices unless such disclosure is required by applicable law, regulation or order of a court of competent jurisdiction. The Party under obligation to make a disclosure as set forth hereinabove shall use its best efforts to notify the other Parties at least three (3) Business Days before making the disclosure.

6.2.2 The Parties shall not at any time hereafter disclose or communicate to any person (other than, where relevant, to their officers, employees or professional advisors, whose position makes it necessary to know the same) any Confidential Information which may be within or which may come to their knowledge save for:

- (i) such information that at the time of disclosure is public knowledge other than by a breach of this Agreement on the part of the receiving Party;
- (ii) when disclosure is required by law, regulation or order of a court of a competent jurisdiction or a governmental agency;
- (iii) information at any time rightfully received from a third party which has the right and transmits it to the receiving Party without any obligation of confidentiality;
- (iv) information rightfully known to the receiving Party without any limitation on use or disclosure prior to receipt of the same from the disclosing Party; or
- (v) information independently developed by personnel of the receiving Party who have not had access to Confidential Information received from the disclosing Party.

6.2.3 Notwithstanding what has been agreed in this Section 6.2:

- (i) any Shareholder or the managing director of the Company with the written permission of the Board acting prudently in each case may disclose or cause the Company to disclose this Agreement to a prospective transferee or subscriber of Shares and to its representatives and advisors after receipt of a confidentiality undertaking from such party or parties acceptable to the Board;
- (ii) the Board acting prudently in each case may disclose Confidential Information to a prospective transferee or subscriber of Shares and to its representatives and advisors after receipt of a confidentiality undertaking from such party or parties acceptable to the Board; and
- (iii) the Board, or the managing director of the Company with the written permission of the Board, acting prudently in each case may disclose this Agreement and any Confidential Information to its potential and current business partners, bankers, lawyers, auditors, lenders and other advisors with a need to know such information.

## 6.3 Non-Competition and Non-Solicitation

6.3.1 Each Founder and Minority Shareholders holding 2% or more of the Shares undertakes during the validity of this Agreement and for a period of twelve (12) months after such Party has ceased to hold 2% or more of the Shares in the Company not to:

- (i) compete directly or indirectly, personally or through companies owned or controlled by such Party with the Business of the Company; or
- (ii) directly or indirectly enter into, engage, participate in, assist in, or promote in any manner any activity the purpose of which is to solicit away from the Company the business of any employee, customer, supplier or other contractual party or have business dealings with any employee, customer, supplier or other contractual party of the Company with the aim of assisting such employee, customer, supplier or other

**Commented [BOR42]:** The confidentiality obligation concerns both information that relates to the Company as well as to this Agreement (including the terms of this agreement).

**Commented [BOR43]:** The founders or the minority shareholders are not allowed to compete with the business of the Company or solicit the company's personnel away from the company.

**Commented [BOR44]:** The non-competition and non-solicitation may be applicable to each Founder and Minority Shareholder or it may be narrowed down to be applicable only to shareholders holding e.g. >1-3% shares in the company.

The percentage under which it is not applicable shall be considered carefully. We have included 2% as a "working figure" which is quite customary.



contractual party of the Company in activities competing with the Business of the Company including but not limited to hire or promote the hiring by third parties of any employees of the Company.

6.3.2 None of the restrictions contained in Section 6.3.1 above shall preclude any such Party from holding (directly or through nominees) investments traded on a stock exchange as long as such Party does not hold more than 1% of the issued shares or other securities of any class of one company.

6.3.3 In the event of a breach of the restrictions set out in this Section 6.3, which breach remain uncured for a period of 10 Business Days from a delivery of notice thereof, the Party in breach shall be obliged to pay as liquidated damages to the Company or, if so determined by the Board, to other Shareholders, EUR 10,000 for each commencing month of the breach for a maximum duration of twelve months. The liquidated damages set out herein shall not prevent claiming damages for actual losses exceeding the amount of the liquidated damages arising out of such breach.

6.3.4 With respect to an existing Shareholder or a new Shareholder that may become party to this Agreement pursuant to Section 2.5 (*New Shareholders*), the Board may with Qualified Majority waive any obligation of such Shareholder under this Section 6.3.

#### 6.4 Material Breach

6.4.1 In case of a Material Breach by a Shareholder, such Shareholder shall be obligated at the request of the Board either to have all of its/his/her Shares and Equity Securities repurchased by the Company or to sell all of his/her Shares and Equity Securities to a buyer nominated by the Board. If the Company decides not to use its right to redeem or repurchase Shares or Equity Securities or nominate a buyer, each Investor, Founder and Helsinki University Funds (other than the defaulting Party) shall be entitled to purchase the Shares or Equity Securities owned by the defaulting Party. The respective Shareholders must notify their willingness to purchase such Shares or Equity Securities within 20 Business Days after written notice and instructions thereto by the Board. If several Shareholders wish to exercise their repurchase right, the Shares shall be allocated among such Shareholders pro rata to the Shares owned by such Shareholders. The purchase price shall be the lower of (i) original subscription or purchase price and (ii) Fair Market Value reduced by 50%.

#### 6.5 Intellectual Property

6.5.1 Intellectual Property originating from the business of the Company and all attached rights shall be maintained as rights of the Company and shall be protected in the best way possible and, if being capable of registration, registered in the name of the Company.

6.5.2 All rights to the Intellectual Property of the Shareholders based on their employment or service with the Company and to the results of their work whether pursuant to this Agreement or any respective employment or service agreements shall belong to and/or shall be assigned to the Company, including such persons' waiver of any moral rights, without any separate compensation, unless otherwise required under applicable law or specified in the relevant agreements. Unless otherwise agreed in the relevant agreements the Company shall furthermore have the sole right to utilise the said results commercially and industrially, to transfer them to third parties in accordance with the ordinary business practices of the Company, to alter and further develop them without the specific consent of the respective Shareholder(s). The Company shall always have the free right to use the results or the Intellectual Property of the work also after termination of the respective employment or service agreements, save as specifically otherwise agreed in the relevant agreements.

6.5.3 Unless explicitly agreed otherwise in the relevant agreements, should the Company be deemed not to have received ownership to the Intellectual Property resulting from the work of the Shareholders as described above, the Company shall always have a free right of use thereof and, if it so wishes, the right to redeem such right. In such event, the Company shall also be

**Commented [BOR45]:** A breach of non-competition or non-solicitation obligation is consequential breach against the company and therefore it has been sanctioned with monthly liquidated damages up to a year.

**Commented [BOR46]:** Material Breach covers issues that relates to the ownership and transfer of shares, e.g. in connection with trade sale event. The idea of Material Breach is to ensure that the SHA provisions 2.4, 4.1-4.5 and 6.3 may be enforced although an individual shareholder would create a deadlock situation. Thus, the remedy of Material Breach is redemption of the breaching shareholder's shares.

The breach may always be fixed within 30 days until it is regarded as material breach.

Remedy of Material Breach may also include liquidated damage, however, liquidated damages have not been included in this Agreement template.

**Commented [BOR47]:** It is customary that all the shares held by Shareholder (including the Vested Shares) may be redeemed if the Shareholder materially breaches the Shareholders Agreement.

The Shareholder may not profit from materially breaching the agreement and therefore the purchase price is the original subscription price (or Fair Market Value if it is lower). This also creates an incentive for shareholders not to create deadlock situations e.g. if Qualified Majority wants to complete an Exit.

**Commented [BOR48]:** The Intellectual Property Rights are important for the company and by this clause, it is ensured that all the Intellectual Property Rights are owned by the Company.

entitled to transfer, change and develop the Intellectual Property and to assign it to third parties on the terms the Company deems best.

## 6.6 Dividend Policy; Waiver of Certain Rights

6.6.1 Each Shareholder waives any rights under the Companies Act to demand any minimum dividend. Further each Shareholder waives the right to exercise any minority shareholder protection provisions included in the Companies Act.

6.6.2 The Parties note that the ownership of the Company is verified on the basis of the extract from Company's shareholder register, a certified copy of which will be made available to the Shareholders upon request. Each Shareholder waives its/his/her right to request the Company to issue share certificates, interim certificates, share issue certificates or alike.

**Commented [BOR49]:** The Finnish Companies Act provides certain rights to minority shareholders, such as right to demand dividends, an extraordinary shareholders' meeting and a special audit.

## 6.7 Irrevocable Power of Attorney Regarding Certain Situations

6.7.1 If any of the Shareholders do not execute the required resolutions, transactions or other actions required by Sections 2.3 (*Pre-Emptive Rights*), 4.3 (*Drag-Along Sale Rights*), 5 (*Leaver Situations*) or 6.4 (*Material Breach*) of this Agreement, such defaulting Shareholder shall be deemed to have irrevocably appointed any person nominated for this purpose by the Board to be his agent and attorney to execute all necessary agreements, transfer(s) or other actions reasonably required in order to consummate the obligations of such Shareholder under this Agreement on his behalf and the validity of such proceedings shall not be questioned by any such Shareholder. If so required by the Board or such agent and attorney described above, such defaulting Shareholder undertakes to execute and deliver all documents as reasonably requested including, but not limited to, additional powers of attorney(s) for the purposes of the aforementioned acts.

**Commented [BOR50]:** In order to enforce the key provisions of this Agreement in a deadlock situation, by the Agreement each shareholder authorises Board representative to act on his/her behalf in e.g. trade sale situation if the shareholder may or will not for some sign required documents, although she/he would be obliged to do so under this Agreement.

## 6.8 Force Majeure

6.8.1 The Parties shall not be liable for failure to fulfil or for delay in fulfilling their obligations when due to causes beyond their reasonable control, including but not limited to, acts of war, riots, civil commotion, strikes or other concerted action of workmen, lockouts, acts of nature, fire, prohibition of imports or other acts of government, discontinuance of adequate means of transport or discontinuance of distribution of energy or some other unusual event which is independent of any action of any Party and which prevents the fulfilment of this Agreement and could not be avoided or overcome without unreasonable expense ("**Event of Force Majeure**").

6.8.2 The Party whose performance of a term or terms of this Agreement is prevented or delayed by an Event of Force Majeure must advise the other Parties by notice in writing of the occurrence of the Event of Force Majeure as soon as possible, and must do all things reasonably possible to mitigate any loss being caused to the other Parties, the Company by reason of the Event of Force Majeure. The Party shall also notify the other Parties on the cessation of an Event of Force Majeure.

## 6.9 Information Rights

6.9.1 The Company shall duly and without delay deliver to Helsinki University Funds and each Investor such information related to the Company as requested by them from time to time. Helsinki University Funds and the Investors shall be granted unlimited access to all of the Company's information and data, for investigating and verifying the activities and plans of the Company, its assets, liabilities and financial position as well as access to all of the Company's financial information and data, accounting treatments and practices, the business plan, budgets, annual plans and management accounts. The rights described in this Section 6.9.1 include documents and information held by auditor(s) and other professional advisers of the Company and the Company undertakes to notify such third parties of this right.

## 7 OTHER TERMS

### 7.1 Term and Termination

7.1.1 This Agreement shall be effective as of the date of this Agreement.

7.1.2 This Agreement shall be binding upon each Shareholder:

- (i) for as long as such Party and any other Party is a Shareholder or holder of Equity Securities in the Company; or
- (ii) in the case of an IPO or listing of Shares in an alternative trading platform approved by the Board at its sole discretion, until such date determined by the Board at its sole discretion.

7.1.3 This Agreement shall be binding upon the Company, until this Agreement has ceased to be valid between all of the other Parties.

7.1.4 Notwithstanding the above, Sections 6.2 (*Confidentiality*), 6.3 (*Non-Competition and Non-Solicitation*), 6.5 (*Intellectual Property*), 7.10 (*Notices*) and 7.11 (*Governing Law and Arbitration*) of this Agreement shall be binding upon any Party that has ceased to be a Party of this Agreement.

### 7.2 Amendments

7.2.1 With the exception of amendments made under Section 2.3 (*Pre-Emptive Rights*) or 2.5 (*New Shareholders*), no modification of or amendment to this Agreement will be valid unless in writing and signed by duly authorized representatives of the Shareholders holding at least 90 % of the Shares, provided that no amendment shall be made which would unreasonably increase, reduce or amend the right or obligations of any individual Shareholder or group of Shareholders.

### 7.3 Assignment

7.3.1 This Agreement or any rights or obligations under this Agreement may not be assigned without the consent of other Parties save for assignments in accordance with the terms and conditions of Section 4 (*Transfer of Shares and Equity Securities*).

### 7.4 Entire Agreement; Other Shareholders' Agreements

7.4.1 This Agreement (with its appendices) contains the entire agreement and understanding between the Parties. Previous shareholders' agreements or other written or oral discussions, negotiations, understandings or agreements between the Parties regarding the Company and the Subsidiaries are void.

7.4.2 The Parties represent and warrant that they have not and will not, during the validity of this Agreement, enter into any other shareholders' agreement or other agreements relating to or influencing the matters agreed on in this Agreement, except for the possible separate minority shareholders' agreement as separately agreed between the relevant Parties and approved by Qualified Majority.

### 7.5 No Waiver

7.5.1 Failure by any Party at any time or times to require performance of any provision of this Agreement shall in no manner affect its right to enforce the same, and the waiver by any Party of any breach of any provision of this Agreement shall not be construed to be a waiver by such Party of any succeeding breach of such provision or waiver by such Party of any breach of any other provision hereof.

**Commented [BOR51]:** This section 7 includes so-called "boilerplate" clauses, i.e. standardized clauses found in most of the agreements. The clauses concern amendments, interpretation and similar issues.

## 7.6 Provision Severable

- 7.6.1 If any part of this Agreement or any transaction contemplated herein (partly or in whole) is held to be invalid or unenforceable, such determination shall not invalidate any other provision of this Agreement or other transactions contemplated herein, unless the deletion of such provision or provisions would result in such a material change so as to cause the transactions contemplated herein to be unreasonable.

## 7.7 Order of Priority

- 7.7.1 In the event of any discrepancy between this Agreement and the Articles of Association, this Agreement shall prevail.

## 7.8 No Partnership

- 7.8.1 Nothing in this Agreement shall be deemed to constitute a partnership between the Parties.

## 7.9 Several Obligations and Rights

- 7.9.1 All covenants, warranties and other obligations given or entered into or received by more than one Party herein are given or entered into or received, as the case may be, severally, not jointly, except as otherwise provided by this Agreement.

## 7.10 Notices

- 7.10.1 All notices, demands, claims or other communication under this Agreement shall be in the English language and shall be considered to have been duly given or made when delivered in writing by regular mail or messenger as described below. Notices, demands, claims or other communication may also be sent by e-mail, but can be considered to have been duly given or made when delivered when the recipient has duly confirmed the receipt of such e-mail.
- 7.10.2 Notices, demands, claims or other communication to the various parties shall be sent as follows:
- (i) to the Company; to the registered address of the Company for the attention of the managing director or by e-mail to the managing director of the Company (cc: chair of the Board);
  - (ii) to a Shareholder or such party in Control of Personal Holding Company; using information registered to the share register of the Company; and
  - (iii) to such party that has ceased to be Shareholder of the Company; to (i) the address last recorded in the share register of the Company, (ii) other address notified by such party to the other Shareholders of the Company, or (iii) other known address of the respective party available to the public.
- 7.10.3 Notices and other communication will be deemed to have been received by the relevant Party (a) on the fifth day after the day of mailing if sent by registered mail; (b) on the day the email was sent (provided that receipt of such email has been confirmed by the recipient or that the email is followed by a notice delivered by registered mail or a courier); (c) on the third Business Day after dispatch, if sent by a courier; or (d) on the day of a delivery, if delivered personally.

## 7.11 Governing Law and Arbitration

- 7.11.1 This Agreement shall be governed by and construed in accordance with the laws of Finland (without regard to its principles of private international law / conflict of laws).
- 7.11.2 Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or validity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Finland Chamber of Commerce by one arbitrator. The place of

**Commented [BOR52]:** This Agreement has been drafted with the assumption that the Finnish law will be applicable. And it is also common that for a Finnish company, the shareholders' agreement is governed under Finnish law.

arbitration shall be Helsinki, Finland and the arbitration proceedings shall be conducted in the English language, unless otherwise agreed by the respective Parties to the dispute.

*[Remainder of the page intentionally left blank.]*

**Commented [BOR53]:** If there is a dispute concerning this Agreement, it should be taken into arbitration and not to public court. Arbitration is confidential and it usually makes the process faster - compared to public court.

[Signature page of the shareholders' agreement]

8 COUNTERPARTS

- 8.1.1 This Agreement shall enter into force when signed by all Parties.
- 8.1.2 This Agreement may be executed in the original or electronic form and in one or more copies, each of which shall be an original but all of which taken together shall constitute one and the same instrument.

HELSINKI UNIVERSITY FUNDS		[COMPANY]	
By:	_____	By:	_____
Name:	[First name] [Surname]	Name:	[First name] [Surname]
Title:	[Title]	Title:	[Title]
[FIRST NAME] [SURNAME]		[FIRST NAME] [SURNAME]	
By:	_____	By:	_____
Name:	[First name] [Surname]	Name:	[First name] [Surname]
Title:	[Title]	Title:	[Title]
[FIRST NAME] [SURNAME]		[FIRST NAME] [SURNAME]	
By:	_____	By:	_____
Name:	[First name] [Surname]	Name:	[First name] [Surname]
Title:	[Title]	Title:	[Title]
[FIRST NAME] [SURNAME]		[FIRST NAME] [SURNAME]	
By:	_____	By:	_____
Name:	[First name] [Surname]	Name:	[First name] [Surname]
Title:	[Title]	Title:	[Title]

**Commented [BOR54]:** The following signatory field to be used in case Founder (or other Shareholder) owns shares via Personal Holding Company:  
  
[I hereby acknowledge and accept the terms and conditions of this Agreement applicable to myself personally]

APPENDIX A –SHAREHOLDERS

Parties<sup>1</sup>

Name	Business ID / Date of birth	Address	Email	Other
[•]	[•]	[•]	[•]	[•]

<sup>1</sup> This Appendix shall be updated from time to time in connection with new Shareholders being accepted as Parties to the Agreement. This appendix shall define the role (i.e. Investor, Founder) of the new Party in accordance with the Deed of Adherence.

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## SHA APPENDIX 2.5.1 – DEED OF ADHERENCE

### DEED OF ADHERENCE

**This deed of adherence** (the “**Deed**”) is dated [day][month][year] and made by the undersigned Shareholder (the “**Adhering Party**”) in favor of the persons who are from time to time Parties to the Shareholders’ Agreement (as defined below).

### RECITALS

This Deed is supplemental to the Shareholders’ Agreement dated [●] made between Helsinki University Funds, the Founders, the Investors, the Minority Shareholders and the Company, as applicable, (each as defined therein) regarding [*name of the Company*] as amended from time to time, the “**Shareholders’ Agreement**”;

The Adhering Party has been granted the possibility [to subscribe for new [Shares and/or Equity Securities] / purchase [Shares and/or Equity Securities] pursuant to [●]];

The Adhering Party shall before [subscribing for new / purchasing] [Shares and/or Equity Securities] agree to adhere to and comply with the Shareholders’ Agreement; and

The Adhering Party shall in accordance with Section 2.5 of the Shareholders’ Agreement, upon execution of this Deed and the acceptance of this Deed by the Board, become a Party to the Shareholders’ Agreement (in the capacity of [a Founder / an Investor / a Minority Shareholder]) without separate consent of the other Parties.

### DEFINITIONS

Expressions defined in the Shareholders’ Agreement shall (unless the context otherwise requires) have the same meaning when used in this Deed.

### ADHERENCE

The Adhering Party hereby acknowledges that it/he/she has read and accepts the terms and conditions of the Shareholders’ Agreement.

Upon becoming a Shareholder in the Company, the Adhering Party undertakes and covenants to adhere to and comply with the provisions of and to perform all the obligations under the Shareholders’ Agreement as [a Founder / an Investor / a Minority Shareholder] (and consequently, a Shareholder and a Party, as applicable).

### VESTING

[The vesting schedule applicable to the Shares subscribed by the Adhering Party shall be as set out in Appendix 5.1.4 of the Shareholders’ Agreement.

OR:

The vesting schedule applicable to the Shares subscribed by the Adhering Party and shall be as follows: [●]]

OR:

[The Shares subscribed by the Adhering Party pursuant to the stock option documents shall vest as set out in the stock option documents and, therefore, the Shares shall not be subject to new vesting under Shareholders’ Agreement.]

### [OTHER PROVISIONS]

**Commented [BOR55]:** Either the first or second option should be used in case the new shares are subject to vesting.

(i) The first option should be used in case the vesting of the new shares shall be as set out in Appendix 5.1.4 of the SHA.

(ii) The second option should be used in case the vesting schedule for the new shareholder is agreed to deviate from the vesting schedule set out in Appendix 5.1.4 of the SHA.

(iii) The third option shall be used in case the new shares have been subscribed based on stock options that have already vested in accordance with stock option agreement. I.e. in case stock options have vested and these stock options are subscribed/converted into shares, such shares shall not be subject to new vesting.



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[Possible amendments to the Shareholders' Agreement .]

#### MISCELLANEOUS

The Adhering Party hereby agrees that Sections 6.2 (*Confidentiality*) and 7.11 (*Governing Law and Arbitration*) of the Shareholders' Agreement shall apply to this Deed as if such sections were written herein.

#### SIGNATURES

This Deed may be executed in any number of counterparts (which may be pdf or electronic copies), each of which shall be deemed an original hereof.

Duly executed as a deed on the date stated above.

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**[Name of the Adhering Party]**

The Board of the Company hereby accepts this Deed.

**THE BOARD OF [name of the Company]**

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[Name]

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## SHA APPENDIX 5.1.4 – VESTING SCHEDULE

This Vesting Schedule is supplemental to the Section 5.1.4 of Shareholders' Agreement dated [●] made between Helsinki University Funds, the Founders, the Investors, the Minority Shareholders and the Company, as applicable, (each as defined therein) regarding [name of the Company] as amended from time to time (the "Shareholders' Agreement").

### Vesting Schedule of a Founder and Working Minority Shareholder

For the Founders and Working Minority Shareholders that has signed the Shareholders' Agreement on the date of the Shareholders' Agreement (i.e. have not adhered to the Shareholders' Agreement on a later date), their Shares shall vest as follows:

- (i) 25% of the Shares shall vest upon the first anniversary of the date of the Shareholders' Agreement; and
- (ii) the remaining 75% of the Shares to vest in equal monthly installments over the following 36 months (1/36 per a month) from such anniversary.

OR

In case the Leaver is a Good Leaver, his/her/its Shares shall be deemed to have vested as follows:

- (i) 25% of the Shares shall vest upon the first anniversary of the date of the Shareholders' Agreement; and
- (ii) the remaining 75% of the Shares to vest in equal monthly installments over the following 36 months (1/36 per a month) from such anniversary.

In case the Leaver is a Bad Leaver, his/her/its Shares shall be deemed to have vested as follows:

- (i) [●]% of the Shares shall vest upon the first anniversary of the date of the Shareholders' Agreement; and
- (ii) the remaining [●]% of the Shares to vest in equal monthly installments over the following [●] months (1/[●] per a month) from such anniversary.

OR

The vesting of Founders' and Working Minority Shareholders' Shares is conditional upon the achievement of the following milestones:

- (i) 25% of the Shares shall vest upon [First milestone];
- (ii) 50% of the Shares shall vest upon [Second milestone]; and
- (iii) the remaining 25% of the Shares shall vest upon [Third milestone].

In case of any dispute as to whether when the vesting milestone set forth above were achieved, the Board shall have, in each case, discretion to determine whether the milestone were achieved and the effective date of such completion.

### Vesting Schedule of an Adhering Founder and Minority Shareholder

For the Founders and Minority Shareholders that has adhered to the Shareholders' Agreement after the date of the Shareholders' Agreement, their Shares shall vest as set out above and the references to the "date of the Shareholders' Agreement" shall be understood as references to the "date of the Deed of Adherence", if not agreed otherwise in the Deed of Adherence by the Board.

**Commented [BOR56]:** The vesting schedule may also be different for Founders and for Working Minority Shareholders.

**Commented [BOR57]:** This is quite customary "4 years vesting with 1 year cliff" schedule.

Vesting Schedule usually includes "a cliff" for the first year, meaning that the shares do not vest before that, and upon the first year a large share of the shares vest. After that, the vesting is usually divided equally between the remaining months.

**Commented [BOR58]:** As the vesting is only used in a Leaver situation, the vesting schedule may also vary whether the Leaver is a Good Leaver or Bad Leaver.

Example of such vesting schedule has been included here. In case the Good Leaver has a vesting schedule agreed as 4 years with 1 year cliff, for Bad Leaver the vesting could be e.g. 6 years with a cliff between 1-2 years.

**Commented [BOR59]:** The vesting schedule may also be based on certain key performance indicators or milestones. The template text of such vesting schedule has been provided here.

**Commented [BOR60]:** The Vesting Schedule for the new shareholders shall be similar as applied to the existing shareholders. However, as the new shareholders becomes parties at a later stage, the Board shall have authority to agree on deviations to the vesting schedule.

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The Shares that have been vested in accordance with the above shall be considered vested "**Vested Shares**" of a Founder and/or Working Minority Shareholder and the other Shares of a Founder and/or Working Minority Shareholder shall be consider unvested ("**Unvested Shares**").