ESOP Terms & Conditions Document

{company}

Preamble

{company} (the “**Company**”) is a limited liability company established and organised under the laws of {country}. The Company is registered with {hrb-clause}.

The Company is identified by the following address {company-address} on Ethereum network. Ethereum network is a public distributed ledger that allows to deploy self-enforcing contracts called smart contracts and provides global consensus of contract enforcement outcomes.

The Company intends to enable its current and future employees, freelancers, consultants and/or advisors (each an “**Employee**”) to participate in its commercial success. Therefore, it may offer its Employees the opportunity to acquire options in shares in the Company.

This participation of the Employees in the Company shall take the form of an Employee Share Option Pool (the “**ESOP**”) under the terms and conditions as set out in a smart contract under address {esop-sc-address} (the “**ESOP Smart Contract**”). The ESOP Smart Contract source code is available in repository {repo-url} with commit {commit-id} (the “**Repository**”) and steps to verify EVM bytecode can be found in README.md file.

The ESOP terms outlined in this document (the “**Terms**”) correspond to the self-enforcing computer code of ESOP Smart Contract. In the event of any discrepancies between the ESOP Smart Contract and the Terms, the Terms shall prevail.

The Terms define certain terms of conversion of Options (as defined below). Such terms of conversion correspond to Base Options Conversion Smart Contract the source code of which is available in the Repository. The terms of conversion may be extended by an Options Conversion Smart Contract which shall be derived from Base Options Conversion Smart Contract and shall be offered to Employee.

# Acquisition of Options

* 1. The Company may offer options to the Employees (the “**Option-Offer**”). The Option-Offer to the Employee will be made through a certain **Subscription Form** provided by Company to Employee. The Subscription Form shall directly interface to Ethereum network and shall allow Employee to sign ESOP Smart Contract with Employee’s **Private Key**. Private Key storage (“**Wallet**”) shall be at Employee’s sole discretion. However, no Option-Offer shall be made before Employee’s **Ethereum Address** is provided to Company.
  2. {options-per-share} options provide the right to acquire one ordinary share in the nominal amount of EUR 1.00 (in words: Euro one) in the Company (the “**Option**”) for the **Strike Price** of {strike-price} EUR.
  3. The Number of options granted to the Employee (“**Issued Options**”) shall be determined by the algorithm pursuant to clause 2.1 and as further specified in the Subscription Form.
  4. The Employee shall accept the Option-Offer through signing the ESOP Smart Contract with Employee’s Private Key under the date (“**Issue Date**”) as specified in the Subscription form.
  5. Any Option-Offer may only be accepted until a certain date as specified in the Subscription Form which shall not be earlier than two weeks after the Option-Offer has been made to Employee. Once expired an Option-Offer shall become void.
  6. The granting of Issued Options does not have any influence on the calculation of possible bonus payments, pension plans or any other compensations of the Employee. The Company grants the Issued Options on a voluntary basis only; the Employee is not entitled to demand further Options. No repeated grant of Options to an Employee shall be deemed to confer any entitlement (under any company practice or otherwise) as to any (future) grant of Options to any Employee or any third person or entity.

# Vesting Mechanism of Options

* 1. Options shall be issued pursuant to the following algorithm: Company shall define a total number of “**Pool Options**” to be {pool-options} {the “**Pool**”}. {new-employee-pool-share}% of total number of Pool Options in the Pool shall be granted to Employee and then removed from the Pool. Each subsequent beneficiary under the ESOP shall be offered {new-employee-pool-share}% of the remaining options in the Pool .
  2. Company may grant to Employee additional “**Extra Options**” subject to its sole discretion (together with the Pool Options the “**Issued Options**”). Such grant may be offered to Employee multiple times at any date before Conversion Notification or Work Termination.
  3. The Issued Options are subject to a vesting mechanism, i.e. an algorithm determining the number of Issued Options qualified as vested options and only as such becoming exercisable according to section 3 (the “**Vested Options**”). The number of Vested Options shall be conditional on whether and when the employment or service agreement between the Employee and the Company is terminated or the Employee terminates working for the Company as a matter of fact (each a “**Work Termination**”, the Employee in each case a “**Terminated Employee**”) within a certain period of time after the Issue Date (the “**Vesting Period**”) as specified in the Subscription Form. The remaining number of Issued Options that will not become Vested Options or will be deemed not being Vested Options (the “**Returned Options**”) shall return to the Pool.
  4. The following methodology shall apply to determine the number of Vested Options:
     1. For a certain period commencing on the Issue Date (the “**Cliff Period**”), as specified in the Subscription Form, no Issued Options shall become Vested Options.
     2. For the period commencing with the end of the Cliff Period and until the end of the Vesting Period, the number of Vested Options increases up to the total number of Issued Options on a linear daily basis at the end of each calendar day at the corporate seat of the Company starting with the Issue Date.
     3. In case of a Conversion Notification (as defined below) all Issued Options shall be deemed Vested Options (the “**Accelerated Vesting**”) and additional Bonus Options may be issued to Employee in a number as specified in the Subscription Form. However, Bonus Options may only be granted if and when at the date of the Conversion Notification no Work Termination has occurred and only subject to Employee making further undertakings pursuant to clauses 3.4 and 3.6.
     4. The expiry date of the Vesting Period, including the Cliff Period, shall be extended for each and any calendar day which the employment, advisory or service agreement of the Employee is suspended or during which the Company’s obligation to pay a salary or any other compensation to the Employee is suspended (for instance maternity leave, occupational disability, unpaid sabbatical, illness, unpaid leave, exemption due to further education etc.) (a “**Suspended Period**”).
     5. For a certain period commencing at the date of the Work Termination (the “**Termination Date**”) until a date that is the equal number of calendar days after Termination Date as the Termination Date is after the Issue Date (the “**Fade Out Period**”) , the number of Vested Options shall decrease down to a number equaling a certain percentage of the Issued Options as specified in the Subscription Form (the “**Residual Amount**”) on a linear daily basis at the end of each calendar day at the corporate seat of the Company commencing with the Termination Date.
     6. The number of Pool Options that was decreased down during the Fade Out Period shall deemed non-vested and shall return to the Pool as a Returned Option.
  5. Returned Options shall be granted to all Employees that participated in the ESOP subsequent to the Terminated Employee {new-employee-pool-share}% of total number of Returned Options shall be granted to the first such subsequent Employee and removed from Returned Options. Each next subsequent Employee shall be granted {new-employee-pool-share}% of the remaining options of Returned Options. Any remaining Returned Option (if any) shall be returned to the Pool.
  6. The Employee shall not be entitled to any Issued Options or Vested Options if the employment, advisory or service agreement is terminated for reasons for which the Employee is responsible (each case a “**Bad Leaver Event**”). The Employee shall be regarded as responsible for any termination by the Company for (good) cause. In a Bad Leaver Event the vesting mechanism shall not apply and all Issued Options or Vested Options shall expire upon receipt of the termination notice by the Employee or the Company, as applicable, without entitlement to damages.
  7. If in any calculation involving options any given result is not evenly divisible by one, it shall be rounded down to the nearest whole number if the decimal fraction value is less than 0.5, otherwise it shall be rounded up.

# Exercise of Options

* 1. An “**Conversion Event**” is any kind of transaction including any transaction under a smart contract in which (i) shares collectively constituting more than 50 % of the Company’s issued share capital are purchased, exchanged or acquired in a financially comparable fashion in one transaction or a series of transactions temporarily connected by a buyer and/or buyer consortium (each a “**Buyer**”) (the “**Share Purchase**”), and/or; (ii) the Company sells all or nearly all assets and/or IP rights (defined as more than 50 % of all assets of the Company according to market value) of the Company in one transaction or a series of transactions temporarily connected to a Buyer (the “**Asset Purchase**”), and/or (iii) an IPO (Initial Public Offering) of the shares of the Company takes place (the “**IPO**”); and/or (iv) full or partial tokenization of the shares in the Company (the “**Share Tokenization**”) through an Initial Coin Offering (“**ICO**”) takes place, whereas “**Share Tokenization**” shall mean the representation of one or more shareholders’ rights in the Company under a Smart Contract, in particular but not limited to voting rights and entitlements to dividends and “**ICO**” shall mean the first offering of a certain token on a multilateral trading platform operated as a distributed ledger.
  2. Details of the options conversion mechanism shall be defined in Options Conversion Smart Contract provided at the time of Conversion Notification. In connection with the Options Conversion Smart Contract Company may extend, but not limit the definition of “Conversion Event”.
  3. The Company shall notify the Employee about an upcoming Conversion Event at least two weeks in advance of the Conversion Event (the “**Conversion Notification**”). The Conversion Notification shall include an offer to Employee for signing Options Conversion Smart Contract with Employee’s Private Key (the “**Conversion-Offer**”). Such Conversion-Offer shall be made through **Options Conversion Form** which shall directly interface to Ethereum blockchain. .
  4. The Options Conversion Form shall at minimum contain the following provisions: (i) the number of the Employee’s Vested Options pursuant to section 2; (ii) terms of a specific Conversion Event that shall be exercised via Options Conversion Smart Contract; and (iii) **Accelerated Vesting and Bonus Options Conditions**. The Conversion Offer may only be accepted within two weeks after receipt if not provided otherwise in the Conversion Offer (the “**Exercise Period**”).
  5. The Employee may only exercise the Vested Options within the Exercise Period by providing information requested in the Options Conversion Form and signing the Option Conversion Smart Contract with Employee’s Private Key.
  6. The Company is obliged to assign the Bonus Options and Vested Options that are based on the Accelerated Vesting (together the “**Accelerated Options**”) only subject to the Employee’s consent to Accelerated Vesting and Bonus Options Conditions. Such conditions may include but are not limited to (i) offer to continue working for the Company (the “**Continued Work**”) for a certain period after the Conversion Event as defined in the Conversion Offer (the “**Post Conversion Period**”) and (ii) consenting that proceeds resulting from the Conversion Event allocated to the Accelerated Options (the “**Additional Payment**”) is held fiduciary for him and placed in an escrow account and only be released to the Employee (a) at the end of the Post Conversion Period or (b) after a Work Termination has occurred within the Post Conversion Period if such Work Termination is not due to a Bad Leaver Event. In all other cases, the Employee shall not be entitled to the Additional Payment. If the offer to provide Continued Work was declined by the Company or the Buyer, as applicable, the Accelerated Options shall be treated as regular Vested Options.
  7. If the Company fails to provide the Conversion Notification and the Employee does not exercise his Vested Options before the Conversion Event, the respective Options will be deemed exercised according to the Conversion Options Smart Contract. Accelerated Options will be added to Vested Options. If and when the Exit Event occurs, the Employee will then be entitled towards the Company to a compensation payment in the pro rata amount of the total proceeds of the Exit Event (less the Strike Price) that would have been allocated to the shares that would have been assigned to him if he had exercised the Vested Options.
  8. Vested Options that have not been exercised within the Exercise Period or deemed exercised according to clause 3.7 shall expire.
  9. If the Employee fails to exercise his Vested Options within the Exercise Period, the Company shall have the right to exercise such Vested Options (the “**Company´s Exercise Right**”). If and when the Company exercises the Company´s Exercise Right and an Conversion Event occurs, the Employee will be entitled towards the Company to a compensation payment in the pro rata amount of the total proceeds of the Exit Event (less the Strike Price) that would have been allocated to the shares that would have been assigned to him if he had exercised the Vested Options. If the Company’s Exercise Right is not exercised section 3.8 shall not apply.

# Restrictions on Disposal of Options, Inheritance

* 1. Any Issued Options are under no circumstances transferable without the Company’s prior written consent. The same applies to measures or actions, which economically correspond to such a transfer (for instance trust or sub-participation). In case any Issued Options are transferred without the Company’s prior permission, they shall expire without any right to damages.
  2. Issued Options may be inherited.

# Capital Increase and Capital Decrease in the Company

* 1. The Issued Options are not subject to any anti-dilution protection mechanism, for instance in case of a capital increase of the Company.
  2. In the event of a capital decrease by merging of shares without return of capital, the number of Issued Options are reduced pro rata according to the capital decrease.

# Tax

All obligations regarding taxes, which arise out of or in connection with the granting, vesting or the exercise of any Options and payments hereof, in particular, but not limited to wage tax, social security contributions, church tax and solidary tax contribution shall be borne by the Employee. The Company gives no guarantees, warranties, verification and/or promises whatsoever with regard to the existence or non-existence of any taxes. The Company is entitled to hold off, as far as legally required, any withholding tax and social security contributions and to transfer such monies to the internal revenue office responsible for the Company, the social insurance agency or each other agency responsible for such taxes. The foregoing shall also apply if at the time of the payment the Employee has already ceased to be an employee of the Company but the Company is nevertheless legally required to hold off such taxes and to transfer such taxes to the agency responsible for such taxes.

# Limitation of Liability

* 1. Vested Options that have not been exercised within the Exercise Period or deemed exercised according to clause 3.8 shall expire.
  2. The Company makes no guarantees, warranties, verifications and/or promises of any kind with regard to the future development of any Issued Options or Vested Options or with regard to a Conversion Event.
  3. The Company shall have no liability to Employee in case Private Key is lost. A loss of Private Key equals a total non-recoverable loss of issued options
  4. The Company shall not be liable for any loss or damage suffered by the Employee which arises out of the exercise or the attempted or purported exercise of, or the failure to exercise any of the rights or obligations under ESOP Smart Contract,
     1. unless in cases of damages to life, body, or health, in cases of warranting for the condition of a product or service, and in cases of fraudulent concealment by the Company, its legal representatives, assistants in performance or agents; or
     2. unless, if the Employee is a consumer as defined by applicable law, such loss or damage is caused by gross negligence of the Company, its legal representatives, assistants in performance or agents; or
     3. unless such loss or damage is caused by willful intent of the Company, its legal representatives, assistants in performance or agents; or
     4. unless such loss or damage is caused by the infringement of a fundamental contractual duty by the Company, its legal representatives, assistants in performance or agents, which is indispensible for the duly execution of the contract and thereby jeopardizes the achievement of the contract purpose, and, if the Employee is a businessman as defined by applicable law such loss or damage is foreseeable at the time of the infringement
  5. The limitation of the Company`s liability shall also apply to the personal liability of its legal representatives, assistants in performance and agents.

# Miscellaneous

* 1. In case of legal disputes and proceedings in conjunction with these ESOP Conditions, any such proceedings shall be, as far as legally permissible, subject to the exclusive jurisdiction of the court of {court-city}. The laws of {country} shall apply to conditions stated in ESOP Smart Contract with exclusion of its conflict of law rules and the UN Convention on Contracts for the International Sale of Goods.
  2. In case of fork of Ethereum network where fork is understood as a consensus algorithm change that splits existing Ethereum network into one or more networks where Smart Contract state may be independently changed, only one network will be supported by {company} identified by {company-address}. On unsupported networks ESOP Smart Contract will be erased (‘selfdestruct’) from blocks added after the fork.
  3. ESOP Smart Contract provides a mechanism to amend smart contract code without Employee authorization. This mechanism may be used to exclusively resolve issues with (i) smart contract security; (ii) non-intentional deviations from regulations as provided in sections 2 and 3 hereof (the “**Bugs**”); (iii) change the structure of the source code, class interfaces, program control flow etc. (the “**Code Refactoring**”) if this does not change regulations provided for in sections 1, 2 and 3 hereof; (iv) translate source code to other computer language without affecting the regulations provided for in sections 1, 2 and 3; (v) amend the ESOP provisions that became invalid or impracticable due to external effects.
  4. No modification or amendment to ESOP Smart Contract shall be effective unless authorized by each Party by signing updated ESOP Smart Contract and voiding existing contract via Subscription Form in amended ESOP Smart Contract.
  5. Any amended of the ESOP Smart Contract pursuant to sections 8.3 and/or 8.4 hereof shall be reflected in a corresponding amendment of the Terms.

{company} identified by Ethereum address {company-address}

Network state at block {curr-block-hash}

Copy of your ESOP-Subscription Form

**Ethereum Address of Employee**: {employee-address}

**Issued Options**: {issued-options}:

**Pool Options**: {employee-pool-options} and

**Extra Options**: {employee-extra-options}

**Strike Price**: EUR {strike-price} per share

**Options per Share**: {options-per-share}

**Issue Date**: {issue-date}

**Vesting Period**: {vesting-period}

**Cliff Period**: {cliff-period}

**Bonus Options**: {bonus-options}

**Fade Out Period**: Employment Period

**Residual Amount**: {residual-amount}

**Time to accept Option-Offer**: {time-to-sign}