

## Partner agreement

Recommended reading:

- [Slicing pie model](#)

### 1. Context

*Context: like a prenup or will, this document is not made assuming you will need it soon but as an insurance against potential confusion/conflict down the road.*

*Signatories declare that this document is intended to be enforced based on good-faith interpretation.*

Definitions:

- The project: Nutshell
- Project description: A social platform.
- Coordinator: Mentor Palokaj
- Contributor: Bram Grolleman
- Partners: Coordinator, contributor and other parties that sign agreements similar to this.
- The initial legal entity: MMOH, Coordinator's eenmanszaak (company), kvk number 62709755.

Variables

- Coordinator's hourly rate: €50
- Contributor's hourly rate: €30
- Vesting period: 12 months
- Activity threshold: 4 hours per week (evaluated quarterly, see appendix for tracking method)
- Full time: defined as more than 30 hours a week
- Stock threshold: 5%

Conditions:

- Confidentiality: none

- Noncompete: none
- Representations and warranties: the signatories are not bound by a law or agreement that prevents them from legally entering into this agreement.
- This document must be interpreted according to Dutch law, disputes must be settled in the court of Amsterdam
- The coordinator and the contributor may change these terms at any time if they unanimously agree on the change, this must be done in writing (including electronic form).
- Examples below are for illustration purposes only and do not constitute the meaning of this document
- There is no guarantee of any kind that the coordinator or contributor will receive any financial gain from spending time and resources on this project
- Anything created or contributed in time dedicated to the project belongs to the initial legal entity, if the project is spun into a legal entity these rights are transferred to that entity.
- The project is started and owned initially by the initial legal entity.

## **2. Scenario: the project is owned by the initial legal entity**

No wages will be paid to the partners.

## **3. Scenario: the project generates no profit**

Partners track their contributions to the project. Contributions are defined as:

- Hours spent on the project. Based on their hourly rate this leads to a monetary amount.
- The way this is tracked is agreed between coordinator and contributor.
- Hours spent for a month must be registered before the 1th day of the next month
- Money invested/spent to the benefit of the project (see appendix for tracking method)
- Any other actions or assets as unanimously agreed by the partners

*Example: coordinator spends 500 hours at an hourly rate of 100, contributor pays for €10,000 IT infrastructure and spends 200 hours at an hourly rate of 150. Coordinator's balance is now €50,000, contributor's balance is now €40,000.*

#### **4. Scenario: project generates profit**

If the project generates more than €1000/year in profits (as defined by: revenue minus cost, where cost is defined as financial expenses but not time spent, evaluated at year end) the project must spin out of the initial legal entity into a legal entity. The maximum time this process may take is 12 months.

*Example: in 2025 there is €1500 revenue and €200 expenditures (e.g. IT infrastructure). This equates to €1300 profit. The company has 12 months to spin off into a company.*

#### **5. Scenario: project is spun into a legal entity**

If the project incorporates into a legal entity, partners must choose to either:

1. Convert their contribution to money. Meaning the project (now a legal entity) will pay them that amount.
2. The project will pay as fast as it can without jeopardising its own financial health.
3. Convert their contribution to stock or stock options in the newly created legal entity.
4. The amount of stock or stock options is determined depending on the scenario:
  1. If there is outside investment the share (option) amount is directly proportional to the value of the contribution relative to the valuation at which funding is raised
  2. If there is no outside investment the share (option) amount is directly proportional to the value of the contribution relative the sum of total contributions by all other partners.
5. Stock is subject to a vesting cliff. Meaning stock or stock options are granted after the contributor has been involved full time for the duration of the vesting period. The vesting schedule is as follows: after the vesting period expires the stock options are granted in a single installment.
6. A partner forfeits their right to stock or stock options if they behave in a way harmful to the company or fraudulently record their hours spent working. In such a case best-efforts must be made to remedy the situation. If there is no resolution the right to stock options is forfeited.
7. If the contribution of a partner relative to the sum of total contributions is lower than the stock threshold, a partner may not convert their contribution to stock or stock options.

## 6. Scenario: contributor is no longer involved

If the contributor is no longer contributing to the project at a rate above the activity threshold they may elect to:

1. Forfeit their contribution at no cost
2. Ask to be bought out.
3. If the company has not been spun out into a legal entity this is not mandatory and subject to goodwill from the partners that are still involved
4. If the company has been spun into a legal entity the contribution must either:
  1. be paid a lump sum equal to the monetary value of the contribution
  2. be converted to a long-term loan to the company, the conditions of which may never endanger the existence of the company

I hereby agree to be a contributor to the project under these terms.

Signed by: **Bram Grolleman**

Signed on: **15 April 2020**

Signature:



## Appendix

### 7. How time is tracked

Every partner fills out [this google sheet \(2020\)](#) weekly to track the amount of time they have spent on the project.

### 8. Tracking invested time/resources

Any non-time resources spent will be tracked in the same above Google sheet. Contributions are only valid if all partners agree that they are. This is recorded in the above sheet.