Shareholders' Agreement

Governance and share transfer terms for an Irish private company after an investment

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This agreement is made on [date] between:

(1) [Company legal name], [company number], whose registered office is at [address] (the "Company");

(2) the Founders listed in Schedule 1 (the "Founders");

(3) the Investors listed in Schedule 1 (the "Investors"); and

(4) any person who later signs a Deed of Adherence in the form of Schedule 3.

The Founders, the Investors and any adhering shareholders are together the "Shareholders".

1. Purpose and relationship with the constitution

1.1 This agreement regulates the affairs of the Company and the relationship between the Shareholders. If it conflicts with the Company's constitution, this agreement prevails between the parties, and the Shareholders will vote to change the constitution to match it.

2. Board

2.1 The board will have up to [__] directors. The Founders (by majority) may appoint and remove [__] directors; the Investors holding a majority of the Investor Shares (an "Investor Majority") may appoint and remove [__] director(s) (the "Investor Director").

2.2 The board meets at least [every [__] weeks / quarterly]. The quorum is [__] directors, including the Investor Director (if appointed) unless they waive this. If a meeting is not quorate, it is adjourned for [__] working days, and then the directors present are a quorum.

2.3 The Company will maintain directors' and officers' liability insurance of at least [amount] [where the board agrees it is commercially reasonable].

3. Matters requiring Investor consent

3.1 The Company will not, and the Shareholders will ensure that it does not, do any of the following without the prior written consent of an Investor Majority:

(a) change its constitution, share capital or the rights of any class of shares;

(b) issue shares, options or convertible securities, other than under the approved employee option pool;

(c) sell, transfer or license all or a material part of its business, assets or intellectual property, or acquire any business or shares in any company;

(d) borrow money or give security or guarantees over [amount] in total;

(e) declare or pay any dividend or other distribution;

(f) approve or materially depart from the annual budget;

(g) hire or dismiss, or change the pay of, any employee earning over [amount] a year, or any Founder;

(h) enter into any transaction with a Shareholder, director or their connected persons;

(i) start or settle litigation over [amount];

(j) wind up the Company or enter any insolvency or examinership process, other than as required by law;

(k) change the nature of the business or its auditors.

4. Information rights

4.1 The Company will provide each Investor holding at least [__]% of the shares with: monthly management accounts within [__] days of month end; audited annual accounts within [__] days of year end; the annual budget at least [__] days before the start of the year; and any other information reasonably requested.

5. New shares (pre-emption)

5.1 Any new shares must first be offered to the Shareholders in proportion to their holdings, on the same terms, for at least [__] days. Shares not taken up may be offered to the other accepting Shareholders and then to third parties approved by the board and an Investor Majority, on terms no more favourable.

5.2 This does not apply to shares issued under the approved option pool, on conversion of existing convertible securities, or with the consent of an Investor Majority.

6. Transfers of shares

6.1 No Shareholder may transfer shares except as allowed by this agreement. Any new holder must sign a Deed of Adherence.

6.2 Permitted transfers: to a family trust or family member (Founders, with board approval), to an affiliate fund or group company (Investors), subject to transfer back if the relationship ends.

6.3 Right of first refusal: a Shareholder wishing to sell must first offer its shares to the other Shareholders pro rata at the same price and terms, for [__] days.

6.4 Founder lock-in: no Founder may transfer shares during the [__] months after Completion without Investor Majority consent, other than permitted transfers.

7. Tag-along and drag-along

7.1 Tag-along: if one or more Shareholders propose to sell shares resulting in a buyer holding more than 50% of the shares, the buyer must offer to buy all other Shareholders' shares on the same terms and price per share.

7.2 Drag-along: if Shareholders holding [__]% of the shares (including an Investor Majority) accept a bona fide arm's length offer for all the shares, they may require all other Shareholders to sell on the same terms. Dragged Shareholders give only warranties as to title and capacity, and their liability is capped at their sale proceeds.

8. Leaver provisions

8.1 If a Founder stops being an employee or director (a "Leaver"), the Company (or a buyer it nominates) may buy the Leaver's unvested shares at [nominal value / the lower of cost and market value], and the vested shares at market value (good leaver) or [the lower of cost and market value] (bad leaver).

8.2 Vesting: [__]% of each Founder's shares vest on [date], and the rest vest in equal monthly instalments over [__] months. All shares vest on a sale of the Company [single trigger / double trigger].

8.3 Bad leaver means a Founder who leaves due to [dismissal for gross misconduct, voluntary resignation within [__] months, material breach of this agreement or restrictive covenants]. Any other Leaver is a good leaver.

8.4 Market value is agreed by the Leaver and the board or, failing agreement within [__] days, decided by an independent accountant acting as expert.

9. Founder restrictive covenants

9.1 While a Shareholder and for [__] months after ceasing to be one (or ceasing employment, if later), each Founder will not: compete with the business in [territory]; solicit customers or employees of the Company; or use the Company's confidential information. These restrictions are limited to what is reasonable to protect the Company's goodwill.

10. Exit

10.1 The Shareholders will work towards a sale or listing of the Company within [__] years, where commercially reasonable. Exit proceeds are distributed in accordance with the constitution (including any liquidation preference).

11. Deadlock

11.1 If the board or Shareholders cannot agree on a matter material to the business at two meetings, the matter is referred to the chair and the Lead Investor for discussion, and then to mediation before any other step.

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12. Confidentiality and announcements

12.1 Each party keeps confidential all information about the Company and this agreement, except as required by law or disclosed to its advisers, investors or proposed buyers under confidentiality obligations.

13. Duration

13.1 This agreement ends for a Shareholder when it stops holding shares (except for accrued rights and continuing obligations), and for all parties on a listing or a sale of the whole Company.

14. Boilerplate

14.1 Entire agreement. This agreement (with its schedules) is the whole agreement between the parties on its subject.

14.2 Variation. Any change must be in writing and signed by [the Company and Investors holding a majority of the Investor Shares / all parties].

14.3 Notices. Notices must be in writing and sent by email or post to the addresses in Schedule 1 (or as updated by notice).

14.4 Severability. If any provision is invalid, the rest remains in force.

14.5 Costs. Each party bears its own costs, except as stated in this agreement.

14.6 Counterparts and e-signature. This agreement may be signed electronically and in counterparts.

14.7 Governing law and jurisdiction. This agreement is governed by the laws of Ireland and the courts of Ireland have exclusive jurisdiction.

Schedule 1 - Shareholders and shareholdings at Completion: [table].

Schedule 2 - Approved option pool and budget: [details].

Schedule 3 - Deed of Adherence: [form by which a new shareholder agrees to be bound].

Signed for and on behalf of
[Company legal name]

Signature: _____
Name: _____
Title: _____
Date: _____

Signed for and on behalf of
[Investor 1]

Signature: _____
Name: _____
Title: _____
Date: _____

Signed for and on behalf of
[Founder 1]

Signature: _____
Name: _____
Title: _____
Date: _____

Signed for and on behalf of
[Founder 2]

Signature: _____
Name: _____
Title: _____
Date: _____

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