

Co-Founders' Agreement

Last Revised: [Date]

This Co-Founders' Agreement (referred to as the "Agreement") is entered into by and between:

1. _____ [CO-FOUNDER 1 NAME] (hereinafter referred to as "Co-Founder 1")
2. _____ [CO-FOUNDER 2 NAME] (hereinafter referred to as "Co-Founder 2")
3. _____ [CO-FOUNDER 3 NAME] (hereinafter referred to as "Co-Founder 3")

(collectively referred to as the "Co-Founders" and individually as a "Co-Founder")

WHEREAS, the Co-Founders wish to establish the terms of their relationship as founders of:

_____ [COMPANY NAME], a company to be incorporated under the laws of _____
[JURISDICTION] (hereinafter referred to as the "Company");

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Roles and Responsibilities

1.1 Flexible Roles: The Co-Founders acknowledge and agree that the roles and responsibilities within the Company will be dynamic and subject to change as the business evolves. Each Co-Founder commits to adapting their role as necessary for the benefit of the Company.

1.2 Initial Role Allocation: Notwithstanding the flexible nature of the roles, the initial primary responsibilities of each Co-Founder shall be as agreed upon by all parties.

1.3 Duty to Company Success: Each Co-Founder hereby affirms and agrees that their primary and overriding obligation shall be to promote and ensure the success of the Company. This obligation shall take precedence over individual interests or preferences in all business-related decisions and actions.

1.4 Periodic Review: The Co-Founders shall conduct quarterly reviews of the allocation of roles and responsibilities to ensure optimal alignment with the Company's needs and each Co-Founder's strengths.

1.5 Conflict Resolution: In the event of any disagreement regarding roles or responsibilities, the Co-Founders shall attempt to resolve the matter through good faith discussions. If a resolution cannot be reached, the matter shall be escalated to EWOR or addressed through the dispute resolution process outlined in Section 9 of this Agreement.

2. Equity Distribution

2.1 Initial Equity Allocation: The total equity of the Company shall be divided among the Co-Founders as follows:

- a) Co-Founder 1: _____ [PERCENTAGE]
- b) Co-Founder 2: _____ [PERCENTAGE]
- c) Co-Founder 3: _____ [PERCENTAGE]

2.2 Equity Type: The equity shall be in the form of common stock of the Company.

2.3 Issuance of Shares: The Company shall issue the appropriate number of shares to each Co-Founder reflecting the above percentages upon incorporation of the Company or as soon as practicable thereafter.

2.4 Transfer Restrictions: No Co-Founder shall sell, transfer, assign, pledge, or otherwise dispose of

or encumber any of their shares or any right or interest therein, whether voluntarily or by operation of law, except in accordance with the provisions of this Agreement and any applicable shareholders' agreement.

2.5 Dilution: The Co-Founders acknowledge that their equity percentages may be subject to dilution in the event of future equity issuances, including but not limited to, employee stock options, investor financing rounds, or strategic partnerships. Co-founders' equity split will be calculated after subtracting the percentage given to investors and third-parties.

3. Vesting Schedule

3.1 Vesting Period: The shares allocated to each Co-Founder shall vest over a period of four (4) years (the "**Vesting Period**"), commencing on the date of this Agreement (the "**Vesting Commencement Date**").

3.2 Vesting Schedule: The vesting of shares shall occur as follows:

- a) 25% of each Co-Founder's shares shall vest on the first anniversary of the Vesting Commencement Date.
- b) The remaining 75% of each Co-Founder's shares shall vest in equal monthly installments over the subsequent 36 months.

3.3 Cliff Period: Notwithstanding the above, no shares shall vest during the first 12 months following the Vesting Commencement Date (the "**Cliff Period**"). On the first anniversary of the Vesting Commencement Date, 25% of the shares shall vest immediately, provided the Co-Founder has continuously provided services to the Company throughout the Cliff Period.

3.4 Accelerated Vesting: In the event of a change of control or sale of the Company, any unvested shares shall immediately vest in full, subject to the terms of any applicable acquisition agreement.

3.5 Continuous Service Requirement: Vesting shall occur only during the period of a Co-Founder's continuous service to the Company. Upon termination of a Co-Founder's service for any reason, vesting shall cease.

3.6 Unvested Shares: Any unvested shares at the time of a Co-Founder's departure from the Company shall be subject to repurchase by the Company at the original issue price.

3.7 Good Leaver and Bad Leaver Definitions

3.7.1 Good Leaver: A Co-Founder shall be considered a "**Good Leaver**" if their engagement with the Company terminates due to:

- a) Death;
- b) Permanent disability or incapacity (as defined in Section 11.1);
- c) Retirement at the normal retirement age as per applicable law or Company policy;
- d) Voluntary resignation;
- e) Termination of engagement by the Company for any reason other than For Cause (as defined in Section 3.7.2); or
- f) Any other reason not specified in Section 3.7.2 as constituting a Bad Leaver.

3.7.2 Bad Leaver: A Co-Founder shall be considered a "**Bad Leaver**" if their engagement with the Company is terminated "For Cause" according to the law of _____ [**COUNTRY/STATE**]. For the purposes of this Agreement, "For Cause" shall include, but not be limited to:

- a) Gross misconduct or gross negligence in the performance of duties;

- b) Fraud, embezzlement, or misappropriation of Company assets;
- c) Willful and material failure to follow lawful directives of the Board of Directors;

3.8 Consequences for Good Leavers and Bad Leavers

3.8.1 Good Leaver: In the event a Co-Founder is determined to be a Good Leaver:

- a) They shall retain all vested shares as of the date of termination;
- b) They shall forfeit all unvested shares as of the date of termination;
- c) The Company shall have the option, but not the obligation, to repurchase the vested shares at fair market value, as determined by an independent valuation expert agreed upon by the parties.

3.8.2 Bad Leaver: In the event a Co-Founder is determined to be a Bad Leaver: a) All unvested shares shall be immediately forfeited and returned to the Company without compensation;

b) All vested shares shall be sold back to the Company at nominal value, defined as the lowest price permitted by applicable law.

3.9 Determination of Leaver Status

3.9.1 The determination of whether a departing Co-Founder is a Good Leaver or Bad Leaver shall be made by the unanimous decision of the remaining Co-Founders.

3.9.2 In making this determination, the remaining Co-Founders shall act in good faith and in accordance with applicable laws.

3.9.3 The departing Co-Founder shall have the right to present evidence and arguments regarding their leaver status before a final determination is made.

3.10 Dispute Resolution for Leaver Status

If the departing Co-Founder disagrees with the determination of their leaver status, the matter shall be resolved through the dispute resolution process outlined in Section 9 of this Agreement.

3.11 Timing of Share Repurchase

3.11.1 In the case of a Good Leaver, if the Company chooses to exercise its option to repurchase vested shares, it must do so within 90 days of the termination date.

3.11.2 In the case of a Bad Leaver, the Company must repurchase the vested shares at nominal value within 30 days of the termination date.

3.12 Payment Terms for Share Repurchase

3.12.1 The Company may, at its discretion, pay for repurchased shares in a lump sum or in installments over a period not exceeding 12 months.

3.12.2 If paid in installments, the unpaid balance shall accrue interest at the prime rate of the governing country plus 2% per annum.

3.13 Continuing Obligations

Regardless of their leaver status, a departing Co-Founder remains bound by the confidentiality, non-compete, and non-solicitation provisions of this Agreement.

4. Intellectual Property Rights

4.1 Assignment of Inventions: Each Co-Founder hereby assigns to the Company all their right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks, or trade secrets, whether or not patentable or registrable under copyright or similar laws, which such Co-Founder may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the

period of their service to the Company (collectively referred to as "**Inventions**").

4.2 Prior Inventions: Each Co-Founder represents that there are no prior inventions or original works of authorship which were made by such Co-Founder prior to their service to the Company, which belong to such Co-Founder, which relate to the Company's proposed business, products, or research and development, and which are not assigned to the Company hereunder (collectively referred to as "**Prior Inventions**"). If, in the course of their service to the Company, a Co-Founder incorporates into a Company product, process or machine a Prior Invention owned by such Co-Founder or in which such Co-Founder has an interest, the Company is hereby granted and shall have a non-exclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

4.3 Maintenance of Records: Each Co-Founder agrees to keep and maintain adequate and current written records of all Inventions made by such Co-Founder (solely or jointly with others) during the term of their service to the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

4.4 Patent and Copyright Registrations: Each Co-Founder agrees to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto.

4.5 Power of Attorney: In the event the Company is unable for any reason to secure a Co-Founder's signature to any document required to apply for or execute any patent, copyright, or other applications with respect to any Inventions (including improvements, renewals, extensions, continuations, divisions or continuations in part thereof), after a written demand is made therefore upon such Co-Founder (which shall refer to the provisions of this Section), such Co-Founder hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as such Co-Founder's agents and attorneys-in-fact to act for and on such Co-Founder's behalf and instead of such Co-Founder, to execute and file any such application and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, mask works or other rights thereon with the same legal force and effect as if executed by such Co-Founder.

5. Time Commitment

5.1 Full-Time Dedication: Each Co-Founder agrees to devote their full working time, attention, and best efforts to the business and affairs of the Company.

5.2 Outside Activities: No Co-Founder shall, during the term of this Agreement, be engaged in any other business activity without the prior written consent of the other Co-Founders. This restriction shall not apply to passive investments that do not interfere with the Co-Founder's duties to the

Company.

5.3 Flexibility: The Co-Founders acknowledge that startup operations may require work outside of typical business hours. Each Co-Founder agrees to be reasonably available as needed for the benefit of the Company.

5.4 Annual Review: The time commitments shall be reviewed annually by all Co-Founders to ensure they remain appropriate for the Company's stage of development.

6. Compensation

6.1 Initial Non-Compensation Period: The Co-Founders agree that no compensation shall be paid to any Co-Founder until the Company has raised at least _____ **\$250,000** in funding.

6.2 Initial Compensation: Upon raising _____ **\$250,000** or more in funding, each Co-Founder shall be entitled to a monthly compensation of up to _____ **\$10,000**, subject to applicable tax and social security deductions.

6.3 Compensation Review: Once the Company has raised over \$2,000,000 in funding, the Co-Founders shall review and adjust compensation levels based on market rates, Company performance, and available resources.

6.4 Benefits: Any additional benefits, including health insurance, retirement plans, or other perks, shall be determined by unanimous agreement of the Co-Founders based on the Company's financial position and applicable laws.

6.5 Flexible Compensation Adjustment: Notwithstanding the provisions set forth in clauses 6.1 through 6.4, the Co-Founders may, by unanimous written agreement, adjust the compensation structure and amounts for any or all Co-Founders at any time. Any such adjustment shall be documented in writing, signed by all Co-Founders, and attached as an addendum to this Agreement. The Co-Founders acknowledge that any compensation adjustments must comply with applicable laws and regulations, and should be made with due consideration to the Company's financial position and long-term sustainability.

7. Confidentiality and Non-Disclosure

7.1 Definition of Confidential Information: "Confidential Information" means all non-public information, know-how, and data, in whatever form, whether written, oral, or visual, that is owned, possessed, or used by the Company, including any such information, know-how, or data related to products, processes, software, designs, formulae, plans, devices, compilations, client lists, supplier lists, financial information, business strategies, and marketing plans.

7.2 Non-Disclosure Obligation: Each Co-Founder agrees that they will not, during or after the term of this Agreement, directly or indirectly use, divulge, furnish, or make accessible to any person or entity any Confidential Information, except as may be necessary in the regular course of performing the Co-Founder's duties to the Company.

7.3 Exclusions: The non-disclosure obligation shall not apply to information that: (a) was known to the Co-Founder prior to receipt from the Company; (b) is or becomes publicly available through no fault of the Co-Founder; (c) is rightfully received by the Co-Founder from a third party without a duty of confidentiality; (d) is independently developed by the Co-Founder without use of the Company's Confidential Information; or (e) is required to be disclosed by law or court order.

7.4 Return of Materials: Upon termination of a Co-Founder's relationship with the Company, or at any time upon the Company's request, each Co-Founder shall promptly deliver to the Company all materials containing Confidential Information in the Co-Founder's possession or control.

7.5 Duration: The obligations of confidentiality under this Agreement shall continue for a period of five (5) years after the termination of a Co-Founder's relationship with the Company, or until the Confidential Information enters the public domain through no fault of the Co-Founder, whichever occurs first.

8. Non-Compete and Non-Solicitation

8.1 Non-Competition: During the term of this Agreement and for a period of one (1) year following the termination of a Co-Founder's relationship with the Company, each Co-Founder agrees not to, directly or indirectly, engage in any business that competes with the Company's business, in any geographic area where the Company conducts or actively plans to conduct business.

8.2 Non-Solicitation of Employees: During the term of this Agreement and for a period of two (2) years following the termination of a Co-Founder's relationship with the Company, each Co-Founder agrees not to, directly or indirectly, solicit, hire, or attempt to solicit or hire any employee or contractor of the Company.

8.3 Non-Solicitation of Customers: During the term of this Agreement and for a period of two (2) years following the termination of a Co-Founder's relationship with the Company, each Co-Founder agrees not to, directly or indirectly, solicit or attempt to solicit any customer or client of the Company for the purpose of providing products or services competitive with those offered by the Company.

8.4 Acknowledgment: The Co-Founders acknowledge that these restrictions are reasonable and necessary to protect the Company's legitimate business interests.

9. Dispute Resolution

9.1 Good Faith Negotiations: In the event of any dispute arising out of or relating to this Agreement, the Co-Founders agree to first attempt to resolve the dispute through good faith negotiations.

9.2 Mediation: If the dispute cannot be resolved through negotiations within 30 days, the Co-Founders agree to submit the dispute to EWOR, the mediator. The mediator shall be selected by mutual agreement of the Co-Founders.

9.3 Arbitration: If mediation does not resolve the dispute within 60 days of the first mediation session, the dispute shall be settled by binding arbitration. For businesses under United States jurisdiction, the arbitration shall be conducted by the American Arbitration Association.

9.4 Confidentiality: The Co-Founders agree to maintain the confidentiality of any mediation or arbitration proceedings, and not to disclose to any third party the existence, content, or results thereof, except as required by law or for enforcement of the arbitration award.

10. Exit Provisions (Voluntary and Involuntary)

The departing Co-Founder shall transition their responsibilities in good faith over a period of at least 30 days.

11. Death or Incapacity Clause

11.1 Definition of Incapacity: "Incapacity" shall mean a Co-Founder's inability, due to physical or

mental illness or disability, to perform the essential functions of their position, with or without reasonable accommodation, for a period of 90 consecutive days or 120 days in any 12-month period.

11.2 Succession Planning: The Co-Founders shall develop and maintain a succession plan to address potential scenarios of death or incapacity of any Co-Founder.

11.3 Temporary Incapacity: In the event of a Co-Founder's temporary incapacity, the remaining Co-Founders shall allocate the incapacitated Co-Founder's responsibilities among themselves or to other suitable individuals until the Co-Founder is able to resume their duties.

11.4 Permanent Incapacity or Death: In the event of a Co-Founder's permanent incapacity or death:

a) The provisions of Section 3.7 regarding share vesting and transfer shall apply. b) The remaining Co-Founders shall have the right to appoint a replacement, subject to unanimous agreement.

c) If no replacement is appointed within 90 days, the responsibilities of the incapacitated or deceased Co-Founder shall be permanently reallocated among the remaining Co-Founders.

11.5 Company Continuity: The Co-Founders agree that the death or incapacity of any Co-Founder shall not dissolve or terminate the Company. The remaining Co-Founders shall take all necessary steps to ensure the continued operation of the Company.

12. Future Funding Expectations

12.1 Funding Strategy: The Co-Founders agree to jointly develop and regularly review a funding strategy for the Company. This strategy shall outline targeted funding rounds, potential investors, and use of funds.

12.2 Participation in Funding Rounds: Each Co-Founder agrees to participate in fundraising activities, including, but not limited to, preparing pitch materials, attending investor meetings, and conducting due diligence.

12.3 Capital Contributions: The Co-Founders are not obligated to make additional capital contributions to the Company beyond their initial commitments. Any additional contributions shall be made only upon unanimous agreement of the Co-Founders.

12.4 Dilution: The Co-Founders acknowledge that future funding rounds may result in dilution of their equity stakes. They agree to accept reasonable dilution necessary for the growth and success of the Company.

12.5 Investor Rights: The Co-Founders agree to grant customary rights to future investors, including information rights, board seats (as appropriate), liquidity preferences, and pro-rata rights, subject to the best interests of the Company.

12.6 No Guarantee: The Co-Founders acknowledge that there is no guarantee of securing future funding and agree to operate the Company in a manner that preserves capital and maximizes the chances of success regardless of external funding.

13. Expenses and Reimbursement Policy

13.1 Authorized Expenses: The Company shall reimburse each Co-Founder for all reasonable and necessary expenses incurred in performing duties for the Company, provided such expenses are pre-approved and in accordance with the Company's expense policy.

13.2 Expense Policy: The Co-Founders shall jointly develop and agree upon an expense policy within 30 days of signing this Agreement. This policy shall be reviewed and updated annually or as needed.

13.3 Submission of Expenses: All expenses must be submitted with appropriate documentation (receipts, invoices, etc.) within 30 days of being incurred.

13.4 Approval Process: Expenses exceeding \$500 must be approved by at least one other Co-Founder. Expenses exceeding \$2,000 must be unanimously approved by all Co-Founders.

13.5 Personal Expenses: Co-Founders agree not to use Company funds for personal expenses. Any misuse of Company funds may be grounds for termination for cause.

13.6 Expense Audit: The Company reserves the right to conduct periodic audits of submitted expenses to ensure compliance with the expense policy.

14. Amendment Process

14.1 Proposal of Amendments: Any Co-Founder may propose amendments to this Agreement by submitting the proposed changes in writing to all other Co-Founders.

14.2 Discussion Period: Upon receipt of a proposed amendment, the Co-Founders shall have a 14-day period to discuss the proposal and suggest any modifications.

14.3 Voting: After the discussion period, a vote shall be held on the proposed amendment. Any amendment to this Agreement must be approved unanimously by all Co-Founders.

14.4 Documentation: All approved amendments shall be documented in writing, signed by all Co-Founders, and attached as an addendum to this Agreement.

14.5 Review Period: This Agreement shall be reviewed in its entirety by the Co-Founders on an annual basis to ensure it remains relevant and aligned with the Company's needs.

15. Representations and Warranties

Each Co-Founder represents and warrants to the others and to the Company that:

15.1 Authority: They have the full right, power, and authority to enter into this Agreement and to perform their obligations hereunder.

15.2 No Conflicts: The execution and delivery of this Agreement and the performance of their obligations hereunder do not conflict with or violate any agreement, obligation, or restriction to which they are a party or by which they are bound.

15.3 Intellectual Property: They have disclosed all intellectual property relevant to the Company's business that they owned prior to the formation of the Company, and that they have the right to use or license such intellectual property for the benefit of the Company.

15.4 Non-Disclosure Agreements: They are not bound by any non-disclosure, non-compete, or similar agreement that would prevent them from fully performing their duties to the Company.

15.5 Legal Compliance: They will comply with all applicable laws, regulations, and ethical standards in performing their duties for the Company.

15.6 Full Disclosure: They have fully disclosed all information that could reasonably be considered material to their involvement with the Company and the execution of this Agreement.

16. Termination of Agreement

16.1 Termination Events: This Agreement shall terminate upon the occurrence of any of the following events:

- a) The unanimous written agreement of all Co-Founders
- b) The dissolution or bankruptcy of the Company

c) The reduction of the number of Co-Founders to fewer than two, unless a new Co-Founder is admitted within 90 days

16.2 Effect of Termination: Upon termination of this Agreement:

a) All rights and obligations of the Co-Founders under this Agreement shall cease, except for those rights and obligations that are expressly stated to survive termination.

b) Each Co-Founder shall return all Company property in their possession.

c) The confidentiality, non-compete, and non-solicitation provisions shall survive as specified in their respective sections.

16.3 Continuing Obligations: Termination of this Agreement does not relieve any Co-Founder from any obligation or liability accrued prior to the date of termination.

17. Severability

17.1 Severability: If any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

17.2 Reformation: If any provision is held to be too broad to be enforceable, it shall be interpreted to be only as broad as is enforceable.

17.3 Replacement: In the event that any provision is held to be invalid, illegal, or unenforceable, the parties shall negotiate in good faith to replace such invalid, illegal, or unenforceable provision with a valid, legal, and enforceable provision that most closely achieves the original intent of the parties.

18. Governing Law and Jurisdiction

18.1 Governing Law: This Agreement shall be governed by and construed in accordance with the laws of _____ [**COUNTRY/STATE**], without giving effect to any choice of law or conflict of law provisions. The parties consent to the exclusive jurisdiction of the courts of the aforementioned Country and State for any legal action or proceeding relating to this Agreement.

19. Co-Founders' Signatures

IN WITNESS WHEREOF, the parties hereto have executed this Co-Founder Agreement as of the date written.

Co-Founder 1: [NAME]

Co-Founder 2: [NAME]

Co-Founder 3: [NAME]

Date: _____