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EQUITY INVESTMENT AGREEMENT

This Equity Investment Agreement (the "Agreement") is made and entered into as of **[Effective Date]**, by and between:

1. **[Company Name]**, a [legal entity type, e.g., Private Limited Company] incorporated and existing under the laws of **[Jurisdiction]**, having its registered office at **[Registered Address]** (the "Company"); and
2. **[Investor Name]**, a [legal entity type, e.g., Limited Liability Company] incorporated and existing under the laws of **[Jurisdiction]**, having its principal place of business at **[Investor's Address]** (the "Investor").

The Company and the Investor are collectively referred to as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Company is engaged in the business of **[Brief Description of the Company's Business]** and seeks to secure equity investment to finance its operations and growth;

WHEREAS, the Investor desires to invest capital in the Company in exchange for Equity Securities, subject to the terms and conditions set forth in this Agreement;

WHEREAS, the Parties wish to set forth the rights, obligations, and mutual understandings related to the Investor's equity investment in the Company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

CLAUSE 1: DEFINITIONS

In this Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

1. Definitions

1.1 **"Agreement"**
This **Equity Investment Agreement**, including all annexures, schedules, and any amendments or modifications made in writing by the Parties.

1.2 **"Affiliate"**
Any person, entity, or organization that directly or indirectly, through one or more intermediaries,

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controls, is controlled by, or is under common control with a Party to this Agreement. "Control" means ownership of more than 50% of the voting securities or other ownership interests.

1.3 **"Applicable Law"**
Any statute, regulation, rule, ordinance, code, directive, treaty, judgment, or other law of any governmental authority that is applicable to this Agreement, the Parties, or the subject matter of this Agreement.

1.4 **"Board" or **"Board of Directors"**
The governing body of the Company, duly constituted as per the Articles of Association and other constitutional documents.

1.5 **"Business Day"**
Any day other than a Saturday, Sunday, or a public holiday in the jurisdiction where the Company is incorporated or operates.

1.6 **"Closing"**
The completion of the investment transaction as per the terms and conditions of this Agreement, including the issuance of Equity Securities to the Investor.

1.7 **"Closing Date"**
The date on which the Closing occurs as agreed upon in writing by the Parties.

1.8 **"Company"**
[Insert Company Name], a [Insert Legal Structure, e.g., Private Limited Company] incorporated under the laws of [Insert Jurisdiction], with its registered office at [Insert Address].

1.9 **"Confidential Information"**
Any information, whether in written, electronic, or oral form, disclosed by one Party to the other under this Agreement, including but not limited to trade secrets, business plans, financial data, proprietary data, and other non-public information, subject to the exclusions under Clause [Confidentiality Clause].

1.10 **"Consideration"**
The aggregate amount of funds or other value provided by the Investor in exchange for the Equity Securities, as set forth in Clause [Investment Terms].

1.11 **"Dilution"**
The reduction in the proportional ownership interest of an existing shareholder due to the issuance of additional Equity Securities.

1.12 **"Dispute Resolution Mechanism"**
The process set forth in Clause [Dispute Resolution Clause] for resolving disputes arising under this Agreement, including negotiation, mediation, arbitration, or litigation.

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1.13 **"Drag-Along Rights"**
The rights of the majority shareholders or the Investor to compel minority shareholders to sell their shares under the terms of a third-party acquisition offer.

1.14 **"Due Diligence"**
The process of evaluating the financial, legal, operational, and other aspects of the Company to assess its viability and risks before making an investment.

1.15 **"Equity Securities"**
Any class of shares, options, warrants, convertible securities, or any other equity-linked instruments issued by the Company to the Investor as part of the investment.

1.16 **"Exit Event"**
Any event that allows the Investor to liquidate its investment, including but not limited to an initial public offering (IPO), merger, acquisition, sale of a controlling stake, or any other form of business combination.

1.17 **"Fair Market Value (FMV)"**
The value of the Company's shares or assets as determined in good faith by the Board or by an independent valuation expert as required under this Agreement.

1.18 **"Founders"**
The individuals listed in Schedule [Insert Schedule Reference] who are responsible for the formation and leadership of the Company and hold equity stakes.

1.19 **"Fully Diluted Basis"**
The total number of shares outstanding, including all issued shares, stock options, warrants, convertible instruments, and any other securities that may be converted into shares.

1.20 **"Funding Round"**
The stage in which the Company raises investment from one or more Investors in exchange for Equity Securities.

1.21 **"Governmental Authority"**
Any government body, regulatory authority, court, tribunal, or other public authority with jurisdiction over the Parties or subject matter of this Agreement.

1.22 **"Intellectual Property Rights"**
All rights related to patents, trademarks, copyrights, trade secrets, domain names, and any other intangible proprietary assets owned or developed by the Company.

1.23 **"Investor"**
The entity or individual investing capital into the Company pursuant to the terms of this Agreement, as identified in Schedule [Investor Details Schedule].

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1.24 **"Liquidation Event"**
An event that leads to the dissolution or winding up of the Company, including but not limited to bankruptcy, insolvency, sale of all or substantially all assets, or any similar event.

1.25 **"Lock-Up Period"**
The period during which the Investor or other shareholders are restricted from selling, transferring, or otherwise disposing of their shares, as specified in Clause [Lock-Up Clause].

1.26 **"Material Adverse Effect"**
Any event, circumstance, or condition that significantly impacts the business, financial condition, operations, or prospects of the Company in a negative manner.

1.27 **"Non-Compete Obligation"**
The contractual restriction preventing certain shareholders, founders, or key employees from engaging in competing business activities for a specified period and within a defined territory.

1.28 **"Pre-Emptive Rights"**
The rights granted to existing shareholders to purchase additional Equity Securities in proportion to their existing shareholding before such securities are offered to third parties.

1.29 **"Pro-Rata Rights"**
The rights of an Investor to maintain their percentage ownership by participating in future funding rounds in proportion to their existing shareholding.

1.30 **"Reserved Matters"**
The list of corporate actions that require the prior approval of the Investor or a supermajority of shareholders, as specified in Schedule [Reserved Matters Schedule].

1.31 **"Shareholders"**
All individuals or entities holding Equity Securities in the Company, including but not limited to Founders, Investors, and employees holding equity-based incentives.

1.32 **"Subscription Amount"**
The total amount of investment committed by the Investor in exchange for Equity Securities, as set forth in Clause [Subscription Details].

1.33 **"Tag-Along Rights"**
The rights of minority shareholders to participate in the sale of shares when majority shareholders decide to sell their stake in the Company.

1.34 **"Term"**
The period during which this Agreement remains in effect, as specified in Clause [Term and Termination].

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1.35 **"Valuation Cap"**
The maximum valuation of the Company that applies to certain investment instruments, such as convertible notes or SAFEs, for the purpose of calculating conversion terms.

1.36 **"Voting Rights"**
The rights of a shareholder to vote on matters affecting the Company, as specified in the Company's Articles of Association or Shareholders' Agreement.

CLAUSE 2: INVESTMENT TERMS

2.1 Investment Amount

The Investor agrees to subscribe for and purchase, and the Company agrees to issue and allot, Equity Securities in the amount of **[Insert Investment Amount]** (the "Investment Amount"), subject to the terms and conditions of this Agreement.

2.2 Issuance of Equity Securities

(a) **Type of Securities:** The Equity Securities issued under this Agreement shall be **[Specify Type of Shares – e.g., Preferred Shares, Common Shares, Convertible Notes, etc.]**, having the rights and preferences as set forth in this Agreement and the Company's constitutional documents.

(b) **Price Per Share:** The price per share at which the Equity Securities shall be issued to the Investor is **[Insert Price Per Share]**, determined based on the valuation of the Company as agreed upon by the Parties.

(c) **Fully Diluted Basis:** The Equity Securities shall be issued on a fully diluted basis, including all issued shares, stock options, warrants, and any convertible securities.

2.3 Closing and Payment

(a) **Closing Date:** The closing of the transaction (the "Closing") shall take place on **[Insert Closing Date]**, or such other date as agreed upon in writing by the Parties.

(b) **Payment of Subscription Amount:** On or before the Closing Date, the Investor shall transfer the Investment Amount to the Company's designated bank account as specified in **Schedule [Insert Schedule Reference]**.

(c) **Issuance of Share Certificates:** Upon receipt of the Investment Amount, the Company shall issue and deliver to the Investor **duly executed share certificates** or other appropriate evidence of ownership of the Equity Securities.

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2.4 Use of Proceeds

The Company agrees to use the proceeds from the investment exclusively for the purposes of **business operations, expansion, working capital, research and development, and other agreed-upon purposes**, as detailed in **Schedule [Business Use of Funds Schedule]**. The Company shall not use the funds for any unauthorized purpose without the prior written consent of the Investor.

2.5 Conditions Precedent to Closing

The obligations of the Investor to proceed with the Closing are subject to the fulfillment (or waiver by the Investor) of the following conditions:

(a) **Completion of Due Diligence:** The Investor shall have completed a satisfactory legal, financial, and commercial due diligence review of the Company.
(b) **Regulatory Approvals:** Any required governmental, regulatory, or shareholder approvals shall have been obtained.
(c) **Representations and Warranties:** The representations and warranties of the Company set forth in **Clause 3** shall be true and correct as of the Closing Date.
(d) **Execution of Ancillary Agreements:** The Company and the Investor shall have executed any other agreements necessary to effectuate the transaction, including but not limited to a **Shareholders' Agreement and Voting Agreement**.
(e) **No Material Adverse Effect:** There shall have been no Material Adverse Effect on the business, financial condition, or operations of the Company between the execution date of this Agreement and the Closing Date.

2.6 Capitalization and Shareholding Structure

(a) **Current Capitalization:** The current shareholding structure of the Company, before the issuance of Equity Securities to the Investor, is set forth in **Schedule [Cap Table Schedule]**.
(b) **Post-Investment Shareholding:** Upon the Closing, the updated shareholding structure of the Company, reflecting the Investor's ownership, shall be updated in the Company's official records and is outlined in **Schedule [Updated Cap Table Schedule]**.

2.7 Anti-Dilution Protection

(a) **Full Ratchet / Weighted Average Adjustment:** In the event that the Company issues additional Equity Securities at a lower valuation than the Investor's investment price, the Investor shall be entitled to an anti-dilution adjustment in accordance with the method outlined in **Clause [Anti-Dilution Clause]**.

(b) **Pre-Emptive Rights:** The Investor shall have the right to participate in any future issuances of Equity Securities to maintain its pro-rata ownership percentage, as specified in **Clause [Pre-Emptive Rights Clause]**.

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2.8 Lock-Up and Transfer Restrictions

(a) **Lock-Up Period:** The Investor agrees not to sell, transfer, or otherwise dispose of its Equity Securities for a period of **[Insert Lock-Up Period, e.g., 12-24 months]** from the Closing Date, except as permitted in this Agreement.
(b) **Restricted Transfers:** Any transfer of Equity Securities by the Investor shall be subject to compliance with applicable securities laws and the **Right of First Refusal** provisions set forth in **Clause [ROFR Clause]**.

CLAUSE 3: REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company

The Company hereby represents and warrants to the Investor that, as of the Effective Date and as of the Closing Date:

(a) Corporate Status and Authority

(i) The Company is a **duly incorporated and validly existing** legal entity under the laws of **[Insert Jurisdiction]**, and it has the **full legal capacity, power, and authority** to enter into this Agreement and perform its obligations.
(ii) The execution, delivery, and performance of this Agreement have been **duly authorized** by all necessary corporate actions, including approvals from the **Board of Directors and Shareholders**, where applicable.
(iii) The Company's **Articles of Association, Certificate of Incorporation, and constitutional documents** are valid, in full force, and compliant with all Applicable Laws.

(b) Capitalization and Ownership

(i) The authorized and issued share capital of the Company is as set forth in **Schedule [Cap Table Schedule]**, and no other equity securities, convertible securities, warrants, or rights exist except as disclosed in writing to the Investor.
(ii) All issued shares have been **validly issued, are fully paid, and are non-assessable**, and there are no **liens, encumbrances, or third-party rights** over the shares unless otherwise disclosed.
(iii) The execution of this Agreement will not result in any **breach of existing shareholder agreements, voting agreements, or other corporate obligations**.

(c) Financial Statements and Condition

(i) The **financial statements** provided to the Investor, including balance sheets, profit and loss statements, and cash flow statements for the past **[Insert Number]** fiscal years, have been prepared in accordance with **[Applicable Accounting Standards]** and fairly present the Company's financial position.

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(ii) The Company has **no undisclosed liabilities or obligations** (contingent or otherwise) that would have a Material Adverse Effect on its business.
(iii) There has been **no material deterioration in the financial condition, assets, or prospects** of the Company since the date of the last financial statements.

(d) Business and Compliance

(i) The Company holds all **necessary licenses, permits, and approvals** required to conduct its business and is in compliance with all **Applicable Laws and regulations**.
(ii) The Company is **not subject to any material litigation, arbitration, governmental investigation, or claims** that could affect its business operations or financial standing.
(iii) There are **no known regulatory violations, tax liabilities, or employment law disputes** that have not been disclosed to the Investor.

(e) Intellectual Property

(i) The Company **owns or lawfully licenses** all Intellectual Property Rights (IPR) necessary for its business operations, as listed in **Schedule [IPR Schedule]**.
(ii) No third party has asserted any claim that the Company's products, services, or technology **infringe upon their Intellectual Property Rights**, and no such disputes are pending or threatened.
(iii) The Company has taken **reasonable measures** to protect its trade secrets, proprietary information, and confidential data from unauthorized disclosure or misuse.

(f) Contracts and Obligations

(i) The Company is **not in breach of any material contract, agreement, or obligation** that could have an adverse effect on its operations.
(ii) No existing contracts will be **terminated, breached, or adversely affected** as a result of this investment transaction.

(g) Tax Compliance

(i) The Company has **duly filed and paid all taxes** required by Applicable Law, including corporate taxes, VAT, and withholding taxes.
(ii) There are **no pending tax audits, disputes, or claims** that could result in material liabilities.

(h) No Material Adverse Effect

Since the date of execution of this Agreement, **no event, change, or circumstance** has occurred that would result in a **Material Adverse Effect** on the business, financial condition, or operations of the Company.

3.2 Representations and Warranties of the Investor

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The Investor represents and warrants to the Company that, as of the Effective Date and as of the Closing Date:

(a) Authority and Investment Intent

(i) The Investor has the **full legal capacity, power, and authority** to enter into and perform this Agreement.
(ii) The execution and performance of this Agreement have been **duly authorized** and will not breach any agreements, corporate obligations, or Applicable Laws.
(iii) The Investor is acquiring the Equity Securities **solely for investment purposes** and **not for immediate resale or distribution** in violation of securities laws.

(b) Financial Capability

(i) The Investor has **sufficient funds available** to pay the Subscription Amount and perform its obligations under this Agreement.
(ii) The Investor understands that the investment **involves risks**, including potential loss of investment, and has conducted its **own due diligence** regarding the Company.

(c) Compliance with Laws

(i) The Investor is **not subject to any sanctions, regulatory restrictions, or legal prohibitions** that would prevent the execution of this Agreement.
(ii) The Investor **complies with all applicable anti-money laundering (AML), anti-bribery, and anti-corruption laws** and is not using funds derived from unlawful activities.

3.3 Survival of Representations and Warranties

The representations and warranties set forth in this Clause **shall survive the Closing** for a period of **[Insert Duration, e.g., 12-24 months]**, except for representations regarding **tax liabilities, intellectual property, and compliance matters**, which shall survive **indefinitely** or for the maximum period allowed under Applicable Law.

CLAUSE 4: COVENANTS AND OBLIGATIONS

This Clause outlines the ongoing obligations and commitments of both the Company and the Investor following the execution of this Agreement.

4.1 Covenants of the Company

The Company hereby covenants and agrees that, from the Effective Date until the earlier of the termination of this Agreement or the occurrence of an Exit Event, it shall:

(a) Compliance with Laws

(i) Ensure that the Company and its subsidiaries remain in compliance with all **Applicable Laws, regulations, and licensing requirements** related to its business operations.
(ii) Maintain all **necessary governmental permits, approvals, and registrations** required to operate legally.

(b) Corporate Governance and Reporting

(i) Maintain accurate books of accounts and **financial records** in accordance with **[Applicable Accounting Standards]**.
(ii) Provide the Investor with **quarterly and annual financial statements** and any other reasonable reports requested by the Investor.
(iii) Ensure that all corporate actions, including the issuance of new shares, amendments to the Articles of Association, and major business decisions, comply with corporate governance best practices.

(c) Use of Investment Proceeds

(i) Apply the Investment Amount **solely for the purposes** outlined in **Clause 2.4 (Use of Proceeds)** and **Schedule [Business Use of Funds]**.
(ii) Not use the funds for **any purpose that is unlawful or materially deviates** from the agreed business plan without the Investor's prior written consent.

(d) Anti-Dilution and Shareholder Rights

(i) Not issue or authorize the issuance of additional Equity Securities **at a valuation lower than that of the Investor's investment**, unless anti-dilution protections apply as per **Clause 2.7 (Anti-Dilution Protection)**.
(ii) Ensure that the Investor's **Pre-Emptive Rights** are honored in any future issuance of Equity Securities.

(e) Restrictions on Transfer and Major Transactions

(i) The Company shall not, without the prior written consent of the Investor:

- Enter into any agreement that would result in a **merger, acquisition, sale of assets, or change of control** of the Company.
- Undertake a **public offering** or list its securities on any stock exchange.
- **Create any new class of shares** that adversely affect the rights of the Investor.
  (ii) Any sale of shares shall be subject to **Tag-Along and Drag-Along Rights** as provided in **Clause [Tag-Along and Drag-Along Rights Clause]**.

(f) No Competing Business

The Founders and key executives of the Company **shall not engage in any competing business** or materially divert resources away from the Company for personal or third-party benefit.

(g) Confidentiality and Non-Disclosure

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(i) The Company shall **protect and not disclose** any Confidential Information of the Investor, except as required by law.
(ii) The Company shall implement **data security and protection measures** to prevent unauthorized access to sensitive business and investor information.

4.2 Covenants of the Investor

The Investor hereby covenants and agrees that, from the Effective Date until the earlier of an Exit Event or the termination of this Agreement, it shall:

(a) Compliance with Laws

(i) Comply with all **Applicable Laws**, including **securities regulations, foreign investment restrictions, anti-money laundering, and anti-corruption laws**.
(ii) Provide any **necessary disclosures** required under local regulatory frameworks.

(b) Investment Support and Good Faith Participation

(i) Act in **good faith** in all dealings with the Company and its management team.
(ii) Where reasonable and practical, **support the Company's growth**, including **introducing strategic partnerships, providing mentorship, or facilitating business development opportunities**.

(c) Transfer Restrictions

(i) The Investor shall not sell or transfer its Equity Securities except in accordance with:

- **Lock-Up Period** restrictions as outlined in **Clause 2.8 (Lock-Up and Transfer Restrictions)**.
- **Right of First Refusal (ROFR)** provisions, if applicable.
  (ii) The Investor shall not **sell or transfer shares to a competitor** of the Company without the Company's prior written approval.

(d) Confidentiality and Non-Disclosure

(i) The Investor shall keep **Confidential Information** obtained from the Company private and shall not disclose such information to third parties without consent.
(ii) The Investor shall **take reasonable precautions** to ensure that any sensitive financial, operational, or strategic business details remain secure.

4.3 Restrictions on the Founders and Key Employees

To ensure the stability and long-term success of the Company, the Founders and Key Employees agree to the following:

(a) Non-Compete and Non-Solicitation

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(i) The Founders shall not, for a period of **[Insert Duration, e.g., 24 months]**, directly or indirectly engage in a business that competes with the Company's core business activities.
(ii) The Founders shall not solicit, encourage, or attempt to hire any of the Company's employees or contractors for a period of **[Insert Duration, e.g., 12 months]** after their departure from the Company.

(b) Vesting and Founder Equity Clawback

(i) The Founders' shares shall be subject to a **vesting schedule** of **[Insert Vesting Period, e.g., 4 years with a 1-year cliff]**.
(ii) If a Founder **voluntarily leaves the Company or is terminated for cause**, a portion of their **unvested shares shall be forfeited** or subject to repurchase at a nominal value.

4.4 Reserved Matters (Investor Approval Required)

The Company **shall not undertake** any of the following actions without the **prior written approval** of the Investor:

(a) **Change in Share Capital Structure** – Issuance of new shares, stock splits, or changes in share rights.
(b) **Mergers and Acquisitions** – Entering into a merger, acquisition, joint venture, or sale of a significant portion of the Company's assets.
(c) **Major Financial Decisions** – Borrowing money beyond **[Insert Threshold]**, issuing debt instruments, or pledging Company assets as collateral.
(d) **Executive Hiring and Compensation** – Appointing or removing senior management personnel, or materially altering their compensation.
(e) **Business Model Changes** – Entering into a **new line of business** or ceasing existing operations.
(f) **Litigation and Settlements** – Agreeing to settlements exceeding **[Insert Amount]**, or engaging in legal proceedings that could materially impact the Company.
(g) **IP and Confidential Information** – Licensing or transferring Intellectual Property Rights that form a material part of the Company's business.

4.5 Survival of Covenants

(a) The covenants outlined in this Clause **shall remain in effect** for the duration of this Agreement, unless otherwise specified.
(b) Certain covenants, such as **Confidentiality, Non-Compete, and Reserved Matters**, shall **survive termination or expiration** of this Agreement.

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CLAUSE 5: EXIT RIGHTS AND LIQUIDITY PROVISIONS

This Clause sets out the Investor's rights and mechanisms to liquidate its investment in the Company. It covers permissible exit strategies, the process for facilitating an exit, and the Company's obligations to support investor liquidity.

5.1 Permitted Exit Events

The Investor shall be entitled to exit its investment in the Company through any of the following means:

(a) Initial Public Offering (IPO)

If the Company successfully lists its shares on a recognized stock exchange, the Investor shall have the right to **sell its shares** in accordance with the applicable **securities laws, underwriter lock-up periods, and listing requirements**.

(b) Trade Sale or Acquisition

If the Company is acquired by, merged with, or sells substantially all of its assets to another entity, the Investor shall have the right to:
(i) Sell its shares at the same terms and valuation as other shareholders in the transaction.
(ii) Exercise **Tag-Along Rights** if other shareholders are selling their stakes.
(iii) Receive proceeds in accordance with the **liquidation preference** outlined in **Clause 5.5**.

(c) Secondary Sale of Shares

The Investor may sell all or part of its shares to a third party, subject to:
(i) **Right of First Refusal (ROFR)** provisions as per **Clause 5.3**.
(ii) Compliance with any transfer restrictions in **Clause 2.8 (Lock-Up and Transfer Restrictions)**.

(d) Buyback by the Company

The Company may repurchase the Investor's shares at a **mutually agreed fair market value**, subject to:
(i) Approval by the Board and shareholders, if required under Applicable Law.
(ii) Availability of sufficient retained earnings and compliance with any debt covenants.

(e) Drag-Along Sale

If majority shareholders or the Board of Directors decide to sell the Company, the Investor may be **compelled to participate** under the **Drag-Along Rights** provisions of **Clause 5.4**.

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5.2 Timeframe for Exit

(a) If an exit event has not occurred within **[Insert Duration, e.g., 5 years]** from the Closing Date, the Investor shall have the right to:

- **Request the Company to initiate an exit strategy**, including an IPO, strategic sale, or structured buyback.
- Seek a secondary sale to an interested third-party buyer.

(b) The Company agrees to work **in good faith** to facilitate an exit strategy that is mutually beneficial to all shareholders.

5.3 Right of First Refusal (ROFR)

(a) If the Investor wishes to sell its shares, the existing shareholders and/or the Company shall have a **Right of First Refusal** to purchase the shares before they are sold to a third party.

(b) The Investor must notify the Company and existing shareholders in writing of its intent to sell, including:

- The proposed buyer's details,
- The offer price per share, and
- Any other material terms of the sale.

(c) The Company or existing shareholders shall have **[Insert Duration, e.g., 30 days]** to match the offer. If no response is received within this timeframe, the Investor shall be free to sell to the third party.

5.4 Drag-Along and Tag-Along Rights

(a) Drag-Along Rights (Majority Sale Requirement)

(i) If shareholders holding at least **[Insert Percentage, e.g., 75%]** of the voting power decide to sell the Company to a third party, the Investor shall be **required to sell its shares** under the same terms and conditions.

(ii) The Company shall ensure that:

- The Investor receives the same price and consideration as other selling shareholders.
- The sale terms are **commercially reasonable and fair** to all shareholders.

(b) Tag-Along Rights (Minority Protection)

(i) If a major shareholder (holding **[Insert Threshold, e.g., 25%]** or more) decides to sell its shares to a third party, the Investor shall have the **right to sell its shares proportionally** under the same terms.

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(ii) The selling shareholder must ensure that the third-party buyer offers the **same exit terms** to the Investor.

5.5 Liquidation Preference

In the event of a **liquidation, winding-up, dissolution, or sale of substantially all Company assets**, the Investor shall have the right to receive proceeds in the following order of priority:

(a) Preference Amount

(i) The Investor shall receive **[Insert Multiple, e.g., 1.5x]** its original investment amount **before** any distributions to common shareholders.
(ii) If proceeds are insufficient to fully satisfy the preference amount, the available funds shall be distributed **proportionally** among preferred shareholders.

(b) Participation Rights (If Applicable)

(i) If the Company adopts a **Participating Liquidation Preference**, the Investor shall receive its preference amount **and** participate in remaining distributions with common shareholders.
(ii) If a **Non-Participating Liquidation Preference** is adopted, the Investor may **choose to receive either** the preference amount **or** a pro-rata share of total proceeds.

5.6 Valuation and Fair Market Pricing

(a) If the Investor opts for an exit through a **secondary sale or buyback**, the share price shall be determined by:

- A **mutually agreed independent valuation expert**, or
- A **fair market value assessment based on the latest funding round price**.

(b) The Company shall **not manipulate financial performance** or take actions that would artificially reduce valuation.

5.7 Company's Obligation to Support Exit

(a) The Company shall provide all **reasonable assistance and information** necessary to facilitate the Investor's exit, including:

- **Providing audited financial statements** and compliance certificates to buyers.
- **Coordinating with legal and financial advisors** to execute agreements efficiently.
- **Ensuring no undue restrictions** are placed on share transfers.

(b) If an IPO is pursued, the Investor shall **cooperate in good faith** with underwriters and legal advisors to comply with listing requirements.

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5.8 Restrictions on Forced Sale or Transfer

(a) The Investor shall not be compelled to sell its shares at a **price lower than its investment valuation**, unless:

- The majority of shareholders agree to the terms,
- The Company faces insolvency, or
- The sale is approved under a **court-supervised restructuring**.

(b) The Company shall not impose any **unfair penalties or forfeiture mechanisms** that restrict the Investor's exit rights.

5.9 Survival of Exit Rights

(a) The rights and obligations in this Clause shall survive:

- Any amendments to the Company's Articles of Association,
- Changes in management or Board structure,
- The expiration or termination of this Agreement, **unless expressly waived in writing by the Investor**.

(b) The Company shall not **dilute, remove, or amend these exit rights** without obtaining the **Investor's prior written approval**.

CLAUSE 6: INDEMNIFICATION AND LIABILITY

This Clause sets forth the responsibilities of the Parties regarding indemnification, liability limitations, and the process for handling claims arising from breaches of this Agreement.

6.1 Indemnification by the Company

The Company agrees to indemnify, defend, and hold harmless the Investor, its affiliates, directors, officers, employees, and agents (collectively, the "Investor Indemnified Parties") from and against any and all losses, liabilities, damages, claims, costs, and expenses, including reasonable legal fees (collectively, "Losses"), incurred as a result of:

(a) Any **breach of representations, warranties, or covenants** made by the Company in this Agreement;
(b) Any **violation of Applicable Laws, regulations, or contractual obligations** by the Company;
(c) Any **third-party claims** arising from the Company's operations, including intellectual property infringement, employment disputes, or regulatory non-compliance;
(d) Any **misuse or misappropriation** of the Investor's funds in violation of the Use of Proceeds

DOE-LEGISTS LAWYERS

provisions in **Clause 2.4**;
(e) Any **fraud, gross negligence, or willful misconduct** of the Company or its key executives.

6.2 Indemnification by the Investor

The Investor agrees to indemnify, defend, and hold harmless the Company, its affiliates, directors, officers, employees, and agents (collectively, the "Company Indemnified Parties") from and against any Losses resulting from:

(a) Any **breach of representations, warranties, or covenants** made by the Investor in this Agreement;
(b) Any **violation of securities laws, anti-money laundering (AML) laws, or foreign investment restrictions** applicable to the Investor;
(c) Any **unauthorized disclosure of Confidential Information** obtained from the Company;
(d) Any **fraud, gross negligence, or willful misconduct** by the Investor in relation to this Agreement.

6.3 Indemnification Procedure

(a) **Notification of Claim** – The Indemnified Party shall notify the Indemnifying Party in writing of any claim or Losses for which indemnification is sought within **[Insert Timeframe, e.g., 30 days]** of becoming aware of such claim.

(b) **Defense of Claims** – The Indemnifying Party shall have the right to assume control of the defense of any third-party claim, provided that:

- The defense is conducted in **good faith and with due diligence**;
- The Indemnified Party is kept informed and **reasonably consulted**;
- Any settlement requires prior **written approval** of the Indemnified Party, which shall not be unreasonably withheld.

(c) **Failure to Defend** – If the Indemnifying Party does not assume defense within **[Insert Timeframe, e.g., 15 days]**, the Indemnified Party may conduct its own defense at the cost of the Indemnifying Party.

(d) **Mitigation of Losses** – The Indemnified Party shall take all **reasonable steps** to mitigate damages and prevent further Losses.

6.4 Limitations on Liability

(a) **Cap on Liability** – The total liability of each Party for any claims arising under this Agreement shall not exceed **[Insert Liability Cap, e.g., the amount of the Investor's total investment]**, except in cases of **fraud, willful misconduct, or breaches of confidentiality**.

(b) **Exclusion of Indirect Damages** – Neither Party shall be liable for any:

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- Indirect, consequential, or punitive damages;
- Loss of profits, revenue, goodwill, or business opportunities;
- Losses resulting from unforeseeable events beyond their control.

(c) **Exceptions to Liability Limitations** – The liability limitations **shall not apply** to:

- Breaches of **Confidentiality (Clause 7)**;
- **Fraud, intentional misrepresentation, or willful misconduct**;
- Any **indemnification obligations** expressly provided in this Clause.

6.5 Force Majeure

(a) **Definition** – Neither Party shall be liable for any failure or delay in performing its obligations due to events beyond its reasonable control, including but not limited to:

- Natural disasters, pandemics, or acts of God;
- War, terrorism, civil unrest, or governmental restrictions;
- Cyberattacks, data breaches, or failures of third-party service providers.

(b) **Notice and Suspension** – The affected Party must provide **written notice** within **[Insert Timeframe, e.g., 5 days]** of becoming aware of a Force Majeure Event. The obligation affected by the Force Majeure event shall be **suspended** during the period of disruption.

(c) **Termination for Prolonged Force Majeure** – If the Force Majeure Event continues for **more than [Insert Duration, e.g., 90 days]**, either Party may terminate this Agreement without further liability, except for obligations accrued prior to termination.

6.6 Survival of Indemnification Obligations

The provisions of this Clause **shall survive the termination or expiration of this Agreement** for a period of **[Insert Duration, e.g., 3 years]** from the date of termination, except for claims related to:
(a) Tax liabilities, which shall survive **indefinitely**;
(b) Intellectual Property Rights disputes, which shall survive until the expiration of the relevant IP rights.

CLAUSE 7: CONFIDENTIALITY AND NON-DISCLOSURE

This Clause sets forth the obligations of the Parties regarding the protection and use of Confidential Information exchanged during the course of this Agreement.

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7.1 Definition of Confidential Information

For the purposes of this Agreement, "Confidential Information" shall mean **all non-public, proprietary, or sensitive information** disclosed by one Party ("Disclosing Party") to the other Party ("Receiving Party"), whether orally, in writing, electronically, or through any other means, including but not limited to:

(a) Business plans, financial statements, investment strategies, and market analysis;
(b) Product designs, technical data, trade secrets, and Intellectual Property Rights;
(c) Customer lists, supplier agreements, and partnership details;
(d) Negotiation terms, valuations, and funding arrangements;
(e) Any other information marked as “Confidential” or that a reasonable person would consider confidential.

7.2 Exclusions from Confidentiality Obligations

Confidential Information shall **not** include information that:

(a) **Is or becomes publicly available** without breach of this Agreement;
(b) **Was lawfully known** to the Receiving Party prior to disclosure by the Disclosing Party;
(c) **Is lawfully obtained from a third party** without confidentiality obligations;
(d) **Is independently developed** by the Receiving Party without reference to the Confidential Information;
(e) **Must be disclosed under applicable law** or court order, provided that the Receiving Party gives prior notice to the Disclosing Party and takes reasonable steps to prevent further disclosure.

7.3 Obligations of the Receiving Party

The Receiving Party agrees to:

(a) **Maintain strict confidentiality** and use reasonable care (at least the same level of care it uses to protect its own confidential information) to prevent unauthorized disclosure;
(b) **Not disclose, distribute, or reproduce** Confidential Information without the Disclosing Party’s prior written consent;
(c) **Use Confidential Information only** for purposes related to this Agreement and not for any personal, competitive, or unauthorized commercial purpose;
(d) **Restrict access** to Confidential Information only to employees, directors, and advisors who need to know and are bound by similar confidentiality obligations.

7.4 Permitted Disclosures

The Receiving Party may disclose Confidential Information:

(a) To its **legal, financial, or professional advisors**, provided they are bound by confidentiality obligations;
(b) As required by law, government regulation, or stock exchange requirements, provided prior

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notice is given to the Disclosing Party;
(c) In any **legal proceedings** to enforce its rights under this Agreement.

7.5 Duration of Confidentiality Obligations

(a) The obligations under this Clause shall remain in effect **for the duration of this Agreement** and shall survive its termination for a period of **[Insert Duration, e.g., 3-5 years]** thereafter.
(b) Obligations regarding trade secrets shall survive **indefinitely**, or for as long as the trade secrets remain confidential.

7.6 Return or Destruction of Confidential Information

(a) Upon termination of this Agreement, the Receiving Party shall:

- **Immediately cease use** of the Confidential Information;
- **Return or destroy** all Confidential Information, including copies, electronic files, and backups, within **[Insert Duration, e.g., 30 days]** unless otherwise required by law.
  (b) The Receiving Party shall provide written confirmation of compliance with this requirement upon request.

7.7 Non-Disclosure of Agreement Terms

(a) The Parties agree **not to disclose** the existence, terms, or conditions of this Agreement to any third party without mutual consent, except as required by law.
(b) Any public announcements, press releases, or investor disclosures **must be approved** by both Parties in writing before release.

7.8 Remedies for Breach of Confidentiality

In the event of a breach or threatened breach of this Clause:

(a) The Disclosing Party shall have the right to seek **injunctive relief, specific performance, or other equitable remedies** without the need to prove actual damages.
(b) The Receiving Party shall be liable for any **monetary damages** suffered due to the breach.
(c) The Disclosing Party may **terminate this Agreement immediately** if a material breach of confidentiality occurs.

CLAUSE 8: DISPUTE RESOLUTION

This Clause outlines the mechanisms and procedures for resolving disputes between the Parties related to this Agreement.

8.1 Good Faith Negotiations

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(a) In the event of any dispute, controversy, or claim arising out of or in connection with this Agreement, including its breach, termination, or validity (a "Dispute"), the Parties shall first attempt to resolve the matter through **good faith negotiations**.

(b) A Party raising a Dispute shall provide a **written notice** (the "Dispute Notice") to the other Party, specifying the nature of the Dispute and the desired resolution.

(c) The senior executives of both Parties shall meet and use their best efforts to resolve the Dispute within **[Insert Duration, e.g., 30 days]** from the date of the Dispute Notice.

8.2 Mediation

(a) If the Parties fail to resolve the Dispute through negotiation within the timeframe specified in **Clause 8.1**, the Dispute shall be referred to **mediation**.

(b) The mediation shall be conducted in **[Insert Location]**, before a mutually agreed-upon mediator or, if the Parties fail to agree, a mediator appointed by **[Insert Mediation Institution, e.g., the International Chamber of Commerce (ICC) or the American Arbitration Association (AAA)]**.

(c) The mediation shall take place within **[Insert Duration, e.g., 45 days]** of referral, and the costs shall be shared equally by the Parties unless otherwise agreed.

(d) Any settlement reached during mediation shall be **legally binding** upon the Parties.

8.3 Arbitration

(a) If mediation fails or is not completed within the prescribed time, the Dispute shall be **finally settled by arbitration** under the rules of **[Insert Arbitration Institution, e.g., ICC, AAA, London Court of International Arbitration (LCIA), Singapore International Arbitration Centre (SIAC)]**.

(b) The arbitration shall be conducted in **[Insert Location]**, in **[Insert Language]**, by a tribunal of **[Insert Number, e.g., one or three]** arbitrator(s) appointed in accordance with the applicable arbitration rules.

(c) The arbitral award shall be **final, binding, and enforceable** in any court of competent jurisdiction.

(d) The arbitration fees and legal costs shall be **allocated as determined by the arbitral tribunal**.

8.4 Governing Law and Jurisdiction

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(a) This Agreement shall be governed by and construed in accordance with the laws of **[Insert Governing Law Jurisdiction, e.g., the State of Delaware, United Kingdom, Singapore]**, without regard to its conflict of law principles.

(b) In the event that a Dispute is not subject to arbitration, the Parties agree that the courts of **[Insert Exclusive Jurisdiction]** shall have exclusive jurisdiction to hear and decide any legal action relating to this Agreement.

8.5 Interim Relief and Injunctive Remedies

(a) Notwithstanding the dispute resolution process outlined in this Clause, either Party may seek **interim or injunctive relief** from a court of competent jurisdiction to prevent irreparable harm, including:

- Breaches of **Confidentiality (Clause 7)**;
- Unauthorized use of **Intellectual Property**;
- **Fraud or misrepresentation** affecting the Agreement.

(b) Such interim relief shall **not be construed as a waiver** of the obligation to resolve Disputes through arbitration.

8.6 Waiver of Class Action and Jury Trial

(a) The Parties agree that any Dispute shall be resolved **on an individual basis** and that no claims shall be pursued as a **class action, collective action, or representative lawsuit**.

(b) The Parties further waive any **right to a jury trial** in connection with any legal proceeding related to this Agreement.

CLAUSE 9: MISCELLANEOUS PROVISIONS

This Clause sets out various standard legal provisions that govern the interpretation, enforceability, and administration of this Agreement.

9.1 Entire Agreement

This Agreement, including all **schedules, annexures, and exhibits**, constitutes the entire agreement between the Parties and **supersedes all prior agreements, negotiations, understandings, or representations**, whether written or oral, related to the subject matter hereof.

9.2 Amendments and Modifications

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(a) No modification, amendment, or waiver of any provision of this Agreement shall be effective unless made in **writing and signed by both Parties**.

(b) Any amendments to **corporate governance documents** affecting the Investor's rights (e.g., voting rights, liquidation preferences) shall require the **Investor's prior written consent**.

9.3 Assignment and Transfer

(a) The Company shall **not assign or transfer** its rights or obligations under this Agreement without the **Investor's prior written consent**.

(b) The Investor may transfer or assign its rights, in whole or in part, to:

- **Affiliates or related entities**;
- Any third-party buyer **subject to the Right of First Refusal (ROFR) provisions** in **Clause 5.3**.

(c) Any unauthorized transfer shall be **null and void**.

9.4 Notices

(a) Any notice, request, or communication under this Agreement shall be in **writing** and delivered by:

- **Hand delivery or courier** (with proof of receipt);
- **Registered mail** (return receipt requested);
- **Email** (with confirmation of receipt).

(b) Notices shall be deemed delivered:

- On the date of **actual receipt**, if delivered in person or by courier;
- **Five (5) business days** after dispatch, if sent by registered mail;
- **One (1) business day** after transmission, if sent via email (provided no bounce-back error occurs).

(c) The Parties' contact details for notices shall be set forth in **Schedule [Insert Schedule Reference]**.

(d) Either Party may change its designated address by providing written notice to the other Party.

9.5 Severability

(a) If any provision of this Agreement is found to be **invalid, illegal, or unenforceable**, such provision shall be:

- **Modified** to the minimum extent necessary to be enforceable; or

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- **Severed**, with the remaining provisions continuing in full force and effect.

(b) The Parties shall negotiate in **good faith** to replace any unenforceable provision with a **valid provision that best achieves the original intent**.

9.6 No Waiver

(a) No waiver of any breach, right, or provision under this Agreement shall be deemed effective unless **expressly made in writing** and signed by the waiving Party.

(b) Failure to enforce any provision **shall not constitute a waiver** of such right or any subsequent breach.

9.7 Relationship of the Parties

(a) Nothing in this Agreement shall be construed to create a **partnership, joint venture, or employment relationship** between the Company and the Investor.

(b) Each Party shall act as an **independent contractor**, and neither Party shall have authority to bind or obligate the other.

9.8 Costs and Expenses

(a) Each Party shall bear its **own costs and expenses** incurred in connection with negotiating, executing, and performing this Agreement, unless otherwise stated.

(b) The Company shall be responsible for:

- Any **governmental filing fees** related to the investment;
- Any **legal fees** incurred for corporate compliance purposes.

9.9 Counterparts and Electronic Signatures

(a) This Agreement may be executed in **multiple counterparts**, each of which shall be deemed an **original**, but all of which together shall constitute one and the same agreement.

(b) This Agreement may be signed electronically (e.g., via **DocuSign, Adobe Sign, or other recognized e-signature platforms**) and shall have the **same legal effect** as a handwritten signature.

9.10 Further Assurances

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(a) Each Party agrees to take all **reasonable actions** and sign all **necessary documents** to **implement the terms** of this Agreement.

(b) The Company shall provide any **additional documentation** required by the Investor's legal, financial, or regulatory advisors.

9.11 Survival

The following Clauses shall **survive termination or expiration** of this Agreement:

- **Clause 5 (Exit Rights and Liquidity Provisions)**
- **Clause 6 (Indemnification and Liability)**
- **Clause 7 (Confidentiality and Non-Disclosure)**
- **Clause 8 (Dispute Resolution)**
- **Clause 9.5 (Severability)**

CLAUSE 10: TERM AND TERMINATION

This Clause outlines the duration of the Agreement, the conditions under which it may be terminated, and the consequences of termination.

10.1 Term of the Agreement

(a) This Agreement shall become effective as of the **Effective Date** and shall remain in force **until the earlier of the following**:

- The occurrence of an **Exit Event** as defined in **Clause 5 (Exit Rights and Liquidity Provisions)**;
- The Investor **fully exits** its investment and ceases to hold any Equity Securities in the Company;
- The Agreement is terminated in accordance with **Clause 10.2 (Termination by Either Party)**.

10.2 Termination by Either Party

This Agreement may be terminated under the following circumstances:

(a) Mutual Agreement

The Agreement may be terminated at any time by **written mutual consent** of both the Company and the Investor.

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(b) Material Breach

(i) Either Party may terminate this Agreement if the other Party commits a **material breach** of its obligations, provided that:

- The breaching Party is given written **notice of the breach**;
- The breaching Party fails to cure the breach within **[Insert Cure Period, e.g., 30 days]** from receipt of the notice.

(ii) If the breach **is not curable** (e.g., fraud, willful misconduct), the Agreement may be terminated **immediately** upon written notice.

(c) Insolvency or Bankruptcy

Either Party may terminate this Agreement **immediately** if the other Party:

- Becomes **insolvent** or unable to pay its debts as they fall due;
- Files for **bankruptcy, receivership, or liquidation**;
- Undergoes a court-ordered dissolution.

(d) Change in Legal or Regulatory Environment

The Agreement may be terminated if a change in law or regulation makes the performance of this Agreement **unlawful or impossible**.

10.3 Consequences of Termination

(a) **Survival of Certain Provisions** – Termination shall **not affect** the validity or enforceability of any provisions intended to survive, including:

- **Clause 5 (Exit Rights and Liquidity Provisions)**
- **Clause 6 (Indemnification and Liability)**
- **Clause 7 (Confidentiality and Non-Disclosure)**
- **Clause 8 (Dispute Resolution)**

(b) **Return or Transfer of Equity Securities** – If the Investor still holds shares upon termination:

- The Investor may **retain** the shares, subject to the Company's corporate governance rules;
- The Investor may **sell or transfer** its shares in accordance with the provisions of **Clause 5 (Exit Rights)**.

(c) **Return of Confidential Information** – Each Party shall return or destroy all Confidential Information as required in **Clause 7.6 (Return or Destruction of Confidential Information)**.

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(d) **Settlement of Outstanding Obligations** – Any outstanding financial obligations, including unpaid dividends, indemnification claims, or fees, shall be settled within **[Insert Duration, e.g., 60 days]** of termination.

10.4 No Liability for Lawful Termination

Neither Party shall be liable for damages, penalties, or compensation for termination, provided such termination was done in accordance with the terms of this Agreement.

CLAUSE 11: GENERAL PROVISIONS

This Clause outlines additional legal provisions to ensure clarity, enforceability, and proper administration of this Agreement.

11.1 No Third-Party Beneficiaries

(a) This Agreement is made solely for the benefit of the **Company and the Investor** and their respective successors and permitted assigns.

(b) No third party shall have any rights to enforce, rely on, or benefit from any terms of this Agreement, except as expressly stated.

11.2 Public Announcements

(a) Neither Party shall issue any **press release, public announcement, or disclosure** regarding the investment without the prior written consent of the other Party, except where required by law.

(b) If required to disclose investment details (e.g., to regulatory authorities, stock exchanges), the disclosing Party shall notify the other Party in advance and use best efforts to **minimize disclosure**.

11.3 Non-Disparagement

(a) Both Parties agree **not to make any false, misleading, or disparaging statements** about each other, whether publicly or privately, that could harm reputation, business relationships, or goodwill.

(b) This obligation **shall survive for [Insert Duration, e.g., 2 years]** after termination of this Agreement.

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11.4 Governing Language

(a) This Agreement shall be executed and interpreted in **[Insert Language, e.g., English]**.

(b) If translated into another language, the **English version shall prevail** in case of any inconsistency or dispute.

11.5 Compliance with Anti-Corruption and Sanctions Laws

(a) Each Party represents and warrants that:

- It complies with all applicable **anti-bribery and anti-corruption laws** (e.g., U.S. Foreign Corrupt Practices Act, UK Bribery Act);
- Neither it nor its affiliates are listed on any **sanctions or restricted persons lists** issued by governments or international organizations.

(b) If any Party breaches this provision, the other Party may terminate this Agreement **immediately** without liability.

11.6 No Agency or Partnership

Nothing in this Agreement shall create any **agency, partnership, joint venture, or employment relationship** between the Parties. Each Party shall act solely as an **independent entity**.

11.7 Execution and Counterparts

(a) This Agreement may be executed in multiple counterparts, each of which shall be deemed an **original**, but all of which together constitute one and the same agreement.

(b) The Parties agree that electronic signatures (e.g., via **DocuSign, Adobe Sign**) shall have the same legal effect as handwritten signatures.

CLAUSE 12: DATA PROTECTION AND PRIVACY

This Clause outlines the obligations of the Parties regarding the handling, protection, and processing of personal and business data in compliance with applicable data protection laws.

12.1 Compliance with Data Protection Laws

(a) Each Party agrees to comply with all **applicable data protection and privacy laws**, including but not limited to:

- **General Data Protection Regulation (GDPR)** (if applicable);

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- **California Consumer Privacy Act (CCPA)** (if applicable);
- Any other relevant **national or regional data privacy regulations** governing the processing of personal data.

(b) The Company shall **implement appropriate technical and organizational measures** to ensure the security and confidentiality of any personal data processed as part of this Agreement.

12.2 Confidentiality of Investor and Company Data

(a) The Company agrees to keep all personal and business data provided by the Investor **confidential** and **not disclose it** to third parties except as required for compliance or as authorized by the Investor.

(b) The Investor shall maintain the confidentiality of **any sensitive customer, employee, or operational data** provided by the Company.

12.3 Data Processing and Storage

(a) If either Party processes personal data on behalf of the other, it shall:

- Ensure that **data is processed lawfully, fairly, and transparently**;
- Use data **only for the purposes specified** in this Agreement;
- Implement **security measures** to prevent unauthorized access, loss, or breach.

(b) The Parties shall **not transfer personal data** outside the jurisdiction of incorporation without complying with applicable cross-border data transfer laws.

12.4 Data Breach Notification

(a) If either Party becomes aware of a **data breach** affecting personal data related to this Agreement, it shall:

- Notify the other Party **within [Insert Timeframe, e.g., 48 hours]** of discovering the breach;
- Provide details of the breach, affected data, and steps taken to mitigate risks;
- Cooperate fully in **investigating and remedying** the breach.

(b) Each Party shall maintain **records of data breaches** and report any required disclosures to regulatory authorities as per applicable laws.

12.5 Retention and Deletion of Data

(a) Upon termination of this Agreement, each Party shall:

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- **Cease processing** the other Party's data;
- **Securely delete or return** all data unless required to retain it by law.

(b) Any retained data shall be **kept securely** and used only for compliance purposes.

CLAUSE 13: ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) COMMITMENTS

This Clause establishes the Parties' commitment to responsible business practices, sustainability, and ethical corporate governance in line with international ESG standards.

13.1 Compliance with ESG Standards

(a) The Company and the Investor shall **strive to uphold high environmental, social, and governance (ESG) standards**, aligning their operations with:

- **United Nations Sustainable Development Goals (UN SDGs)**;
- **Environmental, Social, and Governance (ESG) Reporting Frameworks**, such as GRI (Global Reporting Initiative) or SASB (Sustainability Accounting Standards Board);
- Applicable **corporate social responsibility (CSR) policies** and **national sustainability regulations**.

(b) The Company agrees to develop and maintain policies for **ethical business conduct, corporate social responsibility, and sustainability initiatives**.

13.2 Environmental Responsibilities

The Company shall take reasonable steps to:
(a) **Reduce carbon emissions** and minimize environmental impact in its operations;
(b) Implement responsible waste management, energy efficiency, and sustainable resource usage;
(c) Comply with **all applicable environmental laws and regulations**;
(d) Periodically report on its **carbon footprint and sustainability efforts** to the Investor (if requested).

13.3 Social Responsibility

(a) The Company shall ensure:

- **Fair labor practices**, non-discrimination, and equal opportunity employment;
- Safe and healthy working conditions for employees and suppliers;
- Ethical sourcing of materials and avoidance of **forced or child labor** in its supply chain.

(b) The Investor shall:

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- Encourage socially responsible investment strategies;
- Consider **diversity, equity, and inclusion (DEI) factors** when making investment decisions.

13.4 Corporate Governance and Ethical Practices

(a) The Company shall:

- Maintain **transparent and ethical governance structures**, with independent oversight if applicable;
- Prevent **corruption, bribery, and financial misreporting** in accordance with anti-corruption laws (e.g., **FCPA, UK Bribery Act**);
- Establish a **whistleblower protection mechanism** to report ethical violations safely.

(b) The Investor shall encourage and support the Company in:

- Implementing **strong governance frameworks**;
- Adopting internationally recognized ESG reporting practices.

13.5 ESG Reporting and Disclosures

(a) If required by the Investor, the Company shall provide an **annual ESG report** outlining its:

- Sustainability goals and achievements;
- Social responsibility programs;
- Corporate governance improvements and compliance measures.

(b) The Parties may collaborate on **impact investment initiatives** and responsible business strategies.

13.6 Non-Compliance with ESG Standards

(a) If the Company **materially fails to adhere to ESG commitments**, the Investor may:

- Engage with the Company to discuss remediation plans;
- Require corrective action within **[Insert Timeframe, e.g., 90 days]**;
- In severe cases, **exercise rights to divest or terminate certain privileges** under this Agreement.

(b) The Company shall not engage in activities that:

- Cause **severe environmental harm**;
- Violate **human rights or labor laws**;
- Engage in **corrupt or unethical business practices**.

Clause 14: Intellectual Property Rights

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This Clause governs the ownership, use, and protection of intellectual property (IP) developed, owned, or used by the Company in connection with its business.

14.1 Ownership of Intellectual Property

(a) The Company represents and warrants that it owns or holds the necessary rights to all **Intellectual Property Rights (IPR)** used in its business, including but not limited to:

- **Patents, trademarks, copyrights, and trade secrets**;
- **Software, source code, algorithms, and proprietary technology**;
- **Brand names, logos, and other corporate identifiers**;
- **Product designs, business processes, and marketing materials**.

(b) All Intellectual Property developed by the Company, whether before or after the Investor's investment, shall **remain the sole property of the Company**, unless otherwise agreed in writing.

14.2 Use of Intellectual Property

(a) The Investor shall have **no ownership rights** over the Company's Intellectual Property unless specifically agreed in a separate agreement.

(b) The Company grants the Investor a **limited, non-exclusive, non-transferable, and revocable license** to use the Company's name, logo, or trademarks **solely for investment-related promotional activities**, subject to the Company's approval.

14.3 Protection and Enforcement of Intellectual Property

(a) The Company shall:

- **Take necessary steps** to protect its Intellectual Property, including filing for patents or trademarks where applicable;
- Ensure that all employees, contractors, and third parties sign **confidentiality and intellectual property assignment agreements** to safeguard proprietary technology and trade secrets;
- Enforce its rights against **unauthorized use, infringement, or misappropriation** of its Intellectual Property.

(b) If any third party **infringes or misuses the Company's Intellectual Property**, the Company shall have the right to initiate **legal proceedings**, and the Investor may support such actions at its discretion.

14.4 Restrictions on Transfer of Intellectual Property

(a) The Company shall not:

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- Transfer, sell, or license core Intellectual Property to a third party **without prior written consent from the Investor**, if such a transfer materially affects the Company's business operations.
- Use its Intellectual Property in any manner that **violates laws, regulations, or third-party rights**.

(b) Any material transfer of Intellectual Property as part of a merger, acquisition, or exit event shall be **disclosed to the Investor** in advance.

14.5 Intellectual Property in Case of an Exit Event

(a) In the event of an **IPO, acquisition, or other Exit Event**, the Company shall:

- Ensure the proper transfer or retention of Intellectual Property in a manner that **maximizes shareholder value**;
- Not engage in any transactions that **dilute or undervalue key Intellectual Property assets** without prior consultation with the Investor.

(b) If the Company undergoes liquidation or winding up, the Investor may request an independent valuation of the Intellectual Property and **negotiate fair compensation** for any value attributable to IP assets.

14.6 Confidentiality of Proprietary Information

(a) The Investor shall maintain the **confidentiality** of any proprietary technical information, trade secrets, or Intellectual Property-related data shared by the Company.

(b) Unauthorized disclosure, reproduction, or use of the Company's Intellectual Property **shall be considered a material breach** of this Agreement and subject to legal remedies.

Clause 15: Force Majeure

This Clause sets forth the conditions under which a Party may be excused from fulfilling its obligations under this Agreement due to events beyond its reasonable control.

15.1 Definition of Force Majeure Events

A "Force Majeure Event" refers to any event or circumstance beyond the reasonable control of a Party that prevents or materially hinders its ability to perform its obligations under this Agreement, including but not limited to:

(a) **Natural Disasters** – Earthquakes, hurricanes, floods, wildfires, or other extreme weather events;
(b) **Pandemics and Epidemics** – Any public health crisis, including government-imposed lockdowns or restrictions;
(c) **Acts of War or Terrorism** – War (declared or undeclared), military conflicts, civil

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disturbances, riots, or terrorist attacks;
(d) **Government Actions and Regulatory Changes** – Embargoes, trade restrictions, changes in laws, or regulatory actions that impact business operations;
(e) **Cybersecurity Events** – Large-scale cyberattacks, hacking incidents, or data breaches that significantly impact business continuity;
(f) **Labor Strikes and Industrial Actions** – Widespread labor disputes, lockouts, or workforce unavailability beyond the Company's control;
(g) **Supply Chain Disruptions** – Shortages of critical raw materials, global shipping disruptions, or essential service failures.

15.2 Effects of a Force Majeure Event

(a) If a Party is **prevented or delayed** from performing its obligations due to a Force Majeure Event, it shall:

- Notify the other Party in writing **within [Insert Duration, e.g., 5 business days]** of becoming aware of the Force Majeure Event;
- Provide details of the event and **expected impact on its obligations**;
- Use commercially reasonable efforts to **mitigate the impact** of the Force Majeure Event.

(b) Affected obligations shall be **suspended for the duration** of the Force Majeure Event, provided that:

- The suspension does not exceed **[Insert Duration, e.g., 90 days]**;
- The affected Party makes all reasonable efforts to resume performance as soon as possible.

(c) If the Force Majeure Event **persists beyond the agreed period**, the Parties shall negotiate in **good faith** to find an alternative solution, which may include:

- Temporary modifications to obligations;
- Extending deadlines or restructuring certain terms.

15.3 Termination Due to Prolonged Force Majeure

(a) If a Force Majeure Event continues for more than **[Insert Duration, e.g., 180 days]**, either Party may terminate this Agreement by providing **written notice** to the other Party.

(b) Upon termination under this Clause:

- Any outstanding financial obligations **shall be settled** within **[Insert Duration, e.g., 60 days]**;
- The Parties shall coordinate a **graceful transition of any business operations** affected by the Agreement;
- Any Confidential Information **shall be returned or destroyed** in accordance with **Clause 7.6 (Return or Destruction of Confidential Information)**.

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15.4 Limitation of Liability in Force Majeure Events

(a) Neither Party shall be liable for any **delays, losses, or damages** arising from a Force Majeure Event, **provided that**:

- The affected Party has complied with its obligations under **Clause 15.2**;
- The affected Party has taken reasonable steps to minimize the disruption.

(b) This Clause does **not excuse** a Party from obligations that are:

- **Unrelated to the Force Majeure Event**;
- **Financial obligations** (e.g., payments due before the event occurred).

Clause 16: Ethical Business Conduct and Anti-Corruption

This Clause establishes the ethical standards and anti-corruption commitments that the Parties must adhere to throughout the term of this Agreement.

16.1 Compliance with Anti-Corruption Laws

(a) Each Party agrees to comply with all applicable **anti-corruption, anti-bribery, and ethical business conduct laws**, including but not limited to:

- **U.S. Foreign Corrupt Practices Act (FCPA)**;
- **UK Bribery Act 2010**;
- **OECD Anti-Bribery Convention**;
- Any applicable **local anti-corruption regulations** in the Company's or Investor's jurisdiction.

(b) Neither Party shall, directly or indirectly:

- Offer, give, receive, or solicit bribes, kickbacks, or improper payments;
- Engage in any form of **fraud, embezzlement, money laundering, or financial misrepresentation**;
- Use business opportunities or transactions to unduly influence government officials or third parties.

16.2 Reporting and Investigation of Violations

(a) If either Party becomes aware of a **potential violation of this Clause**, it shall:

- Notify the other Party immediately in writing;
- Cooperate in good faith in any related internal or regulatory investigation.

(b) The Company shall establish and maintain:

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- **Whistleblower protection mechanisms** for employees and stakeholders to report unethical practices;
- **Internal compliance policies** to prevent and detect corruption-related violations.

16.3 Consequences of Non-Compliance

(a) If either Party is found to have violated this Clause:

- The other Party may terminate this Agreement **immediately** upon written notice;
- The breaching Party shall indemnify the other Party for any resulting damages, penalties, or reputational harm.

(b) The non-breaching Party **shall not be liable** for any contractual breaches caused by the need to comply with applicable anti-corruption laws.

16.4 Ethical Business Conduct Commitments

(a) The Company and the Investor commit to conducting business in a manner that reflects:

- **Integrity, transparency, and accountability** in all transactions;
- **Fair competition and responsible corporate governance**;
- **Social responsibility, human rights protection, and ethical labor practices**.

(b) Any third-party service providers engaged by either Party shall also comply with these ethical business principles.

CONCLUSION AND EXECUTION

This **Equity Investment Agreement** represents the full understanding between the **Company and the Investor**, governing the terms of investment, governance, exit rights, confidentiality, dispute resolution, and corporate ethics.

Both Parties acknowledge that they have **read, understood, and agreed** to the terms set forth in this Agreement and that they enter into this Agreement freely and without coercion.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date:

Signed for and on behalf of the Company:

Company Name: _____
Authorized Representative: _____
Title: _____

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Signature: _____
Date: _____

Signed for and on behalf of the Investor:

Investor Name: _____
Authorized Representative: _____
Title: _____
Signature: _____
Date: _____

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