

## **Contractual voting rights and governance**

Our corporate Stockholders Agreement Equity outlines how the company should operate and what rights and obligations we each have. The relevant governance clauses are pasted below in italics.

### ***5.2 Board of Directors and Management of the Company.***

*5.2.1 Election of Directors; Number and Composition. The Board of Directors shall consist of up to five (5) Voting Holders, subject to Section 5.2.2. The Board of Directors shall be comprised of the following individuals, each of whom shall be referred to individually as a Director in their role as Director (i) the Publisher [currently an open role], (ii) the Vice President of Revenue & Operations ("COO"), (iii) the Editor in Chief (the "EIC"), and (iv) two (2) Staff Holders comprised of one (1) editor, and one (1) writer (the "Staff Directors"). Each of the Directors shall be appointed by a Supermajority Employee Vote. Each of the Publisher, COO and EIC shall be a Director while such persons are in such position. Each of the Staff Directors shall be appointed for one (1) year terms. Each Director must be a Voting Holder to remain a Director.*

*5.2.2 Removal of a Director; Election of Replacement Director. A Director may be removed by (i) a Supermajority Employee Vote in accordance with Section 5.1.2, (ii) due to Disability, as determined by the other Directors, or (iii) Cause, as determined by the other Directors, with the consent of a Supermajority Employee Vote. In the event of the removal or resignation of a Director, a replacement Director may be elected by the remaining Directors, with such decision ratified with the consent of the Supermajority Employee Vote.*

### ***5.2.3 Management.***

*(a) The overall management and control of all aspects of the business and affairs of the Company shall be vested exclusively in the Board of Directors, except to the extent additional Holder consent is required as set forth herein. The actions of the Board of Directors shall constitute the act of, and serve to bind the Company. Unless explicitly stated in this Agreement, any approval of the Directors shall mean the approval or action of a majority of the Directors then in office. In the event there is a tie vote among the Directors, any one director may cause a vote of the Majority Holders to break such tie, and such vote shall approve such course of action.*

*(b) The Board of Directors shall manage the day-to-day operations of the Company and shall have the power to make decisions regarding the operations of the Company, provided, however, that a vote of the Supermajority Holders shall be required to ratify the decision of the Board of Directors prior to the Company taking any of the following actions:*

*(i) Reorganizing, merging with, or consolidating into any other entity;*

- (ii) Selling, leasing, or otherwise disposing of all or substantially all of the Company's assets;
- (iii) Liquidating or dissolving the Company, or causing the Company to cease all business operations;
- (iv) Authorizing or issuing equity securities to any Person in excess of XX percent (X.XX%) of the then issued and outstanding capital stock or economic equivalent thereof through an equity tracking plan (the "Grant Threshold"), including, but not limited to, the acceptance of a new Voting Holder to the Company (other than pursuant to an equity or equity tracking plan approved pursuant to (v) below, or if such Voting Holder shall be granted capital stock up to the Grant Threshold);
- (v) Reserved
- (vi) Engaging in any activity that would result in the Company being subject to material and burdensome oversight by a state or Federal regulatory authority;
- (vii) Taking any action to amend, alter, or repeal of any of the provisions of the Company's organizational documents;
- (viii) Altering or changing the designation, powers, preferences, rights, or the qualifications, limitations, or restrictions of any debt in excess of XXX thousand dollars (\$XXX,000), equity or other securities of the Company;
- (ix) Obtaining debt in excess of XXX thousand dollars (\$XXX,000) on behalf of the Company;
- (x) Amending this Agreement;
- (xi) Repurchasing the capital stock of any Stockholder (except to the extent provided for herein, for repurchases from Stockholders upon cessation of their employment with the Company or other cessation of services to the Company at a purchase price not greater than the lower of cost or fair market value of such equity interest);

(c) A Supermajority Employee Vote shall be required to ratify the decision of the Board of Directors prior to the Company taking any of the following actions:

- (i) Hiring and termination of the employment or other engagement of the Editor in Chief, an executive editor, if any, and interim positions of the foregoing for a period in excess of thirty (30) days;
- (ii) Hiring and termination of the employment or other engagement of the Publisher and COO, and interim positions of the foregoing for a period in excess of thirty (30) days;

(iii) *Appointing Directors, restructuring the Board of Directors, or modifying the management authority of any of the Directors or Officers;*

(iv) *Reserved*

(v) *Consents of decisions of the Board of Directors not otherwise set forth in this Agreement, as may be set forth in a policy approved by the Board of Directors from time to time.*

Some clarifying points related to the above legal clauses:

- Employees can call for a "Special Meeting" to discuss termination/removal of an Executive or Director if 30% of employees agree. Actually pushing through the termination would require a supermajority (two-thirds) employee vote. A Special Meeting can be called once a quarter.
- 5.2.3.b and 5.2.3.c lay out two separate sets of decisions requiring supermajority votes of equity holders and employees. The latter set represents operational decisions where all employees would presumably be affected equally, so the voting should be "one person, one vote." The former set represents financial decisions where people would be affected proportional to their financial stakes, so the voting is done proportional to their shares in the company (In the Compensation section, we further describe how non-founder employees receive equity).
- All of the voting rights are only available to active employees. Once someone chooses to leave the company, they no longer have any voting rights or say in the strategic direction of the company. The way we've decoupled financial stake from voting rights is by creating two classes of shares. Class A Shares are only available to active employees. When an employee leaves, their Shares automatically convert, on a one-to-one basis, to Class B Shares, which retain no voting rights or rights to dividends. The only value of the Class B Shares would be if the company were subsequently sold, and the Class B Shareholders would share in the proceeds of a sale (which is a highly unlikely outcome now and in the foreseeable future).

#### **Additional decision rights**

The Stockholders Agreement describes how to resolve questions regarding high-level governance issues, but we felt we needed a framework for day-to-day decisions to avoid defaulting to either consensus-driven or loudest-voice-driven decision-making. Below are PowerPoint slides outlining the RAPID decision framework as well as those specific decisions we've assigned decision rights.