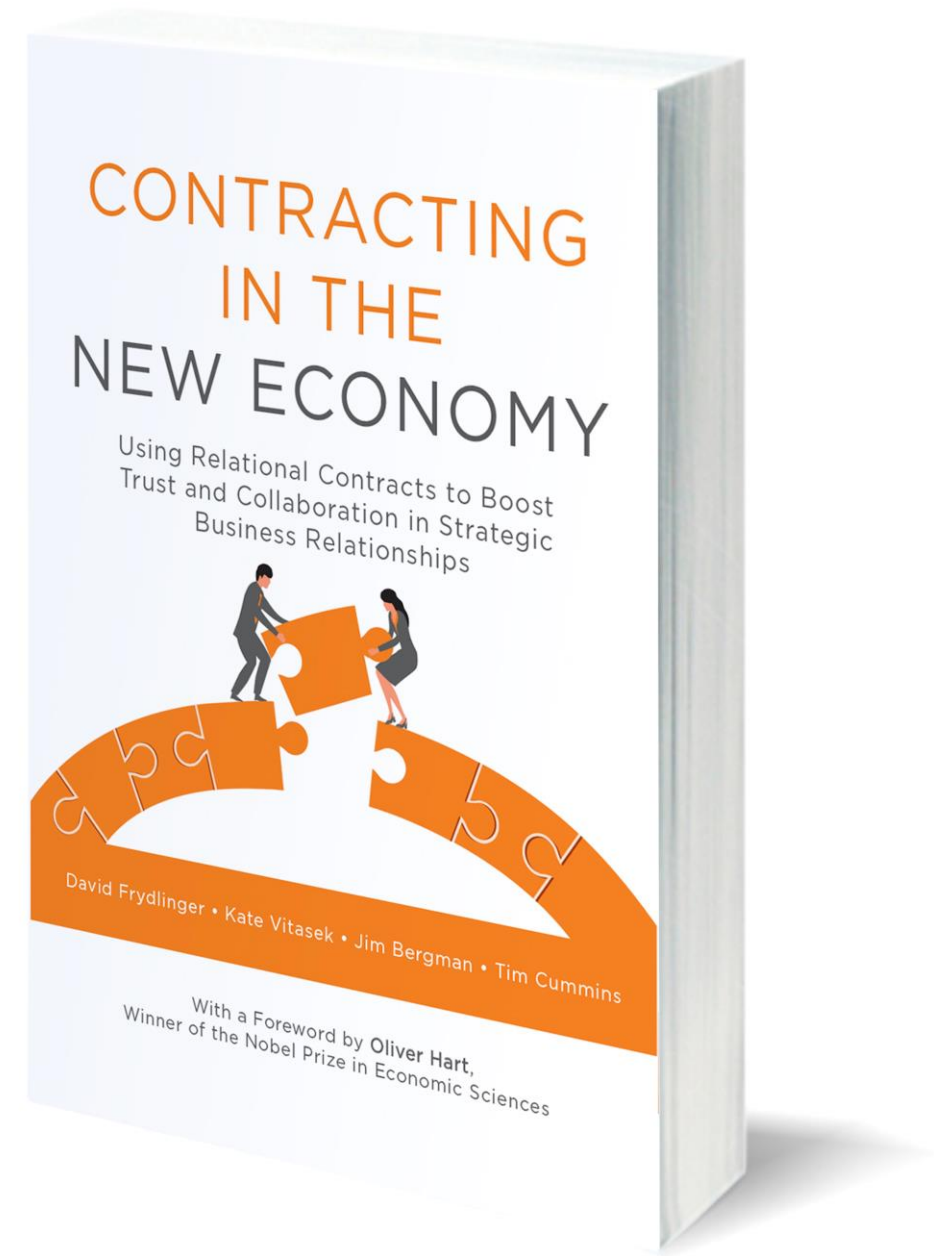


Standing neutral in impact investments

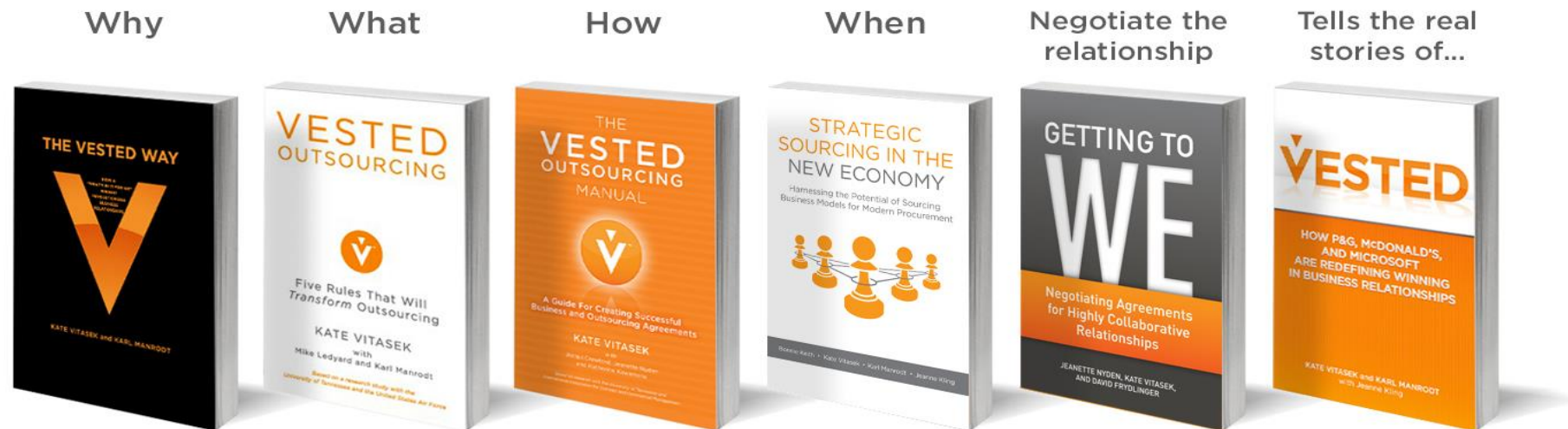
Presentation for LISI, 11 August 2022



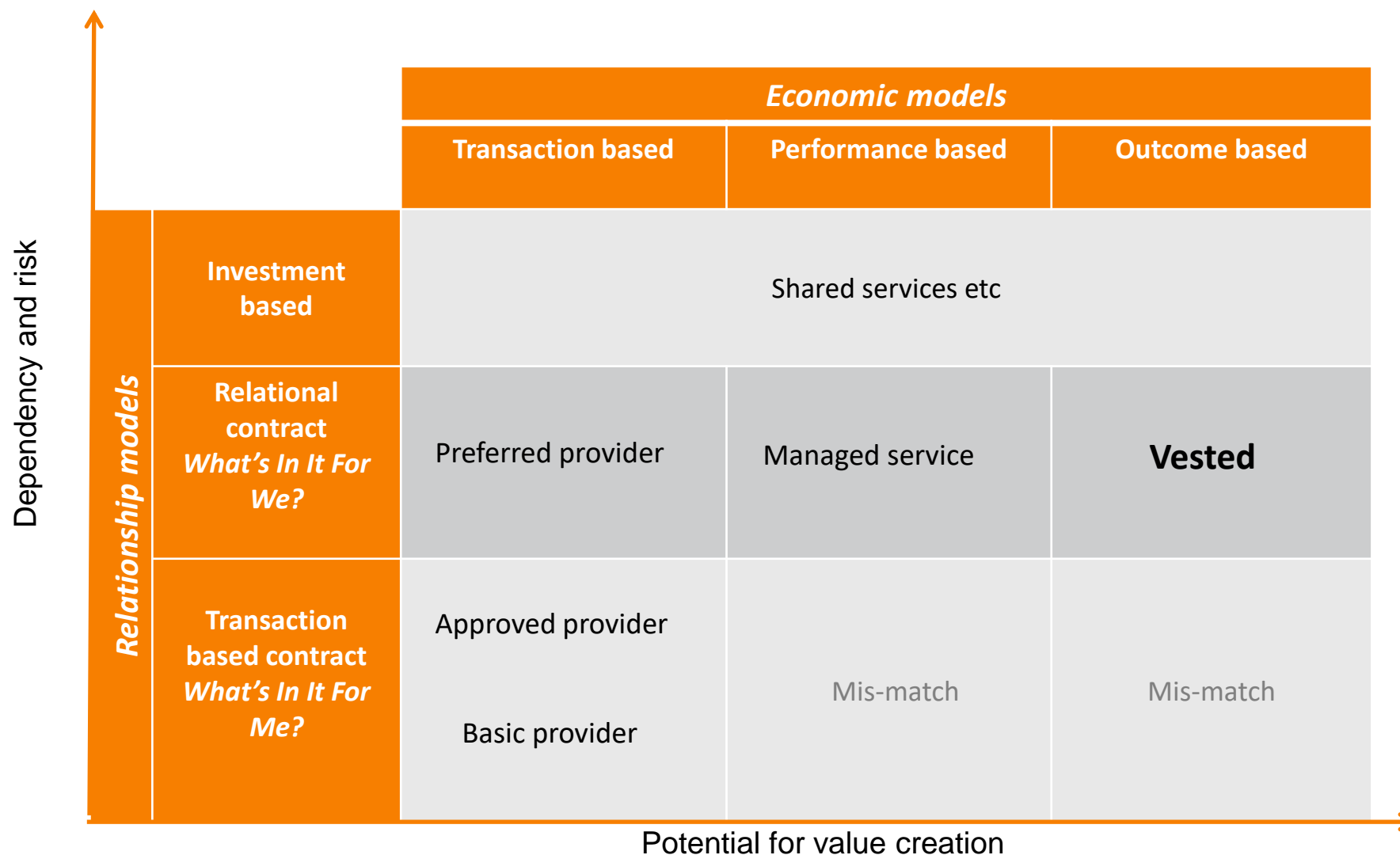
Content

- What is Vested?
- What is a formal relational contract?
- What is the standing neutral?
- Q&A

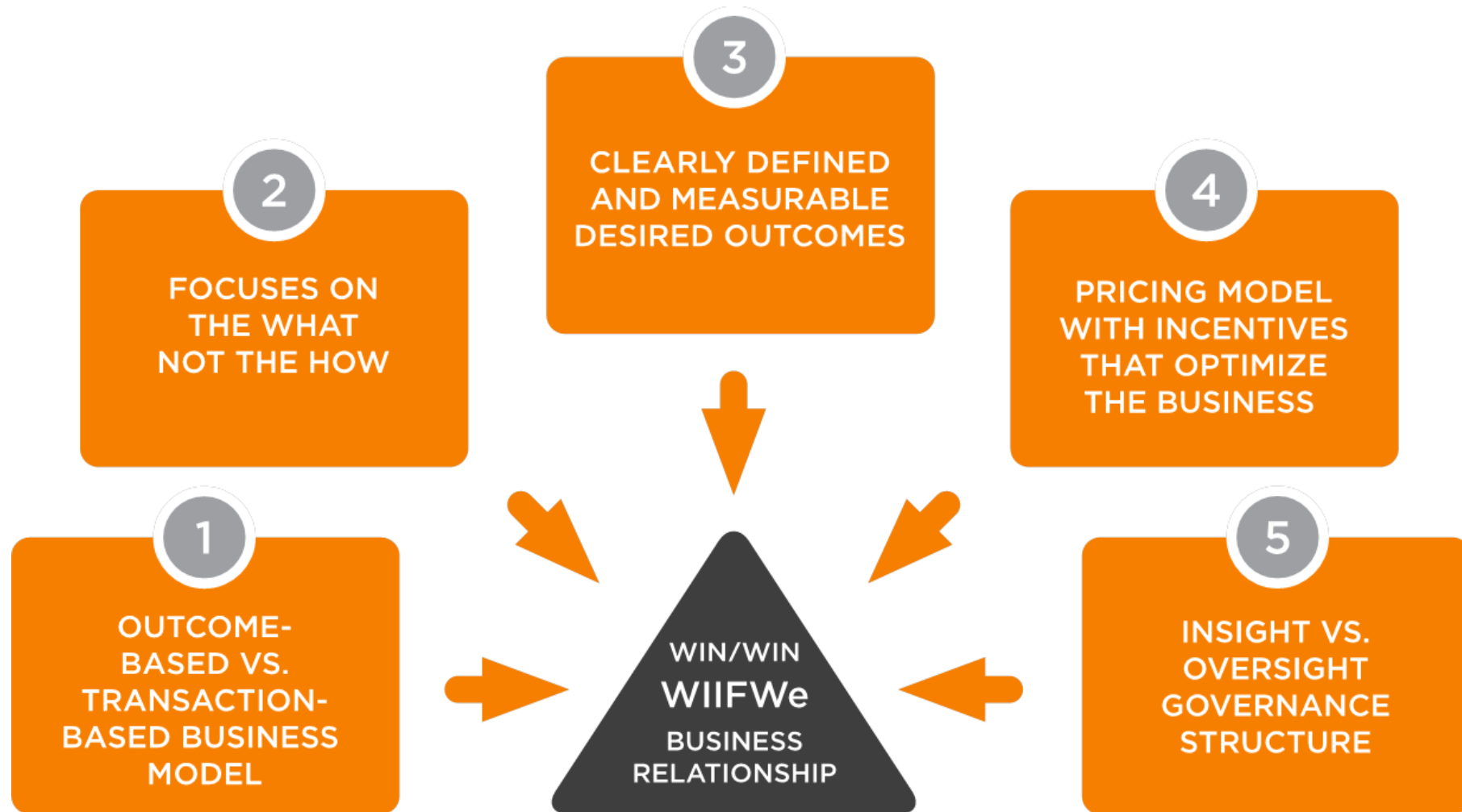
Based on Research With...



Vested is a sourcing business model



Vested Five Rules



Source: Vested®

Content

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The contracting continuum

CONTRACTING CONTINUUM

**Transactional
Contract**

**Relational
Contract**

Focus	The commercial transaction	The relationship
Relationship	Arms-length relationship	Partnership
Risk management	Use of power and creation of enforceable contractual obligations	Risk avoidance by creation of continuous alignment of interests
Social norms	Disconnect from social norms	Explicitly includes social norms as contractual obligations
Planning	Aims for complete planning, i.e. contract should cover all future events	Creates a fair and balanced flexible framework

Six guiding principles



Important components in a formal relational contract

- Shared vision and strategic objectives
- Guiding principles
- Rules for interpreting the contract based on the guiding principles
- Relationship management structure
- Relationship management processes (performance management, risk management, escalation procedures, changes of people, change control, exit procedures etc)

Five steps towards a formal relational contract



Step 1	Lay the foundation
Step 2	Co-create a shared vision and objectives
Step 3	Adopt guiding principles
Step 4	Align expectations and interests
Step 5	Stay aligned

Content

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The standing neutral - A neutral coach, representing 'the deal'

During contracting process

- Facilitates workshops, following the five step process
- Ensures that the parties follow the guiding principles,
 - In the terms of the contract
 - In the negotiations, keeping the parties from falling back into 'traditional' negotiating behaviors

During the contract term

- Participates in governance meetings at executive level
- Proactively ensures that the parties follow the guiding principles, avoiding conflicts and friction
- Serves as an escalation point and potential mediator in case of conflicts

Content

- What is Vested?
- What is a formal relational contract?
- What is the standing neutral?
- **Q&A**

Thank you!

CIRIO