

Setting up a legal entity for impact

Mishcon de Reya

Outline

1

Avenues to impact

2

Legal form

3

Governance
structure

4

Impact models

5

Key legal
documents and
things

Part 1:

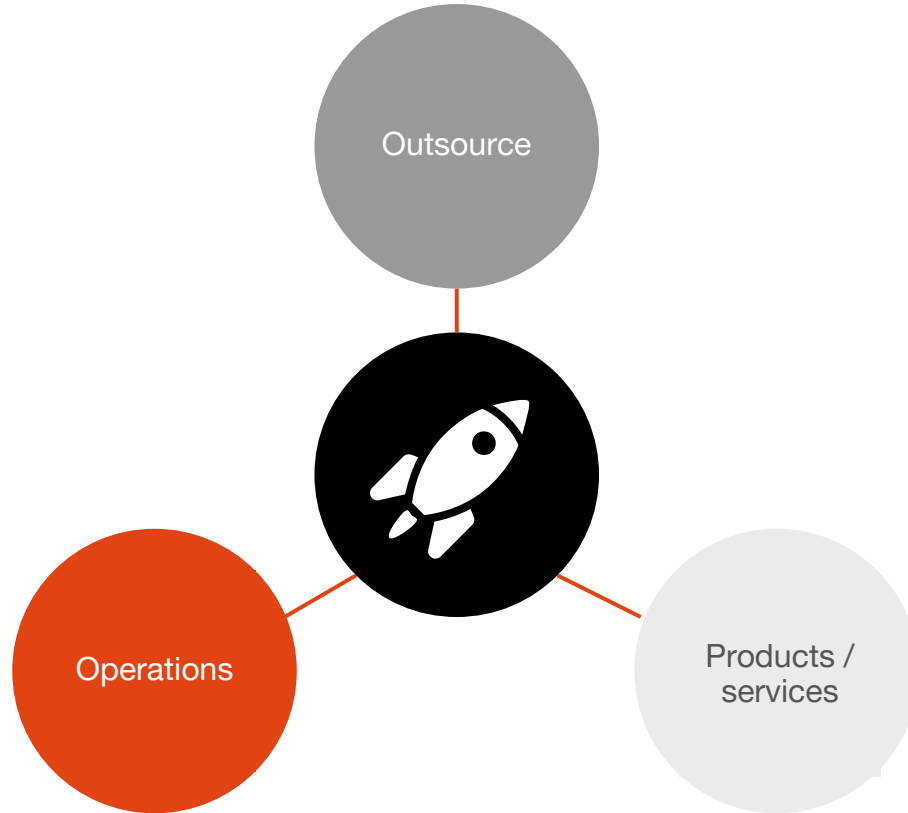
Avenues to impact

Definition of impact

*“Impact is a change in an **outcome** caused by an organisation. An impact can be **positive or negative**, intended or unintended. An outcome is the level of wellbeing experienced by a group of people, or the condition of the natural environment, as a result of an event or action.”*

Impact Frontiers (formerly The Impact Management Project)

Avenues to impact



What is an impact venture?

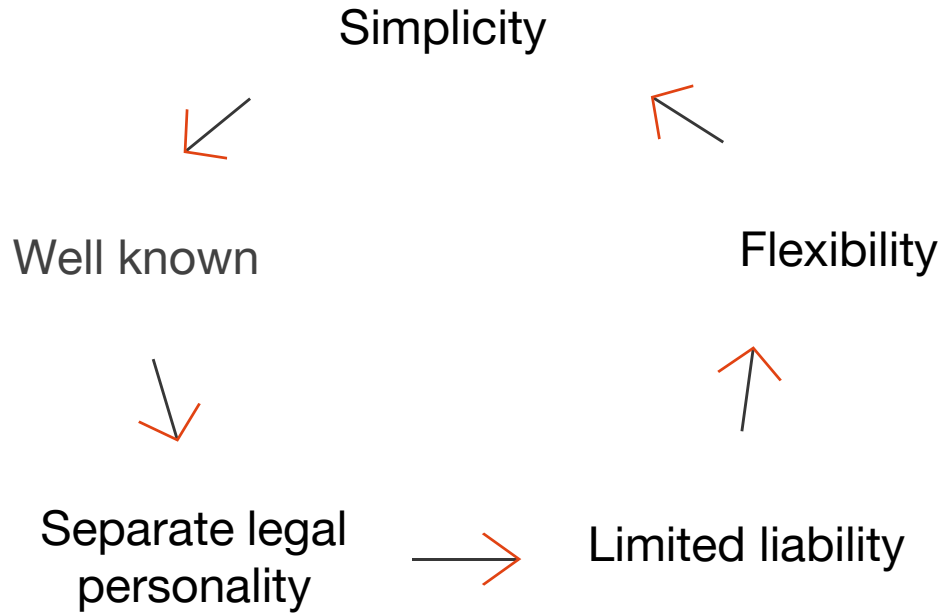
An **innovative** business that **intentionally** creates positive and **measurable** social or environmental **impact** alongside **financial** returns

Part 2:

Legal form



Private Limited Company



Limited by guarantee or by shares





Profits

Stakeholders

Control

Owners and Managers

Legal structure	Owner(s)	Manager(s)
Private Company Limited by Guarantee	Member(s)	Director(s)
Private Company Limited by Shares	Shareholder(s)	



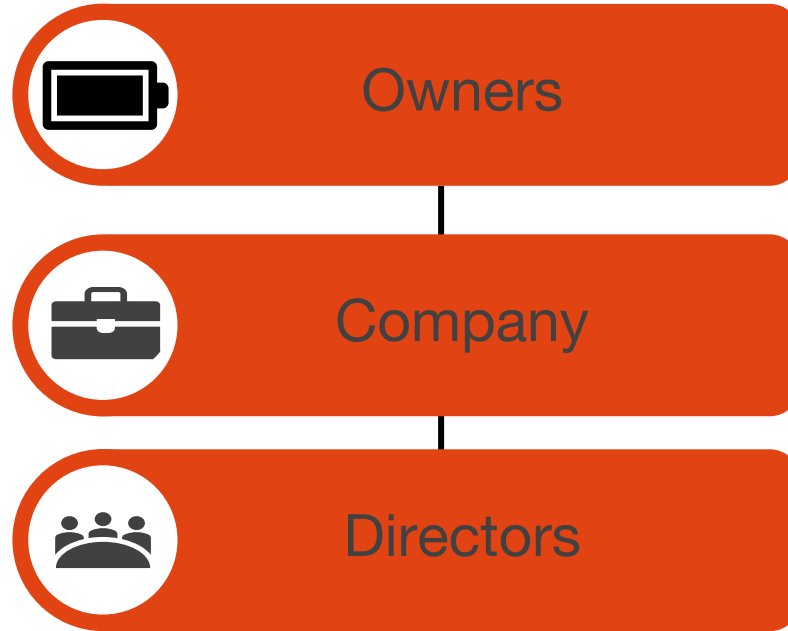
Power under Articles = overall control	Day to day control + legal duties & responsibilities
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Part 3:

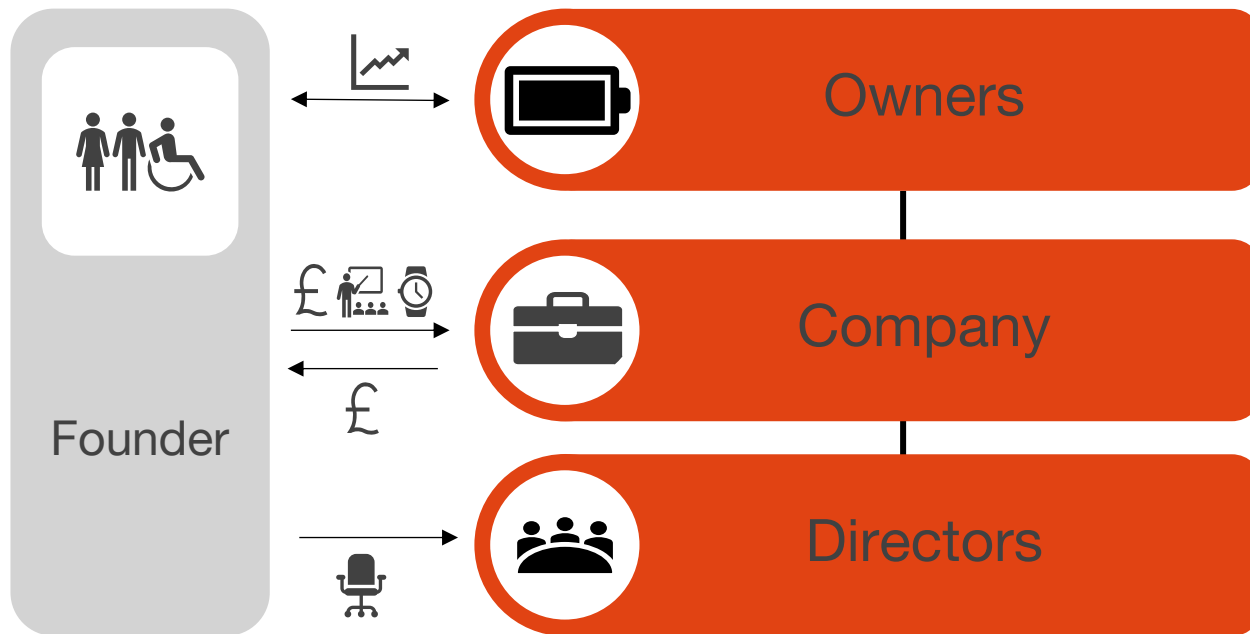
Governance structure



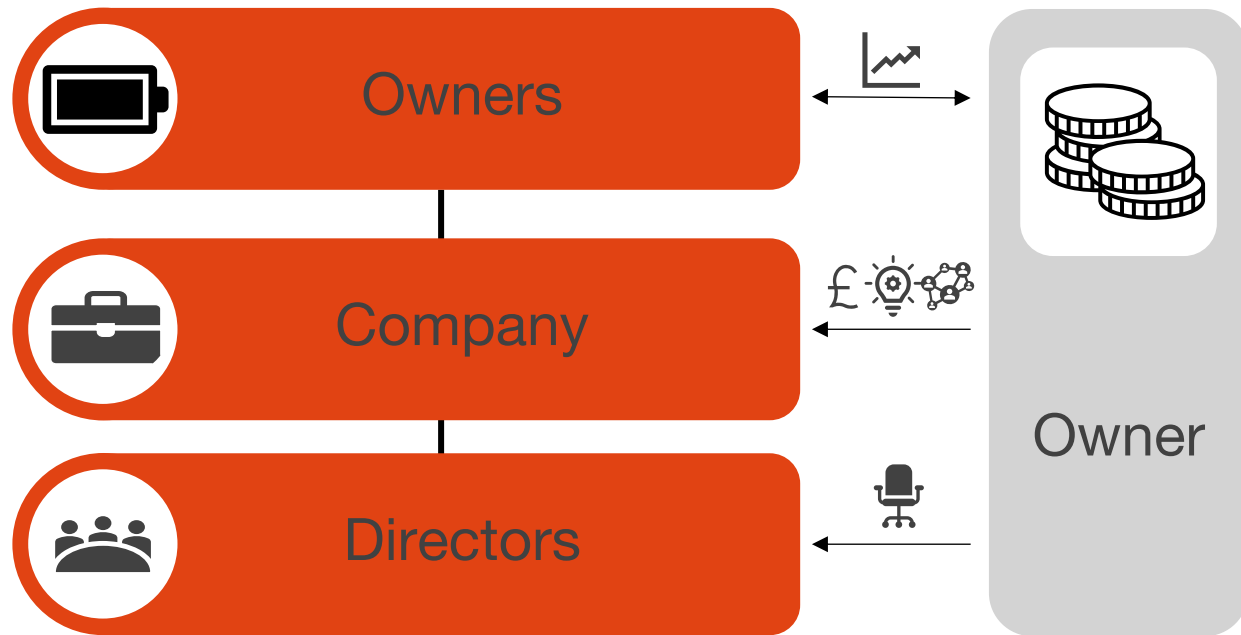
Simple governance structure



Role of founders



Role of owners





Part 4:

Impact Models



The scale

Charity

**Purely profit
generating
business**

Model #1 - Community Interest Company

- Community interest test
- Asset lock
- Regulation
- No tax reliefs
- Legal restrictions on distribution of profits

Model #2 - Social Enterprise

- Certified by SEUK
- Social or environmental purpose
- Reinvest at least 50% of distributable profits

Model #3 – B Corp

- Worldwide movement
- People, planet and profit
- Popular with consumer facing businesses

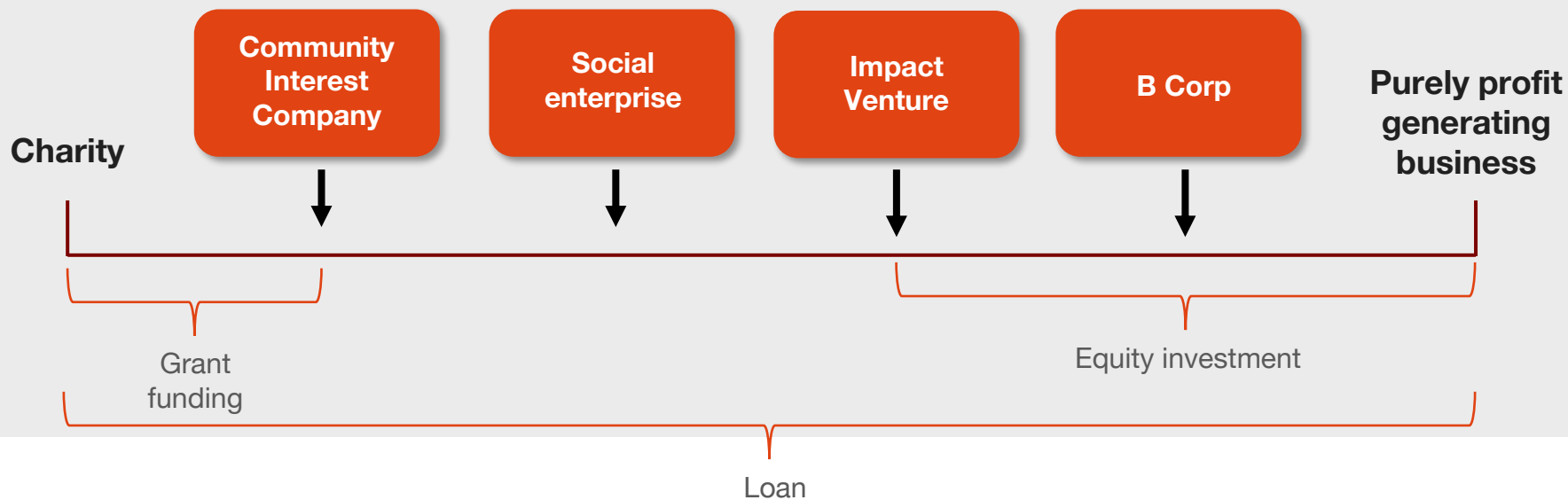
Model #4 – Impact Venture

- Bespoke model
- EMBED
- Flexible
- Impact provisions

Impact provisions



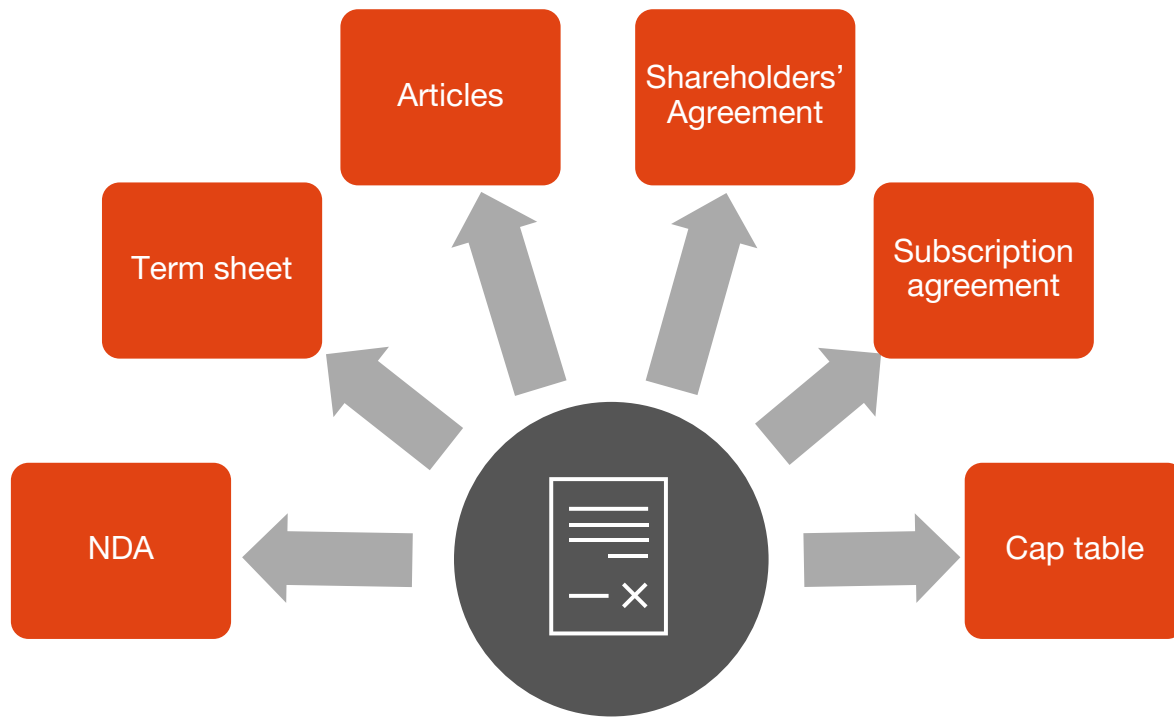
The scale



Part 5:

Key legal documents and things

Key legal documents



Other legal things to think about



Commercial
agreements



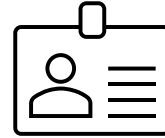
Data
protection



T&Cs



Trademarks



Team

Recap

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Impact models

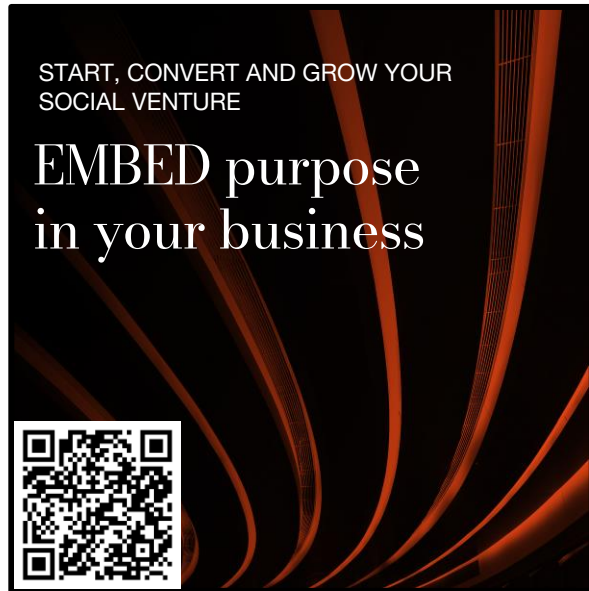
5

Key legal
documents and
other things

Resources and contact details



Resources



www.mishcon.com/products/embed-purpose



www.mishcon.com/guides/impact-investment-intentionality-and-innovation



www.mishcon.com/positive-disruptors-podcast

Get in touch

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Thank you.

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This presentation is intended only as a general statement of the law and no action should be taken in reliance on it without specific legal advice.

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