

Mission Preservation Governance Mechanisms for Startups

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Building **a secure and resilient world**
for the superintelligence era.



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Executive Summary

Founders of startups who want their companies to have a public-good mission face a fundamental challenge: how to preserve that mission while scaling under intense commercial pressure. When mission-driven companies drift from their purpose the result is at a minimum disappointing, but in some cases the consequences can be dangerous. Yet locking in a mission too rigidly can also create harmful inflexibility.

This report presents findings from a research process, funded by Halcyon Futures, that included reviewing academic and practitioner literature, analyzing real-world case studies, and conducting interviews with founders, investors, governance experts, and legal advisors.

The origin of the project was work related to AI safety, but the scope of the resulting project was not limited to any particular field. The goal of the project has been to identify practical governance mechanisms that startups can implement to preserve their public-good missions over time.

We have found that there is no one-size-fits-all solution to mission preservation, as different startups face different levels of pressure related to scaling, competition, and commercialization. To accommodate these different situations, this report provides a menu of practical options that founders can combine and adapt.

Key Findings

There is no perfect mechanism, but there are good approaches:

- **Timing:** Governance structures are easiest to implement before outside money arrives.
- **Culture:** Even sophisticated legal structures fail without employee buy-in.
- **Layering:** The strongest approaches combine legal safeguards with cultural and reputational tools.
- **Business model alignment:** When making money directly advances the mission, tensions largely disappear. This is rare, however.
- **Legitimacy:** Even strong legal mechanisms fail without stakeholder buy-in.

We describe six viable governance mechanisms:

- **Constitutional Oversight Board (Meta++ Model):** Independent body with clear jurisdiction over mission-critical policies.
- **Enhanced Dual-Entity Stewardship (Anthropic++ Model):** Purpose trust controls a for-profit entity with process safeguards.
- **Golden Share Purpose Trust (Tony's Choclonely++ Model):** Targeted veto rights with range of remedies.
- **Strategic Minority-Share Steward:** ~40% voting block requiring coalition-building.
- **Charter-Locked "No-Go" Clauses:** Specific mission boundaries embedded in corporate charter.
- **Public Commitments with Enforced Transparency:** Reputational accountability through reporting and verification.

Each of the mechanisms described here involves legal distinctions that depend on complex and fact-specific details. For example, different structures may provide different avenues for courts, regulators, or trustees to intervene if a mission commitment is disregarded. We do not attempt to cover all such legal considerations in this report, but instead focus on the practical dynamics that matter most for founders when deciding on an approach. Founders should work with experienced legal counsel to evaluate how these mechanisms would operate in their own circumstances.

Quick Decision Guide for Founders

- **New to mission preservation?**

Start with the **Governance Decision Tree** (page 6) to identify which mechanisms fit your situation.

- **Ready to implement?**

Jump to the **Quick-Start Checklist** (page 9) for phase-by-phase action items.

- **Want to compare options?**

See the **Menu of Governance Options** (page 12) for detailed analysis of each mechanism.

- **Looking for examples?**

Review **Real-World Cases** (page 23) to understand what worked and what didn't.

Governance Decision Tree for Startup Founders

Founders who want quick guidance to get them started in deciding on governance options for mission preservation can start here. There is a flowchart version of this same decision tree in Appendix B.

No matter which path a founder chooses in the decision tree, they should adopt the Culture and Talent strategies described on page 19, to be used in conjunction with the other governance mechanisms to be implemented.

Start Here:

What is Your Primary Mission Preservation Priority?

- **Maximum Protection:** "I need the strongest possible mission safeguards, even if complex."
 - Continue on **page 7**.
- **Balanced Approach:** "I want strong mission protection, but that is shared with a strong need for shareholder returns"
 - Continue on **page 7**.
- **Startup-Friendly:** "I want mission protection but need to attract traditional investors"
 - Continue on **page 8**.
- **Adaptive & Simple:** "I want flexibility to evolve with minimal complexity"
 - Continue on **page 8**.

Maximum Protection

Consider these paths:

Want to eliminate profit extraction entirely?

- **Yes:** Enhanced Dual-Entity Stewardship (with steward-ownership profit distribution to mission-aligned nonprofit)
- **No:** Continue below

Have mission-aligned investors willing to accept governance constraints?

- **Yes:** Enhanced Dual-Entity Stewardship (Anthropic++ model)
- **No:** Golden Share (Tony's Chocolonely++) plus Charter-Locked "No-Go" Clauses

Balanced Approach

Put mission-aligned directors on the initial board, and structure board seat allocation so that mission-aligned investors maintain board representation that cannot be diluted away by future funding rounds.

Additionally, consider these paths:

Can you align the business model with mission?

- **Yes:** Business Model Alignment plus Charter-Locked "No-Go" Clauses (to protect business model) and Public Commitments with Enforced Transparency
- **No:** Continue below

Do you have budget for ongoing oversight?

- **Yes:** Continue below
- **No:** Charter-Locked "No-Go" Clauses plus Public Commitments with Enforced Transparency

Do you need external validation of your internal policy compliance?

- **Yes:** Constitutional Oversight Board (Meta++ Model)
- **No:** Strategic Minority-Share Steward (~40% voting block)

Startup-Friendly

Make public commitments with enforced transparency and emphasize culture and talent focus.

Additionally, consider these paths:

Are you pre-funding?

- **Yes:** Add Charter-Locked "No-Go" Clauses
- **No:** Continue below

Can you find mission-oriented VCs?

- **Yes:** Add Strategic Minority-Share Steward
- **No:** Rely on baseline of Public Commitments with Enforced Transparency and overall Culture & Talent Focus

Adaptive & Simple

Recommended path:

Start with foundations:

1. Public Commitments with Enforced Transparency
2. Charter-Locked "No-Go" Clauses (minimal set, if possible)

Add later as you grow:

- Business Model Alignment (if possible)
- Golden Share (if investors allow)

Next Steps: After choosing your approach, proceed to the Quick-Start Checklist for implementation guidance.

Quick Start Checklist for Mission Preservation

Phase 1: Foundation (Pre-Incorporation / Formation)

Mission Definition & Documentation

- ☐ Write a clear, specific mission statement (avoid vague aspirations like “make the world better”).
- ☐ Test the mission statement by identifying realistic decisions the company might otherwise take that would violate the mission statement.
- ☐ Define 1-5 "never will" commitments (objective, measurable, mission-based boundaries).
- ☐ Identify mission-critical decisions that require special protection.
- ☐ Document your "why" for future reference and team alignment.

Legal Foundation

- ☐ Find counsel experienced in mission-driven structures.
- ☐ Choose incorporation state consistent with intended legal structures.
- ☐ Select entity type: Likely PBC, for clear protection of mission decisions.
- ☐ Draft charter-locked "no-go" clauses for core mission boundaries.
- ☐ Set supermajority voting requirements for mission changes (75%+ recommended).
- ☐ Include mission considerations in director fiduciary duties language (requires directors to balance shareholder benefits with mission considerations).
- ☐ Add public notice requirements (60-90 days) for charter amendments affecting mission.

Early Team & Culture

- ☐ Hire for mission alignment from day one (include in job descriptions).
- ☐ Create mission-specific onboarding process for all new employees.
- ☐ Establish regular mission check-ins in team meetings.
- ☐ Document cultural practices that reinforce mission.

Phase 2: Early Funding Preparation (Pre-Series A)

Investor Strategy

- Research mission-aligned investors in your space.
- Prepare mission preservation pitch for investor conversations.
- Create investor screening questions to assess mission compatibility.
- Draft term sheet language that protects governance mechanisms.

Choose Governance Mechanism

Primary approach based on your Decision Tree results:

Option A: Golden Share (Tony's Choclonely++)

- Identify potential members of the governance entity (independent, mission-expert, diverse experience and backgrounds).
- Draft trust/foundation documents with experienced counsel.
- Define veto scope precisely (mission policies + golden share protection only).
- Create remedy system (ranging from private discussions to legal action).
- Establish majority voting rules and staggered terms for governance stability.

Option B: Constitutional Oversight Board

- Define board jurisdiction clearly (they decide matters of implementation of policy, not corporate governance).
- Recruit initial oversight board members (aim for 5-7 members with relevant expertise).
- Create transparent decision process to build stakeholder legitimacy.
- Establish information access rights and quarterly reporting requirements.
- Draft contractual framework for company compliance with board decisions.

Option C: Enhanced Dual-Entity Structure

- Identify potential governance entity members (independent, mission-expert, experienced, diverse backgrounds).
- Incorporate purpose trust or nonprofit.
- Transfer voting control before outside investment.
- Staff governance entity board (majority independent from the operating company).
- Create process safeguards such as a required external investigation by an independent law firm before major interventions.
- Establish structured transparency to include regular communication among governance entity, board of directors, and company leadership.
- Ensure durability of control by preventing shareholder override of governance entity authority.

Public Commitments Foundation

Complement any governance mechanism with these steps:

- Publish detailed mission statement with specific, measurable commitments.
- Make concrete public pledges with timelines and metrics.
- Set reporting schedule (annual mission reports minimum, quarterly preferred).
- Join relevant certification programs (B-Corp, industry-specific standards).
- Establish stakeholder feedback mechanisms for ongoing accountability.

Phase 3: Growth & Scaling (Series A+)

Implementation & Monitoring

- Establish mission metrics and tracking systems.
- Create quarterly mission reviews with board.
- Implement public reporting process (annual minimum, quarterly preferred).
- Set up mission audit process (internal or third-party).

Ongoing Governance

- Train board members on mission governance responsibilities.
- Create conflict resolution process for mission vs. profit tensions.
- Establish mission amendment procedures (when and how mission can evolve).
- Plan governance succession as company scales.

Crisis Preparedness

- Consider creating a "living will" to trigger wind-down of company or other specific actions that automatically take effect in the event of extreme mission conflicts.
- Define trigger events requiring special governance attention.
- Establish communication protocols for mission conflicts.
- Run wargame scenarios of major mission conflict situations.

Menu of Governance Options for Mission Preservation

Constitutional Oversight Board (Meta++ Model)

Concept

An independent external body that reviews operational decisions for compliance with company-adopted policies, operating below the level of corporate governance rather than as part of the company's board structure.

Founder Fit

Appropriate for founders who expect ongoing attention to policy implementation and want an independent body to monitor compliance without affecting corporate control. Works well when the focus is on reinforcing policy compliance and internal commitments through external accountability.

Key Design Elements

- **Policy implementation review:** Oversight board evaluates whether the company has properly implemented specific policies it has adopted (e.g., responsible AI guidelines, safety protocols, or content moderation standards) rather than making board-level corporate governance decisions.
- **External accountability structure:** Unlike board seats or voting control, operates as independent entity contracted to provide oversight within defined scope of company policies and commitments.
- **Contractual enforcement mechanism:** Company contractually commits to comply with oversight board decisions within their jurisdiction, though legal remedies may be limited since the oversight board typically lacks monetary damages.
- **Bifurcated authority:** Binding authority over narrow policy implementation questions; advisory power over broader strategic matters that exceed their contractual jurisdiction.
- **Robust information rights:** Legally granted access to relevant data and personnel needed to assess policy compliance, but limited to oversight function rather than operational management.
- **Transparency and legitimacy:** All decisions and company responses published to maintain external accountability and stakeholder confidence, requiring careful crafting of confidentiality provisions to protect company information that is not related to the mission scope.

Strengths:

- Provides independent accountability for policy implementation without interfering in corporate governance.
- Uses contractual rather than ownership-based authority.
- Can focus on technical/operational compliance questions where expertise matters most.

Risks:

- Limited enforcement mechanisms since oversight board may lack standing for meaningful legal remedies.
- Company could potentially breach contract if willing to accept reputational costs. Scope creep risk if boundaries between policy review and strategic decisions blur.
- Effectiveness depends on adequate funding for staff and data analysis; an under-resourced board risks becoming merely symbolic.

Enhanced Dual-Entity Stewardship (Anthropic++ Model)

Concept

A purpose trust maintains voting control over a for-profit operating company, with the trust governed by independent trustees who have fiduciary duties to balance stakeholder interests and mission goals. The trust is self-perpetuating (existing trustees vote to fill vacancies), to avoid interference by the operating company or founders after being established. Outside investors hold economic rights to profits, other than what is needed to fund operation of the purpose trust.

Founder Fit

Suitable for founders who are prepared to limit their own control in order to establish long-term mission oversight. Most workable when early capital is aligned with these priorities or when the founder has influence over governance terms at formation.

Key Design Elements

- **Purpose trust structure:** A purpose trust holds voting control of the operating company, with focus of trustees giving priority to mission preservation over profit maximization.
- **Independent trustees:** Fewer than half of trustees are insiders. Mechanism to ensure diverse perspectives and prevent understaffing (addressing key OpenAI shortcoming).
- **Process safeguards:** Major interventions (e.g., CEO removal) require external investigation and report to operating company board and leadership, avoiding surprise actions that undermine stakeholder trust (addressing key OpenAI shortcoming).

- **Structured transparency:** Ensure regular interaction between purpose trust, operating company board and key employees, to avoid dysfunction stemming from stakeholders not knowing whether purpose trust is informed and focused on the operating company (addressing key OpenAI shortcoming).
- **Durability of control:** The trust's voting control should be fixed in place, not subject to shareholders of the operating company displacing it (addressing key Anthropic vulnerability).

Structural Variation

A traditional nonprofit can substitute for the purpose trust as the controlling entity, though this introduces potential limits as to how profits can flow back to the nonprofit.

Strengths:

- Familiar structure to investors.
- Strong mission control with clear accountability lines.

Risks:

- Complex dual-entity governance may confuse accountability lines.
- Success depends heavily on trustees balancing mission importance with operational needs.
- Risk of legitimacy failure if not properly managed.
- Purpose trusts less familiar to investors than traditional nonprofits.
- Requires ongoing resources for trustees and operation of the trust.

Golden Share (Tony's Choclonely++)

Concept

An independent foundation or purpose trust holds a golden share with narrowly-scoped veto power to protect formally adopted mission-based policies and the golden share mechanism itself, following the Tony's Choclonely Mission Lock model with enhanced governance stability.

Founder Fit

A good option for founders looking to safeguard a few specific commitments without affecting operational control. May appeal to those who want to create a mechanism for external intervention only in clearly defined situations, as well as those wanting a strong external signal of mission.

Key Design Elements

- **Limited veto scope:** Golden share provides veto power only over: (1) changes to formally adopted mission policies, and (2) amendments that would water down or eliminate the golden share rights themselves.
- **Range of remedies:** Following Tony's Chocolonely model:
 - Information access rights: The governance entity has a legal right to demand broad access to company information
 - Private discussions with management: The governance entity has a right to require management to meet with them to hear their concerns
 - Public statements in annual reports: The governance entity has a right to place information about their concerns in the company's annual report, but with limits to protect non-mission information of the company
 - Required public advertisements: The governance entity may require that the company make broad public advertisements noting the concerns that have been raised
 - Legal action as final resort: If actions of the company are inconsistent with the powers of the golden share, the governance entity may sue
- **Stable governance structure:** Board of the governance entity should have 5-7 members (versus Tony's 3) to ensure continuity and prevent all seats being vacant simultaneously. Staggered terms to maintain institutional knowledge.
- **Majority decision-making:** Governance entity decisions are made by simple majority vote rather than a requirement of unanimity, preventing single-member paralysis while maintaining deliberative process.
- **Financial disinterest:** Members of governance entity have no economic stake in the operating company and are prohibited from receiving compensation beyond reasonable expenses for oversight duties.
- **Self-perpetuating independence:** Existing governance entity members select replacements using clear qualification criteria focused on mission expertise and independence from commercial interests.

Operational Framework

- **Information Rights:** Quarterly updates on mission policy implementation, advance copies of relevant reports, access to senior leadership for policy discussions.
- **Escalation Process:** May require private engagement before public action, with clear timelines and documentation requirements for each stage of escalation.
- **Transferable Protections:** Golden share rights designed to survive acquisitions, mergers, and corporate restructuring through appropriate legal mechanisms.
- **Resources:** Funding commitment from company sufficient for governance entity to exercise its information rights, pursue remedies, and sustain independence over time.

Strengths:

- Targeted protection for specific commitments without operational interference.
- Range of options provides multiple intervention points before nuclear option.
- Larger, majority-rule governance prevents dysfunction.

Risks:

- Narrow scope may be circumvented through policy changes that technically comply while violating spirit.
- Effectiveness depends entirely on governance entity member quality and willingness to act.
- May deter some investors despite limited scope.
- Lack of funding to governance entity would undermine its effectiveness.

Strategic Minority-Share Steward (~40% Voting Block)

Concept

An independent steward entity holds approximately 40 percent of voting power on the board of the company. Because they do not have majority control, they are incentivized to work constructively with the rest of the board to achieve their goals. Because the voting control is close to 50%, it takes only a few (or possibly one) board member to go along with the steward entity for its position to prevail.

Founder Fit

Fits founders who value influence over control and want to ensure that mission-related concerns have meaningful weight in board decisions. Depends on negotiation and coalition-building, so works best when there are potential board members available who can work in that manner.

Key Design Elements

- Charter-capped stake. Steward's voting power fixed at ~40% and non-dilutable without its consent, with mission changes requiring 75% supermajority (thus, giving steward a veto on changes to the mission).
- Coalition logic. To pass or block extraordinary actions, the steward must win over at least one other board faction, encouraging constructive engagement rather than adversarial relationships.
- Independence requirements. Steward entity members must be independent (no financial involvement with operating company) and the steward entity is self-perpetuating to prevent capture.
- Graceful degradation. If mechanism fails through other board members refusing to vote with steward, operating company retains ability to function effectively. Also, such a failure is not permanent, as future steward representatives can work to build bridges with the rest of the board.

Strengths:

- Encourages constructive collaboration.
- Provides visible mission protection without creating operational paralysis.
- Balances power without complete control.

Risks:

- If board fragments, steward could become de-facto controller.
- Without constructive collaboration, could devolve into "us vs. them" mentality with 60% of board opposing steward.
- Ongoing funding of steward entity necessary to recruit and retain qualified representatives.

Charter-Locked "No-Go" Clauses

Concept

Embed a limited set of objective "we will never do X" commitments directly into the corporate charter with enhanced amendment procedures.

Founder Fit

Works for founders who want to define clear boundaries around certain actions but value simplicity and prefer to keep the overall governance structure conventional. May be useful in early stages before outside investment.

Key Design Elements

- Precision over breadth. Focus on a small number (3-5) of specific, objective mission commitments rather than broad aspirational language.
- Difficult-but-possible amendment. Changes require supermajority shareholder vote (75%+) plus public notice period (60-90 days) to allow stakeholder input.
- Reputational enforcement. Because commitments are public and specific, reneging incurs significant PR costs and potential talent loss even without litigation.
- Legal backstop. Charter language provides legal basis for shareholder derivative suits or other enforcement actions if the company ignores existing commitments.

Strengths:

- Low transaction cost
- Compatible with conventional financing
- Creates clear, enforceable boundaries
- Transparent to all stakeholders

Risks:

- Protection limited to precisely drafted clauses.
- May be circumvented through creative interpretation or business model changes that technically comply while violating spirit.

Public Commitments with Enforced Transparency

Concept

Create reputational and market-based accountability through public promises combined with mandatory reporting and external verification.

Founder Fit

Best for founders who want flexibility, but who see value in public reporting and stakeholder and public engagement as a means of reinforcing internal priorities. Does not require changes to company control, making it easier to adopt at any stage.

Key Design Elements

- Specific, measurable commitments. Public pledges include concrete timelines, metrics, and outcomes rather than vague aspirational language.
- Regular public reporting. Annual mission reports with third-party verification, quarterly updates on key metrics, and broad outreach through social media, blogs or company website.

- Certification integration. Participation in credible certification programs (B-Corp, industry-specific standards) with ongoing compliance requirements.
- Stakeholder feedback mechanisms. Formal channels for employees, customers, and partners to report concerns about mission alignment.

Strengths:

- Leverages reputation and market forces
- Flexible and adaptable as company evolves
- Compatible with all investor types
- Creates ongoing stakeholder engagement

Risks:

- Relies on external pressure and company self-discipline
- May be ineffective if market doesn't value mission alignment
- Vulnerable to gradual erosion through selective compliance
- May not be a strong lever if a company is willing to weather immediate backlash and believes the public has a short memory

Cross-Cutting Supporting Mechanisms

The following approaches work best when layered with the governance options above:

Business Model Alignment

Where revenue is tied directly to mission outcomes, commercial success reinforces mission goals rather than creating tension. Examples include companies where each unit sold advances the mission (safety tools, sustainability products).

Cultural and Talent Strategies

- **Mission-aligned hiring:** Include mission fit in job descriptions and interview processes from day one.
- **Cultural reinforcement:** Regular mission check-ins, mission-focused onboarding, hiring practices that prioritize alignment.
- **Employee empowerment:** Formal channels for mission feedback and escalation of concerns.

Why Super Voting Shares for Founders Aren't Recommended

Super voting shares can give founders an ability to maintain effective decision-making control over a company while the economic benefits are more broadly distributed to other shareholders.

While such a mechanism could theoretically allow founders to resist investor pressure for mission-compromising decisions, we don't recommend this approach for two reasons:

- First, founders remain subject to the same financial pressures that create mission drift. Super voting rights don't eliminate a founder's incentive to compromise mission for personal financial gain when commercial pressures intensify.
- Second, founders' understanding of their mission may evolve, or drift, over time. More concerning, founders themselves may drift away from their original commitment to mission altogether. Super voting rights create no external constraint on mission drift when the perspective or intentions of the founders change.

We believe that the most effective mission preservation requires mechanisms that operate independently of founders' financial incentives and changing perspectives.

Implementation Considerations

Timing and Sequencing

- **Pre-incorporation:** All options are available. This is the easiest implementation window.
- **Pre-Series A:** Most mechanisms are still feasible with proper investor preparation.
- **Post-funding:** Limited to investor-compatible options. May need to focus on cultural and reputational mechanisms.

Investor Compatibility

- **Mission-aligned investors:** Welcome stronger mechanisms as alignment tool.
- **Traditional VCs:** Prefer lighter-touch options (charter clauses, public commitments).
- **Public markets:** Require careful balance of protection and operational flexibility.

Meta-Governance Risks

Any mechanism empowering third-party governance organization must guard against the governance organization itself drifting from its mandate.

Solutions include:

- Regular governance reviews and effectiveness assessments.
- Transparent decision-making processes to maintain legitimacy.
- Clear succession planning and board renewal procedures.
- External accountability mechanisms for oversight bodies themselves.

Layering Strategy

The most effective approaches combine multiple mechanisms:

- **Legal foundation:** Charter clauses or governance structures create hard boundaries.
- **Cultural reinforcement:** Hiring and organizational practices embed mission in daily operations.
- **Reputational accountability:** Public commitments and transparency create market pressure.
- **Business model alignment:** When possible, structure economics to reward mission advancement.

The goal is to create multiple reinforcing pressures that support mission preservation even when individual mechanisms face stress or failure.

Lessons from Real-World Cases

In this section, we present learnings from a number of cases involving companies structured to preserve a public-good mission. More detail about these and other case studies can be found in Appendix E.

OpenAI: Legal Control May Be Insufficient

The Structure: Nonprofit board controlled for-profit subsidiary to preserve AI safety mission while accessing capital markets.

What Happened: In 2023, the nonprofit board attempted to remove CEO Sam Altman for mission-related concerns. However, employees threatened mass resignation, Microsoft offered to hire the entire team, and the board ultimately reversed course.

Key Observations:

- **Legal control without legitimacy fails:** The board had absolute legal authority but lacked employee buy-in for their decision-making process.
- **Transparency matters for governance credibility:** The board's secretive approach undermined stakeholder trust when decisive action was needed.
- **Talent mobility creates economic leverage:** In high-skill industries, employee threats to leave can override formal governance structures.
- **Investor relationships require active management:** Microsoft executives had never even met the independent board members, illustrating dangerous disconnection.

Bottom Line: Dual-entity structures can work, but only with experienced boards that actively build legitimacy with all stakeholders, not just legal power.

Anthropic: Purpose Trusts with a Potential Weakness

The Structure: Long-Term Benefit Trust holds voting control of public benefit corporation, with trustees balancing shareholder returns against public interest in AI safety.

What Has Worked:

- Gradual control transition allowed trust to gain majority board seats over time as specified in founding documents.
- Expert trustees focused on mission rather than individual founder control.
- Mission-aligned talent that emerged from mission-committed researchers splitting from OpenAI to form Anthropic.

The Vulnerability:

- Shareholder override provision allows supermajority to amend or eliminate the trust's powers.
 - Founders call this a "failsafe," but it creates a clear path for mission drift under commercial pressure.

Key Observations:

- Purpose trusts can provide strong mission control when properly structured with independent, expert trustees.
- Safeguard mechanisms may become attack vectors if override provisions meant to prevent dysfunction can enable mission abandonment.
- Unique circumstances may not generalize. Anthropic's leverage came from mission-focused talent exodus from OpenAI.
- Bottom Line: Promising model that works well when interests align, but the override provision may undermine mission under pressure.

Tony's Choclonely: Golden Share with Spectrum of Remedies

The Structure: Independent foundation holds golden share with veto power over mission changes, plus an array of response tools from private discussions to public statements to legal action.

What Works:

- Narrow but absolute veto power over changes to mission or sourcing principles.
- Range of remedies provides multiple intervention points before the most drastic action.
- Public accountability tools including required advertisements when company drifts from mission.
- Complete independence: Mission Guardians have no economic stake in the company.

Structural Vulnerabilities:

- Unanimity requirement among three Guardians could lead to paralysis if they disagree.
- Small board size creates risk of vacancies or dysfunction.
- Cannot block acquisitions. Protections are supposed to transfer to new owners, but there may be work-arounds for determined shareholders.

Key Observations:

- Targeted protection can be more durable than broad oversight.
- Public shame can be as powerful as legal action for reputation-sensitive companies.
- Governance bodies need adequate size and decision-making rules to prevent dysfunction.

Bottom Line: Demonstrates how narrowly scoped mechanisms with strong remedies can provide meaningful protection while preserving operational flexibility.

Meta Oversight Board: External Accountability in Practice

The Structure: Independent entity with binding authority over specific content moderation decisions, plus advisory power over broader policy questions.

What Works:

- Transparent decision-making creates accountability pressure beyond formal powers.
- Binding authority in narrow scope shows external governance can have real teeth.
- Public platform allows oversight board to influence company behavior through reputational pressure.
- Clear expertise focus on implementation of content moderation policies rather than larger business strategy.

Ongoing Challenges:

- Chronic understaffing (never reached target of 40 members, usually around 20-23)
- Company retains control over appointment process despite stated independence.¹
- Information access problems. The oversight board sometimes lacks data needed for decisions.²
- Scope limitations. The oversight board can only address specific decisions, not systemic policies.

¹ See Levy, S. (2022, November). Inside Meta's Oversight Board: 2 Years of Pushing Limits. *Wired*. <https://www.wired.com/story/inside-metas-oversight-board-two-years-of-pushing-limits>

² Shiffman, N., Miller, C., Parra Yagnam, M., & Flores-Saviaga, C. (2024). Burden of Proof: Lessons Learned for Regulators from the Oversight Board's Implementation Work. *Journal of Online Trust and Safety*, 2(2), 1–23. <https://doi.org/10.54501/jots.v2i2.168>

Key Observations:

- External oversight can work when given real authority in specific domains.
- Transparency and public pressure can extend influence beyond formal powers.
- Independence requires structural safeguards. A stated intention of independence isn't enough.
- Information rights must be meaningful and enforceable.

Bottom Line: Shows promise for constitutional oversight model but would benefit from additional attention to independence, staffing, and information access.

Ben & Jerry's: When Contractual Terms Aren't Enough

The Structure: Unilever acquisition included contractual commitments to preserve social mission and independent board to oversee mission goals.

What Failed:

- Independent board lacks veto power over key decisions like CEO hiring/firing.
- Contractual terms provide consultation requirements but ultimate control remains with Unilever.
- Mission protection relies on goodwill rather than structural constraints.

Current Crisis:

- Unilever allegedly dismissed Ben & Jerry's CEO without proper consultation with independent board.
- Independent board sued, revealing ongoing tension between mission commitments and commercial control.

Key Observations:

- Contractual protections may be insufficient when commercial pressures intensify.
- Advisory oversight without veto power can be circumvented by determined acquirers.
- Mission preservation through acquisition requires structural, not just contractual, safeguards.

Bottom Line: Demonstrates why mission-driven companies should be skeptical of relying on acquisition terms for mission preservation.

Patagonia: Permanent Mission Lock Through Ownership

The Structure: Founder transferred 100% ownership to purpose trust (voting control) and environmental nonprofit (profit distribution), eliminating personal wealth extraction.

What Works:

- Complete alignment of financial incentives with environmental mission.
- Permanent protection. No mechanism for shareholders to override mission focus.
- Steward-ownership model removes traditional investor pressure entirely.

Limitations:

- Requires founder wealth sacrifice. Such a model is not applicable to founders seeking financial returns.
- Post-growth implementation. Worked for established, profitable company.
- Limited replicability for venture-funded startups.

Key Observations:

- Strongest protection comes from removing conflicting incentives entirely.
- Ownership structure may determine mission durability more than governance mechanisms.
- Model may work for established companies with shareholder(s) willing to forgo wealth extraction.

Bottom Line: Shows the gold standard for mission protection but isn't practical for most startup contexts requiring external investment.

Cross-Case Insights

What Makes Governance Mechanisms Work

- **Legitimacy beats legal power:** OpenAI's board had legal control but failed when employees didn't buy in.
- **Independence needs to be enforced:** Stated intention of independence isn't enough (Meta Oversight Board staffing problems).
- **Narrow scope can be more durable:** Tony's focused protection vs. broad oversight vulnerability.
- **Transparency builds accountability:** Public purchasing decisions create pressure beyond formal authority.
- **Talent leverage can substitute for structural power:** Anthropic's mission-aligned researchers provide a counterweight to investor pressure.

Common Failure Patterns

- **Override provisions become escape hatches:** Anthropic's safeguard may enable future mission abandonment.
- **Contractual commitments without structural power:** See Ben & Jerry's experience with Unilever.
- **Governance without stakeholder buy-in:** See OpenAI's legitimacy crisis.
- **Inadequate board size and decision rules:** See Tony's unanimity requirement among three members.
- **Information access problems:** Meta board sometimes lacks data that would allow for better recommendations.

Key Insights from Literature Review and Interviews

Core Governance Dilemma

One fundamental challenge in mission preservation is designing mechanisms that are powerful enough to bind future decision-makers while remaining adaptable enough to avoid unhelpful rigidity in the face of unexpected situations. Founders want governance structures that will enforce the mission as they understand it today, but they also want pressure release valves if those structures begin performing in unintended ways. This tension cannot be fully resolved through clever legal design. It requires accepting that no mechanism is perfect and that trade-offs are inevitable.

This difficulty is compounded by the fact that founders' understanding of what constitutes proper mission alignment will likely evolve over time. What seems like mission drift to today's founder might be seen as a necessary adaptation to tomorrow's realities faced by the same founder. Yet founders who retain too much personal control to guard against this problem can become a source of mission drift themselves as their priorities change under commercial pressure.

The Importance of People and Culture

Legal governance structures provide important scaffolding, but they do not determine outcomes. Every mechanism reviewed, from public benefit corporations to purpose trusts to golden shares, depends strongly on people committed to the mission who are willing to act when needed. As multiple interview subjects emphasized, governance models remain "entirely people dependent" (Rajiv Dattani's phrase).

The most effective mission preservation appears to occur when culture becomes deeply embedded from a company's earliest days. Organizations that hire explicitly for mission alignment and achieve success while maintaining their commitments create self-reinforcing systems where employees themselves resist drift (an observation made by Miles Lasater). This cultural protection often proves more durable than legal constraints because it operates through daily decisions and peer pressure rather than formal enforcement mechanisms.

This insight helps explain why OpenAI's nonprofit board failed in their attempt to remove Sam Altman despite having clear legal authority: they lacked legitimacy with employees whose cooperation was essential for organizational success. Governance decisions that are legally valid but culturally rejected often fail when tested by real pressure.

The Critical Importance of Timing

Early implementation of governance mechanisms is not just preferable, it is often essential. Before outside funding, founders have complete control and can implement any structure they choose (with a risk that later investors may balk, of course). After each funding round, the universe of possible mechanisms shrinks as new investors must agree to governance constraints that were not part of their original plans for the investment.

This timing dynamic makes it important for founders to think seriously about mission preservation from the very beginning of company formation rather than treating it as something to address later. Retrofitting governance after commercial pressures intensify is often impractical and may require significant trade-offs that could have been avoided with earlier action.

The pattern holds across different types of investors. Even mission-aligned capital providers may resist governance mechanisms that weren't disclosed upfront, and traditional investors are likely to reject constraints that weren't contemplated in their investment models.

The Necessity of Layered Approaches

No single governance mechanism provides complete protection against mission drift. Legal structures can be amended, cultures can weaken under pressure, and reputational constraints can be ignored when stakeholder attention fades. The most effective mission preservation occurs when multiple mechanisms reinforce each other, creating overlapping protections.

Successful layering typically combines formal legal constraints with cultural mechanisms and reputational tools. When these different types of pressure all support mission adherence, they create a system that is more robust than any one of them.

Business Model Alignment

When a company's business model directly advances the mission, the tension between profit and purpose disappears. This represents the strongest foundation for mission preservation because commercial success and mission success reinforce each other rather than competing. Companies that achieve this alignment face far fewer governance challenges than those that must constantly balance competing objectives.

However, true business model alignment is rare and cannot always be achieved through clever design. Most mission-driven companies must manage ongoing tension between mission commitments and commercial pressures, which makes governance mechanisms necessary to provide countervailing forces that support mission adherence.

The Role of Legitimacy in Governance Effectiveness

Formal authority without legitimacy can fail under pressure. Governance entities must be seen as credible and fair by the stakeholders whose cooperation they need, particularly employees in talent-dependent industries such as AI. This legitimacy depends on factors beyond legal design: transparency in decision-making, competence of oversight bodies, and alignment with stakeholder expectations about fair processes.

The OpenAI case demonstrates how governance can fail not because of legal weaknesses but because of legitimacy deficits. The nonprofit board's secretive approach and lack of employee engagement undermined their ability to act effectively even if their concerns about leadership may have been justified.

Building legitimacy requires ongoing attention to relationships and communication, not just getting the legal structures right. Independent oversight bodies that operate in isolation from stakeholders may fail when their authority is tested.

Common Failure Patterns

Experience reveals recurring patterns that undermine mission preservation efforts. Understanding these patterns can help founders avoid predictable pitfalls when designing their own governance systems.

Vague mission commitments undermine governance mechanisms by providing no clear standard for accountability. Mission statements that don't provide concrete decision-making guidance make it hard to determine when drift has occurred. Without objective benchmarks, even well-intentioned oversight bodies cannot effectively challenge decisions that compromise mission goals. If you cannot identify a set of actions that would be clearly inconsistent with the stated mission, then the mission is almost certainly too vague.

Overly complex structures create confusion and dysfunction that can lead to failure, especially during crises. When governance relationships are difficult to understand or involve numerous entities with unclear authority, decision-making becomes paralyzed. Simple, well-understood mechanisms often prove more durable than sophisticated but opaque arrangements.

Convenience-based selection of governance members compromises mission protection. Choosing oversight board members or trustees based on availability or personal relationships rather than competence and commitment creates vulnerabilities that become apparent over time. Mission governance requires people who understand both the mission and the realities of business operation.

Weak protection of governance mechanisms makes mission safeguards easier to undermine. Mission amendment procedures that require only simple majorities or lack public notice requirements make it easy to quietly weaken protections over time. The governance mechanisms need their own protection against circumvention.

Contractual commitments without enforcement power often prove ineffective, as Ben & Jerry's experience with Unilever demonstrates. Despite contractual terms requiring consultation with the independent board on mission-related decisions, Unilever dismissed the company's CEO, allegedly for pursuing mission-related purposes, without meaningful consequences.

Provisions designed as safeguards can be used to undermine mission commitments. Anthropic's mechanism allowing shareholders to eliminate the Long-Term Benefit Trust's powers through supermajority vote creates a clear path for mission abandonment under commercial pressure, despite being intended as protection against governance dysfunction.

Implementation Guidance

This section is intended to be practical: it tells a founder how to put what has been presented into practice without repeating the phase-by-phase task lists already captured in the Quick-Start Checklist.

Start Early

Founders who “bolt on” mission governance after their first priced round find most powerful levers closed off.

- **Pre-incorporation:** All mechanisms are on the table.
- **Pre-Series A:** Mission governance is still feasible, but investors must be briefed before term-sheet negotiations.
- **Post-funding:** Expect push-back to new mission governance. Lean on lighter-weight tools (charter clauses, public commitments).

Implementation tip: Circulate a one-page “mission preservation term rider” with every draft term sheet. Misaligned capital is the single biggest blocker to later stages.

Focus on Meaningful Oversight Capacity

Case studies show that external bodies fail for *process* reasons (e.g. under-staffing, weak information rights, legitimacy gaps) more than for lack of formal authority.

Focus on four enablers:

Enabler	What “Good” Looks Like
People	5-7 mission-fluent members with diverse experience and background; formal skills matrix; D&O insurance budgeted.
Information	Contractual access to data, management time, and internal audits.
Budget & Admin	Annual operating budget and administrative support; stipends tied to meeting load.
Review Loop	Annual self-assessment and external effectiveness review every three years.

The budget and administrative aspect is worth emphasizing here. Each mission preservation mechanism described above will require some resources, and several require significant ongoing support. Those mechanisms that involve creating and staffing a separate entity (Constitutional Oversight Board, Enhanced Dual-Entity Structure, Golden Share, and Strategic Minority-Share Steward) will depend on sustained funding, most likely from the operating company itself. Lack of reliable funding may undermine both the legitimacy and the effectiveness of those mechanisms. One way to lessen the funding burden is through shared entities that serve multiple companies, creating efficiencies and professionalizing oversight. In some cases, an existing public-good nonprofit or foundation might also be willing to take on a role that aligns with its purpose, depending on the amount of dedicated time that such a role requires.

The Golden Share mechanism, for example, may be one where a pre-existing nonprofit with an aligned focus would be able to provide the sustained and independent stewardship that is needed.

Align Investors and Counsel Early

Even mission-oriented VCs don't want to see governance surprises late in deal diligence.

- **Investor mapping:** Segment potential backers by tolerance for control limits, and use screening questions to determine investors' level of comfort with mission retention mechanisms.
- **Legal team:** Hire counsel with *startup financing deal* and *trust/PBC* experience. These may be different attorneys. Agree up-front who drafts documents that are foundational to the governance mechanisms.
- **Include key levers in term-sheets:** Super-majority protections, information covenants for oversight body, and transfer durability clauses so rights survive exit events.

Crisis Preparedness and "Living Will" Triggers

Waiting for trouble to surface before planning puts you at a disadvantage. Have the board adopt a formal crisis charter that takes effect during a crisis. It should answer three questions: who decides, on what evidence, under what timeline.

Example triggers:

1. CEO or board proposes activity barred by "no-go" clause
2. Oversight body formally denied requested data twice
3. Mission metrics miss target two consecutive quarters

On trigger, the company follows a pre-agreed escalation ladder (internal review → external investigation → public statement → veto / wind-down). A simple variant (the "living will") can require automatic wind-down or technology hand-off if certain red lines are crossed.

Watch-List: Early Warning Signs

Founders should schedule a quarterly 30-minute "mission drift scan." If any of the following show up, escalate immediately:

- Mission disappears from leadership agendas or OKRs
- Governance body not at full headcount for > 90 days
- Charter amendment process weakens (e.g., super-majority dropped)
- Public commitments quietly edited or reporting cadence slips

Add this scan to the CFO's recurring board-package checklist—routine visibility keeps it from becoming "someone else's job."

Limitations of Analysis

There are important limitations in the analysis set forth in this report. One of these is taxes. The various mechanisms described in Section 5 do not address the impact of taxes on the operating company, shareholders, or separate entities that may play some role. In particular, a dual-entity structure in which a nonprofit entity owns and controls a for-profit operating company will need to ensure that its handling of profits from the operating company is consistent with its obligations as a tax-exempt entity, including potential exposure to unrelated business income tax (UBIT).

Another limitation of analysis in this report is geographic. This report is focused on the US, although it does address mechanisms (such as steward-ownership and public benefit corporations) which have long histories of use outside of the US. Even within the US, the requirements for, and availability of, certain corporate forms varies by state. The requirements applicable to any governance mechanism, and its resulting suitability for use, will need to be analyzed by counsel familiar with the jurisdiction in which the entities will be formed and operate.

Finally, it is important to note that these mechanisms have not been thoroughly analyzed with respect to bankruptcy law. In general, mechanisms that depend on contractual obligations (such as a Constitutional Oversight Board) are more at risk of being overridden by a bankruptcy trustee than structural ownership devices (such as the Enhanced Dual-Entity Structure). Even in the case of clear board voting rights or charter-based obligations, there may be situations in which a bankruptcy trustee or court can either change these (e.g. amendment of company charter) or reduce the voting power associated with existing board seats.

A court will generally accommodate the bankruptcy trustee in its efforts to maximize the value of the company assets for the benefit of creditors, and this may undermine mission preservation tools. It would be important for counsel familiar with relevant bankruptcy laws to analyze any mechanism before it is put into place, to ensure that founders are aware of how the mechanism would (or would not) work in the event of bankruptcy.

Beyond these identified areas, other legal issues may arise for a startup employing these mechanisms. Founders should consult legal counsel familiar with the specific facts and the laws in relevant jurisdictions.

Shared Governance Entity Opportunity

Several of the proposed mechanisms rely on an independent entity, which has some role in overseeing the implementation of mission within a company. One challenge with these is setting up the entity, funding it, and keeping it operating effectively. However, there may be value in a single such entity being established to work with many separate companies.

Funding becomes somewhat easier, as common costs can be shared across many companies that benefit from it. Also, by putting focus on setting up and running one such entity effectively, it becomes practical to gather people who are particularly skilled at this type of work. If each company has to stand up such an entity, they may fail to find anyone with the right experience and capabilities.

If an organization focused on the public good were to establish this entity, with a focus on bringing in the right people and consistently making decisions to enhance its legitimacy, it might unblock some of the proposed mechanisms for small startups. Many of the factors that will make mission preservation successful are "soft" factors, like culture and reputation.

If the oversight entity is set up in a way that values and cultivates these necessary soft factors, it can help influence the individual companies in ways that make mission preservation more likely to succeed.

The OpenAI case demonstrates how failing to focus on these soft factors can undermine the ability of "hard" law to maintain the mission.

While organizations like the Purpose Foundation provide golden share services focused on preventing ownership changes in steward-ownership structures, the proposed shared governance entity described here would offer broader substantive mission oversight across different corporate structures and mission types, such as AI safety, healthcare ethics, or environmental protection.

Conclusion

This research reveals a real tension in mission preservation: Founders need mechanisms that bind future decision-makers when it comes to harmful mission drift, but they do not want to be locked in to something with unintended consequences or which mandates the wrong approach when better information becomes available. No single governance structure resolves this tension completely, but layered approaches create resilience with different degrees of flexibility.

We see three important success factors. The first is that timing is decisive. Governance structures implemented before outside funding face fewer constraints and less investor resistance. The second is that legitimacy should not be ignored in favor of legal authority. OpenAI's nonprofit board had absolute legal control but failed when employees rejected their decision-making process. Third, people determine outcomes at least as much as formal structures. Even sophisticated legal frameworks fail without committed individuals willing to act when needed.

Effective mission preservation occurs when multiple pressures align: legal mechanisms, cultural reinforcement, and reputational accountability all pulling in the same direction. Adding to this, when business models directly advance mission goals, these governance challenges largely disappear, though such alignment is rare.

Our findings suggest an opportunity beyond individual company solutions. Several of the governance mechanisms described here rely on independent oversight entities that individual startups may struggle to establish effectively. A shared mission governance organization serving multiple companies could provide specialized expertise while spreading costs, enabling stronger protections for smaller startups.

For some sectors, the stakes extend beyond individual company success. As technologies such as AI advance, the decisions made by mission-driven companies developing those technologies will have growing societal impact. Governance mechanisms that preserve public-good missions may help ensure that critical developments serve public interests, not just commercial ones.

Tools exist for committed founders to build mission resilience into their companies. Founders who implement them early, layer them thoughtfully, and maintain their legitimacy can preserve their missions even under intense commercial pressure.

Appendix A

Methodology

Research Approach

This study combined a literature review, stakeholder interviews, and case study analysis to generate a comprehensive picture of governance mechanisms for mission preservation in startups.

Literature Review: We reviewed academic papers, legal analyses, news articles, industry reports, and practitioner commentary on corporate governance and mission preservation. The review included both sources specific to the AI sector and examples from other industries, allowing us to draw lessons from a broad evidence base.

Stakeholder Interviews: We conducted 22 interviews with founders, investors, governance experts, legal advisors, and policy specialists (see Appendix B). These conversations provided qualitative insights into real-world experiences, practical challenges, and the effectiveness of various governance mechanisms.

Case Studies: We analyzed cases that emerged as instructive during the literature review and interviews. Examples include OpenAI, Anthropic, Ben & Jerry's, Danone, Tony's Chocolonely, and the Meta Oversight Board. These cases were selected because they illustrate distinct governance mechanisms, their implementation challenges, and lessons applicable to AI startups.

Analytical Approach

Findings from the literature, interviews, and case studies were synthesized thematically. We identified recurring patterns and key factors that influence the success or failure of governance mechanisms. While the interviews were not formally coded, insights were grouped under conceptual categories and used to evaluate the mechanisms presented in this report.

Scope

This study focuses on helping founders of early-stage for-profit companies with explicit public-good missions, while drawing on broader examples from other industries where mission preservation has been tested under scaling and investor pressures. The mechanisms discussed are intended to be scalable and compatible with for-profit structures, aligning with the goals set by Halcyon Futures.

Limitations

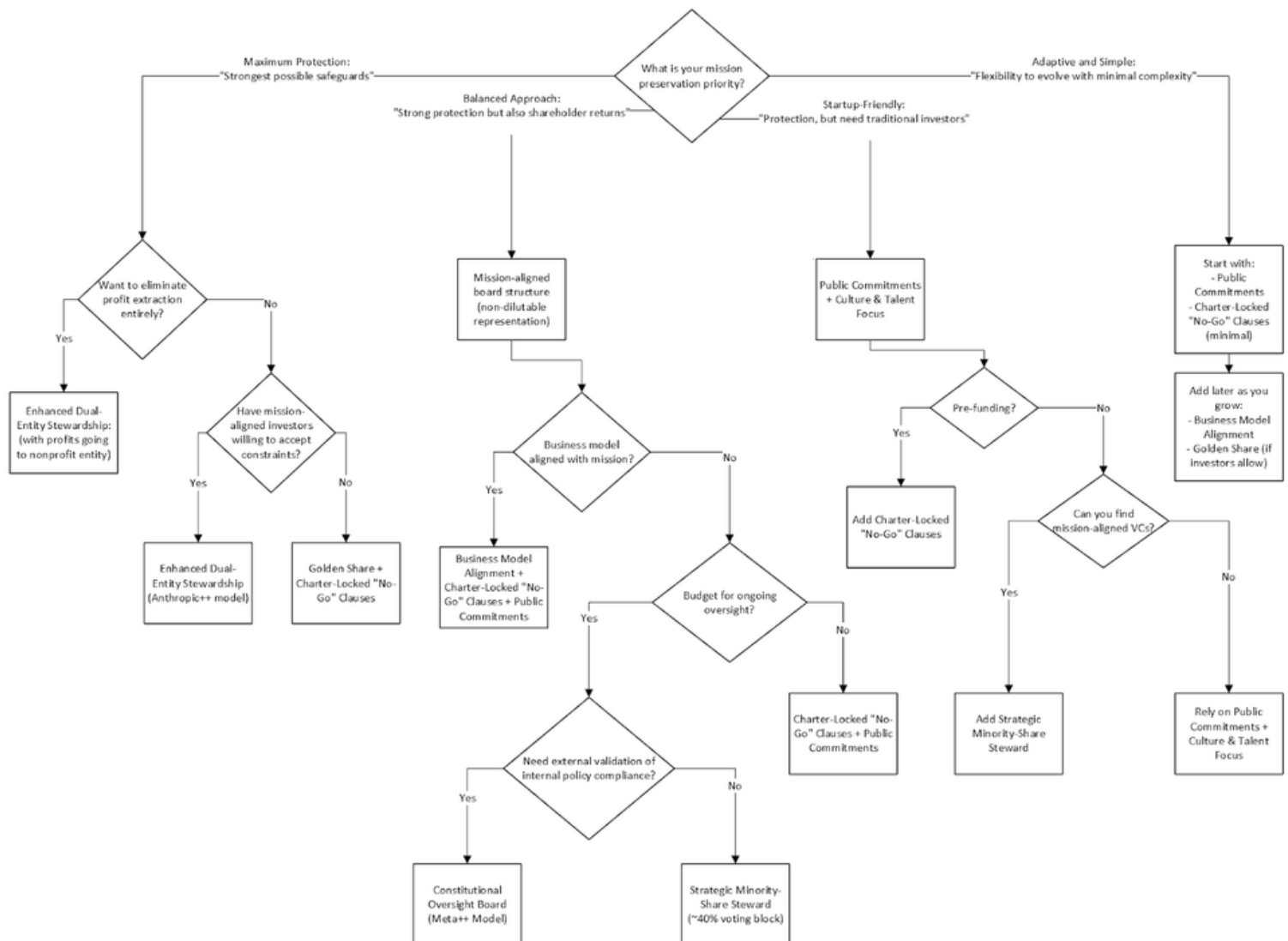
Several limitations affect the findings:

- The analysis is based on a finite set of 22 interviews and a curated sample of case studies; additional perspectives may yield further nuance.
- Governance mechanisms are context-dependent, and models that work for one organization may not translate directly to others.
- The field of technology governance is evolving rapidly, so mechanisms that are effective today may require adaptation as regulatory landscapes and market conditions change.
- There has not been expert validation of this report's findings.

Despite these limitations, we believe the combined methods provide a good basis for identifying practical governance options that founders can use to preserve their missions as they scale.

Appendix B

Governance Decision Tree Flowchart



Appendix C

Summary of Interviews

We would like to thank all of the interviewees who were willing to take the time to speak with us for this project. We have attempted to accurately capture their thoughts in this report, and we apologize in advance if any of our characterizations of those thoughts are not fully accurate. Any mistakes are ours.

Interviewees

Marc Berejka
Attorney, VP for Community Advocacy & Impact - REI
<https://www.linkedin.com/in/marc-berejka/>

David Berger
Founder - Live Aware Labs
<https://www.linkedin.com/in/davidberger10/>

Patrick Beukema
Researcher - Ai2
<https://www.linkedin.com/in/plbeukema/>

Sam Bowman
Researcher - Anthropic
<https://www.linkedin.com/in/sr-bowman/>

Rajiv Dattani
Advisor, founder - METR and AI Underwriting Company
<https://www.linkedin.com/in/rajiv-dattani/>

Oren Etzioni
Founder, researcher - Ai2 and TrueMedia
<https://www.linkedin.com/in/orenetzioni/>

Ben Goldhaber
Projects Lead - Future of Life Foundation
<https://www.linkedin.com/in/bgoldhaber/>

Mujtaba Hamid
EVP Product - Booz Allen
<https://www.linkedin.com/in/mujtabahamid/>

Dave Heiner
Retired Chief Policy Officer and General Counsel - Truveta
<https://www.linkedin.com/in/dave-heiner/>

Tony Hsu
Founder, investor - Firewalk Studio
<https://www.linkedin.com/in/tony-h-376169/>

Mike Kubzansky
CEO - Omidyar Network
<https://www.linkedin.com/in/michael-kubzansky-4917154/>

Miles Lasater
Founder and investor - Purpose Built Ventures
<https://www.linkedin.com/in/mileslasater/>

Interviewees (Continued)

Dan Lewis

Founder, investor, advisor - Convoy (past),
now at Microsoft
<https://www.linkedin.com/in/danlewis4545/>

Keri Pearlson

Senior Lecturer & Principal Research
Scientist - MIT Sloan
<https://www.linkedin.com/in/kpearlson/>

Charlie Petty

Investor, founder, advisor - Global Health
Investment Corporation, Adjuvant Capital
<https://www.linkedin.com/in/charliepetty/>

Dave Prakash

Director, AI Governance - Booz Allen
<https://www.linkedin.com/in/dave-prakash/>

Gavin Purcell

Founder, Writer, Producer, Showrunner
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Jessica Reinhardt

Director of AI Investments, CTO - Booz Allen
<https://www.linkedin.com/in/jessica-reinhardt-4114b2126/>

Eric Ries

Author, founder - Long-Term Stock Exchange
<https://www.linkedin.com/in/eries/>

Kristian Rönn

Founder - Normative.io and Lucid Computing
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Cynthia Rowland

Attorney, Partner - Farella Braun + Martel
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Craig Shank

Attorney, policy expert, advisor - OECD.AI,
Certification Working Group, IEEE - P2863
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Themes and Insights From Interviews

The interviews revealed a number of interesting themes and insights, which we have collected into these general categories. Find them on the following appendix pages.

Formal Governance Structures	42
Culture and Informal Mechanisms	45
Market-Based and Reputational Mechanisms	46
Business Model Alignment	48
Accountability and Self-Correction	48
Investor and Funding Considerations	50
Skepticism and Limits of Formal Structures	51

Formal Governance Structures

One major category of mechanisms that may be used by founders to pursue mission preservation is formal legal governance structures that differ in some way from a traditional for-profit C corporation. The spectrum of possible formal governance structures is large, and the goal here is not to tease apart each variation. The literature review in Appendix D provides more detail about many of these structures.

Golden Shares, Purpose Trusts, and Dual Entity Structures

A golden share is a share in a for-profit company that entitles the bearer to veto rights in board votes on certain topics. Traditionally, they have been used to place limits on the sale of companies.

Purpose trusts are effectively charitable trusts with a broader scope of permissible purposes. They include an effective mechanism for enforcement of the purposes of the trust. The Long-Term Benefit Trust (LTBT) used by Anthropic is a purpose trust.

Dual entity structures are ones where a nonprofit organization owns (or at least directly controls) a for-profit company (where the business activity takes place).

Miles Lasater emphasized golden share purpose trusts as particularly promising mechanisms for mission preservation. In this structure, certain critical corporate decisions would require approval from an outside nonprofit organization, effectively giving an independent body veto power over changes that could undermine the company's stated mission. This approach creates a formal check on decisions that might prioritize short-term profits over long-term mission alignment.

Cynthia Rowland described golden shares and similar mechanisms as "designator structures" that are well-established legal tools rather than novel innovations. She emphasized that successful implementation requires careful attention to succession planning and diversified fiduciary control mechanisms. The goal is to ensure that no single entity can easily drift from the mission over time, creating multiple layers of protection against both intentional and gradual mission erosion.

Marc Berejka supported the golden share approach, but stressed that the power must be truly separated from commercial interests to ensure an independent mission lock. Without this separation, it risks becoming ineffective when commercial pressures mount, as the same forces that might push for mission drift could influence the supposedly independent oversight entity.

Rajiv Dattani explained that his company had seriously considered implementing a Long-Term Benefit Trust structure but found that investors viewed it as too risky given the company's stage of development. This highlights a practical challenge: innovative governance structures may be more feasible for companies with greater leverage or those able to attract mission-aligned capital from the outset.

Sam Bowman observed that Anthropic's LTBT works precisely because the company emerged from a mission-focused split from OpenAI and successfully attracted deeply aligned talent from the beginning. However, he cautioned that such circumstances may be unique and the model might not generalize to typical startup situations where founders lack similar leverage or mission-aligned talent density.

Oren Etzioni pointed to AI2's nonprofit status as fundamental to its ability to resist commercial pressures and maintain true to its AI-for-good mission. He contrasted this with other ventures he had been involved with that were forced to pivot away from their original missions in order to survive financially, noting that a nonprofit structure provides essential insulation from such pressures.

Dan Lewis discussed dual entity structures that strategically blend nonprofit and for-profit elements to balance mission preservation with financial sustainability. Lewis observed that nonprofit entities tend to earn greater stakeholder trust, which can be leveraged even in hybrid structures to maintain mission credibility.

Board Composition and Oversight

Miles Lasater suggested ex officio board seats as a practical way for mission-focused organizations to maintain ongoing influence in governance of an operating company. For example, a board seat could automatically belong to the president of a trusted foundation, with the position transferring when leadership changes. This creates institutional continuity that transcends individual personalities or relationships.

Mike Kubzansky argued for combining *hard guardrails* (such as binding charter clauses, investor covenants, and carefully structured boards) with *soft levers* like reputational pressure. He noted that diverse, mission-aware boards can provide effective resistance to short-term profit maximization moves that might compromise long-term mission objectives. The key is creating multiple reinforcing mechanisms rather than relying on any single approach.

Ben Goldhaber observed that board member selection is an important step for mission preservation. Board members who are mission-aligned and not directly affected by day-to-day profit concerns will help keep the mission intact.

Dave Heiner described Truveta's board composition, which consists of mission-aligned nonprofit hospital systems, with specialized committees for ethics, audit, and security oversight. He warned that advisory boards can become mere "window dressing" if company leadership doesn't take their advice seriously or lacks the commitment to act on difficult recommendations when they conflict with immediate business interests.

Marc Berejka highlighted REI's cooperative structure as an effective model, where approximately 25 leaders choose new leadership with explicit attention to mission alignment. This creates layered protection where mission considerations are embedded in the succession process itself, making it difficult for the organization to drift from its foundational purposes without deliberate action by a substantial group of mission-committed leaders.

Public Benefit Corporations

Rajiv Dattani noted that his company operates as a Public Benefit Corporation (PBC), with mixed investor reactions. While some potential investors fully embraced the structure and its implications, others expressed hesitation about the constraints it might impose on decision-making. He argued that making mission commitments explicit at the board level helps keep them central to ongoing corporate governance rather than allowing them to fade into background considerations.

This experience illustrates a broader pattern where PBC status serves more to signal commitment and provide legal protection for mission-oriented decisions than to create binding constraints on corporate behavior.

Culture and Informal Mechanisms

Unlike the formal legal governance structures discussed above, there is a lot of focus on what are referred to by several interviewees as soft mechanisms. Culture is the most visible, and maybe most effective, of the soft mechanisms. It expresses itself in terms of peer pressure to act in accordance with the mission and it also affects the ability of a company to attract and retain the talent they need to be successful.

Building Mission-Aligned Culture

Miles Lasater stressed that organizational culture is fundamentally shaped by early hiring decisions, brand visibility, and investor alignment. He argued that companies that build strong mission-centered cultures from their founding make it extremely difficult to pivot away from their stated values later, as the workforce itself becomes a guardian of the mission. When such companies achieve success while maintaining mission focus, the cultural commitment becomes deeply embedded and self-reinforcing.

Eric Ries described organizational ethos as a blend of culture and character that becomes embedded throughout the company structure. He views this ethos as potentially the single most important mechanism for mission preservation, citing examples where strong organizational ethos enabled employees to effectively reject leaders who didn't align with core values. This represents a form of cultural governance that operates independently of formal legal structures.

Kristian Rönn argued that culture, when reinforced by clear public pledges, significantly raises the reputational cost of mission drift. He sees these cultural and reputational forces as potentially stronger constraints than purely legal mechanisms, particularly in industries where talent mobility is high and reputation affects both recruitment and business development.

Charlie Petty emphasized that people represent the primary mechanism for avoiding mission drift, making hiring for mission alignment essential and often more reliable than written agreements or formal governance structures. This perspective suggests that formal mechanisms serve primarily to support and reinforce human-centered mission preservation rather than replacing the need for committed individuals.

Gavin Purcell described his experience at Vox Media, Inc., where the mission was not only built into the company bylaws, but also regularly discussed at high levels within the company. This helped to create and maintain a culture within the company aligned with the mission.

Employee and Talent Influence

Patrick Beukema pointed out that top researchers in the AI field will often accept lower compensation to work for mission-driven organizations, creating a counterweight to investor pressures. This dynamic can provide companies with both talent advantages and mission reinforcement, as the workforce itself has bought into the mission as part of their compensation package.

Sam Bowman highlighted how Anthropic's strong mission alignment gave the company leverage to shape its own governance and funding terms, demonstrating that mission alignment can be a source of negotiating power rather than just a constraint. He noted that talented people aligned with a mission can collectively resist pressure to drift, creating a form of distributed governance through workforce commitment.

Mike Kubzansky used OpenAI's leadership crisis as an example of talent's influence on governance, where the credible threat of mass employee departure forced both leadership and investors to reconsider their decisions. This illustrates how cultural alignment can translate into concrete governance power when the workforce is both mission-committed and economically valuable. Of course, in the OpenAI case the talent was moving in a direction that appeared to be counter to the founding mission, but it still illustrates the amount of power in the hands of employees.

Training and Education

Dave Prakash sees training and education as the most important elements for AI-related mission governance, supporting other elements such as leadership, policies and procedures, and tooling. He has found that it is helpful to develop playbooks to guide internal users in alignment with the mission.

Market-Based and Reputational Mechanisms

In addition to the internal mechanisms that may play a role in helping a company preserve its mission, there are external influences. Reputation of a company among potential customers and partners is one such mechanism. A company may make public commitments around its mission so that its reputation will be bound to those commitments. In some cases, there may be certifications a company seeks, either for business reasons or for qualifying for insurance, that can lock the company to mission-aligned commitments.

Public Commitments and Reputation

Mike Kubzansky emphasized that public commitments create meaningful reputational friction that leaders must overcome if they want to abandon stated missions. Once a company makes its

mission publicly visible and central to its identity, leadership must carefully weigh the potential backlash and credibility damage that would result from walking back those commitments.

Patrick Beukema recommended implementing periodic public checkpoint reports and transparent updates as mechanisms to bind companies to their promises over time.

Kristian Rönn argued that founders' public pledges create substantial costs for mission drift by putting personal and organizational reputation at risk. The more visible and specific these commitments, the greater the reputational damage from failing to honor them, creating a form of market-based enforcement mechanism.

Dave Berger suggested that strong branding around safety and responsibility can boost customer trust while creating soft resistance to mission drift. When customers choose a company based on its mission commitments, deviation from those commitments risks not just reputation but actual business relationships and revenue.

Dave Prakash observed that principles need to be followed through with action. This gets into the phenomenon that is referred to as “greenwashing” in the area of environmental sustainability, but which applies equally to many published sets of Responsible AI principles.

Cynthia Rowland noted that reputation is not always a reliable lever for mission preservation. Public attention may be high when a company first backtracks on a public-good commitment, but it often fades quickly, reducing the reputational cost over the medium and long term.

Certification and Insurance

Craig Shank pointed to voluntary certifications offered by organizations like Credo AI as practical ways for companies to demonstrate responsible practices to external stakeholders. He noted that effective certification programs must be realistic for startups to implement, unlike heavyweight standards such as ISO certifications that may be too resource-intensive for early-stage companies.

Patrick Beukema noted that certification can serve as an important signal of trustworthiness, particularly valuable for customer acquisition and partnership development. However, the effectiveness depends heavily on the credibility and rigor of the certifying organization.

Rajiv Dattani described insurance underwriting as representing a “third way” between pure regulation and free market mechanisms. By combining standards, certification, and risk-shifting, insurance can promote good practices while distributing the costs of failures. However, this approach still ultimately depends on legal or regulatory frameworks to establish the liability that insurance would cover.

Contractual Constraints

Oren Etzioni discussed ethical licenses as a potential mechanism, similar to open-source licensing but with field-of-use restrictions designed to prevent technologies from being used in ways that undermine public-good missions. However, he is uncertain about who within a company should have the authority to enforce such restrictions and how such enforcement would work in practice.

This approach highlights the broader challenge of implementing contractual constraints: They require both clear definition of prohibited uses and effective enforcement mechanisms that can operate even when commercial pressures favor ignoring the restrictions.

Business Model Alignment

Kristian Rönn strongly argued that the most effective way to lock in mission preservation is to align the product and business model directly with the mission itself. When the business model generates revenue specifically by advancing the mission, there is no structural tension pulling the company away from its stated purposes. This creates a self-reinforcing system where commercial success and mission advancement support each other.

He described his company's "flywheel strategy" where they actively influence public policy to reinforce their mission, creating demand for compliance that comes directly from customers rather than just internal commitment. This approach embeds mission requirements into the external business environment, making adherence a market necessity rather than just an internal choice.

Charlie Petty agreed that having mission built into the business model represents an ideal situation, but noted that in practice, many companies begin with financial motivations and are subsequently nudged toward impact by investors or market forces. This suggests that while optimal alignment may not always be achievable from the start, it can be developed over time through strategic choices about business development and market positioning.

Related to business model alignment is technical implementation alignment. Mujtaba Hamid noted that it can be very helpful to have policy guardrails built directly into the technology, as that simplifies compliance.

Accountability and Self-Correction

Several interviewees recognized that even well-designed mission preservation mechanisms can fail and discussed the need for self-correcting systems that can identify when mission drift is occurring and provide tools for addressing it before problems become irreversible.

Structural Integrity

Eric Ries explained that structural integrity can keep an organization on mission even when individuals who had championed the mission leave. This is reflected in some apparatus at the company that backs up the mission with measurement and resources for ensuring the mission is maintained. He believes that structural integrity, along with an ethos built into the company culture, is required for reliable mission preservation.

Resolution Plans and Safeguards

Mike Kubzansky suggested implementing "living wills" or resolution plans that would automatically trigger company shutdown or restructuring if certain types of harm occur, similar to the resolution planning that banks must undertake to prepare for potential failure. This approach attempts to create a binding commitment to shutting down rather than compromising on mission when faced with existential choices.

Tony Hsu warned that founders often represent the single point of failure for mission drift in mission-led companies. He advocated for building "ethical friction" into decision-making processes, systematic checks that challenge potentially risky decisions before they are implemented.

Legal Flexibility and Shareholder Primacy

Miles Lasater highlighted that shareholder primacy doctrine is not as legally rigid as commonly believed, referencing Lynn Stout's book *The Shareholder Value Myth*. He noted that founders often have more flexibility to balance profit motives with mission objectives than they realize, suggesting that perceived legal constraints may be more cultural than actual in many circumstances.

This insight suggests that some governance mechanisms may be addressing problems that are less legally constrained than founders assume, though the cultural and investor pressure toward profit maximization remains real regardless of legal requirements.

Mission Audits and Oversight Boards

Patrick Beukema proposed implementing periodic internal mission audits and public checkpoint reports as ongoing mechanisms to hold companies accountable to their stated goals. These would create regular opportunities to assess mission drift and make corrections before problems become severe.

Miles Lasater expressed particular interest in the Meta Oversight Board model as a potential

template. The idea is that there would be a separate, independent body with meaningful oversight power over specific decisions. However, he emphasized that such oversight boards must be carefully designed to maintain true independence and avoid their own form of mission drift over time.

Employee Voice

Ben Goldhaber noted that mission preservation is aided when employees have a mechanism for raising mission-related concerns. Such a mechanism builds an expectation among employees that they are supposed to help keep the company on mission.

Investor and Funding Considerations

Mission preservation is very much linked to funding realities, as investor expectations and capital structure decisions create a context within which governance mechanisms must operate. The timing of when these mechanisms are put in place and the alignment of investor expectations appear to be crucial factors that can either enable or constrain the options available to mission-driven founders.

Mission-Oriented Capital

Charlie Petty, Patrick Beukema, and Eric Ries all emphasized that mission-aligned investors play a critical role in providing patient capital that supports long-term mission focus rather than demanding immediate profit extraction. However, they cautioned that such investors may have their own definitions of appropriate "impact," potentially steering companies toward their version of mission rather than the founders' original vision.

This highlights the importance of alignment not just on the general principle of mission orientation, but on the specific understanding of what the mission entails and how it should be prioritized relative to financial considerations.

Timing and Early Action

Miles Lasater and Rajiv Dattani emphasized that the optimal time for founders to implement mission-preserving structures is as early as possible, ideally before incorporation or the first significant funding round. Once investors are committed and growth pressures intensify, adding new governance constraints becomes substantially more difficult and may require significant trade-offs that weren't necessary earlier.

This timing consideration suggests that mission preservation requires strategic thinking from the very beginning of company formation, rather than something that can be effectively added later as an afterthought.

Keeping Capitalization Table Small

Dave Prakash observed that those companies he has seen that have successfully held onto their vision and autonomy (thereby avoiding mission drift) were ones that did not take too much outside money and kept their capitalization tables from growing too much. Also, they tended to be companies that achieved product market fit early.

Skepticism and Limits of Formal Structures

Several experts we interviewed expressed skepticism about the effectiveness of formal governance structures alone. Kristian Rönn argued that legal structures like PBCs or nonprofit designations are useful but insufficient. His view is that talent retention and organizational culture represent more powerful defenses against mission drift than legal constraints.

Dave Berger similarly emphasized that legal structures play a limited role except in determining board control mechanisms. Both he and others stressed that the people involved and their incentives ultimately matter more than the formal structures governing their decisions.

Cynthia Rowland agreed that culture and people matter more than legal forms alone, but maintained that governance structures still provide important support for mission-oriented decision-making. Her perspective suggests that formal and informal mechanisms work best in combination rather than as substitutes for each other.

Rajiv Dattani expressed the view that governance models remain "entirely people dependent." Without good people committed to the mission, even well-designed structures won't self-correct when problems arise. This reinforces the importance of building mission commitment at the human level while using formal structures to support and reinforce that commitment.

Ben Goldhaber believes that there are not many Responsible AI principles that are so clear-cut in nature that founders will be willing to be firmly locked to them. Where there is nuance (and there almost always is), hard locking is unlikely to be practical.

Gavin Purcell thinks that founders in the AI space right now are in a "move fast and break things" mode, so he does not expect to see many who are so committed to public-good principles that they will be willing to be restrained in material ways.

Finally, several experts were skeptical of weak certification schemes, stressing that only clear, objective standards can make certification meaningful as a mission preservation tool. Vague commitments or aspirational language may provide public relations benefits without creating real constraints on corporate behavior.

Governance Mechanisms Described in the Literature

For this project, we reviewed several governance structures and mechanisms, drawing on lessons from AI companies as well as examples from other industries. These mechanisms include legal forms, board structures, voting rights arrangements, oversight entities, and cultural factors.

The mechanisms described here are:

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Dual-Entity Structures

Dual-entity models combine a nonprofit organization with a for-profit operating company. The nonprofit generally maintains control rights over the for-profit operating company to ensure adherence to the mission.

The challenge lies in maintaining active, credible governance that internal stakeholders trust. OpenAI and Anthropic both use dual-entity structures, as do many of the Steward-Ownership structures discussed later.

Some potential benefits of a dual-entity structure include the use of common corporate forms that investors are familiar with and the relatively independent operation of the for-profit entity from the nonprofit entity. However, as seen with OpenAI, factors other than strict legal rights may come to play a role, so the entity that controls the operating entity needs to be mindful of their role in seeing to the success of the for-profit entity.

Public Benefit Corporations (PBCs)

Public benefit corporations (also commonly called “benefit corporations” in some states) are among the most commonly seen corporate forms for businesses that want to maintain a social good mission (or at least be seen as doing so). They theoretically require directors to consider specified public benefit goals alongside financial interests, but in practice there is little power outside of the wishes of the directors themselves to enforce this. Only shareholders may challenge decisions of the board on the basis of the public benefit mission, and then there are generally additional hurdles (such as share ownership thresholds and limitations on damages) that make challenges impractical. No cases of enforcement were encountered in the literature review. However, one clear benefit of this corporate form is that the laws establishing public benefit corporations offer protection for directors who do wish to pursue social or environmental purposes.

In addition to the relatively weak enforcement mechanisms, in practice the public benefit missions adopted by these companies are almost uniformly vague. This vagueness further limits the ability of stakeholders to address mission drift through legal challenges. Real-world cases such as Danone and Etsy (see pages 67 and 68) show that shareholder pressures will often override mission considerations.

Some state laws for public benefit corporations permit the bylaws or articles of the corporation to include “preservation clauses” which make it harder to change back to a standard C corporation. These clauses typically require a super majority vote among shareholders to make such a change. In other states, such a super majority vote is always required to remove the public benefit purpose, so inclusion in the corporation’s founding documents is unnecessary. For example, in Delaware a change to remove public benefit status requires a 2/3 vote of the shareholders.

We generally think that public benefit corporations have a place in structures for mission preservation (due to the protective nature of the laws establishing them), but they need to be coupled with additional mechanisms to be effective.

Social Purpose Corporations

Social purpose corporations are similar in some ways to public benefit corporations, but have less accountability. They do not have even the theoretical accountability mechanism of shareholders suing to enforce commitments to social purposes. They do protect the board of directors to the extent that they pursue the stated social purposes of their companies. In this way, they are similar to public benefit corporations, where the enforcement mechanisms are weak but the protective aspect is key.

Many states that have public benefit corporation laws also have laws establishing social purpose corporations. Some states, such as Washington, only have social purpose corporations and not public benefit corporations.

It does not appear that social purpose corporations are commonly used. The absence of even a theoretical enforcement mechanism likely diminishes their appeal for those seeking the PR benefits of establishing their business as one with a social mission.

Nonprofits

Nonprofits are generally the most well understood of the forms of corporate structure that may be used for pursuing public-good missions. A nonprofit is not permitted to have any commercial goals, and the laws establishing them are very rigid. The rigidity of these laws likely owes to the fact that nonprofits enjoy tax benefits, which would presumably be exploited by for-profit businesses if possible. The difficulty of establishing a nonprofit, and the rigorous requirements around maintaining it, do act as a signal to others that the mission of the entity is central, which lends it credibility.

Unlike other types of corporate structures, a nonprofit is not actually owned by anyone or any other entity. It has a board that controls it, but it is effectively self-owned. In the event that a nonprofit is terminated at some point, its assets may be given to other nonprofit organizations pursuing similar goals, or else those assets will go to the state. This makes the concept of a nonprofit “converting” into a for-profit implausible – nothing owned by the nonprofit (money, IP, contracts) may end up in a for-profit entity that is not controlled by a nonprofit.

Given the limitations on nonprofits, few founders will want to set up an operating company in a resource-intensive field as a nonprofit. However, there may be multi-entity mechanisms that make use of a nonprofit; the dual entity structure used by OpenAI is one example. There may also be structures in which a nonprofit holds some voting rights or other powers in a for-profit operating entity.

Purpose Trusts and Long-Term Benefit Trusts

Purpose trusts hold assets or governance rights for specific purposes without traditional beneficiaries, similar to charitable trusts but with broader permissible purposes. They require designated enforcers charged with ensuring the trust serves its stated purpose. Some states require enforcers to be named when the trust is established, while others allow courts to appoint them later.

State laws vary significantly on duration limits, ranging from 21 years to 1,000 years, with some states imposing no maximum duration. The trust documents should specify succession, removal, and compensation mechanisms for enforcers to avoid relying on potentially inadequate state law provisions.

The Anthropic Long-Term Benefit Trust exemplifies this approach, with the trust maintaining control over the company board. Purpose trusts offer more flexibility than charitable trusts and give creators more control over mission implementation compared to traditional nonprofits, though they lack the tax benefits for donors that nonprofits provide.

Super Voting Shares and Golden Shares

Super voting shares are mechanisms that give a single shareholder or a small set of shareholders extra voting power. There are historical examples of super voting shares working out well in a durable manner for generations, primarily in the media space (The New York Times, Washington Post, and Wall Street Journal have all used such mechanisms). More recent cases in which super voting shares are seen to have caused problems include WeWork and Uber. In those cases, founders with super voting rights were accused of having acted in ways that were not in the best interests of the company, and it was difficult to work around them to put those companies on better paths. Some descriptions of super voting shares describe founders with these rights being treated as “corporate royalty”. For purposes of mission preservation, the key question is whether a particular founder can be counted on to make the right decisions for the mission over the long term. Our perspective is that giving super voting rights to founders builds in a vulnerability to changes in founder perspective over time.

Golden shares are a version of super voting shares that are typically limited to specified issues. For example, a holder of golden shares may hold a veto right over decisions to change a company form (e.g. changing from a public benefit corporation into a traditional C corporation) or sales of the company. For mission preservation, giving a trusted third party (person, entity, or committee) a veto right over certain types of decisions affecting public harms may be useful. These third parties would not be involved in day-to-day decision-making for the operating entity, but they would be a necessary stakeholder if the shareholders wanted to make changes that could compromise the mission. If golden shares are going to be used this way, however, it will require that the situations in which veto rights can be invoked be well defined and not susceptible of being easily undermined by determined shareholders. Since many of the mission-oriented goals that founders may have are necessarily open-ended, it may not be practical in all cases to spell out the veto rights sufficiently to use a golden share mechanism.

Oversight Boards

The prime example of oversight boards that we encountered in our review of the literature is the Meta Oversight Board. It is an external entity (a single-member LLC, with a Delaware non-charitable purpose trust as the member) which has been given certain clear-cut powers with respect to content moderation decisions at Meta. Meta has described the decisions made by the Oversight Board as binding on it, although the public documents leave some questions as to exactly where the commitment has been made and how it would be enforced if Meta did not follow through.

One interesting feature of the Meta Oversight Board is its dual power structure. While its decisions are binding only in limited areas, it can also make broader public recommendations. Meta has committed to publicly respond to these recommendations. The recommendation mechanism is evolving, and the Oversight Board is currently trying to get access to more internal Meta information to help it make better recommendations. We believe this shows some promise of being a broad “soft power” to go with the much narrower “hard power” they have. An oversight board with sufficient access to information, and a somewhat broader “jurisdiction” in which to make binding decisions for the company, could be a useful mechanism in the mission-based startup space. Meta’s experience also demonstrates how such an oversight board can lend legitimacy to decisions made by the operating entity, by offering an independent backstop.

Steward-Ownership

Steward-ownership is a governance approach that separates control from financial extraction through two core principles: self-governance and capital lock. In the self-governance principle, voting rights are held by people connected to the company's purpose or values rather than being automatically inherited or traded for financial gain. The capital lock principle ensures that profits serve the company's mission rather than maximizing shareholder wealth, though some distribution to outside investors may be permitted.

This model was popularized by the Purpose Foundation under the name “Steward-Ownership” around 2016, although examples of similar structures date back over a hundred years with companies such as Bosch and Zeiss. In Bosch's case, roughly 94% of shares are held by a foundation dedicated to pursuing the founder's social purpose. Patagonia implemented a steward-ownership structure by transferring voting control to the Patagonia Purpose Trust while directing profits to the Holdfast Collective for climate action.

Legal implementation varies by jurisdiction but typically involves a corporation owned by a foundation or trust. This structure offers an alternative to pure nonprofit and traditional for-profit models, allowing mission-driven companies to prevent mission drift through structural constraints rather than solely relying on board discretion or public commitments.

Public Commitments and Reputation Mechanisms

Public pledges regarding ethical practices create reputational incentives to maintain mission alignment. These commitments are often non-binding and vague but can exert internal pressure on organizations to avoid negative publicity. The effectiveness of such a mechanism depends on external scrutiny and internal culture.

It can be difficult to define a commitment concretely enough to make a public commitment around it, without introducing a lot of carveouts and special scenarios. In practice, we think that a heavily compromised public commitment, with obvious outs for the company, is seen as a PR mechanism with little meaning. On the other hand, public commitments in a space that is under regulatory scrutiny, especially where such a commitment is part of an effort to resolve an investigation, can be very effective in curbing the behavior of a company.

A variant of reputation-based accountability involves companies making firm commitments to provide well-respected, trusted outside entities with broad access to necessary information for evaluation. Rather than making direct public pledges, the company empowers an independent evaluator to conduct meaningful assessments and issue public recommendations based on their findings. This approach leverages the evaluator's expertise and credibility to create reputational pressure more effectively than general public scrutiny alone, as demonstrated by Meta's commitment to publicly respond to its Oversight Board within 60 days. Success depends on the evaluating entity maintaining genuine expertise and public trust, so that their recommendations carry substantial weight with stakeholders, employees, and the broader public.

Culture, People, and Legitimacy

Connected to the observation that legal structures alone are generally not sufficient to produce mission preservation, is recognition that the role of people and culture is an important component.

The concept of legitimacy is connected to culture. Decisions that are being made in a company, whether based on mission or commercial factors, will be perceived by employees as more or less legitimate, and that will affect the degree to which the employees accept the decision or push back against it in some way. The events that happened at OpenAI in November of 2023 are a particularly strong example of this.

Contractual Commitments to Early Customers

Early customer commitments can create practical constraints on mission drift by establishing a base of stakeholders with contractual expectations aligned with the original mission. When a company builds relationships with customers based on specific mission-related promises, deviating from those commitments becomes more difficult as the customer base grows.

This mechanism works by creating external accountability beyond traditional governance structures. Breaking these commitments risks not only legal challenges but also customer loss and reputational damage.

The effectiveness of such a mechanism depends on the specificity and enforceability of the commitments made to customers. Vague promises provide little constraint, while specific, measurable commitments can create meaningful accountability. This approach complements other governance mechanisms by adding a market-based enforcement layer that operates independently of internal board dynamics or ownership structures.

Case Studies

In the literature review and interviews conducted for this project, we found a number of cases involving real companies attempting to prevent mission drift. Here is a collection of some of those cases which we believe can help founders think about the issue of mission preservation.

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OpenAI

Governance Crisis and Legitimacy

OpenAI began as a nonprofit focused on advancing artificial general intelligence safely for the public benefit. In 2019, it adopted a dual-entity structure, with the nonprofit controlling a for-profit subsidiary to enable outside investment while retaining mission oversight. However, governance challenges emerged, highlighted by the 2023 failed dismissal of CEO Sam Altman.

When the board took action against Altman (which may have been justified), a crisis emerged where employees (including some key researchers) threatened to leave en masse.³ In order to save the entire OpenAI project, the board backtracked and two of the board members left. The media narrative tended to focus on a simple story of money winning the day. Our view, based on the literature, is that the story was more complicated than that. Had the employees not threatened to leave, the ouster of Altman would likely have stuck, and the company would have continued on. But the nonprofit board lacked transparency in their decision-making and had limited legitimacy with employees. While the board may have been correct in deciding that Altman’s performance as CEO was inconsistent with the mission of the nonprofit, they neglected to take sufficient steps to ensure buy-in from stakeholders (principally employees, but also investors). This could have been accomplished by a more experienced board, which would have

³ See Hao, K. (2025). *Empire of AI: Dreams and Nightmares in Sam Altman's OpenAI*. Penguin Press. <https://a.co/d/eh21uZA>, page 10.

seen the risks more clearly. At the time of the attempted ouster of Altman, the board had only six of the nine seats filled, and only three members were independent.⁴

The nonprofit board appeared to be overly focused on the issue of legal control. They absolutely had the legal control necessary to remove Altman from his job. But neglecting the reality of employee mobility, they did not see the risk they were creating by acting without laying the necessary groundwork for buy-in by employees.

One commentator described the OpenAI structure as being similar to the Steward-Owner model that is principally used in Europe (by companies such as Bosch, Novo Nordisk, and Zeiss), but that the independent nonprofit board members appeared not to recognize that stewardship of the operating entity was a part of their job. As such, they were not a known presence to the employees or to investors (it was noted that Microsoft executives had never developed a relationship with the independent nonprofit board members).⁵

We think that study of what happened at OpenAI is useful, because the basic structure, if accompanied by an appropriately attentive and experienced board, appears to be an effective model.

In May 2025, OpenAI announced that it would retain nonprofit control and transition the for-profit into a public benefit corporation, aiming to reinforce its mission commitment. This decision was described as having followed input from the Attorneys General of California and Delaware, who weighed in on an earlier plan to remove control from the nonprofit. From a legal perspective, it is not clear how they could have accomplished that.

The OpenAI case illustrates the difficulty of balancing commercial pressures with durable mission governance and the importance of legitimacy and cultural alignment.

⁴ See Purpose Network. (2023, December). *Bringing Steward-Ownership to Life While Playing on the Field of Capitalism — Blog Post 2 on the "OpenAI Saga."* Medium.
https://medium.com/@purpose_network/bringing-steward-ownership-to-life-while-playing-on-the-field-of-capitalism-blog-post-2-on-the-81eb973948af.

⁵ *Ibid.*

Anthropic

Purpose Trusts and Early Design

Anthropic (like OpenAI) uses a dual-entity structure. However, the non-operating entity is a Long-Term Benefit Trust (LTBT), a form of purpose trust that holds voting power over the operating company (which is a public benefit corporation). This trust is staffed by financially disinterested trustees tasked with balancing two competing goals: the financial benefit of shareholders, and the public interest in Anthropic ensuring that AI helps people and society.

The trust initially was able to select and remove a few board members of the operating entity. Over time, the number of seats controlled by the trust increased (as established in the company's founding documents) until the trust gained the ability to control a majority of the board seats of the operating entity, giving them effective control.

However, the LTBT includes a mechanism that allows a supermajority of shareholders to amend or override the trust's powers. The Anthropic founders describe this as a failsafe mechanism.⁶ If the trust is no longer functioning in the way that was envisioned, this failsafe gives the company a way out of this structure. While this provides some flexibility, we think that it introduces a potential path to mission drift if shareholders choose to use it to remove the trust's power.

Anthropic's model attempts to address founder and investor control issues by placing super voting power in the hands of expert trustees rather than individuals, aiming to combine durability with oversight expertise. However, it also builds in a safeguard that may end up negating the structure. Only time will tell.

The Anthropic case highlights the potential of purpose trusts for mission preservation.

Ben & Jerry's

Multiple Lessons Over Time

Ben & Jerry's offers multiple case studies, as it has struggled with its social mission over the last few decades.

Several sources describing the efforts that led to the development of the public benefit corporation category in corporate law note that these efforts were influenced by the story of Ben & Jerry's acquisition by Unilever. Although the facts are disputed (see Stout, The Shareholder Myth), the widespread belief in the late 1990s was that a corporation could not place any goal above maximizing shareholder value.

⁶ See Anthropic. (2023, September). *The Long-Term Benefit Trust*.
<https://www.anthropic.com/news/the-long-term-benefit-trust>:

"We envision that most adjustments will be made by agreement of the Trustees and Anthropic's Board, or the Trustees and the other stockholders. Owing to the Trust's experimental nature, however, we have also designed a series of 'failsafe' provisions that allow changes to the Trust and its powers without the consent of the Trustees if sufficiently large supermajorities of the stockholders agree."

One case decided by the Delaware Supreme Court in 1986 (Revlon) convinced many legal commentators that a corporate board could not turn down a takeover offer if it would be financially better for shareholders than any alternative. The story told is that the Ben & Jerry's founders did not want to sell to Unilever but believed they had no choice, given the size of the offer and the outcome of the Revlon case. Their situation (or at least the widespread belief about it) led to the efforts to create corporate forms that expressly allow boards to take into account public benefits in addition to shareholder value. Public benefit corporations are the most well-known of these.

When the acquisition was negotiated in 2000, Unilever did agree to a number of terms, including a contractual commitment to continue the public interest efforts of the company. They also created an independent board which oversees the social mission goals. Unilever and the company CEO are required to use good faith efforts to reach agreement on issues affecting the company, but Unilever has the ultimate power to make most decisions (although it cannot decide to eliminate the social mission goals).

In the decades since the acquisition, there have been a number of disputes between the company and Unilever, resulting in at least one settlement agreement. More recently, however, Unilever dismissed the CEO of Ben & Jerry's, allegedly without consulting with the independent board, due to concerns related to the CEO's support for the company's social mission goals.⁷ The independent board has sued Unilever, and the filings in the case are very enlightening with regard to the kind of turmoil that can take place between those trying to maintain a social mission purpose and investors who do not want to.

Unilever is empowered to exert control over Ben & Jerry's, including firing its CEO and installing a new CEO, after consulting with the independent board (which lacks veto rights to prevent such changes). This suggests that in the end Unilever will be able to run Ben & Jerry's as it wants, albeit with some procedural hurdles. Although the case is not finished, the available facts suggest that the mechanisms put in place to maintain the social mission under Unilever's ownership are not ultimately going to be durable.

This case illustrates the challenges mission-driven companies face when absorbed by larger commercial entities, particularly when contractual terms are the main tool to bolster the mission. This does not mean that there is no role for contractual terms in mission preservation, but particular attention needs to be paid to questions of who can enforce those terms and whether the terms include sufficient loopholes that allow profit-focused shareholders to circumvent them.

⁷ *Plaintiffs' Memorandum of Law in Response to Defendants' Motion to Dismiss the Second Amended Complaint*. (2025, May 2). *Ben & Jerry's Homemade, Inc., et al. v. Unilever PLC, et al.*, Case No. 1:24-cv-08641-PKC, United States District Court for the Southern District of New York.

Tony's Chocolonely

Golden Share Implementation

Tony's Chocolonely is a Dutch chocolate company founded with the explicit mission to end all child labor and forced labor in the chocolate industry. While they produce chocolate that avoids such practices, their primary mission extends to eradicating these problems from the entire industry. This mission-driven approach led them to develop one of the most sophisticated mission preservation mechanisms currently in operation.

The company initially embedded their mission in their articles of incorporation and later became a certified B Corporation. However, recognizing the limitations of these approaches, they implemented a "mission lock" structure designed to prevent mission drift over time.

The mission lock operates through an independent foundation called Tony's Mission Lock, which holds a golden share in the operating company. This foundation has the sole purpose of safeguarding the operating company's mission, principles, and objectives. Three "Guardians" serve on the foundation's board, and they must be entirely independent of the operating company. The board is self-perpetuating, with existing members selecting replacements when someone leaves.⁸

The golden share gives the Guardians a range of remedies when mission concerns arise.

They can:

- Require the company to provide them with relevant information,
- Share concerns with management of the company,
- Present their concerns in a double-page spread in the company's annual public report on mission progress,
- Require the company to take out full-page advertisements addressing concerns in major markets, and
- Take the company to court

However, the mission lock cannot block acquisitions or restructuring of the operating company, although the golden share powers are designed to transfer to any successor entity.

Tony's structure demonstrates both the potential and limitations of golden share mechanisms for mission preservation. The remedy structure provides tools beyond simple veto power, creating a graduated response system that can address concerns before they become severe.

⁸ See Tony's Chocolonely. (2024). *Tony's Mission Lock Open Source Handbook*.
https://cdn.shopify.com/s/files/1/0873/3678/0079/files/240723_TC_HB_Mission-Lock_open-source-guide_online.pdf?v=1722350568 at 9.

The independence requirements and self-perpetuating governance aim to insulate the oversight function from commercial pressures.

However, the structure also contains potential vulnerabilities. There is a requirement for decisions of the three Guardians to be unanimous.⁹ This could lead to dysfunction of the mission lock should there be any disagreement. Additionally, the inability to block acquisitions creates a potential path for mission drift if new owners are less committed to the original purpose, despite the golden share's intended transferability.

This case illustrates how mission preservation mechanisms can be designed with multiple layers of protection while maintaining operational flexibility for the business. It also highlights the ongoing challenge of balancing durability with adaptability in governance structures designed to outlast their founders.

Meta Oversight Board

Advisory Governance in Practice

Meta's Oversight Board represents one of the most developed examples of an external governance mechanism designed to provide independent oversight of corporate decision-making. Established in 2020, the board was created as an independent entity to review Meta's content moderation decisions and make binding rulings on specific cases, while also issuing broader policy recommendations.

The board operates through a dual-power structure combining "hard law" and "soft law" mechanisms. Within its narrow jurisdiction (reviewing specific content moderation decisions) the board's rulings are legally binding on Meta. The company has committed to implement these decisions, creating a rare example of external authority over corporate operations. Beyond this core function, the board also issues non-binding public recommendations on broader policy questions, relying on transparency and reputational pressure to influence Meta's practices.

Structurally, the board is organized as a single-member LLC, with a Delaware non-charitable purpose trust serving as the sole member. This arrangement provides legal independence while allowing Meta to fund the board's operations. The board is designed to have up to 40 members drawn from diverse backgrounds globally, however it has never reached full capacity, with membership hovering around 20-23 members.¹⁰

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⁹ *Ibid.*

¹⁰ See Douek, E. (2024). *The Meta Oversight Board and the Empty Promise of Legitimacy*. *Harvard Journal of Law & Technology*, 37(2), 373-445.

<https://jolt.law.harvard.edu/assets/articlePDFs/v372/3-The-Meta-Oversight-Board-and-the-Empty-Promise-of-Legitimacy.pdf>, at 383.

The board's effectiveness demonstrates both the potential and limitations of external oversight mechanisms. On the positive side, it has successfully pushed Meta to adopt changes beyond those it can directly mandate, leveraging its public platform and independent status to nudge the company into broader reforms. The board's transparent decision-making process and detailed case explanations have provided unprecedented visibility into content moderation practices, creating accountability pressure that extends beyond individual cases.

However, the board's record also reveals significant challenges in implementing external oversight. Its jurisdiction remains deliberately narrow, limited to specific content decisions rather than broader policy questions. Despite Meta's initial commitment to remain uninvolved in board composition beyond the founding members, the company appears to maintain substantial control over the appointment process, contributing to persistent understaffing.¹¹ The board has also struggled with information access, sometimes lacking sufficient data to make fully informed decisions or even to know what additional information should be requested.

The Meta Oversight Board highlights the difficulty of balancing meaningful oversight with operational efficiency. While the board has created genuine accountability mechanisms and influenced company behavior beyond its formal powers, questions remain about whether it represents substantive governance reform or primarily serves to provide Meta with legitimacy and to shield the company from difficult decisions. The model suggests that external oversight can be effective when granted clear, objective authority over specific decisions, but that broader influence may depend heavily on public visibility and reputational dynamics rather than formal legal powers.

DeepMind / Google

Broken Promises and Corporate Control

DeepMind began as an independent AI research company founded in 2010 with an explicit focus on developing artificial general intelligence (AGI) safely and beneficially. When Google acquired the company in 2014 for approximately \$500 million, the founders insisted on specific governance protections to preserve their safety-focused mission.

During acquisition negotiations, DeepMind's founders established two key conditions. First, they required Google to commit that DeepMind's technology would never be used for military purposes, including autonomous weapons or battlefield applications. Second, and most significantly for mission preservation, they demanded that Google establish an independent ethics board with "complete legal oversight" over any AGI technology that DeepMind would develop.

¹¹ See Levy, S. (2022, November). Inside Meta's Oversight Board: 2 Years of Pushing Limits. *Wired*.
https://www.wired.com/story/inside-metas-oversight-board-two-years-of-pushing-limits/?_sp=5e289751-3d66-4b88-a6cf-a41b0c4b9ea0.1748029455257

As described in Supremacy, this ethics board would have legal control over the powerful AI systems, potentially limiting Google's ability to profit from them if such use conflicted with safety considerations.

Google initially agreed to these terms. However, the governance mechanisms quickly encountered problems. After DeepMind assembled a prestigious ethics board that included notable figures in the field, Google reversed course and refused to implement the oversight structure. The company cited conflicts of interest among board members as justification, but many suspected that Google simply "didn't like the idea of being at the mercy of a group of people who could take away its control of lucrative AI technology."

Google also failed to deliver on promises of operational independence. During corporate restructuring into Alphabet, executives suggested DeepMind could become an "autonomous unit" with independent budgets, boards, and even outside investors. Despite extensive discussions, these commitments never materialized, and DeepMind remained fully integrated into Google's corporate structure without the promised autonomy.

The DeepMind case illustrates several critical challenges in mission preservation through acquisition terms. Contractual commitments proved insufficient when the acquiring company had both the power and incentive to reinterpret or abandon them. The ethics board mechanism failed because it required ongoing cooperation from Google, which retained ultimate control over implementation. Unlike governance structures that create permanent, enforceable constraints, the DeepMind protections depended entirely on Google's continued willingness to honor informal commitments.

This experience, as with Ben & Jerry's, demonstrates that mission-driven companies facing acquisition must consider whether contractual terms alone can preserve their values within a larger commercial entity, particularly when those values might conflict with the acquirer's profit maximization. The case suggests that mission preservation may require more durable legal structures that cannot be easily reversed by corporate decisions, rather than relying on acquisition agreements that depend on ongoing goodwill from the acquiring company.

Patagonia

Steward-Ownership and Permanent Mission Lock

Patagonia represents one of the most comprehensive governance transformations for mission preservation in corporate history. In 2022, founder Yvon Chouinard transferred full ownership of the company, valued at approximately \$3 billion, to a multi-entity structure designed to permanently lock in the company's environmental mission.

The structure employs two entities outside of the operating company: the Patagonia Purpose Trust holds 100% of the voting shares, while the Holdfast Collective, a nonprofit organization dedicated to fighting environmental crises, receives 98% of the profits (the other 2% going to the purpose trust). This prevents any individual from extracting the financial value of the company or its profits for personal gain.

This governance design embodies steward-ownership principles: purpose-orientation ensures profits serve the company's environmental mission rather than shareholder wealth maximization, while self-governance maintains control with people connected to the company's purpose and values rather than financial investors. The board of the Patagonia Purpose Trust controls company strategy without financial incentives to maximize shareholder value, while the Holdfast Collective receives dividends but cannot influence operational decisions or force profit maximization.

Patagonia's structure addresses several mission preservation challenges. It removes traditional investor pressure to prioritize financial returns over environmental commitments, creates legal barriers to mission drift, and aligns financial flows with stated purposes. The company continues operating as a B Corporation under this new ownership model, maintaining its certification alongside the stronger legal protections.

However, the model also presents potential limitations. The governance system must balance operational effectiveness with mission preservation, and the board of the Purpose Trust faces the ongoing challenge of stewarding a complex business while maintaining environmental priorities.

Patagonia's transformation demonstrates how a closely-held, established company can restructure ownership to create permanent mission alignment. However, the model's applicability for companies with traditional investors is unclear.

Danone

When Legal Structures Aren't Enough

Danone adopted a public benefit corporation status to embed social and environmental goals alongside financial objectives. Despite this, financial pressures and underperformance led to the ousting of CEO Emmanuel Faber, who had championed the company's mission-driven transformation. Investors publicly stated that they continued to support the social mission in principle but that they ultimately did not believe the CEO adequately prioritized financial results. This case demonstrates the difficulty of balancing competing goals, particularly in publicly traded companies. It highlights that even legal structures requiring mission consideration may fail without strong shareholder and board commitment, as well as clear mechanisms to enforce mission priorities.

Etsy

When Market Forces Override Mission

Etsy went public as a certified B Corporation (a certification that is commonly confused with public benefit corporations, but which is separate), committing to social and environmental goals alongside profit. However, shareholder pressure following the IPO led to the removal of its CEO and the company voluntarily relinquishing its B Corp certification. This resulted in governance and operational changes that aligned more closely with traditional shareholder value models.

This case, as well as Danone's, demonstrates the difficulty of balancing two divergent goals, especially when there is no binding obligation to prevent the shareholders from choosing to put their own financial interests above mission.

REI

Cooperative Structure and Layered Protection

REI (Recreational Equipment, Inc.) operates as a consumer cooperative that demonstrates how alternative corporate structures can preserve mission alignment across decades of growth. The cooperative's bylaws explicitly embed dual purposes: "to operate successfully as a leading retailer of outdoor recreation products and services, and to promote an outdoor lifestyle that helps its members enjoy and appreciate nature and serve as faithful stewards of our natural environment."

The cooperative operates with a board of 11-13 directors elected by members for three-year terms, subject to twelve-year term limits and independence standards. The Nominating and Governance Committee explicitly considers mission alignment in candidate selection, creating systematic leadership succession with built-in mission continuity. Because the board effectively controls who may be put forward as a candidate for the board, and may itself elect members to fill seats if members do not back their choices, the board is for all practical purposes a self-perpetuating board. This structure makes it difficult for the organization to drift from its foundational purposes without deliberate action by mission-committed leaders.

The REI mission benefits from the cooperative operating outside traditional investor expectations around profit maximization. As a cooperative that is not publicly traded, the organization avoids quarterly earnings pressures.

The cooperative has established a separate nonprofit charity that maintains some role in decision-making, which acts as another layer of mission protection. REI also deliberately hires for mission fit, viewing employees' authentic connection to outdoor recreation as a competitive advantage, creating self-reinforcing cultural alignment where the workforce serves as a guardian of organizational values.

The REI model illustrates how cooperative structures can effectively balance commercial success with public benefit commitments, particularly when the business model naturally aligns with broader social goods. However, replicability may be limited to contexts where founders can attract sufficient mission-aligned participation at an early stage to avoid the need for traditional investment.

Truveta

Mission-Aligned Shareholders as Governance

Truveta's approach to mission preservation makes use of strategic shareholder composition rather than traditional governance mechanisms. Founded as a for-profit company, Truveta was established by a consortium of eight nonprofit hospital systems as the initial shareholders, creating what amounts to naturally mission-aligned ownership from inception. The board is composed of representatives from the founding hospital systems, each bringing their own nonprofit missions and public accountability.

The company operates with the mission of "saving lives with data," focusing on healthcare analytics and research. Rather than establishing a complex dual-entity structure or relying on mechanisms like purpose trusts, Truveta maintains mission alignment by having shareholders who are themselves mission-driven nonprofit entities with public-good purposes. This structure allows the company to offer equity compensation in a for-profit business to attract technical talent while maintaining mission oversight through inherently aligned ownership.

The Truveta model illustrates some important principles for mission preservation. It demonstrates that mission alignment can be achieved through thoughtful selection of initial stakeholders rather than complex legal structures. It also shows how mission-oriented investors can provide natural protection against mission drift. Lastly, it illustrates the benefit of operating in a domain where commercial success and public benefit can be genuinely aligned.

However, the model also raises questions about scalability and durability. As the company grows and potentially requires additional capital, maintaining the mission-aligned shareholder base may become challenging. Their approach may be particularly well-suited to healthcare, where nonprofit institutions are common and well-established. It may be more difficult to replicate this model in other sectors where mission-oriented institutional investors are less prevalent.

Appendix F

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