NATIVE AMERICAN NATURAL FOODS

TANKA

RESTORATIVE INVESTMENTS

A use case illustrating Restorative Investing for non-BIPOC funds or intermediaries to follow when investing into BIPOC communities

ASBC-SVC RESTORATIVE INVESTING TASK FORCE

American Sustainable Business Council

Social Venture Circle

TANKA BAR RESTORATIVE INVESTMENT

A use case written up by the ASBC-SVC Restorative Investing Task Force to help illustrate the Restorative Investment Process for non-BIPOC funds or intermediaries to follow when investing into BIPOC Communities

COMPANY
Native American Natural Foods, LLC,
Tanka Bar

LEAD INVESTOR
Candide Group

ACKNOWLEDGMENTS

It is with much gratitude that we thank Dawn Sherman, CEO of Native American Natural Foods, Tanka Bar, and Aner Ben-Ami, Co-founder of Candide Group, for creating this restorative model of investing and for agreeing to share their wisdom and term sheets for others to learn and emulate.

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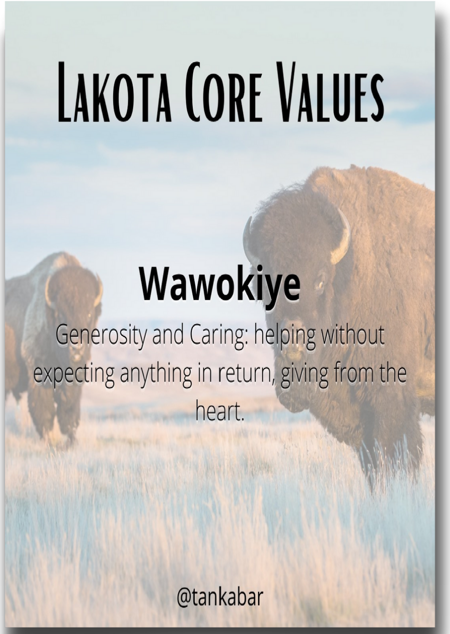
an investment thesis

INTRODUCTION

Defining Restorative Investments

Restorative investments build off the work of Nwamaka Agbo's and Alfa Demmellash's vision of Restorative Economics, which recognizes that "our current economy and political system was built to harm marginalized communities. It is time to dream bigger and build an economy that heals the harm and restores those communities creating a more just and prosperous country." In some ways, it fills the space between traditional philanthropy and the "do good do well" impact investing. It is a way of deploying restorative capital with and to marginalized communities to address justice, equity, diversity, and inclusion (JEDI) . The key elements of this being investing in community-driven efforts which foster self-determination and shared prosperity.



> *Our mission is to heal the people and Mother Earth by building a company that innovates new food products based on traditional values of Native American respect for all living things and living in balance of mind, body and spirit. We are all related and all it takes is one person to change at a time to help restore land and community for all.*
>
> - Dawn Sherman / Tanka Bar

> *Our goal is to move capital away from an extractive economy and into businesses that create wealth in communities; that is intentional about creating more wealth than it extracts; and that are intentional about shifting power to marginalised communities through shared ownership and shared governance. The how matters as much as the what. We can't just be happy to use traditional finance to mission-driven businesses and expect things to change; but we have to be like plumbers and go into fixing the plumbing too.*
>
> - Aner Ben-Ami / Candide Group

key investment terms & principles

BACKGROUND & SUMMARY

Native American Natural Foods, LLC is an Oglala Lakota enterprise that launched Tanka Bar, pioneering the first snack bar category in grocery stores for buffalo meat. It is a modern take on a traditional recipe using grass-fed buffalo meat and dried fruit, a combination that inherently makes it gluten-free and preservative-free.

It is a business based on restorative economics principles, including seven generation practices, such as not only restoring wealth into communities where resources have been extracted, but also restoring soil health and wellness for all. It was intended to create wealth and ownership for Native communities through its heritage recipe, business model, supply chain, and practices that regenerate the land for all peoples.

The company had stellar success for the first several years until it faced tough competition from large multinational food companies that appropriated the recipe and took over market share. The company struggled to survive but due to the tenacity and commitment of Tanka Bar's founders and CEO, they were able to use innovative methods to develop a value-added product and are now creating an ecosystem to share with the caretakers of the business. Due to its resilience and innovation, TankaBar received investment that will allow the company to retain its equity, support its community, and provide a return on investment.

THE RETURN ON INVESTMENT HAS SEVERAL IMPACT PROFILES

- Supporting employment and health in Native communities
- Honoring the buffalo
- Expanding a successful business to provide a potential financial return to investors

THE MAJOR OPPORTUNITIES TANKA BAR IS ADDRESSING

- Systemic extractive practices within the food industry by using Indigenous knowledge to bring the bison back and restoring the ecosystem and soil health
- Access to capital in Indian country by bringing in the capital in a sustainable and regenerative way to support Native entrepreneurs and companies
- Innovation in the food industry to create community wealth by addressing harmful practices and creating a model that other brands can use that honors people and the land

This is an investment with deeply rooted values grounded in restorative investing practices that deploy capital to businesses that address justice and equity.

cornerstones of term sheet &

GUIDING PRINCIPLES

This is done through terms that honor the ownership and governance of the founding community and return the most value to those with personal investment into the land, buffalo, and people. The terms of the investment are vastly different from mainstream, extractive venture capital term sheets; primarily these terms are entrepreneur and community-centric, as opposed to investor centric. The Native community was at the center of the discussions and term sheet development in this process. An initial investment was made by a group of investors led by Candide Group on behalf of the Libra Social Investment Fund, a Donor Advised Fund at ImpactAssets. This financing was used to re-launch the product into the market with new packaging and branding. Tanka Bar will now proceed to raise a second tranche of capital, which will enable the business to build more capacity and capture sales growth to achieve profitability in the next two years.

The Guiding Principles and the Key Financing Terms that exemplify the restorative nature of this investment are included below. These are made available so other non-BIPOC investors can learn from and adapt these ideas into their own investments and offerings. These are meant to be used alongside trusted BIPOC intermediaries that can bridge the cultural gaps that exist between BIPOC communities and many investors.

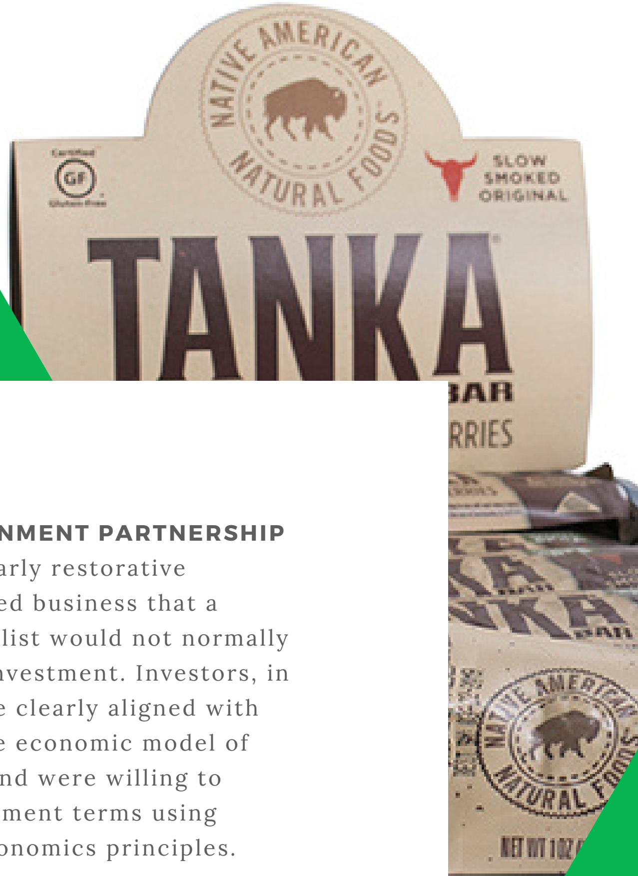
GUIDING PRINCIPLES

- Character-based investing
- Values alignment partnership
- Sharing wealth (along the supply chain as opposed to profit maximization for only investors and shareholders)

CORNERSTONES OF TERM SHEET

- Native leadership
- Native employee ownership
- Native American override for any liquidation or distribution proceeds
- Cap on closing costs and technical assistance offered
- Redemption and cap on returns for investors*
- Right of first refusal to ensure Indigenous ownership

GUIDING PRINCIPLES OF INVESTMENT TERMS



These key principles represent the values and priorities of the partners that informed the terms in the deal that followed. The shared understanding of these ideals made the investment possible and also defined it as a restorative investment.

CHARACTER-BASED INVESTING

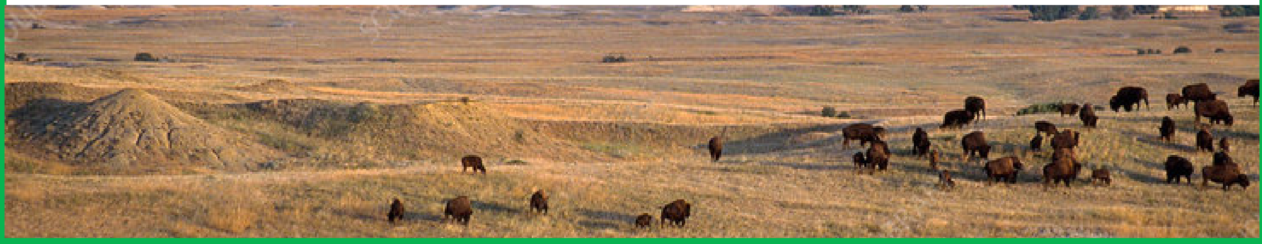
Candide stressed that it was the perseverance and values alignment of the company team that was key to their investment in this business. The team had proven its tenacity to survive competition despite the big players appropriating their recipe. The CEO, Dawn, had the determination to go back to Candide, which was involved in the previous stalled funding round. She was able to demonstrate that despite their struggles, the company was now able to take on new partners, new suppliers, and new advisors and the only thing the company lacked was the capital to succeed. The investors were impressed with the commitment and dedication of the team to the community and the company.

VALUES ALIGNMENT PARTNERSHIP

This was a clearly restorative economic-based business that a venture capitalist would not normally consider for investment. Investors, in this case, were clearly aligned with the restorative economic model of the business and were willing to support investment terms using restorative economics principles.

SHARING WEALTH

There was intentional sharing of wealth along the supply chain as opposed to profit maximization for only investors and shareholders. These investors were not looking at profit maximization at the expense of the different stakeholders including supply chain stakeholders such as the ranchers. A traditional investor would have only considered a financial return for itself and not the many impact stakeholder profiles that an investment such as this offers.



INVESTMENT TERMS

This is an equity investment with a couple of meaningful departures from convention. Below are some of the key terms and financing structure that demonstrate its restorative nature:

NATIVE LEADERSHIP. A key component of the agreement is to grow Indigenous leadership. Currently, 75% of the company is led by Native people, and 50% of the Board are Native. The goal is to have 100% Native leadership and Board representation.

TERM SHEET LANGUAGE:
The Class E units (current round) will be entitled to elect two members to the board, provided that such board nominees will be reasonably acceptable to the Company.

INVESTMENT TERMS

NATIVE EMPLOYEE OWNERSHIP Prior to this investment, there was already a scheme to ensure Indigenous employees had ownership, and this was kept intact and built upon. A new class D-I was added to the final term sheet to ensure these shares didn't get diluted.

TERM SHEET LANGUAGE:
In connection with the closing of the Class E Financing, the Company shall grant Class D-1 Units (consisting of profits interests) to the NANF Employee Ownership, LP, which currently holds and will hold the profits-interest on behalf of some of the Company's employees (the "Employee LP") in order to maintain the percentage ownership of employees' profits interest (aggregating the outstanding Class D Units and newly issued Class D-1 Units) at 5% of the Company's outstanding Units post-Class E Financing with such additional Units receiving no capital account increase. In addition to the foregoing, the Company shall grant Class D-1 Units (consisting of profits interests) to the Employee LP (on behalf of Dawn Sherman) in an amount equal to 3% of the Company's outstanding units (with a capital account of zero) post-Class E Financing.

INVESTMENT TERMS

NATIVE AMERICAN OVERRIDE FOR LIQUIDATION OR DISTRIBUTION

There is another Native override clause that in liquidation or profit distribution, a majority of that distribution, at least 51%, must go to Native owners first. This is the opposite of the usual preferred shares approach where investors take all profit first before any sharing to business owners or stakeholders. In this case, Indigenous stakeholders get the windfall first, protecting the value of wealth creation for the community and stakeholders over that of the investors.

TERM SHEET LANGUAGE

a. NATIVE AMERICAN OVERRIDE: With the intent of returning as much wealth as practicable generated by the Company to the Company's Native American owners, including the Company's employees (who hold Class D and Class D-1 Units), the Transaction Documents will provide that: (1) in any "deemed liquidation" transaction of the Company, at least 51% of the proceeds must be allocated to Native American owners of the Company, and (2) at least 51% of net operating profits of the Company, if distributed, will be distributed to Native American owners (collectively, the "Native American Override").

b. DISTRIBUTIONS: Subject to the Native American Override, Class E units will receive a preferred return prior to existing unit classes, equal to an 8% annual rate of return (on a non- accrued basis) (the "Class E Distribution Preference"), and will participate in any other distributions based on their ownership percentage, when and as declared by the board. The Class E Distribution Preference will be payable upon any distributions, other than distributions made solely to address members' potential tax liabilities resulting from the allocation of operating profits.

C. LIQUIDATION PREFERENCE: In a liquidation of the Company, subject to the Native American Override, Class E units will receive, prior and in preference to the holders of existing unit classes, the greater of (1) the Original Issue Price per unit (as adjusted for any unit splits, unit dividends, recapitalizations, etc.) plus a 8% annual accrued rate of return thereon (the "Class E Liquidation Amount"), taking into consideration any distributions of preferred return previously paid, or (2) the amount the Class E units would receive based on their ownership percentage.

INVESTMENT TERMS

CAP ON CLOSING COSTS AND TECHNICAL ASSISTANCE OFFERED

In traditional deals, financing costs are usually borne by the business at the closure of funding, but in this case, the investors bore most of the costs (which were considerably higher due to the need to draft unconventional documents rather than relying on standard terms) so as not to pass the burden onto the company. Also, technical assistance in the form of a CFO consultant was offered to support preparing and reviewing financial projections and the pre-investment work. As such, costs are lowered for the entrepreneur by the investors taking on some of these expenses and offering technical assistance. In some cases, all parties use the same lawyers, as this can cut costs by the sharing of resources.

TERM SHEET LANGUAGE

The Company to reimburse following the initial closing ImpactAssets Inc. fbo Libra Social Investment Fund ("Libra Investor") for all legal and administrative including reasonable fees and expenses of Libra Investor counsel not to exceed $25,000 in the aggregate.

INVESTMENT TERMS

REDEMPTION AND CAP ON RETURNS FOR INVESTORS*

Investors have a right to have their shares redeemed, but there is a ceiling, or cap, on the returns if they choose to do so. If investors choose to have their shares redeemed, their returns will be capped at 2x their original investment amount. *The investors referred to here are the external, non-Native investors.

TERM SHEET LANGUAGE:

The Class E units will be redeemable, except for any Class E unit holders that opt-out of such redemption, from funds legally available for distribution, at the option of the holders holding a majority of the Class E units, after the seventh anniversary of the initial closing of the Class E Financing, at a price per unit equal to the greater of: (1) Fair Market Value per unit not to exceed two-times (2x) the Original Issue Price (as adjusted for any unit splits, unit dividends, recapitalizations, etc.), or (2) the Class E Liquidation Amount. Fair Market Value for this purpose will be defined as two-times (2x) the Company's average annual gross sales for the prior 24 month period. The redemption price is to be payable over a period of three years from the redemption date.

Notwithstanding the foregoing, all payments toward redemption of the Class E Units made by the Company pursuant to the above would be subject to the Company having funds reasonably available to accommodate redemption requests without materially and adversely impacting the Company's ability to continue to fund operations and normal business growth, as determined in good faith by the Board of Directors, including at least one Class E Director

If the Board determines that the Company does not have funds available to accommodate the full amount of any redemption requests, (i) any holder of Class E Units may propose to the Company a third-party purchaser for the units to be redeemed, and (ii) the Company will have the right to arrange for the purchase via a third-party purchaser, including (but not limited to) the Tanka Resilient Agricultural Cooperative ("TRAC") or any other Native American owned purchaser, provided that such third-party purchaser is reasonably acceptable to the Company and the Class E Unit holders, taking into account mission alignment and the preference for maintaining at least 51% Native American ownership.

INVESTMENT TERMS

RIGHT OF FIRST REFUSAL TO ENSURE INDIGENOUS OWNERSHIP

To ensure long-term indigenous ownership, when the investors seek to sell their shares, they must allow the first right of refusal to Indigenous businesses and tribal entities of the company before offering to 3rd parties. This transaction needs to be approved by the Board, which is a majority Indigenous Board. This structure is to ensure long-term mission-aligned ownership and to guarantee that the benefits and success of the business flows to communities and stakeholder groups in a just and equitable way rather than be extracted back to investors.

TERM SHEET LANGUAGE:

Before any of the Class E unit holders may sell their Class E units to any third- party purchaser, the Company will have the right of first refusal to purchase such units with respect to any Class E units proposed to be transferred by the Class E unit holders. The Company may assign this right to TRAC or any other Native American owned purchaser reasonably acceptable to the Class E unit holders.

If the right of first refusal is not exercised with respect to any Class A or Class D units, the Class E holders will have an opportunity to participate in such sale on a basis proportionate to the number of units held by the seller and those held by the participating Class E holders.

DRAG ALONG: Holders of all classes of units shall enter into an agreement that provides that such holders will vote their units in favor of a sale of the Company or transaction in which 50% or more of the voting power of the Company is transferred and which is approved by the board and the holders of a majority of the outstanding Class E units, so long as (1) such transaction meets customary standards for several (and rata treatment of unit holders, and (2) the purchaser in such transaction is Native American owned).

Class of shares	Description	Pre-Class E Financing Unit	Post-Class E Financing Unit
Class E	The Company is offering Class E units of the Company aggregate proceeds, which includes the Class C Roll-Over amount and Debt Conversion amount (each as defined below) and the in-kind contribution of an investor, of at least $1,861,852 and no more than $3.5 million, which includes the originally contemplated aggregate offering amount of $2.5 million plus the Class C Unit Roll-Over amount and Debt Conversion amount (as defined and discussed below) (the “Class E Financing”).		18,842
Class C Units	Clearinghouse CDFI (Note: Clearinghouse CDFI agreed to participate in the Class E Financing by “rolling-over” its Class C Units into Class E Units in connection with the Class E Financing.	500	
Class D	NANF Employer Ownership	792	792
Class D-1	Class D-1 Units (consisting of profits interests) to the CEO and NANF Employee Ownership, LP		2158
Class B	Second round investors: Indian Land Tenure Foundation, Oglala Oyate Woitanean Empowerment Zone, Swift Foundation	5,036	5,036
Class A	Founder shares and first round investor: The Lakota Fund	10,000	10,000
Total		16,328	36,828

The 18,842 Class E Units reflect in this Exhibit Aassumes the Class E Financing is fully-subscribed.This Exhibit A will be updated by the Company inconnection with the consummation of the initial closing and anysubsequent closings. If the Class E Financing isnot fully-subscribed, the number of Class E Unitsand corresponding Unit Ownership Percentages for the ClassE Unit holders and the holder of the other classesof units will be adjusted accordingly.

CONCLUDING REMARKS

Overall, what can be said for these investment terms was summarised by Aner from Candide, who said that they are looking to intentionally create more wealth than is extracted and work to shift power to marginalized communities.

Dawn from Tanka Bar reminded us that it takes a herd and a tribe to bring back knowledge and food. The buffalo is a relative and a part of Indigenous people and when the buffalo come back so will people. When anyone buys a Tanka bar they become a part of the conservation story. We are all related and all it takes is one person to change at a time to help restore land and people for all.

Dawn Sherman, CEO, Native American Natural Foods, Tanka Bar

Aner Ben-Ami, Co-Founder, Candide Group