Case Study: Regionalwert Aktiengesellschaft Franken

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Purpose: Transforming the structures of food supply chains towards regional, organic and fair production and processing from field to plate.
Design Trait: Finance
Innovative Practice: Citizen's Joint-Stock Finance Design

Key Facts

Regionalwert AG Franken issues citizen shares and invests the money in regional organic businesses: farms, food processing, retail and catering. Through joint marketing and logistics, regional organic food can be locally sourced and produced and processed under fair social conditions. *Regionalwert AG Franken* is part of Regionalwert Impuls GmbH, a German network with more than €20.5 million in share capital, over 6,200 shareholders and more than 250 partner companies (as of 2024).

Established: 2020
Location: Franconia
Executive Board members: Maria Zeußel, Dietrich Pax
Ownership: Citizens' joint-stock corporation
Legal form: Citizens' joint-stock corporation
Members: 200 (2025)
Webpage: https://www.regionalwert-franken.de/

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Purpose, Business Model & Objectives

Purpose: As part of *Regionalwert AG* network, *Regionalwert AG Franken* follows the purpose of transforming the existing agro-industrial food system through a citizen joint-stock investment in regional organic farming. This enables farmers and citizens to work together towards an agriculture free from factory farming, bee mortality, nitrate pollution in groundwater, pesticide residues in food, and low wages in processing.

Regionalwert AG Franken was founded as a result of 'Forum 1.5', a discussion forum at the University of Bayreuth on how to achieve the 1.5°C climate target and is one of nine *Regionalwert AGs* in Germany, Austria and Luxembourg. The idea was to establish a joint-stock company to financially support regional and organic food production. Seventeen founding shareholders came together through this forum with a share capital of €80,000 and founded *Regionalwert AG Oberfranken* in 2020. During the founding process, they received support from Christian Hiß, the founder of the very first *Regionalwert AG* in Freiburg. After a while, they realised that shareholders were more likely to be found in the cities than in the countryside. Therefore, the initial founders decided to expand their sphere of influence to cover all of Franconia. The stock corporation grew and at the end of 2024, it had a share capital of €380,000 with 760 registered shares. In 2024, all nine *Regionalwert AGs* together had a share capital of over €20,5 million, more than 6,200 shareholders and over 250 partner companies.

The purpose of *Regionalwert AG* is to promote regional and sustainable economic activities in food production by supporting organic farms to transform the structures of food production. To serve this purpose, *Regionalwert AG* regularly issues citizen shares, for example in 2025 at €600 per share. The capital raised is then invested in social and ecological businesses in the respective region. In addition to financial support, *Regionalwert AG* also offers joint marketing, networking, and logistics to enable the local provision of regional, organic food while minimising greenhouse gas emissions through short transport routes. The promotion of organic farming is intended to contribute to the preservation of biodiversity and natural resources. *Regionalwert AG* also promotes the production and processing of organic food under fair social conditions and facilitates direct contact between producers, retailers and consumers. Accordingly, *Regionalwert AG* increases transparency in food production. The range of businesses that *Regionalwert AG* supports is broad and may include any stage from production and processing to the distribution of food, provided that

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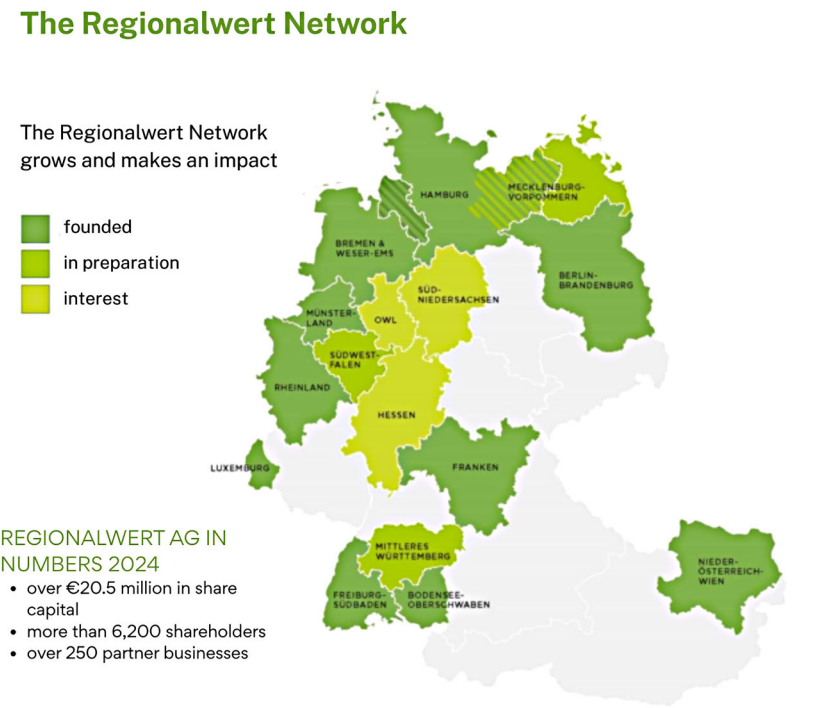
the business meets the value standards of *Regionalwert AG*. Companies that do not meet these standards are not supported, thereby counteracting, for example, factory farming, nitrate pollution in groundwater, pesticide residues in food, species extinction, or unfair pay for employees.

Figure 1: Regionalwert Network



Source: Regionalwert AG 2025a.

Insights into the Citizen's Joint-Stock Finance Design

For a joint-stock corporation such as *Regionalwert AG*, a financial design that aligns with the corporation's purpose and internal structures is of exceptional importance. Sound financial management is the fundamental enabling factor for the regenera-

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tive, distributive, and transformative impact of *Regionalwert AG*. This becomes particularly evident in its operating model, which is as follows:

> People acquire shares in the stock corporation, thereby increasing its share capital. In 2025, one Regionalwert share was priced at €500 and sold for €600, including a 20% agio. This agio is used to finance upfront costs, such as those associated with structural processes or notarial fees. The shares are registered and can be traded. The share capital is then used to financially support and invest in companies or projects. For the citizens of the respective region, in this case Franconia, *Regionalwert AG* offers a low-threshold investment opportunity through which they can actively participate in agricultural development and strengthen organic farming in their region. Consequently, the citizens have the opportunity to influence and benefit not only financially but also indirectly, by improving their regional food supply.

The companies supported by *Regionalwert AG* are selected using a specific tool called 'Regional Value Services', which is used to assess their social, ecological, economic, and transformative potential. Through its investments, *Regionalwert AG* promotes the pursuit of long-term regenerative and distributive approaches in the supported companies. Regenerative approaches are reflected in the company's support of projects that promote ecosystem services. For example, it promotes farming practices that protect the climate, conserve resources, and are characterised by repeatability. Only ecologically oriented farms are eligible for support.

At the same time, *Regionalwert AG* also pursues distributive approaches. While an Economy for the Common Good certificate is not currently required for funding, *Regionalwert AG* is strongly aligned with Common Good reporting. It has developed the 'regional value output' instrument to assess this, particularly in the agricultural sector. This tool is used to evaluate the societal value created by a company, considering, for example, fair wages for employees, the educational mission of the business, and other social criteria.

How the Citizen's Joint-Stock Finance Design Enables Regenerative and Distributive Dynamics

Financing Projects that Advance Regenerative, Distributive and Transformative Approaches – Projects that Otherwise Might Not Materialise

The defining feature of *Regionalwert AG's work* is that it enables and helps shape projects that would otherwise likely not be realised. Dietrich Pax, Executive Board Member, said:

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> "I always say, for me, the criterion is: if the bank had financed the company, then I don't really have to do it."

It is important to him to support projects and companies that would otherwise most likely not receive loans and therefore might never come into existence. Dietrich Pax noted companies in organic farming often find it particularly difficult to obtain bank loans, as profit expectations in this field are typically lower. As an example of *Regionalwert AG's* work, Dietrich Pax mentioned an organic farming association that approached them for financing to build a greenhouse. As a not-for-profit association, it faced significant obstacles in securing a loan from a bank. *Regionalwert AG* stepped in to finance the greenhouse, allowing the association to rent it, with the possibility of purchasing it in the future. While the financial return for *Regionalwert AG* is, of course, relevant in such investments, it is equally important for the organisation to promote regenerative approaches within the region. Regarding this financing, Dietrich Pax stated:

> "This way it is feasible for people. And so far in winter there was only beetroot and an idea, and now there is beetroot, an idea and lamb's lettuce. And that is of course something that moves things forward. And that is exactly the kind of thing that we are now tackling."

Another example of *Regionalwert AG*'s work is a catering company that supplies facilities such as kindergartens, hospitals and retirement homes with organic products. *Regionalwert AG* acquired a stake in this company because the caterer aimed to transition its food offering to organic and regional products. *Regionalwert AG* supported the company not only financially but also with expertise, networks and partners. Dietrich Pax states that this was a successful investment for *Regionalwert AG*, referring to both financial aspects and to the company's broader goals. The catering company's capital requirements were not particularly high, and it is expected to recoup the investment quickly through its sales. Additionally, the 3,000 and 5,000 people in facilities in the area around Coburg are now provided with regional, seasonal, and high-quality organic food. For Dietrich Pax, the provision of organic food, for example, through catering services, is a key lever advancing more regenerative approaches.

Strengthening Resilience

Regionalwert AG invests in a broadly diversified portfolio, with a maximum stake of 30% in any one company. When *Regionalwert AG* invests in a company, it increases the company's equity ratio. An investment of 25% to 30% is usually sufficient to increase the equity ratio to a level where the remaining capital requirement can be covered

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by a bank loan. In general, it is not intended to finance a project in full. This strategy offers several advantages for *Regionalwert AG*.

Firstly, it enables *Regionalwert AG* to invest in multiple companies through broad diversification and thus to contribute to the advancement of regenerative and distributive approaches. Secondly, it also protects against the risk of unsuccessful investments, as the capital is risk capital, and not all investments necessarily yield the intended returns. The corporation's share capital is limited, and only a maximum of two-thirds is intended for active investment. One-third of the share capital is as a reserve – for difficult times and as additional financing capacity. Dietrich Pax noted that such reserves proved particularly important during the Covid-19 pandemic. Nonetheless, a 30% stake in a company is sufficient to enable *Regionalwert AG* to become actively involved in that company.

Low Financial Return Pressure from Shareholders

The shareholders of *Regionalwert AG* should also benefit from the success of the companies and the profitable investments. *Regionalwert AG* therefore targets a return of 3%, which can then be distributed to the shareholders. However, many shareholders choose not to receive this return. It is more important to them that the capital is reinvested immediately in new regional, ecological projects. They wish to use their financial resources to promote the region and transform the structures of local food production. The shareholders are particularly interested in a long-term orientation, with many even viewing their investment as one made on behalf of future generations. Financial return expectations among *Regionalwert AG* shareholders are therefore significantly lower than those typically associated with other companies. Nevertheless, Dietrich Pax is aware of the responsibility that *Regionalwert AG* bears, stating:

> "The money that people give us, in the form of stocks, is money with which they express their will."

The shareholders' low expectations regarding financial return enable *Regionalwert AG* to align its strategy closely with its purpose. Still, both the Supervisory Board and the Executive Board remain accountable to the shareholders at the general meeting. They must explain their strategies and investments and ensure that developments are made transparent. As such, shareholders exercise a degree of oversight to ensure that *Regionalwert AG*'s actions remain consistent with its purpose.

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Challenges Arising from the Citizen's Joint-Stock Finance Design

Decision-Making for Financially and Purpose-Centred Worthwhile Investments

Due to its limited financial resources, *Regionalwert AG* cannot invest in all the projects and companies it would like to. The projects it invests in are those that do not require a large amount of capital. Accordingly, each investment decision is made with great care, focusing on ventures that are both financially and purpose-centred worthwhile. To prevent the Executive Board from potentially acting alone, all investments over €2,000 must be approved by the Supervisory Board. Dietrich Pax expressed a strong desire to financially support many more projects and companies. He sees organic farming as an area with considerable potential for development, viewing it as the ideal path to serve the ecosystem and transform social structures towards more regenerative approaches. In particular, he wishes to see even more innovation and to provide further support. However, a major challenge lies in the fact that organic farming requires a substantial upfront investment. Major investments are necessary before cultivation can begin, and it takes time for crops to be harvested and revenue to be generated. *Regionalwert AG* currently lacks the financial capacity to make large-scale investments in this field. The company must therefore evaluate which investments are financially and purpose-centred worthwhile and feasible. Each case must be assessed individually to ensure that actions are both meaningful and economically sound.

Attracting New Shareholders

In addition to making smart and profitable investments with the available capital, *Regionalwert AG* urgently requires more share capital and, consequently, more shareholders. Attracting new shareholders remains a key challenge for *Regionalwert AG* and its financial design. Organic food production primarily takes place in rural regions; however, potential shareholders are more likely to be found in urban centres. Recognising this, *Regionalwert AG* expanded its sphere of influence to include the entire Franconian region. The low expected financial returns may deter profit-oriented potential shareholders. *Regionalwert AG*, as a citizens' joint-stock company, would therefore seek to appeal primarily to value-driven citizens who wish to support a long-term transformation of regional food production. It also aims to be as low threshold as possible in order to remain accessible to a broad base of the population. How to make the shareholding model more attractive to citizens is the subject of ongoing internal discussion. New incentive models such as offering practical benefits when purchasing products from businesses supported by *Regionalwert AG* are currently being explored.

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Combining Regenerative and Financial Goals through Investments

External influences, such as climate change, can slow advancement of organic farming. For this reason, and due to the expected low returns, banks tend to avoid investing in this sector. *Regionalwert AG* aims to fill this gap, but its financial resources remain limited. At the same time, *Regionalwert AG* must act in a financially profitable manner. While its shareholders are primarily motivated by the desire to promote regional organic food production and do not expect high financial returns, the organisation must still ensure that its investments are economically viable. Good management of the company's capital is vital for the stock corporation's survival. If *Regionalwert AG* were to make poor investment decisions, lose capital, or even face insolvency, it would no longer be able to fulfil its purpose of supporting regenerative, distributive, and transformative projects.

Figure 2: Strengthening Regional, Organic Agriculture

Source: Regionalwert AG Franken 2025a.

A key part of *Regionalwert AG*'s transformative impact lies in its visible external impact which is communicated through success stories. Demonstrating both financial and regenerative success helps change social structures, support ecosystems, and inspire others. *Regionalwert AG* sees itself as a model, aiming to win new shareholders and encourage like-minded people and organisations to pursue similar ini-

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tiatives. This explains why working economically and being financially profitable is essential to the purpose of *Regionalwert AG*. As the company is aware of this, it focuses on investments that require comparatively little capital but yield significant impact. Consequently, *Regionalwert AG* is currently concentrating on the processing of organic food rather than its production, where capital demands are higher. The aim is to achieve maximum effect with the available resources.

Interactions with Other Design Traits

Ownership and Governance Design

The highest governing body of *Regionalwert AG* is the Annual General Meeting of shareholders. At the Annual General Meeting, shareholders elect the Supervisory Board, which in turn appoints the Executive Board responsible for managing the stock corporation's operations. The Executive Board is elected for a term of two years and is tasked with the day-to-day leadership of the company. The Supervisory Board monitors the Executive Board and represents the interests of the shareholders. At present, the Executive Board consists of two members, while the Supervisory Board consists of six. All members serve on a voluntary basis. In addition to its oversight role, the Supervisory Board also actively supports the Executive Board in developing regional value chains and in distributing capital.

Investment decisions follow a clear process. The Executive Board develops strategic proposals for investments or equity participation in companies, which are then submitted to the Supervisory Board. These proposals are discussed collaboratively in Supervisory Board meetings. An investment can proceed only if the Supervisory Board approves it.

At the Annual General Meeting, the Executive Board and Supervisory Board report to the shareholders providing updates on the corporation's financial performance, investment activities, and overall business development. The Annual General Meeting is open to all shareholders. Anyone who acquires at least one share can become a shareholder of *Regionalwert AG*. While the company operates in the Franconian region, there are no geographic restrictions on share ownership—individuals from outside the region may also invest. Every shareholder has a voting right at the Annual General Meeting, with each share entitling the holder to one vote. To prevent concentrated influence and maintain democratic governance, *Regionalwert AG* has implemented a cap: no individual shareholder may hold more than 10% of the voting shares. This regulation ensures broad-based participation and protects the company's democratic and citizen-oriented character.

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Network Design

Regionalwert AG deliberately seeks co-financing from banks in order to exert a transformative influence on them as well. Dietrich Pax said that from the moment they started, banks have increasingly been asking for ecological standards before they give out loans to local agricultural companies. This shows that *Regionalwert AG* is contributing to change. For companies, the investment of *Regionalwert AG* can also be beneficial for their image and marketing. During the investment period, *Regionalwert AG* also supports the project or company with expertise, advice, and access to its network.

Recommendations for Adopting a Citizen's Joint-Stock Finance Design

Design the Business and Strategy for Long-Term Success

Dietrich Pax recommends that, when founding a citizens' joint-stock company modelled on *Regionalwert AG*, the main priority should be securing capital during the start-up phase. If he were to found *Regionalwert AG Franken* again, he would have founded it for the entire Franconian region in order to cover the capital-rich urban area. In addition, he would only have founded *Regionalwert AG* if they had secured €300,000 to €400,000 in share capital, rather than the actual €80,000. He also recommends looking for cost reductions in the capital structure and administration, but at the same time striving for a continuous professionalisation of their own structures.

Inspiring Redesign Beyond the Business

Regionalwert AG has a strong commitment to contributing to transformative work. By investing in a company, *Regionalwert AG* also introduces ecological, social, and public welfare issues into the company. For example, it examines the proportion of ecologically produced products, the working conditions and wages of employees and partners, and whether the company also trains people or conducts other educational work.

Regionalwert AG aims not only to support companies and projects that already have high ecological and social standards and contribute to society but also those that wish to develop in this direction. To this end, the current status of the company in various areas is analysed at the start of the funding, and a strategy is developed to foster improvement in these areas.

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During the funding period, *Regionalwert AG* supports the respective company not only financially but also with its expertise in transformation, the implementation of regenerative and distributive approaches, and its network. At the end of the funding period, an evaluation is conducted to determine what has changed in the company as a result of the investment. The evaluation questions examine whether an ecological transformation has been initiated or whether the company's social performance has improved.

Regionalwert AG supports not only projects that already produce or sell 100% organic products but also companies where the proportion is initially only 50%–60%, for example. In addition to the financial return, the aim of these subsidies is to promote development and increase the proportion of organic products to 90%. The goal is for the farm to receive an organic certification within three years. However, the intention is not only to drive a transformation in the respective farm in terms of ecology, but also in the social dimension, based on social criteria and by improving the farm's social service. Dietrich Pax stated that although some companies pay the money back to *Regionalwert AG* with interest and end their participation after the funding period ends, many wish to maintain contact with *Regionalwert AG* even after the funding period in order to continue advancing the development of their own structures.

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Interview

with Dietrich Pax, Executive Board Member and Supervisory Board Member (01/07/2024, 1:01h).

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