

*The following is an example set of Washington State social purpose corporation articles of incorporation drafted in consultation with the Washington State law firm Apex Law Group LLP. The purpose of these example articles of incorporation is to provide a “best practices” set of social purpose corporation articles of incorporation that will meet the legal requirements for B Corp Certification. This example is for informational and educational purposes only, should not be construed as legal advice, and should be closely reviewed given your goals and the advice of legal counsel for your situation.*

**ARTICLES OF INCORPORATION  
FOR  
EXAMPLE COMPANY, SPC**

Under Title 23B RCW, the Washington Business Corporation Act (the “**Act**”)—and specifically under Chapter 23B.25 RCW—the undersigned does hereby submit these Articles of Incorporation for purposes of forming a social purpose corporation under the Act.

**ARTICLE I  
NAME**

The name of the social purpose corporation is “Example Company, SPC” (the “**Corporation**” or the “**Social Purpose Corporation**”).

**ARTICLE II  
PURPOSES**

The Corporation shall be organized and operated as a social purpose corporation, to the greatest extent permitted a business corporation formed under the Act. In pursuing any business, trade, or activity which may be conducted lawfully by a Corporation organized under the Act, the Corporation shall pursue the creation of a material positive impact on society and the environment, taken as a whole, assessed against a third-party standard, from the business and operations of the Corporation (the “**General Social Purpose**”).

In addition, the Corporation is organized for the purpose of [Insert Specific Social Purpose, if any (the “**Specific Social Purpose**.”)]

The mission of this social purpose corporation is not necessarily compatible with, and may be contrary to, maximizing profits and earnings for shareholders, or maximizing shareholder value in any sale, merger, acquisition, or other similar actions of the Corporation.

**ARTICLE III  
DIRECTORS**

3.1 Number. The number of directors of the Corporation shall be fixed in the manner specified by the bylaws of the Corporation.

3.2 Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled only by a majority of the directors then in office, although

less than a quorum, or by a sole remaining director, unless for any reason there are no directors in office in which case they shall be filled by a special election by shareholders.

3.3 Initial Director(s). The initial director(s) shall be **[INSERT]**

#### **ARTICLE IV SPECIAL SHAREHOLDER MEETINGS**

Special meetings of the shareholders of the Corporation for any purpose or purposes may be called at any time by the board of directors, or by a committee of the board of directors which has been duly designated by the board of directors and whose powers and authority, as provided in a resolution of the board of directors or in the bylaws of the Corporation, include the power to call such meetings. No other person or group shall have the authority to call such special meetings.

#### **ARTICLE V AMENDMENT OF ARTICLES OF INCORPORATION**

In furtherance of the powers conferred on the board of directors by the Act, and subject to any shareholder approval, the board is expressly authorized to make, adopt, repeal, alter, amend, and rescind the Articles of Incorporation for the Corporation by a resolution adopted by a majority of the directors.

Any proposed amendments to these Articles of Incorporation that constitute a material change to the General Social Purpose or Specific Social Purpose identified in Article II or the requirement of the Corporation to assess pursuit of its General [and Specific, if any] Social Purposes against a third-party standard identified in Article XIV, must be approved by at least **two-thirds** of the voting group comprising of all the votes of the Corporation entitled to be cast on the proposed amendment, and by **two-thirds** of the holders of the outstanding shares of each class or series, voting as separate voting groups.

#### **ARTICLE VI SHARES**

The number of shares the Corporation is authorized to issue is X shares consisting of: X shares of common stock, par value \$0.001 per share (“**Common Stock**”).

6.1 Common Stock

(a) **Voting.** Except as otherwise expressly provided by law the Common Stock shall have exclusive voting rights on all matters requiring a vote of shareholders.

(b) **Other Rights.** Each share of Common Stock issued and outstanding shall be identical in all respects, and no dividends shall be paid on any shares of Common Stock unless the same is paid on all shares of Common Stock outstanding at the time of such payment. Except as may be provided by the laws of the state of Washington, the holders of Common Stock shall have exclusively all other rights of shareholders.

6.2 Issuance of Certificates

The board of directors shall have the authority to issue capital stock of the Corporation and may represent issued stock by certificates. The board of directors shall issue capital stock and certificates subject to such transfer restrictions and other limitations as it may deem necessary to promote compliance with applicable federal and state securities laws, and to regulate the transfer thereof in such manner as may be calculated to promote such compliance or to further any other reasonable purpose.

If the board of directors chooses to issue certificates to represent shares of stock of the Corporation, then it shall ensure that the following is displayed on the certificates in a conspicuous manner:

“This entity is a social purpose corporation organized under Title 23B of the Washington Business Corporation Act. The articles of incorporation of this corporation state one or more social purposes of this Corporation. The Corporation will furnish the shareholder this information without charge on request in writing.”

**ARTICLE VII  
NO PREEMPTIVE RIGHTS**

Except as may otherwise be provided by the board of directors, no preemptive rights shall exist with respect to shares of stock or securities convertible into shares of stock of this Corporation.

**ARTICLE VIII  
NO CUMULATIVE VOTING**

At each election for directors, every shareholder entitled to vote at such election has the right to vote in person or by proxy of shares held by such shareholder for each open director position. No cumulative voting for directors shall be permitted.

**ARTICLE IX  
BYLAWS**

The board of directors shall have the power to adopt, amend, or repeal the bylaws, or adopt new bylaws. Nothing herein shall deny the concurrent power of the shareholders to adopt, alter, amend, or repeal the bylaws.

**ARTICLE X  
STANDARD OF CONDUCT FOR DIRECTORS AND OFFICERS**

10.1 **Considerations.** In discharging the duties of their respective positions to a act in the best interests of the Corporation—including a merger, share exchange, sale of substantially all the assets of the Corporation or similar transaction—the board of directors, committees of the board, and individual directors and officers of the Corporation shall consider the effects of any action or inaction on:

- (a) the ability of the Corporation to accomplish its General and Social Purposes;
- (b) the shareholders of the Corporation;

- (c) the employees and workforce of the Corporation and its subsidiaries and suppliers;
- (d) the interest of customers as beneficiaries of the General or Specific Social Purposes;
- (e) community and societal considerations, including those of any community in which offices or facilities of the Corporation or its subsidiaries or suppliers are located;
- (f) the local and global environment; and
- (g) the short-term and long-term interests of the Corporation, including benefits that may accrue to the Corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the Corporation.

10.2 No Priority to Any Single Consideration. Despite consideration of the effects in Section 10.1, the board of directors, committees of the board, and individual directors and officers of the Corporation shall not be required to give priority to any person or group referenced in Section 10.1 over the interests of any other person or group. For the avoidance of doubt, the board of directors, committees of the board, and individual directors and officers of the Corporation, upon consideration of the effects on any person or group referenced in Section 10.1, may accept an offer, between competing offers, of a lower price per unit in a merger, share exchange, sale of all or substantially all of the assets of the Corporation or similar transaction.

10.3 Derivative Action Rights. The Corporation's shareholders shall enjoy the right, through derivative action brought on behalf of the Corporation, to enforce the fiduciary duties required by this section.

## **ARTICLE XI LIMITATION OF DIRECTOR'S LIABILITY**

A director shall have no liability to the Corporation or its shareholders for monetary damages for conduct as a director, except for acts or omissions that involve intentional misconduct by the director, or a knowing violation of law by the director, or for conduct violating RCW 23B.08.310, or for any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled. If the Act is hereafter amended to authorize the Corporation to take action further eliminating or limiting personal liability of directors, then the liability of a director shall be eliminated or limited to the full extent permitted by the Act, as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification for or with respect to an act or omission of such director occurring prior to such repeal or modification.

## **ARTICLE XII INDEMNIFICATION OF DIRECTORS AND OFFICERS**

### 12.1 Right to Indemnification.

Each person who was, or is threatened to be made a party to or is otherwise involved (including, without limitation, as a witness) in any actual or threatened action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Corporation as a director, trustee, officer, employee, or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit

plans, whether the basis of such proceeding is alleged action in an official capacity as a director, trustee, officer, employee or agent or in any other capacity while serving as a director, trustee, officer, employee, or agent, shall be indemnified and held harmless by the Corporation, to the full extent permitted by law as then in effect, against all expense, liability, and loss (including attorney's fees, judgments, fines, ERISA excise taxes, or penalties and amounts to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, trustee, officer, employee, or agent and shall inure to the benefit of his or her heirs, executors, and administrators; provided, however, that except as provided in Section 12.2 of this Article with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Section 12 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made only upon physical delivery to the Corporation of a written undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall be ultimately determined that such director or officer is not entitled to be indemnified.

#### 12.2 Right to Claimant to Bring Suit.

If a claim under Section 12.1 of this Article is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, except in the case of a claim for expenses incurred in defending a proceeding in advance of its final disposition, in which case the applicable period shall be 20 days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to indemnification under this Article upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking has been tendered to the Corporation), and thereafter the Corporation shall have the burden of proof to overcome the presumption that the claimant is so entitled. The Corporation's (including its board of directors, independent legal counsel, or its shareholders) failure to state that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall not be a defense to the action or create a presumption that the claimant is not so entitled.

#### 12.3 Nonexclusivity of Rights.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaws, agreement, vote of shareholders, or disinterested directors or otherwise.

#### 12.4 Insurance, Contracts and Funding.

The Corporation may maintain insurance, at its expense, to protect itself and any director, trustee, officer, employee, or agent of the Corporation or another corporation, partnership, joint venture, trust, or other enterprise against any expense, liability, or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the Act. The Corporation may, without further shareholder action, enter into contracts with any director or officer of the Corporation in furtherance of the provisions of this Article and may create a trust fund, grant a security

interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

12.5 Indemnification of Employees and Agents of the Corporation.

The Corporation may, by action of its board of directors, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Corporation with the same scope and effect as the provisions of this Article, with respect to the indemnification and advancement of expenses of directors and officers of the Corporation, or pursuant to rights granted under the Act or otherwise.

**ARTICLE XIII  
MERGERS, SHARE EXCHANGES, AND OTHER TRANSACTIONS**

13.1 Merger or Share Exchange. In addition to approval in accordance with RCW 23B.11.030, a plan of merger or share exchange pursuant to which the Corporation would not be the surviving corporation must be approved by at least **two-thirds** of the voting group comprising all the votes of the corporation entitled to be cast on the proposed plan, and by **two-thirds** of the holders of the outstanding shares of each class or series, voting as a separate voting groups. Such a vote is not required if the surviving corporation of the plan of merger or share exchange is a social purpose corporation which is organized to promote social purposes that do not materially differ from the Corporation's social purpose identified in Article II.

13.2 Sale of Substantially all Assets. In addition to approval in accordance with RCW 23B.12.020, a proposed transaction in which the Corporation is to sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, otherwise than in the usual and regular course of business, must be approved by least **two-thirds** of the voting group comprising of all the votes of the corporation entitled to be cast on the proposed transaction, and by **two-thirds** of the holders of the outstanding shares of each class or series, voting as a separate voting groups. Such a vote is not required if the acquirer of such property is a social purpose corporation which is organized to promote social purposes that do not materially differ from the Corporation's social purpose identified in Article II.

**ARTICLE XIV  
ANNUAL SOCIAL PURPOSE REPORT**

Within four months of the close of the Corporation's fiscal year, the board of directors shall cause a social purpose report to be furnished to the shareholders by making such report publicly accessible, free of charge, at the corporation's principal internet web site address. The annual social purpose report shall include:

- (a) a narrative description of the ways in which the Corporation pursued it's purposes identified in Article II, and the extent to which these purposes were achieved;
- (b) any circumstances that may have hindered the Corporation from achieving the purposes in Article II;

- (c) the identity of, and process and rationale for selecting or changing, the third-party standard used to assess the purposes identified under Article II; and
- (d) **an assessment of the overall social and environmental performance of the Corporation against a third-party standard:**
  - (i) **applied consistently with any application of that standard in prior benefit reports; or**
  - (ii) **accompanied by an explanation of the reasons for:**
    - (A) **any inconsistent application; or**
    - (B) **the change to that standard from the one used in the immediately prior report**

For the purposes of this Articles of Incorporation, a “third-party standard” shall mean a recognized standard for defining, reporting, and assessing corporate social and environmental performance that is

- (1) comprehensive because it assess the effect of the business and its operations upon the interests listed at Article X, Section 10.1;
- (2) developed by an entity that is not controlled by the Corporation;
- (3) credible because it is developed by an entity that both
  - (i) has access to necessary expertise to assess overall corporate social and environmental performance; and
  - (ii) uses a balanced multi-stakeholder approach to develop the standard, including a reasonable public comment period; and
- (4) transparent because the following information is publically available:
  - (i) About the standard:
    - (a) the criteria considered when measuring the overall social and environmental performance of a business;
    - (b) the relative weightings, if any, of those criteria
  - (ii) About the development and revision of the standard:
    - (c) the identity of directors, officers, material owners, and the governing body of the entity that developed and controls revisions to the standard;
    - (d) the process by which revisions to the standard and changes to the membership of the governing body are made;
    - (e) an accounting of the revenue and sources of financial support for the entity with sufficient detail to disclosure any relationships that could reasonably be considered to present a potential conflict of interest.

**ARTICLE XV  
REGISTERED AGENT AND OFFICE**

The name of the initial registered agent of this Corporation and the address of the registered office are as follows: **[Insert Registered Agent Information]**.

**ARTICLE XVI  
INCORPORATOR**

The name and address of the incorporator is as follows:

**[Insert Incorporator]**

Dated this \_\_\_ day of \_\_\_\_\_, 2014.

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Incorporator