

Article 1. Name and Commons Identity.

Section 1. Name.

(a) **Legal Name.** The name of the nonprofit corporation is [FULL LEGAL NAME OF COMMONS CORPORATION] (the “corporation”).

(b) **Short Name and Style.** The corporation may use the short name “[SHORT NAME]” and may describe itself, and be described, as a “Commons Corporation” in its internal and external communications, contracts, and disclosures.

Section 2. Nonprofit Commons Corporation Status.

(a) **Nonprofit Corporation.** The corporation is organized as a nonprofit corporation under [APPLICABLE NONPROFIT CORPORATION STATUTE] and is governed by these Articles of Incorporation (the “articles”) and the bylaws adopted in accordance with the articles (the “bylaws”).

(b) **Commons Corporation Designation.** The corporation is designated in these articles as a Commons Corporation, which is a form of nonprofit corporation that holds and administers enterprise wealth as a commons rather than as distributable private profit, as further provided in these articles and the bylaws.

Section 3. Commons Capitalism Entity Identity.

(a) **Role as Apex Entity.** The corporation serves as the apex entity of an integrated enterprise structure referred to in these articles as a “Commons Capitalism Entity” or “CCE.”

(b) **Commons Capitalism Entity Definition.** For purposes of these articles, a CCE consists of the corporation together with one or more market-facing entities that are wholly owned, directly and exclusively, by the corporation and that operate as its subsidiaries within the overall commons structure.

(1) **Relationship to Subsidiaries.** In its role as apex entity of the CCE, the corporation holds the ownership interests in such subsidiaries and provides the overarching commons identity for the CCE as a whole, as further defined in these articles and the bylaws.

Article 2. Principal Office, Registered Office, and Registered Agent.

Section 1. Principal Office.

(a) Principal Office. The principal office of **[LEGAL NAME OF CORPORATION]** (the “Corporation”), a nonprofit corporation organized and existing under the nonprofit corporation law of **[JURISDICTION]**, shall be located at **[PRINCIPAL OFFICE STREET ADDRESS, CITY, STATE, POSTAL CODE]**, or at such other place as may be designated from time to time by the Board of Directors in accordance with the Corporation’s bylaws.

(b) Commons Corporation Designation. The Corporation is designated as a **Commons Corporation**, serving as the apex entity of a Commons Capitalism Entity.

Section 2. Registered Office.

(a) Registered Office. The registered office of the Corporation in **[JURISDICTION]** shall be located at **[REGISTERED OFFICE STREET ADDRESS, CITY, STATE, POSTAL CODE]**, or at such other place as may be designated or maintained from time to time in accordance with applicable law.

(b) Relationship to Principal Office. The registered office need not be the same as the principal office.

Section 3. Registered Agent.

(a) Registered Agent. The Corporation’s registered agent in **[JURISDICTION]** shall be **[NAME OF REGISTERED AGENT]** at the registered office address stated in Section 2.

(b) Change of Registered Agent or Registered Office. The Board of Directors may change the registered agent or registered office from time to time in accordance with applicable law and the Corporation’s bylaws.

Section 4. Additional Offices.

(a) Additional Offices. The Corporation may have such other offices, within or outside **[JURISDICTION]**, as the Board of Directors may designate from time to time in accordance with the Corporation’s bylaws and applicable law.

Article 3. Governance and Incorporators.

Section 1. Nonprofit Corporation and Governance Generally.

(a) The Commons Corporation is a nonprofit corporation organized under the GOVERNING NONPROFIT CORPORATION STATUTE, as amended from time to time, and shall be governed in accordance with that statute, these Articles of Incorporation, and the Bylaws.

(b) Except as otherwise expressly provided in these Articles of Incorporation or required by applicable law, the governance and management of the affairs of the Commons Corporation shall be vested in its Board of Directors.

(c) The Bylaws, Board actions, committee actions, actions of delegated persons, and officer actions shall be subject to, and shall not be inconsistent with, these Articles of Incorporation.

Section 2. Board of Directors.

(a) The Board of Directors shall exercise the corporate powers of the Commons Corporation and manage its affairs, consistent with applicable law and these Articles of Incorporation.

(b) The number of directors, qualifications, and any eligibility requirements for directors shall be as set forth in the Bylaws, subject to any express requirements in these Articles of Incorporation and applicable law.

(c) The manner of selecting directors, the term or terms of office, and the manner and grounds, if any, for removal of directors shall be as set forth in the Bylaws, subject to these Articles of Incorporation and applicable law.

(d) Vacancies on the Board of Directors, including vacancies arising from resignation, removal, death, incapacity, disqualification, or an increase in the number of directors, shall be filled as set forth in the Bylaws, subject to these Articles of Incorporation and applicable law.

(e) The Board of Directors may establish one or more committees and may delegate authority to such committees, and may also delegate authority to one or more persons, in each case to the extent permitted by applicable law, the Bylaws, and these Articles of Incorporation, provided that no committee, person, or other delegate shall exercise authority reserved by applicable law or these Articles of Incorporation to the Board of Directors.

Section 3. Officers and Executive Administration.

(a) The Commons Corporation shall have the officers described in the Bylaws, together with any additional officers the Board of Directors may authorize, and each officer shall have the authority and perform the duties set forth in the Bylaws or as determined by the Board of Directors, in each case consistent with these Articles of Incorporation and applicable law.

(b) Officers shall be appointed and may be removed in the manner set forth in the Bylaws, subject to these Articles of Incorporation and applicable law.

Section 4. Bylaws and Internal Governance Instruments.

- (a) The initial Bylaws may be adopted at the organizational meeting of the Board of Directors or, if no directors have been named or elected, by the incorporator or incorporators, in each case to the extent permitted by applicable law.
- (b) The Bylaws may thereafter be amended or repealed only as provided in the Bylaws, subject to these Articles of Incorporation and applicable law.
- (c) The Board of Directors may adopt governance policies and procedures consistent with these Articles of Incorporation, the Bylaws, and applicable law.

Section 5. Incorporator or Incorporators.

- (a) The name and mailing address of the incorporator or incorporators are as follows: [NAME], [MAILING ADDRESS].
- (b) The incorporator or incorporators shall have only the authority expressly conferred by applicable law for formation and organization of the Commons Corporation and any authority expressly stated in these Articles of Incorporation.
- (c) Upon the election or appointment of the initial Board of Directors and completion of organizational actions, the incorporator or incorporators shall have no further governance authority except to the extent, if any, expressly required by applicable law.

Section 6. Initial Directors and Organizational Meeting.

- (a) The names and mailing addresses of the initial directors are as follows: [NAME], [MAILING ADDRESS]; [NAME], [MAILING ADDRESS]; [NAME], [MAILING ADDRESS].
- (b) The initial Board of Directors shall hold an organizational meeting as soon as practicable after incorporation to take such actions as are lawful and appropriate to complete organization of the Commons Corporation, including adoption of Bylaws, appointment of officers, and ratification of lawful pre-incorporation actions taken on behalf of the Commons Corporation.

Article 4. Commons Purposes.

ARTICLE [__]. Commons Purposes.

Section 1. Threefold Commons Purposes.

(a) **Premium Wages and Social Benefits.** The Corporation is organized and shall be operated to pay or distribute premium wages and social benefits to workers of the Corporation and its Subsidiaries, in each case as provided in the Articles of Incorporation and the bylaws.

(b) **Expansion and Acquisition of Subsidiaries.** The Corporation is organized and shall be operated to expand existing Subsidiaries and to acquire existing companies so that, upon acquisition and any necessary conversion or reorganization, they become Subsidiaries of the Corporation.

(c) **Stewardship of Net Profits for Sustainability of the Commons Purposes.** The Corporation is organized and shall be operated to steward net profits and other receipts as a commons to support the long-term sustainability of the purposes in subsections (a) and (b), including capitalization, reserves, and related internal funding mechanisms established under the Articles of Incorporation and the bylaws.

Article 5. Powers of the Commons Corporation.

1. Nonprofit Status and General Powers.

(a) **Nonprofit Corporation.** The Commons Corporation is a nonprofit corporation and shall have all powers of a nonprofit corporation under the governing nonprofit corporation statute, as the same may be amended from time to time, subject to the limitations and provisions set forth in the Articles of Incorporation and any duly adopted Bylaws.

(b) **General Corporate Powers.** The Commons Corporation shall have the power to do all things necessary or convenient to carry out its lawful activities and operations, including all powers incidental to a nonprofit corporation, and all powers reasonably related to the stewardship, management, and administration of the Commons Corporation and its wholly owned Subsidiaries, in each case subject to the limitations and provisions set forth in these Articles.

(c) **No Implied Expansion Beyond Charter Limits.** No grant of power in this Article shall be interpreted to authorize any act prohibited by these Articles, including any act inconsistent with the Commons Corporation's nonprofit status or any express restrictions elsewhere in these Articles.

2. Powers Relating to Subsidiaries and Market Facing Operations.

(a) **Ownership and Control of Subsidiaries.** The Commons Corporation shall have the power to form, acquire, organize, capitalize, recapitalize, restructure, dissolve, merge, consolidate, and otherwise own and control one or more Subsidiaries, and to exercise all rights of a sole owner with respect to each Subsidiary, subject to any approvals, constraints, and governance requirements stated in these Articles.

(b) **Oversight and Governance Arrangements.** The Commons Corporation shall have the power to establish governance, oversight, and reporting requirements for Subsidiaries, including the approval of subsidiary charter documents, bylaws, policies, and material intercompany arrangements, and to appoint or remove directors, managers, or other governing persons to the extent permitted by applicable law and not inconsistent with these Articles.

(c) **Intercompany Agreements.** The Commons Corporation shall have the power to enter into contracts and agreements with any Subsidiary, including agreements for shared services, management support, licensing, use of intellectual property, cash management, guarantees, and other arrangements on terms the Board deems appropriate, subject to any express constraints in these Articles.

3. Powers Relating to Property, Contracts, and Finance.

(a) **Property Powers.** The Commons Corporation shall have the power to acquire, receive, own, hold, lease, license, improve, develop, use, mortgage, pledge, sell, transfer, exchange, and otherwise deal in real and personal property of every kind, tangible or intangible, wherever located, subject to any approval requirements and restrictions stated in these Articles.

(b) **Contracting and Commercial Powers.** The Commons Corporation shall have the power to enter into, perform, and enforce contracts and other obligations; to sue and be sued in its own name; to compromise, settle, and arbitrate disputes; and to take such other

actions as the Board determines are appropriate to protect or advance the Commons Corporation's lawful interests, subject to these Articles.

(c) **Borrowing and Credit Support.** The Commons Corporation shall have the power to borrow money; issue evidences of indebtedness; and secure obligations by pledge, mortgage, or other lien on its property, and to provide credit support, including guarantees, for Subsidiaries, in each case subject to the limitations and approvals set forth in these Articles.

(d) **Cash Management.** The Commons Corporation shall have the power to maintain bank accounts and other accounts; establish treasury and cash management practices; receive dividends or other lawful distributions from Subsidiaries; and make lawful transfers to Subsidiaries consistent with these Articles and applicable law.

4. Powers Relating to Funds and Allocations.

(a) **Establishment and Administration of Funds.** The Commons Corporation shall have the power to establish, maintain, administer, and govern the following funds, and only the following funds, as separate accounting funds or other internal designations as the Board determines appropriate, subject to the requirements of these Articles: (1) the Reinvestment Fund, (2) the Social Benefits Fund, (3) the Education Fund, and (4) the Reserve Fund.

(b) **Contributions, Allocations, and Disbursements.** The Commons Corporation shall have the power to receive contributions to, allocate among, and make disbursements from the foregoing funds, and to adopt policies and procedures governing eligibility, timing, and administration, in each case subject to any restrictions, priorities, or approval requirements stated in these Articles.

(c) **Investments of Funds.** The Commons Corporation shall have the power to invest and reinvest assets held in the foregoing funds in a prudent manner consistent with applicable law and these Articles, including the power to retain investment advisers and custodians, subject to any restrictions stated in these Articles.

5. Powers Relating to Records, Policies, and Administration.

(a) **Governance Instruments and Policies.** The Commons Corporation shall have the power to adopt, amend, and repeal bylaws, policies, procedures, and governance instruments consistent with these Articles and applicable law, including policies for oversight, compliance, conflicts of interest, and intercompany practices.

(b) **Records and Reporting.** The Commons Corporation shall have the power to maintain corporate and financial records, prepare reports, conduct audits, and implement internal controls as the Board deems appropriate or as required by applicable law, subject to these Articles.

(c) **Engagement of Professionals.** The Commons Corporation shall have the power to employ and retain officers, employees, agents, independent contractors, and professional advisers, including legal counsel, accountants, auditors, and consultants, and to pay reasonable compensation and expenses, subject to these Articles.

6. Limitation of Powers to Charter Consistency.

(a) **Express Subordination to These Articles.** All powers granted by this Article are expressly subordinate to, and limited by, the provisions and restrictions set forth elsewhere in these Articles.

(b) **Severability of Powers Provisions.** If any provision of this Article is determined to be invalid or unenforceable, the remaining provisions shall continue in full force to the maximum extent permitted by law, and shall be construed to carry out the intent of this Article consistent with these Articles.

Article 6. No Members or Shareholders.

Section 1. Nonprofit Corporation Status.

- (a) The Corporation is a nonprofit corporation and shall be organized and operated exclusively as a nonprofit corporation under the Act and these Articles.
- (b) The Corporation shall not be organized or operated for the private benefit of any person, and no part of the Corporation's net earnings shall inure to the benefit of any director, officer, employee, or other private person, except as reasonable compensation for services rendered and reimbursement of expenses incurred on behalf of the Corporation, as determined in good faith by the Board.

Section 2. No Members.

- (a) The Corporation shall have no members.
- (b) No person shall have or acquire any membership interest, voting membership right, statutory membership right, or other rights or powers of a "member" (however described) under the Act or otherwise.
- (c) Any designation, issuance, or acknowledgment of a membership interest or member right is void.

Section 3. No Shareholders and No Equity Interests.

- (a) The Corporation shall have no shareholders and shall not authorize, issue, or recognize any shares of stock or other equity securities.
- (b) No person shall have or acquire any ownership interest, equity interest, residual interest, or similar proprietary interest in the Corporation by reason of any contribution, service, employment, office, or other relationship with the Corporation.
- (c) Any issuance or purported issuance of shares, equity interests, or similar proprietary interests in the Corporation is void.

Section 4. No Private Residual Claim.

- (a) No person shall have any right to receive dividends, distributions, liquidating distributions, redemption proceeds, repurchase proceeds, or other payments attributable to an equity interest or residual claim in the Corporation.
- (b) Any provision in any agreement, policy, plan, instrument, or arrangement that purports to create an equity interest or private residual claim in the Corporation is void and unenforceable against the Corporation.

Section 5. Savings Clause.

- (a) This Article shall be construed to prevent any characterization, treatment, or arrangement that would cause the Corporation to be treated as having members or shareholders under the Act.
- (b) If any provision of this Article is held invalid as applied to any person or circumstance, the remaining provisions shall be construed and applied to achieve, to the maximum extent permitted by law, the intent that the Corporation have no members and no shareholders.

Article 7. Duration.

Section 1. Duration and Existence.

(a) **Perpetual Duration.** The corporation shall have perpetual duration and shall continue in existence as a nonprofit corporation unless and until it is dissolved in accordance with these articles and the applicable nonprofit corporation statute.

(b) **Nonprofit Corporate Status.** The corporation is, and at all times during its existence shall be, organized and operated as a nonprofit corporation under [APPLICABLE NONPROFIT CORPORATION STATUTE], subject to the provisions of these articles and the bylaws adopted under these articles.

Section 2. Dissolution according to Articles and Law.

(a) **Dissolution as Provided.** The corporation may be dissolved only in the manner provided in these articles, in the bylaws to the extent consistent with these articles, and in the applicable nonprofit corporation statute.

(b) **Effect of Dissolution.** Upon dissolution of the corporation in accordance with Section 2(a) of this article, the corporation's existence shall cease at the time and in the manner provided in the applicable nonprofit corporation statute, subject to any continued existence required by that statute for the limited purpose of winding up and liquidating its affairs.

Article 8. Commons Capitalism Entity Structure and Subsidiaries.

Section 1. Nonprofit Commons Corporation and Apex Entity.

(a) **Nonprofit Corporation.** The entity formed by these Articles of Incorporation is a nonprofit corporation organized under the GOVERNING NONPROFIT CORPORATION STATUTE, as amended from time to time.

(b) **Legal Name.** The legal name of the corporation is [LEGAL NAME OF COMMONS CORPORATION].

(c) **Designation as Commons Corporation.** The corporation shall be referred to in these Articles of Incorporation as the “Commons Corporation.”

(d) **Apex Entity of a Commons Capitalism Entity.** The Commons Corporation is the apex entity of a Commons Capitalism Entity (CCE) and shall act as the sole steward and controlling entity within that CCE, subject to the limitations and governance requirements set forth in these Articles of Incorporation and the Bylaws.

Section 2. Definition and Structure of the Commons Capitalism Entity.

(a) **Composition of the CCE.** For purposes of these Articles of Incorporation, the Commons Capitalism Entity (CCE) consists of the Commons Corporation together with one or more Subsidiaries that are designated as Subsidiaries pursuant to this Article and are wholly owned by the Commons Corporation.

(b) **No Shareholders of the Commons Corporation.** The Commons Corporation has no shareholders and shall not issue shares or any equity interests of any kind.

(c) **Separate Legal Existence.** Each business entity in which the Commons Corporation holds an ownership interest is a separate legal entity distinct from the Commons Corporation, and no ownership interest shall be construed to merge the legal existence of the Commons Corporation with that entity.

Section 3. Subsidiaries and Designation by the Board.

(a) **Subsidiary Definition.** For purposes of these Articles of Incorporation, “Subsidiary” means a legal entity, whether organized as a corporation, limited liability company, partnership, or other form recognized by applicable law, that (1) is directly owned by the Commons Corporation in the amount of one hundred percent (100%) of the equity or ownership interests, (2) conducts market-facing operations, and (3) has been affirmatively designated as a Subsidiary by resolution of the Board of Directors in accordance with this Article.

(b) **Board Designation Required.** No entity shall be deemed a Subsidiary unless and until the Board of Directors adopts a resolution designating that entity as a Subsidiary for purposes of these Articles of Incorporation.

(c) **Effective Date and Conditions of Designation.** A designation resolution may specify an effective date, may be conditioned on completion of acquisition, formation, conversion, licensing, capitalization, governance arrangements, or other objective conditions, and may classify a Subsidiary by line of business, geography, or other administratively useful criteria, in each case as determined by the Board of Directors.

(d) **Forms of Wholly Owned Interests.** Wholly owned ownership interests may be evidenced by shares of stock, membership interests, limited liability company interests,

partnership interests, or other ownership interests recognized by applicable law, provided that the Commons Corporation directly owns one hundred percent (100%) of such interests.

(e) **Sole Owner of All Ownership Interests.** If a Subsidiary is organized in a form that issues shares, the Commons Corporation shall be the sole shareholder of that Subsidiary and shall hold one hundred percent (100%) of the issued and outstanding shares. If a Subsidiary is organized as a limited liability company, the Commons Corporation shall be the sole member and shall hold one hundred percent (100%) of the membership interests. If a Subsidiary is organized as a partnership or other entity form recognized by applicable law, the Commons Corporation shall be the sole partner or sole equity owner, as applicable, and shall hold one hundred percent (100%) of the partnership interests or other ownership interests of that Subsidiary.

(f) **Prohibition on Partial or Indirect Ownership for Subsidiary Status.** Ownership structures that are less than one hundred percent (100%), whether direct or indirect, shall not qualify as a Subsidiary for purposes of these Articles of Incorporation.

Section 4. Authority to Own Other Business Interests.

(a) **Permitted Non-Subsidiary Interests.** The Commons Corporation may acquire, hold, and dispose of equity, membership, partnership, contractual, or other business interests in one or more entities that are not wholly owned by the Commons Corporation, or that are wholly owned but not designated as Subsidiaries, in each case as determined by the Board of Directors.

(b) **Not a Subsidiary.** Any entity in which the Commons Corporation holds less than one hundred percent (100%) of the ownership interests shall not be deemed a Subsidiary. Any entity that is wholly owned by the Commons Corporation but has not been designated as a Subsidiary by Board resolution shall not be deemed a Subsidiary.

(c) **No Implied Conversion.** The holding of any business interest, whether controlling or noncontrolling, shall not be construed to create or imply Subsidiary status absent an express Board designation under this Article.

Section 5. Authority to Form, Acquire, and Organize Subsidiaries.

(a) **Formation and Acquisition.** The Commons Corporation may form, acquire, reorganize, merge, consolidate, convert, and dissolve Subsidiaries, and may take all lawful actions necessary or convenient to establish, own, and operate Subsidiaries consistent with these Articles of Incorporation.

(b) **Governance of Subsidiaries.** The Commons Corporation may approve and require subsidiary governing documents and policies, including provisions addressing board composition, reporting, budgeting, internal controls, and intercompany arrangements, in each case consistent with these Articles of Incorporation.

(c) **Separate Boards.** Each Subsidiary shall have its own board of directors or other governing body separate from the Board of Directors of the Commons Corporation, except to the extent that individuals may serve in both capacities if permitted by applicable law and the subsidiary's governing documents.

Section 6. Intercompany Relationships.

(a) **Agreements and Shared Services.** The Commons Corporation may enter into agreements with any Subsidiary for management services, shared services, licensing,

intellectual property use, cash management, and other intercompany arrangements as authorized by the Board of Directors, consistent with these Articles of Incorporation.

(b) **Observance of Separateness.** The Commons Corporation shall cause the CCE to observe appropriate separateness among entities, including maintaining separate books and records and otherwise respecting formalities appropriate to each entity's legal form, as determined by the Board of Directors consistent with applicable law.

Section 7. Construction.

(a) **Internal Definitions and Control.** The definitions and structural rules in this Article are intended to govern internal interpretation and administration of these Articles of Incorporation and shall be applied consistently throughout these Articles of Incorporation, including the Polycentric Governance Article and the Establishment of Funds Article.

(b) **Charter Supremacy.** This Article is subject to, and shall be construed consistently with, all other provisions of these Articles of Incorporation, including any express prohibitions or limitations stated elsewhere in these Articles of Incorporation.

Article 9. Owner Directives to Subsidiary Boards.

Section 1. Reserved Owner Power.

(a) **Authority.** As the sole shareholder or sole owner of each Subsidiary, the Corporation, acting solely through the Board, may issue written directives to a Subsidiary board (each, an “Owner Directive”) requiring the Subsidiary board to take specified action within the Subsidiary’s lawful authority.

(b) **Board Action Required.** An Owner Directive may be issued only by the Board acting collectively by duly adopted resolution. No officer, employee, committee, or individual director may issue an Owner Directive.

(c) **No Direct Command to Management.** An Owner Directive shall be addressed to the Subsidiary board and shall not constitute a direction to any Subsidiary officer or employee. Implementation shall occur through Subsidiary board action and Subsidiary management under that board’s authority.

Section 2. Permitted Scope and “When Necessary” Standard.

(a) **Permitted Scope.** Owner Directives may address only matters that the Board determines are necessary or appropriate for one or more of the following purposes:

- (1) material legal, regulatory, safety, or compliance risk;
- (2) material financial risk to the Subsidiary or the enterprise, including liquidity, solvency, fraud, or material misstatement risk;
- (3) enterprise-wide risk management, including cybersecurity, data integrity, or reputational risk with material operational impact;
- (4) material failures of reporting, internal controls, or audit cooperation;
- (5) material strategic or performance concerns where a Subsidiary’s actions or inaction materially threaten competitiveness or lawful business objectives;
- (6) implementation of group-wide standards expressly approved by the Board that are limited to reporting, controls, risk management, or other non-operations-directive governance standards.

(b) **Prohibited Scope.** Owner Directives shall not be used for routine day-to-day operational micromanagement, ordinary personnel supervision, or other matters that are reasonably within a Subsidiary board’s ordinary course oversight and a Subsidiary management team’s ordinary course discretion.

(c) **No Mission-Based Retention.** No Owner Directive may require a Subsidiary to retain personnel, operate lines of business, or refrain from otherwise lawful competitive actions for mission-based reasons inconsistent with the Subsidiary’s lawful business objectives.

Section 3. Adoption Threshold and Emergency Directives.

(a) **Standard Threshold.** Owner Directives shall be adopted by Supermajority Vote.

(b) **Emergency Directives.** The Board may adopt an Owner Directive by Supermajority Vote on an expedited basis when the Board determines immediate action is necessary to avert substantial harm or material risk.

(c) **Written Form and Specificity.** Each Owner Directive shall be in writing and shall specify:

- (1) the applicable purpose under Section 2(a);
- (2) the required Subsidiary board action or decision points;
- (3) any deadlines; and
- (4) any required reporting back to the Board.

Section 4. Subsidiary Board Duty to Convene, Deliberate, and Act.

(a) **Duty to Convene.** Upon receipt of an Owner Directive, the Subsidiary board shall convene as promptly as reasonably practicable and in any event within [] days, or such shorter period specified in the Owner Directive for emergencies.

(b) **Duty to Implement or Respond.** The Subsidiary board shall either:

- (1) adopt resolutions implementing the Owner Directive; or
- (2) deliver to the Board a written response within [] days stating with specificity the legal or practical basis for any inability to implement, together with an alternative plan that substantially achieves the stated purpose.

(c) **Interim Measures.** The Subsidiary board shall adopt reasonable interim measures to address imminent risk pending final implementation where the Owner Directive so requires or where delay would foreseeably create material harm.

Section 5. Escalation for Noncompliance.

(a) **Determination of Noncompliance.** If the Board determines a Subsidiary board has materially failed to comply with an Owner Directive without adequate justification, the Board may take one or more of the following actions by Supermajority Vote:

- (1) require a special meeting of the Subsidiary board;
- (2) require additional reporting, audit cooperation, or control remediation;
- (3) remove and replace one or more Subsidiary directors to the fullest extent permitted by law and the Subsidiary's organizational documents;
- (4) take any other action available to the Corporation as sole shareholder or sole owner that is consistent with this Article and applicable law.

(b) **No Direct Assumption of Management.** Actions under this Section shall not be construed to authorize the Corporation or the Board to assume day-to-day operational management of a Subsidiary.

Section 6. Required Conformity in Subsidiary Governing Documents.

(a) **Mirror Authority.** The Board shall cause each Subsidiary's governing documents, and any shareholder, member, or governance instruments between the Corporation and a Subsidiary, to recognize and facilitate the Owner Directive mechanism consistent with this Article, including meeting deadlines and information access sufficient to carry out Owner Directives.

(b) **Supremacy Within the Group.** In the event of conflict among internal governance instruments within the group, the Board shall cause appropriate amendments to eliminate the conflict to the extent legally permissible.

Section 7. Records and Confidentiality.

(a) **Records.** The Corporation shall maintain records of Owner Directives, Subsidiary board responses, and implementation status.

(b) **Confidentiality and Privilege.** Owner Directives and related communications may be subject to confidentiality and privilege protections as determined by the Board.

Section 8. Definitions.

(a) **Subsidiary.** “Subsidiary” means a legal entity, whether organized as a corporation, limited liability company, partnership, or other form recognized by applicable law, that (1) is directly owned by the Corporation in the amount of one hundred percent (100%) of the equity or ownership interests, (2) conducts market-facing operations, and (3) has been affirmatively designated as a Subsidiary by resolution of the Board of Directors in accordance with the Articles of Incorporation.

(b) **Supermajority Vote.** “Supermajority Vote” means the affirmative vote of at least [__]% of the directors then in office.

Article 10. Polycentric Governance.

Section 1. Purpose and Scope.

(a) **Purpose of this Article.** This Article establishes the principal structures and rules for polycentric governance of the Commons Corporation and its Subsidiaries. It organizes decision-making, monitoring, and dispute resolution in nested layers and multiple centers rather than a single centralized authority.

(b) **Scope of Governance.** This Article governs, without limitation, (1) the relationship between the Commons Corporation and its Subsidiaries, (2) the certification and use of operating reserves, (3) the stewardship of Consolidated Surplus, and (4) the allocation and use of the Four Funds.

(c) **Coordination with Related Articles.** This Article is intended to operate in coordination with the Article establishing the Standing Budget and Allocation Committee, the Article establishing the Office of the Ombudsman, the Article establishing the Worker Veto over Alienation, and the Article establishing the purposes and baseline allocation rules for the Four Funds. To the extent feasible, these Articles shall be interpreted as a coherent polycentric system.

Section 2. Definitions.

(a) **Subsidiary.** “Subsidiary” has the meaning stated in the Article titled Commons Capitalism Entity Structure and Subsidiaries, including the requirements of one hundred percent (100%) direct ownership, market-facing operations, and affirmative designation by resolution of the Board of Directors. Entities that are controlled but not wholly owned by the Commons Corporation are not Subsidiaries for any purpose under these Articles. Entities that are wholly owned but not designated as Subsidiaries by Board resolution are not Subsidiaries for any purpose under these Articles.

(b) **Net Profits.** “Net Profits” means the net income of a Subsidiary determined in accordance with generally accepted accounting principles or other accounting standard adopted by the Commons Corporation and applicable law, after provision for taxes to the extent not already reflected in net income, and after reduction for the amount of operating reserves that are required and certified to be retained at that Subsidiary under this Article and any companion Articles addressing reserves.

(c) **Consolidated Surplus.** “Consolidated Surplus” means aggregate Net Profits retained at the Commons Corporation level after (1) satisfaction of third-party obligations and statutory liabilities and (2) certified retention of operating reserves at each Subsidiary.

(d) **Four Funds.** The “Four Funds” are the Reserve Fund, the Education Fund, the Social Benefits Fund, and the Reinvestment Fund established in the Article on Establishment of Funds. Each Fund’s purpose is stated in that Article and in any companion Articles on funds and allocations.

(e) **Governance Centers.** For purposes of this Article, “Governance Centers” include the Board of Directors, Subsidiary boards and managers, the Standing Budget and Allocation Committee, designated fund directors or offices, Worker Committees, and the Office of the Ombudsman, each acting within the scope of its authority in these Articles.

(f) **Worker Committees.** “Worker Committees” means the Corporation Worker Committee and the Subsidiary Worker Committees established under the Article on Worker Veto over Alienation and any related governing instruments.

(g) **Baseline Allocation Rules.** “Baseline Allocation Rules” means the default allocation rules for Consolidated Surplus among the Four Funds, including any fixed percentages, priority ordering, or thresholds established in these Articles.

Section 3. Boundaries and Demarcation.

(a) **Membership and Eligibility.** The Corporation shall adopt and maintain clear rules that identify who is entitled to (1) access benefits funded by the Commons Corporation and its Subsidiaries, (2) participate in governance processes, and (3) receive allocations or support from the Four Funds. These boundary rules shall be documented in Subsidiary charters or bylaws and in a consolidated register maintained by the Corporation.

(b) **Resource and Benefit Demarcation.** Assets, accounts, streams of revenue, workforce entitlements, and fund incomes shall be segregated and recorded so that (1) allocations are traceable to defined internal beneficiaries and Subsidiaries and (2) resources held in common at the consolidated level are distinguishable from operating assets and reserves of each Subsidiary.

Section 7. Graduated Sanctions and Corrective Measures.

(a) **Graduated Enforcement.** The Corporation shall establish graduated, proportionate sanctions for noncompliance with reserve, reporting, and fund-governance rules that aim to restore compliance and preserve participation. Sanctions may escalate from corrective guidance and warnings to temporary restrictions on distributions or access to particular fund support, and, in the final instance, remedial financial adjustments enforced at consolidation.

(b) **Notice and Opportunity to Be Heard.** Before imposing material sanctions, the Corporation shall provide notice and an opportunity for the affected Subsidiary or internal body to be heard, except where emergency action is required to prevent substantial harm to the Corporation, a Subsidiary, or their workers.

(c) **Corrective Incentives.** Sanctions shall be designed to promote repair of institutional capacity rather than immediate exclusion. Remedies may include mandated technical assistance, conditional access to Education Fund support to improve governance or accounting capacity, or temporarily reallocated Reinvestment Fund support for operational stabilization, where consistent with fund purposes.

(d) **Coordination With Worker Veto and Ombudsman.** Where sanctions or corrective measures materially affect personnel, property, or core functions at a Subsidiary, such actions shall be coordinated with any applicable Worker Veto rights and may be subject to review or inquiry by the Ombudsman as provided in the relevant Articles.

Section 8. Nested Governance of Consolidated Surplus and the Four Funds.

(a) **Sequential Priority of Uses.** Subject to applicable law and creditor protections, Subsidiary net income shall be applied in the following order:

- (1) satisfaction of third-party obligations and statutory liabilities;
- (2) retention of certified Subsidiary operating reserves;
- (3) transfer of certified surplus to the Commons Corporation as Consolidated Surplus; and

(4) allocation of Consolidated Surplus among the Four Funds consistent with Baseline Allocation Rules as established in the Article on Establishment of Funds and any variance adopted under Section 9 of this Article.

(b) **Fund Purposes.** The Four Funds shall be used for the following general purposes, subject to more detailed provisions in the Article on Establishment of Funds and any companion Articles on funds and allocations:

(1) **Reinvestment Fund.** Supports the Corporation's growth, expansion, and strategic objectives, including reinvestment in existing operations and the acquisition and conversion of new Subsidiaries, businesses, assets, or technologies.

(2) **Social Benefits Fund.** Funds premium wages, enhanced benefits, and comparable worker-facing commitments consistent with controlling directives of the Corporation.

(3) **Education Fund.** Supports training, governance education, and institutional capacity building to strengthen local rulemaking, monitoring, and participation.

(4) **Reserve Fund.** Maintains consolidated liquidity beyond Subsidiary reserves and may provide conditional support to Subsidiaries in order to preserve system-wide stability and the functionality of nested governance.

(c) **Governance Centers for Funds.** Governance over Consolidated Surplus and the Four Funds shall be exercised in nested layers as follows:

(1) **Board of Directors.** The Board holds stewardship authority over Consolidated Surplus, adopts Baseline Allocation Rules, approves budgets and allocations, and may authorize temporary variance under Section 9.

(2) **Standing Budget and Allocation Committee.** The Standing Budget and Allocation Committee reviews, formulates, and recommends budgets, cash-flow plans, and allocations of Net Profits and Consolidated Surplus among the Four Funds, including recommendations regarding any deviations from Baseline Allocation Rules, all as provided in the Article establishing that Committee.

(3) **Fund directors or offices.** Each Fund may be administered by a designated director or office with day-to-day authority to implement Board policies and Committee recommendations for that Fund, within the limits of fund purposes and adopted policies.

(4) **Subsidiary boards and representatives.** Subsidiary boards, managers, and designated representatives shall participate in deliberations affecting notional subaccounts or allocations associated with that Subsidiary, particularly with respect to Social Benefits and Education Fund support that materially affects its workforce.

(5) **Worker Committees.** Worker Committees shall have the participatory and veto roles specified in the Article establishing Worker Veto and in the Article establishing the Standing Budget and Allocation Committee, including any powers to veto budgets or budget items that materially affect workers, subject to any override or abuse provisions in those Articles.

(6) **Ombudsman.** The Ombudsman participates in Committee deliberations as a non-voting member where provided in the Standing Budget and Allocation Committee Article, monitors fund-related practices, and may investigate or report on concerns relating to allocation and use of the Four Funds.

(d) **Cross-Fund Coordination.** The Board or a designated cross-fund body may coordinate among the Four Funds where obligations or purposes interact, subject to (1) honoring

stated fund purposes, (2) compliance with Baseline Allocation Rules and variance procedures, and (3) protection of core worker-facing commitments.

Section 9. Variance From Baseline Allocation Rules.

(a) **Principle of Stability.** Baseline Allocation Rules are intended to provide stable, predictable funding for each Fund and to protect worker-facing commitments and long-term reserves from ad hoc or opportunistic reallocation.

(b) **Extraordinary Variance.** The Board may approve temporary variance from Baseline Allocation Rules only upon a finding that extraordinary circumstances exist, such as severe economic disruption, systemic risk to the Corporation or its Subsidiaries, or legally mandated obligations that cannot be met without such variance.

(c) **Supermajority and Written Findings.** Any such variance shall require a supermajority vote of the Board as specified in the bylaws and shall be accompanied by written findings that (1) describe the extraordinary circumstances, (2) explain why the variance is necessary and proportionate, and (3) state the expected duration of the variance and the plan for returning to Baseline Allocation Rules when conditions normalize. The findings shall be recorded in the minutes and made available internally to affected governance bodies.

(d) **Role of the Standing Budget and Allocation Committee.** The Standing Budget and Allocation Committee may recommend variance from Baseline Allocation Rules in its written recommendations to the Board, supported by financial projections and analysis. Any deviation recommended by the Committee shall be clearly identified as such and shall not become effective unless approved by the Board in accordance with subsection (c).

(e) **Restoration.** Variances shall be treated as temporary. The Board shall periodically review whether conditions justifying variance continue to exist and shall restore allocations to Baseline Allocation Rules as soon as reasonably practicable when those conditions no longer prevail.

(f) **Oversight and Review.** Worker Committees, Subsidiary boards, and the Ombudsman may review and comment on variance decisions and may invoke any complaint or review mechanisms provided in the Ombudsman Article or Worker Veto Article, where applicable.

Section 10. Dispute Resolution, Ombudsman, and Oversight.

(a) **Local Dispute Mechanisms.** Each Subsidiary shall maintain rapid, low-cost procedures for resolving disputes among participants or between participants and managers, including disputes relating to application of local appropriation rules, reserve practices, or local use of Education Fund or Social Benefits Fund support. These procedures shall be designed to minimize transaction costs and to preserve local engagement, subject to the Corporation's overarching obligations.

(b) **Role of the Ombudsman.** The Office of the Ombudsman shall serve as an independent, confidential channel for concerns relating to governance, stewardship, and compliance with this Article, including concerns about (1) certification of reserves, (2) allocation and use of the Four Funds, (3) application of sanctions under Section 7, and (4) interactions among Governance Centers. The Ombudsman may examine records, conduct interviews, retain external advisors, and issue reports to the Board as provided in the Ombudsman Article.

(c) **Escalation and Recommendations.** Where local or committee-level mechanisms do not resolve a dispute affecting polycentric governance, the Ombudsman may recommend

remedial measures to management and the Board, including policy changes, adjustments to monitoring or reporting regimes, or corrective use of Education Fund or Reserve Fund resources, all within existing fund purposes.

(d) **Coordination With Worker Veto and Other Articles.** Disputes involving Worker Veto rights over Alienation, budget vetoes, or emergency actions shall be handled primarily under the Articles establishing those rights and procedures.

