

## DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.**

## DISCLOSURE QUESTIONNAIRE

Company Name: Impact Makers  
 Date Submitted: 07/17/2019

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Other		✓

  

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓
Other Disclosures		
		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

  

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: Impact Makers

UPDATED AS OF: 07/17/2019

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Material Litigation
<b>ISSUE DATE</b>	2019
<b>SUMMARY OF ISSUE</b>	<p>As a Virginia benefit corporation, Impact Makers is subject to the possibility of a benefit enforcement proceeding that is used to hold the company accountable to its fiduciary duties to consider stakeholders in its decision making. In May 2019, a benefit enforcement proceeding was initiated against the company by Michael Pirron, co-founder, former CEO, and member of the Board of Directors. The benefit enforcement proceeding alleged that the company and its directors engaged in coordinated efforts to "empower and enrich themselves by targeting and eliminating Michael Pirron's ("Pirron") authority as Permanent Director of IM Holdings, Inc. ("IMH") and removing him as Senior Director of Impact Makers Inc. ("IM") in violation of Virginia law and their charters thus destroying IMH's purpose and gutting IM's public benefit mission." Part of the lawsuit included allegations that the defendants sold Impact Makers Inc., which was owned with a controlling interest of IM Holdings, to a new corporate entity, Benefit Holdings Inc.</p> <p>Impact Makers' response to the lawsuit, as stated by CEO Andy Wolf, was as follows: "The actions that we took were to support our commitment to doing what's right to improve our company's ability to fulfill our mission, which is essentially why we exist. This lawsuit is a culmination of claims and demands that we believe have no merit and do intend vigorously to defend it. Our intent is to make sure this lawsuit will not affect our dedication to serving our customers and making our community a better place to live." Impact Makers sued Pirron for breaching his severance agreement with the company by disparaging the company and its directors.</p>
<b>SIZE/SCOPE OF ISSUE</b>	The Pirron lawsuit sought an injunction to reverse the sale of Impact Makers or \$15 million dollars in damages to be paid to Impact Makers Holdings and \$3 million to Impact Makers, as well as compensatory and punitive damages payable to Pirron exceeding \$7 million.
<b>IMPACT ON STAKEHOLDERS</b>	The Pirron lawsuit alleged that the company's failure to consider stakeholders would hinder the company's ability to support the community organizations that it is designed to distribute its profits to. The Impact Makers' suit alleged that Pirron breached his contract with the company by disparaging it.
<b>RESOLUTION</b>	<p>In June 2019, a settlement agreement was reached between Pirron and the defendants. The settlement involved the following:</p> <ol style="list-style-type: none"> <li>1) Dismissal of lawsuit filed by Pirron against Impact Makers, Impact Makers Holdings, and its directors and executives.</li> <li>2) Dismissal of the lawsuit filed by Impact Makers against Pirron</li> <li>3) Reversal of the sale of Impact Makers to Benefit Holdings, thereby having Impact Makers Holdings retain ownership</li> <li>4) Pirron resigning as Senior Director of Impact Makers, although maintaining his role as Permanent Director of Impact Makers Holdings</li> <li>5) Nomination of Sherrie Armstrong to the Board of Impact Makers</li> <li>6) Payment of Pirron's legal fees by Impact Makers</li> </ol> <p>The parties to the settlement issued the following statement: "Impact Makers and Michael Pirron have come to an agreement which resolves existing litigation and demonstrates both parties' commitment to the principles of Benefit Corporations and social enterprise. The parties agree to work together to support the future growth of Impact Makers to maximize its impact on the community and serve as a model for the Benefit Corporation community."</p>