

FIRST REGULAR SESSION

SENATE BILL NO. 467

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHUPP.

Read 1st time February 23, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1264S.011

AN ACT

To amend chapter 351, RSMo, by adding thereto twelve new sections relating to benefit corporations.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 351, RSMo, is amended by adding thereto twelve new sections, to be known as sections 351.1400, 351.1403, 351.1409, 351.1412, 351.1415, 351.1418, 351.1421, 351.1424, 351.1427, 351.1430, 351.1433, and 351.1435, to read as follows:

351.1400. As used in sections 351.1400 to 351.1435, the following terms mean:

(1) "Benefit corporation", a corporation:

(a) Which has elected to become subject to sections 351.1400 to 351.1435;

(b) Which has not terminated its status as a benefit corporation under section 351.1412; and

(c) Which is a general corporation formed under the provisions of sections 351.010 to 351.1228;

(2) "Benefit director", the director designated by the benefit corporation under section 351.1421;

(3) "Benefit enforcement proceeding", any claim, action, or proceeding for:

(a) Failure of a benefit corporation to pursue or create general public benefit or a specific public benefit purpose set forth in its articles of incorporation; or

(b) Violation of any obligation, duty, or standard of conduct under sections 351.1400 to 351.1435;

(4) "Benefit officer", the individual designated as the benefit

20 officer of a benefit corporation under section 351.1427;

21 (5) "General public benefit", a material positive impact on society
22 and the environment, taken as a whole, assessed against a third-party
23 standard, from the business and operations of a benefit corporation;

24 (6) "Independent", having no material relationship with a benefit
25 corporation or a subsidiary of the benefit corporation, provided that
26 serving as benefit director or benefit officer of a benefit corporation
27 shall not constitute a material relationship. A material relationship
28 between an individual and a benefit corporation or any of its
29 subsidiaries shall be conclusively presumed to exist if:

30 (a) The individual is, or has been within the last three years, an
31 employee other than a benefit officer of the benefit corporation or a
32 subsidiary;

33 (b) An immediate family member of the individual is, or has been
34 within the last three years, an executive officer other than a benefit
35 officer of the benefit corporation or a subsidiary; or

36 (c) There is beneficial or record ownership of five percent or
37 more of the outstanding shares of the benefit corporation, calculated
38 as if all outstanding rights to acquire equity interests in the benefit
39 corporation had been exercised, by:

40 a. The individual; or

41 b. An entity:

42 (i) Of which the individual is a director, an officer, or a manager;
43 or

44 (ii) In which the individual owns beneficially or of record five
45 percent or more of the outstanding equity interests, calculated as if all
46 outstanding rights to acquire equity interests in the entity had been
47 exercised;

48 (7) "Minimum status vote", in addition to any other approval or
49 vote required by the articles of incorporation or bylaws of the benefit
50 corporation, the satisfaction of the following conditions:

51 (a) The shareholders of every class or series shall be entitled to
52 vote on the corporate action regardless of a limitation stated in the
53 articles of incorporation or bylaws on the voting rights of any class or
54 series;

55 (b) The corporate action shall be approved by vote of the
56 shareholders of each class or series entitled to cast at least two-thirds

57 of the votes that all shareholders of the class or series are entitled to
58 cast on the action;

59 (8) "Publicly traded corporation", a business corporation that has
60 shares listed on a national securities exchange or traded in a market
61 maintained by one or more members of a national securities
62 association;

63 (9) "Specific public benefit", includes:

64 (a) Providing low-income or underserved individuals or
65 communities with beneficial products or services;

66 (b) Promoting economic opportunity for individuals or
67 communities beyond the creation of jobs in the normal course of
68 business;

69 (c) Protecting or restoring the environment;

70 (d) Improving human health;

71 (e) Promoting the arts, sciences, or advancement of knowledge;

72 (f) Increasing the flow of capital to entities with a purpose to
73 benefit society or the environment;

74 (g) Conferring any other particular benefit on society or the
75 environment;

76 (10) "Subsidiary", in relation to a person, an entity in which the
77 person owns beneficially or of record fifty percent or more of the
78 outstanding equity interests;

79 (11) "Third-party standard", a recognized standard for defining,
80 reporting, and assessing corporate social and environmental
81 performance. Such standard shall:

82 (a) Assess the effect of the business and its operations upon the
83 interests listed in paragraphs (b), (c), (d), and (e) of subdivision (1) of
84 subsection 1 of section 351.1418;

85 (b) Be developed by an entity that is not controlled by the
86 benefit corporation;

87 (c) Be developed by an entity that both:

88 a. Has access to necessary expertise to assess overall corporate
89 social and environmental performance; and

90 b. Uses a balanced multistakeholder approach to develop the
91 standard, including a reasonable public comment period; and

92 (d) Keep the following information publicly available:

93 a. The criteria considered when measuring the overall social and

- 94 environmental performance of a business;
- 95 b. The relative weightings, if any, of those criteria;
- 96 c. The identity of the directors, officers, material owners, and the
- 97 governing body of the entity that developed and controls revisions to
- 98 the standard;
- 99 d. The process by which revisions to the standard and changes
- 100 to the membership of the governing body are made; and
- 101 e. An accounting of the revenue and sources of financial support
- 102 for the entity, with sufficient detail to disclose any relationships that
- 103 could reasonably be considered to present a potential conflict of
- 104 interest.

351.1403. 1. Sections 351.1400 to 351.1435 shall be applicable to

2 all benefit corporations.

3 2. All provisions of sections 351.010 to 351.1228 relating to the

4 administration, enforcement, interpretation, or amendment of such

5 sections shall be applicable to sections 351.1400 to 351.1435, provided

6 that, in all cases in which the provisions of sections 351.1400 to 351.1435

7 are contrary or inconsistent with the provisions of 351.010 to 351.1228,

8 the provisions of sections 351.1400 to 351.1435 shall take precedence

9 over the provisions of sections 351.010 to 351.1228.

10 3. A provision of the articles of incorporation or bylaws of a

11 benefit corporation shall not limit, be inconsistent with, or supersede

12 any provision of sections 351.1400 to 351.1435.

351.1409. 1. Any existing corporation formed under the

2 provisions of sections 351.010 to 351.1228 may become a benefit

3 corporation by amending its articles of incorporation to include a

4 statement that the corporation is a benefit corporation. Such

5 amendment shall be adopted by at least the minimum status vote.

6 2. For any entity that is a party to a merger or consolidation or

7 is the exchanging entity in a share exchange, where the surviving, new,

8 or resulting entity in the merger, consolidation, or share exchange is

9 intended to be a benefit corporation, such plan of merger,

10 consolidation, or share exchange shall be adopted by at least the

11 minimum status vote in order to be effective.

351.1412. 1. A benefit corporation may terminate its status as

2 such and cease to be subject to sections 351.1400 to 351.1435 by

3 amending its articles of incorporation to remove the statement that the

4 corporation is a benefit corporation. Such amendment shall be adopted
5 by at least the minimum status vote.

6 2. If a plan of merger, conversion, or share exchange would have
7 the effect of terminating the status of a business corporation as a
8 benefit corporation, the plan shall be adopted by at least the minimum
9 status vote in order to be effective.

10 3. Any sale, lease, exchange, or other disposition of all or
11 substantially all of the assets of a benefit corporation, unless the
12 transaction is in the usual and regular course of business, shall not be
13 effective unless the transaction is approved by at least the minimum
14 status vote.

351.1415. 1. A benefit corporation shall create a general public
2 benefit which shall be in addition to its purpose under sections 351.010
3 to 351.1228 and any specific purpose set forth in the articles of
4 incorporation in accordance with subsection 2 of this section.

5 2. The articles of incorporation of a benefit corporation may
6 identify one or more specific public benefit purposes in addition to its
7 purposes under sections 351.010 to 351.1228 and subsection 1 of this
8 section.

9 3. A benefit corporation may amend its articles of incorporation
10 to add, amend, or delete the identification of a specific public
11 benefit. Such amendment shall be adopted by at least the minimum
12 status vote.

351.1418. 1. In discharging the duties of their respective
2 positions and in considering the best interests of the benefit
3 corporation, the board of directors, committees of the board, and
4 individual directors of a benefit corporation:

5 (1) Shall consider the effects of any action or inaction upon:

6 (a) The shareholders of the benefit corporation;

7 (b) The employees and work force of the benefit corporation, its
8 subsidiaries, and its suppliers;

9 (c) The interests of customers as beneficiaries of the general
10 public benefit or specific public benefit purposes of the benefit
11 corporation;

12 (d) Community and societal factors, including those of each
13 community in which offices or facilities of the benefit corporation, its
14 subsidiaries, or its suppliers are located;

15 (e) The local and global environment;

16 (f) The short-term and long-term interests of the benefit
17 corporation, including benefits that may accrue to the benefit
18 corporation from its long-term plans and the possibility that these
19 interests may be best served by the continued independence of the
20 benefit corporation; and

21 (g) The ability of the benefit corporation to accomplish its
22 general public benefit purpose and any specific public benefit purpose;
23 and

24 (2) May consider other pertinent factors or the interests of any
25 other group deemed appropriate; and

26 (3) Shall not be required to give priority to the interests of a
27 particular person or group over the interests of any other person or
28 group unless the benefit corporation has stated in its articles of
29 incorporation its intention to give priority to certain interests related
30 to its accomplishment of its general public benefit purpose or specific
31 public benefit purpose.

32 2. A director shall not be personally liable for monetary damages
33 for:

34 (1) Any action or inaction in the course of performing the duties
35 of a director under subsection 1 of this section if the director
36 performed the duties of office in compliance with sections 351.010 to
37 351.1228 and this section; or

38 (2) Failure of the benefit corporation to pursue or create general
39 public benefit or specific public benefit.

40 3. A director shall not have a duty to any person that is a
41 beneficiary of the general public benefit purpose or a specific public
42 benefit purpose of a benefit corporation arising from the status of the
43 person as a beneficiary.

44 4. A director who makes a business judgment in good faith
45 fulfills the duty under this section if the director:

46 (1) Is not interested in the subject of the business judgment;

47 (2) Is informed with respect to the subject of the business
48 judgment to the extent the director reasonably believes to be
49 appropriate under the circumstances; and

50 (3) Rationally believes that the business judgment is in the best
51 interests of the benefit corporation.

351.1421. 1. The board of directors of a benefit corporation that
2 is a publicly traded corporation shall, and the board of any other
3 benefit corporation may, include a director, who:

4 (1) Shall be designated the benefit director; and

5 (2) Shall have, in addition to the powers, duties, rights, and
6 immunities of the other directors of the benefit corporation, the
7 powers, duties, rights, and immunities provided in this section.

8 2. The benefit director shall be elected, and may be removed, in
9 the same manner that directors of any board of directors for a
10 corporation are removed provided by sections 351.010 to 351.526, and
11 shall be an individual who is independent. The benefit director may
12 serve as the benefit officer at the same time as serving as the benefit
13 director. The articles of incorporation or bylaws of a benefit
14 corporation may prescribe additional qualifications of the benefit
15 director not inconsistent with this subsection.

16 3. The benefit corporation shall include in its annual benefit
17 report to shareholders an opinion prepared by the benefit director that
18 shall address all of the following:

19 (1) Whether the benefit corporation acted in accordance with its
20 general public benefit purpose and any specific public benefit purpose
21 in all material respects during the period covered by the report;

22 (2) Whether the directors and officers complied with subsection
23 1 of section 351.1418 and subsection 1 of section 351.1424, respectively;

24 (3) Whether the benefit corporation or its directors or officers
25 failed to act or comply in the manner described in subdivisions (1) and
26 (2) of this subsection, and if so, a description of the ways in which the
27 benefit corporation or its directors or officers failed to act or comply.

28 4. The act or inaction of an individual in the capacity of a benefit
29 director shall constitute for all purposes an act or inaction of that
30 individual in the capacity of a director of the benefit corporation.

31 5. Regardless of whether the articles of incorporation or bylaws
32 of a benefit corporation include a provision eliminating or limiting the
33 personal liability of directors authorized by section 351.055, a benefit
34 director shall not be personally liable for an act or inaction in his or
35 her capacity as a benefit director unless the act or inaction constitutes
36 self-dealing, willful misconduct, or a knowing violation of law.

351.1424. 1. Each officer of a benefit corporation shall consider

2 the interests and factors described in subsection 1 of section 351.1418
3 in the manner provided in subsection 1 of section 351.1418 if:

4 (1) The officer has discretion to act with respect to a matter; and

5 (2) It reasonably appears to the officer that the matter may have
6 a material effect on the creation by the benefit corporation of general
7 public benefit or a specific public benefit identified in the articles of
8 incorporation of the benefit corporation.

9 2. Except as provided in the articles of incorporation, an officer
10 is not personally liable for monetary damages for:

11 (1) Any action or inaction in the course of performing the duties
12 of an officer under subsection 1 of this section if the officer performed
13 the duties in compliance with section 351.360 and this section; or

14 (2) Failure of the benefit corporation to pursue or create general
15 public benefit or specific public benefit.

16 3. An officer does not have a duty to a person that is a
17 beneficiary of the general public benefit purpose or a specific public
18 benefit purpose of a benefit corporation arising from the status of the
19 person as a beneficiary.

20 4. An officer who makes a business judgment in good faith fulfills
21 the duty under this section if the officer:

22 (1) Is not interested in the subject of the business judgment;

23 (2) Is informed with respect to the subject of the business
24 judgment to the extent the officer reasonably believes to be appropriate
25 under the circumstances; and

26 (3) Rationally believes that the business judgment is in the best
27 interests of the benefit corporation.

351.1427. 1. A benefit corporation shall have an officer
2 designated as the benefit officer.

3 2. A benefit officer shall have:

4 (1) The powers and duties relating to the purpose of the
5 corporation to create general public benefit or specific public benefit
6 provided:

7 (a) By the bylaws; or

8 (b) Absent controlling provisions in the bylaws, by resolutions or
9 orders of the board of directors; and

10 (2) The duty to prepare the benefit report required by section
11 351.1433.

351.1430. 1. A benefit corporation shall prepare an annual
2 benefit report including all of the following:

3 (1) A narrative description of:

4 (a) The ways in which the benefit corporation pursued general
5 public benefit during the year and the extent to which general public
6 benefit was created;

7 (b) Both:

8 a. The ways in which the benefit corporation pursued a specific
9 public benefit that the articles of incorporation state it is the purpose
10 of the benefit corporation to create; and

11 b. The extent to which that specific public benefit was created;

12 (c) Any circumstances that have hindered the creation by the
13 benefit corporation of general public benefit or specific public benefit;

14 (d) The process and rationale for selecting or changing the
15 third-party standard used to prepare the benefit report;

16 (2) An assessment of the overall social and environmental
17 performance of the benefit corporation against a third-party standard:

18 (a) Applied consistently with any application of that standard in
19 prior benefit reports; or

20 (b) Accompanied by an explanation of the reasons for:

21 a. Any inconsistent application; or

22 b. The change to that standard from the one used in the
23 immediately prior report;

24 (3) The name of the benefit director and the benefit officer, if
25 any, and the address to which correspondence to each of them may be
26 directed;

27 (4) The compensation paid by the benefit corporation during the
28 year to each director in the capacity of a director;

29 (5) The statement of the benefit director described in subsection
30 3 of section 351.1424;

31 (6) A statement of any connection between the organization that
32 established the third-party standard, or its directors, officers or any
33 holder of five percent or more of the governance interests in the
34 organization, and the benefit corporation or its directors, officers or
35 any holder of five percent or more of the outstanding shares of the
36 benefit corporation, including any financial or governance relationship
37 which might materially affect the credibility of the use of the

38 **third-party standard;**

39 **(7) If the benefit corporation has dispensed with, or restricted**
40 **the discretion or powers of, the board of directors, a description of the**
41 **persons that exercise the powers, duties, and rights and who have the**
42 **immunities of the board of directors.**

43 **2. If, during the year covered by a benefit report, a benefit**
44 **director resigned from or refused to stand for reelection to the position**
45 **of benefit director, or was removed from the position of benefit**
46 **director, and the benefit director furnished the benefit corporation**
47 **with any written correspondence concerning the circumstances**
48 **surrounding the resignation, refusal, or removal, the benefit report**
49 **shall include that correspondence as an exhibit.**

50 **3. Neither the benefit report nor the assessment of the**
51 **performance of the benefit corporation in the benefit report required**
52 **by subdivision (2) of subsection 1 of this section needs to be audited or**
53 **certified by a third party standards provider.**

351.1433. 1. A benefit corporation shall send its annual benefit
2 **report to each shareholder:**

3 **(1) Within one hundred twenty days following the end of the**
4 **fiscal year of the benefit corporation; or**

5 **(2) At the same time that the benefit corporation delivers any**
6 **other annual report to its shareholders.**

7 **2. A benefit corporation shall post all of its benefit reports on the**
8 **public portion of its internet website, if any, but the compensation paid**
9 **to directors and financial or proprietary information included in the**
10 **benefit reports may be omitted from the benefit reports as posted.**

11 **3. If a benefit corporation does not have an internet website, the**
12 **benefit corporation shall provide a copy of its most recent benefit**
13 **report, without charge, to any person that requests a copy, but the**
14 **compensation paid to directors and financial or proprietary**
15 **information included in the benefit report may be omitted from the**
16 **copy of the benefit report provided.**

17 **4. (1) Concurrently with the delivery of the benefit report to**
18 **shareholders under subsection 3 of this section, the benefit corporation**
19 **shall deliver a copy of the benefit report to the secretary of state for**
20 **filing, but the compensation paid to directors and financial or**
21 **proprietary information included in the benefit report may be omitted**

22 from the benefit report as delivered to the secretary of state.

23 (2) The secretary of state shall charge a fee of forty-five dollars
24 for filing a benefit report.

351.1435. 1. (1) Except in a benefit enforcement proceeding, no
2 person may bring an action or assert a claim against a benefit
3 corporation or its directors or officers with respect to:

4 (a) Failure to pursue or create general public benefit or a
5 specific public benefit set forth in its articles of incorporation; or

6 (b) Violation of an obligation, duty, or standard of conduct under
7 sections 351.1400 to 351.1435.

8 (2) A benefit corporation shall not be liable for monetary
9 damages under sections 351.1400 to 351.1435 for any failure of the
10 benefit corporation to pursue or create general public benefit or a
11 specific public benefit.

12 2. A benefit enforcement proceeding may be commenced or
13 maintained only:

14 (1) Directly by the benefit corporation; or

15 (2) Derivatively by:

16 (a) A person or group of persons that owned beneficially or of
17 record at least two percent of the total number of shares of a class or
18 series outstanding at the time of the act or inaction;

19 (b) A director;

20 (c) A person or group of persons that owned beneficially or of
21 record five percent or more of the outstanding equity interests in an
22 entity of which the benefit corporation is a subsidiary at the time of the
23 act or inaction; or

24 (d) Other persons as specified in the articles of incorporation or
25 bylaws of the benefit corporation.

26 3. For purposes of this section, a person is the beneficial owner
27 of shares or equity interests if the shares or equity interests are held
28 in a voting trust or by a nominee on behalf of the beneficial owner.

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