

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 HOUSE BILL 2423

By: Moore

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5  
6 AS INTRODUCED

7 An Act relating to corporations; enacting the  
8 Oklahoma Benefit Corporation Act; stating  
9 applicability; stating resolution for conflicting  
10 laws; prohibiting inconsistent provisions in the  
11 certificate or bylaws; defining terms; requiring  
12 benefit corporation to comply with the Oklahoma  
13 General Corporation Act; prescribing statement for  
14 certificate of incorporation; providing for  
15 certificate amendment to become benefit corporation;  
16 requiring minimum vote for amendment; mandating  
17 minimum vote for merger, consolidation or conversion;  
18 providing exception; allowing certificate amendment  
19 to terminate status as benefit corporation; requiring  
20 minimum vote for amendment; providing exception;  
21 mandating minimum vote for sale or disposition of all  
22 assets; directing benefit corporation to have a  
23 purpose; authorizing certificate to identify purpose;  
24 permitting certificate amendment to change purpose;  
requiring minimum vote for amendment; construing  
provision; listing duties for benefit corporation  
directors; limiting personal liability for directors;  
exempting director duty to individual beneficiary;  
clarifying good-faith standard for benefit  
corporation director; outlining benefit director  
position and duties; directing election of benefit  
director in manner prescribed; requiring benefit  
director to be independent; providing exception;  
permitting dual service; allowing additional  
qualifications of benefit director; requiring benefit  
director to prepare annual benefit report; specifying  
contents of report; limiting liability of benefit  
director; providing exception; listing duties for  
benefit corporation officers; limiting personal  
liability of officers; exempting officer duty to  
individual beneficiary; specifying good-faith

1 standard for officers; authorizing designation of  
2 benefit officer; providing powers and duties of  
3 benefit officer; prohibiting actions against a  
4 benefit corporation or its directors or officers;  
5 providing exception; excluding money damages for  
6 failure to pursue or create benefit; specifying  
7 conditions for benefit enforcement proceeding;  
8 specifying contents of annual benefit report;  
9 providing for inclusion of certain correspondence;  
10 exempting audit requirement; directing report to be  
11 sent to each shareholder; prescribing timing for  
12 report; mandating report to be posted on website;  
13 allowing omission of proprietary information;  
14 clarifying procedure if there is not a website;  
15 directing delivery of report to Secretary of State  
16 for filing; permitting omission of information;  
17 providing for filing fee; providing for codification;  
18 and providing an effective date.

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 1201 of Title 18, unless there  
is created a duplication in numbering, reads as follows:

A. This act shall be known and may be cited as the "Oklahoma  
Benefit Corporation Act". This act shall be applicable to all  
benefit corporations.

B. The existence of a provision of this act shall not of itself  
create an implication that a contrary or different statute or rule  
is applicable to a corporation that is not a benefit corporation.  
This act shall not affect a statute or rule that is applicable to a  
corporation that is not a benefit corporation.

1 C. Except as otherwise provided in this act, the Oklahoma  
2 General Corporation Act shall be generally applicable to all benefit  
3 corporations. A benefit corporation may be subject simultaneously  
4 to this act and the Oklahoma General Corporation Act, Professional  
5 Entity Act, and other applicable business formation statutes;  
6 however, the provisions of this act shall control over the  
7 provisions of the Oklahoma General Corporation Act, Professional  
8 Entity Act, and other applicable business formation statutes where  
9 there is a conflict.

10 D. A provision of the certificate of incorporation or bylaws of  
11 a benefit corporation shall not limit, be inconsistent with, or  
12 supersede a provision of this act.

13 SECTION 2. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 1202 of Title 18, unless there  
15 is created a duplication in numbering, reads as follows:

16 As used in the Oklahoma Benefit Corporation Act:

17 1. "Benefit corporation" means a corporation:

18 a. that has elected to become subject to the Oklahoma  
19 Benefit Corporation Act, and

20 b. the status of which as a benefit corporation has not  
21 been terminated;

22 2. "Benefit director" means the director designated as the  
23 benefit director of a benefit corporation under Section 8 of this  
24 act;

1           3. "Benefit enforcement proceeding" means any claim or action  
2 or proceeding for:

3           a. failure of a benefit corporation to pursue or create  
4           general public benefit or a specific public benefit  
5           purpose set forth in its certificate, or

6           b. violation of any obligation, duty, or standard of  
7           conduct under this act;

8           4. "Benefit officer" means the individual designated as the  
9 benefit officer of a benefit corporation under Section 10 of this  
10 act;

11          5. "General public benefit" means a material positive impact on  
12 society and the environment, taken as a whole, assessed against a  
13 third-party standard, from the business and operations of a benefit  
14 corporation;

15          6. "Independent" means having no material relationship with a  
16 benefit corporation or a subsidiary of the benefit corporation.  
17 Serving as benefit director or benefit officer does not change an  
18 individual's status from independent. A material relationship  
19 between an individual and a benefit corporation or any of its  
20 subsidiaries will be conclusively presumed to exist if any of the  
21 following apply:

22           a. the individual is, or has been within the last three  
23           (3) years, an employee other than a benefit officer of  
24           the benefit corporation or a subsidiary,

1           b.    an immediate family member of the individual is, or  
2                has been within the last three (3) years, an executive  
3                officer other than a benefit officer of the benefit  
4                corporation or a subsidiary, or

5           c.    there is beneficial or record ownership of five  
6                percent (5%) or more of the outstanding shares of the  
7                benefit corporation, calculated as if all outstanding  
8                rights to acquire equity interests in the benefit  
9                corporation had been exercised, by:

10           (1)  the individual, or

11           (2)  an entity:

12               (a)  of which the individual is a director, an  
13                officer, or a manager, or

14               (b)  in which the individual owns beneficially or  
15                of record five percent (5%) or more of the  
16                outstanding equity interests, calculated as  
17                if all outstanding rights to acquire equity  
18                interests in the entity had been exercised;

19       7.    "Minimum status vote" means:

20           a.   in the case of a business corporation, in addition to  
21                any other required approval or vote, the satisfaction  
22                of the following conditions:

23           (1)  the shareholders of every class or series shall  
24                be entitled to vote as a class on the corporate

1                   action regardless of a limitation stated in the  
2                   certificate of incorporation or bylaws on the  
3                   voting rights of any class or series, and

4                   (2) the corporate action shall be approved by the  
5                   affirmative vote of the shareholders of each  
6                   class or series entitled to cast at least two-  
7                   thirds (2/3) of the votes that all shareholders  
8                   of the class or series are entitled to cast on  
9                   the action,

10                  b.    in the case of a domestic entity other than a  
11                   corporation, in addition to any other required  
12                   approval, vote, or consent, the satisfaction of the  
13                   following conditions:

14                   (1) the holders of every class or series of equity  
15                   interest in the entity that are entitled to  
16                   receive a distribution of any kind from the  
17                   entity shall be entitled to vote on or consent to  
18                   the action regardless of any otherwise applicable  
19                   limitation on the voting or consent rights of any  
20                   class or series, and

21                   (2) the action shall be approved by the affirmative  
22                   vote or consent of the holders described in  
23                   division (1) of this subparagraph entitled to  
24                   cast at least two-thirds (2/3) of the votes or

1                    consents that all of those holders are entitled  
2                    to cast on the action;

3            8. "Publicly traded corporation" means a corporation that has  
4 shares listed on a national securities exchange or traded in a  
5 market maintained by one or more members of a national securities  
6 association;

7            9. "Specific public benefit" includes:

8            a. providing low-income or underserved individuals or

9                    communities with beneficial products or services,

10           b. promoting economic opportunity for individuals or

11                    communities beyond the creation of jobs in the normal  
12                    course of business,

13           c. protecting or restoring the environment,

14           d. improving human health,

15           e. promoting the arts, sciences, or advancement of  
16                    knowledge,

17           f. increasing the flow of capital to entities with a  
18                    purpose to benefit society or the environment, and

19           g. conferring any other particular benefit on society or  
20                    the environment;

21           10. "Subsidiary" means in relation to a person, an entity in  
22 which the person owns beneficially or of record fifty percent (50%)  
23 or more of the outstanding equity interests, calculated as if all  
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1 outstanding rights to acquire equity interests in the entity had  
2 been exercised; and

3 11. "Third-party standard" means a recognized standard for  
4 defining, reporting, and assessing corporate social and  
5 environmental performance that is:

6 a. comprehensive because it assesses the effects of the  
7 business and its operations upon the interests listed  
8 in subparagraphs b, c, d, and e of paragraph 1 of  
9 subsection A of Section 7 of this act,

10 b. developed by an entity that is not controlled by the  
11 benefit corporation,

12 c. credible because it is developed by an entity that  
13 both:

14 (1) has access to necessary expertise to assess  
15 overall corporate social and environmental  
16 performance, and

17 (2) uses a balanced multi-stakeholder approach to  
18 develop the standard, including a reasonable  
19 public comment period,

20 d. transparent because the following information is  
21 publicly available:

22 (1) about the standard:  
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1 (a) the criteria considered when measuring the  
2 overall social and environmental performance  
3 of a business, and

4 (b) the relative weightings, if any, of those  
5 criteria, and

6 (2) about the development and revision of the  
7 standard:

8 (a) the identity of the directors, officers,  
9 material owners, and the governing body of  
10 the entity that developed and controls  
11 revisions to the standard,

12 (b) the process by which revisions to the  
13 standard and changes to the membership of  
14 the governing body are made, and

15 (c) an accounting of the revenue and sources of  
16 financial support for the entity, with  
17 sufficient detail to disclose any  
18 relationships that could reasonably be  
19 considered to present a potential conflict  
20 of interest.

21 SECTION 3. NEW LAW A new section of law to be codified  
22 in the Oklahoma Statutes as Section 1203 of Title 18, unless there  
23 is created a duplication in numbering, reads as follows:  
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1 A benefit corporation shall be incorporated in accordance with  
2 the Oklahoma General Corporation Act pursuant to Section 1005 of  
3 Title 18 of the Oklahoma Statutes, but its certificate of  
4 incorporation shall also state that it is a benefit corporation.

5 SECTION 4. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 1204 of Title 18, unless there  
7 is created a duplication in numbering, reads as follows:

8 A. An existing business corporation may become a benefit  
9 corporation under the Oklahoma Benefit Corporation Act by amending  
10 its certificate of incorporation so that it contains, in addition to  
11 the requirements of Section 1006 of Title 18 of the Oklahoma  
12 Statutes, a statement that the corporation is a benefit corporation.  
13 In order to be effective, the amendment shall be adopted by at least  
14 the minimum status vote.

15 B. 1. Except as provided in paragraph 2 of this subsection, if  
16 a domestic entity that is not a benefit corporation is a party to a  
17 merger, consolidation, or conversion and the surviving, new, or  
18 resulting entity in the merger, consolidation, or conversion is to  
19 be a benefit corporation, the plan of merger, consolidation, or  
20 conversion shall be adopted or approved by the domestic entity by at  
21 least the minimum status vote.

22 2. Paragraph 1 of this subsection shall not apply in the case  
23 of a corporation that is a party to a merger, consolidation, or  
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1 conversion if the shareholders of the corporation are not entitled  
2 to vote on the merger, consolidation or conversion.

3 SECTION 5. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 1205 of Title 18, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. A benefit corporation may terminate its status and cease to  
7 be subject to the Oklahoma Benefit Corporation Act by amending its  
8 certificate of incorporation to delete the provision required by  
9 Sections 3 and 4 of this act to be stated in the certificate of a  
10 benefit corporation. In order to be effective, the amendment shall  
11 be adopted by at least the minimum status vote.

12 B. 1. Except as provided in paragraph 2 of this subsection, if  
13 a plan of merger, consolidation, or conversion would have the effect  
14 of terminating the status of a business corporation as a benefit  
15 corporation, the plan shall be adopted by at least the minimum  
16 status vote in order to be effective.

17 2. Paragraph 1 of this subsection shall not apply in the case  
18 of a corporation that is a party to a merger if the shareholders of  
19 the corporation are not entitled to vote on the merger.

20 3. Any sale, lease, exchange, or other disposition of all or  
21 substantially all of the assets of a benefit corporation, unless the  
22 transaction is in the usual and regular course of business, shall  
23 not be effective unless the transaction is approved by at least the  
24 minimum status vote.

1           SECTION 6.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1206 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. A benefit corporation shall have a purpose of creating  
5 general public benefit. This purpose is in addition to its purpose  
6 under the Oklahoma General Corporation Act.

7           B. The certificate of incorporation of a benefit corporation  
8 may identify one or more specific public benefits that it is the  
9 purpose of the benefit corporation to create in addition to its  
10 purposes under the Oklahoma General Corporation Act and subsection A  
11 of this section. The identification of a specific public benefit  
12 under this subsection does not limit the purpose of a benefit  
13 corporation to create general public benefit under subsection A of  
14 this section.

15           C. The creation of general public benefit and specific public  
16 benefit under subsections A and B of this section shall be in the  
17 best interests of the benefit corporation.

18           D. A benefit corporation may amend its certificate of  
19 incorporation to add, amend, or delete the identification of a  
20 specific public benefit that it is the purpose of the benefit  
21 corporation to create. In order to be effective, the amendment  
22 shall be adopted by at least the minimum status vote.

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1 E. A professional corporation that is a benefit corporation  
2 shall not violate the Professional Entity Act by having the purpose  
3 to create general public benefit or a specific public benefit.

4 SECTION 7. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 1207 of Title 18, unless there  
6 is created a duplication in numbering, reads as follows:

7 A. In discharging the duties of their respective positions and  
8 in considering the best interests of the benefit corporation, the  
9 board of directors, committees of the board, and individual  
10 directors of a benefit corporation:

11 1. Shall consider the effects of any action or inaction upon:

- 12 a. the shareholders of the benefit corporation,
- 13 b. the employees and work force of the benefit  
14 corporation, its subsidiaries, and its suppliers,
- 15 c. the interests of customers as beneficiaries of the  
16 general public benefit or specific public benefit  
17 purposes of the benefit corporation,
- 18 d. community and societal factors, including those of  
19 each community in which offices or facilities of the  
20 benefit corporation, its subsidiaries, or its  
21 suppliers are located,
- 22 e. the local and global environment,
- 23 f. the short-term and long-term interests of the benefit  
24 corporation, including benefits that may accrue to the

1 benefit corporation from its long-term plans and the  
2 possibility that these interests may be best served by  
3 the continued independence of the benefit corporation,  
4 and

5 g. the ability of the benefit corporation to accomplish  
6 its general public benefit purpose and any specific  
7 public benefit purpose; and

8 2. May consider other pertinent factors or the interests of any  
9 other group that they deem appropriate; but

10 3. Need not give priority to a particular interest or factor  
11 referred to in paragraph 1 or 2 of this subsection over any other  
12 interest or factor unless the benefit corporation has stated in its  
13 certificate of incorporation its intention to give priority to  
14 certain interests or factors related to the accomplishment of its  
15 general public benefit purpose or of a specific public benefit  
16 purpose identified in its certificate.

17 B. The consideration of interests and factors in the manner  
18 provided by subsection A of this section:

19 1. Shall not constitute a violation of Section 1027 of Title 18  
20 of the Oklahoma Statutes; and

21 2. Is in addition to the ability of directors to consider  
22 interests and factors as provided in the Oklahoma General  
23 Corporation Act.

1 C. Except as provided in the certificate of incorporation or  
2 bylaws, a director is not personally liable for monetary damages  
3 for:

- 4 1. Any action or inaction in the course of performing the  
5 duties of a director under subsection A of this section if the  
6 director performed the duties of office in compliance with Section  
7 1027 of Title 18 of the Oklahoma Statutes and this section; or
- 8 2. Failure of the benefit corporation to pursue or create  
9 general public benefit or specific public benefit.

10 D. A director shall not have a duty to a person that is a  
11 beneficiary of the general public benefit purpose or a specific  
12 public benefit purpose of a benefit corporation arising from the  
13 status of the person as a beneficiary.

14 E. A director who makes a business judgment in good faith  
15 fulfills the duty under this section if the director:

- 16 1. Is not interested in the subject of the business judgment;
- 17 2. Is informed with respect to the subject of the business  
18 judgment to the extent the director reasonably believes to be  
19 appropriate under the circumstances; and
- 20 3. Rationally believes that the business judgment is in the  
21 best interests of the benefit corporation.

22 SECTION 8. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 1208 of Title 18, unless there  
24 is created a duplication in numbering, reads as follows:

1       A. The board of directors of a benefit corporation that is a  
2 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 the Oklahoma  
8 Benefit Corporation Act.

9       B. The benefit director shall be elected, and may be removed,  
10 in the manner provided by Section 1027 of Title 18 of the Oklahoma  
11 Statutes. Except as provided in subsection F of this section, the  
12 benefit director shall be an individual who is independent. The  
13 benefit director may serve as the benefit officer at the same time  
14 as serving as the benefit director. The certificate of  
15 incorporation or bylaws of a benefit corporation may prescribe  
16 additional qualifications of the benefit director not inconsistent  
17 with this subsection.

18       C. The benefit director shall prepare, and the benefit  
19 corporation shall include in the annual benefit report to  
20 shareholders required by Section 12 of this act, the opinion of the  
21 benefit director on all of the following:

22           1. Whether the benefit corporation acted in accordance with its  
23 general public benefit purpose and any specific public benefit  
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1 purpose in all material respects during the period covered by the  
2 report;

3 2. Whether the directors and officers complied with subsection  
4 A of Section 7 and subsection A of Section 9 of this act,  
5 respectively; and

6 3. If, in the opinion of the benefit director, the benefit  
7 corporation or its directors or officers failed to act or comply in  
8 the manner described in paragraphs 1 and 2 of this subsection, a  
9 description of the ways in which the benefit corporation or its  
10 directors or officers failed to act or comply.

11 D. The act or inaction of an individual in the capacity of a  
12 benefit director shall constitute for all purposes an act or  
13 inaction of that individual in the capacity of a director of the  
14 benefit corporation.

15 E. Regardless of whether the certificate of incorporation or  
16 bylaws of a benefit corporation include a provision eliminating or  
17 limiting the personal liability of directors, a benefit director  
18 shall not be personally liable for an act or omission in the  
19 capacity of a benefit director unless the act or omission  
20 constitutes self-dealing, willful misconduct, or a knowing violation  
21 of law.

22 F. The benefit director of a professional corporation organized  
23 under the Professional Entity Act does not need to be independent.

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1           SECTION 9.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 1209 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. Each officer of a benefit corporation shall consider the  
5 interests and factors described in paragraph 1 of subsection A of  
6 Section 7 of this act in the manner provided in paragraph 3 of  
7 subsection A of Section 7 of this act if:

8           1. The officer has discretion to act with respect to a matter;  
9 and

10           2. It reasonably appears to the officer that the matter may  
11 have a material effect on the creation by the benefit corporation of  
12 general public benefit or a specific public benefit identified in  
13 the certificate of incorporation of the benefit corporation.

14           B. The consideration of interests and factors in the manner  
15 provided in subsection A of this section shall not constitute a  
16 violation of Section 1028 of Title 18 of the Oklahoma Statutes.

17           C. Except as provided in the certificate of incorporation or  
18 bylaws, an officer shall not be personally liable for monetary  
19 damages for:

20           1. An action or inaction as an officer in the course of  
21 performing the duties of an officer under subsection A of this  
22 section if the officer performed the duties of the position in  
23 compliance with Section 1028 of Title 18 of the Oklahoma Statutes  
24 and this section; or

1           2. Failure of the benefit corporation to pursue or create  
2 general public benefit or specific public benefit.

3           D. An officer shall not have a duty to a person that is a  
4 beneficiary of the general public benefit purpose or a specific  
5 public benefit purpose of a benefit corporation arising from the  
6 status of the person as a beneficiary.

7           E. An officer who makes a business judgment in good faith  
8 fulfills the duty under this section if the officer:

9           1. Is not interested in the subject of the business judgment;

10           2. Is informed with respect to the subject of the business  
11 judgment to the extent the officer reasonably believes to be  
12 appropriate under the circumstances; and

13           3. Rationally believes that the business judgment is in the  
14 best interests of the benefit corporation.

15           SECTION 10.       NEW LAW       A new section of law to be codified  
16 in the Oklahoma Statutes as Section 1210 of Title 18, unless there  
17 is created a duplication in numbering, reads as follows:

18           A. A benefit corporation may have an officer designated the  
19 benefit officer.

20           B. A benefit officer shall have:

21           1. The powers and duties relating to the purpose of the  
22 corporation to create general public benefit or specific public  
23 benefit provided:

24           a. by the bylaws, or

1           b. absent controlling provisions in the bylaws, by  
2           resolution or order of the board of directors; and

3           2. The duty to prepare the benefit report required by Section  
4 12 of this act.

5           SECTION 11.       NEW LAW       A new section of law to be codified  
6 in the Oklahoma Statutes as Section 1211 of Title 18, unless there  
7 is created a duplication in numbering, reads as follows:

8           A. Except in a benefit enforcement proceeding, no person shall  
9 bring an action or assert a claim against a benefit corporation or  
10 its directors or officers with respect to:

11           1. Failure to pursue or create general public benefit or a  
12 specific public benefit set forth in its certificate of  
13 incorporation; or

14           2. Violation of an obligation, duty, or standard of conduct  
15 under the Oklahoma Benefit Corporation Act.

16           B. A benefit corporation shall not be liable for monetary  
17 damages under the Oklahoma Benefit Corporation Act for any failure  
18 of the benefit corporation to pursue or create general public  
19 benefit or a specific public benefit.

20           C. A benefit enforcement proceeding may be commenced or  
21 maintained only:

22           1. Directly by the benefit corporation; or

23           2. Derivatively in accordance with Section 1126 of Title 18 of  
24 the Oklahoma Statutes by:

- 1 a. a person or group of persons that owned beneficially  
2 or of record at least two percent (2%) of the total  
3 number of shares of a class or series outstanding at  
4 the time of the act or omission complained of,  
5 b. a director,  
6 c. a person or group of persons that owned beneficially  
7 or of record five percent (5%) or more of the  
8 outstanding equity interests in an entity of which the  
9 benefit corporation is a subsidiary at the time of the  
10 act or omission complained of, or  
11 d. other persons as specified in the certificate of  
12 incorporation or bylaws of the benefit corporation.

13 D. For purposes of this section, a person is the beneficial  
14 owner of shares or equity interests if the shares or equity  
15 interests are held in a voting trust or by a nominee on behalf of  
16 the beneficial owner.

17 SECTION 12. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 1212 of Title 18, unless there  
19 is created a duplication in numbering, reads as follows:

20 A. A benefit corporation shall prepare an annual benefit report  
21 including all of the following:

- 22 1. A narrative description of:  
23  
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1 a. the ways in which the benefit corporation pursued  
2 general public benefit during the year and the extent  
3 to which general public benefit was created,

4 b. both:

5 (1) the ways in which the benefit corporation pursued  
6 a specific public benefit that the certificate of  
7 incorporation states it is the purpose of the  
8 benefit corporation to create, and

9 (2) the extent to which that specific public benefit  
10 was created,

11 c. any circumstances that have hindered the creation by  
12 the benefit corporation of general public benefit or  
13 specific public benefit, and

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

17 2. An assessment of the overall social and environmental  
18 performance of the benefit corporation against a third-party  
19 standard:

20 a. applied consistently with any application of that  
21 standard in prior benefit reports, or

22 b. accompanied by an explanation of the reasons for:

23 (1) any inconsistent application, or  
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1           (2) the change to that standard from the one used in  
2           the immediately prior report;

3           3. The name of the benefit director and the benefit officer, if  
4 any, and the address to which correspondence to each of them may be  
5 directed;

6           4. The compensation paid by the benefit corporation during the  
7 year to each director in the capacity of a director;

8           5. The statement of the benefit director described in  
9 subsection C of Section 8 of this act; and

10          6. A statement of any connection between the organization that  
11 established the third-party standard, or its directors, officers or  
12 any holder of five percent (5%) or more of the governance interests  
13 in the organization, and the benefit corporation or its directors,  
14 officers or any holder of five percent (5%) or more of the  
15 outstanding shares of the benefit corporation, including any  
16 financial or governance relationship which might materially affect  
17 the credibility of the use of the third-party standard.

18          B. If, during the year covered by a benefit report, a benefit  
19 director resigned from or refused to stand for reelection to the  
20 position of benefit director, or was removed from the position of  
21 benefit director, and the benefit director furnished the benefit  
22 corporation with any written correspondence concerning the  
23 circumstances surrounding the resignation, refusal, or removal, the  
24 benefit report shall include that correspondence as an exhibit.

1 C. Neither the benefit report nor the assessment of the  
2 performance of the benefit corporation in the benefit report  
3 required by paragraph 2 of subsection A of this section needs to be  
4 audited or certified by a third party.

5 SECTION 13. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 1213 of Title 18, unless there  
7 is created a duplication in numbering, reads as follows:

8 A. A benefit corporation shall send its annual benefit report  
9 to each shareholder on the earlier of:

10 1. One hundred twenty (120) days following the end of the  
11 fiscal year of the benefit corporation; or

12 2. The same time that the benefit corporation delivers any  
13 other annual report to its shareholders.

14 B. A benefit corporation shall post all of its benefit reports  
15 on the public portion of its website, if any; but the compensation  
16 paid to directors and financial or proprietary information included  
17 in the benefit reports may be omitted from the benefit reports as  
18 posted.

19 C. If a benefit corporation does not have a website, the  
20 benefit corporation shall provide a copy of its most recent benefit  
21 report, without charge, to any person that requests a copy, but the  
22 compensation paid to directors and financial or proprietary  
23 information included in the benefit report may be omitted from the  
24 copy of the benefit report provided.



1 D. Concurrently with the delivery of the benefit report to  
2 shareholders under subsection A of this section, the benefit  
3 corporation shall deliver a copy of the benefit report to the  
4 Secretary of State for filing, but the compensation paid to  
5 directors and financial or proprietary information included in the  
6 benefit report may be omitted from the benefit report as delivered  
7 to the Secretary of State. The Secretary of State shall charge a  
8 fee of One Hundred Dollars (\$100.00) for filing a benefit report.

9 SECTION 14. This act shall become effective November 1, 2019.

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