

HOUSE BILL No. 5872

April 24, 2018, Introduced by Reps. Vaupel, Greig, Green, Lasinski, Chang, Love, Cochran, Pagan, Hoadley, Hertel, Dianda, Zemke, Yanez, Brinks, Garrett, Lucido, Iden, LaGrand, Canfield, Inman, Faris and Sneller and referred to the Committee on Commerce and Trade.

A bill to amend 1972 PA 284, entitled
"Business corporation act,"
(MCL 450.1101 to 450.2098) by adding section 961 to chapter 9A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 9A

BENEFIT CORPORATIONS

SEC. 961. (1) A BENEFIT CORPORATION SHALL PREPARE AN ANNUAL BENEFIT REPORT. AN ANNUAL BENEFIT REPORT SHALL INCLUDE ALL OF THE FOLLOWING:

(A) A NARRATIVE DESCRIPTION OF THE WAYS IN WHICH THE BENEFIT CORPORATION PURSUED THE CORPORATION'S GENERAL PUBLIC BENEFIT PURPOSE DURING THE YEAR AND THE EXTENT TO WHICH GENERAL PUBLIC BENEFIT WAS CREATED.

(B) A NARRATIVE DESCRIPTION OF THE WAYS IN WHICH THE BENEFIT CORPORATION PURSUED ANY SPECIFIC PUBLIC BENEFIT INCLUDED IN THE

1 PURPOSES OF THE CORPORATION IN THE ARTICLES AND THE EXTENT TO WHICH
2 THAT SPECIFIC PUBLIC BENEFIT WAS CREATED.

3 (C) A NARRATIVE DESCRIPTION OF ANY CIRCUMSTANCES THAT HAVE
4 HINDERED THE CREATION BY THE BENEFIT CORPORATION OF GENERAL PUBLIC
5 BENEFIT OR A SPECIFIC PUBLIC BENEFIT DESCRIBED IN SUBDIVISION (A)
6 OR (B).

7 (D) THE PROCESS AND RATIONALE FOR SELECTING OR CHANGING THE
8 THIRD-PARTY STANDARD USED TO PREPARE THE BENEFIT REPORT.

9 (E) AN ASSESSMENT OF THE OVERALL SOCIAL AND ENVIRONMENTAL
10 PERFORMANCE OF THE BENEFIT CORPORATION THAT MEETS 1 OF THE
11 FOLLOWING:

12 (i) IS PREPARED IN ACCORDANCE WITH A THIRD-PARTY STANDARD
13 APPLIED CONSISTENTLY WITH ANY APPLICATION OF THAT STANDARD IN
14 PREVIOUS BENEFIT REPORTS.

15 (ii) IF THE ASSESSMENT IS PREPARED BY APPLYING A THIRD-PARTY
16 STANDARD IN A MANNER INCONSISTENT WITH THAT STANDARD AS APPLIED IN
17 PREVIOUS BENEFIT REPORTS, IS ACCOMPANIED BY AN EXPLANATION OF THE
18 REASONS FOR THE INCONSISTENT APPLICATION OF THE STANDARD APPLIED.

19 (F) THE COMPENSATION PAID BY THE BENEFIT CORPORATION DURING
20 THE YEAR TO EACH DIRECTOR IN HIS OR HER CAPACITY AS A DIRECTOR.

21 (G) A STATEMENT OF ANY CONNECTION BETWEEN THE ORGANIZATION
22 THAT DEVELOPED THE THIRD-PARTY STANDARD, OR ITS DIRECTORS,
23 OFFICERS, OR MATERIAL OWNERS, AND THE BENEFIT CORPORATION, OR ITS
24 DIRECTORS, OFFICERS, OR MATERIAL OWNERS, INCLUDING ANY FINANCIAL OR
25 GOVERNANCE RELATIONSHIP THAT MIGHT MATERIALLY AFFECT THE
26 CREDIBILITY OF THE OBJECTIVE ASSESSMENT OF THE THIRD-PARTY
27 STANDARD.

1 (2) A BENEFIT CORPORATION IS NOT REQUIRED TO USE A THIRD PARTY
2 TO PERFORM, AUDIT, OR CERTIFY AN ASSESSMENT INCLUDED IN AN ANNUAL
3 BENEFIT REPORT UNDER SUBSECTION (1) (E) .

4 (3) A BENEFIT CORPORATION SHALL DISTRIBUTE TO EACH SHAREHOLDER
5 A COPY OF THE ANNUAL BENEFIT REPORT, EITHER WITHIN 120 DAYS
6 FOLLOWING THE END OF THE FISCAL YEAR OF THE BENEFIT CORPORATION OR
7 AT THE SAME TIME THAT THE BENEFIT CORPORATION DISTRIBUTES ANY OTHER
8 ANNUAL REPORT TO ITS SHAREHOLDERS. THE BENEFIT CORPORATION MAY
9 DISTRIBUTE THE ANNUAL BENEFIT REPORT TO A SHAREHOLDER
10 ELECTRONICALLY, EITHER BY ELECTRONIC TRANSMISSION OF THE REPORT OR
11 BY MAKING THE REPORT AVAILABLE FOR ELECTRONIC TRANSMISSION. IF THE
12 REPORT IS DISTRIBUTED ELECTRONICALLY UNDER THIS SUBSECTION, THE
13 CORPORATION SHALL PROVIDE THE REPORT IN WRITTEN FORM TO A
14 SHAREHOLDER ON REQUEST.

15 (4) A BENEFIT CORPORATION SHALL POST ITS MOST RECENT ANNUAL
16 BENEFIT REPORT ON THE PUBLIC PORTION OF ITS INTERNET WEBSITE, IF
17 ANY, BUT THE CORPORATION MAY OMIT THE COMPENSATION PAID TO
18 DIRECTORS AND ANY FINANCIAL OR PROPRIETARY INFORMATION INCLUDED IN
19 THE BENEFIT REPORT FROM THE BENEFIT REPORT POSTED ON ITS WEBSITE.

20 (5) IF A BENEFIT CORPORATION DOES NOT HAVE AN INTERNET
21 WEBSITE, THE BENEFIT CORPORATION SHALL PROVIDE A COPY OF ITS MOST
22 RECENT ANNUAL BENEFIT REPORT, WITHOUT CHARGE, TO A PERSON THAT
23 REQUESTS A COPY, BUT THE BENEFIT CORPORATION MAY OMIT THE AMOUNT OF
24 COMPENSATION PAID TO DIRECTORS AND ANY FINANCIAL OR PROPRIETARY
25 INFORMATION INCLUDED IN THE BENEFIT REPORT FROM THE BENEFIT REPORT
26 PROVIDED TO THE INDIVIDUAL.

27 (6) A BENEFIT CORPORATION SHALL INCLUDE ITS ANNUAL BENEFIT

1 REPORT WITH THE REPORT IT IS REQUIRED TO FILE WITH THE
2 ADMINISTRATOR UNDER SECTION 911, BUT THE CORPORATION MAY OMIT THE
3 AMOUNT OF COMPENSATION PAID TO DIRECTORS AND ANY FINANCIAL OR
4 PROPRIETARY INFORMATION INCLUDED IN THE BENEFIT REPORT FROM THE
5 BENEFIT REPORT FILED WITH THE ADMINISTRATOR.

6 Enacting section 1. This amendatory act takes effect 90 days
7 after the date it is enacted into law.

8 Enacting section 2. This amendatory act does not take effect
9 unless all of the following bills of the 99th Legislature are
10 enacted into law:

11 (a) Senate Bill No. ____ or House Bill No. 5867 (request no.
12 00829'17).

13 (b) Senate Bill No. ____ or House Bill No. 5868 (request no.
14 00830'17).

15 (c) Senate Bill No. ____ or House Bill No. 5869 (request no.
16 00831'17).