

HOUSE BILL No. 5711

May 31, 2016, Introduced by Reps. Vaupel, LaGrand, Graves, Irwin, Yanez, Greig, Townsend, LaVoy, Lucido, Yonker, Plawecki, Chang, Garrett, Pagan, Wittenberg, Zemke, Cochran, Liberati, Brinks, Canfield, Pagel, Iden and Love 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

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

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

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

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

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

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

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

(G) THE NAME OF EACH PERSON THAT OWNS 5% OR MORE OF THE OUTSTANDING SHARES OF THE BENEFIT CORPORATION, EITHER BENEFICIALLY, TO THE EXTENT KNOWN TO THE BENEFIT CORPORATION WITHOUT INDEPENDENT INVESTIGATION, OR OF RECORD.

(H) A STATEMENT OF ANY CONNECTION BETWEEN THE ORGANIZATION THAT DEVELOPED THE THIRD-PARTY STANDARD, OR ITS DIRECTORS, OFFICERS, OR MATERIAL OWNERS, AND THE BENEFIT CORPORATION, OR ITS

1 DIRECTORS, OFFICERS, OR MATERIAL OWNERS, INCLUDING ANY FINANCIAL OR
2 GOVERNANCE RELATIONSHIP THAT MIGHT MATERIALLY AFFECT THE
3 CREDIBILITY OF THE OBJECTIVE ASSESSMENT OF THE THIRD-PARTY
4 STANDARD.

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

8 (3) A BENEFIT CORPORATION SHALL SEND EACH SHAREHOLDER A COPY
9 OF THE ANNUAL BENEFIT REPORT, EITHER WITHIN 120 DAYS FOLLOWING THE
10 END OF THE FISCAL YEAR OF THE BENEFIT CORPORATION OR AT THE SAME
11 TIME THAT THE BENEFIT CORPORATION DELIVERS ANY OTHER ANNUAL REPORT
12 TO ITS SHAREHOLDERS.

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

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

25 (6) A BENEFIT CORPORATION SHALL INCLUDE ITS ANNUAL BENEFIT
26 REPORT WITH THE REPORT IT IS REQUIRED TO FILE WITH THE
27 ADMINISTRATOR UNDER SECTION 911, BUT THE CORPORATION MAY OMIT THE

1 AMOUNT OF COMPENSATION PAID TO DIRECTORS AND ANY FINANCIAL OR
2 PROPRIETARY INFORMATION INCLUDED IN THE BENEFIT REPORT FROM THE
3 BENEFIT REPORT FILED WITH THE ADMINISTRATOR.

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

6 Enacting section 2. This amendatory act does not take effect
7 unless all of the following bills of the 98th Legislature are
8 enacted into law:

9 (a) Senate Bill No.____ or House Bill No. 5710 (request no.
10 03103'15).

11 (b) Senate Bill No.____ or House Bill No. 5712 (request no.
12 03104'15).

13 (c) Senate Bill No.____ or House Bill No. 5713 (request no.
14 05392'16).