

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	9 - 0 - 0
Yeas:	Barker, Bonamici, Cameron, Flores, Komp, Krieger, Read, Whisnant, Macpherson
Nays:	0
Exc.:	0
Prepared By:	Matt Kalmanson, Counsel
Meeting Dates:	3/13, 3/22

WHAT THE MEASURE DOES: Establishes that a corporation may adopt a provision in its articles of incorporation that authorizes or directs the corporation to conduct its business in an environmentally and socially responsible manner.

ISSUES DISCUSSED:

- The business judgment rule and paucity of Oregon case-law defining the scope of the rule
- Nature, effect and availability of corporate governing documents
- Ability of corporations to act in an environmentally and socially responsible manner
- Example of business that has elected to authorize consideration of environmental and social responsibility in governing documents
- Permissive nature of bill
- Shareholders' rights

EFFECT OF COMMITTEE AMENDMENT: Deletes emergency clause.

BACKGROUND: A principle of corporate law is that corporations must act in the interests of its owners (i.e., the shareholders). Courts in other jurisdictions have interpreted this principle as requiring corporations to act in a manner that maximizes corporate profits, even if the result is that the corporation fails to act in an environmentally responsible manner. HB 2826 expressly permits a corporation to adopt a provision in its governing documents that allows it to act in an environmentally and socially responsible manner.