

# House Bill 2829

Sponsored by Representatives READ, GARRETT; Representatives BARKER, BENTZ

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes director of corporation to consider certain interests in determining what director believes to be in corporation's best interests.

## A BILL FOR AN ACT

1  
2 Relating to standards of conduct for directors of corporations; amending ORS 60.357.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 60.357 is amended to read:

5 60.357. (1) A director shall discharge the duties of a director, including the duties as a member  
6 of a committee, in good faith, with the care an ordinarily prudent person in a like position would  
7 exercise under similar circumstances and in a manner the director reasonably believes to be in the  
8 best interests of the corporation.

9 (2) In discharging the duties of a director, a director is entitled to rely on information, opinions,  
10 reports or statements, including financial statements and other financial data, if prepared or pre-  
11 sented by:

12 (a) One or more officers or employees of the corporation whom the director reasonably believes  
13 to be reliable and competent in the matters presented;

14 (b) Legal counsel, public accountants or other persons as to matters the director reasonably  
15 believes are within the person's professional or expert competence; or

16 (c) A committee of the board of directors of which the director is not a member if the director  
17 reasonably believes the committee merits confidence.

18 (3) A director is not acting in good faith if the director has knowledge concerning the matter  
19 in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.

20 (4) A director is not liable for *[any]* **an** action taken as a director, or *[any]* **a** failure to take  
21 *[any]* **an** action, if the director performed the duties of the director's office in compliance with this  
22 section.

23 *[(5) When evaluating any offer of another party to make a tender or exchange offer for any equity*  
24 *security of the corporation, or any proposal to merge or consolidate the corporation with another cor-*  
25 *poration or to purchase or otherwise acquire all or substantially all the properties and assets of the*  
26 *corporation, the directors of the corporation may, in determining what they believe to be in the best*  
27 *interests of the corporation, give due consideration to the social, legal and economic effects on employ-*  
28 *ees, customers and suppliers of the corporation and on the communities and geographical areas in*  
29 *which the corporation and its subsidiaries operate, the economy of the state and nation, the long-term*  
30 *as well as short-term interests of the corporation and its shareholders, including the possibility that*  
31 *these interests may be best served by the continued independence of the corporation, and other relevant*

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 *factors.]*

2 **(5) In determining what a director believes is in the best interests of the corporation, the**  
3 **director may consider:**

4 **(a) The corporation's interests in the short term and over the long term;**

5 **(b) Economic, environmental, social, legal or ethical interests the director may reason-**  
6 **ably regard as appropriate for responsibly conducting the corporation's business;**

7 **(c) The interests of the corporation's employees, customers and suppliers and other**  
8 **persons who have business relationships with the corporation;**

9 **(d) Effects the corporation has on the communities or geographical areas in which the**  
10 **corporation operates;**

11 **(e) The possibility that the corporation's interests may be best served by the corpo-**  
12 **ration's independence, if the director is evaluating another party's tender or exchange offer**  
13 **for an equity security of the corporation, proposal to merge or consolidate the corporation**  
14 **with another business entity or proposal to purchase or otherwise acquire all or substantially**  
15 **all of the corporation's properties and assets; and**

16 **(f) Other relevant interests.**

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