

Senate Bill 802

Sponsored by Senator DINGFELDER

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

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

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

SECTION 1. ORS 60.357 is amended to read:

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

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

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

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

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

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

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

[(5) When evaluating any offer of another party to make a tender or exchange offer for any equity security of the corporation, or any proposal to merge or consolidate the corporation with another corporation or to purchase or otherwise acquire all or substantially all the properties and assets of the corporation, the directors of the corporation may, in determining what they believe to be in the best interests of the corporation, give due consideration to the social, legal and economic effects on employees, customers and suppliers of the corporation and on the communities and geographical areas in which the corporation and its subsidiaries operate, the economy of the state and nation, the long-term as well as short-term interests of the corporation and its shareholders, including the possibility that 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)(a) A director, in determining how to discharge the director's duties in a manner that**
3 **the director reasonably believes is in the best interests of the corporation, may consider the**
4 **corporation's short-term and long-term interests and may give due consideration to other**
5 **relevant factors, including but not limited to:**

6 **(A) Economic, environmental, social or ethical factors that are reasonably regarded as**
7 **appropriate to the responsible conduct of the corporation's business;**

8 **(B) The interests of the corporation's employees, customers or suppliers or other persons**
9 **that have business relationships with the corporation; or**

10 **(C) Effects on the communities or geographical areas in which the corporation operates.**

11 **(b) If the director is evaluating a tender or exchange offer for an equity security of the**
12 **corporation, a proposal to merge or consolidate the corporation with another business entity**
13 **or a proposal to purchase or otherwise acquire all or substantially all of the corporation's**
14 **properties and assets, in addition to the factors described in paragraph (a) of this subsection**
15 **the director may give due consideration to the possibility that the corporation's interests are**
16 **best served by the corporation's continued independence.**

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