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## Testimony on House Bill 2296A

Chair Beyer, members of the committee, my name is Peter Threlkel; I am the Director of the Corporation Division for the Secretary of State's office, here in support of House Bill 2296A.

Business leaders and investors need to have the freedom to run their businesses in ways that consider the interests of more stakeholders and whose mission is broader than simply maximizing profit.

Unfortunately, court decisions in the last several decades have defined the fiduciary duty of corporate officers and directors narrowly, making it difficult for businesses that wish to embrace a larger purpose than just financial success to make the kinds of complicated decisions they face every day.

House Bill 2296A creates a new corporate status known as a Benefit Company, designed to meet the unique needs of companies that want to use their business to solve social or environmental problems.

The bill would allow Corporations and Limited Liability Companies to organize their business to pursue a triple bottom line strategy of *people* (employees, suppliers, and community), *planet* (local and global environment) and *profit* (shareholder value) in a manner that is accountable and transparent.

The benefit company may define for itself what it hopes to achieve. A public benefit may include patronizing suppliers from low-income or underserved communities, valuing environmental stewardship by recycling waste products, and offering exceptional employee benefits or ownership.

Businesses that opt-in to become benefit companies must go through a third-party certification of their choice and report annually to their owners, investors and other stakeholders.

What the bill does:

- Broadens the fiduciary responsibility of corporate officers to include public benefit
- Gives companies the flexibility to name specific public benefit purposes
- Requires benefit companies seeking this new benefit company status to report on its overall social and environmental performance using an independent third party standard

- Requires benefit companies to publish an annual report without proprietary information on a public website
- Requires a simple majority vote amongst shareholders to add or remove benefit company status

Similar to legislation has already been signed into law in fifteen (15) states, including Arizona, Arkansas, California, Hawaii, Illinois, Maryland, Massachusetts, Louisiana, New Jersey, New York, Pennsylvania, South Carolina, Vermont, Virginia, and Washington D.C. Besides Oregon, legislation is under consideration in an additional twelve (12) states, Alabama, Colorado, Connecticut, Delaware, Florida, Iowa, Montana, Nevada, North Carolina, Rhode Island, Texas, and West Virginia.

There is no fiscal impact. Thank you for allowing my testimony. I would be happy to answer any questions that you have.