

COMMITTEE ON COMMERCE

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1238

(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 10-122, Arizona Revised Statutes, is amended to  
3 read:

4 10-122. Filing, service and copying fees; expedited report  
5 filing and access; same day and next day services;  
6 posted wait times; advance monies; definition

7 A. The commission shall collect and deposit, pursuant to sections  
8 35-146 and 35-147, the following nonrefundable fees when the documents  
9 described in this subsection are delivered to the commission:

10	<u>Document</u>	<u>Fee</u>
11	1. Articles of incorporation	\$50
12	2. Application for use of indistinguishable name	10
13	3. Application for reserved name	10
14	4. Notice of transfer of reserved name	10
15	5. Application for registered name	10
16	6. Application for renewal of registered name	10
17	7. Agent's statement of resignation	10
18	8. Amendment of articles of incorporation	25
19	9. Restatement of articles of incorporation with	
20	amendment of articles	25
21	10. Articles of merger or share exchange	100
22	11. Articles of dissolution	25
23	12. Articles of domestication	100
24	13. Articles of revocation of dissolution	25
25	14. Application for reinstatement following	
26	administrative dissolution, in addition	
27	to other fees and penalties due	100
28	15. Application for authority	150
29	16. Application for withdrawal	25
30	17. Annual report	45
31	18. Articles of correction	25
32	19. Application for certificate of good standing	10
33	20. Any other document required or permitted	
34	to be filed by chapters 1 through 17	
35	of this title	25

1           B. The commission shall collect a nonrefundable fee of twenty-five  
2 dollars each time process is served on it under chapters 1 through 17 of this  
3 title. The party to a proceeding causing service of process is entitled to  
4 recover this fee as costs if the party prevails in the proceeding.

5           C. The commission shall charge and collect a reasonable fee for  
6 copying documents on request, provided the fee does not exceed the cost of  
7 providing the service as determined by the commission. The commission shall  
8 also charge a reasonable fee for certifying the copy of a filed document,  
9 provided the fee does not exceed the cost of providing the service as  
10 determined by the commission.

11           D. A penalty of one hundred dollars payable in addition to other fees  
12 accrues and is payable if a foreign corporation fails to file an amendment,  
13 restated articles that include an amendment, or articles of merger within  
14 sixty days of the time of filing in the jurisdiction in which the corporation  
15 is domiciled. The penalty collected pursuant to this subsection shall be  
16 deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

17           E. One-third of the fees for the annual report of domestic and foreign  
18 corporations paid pursuant to subsection A, paragraph 17 of this section  
19 shall be deposited in the Arizona arts trust fund established by section  
20 41-983.01 and two-thirds of these fees shall be deposited, pursuant to  
21 sections 35-146 and 35-147, in the public access fund established by section  
22 10-122.01.

23           F. The commission shall provide for and establish an expedited service  
24 for the filing of all documents and services provided pursuant to this title  
25 as follows:

26           1. The expedited filing shall be a priority service to be completed as  
27 soon as possible after the documents are delivered to the commission.

28           2. In addition to any other fees required by this section or any other  
29 law, the commission shall charge a nonrefundable fee for expedited services,  
30 including those requested by fax. The fee shall be determined by a  
31 supermajority vote of the commissioners.

32           3. The commission may provide for and establish same day and next day  
33 services for the filing of any documents and services provided pursuant to  
34 this title as follows:

35           (a) The same day and next day services shall not be offered unless all  
36 expedited services filed pursuant to this title are processed within a  
37 maximum of five business days and all other documents and services filed  
38 pursuant to this title are processed within a maximum of thirty business  
39 days.

1 (b) The commission shall suspend same day or next day service if the  
2 commission determines that it does not have the necessary resources to  
3 perform the service within the established time period.

4 (c) In addition to any other fees required by this section or any  
5 other law, the commissioners may charge a nonrefundable fee for the same day  
6 or next day service or both. The fee shall be determined by a supermajority  
7 vote of the commissioners.

8 4. The commission shall publicly post the current wait times for  
9 processing regular, expedited and same day and next day services.

10 G. The commission may charge persons who access the commission's data  
11 processing system that is maintained pursuant to section 10-122.01 from  
12 remote locations and persons requesting special computer generated printouts,  
13 reports and tapes a reasonable fee that does not exceed the cost of the time,  
14 equipment and personnel necessary to provide this service or product as  
15 determined by the commission.

16 H. Except as provided in section 10-122.01, subsection B, paragraph 3,  
17 in addition to any fee charged pursuant to this section, the commission may  
18 charge and collect the following nonrefundable fees to help defray the cost  
19 of the improved data processing system that is maintained pursuant to section  
20 10-122.01:

21 1. Filing articles of incorporation of a domestic corporation, ten  
22 dollars.

23 2. Filing an application of a foreign corporation for authority to  
24 transact business in this state, twenty-five dollars.

25 I. All monies received pursuant to subsections F, G and H of this  
26 section shall be deposited, pursuant to sections 35-146 and 35-147, in the  
27 public access fund established by section 10-122.01.

28 J. Fees charged pursuant to this section are exempt from section  
29 39-121.03, subsection A, paragraph 3.

30 K. Any person may advance monies to the commission to pay fees  
31 required pursuant to this section for future filings and services. All  
32 monies received pursuant to this subsection shall be deposited, pursuant to  
33 sections 35-146 and 35-147, in the money on deposit account in the public  
34 access fund established by section 10-122.01.

35 L. IN ADDITION TO ANY OTHER FEES PRESCRIBED BY LAW, THE COMMISSION MAY  
36 ESTABLISH A FEE FOR THE FILING OF AN ANNUAL BENEFIT REPORT DELIVERED TO THE  
37 COMMISSION PURSUANT TO SECTION 10-2442. THE FEE SHALL BE DETERMINED BY A  
38 MAJORITY VOTE OF THE COMMISSIONERS.

39 ~~L.~~ M. For the purposes of this section, "supermajority" means an  
40 affirmative vote of at least four commissioners.

1           Sec. 2. Section 10-1302, Arizona Revised Statutes, is amended to read:

2           10-1302. Right to dissent

3           A. A shareholder is entitled to dissent from and obtain payment of the  
4 fair value of the shareholder's shares in the event of any of the following  
5 corporate actions:

6           1. Consummation of a plan of merger to which the corporation is a  
7 party if either:

8           (a) Shareholder approval is required for the merger by section 10-1103  
9 or the articles of incorporation and if the shareholder is entitled to vote  
10 on the merger.

11           (b) The corporation is a subsidiary that is merged with its parent  
12 under section 10-1104.

13           2. Consummation of a plan of share exchange to which the corporation  
14 is a party as the corporation whose shares will be acquired, if the  
15 shareholder is entitled to vote on the plan.

16           3. Consummation of a sale or exchange of all or substantially all of  
17 the property of the corporation other than in the usual and regular course of  
18 business, if the shareholder is entitled to vote on the sale or exchange,  
19 including a sale in dissolution, but not including a sale pursuant to a court  
20 order or a sale for cash pursuant to a plan by which all or substantially all  
21 of the net proceeds of the sale will be distributed to the shareholders  
22 within one year after the date of sale.

23           4. An amendment of the articles of incorporation that materially and  
24 adversely affects rights in respect of a dissenter's shares because it  
25 either:

26           (a) Alters or abolishes a preferential right of the shares.

27           (b) Creates, alters or abolishes a right in respect of redemption,  
28 including a provision respecting a sinking fund for the redemption or  
29 repurchase, of the shares.

30           (c) Alters or abolishes a preemptive right of the holder of the shares  
31 to acquire shares or other securities.

32           (d) Excludes or limits the right of the shares to vote on any matter  
33 or to cumulate votes other than a limitation by dilution through issuance of  
34 shares or other securities with similar voting rights.

35           (e) Reduces the number of shares owned by the shareholder to a  
36 fraction of a share if the fractional share so created is to be acquired for  
37 cash under section 10-604.

38           5. Any corporate action taken pursuant to a shareholder vote to the  
39 extent the articles of incorporation, the bylaws or a resolution of the board

1 of directors provides that voting or nonvoting shareholders are entitled to  
2 dissent and obtain payment for their shares.

3 6. AN ELECTION OF THE SHAREHOLDERS PURSUANT TO SECTION 10-2404 TO HAVE  
4 BENEFIT CORPORATION STATUS OR AN ELECTION OF THE SHAREHOLDERS PURSUANT TO  
5 SECTION 10-2405 TO TERMINATE STATUS AS A BENEFIT CORPORATION.

6 B. A shareholder entitled to dissent and obtain payment for his shares  
7 under this chapter may not challenge the corporate action creating the  
8 shareholder's entitlement unless the action is unlawful or fraudulent with  
9 respect to the shareholder or the corporation.

10 C. This section does not apply to the holders of shares of any class  
11 or series if the shares of the class or series are redeemable securities  
12 issued by a registered investment company as defined pursuant to the  
13 investment company act of 1940 (15 United States Code section 80a-1 through  
14 80a-64).

15 D. Unless the articles of incorporation of the corporation provide  
16 otherwise, this section does not apply to the holders of shares of a class or  
17 series if the shares of the class or series were registered on a national  
18 securities exchange, were listed on the national market systems of the  
19 national association of securities dealers automated quotation system or were  
20 held of record by at least two thousand shareholders on the date fixed to  
21 determine the shareholders entitled to vote on the proposed corporate action.

22 Sec. 3. Title 10, Arizona Revised Statutes, is amended by adding  
23 chapter 22, to read:

24 CHAPTER 22

25 BENEFIT CORPORATIONS

26 ARTICLE 1. GENERAL PROVISIONS

27 10-2401. Application and effect of chapter

28 A. THIS CHAPTER IS APPLICABLE TO ALL BENEFIT CORPORATIONS.

29 B. THE EXISTENCE OF A PROVISION OF THIS CHAPTER DOES NOT OF ITSELF  
30 CREATE AN IMPLICATION THAT A CONTRARY OR DIFFERENT RULE OF LAW IS APPLICABLE  
31 TO A BUSINESS CORPORATION THAT IS NOT A BENEFIT CORPORATION. THIS CHAPTER  
32 DOES NOT AFFECT A STATUTE OR RULE OF LAW THAT IS APPLICABLE TO A BUSINESS  
33 CORPORATION THAT IS NOT A BENEFIT CORPORATION.

34 C. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, CHAPTERS 1, 2, 3, 4,  
35 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16 AND 17 OF THIS TITLE ARE GENERALLY  
36 APPLICABLE TO ALL BENEFIT CORPORATIONS. THE SPECIFIC PROVISIONS OF THIS  
37 CHAPTER CONTROL OVER THE GENERAL PROVISIONS OF CHAPTERS 1 THROUGH 17 OF THIS  
38 TITLE.

1 D. A BENEFIT CORPORATION MAY BE SUBJECT SIMULTANEOUSLY TO THIS CHAPTER  
2 AND CHAPTER 18 OR 20 OF THIS TITLE. IN THAT EVENT, THE PROVISIONS OF THIS  
3 CHAPTER CONTROL OVER CHAPTER 18 OR 20.

4 E. A PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS OF A BENEFIT  
5 CORPORATION MAY NOT LIMIT, BE INCONSISTENT WITH OR SUPERSEDE A PROVISION OF  
6 THIS CHAPTER.

7 10-2402. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "BENEFIT CORPORATION" MEANS A CORPORATION THAT BOTH:

10 (a) HAS ELECTED TO BECOME SUBJECT TO THIS CHAPTER.

11 (b) THE STATUS OF WHICH AS A BENEFIT CORPORATION HAS NOT BEEN  
12 TERMINATED.

13 2. "BENEFIT ENFORCEMENT PROCEEDING" MEANS ANY CLAIM OR ACTION FOR  
14 EITHER OF THE FOLLOWING:

15 (a) THE FAILURE OF A BENEFIT CORPORATION TO PURSUE OR CREATE GENERAL  
16 PUBLIC BENEFIT OR A SPECIFIC PUBLIC BENEFIT PURPOSE SET FORTH IN ITS  
17 ARTICLES.

18 (b) A VIOLATION OF ANY OBLIGATION, DUTY OR STANDARD OF CONDUCT UNDER  
19 THIS CHAPTER.

20 3. "GENERAL PUBLIC BENEFIT" MEANS A MATERIAL POSITIVE IMPACT ON  
21 SOCIETY AND THE ENVIRONMENT, TAKEN AS A WHOLE, ASSESSED AGAINST A THIRD-PARTY  
22 STANDARD, FROM THE BUSINESS AND OPERATIONS OF A BENEFIT CORPORATION.

23 4. "MINIMUM STATUS VOTE" MEANS:

24 (a) IN THE CASE OF A BUSINESS CORPORATION, IN ADDITION TO ANY OTHER  
25 REQUIRED APPROVAL OR VOTE, THE SATISFACTION OF THE FOLLOWING CONDITIONS:

26 (i) THE SHAREHOLDERS OF EVERY CLASS OR SERIES ARE ENTITLED TO VOTE AS  
27 A SEPARATE VOTING GROUP ON THE CORPORATE ACTION REGARDLESS OF A LIMITATION  
28 STATED IN THE ARTICLES OF INCORPORATION OR BYLAWS ON THE VOTING RIGHTS OF ANY  
29 CLASS OR SERIES.

30 (ii) THE CORPORATE ACTION IS APPROVED BY VOTE OF THE SHAREHOLDERS OF  
31 EACH CLASS OR SERIES ENTITLED TO CAST AT LEAST TWO-THIRDS OF THE VOTES THAT  
32 ALL SHAREHOLDERS OF THE CLASS OR SERIES ARE ENTITLED TO CAST ON THE ACTION.

33 (b) IN THE CASE OF A DOMESTIC ENTITY OTHER THAN A BUSINESS  
34 CORPORATION, IN ADDITION TO ANY OTHER REQUIRED APPROVAL, VOTE OR CONSENT, THE  
35 SATISFACTION OF THE FOLLOWING CONDITIONS:

36 (i) THE HOLDERS OF EVERY CLASS OR SERIES OF EQUITY INTEREST IN THE  
37 ENTITY THAT ARE ENTITLED TO RECEIVE A DISTRIBUTION OF ANY KIND FROM THE  
38 ENTITY ARE ENTITLED TO VOTE ON OR CONSENT TO THE ACTION REGARDLESS OF ANY  
39 OTHERWISE APPLICABLE LIMITATION ON THE VOTING OR CONSENT RIGHTS OF ANY CLASS  
40 OR SERIES.

1 (ii) THE ACTION IS APPROVED BY VOTE OR CONSENT OF THE HOLDERS  
2 DESCRIBED IN ITEM (i) OF THIS SUBDIVISION ENTITLED TO CAST AT LEAST  
3 TWO-THIRDS OF THE VOTES OR CONSENTS THAT ALL OF THOSE HOLDERS ARE ENTITLED TO  
4 CAST ON THE ACTION.

5 5. "SPECIFIC PUBLIC BENEFIT" INCLUDES:

6 (a) PROVIDING LOW-INCOME OR UNDERSERVED INDIVIDUALS OR COMMUNITIES  
7 WITH BENEFICIAL PRODUCTS OR SERVICES.

8 (b) PROMOTING ECONOMIC OPPORTUNITY FOR INDIVIDUALS OR COMMUNITIES  
9 BEYOND THE CREATION OF JOBS IN THE NORMAL COURSE OF BUSINESS.

10 (c) PROTECTING OR RESTORING THE ENVIRONMENT.

11 (d) IMPROVING HUMAN HEALTH.

12 (e) PROMOTING THE ARTS, SCIENCES OR ADVANCEMENT OF KNOWLEDGE.

13 (f) INCREASING THE FLOW OF CAPITAL TO ENTITIES WITH A PURPOSE TO  
14 BENEFIT SOCIETY OR THE ENVIRONMENT.

15 (g) CONFERRING ANY OTHER PARTICULAR BENEFIT ON SOCIETY OR THE  
16 ENVIRONMENT AS SPECIFIED IN THE BENEFIT CORPORATION'S ARTICLES OF  
17 INCORPORATION.

18 6. "SUBSIDIARY" MEANS, IN RELATION TO A PERSON, AN ENTITY IN WHICH THE  
19 PERSON OWNS BENEFICIALLY OR OF RECORD FIFTY PER CENT OR MORE OF THE  
20 OUTSTANDING EQUITY INTERESTS.

21 7. "SUPERMAJORITY STATUS VOTE" MEANS:

22 (a) FOR A BUSINESS CORPORATION, IN ADDITION TO ANY OTHER REQUIRED  
23 APPROVAL OR VOTE, THE SATISFACTION OF THE FOLLOWING CONDITIONS:

24 (i) THE SHAREHOLDERS OF EVERY CLASS OR SERIES ARE ENTITLED TO VOTE AS  
25 A SEPARATE VOTING GROUP ON THE CORPORATE ACTION REGARDLESS OF A LIMITATION  
26 STATED IN THE ARTICLES OF INCORPORATION OR BYLAWS ON THE VOTING RIGHTS OF ANY  
27 CLASS OR SERIES.

28 (ii) THE CORPORATE ACTION IS APPROVED BY VOTE OF THE SHAREHOLDERS OF  
29 EACH CLASS OR SERIES ENTITLED TO CAST AT LEAST THREE-FOURTHS OF THE VOTES  
30 THAT ALL SHAREHOLDERS OF THE CLASS OR SERIES ARE ENTITLED TO CAST ON THE  
31 ACTION.

32 (b) FOR A DOMESTIC ENTITY OTHER THAN A BUSINESS CORPORATION, IN  
33 ADDITION TO ANY OTHER REQUIRED APPROVAL, VOTE OR CONSENT, THE SATISFACTION OF  
34 THE FOLLOWING CONDITIONS:

35 (i) THE HOLDERS OF EVERY CLASS OR SERIES OF EQUITY INTEREST IN THE  
36 ENTITY THAT ARE ENTITLED TO RECEIVE A DISTRIBUTION OF ANY KIND FROM THE  
37 ENTITY ARE ENTITLED TO VOTE ON OR CONSENT TO THE ACTION REGARDLESS OF ANY  
38 OTHERWISE APPLICABLE LIMITATION ON THE VOTING OR CONSENT RIGHTS OF ANY CLASS  
39 OR SERIES.

1 (ii) THE ACTION IS APPROVED BY VOTE OR CONSENT OF THE HOLDERS  
2 DESCRIBED IN ITEM (i) OF THIS SUBDIVISION ENTITLED TO CAST AT LEAST  
3 THREE-FOURTHS OF THE VOTES OR CONSENTS THAT ALL OF THOSE HOLDERS ARE ENTITLED  
4 TO CAST ON THE ACTION.

5 8. "THIRD-PARTY STANDARD" MEANS A RECOGNIZED STANDARD FOR DEFINING,  
6 REPORTING AND ASSESSING CORPORATE SOCIAL AND ENVIRONMENTAL PERFORMANCE THAT  
7 IS:

8 (a) COMPREHENSIVE BECAUSE IT ASSESSES THE EFFECT OF A BUSINESS AND ITS  
9 OPERATIONS ON THE INTERESTS LISTED IN SECTION 10-2431, SUBSECTION A,  
10 PARAGRAPH 1.

11 (b) DEVELOPED BY AN ENTITY THAT IS NOT CONTROLLED BY THE BENEFIT  
12 CORPORATION.

13 (c) CREDIBLE BECAUSE IT IS DEVELOPED BY AN ENTITY THAT BOTH:

14 (i) HAS ACCESS TO NECESSARY EXPERTISE TO ASSESS OVERALL CORPORATE  
15 SOCIAL AND ENVIRONMENTAL PERFORMANCE.

16 (ii) USES A BALANCED MULTISTAKEHOLDER APPROACH TO DEVELOP THE  
17 STANDARD, INCLUDING A REASONABLE PUBLIC COMMENT PERIOD.

18 (d) TRANSPARENT BECAUSE THE FOLLOWING INFORMATION IS PUBLICLY  
19 AVAILABLE ABOUT THE STANDARD:

20 (i) THE CRITERIA CONSIDERED WHEN MEASURING THE OVERALL SOCIAL AND  
21 ENVIRONMENTAL PERFORMANCE OF A BUSINESS.

22 (ii) THE RELATIVE WEIGHTINGS, IF ANY, OF THOSE CRITERIA.

23 (e) TRANSPARENT BECAUSE THE FOLLOWING INFORMATION IS PUBLICLY  
24 AVAILABLE ABOUT THE DEVELOPMENT AND REVISION OF THE STANDARD:

25 (i) THE IDENTITY OF THE DIRECTORS, OFFICERS, MATERIAL OWNERS AND  
26 GOVERNING BODY OF THE ENTITY THAT DEVELOPED AND CONTROLS REVISIONS TO THE  
27 STANDARD.

28 (ii) THE PROCESS BY WHICH REVISIONS TO THE STANDARD AND CHANGES TO THE  
29 MEMBERSHIP OF THE GOVERNING BODY ARE MADE.

30 (iii) AN ACCOUNTING OF THE REVENUE AND SOURCES OF FINANCIAL SUPPORT  
31 FOR THE ENTITY, WITH SUFFICIENT DETAIL TO DISCLOSE ANY RELATIONSHIPS THAT  
32 COULD REASONABLY BE CONSIDERED TO PRESENT A POTENTIAL CONFLICT OF INTEREST.

33 10-2403. Incorporation of benefit corporation

34 A BENEFIT CORPORATION SHALL BE INCORPORATED IN ACCORDANCE WITH CHAPTER  
35 2, ARTICLE 1 OF THIS TITLE, EXCEPT THAT ITS ARTICLES OF INCORPORATION MUST  
36 ALSO STATE THAT IT IS A BENEFIT CORPORATION.

37 10-2404. Election of benefit corporation status

38 A. AN EXISTING BUSINESS CORPORATION MAY BECOME A BENEFIT CORPORATION  
39 UNDER THIS CHAPTER BY AMENDING ITS ARTICLES OF INCORPORATION SO THAT THEY  
40 CONTAIN, IN ADDITION TO THE REQUIREMENTS OF SECTION 10-202, A STATEMENT THAT

1 THE CORPORATION IS A BENEFIT CORPORATION. IN ORDER TO BE EFFECTIVE, THE  
2 AMENDMENT MUST BE ADOPTED BY AT LEAST THE SUPERMAJORITY STATUS VOTE.

3 B. IF AN ENTITY THAT IS NOT A BENEFIT CORPORATION IS A PARTY TO A  
4 MERGER OR THE ACQUIRED ENTITY IN A SHARE EXCHANGE, AND THE SURVIVING OR  
5 ACQUIRED ENTITY IN THE MERGER OR SHARE EXCHANGE IS TO BE A BENEFIT  
6 CORPORATION, THE PLAN OF MERGER OR SHARE EXCHANGE MUST BE ADOPTED BY AT LEAST  
7 THE SUPERMAJORITY STATUS VOTE.

8 10-2405. Termination of benefit corporation status

9 A. A BENEFIT CORPORATION MAY TERMINATE ITS STATUS AS A BENEFIT  
10 CORPORATION AND CEASE TO BE SUBJECT TO THIS CHAPTER BY AMENDING ITS ARTICLES  
11 OF INCORPORATION TO DELETE THE PROVISION REQUIRED BY SECTIONS 10-2403 OR  
12 10-2404 TO BE STATED IN THE ARTICLES OF A BENEFIT CORPORATION. IN ORDER TO  
13 BE EFFECTIVE, THE AMENDMENT MUST BE ADOPTED BY AT LEAST THE MINIMUM STATUS  
14 VOTE.

15 B. IF A PLAN OF MERGER OR SHARE EXCHANGE WOULD HAVE THE EFFECT OF  
16 TERMINATING THE STATUS OF A BUSINESS CORPORATION AS A BENEFIT CORPORATION,  
17 THE PLAN MUST BE ADOPTED BY AT LEAST THE MINIMUM STATUS VOTE IN ORDER TO BE  
18 EFFECTIVE. ANY SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL OR  
19 SUBSTANTIALLY ALL OF THE ASSETS OF A BENEFIT CORPORATION, UNLESS THE  
20 TRANSACTION IS IN THE USUAL AND REGULAR COURSE OF BUSINESS, SHALL NOT BE  
21 EFFECTIVE UNLESS THE TRANSACTION IS APPROVED BY AT LEAST THE MINIMUM STATUS  
22 VOTE.

23 ARTICLE 2. CORPORATE PURPOSES

24 10-2421. Corporate purposes

25 A. A BENEFIT CORPORATION SHALL HAVE A PURPOSE OF CREATING GENERAL  
26 PUBLIC BENEFIT. THIS PURPOSE IS IN ADDITION TO ITS PURPOSE UNDER SECTION  
27 10-301.

28 B. THE ARTICLES OF INCORPORATION OF A BENEFIT CORPORATION MAY IDENTIFY  
29 ONE OR MORE SPECIFIC PUBLIC BENEFITS THAT IT IS THE PURPOSE OF THE BENEFIT  
30 CORPORATION TO CREATE IN ADDITION TO ITS PURPOSES UNDER SECTION 10-301 AND  
31 SUBSECTION A OF THIS SECTION. THE IDENTIFICATION OF A SPECIFIC PUBLIC  
32 BENEFIT UNDER THIS SUBSECTION DOES NOT LIMIT THE OBLIGATION OF A BENEFIT  
33 CORPORATION UNDER SUBSECTION A OF THIS SECTION.

34 C. THE CREATION OF GENERAL PUBLIC BENEFIT AND A SPECIFIC PUBLIC  
35 BENEFIT UNDER SUBSECTIONS A AND B OF THIS SECTION IS IN THE BEST INTERESTS OF  
36 THE BENEFIT CORPORATION.

37 D. A BENEFIT CORPORATION MAY AMEND ITS ARTICLES OF INCORPORATION TO  
38 ADD, AMEND OR DELETE THE IDENTIFICATION OF A SPECIFIC PUBLIC BENEFIT THAT IT  
39 IS THE PURPOSE OF THE BENEFIT CORPORATION TO CREATE. IN ORDER TO BE  
40 EFFECTIVE, THE AMENDMENT MUST BE ADOPTED BY AT LEAST THE MINIMUM STATUS VOTE.

1 E. A PROFESSIONAL CORPORATION THAT IS A BENEFIT CORPORATION DOES NOT  
2 VIOLATE SECTION 10-2211 BY HAVING THE PURPOSE TO CREATE GENERAL PUBLIC  
3 BENEFIT OR A SPECIFIC PUBLIC BENEFIT.

4 ARTICLE 3. ACCOUNTABILITY

5 10-2431. Standard of conduct for directors

6 A. IN DISCHARGING THE DUTIES OF THEIR RESPECTIVE POSITIONS AND IN  
7 CONSIDERING THE BEST INTERESTS OF THE BENEFIT CORPORATION, THE BOARD OF  
8 DIRECTORS, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS OF A BENEFIT  
9 CORPORATION:

10 1. SHALL CONSIDER THE EFFECTS OF ANY ACTION OR INACTION ON:

11 (a) THE SHAREHOLDERS OF THE BENEFIT CORPORATION.

12 (b) THE EMPLOYEES AND WORKFORCE OF THE BENEFIT CORPORATION, ITS  
13 SUBSIDIARIES AND ITS SUPPLIERS.

14 (c) THE INTERESTS OF CUSTOMERS AS BENEFICIARIES OF THE GENERAL PUBLIC  
15 BENEFIT OR SPECIFIC PUBLIC BENEFIT PURPOSES OF THE BENEFIT CORPORATION.

16 (d) COMMUNITY AND SOCIETAL FACTORS, INCLUDING THOSE OF EACH COMMUNITY  
17 IN WHICH OFFICES OR FACILITIES OF THE BENEFIT CORPORATION, ITS SUBSIDIARIES  
18 OR ITS SUPPLIERS ARE LOCATED.

19 (e) THE LOCAL AND GLOBAL ENVIRONMENT.

20 (f) THE SHORT-TERM AND LONG-TERM INTERESTS OF THE BENEFIT CORPORATION,  
21 INCLUDING BENEFITS THAT MAY ACCRUE TO THE BENEFIT CORPORATION FROM ITS  
22 LONG-TERM PLANS AND THE POSSIBILITY THAT THESE INTERESTS MAY BE BEST SERVED  
23 BY THE CONTINUED INDEPENDENCE OF THE BENEFIT CORPORATION.

24 (g) THE ABILITY OF THE BENEFIT CORPORATION TO ACCOMPLISH ITS GENERAL  
25 PUBLIC BENEFIT PURPOSE AND ANY SPECIFIC PUBLIC BENEFIT PURPOSE.

26 2. MAY CONSIDER THE INTERESTS REFERRED TO IN SECTION 10-2702 AND OTHER  
27 PERTINENT FACTORS OR THE INTERESTS OF ANY OTHER GROUP THAT THEY DEEM  
28 APPROPRIATE EXCEPT THAT THEY DO NOT HAVE TO GIVE PRIORITY TO THE INTERESTS OF  
29 A PARTICULAR PERSON OR GROUP REFERRED TO IN THIS SUBSECTION OVER THE  
30 INTERESTS OF ANY OTHER PERSON OR GROUP UNLESS THE BENEFIT CORPORATION HAS  
31 STATED IN ITS ARTICLES OF INCORPORATION ITS INTENTION TO GIVE PRIORITY TO  
32 CERTAIN INTERESTS RELATED TO ITS ACCOMPLISHMENT OF ITS GENERAL PUBLIC BENEFIT  
33 PURPOSE OR OF A SPECIFIC PUBLIC BENEFIT PURPOSE IDENTIFIED IN ITS ARTICLES.

34 B. THE CONSIDERATION OF INTERESTS AND FACTORS IN THE MANNER REQUIRED  
35 BY SUBSECTION A OF THIS SECTION DOES NOT CONSTITUTE A VIOLATION OF SECTION  
36 10-830.

37 C. EXCEPT AS PROVIDED IN THE ARTICLES OF INCORPORATION OR BYLAWS AND  
38 IN SUBSECTION E OF THIS SECTION, A DIRECTOR IS NOT PERSONALLY LIABLE FOR  
39 MONETARY DAMAGES FOR:

1           1. ANY ACTION OR INACTION IN THE COURSE OF PERFORMING THE DUTIES OF A  
2 DIRECTOR UNDER SUBSECTION A OF THIS SECTION IF THE DIRECTOR PERFORMED THE  
3 DUTIES OF OFFICE IN COMPLIANCE WITH SECTION 10-830 AND THIS SECTION.

4           2. FAILURE OF THE BENEFIT CORPORATION TO PURSUE OR CREATE GENERAL  
5 PUBLIC BENEFIT OR A SPECIFIC PUBLIC BENEFIT.

6           D. A DIRECTOR DOES NOT HAVE A DUTY TO A PERSON THAT IS A BENEFICIARY  
7 OF THE GENERAL PUBLIC BENEFIT PURPOSE OR A SPECIFIC PUBLIC BENEFIT PURPOSE OF  
8 A BENEFIT CORPORATION ARISING FROM THE STATUS OF THE PERSON AS A BENEFICIARY.

9           E. SUBSECTION C OF THIS SECTION DOES NOT APPLY TO A DIRECTOR'S  
10 CONFLICTING INTEREST TRANSACTION, AS DEFINED IN SECTION 10-860, IN WHICH THE  
11 DIRECTOR HAS DIRECTLY OR INDIRECTLY BENEFITTED.

12           10-2432. Standard of conduct for officers

13           A. EACH OFFICER OF A BENEFIT CORPORATION SHALL CONSIDER THE INTERESTS  
14 AND FACTORS DESCRIBED IN SECTION 10-2431, SUBSECTION A, IN THE MANNER  
15 PROVIDED IN THAT SUBSECTION, IF BOTH OF THE FOLLOWING APPLY:

16           1. THE OFFICER HAS DISCRETION TO ACT WITH RESPECT TO A MATTER.

17           2. IT REASONABLY APPEARS TO THE OFFICER THAT THE MATTER MAY HAVE A  
18 MATERIAL EFFECT ON THE GENERAL PUBLIC BENEFIT OR SPECIFIC PUBLIC BENEFIT  
19 IDENTIFIED IN THE ARTICLES OF INCORPORATION OF THE BENEFIT CORPORATION.

20           B. THE CONSIDERATION OF INTERESTS AND FACTORS IN THE MANNER DESCRIBED  
21 IN SUBSECTION A OF THIS SECTION DOES NOT CONSTITUTE A VIOLATION OF SECTION  
22 10-842.

23           C. EXCEPT AS PROVIDED IN THE ARTICLES OF INCORPORATION OR BYLAWS, AN  
24 OFFICER IS NOT PERSONALLY LIABLE FOR MONETARY DAMAGES FOR EITHER OF THE  
25 FOLLOWING:

26           1. AN ACTION OR INACTION AS AN OFFICER IN THE COURSE OF PERFORMING THE  
27 DUTIES OF AN OFFICER UNDER SUBSECTION A OF THIS SECTION IF THE OFFICER  
28 PERFORMED THE DUTIES OF THE POSITION IN COMPLIANCE WITH SECTION 10-842 AND  
29 THIS SECTION.

30           2. FAILURE OF THE BENEFIT CORPORATION TO PURSUE OR CREATE GENERAL  
31 PUBLIC BENEFIT OR A SPECIFIC PUBLIC BENEFIT.

32           D. AN OFFICER DOES NOT HAVE A DUTY TO A PERSON THAT IS A BENEFICIARY  
33 OF THE GENERAL PUBLIC BENEFIT PURPOSE OR THE SPECIFIC PUBLIC BENEFIT PURPOSE  
34 OF A BENEFIT CORPORATION ARISING FROM THE STATUS OF THE PERSON AS A  
35 BENEFICIARY.

36           E. AN OFFICER WHO MAKES A BUSINESS JUDGMENT IN GOOD FAITH FULFILLS THE  
37 DUTY UNDER THIS SECTION IF ALL OF THE FOLLOWING APPLY:

38           1. THE OFFICER IS NOT INTERESTED IN THE SUBJECT OF THE BUSINESS  
39 JUDGMENT.

1           2. THE OFFICER IS INFORMED WITH RESPECT TO THE SUBJECT OF THE BUSINESS  
2 JUDGMENT TO THE EXTENT THE OFFICER REASONABLY BELIEVES TO BE APPROPRIATE  
3 UNDER THE CIRCUMSTANCES.

4           3. THE OFFICER RATIONALLY BELIEVES THAT THE BUSINESS JUDGMENT IS IN  
5 THE BEST INTERESTS OF THE BENEFIT CORPORATION.

6           10-2433. Right of action

7           A. EXCEPT IN A BENEFIT ENFORCEMENT PROCEEDING, A PERSON MAY NOT BRING  
8 AN ACTION OR ASSERT A CLAIM AGAINST A BENEFIT CORPORATION OR ITS DIRECTORS OR  
9 OFFICERS WITH RESPECT TO EITHER OF THE FOLLOWING:

10           1. THE FAILURE TO PURSUE OR CREATE GENERAL PUBLIC BENEFIT OR A  
11 SPECIFIC PUBLIC BENEFIT SET FORTH IN ITS ARTICLES OF INCORPORATION.

12           2. THE VIOLATION OF AN OBLIGATION, DUTY OR STANDARD OF CONDUCT UNDER  
13 THIS CHAPTER.

14           B. A BENEFIT CORPORATION IS NOT LIABLE FOR MONETARY DAMAGES UNDER THIS  
15 CHAPTER FOR ANY FAILURE OF THE BENEFIT CORPORATION TO PURSUE OR CREATE  
16 GENERAL PUBLIC BENEFIT OR A SPECIFIC PUBLIC BENEFIT.

17           C. A BENEFIT ENFORCEMENT PROCEEDING MAY BE COMMENCED OR MAINTAINED  
18 ONLY BY EITHER OF THE FOLLOWING:

19           1. DIRECTLY BY THE BENEFIT CORPORATION.

20           2. DERIVATIVELY IN ACCORDANCE WITH CHAPTER 7, ARTICLE 4 OF THIS TITLE  
21 BY ANY OF THE FOLLOWING:

22           (a) A PERSON OR GROUP OF PERSONS THAT OWNS BENEFICIALLY OR OF RECORD  
23 AT LEAST TWO PER CENT OF THE TOTAL NUMBER OF SHARES OF ALL CLASSES AND SERIES  
24 OUTSTANDING AT THE TIME OF THE ACT OR OMISSION THAT IS THE SUBJECT OF THE  
25 COMPLAINT.

26           (b) A DIRECTOR.

27           (c) A PERSON OR GROUP OF PERSONS THAT OWNS BENEFICIALLY OR OF RECORD  
28 FIVE PER CENT OR MORE OF THE OUTSTANDING EQUITY INTERESTS IN AN ENTITY OF  
29 WHICH THE BENEFIT CORPORATION IS A SUBSIDIARY AT THE TIME OF THE ACT OR  
30 OMISSION THAT IS THE SUBJECT OF THE COMPLAINT.

31           (d) OTHER PERSONS AS SPECIFIED IN THE ARTICLES OF INCORPORATION OR  
32 BYLAWS OF THE BENEFIT CORPORATION.

33           D. FOR PURPOSES OF THIS SECTION, A PERSON IS THE BENEFICIAL OWNER OF  
34 SHARES OR EQUITY INTERESTS IF THE SHARES OR EQUITY INTERESTS ARE HELD IN A  
35 VOTING TRUST OR BY A NOMINEE ON BEHALF OF THE BENEFICIAL OWNER.

36           ARTICLE 4. TRANSPARENCY

37           10-2441. Preparation of annual benefit report

38           A. A BENEFIT CORPORATION SHALL PREPARE AN ANNUAL BENEFIT REPORT THAT  
39 INCLUDES ALL OF THE FOLLOWING:

40           1. A NARRATIVE DESCRIPTION OF:

1 (a) THE WAYS IN WHICH THE BENEFIT CORPORATION PURSUED GENERAL PUBLIC  
2 BENEFIT DURING THE YEAR AND THE EXTENT TO WHICH GENERAL PUBLIC BENEFIT WAS  
3 CREATED.

4 (b) BOTH:

5 (i) THE WAYS IN WHICH THE BENEFIT CORPORATION PURSUED A SPECIFIC  
6 PUBLIC BENEFIT THAT THE ARTICLES OF INCORPORATION STATE IS THE PURPOSE OF THE  
7 BENEFIT CORPORATION TO CREATE.

8 (ii) THE EXTENT TO WHICH THE SPECIFIC PUBLIC BENEFIT WAS CREATED.

9 (c) ANY CIRCUMSTANCES THAT HAVE HINDERED THE BENEFIT CORPORATION IN  
10 CREATING GENERAL PUBLIC BENEFIT OR A SPECIFIC PUBLIC BENEFIT.

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

13 2. AN ASSESSMENT OF THE OVERALL SOCIAL AND ENVIRONMENTAL PERFORMANCE  
14 OF THE BENEFIT CORPORATION AGAINST A THIRD-PARTY STANDARD THAT IS EITHER OF  
15 THE FOLLOWING:

16 (a) APPLIED CONSISTENTLY WITH ANY APPLICATION OF THAT STANDARD IN  
17 PRIOR BENEFIT REPORTS.

18 (b) ACCOMPANIED BY AN EXPLANATION OF THE REASONS FOR EITHER OF THE  
19 FOLLOWING:

20 (i) ANY INCONSISTENT APPLICATION.

21 (ii) THE CHANGE TO THAT STANDARD FROM THE ONE USED IN THE IMMEDIATELY  
22 PRIOR REPORT.

23 3. THE COMPENSATION PAID BY THE BENEFIT CORPORATION DURING THE YEAR TO  
24 EACH DIRECTOR IN THE CAPACITY OF A DIRECTOR.

25 4. A STATEMENT OF ANY CONNECTION BETWEEN THE ORGANIZATION THAT  
26 ESTABLISHED THE THIRD-PARTY STANDARD, OR ITS DIRECTORS, ITS OFFICERS OR ANY  
27 HOLDER OF FIVE PER CENT OR MORE OF THE GOVERNANCE INTERESTS IN THE  
28 ORGANIZATION AND THE BENEFIT CORPORATION OR ITS DIRECTORS, ITS OFFICERS OR  
29 ANY HOLDER OF FIVE PER CENT OR MORE OF THE OUTSTANDING SHARES OF THE BENEFIT  
30 CORPORATION, OR ANY OTHER FINANCIAL OR GOVERNANCE RELATIONSHIP THAT MIGHT  
31 MATERIALLY AFFECT THE CREDIBILITY OF THE USE OF THE THIRD-PARTY STANDARD.

32 B. NEITHER THE BENEFIT REPORT NOR THE ASSESSMENT OF THE PERFORMANCE OF  
33 THE BENEFIT CORPORATION IN THE BENEFIT REPORT REQUIRED BY SUBSECTION A,  
34 PARAGRAPH 2 OF THIS SECTION IS REQUIRED TO BE AUDITED OR CERTIFIED BY A  
35 THIRD-PARTY STANDARDS PROVIDER.

36 10-2442. Availability of annual benefit report

37 A. A BENEFIT CORPORATION SHALL SEND ITS ANNUAL BENEFIT REPORT TO EACH  
38 SHAREHOLDER:

39 1. WITHIN ONE HUNDRED TWENTY DAYS FOLLOWING THE END OF THE FISCAL YEAR  
40 OF THE BENEFIT CORPORATION.

1           2. AT THE SAME TIME THE BENEFIT CORPORATION DELIVERS ANY OTHER ANNUAL  
2 REPORT TO ITS SHAREHOLDERS.

3           B. A BENEFIT CORPORATION SHALL POST ALL OF ITS BENEFIT REPORTS ON THE  
4 PUBLIC PORTION OF ITS INTERNET WEBSITE, IF ANY, EXCEPT THAT THE COMPENSATION  
5 PAID TO DIRECTORS AND FINANCIAL OR PROPRIETARY INFORMATION INCLUDED IN THE  
6 BENEFIT REPORTS MAY BE OMITTED FROM THE BENEFIT REPORTS AS POSTED.

7           C. IF A BENEFIT CORPORATION DOES NOT HAVE AN INTERNET WEBSITE, THE  
8 BENEFIT CORPORATION SHALL PROVIDE A COPY OF ITS MOST RECENT BENEFIT REPORT,  
9 WITHOUT CHARGE, TO ANY PERSON THAT REQUESTS A COPY, EXCEPT THAT THE  
10 COMPENSATION PAID TO DIRECTORS AND FINANCIAL OR PROPRIETARY INFORMATION  
11 INCLUDED IN THE BENEFIT REPORT MAY BE OMITTED FROM THE COPY OF THE BENEFIT  
12 REPORT PROVIDED.

13           D. CONCURRENTLY WITH THE DELIVERY OF THE BENEFIT REPORT TO  
14 SHAREHOLDERS UNDER SUBSECTION A OF THIS SECTION, THE BENEFIT CORPORATION  
15 SHALL DELIVER A COPY OF THE BENEFIT REPORT TO THE ARIZONA CORPORATION  
16 COMMISSION FOR FILING, EXCEPT THAT THE COMPENSATION PAID TO DIRECTORS AND  
17 FINANCIAL OR PROPRIETARY INFORMATION INCLUDED IN THE BENEFIT REPORT MAY BE  
18 OMITTED FROM THE BENEFIT REPORT AS DELIVERED TO THE ARIZONA CORPORATION  
19 COMMISSION.

20           Sec. 4. Effective date

21           This act is effective from and after December 31, 2014."

22 Amend title to conform

and, as so amended, it do pass

THOMAS FORESE  
Chairman

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