

(S. B. 979)

(No. 233-2015)

(Approved December 22, 2015)

AN ACT

To create the Public Benefit Corporations and Low-Profit Limited Liability Companies types; amend subsection (e) of Section 19.01; add subsection (p) to Section 19.01; amend subsection (1) of Section 19.02; add subsection (c) to Section 19.06; add subsection (a)(6) to Section 19.47; and add a Chapter XXIII to Act No. 164-2009, as amended, known as the “General Corporations Act”; define and delimit the scope of action, duties, and rights of Public Benefit Corporations, the directors, shareholders, and officers thereof; and direct the Department of State of the Commonwealth of Puerto Rico to update its forms and regulations to include this new corporate type.

STATEMENT OF MOTIVES

The realities of inequality and poverty call for capitalism with a human face. One of the fastest-growing economic sectors during the global economic crisis has been social entrepreneurship and the practice of alternative economies. These economic modalities are defined as an exchange of goods and services that is not based on traditional philanthropy or the return that encourages traditional capital investments. In a broad sense, the entrepreneurial basis of this sector is the creation of wealth by finding solutions to collective problems and improving society.

Given the great challenges posed by our weak economic system, social entrepreneurship for profit, the modality of investing in business and companies with a clear social end, and the proliferation of sustainable business practices have recently reached critical mass in Latin America, Europe, and North America. Most of the economies based on cultural innovation, technology, professional services, and environmental consulting that have recently developed are generated in small- and medium-sized business whose main goal is not to earn profit, but to benefit the

general society with their inventions and intellectual creations. The rather successful models that are being developed in Colombia, Chile, Brazil, California, Oregon, Washington, the United Kingdom, Spain, and the Republic of South Africa, among others, show that this is not an isolated phenomenon in the global economic system, but a successful response to its faults. It may also represent a new way of leading economic and social relations in a fairer, more responsible, and equitable manner.

Social entrepreneurship for profit did not appear out of nowhere. It has been the result of an increasing consumer demand of quality goods and services, at fair and accessible prices, and produced according to ethical and fair processes. Business ethics is not only important in the manner of producing goods, but also in the manner of rendering professional services such as Banking, Law, and Telecommunications, among others. For instance, a study published by J.P. Morgan revealed that, in 2010, ten percent (10%) of all assets invested in the United States were “Socially Responsible Investing,” amounting to approximately \$2.3 trillion. The same study estimated that the size of the socially responsible business market in 2010 increased from \$600 billion to \$1 trillion.

The favorable response to social entrepreneurship has caused tension between the so-called business’ social mission and the shareholder primacy principle of maximizing the value of shares and rate of return. Under our current legal system, the director of a for-profit corporation cannot openly promote a corporate policy rejecting the shareholder primacy principle, since it will be contrary to the fiduciary duty of such director, which compels him/her to make decisions based solely on the best financial interests of stockholders.

Furthermore, the Nonprofit Corporation Form, which has been used mainly to engage in activities that pursue a public benefit, has been traditionally limited to acquire capital for its business activities and share its profits. The inability of the nonprofit sector to access capital prevents it from providing its employees with a fair compensation (making more difficult to attract and retain talent) and prevents it from achieving some sort of stability.

The development of sustainable business, social impact investing, and social entrepreneurship is constrained by this outdated legal framework that is not equipped to accommodate for-profit entities whose mission is central to their existence.

To overcome these limitations, this Legislative Assembly deems it imperative to include within the corporate legal framework of Puerto Rico two new corporate types, that is, Public Benefit Corporations and Low-Profit Limited Liability Companies, better known as “L3C.” In the case of B Corporations, the legislative models of the states of Delaware and Louisiana, the *Ley de Economía Social del Reino de España de 2011*, and ISO 26000 Standard of the International Organization for Standardization were followed; in the case of Low-Profit Limited Liability Companies, the model developed by Robert Lang and promoted by Americans for Community Development and the models adopted by the states of Vermont, Illinois, Louisiana, and Rhode Island. This Legislative Assembly believes that the Public Benefit Corporations and Low-Profit Limited Liability Companies will best satisfy the needs of entrepreneurs, investors, consumers, communities and policymakers seeking to employ a socially responsible and fair business method to address social and environmental problems. These corporate forms help identifying certain sectors of social impact within the market, offers broader legal protection to its directors and officers, extends the rights of those

affected by business transactions, and provides greater access to capital than other existing corporate forms.

For all of the foregoing, it is the public policy of this Legislative Assembly to create the Public Benefit Corporations and Low-Profit Limited Liability Companies forms.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Subsection (e) of Section 19.01 of Act No. 164-2009, as amended, known as the “General Corporations Act,” is hereby amended to read as follows:

“(e) ‘Limited Liability Company’ or ‘LLC,’ and ‘Domestic Limited Liability Company’ or ‘DLLC.’ - Means a limited liability company created by one (1) or more persons under the laws of Puerto Rico, including without limitations a ‘Low-Profit Limited Liability Company’ or ‘LPLLC’ that meets all the requirements of subsection (c) of Section 19.06 of this Act.”

Section 2.- Subsection (f) of Section 19.01 of Act No. 164-2009, as amended, known as the “General Corporation Act,” is hereby amended to read as follows:

“(f) ‘Foreign LLC’ or ‘FLLC.’ - Means a Limited Liability Company or a Low-Profit Limited Liability Company created under the laws of any state of the United States or of any other foreign country or jurisdiction and denominated as such under the laws of said state, foreign country or jurisdiction.”

Section 3.- Subsection (p) is hereby added to Section 19.01 of Act No. 164-2009, as amended, known as the “General Corporations Act,” to read as follows:

“(p) ‘Low-Profit Limited Liability Company’ or ‘L.P.L.LC.’ - Commonly known as ‘L3Cs,’ means a limited Liability company organized for business

purposes that meets and is operated at all times to meet, each one of the requirements of subsection (c) of Section 19.06 of this Act.”

Section 4.- Subsection (1) of Section 19.02 of Act No. 164-2009, as amended, known as the “General Corporations Act,” is hereby amended to read as follows:

“(1) Shall contain the terms ‘Limited Liability Company’ or ‘Compañía de Responsabilidad Limitada’ or the abbreviation ‘L.L.C.’ or ‘C.R.L.’, or the designation ‘LLC’ or ‘CRL.’ For an L.P.L.L.C., it shall contain the terms a ‘Low-Profit Limited Liability Company’ or ‘Compañía de Responsabilidad Limitada con Fin Social’ or the abbreviation ‘L.P.L.LC.’ or ‘C.R.L.F.S.’ or the designation ‘LPLLC,’ ‘CRLFS’ or ‘L3C.’”

Section 5.- Subsection (c) is hereby added to Section 19.06 of Act No. 164-2009, as amended, known as the “General Corporations Act,” to read as follows:

“(c) Notwithstanding the provisions of this Chapter, a Low-Profit Limited Liability Company is a Limited Liability Company that at all times operates for a business purpose that satisfies each of the following requirements:

(1) The Limited Liability Company (i) significantly furthers the accomplishment of one or more of the purposes established in Section 170(c)(2)(B) of the Internal Revenue Code, and (ii) would not have been formed but for the company’s relationship to the accomplishment of one or more of such purposes;

(2) No significant purpose of the limited liability company is the production of income or the appreciation of property; provided, however, that the fact that a person produces significant income or property appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property; and

(3) No purpose of the limited liability company is to accomplish one or more political or legislative purposes within the meaning of Section 170(c)(2)(D) of the Internal Revenue Code.

If a limited liability company that has met the requirements of subsections (1) through (3) of this Section in its organization subsequently fails to satisfy one or more of said requirements, the company shall immediately cease to be a Low-Profit Limited Liability Company; provided, that if a company continues to meet all the other requirements of this Chapter, it shall continue to exist as a Limited Liability Company; provided, that within a term of sixty (60) days, the company shall change its name to meet the requirements of a Limited Liability Company other than a Low-Profit Limited Liability Company under Section 19.02 of this Chapter.

A ‘Low-Profit Limited Liability Company’ or ‘LPLLC’ shall comply with the provisions of Chapter XXIII that are not inconsistent with this Chapter.”

Section 6.- Subsection (a)(6) is hereby added to Section 19.47 of Act No. 164-2009, as amended, known as the “General Corporations Act,” to read as follows:

“(6) The Low-Profit Limited Liability Company fails to meet any of the requirements of subsection (c) of Section 19.06 of this Act and fails to file the necessary documentation to change its name to satisfy the requirements that govern the names of Limited Liability Companies other than Low-Profit Limited Liability Companies under Section 19.02 of this Chapter.”

Section 7.- Subsection “A” of Section 20.03 of Act No. 164-2009, as amended, known as the “General Corporations Act,” is hereby amended to read as follows:

“A. ‘Foreign Limited Liability Company’ or ‘FLLC’ may be registered to do business by the Secretary of State under any name (whether or not it is the name under which it is registered in the jurisdiction of its formation) which includes the words ‘Limited Liability Company,’ or ‘Compañía de Responsabilidad Limitada,’

‘Low-Profit Limited Liability Company,’ or ‘Compañía de Responsabilidad Limitada con Fin Social’, as the case may be, or the abbreviation ‘L.L.C.’, or ‘C.R.L.’, ‘L.P.L.L.C.’ or ‘C.R.L.F.S.’, as the case may be, or the designation ‘LLC’, ‘CRL,’ ‘LPLLC,’ or ‘CRLFS’ or ‘L3C’, as the case may be, and that could be registered by a DLLC or LLC. Provided, however, that an FLLC may register to do business under any name which is not such as to distinguish it upon the records of the Department of State from the name on such records of any corporation, partnership, statutory trust, limited liability company or limited partnership, whether domestic or foreign, reserved, registered, formed or organized under the laws of Puerto Rico with the written consent of the other corporation, partnership, statutory trust, limited liability company or limited partnership, which written consent shall be filed with the Secretary of State.”

Section 8.- Chapter XXIII is hereby added to Act No. 164-2009, as amended, known as the “General Corporation Act”, to read as follows:

“CHAPTER XXIII - PUBLIC BENEFIT CORPORATIONS

Section 23.01.- Applicable Law.-

This Chapter XXIII shall govern all Public Benefit Corporations, as defined in Section 23.03. If a corporation elects to become a Public Benefit Corporation under and as prescribed in this Chapter XXIII, it shall be subject to the provisions of this Act, except as otherwise provided in this Chapter.

Section 23.02.- Effect of this Chapter on other Laws.-

This Chapter shall not repeal any statute or legal provision that governs or may govern any corporation organized under the General Corporations Act other than a Public Benefit Corporation.

A Public Benefit Corporation may be simultaneously subject to this Chapter and other Chapters of this the General Corporations Act, which regulate the incorporation of other specific types of corporations, such as a professional or

for-profit corporation and close corporations, among other types provided in this Act.

Nothing provided in the Certificates of Incorporation, regulations, and bylaws of a Public Benefit Corporation may be inconsistent with the provisions of this Chapter.

Section 23.03.- Definitions.-

A. A Public Benefit Corporation is a for profit corporation that may issue stocks and capital stocks, organized in accordance with the requirements of this Chapter, whose mission and purposes are directed toward creating a general public benefit. For these purposes, a Benefit Corporation may be administered on the basis of the following four principles:

1. Primacy of the public benefit, which is attained by means of autonomous and transparent operations, making the people and their work and service contribution to the entity a priority in decision-making;
2. The application of the results obtained from the economic activity mainly to pursue the public benefit or end sought by the Corporation;
3. The promotion of solidarity within the corporation and with society in order to advance its commitment to local development, equal opportunity, social cohesion, and the integration of marginalized groups; and
4. Autonomy with respect to public powers, without impairing the rulemaking power of the State.

B. General Public Benefit means a material positive impact on society or the environment, measured and assessed against third-party standards, through activities that promote one or more of the following public benefits:

1. Serving low- or moderate-income individuals or communities, defined as those communities or individuals whose per capita household income is below eighty percent (80%) of the median income in Puerto Rico;

2. Promoting economic and employment opportunities for low-income individuals or communities defined as those communities or individuals whose per capita household income is below eighty percent (80%) of the median income in Puerto Rico, beyond the creation of jobs in the ordinary course of operations or business of the Public Benefit Corporation;

3. Promoting activities geared to protecting or preserving the environment or developing alternative energy sources;

4. Improving the human health ethically and responsibly;

5. Promoting the arts, sciences, or advancement of knowledge and creativity as sources of economic development;

6. Increasing the flow of capital to entities with a public benefit purpose for society and the environment;

7. Historic preservation, revitalization and/or urban beautification;

8. Activities intended to create, promote, market, distribute, or produce goods or services in accordance with fair trade practices; or

9. Any other benefit to society or the environment.

C. Third Party Standard: means a recognized, independent, and transparent standard to define, report, and assess the social or environmental performance of business.

It shall be the prerogative of the corporation, its directors and stockholders to determine the third party standard it shall use, taking into account that such standard shall be consistent with this definition, the provisions of Section 23.13 of this Chapter, and the Public Benefit nature of the corporation.

Section 23.04.- Incorporation of a Public Benefit Corporation.-

A Public Benefit Corporation shall be incorporated in the Department of State of the Commonwealth of Puerto Rico in accordance with Sections 1.01, 1.02, and 1.03 of this Act. The Certificate of Incorporation of every Public Benefit Corporation shall state:

(i) The general public benefit sought by the corporation through its operations;

(ii) The name of the corporation, as provided in its certificate of incorporation, the terms 'Public Benefit Corporation' or 'B Corporation,' or in the Spanish language 'Corporación de Beneficio Social' or 'Corporación B,' or the abbreviation 'P.B.C.' or 'C.B.S.' or the designation 'PBC' or 'CBS.'

A Public Benefit Corporation created under the laws of any state of the United States or any other foreign country or jurisdiction and denominated as such under the laws of such state, country, or jurisdiction may be authorized to do business in Puerto Rico in accordance with Chapter XIII of this Act, whose provisions shall govern these entities insofar as they are not inconsistent with this Chapter.

Section 23.05.- Election of Status of Public Benefit Corporation; Amendments; Merger.-

A. Conversion by Amendment: Any corporation organized in accordance with the provisions of this Act may become a Public Benefit Corporation under this Chapter upon the issuance, authentication, filing, and registration of a certificate of amendment to its certificate of incorporation, which shall include, in addition to the requirements set forth in Sections 1.01, 1.02, and 1.03 of this Act, a statement that the corporation has elected to become a Public Benefit Corporation in accordance with Section 23.04 of this Chapter. Such amendment must be adopted in accordance with Sections 8.01 and 8.02 of this Act, unless it is

approved by the vote of the holders of at least two thirds (2/3) of each class of capital stock of the corporation issued and outstanding.

B. Mergers and Consolidations:

1. Corporations with Capital Stocks: If a Corporation other than a Public Benefit Corporation is a party to a merger or consolidation with a Public Benefit Corporation, then the agreement or certificate of merger or consolidation shall be approved in accordance with Chapter X of this Act, and state whether the surviving or new corporation is to be organized pursuant to this Chapter.

2. Nonstock Corporations: The merger or consolidation in which one or more nonstock corporations, whether for profit or nonprofit, participate with a Public Benefit Corporation shall be carried out in accordance with Section 10.06 of this Act. The board of directors of the nonstock corporation shall be responsible for designating by means of a resolution of the Corporation and include in the agreement or certificate of merger or consolidation the designation as a Public Benefit Corporation in accordance with Section 23.04 of this Chapter.

3. Any stockholder who was a stockholder of a corporation before its designation as a Public Benefit Corporation, as a result of an amendment to the certificate of incorporation or consolidation or a merger or consolidation resulting from a new designation of Public Benefit Corporation, and has voted against such amendment or consolidation may request an assessment and redemption of his/her stocks in such corporation as provided in Section 10.03 of this Act.

Section 23.06.- Termination of Status.-

A. A Public Benefit Corporation may terminate its status as such and cease to be subject to this Chapter by amending its certificate of incorporation and deleting the provision required under Section 23.04 stating that the corporation is a Public Benefit Corporation. Such amendment shall be approved in accordance with the requirements of Section 8.01 and 8.02 of this Act, unless it is approved by the

vote of the holders of at least two thirds (2/3) of the shares of each class of capital stock of the corporation issued and outstanding.

B. If a Public Benefit Corporation is a party to a merger or consolidation with another Public Benefit Corporation, the certificate or agreement of merger or consolidation shall specifically state that the resulting or acquiring Corporation shall not become a Public Benefit Corporation upon approval as provided in Chapter X of this Act.

C. A sale, lease, exchange or other disposition of all or substantially all of the assets of a Public Benefit Corporation (unless the transaction is carried out in the usual and ordinary course of business) shall not be effective unless the transaction is approved by the vote of the holders of at least two thirds (2/3) of each class of capital stock of the corporation issued and outstanding. The provisions of Chapter IX of this Act regarding the Sale of Assets and Dissolution shall apply in a complementary manner to these transactions.

Section 2307.- Corporate Purposes.-

A. General Public Benefit.- A Public Benefit Corporation shall create a general public benefit, in addition to any other ends and purposes stated in Chapter I of this Act.

B. The creation of a general public benefit shall respond to the best interests of the Public Benefit Corporation.

C. Amendment.- A Public Benefit Corporation may amend its certificate of incorporation to add, amend, or delete provisions related to the general public benefit pursued by the Public Benefit Corporation in accordance with the procedure described in subsection A of Section 23.05 of this Chapter.

D. Effect of the Purposes.- The business and affairs of every corporation organized in accordance with the provisions of this Chapter shall be managed by the Board of Directors and the Executive Officers of the corporation in a manner that balances the interests of:

- a. those materially affected by the operations and business of the corporation;
- b. the general public benefit stated in its certificate of incorporation; and
- c. the pecuniary interests of the stockholders of the corporation.

E. Professional Corporations.- A professional corporation incorporated in accordance with Chapter XVIII of this Act interested in becoming a Public Benefit Corporation may do so in accordance with the provisions of Section 23.04 of this Chapter, by indicating in its certificate of incorporation that the purpose of such Professional Corporation is to create a certain general public benefit. The indication of general public benefit pursuant to Chapter XXIII shall not contravene the provisions of Section 18.03 of this Act regarding the limitation of the purposes of Professional Corporations.

Section 23.08.- Duties of the Board of Directors of a Public Benefit Corporation.-

A. The business and affairs of every Public Benefit Corporation organized in accordance with the provisions of this Chapter shall be managed by the Board of Directors.

B. The Board of Directors, its committees, workgroups, administrative bodies, and other related groups, as created, as well as Directors in their individual capacity shall observe the following factors in discharging the duties of their respective positions and shall compensate the effects of any action or inaction upon the following:

1. The ability of the corporation to accomplish its general public benefit purposes;
2. The shareholders of the corporation;
3. The employees of the corporation;
4. The interests of customers as beneficiaries of the public benefit;
5. The community and societal factors related to the operations of the enterprise;
6. The self-sustainability of the corporation; and
7. The Board of Directors may consider other pertinent factors or the interests of a group that they consider appropriate.

C. The Board of Directors of a Public Benefit Corporation needs not give priority to a particular interest or factor referred to in subsection 'B' of this Section over any other interest or factor, unless the Public Benefit Corporation has stated in its certificate of incorporation or bylaws its intention to give priority to certain interests or factors related to the accomplishment of its general public benefit purposes duly established in its certificate of incorporation.

D. In addition to being subject to the interests and factors stated in subsection 'D' of Section 23.07 and subsection 'B' of this Section, the operations of the Board of Directors of a Public Benefit Corporation shall:

1. Be exempt from any complaint for noncompliance with Section 2.03 of this Act;
2. Except as provided in the certificate of incorporation or the bylaws of a Public Benefit Corporation, a director shall not be personally liable for any monetary damages for any action or inaction in the performance of his/her duties established in Chapter IV resulting from business decisions made in good faith pursuant to the general public benefit stated in its certificate of incorporation,

except for gross negligence, willful action or undue use of privileged information, known as insider trading.

Section 23.09.- Public Benefit Director.-

A. General Rule.- Any Board of Directors of a Public Benefit Corporation organized under the provisions of this Chapter may designate from among its members a Public Benefit Director who shall have, in addition to the same powers, duties, rights, and immunities of the other directors of the Public Benefit Corporation, the powers, duties, rights, and immunities provided in this Section.

B. Election, Removal, and Qualifications.- The position of Public Benefit Director shall be filled by election and may be declared vacant as provided in Chapter VII of this Act. The Public Benefit Director shall serve concurrently as the Benefit Officer of the Corporation and the Public Benefit Director of the Corporation if the bylaws of the Corporation so allow. The Board may even designate a standing committee of members of the Board of Directors and employees of the Corporation that fulfill the functions described for the Public Benefit Director in this Section. The certificate of incorporation and the bylaws of the Public Benefit Corporation may prescribe additional requirements for the position and duties of the Public Benefit Director; provided, that such requirements are not inconsistent with this Section.

C. Annual Declaration of Compliance.- The Public Benefit Director shall be responsible for recommending the internal Public Benefit policy in accordance with the certificate of incorporation and bylaws, overseeing compliance with the public benefit purposes and filing an annual report with the stockholders, which shall be attached to the Annual Benefit Report established in Section 23.13 of this Chapter. The Annual Benefit Report shall include the following:

1. Whether the Public Benefit Corporation pursued its general public benefit during the report period.

2. Whether the directors and officers acted in accordance with Section 23.08 and Section 23.10, respectively, of this Chapter.

3. Recommendations in the case of noncompliance.

D. For all intents and purposes, the action or inaction of an individual acting in the capacity of a Public Benefit Director shall constitute an action or inaction of that individual in the capacity of a director of the Public Benefit Corporation.

E. Regardless of whether the certificate of incorporation or the bylaws of a Public Benefit Corporation include a provision eliminating or limiting the Personal liability of directors, a Public Benefit Director shall not be personally liable for an action or inaction in the capacity of a Public Benefit Director unless the action or inaction constitutes illegal insider trading, an unlawful willful act, or any other violation of law.

Section 23.10.- Standards of Conduct for Officers and Employees.-

A. General Rule.- The authority and powers vested in every Public Benefit Corporation organized under this Chapter or in the directors and officers thereof, described in the certificate of incorporation or instrument with similar force and effect, or the corporate bylaws shall be enjoyed and exercised by the corporation or the directors or officers thereof, as the case may be, for the furtherance of the Public Benefits included in the certificate of incorporation, considering the balance of interests and factors described in Section 23.08 (B) of this Chapter and for the proper conduct of its business and affairs.

B. Exoneration of Personal Liability.- Except as provided in the certificate of incorporation and bylaws of a Public Benefit Corporation, a director or an officer shall not be personally liable for monetary damages arising from an

action or inaction for any business decision made in good faith pursuant to the general public benefit stated in its certificate of incorporation, except for gross negligence, willful action, or undue use of privileged information, known as insider trading.

Section 23.11.- Public Benefit Officer.-

A. A Public Benefit Corporation may have an officer designated as Public Benefit Officer.

B. Duties.- A Public Benefit Officer shall administer the bylaws established by the Board of Directors to pursue general public benefits.

Section 23.12.- Derivative Suits in Public Benefit Corporations.-

A. Legal Standing - Only stockholders who own, individually or collectively, at least five percent (5%) of the total number of outstanding shares of one class or series at the time of the action or inaction stated in the suit, may initiate a derivative suit:

1. Only for the failure to pursue or create a general public benefit involving gross negligence, as provided in Section 23.08 of this Chapter; or
2. A violation of an obligation, a duty, or standard of conduct under this Chapter.

B. Limitation of the Corporation's Liability.- A Public Benefit Corporation, its stockholders, directors, or officials shall not be held liable for failing to pursue the general public benefit stated in its certificate of incorporation.

Section 23.13.- Transparency; Annual Reports; Annual Benefit Report.-

A. Every Public Benefit Corporation organized under this Chapter shall file annually a certified report with the Department of State, not later than April fifteenth (15th) of each year, pursuant to Section 1.03 (A) and (B), by an authorized officer, director or the incorporator, as provided in Sections 15.01 or 15.03 of this

Act, as applicable, for all corporations incorporated in the Commonwealth of Puerto Rico.

B. Every Public Benefit Corporation organized under this Chapter shall file with the Department of State, along with the report specified in Chapter XV of this Act, a declaration of the annual operation of the corporation and the furtherance of the general public benefit stated in the certificate of incorporation. Said declaration shall include the following:

1. The bylaws and action plans established by the Board of Directors to pursue said public benefits;

2. Factual, objective information based on commonly accepted standards on the success of the entity in pursuing said public benefits;

3. A general social Responsibility report of the overall corporate performance using an internationally recognized third-party standard on the following aspects, not necessarily related to the general public benefits of the Corporation, as applicable:

i. Environment: Product lifecycle management; status of the balance between the exploitation of natural resources and consumption needs; production quality assurance; reduction of waste and residues; use of clean technologies; reduction of environmental impact on the air, water, vegetation, and soil; emergency management; reduction of environmental accidents; early fault detection of production systems; sustainable development approach; and responsible use of resources and balancing of economic, social, and environmental aspects of activities.

ii. Corporate Operations: Information transparency, impact on the economic development of local communities and support provided for the development of local communities where the corporation is located; occupational safety and health; reduction of work-related accidents, impact on the environment, and non-conforming product; standards compliance: report on evaluations

conducted by government and/or independent regulatory agencies regarding compliance of the entity's operations.

iii. Human Capital: antidiscrimination policies and practices, elimination of situations involving violence, abuse, etc.; attention to vulnerable groups, safety in the workplace, and reduction of work-related accidents; prevention of occupational diseases; training and betterment of Human Resources.

C. Every Public Benefit Corporation organized under this Chapter shall provide the contact information of the persons responsible for the reports (Public Benefit Director and Officer).

Section 23.14.- Stock Certificates.-

All certificates representing shares in a Public Benefit Corporation shall contain the following sentence in a conspicuous language: "This Public Benefit Corporation is subject to Chapter XXIII of the Puerto Rico General Corporations Act, Act No. 164-2009, as amended."

Section 9.- The Secretary of State of the Commonwealth of Puerto Rico is hereby directed to update any documents, forms, and bylaws regarding incorporations and the filing of corporate reports used by the Department of State as to include Public Benefit Corporations and the provisions of the new Chapter XXIII of Act No. 164-2009, as amended.

Section 10.- Severability Clause.-

If any section, subsection, part, paragraph, or clause of this Act or the application thereof to any person or circumstance were held to be unconstitutional by a Court with jurisdiction, the holding to such effect shall not impair or invalidate the remaining provisions of this Act, and shall be limited to the section, subsection, part, paragraph, or clause of this Act or application thereof held to be unconstitutional.

Section 11.- This Act shall take effect ninety days (90) after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 233-2015 (S. B. 979)** of the **6th Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to create the Public Benefit Corporations and Low-Profit Limited Liability Companies types; amend subsection (e) of Section 19.01; add subsection (p) to Section 19.01; amend subsection (1) of Section 19.02; add subsection (c) to Section 19.06; add subsection (a)(6) to Section 19.47; and add a Chapter XXIII to Act No. 164-2009, as amended, known as the "General Corporations Act"; define and delimit the scope of action, duties, and rights of Public Benefit Corporations, the directors, shareholders, and officers thereof; and direct the Department of State of the Commonwealth of Puerto Rico to update its forms and regulations to include this new corporate type.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 5th day of February, 2016.

Juan Luis Martínez Martínez
Director