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## BCSI Independence

Benefit corporation statutes are currently in the following states: California, Hawaii, Maryland, New Jersey, New York, Vermont and Virginia. There is legislation regarding establishing benefit corporations currently moving through state houses in North Carolina, Pennsylvania, Michigan, Minnesota, Washington, Oregon as well as Washington DC.

In addition to following ISO guidelines for establishing and maintaining our independence as a third-party standards setting entity, we are also following guidelines detailed in the model version of the benefit corporation statutes. Most of the benefit corporation statutes adopted in each state are very similar to the model legislation. When confronted with a state procedure that is either more or less stringent than the model rules, we will follow the rules that appear to be the most rigorous.

The following is taken directly from the model statutes:

.....(g) "Third-party standard" means a standard for defining, reporting and assessing overall corporate social and environmental performance to which all of the following apply:

- (1) The standard is a comprehensive assessment of the impact of the business and the business's operations upon the considerations listed in paragraphs (2) to (5), inclusive, of subdivision (b) of Section 14620.
- (2) The standard is developed by an entity that has no material financial relationship with the benefit corporation or any of its subsidiaries and that satisfies both of the following requirements:
  - (A) Not more than one-third of the members of the governing body of the entity are representatives of any of the following:
    - i. Associations of businesses operating in a specific industry, the performance of whose members is measured by the standard
    - ii. Businesses from a specific industry or an association of businesses in that industry.
    - iii. Businesses whose performance is assessed against the standard.
  - (B) The entity is not materially financed by an association or business described in subparagraph (A).
- (3) The standard is developed by an entity that does both of the following:
  - (A) Accesses necessary and appropriate expertise to assess overall corporate social and environmental performance.
  - (B) Uses a balanced multi-stakeholder approach, including a public comment period of at least 30 days to develop the standard.
- (4) All of the following information about the standard is publicly available:
  - (A) The criteria considered when measuring the overall social and environmental performance of a business.
  - (B) The relative weightings assigned to the criteria described in subparagraph (A).
  - (C) The identity of the directors, officers, any material owners, and the governing body of the entity that developed, and controls revisions to, the standard.
  - (D) The process by which revisions to the standard and changes to the membership of the governing body described in subparagraph (C) are made.
  - (E) An accounting of the sources of financial support for the entity, with sufficient detail to disclose any relationships that could reasonably be considered to present a potential conflict of interest.