

Statutory Sections that Matter

Notice. An Alabama Benefit Corporation is formed under the Alabama Benefit Corporation Act. Under the Act, the Certificate of Incorporation must include a statement that the corporation is subject to the Benefit Corporation chapter of the corporation law. The name of a Benefit Corporation must contain the words “benefit corporation”, the abbreviation “B.C.” or the designation “BC”, and may not use the word “incorporated” or an abbreviation thereof.

Conversion. An Alabama corporation cannot convert to a Benefit Corporation without two-thirds approval of its shareholders. Similarly, termination of Benefit Corporation status by vote or acquisition requires two-thirds shareholder approval.

Operations. Directors of an Alabama Benefit Corporation must consider not only shareholders, but also employees, suppliers, community, and the environment in performing their duties. Directors must also act in a responsible and sustainable manner, which essentially means creating a positive effect on society and the environment dictated by the company’s size and nature of business.

Transparency. In Alabama, public benefit means a positive effect, or reduction of negative effects, on one or more communities or categories of persons (other than stockholders solely in their capacity as stockholders) or on the environment, including effects of an artistic, charitable, economic, educational, cultural, literary, medical, religious, social, ecological, or scientific nature.

Compliance. An Alabama Benefit Corporation must prepare an annual benefit report that is to be distributed to shareholders and posted on its website.

Reference: [Ala. Code](#)

[§10A-2A-17.01 – § 10A-2A-17.06](#)



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