§ 55-8-42. Standards of conduct for officers.

(a) An officer with discretionary authority shall discharge his duties under that authority:

(1) In good faith;

(2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(3) In a manner he reasonably believes to be in the best interests of the corporation.

(b) In discharging his duties an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(1) One or more officers or employees of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented; or

(2) Legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within their professional or expert competence.

(c) An officer is not entitled to the benefit of subsection (b) if he has actual knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.

(d) An officer is not liable for (i) any action taken as an officer, or any failure to take any action, if the officer performed the duties of the officer's office in compliance with this section or (ii) any failure to offer the corporation the right to have or participate in a business opportunity prior to the pursuit or taking of the opportunity by the officer or other person if the corporation's articles of incorporation include a provision authorized by G.S. 55-2-02(b)(4) and the procedures and approvals required by the provision, if any, were complied with or obtained prior to the pursuit or taking of the opportunity by the officer or other person.

(e) An officer may be entitled to indemnification against liability and expenses pursuant to Part 5 of Article 8 of this Chapter. (1955, c. 1371, s. 1; 1989, c. 265, s. 1; 2018-45, s. 12.)