



OpenAI

Governance for the
Public Good or Private
Gain?

Context

Open AI Inc / OpenAI Foundation

Largest charity in the world?

- October 2025 restructure valuation of OpenAI Inc's 26% economic stake as worth \$130bn plus warrant (plus control rights)
- March 2026 further funding round suggests economic stake may be worth up to \$221bn
- Compare to Gates Foundation (\$86bn); Novo Nordisk (Wegovy, \$140-\$170bn)

Potential for major impact beyond dollars

- AI activities raise huge risks and opportunities for society

Potential for a charity model, with its focus on a public purpose, to better address risks and opportunities (than for-profit businesses or government)

- Tax rules and fiduciary governance duties for charities focus on purpose
- Commercial activities raise mission drift risks

Context

Open AI Inc

- 2015 registered Delaware corporation (with nonprofit clauses)
- Exempt from US income tax as a public charity under §501(c)(3) IRC
- Registered charity in California (main place of operation)
- OpenAI Gym (2016), RoboSumo (2017), GPT (2018) – open source
- Computing costs increased \$2.3m in 2016 to \$30.6m in 2018, over \$10B in 2025 and projected to be \$1.4trn for 2026-2030
- Team focused on longer term risks of AI was established in 2023 and then disbanded in 2024

Board

2015: Elon Musk and Samuel Altman

2017: Musk, Altman, Chris Clark, Holden Karnofsky, Greg Brockman and Ilya Sutskever

2018: Musk departure

2023 (pre attempted removal of Altman): Brockman, Sutskever, Tasha McCauley, Helen Toner, Adam D'Angelo, Altman

Currently: Bret Taylor, D'Angelo, Altman, Dr Zico Kolter, Gen Paul Nakasone, Adebayo Ogunlesi, Sue Desmond-Hellman, Nicole Seligman, David Vélez, Robin Vince and Paul Christiano

Organisational Transformations

OpenAI Inc – Original Structure

Owns GPT business and R&D activities

Certificate of incorporation: "to provide funding for research, development and distribution of technology related to artificial intelligence. The resulting technology will benefit the public and the corporation will seek to open-source technology for the public benefit when applicable"

Mission statement: "advanc[ing] digital intelligence in the way that is most likely to benefit humanity as a whole, unconstrained by a need to generate financial return"

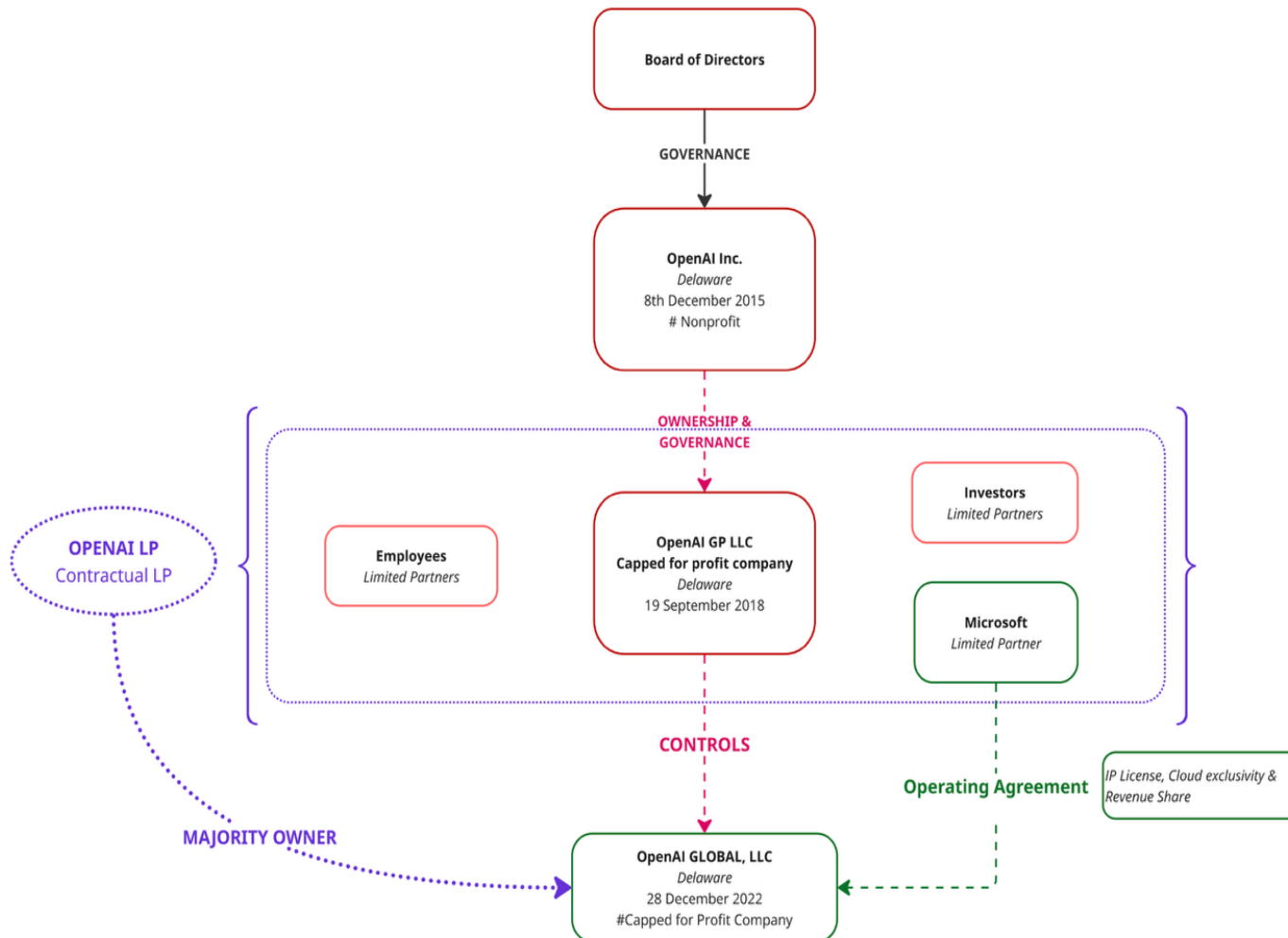
Founding statements also referred to building "safe artificial general intelligence" and "ensur[ing] AGI's benefits are distributed as widely and evenly as possible"

Benefits of nonprofit charity status:

- Attract philanthropic funding
- Easier to convince others to provide access to IP/data
- Hire employees (at lower cost)

Organisational Transformations

Intermediate hybrid



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Intermediate hybrid

Including amended (2020) certificate of Incorporation:

*The specific purpose of this corporation is **to ensure that artificial general intelligence benefits all of humanity, including by conducting and/or funding artificial intelligence research.** The corporation may also research and/or otherwise support efforts to safely develop and distribute such technology and its associated benefits, including analyzing the societal impacts of the technology and supporting related educational, economic, and safety policy research and initiatives. The resulting technology will benefit the public and the corporation will **seek to distribute it for the public benefit** when applicable ...*

Mission Drift Analysis

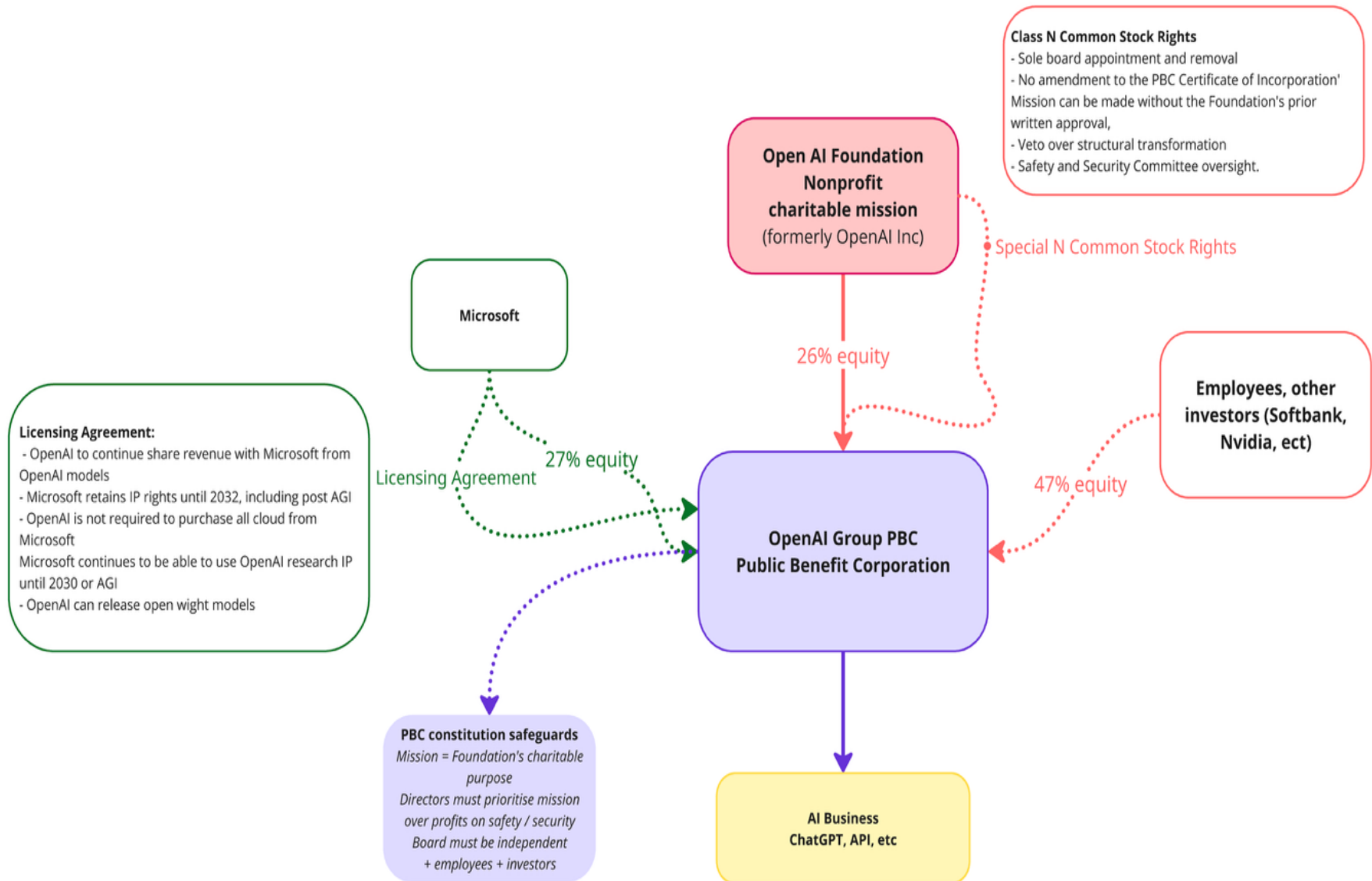
Original Structure

- OpenAI Inc's charitable purpose is narrower than mission statement
- Carrying on business activities not itself inconsistent with charitable purpose
- While initial activities (eg OpenGym development) appear to focus more on processes than later activities (eg ChatGPT), the research, development and public provision of ChatGPT still within purpose
- The purpose refers to the importance of tech benefitting the public and that OpenAI will seek to provide open-source where 'applicable'. The shift from providing open-source platforms (and related research publications) such as OpenAI Gym, and RoboSumo, GPT-1 and GPT-2 to a closed source with GPT-3 occurred after 2019
- But was there a link to a longer-term plan to access IP, gain community acceptance etc while non-profit and then convert to for-profit?

Intermediate Hybrid

- Significant reliance on contractual obligations (on employees and investors) and oversight role of NFP board to protect charitable purpose – realistic?
- Ambiguous: emphasis on growth of business
- Ambiguous: ceased releasing open-source models (citing safety)
- Ambiguous: provision of IP rights to and agreement to purchase compute from Microsoft
- A little clearer: failed board attempt to remove Sam Altman as CEO
- What about change of certificate and argument that original assets held on charitable trust for original purpose?

For-profit Transformation: Public Benefit Corp



Mission Drift Analysis

✓ Improvements on hybrid

- Public benefit corporation constitution and regulation mean that PBC action is regulated not just by contract but by corporate constitution and PBC regulator. Better safeguard that pursuit of growth is subject to public purpose.
- Agreement with Microsoft better enables release of open source and better enables competitors (eg Microsoft) to develop AGI

Overall:

OpenAI Inc has not just swapped its IP for an income stream, but remains involved in the way that AI is developed (safety and security), but questions remain about whether it is focussed on its charitable purpose?

Ongoing concern – 2020 change to certificate left two purposes in play

⚠ New/Continued Issues

- Significant reliance on the nonprofit board (but only 1.5 director difference to PBC board) – is an expectation of nonprofit governance just a fiction?
- PBC explicitly exists for dual purposes and the PBC model itself does not prioritise one over the other.
- PBC purpose does not fully align with the original 2015 purpose

Questions/feedback?

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