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HB 534

Testimony before the
Committee on Judiciary
in Support of
AB 89, Nevada Benefit Corporation Legislation
Presented by: Ron Hunter, Patagonia Environmental Associate
February 25th 2013

Chair Frierson and Committee Members,

My name is Ron Hunter and I coordinate Environmental Programs for Patagonia in Nevada. Patagonia supports AB 89 (Bobzien), Nevada benefit corporation legislation. Benefit corporations are a new voluntary business form that gives the freedom to entrepreneurs and businesses to consider other factors in addition to profit when operating their businesses, while also providing greater clarity and accountability to investors and shareholders. Benefit corporation legislation can bring significant economic and social improvements to Nevada without any financial cost to the state.

Established in 1972, Patagonia is an outdoor-clothing company based in Ventura, California; we are a leading designer of core outdoor, surf and sport-related apparel. We have 1,400 employees worldwide, with 250 based in Reno, at our Global Distribution and Service Center. With sales last year of \$540M, we are committed to product quality and environmental activism, contributing over \$47.5M in cash and in-kind donations to date. Incorporating environmental responsibility into our product development, Patagonia has, since 1996, used only organically grown cotton in its clothing line. We are also committed to making our products landfill-free, and our entire product line is recyclable through its Common Threads Partnership. The company also advocates corporate transparency through our interactive website, *The Footprint Chronicles*, which outlines the environmental and social footprint of individual products.

We moved our distribution and service center to Nevada in 1996 and in 2007 we were awarded with the GOLD level Leadership in Energy and Environmental Design (LEED) certification from the U.S. Green Building Council (USGBC). With this certification, our distribution center becomes only the second

distribution center in the U.S. to hold such a title and the first building in the state of Nevada to achieve a Gold LEED certification.

A year ago Patagonia and 12 other companies in California became the first benefit corporations in that state. We believe that businesses are one of the greatest forces for change and the best source of solutions for the issues that we face as a society. Nevada should take advantage of this new business form that has been enacted into law in 12 states and the District of Columbia. Nevada is already an attractive place to incorporate as a business and by providing the voluntary option of benefit corporations Nevada can be that much more attractive for business development.

Benefit corporation legislation is a great economic development tool for the state, since it does not cost the state any money to implement, does not affect existing corporations, is voluntary and does not provide any tax benefits. However, the legislation does provide businesses the freedom to expand their markets and provides the tools investors need to make wise investment decisions. Nevada needs additional tools to encourage business growth and benefit corporation legislation does this through encouraging the growth of the free market.

There is an estimated three (3) trillion dollars in social impact investment money in the marketplace today and benefit corporation legislation provides the tools by which to attract investments to Nevada. Investors and business leaders across the country are increasingly seeking the clarity found in benefit corporation legislation and we should not miss the opportunity to pass legislation that will attract much needed investment capital to our communities.

B Corp creates a legal framework for companies like Patagonia to remain true to our values, through succession, capital raises, and even changes in ownership. This legal framework enables mission driven companies to stay mission driven by institutionalizing the values, culture, and processes put in place by its founding entrepreneurs. Our founder, Yvon Chouinard, says, "It's as if you had the kind of conservation easement that a farmer or rancher puts on their land, but this is put on a corporation."

* [Benefit corporation legislation can help Nevada to attract businesses, jobs and investments to our great state. Please do not let Nevada miss this opportunity; I seek your yes vote on AB 89.