SENATE JUDICIARY
EXHIBIT NO. 4
DATE 3/01/13
BILL NO. HB534

Rep. Kathleen Williams

Subject: FW: Benefits Corps

From: James Stephens [mailto:james.stephens@bluemarblebio.com]
Sent: Wednesday, February 20, 2013 10:02 PM
To: Rep. Kathleen Williams
Subject: Re: Benefits Corps

Dear Representative Kathleen Williams,

Thank you for the text of the bill and the opportunity to comment, I apologize for the fact that I do not have the ability to write a formal reply for the committee on letterhead due to travel. Please feel free to read or distribute this email to the committee as you see fit.

Personally as an executive in a Cleantech company dedicated to benefiting the public good by displacing societies reliance on fossil resources with domestic renewable alternatives that can be produced in small scale at rural locations the spirit of the concept of a benefit corporation fits well with our goals as a company. A corporate officer experiences much risk straddling fiduciary responsibilities while considering the societal benefit impacts of its operations, especially if one desires to provide a positive benefit impact as designated in the proposed legislation at the risk of not maximizing value or profits in a traditional corporate structure. In many cases executives and directors must walk a very fine line with maximizing value to the company while balancing aspects like above average pay, employee training or benefits, positive environmental impacts, social improvements, or the other social effects of the business. Many common sense benefits such as reducing pollution emissions, finding alternative markets for by-products, offering superior pay or benefits to employees, or just supporting the local community in any way that doesn't maximize profits or value can place directors and officers at legal risk with shareholders.

I feel the main reason to support an entity structure like the proposed benefit corporation structure in HB0534 is to bridge the gap between traditional corporation structures and non-profit or not-for-profit entity structures to overcome the issues discussed above. I feel this is a technical gap that the benefit corporation structure can solve by creating an avenue for innovative business development within Montana that reduces risk while creating new and novel business opportunities for creative entrepreneurs. The formation of benefit corporations could provide a foundation that allows for-profit entities to function in Montana that provide significant support and societal benefits in education, public works, efficiency, technology development, and conservation. The potential benefits to Montana could be tremendous in the recruitment of new and existing businesses, expanding opportunities for everyone in Montana.

Would Blue Marble Biomaterials convert to a benefit corporation? The simple answer is no. We have researched it extensively in the past and we have an established corporate structure and extensive articles of incorporation that would make such a transition difficult. We've spent the last 7 years learning to manage the risks of being a company focused on societal benefits in a for-profit corporate structure because there were no tools or corporate structures like this available at our founding and incorporation.

As a scientist and entrepreneur passionate about environmental remediation and efficiency in manufacturing this structure for corporations would have been my primary choice if I were to start again today or start a new venture in the future. The risks to an entrepreneur, director, or officer are great when one must balance corporate value against societal benefits, and they don't have to be at odds. After review of HB0534, I personally feel that this structure can offer new opportunities to Montana and encourage the development of companies in our great state that work towards the public benefit while still providing profit to shareholders, a key differential from non-profit organizations. I feel this is key in strengthening economic development, because a state that demonstrates public benefit as an engine of profit for

shareholders not only gains economic strength but encourages outside investment and develops an environment and ecosystem that benefits all of its citizens, individual and corporate alike.

I would like to thank the ladies and gentlemen of the committee for allowing me to provide written notes in support of HB0534. I feel this legislation could be of significant benefit to the state of Montana and drive the formation or recruitment of new business.

Please excuse any spelling or grammar errors as this email was sent from a mobile device in adverse working conditions.

Regards,

James Stephens
President and Chief Executive Officer
Chief Scientific Officer
Blue Marble Biomaterials
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