

Intro: Background on the Benefit LLC

- Utah passed benefit corporation legislation in 2015 (H.B. 57)
 - This allowed companies to organize voluntarily as benefit corporations
- Benefit LLC is a similar legislation that expands the ability for Utah businesses to become benefit companies
- Being a benefit LLC:
 - Is totally voluntary
 - Has no tax benefits
 - Creates a standard for LLC's that want to organize as a purpose-driven business, lowering their start-up costs
 - Sews the values of a company into its legal DNA from the very beginning, ensuring that their mission can survive over time
 - Adds transparency by requiring that benefit LLCs file an annual benefit report with the state that's assessed against an independent third party standard
 - This makes it easy for investors and consumers to research benefit LLCs to see if they match their values
 - In this way, it's self-regulating and requires little government oversight, just increases information and provides easier access between investors, consumers, and companies
 - Tool for economic development
 - States with Benefit LLC laws
 - Maryland
 - Oregon

Why should a Company Become a Benefit LLC?

<http://benefitcorp.net/investors/who-investing-benefit-corp>

- Companies want to use business practices that promote symbiotic and positive relationships between communities and the environment
 - This helps to prevent conflicts with communities, and regulatory violations
- Designation as a benefit LLC helps businesses to distinguish themselves in a market where consumers, employees, and investors are increasingly attracted to sustainable business models
- There's over 4,000 benefit corporations in over 33 states, including over 30 in Utah
- Why investors like Benefit Corporations
 - A survey of 200 academic studies found that "88% of reviewed sources find that companies with robust sustainability practices demonstrate better operational performance, which ultimately translates into cash flows," and "80% of the reviewed studies demonstrate that prudent sustainability practices have a positive influence on investment performance." - From the Stockholder to the Stakeholder, Arabesque

- “Strong governance, along with effective management of environmental and human capital factors, increases the likelihood that companies will perform over the long-term and manage risk effectively.” - CalPERS 2013 Investment Beliefs
- Millennials will grow to 75% of the workforce by 2025, 77% say their “company’s purpose was part of the reason they chose to work there - Deloitte Millennial Survey
- "64% of investors say businesses do not adequately disclose non-financial risks and nearly half of investors would rule out investment based on certain non-financial disclosures” - Ernst and Young, Global Survey of Institutional Investors 2015
- Public investors are focused on good environmental and human management, as they improve performance long-term
 - Benefit LLCs automatically fall into the “ESG” category, standing for “Environment, Societal, Governance” which places an emphasis on sustainable business practices that maintain positive relations with communities
 - The benefit LLC law naturally facilitates the creation of businesses that meet this criteria
- Consumers prefer businesses that use mindful practices
- Benefit LLCs are good for Utah
 - Benefit LLC’s are oriented towards considering the interests of all of the stakeholders that might be impacted
 - This includes the community, employees, consumers, and the environment
 - Benefit LLCs can engage directly with local issues such as pollution or poverty through their business practices
 - This makes potentially makes their interventions more efficient
 - Benefit LLCs put money back into Utah Communities
 - Businesses who have had community-oriented purpose sewn into their DNA are far more likely to remain in the community, even after transfers of ownership
 - Benefit LLCs are organized to be part of a community and provide to the community

Contact List:

Benefit Corporation Owners

- Brad Farmer, Gibbs Smith Publisher, P3 Utah member
- Smokey Peck, Pro Recycling Group, P3 Utah member
- Kelly Lake, LUX (formerly Le Croissant) Catering and Events
- Issac Farley, O-Town Kitchen
- Davis Smith, Cotopaxi

LLC Owners pledged to convert to benefit llc

- Luciano Pesci, Emperitas
- Devin Thorpe, Your Mark on the World
- Jeff Miller, Mark Miller Subaru
- Jeff Cline, Responsible Asset Management

QUOTES:

“We became a benefit corporation in 2016 to cement our commitment to sustainability and good employment practices in our corporate charter. Since then, we have been pleasantly surprised at the response of employees, vendors, and customers, even though our values-driven business practices have not changed significantly. Making the commitment by becoming a benefit corporation and communicating the change is improving our culture and drawing positive attention to our employee-owned company.” - Brad Farmer, Gibbs Smith Publisher

"At LUX Catering and Events, we are committed to community involvement. For us, Benefit Corporations are a natural fit. The triple bottom line of people planet profit allows us to measure success beyond the traditional standard of profitability. Our model of responsible business ownership is vital to our core values. This is something that has been embraced throughout our company culture. We encourage all businesses to explore this opportunity." - Kelly Lake, LUX

"My family has been committed to making our world, our home, a better place for others for the past four generations. In fact, we believe that Mark Miller Subaru is more than a car dealer – we believe that our business is a living, breathing member of the community. And to that end we believe wholeheartedly in the power of philanthropy. Since 2010 alone, for example, Mark Miller Subaru has donated more than \$1.5M to local charities through the Subaru Love Promise program. The Love Promise is just that – it’s a promise. It’s our promise to do what’s right in the community. Our decision to re-incorporate as a B-Corp reinforces a long-standing commitment to operating a business which believes in more than just turning a profit. We believe in sustaining and supporting people, pets, and our planet.” – Jeff Miller, Mark Miller Subaru

" It is important that the State of Utah lead the nation and not just follow when it comes to using business for good. We take great pride in being the best state in the nation for business and for being the most charitable state. Naturally, we should be the leaders in merging the two via social entrepreneurship." - Devin Thorpe, Your Mark on the World

"I see a lot of Utah businesses creating value in some shape or form in being a sustainable company. I have discussed with some that they want and see the need to learn more. Including myself. Some of these companies are LLC's and would like to become a benefit corp but are unable to do so at this time. Utah has the lowest unemployment in the nation and it is because small and large

businesses are doing the right thing to help our economy grow. This also included taking care of our employees and the environment. It all goes hand in hand and is working." - Smokey Peck, Pro Recycling Group

Possible Sources:

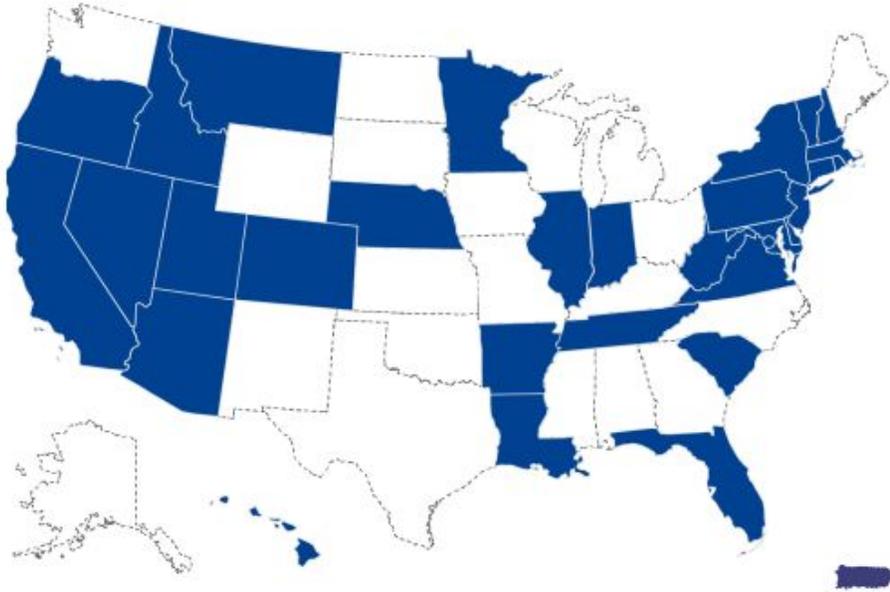
<http://www.deseretnews.com/article/865598234/Benefit-Corporations-Why-arent-Utah-businesses-living-a-balanced-existence.html>

- 2013 Deseret News article advocating for the creation of benefit corporations. Talks about how the author did not choose to incorporate in Utah because we did not have benefit corp. legislation at the time

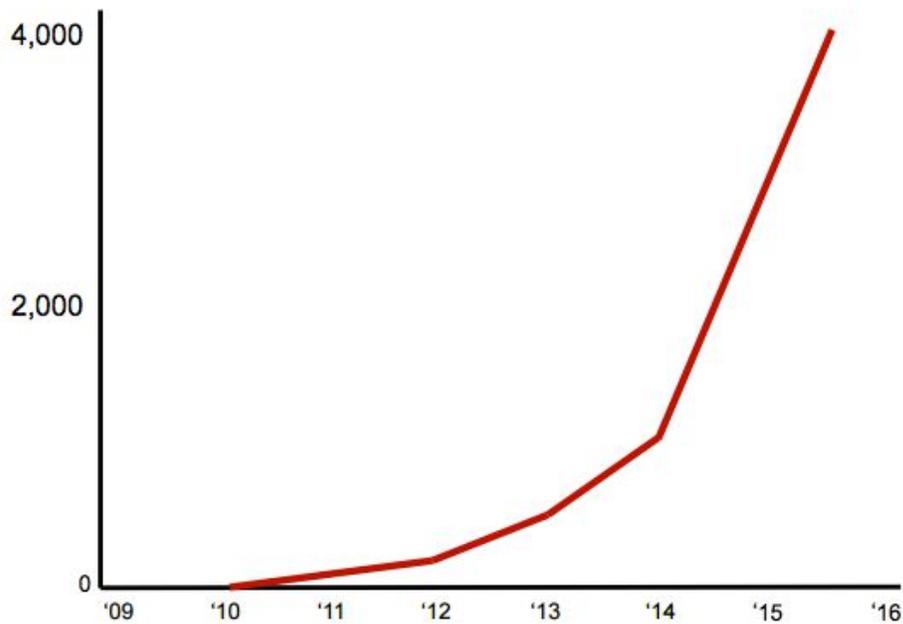
<https://www.p3utah.org/activities/utah-benefit-corporation-support-center/>

- Much of the rationale for Benefit Corporations is the same for Benefit LLCs

33 Statutes Passed since 2010



Benefit Corporation Adoption: 2010 - 2016



Images by William H. Clark, Jr. Drinker Biddle and Reath, LLP. Can be found at: <https://www.p3utah.org/wp-content/uploads/2015/05/Bill-Clarks-presentation-on-the-benefit-corporation-mechanism-and-national-trends-May-21-2016.pdf>