

# WILLAMETTE VALLEY

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# VINEYARDS

## **Support HB 3501 and Help Promote Benefit Companies in Oregon**

An Oregon benefit company is a type of corporation or limited liability company (LLC) that considers its impact on society and the environment in the business decision-making process, in addition to earning a profit. Benefit companies are redefining success in business.

Willamette Valley Vineyards founder Jim Bernau believes that these part profit-oriented and part purpose-oriented companies that look a little like a business, a little like a social-service provider and little like a charity – or some mix of all three should be promoted in Oregon. Benefit companies can provide greater economic opportunity for individuals and communities and can help address environmental and societal challenges.

Benefit companies enhance Oregon's ethos and HB 3501 would promote their growth in Oregon by giving smaller companies an increased opportunity to become a benefit company by modifying the shareholder majority vote requirement. The bill changes the shareholder majority vote requirement of a company grossing \$200 million or less from two-thirds to a simple majority.

Small, publically held companies often struggle to achieve quorum - 50% of those entitled to vote casting their proxy ballots. These companies are broadly held by numerous small investors rather than larger corporations held by financial organizations with large blocks of shares. The 66% vote requirement makes it nearly impossible for small, publically held companies to become benefit corporations. Not only do these companies need to achieve a proxy vote of 66% of those entitled to vote but then must achieve 100% of those voting. Revising the shareholder requirement gives these smaller companies a greater opportunity to reorganize and will hopefully lead to the creation of more benefit companies in Oregon.

With approximately 300 businesses incorporated as benefit companies in Oregon, this bill will send a message that Oregon believes that the contributions benefit companies make to Oregon's economy, environmental and social fabric should be acknowledged and rewarded. By adopting a lower shareholder majority vote requirement, you will promote benefit businesses and Oregon would be sending a clear message that the state values their role.

Willamette Valley Vineyards encourages you to support HB 3501 and help encourage business development and investment that can enrich Oregon.

*Please see the next page for additional information on benefit companies.*

## **Benefit Companies Are Redefining Success in Business**

Benefit companies differ from traditional corporations and LLCs with regard to their purpose, accountability and transparency. Benefit companies exist to create a general public benefit, which is defined as “a material positive impact on society and environment, taken as a whole, from the business and operations of the company.”

To become a benefit company, an Oregon corporation or LLC must do the following:

- Include a statement in the articles of incorporation or organization that says the corporation or LLC is a benefit company subject to ORS 60.750 - ORS 60.770.
- Adopt a third-party standard.
- Prepare an annual benefit report identifying:
  - The actions and methods used to provide a general or specific public benefit.
  - Any circumstances that hindered or prevented a benefit.
  - How well the benefit company met or exceeded the third-party standard.
- Distribute the annual benefit report to the owners and post it on the company’s website.

Each year, a benefit company must prepare an annual benefit report. This is essentially an assessment of the business’ overall social and environmental performance.

Each benefit company is required to assess itself by a third-party standard to ensure it’s creating a positive impact. The third-party standard is a recognized standard for defining, reporting and assessing a business’ social and environmental performance by assessing:

- The employees and work force of the business, its subsidiaries and suppliers;
- The interests of customers and beneficiaries of the business;
- The community and societal factors, including those of each community in which offices or facilities of the business, its subsidiaries or its suppliers.

Currently, there are approximately 330 businesses registered at benefit companies in Oregon.