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June 8, 2011

Assemblymember Jared Huffman  
6th Assembly District  
State Capitol, Room 3120  
Sacramento, CA 95814

Dear Assemblymember Huffman:

On Behalf of Hanson Bridgett LLP, we send this letter of support urging California to pass **AB 361 (Huffman) Benefit Corporation Legislation**. Benefit Corporation legislation enables the development of a growing sector of the economy comprised of innovative businesses that seek to create benefit for society in addition to profit for shareholders. As a business leader and attorney in this new economy, I want the legal protection, currently not afforded under the California corporate code, to pursue a higher corporate purpose than simply maximizing shareholder value. Importantly, companies like ours seek to do far more than simply pick a single charity or environmental task to improve our image (often called "green washing"), but rather seek to improve the world we work in by creating high quality jobs that improve quality of life in our communities. Benefit Corporation legislation contains the general public benefit provisions that ensure that consumers, investors, and policy makers can clearly distinguish companies like mine from those that are doing something more narrow for marketing purposes.


Benefit Corporation legislation also provides additional accountability to shareholders by redefining the fiduciary duty of directors, requiring them to consider the impact of their decisions on the long term interests of society, not just the short term interests of shareholders, even when considering a sale of the business. To ensure increased transparency to shareholders and the public, Benefit Corporations are also required to assess their overall social and environmental performance against a third party standard. By doing so, the company and all its stakeholders are made aware of how well the Benefit Corporation is doing relative to independent, credible, transparent, and comparable standards. Markets thrive on clarity and transparency, and these third party standards provisions create a level playing field and a more efficient and effective marketplace. They prevent the bad actors from simply cherry picking a few facts that are favorable for their image.

Benefit Corporation legislation is now law in Maryland, Vermont, Virginia and New Jersey. Benefit Corporation legislation has been introduced and is progressing rapidly in New York, Pennsylvania, Michigan, North Carolina, and Hawaii. It has attracted strong bipartisan support in every state, because it is entirely voluntary and has no budget impact.

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We urge passage of AB 361 (Huffman) Benefit Corporation legislation.

Hanson Bridgett, LLP

By: 

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