

What are Public Benefit Corporations?

Sarah Duniway
September 23, 2014

A growing trend

+ ICE CREAM NEAR: Loading.... [Change](#)



SEE HOW WE DO BUSINESS
[READ MORE ABOUT OUR VALUES >](#)

We make the best possible ice cream in the best possible way.



Ingredient Sourcing

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there's so much good happening out there

Just by shopping at Target you help us do a lot for schools, communities and the earth. Learn about what we stand for and check out some of our favorite stories.



what we stand for

a legacy of giving and service

Every time we open our doors, we continue a commitment that's been growing since 1946: a brighter future for our team members, our communities and the world we live in.

Supporting communities through giving has always been a cornerstone of our business and a belief that guides so many of our decisions. Each year, we've given 5 percent of our profit to communities, which adds up to more than \$4 million each week. We also believe that donating our time, talent and resources is equally important as the income we give. Our team members give hundreds of thousands of hours volunteering in their communities every year.

strong, healthy, safe communities

In order to build the strong, healthy and safe communities we want for our team members and guests, we work closely with partners and organizations. In fact, we've challenged

areas of commitment

We're focused on efforts that support the following:

- education
- sustainability
- health & well-being
- responsible sourcing
- safety & preparedness
- team members
- volunteerism

our community impact

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GRAY

PLANT

MOOTY

The image shows a screenshot of the TOMS website homepage. At the top left is the TOMS logo. The navigation menu includes: WOMEN, MEN, KIDS, COFFEE, MARKETPLACE, STORIES, ONE FOR ONE, and a BACK TO SCHOOL button. On the right side of the navigation bar, there is a 'Login | 0' icon. The main content area features a large banner with the text 'This fall, Paseos aren't just for men' and 'KEEP GOOD COMPANY' in large white letters. Below this text are two blue buttons: 'SHOP MEN'S' and 'SHOP WOMEN'S'. The banner is supported by three images: a man walking on a dirt path on the left, a close-up of feet in black TOMS shoes on a wooden deck in the center, and a woman running on a grassy hill on the right. At the bottom of the banner, the slogan 'One for One.' is written in a blue cursive font. Below the banner, a white text box contains the message: 'With every product you purchase, TOMS will help a person in need. One for One.®'

TOMS

WOMEN MEN KIDS COFFEE MARKETPLACE STORIES ONE FOR ONE

BACK TO SCHOOL

Login | 0

This fall, Paseos aren't just for men

KEEP GOOD COMPANY

SHOP MEN'S SHOP WOMEN'S

One for One.

With every product you purchase, TOMS will help a person in need. One for One.®

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Helping children get clean water?

Did you know that we are just a water bottling company? Did you know that we lure our customers into buying our water by selling them on the idea that they are helping the world's children?

It's a fact: Ethos-Water sells for \$1.80 per bottle and only 5 cents goes toward the goal of donating \$10 million over 5 years. At our rate, we will need to sell 200,000,000 bottles of water to reach our goal of \$360,000,000 in revenue.

That's right. We're going to make \$360 MILLION dollars selling water on the premise that we are helping the world's children.

Thus, every bottle makes a difference in our profits.

Program Summary



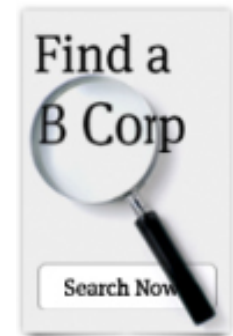
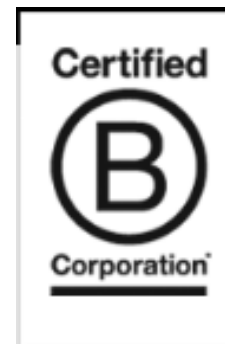
Our Goal by 2010	\$10 million
Grants committed to date:	\$4.2 million
Estimated grant beneficiaries	370,000

Total water bottle revenue:
\$151.2 million



2007: B Corps Certification

- Private nonprofit certification
 - “B Corp is to business what Fair Trade certification is to coffee or USDA Organic certification is to milk”
 - Independent third-party standards for
 - Social and environmental performance
 - Accountability
 - Transparency
 - “Gold standard”
 - but not a legal standard



National Movement

- Growing dissatisfaction with current legal structures
 - Business corps fiduciary duty limitation
 - Maximize return to shareholders
 - Affects Board behavior
 - Nonprofit private ownership/benefit limitation
 - Limited ability of founders to reap reward from value created
- 27 states have adopted benefit corporation form
 - 14 are “working on it”

Minnesota: January 1, 2015

Three Corporate Entity Options

Nonprofit	Public Ben Corp	For-Profit
Mission > Profits	Mission = Profits	Mission < Profits
Tax-exempt	Taxable	Taxable
Charitable contributions and grants	No charitable contributions and grants	No charitable contributions and grants
No owners	Shareholders	Shareholders
Public transparency	Some transparency	Little transparency
Public oversight	Private oversight	Private oversight

What public ben corps are

- Type of business corporation
 - Shareholders
 - Not tax-exempt – pay corporate income taxes
- With a public benefit purpose
 - General benefit corporation (GBC)
 - Specific benefit corporation (SBC)

What public ben corps are, cont'd

- Directors have duties to consider:
 - Public benefit purposes
 - Interests of shareholders
 - Interests of non-shareholder constituencies
- No presumption
 - Shareholder profits are not to be given presumptive priority over other considerations
- Reporting
 - Annual report to SOS
 - Publicly available
 - Third party standard, if applicable

What they are not

- No special tax status
- Not eligible to receive charitable contributions or (generally) grants
- Not license or certification
- Not subject to third-party enforcement

- Not a business plan or business model, just a legal entity

Considerations for Nonprofits

- Door for for-profit businesses to talk about mission is now open wider...
 - How do nonprofits distinguish themselves?
- Transparency and oversight
 - What should public expect from these new businesses?
- How to avoid confusion?

Sarah Duniway

Gray Plant Mooty

(612) 632-3055

Sarah.Duniway@gpmlaw.com

www.gpmlaw.com