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reSET – Social Enterprise Trust

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Testimony of James Woulfe, Public Policy & Impact Investing Specialist

IN SUPPORT OF BENEFIT CORPORATION LEGISLATION

Before the Joint Commerce Committee

February 27th, 2014

I'd like to thank Senator Lebeau, Representative Perone, Senator Franz, Representative Lavielle and members of the Commerce Committee for giving me the opportunity to speak before you today about social enterprise, and Benefit Corporations.

I work for reSET – Social Enterprise Trust, a 501(c)3 organization dedicated to making Connecticut a hub of social enterprise. Social enterprises are businesses that are structured to solve social or environmental problems.

reSET operates a coworking space in the heart of downtown Hartford, called the "Community Space" which allows entrepreneurs to share ideas and resources, and to save on overhead costs associated with renting an office space.

We also operate a range of programs, most notably our Social Enterprise Accelerator, an intensive fifteen week program designed to help early stage social enterprises develop business models that generate purpose and profits, and develop a strategy to launch and grow their businesses.

reSET has recently launched its Social Enterprise Investment Fund, a revolving loan fund that provides social entrepreneurs with the funding they need to get their businesses off the ground, and we work with local universities and colleges to develop social enterprise curricula that can be taught to students.

reSET is deeply involved in Connecticut's social enterprise community, and while we do everything we can to help support the social entrepreneurs we come into contact with, what we cannot do is provide them with a legal structure, that allows them to operate a business with a purpose, that also generates profits, and that's why we're I'm here today to speak about Benefit Corporation legislation.

"What is a Benefit Corporation, and why do we need it" are the two most common questions I've heard in my advocacy work in support of this legislation. The reason we need it is simple – under current corporate law, it is incredibly difficult and expensive for a social entrepreneur to set up a business structure that allows them to operate for both purpose *and* profit.

Benefit Corporation legislation solves that problem though, giving social entrepreneurs a separate, distinct legal structure, which gives them the flexibility to focus on more than just generating profit.

As Connecticut's corporate code is written now, directors of a corporation are required to make decisions that maximize shareholder wealth. Directors of a Benefit Corporation, on the other hand, are not only allowed, they're required to consider the business's effect on society and the environment, in addition to profits.

The legislation will also help protect Connecticut's fledgling social enterprise community from businesses that talk the talk, but don't actually walk the walk when it comes to creating a positive social impact.

The actions of a Benefit Corporation are assessed annually against a third party standard, that measures the extent of the social impact created by a Benefit Corporation. That information, as well as a description of the ways the company pursued and created a positive social impact, and any circumstances that may have hindered that impact, are included in an annual benefit report that is distributed to shareholders, and the public through the company's website. This annual benefit report offers members of the company's board, the social enterprise community, and consumers a chance to evaluate whether a company is living up to its stated commitment to create a positive social benefit.

Currently, there are 21 jurisdictions across the country, including every state that shares a border with Connecticut, that have passed Benefit Corporation legislation. I believe it's incredibly important to pass Benefit Corporation legislation in Connecticut, to keep our social entrepreneurs here, so they can create a positive social impact, create jobs, and build a stronger economy within the state.

Thank you for giving me the opportunity to speak with you this this morning.

Regards,

A handwritten signature in black ink that reads "JAMES Woulfe". The signature is written in a cursive, slightly slanted style. The first name "JAMES" is in all caps, and "Woulfe" is in a mix of caps and lowercase letters.

James Woulfe

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