

[Testimony of Vincent Stanley]

Thanks for inviting me to speak with you today. Recently, you heard testimony from four of my colleagues in the outdoor recreation industry who spoke of their love for their experience in the natural world. Something changes for all of us when we get a mile from the road, or ten feet from the shore, and begin to experience in the presence of nature both self-reliance and vulnerability. Reverence for this experience has attracted many to the outdoor business—not to make a killing but a living, to put at the center of their life and work something they care about deeply.

We in the outdoor industry are not the only ones with this desire. The majority of America's small businesses begin with the impulse to put at the center of work some interest, obsession or skill and to engage with others of like mind, heart and need. Small businesses are by definition rooted in community, either a shared place or activity; they almost all have a clear purpose. They have to make a profit to run their business within its means, but profit is rarely an end in itself.

Patagonia, no longer a small business, is still rooted in communities of sport—climbers, anglers, hikers—and of place. For decades we have given one percent of our sales, more than a hundred million dollars so far, to fund hundreds of small grassroots environmental organizations working to save a beloved local patch of land or stretch of water.

Every beloved place needs help in a time of what Pope Francis has called a “single complex crisis, which is both social and environmental,” marked by perilous inequality and multiple existential threats to nature—from a carbon-saturated atmosphere; acidifying and

plastic-choked oceans; dwindling freshwater; lost topsoil; and a thinning of the web of life that threatens our resilience and capacity to thrive.

We know how important it is to act locally, how much we all need vibrant communities where most of the money stays in town, where citizens can fully care for what they love—to improve the vitality of the neighborhood but also of the bioregion that makes life in a neighborhood possible—the local streams, farms, forest and wild land.

This single, complex crisis has hit, so far, hit people and places cameras don't seek out—the poor in the desolate inner city or hollowed out rural town or the shrinking of both polar ice and tropical islands. But now the crisis is coming home everywhere. Palm Beach is not immune to sea level rise. Santa Barbara, my town, knows and fears wildfire in winter. Every home gardener knows she now lives in a different zone.

The acceleration of our crisis, as well as new job-displacing technology, is changing the way all businesses view their future; we all know there will be new rules and conditions and have no idea what they'll be. But the moral imperative is clear. The crisis demands that businesses understand our impacts, minimize the harm we do, and generate products and services that improve the quality of human life and restore to health living systems—water, soil and atmosphere—to health. The young demand this as well. The natural systems we elders see as fading, they can taste as encroaching desert.

Focusing on the needs of "others" can be as good for businesses in society as it is for individuals within families, to ground business strategy and operations in the real world. In our experience at Patagonia, the social and environmental constraints we've placed on ourselves have led to innovations that have created business that is better in all ways. Our customers are loyal

and more numerous, our employees engaged, our ability to make a sustainable profit has not been hurt by the steps we have taken to do the right thing.

The B Corp movement has been a critical part of our work and that of thousands of other values-based businesses. The independently verified B Impact Assessment provides our individual companies a thorough, systemic look at all our practices that benefit or burden our employees, communities and nature. And unlike traditional corporations, B Corps are legally required to consider the impact of our decisions on all stakeholders: customers, workers, communities, and the environment.

Moreover, in light of the Business Roundtable's recent restatement of the purpose of a corporation, the Impact Assessment can now serve as a blueprint for publicly traded companies who wish to join us, those willing to make in the words of Alcoholics Anonymous a "searching and fearless inventory" of their social and environmental responsibilities—and then act on them. Our publicly traded companies, only 3700 in number but powerful in impact, are coming to understand the risk to their reputations—and to the future of their business—from the capitalism defined by shareholder primacy that privatizes profits but socializes costs to taxpayers and future generations. Large companies are experiencing pressure—from institutional investors, from customers, from the rising generations—to use their business to do good, and to do far less harm.

Some publicly traded firms have already become active in the B Corp movement. Take the example of Danone, a company based in France but traded on the New York Stock Exchange. Emmanuel Faber, Danone's CEO, has cited Patagonia and other B Corps as inspiration for his insight that you can appeal to customers "on the basis of values as well as instincts." Danone brought its \$6 billion North American subsidiary into the B Corp fold in 2017, the same year it negotiated with a consortium of twelve banks a loan for two billion euros

whose interest rate is incrementally reduced for each subsidiary Danone certifies as B. The banks aren't acting solely for the greater good; they recognize that the B Corp's higher standards of governance and transparency reduce their risk.

My hope is that this committee and Congress as a whole will increasingly recognize, as you deliberate the policies that shape our future, the value of the B Corp movement in generating, and restoring, the health of our communities and the natural world.