

Patagonia founder gives company away - 'Earth is now our only shareholder'

Yvon Chouinard, the founder of outdoor apparel brand Patagonia, and his family have transferred ownership of the company to two new entities, Patagonia Purpose Trust and the Holdfast Collective, which will direct all profits towards protecting the environment and fighting the climate crisis.



Yvon Chouinard, Patagonia founder. Source: Patagonia

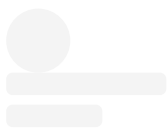
According to a statement shared by the company this week, every dollar that is not reinvested back into Patagonia will be distributed as dividends to protect the planet.

Chouinard, Patagonia founder, former owner, and current board member commented: "It's been a half-century since we began our experiment in responsible business. If we have any hope of a thriving planet 50 years from now, it demands all of us doing all we can with the resources we have.

"As the business leader I never wanted to be, I am doing my part. Instead of extracting value from nature and transforming it into wealth, we are using the wealth Patagonia creates to protect the source. We're making Earth our only shareholder. I am dead serious about saving this planet."

Chouinard founded the California-based company 50 years ago, and has been [described as](#) "an eccentric rock climber who became a reluctant billionaire", turning his passion for rock climbing into a successful \$3bn global outdoor brand. A founding member of 1% for the Planet, Patagonia has become recognised for its environmental activism.

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The Patagonia Purpose Trust now owns all the voting stock of the company (2% of the total stock) and exists to create a more permanent legal structure to enshrine Patagonia's purpose and values. It will help ensure that there is never deviation from the intent of the founder and to facilitate what the company continues to do best: demonstrate as a for-profit business that capitalism can work for the planet.

The Holdfast Collective owns all the nonvoting stock (98% of the total stock), and it will use every dollar received from Patagonia to protect nature and biodiversity, support thriving communities and fight the environmental crisis. Each year, profits that are not reinvested back into the business will be distributed by Patagonia as a dividend to the Holdfast Collective to help fight the climate crisis. The company projects that it will pay out an annual dividend of roughly \$100m, depending on the health of the business.

Leadership structure

Patagonia will remain a B Corp and continue to give 1% of sales each year to grassroots activists. The leadership of the company does not change. Ryan Gellert will continue to serve as CEO and the Chouinard family will continue to sit on Patagonia's board, along with Kris Tompkins, Dan Emmett, Dr Ayana Elizabeth Johnson, Charles Conn (chair of the board) and Ryan Gellert.

The Chouinard family will also guide the company's controlling shareholder, the Patagonia Purpose Trust, electing and overseeing Patagonia's board of directors. They will also guide the philanthropic work performed by the Holdfast Collective. Acting together, Patagonia's board and the Patagonia Purpose Trust will work for the company's continued success over the long term while ensuring it stays true to its purpose and values.

Ryan Gellert, CEO of Patagonia and Patagonia board member said: "Two years ago, the Chouinard family challenged a few of us to develop a new structure with two central goals. They wanted us to both protect the purpose of the business and immediately and perpetually release more funding to fight the environmental crisis. We believe this new structure delivers on both and we hope it will inspire a new way of doing business that puts people and planet first."

Going purpose instead of going public

The company shared the news first with its employees in a global town hall event on 14 September. Soon after, the website Patagonia.com was updated to state that Earth was now its only shareholder and to include [a letter](#) from founder Yvon Chouinard.

In the letter, Chouinard wrote: "I never wanted to be a businessman. I started as a craftsman, making climbing gear for my friends and myself, then got into apparel. As we began to witness the extent of global warming and ecological destruction, and our own contribution to it, Patagonia committed to using our company to change the way business was done."



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But, he said that they needed to find a way to put more money into fighting the environmental crisis while keeping the company's values intact.

"One option was to sell Patagonia and donate all the money. But we couldn't be sure a new owner would maintain our values or keep our team of people around the world employed. Another path was to take the company public. What a disaster that would have been. Even public companies with good intentions are under too much pressure to create short-term gain at the expense of long-term vitality and responsibility. Truth be told, there were no good options available. So, we created our own."

He continued, "Instead of 'going public', you could say we're 'going purpose'. Instead of extracting value from nature and transforming it into wealth for investors, we'll use the wealth Patagonia creates to protect the source of all wealth."

Chouinard closed off his letter saying, "If we have any hope of a thriving planet - much less a thriving business - 50 years from now, it is going to take all of us doing what we can with the resources we have. This is another way we've found to do our part. "Despite its immensity, the Earth's resources are not infinite, and it's clear we've exceeded its limits. But it's also resilient. We can save our planet if we commit to it."

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