



February 8, 2019

Vermont State House
House Committee on
Commerce and Economic Development
115 State Street
Montpelier, VT 05633-5301

Dear Esteemed Members of the Committee:

We are writing in support of the amendment to H.1 offered by the Vermont Insurance Agents Association, or, in the absence of such amendment, to protest against H.1's prohibition of agreements that prohibit individuals from competing with their former employers following the conclusion of their employment.

Vermont-based NativeEnergy, a Public Benefit Corporation, is a leading expert and provider of innovative programs that eliminate ecological impacts and contribute to the common good. Developed in conjunction with its corporate partners, the company's Help Build™ projects create uniquely brand-relevant national and international wind, water, biogas, solar, and other renewable energy and clean water initiatives that help those partners reduce carbon footprints, build supplier resilience, bring substantial social and environmental benefits to needful communities, and build a future that benefits all.

NativeEnergy's current clients include well-known brands such as Ben & Jerry's, Google, Stonyfield Farm, Aveda, Clif Bar & Company, Keurig Dr Pepper, Annie's Homegrown, Under Armour, Designtex, Eileen Fisher and many others. Structuring impact investments that drive business value for them and their supply chain requires a fairly deep understanding of their business, their sustainability values and strategy, and their supply chains. As such, our account managers form deep and generally lasting relationships with key employees of and decision-makers at our clients.

NativeEnergy's employee retention strategy is built primarily around competitive pay, excellent benefits, a collegial work environment and a mission our employees can be proud of. For the most part it is successful. Our current employees have been with us for an average of seven years. Nevertheless, we have to plan for cases in which it isn't. For that, we rely on non-competition agreements that prohibit the employee from competing directly with the company following termination. The duration of that prohibition varies depending on how senior the position was for which they were hired. None exceeds one year.



They have proved useful. A few years ago, an account representative of ours terminated his employment. He was responsible for several of our small business accounts, of which we have many. Our relationships with clients can range from short-term transactional to longer-term strategic, but almost all of them resulted from NativeEnergy's strong brand and ability to create solutions for those clients as opposed to any individual's ability or previous networks. This employee's "book", while more transactional in nature, comprised a substantial portion of our business. This employee did little to create that client list – most of the clients were repeat business that he was simply given responsibility for upon hiring.

Shortly after his termination, we received a call from a friendly competitor asking if we had a non-compete in place with this individual, who had applied for a job with the claim that he could bring his "book" of clients to this competitor. We indicated that we did and that we would enforce it. We worked with this competitor and employee to structure an agreement where this individual could work at our competitor without jeopardizing our business, as we had no desire to see this individual unemployed. Then this salesperson found another job, not directly related to our business. In the end, our non-compete agreement protected NativeEnergy's business and set the foundation for working out an agreement between the employee and our competitor.

More senior employees have been with us for some time, and several have books of business where much of that value is supported by NativeEnergy's brand and the significant efforts of others. Were one of those senior account managers to take his or her book to a competitor, that individual would take our business out of the state (we have no competitors in Vermont) and cause layoffs in Vermont behind in his or her wake.

We hope the committee will keep that in mind when considering the VIAA amendment, and keep it as part of H.1. Thank you.

Sincerely,

Thomas E. Stoddard
V.P. & General Counsel