

# THE GENERAL COUNSEL'S GUIDE TO B CORP CERTIFICATION

## Mini Guide

Certified



Corporation

# Introduction

Making a profit and having a positive social impact are no longer mutually exclusive. Becoming a B Corp means joining a growing movement of people using business as a force for good.

As the first UK law firm to certify as a B Corp we've not only been through the process ourselves, we are also regularly advising others on how to do it.

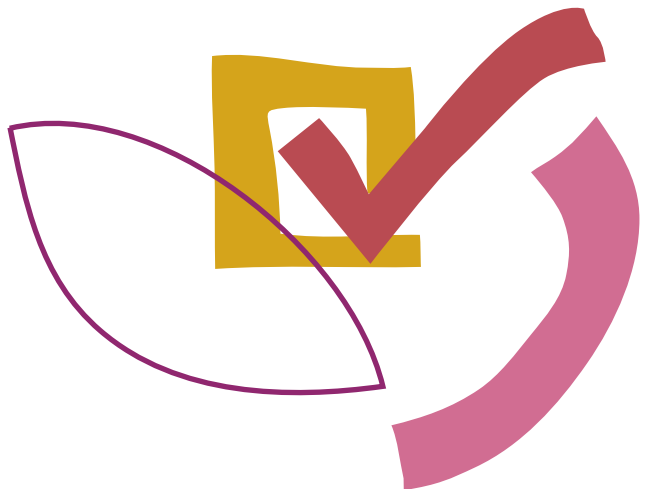
If you're a GC or in-house lawyer and considering B Corp certification, we've pulled together a quick checklist of the things you need to know.

# #1 The B Impact Assessment

One of the first stages of the journey to becoming a B Corp is to measure your company's social and environmental impact. You will do this through the **B Impact Assessment** (BIA). Think of this as your internal due diligence.

Before you start the assessment you will want to:

- Review your main policy documents
- Look at your governance protocols
- Check your contractual arrangements
- Audit your supplier relationships.



## #2 Verification of your score

Your company will need to score at least 80 points in the BIA to continue in the process. B Lab UK (the not-for-profit that certifies businesses) will verify your score and you will need to meet virtually with B Lab staff to review your BIA and submit further documentation to validate what you have said in your response.

B Corps need to update and verify their BIA every three years to maintain certification.


Be mindful of:

- Just how long it takes to go through the process
- Keeping and tracking meaningful data
- Networking and events specifically geared towards accreditation
- The resources available through B Lab and other member organisations to help you.

## #3 Directors' duties

Directors of B Corps are subject to company law in the same way as any other company with one key difference: directors of B Corps are obliged to advance a 'triple bottom line' purpose.

'Triple bottom line' means that rather than having one bottom line (profit), the company should have three bottom lines (profit, people and planet).



Definition:

**Triple Bottom Line**

- Profit
- People
- Planet

Your company's positive impact should be meaningful and implemented through its core business and operations, not just through ancillary activities such as a limited CSR programme.

It's important to:

- Remember why you are doing this and what you want to achieve through it
- Evolve. Work with B Lab to make specific, actionable changes that might not be part of your strategy now.

## #4 Updating your Articles of Association

Your company's Articles of Association will need to include a commitment "to promote the success of the company for the benefit of its members and, through its business and operations, to have a material positive impact on society and the environment, taken as a whole".

The effect of this is that your company no longer has to prioritise the interests of its shareholders over the interests of others. The 'hierarchy of interests' is changed between shareholders and other stakeholders; from 'shareholder primacy' to a multi-stakeholder, or 'triple bottom line' approach.

Becoming a B Corp should give you a focus and make decision-making easier. The B Corp legal framework must safeguard the culture and purpose beyond future leadership changes. It will help your company set goals for improvement, create more positive social and environmental impact, and track your performance over time.

Make sure you:

- Embed B Corp into your strategy and your culture – this goes beyond the current leadership and needs to survive any changes.

## #5 B Corp Agreement and annual fees

In addition to any costs incurred by your business to get to the point of certification, you also need to pay to be a part of this community.

The last stages of your certifying as a B Corp are signing the B Corp Declaration of Interdependence, signing your B Corp Agreement with B Lab UK and paying your annual certification fee, which varies depending on the size of your business.

In 2021 the B Lab UK fees are:

- £500 for very small businesses
- up to £50,000+ for businesses turning over more than £1bn.



## #6 Reputation

B Corp certification comes with some reputational benefits in that the company will be viewed as having higher environmental, social and governance (ESG) standards than traditional companies.

B Corp certification helps your company stand out and stand by your mission. It gives you a unique story in the market and there's no better way to attract and engage mission-aligned talent and customers than to verify your values with B Corp certification.

However, this comes with added risks.

Consider that:

- As a B Corp your company will be expected to operate with higher standards of ethics and integrity
- You may want to consider implementing a reputational risk group to consider business decisions that may have a detrimental effect on your B Impact Score and your B Corp status.



As the first UK law firm to certify as a B Corp, we are ideally placed to guide you through your certification.

**Get in touch today:**

**[b.corp@bateswells.co.uk](mailto:b.corp@bateswells.co.uk)**



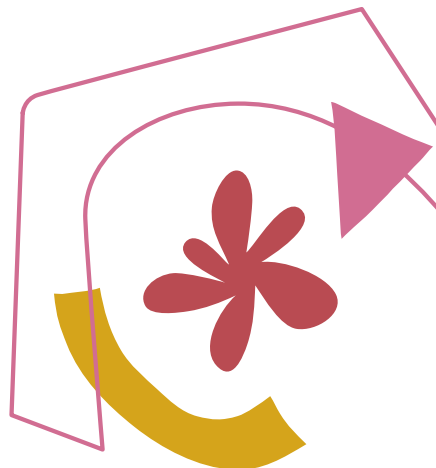
**Luke Fletcher**

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Making a profit is core to all businesses but our goal is to combine this with a real social purpose. Our values are important to us, they shape our decisions and our working life.

Since opening in 1970, we've focussed on positive social impact as much as we have on being a successful law firm and we were the first UK law firm to achieve B Corp certification.

Today, our clients are diverse – from corporate household names, to public bodies, to start-ups. We're also the firm of choice for thousands of charities and social enterprises. We continue to lead the market we helped to shape.

As a purpose and values driven firm we show commitment to our clients, our people, the environment and society. We see it as our purpose to create a positive impact. The impact we have on our people, our communities and our planet does more than inform our work – it gets us up in the morning.

Bates Wells challenges what is possible in legal expertise delivery.

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