

# KNOW HOW

## LAW FIRMS AND THE B CORP MOVEMENT

### Good corp, B Corp

**Angela Monaghan of Bates Wells** explores the benefits and challenges for law firms seeking to achieve B Corp status.

Currently over 800 organisations make up the B Corporation (B Corp) community, of which only two are law firms. Bates Wells was involved in bringing the B Corp movement to the UK and was the first UK law firm to achieve B Corp status in 2015. Being a B Corp is a natural fit for Bates Wells, which supports clients seeking to have a positive impact on the world, such as charities and social enterprises.

Other law firms have also recently expressed interest in understanding what being a B Corp means, what the challenges are and how they might join the community.

#### What is a B Corp?

B Corps are a group of businesses that are actively working to make business a force for good (see feature article *"The B Corp model: doing business better"*, [www.practicallaw.com/w-036-0126](http://www.practicallaw.com/w-036-0126)). They seek to address society's greatest challenges and to build a more inclusive economy. They look to use profits and growth as a means to a greater end for their key stakeholders, which include people, planet and community, and to work towards reduced inequality, action on the environment and the creation of resilient communities.

B Corps are for-profit organisations that are verified and audited as having met certain, stringent standards by B Lab UK, which is the charity that monitors and sets the standards for B Corps in the UK.

To retain the certification, B Corps are required to recertify every three years and the standards are regularly made more challenging (see box *"Certification process"*).

#### Certification process

B Lab's certification and audit system is designed to measure the positive impact of businesses that wish to certify as B Corporations (B Corps). To qualify, companies are required to amend their articles of association to incorporate a commitment to a triple bottom line. This means that they must consider the effect of their decisions on all of their stakeholders: shareholders, staff, the wider community and the environment. In addition, they will be measured against the B impact assessment (the impact assessment) and then audited by the B Lab team. The impact assessment consists of approximately 200 questions covering the key areas of governance, workers, community, clients, and environment. In particular, it asks a series of disclosure questions to check how B Corps and aspiring B Corps perform against potential negative impact issues such as the use of zero-hours contracts or the extraction of fossil fuels.

A minimum score of 80 points on the impact assessment is required in order for a business to certify, and all applications are audited by B Lab once the impact assessment has been submitted. For context, the median score for organisations that complete the impact assessment is 50.9 points. However, any business can use the impact assessment to assess their impact, and to develop areas for improvement, for free.

#### Client interest

Many law firms are increasingly talking about the need to address social and environmental justice, and many clients have started to demand action in this area. Law firms are in a unique position to effect change and their actions can have widespread positive repercussions beyond their own organisation. For example, Bates Wells has taken a series of operational steps to address social and environmental justice by looking at its practice areas and the services that it offers and tying these back to its purpose and values; and the firm is now looking to expand its reach further by encouraging its clients to join it on this journey.

A law firm looking to become a B Corp will have to think about who its key clients are and how they align with the firm's values. The disclosure questions in the B impact assessment question how law firms behave in terms of clients that are, for example, involved in fossil fuel extraction.

#### Initial challenges

The biggest challenge is likely to be doing a deep dive into the firm to identify what it really stands for and how those values fit with B Corp certification. The key is working as a team across the whole firm and being honest about what being a B Corp would mean for the firm, its people and clients.

On a practical note, if a firm is looking to certify as a B Corp it will need to put some dedicated resources aside to gather the data needed and then to complete the assessment and manage the audit process. The firm will also need buy-in from all levels in order to successfully achieve certification. If the firm has a positive attitude towards continuous improvement and using business as a force for good, then the challenges of certification will be relatively minor. For example, Bates Wells has a dedicated team member who oversees the firm's B Corp certification. She works closely with the chief operating officer, senior management team and management board on a daily basis to ensure

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that the firm is recording the necessary data and monitoring its actions against targets set in order to support the firm's aspirations for continuous improvement.

#### **Internal buy-in**

To successfully become a B Corp, buy-in from across the firm is key. This has to be led from the top and there needs to be a genuine commitment to the values of the B Corp movement for it to work. It will not work if this is a directive put together by the marketing team. It needs to resonate with the firm's people and ethos and be true to the organisation. If those principles all apply, then the next step is to communicate internally and at all levels to get a real sense

of what it would mean to a firm's people, partners and stakeholders and to address any issues or concerns at an early stage.

However, the need for buy in continues after the successful initial certification. Bates Wells is continuously looking for ways to communicate what being a B Corp means to the firm internally. For example, the firm strives to use B Corp suppliers and encourages its people to do the same by discussing these relationships internally and by including an additional B Corp section to the firm's annual appraisal process. The firm also works very closely with B Lab UK and other stakeholders to run a number of internal events each year that link back to B Corp values.

#### **Purposeful practice**

There are small and tangible steps that any law firm can take towards operating in more purposeful ways to affect change without seeking to achieve B Corp status if that is not the right fit. In adopting more purposeful business practices, firms can increasingly seek to influence their clients and the market. The ripple effect of this could mean an exponential shift towards more sustainable and fairer business practices that address the key social and environmental challenges that society faces today.

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