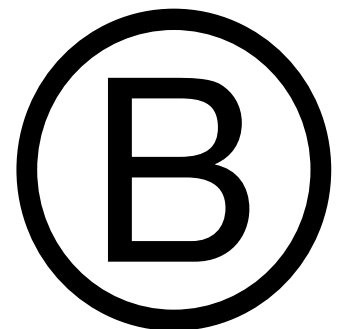


# Introducing the B Corporation™

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**Certified**



**Corporation®**

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[bcorporation.net](http://bcorporation.net)

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# Responsible Green Sustainable

*How do we tell the difference between  
a “good company” and just good marketing?*

# Profit Succession Growth Liquidity

*How do we achieve these while taking care  
of our employees, community, and the  
environment?*

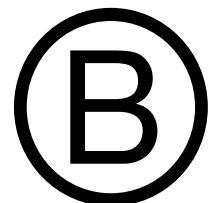
# Financial Crisis Creative Capitalism Tipping Point

*How do we create public policies and capital  
markets which transform corporate accountability  
and create social impact through business?*

**We need a new type  
of corporation which  
creates benefit for  
society, not just  
shareholders.**

**Introducing the  
B Corporation.**

**Certified**



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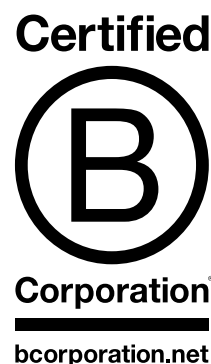
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# We are the company we keep. Join us.

160 Certified B Corporations, 30 industries,  
\$1B collective revenues, \$6B in assets

Apparel/Footwear	Building	Business Services	Consumer Products
Dansko Del Forte Denim GoLite Apparel Indigenous Designs TS Designs	A1 Builders Ice Stone Nolan Painting Re: Vision Architecture South Mountain Company	BetterWorld Telecom Give Something Back Hanson Bridgett New Leaf Paper Praxis Consulting	Comet Skateboards Fair Trade Sports Method Melissa Joy Manning Seventh Generation
Developing World	Energy	Fair Trade	Financial Services
Agora Partnerships CAP Global IGNIA Partners OneRoof	Big Tree Climate Fund Bikestation EKO Asset Management Practical Energy Solutions Sungevity	Alter Eco Fair Trade Guayaki Numi Organic Tea Pura Vida Coffee Sustainable Harvest	Benchmark Asset Managers ShoreBank Social (k) TBL Capital Trillium Asset Management
Food/Beverages	Marketing	Media	Restaurants
Cleanfish Culinary Collective Greyston Bakery King Arthur Flour Plum Organics	BBMG egg Parsons Public Relations Straus Communications The SOAP Group	Care2 Saber es Poder Sustainable Industries	Busboys & Poets Greg Christian Catering Moka Joe Café Organic Planet White Dog Café
Retail	Travel/Recreation		
Betterworld Books Kimberton Whole Foods UnCommonGoods Village Books Waldeck's	Evergreen Lodge KKMI Untours		

[See all B Coporations](#)



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# Basic B Corp FAQs

## What are B Corporations?

B Corporations are a new kind of company that uses the power of business to solve social and environmental problems.

### **Certified B Corporations (B stands for Benefit):**

- (1) meet transparent and comprehensive standards of social and environmental performance;
- (2) legally expand their corporate responsibilities to include consideration of stakeholder interests; and
- (3) amplify the voice of sustainable business and for-profit social enterprise through the power of the unifying B Corporation brand.

## What are the benefits of becoming a B Corporation?

### **Influence Public Policy:**

- Create a new corporate form accountable to stakeholders
- Establish tax incentives and procurement preferences for sustainable business
- Drive higher impact social investing through the creation of impact investing standards

### **Support your Business:**

- Be recognized as a leader
- Save money (e.g. 75% discount on Salesforce)
- Maintain mission as you grow, raise capital, sell, or plan succession
- Differentiate through third party certification

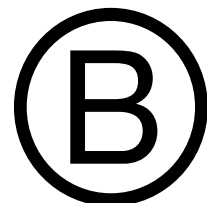
## How do you become a Certified B Corporation?

- Meet performance standards by achieving a passing score (80 out of 200) on the B Ratings System™
- Meet legal standards by amending your Articles of Incorporation to include consideration of stakeholder interests
- Do it yourself on [www.bcorporation.net](http://www.bcorporation.net) or reach out to [thelab@bcorporation.net](mailto:thelab@bcorporation.net) and we'll help.

## Who certifies B Corporations?

- B Lab is a 501 (c)(3) non-profit governed by an independent Board of Directors.
- The B Ratings System is governed by an independent Standards Board.
- The Boards and B Ratings System are transparent on [www.bcorporation.net](http://www.bcorporation.net).

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# Why B Corps Matter

*B Corporations address two critical problems which hinder the creation of social and environmental impact through business:*

1) **the existence of shareholder primacy** which makes it difficult for corporations to take employee, community, and environmental interests into consideration when making decisions; and

2) **the absence of transparent standards** which makes it difficult for all of us to tell the difference between a “good company” and just good marketing.

B Corporations’ legal structure expands corporate accountability and enables them to scale and achieve liquidity while maintaining mission. B Corporations’ transparent and comprehensive performance standards enable consumers to support businesses that align with their values, investors to drive capital to higher impact investments, and governments and multinational corporations to implement sustainable procurement policies.

*Our vision is simple yet ambitious: to create a new sector of the economy which uses the power of business to solve social and environmental problems.*

*Make Good  
easy*



This sector will be comprised of a new type of corporation – the B Corporation. B Corporations will be legally recognized by the states, tax preferred by the IRS, and valued by investors and consumers. In a generation, this marketplace of B Corporations will reach 5-7% of US GDP -- the size of the non-profit sector today.

As a result, individuals and communities will have greater economic opportunity, society will have moved closer to achieving a positive environmental footprint, more people will be employed in great places to work, and we will have built more local living economies in the US and across the world.

## CONTACT US:

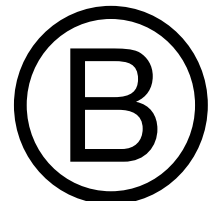
**Address:** 8 Walnut Ave, Berwyn, PA 19312

**Email:** [thelab@bcorporation.net](mailto:thelab@bcorporation.net)

**Phone:** 610-296-8283

**Fax:** 610-296-8289

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# B Corporation Certification Requirements

**Legal** : [Click here](#) to learn more about how B Corps institutionalize stakeholder interests

**Performance** : [Click here](#) to see the complete B Ratings System, including questions on the B Survey

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★★★★

**B Corp Star Ratings**

## Sample B Report™

Last Updated: 10/25/08

### XYZ Manufacturing, Inc.

Composite B Score: **120.7**

( > 80 eligible for certification as a B Corp )

**Composite B Score**

	Points Earned	% Points Available
<b>Environment</b> <i>Area of Excellence</i> ★★★★★		
Corporate Offices	11.7	61%
Transportation / Distribution	4.4	75%
Manufacturing Facilities	18.9	80%
<b>Employees</b> <i>Area of Excellence</i> ★★★★★ <b>Category Ratings</b>		
Compensation & Benefits	22.2	90%
Employee Ownership	5.5	55%
Work Environment	6.8	81%
<b>Community</b>		
Local	2.7	36%
Diversity / Broad Ownership	3	24%
Charity / Direct Service	6.4	26%
<b>Consumers</b> <i>Area of Excellence</i> ★★★★★		
Beneficial Products / Services	9.9	50%
Beneficial Method of Production / Impact	19.7	100%
Serving those in Need	0.0	0%
<b>Leadership</b> <i>Area of Excellence</i> ★★★★★		
Governance / Accountability	5.8	88%
Transparency / Reporting	2.4	80%
Fair Trade / Supplier Code of Conduct	1.3	26%
<b>Composite B Score</b>	<b>120.7</b>	<b>61%</b>

-> 60% points available in an Area of Excellence

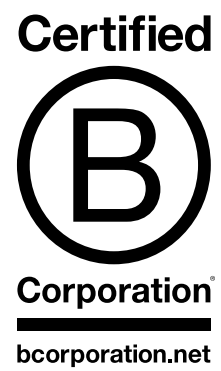
Compiled from answers to 170 question on-line B Survey

Summary of stakeholder impact

Useful management tool

Comparable with leading businesses across 30 industries

Transparent for Certified B Corps on [www.bcorporation.net](http://www.bcorporation.net)



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# B Corporation in the news



The New York Times  
ON THE WEB

THE HUFFINGTON POST

THE CHRONICLE OF PHILANTHROPY  
THE NEWSPAPER OF THE NONPROFIT WORLD

**GOOD**  
BUSINESS

Sustainable Industries

**FT**  
FINANCIAL  
TIMES

**FAST COMPANY**

San Francisco Chronicle

WORLDCHANGING CHANGE YOUR THINKING

**Entrepreneur**

**Miller-McCune**

**PLENTY**  
IT'S EASY BEING GREEN

Stanford SOCIAL  
INNOVATION REVIEW

**MIT Sloan**  
Management Review

PHILADELPHIA  
**BUSINESS JOURNAL**

**VegNews**

triplepundit  
people planet profit  
Business, Better.

**elephant**

**Ode**

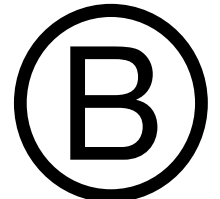


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POWERED BY CRAIN'S



**Inc.**  
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## A New Kind of Company

*B Corporations worry about stakeholders, not just shareholders* By Hannah Clark

BY ALMOST ANY STANDARD, Give Something Back is a thriving business. Launched in 1991 with \$40,000 from two founders, the office products company generated \$25 million in sales in 2006. Give Something Back, which donates more than half of its profits to charity, could have grown even faster if founders Mike Hannigan and Sean Marx were willing to take in outside investors. But though they get offers regularly, they've always said no. The reason: "We couldn't offer an investor an opportunity to invest in us and feel in any way that our social goals were protected," Hannigan says.

It's a problem that has long dogged socially responsible businesses. Public companies are legally obligated to maximize returns to shareholders, according to a widespread interpretation of corporate

law. For private firms, it's more a matter of withstanding pressure from investors. Hannigan and Marx, for example, fear their social mission could be threatened if an investor changed his mind about Give Something Back's penchant for charity. They want to avoid the fate of ice cream maker Ben & Jerry's, which received a buyout offer from the Dutch conglomerate Unilever in 2000. Founders Ben Cohen and Jerry Greenfield didn't want to sell, so Cohen assembled a group of investors to make a counteroffer. When they couldn't offer as much as Unilever, shareholders sued, and the company, then publicly traded, was forced to relent. In April 2000, Ben & Jerry's was acquired by Unilever for \$326 million.

That's exactly the situation that B Lab, a new nonprofit orga-

Photograph by Timothy Archibald

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## Priority >>

nization, aims to prevent. The group is creating a new kind of company—the B Corporation. (The B stands for “beneficial.”) It’s less a legal designation than a certification system that will allow businesses to define themselves as socially responsible to consumers and investors. To become a certified B Corporation, a company must amend its articles of incorporation to say that managers must consider the interests of employees, the community, and the environment instead of worrying solely about shareholders. Those amendments, according to B Lab, will let entrepreneurs like Hannigan take on outside investors without worrying that their values will be compromised. “For us, this is a huge step forward,” says Hannigan, whose company recently became one of about two dozen certified B Corporations.

B Lab’s founders got the idea from Leslie Christian, president of Progressive Investment Management. In 2004, she co-founded a new venture, Upstream 21, a holding company in Portland, Oregon. Christian says she and her partners “wanted to be really clear that we wouldn’t be doing something solely in the interest of shareholders.” Upstream’s attorney drafted the language, and earlier this year Upstream acquired its first company. “When you look at what makes a company successful, is it the absentee landlords? No, it’s the people who work there,” Christian says.

B Corporations must do more than simply edit their articles of incorporation. They have to pay B Lab one-tenth of 1 percent of revenue, and score at least 40 out of 100 on a survey B Lab developed after consulting with more than 150 entrepreneurs, investors, and academics. It’s similar to the LEED certification system for green buildings or TransFair’s certification of fair-trade businesses. Companies gain points for a number of practices, including democratic decision making, having good benefits, donating profits to charity, and being energy efficient. “We want to help consumers separate good companies from good marketing,” says Jay Coen Gilbert, co-founder of the apparel company AND 1, who launched B Lab with Bart Houlahan, AND 1’s former president, and Andrew Kassoy, a principal at private equity firm MSD Capital, which manages Michael Dell’s money.

Certification, however, can be somewhat suspect; some organic farmers, for example, have said the organic certification system has actually weakened their movement by enabling the creation of organic factory farms. And some of the questions on B Lab’s survey—“Are corporate events or team-building exercises held at least twice annually?”—have dubious social value. B Corporations can be strong in some areas (say, employee ownership) but weaker in others, such as environmental stewardship. But social entrepreneurs are clearly thirsting for standards, and B Lab is far from the

only organization working to develop them. The nonprofit Natural Capital Institute is developing a standard for responsible business known as Wiser, and a labeling initiative called Reveal aims to launch soon as well.

B Lab is different from the others because of the articles of incorporation amendment it requires. But how it might play out in the courts is an open question. If a B Corporation were forced for economic reasons to lay off half its workers, would it risk being sued?

Could Greenpeace take a company to court for not living up to its green goals? That depends, in part, on the state; 11 states have laws that would insulate directors from liability, says R. Todd Johnson, a partner with the corporate law firm Jones Day, who consults for B Lab. Some states don’t even allow companies to add stakeholder interests to their articles of incorporation; only 31 have expressly permitted it by passing what are known as constituency statutes. Ultimately, however, whether the amendments are legally binding will be up for debate until they are tested in court.

It’s also far from clear that the amendment is even necessary. Legal scholars are divided on whether companies are actually legally obligated to maximize returns to shareholders. Margaret Blair, a law professor at Vanderbilt University, calls the legal obligation a “mythology,” and is surprised the owner of a private company would feel the need to amend its articles of incorporation, given that privately held businesses are not subject to hostile takeovers. In a widely cited 1986 case, *Revlon v. MacAndrews & Forbes Holdings*, the Delaware Supreme Court ruled that once a public company is soliciting buyout bids, it must accept the highest offer, though a company can simply refuse to put itself up for sale. But

that decision is valid only for tender offers—often-hostile bids that bypass management and go directly to shareholders, according to Blair. “It just doesn’t happen in the case of private companies,” she says.

Coen Gilbert admits that B Lab is a work in progress. But the group already has lined up powerful supporters, including Adam Lowry, co-founder of Method Products, a popular maker of green soaps and cleaning products; Steve Voigt, CEO of King Arthur Flour; and Jason Salfi, co-founder of Comet Skateboards. Jeffrey Hollender, CEO of the consumer products company Seventh Generation, says he has considered participating in at least 10 rating systems and always rejected the idea—until now. He thinks a successful rating system is vital for the social responsibility movement to succeed. “There is a tremendous potential for the idea to lose credibility because of a lack of standards,” Hollender says. “I don’t want to say this is perfect, but this is desperately needed right now.”

### Could you be a B Corporation?

*B Lab asks business owners more than 100 questions to determine whether their companies qualify as “beneficial” corporations. A sampling:*

#### Philanthropy

What percentage of net profits is given to charity?

#### The Environment

Are managers evaluated on their performance with regard to social and environmental targets?

#### Political Activity

Are all political contributions and lobbying efforts fully disclosed?

#### Board of Directors

How many stakeholders have representation on the board?

#### Diversity

What percentage of your managers are women or minorities?

#### Sourcing

What percentage of company revenue is generated from products that are organic, locally sourced, fair trade, or green?