
Second Edition

NEW Tools for Building
an Inclusive Economy

The **B Corp** Handbook

**How You Can Use Business as
a Force for Good**

Certified



Corporation

Ryan Honeyman and Tiffany Jana

Foreword by Rose Marcario, CEO, Patagonia



THE B CORP DECLARATION OF INTERDEPENDENCE

WE ENVISION A GLOBAL ECONOMY THAT USES BUSINESS AS A FORCE FOR GOOD. THIS ECONOMY IS COMPRISED OF A NEW TYPE OF CORPORATION – THE B CORPORATION – WHICH IS PURPOSE-DRIVEN AND CREATES BENEFIT FOR ALL STAKEHOLDERS, NOT JUST SHAREHOLDERS. AS B CORPORATIONS AND LEADERS OF THIS EMERGING ECONOMY, WE BELIEVE: THAT WE MUST BE THE CHANGE WE SEEK IN THE WORLD. THAT ALL BUSINESS OUGHT TO BE CONDUCTED AS IF PEOPLE AND PLACE MATTERED. THAT, THROUGH THEIR PRODUCTS, PRACTICES, AND PROFITS, BUSINESSES SHOULD ASPIRE TO DO NO HARM AND BENEFIT ALL. TO DO SO REQUIRES THAT WE ACT WITH THE UNDERSTANDING THAT WE ARE EACH DEPENDENT UPON ANOTHER AND THUS RESPONSIBLE FOR EACH OTHER AND FUTURE GENERATIONS.

Praise for *The B Corp Handbook, Second Edition*

“*The B Corp Handbook* shows that an economic agenda that serves people’s needs while respecting planetary boundaries is compatible with, and ultimately even necessary for, financial success.”

—**Paul Polman, CEO, Unilever**

“Every business owner interested in creating a more diverse, equitable, and inclusive economy should read this book.”

—**Dawn Sherman, CEO, Native American Natural Foods**

“In an increasingly complex world, big brands and companies are fundamentally challenged as to whose interests they really serve. We joined the B Corp movement because we are convinced that addressing this challenge directly is the best way to reinforce trust with our stakeholders.”

—**Emmanuel Faber, CEO, Danone**

“The B Corp principles of social, environmental, and economic justice are deeply aligned with the mission and core values of our worker-owned cooperative.”

—**Adria Powell, CEO, Cooperative Home Care Associates**

“Our holistic vision for the company centers around our clothing, mindful business practices, and support of every employee’s purpose. Being a B Corp allows us to fulfill our purpose in a bold way with other like-minded companies. *The B Corp Handbook* serves as a guide for using business as a force for good.”

—**Eileen Fisher, founder and President, Eileen Fisher**

“I hope that five years from now, ten years from now, we’ll look back and say B Corporations were the start of the revolution. The existing paradigm isn’t working anymore—this is the future.”

—**Yvon Chouinard, founder of Patagonia**

“*The B Corp Handbook* provides an essential teaching resource in preparing the next generation of business leaders to build a more sustainable and inclusive economy.”

—**Jessica Thomas, Director, Business Sustainability Collaborative, North Carolina State University**

“We became a Certified B Corp because it closely aligns with our purpose of empowering people to live more beautiful lives. B Corp also aligns with our Community Commerce model, which provides individuals with access to the resources and opportunities they need to add value to themselves, their families, and their community through reinvestment, entrepreneurship, women’s empowerment, education, and wellness.”

—**Emmet Dennis, Chief Marketing Officer, Sundial Brands**

“The second edition of *The B Corp Handbook* focuses on helping companies make progress on diversity, equity, and inclusion. The message is clear: don’t just wait for economic justice; make it happen!”

—**Naomi Vickers, Chief Operating Officer, BLK Capital Management**

“I think B Corporations will make more profits than other types of companies.”

—**Robert Shiller, winner of the 2013 Nobel Prize in Economics and Professor of Economics, Yale University**

“*The B Corp Handbook* shows how using business as a force for good, not just pursuing short-term profits, can be better for consumers, employees, local communities, the environment, *and* your company’s long-term bottom line.”

—**Tony Hsieh, *New York Times* bestselling author of *Delivering Happiness* and CEO, Zappos.com**

“B Corporations recast the goals of the traditional business enterprise. They are becoming more prevalent as a new breed of businessperson seeks purpose with the fervor that traditional economic theory says entrepreneurs seek profit.”

—**Daniel Pink, *New York Times* bestselling author of *When and Drive***

“*The B Corp Handbook* proves that any company can be pro-community, pro-business, and pro-environment—at the same time. Ryan Honeyman and Tiffany Jana show that there does not have to be any tradeoff between profitability and creating positive social change.”

—**Suzanne DiBianca, Executive Vice President of Corporate Relations and Chief Philanthropy Officer, Salesforce**

“A must-read for every for-profit enterprise that aims to create social impact.”

—**Cathy Clark, Adjunct Professor and Director, CASE i3, Fuqua School of Business, Duke University**

“In contrast to the plethora of books that discuss only the problems facing society, *The B Corp Handbook* offers a concrete, positive, market-based, and scalable systemic solution to addressing our greatest social and environmental challenges.”

—**Marshall Goldsmith, *New York Times* bestselling author of *What Got You Here Won't Get You There***

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BK

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The B Corp Handbook, Second Edition

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To the B Corp Community

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B Corps in Their Own Words

One of the most powerful aspects of this book is the opportunity to hear directly from the B Corp community—in its own words—about the benefits, challenges, and surprises of becoming a Certified B Corporation and using business as a force for good. Throughout the book you will find twenty B Corp Q&As with CEOs, executives, impact investors, and others from the following companies, big and small, from around the world:



Dawn Sherman, Native American Natural Foods—USA
(page 17)



Anton Espira, ECO2LIBRIUM—Kenya
(page 27)



Emmanuel Faber, Danone—France
(page 33)

Small Giants

Mele-Ane Havea, Small Giants—Australia
(page 42)



Cheryl Pinto, Ben & Jerry's—USA
(page 50)



Eloisa Silva, Mercado Birus—Chile
(page 57)



Adria Powell, Cooperative Home Care Associates—USA
(page 69)



Eileen Fisher, Eileen Fisher—USA
(page 81)



Diana Marie Lee, Sweet Livity—USA
(page 93)



Lynn Johnson, Spotlight: Girls—USA
(page 98)



Suzanne Siemens, Lunapads—Canada
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Kat Taylor, Beneficial State Bank—USA
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Corey Lien, DOMI Earth—Taiwan
(page 150)



Jeff Ward, Animikii—Canada
(page 157)



João Paulo Ferreira, Natura—Brazil
(page 164)



Bas van Abel, Fairphone—Netherlands
(page 169)



Onnia Harris, Method—USA
(page 175)

FOREWORD

Patagonia was proud to become both a Certified B Corporation and a benefit corporation in January 2012. Becoming a Certified B Corporation meant we had successfully met rigorous standards of social and environmental performance, accountability, and transparency. Becoming a benefit corporation meant that we had enshrined our most deeply held social and environmental values in our business charter and articles of incorporation—and committed to specific practices based on those values for as long as we are in business. Indeed, our founder, Yvon Chouinard, stood first in line to sign the papers on the day the new benefit corporation law took effect in California. (There will be more on the similarities and differences between Certified B Corps and benefit corps later in this book.)

An important upside, one we didn't expect, has emerged from the recurring assessment process that is necessary to becoming a Certified B Corporation. Although we submit to other audits of labor and environmental practices, the B Impact Assessment (a free tool that helps companies measure, compare, and improve their social and environmental performance) provides us the only comprehensive view of our standing with all our stakeholders: owners, employees, customers, local communities, suppliers' communities, and the planet. The B Impact Assessment helps us keep our eye on the North Star by letting us know where we have improved and where we fall short—and need to dig in. Our 2012 assessment, for example, revealed much work to be done to improve our positive engagement in our communities. By 2016, thanks largely to our introduction of Fairtrade certified labor for much of our product line, community engagement had become a strong contributor to our total score.

Another benefit, one we did expect, has been the good company of like-minded businesses committed to serving the common good. We are so happy to see so many new faces each year. We are impressed at how the movement has grown, both geographically and in the types and sizes of businesses involved. The informal communications between Certified B Corps on shared challenges and practices may be one of the movement's greatest benefits. The B Corp community is looking at the whole picture and planning longer term, which leads to innovation, thoughtful initiatives, and increased trust among stakeholders.

Ryan Honeyman wrote the original comprehensive B Corp Handbook that helped spark the growth of this movement. This second, expanded and updated

edition, written with co-author Dr. Tiffany Jana, reflects much of what has changed and what we have all learned in the years since the first book appeared. Especially welcome in the second edition is the emphasis on diversity, equity, and inclusion, which will be helpful to us at Patagonia to continually improve our organization and to help support groups working for environmental justice around the world.

We live in a time of great injustice, political upheaval, and unparalleled threats to the web of life, but also of urgency, humility, and great opportunity to get things right and make things right. Ryan and Dr. Jana, in this book, help guide the way.

Rose Marcario
Chief Executive Officer, Patagonia Inc.

INTRODUCTION

Ryan Honeyman

(pronouns: he/him/his)

I first found out about B Corporations while baking cookies.

The flour I was using—King Arthur unbleached all-purpose flour—had a Certified B Corporation logo on the side of the package. “That seems silly,” I thought. “Wouldn’t you want to be an A Corporation and not a B Corporation?” The carton of eggs I was using was rated AA. I was obviously missing something.

An online search revealed that the B logo was not a scarlet letter for second-rate baking product. B Corporations, I found, were part of a dynamic and exciting movement to redefine success in business by using their innovation, speed, and capacity for growth not only to make money but also to help alleviate poverty, build stronger communities, restore the environment, and inspire us to work for a higher purpose. The B stands for “benefit,” and as a community, B Corporations want to build a new sector of the economy in which the race to the top isn’t to be the best in the world but to be the best for the world.

Since my initial discovery, I have watched the B Corp movement grow to thousands of businesses in over sixty countries. In addition to King Arthur Flour, well-known B Corps include Ben & Jerry’s, Danone North America, Eileen Fisher, Kickstarter, Laureate Education, Method, Natura, Patagonia, Seventh Generation, and Triodos Bank. Thought leaders such as former President Bill Clinton and Robert Shiller, the winner of the Nobel Prize in economics, have taken an interest in the B Corp movement. Inc. magazine has called B Corp certification “the highest standard for socially responsible businesses,” and the New York Times has said, “B Corp provides what is lacking elsewhere: proof.”¹

You ought to look at these B Corporations. . . . We’ve got to get back to a stakeholder society that doesn’t give one class of stakeholders an inordinate advantage over others.

Bill Clinton, former president of the United States

I think B Corporations will make more profits than other types of companies.

Robert Shiller, Nobel laureate in economics



MEET SOME OF THE B CORPS. Thousands of B Corps across more than sixty countries are leading a movement to redefine success in business.

I originally decided to write this book because many business owners and CEOs are intrigued and excited by the idea of B Corporations but there was not a single step-by-step resource that could explain the what, why, and how of the B Corp movement. There was a need for a book that was practical and hands-on, a comprehensive guide for those interested in using business as a force for good.

The main focus of this book is the Certified B Corporation, not the legal entity known as a benefit corporation. This book focuses on the Certified B Corporation because this certification (and the B Impact Assessment, the free online tool for improving a company’s social and environmental performance) is available to any business in the world, regardless of existing legal structure, size, or location of incorporation. There is a separate book written on benefit corporations, *Benefit Corporation Law and Governance: Pursuing Profit with Purpose*, by Frederick Alexander. I highly recommend it for those of you who want to go deep on the topic. For some of the basics, you may review appendix A of this book for an overview of benefit corporations, answers to some frequently asked questions about the legal structure, and a look at the similarities and differences between Certified B Corporations and benefit corporations.

This second edition of *The B Corp Handbook*, which I have coauthored with Dr. Tiffany Jana of TMI Consulting, updates the core content from the first edition of the book while adding Dr. Jana’s expertise on diversity, equity, and building a more inclusive economy.

A lot has changed for me since 2014, when the first edition of this book was written. I now have two kids, a girl and a boy. Any parent reading this knows that something changes when you have kids. For me, having a girl made me viscerally aware of the many systemic barriers she will face in this world. It made me feel sad, angry, and helpless. Her birth caused the first in a series of deeper revelations. For example, many ideas that I was intellectually supportive of—like women’s empowerment—suddenly became personal and real.

In addition to being a new father, this shift inside of me was accelerated by watching more cell phone videos of the police shooting unarmed black men, by Indigenous-led protests against the Dakota Access Pipeline, by the power of the #MeToo movement, or by immigrant children being forcibly separated from their parents just for seeking a better life in the United States. The confluence of these events reordered my internal list of personal and professional priorities. Diversity, equity, and inclusion (DEI) shifted from one of many issues I care about to my top priority.

This book is a lot different than the first edition. Some readers may have mixed reactions to the addition of so much content around DEI. You might think, “I wanted to read a straightforward book about B Corps, and you are blindsiding me with all of this DEI content. It feels like you are forcing this topic on readers when it is just one of many priorities. If I wanted to read a book about diversity, I would get one.”

If you find yourself thinking along these lines, I understand the reaction. I may have thought the exact same thing before 2014. What I have learned over the past few years, however, is that there is no such thing as a conversation about DEI and a separate conversation about business as a force for good. They are the same conversation. Siloing DEI into something separate is one of the main barriers facing our movement to create a more equitable society.

Another thing I have learned is that, as a cisgender (that is, my gender identity matches the sex I was assigned at birth), nondisabled, straight, white male who is a U.S. citizen, it is the privilege of people like me to *not* think about DEI. We can mostly ignore it, or expect people of color (or other historically marginalized groups) to figure it out, or we can indefinitely kick the conversation down the road without any apparent negative repercussions. It should not be the burden of people of color, women, or other marginalized groups to educate folks with privilege about institutional racism, institutional sexism, and other forms of systemic bias.

One reason privileged people like me avoid this topic is that many of us feel like we don’t know where to start—even if we are interested in addressing systemic bias. Another reason is that conversations about DEI, especially about race, often

bring up feelings of shame, guilt, hopelessness, anger, and sadness. I have taken solace in the advice I have received from racial justice educators and social justice activists over the last few years. Their comments have generally followed along the lines of the following:

- “Yes, you are a privileged white male. However, you did not invent racism, sexism, and other forms institutional oppression. You inherited them.”
- “It is OK to feel awkward and uncomfortable when talking about DEI. Try to stay engaged. If you choose to walk away from an uncomfortable conversation, you are exercising your privilege, because people of color, women, and others cannot walk away from their identity.”
- “Do not doubt that you will make mistakes and feel embarrassed. Perfection is not the goal. Stay engaged long enough to give yourself a chance to recover from your mistakes, make a breakthrough in understanding, and strengthen your ability to have difficult conversations.”

If it feels awkward and uncomfortable to talk about DEI, it can be absolutely terrifying to discuss white supremacy. “Whoa, whoa, whoa,” I can hear you saying. “Are you seriously bringing up white supremacy in the introduction to a book about B Corps? I am about to throw this book out the window.” If you are having this reaction, I get it. Hang in there. I promise this will tie back to B Corps.

As a white person (or for any person, for that matter), the term “white supremacy” is often jarring and cringeworthy. It can conjure up images of neo-Nazis and Ku Klux Klan members marching down the street with torches—leading to feelings such as shame, defensiveness, or anger. However, I am not proposing that we discuss the bigotry of individuals who identify as white supremacists. I want to examine the system or organizing principle of white supremacy, in which white domination of society is seen as the natural order of things. For white people like me, it is important to discuss this system, because it goes largely unnoticed and operates by default in the background of our daily lives.

“Again,” you may be wondering, “how is this possibly related to B Corps? I don’t see the connection.” It is related because our economy is based upon—and tightly intertwined with—the legacy of white supremacy. If we aren’t directly learning about, disrupting, and dismantling this framework, how can B Corps be truly successful in creating a more inclusive economy?

After learning more about this system from leaders in the antiracism movement, I believe it is important to specifically name white supremacy in the context of the B Corp movement because white supremacy is the system that perpetuates many of the problems our diversity, equity, and inclusion initiatives are attempting to solve. For instance, white supremacy implies a number of unspoken norms. It

describes a social order in which one kind of person is superior: a white, Anglo, cisgender, Christian, heterosexual, wealth-oriented, nondisabled male. People who do not fit neatly into each of these categories and who want access to power and privilege are often forced to Anglicize their names, hide their sexuality, play up their wealth, act “male,” and hide their religion.

The culture of white supremacy also elevates a certain attitude and approach to life. Many of the values I learned and internalized growing up as a young white male included things like, “Work hard. Keep your nose to the grindstone. Be productive. If you see a problem, fix it. You can do anything you want if you just try hard enough. Everyone gets a fair shot. You are responsible for your own success in life. Suck it up and don’t complain. Always be polite. Avoid conflict. Don’t rock the boat. If you don’t have anything nice to say, don’t say anything at all.” For years, I assumed that the values imparted to me by my family were somehow unique to us. It shocked me to realize that these messages are part of a cultural lineage and belief system that is handed down by white families to their children over many generations.

These internalized values play out in subtle and pernicious ways. For example, if a white child sees a poor black child at school, they might think, “Well, maybe their family just needs to work harder,” or “We should help those poor people, who obviously haven’t figured it out and need the assistance of people like me.” Based on the narrative that everyone gets a fair chance and that working hard is the answer, the white child may assume that the black child’s family is solely responsible for the circumstances in which they find themselves. In addition, white children are taught to avoid conflict. “I’m confused why this black child is poor,” the white child might think, “but I’m not going to ask about it. It seems like a sensitive topic. It must just be the way things are.”

Nothing in the previous example was consciously or purposefully racist on the part of the white child. If anything, the white child thought they could be helpful. The cause of the damaging conclusions is the unexamined belief system—the default order of things—that has been passed down to white people and that perpetuates institutional bias.

Until recently, I had always believed that the answer to many social and environmental problems was to “help” historically marginalized groups bring themselves up to par with white communities. I had never considered that challenging and unraveling the norms, assumptions, and culture of white supremacy itself could be part of the solution. Reframing this problem is difficult and uncomfortable because it shifts the focus to me. That is why I believe it is incumbent upon us in the B Corp community to more explicitly name white supremacy and examine its negative effects. Antiracist leaders have helped me