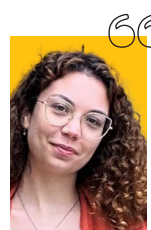




A reflection on **B** CORP MONTH – an ongoing journey

The road to B Corp certification symbolises a commitment to use business as a force for good. In a dialogue between **Charlotte O'Leary** of *Pensions for Purpose* and **Kate Sandle** of *Newcore Capital* the importance of systemic change and transparent collaboration emerges as pivotal in reshaping the economic landscape to a more inclusive & impactful model

By Bruna Bauer



B Corp isn't a destination. It's a journey." Each March, the B Corp community celebrates its values and amplifies the movement of companies dedicated to using business for good. Certified B Corps adhere to rigorous standards for social and environmental impact, verified by *B Lab*. In March 2024, they emphasised how improving business practices is an ongoing journey, not an end goal. To delve into this, Charlotte O'Leary, CEO at *Pensions for Purpose*, engaged in an insightful conversation with Kate Sandle, Director of Sustainability at *Newcore Capital* and former Director of Programmes and Engagement at *B Lab UK*.

Why is B Corp important?

Pensions for Purpose's journey towards becoming a profit for purpose business involved embedding impact considerations into their articles of association, focusing on including people, planet and profit in boardroom

discussions. This approach aligns with the ecosystem of impact investing, demonstrating that better business and impact investing are interconnected. History shows the value of considering employees and societal well-being for business success. Despite past narratives that solely emphasised shareholder profits, there is a growing recognition of interdependence and stakeholder importance, exemplified by the B Corp movement. As Kate emphasised, organisations alone will not be able to change the system – there is a need for a systemic mobilisation and engagement.



Charlotte O'Leary: "Better business and impact investing are two sides of the same coin. So, if you had asset managers, investment consultants and legal firms that were B Corporations, and had that written into the way they operate as businesses, you would get alignment with the asset owners they're there to serve."



Kate Sandle: "Milton Friedman's argument that 'the business of business is business', focusing solely on profits for shareholders, has dominated mainstream business thinking. However, many businesses are now realising that operating in isolation is impractical due to their interconnected value chains, employees and environmental impacts. This shift in mindset is evident in the growing interest in movements like B Corp certification, signalling a broader consideration of stakeholders beyond just shareholder returns. Recognising the significance of stakeholders contributes not only to financial returns but also to overall business success, marking a fundamental change in perspective."

B Corp: systems change & good business

Changing the economic system is at the core of the B Corp movement, as Kate explained. Business is the most powerful human-made force but the domination of

the shareholder primacy mindset turns it into one of the biggest contributors to contemporary problems. B Corp helps to promote a transition by certifying businesses who are leading the way for the change. In addition, they provide a free tool for businesses around the globe to use the impact assessment.

Governance and legislative changes are underway globally, acknowledging businesses must serve their stakeholders, not just shareholders. This shift is particularly evident in the US, where legal frameworks traditionally prioritise shareholder interests. To address this, many states have introduced specific legislation, such as benefit corporation laws, to redefine business purpose. Similarly, in the UK, initiatives like the Better Business Act aim to reshape the narrative, emphasising the importance of broader stakeholder considerations.

Charlotte explained B Corp does not enforce a specific organisational model. For instance, *Pensions for Purpose* operates with a membership structure, which serves as a feedback mechanism to identify gaps and



challenges, guiding service offerings. By addressing systemic needs, profits naturally follow, reducing the requirement for extensive marketing efforts. This approach not only minimises marketing expenses but also transforms the business dynamic, creating a mutually reinforcing cycle of service provision and member engagement.

Newcore Capital shares this approach, as they focus on investing in social infrastructure, addressing a significant historical lack of investment in assets crucial for societal functioning. This includes special educational needs schools. Their business success lies on meeting a genuine need in society. Many businesses see market gaps as opportunities, which is commendable as long as their contributions outweigh their impact. This tension is where B Corps offer an interesting perspective.

Why is it important for Pensions for Purpose to be a better business?

As a growing platform gathering members, *Pensions for Purpose* has become more than just a service provider, it has to embody the culture and values it advocates for. Firms aligning their business purpose with their advice provide more comprehensive ESG and impact integration. With a 100% female management team and a commitment to diversity, flexible working and remote operations, *Pensions for Purpose* integrates its values into every decision.

Why should investors, asset owners & managers get involved in B Corp?

Kate identifies a huge opportunity to engage businesses and investors in reshaping the economic system. Investors play a central role in driving change by dictating their desired returns and considering broader factors beyond traditional risk and return metrics. According to her, we must move beyond solely considering ESG factors as risks and instead focus on broader stakeholder engagement and impact. By reframing risks as opportunities for positive

impact, we can amplify our efforts. Engaging investors in this broader perspective is crucial and leading by example is essential. Investors need to align their investment strategies with sustainable practices, ensuring consistency throughout their operations and investments.

Better Business

The Better Business Act seeks to amend Section 172 to allow directors to consider stakeholder interests alongside fiduciary duty. This act aims to change the default assumption from prioritising shareholder profits to considering broader stakeholder concerns. Why is this shift important?

According to Charlotte, in board meetings, in general, despite long-term mindsets, there is often a focus on short-term financials. Without a qualitative narrative emphasising the consideration of people and planet alongside financials, this balance is challenging to achieve. Sustainability efforts often sit outside the boardroom, but they need to be integrated within it to shape culture, values and strategy effectively. Changing fiduciary duty for pension trustees is only one part of the equation. The entire investment chain involves various companies (trustees, investment consultants and asset managers are companies), and outdated economic models affects alignment. We need best practices, alongside regulations like the Better Business Act, to highlight and promote those leading in sustainable business practices.

In addition, to advance and innovate, we must be willing to share certain data openly. This challenges the notion that proprietary systems or products are our primary value — rather, it is the people, their ideas and how we collaborate. Adversarial politics and business environments decreases collaboration, yet initiatives like *Climate Action 100+* and institutional investor groups for climate change show industry-wide commitment to collaboration. Breaking down barriers requires openness and transparency in sharing information and data, a principle embraced by *Pensions for Purpose*, evidenced by freely available resources on their website.

B Corp is a journey – what are the areas for improvement?

“I would like to see a better framework for addressing systemic needs,” Charlotte O’Leary.

Currently, B Corp focuses on assessing the environmental and social performance of businesses, which is extremely important. However, it is just one aspect. Charlotte cites the need to recognise nuances between addressing root causes and secondary effects



[Click here to watch Charlotte and Kate's B Corp conversation.](#)

of societal issues like inequality and biodiversity loss. This would empower investors and consumers to prioritise impactful solutions.

For instance, looking at pensions, a major systemic issue is the lack of savings for retirement, exacerbated by inequalities in the system. *Pensions for Purpose* is addressing this by steadily increasing employer contributions to pensions, despite our size. This holistic approach should be reflected in impact assessments, as supporting retirement savings not only benefits individuals but also directs assets towards sustainable investments. The 'Make My Money Matter' campaign highlights the significant impact of pension investments, contributing to systemic change.

Kate highlighted the importance of addressing a challenge with the assessment given it is possible to have low scores in certain areas and still obtain certification. This inconsistency across five different areas — governance, workers, environment, community and customers — allows businesses to excel in some while neglecting others. Kate highlighted the necessity of establishing a minimum standard across all areas to ensure comprehensive evaluation and improvement.

Finally, Charlotte highlighted the challenges faced by small businesses within the B Corp ecosystem, mentioning the significant trade-offs involved. Small businesses often operate with limited resources while engaging with larger entities that may have different terms. Charlotte mentioned the importance for more accommodating practices, recognising that the

majority of small businesses, especially those led by women, face long-term sustainability challenges.

More information

If you are interested in a conversation on this topic, please e-mail [Charlotte O'Leary](#).

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Pensions for Purpose's latest Impact Lens research, 'Navigating diversity, equity, and inclusion (DE&I) – an asset owner perspective', sponsored by *Jupiter Asset Management* was published in April. [Click to find out more and read the report.](#)

Help for asset owners

Pensions for Purpose offers asset owners bespoke pension committee training and facilitated workshops to help funds clarify their priorities,



goals and how to achieve them. Our [Knowledge Centre](#) contains hundreds of articles on various topics.