

The Better Business Act

Campaign Overview



We can do better than this.

Our mission is to change UK law to make sure every single company in the UK, whether big or small, puts balancing people, profit and planet at the heart of their purpose and the responsibility of their directors.

Our objective is to amend Section 172 of the Companies Act in line with these principles.

The world needs business at its best.

We're going to create an economy where every business is at its best

The climate emergency and social inequality are profound and pressing problems, thrown into sharp relief by the COVID-19 crisis, that can only be solved if we harness the enormous potential of entrepreneurs, innovation and enterprise. The world needs business at its best.

But for the past half-century, business has become separated from the communities it needs to serve. The relentless pursuit of profit at all costs has contributed to a set of enormous challenges that threaten peoples' health, wealth and the natural world.

76% in the UK want business to be legally responsible for their impact

Our research shows that UK voters and consumers want business to do better. Three quarters of the UK public think business has a responsibility to protect the environment and the majority favour brands that do good in the world.

The Better Business Act will transform the way we do business, so that every single company in the UK, whether big or small, takes ownership of its social and environmental impact.

Freedom for business leaders to act in everyone's interests

This means freeing decision-makers in business to act in everyone's long term interests - combining traditions of good stewardship and responsibility with new ideas to meet the challenges of the 21st century.

The best way to do this is to change the law that governs how businesses act. It can no longer be a choice for companies to consider their impact on the future. That's why we are urging all of Britain's business leaders to call on the UK Government to amend Section 172 of the Companies Act to ensure businesses are legally responsible for benefiting workers, customers, communities and the environment while delivering profit.



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The Better Business Act coalition

We are bringing together a broad and growing coalition of leaders from across all sectors and all regions of the UK.

Together, we will ask for the government's leadership to help deliver this new contract between business and society.

Making business work for everyone

We are asking **all of Britain's business leaders** to call on the government to make this change to the Companies Act. Through this campaign, and the important act of business leaders asking for the laws on businesses to be strengthened, we can shift the public narrative on the role of business from 'greed to good' and help the UK show global leadership in responsible corporate governance in the lead-up to COP26.

Proving the stakeholder model

We've worked with a range of partners to collect evidence that stakeholder-governed businesses thrive while also protecting the planet and society. Case studies and data are in place to inform and inspire.

Building a coalition of leaders

The Better Business Act coalition begins by bringing together businesses who are already leading the way. The leaders of these businesses have the authority and credibility to bring the rest of industry along with us.

Convening the conversation

Throughout 2021 we will be hosting events which bring businesses, their stakeholders and government together to bring our case to life and to shift the public narrative on the role of business from 'greed to good'.

Taking our ask to government

As the coalition grows and our voice becomes louder, we will engage a network of 'Parliamentary Champions' to drive legislation forward and convene experts to help government shape the legislation.



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A simple legislative solution

By amending Section 172 of the Companies Act we can use existing legal principles to replace the outdated default of shareholder primacy.

We do so by empowering directors to consider all stakeholders.

About the Act

Our objective is to see these four principles reflected in an amended Section 172 of the Companies Act. In doing so, the government will establish a new level playing field for all UK businesses.

For many directors, this change in law will not materially affect their behaviours or the actions of their companies, but by becoming law they will ensure that no business can use short-term profit maximising to justify behaviour that's harmful to society or the environment:

1

Stakeholder governed

Stakeholder governance must replace shareholder primacy in law as the governing principle of fiduciary duty within Section 172 of the Companies Act.

3

Default change

This change must apply to all businesses by default. It must no longer be optional to benefit wider stakeholders beyond shareholders.

2

Empowering directors

This change must empower directors to exercise their judgement in weighing up and advancing the interests of all stakeholders.

4

Reflected in reporting

Following this change, businesses must report in detail on how they balance people, planet and profit in a strategic report or similar impact report.

(An example amendment to Section 172 of the Companies Act, incorporating these principles, can be found on our website [here](#))

A photograph of a crowd at a climate protest. In the foreground, the backs of several people's heads are visible. They are holding various signs. One prominent sign in the center says "I'm missing LESSONS To teach you?". To the left, a sign features a green circular logo with a stylized plant and the word "EARTH" below it. Other partially visible signs include "MATE CHANGE", "ECTS ALI", and "RESPECT NICE". The background shows lush green trees and a black lamppost with a yellow globe light.

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with purpose

The case for Better Business

Evidence tells us that now is the time to act.

While we're channeling the voice of business in support of the Better Business Act, the campaign also draws on academics, policy experts, industry associations, media, and the views of the general public to present a chorus of support for this change.

The time is now



Public

72% of the UK public think business should have a legal responsibility to the planet and people, alongside maximising profit

[B Lab UK & ReGenerate poll](#), May 2020



Academia

“The public trusts businesses over government to solve our problems. But we need both to try.”

Professor Colin Mayer,
Oxford University,
[Time Magazine](#),
February 2021



Business leaders

Nearly half of UK business leaders think that companies should be purpose-led; helping to solve the problems of people and planet.

British Academy,
[Principles for Purposeful Business](#), October 2020



Media

“A clearer financial incentive has come from the boom in environmental, social and governance investing.”

The Year Capitalism Went Cuddly, [The FT](#)
December 2020

Join us

Businesses and organisations are invited to join our coalition so that, together, we can change the law to make sure that every business plays its part in building a fairer and more sustainable future for all.

Support for the campaign and the four principles will be recognised on our website and member organisations be invited to participate in activity throughout the campaign.

Click here to sign up

www.betterbusinessact.org

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[@betterbusinessact](#)

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