

# The Better Business Act

## Our Proposal

The Better Business Act would amend Section 172 of the Companies Act 2006 so that companies are legally empowered to operate in a manner that benefits their stakeholders, including workers, customers, communities and the environment, while delivering profit for shareholders.

## Why?

The climate emergency, cost of living crisis and rising social inequality are profound and pressing problems facing the UK. These problems can only be solved if we harness the enormous potential of entrepreneurs, innovation and enterprise to create an economy where business is at its best. The time has come for every business to align the long-term interests of people, planet and profit.

### **Legislating for the BBA will play a role in delivering a growing, resilient economy.**

Businesses that live by the values of the BBA have shown greater growth potential than their counterparts, as well as greater staff retention.

### **These reforms will support working people, especially during the cost of living crisis.**

Our research shows that businesses that live by the values of the BBA are four times more likely to support their workers during the current crisis. These reforms will also go some way to prevent bad practices seen in scandals such as that of P&O Ferries.

### **Reforming directors' duties will help businesses deliver Net Zero.**

Under these plans, directors will have a default duty to the environment, aligning profit with the interests of people and the planet.

### **Voters across the UK want this.**

Our research shows that 77% UK voters and consumers also 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 Evidence

The case for the Better Business Act is growing:

### UK Public

**77%**

Recent research done by the Better Business Act and Opinium shows that **77%** the UK public think businesses should have a legal responsibility to the planet and people alongside maximising their profits, with **73%** of Conservative and **87%** of Labour voters agreeing. This figure has increased from 72% in 2020.



**69%**

This research showed that majority of the public (**69%**) support the legal changes proposed by the Better Business Act campaign.



### Directors

**62%**

A study by the Institute of Directors shows directors agree that they believe that businesses should not exist solely to make money and generate shareholder profits. The IoD supports the Better Business Act's proposals.



### Investors

**£33.3**  
trillion

The need for sustainable investment opportunities is growing. At the beginning of 2023, total assets under management across all ESG funds stood at \$33.3 trillion. The Better Business Act would enable more British business to access more of this capital.



### Policymakers

There has been an increase in the global adoption of optional forms of this legislation. There are now nine countries who have a version of this and 35 states in the US. Adoption of the Better Business Act's principles would make the UK a global leader in mandating this approach.



## The Better Business Act

Our objective is to see these four principles reflected in an amended Section 172 of the Companies Act. For many directors, this change in law will not materially affect their behaviours or the actions of their companies, but by becoming law we can ensure businesses are legally responsible for benefiting workers, customers, communities and the environment while delivering profit.

Specifically we want an amendment to achieve four changes:

### Aligned Interests

Advance the interests of wider society and the environment alongside those of shareholders, establishing a new principle of fiduciary duty within Section 172.

### Empowering directors

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

### Default change

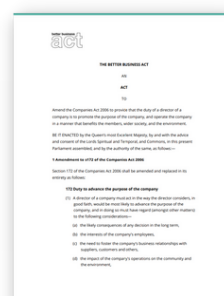
This change must apply to all businesses by default. It must no longer be optional to benefit wider stakeholders beyond shareholders.

### Reflected in reporting

Businesses must report on how they balance people, planet and profit in a strategic report or impact report, where one is currently required.

## Draft legislation

This is an example of how legislation could be written to incorporate the four principles of the campaign. It is fluid and kept up to date to ensure it is written to achieve our aims. Click on the Act to read the current draft.





## The Coalition

The Coalition of businesses supporting the Better Business Act currently consists of over 2,000 organisations from across the UK. Supporters include Kin + Carta, Virgin Management, Iceland, the Institute of Directors, RenewableUK, and The Body Shop. Find the full list of supporters [here](#).



## Contact Us

To arrange a meeting or if you have any questions, please contact Mhairi Littlewood, Campaign Manager at the Better Business Act: [mhairi.littlewood@betterbusinessact.org](mailto:mhairi.littlewood@betterbusinessact.org).

## The team behind the campaign.

The Better Business Act concept and strategy were initiated by B Lab UK, which acts as its Secretariat. B Lab UK is a non-profit established in 2015 to serve a growing community of over 1300 UK-based companies - Certified B Corporations - using business as a force for good.

Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

