

The Better Business Act

What is the Better Business Act?

The Better Business Act campaign is led by B Lab UK, the charity behind the B Corp movement. Certified B Corp businesses meet high standards of social and environmental performance, accountability and transparency, balancing profit with purpose. To become a B Corp, a business must legally embed a stakeholder governance model by amending its articles of association so directors must consider the interests of employees, customers, communities and the environment alongside those of shareholders when making decisions.

The Better Business Act calls for a simple amendment to Section 172 of the Companies Act 2006 so that every company must operate under this same principle – balancing profit with purpose. This legislative change would not hold every company to the full B Corp certification standard, but it would ensure that all companies are legally empowered to align the long-term interests of people, the planet and profit.

Over 3,000 businesses back the Better Business Act, from local firms and SMEs to high street brands and publicly listed companies. Names in the coalition include Kin + Carta, Iceland, Patagonia, the Institute of Directors and Virgin Group. Retail expert Mary Portas and the CEO of Tony's Chocolonely, Douglas Lamont, are the campaign's co-chairs.

Stakeholder governance supports good growth

Stakeholder governance is not anti-business – it drives resilience, productivity, and fair growth. [Research by Demos](#) shows that businesses that have aligned the interests of people, planet and profit in law are good for long-term, sustainable growth with an overall addition to the economy of £149 billion if every business were stakeholder governed and a £5.3 billion pay rise for the lowest earners. This is because such companies invest more in their workforce, delivering well-paid, secure jobs and in turn raising living standards across the country. B Lab UK data shows businesses thrive with stakeholder governance:

- **Faster growth:** Between 2023 and 2024, small and medium-sized UK B Corps saw a 23% increase in turnover compared to a 16.8% national average for SMEs. They also saw a 10% increase in employee headcount, while SME employment nationally fell by 0.5%.
- **Fair pay:** UK B Corps are 25% more likely to pay all employees a family living wage, directly supporting the Chancellor's mission to make working people better off.
- **Resilience:** B Corps were significantly more likely to survive the COVID-19 pandemic than ordinary businesses.
- **Climate leadership:** UK B Corps are 104% more likely to use only renewable energy, supporting the Government's clean energy and net zero targets.
- **Board accountability:** UK B Corps are 56% more likely to have boards that regularly review social and environmental performance, and 114% more likely to include community representatives on their boards.

The Better Business Act

Why corporate governance must change

Section 172 of the Companies Act 2006 was meant to ensure that company directors consider the interests of employees, customers and the environment alongside those of shareholders.

In practice, it has reinforced a focus on short-term shareholder returns. Cases such as Thames Water, BHS and Carillion show how this approach can lead to underinvestment, environmental harm, and corporate collapse.

Reforming company law to strengthen director accountability and require genuine consideration of wider stakeholder interests is essential to promote long-term, responsible business behaviour.

Opportunities for action

The Government's proposed Audit Reform and Corporate Governance Bill provides a crucial opportunity to strengthen corporate governance and rebuild public trust in business. The Bill should:

Amend Section 172

to embed stakeholder
governance in all
companies.

Introduce meaningful Section 172 reporting

on how directors
balance people, planet
and profit.

Empower the new Audit, Reporting & Governance Authority (ARGA)

to monitor directors' compliance
with Section 172 duties.

How you can help:

- Raise the issue by submitting an oral or written question to the Department of Business and Trade on behalf of the Better Business Act Coalition (suggested questions are available separately).
- Write to the Secretary of State for Business and Trade asking him and the Department to explore opportunities to strengthen corporate governance for all businesses in the upcoming Audit Reform and Corporate Governance Bill.
- Apply for a Westminster Hall Debate on directors duties and companies law to encourage the Government to be bold in their ambitions.
- Back the Better Business Act Coalition by sponsoring future amendments to Government legislation and publicly supporting stakeholder governance as a route to a stronger, fairer economy.