

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 adopt a stakeholder governance model, requiring directors to consider employees, customers, communities, and the environment alongside shareholders in decision-making.

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 and organisations back the Better Business Act, from local firms and SMEs to high street brands and publicly listed companies. Names in the coalition include 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 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. Such companies invest more in their workforce, providing well-paid, secure jobs and boosting living standards nationwide.

Marking B Lab UK's tenth anniversary, the [Take 10: Celebrating 10 Years of the UK B Corp Movement](#) report found that B Corps have grown faster, created more jobs, have been more resilient and attracted more investment than other UK firms, as demonstrated by the following statistics:

- **Growth:** B Corps' turnover growth is almost 7 times higher than all UK SMEs, proving that purpose-driven businesses are scaling faster than the market.
- **Jobs:** While overall UK SMEs grew headcount by only 2%, UK SME B Corps achieved 11% employee growth, highlighting their contribution to local jobs and economic resilience.
- **Investment:** Over the past decade, UK B Corps have attracted a median of £1.5 million in growth funding from external investors, 18% more than comparable UK businesses, demonstrating strong investor confidence in sustainable business models.
- **Resilience:** With above average productivity, stronger growth, and higher investment, UK B Corps are showing that long term value creation is strongest when purpose sits alongside profit.

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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 and Carillion show how this approach can lead to underinvestment, environmental harm and corporate collapse. Reforming company law to strengthen director accountability and require consideration of wider stakeholder interests is essential to promote long-term, responsible business behaviour.

Four principles for a future-fit economy

Our objective is to see these four principles reflected in an amended Section 172 of the Companies Act.

Aligned interests

The interests of shareholders are now advanced alongside those of wider society and the environment. This establishes a new principle of fiduciary duty within Section 172 of the Companies Act.

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

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

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.
- 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.