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# How the B Corp movement is redefining success in business

Such enterprises use profits and growth as a means to a greater end, and strive not to be 'best-in-the-world' but 'best-for-the-world'. **BY CAROLINE SEOW AND LAWRENCE LOH**

**B**USINESS can be a force for good. Since the turn of the millennium, over a billion people have been uplifted out of extreme poverty, malnutrition has halved, 2.6 billion people have gained access to improved drinking water, and more girls than ever before are going to school. Capitalism has contributed significantly to this improved quality of life by promoting models of development rather than dependence.

Yet even as we celebrate capitalism, we concede it has come at enormous cost – too-big-to-fail organisations, unsustainable levels of debt, loss of biodiversity, and, indefensibly, just too many people left behind. Since 2015, the richest 1 per cent of the world's population have owned more wealth than the rest of the planet. The pandemic has further exacerbated this divide. Oxfam posits that while the 1,000 richest people on the planet recouped their Covid-19 losses within just nine months, it would take more than a decade for the world's poorest to recover from the economic impacts of the pandemic.

Enlightened leaders know that this situation is not tenable, let alone sustainable. Companies need to understand the mutual dependence between business and society, take responsibility for negative externalities generated (for example, smog in cities, pollution of waters), and redefine success in business with metrics that deliver for all stakeholders.

While the rise in corporate reporting is encouraging, current disclosure mechanisms need improvement. As reported in *The Economist* (May 22, 2021): "The current system of largely voluntary reporting is riddled with problems. Firms disclose reams of irrelevant puffery, while often failing to reveal the few things that matter."

## A FORCE FOR GOOD

But ensuring that capitalism creates a shared and durable prosperity necessitates more than statements of intent. It requires corporations, investors and regulators to take action and champion policies, practices and mechanisms of accountability that deliver measurable value for all stakeholders. This is the *raison d'être* of Certified B Corporations (B Corps) – a global movement of enterprises using business as a force for good.

B Corps are for-profit companies certified by the non-profit B Lab to meet the highest standards of verified social and environmental performance, accountability and transparency. Purposeful, profit-

able and resilient, they aim to redefine outmoded views of corporate success as they aspire to use the power of markets to solve social and environmental problems.

Launched in 2007, there are close to 4,000 Certified B Corps today, from 150 industries and across 74 countries. This includes The Guardian, a 200-year old media company that views B Corp certification as a natural fit with its purpose-driven culture and values.

Publicly traded B Corps include Laureate, the world's largest higher education network; O-Bank, the first native digital bank in Taiwan; and Brazil's Natura & Co, a multi-channel, multi-brand cosmetic group which encompasses The Body Shop, Aesop, and Avon. Danone Aqua, South-east Asia's largest B Corp, is one of 33 Danone entities that have earned B Corp certification. Other well-loved brands in the B Corp family include Patagonia, Ben and Jerry's, Kickstarter and Coursera.

Singapore is home to 13 B Corps. Pamela Chng, founder of Bettr Barista, Singapore's pioneering B Corp, is a passionate advocate for purpose-driven businesses. Bettr Barista, a multi-hyphenate award-winning company, comprises both a retail arm and a coffee education programme for vulnerable workers. The company tackles the systemic issues in the coffee value chain, down to the farmers who grow the beans, and ensures industry practices are equal and inclusive. Ms Chng's values-oriented entrepreneurship earned her a nomination for *The Straits Times*' Singaporean of the Year 2020 award.

To become a B Corp, regarded as the gold standard for sustainability and social impact, companies need to score a minimum of 80 points on the B Impact Assessment (BIA). While there are a myriad of certifications for specific products, for example, Green Mark for buildings, Fairtrade for coffee or GOTS for textiles, what sets the B Corp certification apart is that it evaluates an entire company on metrics that include worker engagement, community involvement, environmental footprint and governance structure, rather than a single product or aspect of a company. This big-picture stakeholder evaluation and rigour is critical as it distinguishes between good companies, and just good marketing.

The journey to being a B Corp is educational, aspirational and focused on improvement. Today, there are over 140,000 companies across the world actively using the BIA framework as a tool to measure, manage and accelerate positive impacts for their workers, communities, customers and the en-

vironment. Companies in Singapore and the region are encouraged to do likewise as they commence their stakeholder management journey. B Lab is providing the BIA as a public good, and the use of the framework is free for all businesses as a self-assessment and benchmarking tool. In addition, the tool is not "one-size-fits-all", but is tailored to a company's industry, size and market.

## MOVING TO STAKEHOLDER CAPITALISM

Being part of a community with shared values is just one of the many benefits of being certified. A *Harvard Business Review* article (*It Pays to Become a B Corp*) cited merits of improved brand building, business performance and operational efficiencies. The transparency and rigour of the B Corp certification process was also a perfect antidote to investors, business partners and customers wary of greenwashing.

The nascent but growing number of Singapore B Corps are testimony that stakeholder capitalism is not just the right thing to do, it is good for business.

Cleaning technology company Speco – whose clients include Pontiac Land, HDB and Maybank – advances that the certification was invaluable as it increases credibility and builds trust with customers. Innovation consultancy Palo IT and funds manager Panarchy Partners attribute their ability to attract and retain employees to their B Corp status, as working with purpose-driven organisations is a key criterion for top-notch talent when making their career decisions. Renewable energy firm RPRE adds that the rigour of the B Corp certification process attracts investors who prioritise environment, social and governance (ESG) considerations in their portfolio companies. Golden Sunland who works with small rice farmers in Myanmar and healthy snacks company Boxgreen credit B Corp certification with opening doors and increasing revenue streams.

By harnessing the power of business, B Corps use profits and growth as a means to a greater end: high-quality job creation, reduced inequality, healthier, regenerative environments and stronger communities. This shift from shareholder primacy to stakeholder capitalism redefines success in business as enterprises strive not to be "best-in-the-world" but "best-for-the-world"; creating a durable and shared prosperity for humanity today and for generations to come.

■ Caroline Seow is co-founder of B Lab South-east Asia and ambassador for Cambridge Institute for Sustainability Leadership. Lawrence Loh is director of Centre of Governance and Sustainability at NUS Business School.