



## **Multinationals & Public Markets Advisory Council**

### **Introduction:**

B Corps are leading a global movement of people using business as a force for good, so that one day all companies compete to be best for the world and society enjoys a shared and durable prosperity. While the early success of this movement has been driven largely by innovative small and mid-sized companies, an increasing number of mission-aligned, multinational and public companies (MPCs) have recently expressed interest in B Corp certification and in helping to accelerate the movement.

MPCs, however, are often challenged to apply the performance standards and meet the legal requirement for certification due to their more complex operating and governance structures. For this movement to scale, B Lab must chart a clear path to certification for MPCs that is both manageable and meaningful.

To address this challenge, B Lab has created the Multinationals and Public Markets Advisory Council (MPMAC), a multi-stakeholder advisory body tasked with recommending a meaningful, manageable path to certification for MPCs.

### **Project Scope and Timeline:**

The MPMAC will be comprised of leading multinational public companies, investors, attorneys, thought-leaders, and intermediaries with expertise in sustainability, community development, employee engagement, environmental impact and corporate governance. It is divided into two ~ten person working groups focused respectively on *Mission Alignment* and *Performance Standards*.

The *Mission Alignment Working Group* will focus on:

- 1) Evaluating how to meet the B Corp legal requirement globally and in the public market context;
- 2) Engaging with the investment community, regulatory bodies (e.g. exchanges), and intermediaries (e.g. bankers, accountants, ratings agencies, D&O providers) to identify and remove impediments to adoption.

Simultaneously, the *Performance Standards Working Group* will focus on:

- 1) Evolving the performance metrics;
- 2) Refining the certification process; and
- 3) Enhancing the verification requirements for MPCs.

Current members of the working groups include:

**Mission Alignment Working Group**

- Aurelien Cohen, Danone
- Daniela Saltzman, Generation IM
- Tara Smith, Campbell's Soup
- Janine Guillot, SASB
- Luciana Villanova, Natura
- Margaret Foran, Prudential
- Pamela Hartigan, Said Business School
- Robert Eccles, Harvard Business School
- Colin Mayer, Said Business School
- Ed Liu, Morgan Stanley
- Jameel a Pedecini, Perella Weinberg Partners

**Performance Standards Working Group**

- Nikki King, Campbell's Soup
- Francisco Piza, Bancocolombia
- Jeffrey Hogue, C&A
- Jessica Sobel, Hain Celestial
- Kristen Sullivan, Deloitte
- Laura Palmeiro, Danone
- Luciana Villanova, Natura
- Sue Almond, Grant Thornton
- Terence Jeyaretnam, Ernst and Young
- Kirsten Dunlop, SunCorp
- Sue Gerrard, Unilever
- Andrew Cousins, SASB

The MPMAC will make specific written, publicly-available recommendations to B Lab's Standards Advisory Council regarding:

- The Performance Standards in the B Impact Assessment and their applicability for multinationals and public companies (MPCs);
- The Certification Process for MPCs and its manageability;
- The Verification Process for MPCs; and
- The path for expanding fiduciary duty for MPCs.

The recommendations of the MPMAC will be made available for public comment prior to consideration by B Lab's independent Standards Advisory Council in late 2017.

If you are interested in providing input or comments on the recommendations of the working group, reach out to B Lab at [thelab@bcorporation.net](mailto:thelab@bcorporation.net) to subscribe to updates.

<b>Timeline:</b>	Q1 '16	Selection and Orientation of Members
	Q2 '16	Research and Stakeholder Input
	Q3 '16	In-person meeting of MPMAC (London)
	Q4'16 – Q2 '17	Member Teleconferences
	Q3-Q4 '17	Public Comment and Revisions; SAC Review



## FAQs on Multinationals and Public Markets Advisory Council

*Why did B Lab create the MPMAC (Multinationals and Public Markets Advisory Council)?*

B Lab's vision is that one day *all* companies compete to be the best for the world, and therefore it is necessary to engage companies of all sizes in its mission including multinational public companies. Because B Lab's current requirements are not suited for the impact and complexity of multinationals, it is necessary to create the MPMAC to fill this gap in B Lab's work.

*What is the scope of changes anticipated for multinational public companies from the recommendations of the working group?*

While the MPMAC will advise on the applicability and clarity of the performance and legal requirements for multinational public companies and how they can be verified, the MPMAC will not make recommendations that remove or fundamentally change the objectives or rigor of those two requirements or the principles of the B Corp movement.

*Does the MPMAC have control over the requirements for multinational public companies for B Corp Certification?*

No. Requirements for B Corp Certification are overseen by an independent Standards Advisory Council, which can be viewed [here](#). The MPMAC, with input from other stakeholders and the broader public, will provide recommendations to the Standards Advisory Council for their consideration.

*How can others participate in this project?*

While participation in the Working Groups of the Council must be limited, interested parties may join the MPMAC as non-working group members, as which they will receive periodic updates on the efforts of the Working Groups and have the opportunity to act as alpha-testers of the recommendations of the Working Groups before those recommendations are sent to the SAC for their consideration. Anyone is able to provide feedback and recommendations to B Lab throughout the project to be inform Working Group discussions and recommendations. Additionally, all recommendations will be made publicly available for comment in 2017 prior to review by the Standards Advisory Council.

Interested parties should reach out to [thelab@bcorporation.net](mailto:thelab@bcorporation.net).

*Will the participants of the MPMAC become B Corp Certified?*

B Corp Certification requires meeting performance, transparency, and legal requirements independent of MPMAC participation. Members of the MPMAC are not committed to become Certified B Corps nor is there a presumption that all would meet the requirements of certification.

*Are members of the MPMAC financing the project?*

No. In order to prevent conflicts of interest B Lab is currently self-financing the project.

*Can multinational public companies become B Corp Certified prior to the recommendations of the MPMAC?*

In some cases, yes, depending upon the scale, scope, and industry of the corporation. In addition to Certification, there are other ways for multinationals to engage with the B Corp movement, including pursuing B Corp Certification for subsidiaries, or engaging their suppliers in Measure What Matters campaigns. Engagement Opportunities for MPCs. [\[link\]](#)

*Given the controversies and potential negative impacts of multinational companies, should they be able to become Certified B Corps?*

We need an inclusive movement in which everyone from family farms to the Fortune 500 uses business as a force for good. B Lab recognizes that the impact of multinational public companies may be controversial, and that a number of multinational corporations have questionable reputations. B Lab sees its role as the promotion of robust standards for performance, expanded legal accountability, and public transparency that can be used by companies themselves as well as policymakers, investors, and the general public to make more informed decisions, including which companies are generating the greatest positive impact and best serving the public interest. If some multinationals and public companies are able to meet the same rigorous standards of verified overall social and environmental performance, public transparency, and legal accountability as the rest of the community of Certified B Corporations, even better for the movement.

*Does B Lab review the negative impacts of a business, including a multinational, as part of B Corp Certification?*

In assessing a Company's overall performance, B Lab reviews both 1) the positive impact of a company on all of its stakeholders using the B Impact Assessment (BIA), and 2) potential negative impacts using a Disclosure Questionnaire and Background Check (DQ/BC). Both the BIA and the DQ/BC are subject to a formal process of review and verification [\[described here\]](#). The DQ allows the Company to confidentially disclose to B Lab any practices, fines, or sanctions related to the Company or its affiliates that may indicate the creation of negative impacts on the Company's stakeholders. This disclosure, coupled with the background check that B Lab does on the Company and its senior management, and allows B Lab to determine what negative impacts may exist and whether they require further transparency, remediation, or, in rare instances, the refusal or revocation of certification based on their significance, if that is deemed to outweigh the positive impact quantified in the BIA.

Neither the DQ nor the background check affects the Company's B Impact Score; however, as described below, they may affect the Company's eligibility for certification. B Lab has 90 days to evaluate all of the Company's assessment and DQ/BC information, engaging our Standards Advisory Council and B Lab's Board of Directors as appropriate, with 4 potential outcomes: (1) Deemed immaterial, no further disclose

required (2) Deemed material, incremental disclosure required (3) Deemed material, requires mitigation (4) Deemed material, not eligible for certification B Lab has also created a formal Complaints Process to respond to concerns expressed by the general public about any Certified B Corporation. Information on the Complaints Process is available at <http://www.bcorporation.net/complaints>.

Acceptance into and continued participation in the B Corp community is at the sole discretion of the B Lab's Standards Advisory Council and Board of Directors based upon their considered judgment upon completion of the above process.