

Corporation®

2012

Annual Report

Brought to you by  
The community of Certified B Corporations

### The “Best of the Best” Lists

For workers, community, and the environment

### Form Follows Function

7 states sign benefit corporation legislation into law

### Wait, Patagonia Is a B Corp?!

The 100-year company

### Rockstars of the New Economy

High-growth, high-impact companies

BEST <sup>FOR</sup> IN THE  
X WORLD

B Corps  
Redefine Success  
in Business

the change we seek™

Powered by



# GROW WISELY.

We're proud to lead a growing audience of 6.1 million conscientious consumers in the right direction. We celebrate the support of the other B Corps as we nurture a new, more conscientious capitalism through our publications, events, websites, videos, mobile apps, e-newsletters, sweepstakes and research. It's our honor to share your company's message and mission with the world.



*"Our brands have succeeded because they focus on cool stuff you can do. They are optimistic journals of personal action."*

*"Some people in our community grow all their own food and bicycle everywhere they go. Other folks are just considering switching to organic milk. We nurture the excitement at both ends of this continuum."*

— Bryan Welch, Publisher and Editorial Director





# B CORP



# BASICS

## 1 What are B Corporations?

A community of more than 500+ companies across 60 industries with one unifying goal:

*Redefining success in business.*

B Lab, a nonprofit organization, certifies B Corporations, in the same way Fair Trade USA certifies Fair Trade coffee or U.S. Green Building Council certifies LEED buildings.



*Certified B Corporations use the power of business to solve social and environmental problems.*

## 2 What are the benefits of becoming a B Corp?

### *Support your business*

- Differentiate your business
- Participate in a national ad campaign
- Protect your mission as you scale
- Raise mission-aligned capital
- Access technology, talent, and expertise
- Save some money
- Network with high-performing peers

### *Lead the movement*

- Join a global community of leaders
- Pass legislation to advance sustainable business
- Set standards to drive impact investments
- Strategize with other leaders for collective action

## 3 How do I Become a B Corp?

1. Earn a minimum score of 80 on the B Impact Assessment.
2. Amend bylaws to require consideration of stakeholder interests.
3. Sign the B Corp Declaration of Interdependence and Term Sheet.

### *Check out the B Impact Assessment*

It's free, confidential, and a pretty darn useful management tool to benchmark how you're doing, even if you never get certified. Get it at [bcorporation.net](http://bcorporation.net) and join more than 2,000 businesses already using it.



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7 states adopted benefit corporation legislation.

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2012

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How does your company stack up?

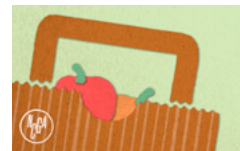
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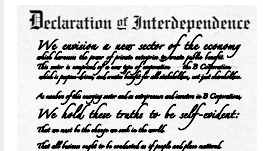
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We envision a new sector of the economy.

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NEW LEAF PAPER®				
ENVIRONMENTAL BENEFITS STATEMENT of using post-consumer waste fiber vs. virgin fiber				
B Lab saved the following resources by using 14150 pounds of Pioneer Offset and 1397 pounds of Reincarnation Matte, made with an average of 92% recycled fiber and an average of 96% post-consumer waste, processed chlorine free and manufactured with electricity that is offset with Green-e® certified renewable energy certificates.				
trees	water	energy	solid waste	greenhouse gases
192 fully grown	87957 gallons	79 Million BTUs	5575 pounds	19506 pounds
Calculations based on research by Environmental Defense Fund and other members of the Paper Task Force.				
<a href="http://www.newleafpaper.com">www.newleafpaper.com</a>				

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### Bring Dishes to a New State

State Dish Towels



### Recycled Glass Branches Out

Recycled Glass "Friendship" Tree Globe



### Keep Herbs All Bottled Up

Recycled Growbottle



### Wine Bottles Go Green

Recycled Protect Our Earth Glasses



### Words that Carry Weight

Be the Change Paperweight



### A New Spin on Old Records

Handmade Recycled Record Bowls

## Gifts that keep up the good work.

Certified



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UncommonGoods is an online and catalog retailer that combines the treasures of a specialty boutique, the great finds of a craft show and discoveries from a faraway bazaar. In addition to providing unique items of outstanding quality, we endeavor to feature merchandise created in harmony with the environment and without harm to animals or people. As a founding B Corporation, we pride ourselves on being transparent about the manufacture and provenance of our products and the outstanding quality of our workplace.

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uncommongoods

# Why B Corps Matter

Certified B Corporations are leading a global movement to *redefine success in business* and build a more inclusive, resilient, and sustainable economy. Success in the 21st century means achieving high growth and high impact. It means making money and a difference.

By voluntarily meeting higher standards of transparency, accountability, and performance, more than 500 Certified B Corporations are distinguishing themselves in a cluttered marketplace, offering a positive vision of a better way to do business to an increasingly discerning and skeptical public. Most importantly, at a time when the American economy is struggling, B Corps are creating high quality jobs and improving the quality of life in our communities for current and future generations. B Corps demonstrate that we can create a both/and economy—not just an either/or economy.

We hope that you are inspired, not just by the vision, but by this movement's ability to *translate ideas into action*.

As the movement grows, it has become an increasingly powerful agent of change. We are passing laws to create the appropriate legal infrastructure to support sustainable business. We are creating standards that allow investors to drive capital to these businesses and help them grow. We are attracting partners, like TrustLaw, Yale SoM, and Salesforce, who want to support the movement with discounts, loan forgiveness, and pro bono legal advice.

Government and the nonprofit sector are necessary but insufficient to address society's greatest challenges. Business, the most powerful man-made force on the planet, must create value for society, not just for shareholders. Systemic challenges require systemic solutions and the B Corporation movement offers a concrete, positive, market-based, and scalable systemic solution.

Over 500 leading businesses have joined the community of Certified B Corporations, wanting to influence the market beyond the scope of their individual businesses. These entrepreneurs are striving to be not just the best in the world, but the *best for the world*. As a result of their collective success individuals and communities will enjoy greater economic opportunity, society will address its most challenging environmental problems, and more people will find fulfillment by bringing their whole selves to work.

*We invite you to join us.*



# Wendel Rosen.

## A law firm on a different path.



wendel.com

We've always charted our **success** by following our own compass. Wendel Rosen attorneys were pioneers in sustainable business long before our competitors decided to follow our lead. Our firm's progression continues to merge sound business strategies with the **core values** shared by our clients and our community.

By spearheading the effort to pass **AB 361** Benefit Corporation legislation, we've helped guide California to a place where businesses can safely do well by doing good. Our direction is clear. For those businesses seeking the path to become **benefit corporations**, we are your guide.

Certified



Corporation™

[bcorporation.net](http://bcorporation.net)

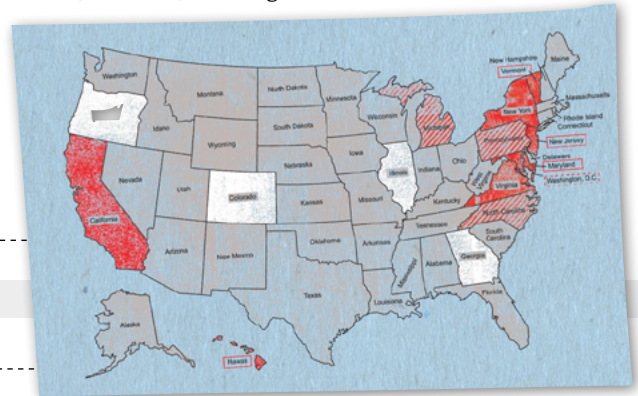
# WENDEL ROSEN

BLACK & DEAN LLP

# 2012 PROGRESS REPORT

## Passing Legislation

Benefit corporation laws have been signed in 7 states, including *California, Hawaii, Maryland, New Jersey, New York, Vermont, and Virginia.*



## Growing Community

The community of Certified B Corps has expanded to over 500 companies across the United States and Canada.

Number of Certified B Corporations





# Leading the Way



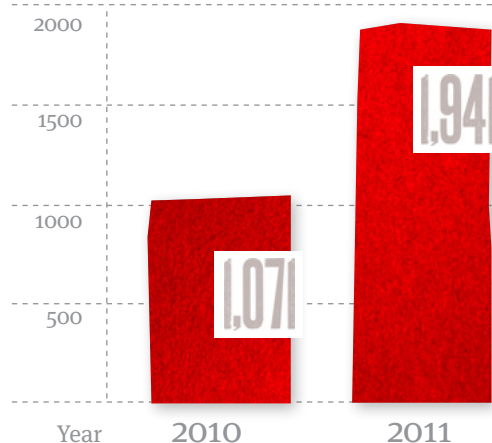
On average, B Corps score 25% higher than the 1,941 Other Sustainable Businesses that completed the B Impact Assessment, which evaluates overall corporate impact on workers, community, and the environment.

## Receiving Recognition

265 articles featured 161 individual B Corps in diverse media outlets, an increase of 70% over the prior year.



## Number of Businesses Completing a B Impact Assessment



Nearly 2,000 business are using the B Impact Assessment as a free management tool to benchmark their performance, an 81% increase over last year.

## Raising Capital



40 B Corps were among the first 250 companies and funds to receive GIIRS ratings (theirs were free, of course) as B Lab launched its powerful tool to help investors invest for impact. Find out more at [giirs.org](http://giirs.org).

## Reaching Consumers

Thanks to partners Ogden Publications, Care2.com, and Sustainable Industries, the B Corp ad campaign featuring 70 B Corps reached over 17 million conscious consumers in 2011 and will expand in 2012.

**Better Companies  
make Better Products**



B Corp Ad Campaign Resonates with 17 Million

**B Corporations  
are Better Companies**

# THE ROAD TO A NEW ECONOMY

Powered by



B Lab is a nonprofit dedicated to harnessing the power of business to solve social and environmental problems.

B Lab drives systemic change through three interrelated initiatives.

Legal Infrastructure

Standards

Legal Infrastructure

Standards

Certified



Corporation

## Legislation

**GIIRS** RATINGS & ANALYTICS  
for Impact Investing

Standards

Legal Infrastructure

Standards

B Corps are certified by B Lab to meet rigorous, independent, and transparent social and environmental performance standards.

B Corp certification is to sustainable business what LEED certification is to green buildings or Fair Trade certification is to coffee.

There are over 500 Certified B Corps from 60 industries.

Through the leadership of the community of Certified B Corps, laws have been passed in 7 states (and are moving forward in 7 more) creating a new type of corporation—the benefit corporation—that best meets the needs of entrepreneurs and investors seeking to use business to solve social and environmental problems.

Benefit corporations operate the same as traditional corporations but with higher standards of corporate purpose, accountability, and transparency.

Benefit corporations give business leaders legal protection to pursue a higher purpose than profit, and they offer investors and the public greater accountability to protect against pretenders.

GIIRS is a ratings agency and analytics platform for impact investors.

Like Morningstar ratings and Capital IQ analytics, GIIRS gives investors the tools they need to analyze the impact of their investments with the same rigor as they analyze their financial risk and return.

Since launch in fall 2011, there are already 50 funds and 250 companies from 30 countries in the process of being GIIRS-rated, and 15 institutional investors have declared an investment preference for GIIRS-rated investments in their impact investment portfolios.





# A different kind of law firm...

## For a different kind of company.

**We help businesses become sustainable...**  
**And we help sustainable businesses thrive.**

The lawyers of Hanson Bridgett are dedicated to helping the business world become sustainable, and we walk the talk ourselves. We were a founding B Corporation and the very first law firm to become certified.

### **Benefit Corporations**

We've always been on the front lines of the push to codify legal protections for companies creating public benefit. Our attorneys drafted much of California's new benefit corporation legislation, and we worked with lawmakers to make it a reality. If you're interested in this new corporate form, we can help you explore your options.

### **Serving Sustainable Businesses**

We provide excellent legal and business advice to companies and investors of all sizes and stages of growth:

- Responsible Investing
- Access to Capital
- Corporate & Tax Issues
- Strategic Partnerships
- Mergers & Acquisitions
- Governmental Issues
- Real Estate
- Employment Law
- Dispute Resolution

**Learn More at**

**[www.HansonBridgett.com/Sustainable](http://www.HansonBridgett.com/Sustainable)**





*It seems like everywhere we turn, there's a social entrepreneur scaling a new high-impact idea or a visionary executive recreating an age-old industry. We're excited to say that, from New York to Anchorage, Toronto to Austin, and even in London, Rio, and Nairobi, these leaders are talking about becoming B Corps.*

By Dermot Hikisch, Director of Community Building

Certifying as a B Corporation takes both motivation and persistence. And the path to getting there seems different for every company we meet.

## Doing Good Business Better



Tim Masson, Executive VP of Ontario-based Ian Martin Group, a large, 30-year-old, family-run IT headhunting firm, told me, “I think it’s about overall stewardship of the business—that is, re-conceiving the business as an asset that has value to all of its stakeholders. Becoming a B Corp is holding that value in trust.”

Many companies say they use certification as an internal benchmark for continual improvement. “We view the certification process as a great tool to help us become a more sustainable company,” said Steve Piersanti, President of California-based Berrett-Koehler Publishers. “Despite our overall good impact assessment score, there are many areas where we fell short and have room for improvement. We will focus on getting better in these areas.”

For other companies, certification helps ensure that those efforts aren’t lost over time. Legacy is on the mind of anyone who’s spent a good part of their life or even generations building a flourishing good business of which they are rightfully proud. “Patagonia is trying to build a company that could last 100 years,” said Yvon Chouinard, the company’s iconic founder. “B Corp creates the legal framework to enable mission-driven companies like Patagonia to stay mission-driven through succession, capital raises, and even changes in ownership, by institutionalizing the values, culture, processes, and high standards put in place by founding entrepreneurs.”

SO MANY REASONS.  
WHAT’S YOURS?

# BECOMING A B CORP

## A Darn Useful Marketing Tool



According to research by brand innovation firm BBMG, less than 1 percent of conscious consumers believe company advertisements or claims made on packaging. The B Corp certification builds trust through third-party verification. In fact, the B Corporation logo has been recognized by the Sierra Club as one of the most trustworthy eco logos, and the only one that distinguishes companies, not just their products. That’s important, because nearly 75 percent of conscious consumers say they care about the company that stands behind the product.

Media coverage of the B Corp movement continues to grow, including features in Forbes, Inc., the New York Times, and CBS Nightly News. In 2011, more than 265 articles talked about B Corps (an increase of 70 percent over last year) and shined a light on 161 individual members of the B Corp community. B Corporations have also joined together in an effective community ad campaign, reaching over 17 million thanks to the generous support of fellow B Corps Ogden Publications, Care2.com and Sustainable Industries.

Many B Corps have also become skillful at using their certification as a marketing tool. Give Something Back Business Products has generated loads of PR; Better World Books has used B Corp certification to create new opportunities to engage its database of 500,000 fans; and Busboys & Poets in Washington, D.C., Metropolitan Group in Seattle, and Southern Energy Management in North Carolina have published articles, blogs, and compelling videos that use B Corp as a platform to speak about something bigger than themselves, elevating their companies as leaders of a movement that cares about more than just selling products and services.



## Bolstering the Bottom Line



"You don't need to convince me that I can help our marketing or save money becoming a B Corp," a prospective B Corp CEO told me, "I'll do it because it's the right thing to do."

That said, not much lights up a sustainability director's eyes more than a meeting where we both realize they have the potential to save thousands of dollars through the service partnerships B Lab has developed to support the community. In 2011, B Corps saved a collective \$2 million through more than 40 B Corp service partners, including Salesforce, Netsuite, Intuit, the Yale School of Management, and Care2.com. Ryan Martens, Founder and Chief Technology Officer for Rally Software, says his company became a B Corp to help it realize its social mission but ended up finding unexpected financial value, as well.

"Not only have we gotten valuable feedback, education, and promotional help, but B Lab's service partner discounts have provided corporate funding for our growing CSR efforts as we wait for private stock to fund our Foundation," he said. "We would only be half as far on our journey, with only half the trajectory, without these benefits. The savings will allow us to hire a CSR Director this year and move the needle even further."

## Raising Money



When they're looking to scale their business, entrepreneurs often struggle to raise money. For social entrepreneurs, the challenge is double. Helping companies find investors who share their values in achieving triple bottom line results is another benefit of B Corp certification.

In addition to B Lab making personal connections to funders within the community of impact investors, Certified B Corps have access to a free GIIRS Rating, valued between \$1,000 and \$10,000. As of December 2011, 40 B Corporations, including Clean Currents and Harvest Power, have taken advantage of this opportunity to become more visible and attractive to the growing number of investors using GIIRS, B Lab's Global Impact Investing Rating System.

Several investors and intermediaries are using GIIRS as part of their due diligence and/or portfolio management, including Investors' Circle, Mission Markets, and SVX, as well as investors such as Good Capital, New Resource Bank, RSF Social Finance, and TBL Capital. In addition, at the Clinton Global Initiative 2011 Annual Meeting, J.P. Morgan, Prudential, and 13 other institutional investors with combined impact investment assets of \$1.5 billion declared a preference for GIIRS-rated companies and funds for their impact investment portfolios.

## Top 10 Reasons to Become a B Corp

10. *Make Employees Proud*
9. *Generate Press*
8. *Attract Investors*
7. *Increase Profits*
6. *Protect Mission*
5. *Benchmark Performance*
4. *Boost Sales*
3. *Differentiate from Pretenders*
2. *Partner with like-minded Leaders*
1. *Lead a Movement*

## Building a Movement



B Corps are leaders of a movement to redefine success in business. The community of B Corps sets the standard for a better way to do business, scoring an average of 25 percent higher than the nearly 2,000 other sustainable businesses that have completed the B Impact Assessment.

The B Corporation community has also acted as a powerful constituency to pass legislation that supports sustainable business. Legislation recognizing B Corps as a distinct legal entity (like a C corp or LLC), officially called benefit corporations, has been passed in seven states with overwhelming bi-partisan support: California, New York, Vermont, Maryland, New Jersey, Virginia and Hawaii. And this movement is spreading across the nation, with 10 states gearing up to move forward in 2012. This game-changing legislation would not get passed without a large and credible business constituency.

Reaching the 500 B Corp milestone is significant, but with more than 100,000 business members of the American Sustainable Business Council, and interest growing globally, this movement is just getting started.

If you're already a Certified B Corp, thank you for your leadership and support. B Corps have been the biggest champions in growing the movement and helping curious companies understand that the rich rewards far outweigh the effort it takes to become certified. The collective energy of companies across 60 industries has been inspiring and has often left us humbled by how B Corps walk the walk in doing the hard work of building a new sector of the economy that uses the power of business to solve the world's most challenging problems.

If you're not yet a part of our community, we look forward to the day when your consumers, employees, investors, and peer business leaders ask you: "Why *aren't* you a B Corp?" @





# The **Interdependent Economy** is Here to Stay

M&H congratulates B Lab and the growing community of Certified B Corporations for their outstanding legislative achievements in 2011



## Montgomery & Hansen LLP

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“When ‘B’ Means Better”  
THE CHRISTIAN  
SCIENCE MONITOR

“B Corp provides what is  
lacking elsewhere: proof.”  
The New York Times

Bloomberg  
Businessweek

“One of the  
most trustworthy  
eco-certifications.”



The  
Economist

THE WALL STREET JOURNAL

“The highest standard for  
socially responsible businesses.”  
**Inc.**

Stanford SOCIAL  
INNOVATION REVIEW

# B Corps get lots of press.

“B Corps may be like civil rights  
for blacks or voting rights for  
women—eccentric, unpopular  
ideas that took hold and  
changed the world.”  
**Esquire**

SUSTAINABLE  
INDUSTRIES



SUCCESS  
and Achievement

CBS  
NEWS

## Press Coverage in 2011

265

Articles in diverse media

161

Different B Corps featured

Find out more:  
[www.bcorporation.net/media](http://www.bcorporation.net/media)

# We all have Superpowers.

Yours might be clean energy innovation, earth-friendly products, or green building.

## OUR SUPERPOWERS

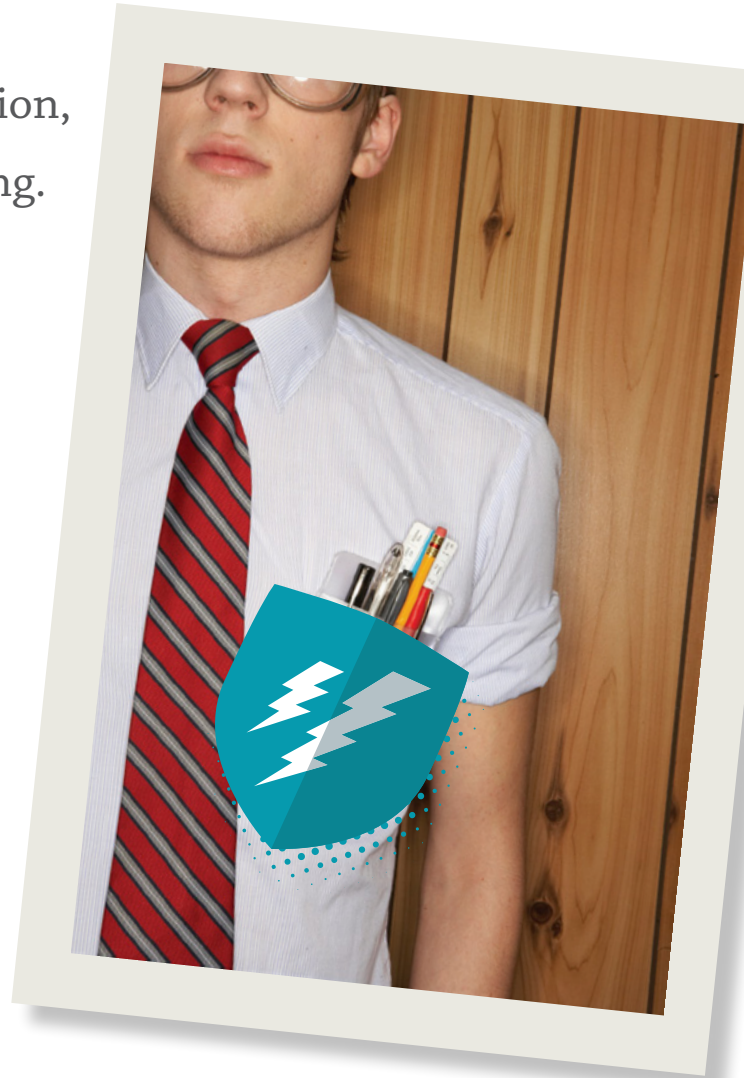
Engagement Strategy



Salesforce Database Development



Technological Wizardry



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# B Corp INDEX

2012

## WHAT WE KNOW

B Corps create higher quality jobs and improve quality of life in communities both today and for future generations.

Certified B Corps score 25% higher than other sustainable businesses on the B Impact Assessment, which assesses overall corporate impact on workers, community, and the environment via 200+ metrics.

+25%

### Certified B Corporations

Total Score: **105**  
Median score of 504 B Corps (200 pts avail)

### Other Sustainable Businesses

Total Score: **84**  
Median score of 1,941 other companies that have voluntarily completed the B Impact Assessment

## IMPACT AREA

% of total points on the B Impact Assessment

	B Corps	OSBs <sup>2</sup>
<b>Workers</b>	<b>56%</b>	<b>48%</b>
Job Creation	33%	29%
Compensation, Benefits & Training	56%	49%
Worker Ownership	38%	31%
Work Environment	71%	60%
<b>Community</b>	<b>62%</b>	<b>45%</b>
Community Products & Services	21%	38%
Suppliers & Distributors	58%	49%
Local Involvement	53%	50%
Diversity	31%	28%
Civic Engagement & Giving	42%	33%
<b>Environment</b>	<b>59%</b>	<b>38%</b>
Environmental Products & Services	29%	8%
Land, Office, Plant	61%	47%
Inputs	36%	32%
Outputs	56%	51%
Suppliers & Transportation	45%	40%
<b>Governance</b>	<b>73%</b>	<b>57%</b>
Corporate Accountability	72%	56%
Transparency	73%	63%



# B CORP INDEX

## Comparable Metrics on Corporate Impact

% companies for whom this is true

	B Corps	OSBs <sup>2</sup>	OBs <sup>2</sup>
Grew jobs by more than 5%	52%	39%	?
Paid bonuses to non-executive employees over the prior year	55%	38%	?
Cover at least some of health insurance premiums for individuals	87%	56%	26% <sup>†</sup>
Extend health benefits to part time and flex time employees <sup>†</sup>	65%	59%	?
Fund a 401(k) plan for employees	45%	51%	?
Have >5% of company owned by non-executive employees	28%	27%	
>50% of employees provided paid professional development opportunities <sup>†</sup>	21%	5%	?
Have >50% products/services that directly address a social issue (eg. microfinance, education)	22%	?	?
Have >25% of significant suppliers that are certified to meet specific social/environmental criteria <sup>†</sup>	29%	11%	?
Patronize >10% of significant suppliers from low-income communities <sup>†</sup>	26%	22%	?
Have >50% of products or input materials that are certified to meet fair trade sourcing practices	14%	19%	?
Have >40% of significant suppliers that are local independent businesses	37%	38%	?
Are majority owned by women or ethnic minorities	35%	17%	28% <sup>†</sup>
Have >30% of management from previously excluded populations <sup>†</sup>	41%	32%	?
Donate >10% of profits or 1% sales to charitable organizations <sup>†</sup>	32%	19%	?
Allow >20 hrs/year of paid time off for community service	19%	8%	?
Actively recycle at least one output material	95%	88%	45% <sup>†</sup>
Have >50% products/services that directly address an environmental issue (eg. energy efficiency technology, forest conservation)	16%	?	?
Derive >50% of revenues from products made from sustainable input materials (eg. recycled paper, reclaimed metal products)	31%	?	?
Work in at least one facility that meets green building standards <sup>†</sup>	32%	30%	?
Specify that >75% printed materials have recycled paper content, FSC certified paper, or soy-based inks	64%	39%	?
Reduced energy usage relative to revenues	26%	27%	?
Generate renewable energy on site	22%	15%	?
Have >25% of their revenue from products that have gone through a Life Cycle Assessment in the last 3 years	20%	19%	?
Have >25% of their transport vehicles or outsourced fleet that are clean or low-emissions vehicles	32%	15%	?
Have a board or advisory body that includes at least one independent member <sup>†</sup>	66%	71%	?
Regularly share company's financial info with all full time employees <sup>†</sup>	69%	73%	?
Evaluate their managers in writing on social and environmental goals	33%	23%	?
Help their industry create social and environmental standards	72%	54%	?

## WHAT WE DON'T KNOW

Few ordinary businesses measure impact, let alone use a common yardstick, making it difficult to know the relative value they create for society

<sup>†</sup>For definitions, sources, and more metrics, please visit [www.bcorporation.net/b-corp-index](http://www.bcorporation.net/b-corp-index)

<sup>\*</sup>Ordinary Businesses represents available data on U.S. small businesses

# FORM FOLLOWS FUNCTION

## Benefit Corporation Laws Passed in Seven States



A dozen business leaders register as California's first benefit corporations and sign a copy of the historic bill.

Photography courtesy of Debra Baida of Liberated Spaces





Benefit corporation supporters celebrate success in California.

*“The first real, original, constructive thought anyone has had in the corporate governance world in about 25 years.”*

– A.P. Carlton Jr., former president of the American Bar Association

Thousands of visionary business leaders are building the foundation for the kind of systemic change that can create a new economy with millions of new high quality jobs and improve the quality of life in communities across our country.

As we see throughout the pages of this report, businesses that attend to social and environmental concerns can succeed financially (see *Rock Stars of the New Economy*, page 44). Yet, whether by law or custom, many businesses act as if they can have no purpose other than the maximization of profits.



# Do you know where your money spends the night?<sup>™</sup>

Sleep soundly knowing that it's working for a more sustainable world.

Go to [www.newresourcebank.com](http://www.newresourcebank.com) to find out how.

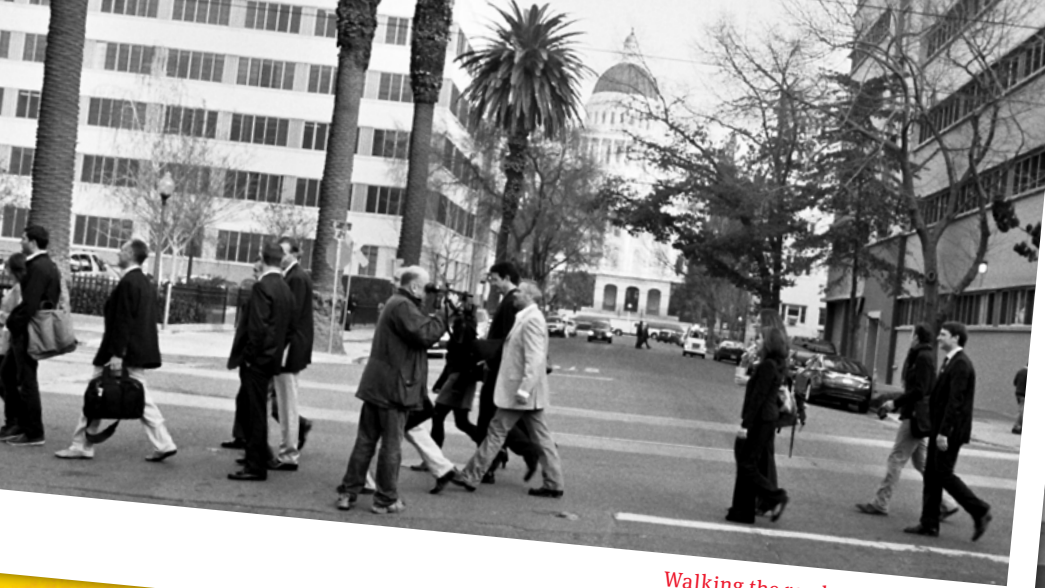


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Walking the road to a new economy.



Leaders of the global movement to redefine success in business.

*Benefit corporations are exactly the same as traditional corporations except for **three little things** that make them game-changers.*

**Benefit Corporations are required to:** have a corporate purpose to create a material positive impact on society and the environment (**Purpose**); expand fiduciary duty to require consideration of the interests of workers, community and the environment (**Accountability**); and publicly report annually on overall social and environmental performance against a comprehensive, credible, independent, and transparent third party standard (**Transparency**).

That's why B Lab and the community of Certified B Corporations have worked to introduce and support legislation around the country to create a new corporate form called the benefit corporation. According to a white paper from a group of corporate attorneys that have worked on benefit corporation legislation across the country, benefit corporations best meet the needs of the growing number of entrepreneurs and investors interested in using business as a tool to solve social and environmental problems. (The full report is available at [benefitcorp.net](http://benefitcorp.net).)

Benefit corporation laws have been signed in seven states and are moving forward in ten others. Legislation has enjoyed overwhelming bi-partisan support in every state. In part, that's because the legislation is 100 percent voluntary and costs the states nothing. But mostly, that's because businesses have come out in full force to support the legislation. In California



for example, thanks to the efforts of B Lab's national policy partner the American Sustainable Business Council, in addition to marquee supporters like Patagonia, Method, and RSF Social Finance, legislation was supported by approximately 250 individual businesses and a dozen business associations, representing more than 10,000 member companies.

Benefit corp legislation gives businesses the freedom and legal protection to pursue the triple bottom line. It also gives individual citizen something positive for which to advocate. Thanks to the efforts of B Corp Care2.com, nearly 20,000 citizens have written letters of support to their elected officials for benefit corp legislation.®

*The B Corp community has become a powerful constituency for change.*

Please visit [benefitcorp.net](http://benefitcorp.net) to find resources for businesses and attorneys interested in learning more about benefit corporations or to support future legislative efforts.

8 VOTES ✓

Number of unanimous votes for benefit corp legislation

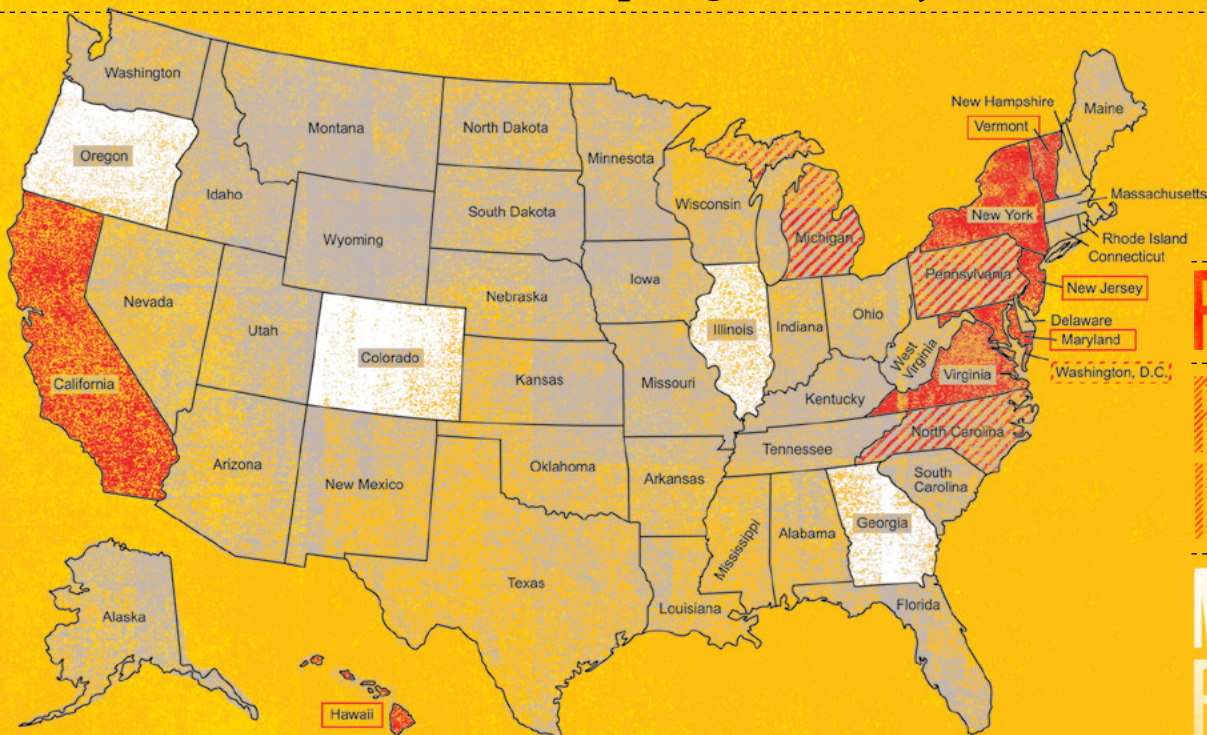
892 VS 62

Cumulative aye vs. nay votes across the country

30%

Share of U.S. GDP among states that passed legislation

## Benefit Corp Legislation by State



PASSED

PENDING /  
INTRODUCED

MOVING  
FORWARD IN 2012





Socially Responsible Paper



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## A New Model for Business

*“I hope five or ten years from now we’ll look back on this day and say this was the start of a revolution, because the existing paradigm isn’t working anymore. This is the future.”*

- Yvon Chouinard, Founder of Patagonia





Patagonia founder Yvon Chouinard speaking before officially becoming California's first benefit corporation.

*Patagonia is an icon in values-led business and sustainability, and its certification in 2011 elevates the community of B Corps in terms of size and credibility.*

In his book *Let My People Go Surfing*, Patagonia founder Yvon Chouinard says he wants Patagonia to be a company that will last 100 years, and in doing so, be a new model for good business. Yvon's longtime friend, fellow adventurer, and Patagonia's Director of Environmental Mission and Communications, Rick Ridgeway shares how becoming a B Corp helps Patagonia reach these goals.

#### *Why did Patagonia become a Certified B Corp?*

The principle benefit to Patagonia from B Corp certification—that now is formalized by the new California benefit corporation law—is the mechanism it provides to protect the company's core values during succession. Another important one is how B Corp certification provides the company a quantified measurement of its performance in living up to our environmental, social and governance values.

#### *Why do you think B Corps are important ?*

Part of Patagonia's mission is "to create a model other businesses could look to in their own searches for environmental stewardship and sustainability." B Corp enshrines Patagonia's nearly 50 year old model of business into law. And that makes it easier for other businesses to adopt this model and use it in their own search for stewardship and sustainability.

#### *How does Patagonia define success?*

Patagonia defines success as its ability to achieve its mission statement "to build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis." B Corp certification provides the company an additional opportunity to measure our success against our mission.

#### *Is there anything you learned by going through the certification process?*

We feel that the certification itself is a process where we can provide positive feedback to B Lab, helping the organization tune its certification tool, while the certification in turn provides Patagonia with a benchmark of its performance against other companies.

#### *What would you tell someone considering becoming a Certified B Corp?*

B Corp certification is a mechanism for companies not only to measure their performance, but also to share those measurements with their constituents, including shareholders and customers. Patagonia believes that companies that practice full transparency will be the ones in the future rewarded most fully both by their shareholders and by their customers. ⑥

Find out more:  
[www.bcorporation.net/patagonia](http://www.bcorporation.net/patagonia)



## The “Best of the Best”

For Workers, Community and the Environment



**BEST** FOR **IN THE**  
**WORLD**

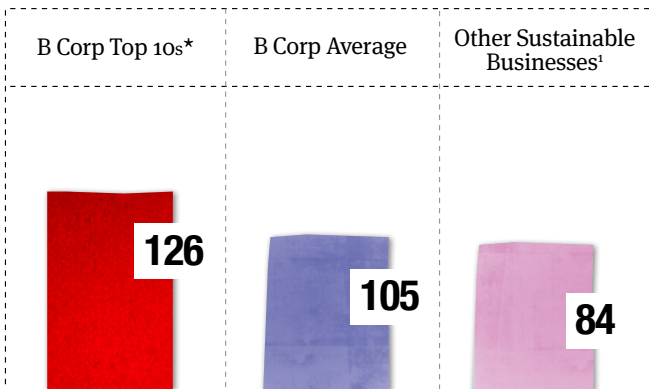
All B Corps strive to be best for the world. They set the bar for businesses seeking to have a positive social and environmental impact, scoring 25% higher than nearly 2,000 other sustainable businesses on the B Impact Assessment.

By scoring in the top 10% of all B Corps, the B Corps on the next few pages truly are the Best of the Best.

Illustration by Tim Gough



## Top 10% Overall Impact



\*Those with scores in the top 10% for Overall Impact in the B Impact Assessment.

**B Corps are 25%**  
Better than OSBs

**Top 10s are 50%**  
Better than OSBs

★ **Better World Books**  
Global Green Energy Corp  
Green Building Services  
Larry's Beans  
Method Products  
Moving Forward Education  
Namaste Solar  
New Resource Bank  
Next Street  
Partnership Capital Growth  
Piedmont Biofuels  
Prem Group  
Re:Vision Architecture  
RecycleBank  
South Mountain Company  
Southern Energy Management  
SQA Pharmacy Services  
The Redwoods Group  
Virginia Community Capital

★ More on this Rock Star on pg 50

<sup>1</sup>Other Sustainable Businesses represent nearly 2,000 companies that have completed the B Impact Assessment.

# BEST OF - THE - BEST

FOR

# OVERALL IMPACT



## Little Big Shots

These smaller B Corps are big in impact, scoring in the top 10% for Overall Impact among B Corps with fewer than 10 employees.

Autonomie Project  
Big City Farms  
Co-op Power / Northeast Biodiesel  
Davistudio  
EduCare Education  
Enviro-stewards  
Fair Trade Sports  
GreenLight Apparel  
Hives for Lives  
InVenture Fund  
JustNeem  
KINeSYS  
LEAP Organics

Little Pickle Press  
Mindful Investors  
Natural Investments  
New Avenue  
Palmetto Ventures  
Pivotal Production  
SABEResPODER  
Social Enterprise Associates  
Social(k)  
Sustainability Television  
The Inclusive & Sustainable Group  
The Sustainability Advantage  
Veterans Ink



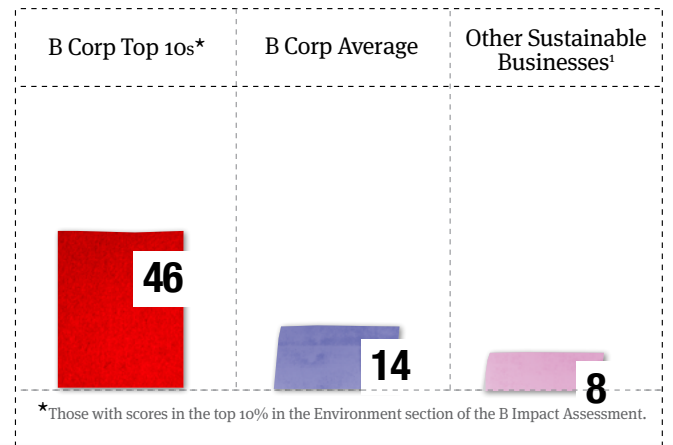
**BEST OF  
— THE —  
BEST**

**FOR THE**

**ENVIRONMENT**



**Top 10%  
Environmental Impact**



The Environmental section of the B Impact Assessment evaluates a company’s products, operations (materials, energy use, facilities, emissions), and supply chain.

These Best of the Best B Corps are on the cutting edge of environmental responsibility, tackling everything from waste management and energy usage to transportation policies and materials used in manufacturing their products.

**B Corps are 66%  
Better than OSBs**

**Top 10s are 5X  
Better than OSBs**

Brightworks  
Bullfrog Power  
Ecovations  
gDiapers  
Global Green Energy Corp  
GoLite  
Green Building Services  
Guayaki Sustainable Rainforest Products  
IceStone  
Larry’s Beans  
Method Products  
Namaste Solar  
New Leaf Paper  
★ Patagonia  
Piedmont Biofuels  
Preserve  
Re:Vision Architecture  
Salt Spring Coffee  
Southern Energy Management  
Sustainable Solutions Unlimited

★ They’re a B Corp?! Check them out on pg 26





# New Leaf Lets The Environment Drive its Success



New Leaf Paper  
Certified June 2007

When Jeff Mendelsohn started New York Recycled Paper in 1991, he did so because paper seemed to him to be the industry that was most struggling with change. "Paper is huge, and it's one of the most energy- and resource-intensive industries in the world," he said. A decade later Mendelsohn, now the President and Co-founder of New Leaf Paper, says environmental awareness has a firm and ever-tightening grip on the paper industry. "I can't imagine anyone starting a paper company that did not integrate sustainability into their plans," he said.

It's taken awhile for the sector to reach this point, though, and New Leaf's product innovations have been a huge part of getting it there. In fact, having as small an environmental impact as possible—and pushing its competition to do the same—is baked into the company's mission. Every single transaction and product must serve its goal to be "the nation's leading source of environmentally responsible, economically sound paper [and] ... inspiring a fundamental shift toward environmental responsibility in the paper industry."

In practice, this means offering a large variety of high-quality paper, many made with 100 percent post-consumer waste (PCW) recycled content and certified by the Forest Stewardship Council, and offering no products made with 100 percent virgin fiber.

The company offers a "New Leaf Paper Eco Audit" to customers as a way to quantify the benefits of using New Leaf products. Since New Leaf was founded in 1998, Eco Audit data reveals that the company has helped save more than 2 million trees, reduced greenhouse gas emissions by more than 200 million pounds, saved almost three-quarters of a billion gallons of water, and cut energy consumption by more than 1 million BTUs. It's now working hard to bring the entire paper supply chain into the sustainability fold.

After two extremely difficult and unprofitable years in 2009 and 2010, New Leaf returned to profitability in 2011 on revenues of almost \$20 million. The company accomplished this turnaround even as many other major paper companies were declaring bankruptcy. Mendelsohn gives some credit for the recovery to his company's environmental commitment. "Paper companies are struggling a lot," he said. "The companies that are doing the best in the industry are those that have the strongest sustainability commitments."

In 2012, New Leaf Paper is starting to write, in earnest, the chapter on its initiative to transform the paper industry as a whole. Previously, new products were the primary way in which New Leaf strove to inspire its competition to better, green practices. It's roster of leading products includes the first ever 100 percent PCW coated paper and the world's first 100 percent PCW bright white paper processed without the use of chlorine.

This year, Mendelsohn says he is working to bring together a broad group of industry stakeholders—from paper machine makers to mills and even the biggest users of paper—to discuss the evolution of sustainability in the industry. One of the first discussions on the agenda is the use of agriculture residues such as wheat and other fibers to make paper. Mendelsohn says he's also looking to reduce the use of toxics such as chlorine in the production of paper and to make it standard practice to locate new mills close to paper recycling facilities as one way to reduce the amount of energy it takes to process paper.

Working to bring one's industry—including the competition—into one's niche could be a recipe for a failed business. But it's all part of New Leaf's overarching goal to transform the entire paper sector. Mendelsohn says it also helps inspire the company to stay one step ahead, constantly looking for new ways to innovate and lead the industry. ©

Find out more:  
[www.bcorporation.net/newleafpaper](http://www.bcorporation.net/newleafpaper)



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**Whole Foods**  
**THE CITY OF CHICAGO**  
**& WNYC**  
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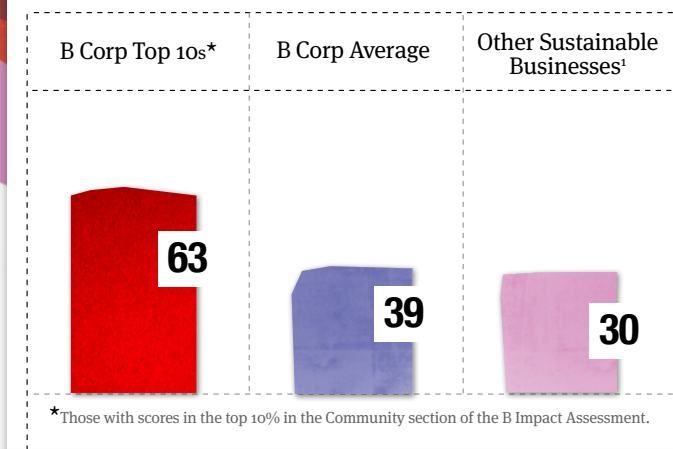


## Top 10% Community Impact

BEST OF  
— THE —  
BEST

FOR THE

# COMMUNITY



**B Corps are 32%  
Better than OSBs**

**Top 10s are 2X  
Better than OSBs**

Agora Management Corporation  
Cap Global  
Care2  
Change.org  
Ecovations  
FMYI  
Hershey Cause  
Ideal Network  
Mal Warwick Associates  
Moving Forward Education  
New Resource Bank  
Next Street  
Peaceworks Technology Solutions  
Prem Group  
★ SQA Pharmacy Services  
thedatabank  
The Redwoods Group  
Virginia Community Capital

★ Off the Charts!!

- Improving health care services
- In low-income communities
- Owned by a nonprofit

The Community Impact section of the B Impact Assessment evaluates the many ways a company affects our local and global communities. It evaluates the social impact of the company's products; the fair labor and local focus of its supply chain; employee, supplier, and ownership diversity; volunteerism; and charitable giving.

If change starts at home, these Best of the Best B Corps are poised to lead a revolution. With products and services that serve those in need, robust volunteer, and charitable giving programs, local supply chain preferences and a record of successful job creation, these B Corps are forming stronger, more vibrant communities.

<sup>1</sup>Other Sustainable Businesses represent nearly 2,000 companies that have completed the B Impact Assessment.



# Building Stronger, More Vibrant Community



Virginia Community Capital  
Certified December 2011

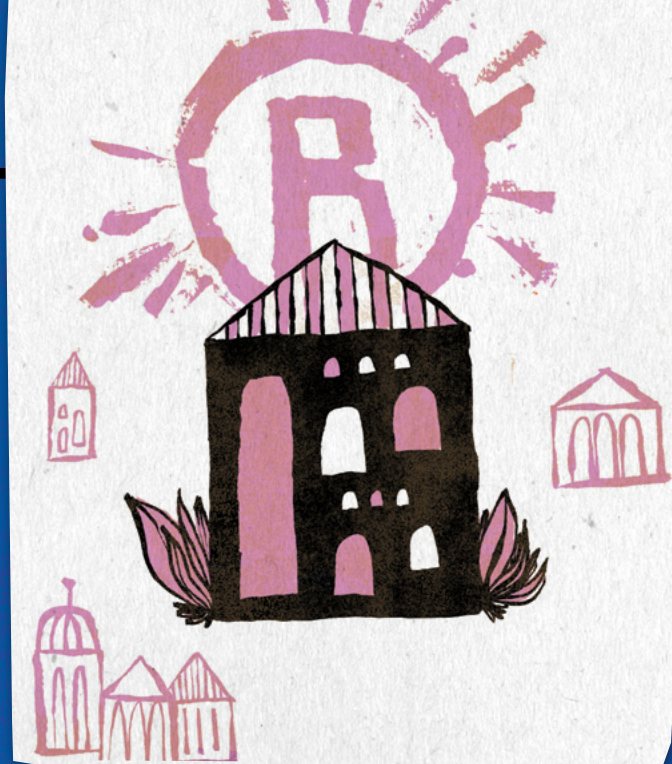


Illustration by Tim Gough

Over the last five years, Virginia Community Capital has been busy building stronger, more vibrant communities. To date, the community development financial institution, or CDFI, has helped build or preserve more than 3,800 units of affordable rental housing, created (or helped communities hold on to) more than 1,100 jobs, and financed four community healthcare centers in medically underserved areas.

Virginia Community Capital comprises both a nonprofit loan fund and a for-profit bank, which recently earned B Corp certification. Launched in 2009, the banking arm is one of just 95 community development banks in the country, only 10 of which (including VCC) are owned entirely by nonprofits. Nonprofit ownership allows the bank to reinvest its profits in mission-aligned lending activities, supporting an increasingly large pool of projects in low-income or under-served markets throughout the state. Combined, the bank and the loan fund hold assets of about \$85 million; the bank has about \$20 million and is profitable.

While the organization's structure is split, its mission is not. “Every loan that our organization does, at the loan fund and bank level, has to be focused on one of our four key areas,” Jane Henderson, CEO of VCC, said. “The first thing we do for every loan request is figure out how it relates to our mission.” VCC's four focus areas are: affordable housing, community facilities (such as health care or child care), neighborhood and business district revitalization, and local economic development and job creation.

The VCC bank is a leading example of business bringing major benefits to the local community. Among its successes in 2011, the bank helped bring together financial resources to open a medical center with an on-site pharmacy in Floyd, Virginia, a medically

underserved area. This center provides vital medical services to low-income and underserved residents of this Appalachian region and created seven full-time jobs.

The bank's commitment to the community goes well beyond its lending efforts, however. The multi-faceted mission of the organization integrates two complementary lines of business with lending: advisory services and savings.

Through a federal grant program, VCC launched a small business development program aimed at building capacity and growth in small, woman- and minority-owned businesses during the economic downturn. The program, Supporting the Economic Expansion of Diverse Suppliers (SEEDS), worked with 10 small business to develop their business skills and help owners better manage their operations, from cash flows to human resources. All participating companies have survived the economic turmoil of the past two years and collectively created 141 jobs with an average hourly wage of \$14.60, many of them with benefits. Furthermore, 70 percent of these positions were filled by workers who were previously unemployed.

VCC Savings promotes financial literacy through several high-profile partnerships and encourages individual savings for all income levels with innovative vehicles like Virginia Individual Development Accounts and employer-based savings programs.

Unlike traditional banks that exist to serve only their shareholders, VCC exists to serve its community. As CEO Henderson states, “We're bankers with a heart.” ®

Find out more:  
[www.bcorporation.net/virginiacommunitycapital](http://www.bcorporation.net/virginiacommunitycapital)



# PROMOTIONAL PRODUCTS ...but Better

# AD SPICE<sup>LLC</sup>

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WATER-BASED | USA-MADE | UNION-MADE**

We're here to help match your company's values with  
promotional products you can be proud of!

## What's important to you?

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that are right for your company.

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# PRODUCTS MADE FROM PLANTS

## GUARANTEED TO TURN INTO SOIL

**WE DONATE 25% OF PROFITS**  
**CARBON NEUTRAL PRODUCTS**  
**CERTIFIED COMPOSTABLE**







## Top 10% Worker Impact

BEST OF  
— THE —  
BEST

FOR THE

# WORKERS

B Corp Top 10s\*

B Corp Average

Other Sustainable  
Businesses<sup>1</sup>

40

31

20

\*Those with scores in the top 10% in the Worker section of the B Impact Assessment.

**B Corps are 50%  
Better than OSBs**

**Top 10s are 2X  
Better than OSBs**

Change.org  
Exponent Partners  
First Affirmative Financial  
Network  
First Rate  
Heller Consulting  
King Arthur Flour Company  
Namaste Solar  
Partnership Capital Growth  
PeaceWorks Technology  
Solutions  
Rally Software  
Re:Vision Architecture  
Relevance  
South Mountain Company  
★ Sungevity  
The Caprock Group  
thedatabank

★ Another Rock Star! See pg 48

The Worker Section of the B Impact Assessment examines a company's relationship with its workforce. The section evaluates a company's compensation, benefits, training programs, ownership, management/worker communication, job flexibility, corporate culture, and health and safety.

Great employees are the backbone of any great business. These Best of the Best B Corps know this and give as much as they get. Whether because of their worker ownership, flexible hours or comprehensive health coverage, these B Corporations are some of the best places to work.

<sup>1</sup>Other Sustainable Businesses represent nearly 2,000 companies that have completed the B Impact Assessment.



# Building a Business By Engaging Employees



Namaste Solar  
Certified August 2010

One person, one share, one vote. That’s the very simple logic behind the employee-owned cooperative structure, and it’s a model that’s helping employees of Denver, Colorado-based Namaste Solar find new skills and grow their careers—all while having a bit of fun at the office.

The solar-electric company provides commercial and residential solar installations, including everything from system design and engineering to installation. Solar is becoming increasingly attractive to both residential and commercial customers as solar panel prices have come down and energy costs have risen. But the best way for solar to gain traction in any community is word of mouth, and Namaste’s name is spreading like wildfire: more than 50 percent of its customers are referred directly by an existing customer. The secret to this success? An employee-owned cooperative structure that helps everyone in the company, from the CEO to the rooftop teams, stay deeply committed to the company’s future.

“When we have an installer team out at a residential site doing a solar installation, having owners on that roof — not just \$12/hour temp labor — means that they do it right the first time,” said Heather Leanne Nangle, Director of Marketing, Communications and Social Responsibility for Namaste. “They are financially invested in the company, and want it to succeed.”

In January 2011, Namaste Solar changed its organizational structure from employee ownership to a full cooperative structure. After one year, any employee in the company is eligible to apply for co-ownership. Once accepted by the existing members, employees invest \$5,000 in the company and can begin participating in all voting meetings. That means a chance to get involved in everything from day-to-day operations to long-term strategic plans.

The cooperative model has helped individual employees accelerate their own career paths within the company. In a traditional solar



Illustration by Tim Gough

company, it would be very unlikely for an installer to join the board of directors, but Namaste says it’s seen a lot more movement and mobility. One of the current board members, Jeff Denivan, started with the company as an electrician on the installation team, worked his way up to commercial project management, and now sits on the board. His story isn’t unusual either. From installation teams to sales teams, co-owners are constantly suggesting new ideas and opportunities for the company.

The new structure has also required the company to operate with a radical degree of transparency—financial statements, including salaries, are shared across the company and reviewed monthly. Company policies cap the ratio of highest-to-lowest salaries at 3:1. The company’s offices reflect this egalitarian ethos, as well, with an open office layout that eschews closed doors and cubicles in favor of sharing the common space. That applies to everyone, including the company president. “We think that creates some cross-team learning,” Nangle said.

The company’s focus on employees plays out in other, more fun ways, as well. Employees have formed a “Fun Committee” and a “Canine Committee,” tasked with bringing pranks and parties to the company and coordinating dog-related activities around the office. Other employees take advantage of the company’s flexible hours to participate in running groups or fitness activities.

This active, happy culture has earned Namaste several awards: WorldBlu’s Most Democratic Workplace in 2011 and 2010, the 2010 Boulder Chamber of Commerce Best Place to Work Award, as well as the 2009 Denver Business Journal’s Best Place to Work. But perhaps the clearest sign? Namaste’s employee retention rate is 94 percent, and when folks do leave the company, they sometimes give as much as a year’s notice.

Namaste’s egalitarian structure shows that not all solar companies are created equal. ☺

Find out more:  
[www.bcorporation.net/namastesolar](http://www.bcorporation.net/namastesolar)



Not All Solar Companies Are Created Equal



**Social** <sup>®</sup>  
RETIREMENT PLANS

*Small and local is the new big*  
Move your money to Social(k);  
find out more at [socialk.com](http://socialk.com)





# Better Companies make Better Products



# B Corporations are Better Companies

Certified



Corporation

When you support a Certified B Corporation you're supporting a better way to do business. Certified B Corporations meet rigorous, independent social and environmental performance standards. They are creating greater economic opportunity, strengthening local communities and preserving our environment.

A Better way to do Business.

Find out for yourself at [bcorporation.net](http://bcorporation.net)



# RIPPLE EFFECTS

Becoming a Certified B Corp helps a company understand how its business impacts its *people*, the *planet*, and its *local community*. When a business association pursues certification, this learning process can have a ripple effect across its membership. That's a big reason why the *National Cooperative Grocer's Association* (NCGA) chose to certify, according to its CEO Robynn Shrader. NCGA hopes to use its B Corp certification not only to improve and institutionalize its own sustainability efforts, but also to encourage its member businesses to join NCGA on a path of continuous improvement.

NCGA is a unique organization—part trade association and part business-to-business cooperative. NCGA is a for-profit business and its 122 member coops are located in 34 states and operate more than 160 storefronts. They report combined annual sales of \$1.3 billion and serve more than 45,000 member-owners and other customers.

NCGA already focused on environmental and social concerns in its operations, and the certification process helped shed light on the value of these efforts. For example, the operational support NCGA provides to its member coops includes bulk purchases of carbon offsets, sourcing paper bags with a guaranteed recycled content, and making sure service and supply providers use Fair Trade practices when available.

Prior to certification, the impact of these efforts were reported only in an addendum to NCGA's 2008 annual report that provided a " cursory overview" of their sustainability measures, according to Jon Fogarty, NCGA Project Manager. Achieving B Corp Certification is driving the association to institute a regular, organization-wide sustainability report. "A key element of certification was that it could be incorporated into a larger sustainability reporting process," Fogarty said.

"Despite the fact that we earned a passing score on our first attempt, there were a number people in our leadership questioning why we didn't achieve a higher score," said Fogarty. "Our involvement with B Lab will provide us with a structured way to challenge our organization."

Additionally, NCGA sees B Corp certification as a way to ensure that social and environmental priorities become institutionalized. "We could have future decision makers that don't care as much about sustainability and as a result we would be a radically different organization," Fogarty said. "In terms of maintaining [our efforts] over the long term, as staff turns over, that's going to be one of the largest benefits."

With certification, NCGA as an individual business commits to pushing itself in pursuit of sustainability. As a business association, it has a unique opportunity to amplify its impact by influencing the sustainability practices of member businesses in communities

across the nation. While NCGA isn't requiring its members to become B Corps, it hopes that its leadership will inspire members to complete the free B Impact Assessment to get a baseline on their own sustainability performance. According to Shrader, many of NCGA's member businesses are already doing a lot in terms of sustainability, but they're not necessarily good at talking about it. "Food

coops don't get out there and demand credit for the great work they are doing. B Corp will help us and our members communicate about our great work more effectively." ®

*"Food coops don't get out there and demand credit for the great work they are doing. B Corp will help us and our members communicate about our great work more effectively."*

 The National  
Cooperative  
Grocer's  
Association



# Better Companies make Better Products



Drink in sustainability with...



Reduce your footprint with...



Be a difference-maker @...



Buy books that fund literacy from...





Bake in your values with... 

Plan a green retirement with... 

Use biodegradable dish soap by... 

Get natural laundry care from... 

# B Corporations are Better Companies

**Certified**  
  
**Corporation**

When you do business with a Certified B Corporation, you're supporting a better way to do business. Certified B Corporations meet rigorous, independent social and environmental performance standards. They are creating greater economic opportunity, strengthening local communities and preserving our environment.

A Better way to do Business. Find out for yourself at [bcorporation.net](http://bcorporation.net)



Sustainable  
Harvest

SUNGEVITY

REVOLUTION  
FOODS

WARBY PARKER

BETTER WORLD BOOKS

# ROCKSTARS OF THE NEW ECONOMY

Leaders Among Leaders



At some point, we've all dreamed of being a rockstar. **Rockstars inspire us. They make us think, "That's awesome! I want to do that."**

We call these B Corps the rockstars of the new economy because they inspire us, and we think they will inspire the next generation of entrepreneurs to be like them. They are high growth and high impact. They are redefining what it means to be a successful business, proving that it's possible to be the best in the world and also best for the world.



Revolution Foods is providing fresh, healthy lunches to students nationwide. This Oakland, California-based company provides tasty, nutritious food alternatives to the typical high fat, high sugar, low quality school lunches. Since it began in 2006, Revolution Foods has

served more than 30 million whole food meals to kids across the country, improving their health and setting a new standard for school lunches.

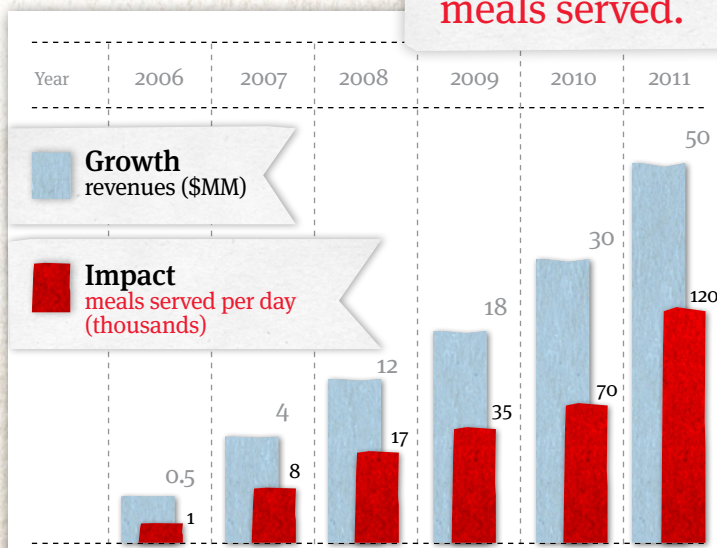
At an average of \$2.50 per lunch, Revolution Foods is ensuring that eating healthy is affordable, staying within the \$2.75 for which the federal government reimburses schools. The company also composts all of its kitchen waste and only sources food from providers with sound environmental practices.

But Revolution Foods isn't just achieving tremendous positive social and environmental impact; it's showing success on typical business indicators as well. Revolution Foods' annual revenue has increased dramatically—from half a million dollars in 2006 to an expected \$50 million in 2011.

Revolution Foods has also expanded its brand beyond the cafeteria, supplying major retailers (including Whole Foods, Walgreens, and Toys 'R Us) with a line of organic-to-go foods for kids. The line, which includes items such as organic smoothies and sandwich bars, is making Revolution Foods a major player in the booming packaged health food movement.

Now in eight states and Washington, D.C., Revolution Foods has grown from a staff of 6 people in 2006 to a staff of 770 in 2011. In the last year alone, Revolution Foods has added more than 300 staff nationwide. Since much of its food is sourced locally and from smaller food providers, Revolution Foods is also supporting small farms, bakeries, and other food suppliers along the way. This rockstar says the revolution starts with food.

**Over 30 million meals served.**



Find out more:  
[www.bcorporation.net/revolutionfoods](http://www.bcorporation.net/revolutionfoods)



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Eric Smith  
Creative Director

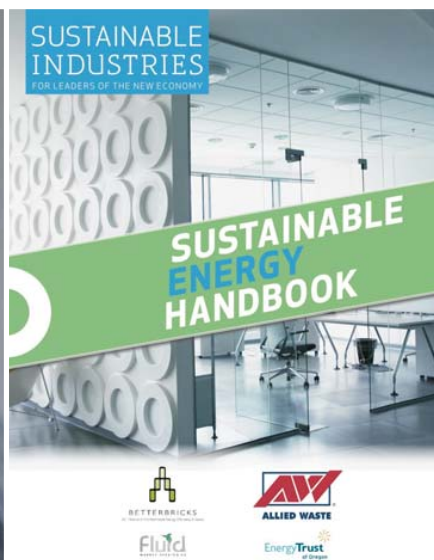
Taken on a flight after a  
meeting at the Bill and  
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Sustainable Harvest imports more than one of every six pounds of Fair Trade and organic certified coffee sold in the U.S. They source beans for major retailers like Peet's Coffee and Whole Foods, making them one of the largest importers in the nation. They can also make a claim to being the highest impact.



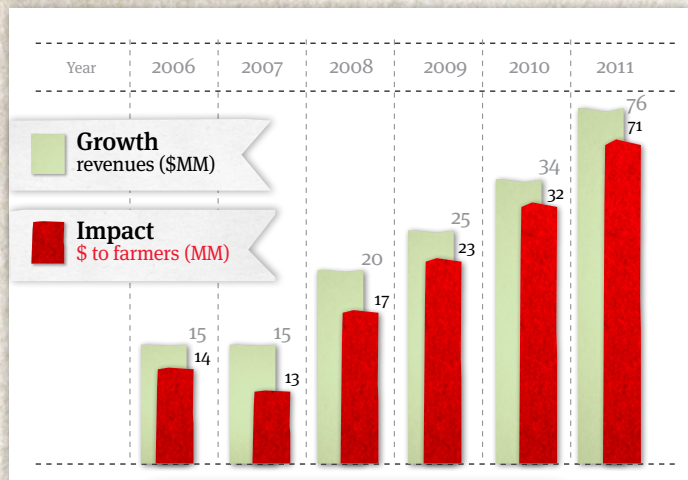
Five years ago, residential solar power was something only the wealthy could afford. Then companies like Sungevity radically changed the solar industry.

Founded by a former BP Solar executive and a Greenpeace Manager, this Oakland, California-based company prides itself on being at the forefront of the "rooftop revolution," aiming to put solar on individual houses

worldwide. Its innovative solar lease program lets anyone with good credit get the solar on loan, paying a rental amount to Sungevity every month, rather than requiring homeowners to spend the entire \$35,000 to \$50,000 up front.

Homeowners around the world are turning to Sungevity for their affordable residential solar needs. The company has installed over 3,500 houses worldwide. It operates in eight U.S. states, and this year the company expanded into the Netherlands, partnering with Zonline to provide residential solar to Dutch homeowners. This quick global expansion was due in part to Sungevity's iQuote system, which uses satellite images and aerial photography to assess solar potential—even in the Netherlands.

The global expansion, coupled with Sungevity's partnership with Lowe's home improvement stores, has already made this young B Corp a leader in the residential solar world. From 2009 to 2010, Sungevity grew 10 times in size, and in the last year, it doubled again. With that growth came new jobs: Sungevity tripled its number of employees in 2011, expanding from 100 to 300. And these are high quality jobs, too—Sungevity scored in the 90th percentile among all Certified B Corps for positive impact on its workers, making this rockstar a member of the B Corp "Best of the Best for Workers" (page 37) and a leader among leaders.



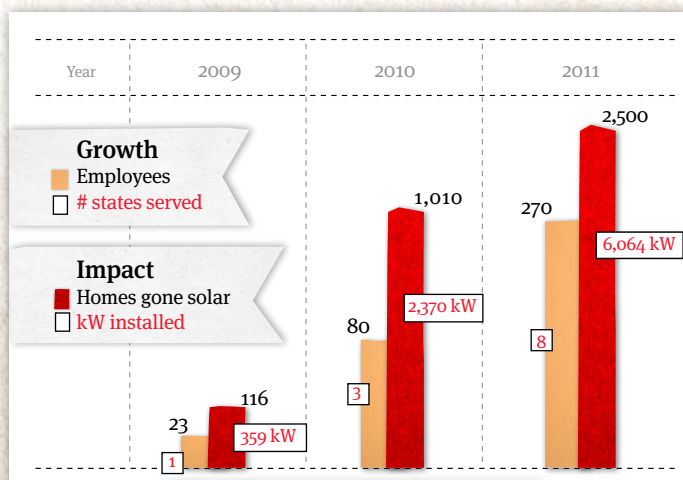
Since their founding in 1997, Sustainable Harvest has channeled over \$200 million to rural, coffee farming communities.

In 2010, Sustainable Harvest purchased millions of pounds of Fair Trade and certified organic coffee from small farms at prices averaging 51 percent more per pound than they would earn on the commodity market. All totaled, they paid about \$30 million to farmer organizations for their coffee in 2010 and will pay approximately \$70 million to farmers 2011. As a result, in the last two years alone, they channeled more than \$8 million more to communities in places such as Peru, Colombia, Mexico, and Tanzania than the farmers would have received working through traditional middlemen.

Sustainable Harvest's efforts with its suppliers goes beyond paying fair prices; the company has invested a significant share of its profits in training more 3,700 farmers in best practice farming, water management and techniques to combat hunger, ensuring the livelihood of its farmers and a supply chain for its company.

What's most impressive is that Sustainable Harvest has done all of this while making large revenue gains at the same time. Sales have increased from \$25 million in 2009 to \$34 million 2010 and more than doubled to an estimated \$76 million in 2011. Sustainable Harvest has kept its staff relatively small in order to pass the full benefits of the sustainable model on to the 2,000 farming families with whom they work. Now that's a sustainable harvest.

Find out more :  
[www.bcorporation.net/sustainableharvest](http://www.bcorporation.net/sustainableharvest)



Sungevity now has the capacity to serve nearly 30% of the U.S. population.

Find out more :  
[www.bcorporation.net/sungevity](http://www.bcorporation.net/sungevity)



BEST NEW  
ARTIST



**W**arby Parker is a design-world darling; it's also a rising star in the world of social enterprise. After just two years in business, it has already impacted hundreds of thousands of lives with its *buy-one-give-one* business model for eyewear.

Glasses do more than just improve vision or help people look cool. According to Warby Parker, among bottom of the pyramid recipients, they can increase an individual's productivity at work by 35 percent and boost their income 20 percent, a huge step toward escaping poverty. And the potential to scale this impact is enormous—almost a billion people across the planet are without access to glasses.

So for every pair of glasses it sells, Warby Parker provides one pair to someone in need. To date, the company has helped distribute over 100,000 pairs in emerging markets. And NYC fashionistas benefit too. For years, the optical industry, controlled by a few large companies, kept prices of glasses artificially high. By designing its own frames and working directly with manufacturers, the company circumvents traditional channels to drastically cut costs—its high-quality prescription eyewear is available for just \$95.

So far, people have responded enthusiastically. To keep up with demand, the company hired more than 50 employees in its first 18 months. Warby Parker has also been recognized as a breakout

company in publications such as Time, Entrepreneur Magazine and AdAge. It's expanding into boutique shops across the United States and opened its very own storefront in New York.

***“Our success means success for others around the world.”***

So it can focus on managing its own rapid growth, Warby partners with innovative organizations such as the nonprofit VisionSpring to distribute its give-one glasses overseas. For example, Warby partners create micro-franchise opportunities for entrepreneurs in emerging markets to sell Warby glasses at affordable prices. “Our partners are helping create jobs, and our glasses are great tools at alleviating poverty,” said Lane Wood, Director of Social Innovation. The company works to empower its nonprofit partners across multiple fronts. In addition to financial support, Warby Parker staff help the organizations with website design, social media strategy, and public relations. Their stronger partners can then operate more effectively and help more people.

Expanding into boutiques across the United States, creating new frames, and fostering exciting collaborations with designers and nonprofits, Warby Parker is positioned to explode. And others think so too. Warby is backed by mainstream venture capital, and insists that “as we scale and sell more glasses, we will maintain our model of buy a pair and give a pair,” Wood said. “We have a commitment that our success means success for others around the world.” ©

Find out more :  
[www.bcorporation.net/warbyparker](http://www.bcorporation.net/warbyparker)

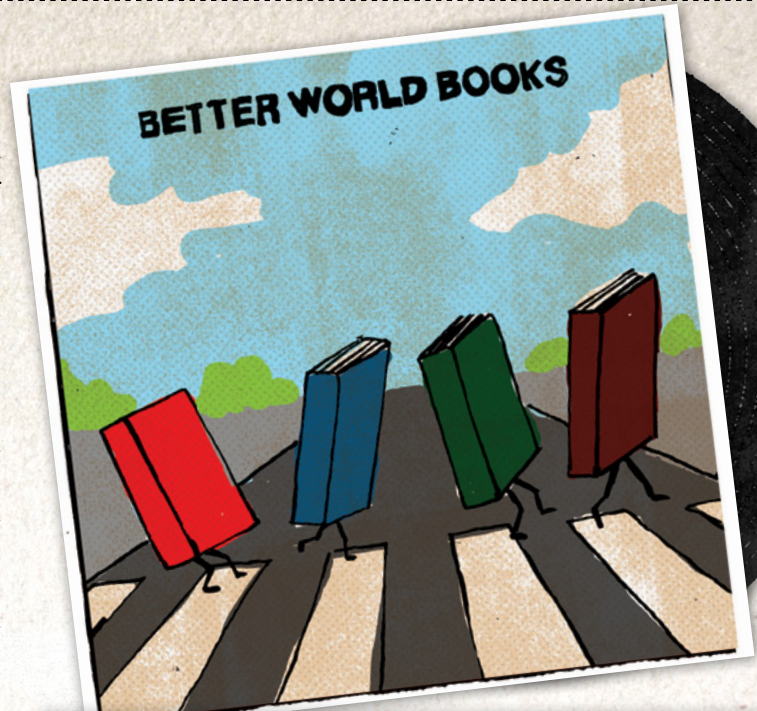


Online bookseller Better World Books uses a one-for-one business model, donating one book to a person who needs it for every book sold. But its strong social practices don't stop there. Part of every sale also helps fund literacy initiatives around the globe, and proceeds from library books sold go back to supporting that library. Since Better World Books launched in 2003, this Indiana-based company has donated more than 5 million books to those in need and raised more than \$10 million for libraries.

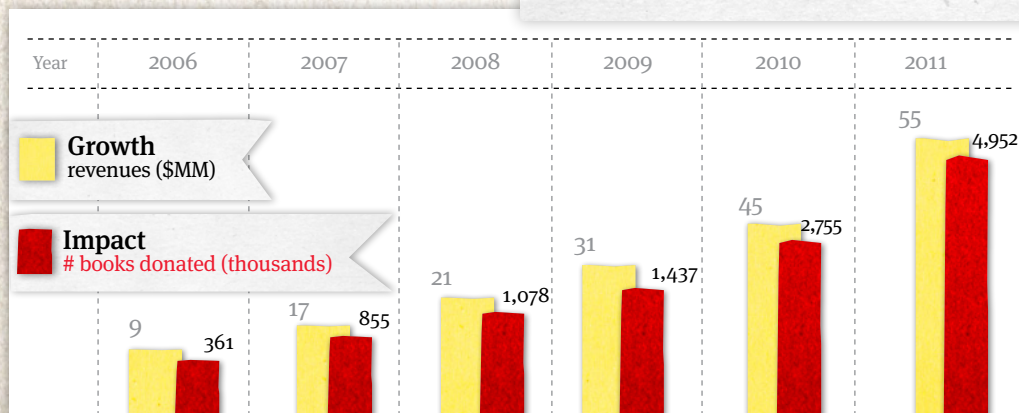
Through its global literacy initiatives and support of local libraries, Better World Books is on its way to achieving its lofty mission to "create a better world, one book at a time." And it's not sacrificing hardcore business metrics to do it. Better World Books has reported incredible revenue growth since its founding, reaching \$20 million in 2008, and almost tripling in the next three years to \$55 million.

Better World Books' dedication to the environment is as integral to its business model as its dedication to literacy. Through reselling books, the company has saved more than 65 million books (40,000 tons) from landfills, and it offsets carbon for each order—taking into account not only the shipping, but also company operations. The company's environmental commitment has earned it two EPA Wastewise Gold Awards—one for Paper Reduction in 2009 and another for Climate Change in 2010. With rockstar achievements across its triple bottom line, Better World Books is creating a better world through business.

Find out more :  
[www.bcorporation.net/betterworldbooks](http://www.bcorporation.net/betterworldbooks)



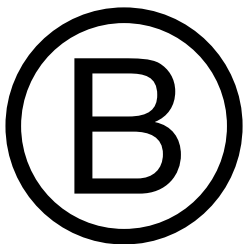
Better World Books has donated nearly 5 million books to those in need and re-used or recycled over 55 million.





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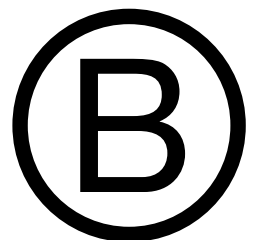
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building a successful business—are key components to  
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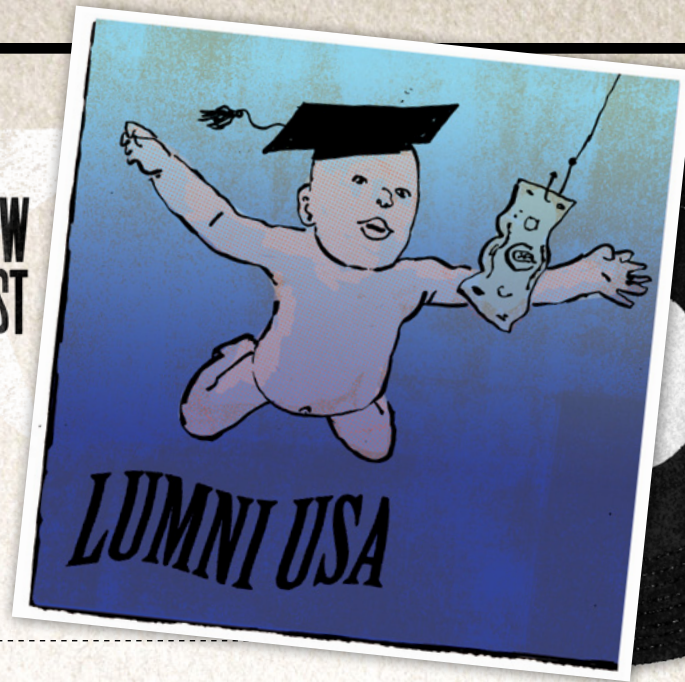


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**BEST NEW  
ARTIST**



A student works hard, earns good grades and is accepted to the college of her dreams. However, even after federal aid, which tops out at \$25,000 over four years, large tuition payments still remain. For many low-income students, finding loans to cover the rest of the costs may be a challenge, as most lenders require a creditworthy co-signer. But financial background isn't necessarily an indicator of a student's potential—that's where Lumni USA comes in. The company finances students based on merit and their potential chance of future success.

"It's incredible when you look at somebody and it's just so clear: they have all the tools for success on the personal level—all they really need is someone to believe in them and invest in their future," Noga Leviner, CEO of Lumni USA, said. "We look at those students and see them as an asset, rather than a burden on our society."

According to Leviner, there's a \$30 billion annual funding gap faced by qualified undergraduate students who stand a good chance of graduating and going on to successful careers. Research by one student suggests that lack of funding will prevent 5 million students from receiving their bachelor's degrees in the next decade alone.

Lumni USA provides a financing mechanism to pay for higher education in a way that is sustainable, scaleable and student-friendly. Loans are repaid with a set percentage of future income over a given period of time. This model eliminates the threat of unaffordable loan payments and makes higher education accessible to those traditional financing neglects. Students also receive additional training and resources to support career development and help them maximize their potential.

*"We believe that higher education has a really high payoff and high return on investment for both the individual and society," Leviner said. "It should be available to everyone who is qualified."*

Lumni USA is part of the growing family of Lumni companies; the financial service company also operates in Chile, Columbia, and Mexico. In 2008, Lumni USA was formed to bring the innovative model to students in the United States. The company received B Corp Certification in 2011 and, despite daunting regulatory challenges, financed its first class of 30 students. Two-thirds of its students are low-income, two-thirds from under-served minorities, and two-thirds are first-generation college attendees.

"We are transforming the lives of students that otherwise might not get an opportunity to go to college and have a successful bright future," said Leviner. "There doesn't have to be a tradeoff between providing students with a fair, flexible financial product and giving our investors a solid investment opportunity."

Lumni's business model has the potential to transform the field of education financing. As Lumni scales, it can assist millions of students. Over the last five years, it expanded from \$1.5 million in assets under management to \$25 million, reaching 2,500 students globally in 2011.

Leviner believes Lumni's impact can only continue to grow. "Given the need for a more rational market for investing in human capital, the sky's the limit for how far we can take this," she said. ©

Find out more :  
[www.bcorporation.net/lumniusa](http://www.bcorporation.net/lumniusa)



# RAISING MONEY?



## FAQs for CEOs and Investors in Potential B Corporations

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### *How will B Corp impact our ability to raise money?*

If you're looking for mission-aligned capital, it should help. Social investors want to invest in companies which 1) *achieve high social and environmental impact*; 2) *are structured to maintain their mission after the next financing, sale or IPO*; and 3) *can command higher valuations*. The B Corp legal and performance standards ensure that B Corps can meet all three objectives.

If you're looking for mainstream capital, it won't hurt. If a prospective investor doesn't want your company to remain a Certified B Corp, your shareholders can vote to remove the B Corp language from your corporate governing documents prior to an investment or sale.

### *How can B Corps command higher valuations?*

B Corps can command higher valuations because they are more trusted by their customers, employees, suppliers and other stakeholders. The independent third party certification, and the transparent legal and performance standards on which they

rest, maintain that trust post-sale. When mission-driven businesses are acquired, their brand equity is at risk because customers, employees, suppliers and other stakeholders become uncertain if the values and practices of the company they supported will be maintained. Becoming a Certified B Corp and maintaining your certification post-transaction minimizes this brand risk.

### *How does becoming a B Corp help companies raise capital?*

In addition to B Lab making personal connections to the investors within the community of impact investors, Certified B Corps have access to a free GIIRS Rating valued between \$1,000 and \$10,000.

Several investors and intermediaries are using GIIRS as part of their due diligence and/or portfolio management. These include intermediaries like Investors' Circle, Mission Markets, and SVX and investors like Good Capital, New Resource Bank, RSF Social Finance, and TBL Capital. In addition, at the Clinton Global Initiative 2011 Annual Meeting, 15 institutional investors, including J.P. Morgan and Prudential, with impact investment assets of \$1.5 billion, declared their investment preference for GIIRS-rated companies and funds for their impact investment portfolios.



## Have any B Corps received venture capital investment?

Here is a Baker's Dozen Sample:

Investors	Certified B Corp
Good Capital	➤ Better World Books (see page 50)
Tech Coast Angels	➤ Bikestation
Asset Management Company	➤ CAP Global
New Enterprise Associates	➤ GoodGuide
JMI Equity	➤ iContact
Simon Equities	➤ Method
Catterton Partners	➤ Nest Collective/Plum Organics
Pacific Community Ventures	➤ New Leaf Paper (see page 31)
Mohr Davidow Ventures	➤ Rally Software
Kleiner Perkins	➤ RecycleBank
Fontis Partners	➤ Sambazon
Tiger Global Management	➤ Warby Parker (see page 49)

In addition, there are more than 30 financial services companies that have become Certified B Corps, including commercial banks (e.g. New Resource Bank, Sunrise Community Bank), venture firms (e.g. Agora Partnerships, City Light Capital, Equilibrium Capital, Farm Capital Services, Good Capital, Grassroots Capital, Gray Ghost Ventures, IGNIA Partners, Meidlinger Partners, Mindful Investors, Murex Investments, Renewal2, Sarona Asset Management, Satori Capital, SJF Ventures, TBL Capital), and sell-side intermediaries (e.g. Cutting Edge Capital, Mission Markets, Partnership Capital Growth Advisors, Watershed Capital).

## What is GIIRS and why should I care?

GIIRS is a ratings agency and analytics platform for impact investors. GIIRS is helping to scale the emerging market of impact investing by giving investors the tools they need to analyze the social and environmental impact of their investments with the same rigor as they analyze their financial risk and return.

Since launch at the Clinton Global Initiative in fall 2011, there are already more than 200 GIIRS-rated companies and 50 GIIRS-rated funds investing for impact in 30 countries around the world. For more information, check out [www.giirs.org](http://www.giirs.org). GIIRS stands for Global Impact Investing Rating System.

## What happens if we want to sell our company?

The B Corp legal framework gives Certified B Corps increased options at the point of sale because they can: 1) encourage competition based on commitment to mission in addition to price; 2) consider other factors besides price when making the decision of whether and to whom to sell; and 3) retain or remove certification directly prior or after a sale depending on the current and new owners' preferences.

## Have any B Corps been sold?

More than 15 B Corps have merged or been sold to date. Some examples include:

- Plum Organics, an organic baby food company, sold to The Nest Collective, which became a Certified B Corp shortly thereafter. Plum Organics remains a Certified B Corp as a wholly owned subsidiary.
- Nau, an outdoor apparel company, sold its assets to Horny Toad Activewear, which is in conversation with B Lab to explore certification.
- White Dog Café was sold to a local restaurateur who decided not to maintain White Dog's B Corp certification.

## Can B Corps go public?

Yes. While there are no public B Corps yet, there is nothing in the B Corp legal framework that prevents a B Corp from going public. In fact, the B Corp legal framework was created to enable companies to go public and maintain their social mission.

## How does B Corp impact liability?

Adopting the B Corp legal framework should reduce liability for directors and officers by creating legal protection for them to take into consideration the interests of multiple stakeholders when making decisions, particularly when considering financing and liquidity options. Adopting the B Corp legal framework will, however, give shareholders additional rights to hold directors and officers accountable for taking into consideration these same interests when making decisions—and that, of course, is the point. ©



# With Gratitude

*B Lab's work would be impossible without the vision and generous support from its community of funding partners. To all of you, we say THANK YOU. We are humbled by your commitment of time, resources, and capital.*

## \$2,500,000 – \$5,000,000

The Rockefeller Foundation ‡

## \$1,000,000 – \$2,499,999

B Lab Co-Founders † ‡

Deloitte LLP

Halloran Philanthropies ‡

The Prudential Foundation †

United States Agency for International Development (USAID)

## \$100,000 – \$999,999

The Clara Fund ‡

Good Energies Foundation ‡

Panta Rhea Foundation

Pioneer Portfolio of the Robert Wood Johnson Foundation

RSF Social Finance ‡

Tom Bird Charitable Trust † ‡

## \$25,000 – \$99,999

Anonymous

The Annie E. Casey Foundation\*

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The John P. and Anne Welsh McNulty Foundation

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## \$1,000 – \$9,999

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‡ Multi-year Contribution

† Program Related Investment

“B Lab has taken an integrated approach to fostering the business community dedicated to addressing social and environmental issues. Its success will result in scalable innovation and a more stakeholder centric economy. B Lab understands how business, society and nature relate. It recognizes companies that solve our challenges, writes law that reflects our cultural evolution and provides information that is essential to managing risk and managing for impact.” — **Ommeed Sathe, Director, Social Investments - Prudential**

“I applaud the work of B Lab ... I believe that B Lab is a powerful force for positive social and economic change. B Lab has become a respected voice within the business and financial community dedicated to the promotion of human well being throughout the world.” — **Harry Halloran, Chairman and CEO - The Halloran Philanthropies**

“Since 2007, the Rockefeller Foundation has been committed to the growth and development of the impact investing sector as a way to address social and environmental challenges and accelerate benefits to poor and vulnerable people. B Lab has been a critical partner in this work and with the creation of GIIRS has laid some of the foundational infrastructure needed to expand the sector and address the world's social challenges.” — **Dr. Judith Rodin, President - The Rockefeller Foundation**

“Sustainability—economic, social and environmental—is increasingly driving investor decision-making across industries. Sustainability is not a fad, but rather an essential ingredient for business success in the 21st century. One of the payoffs for GIIRS-rated companies that integrate sustainability into strategy is the opportunity to attract investments for growth. As a leading global sustainability assurance, tax and consulting provider, Deloitte is pleased to support the evolution of the GIIRS social impact tool.” — **Jack Russi, National Managing Partner, Corporate Development - Deloitte**

“Entrepreneurs that are addressing intractable problems like inadequate shelter, lack of health care and climate change need access to private capital. USAID is a strong supporter of B Lab's work on GIIRS because of its potential to help entrepreneurs attract investors who want to address these persistent development challenges around the world.” — **Rob Schneider, Senior Alliance Adviser, USAID**

“Globally we see an increasing interest in true corporate social responsibility. B Lab is capitalizing on this movement by helping to create a new sector of the economy where companies are held accountable financially while at the same time creating value for society and the environment. These companies demonstrate to consumers and investors that by using market forces they are doing well by doing good. It's not your grandfather's capitalism; it's the future of capitalism.” **Lorene Arey, President - The Clara Fund**

“As investors developed tools for measuring risk better, the tradeoffs between risk and return became clearer and investors could choose their ideal balance. By developing a clear tool for measuring impact, GIIRS is allowing investors to optimize on impact as well as on risk and return. Nothing will be more important to the future of impact investing than enabling this optimization.” — **Thomas Brenninkmeijer - Good Energies**



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*We envision a new sector of the economy  
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which is purpose-driven, and creates benefit for all stakeholders, not just shareholders.*

*As members of this emerging sector and as entrepreneurs and investors in B Corporations,*

*We hold these truths to be self-evident:  
That we must be the change we seek in the world.*

*That all business ought to be conducted as if people and place mattered.*

*That, through their products, practices, and profits, businesses should aspire to  
do no harm and benefit all.*

*To do so, requires that we act with the understanding that we are each dependent  
upon another and thus responsible for each other and future generations.*



**the change we seek™**



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**Custom model:** As your business grows, your brand needs to keep pace. The Moderns will provide ongoing consulting and coaching, and together we'll create custom modules of strategy and deliverables that help support this growth.

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