



A New Way to Measure Corporate Social Responsibility

Developing performance standards for U.S. companies' health and safety policies and practices

SUMMARY

The legal structure of B corporations differs from that of traditional S and C Corporations in that their charters require them to conduct business in a way that considers the interests of societal stakeholders (such as employees, communities, and the environment) in addition to benefiting shareholders.

In 2010, there were some 40,000 companies of all sizes in the United States that—in their own view—met that criterion, and two states—Maryland and Vermont—had passed legislation recognizing B corporations, with several others considering measures.

B Lab is a nonprofit organization based in Berwyn, Pa., that reviews B corporations and certifies those that meet high standards of accountability and performance, using a metrics-based rating system.¹ From 2010 to 2012, a Health and Safety Working Group set up at B Lab revised its certification system (the “B Impact Ratings System”), particularly in relation to health and safety issues. (See the [Appendix](#) for a roster of the working group’s 12 members representing practitioners, academics, and thought leaders in the fields of health and safety.)

A high-quality certification process will enable socially responsible consumers to identify and support businesses that align with their values, and help investors direct capital to higher-impact investments, as measured by social responsibility.

Program officers on RWJF’s Pioneer Portfolio saw this project as a novel approach to inducing corporations to provide higher-quality health benefits to workers and their families, improve worker safety, and induce companies to conduct business in a manner that does not compromise community health.

¹ Application of the rating system, according to B Lab, assures third-party verification of the social and environmental impact (but not the financial performance) of companies and—since 2011—of investment portfolios/funds. For investors, this rating of social and environmental impact is intended to resemble Morningstar Ratings of investment potential or Standard and Poor’s credit risk ratings.

Results

As reported to the Robert Wood Johnson Foundation (RWJF), the project team at B Lab:

- Expanded and improved the metrics in its rating system in the areas of health and safety for small to medium-sized businesses, by adding 20 new items to its assessment questionnaire. The questions relate to such topics as employee health care plans, employee health and wellness programs, water use, waste reduction, and environmentally preferable purchasing policies.

The work, which was completed as part of a periodic updating process, also entailed weighting the questions according to industry, geographic location and company size. (For example, because manufacturing companies have a larger environmental footprint than do service companies, and large companies are more likely than companies with one to 10 employees to have an employee safety recognition program, questions covering these topics are weighted according to industry and company size, respectively.)

The team tested the questions internally and through a 30-day public beta test and comment period.

- Developed a new large-company (250+ employees) version of its certification system, thus expanding the scope of businesses that can be covered by B corporation standards. The system includes several of the new questions relating to health and safety. See the [Bibliography](#) for details.
- Developed four best-practices guides and two case studies on companies demonstrating excellence in their health, health care, and safety practices, as models for companies to use in improving their social and environmental performance. Titles include:
 - *Best Practices to Manage Product Toxicity*
 - *Choosing a Health Plan*
 - *Creating an Employee Wellness Program*
 - *Writing an Environmental Purchasing Policy*
 - *Employee Health & Wellness Program: Highlighting Best Practices of iContact*²
 - *Worker Health and Safety: Highlighting Best Practices of Certified B Corp TS Designs*³

² iContact refers to marketing practices using email and social media.

³ The title of this case study refers to best practices undertaken by the Burlington, Vt., T-shirt manufacturer, TS Designs, to meet Corporation B certification standards.

Lessons Learned

1. **Certification standards should be created with input from both subject matter experts (e.g., academics and thought leaders) and practitioners.** Without the appropriate mix, there is a risk of ending up with standards that, on the one hand, are not pragmatic and cannot be implemented, or on the other hand are too tactical and not far-reaching enough. (Project Director/Bart Houlahan)
2. **The standards development process must be transparent, open, and comprehensive.** Transparency ensures a clear understanding not only of the rating system, but also how and why rating questions are weighted. An open process invites input from the community that is going to be affected by the standards. Comprehensiveness ensures that the rating system looks at individual practices in the context of the whole. Project Director Houlahan says, “You could have a beautiful green company that still treats its employees terribly. A comprehensive rating system will capture this.”
3. **Writing questions that accurately assess a company’s accountability and performance is an essential, hard-learned skill.** Using the wrong modifier, clause or descriptor can result in misleading answers. For example, a previous version of the assessment asked what percentage of employees participates in the company’s public service activities. The team learned that some companies whose public service activities were organized by employees (instead of by the company) were confused by the question. (Project Director/Houlahan)

Funding

RWJF supported this project through a grant of \$403,975.

Afterward

All the products created in this grant—the new health & safety questions, the new large-company rating system, and the best practice guides and case studies—will be released publicly in the summer of 2013 with Version 4.0 of the B Impact Ratings System.

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APPENDIX

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Reports

B Resource Guide: Employee Health & Wellness Program: Highlighting Best Practices of iContact. Berwyn, PA: B Lab, 2011. (Case Study)

B Resource Guide: Worker Health and Safety: Highlighting Best Practices of Certified B Corp TS Designs. Berwyn, PA: B Lab, 2011. (Case Study)

Toolkits

B Resource Guide: Best Practices to Manage Product Toxicity (online educational guide). Berwyn, PA: B Lab, 2011.

B Resource Guide: Choosing a Health Plan (online educational guide). Berwyn, PA: B Lab, 2011.

B Resource Guide: Creating an Employee Wellness Program (online educational guide). Berwyn, PA: B Lab, 2011.

B Resource Guide: Writing an Environmental Purchasing Policy (online educational guide). Berwyn, PA: B Lab, 2011.

DM Manufacturing 250+ Impact Assessment. Berwyn, PA, 2011. Berwyn, PA: B Lab, 2011.