What is a benefit corporation?

Becoming a benefit corporation gives entrepreneurs and investors an additional choice when determining which corporate form is most suitable to achieve their business objectives. In short, benefit corporations:

1. Have an expanded purpose beyond maximizing share value to explicitly include general and specific public benefit
2. Are required to consider/balance the impact of their decisions not only on shareholders but also on their stakeholders
3. Are required to make available to the public an annual benefit report that assesses their overall social and environmental performance against a third party standard

The recent benefit corporation legislation passed in Idaho provides a legal tool for mission driven and other socially conscious businesses and social entrepreneurs to establish a solid foundation for long term mission alignment and value creation. Businesses with benefit corporation status are also well positioned to protect their mission throughout capital raises and leadership changes, as it helps to ensure that businesses retain their commitment to their mission and stakeholders.

Why are benefit corporations important?

Benefit corporations expand the obligations of boards of directors, requiring them to consider environmental and social factors, as well as the financial interests of shareholders. This gives directors and officers the legal protection to pursue a mission and consider the impact their business has on society and the environment.

Are benefit corporations hybrid nonprofits?

No. Benefit corporations are neither nonprofits nor hybrid nonprofits. They are for-profit companies that want to consider additional stakeholders, core values or missions in addition to making a profit for their shareholders. Nonprofits cannot be benefit corporations.

Does being a benefit corporation affect a company’s tax status?

It does not affect a company’s tax status. A company still elects to be taxed as a C or S corp. Benefit corporation status only affects requirements of corporate purpose, accountability, and transparency; everything else regarding corporation laws and tax law remains the same.

How do I create an annual benefit report?

In Idaho, benefit corporations are required to create an annual benefit report, though it is not required to file it with the Secretary of State. It is recommended that benefit corporations use a third party standard to assess their creation of general public benefit over the course of the previous year, but this is not required and the report does not need to be certified or audited.

B Lab believes that the B Impact Assessment is an appropriate external standard for benefit corporations. The B Impact Assessment is available for free for those that do not wish to have a verified or certified report.
Are benefit corporations the same thing as certified B Corporations?

No. Benefit corporations are a form of business incorporation in the state where the business is headquartered, and is an alternative to other forms of incorporation, including S Corporations, C Corporations, Limited Liability Companies (LLCs), etc. Certified B corporations are certified by B Lab, a nonprofit organization, using their B Impact Assessment, as stakeholder driven businesses by demonstrating their policies and standards related to governance, workers, communities, environment and customers, and meeting a minimum score of 80 points on the assessment survey.

Please see the chart below for more information on the differences between benefits corporations and certified B Corporations.

### Comparison of Certified B Corporations and Benefit Corporations

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Benefit Corporations</th>
<th>Certified B Corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>Directors are required to consider effects of decisions on shareholders and stakeholders</td>
<td>Same</td>
</tr>
<tr>
<td>Transparency</td>
<td>Company must publish a public report assessing its overall impact against a third-party standard</td>
<td>Same</td>
</tr>
<tr>
<td>Performance</td>
<td>Self-reported</td>
<td>Verified by B Lab</td>
</tr>
<tr>
<td>Ongoing verification</td>
<td>No ongoing verification other than transparency requirements</td>
<td>Must re-certify every two years</td>
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<tr>
<td>Support</td>
<td>No formal support from B Lab</td>
<td>Access to a portfolio of services and support from B Lab</td>
</tr>
<tr>
<td>Availability</td>
<td>Available in Idaho and other states that have passed benefit corporation legislation</td>
<td>Available to any private business in the world</td>
</tr>
<tr>
<td>Fees</td>
<td>In Idaho, the filing fee is $100. The form can be found on the Secretary of State website</td>
<td>Annual B Corp certification fees range from $500 to $25,000 Fees are calculated on a company's annual sales</td>
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</tbody>
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Information in this document has been cited in part from [http://benefitcorp.net/faq](http://benefitcorp.net/faq) and the B Corp Handbook.

Do you want to learn more about benefits corporations?

The Responsible Business Initiative (RBI) at Boise State University hosts information workshops and training pertaining to benefit corporations at locations across the Treasure Valley.

For more information, please visit the events page at [http://cobe.boisestate.edu/RBI](http://cobe.boisestate.edu/RBI)