

## B Corp and Canadian Purpose Economy Project Alignment

### Introduction

In April 2025, B Lab launched the most significant update to its standards in its 18-year history. This update marks a departure from its previous flexible scoring system, introducing mandatory performance requirements across several critical areas, including purpose and stakeholder governance.

The [new standards](#) are designed to improve accountability and ensure that B Corps meet consistent, high-impact criteria. The implementation of these standards will begin in 2026, providing existing B Corps time to transition to the new requirements.

This change aligns directly with the work of the Canadian Purpose Economy Project (CPEP). Under the new standards, companies must now have a "public purpose." B Lab defines purpose as "the company's reason to exist that makes an optimal, strategic contribution to the long-term well-being of all people and the environment". To qualify as a B Corporation, companies must establish a purpose statement that "sets out the specific positive and meaningful impact the company intends to make on society, or the environment, or both".

### **Previously, it was optional for B Corps to have a social or environmental purpose – now it is a requirement.**

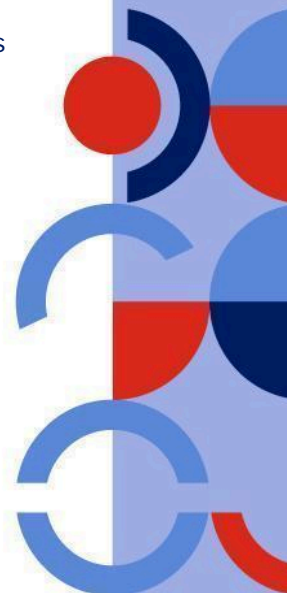
Given the alignment between CPEP's definition of a social purpose business, and B Lab's definition of a public purpose business, it is reasonable to conclude that public purpose B Corps are, in fact, social purpose companies.

This move will significantly scale the profile, number and impact of social purpose businesses around the world, supporting CPEP's national vision to mainstream social purpose business in Canada.

Not only does the updated standard require B Corps to have and govern a purpose, it also provides a number of recommended steps for implementing and collaborating on the purpose. Together, the required and recommended steps become a blueprint for public/social purpose companies adopting, implementing authentically, disclosing and collaborating on purpose, similar to CPEP's vision.

This report provides an overview of the alignment between B Corp standards and the Canadian Purpose Economy Project, summarizing:

1. B Corp Purpose Requirements and Guidance
2. Integration of Key CPEP Resources



## B Corp Purpose Requirements and Guidance

The new B Corp guidelines introduce two mandatory purpose requirements, along with several optional but recommended steps to further enhance purpose governance and implementation. These are set out in the “Purpose and Stakeholder Governance Body of Knowledge” and are detailed in Appendix A below.

The following chart outlines the two core purpose requirements under the updated standards, highlighting the importance of both adopting a purpose and ensuring robust board oversight to drive accountability and impact.

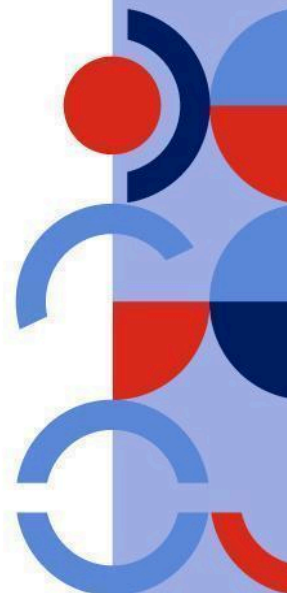
B Corp Purpose Requirements at a Glance	
Requirement	Details
Adopt a purpose and integrate it into strategy	<p>The company establishes a purpose statement that:</p> <ul style="list-style-type: none"> <li>● Sets out the specific positive and meaningful impact the company intends to make on society or the environment, or both</li> <li>● Has business relevance and is integrated into its strategy</li> <li>● Is publicly available on the company’s webpage</li> </ul>
Establish board oversight of the purpose	<p>The highest governing body:</p> <ul style="list-style-type: none"> <li>● Approves the company’s purpose</li> <li>● Monitors the company’s purpose, reviewing progress on advancing its purpose at least annually</li> </ul>

### Optional but Recommended Steps for Advancing Purpose

To further support the integration of purpose, drive impact and foster accountability, B Lab provides the following six *optional but recommended* steps. These steps will enhance purpose governance, performance, and stakeholder collaboration, as well as encourage companies to embed purpose throughout their operations, culture and reporting.

#### 1. Purpose Governance and Expertise:

- Include the following in the highest governing body’s terms of reference:
  - assumes ultimate responsibility for overseeing and advancing the company’s purpose
  - adopts a long-term perspective on the company’s efforts to achieve its purpose
  - approves the company strategy that advances its purpose
  - monitors company collaboration with stakeholders on its purpose
  - clearly defines and promotes a company culture and values that align with the company’s purpose
- Include the following in annual or more frequent purpose updates to the highest governing body:
  - how the purpose has been integrated into company strategy
  - what purpose-related goals have been achieved
  - how purpose is being embedded in company culture



- how stakeholders are engaged in advancing the company's purpose
- Form a sustainability committee or stakeholder committee (with purpose expertise) that includes a member of the highest governing body or reports to the highest governing body.
- Ensure at least one member of the highest governing body has purpose expertise (with a minimum of five years of relevant experience).

## 2. Purpose Performance Incentives and Objectives:

- Advancing the company's purpose in the executive team's annual targets and incentive scheme, and advancing the company's purpose in the managers' performance review targets

## 3. Purpose Goals and Culture:

- Set purpose-related performance goals that are integrated into the company strategy and embedding purpose in the culture, values, policies and daily operations.
- Measure workers' perceptions of the company's purpose and the actions it has taken to advance it

## 4. Purpose Stakeholder Collaboration:

- Adopt a Stakeholder Governance policy that may cover guidance for engaging and collaborating with stakeholders, such as collaborating with stakeholders on the company's purpose.
- Establish a multi-stakeholder task force or another form of ongoing collaboration to co-develop and further the company's purpose.

## 5. Purpose Disclosures:

- Provide an update on the company's progress toward advancing its purpose in its annual impact report

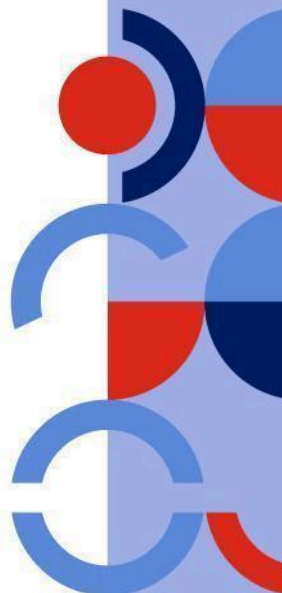
In addition, B Lab's Government Affairs and Collective Action Body of Knowledge section sets out one required and one optional purpose measure. This is set out in Appendix B Below.

**Required:** The company's public policy on responsible lobbying must not directly lobby against its purpose.

**Recommended:** Incorporate actions to advance the company's purpose in the lobbying policy.

### CPEP Resources Included in the B Lab Standard

The B Lab standard includes four key CPEP resources, referenced a total of 14 times. This should foster considerable alignment across companies and jurisdictions as more current and prospective B Corps access these materials. CPEP hopes that its materials can be useful to companies around the world, helping us advance our global vision for a purpose economy.



**1. Purpose Governance Guidelines for Boards, 2024**

Times referenced: 5 times

Focused on the role of boards in overseeing and advancing corporate purpose, these guidelines offer a structured approach for integrating purpose into governance processes.

**2. Social Purpose Strategy: Bring Your Corporate Purpose to Life, 2024**

Times referenced: 6 times

This resource provides actionable steps for companies to integrate their purpose into the corporate strategy.

**3. Disclosing with Purpose: Guidance for Preparers and Users of Purpose Disclosures, 2024**

Times referenced: 2 times

A comprehensive guide on how companies can effectively report on their purpose.

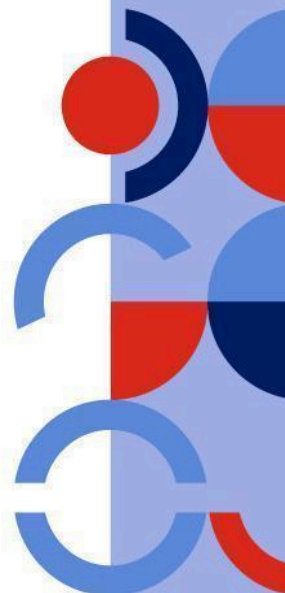
**4. Purpose Perception - Survey, 2023**

Times referenced: 1 time

This tool enables companies to assess employee and other stakeholder perception of the company's purpose.

**Conclusion**

Together, the B Corp standards and CPEP's resources offer a powerful blueprint for companies to not only define their purpose but to effectively live it out through governance, strategy, and collaboration. This marks a pivotal step towards scaling the impact of social purpose businesses worldwide, with CPEP poised to continue supporting this transformative shift in Canada and beyond.



## Appendix A

### Purpose and Stakeholder Governance (PSG)

#### Body of Knowledge (BoK) for the PSG Impact Topics

Companies are required to have a clearly defined public purpose to create a meaningful positive impact on society or the environment, or both, and to create governance structures to consider impacts on stakeholders. These requirements commit each company to establish and advance the company purpose through the company strategy.

The Outcome is that “companies act in accordance with a defined purpose...”.

*Definition of Purpose:* the company’s reason to exist that makes an optimal, strategic contribution to the long-term well-being of all people and the environment. (adapted from [PAS 808](#)).

#### **PSG1 The company establishes a public purpose to make a meaningful positive impact.**

PSG1.1 The company establishes a public purpose to make a meaningful positive impact.

*Compliance Criteria:*

1.1.1 The company establishes a purpose statement which:

- a) sets out the specific positive and meaningful impact the company intends to make on society or the environment, or both
- b) has business relevance and is integrated into its strategy
- c) is publicly available on the company’s webpage
- d) is approved by the company’s highest governing body.

*Intent:*

To ensure the company has a publicly accessible purpose statement that:

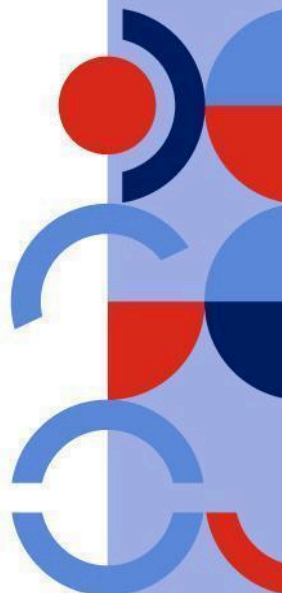
- aligns with the purpose clause of the B Corp legal requirement
- clearly communicates the company’s purpose to its stakeholders.

*Clarifying the Compliance Criteria:*

[1.1.1.a] A company’s purpose statement articulates the company’s intent to create a meaningful positive impact while directly supporting its strategic targets and long-term success relevant to their business.

[1.1.1.a] The company can choose to address both environmental and social impacts in its purpose, or either, as relevant to its business context.

[1.1.1.b] Where a company’s purpose statement does not specifically detail the business relevance and how it is integrated into the company strategy, the company has a supporting statement that details:



- the business relevance of the purpose statement
- how the purpose is integrated into the company strategy
- examples of policies, practices, communications to key stakeholders, KPIs, goals, or other metrics.

#### Further Guidance:

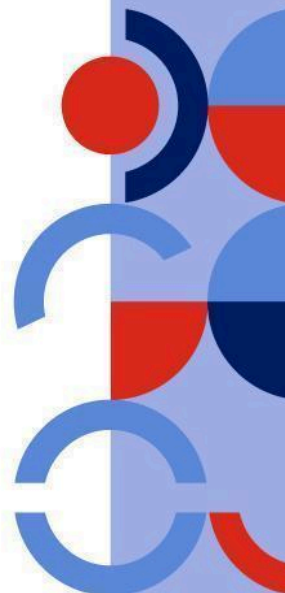
- A company's purpose can address specific social or environmental issues that threaten or enhance wellbeing for people and the planet. It can also focus on areas of wellbeing that are underserved — particularly in populations lacking adequate support.
  - Example of an acceptable public purpose statement: *'We exist to empower urban communities with data platform solutions that enhance collaboration between cities and mobility operators for more liveable and sustainable neighborhoods.'* In this example, the company is providing a positive social and environmental impact to its stakeholders — mobility operators (their customers) and people in city neighborhoods.
  - Example of an acceptable public purpose statement: *'To restore and protect the planet's natural ecosystems, ensuring a healthy and sustainable environment for all living beings.'* In this example, the company is communicating their commitment to the long term health of the planet, by emphasizing both restoration and protection of the environment.
  - Example of an unacceptable public purpose statement: *'Our purpose is to deliver a superior experience to our clients.'* This example is unacceptable because it does not describe how "delivering a superior experience" provides a meaningful impact to society or the environment.

#### Recommendations:

- Consider the following suggestions to draft or update the company's purpose statement or supporting statement.
  - Tie the purpose to the legacy story of the company.
  - Think beyond customers to how the company can positively impact society.
  - Make the purpose bold enough to make a significant difference but still realistic for the company to implement.
- A purpose statement is generally different from a mission statement. While a mission statement outlines what the company does (and for whom), a purpose statement explains why the company exists. However, a mission (or vision) statement can serve as a purpose statement if it specifically conveys the company's reason for being.
- Align purpose with company impact by setting purpose-related performance goals that are integrated into the company strategy and embedding purpose in the culture, values, policies and daily operations.

#### Implementation Resources:

- Social purpose strategy: Bring your corporate purpose to life, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)



- Purpose Governance Guidelines for Boards, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)

**PSG2 The company considers its impacts on stakeholders in decision-making.**

PSG2.1 The company has a mechanism to consider or involve its stakeholders and represent their interests in decision-making.

This section is focused on identifying and prioritizing stakeholders and considering their interests in decision-making. Purpose is referenced as a possible mechanism for engaging stakeholders:

- Establishing a multi-stakeholder task force or another form of ongoing collaboration to co-develop and further the company's purpose or social or environmental solutions.
- Forming a sustainability committee or stakeholder committee (with company purpose or social or environmental expertise) that includes a member of the highest governing body or reports to the highest governing body.
- Having a member of the highest governing body who has purpose, social, or environmental expertise (at least five years of educational and professional experience).

PSG2.2 The company has a stakeholder governance policy.

This section is focused on the creation of a stakeholder governance policy. Purpose is referenced under Further Guidance:

- The policy may cover the following aspects, among others:
  - guidance for engaging and collaborating with stakeholders, such as collaborating with stakeholders on the company's purpose, or on social and environmental targets.

**PSG5 The company's social and environmental impact and stakeholder considerations are monitored by the highest governing body and integrated throughout the company.**

PSG5.1 The highest governing body monitors the company's purpose, social and environmental impact, and stakeholder considerations.

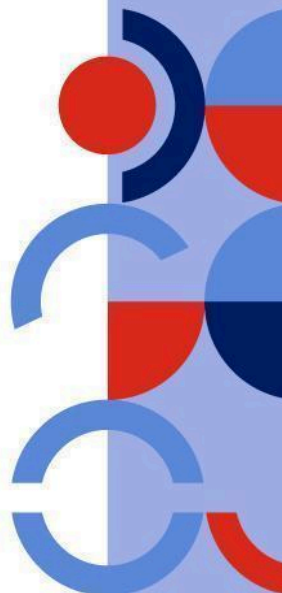
*Compliance Criteria:*

5.1.1. At least once every year, the highest governing body reviews the company's:

- a) progress on advancing its public purpose as defined under PSG1.1

*Intent:*

- To ensure the highest governing body is accountable for advancing the company purpose, improving its social and environmental performance, and overseeing the implementation of stakeholder governance. By creating this accountability, the company puts the B Corp legal requirement for stakeholder governance into practice.



*Further Guidance:*

- The highest governing body may use regular review meetings or other mechanisms to monitor the company's progress. It receives updates on the purpose statement which may cover:
  - how the purpose has been integrated into company strategy
  - what purpose-related goals have been achieved
  - how purpose is being embedded in company culture
  - how stakeholders are engaged in advancing the company's purpose.

*Implementation Resources:*

- Purpose Governance Guidelines for Boards, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)
- Social purpose strategy: Bring your corporate purpose to life, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)

PSG5.2 Requirements to monitor the company's purpose, social and environmental impact, and stakeholder considerations are enshrined in the highest governing body's terms of reference.

*Compliance Criteria:*

5.2.1. The highest governing body's written terms of reference explicitly specify that the highest governing body is responsible for overseeing:

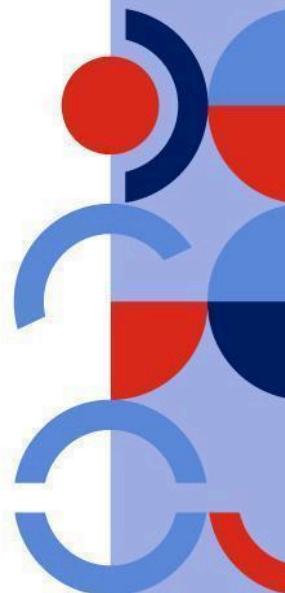
- a) the company's public purpose as defined under PSG1.1.

*Intent:*

To ensure the highest governing body is accountable for advancing the company purpose, improving its social and environmental performance, and overseeing the implementation of stakeholder governance. By enabling highest governing body oversight of these areas, the company puts the B Corp legal requirement into practice.

*Further Guidance:*

- The terms of reference may include oversight of the company's purpose by describing how the highest governing body, for example:
  - assumes ultimate responsibility for overseeing and advancing the company's purpose
  - adopts a long-term perspective on the company's efforts to achieve its purpose
  - approves the company strategy that advances its purpose
  - monitors company collaboration with stakeholders on its purpose
  - clearly defines and promotes a company culture and values that align with the company's purpose.





*Implementation Resources:*

Purpose Governance Guidelines for Boards, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)  
Disclosing with Purpose: Guidance for preparers and users of purpose disclosures, 2024  
(Canadian Purpose Economy Project) [\[EN\]](#)

PSG5.3 All members of the executive team have at least one annual target tied to the company's social or environmental performance.

*Recommendations:*

- Include advancing the company's purpose in the executive team's annual targets, aligning them with the company's overall strategy and goals.

*Implementation Resources:*

- Purpose Governance Guidelines for Boards, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)
- Social purpose strategy: Bring your corporate purpose to life, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)

PSG5.4 If the company has an existing incentive remuneration scheme for the executive team, it integrates social and environmental performance targets.

*Recommendations:*

- Include advancing the company's purpose in the executive team's incentive scheme, aligning them with the company's overall strategy and goals.

*Implementation Resources:*

- Purpose Governance Guidelines for Boards, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)
- Social purpose strategy: Bring your corporate purpose to life, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)

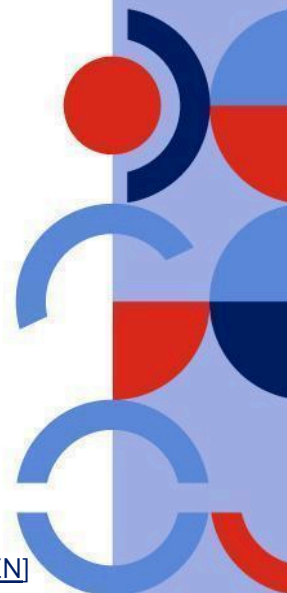
PSG5.5 The company includes social or environmental performance targets in performance reviews for managers.

*Recommendations:*

- Include advancing the company's purpose in the managers' performance review targets, aligning them with the company's overall strategy and goals.

*Implementation Resources:*

- Purpose Governance Guidelines for Boards, 2024 (Canadian Purpose Economy Project) [\[EN\]](#)



- Social purpose strategy: Bring your corporate purpose to life, 2024 (Canadian Purpose Economy Project [\[EN\]](#))

**PSG6 The company is transparent about its social and environmental performance.**

PSG6.1 The company reports its social and environmental performance annually and publicly, with approval from the highest governing body.

*Recommendations:*

- Provide an update on the company's progress toward advancing its purpose in the annual impact report.

*Implementation Resources:*

- Disclosing with Purpose: Guidance for preparers and users of purpose disclosures, 2024 (Canadian Purpose Economy Project [\[EN\]](#))

PSG6.2 The company reports its social and environmental performance annually and publicly using a third-party standard.

*Recommendations:*

- Provide an update on the company's progress toward advancing its purpose in the annual impact report.

*Implementation Resources*

- Disclosing with Purpose: Guidance for preparers and users of purpose disclosures, 2024 (Canadian Purpose Economy Project [\[EN\]](#))

PSG6.3 The company assesses workers' capability to enact its social and environmental strategy.

Measuring workers' "perception of how the company has implemented its social and environmental strategy" may involve gathering feedback on:

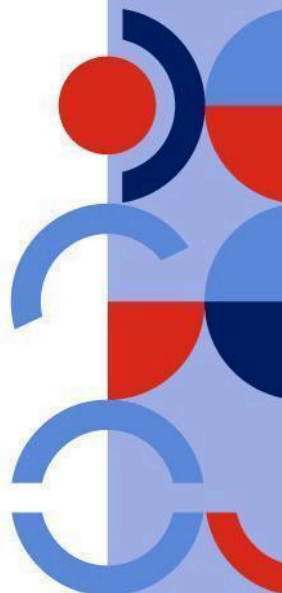
- workers' belief and trust in the company's purpose

*Recommendations:*

- Extend the measurement to include workers' perceptions of the company's purpose and the actions it has taken to advance it.

*Implementation:*

- Purpose Perception - survey, 2023 (Canadian Purpose Economy Project) [\[EN\]](#)



## Appendix B

### Government Affairs & Collective Action (GACA)

#### Body of Knowledge (BoK) for the GACA Impact Topic

GACA1.1 The company has a public policy on responsible lobbying.

*Clarifying the Compliance Criteria:*

- The company cannot achieve or maintain B Corp certification if it directly lobbies against its purpose of contributing to a positive impact on society or the environment.

*Recommendations:*

- Incorporate actions to advance the company's purpose into the lobbying policy.

## Acknowledgements

This report was prepared by Coro Strandberg, Co-founder and Chair, Canadian Purpose Economy Project and President, Strandberg Consulting. She advised B Lab on the Purpose and Stakeholder Governance and Government Affairs and Collective Action Standards.

### About the Canadian Purpose Economy Project

The Canadian Purpose Economy Project exists to accelerate the transition to the purpose economy. It engages national ecosystem actors to create an enabling environment for social purpose businesses to start, transition, thrive and grow. We are grateful to Coast Capital, our Founding Purpose Champion, for their support.

Subscribe to our updates at <http://www.purposeeconomy.ca> and sign our [Call to Purpose](#) to help us advance social purpose in business.

