

B Corp Legal Requirement for US B Corps

In addition to meeting high standards of performance and transparency, B Corps also adopt a legal framework that provides a solid foundation for long-term mission alignment and value creation. Currently, 33 states across the U.S. have adopted benefit corporation legislation. To see which states have passed legislation, and view those that are pending, see [here](#).

Why is this necessary?

Traditional corporate law and culture requires that directors place profit above all else. That means directors of traditional corporations are required to act solely for the ultimate purpose of maximizing the financial returns to shareholders. Learn more about why the B Corp legal framework is important [here](#).

What are the benefits?

1. Protects a company's mission over time - through capital funding rounds and leadership changes.
2. Provides a company with legal protection to balance financial and non-financial interests when making decisions.
3. Creates more flexibility when evaluating potential sale and liquidity options.
4. Gives shareholders the ability to hold a company accountable to its mission

Determine Your Path

The path for your company to adopt the B Corp legal framework will depend on your current legal structure and state of incorporation. If you are incorporated in Canada [click here](#) for further instructions.

Corporations: The best way for corporations to meet the legal requirement for B Corp certification is to adopt the benefit corporation legal structure. [Click here](#) for more information on benefit corporations.

- If you are incorporated in a state that is highlighted in red in the map to the right, congrats, your state has adopted benefit corporation legislation! You will have four years from the date the legislation went into effect, or two years from initial certification (whichever is later) to adopt the benefit corporation structure. [Click here](#) to learn more.

- If you are incorporated in a state that is not highlighted in red, your state might still be working on passing benefit corporation legislation. In the meantime, [click here](#) for more information on your legal process.

- Depending on your state of incorporation, you may be able to get legal protection to consider all stakeholders and meet the legal requirement for certification by making an amendment to the company's Articles of Incorporation. Certified B Corporations have one year from the time they certify to make this change.

LLC's: Good news – your path is straightforward. LLC's are governed by contract law, which is more flexible than corporate law, so you can simply amend your operating agreement with the B Corp language ([click here](#) to read and download the suggested text). Certified B Corporations have 90 days from the time they certify to make this change.

Sole Proprietors: Since your company does not have a formal legal structure, you must simply sign the [B Corporation Declaration](#) and [Term Sheet](#) and you're good to go.



Benefit Corporation vs. B Corporation
Certified B Corporations and benefit corporations share much in common and have a few important differences. Being a benefit corporation is simply a legal election that any corporation can make in order to have a mission aligned structure. Benefit corporations do not need to be certified by B Lab or any other organization. Being a Certified B Corporation, on the other hand, is not a legal structure: it means a company has met all of B Lab's requirement for certification. While one requirement is legal, that alignment of mission can be accomplished in a variety of ways, of which benefit corporation governance is only one.

