

Article Heading: **Illinois Senate passes B-Corp Bill.**

The Illinois Senate passed Senate Bill 2897 on March 28. The bill proposes a new type of corporate entity (like a C Corp or an LLC) known as a Benefit Corporation, otherwise known as a B-Corp. B Corps would be required to incorporate the principles of sustainability into their Articles of Incorporation or Operating Agreement. Proponents of B-Corps contend that integrating these principles into the “DNA” of the company allow business owners to send a strong message to consumers who wish to purchase from business that embrace the same principles. Proponents also believe that B-Corps will allow businesses to follow their sustainability principles, while minimizing the risk of shareholder lawsuits alleging that directors have failed to maximize corporate profits and breached their fiduciary duties. Some sectors have contested this second point, noting that the business judgment rule has given directors a wide degree of latitude in deciding what actions are in the best interest of the company, and that incorporating sustainability into business decisions does not run afoul of the directors’ fiduciary duty. B-Corps legislation has already been passed in several states, most recently California, where Patagonia quickly became the first high profile California company to become a B-Corp.

We will provide an update on the bill’s progress in the House.

If you have any questions regarding B-Corps and sustainable business, contact us at 773-609-5320, info@thornenvironmentallaw.com, or through our [web contact form](#).

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