

B Lab's Risk Review Committee Recommendation Letter on Best Practices for Serving Clients in Controversial Industries

Thanks for your transparency on this topic. B Lab's existing standards require that companies that are currently involved or have had involvement within the last five years in the provision of services and/or products to companies in the following industries considered controversial by B Lab Global make this issue transparent to ensure that stakeholders are aware. This disclosure, however, is not intended to imply a judgment against the company and does not imply that the company is violating the standards of B Corp Certification, as you are eligible to proceed with the certification, and a high percentage of B Corps are required to have a disclosure on their profile.

Importantly, for your next recertification, it is necessary that the company follows B Lab's threshold for ineligible industries. Due to the high level of risk involved with controversial industries, B Lab has implemented an Ineligibility List based on secondary research and facilitated internal stakeholder input which outlines maximum scope thresholds for serving clients for the following industries:

Industry	Max scope threshold for serving industry clients
Firearms, weapons, munitions	0%
Pornography	0%
Tobacco	0%
Gambling	1%
Recreational marijuana	0%
Prisons	If >0%, then company is required to meet B Lab risk standards for serving clients in the prison industry (i.e., eligible if they meet the standards)
Fossil fuels – coal mining, oil sands	5%
Nuclear power	5%

As mentioned above, the company is eligible since you are not involved in any of the mentioned industries with a higher threshold than accepted by B Lab.

In addition to the transparent disclosure applicable to the company, recognizing the potential impact of this issue, B Lab does nonetheless provide recommendations to companies to ensure that they are thoughtfully managing these topics. To that end, B Lab recommends that the company take into extra consideration the following suggested actions as they continue to manage their impacts if you have not done so already:

Client screening policy

B Lab would strongly recommend that the company create a formal client screening policy. The intention of the client screening policy is for the company to mitigate their potential negative impact related to serving clients in controversial industries, particularly clients that may not have best practices in place related to their social and environmental impacts.

The client screening policy should include the below elements:

- (1) Decision framework for evaluating potential clients
 - Screening criteria for evaluating potential clients, e.g., client's industry, client's ESG practices, client's potential negative impact, background check on the client to elevate stakeholder concerns
 - Process for evaluating potential clients, e.g., description of process, decision-makers and influencers, person / team accountable
- (2) Identification of a client exclusionary list that goes beyond regulatory requirements for industries / client types that the company is not willing to work with
- (3) Robust governance procedures, e.g., reviewed and voted on by the company's leadership and highest governance body (e.g., Board of Directors)
- (4) Ongoing training of client screening policy, e.g., person / team accountable, training schedule, process to update materials

Greenwashing/goodwashing concerns

B Lab would strongly recommend that the company remains up-to-date and in compliance with all your countries of operation regulations and legislation relating to greenwashing/goodwashing claims - including the Green Claims Code - both in relation to its own services, as to the services and impacts of the company's clients. B Lab recommends the company to review and verify that its public claims and the claims of its clients are not at risk of greenwashing/goodwashing by, for example:

- (1) Reviewing public materials to make sure that any use of vague words (e.g. sustainable, eco-friendly) are coupled with robust and complete evidence of actual impact of the use of a service or product;
- (2) Making sure that specific services or product-lines are not being used to make claims about a company's overall mission and performance (e.g. marketing all services and products as providing a positive environmental or social impact when that is not necessarily always true);
- (3) Avoiding the use of long-term future commitments as example or justification to certain "green" or "good" claims without providing a clear roadmap on how a company plans on achieving set goals.

More information about how businesses can combat greenwashing is [available here](#).

Please note that B Lab has identified the need to develop new standards for companies that serve clients involved in controversial issues and industries in order to better understand and mitigate risks, such as greenwashing/goodwashing, associated with that practice. Once these standards are developed, companies seeking the certification will be required to demonstrate performance against those standards as well as certified B Corps at their recertification. The company's effort on the recommendations above now will help prepare the company for new standards and requirements that may be in place in the future.

While there is not an expectation of specific practices in place by the company at this time, these would be topics that would be asked should there be material complaints received through our complaints process, and may be further incorporated into B Lab's standards in the future as we continue to improve them. Please take them into consideration, and, otherwise, we will proceed with the finalization of your disclosure report.

Sincerely,
B Lab's Risk Review Committee