



September 2024

Fracking Design and Clients in Controversial Industries - B Lab Global Risk Committee Decision

Dear Fracking Design,

Thank you for your patience as B Lab Global reevaluates the approach to understanding risk and eligibility for B Corp Certification, including companies' potential negative impacts. When B Lab is presented with new industries and/or new practices that concern potential negative impact and/or varying stakeholder perspectives, it may be necessary for new standards and processes to be created to understand associated risks before a company can become certified. This includes managing eligibility for companies with clients in controversial industries as this type of relationship *may* lead to the growth of the industry.

B Lab has determined that companies involved in serving clients in controversial industries require such precautions. Fracking Design currently has ongoing engagement with the Fossil Fuels Industry and receives 10.95% of revenue from these clients. While B Lab continues to develop an approach to managing eligibility for companies with clients in controversial industries, we're creating a temporary pathway for the company to recertify under the following conditions:

- **The company must commit to adhering to new standards and processes by their next recertification:** B Lab Global is implementing a new due diligence mechanism; compliance could include deciding to stop working with or divest from companies in such industries.
- **The company will restrict new engagements with controversial clients:** B Lab highly recommends the company not to work with any new companies or projects in the fossil fuels industries or any of the following industries until the new due diligence mechanism is released. Otherwise, failure to adhere to this recommendation could potentially jeopardize the company's recertification process and its compliance with the new requirements:
 - Defense/Offensive Firearms, weapons, munitions
 - Pornography
 - Tobacco
 - Nuclear power/hazardous materials

- Prison Industry and Labor
 - Gambling Industry
 - Charity Lotteries
 - Fossil Fuels & Energy Companies -- fossil fuels derived from coal or oil sands
 - Fossil Fuels & Energy Companies -- fossil fuels NOT derived from coal or oil sands
- **The company will have a transparent disclosure shared on its public B Corp Profile:** This is an opportunity for the company to embrace transparency, demonstrate responsiveness to stakeholder concerns, and share management practices that the company is deploying to mitigate potential correlated risks.

In order to be eligible for recertification, Fracking Design must agree and comply with the above conditions by approving the disclosure shared along with this memo, pending any following questions, if any, outlined within the disclosure. Should the company choose not to comply with the above requirements, the company will be made ineligible and their B Corp Certification will be revoked.

Once the updated approach to controversial industries and clients in controversial industries is confirmed, your B Lab Global Partner analyst will reach out to ensure awareness of these updates and to be prepared accordingly. B Corps will be expected to meet the requirements by the time of their next Recertification cycle.

It is possible that by that time, the company will certify on the new evolved standards. Please keep an eye out for the most up-to-date status and timelines by visiting the [Evolving the B Corp Certification Requirements webpage](#), specifically the [latest FAQs](#).

We hope this memo has provided sufficient rationale for both the decision and importance of applying minimum risk standards for controversial industries and practices to ensure that certified B Corp companies represent high standards of social and environmental performance.

Sincerely,
B Lab Global