



Lab
Global

B Corp Certification Guide for Related Entities

How related entities and subsidiaries
can become Certified B Corporations



1 Introduction to Related Entities

How B Corp Certification works for related entities and their parent companies.

4 Affiliated Entities with the Same Name Without a Common Parent

What to expect for affiliated entities without a common parent company.

2 Parent Company with Subsidiaries

What to expect for parent companies with subsidiaries.

5 Franchises

What to expect for franchises.

3 Subsidiaries

What to expect for subsidiaries.

1 Introduction to B Corp Certification for Related Entities

Certified



®

Corporation

1 Introduction to B Corp Certification for Related Entities



Overview

Certifying subsidiaries and other corporate units gives new and existing Certified B Corporations more opportunities to scale or exit while maintaining a high level of social and environmental performance, accountability, and transparency.

B Corporation Certification entails both a performance requirement — B Corps must complete the B Impact Assessment and earn a reviewed minimum score of 80 points — and an accountability requirement to legally consider stakeholders in the company’s decision-making. Since only entities can meet the dual requirement of performance and accountability, B Lab only certifies entities, not business divisions, brands, or units individually.

If your company is or has a Subsidiary, Franchise, Division, or other affiliated entities, review the guidelines below to determine next steps towards B Corporation Certification.

2 Parent Company with Subsidiaries



Parent Company with Subsidiaries

As B Corporation Certification is designed to assess a company across the entire scope of its operations, companies pursuing Certification that own subsidiaries must include all wholly- or majority-owned subsidiaries in the Certification process. Parent companies are not eligible for Certification unless these subsidiary entities are included in their certification process, in one of two ways:

Certify Separately

Each operationally independent subsidiary can take their own B Impact Assessment and have their own profile page on www.bcorporation.net if certified. In this scenario, each company must meet the performance requirements, fulfill transparency requirements, and pay separate Certification fees.

The parent company may then certify once all subsidiary entities have achieved the B Corp Certification, or are included in the scope of the parent company's B Impact Assessment.

- For \$5B+ parent companies, at least 95% of the business's operations must be assessed and verified using the B Impact Assessment with a bottom up approach, earning a weighted average overall score of greater than 80 to qualify for the certification.

Certify Together

In this case, the company would have a single Certification with only one profile listing on bcorporation.net. The company's structure will determine how many B Impact Assessments are necessary.

If aspects of the company like governance, procurement, and other operations are centrally managed with easily aggregated data, the company may be eligible to complete one collective B Impact Assessment. If the reverse is true, subsidiaries should complete their own B Impact Assessments and complete the review process separately. The overall combined score for the entire entity will be a weighted average based on revenue or number of employees. In order to certify, the weighted average must be 80 or above. Subsidiaries that would not meet the 80-point bar on their own will likely not be eligible to use the Certified B Corp logo and intellectual property.



The B Corporation Certification annual fee includes the review and verification of one B Impact Assessment. There will be an additional verification fee for each additional assessment review required for the Certification. The annual Certification fee will be based on combined revenue. Standard verification cost per subsidiary Assessment is based on the subsidiary's annual revenue, with pricing determined at the discretion of the local B Lab or Sistema B partner organization. [Reach out to our team in your region.](#)

Verification fees for companies undergoing B Lab's [Large Enterprise Approach](#) to certification are determined by B Lab based on the company's size and the number of assessments that were verified in the review.

Branding Guidelines for Parent Companies

The B Corporation Intellectual Property, including but not limited to the name Certified B Corporation™ and the B Corporation™ Logo, can only be used by the entities that are Certified and not by any non-Certified parent, subsidiaries, or related entities, including those that share the same name. Use of the B Corp intellectual property should be clearly applied to the distinct Certified entity.

Example: Ace Solar UK is a Certified B Corporation

Example: Ben & Jerry's is a Certified B Corporation, but their parent company, Unilever, is not.

Brands, divisions, and affiliated entities (including subsidiaries) of a parent company that is a Certified B Corp with a different name than the Certified parent may only use the Certified B Corp Intellectual Property if they meet the minimum verified performance requirement independently.

3 Subsidiaries



Subsidiaries

Subsidiaries can sometimes certify independently of their parent company if the parent is not interested or able to certify immediately. Subsidiaries are eligible to certify on their own if they are able to demonstrate that they are operationally complete and distinct from their parent and/or sibling companies. This requirement is in place as the B Corp Certification is fundamentally intended to holistically assess the social and environmental performance of a complete business.

In certain cases, maintaining a subsidiary's B Corp Certification comes with requirements for the parent company.

A subsidiary's ability to certify independently depends in part on whether or not the subsidiary shares the same name as its parent company. If you're unsure of how your company's name affects your pursuit of B Corp Certification, get in touch with B Lab at support@bcorporation.net.

Company Headquarters that are distinct subsidiaries are not eligible to certify on their own.

Subsidiaries with the Same Name as their Parent

Subsidiaries with the same name as their parent company may certify independently if the company demonstrates, and B Lab approves, the subsidiary is complete and distinct.

However, in order to alleviate brand confusion or risk the credibility of the B Corp Brand, <\$1B revenue parent companies with the same name as B Corp Certified subsidiaries need to commit to Certification themselves, and make their commitment public in three years and achieve certification in six years of the certification date of their first subsidiary that shares the name. Parent companies with greater than \$1B in annual revenue must be a [B Movement Builder](#) (or equivalent program as determined by B Lab) within three years of the certification date of the first subsidiary with the same name.

Subsidiaries with Different Names from their Parent

If the subsidiary has a wholly different name from their parent (e.g. Ben & Jerry's and Unilever), then the subsidiary may certify independently, provided the subsidiary operates as a complete and distinct business. Parent companies with different names from their B Corp Certified subsidiaries do not need to pursue Certification to maintain their subsidiaries' Certification.

Transparency and Verification Guidelines

Wholly-owned subsidiaries, majority-owned subsidiaries with a parent company that earns >\$1B in annual revenue and public companies with a >\$100M market capitalization are required to make non-sensitive answers of their full B Impact Assessment transparent on their the company's B Corp Profile Page. To ensure the information on the assessment is accurate, B Lab requires that these companies undergo a more rigorous review process, regardless of size. This requirement is in place in order to balance the fact that the B Corp legal requirement to adopt stakeholder governance may be less meaningful for a wholly-owned subsidiary that typically has a single shareholder. Public transparency provides the company with a tangible mechanism to be accountable to interested stakeholders.

Wholly-owned subsidiaries, majority-owned subsidiaries with a parent company that earns >\$1B in annual revenue, public companies with a >\$100M market capitalization and private companies that earn >\$1B in annual revenue are subject to a mandatory Site Review each 3-year certification term at the company's expense. For subsidiaries that generate greater than \$500 MM in annual revenue, this Site Review will be conducted prior to the companies initial certification. Site Reviews are conducted at B Lab's discretion and typically occur during a company's initial certification and recertification years.

If the parent company has revenues in excess of \$1 billion and the subsidiary applying for Certification has the same name, but is not wholly-owned, it is subject to the same transparency requirements as wholly-owned subsidiaries.



Branding Guidelines for Subsidiaries

The B Corporation Intellectual Property, including but not limited to the name Certified B Corporation™ and the B Corporation™ Logo, can only be used by the entities that are Certified and not by any non-Certified parent, subsidiaries, or related entities, including those that share the same name. Use of the B Corp intellectual property should be clearly applied to the distinct certified entity.

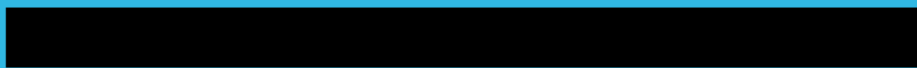
Example: Ace Solar UK is a Certified B Corporation

Example: Ben & Jerry's is a Certified B Corporation, but their parent company, Unilever, is not.

If a B Corp Certified subsidiary sells products or services outside of its distinct geographic location of operations and there is an affiliated company with the same name where the company's products/services are sold, the B Corp Intellectual Property can only be used in the geographic location of the company that is Certified. This applies to affiliated entities without a common parent, subsidiaries of the same parent, and franchises of a non-certified franchisor.

Example: If all of Ace Solar UK's products are sold and labeled for the UK, the subsidiary may use the Certified B Corp seal on its products in the UK. However, if Ace Solar UK also sells products in Spain, and Ace Solar products sold in Spain are also sold by a different Ace subsidiary that is not Certified, Ace Solar UK may not use the Certified B Corp seal on products sold in Spain.

4 Affiliated Entities with the Same Name Without a Common Parent



4 Affiliated Entities with the Same Name Without a Common Parent



Affiliated entities with the same name without a common parent can certify independently only if the entity seeking certification has a separate website and is located in a geographically distinct region from its related entities that share the same name.

Brand Guidelines for Affiliated Entities

The B Corporation Intellectual Property, including but not limited to the name Certified B Corporation™ and the B Corporation Logo™, can only be used by the entities that are Certified and not by the affiliated entities. Use of the B Corp intellectual property should be clearly applied to the distinct certified entity.

Example: Ace Solar UK is a Certified B Corporation

If the certified company sells products or services outside of its distinct geographic location of operations and there is an affiliated company with the same name where the company's products/services are sold, the B Corp Intellectual Property can only be used in the geographic location of the company certifying.

Example: If all of Ace Solar UK's products are sold and labeled for the UK, it may use the Certified B Corp seal on its products in the UK. However, if it sells products in Spain as well, and there are Ace Solar products sold in Spain by affiliated companies that are not Certified B Corps, Ace Solar UK may only use the Certified B Corp seal on products sold in the UK.

5 Franchises



As part of B Lab's guidelines for certification for companies with related entities, current rules for franchisor/franchisee and licensor/licensee entities allow for the certification of franchises and licensed entities only under certain conditions, depending upon which entity in the affiliated network applies first for B Corp Certification. Further, certification may also include additional implications for non-certified parties, such as additional certification terms for affiliates with the same name.

B Lab Global has established a partial moratorium on the certification of Franchisor / Licensor businesses, in response to identified risk and potential brand confusion when a Franchisor is certified without its franchisees and vice versa. This tension is best illustrated in cases where companies franchise or license their intellectual property and related support services, but do not operate store/franchise locations in their markets. There are also cases where there is a mix of company-owned and franchise locations in the same market, Certified entities. This represents a material risk in the company's use of the B Corp IP at the Franchisor level, amongst other challenges related to identifying the appropriate scope of impact management reportability and accountability. Accordingly, B Lab applies this certification moratorium to franchisors / licensors that own and operate less than 50% of their branded locations globally

The current moratorium on franchisors/licensors remains in effect until further notice. The moratorium does not have any immediate impact on companies who are already Certified B Corps and their ability to recertify. Please engage with B Lab Global Partner for questions on if this moratorium applies to your company.

Moratorium Scope

Given the risks described above, B Lab will apply this certification moratorium to franchisors / licensors that operate less than 50% of their branded locations globally. Thus, if a company owns and operates a minority of its store locations, it will not be able to proceed with the B Corp Certification

There are a few notable considerations and exceptions to this moratorium. The appropriate application of the considerations below will be confirmed during the evaluation stage.

- a. If the franchisor / licensor operates 100% of the locations in its country market, then it may be eligible to certify, with B Corp IP use restrictions, likely being the addition of the country market qualifier to the company's trading name. This will be confirmed in the company's Complex Structure Case
- b. If the company is an affiliated network of businesses that uses the same trading name [not identifying as a 'franchise'], and the main licensing entity wishes to certify, it may be eligible for certification if it owns greater than 50% of operating locations
- c. Should the franchisor / licensor wish to certify with all franchises / licensed included in scope, or certify at the same time, this may be possible, and a condition that would not trigger the moratorium. A prerequisite is that only Wholly or majority-owned franchises can be included in the Scope of a certifying Company. Independently- or minority-owned franchises should certify separately, but at the same time as the franchisor/licensor. If a franchise does not meet the performance requirements or does not wish to certify its franchise, then the franchise/license network may not be able to certify or risk losing its certification.

Independent Franchisee Certification

If the Franchisor is a Certified B Corporation, any franchisee can pursue independent B Corporation Certification. In these cases the B Corporation Intellectual Property, including but not limited to the name Certified B Corporation™ and the B Corporation™ Seal, can only be used by the entities that are Certified and not by any non-Certified parent, subsidiaries, or related entities, including those that share the same name. Use of the B Corp intellectual property should be clearly applied to the distinct certified entity.

Example: Ace Solar UK is a Certified B Corporation

Example: Ben & Jerry's is a Certified B Corporation, but their parent company, Unilever, is not.

5 Franchises



Brands, divisions, and affiliated entities (including subsidiaries) of a parent company that is a Certified B Corp with a different name than the certified parent may only use the Certified B Corp Intellectual Property if they meet the minimum verified performance requirement independently.