

B Lab industry and practice-specific risk standards

Overview of B Lab industry and practice-specific risk standards

B Corp Certification assesses a company's potentially negative impacts separately from its positive impacts. While most of the B Impact Assessment captures a company's positive impacts, a company's negative impacts are identified through the B Impact Assessment's Disclosure Questionnaire, background checks, and the [public Complaints Process](#).

With input from experts and stakeholders, B Lab's independent [Standards Advisory Council](#) continually evolves B Lab's risk standards to effectively evaluate the potential negative impacts of different industries, policies, and practices. **Risk standards are additional minimum standards that companies in industries or with practices with potential negative impacts must meet to be eligible for B Corp Certification.** B Lab publicly publishes risk standards and research on the website in order to provide transparency on eligibility for B Corp Certification and to encourage further constructive public discourse.

Overview of the risk standards development process

Risk standards are developed to determine whether industries or practices with potential negative impacts should be eligible for B Corp Certification, and as applicable, what minimum risk standards companies must meet to be eligible. Risk standards are a necessary method to maintain credibility, manage risk, and achieve the impact B Lab seeks in the world. Topics requiring risk standards development may be identified through the Disclosure Questionnaire, background checks, and/or the [public Complaints Process](#).

The development of new risk standards is a complex and time intensive undertaking. Once the need for a new set of standards is determined, the standards are developed via a research and stakeholder engagement process, presented to the independent Standards Advisory Council for a decision, and ultimately ratified by B Lab's independent Board of Directors. **The potential outcomes of risk standards development process for a specific industry or practice are the following:**

- Companies in the industry/engaging in the practice are *ineligible for certification*
- Companies in the industry/engaging in the practice are *eligible for certification after remediation* to meet the risk standards *and disclosure* on how they are meeting the risk standards
- Companies in the industry / engaging in the practice are *eligible for certification after disclosure* on how they are meeting the risk standards
- Companies in the industry / engaging in the practice are *eligible for certification with no further action*

In cases of industries considered controversial, there is a natural tension between the inclination to exclude these companies from eligibility and the need for leadership within the industry with the potential to transform the culture, behavior, and impact of relevant actors.

While B Lab and its Standards Advisory Council may determine that an industry as a whole is ineligible for certification, we also recognize that within controversial industries it may be possible for companies to meaningfully manage potentially negative impacts or practices. In these circumstances, we must distinguish between good and bad actors by using rigorous standards of verified social and environmental performance, legal accountability, and public transparency. All stakeholders are best served by the existence of credible and transparent standards that facilitate improved decision-making.

The absence of a B Lab position and standard on an industry or practice with potential negative impacts does not mean that B Lab does not consider the issue controversial.

Companies engaged in controversial issues with potential for negative impact where a formal set of requirements has not yet been developed will not be able to proceed with certification until standards are developed, approved by the Standards Advisory Council, ratified by the Board of Directors, and the company is determined to be meeting all relevant requirements.

Independent of eligibility for B Corp Certification, all companies in any industry are able to use the [B Impact Assessment](#) as an internal impact management tool to assess and improve their overall practices, and/or adopt a stakeholder governance legal structure (such as [benefit corporation](#)) appropriate to the company's current corporate structure and jurisdiction.

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Please review the [website](#) for an overview of B Lab's industry/practice-specific risk standards as well as the research and rationale reflected in the risk standards development. This list will be updated as new risk standards are approved by the Standards Advisory Council and Board of Directors, and companies should review the risk standards applicable to their industries/practices prior to pursuing B Corp certification.

Industries/practices subject to risk standards development

Each year, B Lab schedules new risk standards development with the support of its Global Partners and Board of Directors by assessing factors including potential contribution to our [Theory of Change](#), interest in certification from the industry, and network engagement.

In 2023, B Lab will progress on risk standards development on the following industries/practices:

Industry/practice	Scope
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Location-based platforms	Companies that operate digital platforms and provide services in which workers have to be physically present in order to perform the job (e.g., ridesharing, food delivery).
Companies operating in countries engaged in acts of war and/or conflict zones	Companies that operate in countries engaged in acts of war and/or conflict zones. This may include, but is not limited to, Russia and Belarus (as per B Lab's moratorium) and governments at risk of human rights violations (as per B Lab's statement).

Industries/practices that have also been determined to require specific risk standards, but have not yet been scheduled for development, include the following topics. **Companies with material involvement in these industries are not able to proceed with the Certification process until such standards have been developed.**

Industry/practice	Scope
Automotive and machinery industry	Companies that manufacture, rent, and/or sell fossil fuel-powered automobiles and machinery. This includes manufacturers as well as sellers of new and/or used automobiles or machinery. Examples of machinery include trucks, tractors, and other equipment that are used for industrial purposes, e.g., manufacturing, agriculture.
Blockchain verified digital assets industry	Companies that provide blockchain-related products, e.g., cryptocurrency, non-fungible tokens (NFTs).
Clients in controversial industries	Companies will be reviewed on this topic if they have direct clients or investments in the controversial industries where B Lab already has a position statement in addition to the following industries: tobacco, firearms, nuclear power, pornography. While each case will be reviewed individually until new standards are available, companies with any revenue in tobacco, firearms, nuclear power, pornography and gambling or a combined annual revenue of more than 5 percent in industries with a B Lab position statement may be at risk of being ineligible for the certification until new standards are available.
Construction industry, high risk	Companies that provide high risk construction services, including involvement in controversial industries (e.g., oil & gas, mining) and/or controversial practices (e.g., demolition, blasting).
Content moderation industry	Companies that provide screening and monitoring of user-generated content based on platform-specific

	rules and guidelines.
Debt collection industry in developed markets	Companies that provide debt collection services (i.e., collect debt on behalf of third parties) operating in developed markets.
Direct sales industry	Companies that are materially involved in direct sales (e.g., multi-level marketing, mono-level marketing, also called “social selling”).
Fishing, fisheries, and aquaculture industry	Companies that are materially involved in the supply chain for fish and other aquatic animals in the wild or on farms.
Jewelry industry	Companies that are materially involved in the supply chain for jewelry made with precious metals and stones, e.g., gold, silver, diamonds, gemstones.
Healthcare providers and services, high risk	Companies will be reviewed on this topic if they are healthcare companies that represent high potential for negative impact. Examples of high potential for negative impact include high severity litigations (for example related to negligence and fatalities), as well as companies majority owned by private equity investors.
Palm oil industry	Companies that are materially involved in the supply chain for palm oil.
Pesticides and fertilizers industry	Companies that manufacture and/or sell pesticides (e.g., herbicides, fungicides, insecticides) and/or fertilizers (refer to SIC code 287).
Plastics industry, single-use plastics	Companies that manufacture single-use plastics made of oil-based derivatives.
Slaughterhouse industry	Companies that provide slaughterhouse services.
Social media industry	Companies that operate platforms that facilitate the sharing of multimedia through virtual networks and generate revenue by selling customer data and digital advertisements.

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