



# The Evolution of B Corp Certification Standards

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Introducing Draft Standards for  
Preliminary Consultation

**B Lab Global**

September - November 2022

# **Foreword**

This document provides drafts for new B Corp Certification standards, designed for feedback during a preliminary consultation through November 15, 2022. Further iteration and development will follow, including additional testing and public consultations prior to anticipated finalization by the end of 2023.

The contents of these draft standards have been developed over the last two years based on research and external stakeholder engagement, with the intent of ensuring that the standards continue to identify leaders now and in the future, and are impactful, clear, and responsive to stakeholders. B Lab is responsible for the development of B Corp Certification standards, with oversight from its Standards Advisory Council and Board of Directors.

If you work for a Certified B Corp, feedback can be provided via [this survey designed for B Corps](#). For all others, feedback can be provided via [this survey designed for the general public](#). If you'd like to read the survey questions ahead of time, please refer to [this PDF of questions for B Corps](#) and/or [this PDF of questions for the general public](#). Please direct any questions to [standardsmanagement@bcorporation.net](mailto:standardsmanagement@bcorporation.net).





# 1. Executive Summary

# 1. Executive Summary

B Lab's standards are at the heart of the B Corp movement and our Theory of Change, defining social, environmental, and governance best practices for businesses. Our standards serve as the foundation for everything our network does — from B Corp Certification to our impact management products to our policy work worldwide. As the B Corp movement grows, B Lab must continually evolve the tools and strategies we use to effectively differentiate leading businesses and help all companies improve their impact.

[With this in mind, in December 2020, B Lab announced a review of the performance requirements — or standards — for B Corp Certification.](#)

The aim was to understand whether more specific and mandatory performance requirements on key topics could ensure that B Corp Certification continues to differentiate leading companies using business as a force for good. These standards are an evolution of what it means to be a B Corp, making certification more relevant than ever before for today and to address future challenges.

**These new standards will answer the question: what does responsible, sustainable business look like now and in the future? Collectively, they are intended to:**

- Improve the impact of the B Corp community, and all those who strive to adopt the B Corp standards by focusing them on core practices addressing the most pressing social and environmental issues.
- Improve the clarity of the standards by making it easier for stakeholders to understand what it means to be a B Corp (and for prospective companies to more easily understand and assess what it will take for them to achieve the Certification).

- To ensure that these issues are responsive to the needs and expectations of stakeholders, including the B Corp community.

At the end of 2021, following a year of engagement with more than 1,200 stakeholders from around the world — including Certified B Corps themselves — through focus groups and public surveys, B Lab's [Standards Advisory Council](#) agreed on a framework for the new standards for B Corp Certification.

While still in draft form, this framework identifies **10 specific topics that are universally applicable and most relevant towards achieving an inclusive, equitable, and regenerative economy**, and include specific performance requirements that will be contextualized based on key characteristics of companies.

Since early 2022, the new standards have been developed further through consultations with subject matter experts around the world, B Lab's six Regional Standards Advisory Groups, and B Lab's Standards Advisory Council. B Lab is now introducing, in this document, the draft versions of the new standards for B Corp Certification for a preliminary consultation to ensure that a wide range of perspectives are incorporated into the future of what it means to be using business as a force for good.



# 1. Executive Summary

Below is a view of the 10 topics and overarching expectations of B Corps for each of them:

**Purpose & Stakeholder Governance:** B Corps act in accordance with a defined purpose contributing to the creation of an inclusive, equitable, and regenerative economic system for all people and the planet.

**Worker Engagement:** Workers feel engaged. There is two-way communication and workers' views are respected.

**Fair Wages:** Workers can afford a decent standard of living for themselves and their families, and there is wage equality among the workforce.

**Justice Equity Diversity & Inclusion:** B Corps have inclusive and diverse work environments and contribute meaningfully to just and equitable communities.

**Human Rights:** B Corps treat people with dignity and respect their human rights.

**Climate Action:** B Corps take action in accordance with science to combat climate change and its impacts.

**Circularity and Environmental Stewardship:** B Corps demonstrate environmental stewardship and contribute to the circular economy in their operations and value chain, minimizing any negative impact and pursuing positive impact.

**Collective Action:** B Corps play a leadership role in fostering shared understanding, solutions, and implementation towards an equitable, inclusive, and regenerative economy.

**Impact Management:** B Corps comprehensively identify and measure the impacts of their business and improve upon them over time.

**Risk Standards:** B Corps avoid, manage, and/or effectively respond to specific potential negative impacts associated with specific industries or practices, as well as existing or emergent concerns from their stakeholders.

From now until November 15, B Lab is seeking feedback from B Corps and others on the draft versions of the standards. These responses will serve as the foundation for further iteration, development, and testing. There will be two (2) further opportunities to provide input into the development of these standards in 2023, through an extensive testing process followed by a consultation period, prior to their finalization.

To share feedback at this stage, please review the drafts and complete one of the following surveys:

If you work for a Certified B Corp, feedback can be provided via [this survey designed for B Corps](#)

For all others, feedback can be provided via [this survey designed for the general public](#)

If you'd like to read the survey questions ahead of time, please refer to [this PDF of questions for B Corps](#) and/or [this PDF of questions for the general public](#).

To read our **Frequently Asked Questions** about the evolution of our standards for B Corp Certification, please visit [B Lab Global's website](#).



## 2. How B Lab develops standards

## Ⓑ 2. How B Lab develops standards

B Lab recognizes that high-quality social and environmental business standards demand continuous improvement in order to meet principles of inclusion, independence, and credibility. Our processes and approach to developing our standards are designed with best practices for standards development in mind, including independent governance and ample opportunities for input and review.

These three governance bodies have played integral roles in the development of the new standards for B Corp Certification:

[B Lab's independent Standards Advisory Council \(SAC\)](#) is an independent, multi-stakeholder group composed of members from around the world with specific expertise in responsible and sustainable business. The standards are governed by the SAC and the SAC oversees the overall performance requirements for B Corp Certification.

[B Lab's Regional Standards Advisory Groups \(RSAGs\)](#) in Asia, Australasia, East Africa, Europe, Latin America, and the United Kingdom provide ongoing feedback on the standards. These groups provide continuous input on B Lab's standards, specifically focusing on context, relevance, and best practices for different markets.

[B Lab's Board of Directors](#) is responsible for appointing members to the SAC and also has ultimate decision-making authority on recommendations coming from the SAC with the ability to overturn decisions made by the SAC with a 2/3's vote.

### 2a. Diving deeper: the journey to create new standards for B Corp Certification

Since launching this initiative in December 2020, B Lab has followed an iterative approach to developing the new standards for B Corp Certification. In 2021, the development was focused on the overall framework of the standards that companies should have to meet in order to become Certified B Corps.

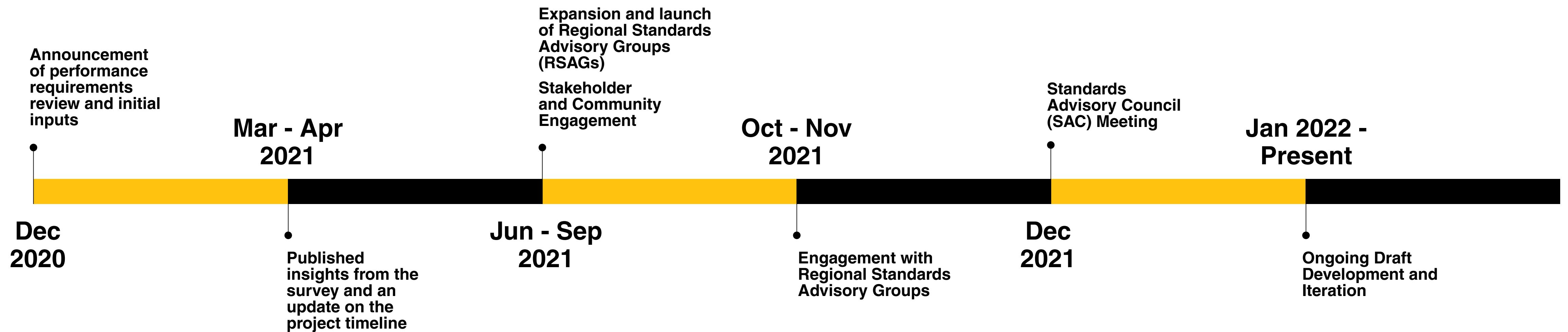
To determine this framework, input was gathered on topics including the following: Should there be specific requirements for B Corps? Should there be specific topics for these requirements, if so how many? What are the most pressing topics facing society today? These questions and more were asked of the global B Corp community, all B Lab staff and board members, B Lab's SAC and RSAGs, focus groups, and the general public.

In 2022, with a draft framework agreed on by the SAC, B Lab has been focused on engaging subject matter experts with expertise in specific social, environmental, and governance topics, and creating the actual drafts of the standards themselves which can be read in Section 3.



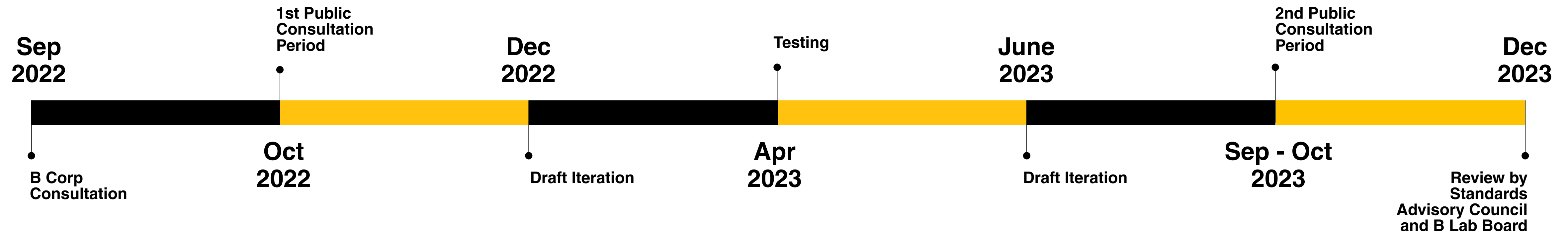
## Ⓑ 2. How B Lab develops standards

### Timeline of activities Dec 2020 to Sep 2022



## Ⓑ 2. How B Lab develops standards

Timeline of activities Sep 2022-Dec 2023



## Ⓑ 2. How B Lab develops standards

### **2b. Centering Justice, Equity, Diversity, and Inclusion in our standards development**

Throughout this initiative, B Lab has prioritized engaging and hearing from a diverse group of stakeholders. We emphasized outreach and engagement with individuals from and living in the Global South, and individuals that belong to underrepresented groups (e.g. persons identifying as a person of color, a person with a disability, a First Nations/Indigenous person, a person who identifies as LGBTQIA+, and/or a person who identifies as a woman).

We've operationalized this intention by:

- Tracking who is participating and targeting underrepresented groups to ensure adequate diversity among participants (e.g. in 2021, focus groups discussions were designed to center participants from the Global South and those from underrepresented groups).
- Offering compensation for the aforementioned groups for engagements that involve a significant commitment of time.
- Making materials and surveys available in Spanish and Portuguese, and when possible also in French and Italian.
- Analyzing inputs from the aforementioned groups in relation to other feedback (e.g. exploring additional contextualization).

## 2. How B Lab develops standards

### 2c. Shaping the new standards: how B Corps can get involved

Building on earlier opportunities for both B Corps and the general public to weigh in on the new standards for B Corp Certification, B Lab is now requesting feedback during this preliminary consultation on the draft standards. Your feedback will be crucial for the further development and shaping of this work.

#### Here's how to get involved:

Read Section 3 of this document which contains the draft standards

If you work for a Certified B Corp, share your feedback via [this survey designed for B Corps](#) by November 15, 2022

For all others, share your feedback via [this survey designed for the general public](#) by November 15, 2022

If you've been invited to a Focus Group Discussion, participate and share your feedback there as well.

If you'd like to read the survey questions ahead of time, please refer to [this PDF of questions for B Corps](#) and/or [this PDF of questions for the general public](#).

As preliminary drafts of the standards that will still undergo much development and iteration, there are specific components of the standards that have been emphasized in this phase, with other aspects still in need of further development.

#### What's in scope for this phase of development:

- A framework for interpreting the content within each of the 10 proposed topics.
- A preliminary draft set of standards for each topic, including specific actions that companies would need to take to meet the standards or requirements.

#### What's not in scope for this phase:

- Compliance criteria for assurance purposes, e.g. translating each of the requirements into verifiable control points and characterization of how requirements will be verified.
- More concrete and detailed practices that will further allow companies to understand what they need to do to certify.
- An exhaustive list of key terms and references that expands beyond the current [Glossary](#) included in this document.
- An exhaustive list of specific tools and resources that could help companies with implementing the standards.
- Contextualization of the standards at a granular level.
- Comprehensive identification of equivalencies with other standards and frameworks.
- Specific standards for large enterprises and multinational companies (MNCs), as these will be developed during subsequent phases, with the existing Baseline Requirements for companies over US\$5billion in revenue anticipated to be incorporated within the topics.

Note: Whenever there are changes to the standards for B Corp Certification, legacy policies and procedures are developed to avoid disruption to the community. Standards changes are never designed in such a way to automatically remove existing B Corps from the community, and this process will be no different. There will be, at minimum, reasonable timelines for B Corps to transition to the new standards, aligned with the nature of the standards themselves. Further, the new standards are intended to be rolled out in a phased manner over time.



### **3. The draft of the new standards for B Corp Certification**



# 3. The draft of the new standards for B Corp Certification

## 3a. About the framework for the new standards:

The draft standards for B Corp Certification have been developed to improve the impactfulness of the standards, improve clarity around what it means to be a leading business, and demonstrate responsiveness to what we've heard from various stakeholders over the past few years.

In order to achieve these goals, the draft standards depart from the current model of standards for B Corp Certification, which has previously been developed and iterated upon while the framework has largely remained the same. Right now, the existing overall structure of the B Corp standards are:

- All companies are required to meet a minimum score of 80 on the B Impact Assessment as a signal of the company's overall positive social and environmental performance
- All companies are required to be evaluated against and meet all Risk Standards, which are non-score based and designed to assess a company's potential negative impacts and engagement on controversial issues (rooted in the Disclosure Questionnaire of the B Impact Assessment).
- Parent companies greater than US\$5billion in revenues are required to meet specific baseline requirements, in addition to the points above, designed to recognize their higher obligations towards stakeholders as a result of their scale and influence.

As our flagship tool to measure companies' positive performance, the B Impact Assessment has historically been seen as the core component of the B Corp Certification standards. The B Impact Assessment has the following core design components:

- Impact Areas
- Goals / Topics
- Customization (Size, Sector, Market)
- Impact Business Model versus Ops
- DQ

While the content and components of the new draft standards have been developed with the existing standards in mind, they have also been updated to improve their clarity and focus, while ensuring that topics reflect expected performance for companies across different Impact Areas. Within these draft standards, companies will be expected to meet specific applicable requirements for each of the 10 topics, ensuring positive impact across a range of activities and concerns.

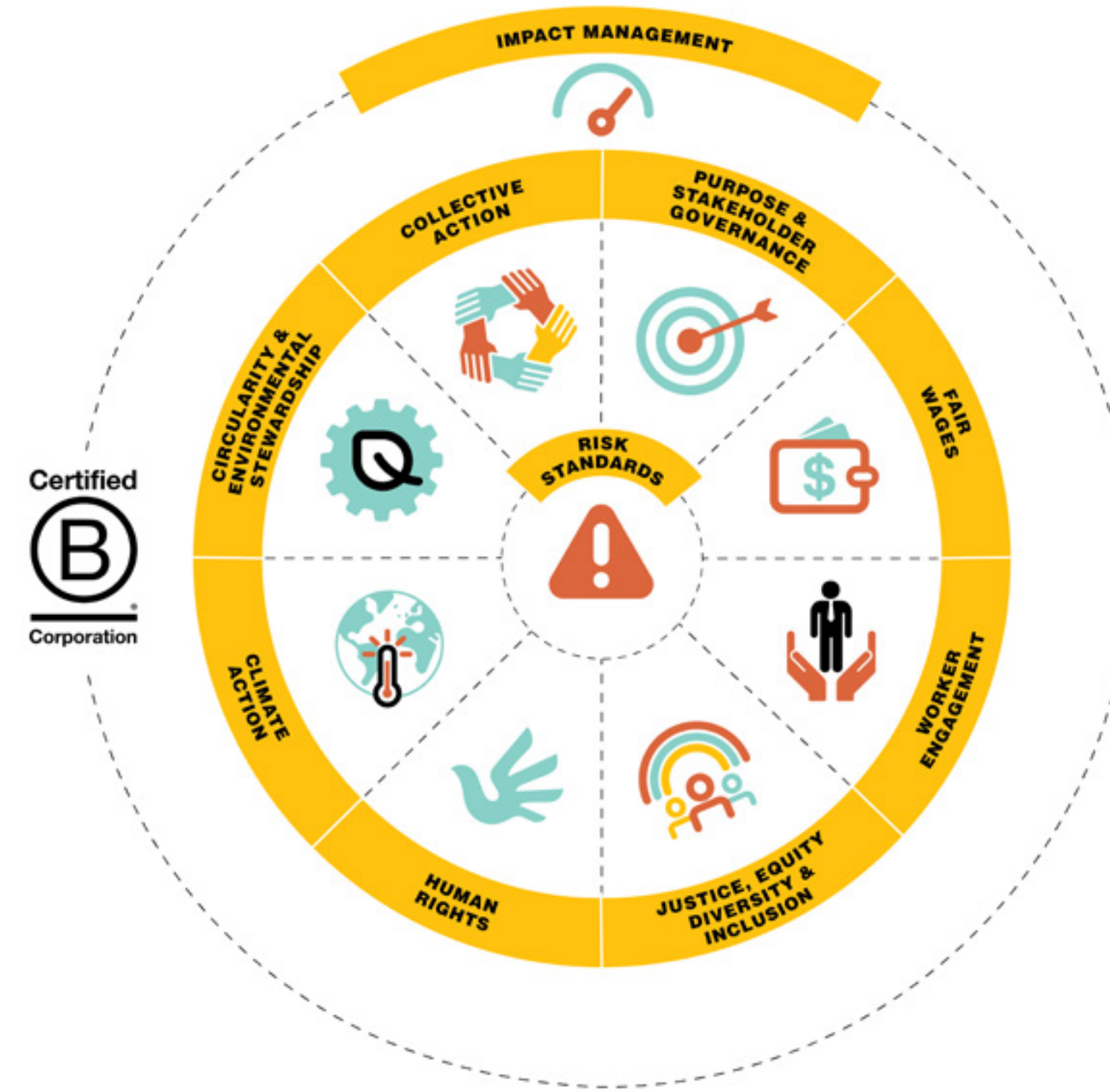
# ⓑ 3. The draft of the new standards for B Corp Certification

## Current Performance Requirements:



- Companies have a verified 80 point score.
- Companies have flexibility in how to achieve the 80 pt. score.
- **At recertification:** Companies need to again have a verified 80 point score.

## Proposed New Performance Requirements



- Companies need to meet specific requirements on ten topics.
- Each requirement will be verified for certification.
- **At recertification:** Companies need to demonstrate ongoing compliance with the requirements, progress on topic-specific plans, and on goals set in the impact management topic.

# ® 3. The draft of the new standards for B Corp Certification

Other topics that have been historically included in the B Impact Assessment are incorporated into the “Impact Management” requirement within the draft standards, thus ensuring that they remain an integral part of the B Corp Certification. Within this requirement, companies are required to continue to assess and manage their performance even though specific practices within the other topics are not required.

Collectively, this approach to the draft standards is intended to recognize the overall value and comprehensiveness of the existing content of the B Impact Assessment, including coverage of social and environmental issues and business best practices that are either indirectly related to or completely independent of the core specific requirements. This will, however, necessitate a redesign of the B Impact Assessment in order to ensure a clear

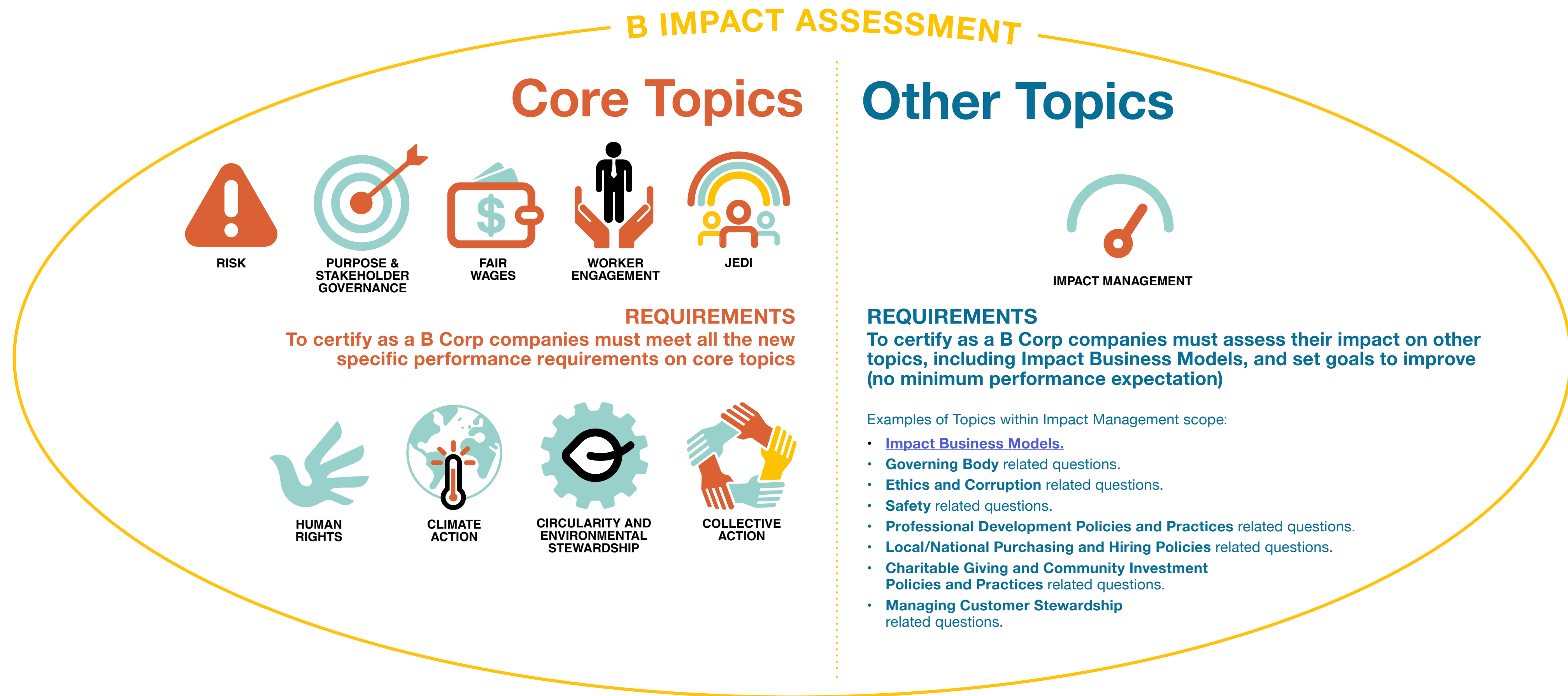
connection between the various topics (both core requirements and others required within the Impact Management topic), along with a clear and direct journey for B Corps and other users of the standards.

While these draft standards also depart from the score-based model of the existing standards — where a minimum score across topics is used to determine eligibility for B Corp Certification — the value of scoring to provide comparability and incentivize and support roadmaps for improvement is recognized, and new scoring models will continue to be further explored within the new framework.

As drafts of the standards are further iterated upon, more details and engagement with stakeholders will be developed on these topics.

# ® 3. The draft of the new standards for B Corp Certification

Proposed New Performance Requirements:  
Core Topics requirements and Impact Management requirements





# ® 3. The draft of the new standards for B Corp Certification

## 3b. Overview of the draft standards

For each of the following topics, companies must meet the following requirements in order to be eligible for B Corp Certification:

TOPIC	REQUIREMENTS
<b>Purpose &amp; Stakeholder Governance</b>	PSG1: Your company has a defined purpose statement contributing to a material positive impact on society and the environment and is incorporated into the organizational strategy.
	PSG2: Your company considers impacts on stakeholders in all material decisions.
	PSG3: Your company's highest level of governance has an explicit oversight role in monitoring the implementation of the purpose, impact and stakeholder considerations.
	PSG4: Your company makes progress towards its purpose and all the B Corp performance requirements, and is transparent about it.
<b>Worker Engagement</b>	WE1: Your company keeps workers informed.
	WE2: Your company achieves high worker engagement results, or takes action to improve them.
<b>Fair Wages</b>	FW1: Your company pays workers in your own operations a living wage.
	FW2: Your company takes meaningful action to prevent or reduce wage disparities.
	FW3: Your company takes meaningful action to pay workers/farmers in the supply chain a living wage/income.



# ® 3. The draft of the new standards for B Corp Certification

TOPIC	REQUIREMENTS
Justice Equity Diversity & Inclusion	JEDI1: Your company gathers and tracks diversity and inclusion statistics on your workforce in a way that respects people's dignity.
	JEDI2: Your company manages JEDI risks and realizes JEDI opportunities in your operations.
Human Rights	HR1: Your company has a human rights policy.
	HR2: Your company and relevant workers know the company's (potential) human rights impacts (also known as 'salient human rights issues').
	HR3: Your company has a strategy and action plan to manage its human rights impacts, and strives for positive impact.
	HR4: Your company has a supplier engagement framework to support your human rights objectives and to promote traceability in your supply chain.
Climate Action	CA1: Your company tracks its GhG emissions annually.
	CA2: Your company implements a climate transition plan to ensure its fair contribution to keep global warming below 1.5 °C.
	CA3: Your company has a track record of climate action.
Circularity & Environmental Stewardship	CES1: Your company and relevant workers know the company's (potential) impact on the environment.
	CES2: Your company has an environmental strategy pursuing circularity and environmental stewardship.
	CES3: Your company has a supplier engagement framework to support your environmental objectives and traceability in your supply chain.

# ® 3. The draft of the new standards for B Corp Certification

TOPIC	REQUIREMENTS
Collective Action	CoA1: Your company takes joint action with other stakeholders to advance positive collective social and/or environmental impact at policy, industry, and/or business community level.
Impact Management	IM1. Your company diligently completes the other relevant sections of the B Impact Assessment (beyond the core topics sections) in a way that demonstrates understanding of the concepts and reliability of answers.
	IM2. Your company's highest governance body commits to improvement goals on other material topics not covered by the core performance requirements.
	IM3. Your company has a management system in place to maintain ongoing compliance with the B Corp Certification standards.
Risk Standards	RS1: Your company meets all specific industry requirements outlined on <a href="#">B Lab's Controversial Issues page</a> .
	RS2: Your company transparently shares information with B Lab regarding sensitive or controversial practices and stakeholder concerns and passes a specific review with either no further action, demonstrated remediation, and/or public disclosure.
	RS3: Your company has sufficient mechanisms in place to receive and adequately respond to, remediate, and provide access to remedy for complaints / grievances from stakeholders.
	RS4: Your company has not materially misrepresented information to B Lab or the public.
	RS5: Your company's lobbying positions are not contrary to the company's purpose or to benefit the company in a way that jeopardizes an equitable, inclusive, and regenerative economy.

# ⓑ 3. The draft of the new standards for B Corp Certification

## 3c. Detailed view of the draft standards

Each standard features an early version of how these requirements could be met by companies, including initial contextualization based on company size, sector, or another attribute (e.g. having an Impact Business Model). Compliance criteria for what companies will need to do to verify they are meeting the standards are also expected to be further contextualized along with the standards themselves, based on additional feedback as they are further developed.

### Considerations before reviewing the draft standards:

- The verb “shall” is used to refer to actions that are mandated to meet the requirement, the verb “encouraged to” refers to recommendations, and “can” refers to guidance and, in some instances, alternatives.
- The topics and requirements have connections with each other. Those links are identified with “[link to...]”.
- Equivalencies with other standards and/or frameworks are identified as “[Potential Equivalency]”.
- Specific recertification requirements are identified in each topic (“At recertification...”).

Note: A [glossary](#) of key terms used across topics is included as an appendix. Topic-specific key terms are in the introductory part of each topic.



# Purpose & Stakeholder Governance

# ⓑ Purpose & Stakeholder Governance

## Draft Standards for Purpose & Stakeholder Governance

**Outcome:** B Corps act in accordance with a defined purpose contributing to the creation of an inclusive, equitable, and regenerative economic system for all people and the planet.

### Requirements:

PSG1 Your company has a defined purpose statement contributing to a material positive impact on society and the environment and is incorporated into the organizational strategy.

PSG2 Your company considers impacts on stakeholders in all material decisions.

PSG3 Your company's highest level of governance has an explicit oversight role in monitoring the implementation of the purpose, impact and stakeholder considerations.

PSG4 Your company makes progress towards its purpose and all the B Corp performance requirements, and is transparent about it.

**Scope:** Your value chain, and all people and communities affected by your company, directly or indirectly.

Notes:

- Accountability for and reporting on all topics is covered under this topic.

**Purpose:** One of the core aspects of B Corp Certification, and its Theory of Change, is the B Corp legal requirement - a change in a company's governance structure to require the consideration of stakeholders in its decision making. As that legal change isn't available in all jurisdictions, and to ensure that each company is acting on the letter and spirit of that legal change whether available or not, aligning a company's corporate purpose with positive social and environmental goals, and creating governance structures to fulfill those goals and consider stakeholder impacts, is essential to what it means to be a B Corp, and to achieve an equitable, inclusive and regenerative economy.



# Ⓑ Purpose & Stakeholder Governance

## Guidance / Learn More

### Key Terms

- **Stakeholder governance:** This kind of corporate governance ensures that companies are required to consider the interest of all of their stakeholders — customers, workers, suppliers, communities, investors, and the environment — in their decision making. ([B Lab](#))
- **Stakeholder:** individual or group that has an interest that is affected or could be affected by the organization's activities. Examples: business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders and other investors, suppliers, trade unions, vulnerable groups. ([GRI](#))
- **B Corp Legal requirement:** The legal requirement ensures that B Corps remain legally accountable to all of their stakeholders - workers, communities, customers, suppliers, and the environment - not just shareholders. The specific legal requirements for a company differ based on the company's legal entity type: corporation, limited liability company, partnership, co-operative, etc; and also on its jurisdiction. It might include a purpose and a director's clause. Example of a purpose clause (US/California/Corporations): The purpose of the Company shall include creating a material positive impact on society and the environment, taken as a whole, from the business and operations of the Company. ([B Lab](#))
- **Impact Business Models:** Impact Business Models (IBMs) in the B Impact Assessment are the ways that a business is designed to create a specific positive benefit/outcome for one of its stakeholders. They may be based on their product, a particular process or activity, or the structure of the business. ([BIA](#))
- **Product:** article or substance that is offered for sale or is part of a service delivered by an organization. (GRI)
- **Service:** action of an organization to meet a demand or need. (GRI)
- **Double materiality:** The extent necessary for an understanding of the company's development, performance and position and in the broad sense of affecting the value of the company; 2) environmental and social impact of the company's activities on a broad range of stakeholders. The latter is also called sometimes impact materiality, which is reflecting the organization's most significant impacts on the economy, environment, and people, including impacts on human rights. ([GRI](#))



# Purpose & Stakeholder Governance

## Implementation resources

- [United Nations Sustainable Development Goals](#) [FR] [ZH] [ES] [RU] [AR]
- [Concept of the Doughnut Economics](#) (Doughnut Economics Action Lab)
- [The nine planetary boundaries](#) (Stockholm Resilience Centre)
- [Transformational Company Qualities Tool](#)
- [What is a social purpose business?](#) (Social Purpose Institute)
- [Social Purpose Assessment](#) (Social Purpose Institute)
- [Materiality finder](#) (Sustainability Accounting Standards Board)
- [AA100 - Accountability principles - A Guiding Framework of Principles for Sustainability Management](#) (AccountAbility)
- [Project Positive](#) (Biomimicry 3.8)
- [Enacting Purpose](#) (Said Business School)

## References

- [Stakeholder governance](#) (B Lab)
- [Corporate Sustainability Due Diligence Directive](#) (EU Commission, currently in draft)
- [B Corp legal requirements](#)
- [PAS 808:2022: Purpose-driven organizations – Worldviews, principles and behaviours for delivering sustainability – Guide](#) (BSI)
- [ISO 37000: Governance of organizations](#)
- [GRI 102-26 - General Disclosures - 4. Governance & 5. Stakeholder Engagement](#)
- [GRI 3 - Material topics](#)

# ® Purpose & Stakeholder Governance

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>PSG1: Your company has a defined purpose statement contributing to a material positive impact on society and the environment and is incorporated into the organizational strategy.</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• The company shall have a public statement describing how the company is approaching its purpose, as aligned with the B Corp legal requirement, to create a meaningful positive impact on society and the environment.</li><li>• The company can have an additional specific purpose or mission statement focusing on a specific social or environmental problem (e.g. climate change, financial security in those with lower education levels). Nevertheless, it cannot conflict or control over the broader general public benefit purpose.</li></ul>
	<b>Companies with 250 or more workers</b>	<ul style="list-style-type: none"><li>• The corporate strategy shall include short- and long-term purpose-related and social &amp; environmental goals, targets and metrics.</li><li>• The company shall provide evidence of how its purpose is incorporated into the organizational strategy. Examples can include: plans to align the company's products and services, and its value generation model and financing (considering the control those who invest in the company exert over the company, return expectations, dividends, exit expectations, etc.) with its purpose, etc.</li><li>• Purpose shall be explicitly embedded across the full lifecycle of workers, from recruitment (e.g. job descriptions), to onboarding, to leadership development and career planning, performance management, and potentially also to retirement planning (e.g. sustainable pension funds).</li></ul>



# Purpose & Stakeholder Governance

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>PSG2: Your company considers impacts on stakeholders in all material decisions.</b>	<b>All companies</b>	<ul style="list-style-type: none"> <li>• Certified B Corporations are <a href="#">legally required</a> to consider the impact of their decisions on all of their stakeholders - a model known as stakeholder governance. In addition to adopting the legal requirement companies shall demonstrate the below to ensure the legal requirement is put into practice:</li> <li>• The company shall identify/map its stakeholders considering all that could be affected by the decisions the company makes. The mapping shall include those without voice (planet), marginalized groups (e.g. indigenous groups, minority-owned businesses in the supply chain), and future generations. For other examples of stakeholders, see Key terms and references. [Potential equivalency: double materiality assessment based on the GRI.]</li> <li>• The company shall conduct an assessment to identify any (potential) risks / negative impact it might have on its stakeholders. [Link to FW2, JEDI2, HR2, CA1, CES1]</li> <li>• The company shall have mechanisms in place to consider its stakeholders for material decisions. This can include for example a guidance for decision makers (those who are in power to take strategic decisions), stakeholder mapping for material decisions followed by an action plan, an external advisory board, stand-alone sustainability committee, or sustainability issues delegated to other committee reporting at least quarterly to the highest governing body.</li> <li>• The company shall have a process in place to determine what it considers a material decision that affects its stakeholders.</li> <li>• Following certification, the company shall be able to provide evidence of how its stakeholders were considered for any material decisions made by the company.</li> </ul>
	<b>Companies with 250 or more workers</b>	<ul style="list-style-type: none"> <li>• In addition to the above, the risks shall be informed by stakeholder views and expectations and reflect the company’s context. Companies can collect views in various ways e.g. survey, focus group, interview, social media, meetings, events, forums, etc. It can be complemented with industry/sector guides or other secondary data sources relevant to the company’s business.</li> <li>• The company shall engage and consult a diverse set of its stakeholders annually to seek advice for (prioritized) significant material decisions that could impact their stakeholders. When selecting stakeholders the company shall use principles of justice, equity, diversity and inclusion [link to JEDI topic]. This could be in a form of an Expert Advisory Panel that is appointed to the board or a designated committee. The company publicly shares the information about the stakeholders engaged to demonstrate diversity and the evidence how the advice is taken into consideration.</li> </ul>

# ® Purpose & Stakeholder Governance

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>PSG3: Your company's highest level of governance has an explicit oversight role in monitoring the implementation of the purpose, impact and stakeholder considerations.</b>	<b>All companies</b>	<ul style="list-style-type: none"> <li>The highest governing body shall demonstrate how it is fulfilling its responsibility to monitor the implementation of the purpose, impact and stakeholder considerations.</li> </ul>
	<b>Companies with workers</b>	<ul style="list-style-type: none"> <li>If the company has a board of directors, the articles of association / terms of reference (charter or mandate) shall explicitly specify that a primary role of the board is to have oversight of purpose implementation or execution, managing its social and/environmental impact (covering all the B Corp Performance requirements) and considering its stakeholders.</li> </ul>
	<b>Companies with 50 or more workers</b>	<ul style="list-style-type: none"> <li>Purpose execution shall be included in job descriptions of members of the governing body, including CEO or General Manager, and all members of the governing body have one or more annual purpose objectives or deliverables.</li> <li>Compensation of the members of the highest governing body (e.g. executive directors, CEO) shall be linked to the organization's performance on purpose, and environmental and social targets covering all the B Corp Performance requirements.</li> </ul>
	<b>Companies with 250 or more workers</b>	<ul style="list-style-type: none"> <li>The governing body shall ensure that it has the right level of knowledge and/or expertise on environmental and social matters in order to understand the implications of key environmental, social or governance concepts on its business strategies, the current and future sustainability standards and regulations, the material impact the company has on all its stakeholders. This can be fulfilled in various ways, including: at least one member of the governing body has direct experience/expertise on the above mentioned areas; members of the governing body received training or regular expert consultation; an internal sustainability/ESG team is set up with direct link to the governing body.</li> <li>At recertification the company shall be able demonstrate the governing body's continuous enhancement of knowledge and understanding of environmental and social matters (including human rights).</li> </ul>



# Purpose & Stakeholder Governance

Requirement	Which Companies	How to Meet the Requirement
<b>PSG4: Your company makes progress towards its purpose and all the B Corp performance requirements and is transparent about it.</b>	<b>All companies</b>	<ul style="list-style-type: none"> <li>The company shall be able to demonstrate progress on the following: 1) How it is fulfilling the organizational purpose and how it progresses with its social and environmental targets, KPIs (ensuring that the B Corp performance requirements are covered). 2) If the progress was reasonable given its context, 3) What concrete actions were taken; 4) The result of any stakeholder engagement (if conducted) related to the above.</li> <li>At recertification the company shall demonstrate progress since the last certification.</li> </ul>
	<b>Companies with 250 or more workers</b>	<ul style="list-style-type: none"> <li>The company’s progress report shall be shared annually in a publicly available forum (could be e.g. annual report, or embedded into its sustainability related reporting obligations) and approved by the highest governing body.</li> <li>The company shall have specific mechanisms in place to answer to relevant stakeholders about the progress, related decisions made and have responses evaluated. The company manages and appropriately follows up on the feedback/questions.</li> <li>Workers shall be asked annually to determine if they feel equipped and empowered to implement the purpose and if they feel that the decisions are aligned with purpose/if the purpose implementation is being executed as expected. The company takes appropriate measures to respond to/manage the feedback. [linked to WE2]</li> </ul>
	<b>Companies with 1000 or more workers</b>	<ul style="list-style-type: none"> <li>The company’s annual progress report shall also include the impact it has had, and anticipates having, on the resources it uses and the natural environment, social and economic context within which it operates.</li> <li>The company shall seek feedback annually from its customers, communities and suppliers on how they perceive the company's purpose implementation. The company shall take appropriate measures to respond to/manage the feedback.</li> </ul>



# Worker Engagement

# Worker Engagement

## Worker Engagement - Draft Requirements

**Outcome:** B Corp workers feel engaged. There is two-way communication and workers' views are respected.

### Requirements

WE1 Your company keeps workers informed.

WE2 Your company achieves high worker engagement results, or takes action to improve them.

**Scope:** Your workers.

Notes:

- Worker engagement in your supply chain falls under the Human Rights topic.
- Freedom of association, collective bargaining, use of precarious labor, and grievance mechanisms and remediation, are covered in the Risk Standards topic.
- (Engaging workers as part of the B Corp verification process is being explored, and that could sit here or in a set of requirements specific for verification.)

**Purpose:** Worker engagement helps create a sense of shared values among workers within organizations. For mission-driven organizations this is crucial to align people and teams with the organization's purpose. Worker engagement rests on workers being informed and having means to express their views. In this sense, effective worker engagement serves as a vehicle for workplaces to self-monitor and improve working conditions over time. Worker engagement and workplace dialogue can take many shapes and forms, depending on the workplace and local context. Worker expectations

also change over time, as we see with growing digitization and shifts related to the COVID pandemic. This reinforces the need for workplace to have internal mechanisms for continuous engagement and improvement.

## Guidance / Learn More

### Key Terms

- **Worker engagement:** the degree to which a worker feels a positive connection with their job and work environment, specifically in relation to their motivation, commitment and satisfaction, and sense of shared purpose.
- **Worker satisfaction:** how content a worker is with their job and employer.

### Implementation resources:

- [Employee Engagement](#) (CIPD)
- [Q12 Employee Engagement Questionnaire](#) (Gallup)
- [How Companies Can Improve Employee Engagement Right Now](#) (Harvard Business Review)
- [ILO Helpdesk for Business on International Labour Standards](#) [ES] [FR]
- [Engaging and Retaining a Diverse Workforce](#) (B Lab)
- [Achieving Decent Work and Inclusive Growth: The Business Case for Social Dialogue](#) (UN Global Compact)

### References:

- [ILO Declaration on Fundamental Principles and Rights at Work](#) [ES] [FR]
- [Employee engagement: an evidence review](#) (CIPD)

# Ⓑ Worker Engagement

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>WE1 - Your company keeps workers informed</b>	<b>Companies with no workers</b>	<ul style="list-style-type: none"><li>• No requirements.</li></ul>
	<b>Companies with workers</b>	<ul style="list-style-type: none"><li>• Company has channels to keep workers informed (e.g. intranet, shared drive, newsletters, messaging platform).</li><li>• Policies and procedures that affect workers are accessible to them (e.g. related to human resources). Accessibility here refers to both physical access and understanding the contents (e.g. using a language that workers understand).</li></ul>



# Ⓑ Worker Engagement

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>WE2 - Your company achieves high worker engagement results, or takes action to improve them</b>	<b>Companies with no workers</b>	<ul style="list-style-type: none"><li>• No requirements.</li></ul>
	<b>Companies with workers</b>	<ul style="list-style-type: none"><li>• Company regularly measures worker engagement, which includes measures of satisfaction, using a combination of quantitative and qualitative data.</li><li>• Data gathering shall be done in a way that respects people’s dignity. This entails giving the option to opt-out, using appropriate terminology to refer to identities, respecting people’s privacy and ensuring the data gathering and tracking processes are inclusive.</li><li>• Results shall be disaggregated at least by gender identity and one other identity [link to JEDI1]. Further disaggregation shall be appropriate for the company’s size (e.g. disaggregation by department).</li><li>• Company achieves high engagement results for all groups.</li><li>• If the company does not achieve high results for all groups, then they shall develop and implement an improvement plan that is updated and shared with workers at least annually. Company must demonstrate how the results link to the (absence of) actions.</li><li>• At recertification, the company shall demonstrate (continued) positive engagement results, or develop and progress on the improvement plan.</li></ul>



# Fair Wages

# Fair Wages

## Fair Wages - Draft Requirements

**Outcome:** B corp workers can afford a decent standard of living for themselves and their families, and there is wage equality among the workforce.

### Requirements:

FW1 Your company pays workers in your own operations a living wage.

FW2 Your company takes meaningful action to prevent or reduce wage disparities among workers.

FW3 Your company takes meaningful action to pay workers/farmers in the supply chain a living wage/income.

**Scope:** Your value chain.

**Purpose:** A Living Wage is a human right and an enabling right, meaning it helps achieve or protect other rights. A Living Wage is not the same as a minimum wage. They have similar intentions, but in most countries the minimum wage does not allow people to meet a decent standard of living. In this case, despite meeting legal requirements, employers can still fall short of fulfilling a human right. Whereas minimum wages are set by governments, a Living Wage is based on collective bargaining or research by specialist institutions. So to ensure people can afford a decent standard of living, employers should pay a Living Wage, which often is more than the legal minimum wage. Fair wages goes a step further to also encompass wage equality between people or groups of people.

## Guidance / Learn More

### Key terms:

- **Living Wage:** “The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.” (Global Living Wage Coalition).
- **Living income** is the equivalent of a living wage for the self-employed, such as smallholder farmers.
- **Collective bargaining:** the fundamental right for workers to collectively negotiate with their employer on their wages and working conditions.
- **Wage disparity:** the difference in wages between two or more people or groups of people (e.g. wages that men receive versus women).

# Fair Wages

## Implementation resources:

- [Living wage application guidance, July 2022](#) (B Lab) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#) [\[IT\]](#)
- [Achieving the Living Wage Ambition: Reference Sheet and Implementation Guidance](#) (UN Global Compact) [\[ES\]](#)
- [Gender Gap Analysis Tool](#) (Women's Empowerment Principles, UN Women) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#) [\[IT\]](#)
- [Diagnosis for Equal Remuneration](#) (UN Women)

## References:

- [The International Labour Organization and the Living Wage: A Historical Perspective](#)
- [Universal Declaration of Human Rights \(article 25.1\)](#) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#) [\[IT\]](#)
- [Definition of a Living Wage](#) (Global Living Wage Coalition)
- [International Covenant on Economic, Social and Cultural Rights](#) (Article 7) [\[ES\]](#) [\[FR\]](#)
- [ILO Convention 98 - Right to Organise and Collective Bargaining](#) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#)
- [ILO Convention 100 - Equal Remuneration](#) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#)
- [GRI 405-2 Diversity and Equal Opportunity](#) [\[ES\]](#) [\[FR\]](#) [\[PT\]](#) [\[IT\]](#)
- [Accounting for a Living Wage](#) (Shift)

# Fair Wages

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>FW1 - Your company pays workers in your own operations a living wage</b>	<b>Companies with no workers</b>	<ul style="list-style-type: none"> <li>No requirements.</li> </ul>
	<b>Companies with workers</b>	<ul style="list-style-type: none"> <li>Company shall pay a living wage using a living wage benchmark accepted by B Lab (see B Lab's <a href="#">application guidance</a> released in July 2022 for an updated list).</li> <li>Living wage is defined as for a family and not for an individual.</li> <li>Further requirements, including on how to calculate wages and equivalencies, are based on B Lab's <a href="#">application guidance</a>.</li> </ul>
	<b>Companies with workers in locations without free benchmarks AND with between 1 and 249 workers</b>	<ul style="list-style-type: none"> <li>Company shall choose one of the options below: <ul style="list-style-type: none"> <li>Purchase benchmark data and pay workers a living wage.</li> <li>Collaborate with others to facilitate free benchmark data (e.g. joining coalitions/ initiatives, supporting collective bargaining or commissioning living wage research).</li> <li>Pay a wage that is 20% higher than the minimum wage. This calculation shall be based on total remuneration, meaning inclusive of extra wage components (see B Lab's <a href="#">application guidance</a> released in July 2022 for details on what may be included).</li> </ul> </li> </ul>
	<b>Companies with workers in locations without free benchmarks AND with 250 or more workers</b>	<ul style="list-style-type: none"> <li>Company shall purchase the living wage benchmark data [this costs between EUR 400 per year for one location to EUR 15,000 per year for global coverage].</li> </ul>



# Fair Wages

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
FW2 - Your company takes meaningful action to prevent or reduce wage disparities	Companies with 9 or fewer workers	<ul style="list-style-type: none"> <li>No requirements.</li> </ul>
	Companies with 10 or more workers	<ul style="list-style-type: none"> <li>Company shall commit to pay equity.</li> <li>Company shall inform workers how compensation is determined and what types of compensation they are entitled to.</li> </ul>
	Companies with 50 or more workers	<ul style="list-style-type: none"> <li>Company publicly discloses the high-low pay ratio (calculated as ratio between the highest to lowest paid).</li> </ul>
	Companies with 250 or more workers	<ul style="list-style-type: none"> <li>Company shall introduce pay scales (also known as salary ranges) and inform workers of them.</li> <li>Company calculates at least two of the following types of pay gaps: <ul style="list-style-type: none"> <li>Organizational gender pay gap (average pay for men and women across organization compared). [Potential equivalency: GRI-405-2 Gender Pay Gap reporting with at least third-party limited assurance].</li> <li>Organizational pay gap based on other identity, such as race or ethnicity (average pay of two or more groups across organization compared).</li> <li>Equal pay for work of equal value based on gender (role-specific pay comparison between men and women).</li> <li>Equal pay for work of equal value based on other identity, such as race or ethnicity (role-specific pay comparison between two or more groups compared).</li> </ul> </li> <li><b>At recertification</b>, the company should demonstrate pay equity (based on the two chosen types above) or demonstrate having a plan and progressing towards equity. This plan shall include quantitative targets (e.g. reducing the pay gap by 25% per year).</li> </ul>

# Fair Wages

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
FW3 - Your company takes meaningful action to pay workers/farmers in the supply chain a living wage/income.	Service companies with minor environmental footprint	<ul style="list-style-type: none"> <li>No requirements.</li> </ul>
	Companies in manufacturing, agriculture, wholesale/retail, or services with significant environmental footprint	<ul style="list-style-type: none"> <li>Company shall identify where in the supply chain the risk of wage gaps (between actual wage and living wage) is greatest. This is to the extent possible with free living wage benchmark data.</li> <li>Company shall focus on core products/services (e.g. the cocoa used by a chocolate company).</li> <li>Companies can focus on the location or country level (as opposed to specific worker or supplier).</li> </ul>
	Companies in manufacturing, agriculture, wholesale/retail, or services with significant environmental footprint AND with 250 or more workers	<ul style="list-style-type: none"> <li>Company develops a plan to close wage gaps in the priority areas. Priority is defined by impact on people (by looking at the number of people affected and the size of the wage gap). This plan shall be developed together with relevant suppliers and internal functions, such as procurement.</li> <li>Potential equivalency: achieve Fairtrade (Fairtrade International / FLO-Cert) certification for core ingredients/products.</li> <li><b>At recertification</b>, company shall make progress on the % of workers and farmers in the supply chain that receive a living wage/income.</li> </ul>



# Justice Equity Diversity & Inclusion (JEDI)

# ® Justice Equity Diversity & Inclusion (JEDI)

## JEDI - Draft Requirements

**Outcome:** B Corps have inclusive and diverse work environments and contribute meaningfully to just and equitable communities

### Requirements:

JEDI1 Your company gathers and tracks diversity and inclusion statistics on your workforce in a way that respects people's dignity.

JEDI2 Your company mitigates JEDI risks and realizes JEDI opportunities in your operations.

**Scope:** Your workers, internal and external communication, and products and services.

Notes:

- JEDI in contexts outside your own operations (e.g. supply chain) fall under the Human Rights topic.
- This topic is inherently linked to all other topics as all requirement should be implemented using JEDI principles.
- JEDI advocacy falls under Collective Action.
- JEDI should be inclusive of the various identities related to and represented in your context. Always consider for relevancy: sex, gender identity, race, ethnicity, sexual orientation, and differing abilities. More specifically, identities related to Indigenous & First Nations Peoples, immigration status, caste, religion or tribe may also be relevant depending on your context. This list is non-exhaustive, meaning there may be other relevant identities.

**Purpose:** Historic and ongoing systems that sustain and exacerbate inequality among systematically disadvantaged groups create the need for enterprises to have specific and intentional plans to address issues of

justice, equity, diversity, and inclusion within their own organizations and value chains. Having a specific JEDI requirement complements other requirements and ensures that the positive actions of B Corps are channelled to positively impact systematically disadvantaged rather than just dominant groups.

Taking action on JEDI is the foundation to a safe and equitable workplace. JEDI principles also underpin various labour and human rights, such as equal opportunities, dignity and non-discrimination.

## Guidance / Learn More

### Key terms:

- **JEDI** is the acronym used in these standards; similar terms are Diversity and Inclusion, and Diversity, Equity and Inclusion
- **Justice** refers to the dismantling of barriers to resources and opportunities in society so that all individuals and communities can live a full and dignified life.
- **Equity** is defined as the just and fair inclusion into the workplace or society, in which all people, immaterial of their attributes or affiliations, can participate, prosper, and reach their full potential.
- **Diversity** refers to the collection of differences that coexist amongst a group of individuals including, but not limited to: race/ethnicity, gender, sexual orientation, class, immigration status, ability, religion, status as a veteran or as an individual who was formerly incarcerated.
- **Inclusive** behavior authentically brings traditionally excluded individuals and/or groups into processes, activities and decision-making. Inclusion requires the identification and removal of barriers that inhibit members' participation and contribution. While a truly inclusive group is necessarily diverse, a diverse group may or may not be inclusive.

# Ⓑ Justice Equity Diversity & Inclusion (JEDI)

## Implementation resources:

- [Five Practices for Developing and Staying Accountable to Racial Equity Goals](#) (Stanford Social Innovation Review)
- [Better Leadership, Better World](#) (UN Global Compact)
- [Tackling Discrimination against Lesbian, Gay, Bi, Trans, & Intersex People: Standards of Conduct for Business](#) (UN Global Compact) [[ES](#)] [[FR](#)] [[PT](#)]
- [Gender Equality, Diversity & Inclusion Spotlight](#) (UN Global Compact)
- [Diversity and Inclusion: strategy and policy guidance](#) (Business in the Community)
- [Global DEI Challenges Map](#) (Aperian)

## References:

- [ILO Convention 100 - Equal Remuneration](#) [[ES](#)] [[FR](#)] [[PT](#)]
- [ILO Convention 111 - Discrimination](#) [[ES](#)] [[FR](#)] [[PT](#)]
- [GRI 405-2 Diversity and Equal Opportunity](#) [[ES](#)] [[FR](#)] [[PT](#)] [[IT](#)]
- [Corporate Standards for Racial Equity](#) (Corporate Standards for Racial Equity)



# Ⓑ Justice Equity Diversity & Inclusion (JEDI)

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>JEDI1 - Your company gathers and tracks diversity and inclusion statistics on your workforce in a way that respects people's dignity</b>	<b>Companies with no workers</b>	<ul style="list-style-type: none"><li>• No requirements.</li></ul>
	<b>Companies with workers</b>	<ul style="list-style-type: none"><li>• Workforce diversity data shall be gathered on gender identity and at least two other identities (see scope for examples).</li><li>• Workforce diversity data shall be gathered/updated at least annually.</li><li>• Where workforce data is used in routine business processes gender identity and at least one other identity are gathered and tracked to allow for disaggregated data (e.g. worker surveys, retention figures, job applicant breakdown).</li><li>• Companies shall demonstrate that their identities make sense for their context (e.g. through worker surveys, stakeholder feedback, research by social groups, or local census data).</li><li>• Where there are legal limitations, the company shall explore methods of collection that still generate insight whilst respecting laws and people's dignity (e.g. using anonymized data).</li><li>• Data gathering shall be done in a way that respects people's dignity. This entails giving the option to opt-out, using appropriate terminology to refer to identities, acting with consent, respecting people's privacy and ensuring the data gathering and tracking processes are inclusive.</li></ul>

# Ⓑ Justice Equity Diversity & Inclusion (JEDI)

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
JEDI2 - Your company manages JEDI risks and realizes JEDI opportunities in your operations	All companies	<ul style="list-style-type: none"><li>• Scope covers all aspects of your operations, including your workforce, internal and external communications, and products and services. It does not need to include your supply chain (as that is covered under Human Rights). Companies with no workers shall focus on external communications, products and services.</li><li>• Company shall identify risks to and opportunities for people (i.e. not risks to and opportunities for the company).</li><li>• Risks and opportunities shall be informed by stakeholder views and reflect the company's context. Companies can collect views in various ways, ranging from external research to stakeholder consultations.</li><li>• Managing risks entails preventing or mitigating risks to equitable outcomes (e.g. the exclusionary business practices or unequal treatment).</li><li>• Realizing opportunities entails advancing JEDI principles and achieving concrete equitable outcomes for people (e.g. increasing workforce or leadership diversity, or supporting and empowering systematically disadvantaged groups).</li><li>• Risks and opportunities shall relate to at least three identities, of which one shall be gender identity.</li><li>• <b>At recertification</b>, the company shall demonstrate how it progressed with its risks and opportunities.</li></ul>



# Human Rights

# Human Rights

## Human Rights - Draft Requirements

**Outcome:** B Corps treat people with dignity and respect their human rights.

### Requirements:

HR1 Your company has a human rights policy.

HR2 Your company and relevant workers know the company's (potential) human rights impacts (also known as 'salient human rights issues').

HR3 Your company has a strategy and action plan to manage its human rights impacts, and strives for positive impact.

HR4 Your company has a supplier engagement framework to support your human rights objectives and to promote traceability in your supply chain.

**Scope:** Your value chain, and all people and communities affected by your company, directly or indirectly.

Notes:

- This requirement inherently overlaps with the Fair Wages, Worker Engagement, and JEDI topics.
- Accountability for and reporting on human rights are covered in the Purpose & Stakeholder Governance topic, and the stakeholder engagement as part of HR2 and HR3 may be covered by stakeholder engagement as part of the Purpose & Stakeholder Governance topic as well.
- Grievance mechanisms and remediation are covered under RS3.
- HR4 should be implemented alongside CES3, as procurement and supplier engagement have both social and environmental considerations.

**Purpose:** Companies have the responsibility to respect human rights (UN Guiding Principles on Business and Human Rights). This entails managing potential negative impacts (i.e. risks) and pursuing positive impacts. The starting point for all companies is to understand how their operations (might) affect people. This then informs their everyday business practices to ensure there is ongoing monitoring and responding to risks and impacts, as well as a continuous pursuit of positive impacts on people. Where there are negative impacts, companies must either directly remediate or facilitate remediation.

## Guidance / Learn More

### Key terms:

- **Human rights** are basic and inalienable rights that all human beings have, such as the right to work or freedom from slavery. They are captured in the Universal Declaration of Human Rights.
- **Salient human rights issues** are the “human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships”. (Shift)
- **The Arc of Human Rights Priorities** is a model for managing human rights risk in business. It features a graph with two axes (impact on human rights and connection to company) through which companies can plot and prioritize their human rights risks.

# Ⓑ Human Rights

## Implementation resources:

- [Due Diligence Guidance on Responsible Business Conduct](#) (OECD) [[ES](#)] [[FR](#)] [[IT](#)] [[PT](#)]
- [UN Guiding Principles of Business & Human Rights](#) (United Nations) [[ES](#)] [[FR](#)]
- [“Signals of Seriousness” for Human Rights Due Diligence](#) (Shift)
- [How to Develop a Human Rights Policy](#) (UN Global Compact)
- [Human rights impact assessment guidance and toolbox](#) (The Danish Institute for Human Rights)
- [The SME Compass: Managing supply chains more sustainably](#) (Helpdesk Wirtschaft-menschenrechte)

## References:

- [Universal Declaration of Human Rights](#)
- [Due Diligence Guidance on Responsible Business Conduct](#) (OECD)
- [UN Guiding Principles of Business & Human Rights](#) (United Nations) [[ES](#)] [[FR](#)]
- [Frequently Asked Questions about the Guiding Principles of Business & Human Rights](#) (United Nations)
- [The Corporate Responsibility to Respect Human Rights: an interpretive guide](#) (United Nations) [[ES](#)]
- [The Arc of Human Rights Priorities](#) (The Danish Institute for Human Rights)
- [ILO \(Fundamental\) Conventions](#) [[ES](#)] [[FR](#)]
- [UN Global Compact Principles 1 and 2](#)
- [EU Proposal for a Directive on corporate sustainability due diligence](#) (European Commission)



# Human Rights

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>HR1 - Your company has a human rights policy</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• Companies do not need a dedicated human rights policy, however the main components shall be covered in one way or another (through other statements or policies). The human rights policy shall include:<ul style="list-style-type: none"><li>◦ Commitment to respect the UN Guiding Principles on Business &amp; Human Rights, and respect all internationally recognized human rights standards (at minimum: International Bill of Rights and ILO's).</li><li>◦ Declaration on the Fundamental Principles and Rights at Work) Stipulations concerning the company's expectations of personnel, business partners and other relevant parties.</li><li>◦ Information on how the company will implement its commitment.</li></ul></li><li>• [Potential equivalency: full score for the Governance and Policy Commitments section in the Corporate Human Rights Benchmark].</li><li>• Companies operating in countries where there are risks linked to using human rights framing may implement the requirement above with necessary adjustments. This can include using alternatives to 'human rights', such as 'social' or 'people', or referring to 'international frameworks' without specifying those listed above.</li></ul>

# Human Rights

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>HR2 - Your company and relevant workers know the company's (potential) human rights impacts (also known as 'salient human rights issues')</b>	<b>All companies</b>	<ul style="list-style-type: none"> <li>• Company shall (re)assess risks to human rights at least every three years.</li> <li>• The risk assessments shall be based on the Arc of Human Rights Priorities (see Key terms or References) or comparable model. The assessments shall:               <ul style="list-style-type: none"> <li>◦ be based on internal and/or external research, and/or on stakeholder engagement (e.g. where existing research does not exist).</li> <li>◦ identify risks to people and not to the company.</li> <li>◦ identify and prioritize specific human rights risks (e.g. living wages or child labor).</li> <li>◦ have a scope that covers your own operations and value chain, and all people and communities affected by your company, directly or indirectly.</li> </ul> </li> <li>• [Potential equivalency for the above: human rights risk assessment, or human rights report featuring the salient issues, with at least third-party limited assurance].</li> <li>• Company shall inform relevant workers on the salient human rights issues.</li> <li>• 'Relevant workers' includes at minimum: members of the highest governing body, executive leadership, and workers in procurement, human resources, and corporate social responsibility or equivalent team.</li> </ul>

# Human Rights

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>HR3 - Your company has a strategy and action plan to manage its human rights impacts, and strives for positive impact</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• Company has a strategy and action plan that is appropriate for number of and type of risks identified (HR2). The strategy shall set out how the risks will be addressed.</li><li>• There is a plan tied to the strategy, with time-bound objectives, key performance indicators (KPIs), and clearly defined roles and responsibilities.</li><li>• The plan identifies both actions to address (potential) negative impacts and to pursue positive impacts.</li><li>• Company policies and procedures are informed by and aligned with the salient issues (e.g. human resources, product specifications, procurement). This entails that salient issues require specific coverage in policies and/or procedures (e.g. if forced labor is a risk then company should have a forced labor policy, or explicitly cover this in relevant policies and procedures.</li><li>• <b>At recertification</b>, the company shall demonstrate how it progressed with its plan and targets. [link to PSG4]</li></ul>

# Human Rights

Requirement	Which Companies	How to Meet the Requirement
<b>HR4 - Your company has a supplier engagement framework to support your human rights objectives and to promote traceability in your supply chain</b>	<b>Companies with 0 to 49 workers OR service companies with minor environmental footprint of any size</b>	<ul style="list-style-type: none"> <li>Company at minimum shall align its procurement processes with its human rights strategy and objectives (for example by having a sustainable procurement guideline) and shall demonstrate how human rights aspects were considered for concrete procurement decisions.</li> </ul>
	<b>Companies with 50 or more workers in manufacturing, agriculture, wholesale/retail, or services with significant environmental footprint</b>	<ul style="list-style-type: none"> <li>References below to ‘human rights’ may also be to ‘social’ or ‘labor rights’ (e.g. labor rights commitments).</li> <li>Company shares its human rights commitments and objectives with its suppliers (e.g. via a Supplier Code of Conduct).</li> <li>Company integrates human rights principles into the supplier selection process and procurement decisions, giving preferential treatment (incentives and/or rewards) to suppliers that are aligned on sustainability goals.</li> <li><b>At recertification</b>, the company shall demonstrate how it progressed with implementing its framework.</li> </ul>
	<b>Companies with 1,000 or more workers in manufacturing, agriculture, wholesale/retail, or services with significant environmental footprint</b>	<ul style="list-style-type: none"> <li>Company has visibility on the origin and social impact of its raw materials, or a roadmap to drive traceability beyond tier 1 for any high-risk commodity in the supply chain (defined as any commodity that is known or suspected to cause severe negative human rights impacts; e.g. child labor in the cocoa industry). The company can start by focusing on countries and gradually move towards higher levels of traceability: region/mill/cooperative/farm, etc. and understanding the practices of the supply chain actors.</li> <li><b>At recertification</b>, the company shall demonstrate how it progressed with its roadmap.</li> </ul>



# Climate Action





# Climate Action

## Climate Action - Draft Requirements

**Outcome:** B Corps take action in accordance with science to combat climate change and its impacts.

**Requirements:**

CA1 Your company tracks its GhG emissions annually.

CA2 our company implements a climate transition plan to ensure its fair contribution to keep global warming below 1.5 °C.

CA3 Your company has a track record of climate action.

**Scope:** Your value chain, and all people and communities affected by your company, directly or indirectly

Notes:

- Accountability for and reporting on Climate Action are covered in the Purpose & Stakeholder Governance topic.
- This topic is connected to the Circularity & Environmental Stewardship topic. Some actions could overlap to fulfil the requirements.
- The alignment of the requirements for companies in the European Union impacted by the upcoming EU Green Deal directives and the EU Taxonomy is in process.

**Purpose:** According to latest scientific data the world is on the path to exceed global warming of 1.5°C and 2°C during the 21st century unless deep reductions in CO<sub>2</sub> and other greenhouse gas emissions occur in the coming decades (IPCC Sixth Assessment Report). Global emissions should be cut to 45 per cent below 2010 levels by 2030 and the world would need to achieve net zero carbon dioxide emissions by around 2050, in order to limit global warming to 1.5°C above pre -industrial levels. (UN -SDGs) A warming planet creates a wide range of risks for humanity, the environment and businesses in particular, including disrupted supply chains and labor challenges. Climate change and extreme weather events such as droughts, floods and fires, can impact all businesses worldwide.

## Guidance / Learn More

### Key Terms

- **Climate action:** Goal 13 of the United Nations Sustainable Development Goals calls for urgent action to combat climate change and its impacts. Businesses can act by i.e. reducing their carbon footprint, investing in climate-friendly solutions, improving their energy efficiency, etc.
- **Net Zero emissions:** Net zero carbon dioxide (CO<sub>2</sub>) emissions are achieved when anthropogenic CO<sub>2</sub> emissions are balanced globally by anthropogenic CO<sub>2</sub> removals over a specified period. (IPCC)
- **Science-based targets:** Targets are considered ‘science-based’ if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
- **Greenhouse gas emissions** (scope 1, 2, 3): The GHG Protocol Corporate Standard classifies a company’s GHG emissions into three ‘scopes’. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
- **Climate transition plan:** A climate transition plan is a time-bound action plan that clearly outlines how an organization will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations. i.e., halving greenhouse gas (GHG) emissions by 2030 and reaching net-zero by 2050 at the latest, thereby limiting global warming to 1.5°C. (CDP)
- **Renewable electricity:** is generated from geothermal, solar, wind, sustainably sourced biomass (including biogas), and hydropower. It can be produced on-site, procured from a utility or other provider (including green tariffs, power purchase agreements), and/or procured via unbundled renewable energy attribute certificates (these are RECs (North America), Guarantees of Origin (Europe) and I-RECs (some other regions)). (RE100)
- **Climate Justice:** Justice that links development and human rights to achieve a human-centred approach to addressing climate change, safeguarding the rights of the most vulnerable people and sharing the burdens and benefits of climate change and its impacts equitably and fairly. (IPCC) It recognizes that those who are least responsible for climate change are more likely to suffer its gravest consequences. (BCCC) The impacts of climate change will not be borne equally or fairly, between rich and poor, women and men, and older and younger generations. (UN)
- **Just transition:** In order to tackle pressing environmental challenges like climate change, pollution and plummeting biodiversity, nations and businesses need to transition towards greener, resilient and climate-neutral economies and societies. A Just Transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind. (ILO)

# Climate Action

## Implementation resources:

- [Corporate Net-Zero Standard](#) (Science Based Targets initiative)
- [Climate Tools Base](#) (B Corp Climate Collective)
- [Corporate Value Chain \(Scope 3\) Standard](#); [Scope 2 Guidance](#); [Scope 3 Calculation Guidance](#), [GHG Emissions Calculation Tool](#) (Greenhouse Gas Protocol)
- [Scope 3 Evaluator](#) (Quantis)
- [Introductory Guide: The journey to net zero for SMEs](#) (The Carbon Trust)
- [Race To Zero Campaign](#) (United Nations Framework Convention on Climate Change)
- [1.5°C Business Playbook](#) (Exponential Roadmap Initiative)
- [SME Climate Hub](#) [ES]
- [Business Carbon Calculator](#) (Normative, SME Climate Hub)
- [The Climate Justice Playbook for Business](#) (B Lab)
- [Assessing low carbon transition - Methodologies](#) (ACT)
- [AAA Framework for Climate Policy Leadership](#)
- [Alliances for Climate Action](#) [[United States: America is all in](#)] [[Alianza para la Acción Climática Argentina \(ACAA\)](#)] [[Better Futures Australia](#)] [[Aliança pela Ação Climática \(ACA-Brazil\)](#)] [[Alianza para la Acción Climática Chile \(ACA-Chile\)](#)] [[Japan Climate Initiative \(JCI\)](#)]
- [Net Zero Company Benchmark: Structure and Methodologies](#) (Climate Action 100+)

## References:

- [Corporate Net-Zero Standard](#) (Science Based Targets initiative)
- [Guidelines on reporting climate-related information](#), [Taxonomy for sustainable activities](#), [Technical screening criteria for climate change mitigation and adaptation](#) (European Commission)
- Net Zero Guiding Principles (ISO, not yet published)
- [RE100 - Global corporate renewable energy initiative](#)
- [Cradle-to-Cradle certification](#)
- [Frequently Asked Questions on Just transition](#) (ILO) [ES] [FR]



# Climate Action

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CA1: Your company tracks its GhG emissions annually.</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• The company shall be able to demonstrate the sources of its GhG emissions in its operations and value chain by calculating its Greenhouse Gas (GhG) emissions on its scope 1, 2, 3 following a credible methodology (i.e. <a href="#">GhG Protocol</a>, <a href="#">EU Commission Recommendation 2013/179/EU</a>, <a href="#">ISO 14067:2018</a> or <a href="#">ISO 14064-1:2018</a>). [Link to Circularity &amp; Environmental Stewardship - CES2]</li><li>• For any secondary data or estimate the company shall prioritize credible databases and publications that are internationally recognized, provided by national governments, or peer-reviewed (e.g. IPCC, International Energy Agency).</li><li>• Any limitations or exclusions shall be explained.</li></ul>
	<b>Companies with 0 to 499 workers</b>	<ul style="list-style-type: none"><li>• The company can use a credible carbon calculator tool that provides estimates on a company's overall emissions. [Potential equivalency: GhG Protocol - <a href="#">GHG Emissions Calculation Tool</a>; Quantis - <a href="#">Scope 3 Evaluator</a>; SME Climate Hub - <a href="#">Business Carbon Calculator</a>]<ul style="list-style-type: none"><li>○ The company is encouraged to move to a formal GhG inventory development process or have third party verification in place.</li></ul></li></ul>





# Climate Action

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CA2: Your company implements a climate transition plan to ensure its fair contribution to keep global warming below 1.5 °C.</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• As part of the company's climate transition plan the company shall:</li><li>• Set a near-term (5-10 years) emission reduction target on scope 1, 2, 3 (if &gt;40% of total emissions come from scope 3), that is aligned with latest science, reflecting a fair share of 50% global emissions reduction by 2030. The company shall continue to set near-term targets until global net-zero emissions are reached. [Potential equivalency: target submitted and validated by <a href="#">Science Based Target initiative</a> (SME or large enterprise route), commitment made via the SME Climate Hub.]</li><li>• Define time-bound verifiable and quantifiable key performance indicators (KPIs) and roles and responsibilities (where applicable).</li><li>• Re-assess the plan and update it at least every three years.</li><li>• [Potential equivalency: transition plan assessed by a third party confirming it is aligned to support a 1.5 degrees scenario / low-carbon transition (e.g. <a href="#">ACT initiative</a>, <a href="#">Climate Action 100+</a>)]</li><li>• Note: for guidance on renewable energy / electricity see the <a href="#">Technical Guidance</a> of RE100 or Cradle-to-Cradle certification.</li><li>• <b>At recertification</b>, the company shall demonstrate its progress against its plan, targets and KPIs. [Link to PSG4]</li></ul>
	<b>Companies with 0 to 499 workers and service sector with minor environmental footprint in all sizes</b>	<ul style="list-style-type: none"><li>• In case lack of data prevents the company from setting a specific reduction target the company can fulfil the requirement if it can demonstrate how its transition plan addresses the company's key emissions sources. The company shall have a plan to improve its measurement and target setting.</li><li>• In case the company has minor GhG impact (and is using or has a plan to use 100% renewable electricity if available) the company can fulfil the requirement by taking a collective action [Link to CoA1] and/or by supporting communities and people disproportionately affected by climate change in or outside the value chain or support people affected by the transition to the green economy (see climate justice and just transition under key terms and references). This can include e.g. funding carbon credit projects; supporting vulnerable populations in the community or value chain; supporting minority-led businesses in the value chain; transitioning from clients who are in the fossil fuel sector, unless the company supports them to reduce their climate impact, etc.</li></ul>





# Climate Action

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CA2: Your company implements a climate transition plan to ensure its fair contribution to keep global warming below 1.5 °C.</b>	<b>Companies with 500 or more workers</b>	<ul style="list-style-type: none"><li>• In addition to the above the company shall:</li><li>• Set a long-term target that is aligned with latest science, with a minimum of 90%<sup>1</sup> reduction<sup>2</sup> and removal of scope 1, 2, 3 emissions (if &gt;40% of total emissions come from scope 3) to help achieve net zero emissions globally latest by 2050.</li><li>• Ensure that the company's near and long-term commitments are public and are aligned with the Science-Based Targets initiative. The target, at minimum, has been submitted for validation.</li><li>• Ensure the plan addresses the following categories (or explain otherwise): (1) supply chain engagement (2) increasing portfolio of low carbon products and services (3) customer engagement and (4) implementing emissions reduction initiatives for its direct operations and (5) where applicable aligning investments, like pension funds.</li><li>• Outline time-bound financial planning details to achieve the company's ambition, e.g. CAPEX, OPEX, revenue.</li><li>• Include actions in the plan to support communities in or outside of the value chain disproportionately impacted by climate change or people impacted by the transition to the green economy (see climate justice and just transition under key terms and references). This can include funding carbon credit projects.</li><li>• Ensure that the company's lobby and advocacy engagement is not contradicting its climate ambitions and strategy. [Linked to RS5]<ul style="list-style-type: none"><li>○ Companies are also encouraged to take collective action on climate. [Link to CoA1]</li></ul></li></ul> <p><small><sup>1</sup> Any deviation shall be based on sectoral guidance defined by science. <sup>2</sup> Funding carbon credit projects shall only be used in addition to reduction and cannot be used to claim net zero.</small></p>



# Climate Action

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CA3: Your company has a track record of climate action.</b>	<b>Companies with 0 to 49 workers</b>	<ul style="list-style-type: none"><li>• No requirements.</li></ul>
	<b>Companies with 50 to 499 workers or service sector with minor environmental footprint with 50 or more workers</b>	<ul style="list-style-type: none"><li>• The company shall demonstrate any of the following:<ul style="list-style-type: none"><li>(1) Their GHG emissions are below that of relevant peer benchmark groups, OR</li><li>(2) They have reduced their GHGs in the last two years in accordance with their climate plans. In case the company has minor GhG impact, alternatively the company can demonstrate the following:</li><li>(3) They took action for wider societal impact on climate in the last two years.</li></ul></li></ul> <p>Examples of actions for wider societal impact</p> <ul style="list-style-type: none"><li>• Taking a collective action on climate. [Link to CoA1]</li><li>• Supporting communities or vulnerable populations (to be) impacted by climate change, which can include investing in emission reduction projects or other carbon credit projects outside of the value chain.</li><li>• <b>At recertification</b>, the company shall demonstrate progress against its transition plan as outlined in CA2. [Link to PSG4]</li></ul>
	<b>Companies with 500 or more workers in manufacturing or agriculture, or service companies with a significant footprint, or wholesale/retail</b>	<ul style="list-style-type: none"><li>• The company shall demonstrate the following:<ul style="list-style-type: none"><li>(1) Their GHG emissions are below that of relevant peer benchmark groups, OR</li><li>(2) They have reduced their GHGs in the last two years in accordance with their climate plans; AND</li><li>(3) They took action for wider societal impact on climate in the last two years.</li></ul></li><li>• <b>At recertification</b>, the company shall demonstrate progress against its transition plan as outlined in CA2. [Link to PSG4]</li></ul>



# Circularity and Environmental Stewardship

# Circularity and Environmental Stewardship

## Draft Standards for Circularity & Environmental Stewardship

**Outcome:** B Corps demonstrate environmental stewardship and contribute to the circular economy in their operations and value chain, minimizing any negative impact and pursuing positive impact.

### Requirements:

CES1 Your company and relevant workers know the company's (potential) impact on the environment.

CES2 Your company has an environmental strategy pursuing circularity and environmental stewardship.

CES3 Your company has a supplier engagement framework to support your environmental objectives and traceability in your supply chain.

**Scope:** Your value chain, and all people and communities affected by your company, directly or indirectly.

Notes:

- Accountability for and reporting on this topic are covered in the Purpose & Stakeholder Governance topic, and the stakeholder engagement as part of CES1 may be covered by stakeholder engagement as part of the Purpose & Stakeholder Governance topic as well.
- This topic is connected to the Climate Action topic. Some actions could overlap to fulfil the requirements.
- CES3 should be implemented alongside HR4, as procurement and supplier engagement have both social and environmental considerations.

- The alignment of the requirements for companies in the European Union impacted by the upcoming EU Green Deal directives and the EU Taxonomy is in process.

**Purpose:** Environmental stewardship is the responsibility for the environment shared by everyone whose actions affect the environment. It is demonstrated through the understanding of the company's impact in its operations and value chain, and a commitment to the efficient use of natural resources and the protection of ecosystems. Today the world faces several environmental crisis, from climate, to water to biodiversity. The circular economy is a framework that can help tackle these global challenges. Its principles promote a resilient system that benefits businesses, people and the environment. Therefore, companies adopting circular principles demonstrate true environmental stewardship.





# Circularity and Environmental Stewardship

## Guidance / Learn More

### Key Terms

- **Environmental stewardship** is the responsibility for environmental quality shared by all those whose actions affect the environment. (EPA) It entails the responsible use and protection of the natural environment through conservation and sustainable practices to enhance ecosystem resilience. (NOAA)
- **Circularity/circular economy:** It involves industrial processes and economic activities that are restorative or regenerative by design, enable resources used in such processes and activities to maintain their highest value for as long as possible, and aim for the elimination of waste through the superior design of materials, products, and systems (including business models). The three principles of circular economy are: 1) Eliminate waste and pollution; 2) Keep products and materials in use at their highest value 3) Regenerate ecosystems. ([EPA](#), [Ellen MacArthur Foundation](#))
- **Animal welfare:** the physical and mental state of an animal in relation to the conditions in which it lives and dies.’ The five freedoms of animal welfare are: a. Freedom from hunger and thirst b. Freedom from discomfort c. Freedom from pain, injury, and disease d. Freedom to express normal behavior e. Freedom from fear and distress. ([WOAH](#))
- **Waste hierarchy:** Preventing waste is the preferred option, followed by reuse, recycling, recovery (incineration), and sending waste to landfill should be the last resort. (EU - [Waste Framework Directive](#))

### Implementation Resources

- [Concept of the Doughnut Economics](#) (Doughnut Economics Action Lab)
- [The nine planetary boundaries](#) (Stockholm Resilience Centre)
- [Science Based Targets Network: Earth Systems](#) (land, water, climate, biodiversity, and ocean)
- [A compass for just and regenerative business](#) (Forum for the Future)
- [ISO 14000 - Environmental Management](#)
- [The EU Eco-Management and Audit Scheme](#) (European Commission)
- [Environmental Management Systems: An Implementation Guide for Small and Medium-Sized Organizations](#) (United States Environmental Protection Agency)
- [Supply Chain Sustainability: A Practical Guide for Continuous Improvement, Second Edition](#) (UN Global Compact)
- [Future-Fit Business Benchmark](#)
- [World Organization for Animal Health](#)
- [Compassion in World Farming](#)
- [Sustainable Procurement Pledge](#)
- [Ecolabel Index](#)
- [Circular Economy](#) (Ellen MacArthur Foundation)
- [Cradle-to-Cradle certification](#)

### References

- [United Nations Sustainable Development Goals](#) [FR] [ZH] [ES] [RU] [AR]
- [Taxonomy for sustainable activities](#), [Technical screening criteria for climate change mitigation and adaptation](#) (European Commission)
- [Sustainability Reporting Standards](#) (European Commission, in development)
- [Ten principles of the UN Global Compact - Environment 7-9](#)



REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CES1 Your company and relevant workers know the company's (potential) impact on the environment.</b>	<b>All companies</b>	<ul style="list-style-type: none"> <li>• The company shall (re)-assess the existing and potential environmental impact in its operations and value chain, especially considering <u>climate, water, biodiversity, pollution, waste (including food waste), animal welfare</u>, e.g. by using performance data, public risk assessment tools, national or regional data, regulations, stakeholder input / engagement, etc. [link to PSG2 &amp; IM2]</li> <li>• The company shall understand if there is any significant <u>stress on nature</u> in the region where it operates, e.g. water scarcity risk, biodiversity loss, acute pollution of water bodies, soil, etc.</li> <li>• The company shall prioritize environmental aspects based on impact, risk and expectations of stakeholders. [link to PSG2]</li> <li>• Company shall inform relevant workers on the (potential) environmental impacts. Relevant workers include at minimum: members of the highest governing body, executive leadership, and workers in procurement, research and development, corporate social responsibility or equivalent team, workers responsible for operations environmental impact like health, safety and environmental manager or facilities manager (where applicable).</li> <li>• The company shall regularly monitor and review the environmental impact of its operations (energy, waste, water/wastewater, pollution, biodiversity or other aspects based on relevance), or if there is no physical office or site, the impact of its virtual office. The frequency of monitoring shall be determined based on impact and context.</li> <li>• If significant change occurs in the company's operations or value chain, or at minimum every three years, the company shall reassess its overall environmental impact and priorities.</li> </ul>

# Ⓑ    Circularity and Environmental Stewardship

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CCES2 Your company has an environmental strategy promoting circularity and environmental stewardship.</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• The company shall outline its environmental commitment and demonstrate key actions that will address the company’s environmental impact, potential risk and stakeholder expectations considering also the principles of circularity and striving for environmental stewardship.</li><li>• For companies with own office/site or for companies that do not own their office space but have access to data on its impact the plan at minimum shall cover the below actions and any additional actions reflecting the key environmental aspects identified. [see CES1]<ul style="list-style-type: none"><li>○ Continuous water and energy conservation and efficiency measures. [further actions on climate under Climate Action]</li><li>○ Continuous reduction of waste (including food waste) by applying the waste hierarchy. The company shall aim to avoid waste to landfill and minimize incineration.</li></ul></li><li>• Companies without a physical office: The plan shall include good environmental stewardship regarding the management of their virtual office.</li><li>• <b>At recertification</b>, the company shall demonstrate progress towards its commitment. [Link to PSG4]</li></ul>



# Circularity and Environmental Stewardship

Requirement	Which Companies	How to Meet the Requirement
<b>CES2 Your company has an environmental strategy promoting circularity and environmental stewardship.</b>	<b>Companies in agriculture</b>	<p>In addition to the above the plan shall cover:</p> <ul style="list-style-type: none"> <li>• Directly implementing agricultural practices that contribute to enhancing biodiversity, or to halting or preventing the degradation of soils and other ecosystems, deforestation and habitat loss.</li> <li>• If raising animals implementing animal welfare actions according to the sector / national or regional guidelines or standards. [Potential equivalency: cage-free, Animal Welfare Approved, Beter Leven, Certified Humane, Global Animal Partnership]</li> </ul>
	<b>Companies in manufacturing</b>	<p>In addition to the above the plan shall cover:</p> <ul style="list-style-type: none"> <li>• Preventing or, where that is not practicable, reducing pollutant emissions into air, water or land, other than greenhouse gasses. [GhG reduction is covered under Climate Action]</li> <li>• Incorporating circularity into the product design and/or portfolio (e.g. increasing the durability, reparability, upgradability or reusability and recyclability of products; increasing the recycled and/or bio-based content of packaging).</li> <li>• In case facilities discharge effluent directly to surface or groundwater the company shall comply with the corresponding regional regulatory (if any), international, or industry best-practice effluent quality guidelines for direct discharge.</li> <li>• The company shall have a plan to substantially reduce the content of hazardous substances / substances of concern in products.</li> <li>• Companies with own manufacturing sites shall have a formal environmental management system in place to manage and monitor its energy, water consumption, quality of discharged wastewater, air pollution, waste generation/recycling and other relevant environmental aspects. This includes an environmental policy, KPIs, targets, and a program with allocated resources. [Potential equivalency: <a href="#">ISO 14000</a>, <a href="#">The EU Eco-Management and Audit Scheme</a> (EMAS)]</li> <li>• The company shall engage any outsourced manufacturing site to adopt an environmental management system and circular principles.</li> </ul>





REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CES3: Your company has a supplier engagement framework to support your environmental objectives and traceability in your supply chain.</b>	<b>Companies with 49 or fewer workers or service sector with minor environmental footprint of any size</b>	<ul style="list-style-type: none"> <li>• The company at minimum shall align its procurement processes with its environmental strategy and objectives (for example by having a sustainable procurement guideline) and shall demonstrate how environmental aspects were considered for concrete procurement decisions.</li> </ul>
	<b>Companies with 50 or more workers in manufacturing or in agriculture, or in service companies with a significant footprint, or in wholesale/retail</b>	<ul style="list-style-type: none"> <li>• As part of the company’s supplier engagement the company shall:</li> <li>• Have sustainable procurement targets aligned with its environmental strategy.</li> <li>• Share its environmental commitments and objectives with its suppliers, e.g. via a Supplier Code of Conduct.</li> <li>• Integrate circularity and environmental principles into the supplier selection process and procurement decisions, giving preferential treatment (incentives and/or rewards) to suppliers that are aligned on the company’s goals.</li> <li>• Engage its suppliers on their material environmental topics and performance regularly (e.g. via Annual or quarterly business reviews), and collaborate where possible, e.g. learning and data sharing, best practice exchange, etc.</li> <li>• <b>At recertification</b>, the company shall demonstrate how it progressed with its plan and targets. [Link to PSG4]</li> </ul>



# Ⓑ Circularity and Environmental Stewardship

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CES3: Your company has a supplier engagement framework to support your environmental objectives and traceability in your supply chain.</b>	<b>Companies with 1,000 or more workers in manufacturing or in agriculture, or in service companies with a significant footprint, or in wholesale/retail</b>	<p>In addition to the above the company shall:</p> <ul style="list-style-type: none"><li>• Have visibility on the origin and the environmental impact of its raw materials, or a roadmap to drive traceability beyond tier 1 for any high risk commodity in its supply chain (defined as any commodity that is known or suspected to cause severe negative environmental impacts like palm oil for deforestation). The company can start at least with focusing on country, and gradually moving towards higher level of traceability: region/mill/cooperative/farm, etc. and understanding the practices of the supply chain actors.</li><li>• <b>At recertification</b>, the company shall demonstrate how it progressed with its roadmap. [Link to PSG4]</li></ul>



# Collective Action



# Collective Action

## Collective Action - Draft Requirements

**Outcome:** B Corps play a leadership role in fostering shared understanding, solutions, and implementation towards an equitable, inclusive, and regenerative economy.

### Requirement

CoA1 Your company takes joint action with other stakeholders to advance positive collective social and/or environmental impact at policy, industry, and/or business community level.

**Scope:** Your value chain, and all people and communities affected by your company, directly or indirectly.

Notes:

Risk Standards covers the assessment if the company's lobbying activities and trade association memberships are aligned with its purpose.

### Purpose

Leadership in using business as a force for good requires thinking and going beyond one's own enterprise in order to have a broader systemic impact. While the credibility of these actions is nonetheless rooted in leadership in action within one's own enterprise, it is also necessary to embrace the role of influencing key material topics more broadly - even if the specific topics that one may choose to lead on could vary.

## Guidance / Learn More

### Key Terms

**Collective Action:** is a collaborative and sustained process of cooperation between stakeholders. It increases the impact and credibility of individual action, brings vulnerable individual players into an alliance of like-minded organizations and levels the playing field between competitors. (UN Global Compact)

### Implementation Resources

- [Towards Responsible Lobbying](#) (UN Global Compact)
- [Scaling Up Sustainability Collaboration: Contributions of Business Associations and Sector Initiatives to Sustainable Development](#) (UN Global Compact)
- [B Corp Climate Collective; B Corp Beauty Coalition](#)
- [Private sector collaboration for sustainable development](#) - (BSR)
- [United Nations Sustainable Development Goals - Goal 17: Partnerships for the goals](#) [FR] [ZH] [ES] [RU] [AR]

### References

- [UNITING AGAINST CORRUPTION A Playbook on Anti-Corruption Collective Action](#) (UN Global Compact)



# Collective Action

Requirement	Which Companies	How to Meet the Requirement
<p><b>CoA1 Your company takes joint action with other stakeholders to advance positive collective social and/or environmental impact at policy, industry, and/or business community level.</b></p>	<p><b>All companies</b></p>	<p>The company shall take at least two actions from the categories listed below (actions to be in different categories).</p> <ol style="list-style-type: none"> <li><b>Mentoring</b> other players (especially SMEs and minority-owned businesses) in the industry or in its value chain to improve their environmental and/or social impact (e.g. mentoring other companies in their B Corp journey). The mentoring could include e.g. training, knowledge sharing, providing feedback, sharing expertise, etc.</li> <li><b>Funding research or investing in venture/social projects</b>, in collaboration with others, that aim to deliver social or environmental solutions for a specific sector or industry.</li> <li>Being involved in and meeting the commitments of an ongoing <b>multi-stakeholder collaboration</b> to advance social and/or environmental impact. It could include other businesses, and/or civil society organizations, and/or academic institutions. The initiative may or may not be organized by B Corps or focusing on the B Corp Community, e.g. B Corp Beauty Coalition. It may or may not include a joint community investment. The initiative has a clear, shared systems change/transformation purpose and goals, to collaboratively deliver specific measurable impact(s).</li> <li><b>Being active in industry, sector or professional associations</b> to promote the advancement of social and/or environmental impact by e.g. a regular participation in industry or professional association in a committee related to advancing social and/or environmental impact; being involved in a multi-year social and/or environmental project; developing sustainability guidance for its industry/sector.</li> <li>Promoting <b>public policy</b> to advance social and/or environmental impact. This could include e.g.: a) Support or endorse a public policy advocacy / lobby campaign on a given year. The support includes dedicated resources and a measurable action plan to reach a wide range of stakeholders / society; b) Company leader takes a visible and public stand in a given year to influence current or future public policy lobby campaign.The company allocates the necessary resources to advance its stand.; c) Contribute to a government consultation with a clear agenda/intention. The outcome of the consultation is assessed internally; d) Participate in a government working group or collaboration; e) Involve government in a multi-year multi-stakeholder collaboration.</li> </ol> <p><b>At recertification</b>, the company shall demonstrate new or continued collective action since the recertification and the results of it.</p>



# Collective Action

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>CoA1 Your company takes joint action with other stakeholders to advance positive collective social and/or environmental impact at policy, industry, and/or business community level.</b>	<b>Companies with 49 or fewer workers</b>	<b>One of the two actions taken can include the below:</b> <b>6. Practicing thought leadership</b> to drive systemic change towards an equitable, inclusive, and regenerative economy. This can include, e.g. a teaching role at university, blog post/article, open sourcing of best practice policies for others to adopt, speaking engagements via public forums (intended for media, investors, business, or policy makers).
	<b>Companies with 50 or more workers</b>	<b>One of the two actions shall include #4 or #5.</b>





# Impact Management

# Impact Management

## Impact Management - Draft Requirements

**Outcome:** B Corps comprehensively identify and measure the impacts of their business and improve upon them over time.

### Requirements:

IM1. Your company diligently completes the other relevant sections of the B Impact Assessment (beyond the core topics sections) in a way that demonstrates understanding of the concepts and reliability of answers.

IM2. Your company's highest governance body commits to improvement goals on other material topics not covered by the core performance requirements.

IM3. Your company has a management system in place to maintain ongoing compliance with the B Corp Certification requirements.

**Scope:** Operations and Impact Business Model.

**Purpose:** While taking action on critical topical areas sets a specific level of impact management commitment for all companies, the impact of a business is extensive and includes other topics and potential practices. It is essential that companies identify broader impacts of their business and continuously strive to understand and improve upon them over time in their particular context. The purpose of the impact management requirements is to guarantee that companies are measuring, learning and improving on other components of business impact (beyond the core topics) and ensuring ongoing impact management action by establishing a management system for the consistent fulfillment of all the B Corp certification requirements.

## Guidance / Learn More

### Key Terms:

- **B Impact Assessment (BIA):** The B Impact Assessment provides a comprehensive and objective measure of a business's positive impact on society and the environment through a set of specific requirements on core topics and additional customized questions that reflect impact indicators, best practices, and outcomes. In addition to operational impacts, the B Impact Assessment features a broad scope of Impact Business Models (IBMs) to recognize the impact of companies that are designed to create a specific positive benefit/outcome for one (or more) of its stakeholders (B Lab).
- **Impact Business Models (IBMs):** Impact Business Models (IBMs) in the B Impact Assessment are the ways that a business is designed to create a specific positive benefit/outcome for one of its stakeholders. They may be based on their product, a particular process or activity, or the structure of the business (B Lab).
- **Core topics:** Purpose & Stakeholder Governance, Fair Wages, Human Rights, JEDI, Worker Engagement, Climate Action, Circularity & Environmental Stewardship, Collective Action (B Lab).

### References:

- [Key Principles of the B Impact Assessment](#)
- [What are Impact Business Models?](#)
- [Operational Impact vs. Impact Business Models](#)

# Impact Management

- Impact Business Models (IBMs) featured in the B Impact Assessment are perceived as one of the key differentiators of B Corp Standards/Certification compared to other standards in the sustainability ecosystem. Stakeholder consultations confirmed the relevance of companies that proactively design their business models to positively impact the planet/society, beyond managing the impacts of their operations.
- To continue recognizing and differentiating companies with Impact Business Models, a different set of Impact Management requirements are proposed for companies with an Impact Business Model as a significant part of the business (a minimum points threshold is needed to establish a scale that is significant enough to allow for a different approach within the requirements).

## **Impact Management Requirements For Companies With Impact Business Model (IBM)**

Companies with at least 10 points in one Impact Business Model featured in the B Impact Assessment are required to complete only the model-related questions and set goals on the same. This approach recognizes that the company's emphasis on generating positive outcomes through the core of the business to a particular stakeholder already defines a clear focus and scope for the company's impact management strategy and action, while the core requirements maintain a degree of comprehensiveness in overall performance.

# Impact Management

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>IM1. Your company diligently completes the other relevant sections of the B Impact Assessment (beyond the core topics sections) in a way that demonstrates understanding of the concepts and reliability of answers.</b>	<b>Companies with 10 points or more in one IBM section</b>	<ul style="list-style-type: none"> <li>• Company shall complete the applicable Impact Business Model(s) section(s).</li> </ul>
	<b>Companies with no or less than 10 points in one IBM section</b>	<ul style="list-style-type: none"> <li>• Company shall assess their impact on other topics by completing all the other sections in the B impact Assessment.</li> </ul>
	<b>All Companies</b>	<ul style="list-style-type: none"> <li>• Company shall be able to demonstrate (for the applicable section(s) completed):               <ul style="list-style-type: none"> <li>○ Understanding of B Impact Assessment concepts, demonstrating previous review of all relevant guidance available;</li> <li>○ Existing systems to pull accurate and consistent data;</li> <li>○ Answers based on formal and solid evidence, that can be verified by a third-party body;</li> <li>○ Accuracy of the self-assessment, without exaggeration or overestimation of performance.</li> </ul> </li> </ul>



# Impact Management

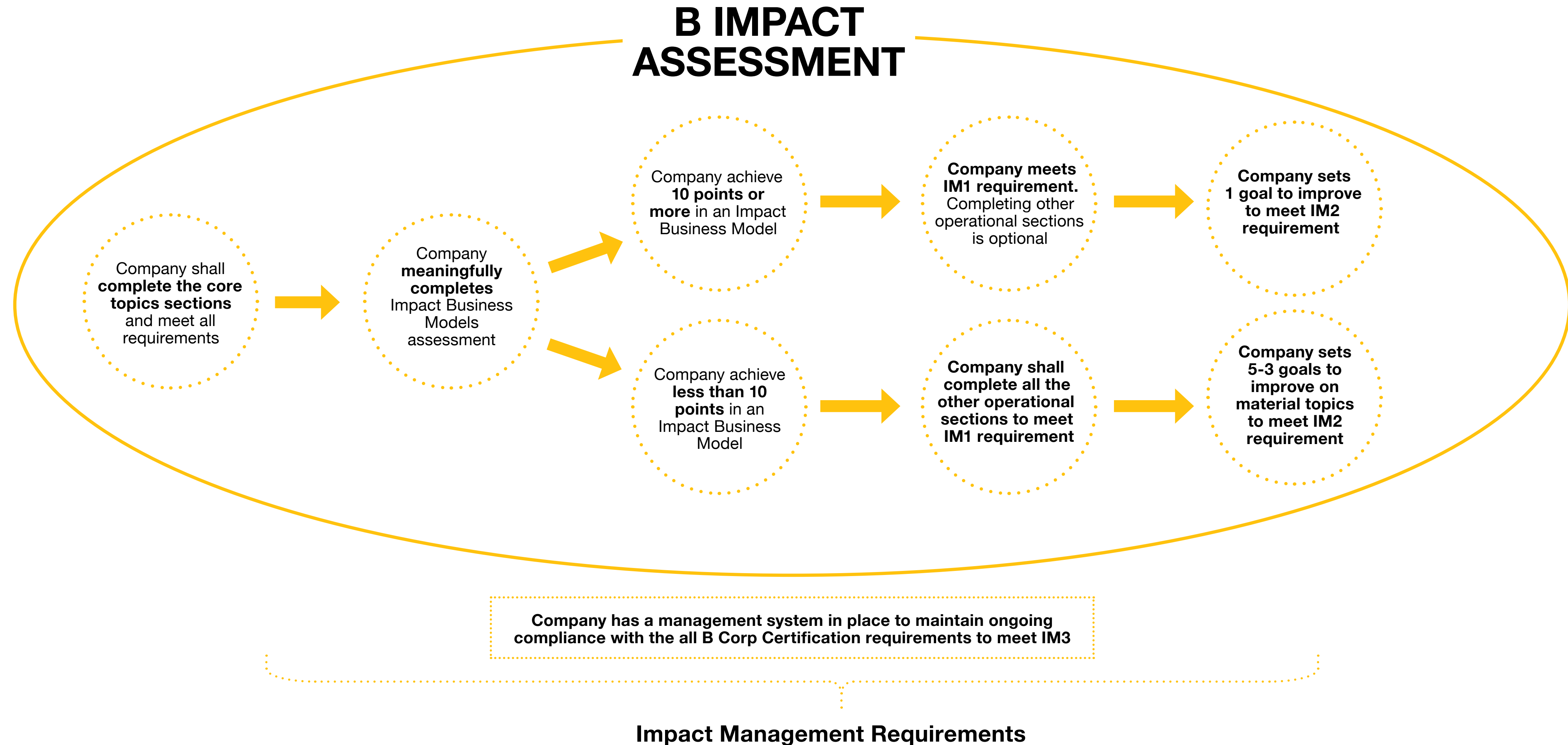
REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>IM2. Your company's highest governance body commits to improvement goals* on other material topics not covered by the core performance requirements and is transparent about it.</b>  *Using the goals functionality in the B Impact Assessment.	<b>Companies with 10 points or more in one IBM section</b>	<ul style="list-style-type: none"> <li>Company shall commit to 1 goal to improve either the intensity/scale/magnitude of the Impact Business Model or improve on how the impact of the business model is measured and managed.</li> </ul>
	<b>Companies with no or less than 10 points in IBM(s)</b>	<ul style="list-style-type: none"> <li>Company shall commit to at least 5 goals (or 3 if one goal is to achieve an IBM) in other material topics (not covered by the core topics requirements) to achieve by recertification.</li> <li>Company shall justify the materiality of goals based on alignment with the company's purpose and the results of the stakeholder engagement process [link to PSG1, PSG2].               <ul style="list-style-type: none"> <li>Companies that have conducted a formal materiality assessment (based on a credible third-party framework, e.g., GRI 3: Material Topics 2021) can justify goals based on its results.</li> </ul> </li> </ul>
	<b>All companies</b>	<ul style="list-style-type: none"> <li>The company's highest governance level shall approve the goals' commitment.</li> <li>The company shall disclose goals in the B Corp Public Profile.</li> <li><b>At recertification</b>, the company shall demonstrate progress on goals achievement and justify why progress was reasonable given its context [link to PSG4].</li> </ul>
	<b>Companies with 50 or more workers</b>	<ul style="list-style-type: none"> <li>The company's progress on goals achievement is publicly shared on an annual basis [link to PSG4]. <b>At recertification</b>, company shall be able to demonstrate it.</li> </ul>



# Impact Management

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>IM3. Your company has a management system in place to maintain ongoing compliance with the B Corp Certification requirements.</b>	<b>All companies</b>	<ul style="list-style-type: none"><li>• Company shall establish a system for maintaining all relevant documentation and data used to comply with the B Corp Certification requirements.</li><li>• Company shall maintain a dedicated member of management as a point of contact within the company for matters related to the company's compliance with B Corp requirements.</li><li>• Company shall establish procedures and roles to ensure ongoing compliance with the B Corp requirements.</li></ul>
	<b>Companies with 250 or more workers</b>	<ul style="list-style-type: none"><li>• Company shall conduct annual internal audits of their management system to confirm ongoing compliance with the requirements, and institute corrective actions, as necessary.</li></ul>

# ® Impact Management Requirements at a glance





# Risk Standards

# Risk Standards

## Risk Standards - Draft Requirements

**Outcome:** B Corps avoid, manage, and/or effectively respond to specific potential negative impacts associated with specific industries or practices, as well as existing or emergent concerns from their stakeholders.

### Requirement:

RS1 Your company meets all specific industry requirements outlined on B Lab’s Controversial Issues page.

RS2 Your company sufficiently avoids or addresses other key topics of stakeholder concern, as evaluated through B Lab’s Disclosure Questionnaire and screening process.

RS3 Your company has sufficient mechanisms in place to receive and adequately respond to, remediate, and provide access to remedy for complaints / grievances from stakeholders.

RS4 Your company does not misrepresent information to B Lab or the public.

RS5 Your company’s lobbying positions are not contrary to the company’s purpose or to an equitable, inclusive, and regenerative economy.

**Scope:** The company’s own operations, value chain (including suppliers and customers), community and products and services.

### Purpose:

While many of the B Corp Certification requirements are focused on “above and beyond” or ‘positive practices’ that highest performing companies need to adopt to be indicative of their leadership, there is also

the need to screen companies for potentially negative and controversial practices as well, many of which are of an even more industry specific and nuanced nature. This requirement is designed to elevate and clarify the existing mechanisms that are already in place for B Corp Certification in order to make them more explicit, and thus also make more companies accountable both in the certification process and once they are a B Corp. These mechanisms include: (1) Our Controversial Issues statements (RS1), (2) Our Disclosure Questionnaire and screening process (RS2), (3) Our complaint mechanism - in which the emphasis here is on company’s own responsiveness and remediation of concerns (RS 3 and 4).

## Guidance / Learn More

### Key Terms

**B Lab’s Controversial Issue Position Statements:** With input from experts and stakeholders, B Lab’s Standards Advisory Council continually evolves risk standards to effectively evaluate the potential negative impacts of different industries, policies, and practices. B Lab’s positions are documented and shared B Lab’s positions on [this page](#) in order to provide full transparency about eligibility for B Corp Certification, as well as to further thoughtful and constructive public discourse.

### References

- [Disclosure Questionnaire](#)
- [B Lab’s Public Complaints Process](#)

# Risk Standards

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>RS1 Your company meets all specific industry requirements outlined on <a href="#">B Lab's Controversial Issues page</a></b>	<b>All Companies</b>	<ul style="list-style-type: none"> <li>Company shall identify any industry or topic where specific standards exist are or in need of development and meet all standards that are included in them.</li> </ul> <p>*B Lab will continue to develop new specific industry requirements on an ongoing basis, and companies who operate in identified industries or practices where new standards are identified, they will not be able to pursue certification until such standards are set.</p>
<b>RS2 Your company sufficiently avoids or addresses other key topics of stakeholder concern, as evaluated through B Lab's Disclosure Questionnaire and screening process</b>	<b>All Companies</b>	<ul style="list-style-type: none"> <li>Company shall complete the Disclosure Questionnaire within the B Impact Assessment, be subjected to a background check as necessary, and undergo a review of any specific practices that have been flagged to determine eligibility for the certification.</li> </ul>



# Risk Standards

REQUIREMENT	WHICH COMPANIES	HOW TO MEET THE REQUIREMENT
<b>RS3 Your company has sufficient mechanisms in place to receive and adequately respond to, remediate, and provide access to remedy for complaints / grievances from stakeholders</b>	<b>All Companies</b>	<ul style="list-style-type: none"> <li>Company shall have grievance / complaint mechanisms in place for workers and other stakeholders and be able to demonstrate how the grievances are reviewed, responded to and remediated (when necessary). <ul style="list-style-type: none"> <li>Note: Small and medium companies may not need a full grievance mechanism, but could be expected to either respond to complaints received by B Lab or should post contact information on their website (phone number, email address or contact form) and demonstrate how grievances are reviewed, responded to and remediated (when necessary).</li> </ul> </li> </ul> <p>*B Lab will continue to maintain a public complaint mechanism to ensure companies are held accountable in addition to requiring companies to have their own mechanisms.</p>
<b>RS4 Your company does not misrepresent information to B Lab or the public</b>	<b>All Companies</b>	<ul style="list-style-type: none"> <li>Company shall attest to the honesty and accuracy of information and documentation provided to B Lab. Evidence of misrepresentation will lead to ineligibility / removal of the certification.</li> <li>Company shall follow responsible marketing and branding guidelines, with no significant litigations related to company's marketing claims.</li> </ul>
<b>RS5 Your company's lobbying positions are not contrary to the company's purpose or to an equitable, inclusive, and regenerative economy</b>	<b>All Companies</b>	<ul style="list-style-type: none"> <li>Company shall disclose to B Lab if and how they're involved in lobbying (including participation in trade and industry associations) and share the objective of such engagements and such bodies.</li> <li>If company's lobbying activities are not aligned with their purpose and the spirit of B Corp Certification, they will not be eligible for certification.</li> <li>The company shall review its association memberships to confirm that the association does not take positions that are in opposition to the company's purpose or the B Corp certification. If there is a conflict the company leaves the association or is actively engaged in efforts for the association to change its position.</li> </ul>



## 4. Appendix

# Appendix I. Glossary

**Workers:** Full-time, part-time, temporary workers, and qualifying independent contractors, calculated on a full-time equivalent (FTE) basis. It follows the same definition for size track determination in the B Impact Assessment which you can learn more on how to calculate [here](#).

**Sectors** (e.g., service with minor environmental footprint, agriculture): Same definitions used in the B Impact Assessment for track determination, which you can review [here](#).

**Value chain:** range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use (GRI).

- Note 1: Entities upstream from the organization (e.g., suppliers) provide products or services that are used in the development of the organization's own products or services. Entities downstream from the organization (e.g., distributors, customers) receive products or services from the organization.
- Note 2: The value chain includes the supply chain.
- Note 3: For Climate Action the value chain definition of the GhG Protocol applies, where “value chain” refers to all of the upstream and downstream activities associated with the operations of the reporting company, including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use (GhG Protocol).

**Supplier:** entity upstream from the organization (i.e., in the organization's supply chain), which provides a product or service that is used in the development of the organization's own products or services (GRI).

**Supply chain:** range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services (GRI).

**Community:** term used to define the scope of the requirements and refers to the people affected by a company's operations without having any formal relation to them (e.g. people living near a factory).

# ⓑ Appendix II. Key Considerations that have Informed the Draft Development

## On Contextualization of the Standards

Contextualization of the standards came up as an important theme repeatedly during the stakeholder engagement process in 2021 and 2022. Aligned with the objectives of increased impact, clarity and responsiveness of the standards, **one of the key aspirations of the review of the performance requirements is to have a meaningful degree and quality of contextualization of the standards for B Corp Certification.** When contextualizing the standards, there is always a need to balance flexibility with prescriptiveness - as giving companies complete flexibility could help in factoring their unique context more easily, but the lack of prescriptiveness could affect the universality and comparability of our standards and the ability to verify it.

In this draft version of the performance requirements, we have maintained the universality of spirit and vision towards the goals within each topic, but have also included an early demonstration of some ideas on what contextualization could look like for different groups of companies in the following ways:

- Maintaining universal outcomes and requirements as far as possible to have common goals that unify the community.
- Contextualizing based on three key company characteristics: size (determined by number of workers), geography and sector. This approach is broadly aligned with the current approach in the B Impact Assessment, which provides a degree of continuity and familiarity.
- In some topics, we've also developed some initial guidance that implies a company must meet 'at least x of the following,' as a way of maintaining a focus on concrete actions while recognizing the need for some flexibility for better contextualization.

- Having high-level guidance that is contextualized in the section "How to meet the requirements?" to give an early idea about how the requirements could show up for different companies. These are based on:

- 1. Company size:** some requirements vary depending on size categories (e.g. 0, 50, 250 or 1000 workers). The categories follow globally-accepted definitions for micro, small, medium and large companies, with some topic-specific deviation (e.g. under Climate Action, 500 workers is used as a threshold as that is most commonly used by leading organizations in the climate space). How these categories are defined and how they impact the requirements will be tested and further refined.
- 2. Company sector:** currently the most notable contextualization by sector is to differentiate requirements for companies. This will subsequently need to be developed further through consultations, testing, and additional iterations (e.g. companies in the service sector with minor environmental footprint are not required to have a supplier engagement framework on social and environmental topics, but an action that is instead considered more meaningful for such companies is a sustainable procurement guide.)
- 3. Geography:** The contextualization for geography is not yet visible in the drafts, as the feedback from the stakeholder engagement so far has been mixed and inconclusive. Geography could possibly impact topics where value chain impact is considered, e.g. Climate Action.

# ⓑ Appendix II. Key Considerations that have Informed the Draft Development

## **On Continuous Improvement**

During the stakeholder engagement process we learned that stakeholders consider continuous improvement as a cornerstone of the B Corp Certification. In the draft of the performance requirements, continuous improvement is incorporated in the following ways and we will continue developing its details in further iterations:

- Most requirements inherently require ongoing action and improvement, which will be verified at recertification (e.g. setting a net zero target and demonstrating progress annually, ongoing action for identifying and managing salient human rights issues). In such cases, the draft of the requirements, specifically outlines expectations for the requirements at a given time interval (e.g. at recertification).
- Within the topic of Impact Management, companies set goals on other material topics (as you will see in the draft, either focused on the operational sections or on Impact Business Model sections), against which companies need to demonstrate progress to recertify.



# Ⓑ Appendix II. Key Considerations that have Informed the Draft Development

## **Balancing Leadership with Feasibility**

While the purpose of B Corp Certification is to recognize leaders, when developing a set of standards on ten distinct topics, it is necessary to explore ambition and leadership in an aggregated sense across the collection of ten topics, in addition to what leadership looks like only on individual topics.

- For example, if each of the ten topics were to have extremely ambitious requirements then even if a company could meet a few of them, in a collective sense, such a set of requirements could become too difficult for companies.

Further, there are already standards and frameworks that recognize leadership on specific topics and so, in tune with the spirit of a comprehensive approach, our goal is to think of leadership in an aggregate and collective sense with individual topics' requirements having varying levels of ambition.

- This means that for any given standard, there are likely to be more ambitious actions that a company could take above and beyond what is prescribed, and in the future we will aim to share examples and guidance on what those practices look like.

The goal is to also assess the rigor and feasibility of the standards, during the upcoming consultation period.

# Ⓑ Appendix III.

If you'd like to read the survey questions ahead of time, please refer to [this PDF of questions for B Corps](#) and/or [this PDF of questions for the general public.](#)



# Thank you

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