



Achieving B Corp Status Through Pathway 2

A Guide for Controversial Industries

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- ◆ Lives in Pleasanton, CA.
- ◆ Over 25 years in business and marketing with the last 13 years at Sensiba
- ◆ Led the initiative to attain our firm's certified B Corporation status
- ◆ Founder of Sensiba's Sustainability Practice
- ◆ Current Governance Chair of B Local Bay Area
- ◆ BA, from CSEB in Graphic Design and Photography
- ◆ DEI certificate from Cornell
- ◆ SEP credential from the International Society of Sustainability Professionals
- ◆ Personal hobbies: CrossFit, singing, and spending time in the redwoods.



Firm Overview



Tax

Business, International, Private Wealth,
Research & Development Tax Credit,
State & Local, Estate & Trust



Consulting

Outsourced Accounting, Lease
Accounting, Family Office



Audit

Financial Statement Audits, Reviews &
Compilations, Benefit Plan Audits, Internal
Audit, Sarbanes-Oxley Compliance



Risk Assurance

HIPAA, SOC Reports, ISO
Certification, NIST, Penetration
Testing



Software

BlackLine, Sage Intacct,
QuickBooks, ERP, Finance
Automation



Sustainability

Double Materiality Assessments, GHG Services,
Impact Reporting, B Corp Certification Consulting,
Outsourced Sustainability and CSO Services

40+

Years in Business

8K+

United States &
International Clients

1K+

Community Service
Hours Each Year



Agenda

Our discussion today...

- What are B Lab's Controversial Industries?
- What are the different Pathways?
- Our own experience with Pathway 2
- Policies needed for Pathway 2



What are B Lab's Controversial Industries?



B Lab's Controversial Industries

- ◆ B Lab classifies certain sectors as "controversial industries" due to their potential for adverse social or environmental impacts.
- ◆ Companies operating within or serving clients in these industries must meet additional eligibility criteria for B Corp Certification.

[More information on Controversial Industries.](#)



B Lab's Controversial Industries

Defining the nature of certifying company involvement in controversial or ineligible industries



Examples of How a Company May Be Classified

Associated

- ◆ Toilet paper company selling its products to a tobacco company.
- ◆ Company installing access ramps in a fossil fuel facility.
- ◆ Flower shop selling plants to the defense sector.

Linked

- ◆ Corporate wellness company hired to provide its services to employees of a pharmaceutical group.
- ◆ Hiring agency helping a charity lottery to recruit new employees.
- ◆ Bookkeeping services to a nuclear power plant.

Contributing

- ◆ Company sells/rents drilling equipment to fossil fuel companies.
- ◆ Legal firm representing its mining clients in litigation cases related to their negative social or environmental impacts.
- ◆ Marketing agency working with gambling clients.



Controversial Industries

Adverse Impacts

- ◆ Charity lotteries
- ◆ Debt collection agencies in emerging markets
- ◆ Nuclear power or radioactive materials
- ◆ Mining
- ◆ Pharmaceuticals
- ◆ Recreational marijuana



Ineligible Industries

Acting Against The B Lab Theory Of Change

- ◆ Fossil fuel producers
- ◆ Gambling
- ◆ Pornography
- ◆ Prisons and detention centers (including labor)
- ◆ Tobacco (including all nicotine products)
- ◆ Weapons and Defense



What Are The Different Pathways?



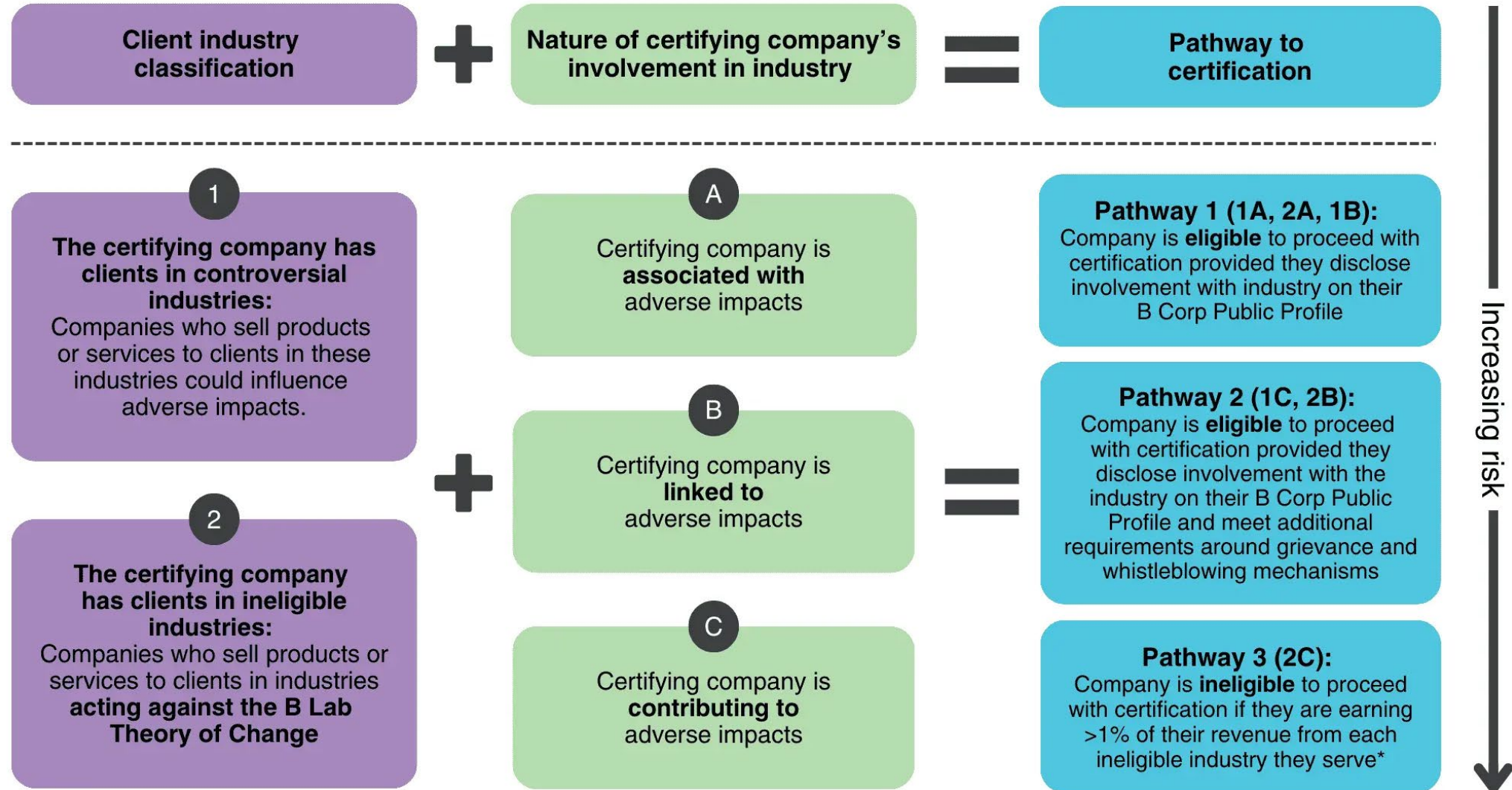
Pathways for Certification

- ◆ The pathways demonstrate the requirements a company with clients in controversial or ineligible industries must meet in order to certify, based on the industry categorization of the client, and the nature of the certifying company's involvement.

[More information on the Pathways.](#)



Pathways for Certification



Pathway 1

The company is eligible to proceed with B Corp certification, provided they disclose involvement on their public B Corp profile.

Applicable for:

- ◆ Companies with clients in controversial industries who are linked to adverse impacts, OR
- ◆ Companies with clients in controversial and ineligible industries who are associated with adverse impacts, OR
- ◆ Companies with past clients in ineligible industries in the last 5 years but not serving them anymore.



Pathway 2

Requiring companies to disclose involvement on their public B Corp profile AND set up a grievance/complaints mechanisms and have a whistleblower protection policy.

Applicable for:

- ◆ Companies with clients in ineligible industries that are linked to adverse impacts, OR
- ◆ Companies with clients in controversial industries that are contributing to adverse impacts, OR
- ◆ Companies with clients in ineligible industries that are contributing to adverse impacts with less than 1% of revenue from these industries.



Pathway 3

Companies who submit their B Impact Assessment on or before 18 February 2025, including companies undergoing recertification who initially certified before this date, will be eligible for certification as long as they meet the same requirements as Pathway 2 and will be given one recertification cycle to reduce their total revenue from each ineligible industry to <1%.

Applicable for:

- ◆ Companies with clients in ineligible industries that are contributing to adverse impacts with more than 1% of revenue from each industry.



The Controversial Industries Disclosure Worksheet

- ◆ **Preliminary Questions Tab** (*Sampling of questions.*)

- ◆ What is the nature of the company's work with clients in controversial industries?
- ◆ Does the company have a position on working with clients in sensitive industries?
- ◆ Does the company have any policies or practices in place for carrying out due diligence of clients?

- ◆ **Risk Review Tab** (*Sampling of questions.*)

- ◆ Please provide the name and link to the website of the clients in each affirmative industry.
- ◆ A summary of the nature of the work provided.
- ◆ How often has the company worked with these types of clients in the last five years?
- ◆ % of company revenue from client(s) in the controversial industry in each of the past 5 years.



Tips From Our Own Experience With Pathway 2



How Did Sensiba Get Through Pathway 2?

- ◆ The controversial industries that Sensiba serves represented less than 1% of our revenue.
- ◆ We agreed to publicly disclose the industries we have clients in on our B Corp directory page.
- ◆ We have a robust Whistleblower and Grievance policy that takes all stakeholders into account.
- ◆ We publicly posted our grievance policy on our website for all to view and reference.



The Two Policies Needed in Pathway 2



Grievance Policy & Complaints Mechanism

The company publishes on its website a grievance form and/or other means for stakeholders to contact them to raise a grievance. These may include:

- ◆ A general email address for all queries
- ◆ A whistleblower or ethics hotline
- ◆ Business-to-business contract clauses with dispute resolution provisions
- ◆ “Open-door” or “speak up” policies for workers
- ◆ Suggestion or feedback boxes, or other worker voice tools
- ◆ Direct stakeholder engagement
- ◆ Worker committees
- ◆ A customer services department
- ◆ Trade unions and industrial relations processes
- ◆ Consumer complaints mechanisms
- ◆ Code of Conduct requirements for supplier mechanisms
- ◆ Audit processes, including worker interviews
- ◆ Community outreach and engagement



Grievance Policy & Complaints Mechanism

- ◆ The company provides stakeholders who submit a grievance with information about its grievance process, which includes:
 - ◆ Grounds for accepting a grievance
 - ◆ Grievance process steps and targeted deadlines for managing a grievance
 - ◆ How a resolution will be facilitated
- ◆ The company responds to stakeholder grievances by either:
 - ◆ Regularly communicating each step and its outcome in the process for seeking a resolution to the grievance and confirming when a resolution to addressing the grievance has been achieved OR
 - ◆ Providing a rationale as to why the issue raised was not accepted as a grievance.
- ◆ The company describes the processes and controls in place to protect stakeholders who raise grievances from any form of retaliation.



Whistleblower Protection Policy

The Whistleblower Protection Policy needs to ensure stakeholders' protection from any form of retaliation for using the Grievance/ Complaints Mechanism. This means implementing measures to enforce confidentiality and assess potential risks to stakeholders. The policy needs to include:

- ◆ The company's commitment to protecting whistleblowers from retaliation.
- ◆ Consequences in case retaliation of whistleblowers is identified.
- ◆ Mechanisms in place to ensure whistleblower protection.



Whistleblower Best Practices

- ◆ Informing those raising grievances about who will need to be involved or informed at the outset.
- ◆ Seeking consent before sharing information with additional parties.
- ◆ Maintaining confidentiality regarding the outcome of the process.
- ◆ Enhanced training for those handling the grievance procedure.
- ◆ Enforcing disciplinary action in cases of confidentiality breaches.
- ◆ Collaborating with independent third parties to assess risks for vulnerable stakeholders.





Post-Event Email

You will all **receive an email** containing a copy of **this presentation**, a link to the **video recording**, and **templates for the two policies** mentioned.

Please adjust the templates to fit your organization and good luck on your B Corp journey!



Thank you.

Questions?

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