



# Certification Scope Requirements

Version 1.1



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## Record of Revisions

This document is periodically updated based on implementation experience, feedback, regulatory requirements and/or emerging good practices. It is the responsibility of the document reader to ensure use of the latest version of the document.

**Table 1:** Record of Revisions of the Scoping Requirements.

Version	Publication date	Implementation date	Revisions
V1.0	November 2025	November 2025	Document released
V1.1	January 2026	January 2026	<a href="#">Chapter 3</a> updated <a href="#">Chapter 7</a> added



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# 1. Introduction

## 1.1 B Lab

B Lab™ is a nonprofit organization on a mission to transform the global economy to benefit all people, communities, and the planet. As a leader in economic systems change, B Lab's global network creates standards, policies, tools, and programs for business.

Since 2006, B Lab has built a community of leading companies, known as B Corps, which are certified against the B Lab Standards across key social, environmental, and governance areas. B Lab mobilizes the global B Corp community towards collective action to address society's most critical challenges, collaborating with governments, academia, coalitions, and other institutions to drive economic systems change.

## 1.2 About This Document

This document contains the requirements and guidance for defining a company's certification scope for B Corp Certification against the B Lab Standards. These requirements apply to all companies seeking B Corp Certification, regardless of their size, structure, or complexity.

The certification scope defines the entities, sites, and activities included under a single self-assessment and certification. This normative document applies to all applicants and certified companies. It outlines essential requirements, instructions, and guidance to help companies understand the certification scope requirements which shall apply to them.

The following terms are used throughout this document:

“shall” indicates a requirement

“should” indicates a recommendation

“may” indicates a permission

“can” indicates a possibility or a capability

### Enquiries or feedback

To submit enquiries or feedback on this document, please contact [B Lab Global](#).

Further supporting materials to assist with the implementation of the requirements in this document can be found on the [Knowledge Base](#) available on the B Lab website.



## 2. Certification Scope Requirements

These requirements apply to all companies seeking B Corp certification, regardless of their size, structure, or complexity. The certification scope defines the entities, sites, and activities included under a single self-assessment and certification. It establishes the boundaries within which a company will be audited and certified. For companies with multiple legal entities, sites or operations, the scope determines which entities, sites or operations can be certified together under a single certification and single assessment. The rules in this document ensure that certification requirements are applied consistently across companies.

If a company has a complex organizational structure, B Lab may review the company's profile on a case-by-case basis to determine a tailored certification scope that best aligns with the intent and requirements. The outcome of such a review shall be a scope statement with a documented rationale approved by B Lab, ensuring consistency and fairness across applicants.

### 2.1 Control Requirements

2.1.1 The company shall include all of the following that it controls:

- a. Legal entities
- b. Sites
- c. Business activities and operations

#### Definition

**Control** means having authority over an entity's leadership or being directly involved in their daily operations and decision-making, including the ability to direct or manage their business activities. This could show up as financial control (e.g., financial consolidation) or managerial control (e.g., executive team makes decisions over that business).

Control can be exercised in several ways. If a legal entity meets either of the control criteria listed below, they shall be included in the certification scope.

### 2.1.2 Consolidated or Controlled Legal Entities Requirements

2.1.2.1 The company shall include all majority owned (>50%) legal entities, including subsidiaries, within their certification scope if:

- a. The legal entity is financially consolidated in the company's accounts; or
- b. The company exercises control over the legal entity's operations, whether or not they are financially consolidated.

#### Definition

A **subsidiary** is a specific type of legal entity that is owned and controlled by another company, known as the parent or holding company. Control is typically established through the parent's ownership of more than 50% of the subsidiary's voting rights or shares, or



through other mechanisms such as the ability to appoint the majority of the board or direct key management decisions.

2.1.2.2 Investment funds that are purely created to hold investment capital of investors, and are legally exempt from financial consolidation, may be excluded from the certification scope.

2.1.2.3 The company may exclude recently acquired legal entities from their certification scope, only if the acquisition was finalized less than 12 months from the delivery of the company's scoping memo. If the company's acquisition has been finalized for longer than a 12-month period at the time the company receives its scoping memo, it would need to be included in the scope of the current certification term. This rule applies to companies of all sizes, and for new certifications and recertifications alike.

### 2.1.3 Controlled Affiliated Legal Entities

Affiliated entities are legal entities linked through common ownership, branding, joint ventures, or shared operations.

#### Requirements

2.1.3.1 The company shall include affiliated legal entities in scope if they exercise control via executive management of the entity.

#### Guidance

If the company's executive team is responsible for the affiliated entities operations, and makes key decisions that affect their business activities, this constitutes control for the purposes of certification, and those affiliated entities must be included in scope. Examples of affiliated entities could be sibling-related companies, companies having common shareholdings owned by individual(s), or joint ventures. Indicators of control may include:

- There are shared day-to-day business activities
- There is a shared executive team
- The company exercises a majority of control over the entity. For example, in the case of a joint venture

## 2.2 Independence Criteria

### Requirements

2.2.1 A company shall meet the following Independence criteria to be eligible for B Corp Certification:

- a. The company shall operate under a unified single Sustainability Management System
- b. The company shall have executive accountability, distinct reporting, distinct branding, and legal accountability (requirements for each are outlined below).

### Definition



**Sustainability Management System** means a framework of policies, processes, and practices integrated into an organization's operations to manage their environmental, social, and governance (ESG) responsibilities effectively. It enables continuous improvement by systematically identifying sustainability impacts, setting objectives, implementing actions, monitoring performance, and engaging stakeholders—all aligned with the organization's strategic goals and in compliance with legal and voluntary standards.

An effective sustainability management system shall contain:

- **Governance:** Clearly defined roles, responsibilities, and decision-making authority over sustainability policies, procedures, goals, objectives, and budgets.
- **Objectives and Action Plan:** Clearly defined sustainability goals supported by a structured action plan outlining steps, timelines, and key performance indicators (KPIs).
- **Policies and Procedures:** Documented sustainability-related policies and operational procedures applicable across relevant areas.

## 2.2.2 Sustainability Management System

### Requirements

2.2.2.1 A company shall have a single sustainability management system covering all the controlled entities and/or sites within scope, and have authority to develop and implement the associated policies, practices and procedures required by the B Lab Standards.

2.2.2.2 In the case of corporate groups, the company applying for certification shall have authority to develop and implement policies and practices in their operations separate from their out-of-scope parent. They shall have the ability to change their policies and practices, without the out-of-scope parent's approval, to comply with the B Lab Standards.

2.2.2.3 For companies within a corporate group that lack clear authority to develop and implement policies and practices, B Lab may require a Commitment Letter signed by the corporate parent to ensure their ability to address non-compliance.

## 2.2.3 Executive Accountability

### Requirements

2.2.3.1 The company shall have an independent executive team, including a chief executive or equivalent, who has the authority to develop and implement policies, processes, and procedures to meet the B Lab Standards. This means the company's executive team has authority over their sustainability management system.

2.2.3.2 The independent executive team shall be accountable for all of the operations reflected on the profit and loss statement (P&L) and whose salaries are reported in, or cross-charged, to said P&L.

2.2.3.3 Where there is a shared executive team across multiple affiliated entities, the company still may meet this criteria if they track the time spent working, which is cross charged to the applicant company's P&L.



## Definition

**Authority** means the ability to establish, approve, and enforce company-wide policies and procedures, as well as ownership and oversight of the centralized management system through which they are implemented. Authority may be exercised through formal structures such as executive leadership, corporate governance frameworks, or parent company control, and is evidenced by decision-making power over operational standards, strategic priorities, and sustainability practices across one or more entities.

## 2.2.4 Legal Accountability

### Requirements

2.2.4.1 The company shall be a distinct legal entity operating as a private-sector business, according to B Lab's eligibility criteria.

2.2.4.2 The entity shall have authority to adopt B Lab's legal requirement in jurisdictions where the legal pathway is available.

2.2.4.3 Sole proprietors may be eligible for certification even if they do not operate as an incorporated or formally registered legal entity. To qualify, the sole proprietor shall have the legal authority to sign the B Lab Agreement in their personal capacity, and must demonstrate managerial accountability over the operations included in the certification scope.

## 2.2.5 Distinct Reporting

### Requirements

2.2.5.1 The company shall have the ability to provide comprehensive reporting on all aspects of their operations, including both financial and impact performance.

2.2.5.2 Financial reporting: The company must be able to produce a separate profit and loss statement (P&L) that matches the operations of the organization being certified. If part of a corporate group, the company may at minimum, produce a shadow P&L that encompasses all the operations included in scope. Any shared resources, such as employees or executive team members, must have their time appropriately tracked and allocated, with costs cross-charged to the relevant P&L.

## Guidance

Sometimes subsidiaries do not produce their own profit and loss statement (P&L) as their finances are consolidated at the level of the parent.

In cases where a company does not produce its own P&L, B Lab requires that it be able to produce, at a minimum, a shadow P&L covering all operations within the scope of certification.

A shadow P&L is an internal financial report that mirrors a company's official P&L, but is not part of the formal accounting records. It is typically used for internal performance evaluation, for example, to assess the profitability of a specific business unit, cost center, product line, or project, based on allocated revenues and costs. A shadow P&L generally



includes standard financial metrics such as net sales, cost of goods sold, operating expenses, and profit.

2.2.5.3 Impact reporting: The company must be able to measure and report on the social and environmental performance of all in-scope operations, and be able to provide evidence in the self-assessment and audit. Where there is common data with out-of-scope entities, the company must be able to identify data metrics specific to the operations within the certification scope.

## 2.2.6 Distinct Branding

### Requirements

2.2.6.1 The company shall have a distinct company name. If they share a name with any affiliated out-of-scope entities, they shall have a distinct qualifier, such as a geographic, industry or other name qualifier. Companies sharing a brand name with out-of-scope entities may still be eligible under certain brand restrictions, cases will be reviewed at B Lab's discretion.

2.2.6.2 The company should have their own independent website.

### Guidance

To ensure the B Corp intellectual property and certification claims are only used by the applicant company and their entities within the certification scope, the applicant company must have their own distinct public name or brand from any affiliated out-of-scope entities.



## 3. Site Scope Requirements

Sites under a company's operational control may be owned or leased. The rules in this section determine which sites must be included in the company's scope for B Corp Certification.

### Requirements

3.1.1 Sites shall be considered in scope if the company has operational control over them, defined as the authority to introduce and implement operating policies and practices.

3.1.2 Sites where the company does not have operational control shall be considered out of scope.

### Guidance

Sites under a company's operational control may be either owned or leased. A company is expected to have operational control over any site that it (or its subsidiary) operates with its own employees and business activities, except in rare cases where operational control is limited by external factors.

### Site Examples

In-scope:

- An owned manufacturing facility where your company sets and enforces its own operating policies for employees and facilities.
- A leased office space where your company controls how employees work and applies its own policies and procedures.
- Real estate properties held as long-term investments where your company manages day-to-day operations and has decision-making authority.

Out-of-scope:

- A location where employees are hot-desking without a designated office or floor, and where your company cannot control policies or procedures in shared spaces. The employees in this co-working space would be treated as 'remote employees'.
- A concession or counter in a department store where staff are employed by the store, not your company, and operational decisions are made by the store.
- Real estate properties that are developed solely for sale, where the company does not retain control over operating policies once construction is complete.

Companies shall include all sites where they are able to implement policies and procedures within reason. Any sites excluded from the certification scope must be accompanied by a justification. Sites that are excluded from scope, shall not use the B Corp IP. If there is any uncertainty about whether a site should be included, the company should consult with B Lab.

### 3.1.3 Multisite Companies Requirements



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3.1.3.1 To include multiple sites (two or more) in a single certification scope, the company shall implement and follow the requirements detailed in [Certification Process Requirements for B Corps](#) section *Appendix B Requirements for Companies with Multiple Sites*.

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## 4. Business Activities and Operations

### Requirements

4.1.1 All business activities where the company exercises operational control shall be in scope, regardless of whether these operations are taking place within a site that the company has operational control over. This includes employees on the payroll of an in-scope legal entity.

### Guidance

#### **Business Activities Examples**

If the company's employees work in a leased retail space within an airport where the company has no operational control over building systems, the site is out of the certification scope. However, the employees are still in scope, because they are on the payroll of an in-scope legal entity. Since they are not tied to a specific site, they would be classified as remote employees.



## 5. Legal Scope Requirement

### Requirements

5.1.1.1 As a rule, companies shall meet the Legal Requirement for B Corp Certification at the highest level fiduciary in a company's organizational scope, unless B Lab has reviewed and given express permission otherwise.

5.1.2.1 B Lab may require the company to complete the Legal Requirement at a higher entity level above the operational company seeking certification.

5.1.2.2 Holding companies, including non-operational and non-trading companies, that wholly own (99% owned or more) the certifying company, and do not consolidate and control any other uniquely branded independent businesses, will be considered to exist for the sole purpose of owning the certifying entity and shall be required to be in scope for the purpose of completing the Legal Requirement.

5.1.2.3 Companies shall also meet the Legal Requirement for Certification for any entity within the scope of certification that is not wholly owned (less than 99%) by either:

- a. The highest-level fiduciary included in the scope, or
- b. Another company that has already completed the Legal Requirement for Certification.

5.1.2.4 While not required, a wholly owned subsidiary of a certifying entity can also complete the legal requirement if it wishes to do so, but the requirement must be covered by its parent.

5.1.2.5 Company cases may be reviewed by B Lab on a case-by-case basis to decide the most appropriate legal entities in the company's organizational structure to adopt the legal requirement.

### Guidance

The inclusion of non-operational entities within the certification scope is presumed not to significantly impact the company's self-assessment. This is due to these entities being non-operational, and therefore not conducting active business operations, and without employees or revenue of their own. Their inclusion primarily impacts how the company meets the Legal Requirement, rather than the assessment outcomes themselves.

This approach of embedding the Legal Requirement at the highest level entity in scope, including non-operational holding companies, supports the principle of accountability embedded in the Legal Requirement for certification. In cases where a holding company's board has the authority to replace the board of a subsidiary, accountability ultimately rests with the shareholder (or managing member, or equivalent for other entity forms). Since wholly owned subsidiaries lack external shareholders to enforce accountability, our rules are based on the understanding that responsibility for compliance with the Legal Requirement lies with the entity that holds this authority.



## 6. Track Requirement

### Requirements

6.1.1 Companies shall complete a single self-assessment per certification, reflecting the requirement to operate under a unified sustainability management system. This sustainability management system must include a harmonized policy framework and consistent governance practices across all certified operations.

6.1.2 The self-assessment responses shall account for all legal entities, sites, and business activities included within the certification scope.

6.1.3 Companies will be assigned to a single sector track per self-assessment based on existing revenue thresholds ([see sector thresholds Knowledge Base Article](#)).

6.1.4 The company's track shall be updated regularly. Each year, the company will be prompted to update their Financial Year revenue, and prior to their next audit they will need to confirm any changes to their track details, such as sector or industry.

## 7. Certification Pathway for Corporate Groups

This chapter establishes the requirements and pathways for companies seeking certification when they are part of a larger corporate group. While certification is intended for independent companies, the relationship with affiliated businesses and out-of-scope entities within its group may introduce additional considerations regarding scoping, corporate accountability, and brand management. The specific certification strategy will depend on the corporate group's structure and overall certification objective:

- **7.1 Certification Pathway for Decentralized Corporate Groups:** Defines the requirements for groups where multiple distinct sustainability management systems operate, necessitating independent certification for each management system cluster.
- **7.2 Certification Pathway for Centralized Corporate Groups:** Outlines the strategy for large groups seeking to achieve comprehensive certification gradually through an incremental process, starting with individual subsidiaries or groups of entities.
- **7.3 Certification Pathway for a Same-Name Company:** Specifies the additional requirements imposed when a certifying company shares a brand name with affiliated companies to ensure comprehensive corporate accountability and mitigate reputational risk.

Each certification pathway, including its specific requirements and implications, is outlined in detail within the subsequent sections of this chapter.

### 7.1 Certification Pathway for Decentralized Corporate Groups

For a corporate group that operates with more than one sustainability management system, certification must be sought for each distinct management system, i.e., each cluster of entities that operate under a shared management system will need to be certified. Such groups are referred to as decentralized companies. Comprehensive group-wide certification is achieved once each cluster of entities have obtained their independent certification.

There are two overarching scoping requirements to certification:

- **Rule 1:** A company must include all entities under their control in the certification scope.
- **Rule 2:** All entities within a certification scope must meet B Lab's Independence Criteria (see section 2.2), which includes operating under a single sustainability management system.

#### Requirements

7.1.1.1 In scenarios where the two rules cannot be met simultaneously, **Rule 2** shall take precedence over **Rule 1**. This means that meeting B Lab's Independence Criteria and maintaining a single sustainability management system within a certification scope is the primary requirement, even if it necessitates the creation of multiple independent certifications to cover all entities controlled by the company.

7.1.1.2 The certification of a parent company is contingent upon the certification of its constituent clusters. In cases where multiple certifications are required under Rule 2, the parent company



shall not be granted certification until all identified independent certifications for its subsidiaries have been successfully obtained.

### **7.1.2 Subsidiary Certification Suspension or Withdrawal**

Due to legal ownership and financial consolidation, the certification status of a parent company will be contingent upon the continued certification and good standing of a subsidiary that is part of the same corporate group.

Should a certified subsidiary lose or discontinue their certification, it will directly impact the certification status of their parent even though they hold separate certifications independent of one another.

#### **Requirements**

7.1.2.1 If a certified subsidiary is issued a major non-conformity by the Assurance Provider, B Lab shall notify the parent company.

7.1.2.2 If a certified subsidiary has their certification suspended, as per section 4.8.1 of the [Certification Requirements for B Corps](#), the subsidiary has a period of up to six months to remediate before their certification is withdrawn. B Lab shall notify the certified parent company of the subsidiary's suspended certification status and shall encourage the parent to provide assistance to the subsidiary for remediation, due to the dependency on their own certification.

7.1.2.3 The withdrawal of the certified subsidiary's certification shall result in the consequent suspension of the parent company's own certification. As per section 4.8.1 of the [Certification Requirements for B Corps](#), the parent has a period of up to six months to remediate before their certification is withdrawn.

7.1.2.4 If a certified subsidiary's certification is withdrawn solely because the subsidiary converts to a legal structure that is incompatible with B Lab's eligibility requirements (such as a registered non-profit organization, or CIC with full asset lock), then the withdrawal of the subsidiary's certification shall not impact the certification status of the parent company. This does not include a breach of eligibility requirements when the subsidiary's practices or operations fail to meet B Lab's eligibility criteria (e.g., the subsidiary becomes an arms trader).

#### **Guidance**

These rules exist due to the legal and financial structure of corporate groups. While a parent company and its subsidiaries may hold independent B Corp Certifications, their close relationship means that their entities are linked to each other and in turn, so is their B Corp Certification.

B Corp Certification is a comprehensive, holistic assessment of a company as the 'sum of all its parts,' and this applies to corporate groups as well. This approach is intended to prevent companies from certifying only the best-performing parts of their corporate group.

The parent company has the ultimate responsibility to ensure its certified subsidiaries maintain their independent certification. Essentially, the parent's certification relies on the

ongoing, good-standing status of its certified subsidiaries. The established suspension time frame provides the parent company with an opportunity to step in, offer support, and help the subsidiary remediate and regain its certification status.

The below graphic illustrates the dependency drawn between a parent and its subsidiary when structured under multiple certifications.

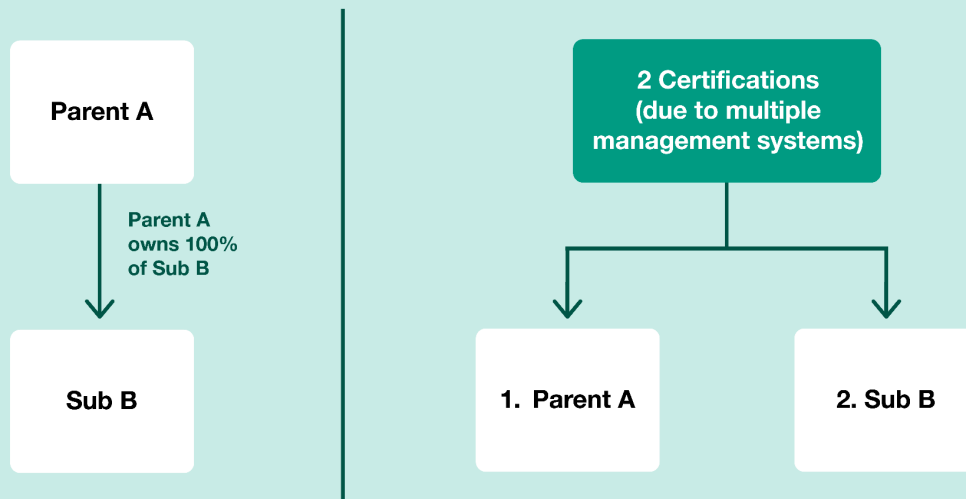


Figure 1, Parent A wholly owns Sub B, and has financial and managerial control over the subsidiary. Due to the presence of multiple management systems, they must have two independent certifications.

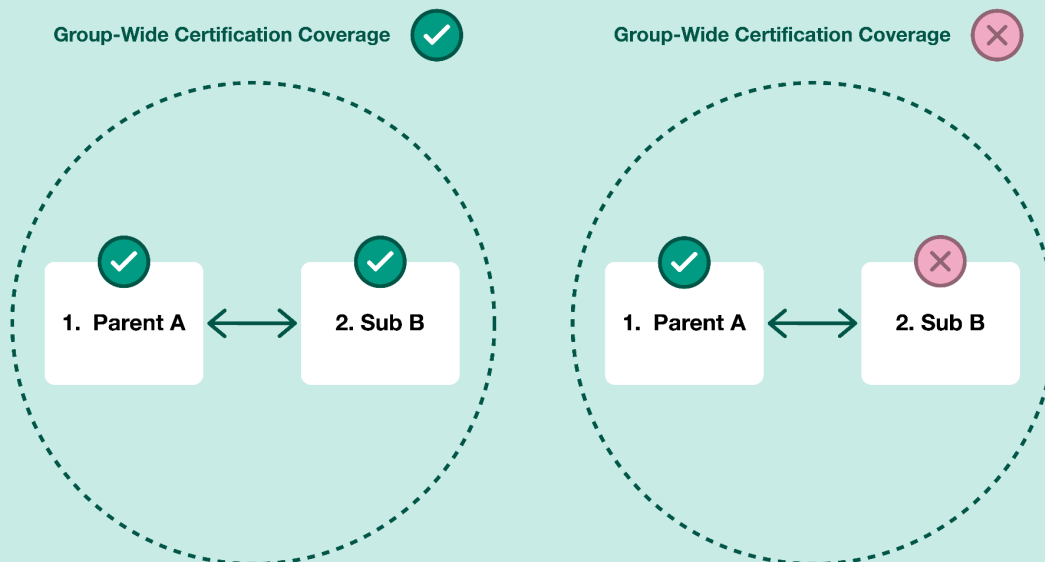


Figure 2, shows the dependency drawn between the two independent certifications. The certification status of a parent company will be contingent upon the continued certification and good standing of a subsidiary that is part of the same corporate group.



The below graphic displays the timeline based on the requirements 7.1.2.1, 7.1.2.2 and 7.1.2.3.

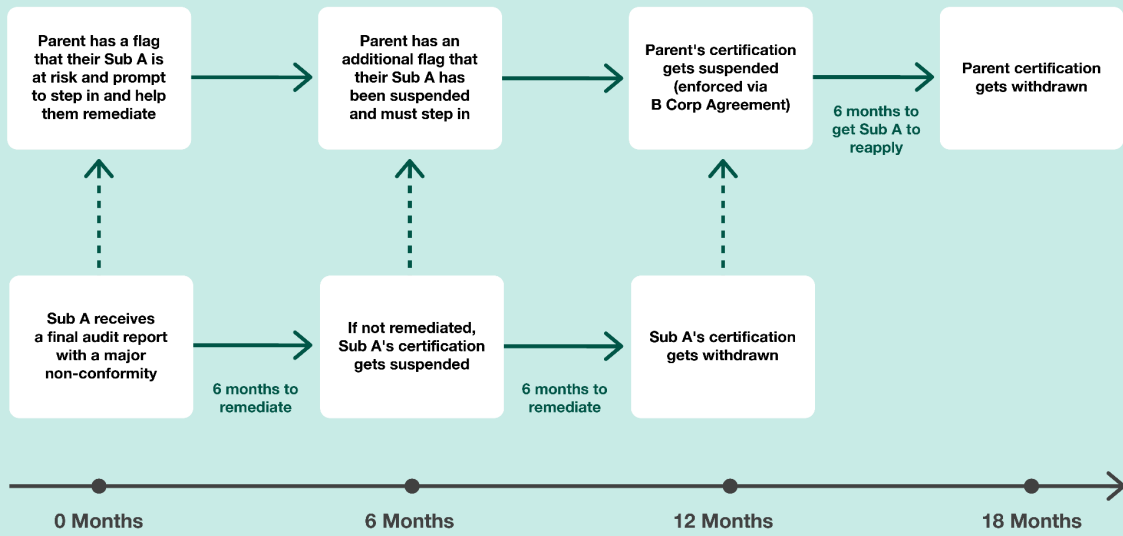


Figure 3, timeline for subsidiary and parent certification suspension and withdrawal.

### 7.1.3 Track Size

#### Requirements

7.1.3.1 When determining the track size for the certification of the parent company and headquarters (HQ) functions, the size of the *entire corporate group* shall be used to calculate the certification track for the parent (HQ). This calculation shall be based on the total revenue or the total number of workers (whichever is lesser) across all entities within the corporate group.

7.1.3.2 The track size selected for any other certifications that are part of the group, shall be selected based on the actual size of that subsidiary.

#### Guidance

When a corporate group undergoes multiple certifications (e.g., four independent certifications), only the certification that includes the parent entity (HQ) shall be assigned to the track corresponding to the overall group size.

Each subsidiary certification shall be assigned to a track based solely on the subsidiary's own size.

The below example illustrates how the size category of the parent certification represents the full scope of group operations, while each subsidiary certification reflects only the scale of its individual operations.

Independent Certifications	# of workers (FTE)	Revenue (USD)	Track size
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<b>Parent</b>	8,562	\$1.6B	XX Large
<b>Subsidiary A</b>	538	\$300M	Large
<b>Subsidiary B</b>	364	\$900M	X Large
<b>Subsidiary C</b>	236	\$38M	Medium

In this case, although the parent entity on its own meets the criteria for size category *X Large*, the parent certification includes the HQ and all group-level functions. Therefore, its track is assigned instead as *XX Large* to reflect the total group revenue and total group FTEs.

## 7.2 Certification Pathway for Centralized Corporate Groups

Large corporate groups often aim to reach group certification gradually over time, starting by certifying independent subsidiaries (e.g., by market or region) first before achieving full certification at the group level, in order to build internal momentum and make the certification process more achievable and manageable.

Decentralized companies can do so as outlined in chapter [7.1 Certification Pathway for Decentralized Companies](#).

Centralized corporate groups with one unified sustainability management system may also certify their company gradually over time provided the ultimate group certification eventually replaces prior independent subsidiary certifications.

### Requirements

7.2.1 A subsidiary company may certify independently from the rest of the corporate group only if the certifying company meets B Lab's Independence Criteria (section [2.2](#)), independently of their parent company and sister entities.

### Guidance

Centrally managed corporate groups that operate under a single, group-wide sustainability management system which governs policies and practice and oversees their implementation across all sites, often in addition, also have market, region or brand-specific management and implementation teams. If those obtain the commitment from the parent to support potentially necessary remediation against corporate policies, those markets, regions or brands often are eligible for independent subsidiary certification (section [2.2.2.3](#)).

### 7.2.2 Transition to Corporate Group Certification Requirements



7.2.2.1. When the corporate group wishes to unify its certified subsidiaries under a single system and certificate, the parent company must submit a Group Certification application that includes all currently certified subsidiaries and non-certified controlled entities that form a Group certification in scope. The parent company shall demonstrate that a single, unified sustainability management system covers the entire Group scope, and all entities in scope can meet B Lab's V2.1 Year 0 requirements.

7.2.2.2 Termination of Independent Certificates: Upon the successful verification and issuance of the Group Certificate, the independent B Corp Certifications held by all previously certified subsidiaries shall be immediately terminated. The Group Certificate will replace all individual certificates, ensuring that the full group's operations are covered under the single group certificate.

## 7.3 Certification Pathway for a Same-Name Company

Same-Name Companies are affiliated businesses that share the same name or brand with a related company, such as a parent company, sister company, or franchisor. Same-Name Companies may certify independently from their affiliates as long as they meet B Lab's scoping requirements. Due to the shared brand name the certifying company, and any same name affiliated companies, may face additional requirements outlined below. This ensures corporate accountability and mitigates brand and reputational risk.

### 7.3.1 Independent Certification of Same-Name Company

#### Requirements

7.3.1.1 A Same-Name company may certify independently from the rest of the Same-Name Group only if the certifying company meets B Lab's [Certification Scope Requirements](#).

#### Guidance

This includes having a single sustainability management system, executive and legal accountability over the full certification scope, distinct reporting and a brand name with a distinct qualifier, such as a geographic, industry or other name qualifier and a separate website (section [2.2.6](#)).

### 7.3.2. Requirements for a Same-Name Company: Annual Revenue ≤ \$1.5B

A non-certified Same-Name Group whose annual revenue is less than or equal to USD 1.5 Billion that permits a Same-Name company to certify independently shall meet the following requirements at the Group Level:

#### Requirements

7.3.2.1 The Same-Name Group shall make a public announcement of its commitment to achieve certification within three years of the first independent same-name company's certification date.



7.3.2.2 The Same-Name Group shall successfully achieve certified status within five years of the first same-name company's independent certification date.

7.3.2.3 Should the Same-Name Group fail to comply with the commitment timeline or terminate its agreement to pursue certification, B Lab shall terminate all related Same-Name companies.

### **7.3.3 Requirements for a Same-Name Company: Annual Revenue > \$1.5B**

A non-certified Same-Name Group whose annual revenue is higher than USD 1.5 Billion shall meet the following Foundational and Transparency Requirements:

- **Certified Operations < 5% of Group**

#### **Requirements**

7.3.3.1 If the Same-Name Group has certified less than 5% of their operations (based on revenue or employees, whichever is lower), the Same-name Group Level shall fulfil the following eligibility requirements at the group level:

- FR 1.2: The company [group] is not significantly involved in industries that undermine the B Lab Theory of Change.
- FR 1.3: The company [group] complies with local and national laws and regulations.
- FR 1.4: The company [group] shares accurate and complete information with B Lab.

7.3.3.2 The scope of certification and relationship between the certified company and the Group shall be made publicly transparent via a disclosure statement on the certified company's B Corp profile.

- **Certified Operations 5% to 80% of Group**

#### **Requirements**

7.3.3.3 If the Same-Name Groups has certified between 5% and 80% of their operations (based on revenue or employees, whichever is lower), the Group shall fulfil the following eligibility requirements at the group level:

- FR 1.2: The company [group] is not significantly involved in industries that undermine the B Lab Theory of Change.
- FR 1.3: The company [group] complies with local and national laws and regulations.
- FR 1.4: The company [group] shares accurate and complete information with B Lab.

7.3.3.4 The Group shall create a B Lab risk profile (FR3). Results do not have to be publicly reported.

7.3.3.5 The Group shall publicly report its sustainability impact against a credible third-party standard on an annual basis.

7.3.3.6 The scope of certification and relationship between the certified company and the non-certified Same-Name group shall be made publicly transparent via a disclosure statement on the certified company's profile.

- **Certified Operations > 80% of Group**

#### **Requirements**



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7.3.3.7 If the Same-Name Group has certified more than 80% of their operations (based on revenue or employees, whichever is lower), the entire Same-Name Group shall achieve B Corp Certification within 12 months of the last independent Same-Name company's certification date.

### **7.3.4 Annual accountability**

#### **Requirements**

7.3.4.1 The non-certified Same-Name Group shall complete these requirements annually. Documentation shall be submitted as part of the same-name certified company's annual submission of updated scoping information or in preparation of an audit.

7.3.4.2 If the Same-Name group fails to meet the Same-Name requirements the group cannot certify any additional same-name companies. Already independently certified Same-Name companies will be suspended for the period of 6 months, and subsequently terminated unless the Same-Name group demonstrates compliance.



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## 8. Evidence Required

### Requirements

8.1.1 To verify the certification scope, the company shall provide the following documentation:

- Legal organizational chart
- Managerial organizational chart
- Data-gathering template filled in with company data
- Brief description of the company's sustainability management system
- Overview of total number of sites including type, number of workers, location and contact

8.1.2 The company may also provide if requested by B Lab:

- The Independence Criteria Checklist
- Commitment Letter as outlined in section [2.2.2.3](#)
- Audited Profit & Loss Statement or Revenue Statement



## 9. Appendix A: Terms and Definitions

**Acquisition:** An acquisition is when one company takes hold of another company by buying all or a majority of its shares, gaining control of the business and allowing it to direct the company's operations and strategy.

**Authority:** Authority includes the ability to establish, approve, and enforce company-wide policies and procedures, as well as ownership and oversight of the centralized management system through which these are implemented. Authority may be exercised through formal structures such as executive leadership, corporate governance frameworks, or parent company control, and is evidenced by decision-making power over operational standards, strategic priorities, and sustainability practices across one or more entities.

**Affiliated Entity:** Affiliated entities are legal entities linked to the company through common ownership, branding, joint ventures, or shared operations. These connections often result in coordinated management, shared resources, and aligned business strategies, with operational activities that may be closely intertwined, meaning the entities may not function fully independently.

**Centralized Company:** A company that operates under a single, unified, group-wide sustainability management system. This management system governs all sustainability policies and practices and centrally oversees their implementation across all entities and operational sites.

**Certification Scope:** The certification scope is determined by B Lab and is used to assign the company's track and applicable B Lab Standards requirements, including additional sub-requirements based on the risk assessment (B Lab Standards Foundation Requirement 3). The scope includes:

- The company name and address undergoing certification including legal entities, subsidiaries, and sites controlled by the company under a single sustainability management system
- The size (based on the number of workers (FTE) or total revenue)
- The company's industry and sector
- The company's activities
- The company's geographic location(s)
- The track, including any additional applicable requirements (FR3) and approved variances

The certification scope is determined by B Lab and communicated to the assurance provider to quote certification services.

**Company:** A legal entity (or group of related legal entities) formed to engage in and operate a business (meaning a commercial or industrial enterprise). A company may be organized in various ways depending on the corporate law in its jurisdiction. A company is the applicant or certificate holder.



**Control:** Control means having authority over an entity's leadership or being directly involved in their daily operations and decision-making, including the ability to direct or manage its business activities.

**Corporate Group:** A corporate group is a collection of legally distinct companies, typically consisting of a parent company and their subsidiaries, that are connected through ownership and control. The group operates as an integrated unit, often sharing management systems, policies, and strategic direction, and is commonly subject to consolidated financial reporting.

**Cross Charged:** This refers to the internal financial practice where one legal entity charges another related entity within the same corporate group for the use of shared services, resources, or operations.

**Decentralized Company:** A company with diverse operations that are managed through multiple, distinct management systems. Decentralization may occur by region, or brand, with each segment operating with autonomy.

**Direct or Indirect Ownership:** A wholly or majority-owned subsidiary may be either directly or indirectly owned by the applicant company. Direct ownership means the applicant company holds the majority of shares or voting rights in the subsidiary itself. Indirect ownership means the applicant controls the subsidiary through one or more intermediate entities that it owns or controls. In other words, the ownership is held through a chain of companies, rather than directly. This situation is common in large or complex corporate structures, where a parent company sits at the top and owns several layers of subsidiaries or holding companies. Even though the parent does not directly own the end subsidiary, it still often exerts control through the ownership chain.

**Executive Team:** People with delegated authority from the highest governing body to implement strategies and policies that fulfill the company's purpose.

**Fiduciary Responsibility:** Fiduciary responsibility refers to the legal and ethical duty of an executive team to act in the best interests of the company and its stakeholders. Executives are expected to manage the organization's assets and operations responsibly, ensure compliance with laws and regulations, and uphold the trust placed in them by shareholders, employees, and other stakeholders.

**Financial Consolidation:** Financial consolidation is the process of combining the financial data from multiple entities, typically subsidiaries, into a single set of financial statements.

**Hierarchical Structure:** An arrangement where workers in the company are ranked according to their authority or significance, with the highest level of power at the top. Hierarchical structures are common in businesses, where the structure often consists of (in order):

- CEO
- Other executives
- Middle management
- Workers

**Highest Governing Body:** The person or group of people who have ultimate accountability for the whole company. Every organizational entity has one highest governing body, even if it is not



explicitly established. A highest governing body can be explicitly established in a number of formats, such as:

- Board of directors
- Supervisory board
- Sole director (CEO or equivalent)
- Joint and several directors
- Trustees

For larger companies, a board subcommittee may be considered the highest governing body, as long as the full board is regularly updated on progress and performance.

**Legal Entity:** A legal entity is an organization or structure that has its own legal identity, distinct from the individuals who own, manage, or operate it. It is capable of entering into contracts, owning assets, incurring liabilities, and being subject to legal rights and obligations in its own name. An applicant company may be composed of multiple legal entities, each recognized as a separate entity under law.

**Multisite:** A company with multiple sites (two or more) that are included in one certification scope.

**Non-Operational Entity:** A legal entity that exists as part of a corporate group but does not conduct active business operations. Non-operational entities may hold assets, intellectual property, or investments, but they do not have day-to-day operational activities, employees, or revenue-generating functions.

**Normative Document:** A document that provides rules and/or guidance to be followed to comply with a particular standard.

**Operational Control:** Full authority of the company (or a subsidiary) to introduce and implement operating policies at a site. The company is expected to have operational control over a site that they (or a subsidiary) operate, except in very rare circumstances.

**Operations:** The company's business activities.

**Parent:** A legal parent is a company or legal entity that holds a controlling interest in another company (the subsidiary), typically through ownership of more than 50% of the subsidiary's voting rights or shares.

**Same-name company:** An affiliated entity - such as a parent company, sister company, or franchisor - that shares a brand or trade name with the company seeking independent certification.

**Same-name group:** A collection of related corporate entities that share a common brand or name. This term encompasses all affiliated structures, including parent-subsidiary relationships, sister entities, and the ultimate parent company. It may refer to entities linked by legal ownership, those connected only by brand identity, or the entire global body of same-name affiliates representing the group level.

**Shadow Profit and Loss Statement (P&L):** A shadow P&L is an internal financial report that mirrors a company's official P&L, but is not part of the formal accounting records. It is typically used for internal performance evaluation, for example, to assess the profitability of a specific



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business unit, cost center, product line, or project, based on allocated revenues and costs. A shadow P&L generally includes standard financial metrics such as net sales, cost of goods sold, operating expenses, and profit.

**Site:** A site is any physical or virtual location (permanent or temporary) controlled by the company where work, activities, or processes are carried out, or from which a product or service is provided.

**Subsidiary:** A subsidiary is a specific type of legal entity that is owned and controlled by another company, known as the parent or holding company. Control is typically established through the parent's ownership of more than 50% of the subsidiary's voting rights or shares, or through other mechanisms such as the ability to appoint the majority of the board or direct key management decisions.

**Sustainability Management System:** A framework of policies, processes, and practices integrated into an organization's operations to manage their environmental, social, and governance (ESG) responsibilities effectively. It enables continuous improvement by systematically identifying sustainability impacts, setting objectives, implementing actions, monitoring performance, and engaging stakeholders—all aligned with the organization's strategic goals and in compliance with legal and voluntary standards. An effective sustainability management system shall contain:

- **Governance:** Clearly defined roles, responsibilities, and decision-making authority over sustainability policies, procedures, goals, objectives, and budgets.
- **Objectives and Action Plan:** Clearly defined sustainability goals supported by a structured action plan outlining steps, timelines, and key performance indicators (KPIs).
- **Policies and Procedures:** Documented sustainability-related policies and operational procedures applicable across relevant areas.