



B Lab Statement on Cannabis and B Corp Certification

In response to increasing interest from companies and stakeholders regarding B Corp Certification for companies producing or selling cannabis or related products/services, B Lab's independent Standards Advisory Council has rendered the following decisions regarding eligibility for B Corp Certification *at this time*:

- (1) Companies whose cannabis-related products/services can be verified to be for medicinal purposes only are eligible for B Corp Certification, contingent upon following relevant state laws and regulations and with disclosure on their public B Corp profile (see below re Disclosure and Verification).
- (2) Companies whose cannabis-related products/services that cannot be verified to be for medicinal purposes only (including recreational cannabis usage, even in jurisdictions where it has been legalized), are *not currently eligible* for B Corp Certification.

All companies involved in the industry are still able to use the [B Impact Assessment](#) as an internal impact management tool, get [GIIRS Rated](#) to become more visible and attractive to impact investors, and register as [benefit corporations](#) in states where that option exists.

Rationale:

Around the world, cannabis is still overwhelmingly illegal. In the United States, the production, sale, and use of cannabis is still prohibited by federal law and classified as a Class I substance, even prohibited for medicinal use. The federal government, however, has deferred enforcement of this law to state legislatures, where many have legalized medicinal use and a few have legalized it entirely. This enforcement mechanism, especially in instances where recreational cannabis is legal, could change drastically with different administrations.

Cannabis, like tobacco or alcohol, can be harmful, particularly when inhaled. For legitimate medical purposes, these potential harms are outweighed by the health benefits that are produced, just as many other health interventions come with negative side effects and require a cost benefit analysis.

B Lab does not have a policy position on whether or not cannabis should be legal or illegal for medicinal and/or recreational purposes. Rather, B Lab's decisions are based on the combination of the impact of the product itself and current public policy, including the combination of state and federal laws.

Even though all forms of cannabis are federally illegal, medicinal cannabis can demonstrate countervailing positive effects and is more widely accepted at the state level. Medicinal cannabis has legitimate medical uses and is legal in over 25 states, compared to three where it is legal recreationally.

As the stewards of a global movement of people using business as a force for good, the risk of including cannabis products for non-medicinal purposes has been deemed too high at the current stage of the industry's development, as well as its acceptance under the law. If and as this changes, B Lab and the Standards Advisory Council will revisit eligibility of cannabis more broadly, and will also apply this judgment in local and regional contexts internationally.

Disclosure and Verification:

All companies involved in the cannabis industry, even if eligible for B Corp Certification, will be required to indicate on the Disclosure Questionnaire, an unscored portion of the B Impact Assessment inquiring about potentially negative aspects of a business, their involvement with a product that is deemed illegal (at the federal level).

Furthermore, all eligible companies will be required to pass a background check and provide verification that sufficient methods are in place to ensure the medicinal usage of their product. This verification will vary depending on the particular role the company plays in the industry, but could range from policies and procedures to manage the product or a mandatory onsite review.

This statement is effective as of April 2016 until further judgment from the Standards Advisory Council. This document, and the decision of the Standards Advisory Council, was based on research into the regulatory implications in the industry and its positive and negative impacts.

In preparation for future revisits by the Standards Advisory Council on this issue and B Lab's continuous improvement of its standards, please send your feedback or questions to B Lab's Standards Development Manager Dan Osusky at dosusky@bcorporation.net.