Certified B Corps Within the Food Industry and Their Innovative Practices to Improve Environmental and Social Impact

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Abstract: In this paper, I take an introspective look at the B Corp Certification to better understand why so many food companies have engaged with it as a means to improve their positive impact in an age where agricultural practices have a clear link to climate change and increasing social injustices across global food supply chains. The first part of the paper discusses the three stages involved in becoming a Certified B Corp - completing the B Impact Assessment, making a legal change to the company structure to consider all stakeholders and providing full transparency. The second part of the paper outlines the various benefits that being a B Corp offers companies and looks at examples of innovative best practice being taken by Certified B Corps in the food industry.

We live in changing times. We have just entered into a decade of deadlines, where global targets set by the Paris Agreement to reduce global warming and the United Nations’ Sustainable Development Goals both need to be reached by 2030 (WorldGBC, 2019). Changing climates alter agriculture production conditions and threaten food security, as well as affecting the livelihoods of small farmers in developing countries (Asfaw and Lipper, 2016). News feeds are filled with climate related natural disasters and exposés on the damaging effects of intensive agricultural systems that contribute on average 17% of global greenhouse gas emissions (OECD, 2016). Project Drawdown (2017), a global research organization, identified eighty solutions to climate change, seventeen of which involve the food industry, including but not limited to regenerative and conservation agriculture, reduced food waste, and managed grazing. And in addition to environmental impacts, there are also many negative social impacts within food supply chains, such as child labor, forced labor, gender inequality and discrimination, unfair worker rights and unsafe working conditions (Oxfam, 2019). There is a new sense of urgency coming from consumers who are demanding that leaders act on these issues and better reflect their own values and beliefs to result in a positive impact on society and the world (Quartz, 2019). More and more consumers are placing their trusts and hopes in private companies rather than governments, due to the longevity of their agendas, as the primary drivers for social and environmental change (Quartz, 2019).

What connects us all globally is our need to eat, yet there is no denying the negative impact across our food supply chains from farm to manufacturer to retail and food service. Mitte (2018) stated that the demand for products with sustainability and traceability claims exceeded all other new product claims including taste, convenience, or functionality. According to David Attenborough (Radio Times, 2017): ‘Never before have we been so aware of what we are doing to our planet – and never before have we had such power to do something about it.’ Whether as a consumer you decide to limit your meat intake or only eat local, the fact remains that a global shift is needed in the way we manage and produce food. Consumer facing companies are in a unique position as they interact on a daily basis with their consumers, increasing the opportunity to educate and inform (Newco Shift, 2018). One way that many food companies choose to do this is through the use of a sustainable logo or 3rd party certification, B Corp Certification. With one eighth of B Corps being connected to the food industry (Just Food, 2018), this paper will look in depth at the B Corp Certification and the benefits it offers to companies and examine four Certified food companies and their innovative best practices to improve social and environmental impact.

Introduction to B Corporation Certification

B Corps are businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance both profit and purpose. They recognize that the global challenges we are facing today cannot be solved solely by governments or nonprofits but that the power of business must be harnessed to make positive change in society by using profits and growth as a means to improve impact. The scope of the B Corp Certification goes beyond traditional Environmental, Social and Governance (ESG) risk screening and is the only certification that measures a company’s entire social and environmental performance and proves that the overall business is meeting the highest standards of verified performance. B Corps believe that positive impact goes hand in hand with accountability and transparency and by becoming B Corps, companies make a legal change to integrate stakeholder consideration into the structure of their company. They act as a community of leaders in the movement to use business as a force for good, setting the gold standard of performance to inspire other companies to follow and encourage collective action towards a better world. The certification was created by the...
nonprofit B Lab in 2006, and as of February 2020, there are over 3250 B Corps globally spanning 71 countries and 150 industries. (B Lab, 2020)

The certification process itself is rigorous. Companies have to fulfil three separate steps to become a Certified B Corp. As a first step, companies are required to complete and receive a verified score of eighty on the B Impact Assessment (BIA), an online interactive management tool that measures a company’s overall social and environmental performance. The tool assesses five areas of the company’s social and environmental performance - Governance, Workers, Community, Environment and Consumers. In addition to measuring and evaluating best practices related to the company’s operational performance, the BIA also identifies and evaluates what are called Impact Business Models (IBMs), whether and how a company’s core business model may be designed to create positive social and/or environmental impact. These IBMs can cover a range of topics such as having programs to provide quality jobs and professional development for people with significant barriers to employment, creating products that provide a positive benefit to consumers, such as health or educational products or conserving resources through recycling or by circular practices such as reducing and repurposing food waste.

To fulfil the transparency requirement to being a Certified B Corp, all certified companies have a public online profile sharing their score on the BIA. The profile breaks down scoring for each of the five categories previously mentioned and highlights any credit received for IBMs. In addition to the scored component of the performance requirement mentioned above, the BIA features a series of questions related to negative impact risk called the disclosure questionnaire, which is used alongside independent background checks to flag potential issues that may make a company ineligible for the certification. The responses to the disclosure questionnaire do not negatively affect a company’s score and enables a company to confidentially disclose any material negative impacts within their operations, such as links to controversial industries like fossil fuels, tobacco or arms manufacturing and significant cases of litigation, recalls or industry related practices. In cases where items in the Disclosure Questionnaire are deemed material, but do not make the company ineligible for B Corp Certification, the company is required to be transparent about the issue on their public profile to inform stakeholders and allow them to make their own judgment. Both the performance and transparency requirements for the certification are overseen by an independent Standards Advisory Council (B Lab, 2020).

To fulfil the legal requirement of the certification, companies are required to make a legal change to incorporate stakeholder consideration into the company’s governance structure, making Certified B Corps legally required to consider the impacts of their decisions on all stakeholders, not just shareholders. This legal framework gives legal protection to directors to consider the interest of all stakeholders in decision making and it also equips shareholders with additional rights to hold directors accountable to consider these interests. Such a change fundamentally alters the purpose of the company and addresses ‘shareholder primacy’ by placing the consideration of all stakeholders as a core part of the company’s decisions.

Why companies are becoming B Corps?

Many companies in the food industry have chosen to become Certified B Corps (Just Food, 2018), ranging from agricultural producers and services, to manufacturers, catering, food service, and retail. These companies are faced with growing challenges related to food production and manufacturing as well as increasing demands from consumers to take more responsibility and provide sustainable food options. The majority of food companies worldwide are made up of small to medium enterprises (Mitte, 2015), yet the B Corp Certification has attracted the attention of larger companies and multinationals like Danone. Companies pursue B Corp Certification for many different reasons, including the following identified by B Lab (2020): Lead a Movement, Build Relationships, Attract Talent, Improve Impact and Amplify Voice. This section of the paper will discuss the benefits of B Corp Certification under each of these headings.

Lead a Movement

Bauer and Umlas (2017) attributed the success of the B Corp movement to providing an infrastructure that allowed the private sector to act as if people and place mattered by placing responsibility into their hands and make a difference. This responsibility comes at a time when it is no longer an option to ignore the negative effect of our actions on people and the planet and has led to the phrase ‘Purpose Leadership’ (Quartz, 2019), where leaders of companies recognize the obligation they have when societal and environmental issues when it impacts their business. When Quartz (2019) surveyed over two hundred executive level managers or C-Suite leaders on the growth of purpose leadership, 73% of them felt that it would soon outweigh financial performance in terms of importance. They also said that purpose leadership does not necessarily have to come from the top down, it can start off as grass roots but what it must have the support of the C-Suite to grow. Purpose leaders are responding to the growing demand from consumers for companies to improve their positive impact. For companies to successfully lead with purpose, they must have the support and engagement of the whole company. This goes beyond any one department or team and ultimately must get embedded in the DNA of the company (Quartz, 2019).
**Build Relationships**

The food industry is largely made up of small to medium enterprises, yet the global sustainability problems that our food systems are facing are bigger than any one single company or industry (Mitte, 2018). Just Food (2018) regarded B Corp Certification as the perfect vehicle for SMEs in the food industry that look to act on sustainability. It offered them guidance, structure and a network to tackle key issues across their supply chain and industry. This network could be built across a company’s own supply chain and B Corps could use their influence to start, in effect a ‘supply chain reaction’ (Marquis and Lee, 2015) by encouraging their suppliers to join them in B Corp Certification or by assessing the positive and negative impact of their own operations.

The membership to the B Corp Community also opened doors to collaboration between companies of different sizes and industries (Mitte, 2018). By becoming part of the community, large multinationals that typically struggle to innovate quickly and successfully could take inspiration from smaller companies that have been able to focus on single problems and make finding a solution to that problem a key part of their business model (Mitte, 2018; Forbes, 2015). Likewise, smaller companies could learn from the processes and policies of larger companies and engage in new business opportunities to improve their impact and economic growth (Ripley, 2014). Harriman (2015) attributed the success of the B Corp Movement to the collective identity through its emphasis on community and in connecting a group of like-minded businesses that want to work together to create a more socially and environmentally beneficial economy.

**Attract Talent**

Just as consumers are looking to brands to reflect their shared values, employees also want their workplace to reflect their own values and work for companies that have a positive impact on the world (Quartz, 2019). Quartz (2020) wrote that employees who practice sustainable habits in their daily lives no longer want to work for companies that have conflicting values or negative impacts on the world. Mitte (2018) said that employees are looking for an added sense of meaning to their work and there is an increased frustration coming from within the businesses themselves to take action and to work together. Working for a B Corp, that values both social mission and the bottom line enables companies to come closer to what their employees aspire to be as individuals (Honeyman & Koch, 2016).

Tiffany Jana of B Corp ‘TMI Consulting’ highlighted the rise in interest from millennials in their firm’s job applications, and the increased ease of attracting high potential staff as a result of getting certified (B Lab, 2020). B Corps have found to be better at attracting top MBA Students who are searching for more than a work life balance, they want work life integration (Honeyman & Koch, 2016). They want to work in a role that they feel passionate about and fulfill both an economic need and a feeling of purpose. B Corps also have greater retention rates than non-B Corps and engagement levels of employees are also higher with staff becoming invested in the certification journey and feeling proud to work for a B Corp (Honeyman & Koch, 2016).

**Improve Impact**

New challenges are occurring daily, climate change is impacting how we use agriculture, an informed consumer is adding new criteria to their eating habits that go beyond taste and price but incorporate added value, not just for the end consumer, but for people and the planet and companies can no longer afford to defer to wait as time passes on global targets and climate change (Food Navigator, 2019; Mitte, 2018). With the increased pressure to improve a company’s impact, one of the first steps for a company is to assess their current impact and know what the positive and negative risks are within their operations. The BIA is an effective management tool for companies to identify weak or strong performance areas and guide them where to focus their efforts. It can be a starting point for B Corps to set overarching goals for improvement (B Lab, 2020).

Another way that companies try to improve their impact, especially in the case of large companies is by purchasing companies that are already B Corp Certified. Bauer and Umlas (2017) identified the difficulty large companies have in aligning different entities across global markets and enabling them to make meaningful change. Between 2016 and 2017, Unilever acquired 5 B Corps - Mãe Terra, Pukka Herbs, Seventh Generation, Sir Kensington’s, and Sundial Brands. They describe these B Corps as ‘Purposeful’ Brands, brands that are mission aligned and have the same vision and values that fit Unilever’s long term goals (Honeyman, 2019). Unilever saw these purposeful brands grow 70% faster than other brands (Food Navigator, 2019).

**Amplify Voice**

The combination of the above benefits together with the B Corp Certification process equips companies with the tools to amplify their voice and stand out from the crowd (B Lab, 2020). B Corps seek to lead and influence with a credible commitment to stakeholders, that goes beyond shareholders and traditional marketing by providing companies with a stamp of approval (Marquis and Lee, 2015; Cao, Gehman, & Grimes, 2017). In certifying all a company’s impacts, it goes beyond traditional CSR or sustainability avenues and it allows companies to innovate and compete in a different way (Bauer and Umlas (2017). Customers know what they are spending their money on just for the end consumer, but for people and the planet and companies can no longer afford to defer to wait as time passes on global targets and climate change (Food Navigator, 2019; Mitte, 2018). With the increased pressure to improve a company’s impact, one of the first steps for a company is to assess their current impact and know what the positive and negative risks are within their operations. The BIA is an effective management tool for companies to identify weak or strong performance areas and guide them where to focus their efforts. It can be a starting point for B Corps to set overarching goals for improvement (B Lab, 2020).

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Case studies

The following case studies highlight innovative and powerful best practices from B Corps that operate within the food industry.

**Tony Chocolonely**

Tony’s Chocolonely has been a certified B Corp since 2013 and was the first European chocolate company to become a B Corp as well as the second B Corp in the Netherlands. As part of their certification, they received credit for Supply Chain Poverty Alleviation (B Lab, 2020). Their mission as a business is to eradicate slavery from their cocoa supply chain. The company was started by a Dutch journalist, Teun van de Keuken, who after investigating slave labor and child labor within the cocoa industry, decided to launch his own Fairtrade chocolate bar range in 2005 (Tony’s Chocolonely, 2020). They communicate their goal of being 100% slave free through eye catching packaging and a branded ‘On the Way to Being Slave Free’ logo, with even the design of the chocolate bar reflecting the inequality within the cocoa industry as no two pieces are ever equal in size.

Soon after launching, Tony’s began to gain international recognition and proceeded to collaborate with larger chocolate manufacturers to grow their impact. The ‘Chocolonely Foundation’ was created to encourage a slave free chocolate industry and 1% of their net revenue is donated to these ongoing projects in the Foundation. They employ 5 sourcing principles: to use fully traceable beans, pay their farmers a higher price (they pay 25% above average directly to their farmers), strengthen their farmers by professionalizing the Coops and offer training, offer their farmer long term contracts, and invest in agricultural improvements (Tony’s Chocolonely, 2017).

In 2018, Tony’s announced their partnership with Dutch supermarket leader, Albert Heijn. After winning the tenure to work together with Albert Heijn on their own brand cocoa supply chain in collaboration with manufacturer, Barry Callebaut. They implemented the Tony’s ‘Open Chain Platform’ tools which enables full traceability from bean to bar and also the use of a child labor monitoring and remediation system to work towards a child labor and slave free supply chain for Albert Heijn right down to every last chocolate chip (Forbes, 2018).

**Greyston Bakery**

Greyston Bakery has been a B Corp since 2008 and earns Impact Business Model credit for Workforce Development, Supply Chain Poverty Alleviation and Designed to Give (B Lab, 2020). They supply 7 million pounds of brownies to Ben and Jerry’s (another B Corp) annually, whom they have partnered with for over 25 years. They have been operating since 1982 and have pioneered the practice of ‘open hiring’, which means they give a job to anyone that walks in their door in an effort to break down barriers to employment. This is evident in their mission statement, which is: “We don’t hire people to bake brownies, we bake brownies to hire people” (Fast Company, 2020).

Besides open hiring, Greyston offers workforce development programs to staff and housing programs for staff living with HIV/AIDS. They also launched an ‘Open Hiring Training Centre’ to promote the adoption of these practices across the United States. One business that attended the Training Centre is fellow B Corp ‘The Body Shop,’ which then developed their own open hiring policy to create a more inclusive workforce. The new policy at The Body Shop saw turnover rates drop by 60% and savings from recruitment and background checks will be redirected in staff training and employee benefits (Fast Company, 2020).

**Ella’s Kitchen**

Ella’s Kitchen is a leading baby food company and the number 1 baby and toddler food brand in the UK and has been a B Corp since 2016. They earned Impact Business Model credit for Workforce Development, Supply Chain Poverty Alleviation (B Lab, 2020). Their mission as a business is to eradicate slavery from their cocoa supply chain. The company was started by a Dutch journalist, Teun van de Keuken, who after investigating slave labor and child labor within the cocoa industry, decided to launch his own Fairtrade chocolate bar range in 2005 (Tony’s Chocolonely, 2020). They communicate their goal of being 100% slave free through eye catching packaging and a branded ‘On the Way to Being Slave Free’ logo, with even the design of the chocolate bar reflecting the inequality within the cocoa industry as no two pieces are ever equal in size.

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**Danone**

Danone is a French multinational food products corporation with over 100,000 employees worldwide. They operate across 4 businesses: Essential dairy and plant-based dairy, early life nutrition, medical nutrition, and waters. They are no stranger to sustainability and have been tracking their impact since 2001. As a company, they have set ambitious global targets to be carbon neutral by 2050 through reduction, sequestration, eliminating deforestation and off setting. CEO, Emmanuel Faber announced in 2017 that Danone aimed to be the first multinational to be certified by B Corp, stating that the certification was an expression of their long-term commitment to sustainable business (Danone, 2019). Their B Corp journey began when they purchased ‘Happy Family Organic Baby Food’ in 2011
and to date, they have seventeen of their entities certified, including Danone North America, which accounts for 30% of their global sales (Danone, 2019).

The tools that B Lab provides not only assess a company’s performance but also educate them on best performance and provide an external framework that pushes a company towards continuous improvement. They have seen the internal benefits of the certification journey with their staff being able to contribute and relate to it as a way to improve internal communication and cross collaboration across teams. Large companies like Danone have the ability to create a positive ripple effect throughout industry and raise awareness and a call to action on a global scale (B Lab, 2018). Danone was also able to leverage their B Corp journey with their investors. In 2018, Danone reached an agreement with their credit providers, leading global banks, to reduce the interest rate on their US$2 billion syndicated credit facility in accordance with their increased verified positive global environmental and social impact. Ultimately, the more the subsidiaries that Danone certified as B Corp, the lower the interest rates would be (Honeyman, 2019).

Discussion

The aim of this paper was to investigate why companies in the food industry are becoming B Corps. From the research and case studies, it seems that different companies are interacting with the B Corp certification in different ways. For small companies like Tony’s Chocolonely and Greyston Bakery, that have a clear social mission at the core of their business model, the B Corp Certification acts as a stamp of approval of their action and overall positive impact. Tony’s has acted as a leader in their industry by engaging competitors and sharing knowledge and tools to work towards their overarching goal of ending slavery in the cocoa supply chain.

Similarly, Greyston Bakery, as they have grown they have used their success to influence and educate others in the B Corp Community. They have created a forum to share their knowledge and lead others to make similar changes. Their impact goes beyond their own industry and is a perfect example of how the B Corp Community unites and enables a variety of companies of different sizes and industries to work together to drive positive change.

With Ella’s Kitchen, there is a clear example of how the structure that the BIA provides smaller companies enables them to improve their impact and further their sustainability journey. By engaging with the BIA, they were able to drive change not only across their own supply chain but were able to raise awareness and influence companies from different sectors to become B Corps. Danone is a clear example of a large multinational that uses the journey of the B Corp Certification to engage their whole workforce and address the challenges that many large companies face in uniting different entities to act. By motivating and encouraging their staff and global subsidiaries to work towards B Corp Certification, they have ultimately created an internal B Lab movement.

These food companies have engaged the spirit of the B Corp Certification to incorporate positive impact into the DNA of their company. They have engaged other similarly aligned companies to help each other work towards common purpose driven missions while still ensuring a bottom line. Their innovative practices have resulted in growth and they have each engaged with the certification in their own way: some to take leadership and inspire others to take action, others to share knowledge and work collaboratively to achieve common goals, and some as a way to add credibility to their existing businesses.

What is clear across all four case studies is that these companies are going beyond traditional sustainability and CSR parameters to drive change. B Corp Certification can provide companies with the tools necessary to tackle the challenges that the global food industry is facing. The B Corp logo ensures trust and credibility, the BIA provides structure and guidance and the B Corp community enables like-minded companies to connect and prove that business can be used as a force for good.

Reference list


