

ZHAW
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Bachelor's Thesis

**To B or not to B: The Organizational and
Strategic Impact of the B Corp Certification**

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Management Summary

Since the 1980s, the concept of corporate purpose has been dominated by shareholder value maximisation. However, this model has several dysfunctionalities. Particularly following the financial crisis in 2008, society's expectations for businesses seem to have changed, and citizens demand that companies act in more responsible and ethical ways. These dynamics have led to the emergence of hybrid businesses combining economic goals with ethical, social, and environmental concerns. One of these hybrid forms has been developed through the B Corp movement, which introduced a new legal form, namely the "Benefit Corporation", and a certification system to certify "B Corps." However, the origins and impact of these new hybrid forms remain under-investigated.

To address this gap, this thesis analysed the motivators which lead companies to become certified B Corps. Moreover, the impacts of this certification along the value chain were analysed and the perceived benefits and challenges evaluated. The structure of this thesis is based on a theoretical foundation which is contrasted and extended via an empirical investigation. The empirical method followed a case study analysis among five Swiss B Corps, with qualitative data in the form of interviews representing the sole data source.

Besides the intrinsic motivation to use business as a force for good, companies certify for instrumental and reputational reasons, to benchmark their performance in corporate social responsibility (CSR) but not to legally protect their purpose. From an organisational viewpoint, rather than changing internal structures, the B Corp certification gave an impetus to the improvement and formalisation of existing procedures. The main benefits of certification included market differentiation, attraction of talents and inclusion in the B Corp community, whereas challenges included the elaborate and time-consuming certification process, which is repeated every third year against an evolving standard, and the lack of customer awareness of the B Corp Label in the German-speaking market.

In conclusion, the certification can provide an effective framework for strategy-building and improving practices within CSR. Additionally, it provides third-party validation for B Corps to communicate their values transparently and credibly. However, the certification should not be overestimated as single factor that causes changes given that B Corps already embed their values in their business model before becoming certified. Future research should analyse impacts of the certification in a more extensive and long-term way. Other areas of further research could focus on the implementation of a legal Benefit Corporation structure in Switzerland or the response of investors to the B Corp movement.

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1 Introduction

Since the 1980s, the debate regarding corporate purpose has been increasingly dominated by the concepts of shareholder primacy and shareholder value maximisation at the cost of broader stakeholder interests (Stout, 2012). The resulting corporate scandals as well as recent research have revealed several dysfunctionalities within this model that challenge existing business structures (Jacoby, 2005). In particular, the 2008 financial crisis exposed the negative consequences of the paradigm of greed and created mistrust and criticism of corporations. As Tricker explained (2019, p. 24), this prompted new expectations for businesses to act in a more responsible and ethical way. This societal shift caused various businesses to attempt to combine economic goals with ethical, social, and environmental concerns through new hybrid models. One movement that has emerged in response to the challenge of hybridity is the B Corp movement, which has introduced a new legal form, the “Benefit Corporation,” and an accompanying certification system which certifies “B Corps.” Whereas the Benefit Corporation embodies a legal structure, B Corps are organisations that earned the B Corp certification but not necessarily a separate form of legal recognition.

While there has been some discussion of the implementation and diffusion of these hybrid forms, numerous characteristics of the organisations remain unanalysed. Little research has been conducted on the motivations that led for-profit businesses to engage in activities that are usually carried out by the government or non-profit organisations (Gehman & Grimes, 2017). In addition, the challenges and benefits that arise from the B Corp standards and Benefit Corporation structure remain under-investigated. This literature gap indicates that research should concentrate on expanding the existing theory and analyse the gaps by considering influencing factors such as company size, industry, governance systems, and the countries within which B Corps and Benefit Corporations operate.

Consequently, the findings of this thesis can support understanding of the processes motivating companies to become certified B Corps. Moreover, the thesis evaluates the effects of B Corp certification on a company’s internal and external environments; this includes an in-depth analysis of a company’s activities along the value chain as well as investigation of resulting benefits and challenges. To extend the emergent theory of hybrid businesses, five Swiss B Corps are analysed. This approach aims at expanding the knowledge of hybrid businesses within the context of Swiss B Corps to serve as a basis for further research. The results of the examination offer a portrait of the impacts of B Corp

certification and provide a tool for managers and directors to decide whether “to B or not to B.” The research questions read as follows:

Why do companies become certified B Corps?

How does B Corp certification affect a company’s internal and external environments along the value chain, and what are the benefits and challenges?

The theoretical foundation of this thesis mainly reflects considerations and literature from the US, which is then contrasted and extended with the empirical investigation of Swiss B Corps. While the theoretical framework introduces and explains the legal form, the empirical analysis focuses solely on the certification framework. Furthermore, legal Benefit Corporation structures which have been established in other countries than the US, for example in Italy or Colombia, are not considered in the theoretical background. Nonetheless, as some of the analysed Swiss B Corps operate in multiple countries, differences between markets which influence the impact of the B Corp certification are evaluated.

The thesis is organised as follows. First, the thesis builds a theoretical framework based on the underlying drivers of hybrid organisations, namely corporate governance, corporate social responsibility (CSR) and corporate purpose, to build understanding of the origins of these concepts. Next, these drivers are contextualised within the B Corp movement. The resultant framework is then contrasted and extended via empirical investigation of five Swiss B Corps. As demonstrated in Figure 1, the results demonstrate the motivators of the studied B Corps, the impacts of B Corp certification along the value chain, and the benefits and challenges of certification. Subsequently, the findings are discussed, and recommendations on whether “to B or not to B” are made.

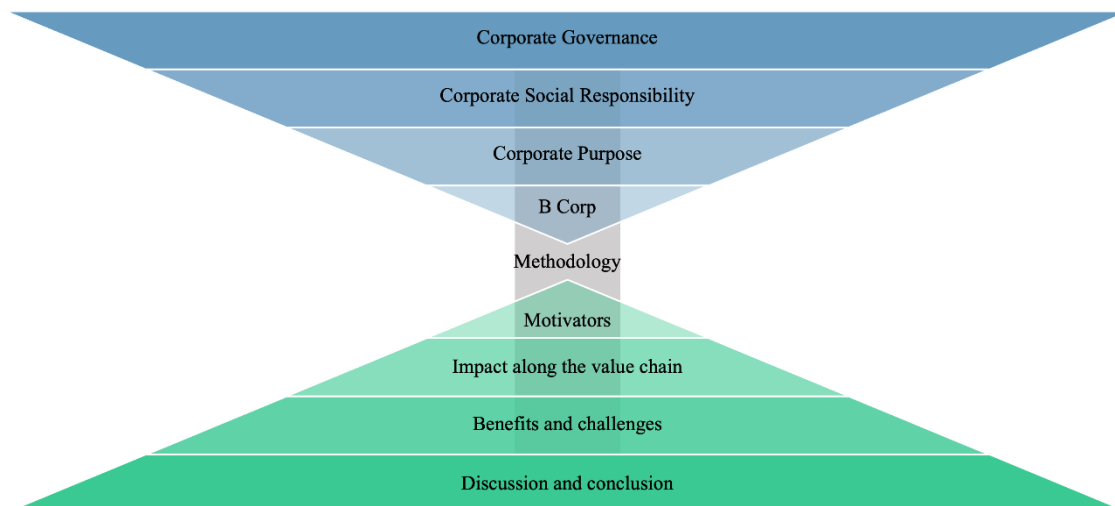


Figure 1: Structure of this thesis

2 The Underlying Drivers of Hybrid Organisations

Over the last decade, there has been significant growth in the number of companies attempting to combine two traditionally separate models: the non-profit-oriented model guided by social issues and the profit-oriented-model that is dedicated to commercial activities (Battilana et al., 2012). These hybrid organisations respond to current social and environmental concerns by adopting an approach that balances sustainability and economic goals, as demonstrated in Figure 2 (Del Baldo, 2019). Haigh et al. (2015) define hybrid organisations as entities that put a particular social or environmental issue at the core of their business model. By creating social and commercial value simultaneously, hybrid organisations align with Porter and Kramer’s (2011) notion of creating shared value. However, Sternberg (2000) argues that there is a necessary trade-off between social and economic goals. Moreover, cultural, regulatory, and educational institutions influence the extent of the compatibility between corporate economic goals and social responsibility (Usunier et al., 2011), and thus pose an impact on hybrid forms.

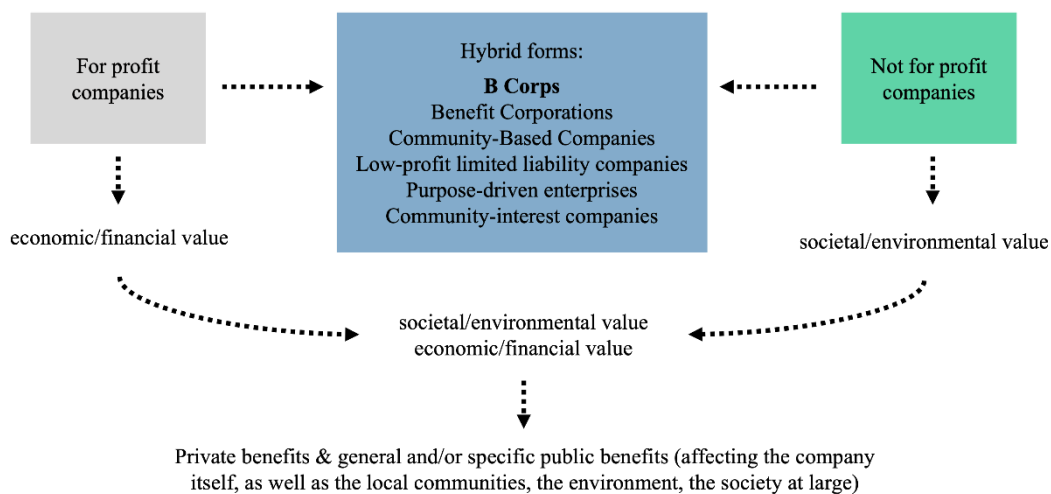


Figure 2: The dynamic balance of economic and societal value, adapted from (Del Baldo, 2019)

These impacts create a dynamic landscape for hybrid businesses. Regardless of whether it is possible to uphold social values while also achieving commercial goals, there are certain tensions within the organisational core of hybrid businesses. These tensions derive from the traditional design of the frameworks within which the hybrid form functions (Villela et al., 2021). Consequently, new legal structures were established to meet the specific needs of hybrid businesses and to mitigate the tensions that are caused by the

pressures of commercial business models. In the US, for example, low-profit limited liability companies, flexible purpose corporations, and benefit corporations were established (Battilana et al., 2012). However, this thesis mainly focuses on hybrid businesses that fall under the category of the B Corp certification system.

2.1 Corporate Governance

According to Jacoby (2005), corporate governance is concerned with the systems, practices, and processes of control by which managers are held accountable to those who have a legitimate stake in an organisation. Tricker (2019, S. 4) describes corporate governance as how power is exercised over corporate entities, including the activities of the board and its relationships not only with management and shareholders but also with external auditors, regulators, and other legitimate stakeholders. While Jacoby’s definition does not explain who has a legitimate stake in an organisation, Tricker’s definition mentions that management, shareholders, external auditors and regulators have a stake in organisations and are completed by an undefined group of other legitimate stakeholders. Who that undefined group includes can vary between countries (Whittington et al., 2021, p. 197). Beyond differences in the definition of stakeholders, Weimer and Pape (1999) demonstrate that there are seven other characteristics that influence country-level corporate governance systems. They define four styles of corporate governance, but only the Germanic and Anglo-Saxon styles are of relevance to this thesis. A characterisation of the two styles is found in Appendix 11.1.

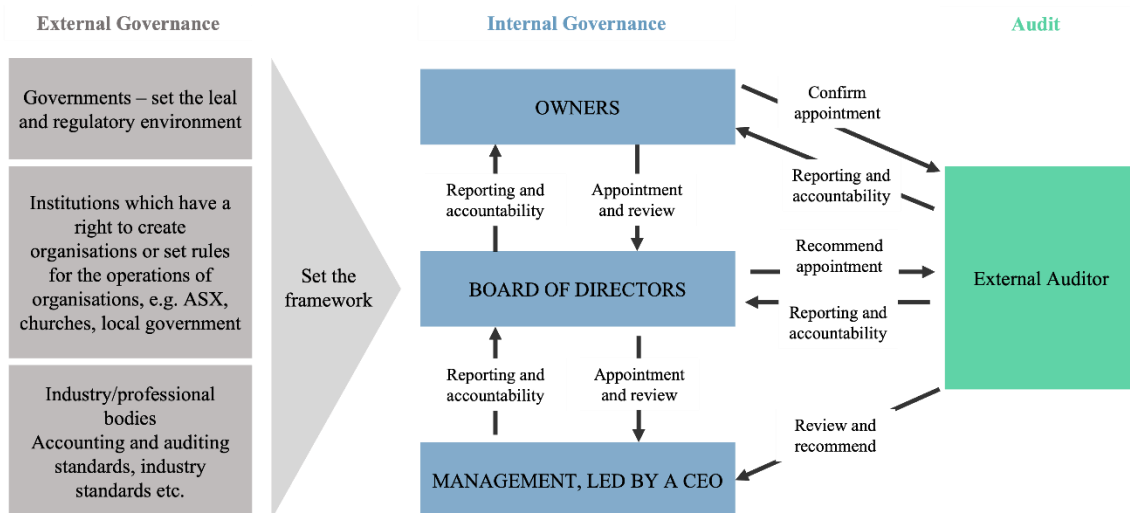


Figure 3: Corporate governance framework in the 21st century (Kiel et al., 2012)

Kiel et al. (2012) divide corporate governance into three different parts (see figure 3). First, they describe an external form of governance consisting of three stakeholder groups: governments, institutions, and industry bodies. Together, these groups constitute the frame for internal governance, which represents the second part. Commonly, the governing body within an organisation is the board of directors (Whittington et al., 2021, p. 197). While management, led by a Chief Executive Officer (CEO), is responsible for running the company, the duty of the board is to set the organisation's direction and ensure that it is run well by supervising the management (Tricker, 2019, S. 4). The third pillar described by Kiel et al. (2012) is the external auditor, who controls the firm based on the external framework they function within as well as their internal standards of governance. An important detail for understanding corporate governance is that its nature is variable. As the frameworks of corporate governance are politically constructed, they can change when stakeholders attempt to challenge internal balances of power (Jacoby, 2005).

2.1.1 Background

Berle and Means (1932) define the origin of recent discussions of corporate governance. They explain that although the legal structures of large corporations acknowledged shareholder sovereignty, the emergence of joint stocks led to a separation of ownership and control by the early years of the 20th century. According to Jacoby (2005), the equity capital of some firms was consequently exposed to free trade on stock markets and thus widely dispersed. Shareholders were therefore rarely able to participate in the internal affairs of the respective companies and consequently, he argues, led executives to assume control over corporate decisions to act in the firm's best interests. According to Sutton et al. (1956), managers generally claimed to have equal responsibilities to consumers, employees, stockholders, and the general public. They argued that stockholders do not enjoy special primacy but should be entitled to a fair return on investment; this approach represented a stakeholder model of governance.

2.1.2 Shareholder Value

As stockholdings were transferred from individual households to institutions such as mutual funds, pension funds, and life insurance companies, shareholders obtained much more collective power in the 1970s (Lazonick & O'Sullivan, 2000). Jacoby (2005) states that these large holdings were illiquid and thus institutional investors were more likely to pressure senior management to act in their interest than sell their shares. In the 1980s, this

institutional pressure to reinforce shareholder value led to neglect of broader stakeholder concerns (Tricker, 2019, S. 10). As these approaches differed from the existing model of governance, a novel philosophy was introduced: the shareholder model of governance. This model proposed that corporations are the property of shareholders and therefore boards and executives have the obligation to maximise share prices (Jacoby, 2005).

Advocates of this principle defend shareholder primacy as the most efficient operating model because maximising shareholder value results in maximising firm value (Jensen, 2002). According to Fisch and Solomon (2020), this point underpins shareholder primacy as a means to achieving the ultimate economic end of maximising the value of the company itself. From a utilitarian perspective, given that there are no negative externalities, maximising firm value aligns with maximising social welfare (Van Der Weide, 1996). Lee (2006) notes that some proponents support shareholder theory not only out of a normative conviction that shareholder interests should be prioritised but because they also expect that maximising profits will result in value creation for all stakeholders. Hence, maximising shareholder value may not necessarily lead to corporate allocation issues and the neglect of broader stakeholder interests. Tax and transfer systems, however, would allow the redistribution of economic value non-shareholders (Fisch & Solomon, 2020).

Yet Jacoby (2005) maintains that the shareholder model of governance has provided fertile ground for exploitation. Executives, he argues, had the opportunity to enrich themselves by increasing share prices, which was achieved either through stock options or dramatic restructuring via acquisitions and downsizing. He further explains that the manipulation of stock option formulas was often not in shareholders' interests and that, in the long term, restructuring was far less effective in creating value than proposed. While downsizing did increase profits and executives' salaries, it did not boost productivity (Baumol, Blinder, & Wolff, 2003). Moreover, the majority of mergers and acquisitions conducted between 1995 and 2001 resulted in decreased share prices after several years (Henry & Jespersen, 2002). According to Tricker (2019, p. 15), the corporate collapses of Enron, Waste Management, and others raised concerns that executives are more interested in personal prosperity and share options than in generating long-term value for company shareholders. In response to the drawbacks of the shareholder model, changes were made to legislation. However, these amendments did not prevent the economy from a global financial crisis only a few years later in 2008.

2.1.3 Society’s Changing Expectations

Governments have realised that changing legislation is not the only thing that must be done to achieve progress in meeting societal expectations (Whittington et al., 2021, p. 204). As Tricker (2019, p. 24) outlines, company collapses in the late 20th and early 21st centuries and the outcomes of the global financial crisis have incited society’s discussions about business ethics. In a world characterised by global finance, trading, and services, the need for socially responsible behaviour has become evident. As a result, CSR has become a key issue in many companies, and society globally demands companies to reflect on their influence on the stakeholders and communities they affect. The corporate governance debate regarding stakeholder interests thus sets the stage for the societal and political CSR debate (Schwalbach & Schwerk, 2014).

2.2 Corporate Social Responsibility

To understand which stakeholders a company should serve, it is important to first determine the expectations society has for businesses. CSR describes how a company’s commitments go beyond minimal expectations (Whittington et al., 2021, p. 204) and contribute to the common good. Entrepreneurs such as Andrew Carnegie, Henry Ford, or George Cadbury already promoted social responsibility at the end of the 19th and start of the 20th centuries by establishing health programmes and living spaces for their employees (Frederick et al. 1992). The term “CSR” first appeared in the US in Bowen’s (1953) “Social Responsibility of the Businessman,” which argued that businesses must align themselves with the expectations, goals, and values of a society.

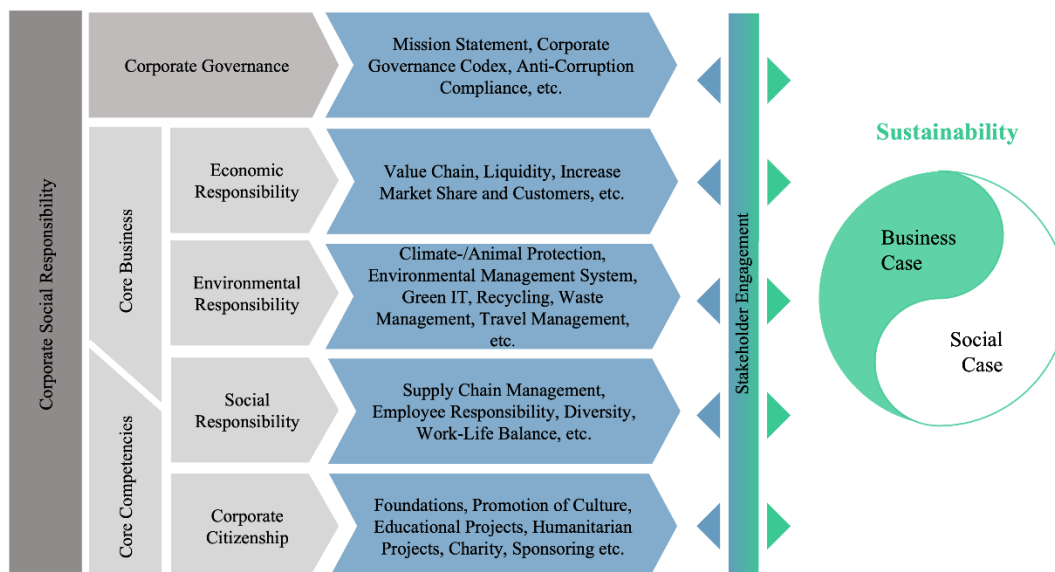


Figure 4: Elements of corporate social responsibility (Bielka & Schwerk, 2011, p. 152)

According to Bielka and Schwerk (2011), good corporate governance is a prerequisite for acting responsibly and is therefore one of the pillars of CSR (see figure 4). Furthermore, they explain that CSR involves managing economic, environmental, and social responsibility related to a company's core business. Socially responsible businesses use their core competencies to engage in social matters, or corporate citizenship (see Section 2.2.1). Bielka and Schwerk (2011) state that through a permanent interaction with different stakeholders, CSR contributes to the economic success of companies while simultaneously creating social benefit.

There are numerous definitions for CSR in existing literature. To determine whether businesses are socially responsible, Crane et al. (2014) list six core attributes identified from key definitions:

- **Voluntary:** Several definitions of CSR propose that CSR activities are voluntary and go beyond those prescribed by the law. Many companies are already accustomed to upholding social and environmental responsibilities beyond the legal minimum. They have developed self-regulatory CSR systems that enable them to forestall additional regulation through compliance according to societal moral norms.
- **Internalising or managing externalities:** Externalities are positive and negative consequences of commercial activity which are borne by others; these are neither considered in a firm's decision-making processes nor reflected in the market price for goods and services. A typical example of externalities is pollution, where local communities must bear the expenses of manufacturers' activities. Regulations, such as pollution fines, can force companies to internalise the costs of externalities. However, as mentioned, CSR represents a more voluntary approach to coping with externalities, for example, by a company using clean technologies that limit pollution in the first place.
- **Multiple stakeholder orientation:** Not only shareholder benefits but also a wide range of stakeholder interests are involved in CSR activities. The claim that companies have responsibilities to shareholders is generally not opposed in CSR theory, but there is a broader view on factors which determine the survival and prosperity of businesses that includes shareholders, consumers, employees, suppliers, and local communities.

- **Alignment of social and economic responsibilities:** The balanced approach toward parties that hold a stake in a company represents the fourth attribute. As CSR activities can go beyond the interests of shareholders and profitability alone, there may seem a conflict between CSR activities and profitability. However, debate remains, and several definitions of CSR from business and governance identify an enlightened self-interest approach in which social and economic responsibilities are aligned.
- **Practices and values:** CSR is reflected in business practices and strategies which tackle social issues. However, for many people, it is also a philosophy or a set of values which reinforces those activities. These value dimensions partially contribute to disagreements regarding CSR practices.
- **Beyond philanthropy:** While in some regions of the world CSR is mainly about philanthropy, current debate promotes a wide-ranging approach which involves not only philanthropy and community projects but the entire organisation. As a result, the impact of core business functions such as production, marketing, procurement, human resource management, logistics, finance, and so forth is also questioned. According to this approach, CSR should be integrated into normal business practices instead of being viewed as a discretionary activity.

2.2.1 Corporate Citizenship

Corporate citizenship describes the entirety of a company's engagement in social matters and by some definitions includes everything beyond the actual business activity as well, such as supporting charities and assisting with cultural and environmental projects (Gazdar, 2008, p. 191). Corporate citizenship therefore comprises a company's social activities and their strategic alignment with corporate goals, whereas CSR takes into account the social responsibility of companies in all areas of their activities (Bassen et al., 2005). Hence, as proposed by Bielka and Schwerk (2011), corporate citizenship can be seen as a subordinate category of CSR.

2.2.2 Creating Shared Value

Porter and Kramer (2006) identified the need to combine social impact with competitive advantage. They argue that most companies engage in CSR for publicity and do so in standardised and unproductive ways. Their theory of creating shared value suggests that companies should think strategically about CSR by analysing their value chain and competitive environment to inform policies that not only create social value but also promote competitive advantage. Porter and Kramer (2006) define two approaches to corporate involvement in society: responsive CSR and strategic CSR (see figure 5). The latter is the desirable one because through strategic CSR, they argue, companies can make significant social impact and achieve economic benefits which leads to the creation shared value.

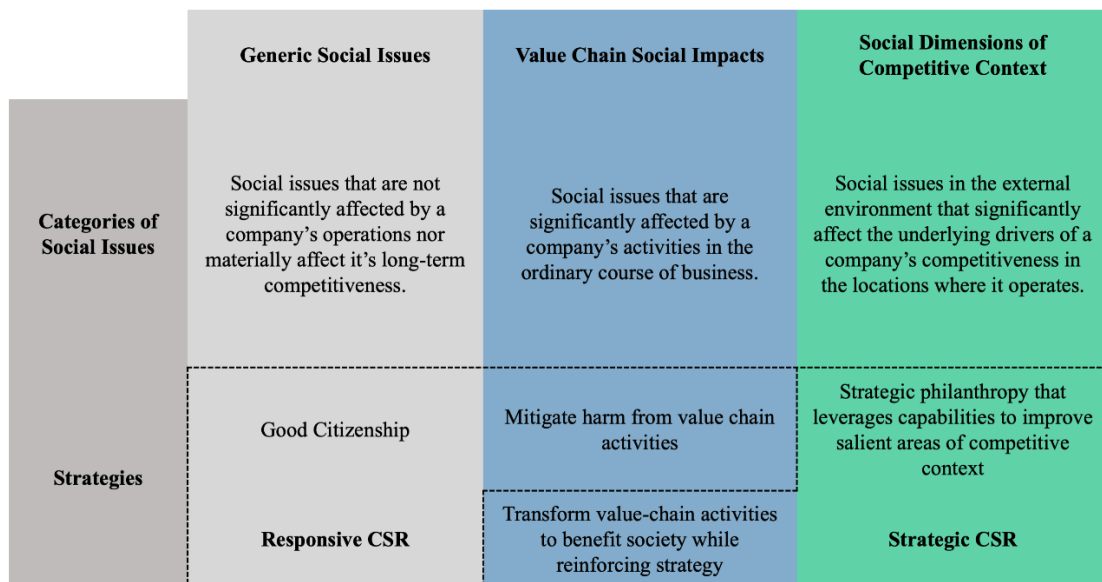


Figure 5: Corporate involvement in society: a strategic approach, based on (Porter & Kramer, 2006, pp. 7,11)

2.3 Corporate Purpose

Beyond modern environmental challenges, the COVID-19 pandemic has also shaped the world profoundly, with companies that increasingly self-organise, investors who encourage long-term views, and employees who strive for deeper meaning in their work (Greiner & Brosch, 2020). According to Larry Fink (2022), it has never been more vital for CEOs to have a clear purpose to guide companies through this tumultuous environment. Moreover, purpose creates a shared sense of direction which promotes progress, customer loyalty, and employee engagement (EY Beacon Institute, 2015). Drivers of the current debate about corporate purpose and its centrality to management in the 21st century include the Business Roundtable in the US; the World Economic Forum in Davos, Switzerland; and various journals (Greiner & Brosch, 2020).

According to Bhagat and Hubbard (2020), the debate over corporate purpose is part of the broader effort to reorient corporate decision-making away from economic value maximisation towards broader societal matters. Similar to the debate regarding corporate governance, there are two major theoretical arguments surrounding corporate purpose. In alignment with the CSR movement, corporate personhood theory views purpose as altruistic or as mainly concerned with improving societal welfare (Fisch & Solomon, 2020). This theory equates corporations with persons and suggests that corporations should have the legal, moral, and ethical obligations that people have (Ripken, 2009). The opposite approach is Milton Friedman’s (1970) economic theory, which maintains that the purpose of a corporation is to maximise profits.

2.3.1 Mission, Vision, Purpose

Apart from theoretical arguments about corporate purpose, recent developments have altered the understanding of mission and vision, which are central elements of strategic orientation (Greiner, 2021). Simon Sinek (2010) stated that executives could often explain “what” their companies did and “how” they did it, but they did not have a clear sense of their “why.” Sinek was not the first person to make this observation. Christopher Bartlett (1994) claimed that most companies had no idea why they exist. Similarly, Greiner (2021) observed a divide in the mission of companies between the “what” and the “why”; he describes purpose as a higher narrative of mission and vision (see figure 6).

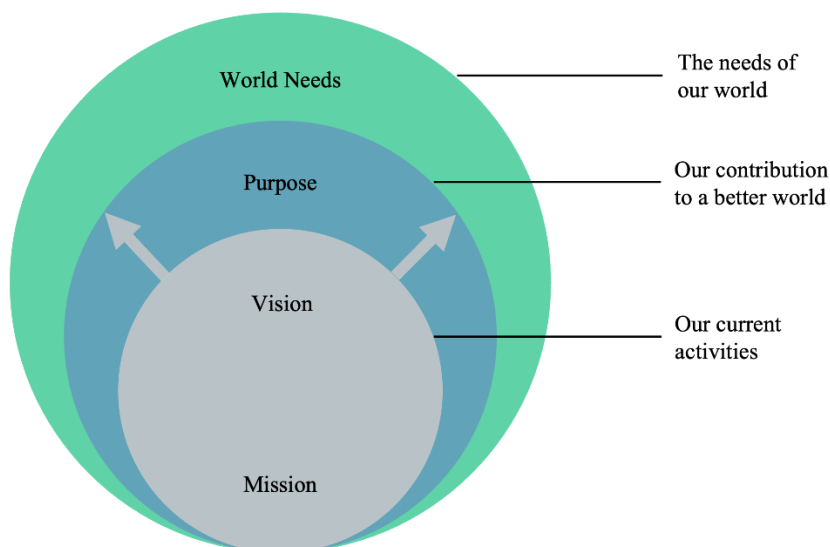


Figure 6: Purpose as higher narrative of mission and vision (Greiner, 2021).

According to Grice (2022), mission is about what businesses do every day, and vision describes the direction in which businesses head. She views both of the two terms as key

corporate drivers but assigns them a different role than purpose. Greiner and Brosch (2020) define mission as what a company does for its customers and the value that derives from it. In their view, vision describes the image of the future that an organization strives to achieve within the next one to seven years. Grice (2022) confirms this future-oriented timeframe and notes that both mission and vision are dynamic and will alter with changes in leadership, corporate contacts, and competitive landscape.

In contrast to mission and vision, purpose describes a company's contribution to a better world and goes beyond mere profit maximisation or satisfying customer needs (Greiner & Brosch, 2020). Purpose is timeless, describes a company's "why," and is found at the intersection of what companies are at their very best and the role they are meant to play (Grice, 2022). The EY Beacon Institute (2015) points out that when purpose becomes a driver of strategy and decision-making, executives have increased ability to realise revenue growth, drive successful innovation, and master ongoing transformation.

2.3.2 Purpose Statements

Fisch and Solomon (2020) believe that corporate purpose, from an instrumental viewpoint, can create value when articulated. Purpose statements are a useful tool in directing and managing the expectancy interests of stakeholders as these allow companies to signal their priorities. For example, consumer good giant Unilever articulates a commitment towards sustainability in its purpose statement as follows: "Our purpose is to make sustainable living commonplace" (Unilever, 2022).

Through market-based mechanisms, such as pressure from customers or employees, purpose statements are increasingly enforceable (Fisch & Solomon, 2020) because companies can be held accountable for whether they live up to their stated purpose. However, in Unilever's case, one of the company's shareholders criticised management as neglecting economic considerations because of their approach to sustainability (Jefferson, 2022). This reaction exemplifies that purpose statements can, in opposite to their enforceability through market-based mechanisms, be disapproved and pressured from shareholders. Within shareholder-centric cooperation, Hiller (2013) states that the B Corp movement legally mandates and protects a company's purpose. However, when a company decides to align itself consistently with a purpose that focuses, for example, on contribution to the common good, a new strategic framework may be required (Greiner & Brosch, 2020); the B Corp certification offers such a holistic framework.

3 B Lab, B Corps, and Benefit Corporations

In 1993, Jay Coen Gilbert, Bard Houlahan, Seth Berger, and Tom Austin founded AND1, a basketball clothing company which rapidly grew and became a market leader—second only to Nike—within just eight years (Dent, 2016). Honeyman (2014a) describes AND1 as a company that took great care of their employees as well as their community, implemented sustainable approaches along their value chain, and promoted shared ownership. After several offers in 2005, the founders decided to sell the company to American Sporting Goods (Harfford, 2005). Within a few months of the sale, the company’s pre-existing philanthropic and CSR initiatives were stripped away, which motivated them to team up with their friend, Andrew Kassoy, to found B Lab in 2007 and embed environmental, social, and governance (ESG) practices into a new capitalistic model (Honeyman, 2014a). According to Marquis et al. (2010), their aims were as follows:

1. Building a community of Certified B Corporations that meet rigorous standards of social and environmental performance and that legally expand their corporate responsibilities to include consideration of diverse stakeholder interests to help consumers, investors, employees, and policymakers tell the difference between ‘good companies’ and just good marketing;
2. Advancing the public policies necessary to create the legal infrastructure (through a new corporate form called a Benefit Corporation) and market incentives (tax, investment, and procurement preferences) to accelerate growth of this new economy;
3. Developing the GIIRS rating system (Global Impact Investing Rating System) to help drive institutional investment capital beyond traditional socially responsible investing to the emerging asset class of “impact investments”.

Table 1: The three aims of the B Corp movement, based on (Marquis et al., 2010)

According to B Lab (2022a), more than 5,000 companies are B Corps, and the certification is currently available in over 80 countries. The legal structure was first introduced in 2010 by the US State of Delaware (Murray, 2012), followed by 36 other US states as well as Colombia and Italy (Honeyman & Jana, 2019, p. 189). In Switzerland, there are currently 63 certified B Corps (B Lab, 2022b), but the country has not yet passed benefit corporation legislation.

3.1 The B Corp

Del Baldo (2019) describes three key characteristics of B Corps:

- “A corporate purpose to create a material positive impact on society and the environment;
- an expansion of duties to require consideration of non-financial stakeholders as well as the financial interests of shareholders;
- an obligation to report overall social and environmental performance using a comprehensive, credible, independent, and transparent third-party standard.”

These three characteristics link to the underlying drivers of hybrid businesses presented earlier. In contrast to Sinek’s (2010) and Bartlett’s (1994) claims that most businesses do not know their “why,” B Corps know exactly why they exist and place purpose at the heart of their business model. As suggested by Greiner and Brosch (2020), these companies have aligned with a strategic framework that supports their purpose. In terms of corporate governance, B Corps implement a stakeholder model of governance (B Lab, 2022c). As Tricker (2019, p. 24) states, society demands that companies reflect on their influence on all stakeholders and the communities they affect; B Corps answer these expectations. Lastly, by reporting their social and environmental performance to a third party, B Corps have an effective approach to CSR. According to the characteristics described by Crane et al. (2014), B Corps are socially responsible companies (see table 2).

Crane CSR model	B Corps
Voluntary	Choice of company, no legal mandate
Managing externalities	Material positive impact on society and environment
Multiple stakeholder orientation	Stakeholder model of governance ensures consideration of all stakeholders’ interests
Social and economic alignment	Duty to consider non-financial stakeholders as well as the financial interests of shareholders
Practices and values	Purpose-driven, included in the articles of incorporation
Beyond philanthropy	CSR built into the core of the business model and operations, which are then assessed and reviewed by B Lab

Table 2: B Corps and corporate social responsibility, based on (Crane, Matten, & Spence, 2014; B Lab, 2022d)

3.1.1 Certification Process

The following description of the certification process and requirements is based on the information provided by B Lab (2022d).

To obtain B Corp certification, companies must complete the B Impact Assessment (BIA). The BIA is a comprehensive questionnaire of firm practices covering five sections—governance, workers, community, environment, and customers—that investigate aspects such as greenhouse gas emissions, board diversity, employee benefits, and corporate transparency. Based on industry, geography, and company size, answers are weighted differently and determine a company's BIA score.

A company can continue with the certification process when it scores at least 80 out of a possible 200 points. As a next step, the completed survey and associated documentation undergo examination by professionals from B Lab to validate the assessment data. If a company still scores more than 80 points after B Lab's review, it is eligible for B Corp certification, proving that it has achieved a high standard of CSR. After certification, a company's score is publicly accessible on the B Corps website, along with the results of all the covered sections. Some companies, such as Danone's subsidiaries, offer complete transparency and even publish their completed BIA questionnaire (B Lab, 2022e). However, this is not a requirement from B Lab.

One component of the certification process is the amendment of a company's governing documents to consider all stakeholders. The form of these documents, and permission for alteration, depends on the state in which the company operates. In this case, stakeholders not only comprise traditional shareholders but also employees, customers, the community, and the environment. After certification, firms are subject to in-depth on-site reviews to further verify their BIA results. On-site reviews of approximately 10% of B Corps are conducted annually by B Lab. Once certified, B Corps must recertify every three years, presenting benchmark data to measure impact over time. The certification fees, based on revenue, range from €500–€50,000 per year (see Appendix 11.2).

A detailed description of the five areas covered in the BIA (Appendix 11.3) as well as sample questions (Appendix 11.5) are found at the end of this thesis. Each of the five impact areas has different sub-sections that either evaluate a company's day-to-day operations or its business model (see Appendix 11.4). The BIA is a free tool available for everyone on <https://app.bimpactassessment.net/get-started> to evaluate CSR performance.

3.1.2 Motivators

Honeyman (2014b) lists the motivators for companies to obtain B Corp certification as the following:

- to lead a movement: companies are primarily part of the B Corp movement because they believe in it and want to “use business as a force for good”;
- to partner with peers: certified B Corps regularly meet and build a community for learning opportunities and sharing of experiences and opinions;
- to benchmark CSR performance: the certification provides an effective framework for illustrating how a company fares in comparison to other sustainable organisations and highlights improvement areas;
- to save money and access services through the B Corps Network: B Lab provides discounts on various business services (e.g., Salesforce). Marquis et al. (2010) state that the savings created by these relationships more than offset the certification fee for over 50 B Corps;
- to protect the mission: CSR efforts are often at risk of being renounced when management or ownership changes. The certification functions as a risk mitigation tool by creating legal and reputational constraints;
- to differentiate from pretenders: as the certification is an official and public statement that recognises B Corps as truly committed to social and environmental responsibility, it is a powerful tool to differentiate “good” companies from those which are simply “greenwashing.” White (2015) claims that greenwashing is used by companies that resort to deception to present themselves as responsible even if they are not. He identifies greenwashing as a growing phenomenon that has led consumers to be more critical of CSR statements;
- to attract investors: a growing number of investors are interested in companies with not only a solid business but also a sophisticated CSR approach (Marquis et al., 2010), termed socially responsible investing (SRI; White, 2015). B Corp certification signals to investors that a corporation is worthy of SRI. According to Honeyman and Jana (2019. p. 13), even mainstream investors from private equity and venture capital are increasingly interested in B Corps.
- to generate press: the movement’s popularity is steadily growing and is gaining coverage on important media outlets such as Bloomberg, thus providing free advertising for all B Corps;

- to attract and engage talent: most workers seek a workplace where they can have a positive impact, and this also makes them more motivated and engaged. Indeed, 58% of American graduates declared that they are willing to be paid less if they can work for a company that shares their values. Among these, 45% percent confirmed that they would accept a 15% pay cut to have a job that has a social or environmental impact (Zukin & Szeltner, 2012). A recent survey by Deloitte (2021) strengthens this claim, finding that 44% of millennials (born between 1983 and 1994) and 49% of Gen Zs (born between 1995 and 2003), stated that they made career choices based on their values.
- to participate in a campaign: collective brand campaigns involving several B Corps are increasingly used for promotion of the movement and certified companies.

Furthermore, Kim et al. (2016) observe that small and medium-sized enterprises (SMEs) that implement CSR practices want to prove their genuine commitment to responsibility, whereas big corporations often seem to use CSR to improve their image. Their article in the *Harvard Business Review* revealed that the more companies claimed to be socially responsible, the more B Corps emerged in order to differentiate themselves from the companies with an insincere interest in sustainability. Likewise, the more that companies in a given industry applied a shareholder-centric view, the more B Corps emerged. Furthermore, the article declared that companies are also motivated to join the B Corp movement to oppose the prevailing greed-based mindset in business.

3.2 The Benefit Corporation

Most jurisdictions require that stockholders be the main consideration for organisational direction, and traditional legal structures are therefore not designed to comprise the public benefit part of the business (Hemphill & Cullari, 2014). For instance, when a firm is up for sale, it enters the so-called ‘Revlon mode’ (Marquis et al., 2010). This term originates with the 1986 case of *Revlon v. McAndrews*, in which a Delaware court resolved that when the sale of a company is a director’s decision, stakeholder interests are subordinate to the factors in favour of shareholder profit (Haymore, 2011). Although Delaware has not yet adapted constituency statutes implementing fiduciary duties that permit directors to include broader interests among stakeholders in their decisions, 33 other US states have (Hiller, 2013). However, according to Tyler (2010), constituency statutes allow for but do not require broader interests to be taken into account. He argues that these statutes do

not promote the consideration of stakeholder interests without regards to those of shareholder wealth enhancement.

As a consequence of the neglect of stakeholder interests, Marquis et al. (2010) argue that B Lab championed a new legal form that incorporates stakeholder interests into governance obligations and enlarges the duty of directors to create public benefit, including liquidity scenarios such as the sale of a company. In addition to legal obligations and the related accountability, this new legislation includes higher standards of transparency, with yearly reporting of CSR performance and a two-thirds majority vote of shareholders required to eliminate these higher standards.

This new legal form is called a “Benefit Corporation” and available in 37 US states as well as Colombia and Italy (Honeyman & Jana, 2019, p. 189). According to B Lab (2022f), Benefit Corporation statutes are very similar among US states and share three provisions:

1. Purpose: To create general public benefit. This is defined either as a material positive impact on society and the environment or as the obligation to operate in a responsible and sustainable manner depending on the state/province of incorporation.
2. Accountability: Benefit Corporations expand the obligations of boards. A board must consider environmental and social factors, as well as the financial interests of shareholders; this gives directors and officers the legal protection to pursue a mission and to consider the impact their business has on society and the environment.
3. Transparency: Benefit Corporations must report on their progress to achieve general public benefit. Reporting requirements differ by state/province, but many are required to use a third-party standard to measure their performance and to annually report to the public.

Table 3: The three shared provisions of Benefit Corporation statutes, based on (B Lab, 2022f)

In 2013, the adoption of Benefit Corporation legislation became the subject of an interpellation in the National Council of Switzerland (Swiss Parliament, 2013). The Federal Council responded to the interpellation, stating that a company’s purpose does not necessarily have to be profit maximisation and can also be connected to other purposes beyond economic ones. Moreover, they argued that associations and foundations have always

been able to establish charitable purposes, and given that even corporations (LTDs, LLCs) can have a charitable purpose, there is no need to change the conditions of corporate law. Pfammatter (2013) confirms this view, explaining that corporations and cooperatives, at least to a certain extent and under certain conditions, may pursue multiple purposes.

3.2.1 Comparison of B Corps and Benefit Corporations

Certified B Corps and Benefit Corporations are not the same, but the concepts can be confused because the two forms are often combined. B Corps, or Certified B Corps, are organisations that have received a certification from B Lab. In contrast, a Benefit Corporation is a legal form introduced by various jurisdictions through the initiative of B Lab. The two forms can be combined, but they do not have to be. A Benefit Corporation can decide not to become certified. The opposite can also occur: there are Certified B Corps that do not change their legal status into a Benefit Corporation. However, when the respective state in which a Certified B Corp is based provides a Benefit Corporation structure, Certified B Corps are obligated to adopt the legal form within two years of certifying (B Lab, 2022g). Honeyman and Jana (2019, p. 189) compared the two forms and summarise the differences and common features as follows:

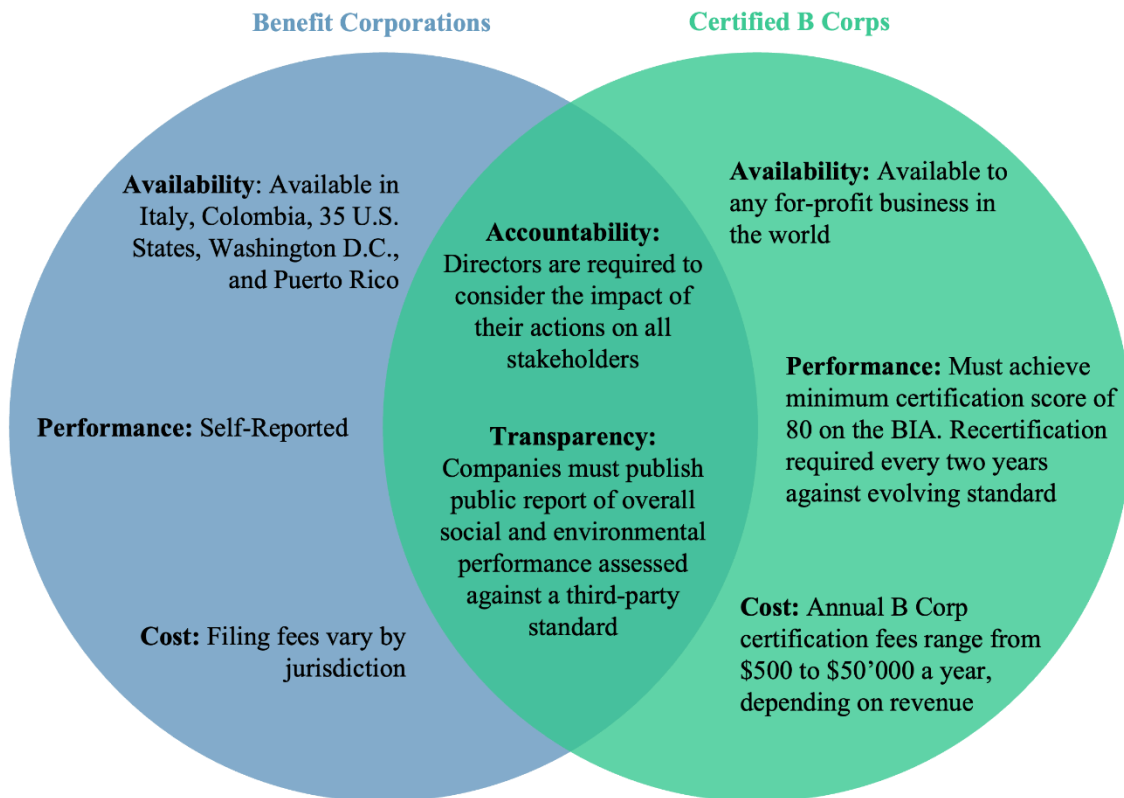


Figure 7: Comparison of Certified B Corps and Benefit Corporations, based on Honeyman and Jana (2019, p 189)

The main difference lies within the mechanisms of the two forms. While the certification focuses on CSR performance, which is measured by B Lab, the legal form does not guarantee a high standard of CSR as it is self-reported. The essence of the Benefit Corporation legislation lies within the restructuring of the firm and the long-term protection of its purpose, even among changes in ownership (Marquis et al. 2010). According to Haymore (2011), the certification—although it requires a change to the firm’s governing documents—may not permit preference to stakeholder interest or to put them on an equal footing with shareholder profit; therefore, the implementation of the Benefit Corporation structure is needed to ensure legal accountability in the director’s duties to fulfil the company’s purpose and thus, allow for the preference of stakeholder interests over shareholder value enhancement.

4 Methodology

To better understand the arguments presented in this thesis, a comparative case study analysis was performed of B Corps operating in Switzerland, as per Eisenhardt (1989). In the study of hybrid organisations, case study research is a suitable method for exploring organisations' structures and strategies while allowing comparisons of different arenas of activity and geographical settings (Cornforth, 2014). Fitzgerald and Dopson (2009) support that a case study approach can be a useful tool to research organisations and deliver insights into new areas that are difficult to access with quantitative techniques or large surveys. Moreover, the literature on voluntary certification indicates that additional methodological approaches on the firm level are required to provide greater consistency in voluntary certification research (Bowler et al., 2017).

4.1 Sample

As proposed by Eisenhardt (1989), the selection of the cases followed theoretical sampling criteria regarding the cases' potential to extend the emergent theory. The following three criteria were considered in the selection process: (i) how the companies reflect different sectors and business models; (ii) how the companies represent variety in terms of size and age; (iii) how long the companies had been certified. The aim of these criteria was to provide a diversified sample that allows analysis of the B Corp certification from multiple perspectives. The sample included five B Corps, of which representatives were interviewed. The interviews provided the sole data source used in the case studies.

4.1.1 Danone

Danone was founded in 1919 and operates in the food industry on a global scale, employing approximately 100,000 people (Danone, 2022). By continually certifying its legal entities, Danone is a leading business of the B Corp movement and aiming to become one of the first multinational B Corps. One of the company's certified subsidiaries is the Swiss B Corp Evian-Volvic Suisse (EVS). In May 2020, the legal entity was certified (B Lab, 2022a). The interview with Danone involved two representatives. While one of them was from EVS, the other represented Danone's German subsidiaries.

4.1.2 Too Good To Go

Too Good To Go's mission is to reduce food waste. This privately held company created an app that connects users to businesses with surplus food that otherwise would land in the bin. Too Good To Go was founded in 2016 and obtained B Corp certification just three years later (B Lab, 2022h) as a start-up with 350 employees. At the time of the interview, the company employed approximately 1,300 people. Given that Too Good To Go is an app, it contributes to the sample as a fully digital business model. Although the company is listed as a Swiss B Corp, its headquarters and origins are in Copenhagen, Denmark. Nonetheless, in terms of corporate governance, Denmark, like Switzerland, is classified under the Germanic system (see Appendix 11.1).

4.1.3 Lombard Odier

Lombard Odier was founded in 1796 in Geneva and currently employs 2,650 people in 21 countries (Lombard Odier, 2022). The Swiss asset manager became certified in March 2016. As a privately owned bank, Lombard Odier has no pressure from external public shareholders seeking improvements to quarterly results (B Lab, 2022i). The company helps clients to invest their money sustainably and is one of the few certified banks in Switzerland. Therefore, Lombard Odier represents the banking industry in this thesis and provides insights into how service-oriented business models function within the B Corp framework.

4.1.4 Weleda

Weleda was founded in 1921 and manufactures cosmetics as well as naturopathic medicines (Weleda, 2022a). Weleda, headquartered in Basel, is a public limited company that employs over 2,500 people and comprises 25 companies worldwide (B Lab, 2022j). The company received B Corp certification in September 2021. Because its products are available worldwide, Weleda provides insights into different markets. The company not only expands the sample because of its very recent certification, it also delivers a perspective from the cosmetics as well as the naturopathic medicines markets and represents the viewpoint of a publicly listed B Corp under Swiss law.

4.1.5 Baabuk

Baabuk sold its first slippers in 2013 and currently consists of a team of eight people (Baabuk, 2022). As a start-up, the limited liability company based in Vaud obtained B Corp certification in 2017 (B Lab, 2022k). Baabuk believes in going back to the roots and creates authentic wool footwear for responsible consumers. This Swiss B Corp offers insights into the apparel industry and the B Corp recertification process. Moreover, Baabuk represents how young and small businesses function within the B Corp framework.

4.2 Interviews

The interviews were conducted in April 2022 on Microsoft Teams and lasted between 39 and 56 minutes. The representatives interviewed included senior managers, sustainability managers, and B Corp managers. As such, all the interviewees had profound knowledge of the B Corp certification's effects on company activities and stakeholders. The discussions followed a semi-structured interview guide, which ensured the clarification of all interview questions despite the possibility of deviation (Mayer, 2012) which was used to dive deeper into individual topics arising throughout the interviews. To build the questionnaire in reference to the research questions and to gain insights into all organisational activities, Porter's (1985) value chain functioned as a basis for the interview guide.

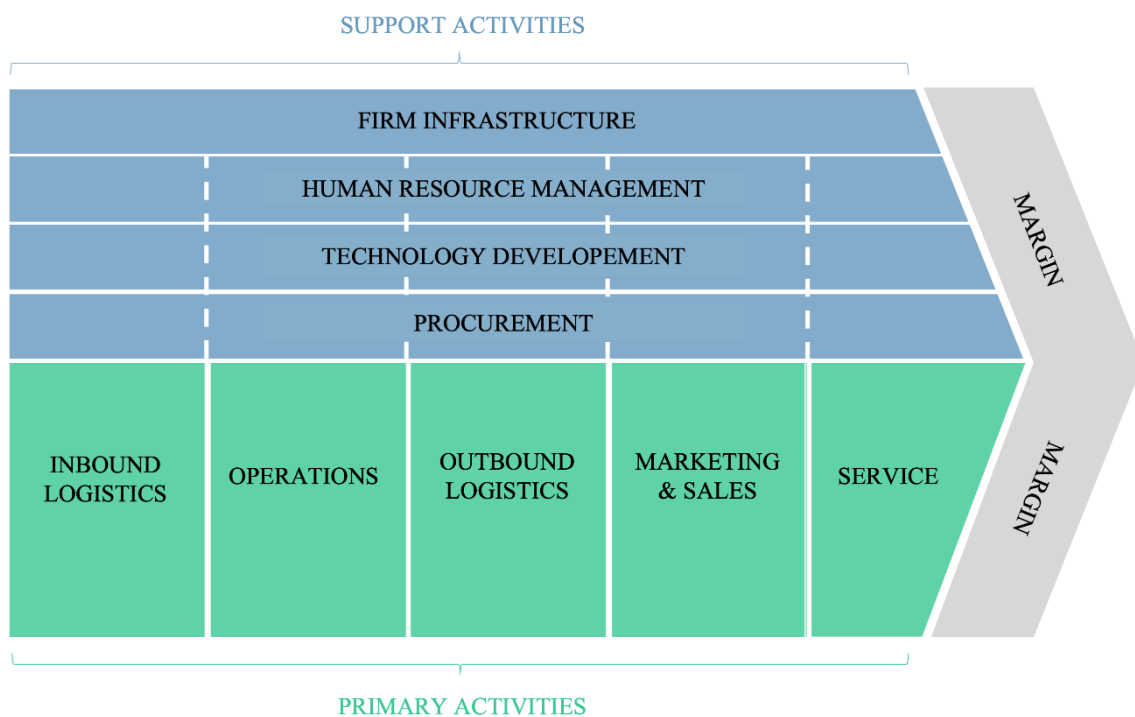


Figure 8: The generic value chain (Porter, 1985, p. 37)

Porter (1985) analysed how companies can achieve competitive advantage by investigating their key activities. As demonstrated in Figure 8, he identified a chain of nine elements, which he divided into primary and supportive activities. Primary activities represent activities from the sourcing of the product to support of the client after a sale, while support activities are central to maintaining the required resources for the primary activities to function.

As the value chain offers a holistic view of the key activities of a company, it provides a suitable framework to investigate the organisational impact of B Corp certification. Moreover, it represents an effective tool to analyse where and how the certification created value and therefore what its strategic impact was. To address the research questions, the interview guide started with identifying the companies' motivators for obtaining the certification and ended with an investigation of the perceived benefits and challenges of certification. The complete interview guide can be found in Appendix 11.6.

4.2.1 Analysis

All the interviews were recorded and later transcribed. The transcription followed a non-verbatim approach based on the transcription rules of Kuckartz et al. (2008, pp. 27-28). As the focus of the interviews was on content, paralinguistic and nonverbal events as well as vocalisations such as "ah" or "mhm" were not transcribed. Text passages of the interviewer were characterised with the letter "I," while those of each interviewee were marked as a letter from A through E. While personal data was anonymised, company names were mentioned to create a clear picture of the studied B Corps. Three interviews were conducted in English and two in German. To enable language uniformity, the German interviews were translated with professional translation software and revised by the author to ensure that no changes in the meaning of the answers occurred.

Because of the thesis' exploratory character, the interviews were analysed through an inductive coding process, whereas the cases' writing followed a deductive process. The interview investigations followed Kuckartz's (2016) method, as his approach puts focus on the post-coding analysis and considers the case-oriented perspective (Kuckartz, 2016, p. 6). MAXQDA software supported the inductive coding process. Excerpts of the content analysis procedure as well as the transcribed interviews are found in Appendices 11.7 and 11.8. The interview recordings as well as the full content analysis are available upon request from the author

5 Motivators

All the B Corps studied went through a process of development that indicated that their aims and purpose would be helped by joining the B Corp movement, and they therefore underwent B Corp certification. This section discusses each company's development process and the motivators and expectations for the decision to become certified.

5.1 Danone

The origin of Danone's motivation to join the movement is within the history of the company. In the 1970s, Danone was already engaged in CSR, establishing a "Double Projet" based on the notion that success is not possible in the long term if a company does not respect environmental and social considerations. With strong intrinsic motivation to combine social, environmental, and economic goals, the company strives to be one of the first multinational B Corps in the world by 2025, which includes certification of all their legal entities. B Corp certification also enables Danone to establish a "common language" and a "common denominator" for social, environmental, and economic responsibilities within and across their legal entities. Danone also highlighted the movement itself as a motivating factor. As a collective network of over 5,000 B Corps, becoming certified was an opportunity for Danone to share their values with other companies, highlight the positivity of the movement, and inspire others to become B Corp certified as well.

5.2 Too Good To Go

Too Good To Go's mission "has always been really interlinked with the environment and making a difference to our planet." By applying for B Corp certification, the company desired to showcase that commitment in the form of an external certification. Too Good To Go was aware that their business model, which works towards a planet with no food waste, was already sustainable. However, they wanted to have a formal audit of their practices and to understand how they were performing in the various dimensions of their business. Furthermore, certification provided Too Good To Go with a way "to see where we can still make improvements and [...] to help us in how we run our business and how we develop our strategy." As a result, the company was motivated to use the B Corp framework to examine best practices and to benchmark their performance in the different certification areas.

5.3 Lombard Odier

For Lombard Odier, the key driver behind certification was identification with the movement: “It very much aligns with our business philosophy, with how we behave ourselves.” Historically, Lombard Odier was characterised by its sustainable business model as well as its approach towards the environment and community. Additionally, there has been “much more demand from clients and from ourselves, and how the world has changed to look more towards the environmental side,” leading the company to integrate ESG criteria into their investments and causing the emergence of various memberships and signatories for banks that focused on sustainability. Whereas other certifications only investigate a specific part of business, the B Corp certification offers a holistic view of Lombard Odier. This approach reflects the bank’s views on being a sustainable business because “it is not just the products you are selling to your costumers, for example, or that you take care of the environment. It’s everything you do.” Through the certification, Lombard Odier was able to see where they stood and where and how they can improve in the areas of the BIA.

5.4 Weleda

Before applying for B Corp certification, Weleda considered which additional certification to pursue after the ones it had already earned. There were different frameworks to choose from, such as “the ‘*Gemeinwohl Ökonomie*,’ a movement from Austria that is slowly expanding in Europe, and several German sustainability frameworks.” However, on a global scale, the B Corp certification proved to be the best option for Weleda. The company operates worldwide with 20 subsidiaries, and the B Corp certification offered both global reach as well as a holistic framework considering all the different parts of the company. Furthermore, the high standards required by B Lab motivated Weleda to become a B Corp: “There are many certifications that every other company could get [...], but with the B Corp, you have the minimum requirements, which are quite high. You have to get 80 points out of 200, and an average company can't do it at all.” Another motivator for applying for B Corp certification was that the certification could be used for Weleda’s marketing. With the strong presence of B Corps in the US market and their increasing popularity in Europe, the certification is effective for raising customer awareness.

5.5 Baabuk

Baabuk's motivation for obtaining the certification derived from its attempt to evaluate its business. The company owners knew that they have a responsible brand and that they acted in a sustainable manner, but they "needed a stamp on it and to be sure that we really match with what people are saying about us." Baabuk was convinced of the value of the B Corp certification because it was "not just signing a paper and paying a certain amount or clicking the boxes, but really going through a process and engaging all the stakeholders of the company." The B Corp certification was thus not only part of assessing the business but also promoted stakeholder engagement. Moreover, Baabuk described recent developments in society and business as a crucial factor in certification: "I think when you look around at people who are in business or have just graduated [...] we are seeking meaning much more than what we used to probably 30 years ago." Accordingly, the certification offered a measurement and a framework to Baabuk that "gives a lot of meaning to the process, not only to the paper." Going through the certification process offered various insights into different areas of Baabuk's business and was a crucial motivator.

5.6 Conclusion

Although the dedication of these companies to social and environmental goals was the key factor in their choice to become B Corp certified, joining the B Corp network provided something more. First, these companies anticipated that the certification would help them better translate and communicate their values to stakeholders and society more broadly. Second, they felt that the B Corp certification functioned as a third-party-validated proof of their social and environmental commitment and therefore differentiates them from other companies. Third, they appreciated the B Corp certification as a framework for benchmarking their CSR performance and use it as a tool for making improvements. Interestingly, in terms of corporate governance, none of the companies cited the legal protection of their purpose offered by the B Corp framework as a core motivation. Moreover, all the companies were convinced even before becoming a B Corp that their values were strongly embedded in the core of their business and that their business model was already sustainable.

6 Impact Along The Value Chain

To analyse the impact of the certification on the different activities of the value chain, this thesis uses Porter's value chain framework. However, as B Corps are strongly stakeholder-oriented, Porter's value chain has been adapted to a stakeholder context for further discussion of the findings. To address the research questions, the value chain has been divided into an internal and external environment. Moreover, upstream and downstream processes surrounding company operations have been simplified and joined with the stakeholder groups of suppliers and customers. The supporting activities remained the same with the exception of human resource management, which is here represented by the employee stakeholder group. As the communication between the internal environment and external stakeholders proved to be an important factor, these information streams have also been illustrated in the adapted framework with labelled arrows (see figure 9).

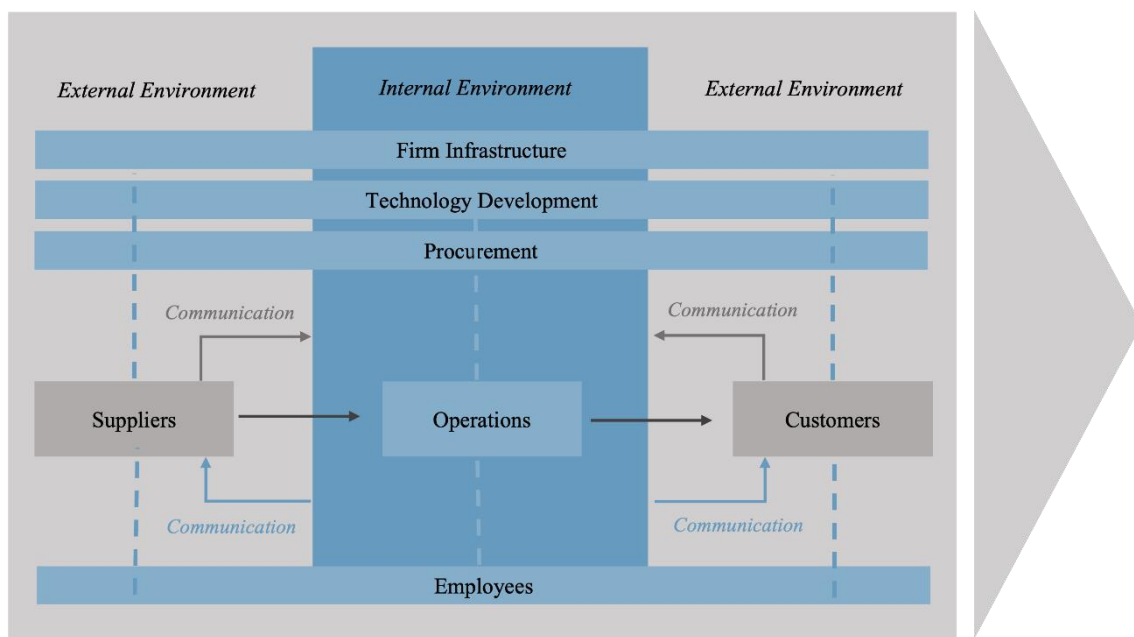


Figure 9: The value chain in a stakeholder context (own illustration)

6.1 Danone

B Corp certification had little impact on Danone's internal practices along the value chain. The company already used responsible approaches in all their activities, and so there were no changes: "B Corp is actually nothing new for us, and we are in the luxurious situation that we can simply bring what we do anyway into this form." The importance of the certification to Danone was in creating transparency and a common language both internally and externally. The internal influence of the certification is mainly recognised in activities

that relate to employees. Danone's internal communication increasingly covered topics about the B Corp certification, and employees from various functions were involved in processes that were B-Corp-related. As a result, employees were not only engaged in communication about but were also actively involved in the process of certification. Management and employees of the different legal entities "are becoming more aware of the fact that everything we do on a daily basis is ultimately included in this certification." This, together with the historical background of Danone, created an internal environment where stakeholder orientation is embedded not only in the articles of association of the different legal entities but also in the mindset and everyday practices of individuals.

Transparency and a common language were also transferrable to Danone's external environment and mainly influenced the customer side of their business. On the supplier side, Danone already implemented sustainable approaches and shared environmental as well as social values with suppliers. Therefore, everything was already "set up in the best possible way [...] there are contractual agreements with suppliers, for example, in logistics with the transport company to introduce or monitor fuel-saving measures." On the customer side, the B Corp Certification allowed Danone to reach "a platform to communicate to the outside world in a credible way what we are doing in the areas of social, ecological, and environmental sustainability." Thus, the independent certification acted as a validation of their attempts to run their company sustainably: "It is different when we [just] say we are a 'business as a force for good' versus when a truly external, independent certification body actually certifies us after a one, one-and-a-half year elaborate assessment process."

Given that modern customer expectations for good products are "basic requirements" and clients are increasingly more interested in what is "behind the brand," B Corp certification offered Danone a transparent way to give insight into their way of doing business. However, compared to the other markets, customer awareness of the B Corp Label in German-speaking countries was perceived to still be in its initial stages. In the UK, for example, Amazon already has its own "tab for B Corp products," and large supermarkets in the US feature special "red-carpet" sections for B Corp products. Danone and other B Corps are therefore trying to bring the movement to the German-speaking market's attention and to raise customer awareness to encourage retailers to feature similar sections promoting B Corp products.

6.2 Too Good To Go

B Corp certification impacted Too Good To Go's activities along the value chain internally as well as externally and offered a framework for improving and formalising practices. Because B Lab asks about employee ownership, the company initiated "an employee shares programme so that employees could purchase part of the company." The company also started an annual impact report and changed its articles of association, both of which are required by B Lab. Since its certification, Too Good To Go has implemented a code of ethics as well as different policies aligned with B Corp standards. As a young and fast-growing business, it had "always kind of done those things, but it's just getting them in writing so that we are really solidly committing to those things on paper." To this end, Too Good To Go is currently formalising procurement practices according to B Corp standards. The app and data usage, which lie at the core of its business model, were not impacted by the certification: "As a tech company and an app, we were already doing all the things that B Corp required." The greatest impact was in the section of employees as the company transferred their B Corp manager to the people and culture team because it "see[s] it as interlinked with supporting our people and our culture at Too Good To Go." As a result, various initiatives for employees emerged and promoted employee engagement and satisfaction.

Regarding external environment, it is important to understand Too Good To Go's business model. On the one hand, there are the suppliers which provide the company with, for example, office supplies and package material. On the other hand, there are the "partners," which are restaurants and stores, and their "users," which are their customers. In terms of suppliers, Too Good To Go is "putting in place priorities for suppliers who are maybe from a minority background owned and who are local to our offices so that we are always prioritising our local community and underrepresented groups when we are purchasing." When it comes to partners, namely restaurants and stores, Too Good To Go has not followed such rigorous processes as their main goal is to save as much food as possible. Therefore, there was little impact on this group. However, beyond small partners, namely local shops and restaurants, there are also bigger companies where the B Corp certification is communicated: "The other bit we do with some of our bigger companies is that [...] we are trying to educate them a bit more in being a B Corp and why it might be a benefit or why it is a benefit for them to partner with us, and also why it might be a benefit for them to look into being a B Corp themselves." On the customer side, Too Good To Go already implemented complex support systems for users, and the impact of

certification was therefore small. Moreover, the usability of the certification as a marketing tool differs among countries, and “there is still potential for us to increase in the countries where it is well known” and therefore increase its impact on customers.

6.3 Lombard Odier

In Lombard Odier, there were only occasional impacts along the value chain. However, the certification offered a framework for the organisation to function within; this was valuable when, for example, they checked B Corp requirements to build their new global headquarters outside Geneva. There were specific questions provided by B Lab in terms of real estate that proved useful for the company “because it gives structure to everything.” As a service company, most of Lombard Odier’s procurement expenses relate to services and consultants. In contrast to buying products, where demands can be put to suppliers in a concrete way, with service providers it is more challenging to formalise expectations. This dynamic led Lombard Odier to implement a supply conduct code “to have some framework for what we demand from our suppliers, and we can say it [the supply conduct code] has a direct link to being a B Corp.” Moreover, Lombard Odier’s risk governance and compliance are aligned with the B Corp approach. All of these points, however, did not significantly impact Lombard Odier’s internal activities: “It’s very hard, I think, to say when you become a B Corp, everything that changes afterwards, because you become a B Corp because you are already far ahead in your sustainability process.”

Similar to the internal environment, the certification was useful in the company’s external environment as proof of their commitment to sustainability, “to prove that it is not just words that we are saying.” Additionally, Lombard Odier observed an impact on the client side: “We have a good number of clients who are extremely interested in sustainability, have very high standards themselves in their personal lives and in their own businesses, and who know what B Corp is.” The company frequently receives questions from clients who are thinking of applying for B Corp certification themselves. However, whether the B Corp certification is a decisive factor in clients’ decision to work with Lombard Odier remains uncertain: “It is very hard to say. I mean you can always say yes, we got the specific client because he loves that we are a B Corp. But is that the decisive factor? It is impossible to say.” Therefore, the main external impact along the value chain of Lombard Odier is the transparency the certification warrants that can be communicated externally.

6.4 Weleda

Internally, B Corp certification mainly impacted Weleda's personnel. The score system proved effective in communication with workers: "[...] we notice that now, with B Corp's simple score system, it is easy to communicate with employees." The certification thereby offers a transparent way to measure Weleda's sustainability performance and is also usable as a "tool to move people within the company to live even more sustainably and to think about their own projects." The B Corp certification also supported other approaches to employees, including employee ownership: "This was also supported [...] that the employees have an interest in the further development of the company because they have their own shares." This change not only influenced employees, it also impacted Weleda's ownership structure. The change of the organisation's statutes also had an impact: "It is now in Weleda's statutes that we are supposed to act for the environment, and this is repeatedly used as an argument by the management itself." As a result, management reflects on whether their decisions serve the purpose outlined in the statutes and consequently, the overall score in the BIA. Weleda also conducted research on customer awareness in connection to the B Corp movement.



Figure 10: Weleda's communication of the B Corp certification (Weleda, 2022b)

The research on customer awareness directly links to the external environment of Weleda's value chain. The results of the study showed that the movement was not popular enough to print the B Corp label on the packaging of their products. However, the media played an important role on the customer side: "Externally, it is certainly the interest of the media and that we can use that for media or for gaining new customers." Consequently, the B Corp certification was communicated (see figure 10) and used as a marketing tool with new as well as existing customers. As the movement was "not yet known

enough” it did not influence their packaging, however, that could change in the future: “But that is coming, as I said, because the number of B Corp companies is increasing very fast [...] and I suppose that in a few years B Corp will be popular and then we can also print that on the tubes.” The certification merely impacted the supplier side of Weleda’s value chain. The company already implemented effective and sustainable approaches in cooperation with their suppliers. The certification, however, further promoted supplier engagement. Therefore, Weleda moved increasingly in the direction of cooperation projects with their suppliers: “We already have more than 50 cooperation projects with various farmers, but we would like to expand this even more in the direction of biodiversity and energy saving, saving emissions through transport [...] and raising awareness among suppliers.”

6.5 Baabuk

For Baabuk, the B Corp framework had various impacts on their activities along the value chain. The whole process and the questions of the BIA helped the company in the “realisation of points, where before we would just not even notice or not even think about. Now they come into questioning every time we have a new idea or a new proposition or collaboration coming from the outside.” Being a start-up while certifying, the B Corp framework helped Baabuk to shape their internal processes. However, even before certification, they “always tried to optimise also the processes in the field we work in”. Baabuk recently implemented a sustainability task force. However, due to their smallness, there were limitations before this implementation. For example, in terms of research: “What we face as a problem is we do not have access to a lot of knowledge due to our smallness and it is really like ‘seeking a needle in a haystack’ when you look for a specific product and so on.” In the field of research, Baabuk implemented a project where they used wool from the University of Lausanne to create a pair of shoes. “[...] it’s maybe not something drastically technologically new” but it represented how Baabuk worked with the resources they had. As the two owners, who were also the founders, manage the company, there were no changes in the corporate governance structure. In procurement processes, for example, when buying office supplies, decision processes were kept short and simple. In terms of employees, there was no impact through the certification besides having various people willing to work for Baabuk because they are a certified B Corp.

Becoming a B Corp also influenced Baabuk’s external environment along the value chain. The certification affected Baabuk’s expectations of suppliers. Consequently, transparency

and social responsibility were discussed more often. Again, the impact is kept within limits because, “[...] we do not have the luxury of being able to change suppliers easily at Baabuk because we are a small company, and we are lucky enough that some people we work with did already accept us in the in their production chain because the shoe industry is a very complex and difficult market.” The certification gave Baabuk a perspective on how to ideally do things, however, they were not able to drastically change their supply chain based on new ideas. On the customer side, communication before certification was built around new products whereas, after certification, the main message was based on sustainability. However, Baabuk also stated that most of their customers were not aware of the B Corp label: “Most of them [customers], I would say, don't even know it”. As customers were not the only stakeholders of Baabuk, there was another impact on them—Baabuk offered no free returns. Instead, they proposed to their customers to give unsuitable shoes to someone else as a gift and receive 50% off their next order. Thereby, Baabuk balances stakeholder interests and shows responsibility to customers and environment.

6.6 Conclusion

The resulting impact of the certification varied among the studied B Corps, externally as well as internally. Nevertheless, this conclusion highlights the tendency of where the impact was perceived most among the five companies. Figure 11 represents the impact with a green colour range. The darker the tone, the more significant the impact. Besides describing the trend, this conclusion highlights firm-level and geographic differences.

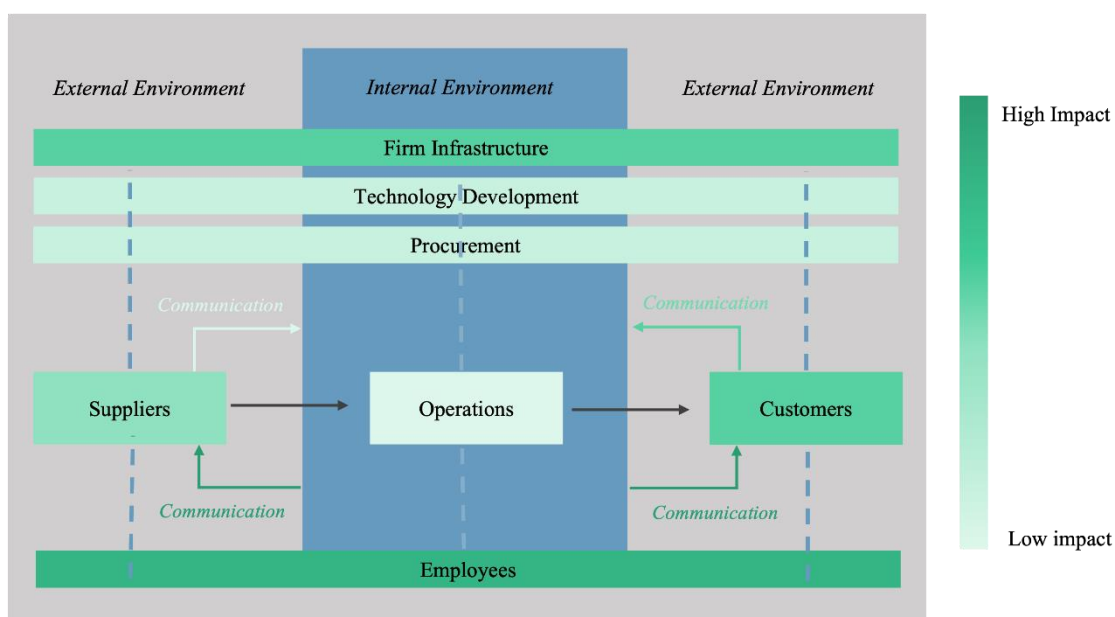


Figure 11: The impact of the B Corp certification along the value chain (own illustration)

Starting with the internal environment, it can be recognised that there is almost zero impact on a company's operations. All the firms already structured their operations in a sustainable way and aligned the creation of products and services with their values. For Baabuk there was a slight impact, as the company had the B Corp framework in mind whenever new ideas were introduced. However, they were already embedding sustainable processes before the certification, it just gave more structure to the process and built a frame to function within. In terms of technology development and procurement, there were a few initiatives or policies implemented through the certification. In some of the companies the certification, for example, helped to formalise procurement policies. In other companies, there was research conducted in direct connection to the certification. However, as the companies did not dramatically change their practices within those two supporting activities, the impact remained weak. Within firm infrastructure, the impact was more significant. All the companies were required to change their articles of association. Moreover, the B Corp framework helped to formalise different codes that govern internal structures and processes. The impact was not just committing to responsible approaches on paper but also creating a mindset within the companies which influenced managerial decisions. The B Corp framework also promoted employee ownership programmes. Employees were the stakeholders most impacted by the certification among the studied companies. All the firms initiated various approaches towards their employees, and it proved to be an effective tool to communicate values and establish a consistent and transparent voice within the company. Consequently, employees were proud to be part of the B Corp movement.

This transparency was transferrable to the external environment, mainly to the customer side. Suppliers, however, were only moderately impacted by the certification. It predominantly affected the communication stream from companies to suppliers. B Corps tried to increasingly engage suppliers and educate them on the B Corp movement to demonstrate the benefits of the certification. Similarly, the communication with customers involved considerably more information on the B Corp movement. However, as in the German-speaking market, customer awareness on the B Corp label is still low, the impact on customers' buying decisions remained weak. For the companies that operate globally, the impact on customer side was obviously more significant in the markets where the B Corp movement is well-known. Consequently, the certification was used in the respective countries as marketing instrument.

7 Benefits and Challenges

This chapter discusses the outcomes of the B Corp certification among the studied companies. The described benefits and challenges include links to the companies' motivators as well as to the resulted internal and external impacts along the value chain. However, the purpose of this section is to specifically highlight the outcomes that emerged from the certification and to compare the benefits that B Corps gained and the challenges they faced during and after the B Corp certification process.

7.1 Danone

For Danone, various benefits emerged from the B Corp certification. Besides having a "transparent and credible platform" to communicate their approaches to sustainability, they became part of a community. Through this community, Danone was able to exchange ideas and contribute to the discussion of how to make the economic system more inclusive and redefine the economic world. Moreover, the certification influenced Danone's competitive environment, by creating a unique selling proposition and eliminating "this competitive thinking a bit because we are part of a movement and through that we also think about corporate cooperation." As figure 12 demonstrates, there was for example a cooperation between an Italian coffee manufacturer and Danone's plant-based subsidiary Alpro, where they together promoted plant-based coffee. Through this kind of cooperation, "very charming things are being created". Other benefits that Danone stated were the attraction of young talents and currently, to be one of the leading companies in the B Corp movement and to set a standard for other companies that may be at disadvantage if they are not B Corp certified. Moreover, the idea of constant improvement created through the recertification process is a valuable benefit: "Through the recertification, the B Corp certification also gives a constant idea of improvement [...]. As a company, you always want to get better. I think that being a B Corp now gives you a bit more of a push."

The company also highlighted different challenges. One of them is that the certification process is time-consuming. The assessment phase that lasts up to one and a half years includes "a few thousand hours of work behind it." Additionally, a B Corp team of five to ten people can be needed. These considerations, however, also depend on the size of the respective subsidiary. Moreover, Danone confirmed that the certification caused costs, which "involve the certification fee, audit costs and travel costs." For obtaining the certification, all companies around the world of the same type and the same size get the

same questionnaire. This questionnaire was created in the US and does not always fit the European market. Even if this “is of course important for comparability worldwide”, companies in central Europe can sometimes be at a disadvantage. For example, “in the US, university libraries are financed by companies” which is not the case in Switzerland or “might even be seen badly”. Therefore, the possibility of scoring points in the survey can depend on where companies are located.



Figure 12: Project Alpro e Illy (Creostudios, 2021)

7.2 Too Good To Go

One of the main benefits that Too Good To Go gained by becoming a B Corp was the community in which other B Corps acted as a support system to help the company find best practices in all areas of the certification. Furthermore, cooperation among B Corps shortened the conversation on CSR aspects because “if you are working with another B Corp, they know exactly the standards that you are meeting.” Moreover, the BIA as a framework proved to be useful for strategy definition: “The actual B Corp assessment as a tool to use when we are planning next steps in our strategy as a business [...]. It is a really useful tool to find kind of best practice from B Corp perspective, and we definitely use it for that.” Moreover, the B Corp certification provided a way to show that Too Good To Go was meeting the highest standards of ESG, which could be easily translated to people outside their business. As there is “an increasing awareness of customers in terms of wanting to purchase from socially responsible companies” the certification matched developments within the market. The B Corp certification also created advantages in

terms of employee engagement: “Employees are really happy to be working for a B Corp and it is something that they will often talk about that they are very proud of.” The permanent legal change, which is the drive behind the B Corp movement, was also considered to be a benefit of the certification.

Besides costs, the company described the “lack of awareness of the B Corp certification in some countries globally” as a key challenge. Attracting customers with the certification “does not work in some countries where B Corp is not known.” Too Good To Go also mentioned that “some of the aspects of being a B Corp are very American” which is recognisable in its focus on best practices. In some areas of the B Corp certification, the company would not score because of where they operate; there were already mechanisms in place that were established by the government and did not need or were not allowed to be supported from businesses. Another challenge for Too Good To Go is the recertification. Since their first certification in 2019, they have grown their number of employees and expanded their business across different countries. Therefore, the new questionnaire of B Corp will differ from the last one and, considering that there must be improvements in the score, the recertification is a challenging factor.

7.3 Lombard Odier

Lombard Odier points out that the certification enabled them to demonstrate that their product strategy and their corporate behaviour are fully aligned. Furthermore, it proved to be a useful tool in determining their strengths and weaknesses regarding sustainability: “And then it also helps our sustainability road map because we have our strategy, our road map and then going through the B Corp certification highlights where you're stronger, where you are weaker, what could we do etc.” Lombard Odier also wanted to be at the forefront of setting good standards for business, and through the B Corp certification they could transparently demonstrate and fulfil that role. It also enabled Lombard Odier to be part of a network and gained them insights into approaches from different industries: “Sometimes it’s good to speak to companies with the same approach, but in other industries, how do they solve a problem or how do they look at things.” Consequently, the network offered versatile perspectives on problems. Another benefit was the attraction of talent “because today people really increasingly want to work for a company that shares their values and if you are a B Corp, well, it is approved straight out what your values are and what you stand for.”

However, by becoming a B Corp, “you very much put yourself in the position of wanting to be a leader and when you're a leader, people look at you more and hold you to be higher standards”. As a result, there are challenges in taking this leading position, but Lombard Odier was “happy to take that role” because that was exactly the role they wanted to take. Another key challenge mentioned by Lombard Odier is the recertification process, where the company was compared to what they did three years ago: “So that puts a pressure on what you want to be able to show as one [as an improvement]”. Something worth mentioning is that Lombard Odier, as an asset manager, invests clients’ money into sustainable assets. Other banks that may provide companies with loans for projects could face challenges if these projects were not considered sustainable. However, as an asset management bank, Lombard Odier did not have that problem.

7.4 Weleda

One benefit that Weleda recognised was that they could use the interest of the media for gaining new customers and for backing their market position among retailers: “In the US, for example, with Wholefoods. At Wholefoods, B Corp has long been recognised and now Weleda is also one of these B Corps and that, yes, strengthens our position.” Moreover, the B Corp framework provided the company with an understandable tool to communicate sustainability topics with their employees. This comprehensible approach promoted employee engagement because they could “be taken along with this B Corp system”. Partly, it also supported the strategy-building process of Weleda. The company as well highlighted the use of the B Corp assessment for smaller businesses: “Especially if you don't have a sustainability manager in the company, in a small or medium-sized company, then this B Corp serves as a framework.” But for Weleda too, this holistic frame offered them an approach to receive an evaluation of their practices and to identify what can be implemented and what can be improved.

For Weleda the time-consuming certification process was a challenge. With 20 subsidiaries, the company operates in various countries with hundreds of different products and supply chains. Consequently, going through a process that involved the investigation of the entire business was a real challenge and took considerable time: “But you can say that the bureaucratic side of the certification with all the questionnaires and answers takes quite a lot of time. That is a disadvantage, but I think it is worth it.” Moreover, because the recertification demands improvements, Weleda is constantly improving with the challenge: “We have to get better and better, and you have to put a lot of time into it.”

Moreover, additional costs emerge in tandem with the workload. Weleda also highlighted some challenges behind the movement itself. One of them is that the high-quality standard of the certification should be maintained so that B Corps still can be differentiated from “average” companies. Having the BIA score system in mind, “quantifying sustainability is very, very complicated and [...] will remain a challenge.”

7.5 Baabuk

Baabuk gained several advantages through the certification such as access to the B Corp community and the exchange within that community. Another benefit was the ability to attract employees, which Baabuk confirmed when asked about what changed in terms of human resources: “Have a bunch of people willing to work for us just because we are a B Corp.” Furthermore, the challenge of constant improvement provided a benefit for Baabuk. “The challenge is a benefit, even if sometimes people do not see it like that, but every challenge is actually here to make you learn something [...]. These challenges created a mindset of kindness towards the processes within the company and built trust towards employees.” That trust was also carried outside the company through the certification, which was well welcomed by their customers. It may have even resulted in new opportunities for Baabuk because they “had an advantage being a B Corp from people looking for brands that are taking their responsibility for the environment and the humans” and “maybe it opened the market that we probably did not have before, yes.” Moreover, the engagement of all stakeholders and the B Corp framework used to rethink processes, ideas, and opportunities was also seen as an advantage.

Baabuk did not encounter any disadvantages that were directly connected to the certification. For the company the main challenge was a lack of time to be fully engaged with the movement. If they were to “follow what is going on with the B Corps and the B Lab [...]”, they would “do that all day”. Therefore, B Corps must know what to pick and use from this great amount of information. As mentioned above, the process of recertifying was seen rather as a benefit than a challenge. However, as a B Corp and as a sustainable company in general, the goal and challenge of Baabuk is to be sustainable in every pillar of the company. “Finance is also one of the pillars and you need to have a sustainable financial health in order to be sustainable.” Therefore, finding the right balance between all these aspects “is the most challenging part” of sustainability management, especially since obtaining the B Corp certification also takes “effort and resources.”

7.6 Conclusion

Table 4 summarises the key benefits and challenges that emerged through the B Corp certification among the five studied companies. For all the companies, the certification provided a platform for communicating their values within and outside the company. Another beneficial aspect was the third-party proof of high CSR standards, which led to market differentiation and reputational benefits. Therefore, the B Corp certification created competitive advantage and gave access to new markets or strengthened existing positions. Moreover, this high standard of CSR offered an internal advantage as B Corps were able to measure their CSR performance and find solutions to improve their strategy through the B Corp framework. Joining the B Corp community not only enabled the companies to foster change but also to partner up with other certified B Corps to exchange knowledge, best practices, and to start cooperating with each other. Moreover, B Corps seem to attract talent, especially within the younger generation, as they search for employers that align with their values.

The challenge of the B Corp certification was mainly represented by the time-consuming, costly and resource demanding process of getting certified. Furthermore, the recertification was mentioned because it demands a higher score in the BIA every three years. However, this constellation also promoted constant improvement and, therefore, was also seen as a benefit. As all the businesses studied were European companies, one disadvantage was found within the movement itself. The movement emerged in the US and, consequently, the BIA questionnaire is US-oriented. Some topics do not align with structures present in Europe, especially in regard to corporate citizenship. Moreover, the lack of customer awareness of the B Corp Label is another challenge that is currently tackled by the Swiss B Corps as they try to educate their environment about the movement.

Benefits	Challenges
Communication of values	Time-consuming process
B Corp Community	Resources and costs
Market differentiation	American orientation of questionnaire
Attracting talent	Lack of customer awareness
Benchmark/improve CSR performance	Recertification process (improvement)

Table 4: Benefit and challenges of the B Corp certification

8 Discussion

This thesis investigated the motivators that drive companies to become B Corp certified as well as the benefits and challenges that arose from the certification. Moreover, it analysed the impact that the B Corp certification created along the value chain internally as well as externally. In each section, the main findings are introduced and discussed with the existing literature as well as the different factors that influenced the results (e.g., company size, company age, geographical factors).

8.1 Motivators

The results indicate that the main drivers for obtaining the B Corp certification are intrinsic. Moreover, the case studies suggest that companies anticipated that the certification would help them to better translate and communicate their values, achieve a third-party proof for their efforts, and give them a way to evaluate and improve their CSR processes. In terms of corporate governance, the findings indicate that legal protection of purpose was not a motivator for the certification.

Considering the motivators highlighted by Honeyman (2014b), these findings cover only a few of them. However, based on the results of this study, his propositions rather reflect the benefits (Chapter 7) that arise from the certification than the actual processes that led companies to become B Corps. The theory of Kim et al. (2016) that SMEs use the certification to differentiate themselves can be expanded based on the findings of this study. The results indicate that large businesses also apply for the certification in order to obtain third-party proof of their social responsibility and achieve market differentiation.

The origin of the B Corp movement lies within the protection of a company's purpose; however, none of the studied companies declared this factor as one of their motives. As three of the studied companies are privately held and one of them represents a subsidiary of Danone, this is understandable. However, the case of Weleda, which is publicly traded, supports the proposition of the Swiss Parliament (2013) and Pfammatter (2013) that the current legal structures, at least in Switzerland, offer enough room for creating shared value. Moreover, the Germanic governance system (see Appendix 11.1), which is present in Switzerland, may provide adequate flexibility for considering broader stakeholder interests. In the case of Unilever (see Section 2.3.2), which is listed in the London Stock exchange and therefore falls under the Anglo-Saxon governance system, the most effective approach to protect their purpose might be the legal form (Haymore, 2011).

8.2 The Organizational Impact

The findings indicate that the B Corp certification mainly impacted the engagement with stakeholders along the value chain. Rather than changing internal structures, the B Corp certification promoted improvement and formalisation of existing procedures. The transparency that is created by the B Corp certification impacts the internal as well as the external environment, allowing B Corps to build trust and communicate in a credible way.

8.2.1 Internal Environment

The impact on the internal environment seems to depend on the age of the company. For young companies, the results demonstrate that the B Corp framework can help to improve internal processes and formalise policies. For more mature companies, however, there was only a small impact in this regard as they seem to have already developed optimal processes. In corporate governance, considering the framework of Kiel et al. (2012), B Lab acts as an additional auditor that controls B Corps based on the five impact areas (see Appendix 11.3). This would also provide an explanation for why the resulting impact is most significant among stakeholders, as these five areas mainly represent stakeholder groups. In addition to the change in the articles of association, B Lab also promotes employee ownership. This indicates a counteraction to the concentrated ownership described by Lazonick and O'Sullivan (2000) to engage employees in the development of the companies and to actively involve them in decision making as owners of the company.

8.2.2 External Environment

The results demonstrated that the external impact along the value chain is mainly built around communication and stakeholder engagement. The certification seems not to create changes in the supplier base of companies but rather promotes supporting their engagement. While the impact on suppliers remained small, a greater impact was seen on the customer side. This indicates that the motivation of market differentiation (see Chapter 5) which, among other factors, leads companies to become B Corp certified, also has an organisational impact as companies shape a part of their communication around the B Corp certification. However, in Switzerland, this marketing approach remains rather educational, as the B Corp movement is not well known in the German-speaking market. In the US, for example, there is a much greater customer awareness and, therefore, a more significant impact.

8.3 The Strategic Impact

From a strategic perspective, the research found various benefits that emerged through the certification. The main ones are the community itself, which gives access to knowledge and best practices. Moreover, benefits include market differentiation, attracting talent, and the evaluation and improvement of CSR performance. The findings of this study indicate that the main downsides of the certification are the time-consuming process of certifying, which binds resources and costs. Additionally, there is a lack of customer awareness of the B Corp label in the German-speaking market, and the recertification process, which takes place every third year, requires constant improvements.

8.3.1 Benefits

This research indicates that B Corp certification provides an effective tool for communicating a company's values to all their stakeholders, which is similar to the instrumental usage of purpose statements as described by Fisch and Solomon (2020). Moreover, the results demonstrate that the B Corp framework can be an effective tool for formulating and improving CSR strategies. Porter and Kramer (2006) suggested that companies should think strategically about their CSR approaches. The findings indicate that the B Corp certification resonates with their suggestion and enables the implementation of their approach "Strategic CSR" (see Figure 5), which forms the conditions to create shared value. This could be of interest for smaller businesses which lack the resources to hire a sustainability manager, because the BIA provides them with a framework for a strategic CSR approach. Moreover, this study confirms that B Corps—as businesses with strong values—are able to attract talent (Deloitte, 2021; Honeyman, 2014b; Zukin & Szeltner, 2012). Lastly, the research showed how the B Corp community provides access to knowledge and can create opportunities for cooperation, which offers strategic value.

8.3.2 Challenges

The time-consuming process of certifying, which binds costs and resources, was recognised as the most challenging part. There were no differences among the size or industry because the BIA is tailored according to these two factors. The challenge within the current lack of customer awareness indicates that the studied companies see future potential in market differentiation through the certification. Moreover, the challenge that arose through the American orientation of the questionnaire demonstrates that institutional forces as demonstrated by Kiel et al. (2012) exert an influence on internal practices.

8.4 To B or not To B: Recommendations

The author recommends that SMEs especially, as a first step, should look into the BIA and to use it as a strategic framework. It is completely free and helps to evaluate a company's CSR performance and to find space for improvements. In a second step, if the BIA fits the companies' expectations and values, it can make sense to become B Corp certified, as there are various advantages highlighted throughout this paper. Particularly for SMEs, the access to knowledge and the network within the community, which allows for cooperation, can be highly beneficial. For larger firms, the cooperation aspects but also market differentiation and attraction of talent can be of strategic value. The author recommends, therefore, that large businesses should evaluate the benefits of the certification based on geographical aspects, as there are differences in awareness of the B Corp movement among countries. However, the movement is rapidly growing, especially in Switzerland, and it might be a suitable time, accordingly, to join the trend and become part of this movement that is going to create future market differentiation and competitive advantage.

If companies do not want to commit to the movement, an alternative could be the development of a purpose statement. These statements share one benefit with the B Corp certification, which is the creation of a common language about a company's values which can be better translated to stakeholders. Employees demand deeper meaning from their work, investors expect a focus on long-term value, and society wants companies to make a positive contribution to the common good. The author recommends that every company should recognise this new reality and consequently place *purpose* at the heart of their business. As studies highlighted in this paper have showed various positive impact resulting in purpose-oriented companies, it makes sense to formulate a "north star" that offers guidance for long-term development. Moreover, the author points to the threat that companies without strong vision, mission, and purpose could lose their right to exist in the future.

8.5 Limitations and Further Research

The generalizability of the results is limited because of the small sample size of this study. Moreover, the sample may not be representable for the population of Swiss B Corps because this study included large multinational companies, whereas most of the B Corps in Switzerland are SMEs.

The value chain of Porter (1985) provided the base for the analysis of the studied companies and covered the main part of the interview guide. This framework, which is mainly focused on activities, may have led to the neglect of some considerations as the certification system is primarily stakeholder-oriented. Moreover, all the companies interviewed operated in different industries and one of the business models was not completely transferrable to the traditional value chain, which constrained the applicability of the framework.

Finally, because of this study's explorative character and the lack of existing research on the B Corp certification in a Swiss context, final conclusions in this regard might not seem possible, but rather function as hypotheses and as a basis for further research.

Therefore, further research should analyse B Corps in a more extensive way, seeking to gain more insights into the practices they implement, especially in regard to stakeholder engagement and corporate governance. Moreover, the certification should not be viewed as a factor that changes structures within a short time frame; thus, further research could also investigate the long-term impact of the certification by analysing B Corps over a given time frame. Investigating the companies that failed the BIA and the changes they implemented to be successful in their next attempt to become certified could be an interesting approach to analyse short-term impacts of the certification.

Additionally, as there currently is no legal Benefit Corporation structure in Switzerland, further research could focus on investigating the extent to which the Swiss framework conditions and Swiss law could provide positive incentives for Benefit Corporations. Another interesting topic would be to explore the connection with investors. In the US, there is growing interest from private equity and venture capital investors in B Corps; consequently, further research could investigate how Swiss investors respond to the movement.

9 Conclusion

This thesis investigated motivators of companies to become B Corp certified. Moreover, an analysis was conducted into how the certification influences the internal as well as external environment along a company's value chain and what the benefits and challenges are that arise from the B Corp status. It can be concluded that besides the intrinsic motivation to use business as a force for good, companies certify for instrumental and reputational reasons, to benchmark their CSR performance, but not to legally protect their purpose. From an organizational perspective, rather than changing internal structures, the B Corp certification gave an impetus to the improvement and formalisation of existing procedures. Along the value chain, certification impacted stakeholders internally as well as externally by reinforcing engagement and providing credible transparency. The main benefits of certification included market differentiation, attraction of talents and inclusion in the B Corp community, whereas challenges included the elaborate and time-consuming certification process, which is repeated every third year against an evolving standard, and the lack of customer awareness of the B Corp Label in the German-speaking market.

The comparative case study approach proved to be an effective method to find similarities as well as differences among the five studied B Corps. Moreover, it offered a useful approach to gain an understanding of the different internal and geographical contexts which influenced the impact of the certification. As this study only involves a limited number of case studies, further research should expand the scope and analyse B Corps in a more sustained and long-term way. Other areas of further research could focus on the implementation of a legal Benefit Corporation structure in Switzerland or the response of Swiss investors to the B Corp movement.

This thesis makes several contributions to knowledge in this field. First, it provides a contribution to the research of hybrid businesses by analysing the form of hybrid that is constituted within the B Corp certification and provides hypotheses for further research. Moreover, this study expands the existing literature by creating an overview of the motivators, benefits, challenges and internal as well as external impacts of the certification within a context of Swiss B Corps. The results also contribute to a broader geographical context, as part the studied companies operate on a global scale. Furthermore, the findings contribute to the existing literature by providing insights from multinational companies and highlighting how company age and size can impact B Corps. Lastly, this paper offers practical recommendations for businesses in deciding whether “to B or not to B.”

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11 Appendix

11.1 Corporate Governance Systems

System/Style	Anglo-Saxon	Germanic
Country	USA, UK, Canada, Australia	Germany, Netherlands, Switzerland, Sweden, Austria, Denmark, Norway, Finland
Conception of firm	Instrumental, shareholder-owned	Institutional
Board system	One-tier (executive and non-executive)	Two-tier (executory and supervisory)
Salient Stakeholders	Shareholders	Employees, unions, financial institutions, politicians, media, civil society groups
Importance of stock market	High	Moderate/high
Active external market for corporate control	Yes	No
Ownership concentration	Low	Moderate
Performance-dependent executive compensation	High	Low/moderate but increasing
Time horizon of economic relationships	Short term	Long term

Table 5: Corporate governance systems, adapted from (Weimer & Pape, 1999, p. 154)

11.2 Annual Certification Fees

Annual Sales in €	Annual fees in €
0 – 149'999	1'000
150'000 – 499'999	1'250
500'000 – 999'999	1'500
1'000'000 – 2'499'999	2'000
2'500'000 – 4'999'999	2'500
5'000'000 – 7'499'999	3'000
7'500'000 – 9'999'999	4'000
10'000'000 – 14'999'999	6'000
15'000'000 – 19'999'999	8'500
20'000'000 – 29'999'999	12'000
30'000'000 – 49'999'999	16'000
50'000'000 – 74'999'999	20'000
75'000'000 – 99'999'999	25'000
100'000'000 – 174'999'999	30'000
175'000'000 – 249'000'000	35'000
250'000'000 – 499'999'999	40'000
500'000'000 – 749'999'999	45'000
750'000'000 – 1'000'000'000	50'000

Table 6: Annual certification fees (B Lab, 2022b)

11.3 The Five Impact Areas of the B Impact Assessment

Impact Area	Description
Governance	A company's overall mission, ethics, accountability, transparency and how they build their vision and values into their bylaws. Best practices are focused on how they engage employees, board members, and the community to achieve their mission, as well as employee access to financial information, customers' opportunities to provide feedback, and the diversity of their governing bodies.
Workers	A businesses' efforts to create positive impacts for their workforce. Best practices in the work environment look at aspects like employee compensation, benefits, training and ownership opportunities, as well as assessing working communication, job flexibility and worker health, safety practices and overall work conditions.
Community	How a business contributes to economic and social well-being of the communities in which they operate. Best practices explore initiatives and policies directed at community impact, including embracing supplier relations, social engagement and charitable giving,
Environment	How a company works towards a more sustainable planet by reducing their footprint and putting their impact on the air, climate, water, land, and biodiversity first in their business practices. This section explores the impact of a company's facilities, materials, emissions, and resource and energy use, as well as transportation channels and the environmental impact of their supply chain.
Costumers	How a company serves customers, offering products/services that support the greater good. Best practices explore whether a firm adds value to customers' lives by providing critical services like education, healthcare, and finance management, as well as engaging in ethical marketing, data privacy/security, and feedback channels.

Table 7: The five impact areas of the B Impact Assessment (B Lab, 2022l)

11.4 Subsections of the Five B Impact Areas

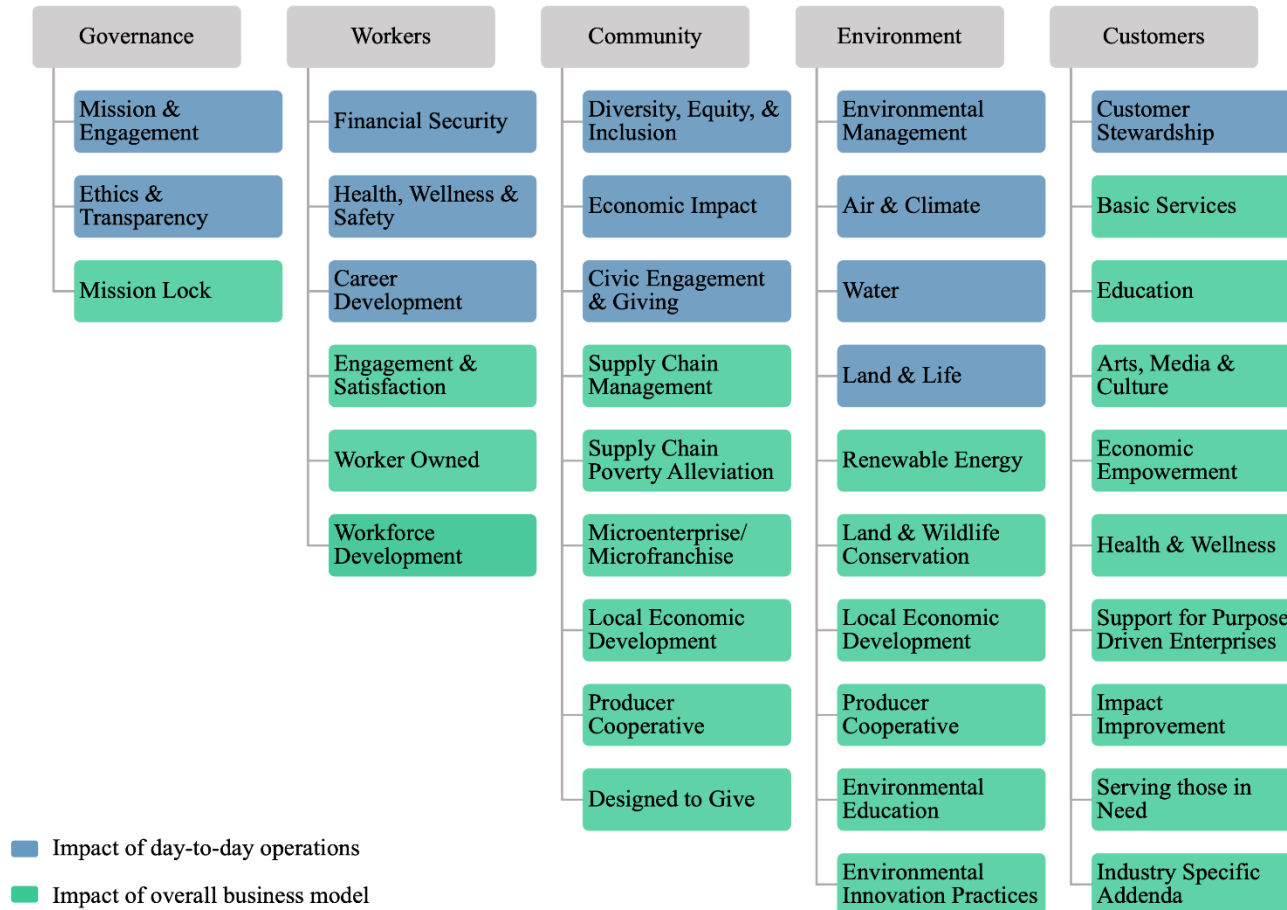


Figure 13 Subsections of the five B Impact Areas (B Lab, 2022m)

11.5 Sample Questions of the B Impact Assessment

Community	What multiple is the highest compensated individual paid, inclusive of bonus, as compared to the lowest paid full-time worker?
	What percentage of management is from underrepresented populations? (This includes women, minority/previously excluded populations, people with disabilities, and/or people living in low-income communities.)
	Which of the following underserved populations does your business impact or target (check all that apply)?
Customers	Does the company do any of the following with regards to managing the potential impact their products have on customers / beneficiaries?
	How do you verify that your product improves the impact of your client organizations?
	Is the social or economic problem addressed by your product/service one that is faced directly by your customers and/or your clients' beneficiaries?
Environment	Does your company monitor and record its universal waste production?
	How does your company measure and manage the results, outcomes, effects, or impact of your product or service?
	What % of energy (relative to company revenues) was saved in the last year for your corporate facilities?
Governance	Has the company worked within its industry to develop social and environmental standards for your industry?
	Separate from a mission statement, what has your company done to legally ensure that its social or environmental performance is a part of its decision-making over time, regardless of company ownership?
	What portion of your management is evaluated in writing on their performance with regard to corporate, social, and environmental targets?
Workers	What percentage above the legal minimum wage does your lowest-paid hourly employee earn?
	What percentage of the company is owned by full-time workers (excluding founders/executives)?
	What secondary parental leave policies are available to your workers, either through your company or a government program?

Table 8: Sample questions of the B Impact Assessment (B Lab, 2022m)

11.6 Interview Guide

1. Motivators for and against the B Corp certification

No.	Key question	Memo	Maintenance questions
1.1	Why did you choose to become a B Corp?	Motivation	What were your concrete expectations?
1.2	What other reasons motivate companies to become certified B Corps?	Sustainability, Image, Investors, Network, Talent	Can you make an example of X?
1.3	Critical statement on B Corp Movement: Many traditional companies are very purpose-driven and already committed to sustainability. Is a new legal form or certification really needed?	Differences between B Corps and traditional companies In context with Purpose and CSR	What is the value that comes from certification? Where do you see the limitations of purpose statements (and CSR strategies)?
1.4	What do you think are the reasons why certain companies intentionally decide against the B Corp certification?	Obstacles, Effort Financial, Necessity	Could the fact that the movement is still young also be a reason?

2. Impact on primary activities

No.	Key question	Memo	Maintenance questions
2.1	How does the B Corp certification affect your inbound and outbound logistics?	Suppliers, warehousing Packaging, shipping	What are the requirements for suppliers and distributors?
2.2	What influence does the B Corp certification have on your company's core business?	Operations Creation of product/service	What are the changes in business processes? What has been the focus of product development since then?
2.3	What have you changed in marketing and sales since becoming B Corp certified?	Customers, Environment Advertising, promotion, price, provision, packaging	Could the B Corp certification justify higher prices? How do you assess the use of the B Corp label for PR purposes?
2.4	How do your customers perceive the B Corp Label?	External communication, limited perception	Does the B Corp label create advantages over competitors?
2.5	What are customer service requirements for you as B Corp?	Dealing with/attitude towards customers as a key stakeholder group	Does the certification add value in dealing with customers?

3. Impact on supportive activities

No.	Key question	Memo	Maintenance questions
3.1	How has your management and control structure changed after certification?	Infrastructure, Corporate Governance	What is the composition of the company's board of directors?
3.2	What are the changes in the finance department in connection with the B Corp issue?	Infrastructure, Finances Transparency, reports	Does your company draw up an environmental balance sheet?
3.3	What impact does B Corp certification have on the profitability of your business?	Competition Shared Value	Could certification also serve as an escape from profitability pressures?
3.4	What differentiates you as a B Corp from traditional companies in human resource management?	Education and training Salary system and talent	What are the changes in the recruitment process? What is changing in the salary system?
3.5	Does the certification have an influence on research and technology development? If yes, which?	Knowledge and resources	What are the effects on process and product development?
3.6	What are the effects of the B Corp certification on your procurement policy?	Procurement, raw materials Total company	What are the criteria for the procurement of materials or raw materials?

4. Benefits and challenges

No.	Key question	Memo	Maintenance questions
4.1	What are the main benefits that you gained as a certified B Corp so far?	Link to the first question	Has the achievement of the certification met your expectations?
4.2	What do you think are the biggest challenges for the existing B Corps?	Effects after certification	How does the recertification process work?
4.3	Where do you see disadvantages arising from the B Corp status?	Complexity, effort	Can you make a concrete example of this?
4.4	Who would you advise not to become certified? resp. For whom is the B Corp certification rather unsuitable?	Expenditure of resources (employees, capital, ...) + Complexity Institution Based View	Are there certain sectors in which the certification has a significant impact?

11.7 Excerpts of Content Analysis

The screenshot displays the MAXQDA software interface, which is used for qualitative data analysis. The top menu bar includes options like Home, Import, Codes, Memos, Variables, Analysis, Mixed Methods, Visual Tools, Reports, MAXDictio, and Stats. Below the menu is a toolbar with various icons for document management and analysis.

The main workspace is divided into several panels:

- Document System:** A tree view on the left showing a project named 'Weleda' under 'Documents'. It lists sub-items like 'Danone', 'Too Good To Go', 'Lombard Odier', 'Weleda', and 'Baabuk'.
- Code System:** A tree view on the left showing a project named 'Code System' under 'Code System'. It lists sub-items like 'Motivators', 'Internal Impact', 'External Impact', 'Benefits', and 'Challenges'.
- Document Browser:** A central panel titled 'Document Browser: Weleda (1 Paragraphs)'. It displays a text excerpt with a vertical scrollbar on the right. The text includes paragraphs starting with 'Corp, with this simple score system...', 'I: Okay, exciting. We'll come back to that later...', 'D: In addition, all this sustainability is slowly becoming a standard...', 'I: Many traditional companies are already very purpose-driven...', and 'D: Depending on the case, probably...'.
- Retrieved Segments:** A panel at the bottom showing a search query: 'Simple Coding Query (OR combination of codes)'. It includes a search bar and a list of retrieved segments.

The interface also features a sidebar with a list of codes and their associated counts, such as '340', '86', '71', '36', '86', '61', and '0'.

Figure 14: Screenshot of MAXQDA software



D: Yes, there are several important points. First, it has to be authentic and that has to be a value. There are many certifications that every other company could get where you don't really have to invest a lot. That adds little value, in my opinion, and with the B Corp, you have the minimum requirements, which are quite high. You have to get the 80 points out of 200 and an average company can't do it at all. And that's why there is this quality requirement at B Corp, which still relatively high. That was important to us. And secondly, such a certification also had to be usable for our marketing. In the US market, B Corp is quite well known and in Europe it is slowly spreading. Patagonia is certified and Patagonia also raises customer awareness about B Corp: what it exactly is, what it actually does and if it is really good and trustworthy. And that was also important to us. Yes, and then also, we notice that now afterwards, B Corp, with this simple score system, is easy to communicate with the employees. Employees understand quite easily, okay, sustainability: we have so and so many points out of 200. It is then quite clear that this is our performance. And that can be communicated well, and employees can be taken along with this B Corp system. That is also valuable.

I: Okay, exciting. We'll come back to that later. And, yes, what other reasons do you think motivate companies to become B Corps?



D: In addition, all this sustainability is slowly becoming a standard, fortunately, because customer demands are rising overall. People no longer just buy anything; they now demand for a certain standard. And that is very positive, from my point of view. Of course, not every customer can afford it, because sustainability costs more. The real costs, namely the environmental damage, are not included in conventional products. That is not yet covered by the economy. Once I think it is the consumers' demand and now, with the Ukraine crisis, everyone is thinking about how they can somehow generate energy more sustainably and efficiently. And there, maybe, B Corp is also an important tool as a framework.

Figure 15: Excerpt of content analysis

11.8 Transcribed Interviews

11.8.1 Danone

Interviewer:	Julian Good, I
Interview Partners:	A1, A2
Date and Time:	11 April 2022, 15:00
Location:	online, Microsoft Teams
Language:	de

I: What were your motives for the B Corp certification?

A1: I would just like to start. Perhaps I should say that the motivation did not start in Switzerland with an entity, but actually in the 1970s of the last century, because Danone has a very long history of corporate social responsibility. As early as the 1970s, our CEO at the time, Mr Riboud, made the famous statement that a company's responsibility does not end at the factory door. And this is where Danone's dual project came from, which states that economic success is not possible in the long term if you do not also respect and promote the environment and social aspects, etc. And this is where our company has evolved over time. Over time, this has led to our "One Planet, One Health" agenda and the company goals, which are basically the implementation of our history paired with the UN sustainability goals. And one of these company goals is actually, we have started with the 2030 company goals as well as with the UN, and we have actually started with one of new goals to say that we as Danone want to become one of the first multinational or the first corporate B Corp worldwide. And as I said before, this is not something you just put a roof over and say, "we are now a B Corp", it is a very, very, very, very long way. That's why these 10 years were not so unrealistic. But since we have to certify each legal entity individually, we have been so successful and well on track that we were able to bring forward the 2030 target to 2025. And now there are already over 50% of all legal entities worldwide that have the B Corp label. So, the logical step is, of course, that we have also made B Corp certification road maps in the countries worldwide, because you have to imagine that this has to be well planned. As a company, we cannot now say, that in 2021, I don't know, 500 legal entities would like to be certified by Danone. B Lab is not only available to us, so there is a very, very meticulous coordination process with Global B

Lab and our global team as to which entity will be certified and when. But we are now very well on track and very proud of it.

A2: I would like to add something else. The B Corp certification, and I also see this in my daily work, is in principle that you as a company have a common denominator and a common language, so to speak, to speak about certain areas within social, ecological and economic sustainability, that is one thing. Another thing is this B Corp movement. We are not alone, there are now 4800, 4900 let's say almost 5000 B Corp companies worldwide. Many more have attempted certification or are in the process of attempting it, but 5000 are actually B Corp certified. And that is also a moment, a movement, and we are also noticing it very strongly in Switzerland. Together with B Lab Switzerland, we want to motivate other companies to become B Corp certified. And we also want to appear together and show what is positive about B Corp and that it is a positive movement to reconcile social, economic and ecological goals. I think that was one of the basic motivations behind it back in 2016, when we started with the certification.

I: Yes, staying right with the other 4000 or 5000 B Corps, what do you think are motivators from other B Corps or why do they opt for B Corp certification?

A1: Well, I think it is a very intrinsic motivation, as it is with us, that we simply believe that companies can be used as a force for good, because that is also something that the UN has recognised. When these sustainability goals were defined, I don't think they had the companies in mind as the main actors. And then it was realised that governments and institutions and whoever else cannot carry such a big change alone and that everyone is needed - civil society and, as I said, institutions, politics, etc., but also the companies, because that is simply a tremendous force. And yes, we see it from the companies we are in contact with that there is simply a desire not only to offer good products, but also to do so within a healthy framework. I liked the comparison many years ago - I was also involved in the pilot project with B Lab, when we saw how the B Corp assessment can still be offered to large companies, because of course, I say, it comes more from a smaller start-up community - and there was this explanation from B Lab that you can produce and offer the best organic apple, but if human rights are not respected during harvesting etc., then the organic apple is not worth its organic price. In a way, it also needs a healthy corporate environment, a healthy corporate DNA. And I think that, since it is a voluntary certification, and especially in the German-speaking countries, it is also a certification that is not yet really well known. Therefore, I assume that most companies simply have

an intrinsic motivation, that they really want to be part of this movement and that they want to entrust their company to this improvement process.

A2: And I think we'll come back to this point later, but just to introduce it here. A1 has already mentioned it. At Danone, we have had this "Danone Way" for over 20 years. It is also an assessment that we go through within the company in various areas or measure our impact on employees, on society, on ecological areas, and we already do that. There are many companies, now also smaller ones, that are still completely blank. They certainly try not to do their business badly per se and to pollute the environment extra, but they haven't measured it yet. From this point of view, the B Corp certification, is certainly a reason for many companies to take a look at themselves and measure where they stand. And many also notice in this BIA, this certification process, "Huh, we have always thought we are well positioned and a sustainable company, but we are actually still missing one or the other in many areas." And then they realise, "Ok, we're going to tackle that now", and then they improve that and then they will definitely be certified later. That is certainly also a motivation.

A1: Yes, it is also a great advantage because this assessment is available to everyone for free. I am aware of start-up companies that have simply taken it for themselves, a bit like a construction manual for their own company, and I mean, how can I say it, it doesn't get any better than this if you want to become self-employed, if you want to be an entrepreneur or if you want to grow a bit, simply. You really have a blueprint, and it really is the standards. They are the best standards in the world, and everything is meticulous. So, you really have a seal of quality that you can use for free until you submit the assessment, and many companies do that.

I: And in addition to these companies, so regardless of whether they are now certified or not. But many companies are already purpose-driven and committed to sustainability. Do they really need a certification for this or a new legal form, as is the case of this movement?

A1: Well, the legal form is this story. I think that was also the motivation of B Lab. You might have a managing director who is totally enthusiastic about the idea and says "Yes, that's what we'll do. We align everything with sustainability." And then, I don't know, the person leaves the company. How is it then ensured that these ideas are still carried forward? And that is the reason, I think, that B Lab made the change of the companies' statutes a prerequisite. That it is not a flash in the pan, but that the commitment to it is

also sustainable and that you don't win a B Corp certification quickly and then not have the idea of extending it every 3 years and making this improvement process your own. And is that necessary? Well, as I said, I don't think we really needed it for the quality of our work, our performance, simply because of our history and our internal "Danone Way" assessment and many other extra financial reports that we have. I'm thinking of occupational health and safety or health and nutrition. So, we really have a lot of our own assessments, but these are internal assessments. And you may know yourself that customers and consumers are often sceptical of the company per se and don't always believe what the company claims. And it is different when we say we are a business as a force for good or when a truly external, independent certification body actually certifies us after a one, one and a half year, most elaborate assessment process. That is simply a kind of recognition from the outside.

I: Good. And you have just mentioned elaborate. That brings me to the next point. What could be the reasons why companies consciously decide against certification?

A1: Well, it is time-consuming. So, you must imagine that there are quite a few thousand hours of work behind it. Depending on the size of the company, you always need a B Corp team of 5-10 people. And we calculate a one-year assessment phase, ideally up to one and a half years. And at the end of the day, there are costs involved. So, there is a certification fee that has to be paid annually and in the certification year, because then there are audit costs by the auditors, travel costs. We were lucky or unlucky, depending on how you look at it, that in the last two years the audits took place on WebEx, i.e., via video conference. But sometimes these are also personal audits, and these are costs that arise and must be borne.

I: And then perhaps one reason could be that the moment is still rather young?

A2: Yes, young, I wouldn't even say young now, in such a fast-moving time. If you imagine that B Lab was founded in 2006, then I wouldn't call it young anymore. I think you must see that it's not yet that well-known in Switzerland or in German-speaking countries. In the US or the UK, things look quite different. I think that now it is my personal task, and we at Danone also see it as our task, to make this movement a bit better known in German-speaking countries. But I don't think I would necessarily call it young. And maybe you also must embed this whole purpose-driven economy. Yes, in inverted commas, it is still rather young, because until 2000, until shortly after 2000, shareholder value was still generally the model, that model. And only slowly, I think, after that, did these

creating shared value and purpose-driven economy ideas, concepts, principles, labels, and certifications emerge. In this context, it needs to be said that this is actually one of the first. So, it belongs almost to the oldies already within this movement.

A1: Well, and you have to say that I always found it super exciting, and I have to say that I have been involved for over 20 years, so it must have been exciting enough for me to be a pioneer in many things. And as I said, we started in 2015 to see how we can use B Corp in multinational companies. And I always think as a company it is a great danger to say “Yes, nobody knows that. It doesn't need that”, and then the ship has suddenly sailed. We've already seen that with many things with digitalisation, etc., etc. I still remember, A2, when we started talking about Nutriscore and nobody knew about it. And now always when I'm in the supermarket and I see "Ah, there's a Nutriscore on it", I'm really proud to know that we were the first, for example in Germany, to make Nutriscore known and now it's already mainstream. And I expect that B Corp, when it's really established, will go up rapidly. I don't know if you know examples from England. If you shop there, like on Amazon or something, you have a tab "B Corp products". And there you will find the best ones. Or in America, if you go to the big supermarkets, there's a red-carpet area with a huge, it's all huge, so there's also a huge B on the ceiling for B Corp. And then the interested consumer knows that these are the good products. So, this is not just a hobby. I think it's also very, very, very important for a company to see that this is important, and we accept this importance for us, even if it involves costs and effort.

I: Very exciting. Then I would like to move on to the next part and look specifically at the company itself, or rather we would start with inbound and outbound logistics. What do B Corps have to pay particular attention to in inbound and outbound logistics?

A1: Yes, these are things that companies have to pay special attention to, but that was in the area that was very easy for us to answer. These are things like having the code of conduct, having contracts with all suppliers, having sustainable principles that you share with your suppliers and so on. At Danone, however, everything is set up in the best possible way, with an FX Line, i.e., a complaints procedure where complaints can be made anonymously. Ideally, there are contractual agreements with suppliers, for example with logistics, with the transport company, to introduce or monitor fuel-saving measures. Or to use technology to plan journeys better, so those unnecessary kilometres are not driven or how the lorry is loaded, so that it does not create a noisy environment. All these things come to mind spontaneously. Exactly, and that is also asked in the assessment.

I: And what influence does certification have on your core business?

A1: Well, it is the transparency towards the consumer that we actually do what we say. And maybe, we can say that in the last 30 years it was important for the consumer to buy good products and there are studies that prove that this is now a basic requirement for the customer, for the consumer. So, when a customer decides to buy a Danone product, he can justifiably expect a very good product. And in the next 30 years, consumers will be interested in what's, we use to say, "behind the brand", in being able to assess the company and the people behind the brands in a transparent way. And here, as we said before, people don't necessarily believe the company's statements, but rather external validity.

I: Okay, and since the certification, has there been any concrete change in how processes are designed in the company, in product development for example?

A2: No, I think that is a crucial point. You must look at it this way. The B Corp certification is not something we do to change our company or our basis, namely production, good products, in a great way. We were already good at that, we did it very well, so we will continue to improve as much as we can. And as a company you want to constantly improve, be it the nutritional profile of the products or the supply chain, for example, that you are in close contact with the retail trade, that demand planning means that the better you coordinate, the more effectively you can deliver and the lower your costs are. And I think every company does that or tries to do that anyway. What is important about the B Corp certification is precisely this transparency and this common language with which we can translate what we do to the outside world. And that is really the key point. And I believe that for many smaller companies that perhaps do not yet have so many standards in their entire supply chain or in their organisation, it can also be very helpful to do this BIA and to see that there is still a lot of room open, that we can still do something and compare ourselves with others. I think B Corp can certainly help here. For us, not so much in this area.

A1: But it is always very important that we have done things beforehand. And then we have practically poured what we do into this assessment. Because I don't know of any Danone company that didn't make it at the first attempt. And we are talking about 80 necessary points out of 200, whereby not all forms of business can fulfil these 200 points in principle. Do you have to be a social business? Not every form of enterprise can get these 200 points. That's why it's said that achieving 80 points, which is the entry score, is already a great success. It really is, if you manage it the first time, that's a real achievement

and we've all managed that. And you don't have the time to fundamentally change something within such an assessment that wasn't there before. What we often did then, B Lab is also very strict in the assessment, you have to prove everything with documents and with system queries and so forth. Sometimes, especially in smaller companies, it is the case that if you are a team of maybe only 50, 60 people, you don't have to write everything down and store it somewhere as a document, you know, for example, where the local dealers are, where the local caterer or the local printer is. That's what you know. Then you go to the reception and say, "I need catering tomorrow" and then you get the contact as a new employee. And that is something that is happening now, for example. The B Lab demands that this is also fixed, namely that it is always made accessible to everyone and that you don't have to go to a head office and ask, but that every employee knows where the local caterer is. And we have actually improved things like that. Things have been formalised even more, or if we had individual documents, they have been summarised. So that was another good hygiene check.

I: Then perhaps to tie in with the customer side, just in the form of transparency, and so on. What influence did the B Corp certification have on your marketing activities?

A1: A2, can you say something about that?

A2: Yes, maybe I can say something about that. First of all, let's go back to what A1 said about the trademarks. Let's take Evian as an example, the brand may only use the B Corp label if the company, i.e., the legal entity, behind the B Corp label is certified and has achieved a sufficiently high score in certain areas, especially in production, manufacturing, and transport. And that is now the case with Evian, which means that not only is the company behind Evian is B Corp certified, but the brand is, and we are allowed to use the B Corp logo and print it on the bottle. And that is of course something that we are now taking up with marketing. This year, for the first time, we are going to do it properly in Switzerland by doing a campaign around the brand and the B Corp certification. We already did that last year when the brand was certified worldwide. And that's great for marketing, of course. Why? Because the B Corp certification gives you a platform to communicate to the outside world in a credible way what you are doing in these areas of social, ecological, and environmental sustainability. In other words, it offers a platform, a transparent and credible platform, to say what one is doing in concrete terms, and that is now something that we want to use even more. We also want to try, perhaps together with other B Cops, to talk about what our brands are doing well. Or also relatively

transparently, where can we still improve. Especially when you look at the packaging. The Evian bottles are made of one 100% R-PET. That's great. Switzerland has a recycling system, which is also great. Nevertheless, we still have other packaging at Danone. For example, we are not yet that good in this area. Then we really must step up our game, and so does Switzerland. There is still no general plastic recycling system in Switzerland. We have to improve there, too. So, all that glitters is not always gold. But as a B Corp brand, you can appear with a certain credibility and talk about such issues.

I: And how do customers perceive the certification so far?

A2: So far, unfortunately, far too little. It is indeed the case that in Switzerland, I think we can also speak for the other German-speaking countries, that unfortunately there is still far too little awareness. In Switzerland there is still a special situation. B Lab Switzerland is based in Geneva. The movement really started in the French-speaking part of Switzerland, so to speak. Many companies in French-speaking Switzerland are B Corp certified, which is why B Lab and B Corp are already a bit better known there. Unfortunately, this is not yet the case in German-speaking Switzerland, and that is exactly what we want to change from now on, together with other B Corp companies and with B Lab. Because what's the use of being a B Corp and having this great certification if the consumer, not only the consumer, simply the stakeholders outside see this "B" and don't know what it's about. We now want to work more on this, and the goal would be, as A1 has already mentioned, it would be wonderful if somehow, in the best case, Coop online or in the shop actually had a section with B Corp. But of course, we need a few more companies, also in a certain sector. So now in FMCG or consumer goods there are really few. But there are more and more. Soon I think there will be one or two well-known companies and then in a short time, I have the hope and also the feeling, that things will move forward relatively quickly.

A1: Well, I think so, when we think of our own branches of the company, like Alpro or recently, I don't know if you know Rituals. Rituals has become B Corp and they are just like us, they are multipliers, because the consumer might be curious and wonder what is this "B" actually is, if they haven't heard of it yet. And other companies, as we have seen with Nutriscore, for example, are also forced into action. Because at some point, I think the scissors will tilt. Now it's still a bit esoteric, or there's still a bit of a need for clarification, but at some point, the consumer will be able to ask himself "Why isn't this company a B Corp company?" with a big question mark. So, I do believe that it is a unique

selling proposition. And what I also find particularly nice is that we eliminate this competitive thinking a bit because we are part of a movement and that we also think about corporate cooperation. There are fantastic examples from Italy, for example, where a coffee manufacturer has entered a very charming cooperation with Alpro: "un alpro modo per fare cappuccino" or "un alpro modo". and now a plant-based cappuccino. Very charming things are being created and yes, I see a great added value above all.

I: If we now bring this back to the company level; the whole company is being certified. What exactly changes there in the management and control structure?

A1: What changes is perhaps, and this is an aspect that I would definitely like to bring in, is the pride of the employees of what we do, because now people are talking about it more. We also do a lot of internal communication here and always say where we were particularly good in the assessment and I also think that when I say we need 10 people for a B Corp team, there are many more functions involved because you have to ask more and more specialists about KPIs and so on. So, what I simply noticed in going through these questions is that now it's "ah cool, we do that, ah cool, we also have the process, ah, a code of conduct, yes of course" and we also see in the communication on the B Lab platforms that other companies just don't have many things. Now in Germany there was a big discussion in the community that you can't just do volunteering, but you need liability and accident insurance for the employees. Yes, we never thought about that because we have that. Well, we also offer volunteering for our staff. And then there is a registration procedure beforehand and all that is included. And simply to see systematically that we are very well positioned. And also, on the basis of these external standards, this is not just the way companies think good governance is, but we really do have external standards defined by the B Lab standard commission in all areas, where you can see that if you want to generate a point, you have to do at least 1, 2, 3 as a practice, otherwise you are at 0. So, you can see where you should be and can also realistically assess where you stand.

A2: Yes, and I think it's really a bit of a mindset that is generated because we "Danoners", through this "Double Projet", this already 50-year-old "Double Projet Economique Social" that was introduced, that is one thing and "One Planet, One Health", that is a bit in our minds. And now, through B Corp, I think the management and all "Danoners" in general are becoming more aware of the fact that everything we do daily is ultimately included in this certification. And since you must recertify, the first interesting things happen, because you ask yourself: "Well, if we were to no longer continue this or that

action, or yes, some initiative, would that mean that we would have fewer B Corp points?" And when at one level, I'll say trainees or lower management, people ask themselves questions like that, then you've already achieved everything. So, it's great that this mindset prevails. And I think a lot has already been achieved through this B Corp certification.

A1: Yes, and you just mentioned trainees. I think that is also a very, very important point. I don't know how it is in Switzerland. But in Germany we have a huge shortage of skilled labour, and this will become more and more pronounced due to the low birth rates that are now arriving. And I've always heard it said that B Corp is important to attract young talent. And now I have actually had this confirmed in practice by young colleagues. They said, "No, I could have chosen it, but I really wanted to go to Danone because of the history and because of these B Corp ambitions. I think B Corp is cool and because I think B Corp is cool, I'm going there." So, it's also a great source of pride for the employees. And yes, it is also attractive for the young generation, who have great values and don't want to give themselves and their human capital to just any company, but who want to find their fulfilment and purpose there.

I: Yes, I can only agree, that is definitely the case. Perhaps a little further here: Does this then also have concrete effects on the recruitment process or on the salary system in the company?

A1: Well, that is asked meticulously. That is a big, big part of the assessment, that you really have to disclose transparently what is the lowest salary, what is the highest salary, etc. and if we pay trainees above market level etc. But I don't know, I can only speak for Germany, that the payment is very, very, very fair at Danone. So, we do very well in that respect. You must also look very carefully at the different types of employees. I mean, for us it was a matter of course that the lovely lady who is so kind to take care of the cleanliness in our building, in the office where I am based. Of course, the lady is allowed to help herself and use everything from the coffee machine, to products etc. But I guess that's not the case in all companies. And we had never thought about something like that before because we don't make any difference between the type of employment contract. Everyone who works for us is treated equally. But in the certification process it is also asked whether they have the same rights.

I: What does it look like in the finance department? What specifically do B Corp here?

A1: So ideally, my wish would be that we had a “green bank” as a banking partner. That would be an improvement wish, because I would prefer a B Corp bank, but there is not much to choose from at the moment.

A2: Well, unfortunately it's more in the investment area. I think a very important point is transparency, and now transparency towards the employees. The employees are an entire area of the BIA. Now, every team or perhaps every country keeps it a little differently, but once a month we actually show very transparently how the business is doing. So, everyone from the intern will find out how things are going. And I know many companies where this is something that only happens in the board room. So, they say to the outside, "things aren't going so well or they're going well" and then maybe some half-year figures are presented, just the lowest part, but that's it. And with us it's very transparent. And very detailed. And that is something very unusual. And that also flows into the assessment, when you can confirm that this financial transparency is carried internally into the company.

I: Will a Co2 balance then also be drawn up, linked to expenditure, for example?

A1: We have them anyway. Now this is not through B Corp, because we have our own Co2 reduction targets worldwide. We have food waste reduction targets. So that's what I meant. B Corp is actually nothing new for us, but we are in the luxurious situation that we can simply bring what we do anyway in this form. By taking a concerted look at all areas in one assessment, which we have otherwise mapped in different reporting streams. It would not be possible to create this in such a short time if it did not already exist.

I: With regard to procurement in general, what are the thoughts that emerged after the certification? I always try to put this into context a bit. You have already done a lot before, so it would be interesting for me to know whether anything has changed at all. Regarding procurement, I assume that you already had such policies for raw materials and other things. But has B Corp added anything new here?

A1: I think we are both shaking our heads. Because it would be an indictment for companies like Danone if, this is now my personal opinion, it would now need an external validation or certification like B Corp for us to look at these issues. And of course, that's done, that we make quality purchases and contracts. We have all that of course. So, and something like a “zetex” registration, we've had that for many, many years, that we register our acquaintances. Again, for us, this B Corp certification is really an enhancement

of what we already have anyway. And, of course, this demonstration of the external standards, I think that is very important, because we have already said that there is a recertification every 3 years and there are versions. And these versions of the assessments change every 3 years, which is logical because the standard committee must adapt its standards at B Lab. As we have heard, the assessment has been in existence since 2006. The world of 2006 is no longer our world. So, we are continuously working on it. And it is the case that each version comes with about 30% more questions and a higher standard. So, if I'm recertified in three years and I've been resting for three years, I think I'll have difficulties passing this new version as a company. And that's why we also look at the individual topics after the assessment and make an analysis of where possible improvements are possible.

I: Then I would come to the last point. And that would be the discussion of advantages and disadvantages. What are the biggest advantages that you have perceived so far through certification? Maybe something we haven't discussed yet. Can you think of anything else?

A1: For me, it is this external validation of our performance, our commitment and the pride of the employees internally and this community, this movement that we are driving forward together with other companies, so that ideally, as A2 already said, Coop will have this B Corp shelf. Simply to set the standard for other companies. If you don't get there, then you have a disadvantage in both directions. You also have to be able to pull along those who are perhaps a little slower and inspire them in a positive way.

A2: And I would also add: Through the recertification, the B Corp certification also gives a constant idea of improvement, i.e., which is what you want as a company anyway. As a company, you always want to get better. I think that being B Corp now gives you a bit more of a push, I think. And I hear that again and again in meetings. And then it means yes, that's also good for B Corp certification. For me, the advantage of certification would be this idea of improvement and, in general, simply this mindset that B Corp certification can trigger internally. Those would be the two advantages. And externally, I was on a panel in Zurich the week before last, organised by B Lab, and spoke together with WWF, Patagonia, Weleda, and Globalance Bank on the topic of how we can make the economic systems more inclusive and redefine the economic world. I think that is one of the great advantages of being a B Corp, that you can also make a small contribution to this discussion. And that is also very valuable in the exchange with colleagues from other

companies, to see "yes, where are you, what are you doing? Do we want to do something together?" So that's a really great thing.

I: Where do you see the biggest challenges? We have already mentioned recertification. What else would you call a challenge for B Corps? I would say for existing B Corps, that is, for those who have already been certified.

A1: It's just constant work on it. As I said, if you get the certification now, and then you put it in the drawer for three years. I think that is very, very difficult, because you must also be able to track how, for example, energy and water saving measures have been implemented, consumption in the offices, etc. You have to be able to prove this meticulously. And if I don't keep track of my improvements, then it becomes difficult again, because I have to be able to prove everything very meticulously. So, you must also keep your motivation high and find the resources over time. Yes, and the disadvantage, this is a small issue where we sometimes didn't get annoyed, but where it was just a pity that we couldn't generate any points. We briefly mentioned that the certification comes from the US and the questions are the same worldwide for the size and type of company. This means that a company in Africa, China, the US or Switzerland would get the same questions. And there is an example of living wage. In fact, this living wage system does not exist in most European countries. But we have, I'm speaking now without in-depth knowledge, but I assume that Switzerland has at least as good standards as living wage as in Germany in any case. So, this is such a topic, the living wage. For us now, so we are above the level, but many, many questions actually refer to this living wage and there are potential points that are not available to us at all, because if there is no such thing. And then also such questions as yes, if there is no living wage, are you lobbying your government to introduce one? No, we don't need that. It is of course important for comparability worldwide and you can't please everyone but in this case we are sometimes a bit disadvantaged in central Europe. Or Corporate Citizenship. I mean, in the US, university libraries are financed by companies, but not here.

A2: Yes, in our country it might even be seen badly. Or it is even seen badly, so that's exactly what it is, but that's also what I would now also put down to the biggest disadvantages.

I: Who would you advise against B Corp certification or for whom is it unsuitable?

A1: No one. So even if the financial means are not there, it can be that the company is not doing well at the moment, we have COVID etc., but you can definitely start, because it's available for free and it's super helpful. I don't know how many people I've recommended this to. Just have a look at it, even if you are, for example, a non-profit limited company, a foundation or whatever and cannot be certified. But just have a look at it. I am still a big fan.

A2: Yes, me too. And in Switzerland you could add something that is also led by B Lab, this "Swiss Triple Impact" programme. And if you say anything as a company "Ok, not B Corp", at you still could use the STI. But I would also say, as the B Corp assessment is open to everybody, I would recommend it to everybody. It's certainly a good exercise.

11.8.2 Too Good To Go

Interviewer: Julian Good, I
Interview Partner: B
Date and Time: 14 April 2022, 10:00
Location: online, Microsoft Teams
Language: en

I: Why did Too Good To Go choose to become a B Corp?

B: For Too Good To Go, obviously, the mission of the company has always been really interlinked with the environment and making a difference to our planet. And that is our mission that we want a planet with no food waste. So, to the company, it was before I joined, but it just made sense to put that commitment into a kind of formal certification which was recognised externally to us. We already believed that we were being a good business and a business that does good, but we wanted other people to know that and to have a formal audit of what we were doing so that we could see how we were doing in those areas. And I think also for us it's a really good way to see where we can still make improvements and use the B Corp Assessment and the B Corp structure to help us in how we run our business and how we develop our strategy and looking at best practises from a B Corp perspective.

I: What other reasons could motivate companies to become B Corps?

B: I think one of the key motivations, and this is something that I hear again and again from across the community, is the B Corp community. So, once you're a B Corp you are in, like there's forums and things like that and it's such a support system. So, like everyday people are posting in the B Corp, it's called like the "B Hive" and people are asking questions like "What's your best practise in this?", "Can anyone share their policy on this?" and it's really like a support network of businesses that want to do good and want to lift each other up. That's, I think, is a really key driver for businesses who are maybe already doing good, so they don't see the point in the B Corp certification, but the community makes it really worth it. I think the other areas are obviously like customers, seeing that you're a B Corp and there's an increasing awareness of customers in terms of wanting to purchase from socially responsible companies. So having the B Corps certification makes it really easy for them to see that you are being socially responsible and hitting really high

standards of ESG across your business. I think my criticism of that will come later in related questions. And then partners is the other bit. This is something again I'll touch upon later in the criticism section or the bit, but in some countries and with some partners being a B Corp really shortens that conversation. If you're working with another B Corp, they know exactly the standards that you're meeting. So rather than having to be like: "How do you do this? What's your policy on this?" They know you're a B Corp, so they know the certification that you've been through and the auditing that you've been through to become a B Corp. Therefore, it makes that a really easy match. And it's easy for businesses, other businesses, to decide to work with us because they know that we're doing good because we've been certified by B Corp.

I: What do you think are the reasons why some companies intentionally decide not to become B Corps?

B: I think that, well, there's a cost to being a B Corp, so that's obviously a big factor for some companies. I think, that's the main factor I've heard from other. The other thing is that there's other certifications, and, you know, people think, "Do I need that other certification for me?" I don't really understand that argument because I think B Corp really covers every area of your business, whereas others may be focused on environmental impact, whereas B Corp focuses on all of your environmental, your social, your governance. So, I don't really assign to that argument, but I think some people may make it. But I think the cost is probably the main factor for most people.

I: So maybe something about the movement in general: There are already purpose driven companies that are socially responsible. Is there a certification or a new legal form really needed?

B: I believe so. I think that the really important part of B Corp is the legalities which come along with it. So as a B Corp you have to change your articles of association and you are making a commitment from the board that you're going to look at all of your stakeholders and it's not just profit driven, that you are looking at your impact on the environment and the planet and people in the decisions that you're making. By doing that, it's very difficult to then change back your articles of association to not have that and to stop being a B Corp. There's been a few companies who have stopped being B Corps, but I think really, it's that permanent legal change that is the drive, the really great benefit of it. Obviously, you can be a good company without being a B Corp, but the legal change that B Corp encourages, to me, is one of the really important factors of it.

I: So now we would cover the next topic which is the value generating activities. I would start with your restaurants, like these would be kind of your suppliers and distributors. How does the certification influence them?

B: I think this is something that we still have to work on at Too Good To Go and it's something that we will look at in the future because at the moment there's obviously a supplier section of the B Corp assessment. It's not been a focus for Too Good To Go so far because we have been really keen to support anyone who wants to save food and that's been our priority. Therefore, we haven't gone through the kind of these rigorous suggestions in the B Corp Assessment of have processes to get your suppliers to go to through to commit to different things. So, we haven't done that because our priority has always been to save food and wanting to save as much food as possible. That's the kind of big, bigger decision from our business, and it's something that we continue to look at in the future, who do we want to work with. But I think at the moment it doesn't impact them day to day, apart from things like our customer feedback loops which are integrated into the B Corp Assessment, so B Corp ensures that we're finding out how things are going for our partners, making sure that we're having a long-term positive impact on our partners and gathering their feedback. So, I think it impacts them from like a feedback perspective and how we run that. And that's something that we're always looking to improve as well so that we're making sure that we are really finding out about the positive long-term impact that we're having on our partners. The other area, and this is more for bigger companies that we work with because a lot of the stores on our app are really local, so they're not going to be a B Corp, because then there's no point. But another thing that we work with some of the bigger suppliers is, if they are a B Corp, so Danone is one of our partners and they're also a B Corp so I think it influences them in terms of as a B Corp supporting a B Corp that has a multitude of benefits so you can work with them. As I mentioned before, you already know the standards that you're adhering to. But it also means that in your B Corps assessment for both of us we can talk about our partnership with another B Corp, and we've worked together with them on things like B Corp Months and celebrating us both, being B Corps and the partnership that is created. So, I think there's the impact there for bigger companies. The other bit we do with some of our bigger companies that we work with is we talked to them about us being a B Corp, what being a B Corp means. So, we are trying to educate them a bit more in being a B corps and why it might be a benefit or why it's a benefit for them to partner with us, but also why it might be a benefit for them to look into being a B Corp themselves. So that's just something that

we've been doing with our biggest partners that we work with because obviously we're not going to do that with all our little, tiny, local restaurants. But I think that is the other way that we have an impact on or being a B Corp has an impact on our partners. At Too Good To Go, because of our business model is quite complicated in terms of we've got our stores and they're like a form of, we call them our partners, but as you say, they're like a form of supplier, but we've also got our supplier suppliers who, you know, give us notebooks and computers and things like that. And what we are looking at is much more rigorous processes in terms of those suppliers who are supplying our company in the way that we work and packaging and all that things to make sure that we're putting in place priorities for suppliers who have good environmental impact, who are maybe from a minority background owned and who are local to our offices so that we're always prioritising our local community and underrepresented groups when we are purchasing.

I: Okay, and is there a procurement policy specifically created in Too Good To Go or do you orient yourself on B Corps standards as example?

B: Yeah, so we are creating one this year based on B Corp standards. So, we don't have one at the moment, but it's in our road map for this year and yet that is going to come from B Corp standards.

I: You talked about improvements on your core business. How did the certification influence your processes inside the company since 2019? Where there any special changes or improvements?

B: There's been loads. So, since 2019 we started an employee shares programme so that employees could purchase part of the company and since then we have run two more rounds of that or one more round and we've got one coming up. So, there's a way for employees to get involved and that's a key thing that B Corp asks about, is employee ownership of your company. We have started an annual impact report, which is a requirement of being a B Corp. So, we have an annual impact report to say what our impacts been on the environment and everything else. And then we have increased our parental leave policies so that everyone now has more parental leave across the company and across all the countries that we work in. We've increased our time off for all employees so that everyone gets it increased to an additional five days compared to the country standard. So that's different in each country but yeah, we increase the time off for all employees Those were the main things between 2019 and 2021 when I joined and then this year, we've got lots of other things happening. We've got a code of ethics which has

come from B Corp requirements, anti-harassment and non-discrimination policies, breast-feeding policy, so lots of policies which have come from B Corp wanting them. Us being a very fast-growing business we have always kind of done those things, but it's just getting them in writing so that we're really solidly committing to those things on paper. We have also, which has partly to do with B Corp and partly not, partly just because we wanted to, but really started focusing on diversity, equity, and inclusion. So, we've launched a diversity equity and inclusion task force. We've set out a manifesto with our commitments to improvement. We have lots of different actions coming from that and they're all again linked in with the B Corp Assessment, say actually B Corp asked about our hiring processes in terms of diversity and our learning and development processes in terms of diversity. So, everything aligns with the B Corps standards in terms of the work that we're doing, whether that work started because of B Corp or not.

I: Ok, and how did you approach marketing since B Corp?

B: It's not something we've really spent a lot of time on from a B Corp perspective, and that's because we work in 17 different countries and B Corp is more known in some of the countries that we work in than in others. So, for some of the countries that we work in, it's not an incredibly useful tool at the moment because it's not well known enough. So, it's then a difficult marketing tool because you're having to explain what B Corp is and that can kind of confuse people. But in some countries, that's some of the countries, and in other countries it has been useful. So, we have in the UK for example, run an event at the B Corps store, which was a B Lab UK activity during B Corp Month this year. We ran an event there about food waste and did a food waste breakfast. We have increasingly started trying to use just the fact that we're B Corp kind of interlinked with our global communications so that it's not necessarily a post around B Corp, but it will explain we're doing this because we're a B Corp, and so there's more of that. But it's an area that I would like to do more in in the future because I think at the moment, we definitely don't maximise the potential for marketing. Some of it because we've decided not to, in the countries where B Corps not a thing, but there's still potential for us to increase in the countries where it is well known.

I: The activities that you're taking on marketing about B Corp, how did the clients perceive those?

B: From a client perspective, it would more be the specific, and we added in some stuff around B Corp to all of our client presentations, and the feedback from the team was in

some countries great and it went down really well with clients and it again the same thing that in other countries B Corp is not well known enough for the clients to fully understand and appreciate it, I guess. We, as I say, are still working on that education piece with them. So, I still think it's a useful thing to do in terms of teaching other clients about it. But yeah, I think at the moment it isn't the most useful part of being a B Corp for us. But yeah, hopefully that changes in the future as B Corp becomes bigger and better known across the world, so that it's much more of a global thing because we see in in some countries there's real, much better recognition of the brand and of the B label than in other countries where that's not recognised at all.

You mentioned the feedback mechanisms that you use. First of all, how do you approach it? Are those only B2B or are there also requirements for B Corps who are especially on the B2C side?

B: Yeah, so again our complicated business model means we've kind of got two sets that we've got our users and our partners. We have feedback processes for both customers and partners, whichever way, so the people who use the app and the stores that use the app as well. A lot of the processes were already in place before we were a B Corp in terms of our B2C communications, so we already have big support systems for customers and we would always find out how they're doing if they contact us and we have feedback loops there. But with partners, that's something that we're working to improve this year. We already have adhoc feedback loops for partners, but what B Corp is supporting us with is implementing more systematic feedback loops which are asking specific things especially around long-term impact cause that's something that we talked to our customers and in our stores a lot. But the long-term impact aspect of the B Corp is something that's helped us to realise that we want to integrate that into our feedback loops. But yes, so we have those two different systems around how we gather feedback from our customers and how we gather feedback from businesses, and both are, well, the customers one's running and the businesses one's working on improvements on that at the moment.

I: Just for me to get concrete picture. How did your governance structures change after certification?

B: Yeah, so governance is actually the area that we scored the best in when we first certified and we have best for the world in governance. So, it was an area that we needed to do less changes on, which is good. We already had good governance from a B Corp view-point. The sections which have changed within that are specifically the Code of Ethics

and the anti-harassment and non-discrimination policy. They come under the governance section. Apart from that, I'm just trying to think, are our board structure and our management structure and our kind of mission and vision. We're all very much B Corp focused and really on board with B Corp already. So, it wasn't a massive area that we had to change in. Let me just double check what else I have under governance in terms of what the improvements that we are making. The impact report comes under it, which we started when we first became, so that's in the governance section. Yeah, so those are the main bits. Our articles of association and then the other bit is that we now do the B impact Assessment every year on an annual basis so that we can keep a track of how we're doing. So even between recertifications we would still redo it. That's kind of a tracking point for us in terms of understanding our assessment of how we're doing as a business. So that would come under the government section as well.

I: What are the changes in the finance department? You already mentioned the annual impact report, which is more sustainability, but did you also change things in finance or how you finance your company?

B: No, we haven't changed anything there. We talked to investors and things like that about us being a B Corp and about what that means. So, it's always part of that conversation. So that's one change, I guess, because we weren't necessarily doing that before we were talking about how we're in environmental company and our environmental mission, but not the B Corp aspect of it. But that's always in conversation with anyone who is going to become an investor or shareholder. And then the second part is that employee shares programme which was our other key change in finance of introducing employees as shareholders to the company. Apart from that, there's not been any key changes from a finance perspective in terms of how we finance our company. We have increased our donations to charity as a company, we have changed some aspects of our strategy but they're less finance specific and more kind of social impact focused.

I: Fine, the next topic would be HR. As you mentioned already some things like pension and DEI, maybe just to get an overview, if you have something to add to those two things. Probably also about the recruitment process and the salary system?

B: From an HR there's loads of stuff there and I actually sit within our people and culture team. So, it's interesting that as B Corp, we've put our B Corp manager in the people and culture team because we see it interlinked with supporting our people and our culture at Too Good To Go. A lot of the things that I already mentioned of the breastfeeding policy

and the policies which also support our employees. We've made updates to our employee handbook so that there's all the information there for all of the employees to see around all those different areas. Obviously, the changes that I mentioned around parental leave and time off come under the employee section. Then we've started an employee engagement survey. So, we started that last year, about one year ago, and that's obviously a key aspect of B Corp as well if you monitor that and how you score in it. So, we do that, and we track our engagement. We benchmark it against other B Corps as well as other different benchmarks. So those are kind of key aspects under the people and culture, HR area. And then in terms of hiring. I think that the key changes that we're making this year is that we'll be introducing inclusive language checkers on all job descriptions. So, 100% of job descriptions from Too Good To Go will be checked for inclusive language to make sure they're not excluding anybody. I'm the other one is that we have a goal, a target goal, for how many jobs that we advertise in diverse portals, so areas where people from underrepresented groups tend to look for jobs. So, we have a target goal for that from this year as well. We're currently making those changes to reach that goal. And then the other key change that we're making this year in terms of that is an internal hiring policy so that we have a clear system in place around how we can support our existing employees for promotions and things like that. Those are three of the key changes in terms of hiring that's happening this year. In terms of salaries, we obviously have to track all our salaries for B Corp, and we track against how many we're paying living wage for. So, we did an audit of that last year and we're paying living wage to 100% of the employees in living wage countries. Obviously, all of our employees are above the minimum wage, so we track them to see how we're doing in terms of those areas and B Corp acts as a system which encourages us to do that. We're also now tracking family living wage in the US, which is different from the family living wage. So, tracking those things so that we can make changes where possible. I think that's in terms of a salary that's the key thing what you've done there. It's the tracking against living wages and family living wages. We have also done salary benchmarks from a global perspective to see how we're doing in each country in terms of our salaries, which isn't a requirement from B Corp, but is something that we just decided to do.

I: I've seen on your homepage that you have a tech department and a data department. What is the impact there?

B: It's an interesting one because I think the B Corp requirements for tech and data, there's like a few questions around data and how we do like GDPR and care for our customers

data and things like that. They were already something that we had in place at Too Good To Go. That wasn't like a change or any impact that we had to make because of that. Apart from that, I think that our tech and data departments are probably some of the departments which are least impacted by B Corp at the moment, and it may be something that we can work on in the future and use it to really change things there. But at the moment, as a tech company and an app, that was something that we were already doing all the things that B Corp required so there's not been massive changes to make as kind of immediately in our first recertification in those areas.

I: Then we will move on to the last part. That would be the advantages and disadvantages. So, what are the main benefits that you gain as a B Corp?

B: I think the main benefits are the community, having other B Corps as a support system to help us to find best practise in all of the areas. The actual B Corp assessment as a tool to use when we are planning next steps in our strategy as a business and when we're making priorities of what we can do to improve. It's a really useful tool to find kind of best practise from B Corp perspective, and we definitely use it for that. So, we will look that up and look up B Corp guidance on something when we're making key decisions in a new area. So, I think those are the really key ones, and it's also for us just an important way to show that we are meeting the highest standards of environmental social governance and externally, to use that externally, and to easily translate us being a good business to people outside of the business. I think it also helps with employee engagement. Employees are really happy to be working for a B Corp and it's something that they will often talk about that they're very proud of, working for a B Corp. We've kind of surveyed our employees on that as well, so think it that's a key advantage as well.

I: And what do you think are the biggest challenges for B Corps?

B: I think one is the lack of awareness of the B Corps certification in some countries globally. So that's, as I mentioned, something that we've come up against again and again in different areas. So, in using it to attract customers and using it to attract users, it doesn't work in some countries where B Corp is not known. And that means that the kind of using it from marketing isn't as useful yet. So, I think that's one of the key challenges. It's just awareness of it at the moment but obviously that will improve with time, hopefully. Another key challenge, I would say, this isn't something that we've really found because our investors and everyone are super on board with being a B Corp, but obviously you are making commitments to, you know, prioritising planet and people, and so you're not

always choosing the most profitable route. So, for some companies, I think that's a challenge in terms of finding investors who are happy to invest their money in something that's not going to make the most profit immediately, you know. I think, I believe, truly believe long term that they'll social businesses will make more money. But immediately, there's a pay-off. I think the other challenge, which is quite a specific one that we come up against, is because it came from the US, some of the aspects of being a B Corps are very American, which is great in some areas. It's super best practise. In others, it doesn't really translate to some of the countries that we work in, in Europe, and in terms of places we work in where there's already such incredible healthcare from governments. So, we won't score anything because we don't provide anything more, but our employees said we don't want anything more because we've got everything we need from our government. So, I think, it comes from an American perspective which has advantages and disadvantages. I think those are the key challenges for me as a B Corp.

I: Ok, and as you've been certified in 2019, you are going to be recertified soon. Is that right?

B: Yeah, so we're up for recertification in December this year.

I: Okay, tell me a little more about that. Is there also a challenge?

B: Yeah, so we set a goal that we wanted to achieve 100 points in our recertification, so that's quite a big jump from what we first certified on. It's also challenged in terms of we've changed a lot as you mentioned since 2019. Like our staff size has increased massively, we're in a lot more countries and so we're in a completely different track of B Corp and there's also a new version of B Corp. So, there's a lot of the questions from 2019 which are just completely different. So, it's not like that we can just say "we got this in 2019, this is probably what we'll get". When we did it under the new version and the new track, there's a lot of areas which we don't score as well in because we're now in different countries and we've got more employees and things are just different. And some areas where we got points previously, we were not even asked those questions anymore. So, it has changed a lot, and so it's a big challenge for us in terms of reassessing where we are and what we can improve on, before recertifying. Also, I think, the recertification is almost harder than certification because there's a lot of pressure on what you've done since and improving your score since last time. So, it's definitely a big push from Too Good To Go to make as many improvements as we can ahead of recertification. And then we'll be continuing to do that and forever more. We always want to be scoring higher each time,

which obviously makes it harder every time because you're challenging yourself more. But I think that's the point of B Corp, and for me, that's the benefit of it, that it is always raising the bar. And so yeah, it's a big challenge. We are on track to meet our target at the moment, and we'll be recertifying in December and then hopefully be able to announce it in probably Q2 next year to see what we've actually got to. But I think it's good, it's really driven employee engagement in it because they've had more of a chance to understand what it means and what actual changes, we're making in terms of B Corp, so they can start making B Corp more real in their heads of what it actually means to them as an employee at a B Corp.

I: Interesting, and for whom do you think is the certification rather unsuitable?

B: I mentioned earlier like really small, some of our really small partners, but there's like a track for really small companies so they could do that. And who's that unsuitable for? I think it does take time, so you've got to have availability of resource to put that time in. For a smaller companies, obviously that's easier because you've got less employees, you kind of know everything that's going on. For a bigger company, that's much more difficult. Who's unsuitable for? To be honest, I think the track system means that it should be suitable for everyone who's willing to put the time in and I think it's a useful tool for just doing, you know, even if you're not going for certification so that you can see how you're doing. I guess the other people it's unsuitable for, it's like the people who are not running their businesses in an ethical way. But I think then it's still helpful cause they can see the areas which they're doing really badly in. So yeah, I wouldn't say there's a big group of people who I think is unsuitable for.

11.8.3 Lombard Odier

Interviewer: Julian Good, I
Interview Partner: C
Date and Time: 25 April 2022, 9:00
Location: online, Microsoft Teams
Language: en

I: Why did you choose to become a B Corp?

C: The best way I think to say is that I mean Lombard Odier is a bank that's existed for 225, 226 years and if you look at it, the business model in itself is sustainable. That's the first step. It's really to see that historically it's a bank that has always had this thought of how we are a good corporate citizen, what can we do, how do we take care of our employees, how do we have a positive impact on the community around us, on Geneva, where Lombard Odier is an important bank, also historically. And then, over time of course, when the world has also changed, there's been much more demand from clients, and from ourselves, and how the world changes to look more also towards the environmental side, focus on sustainability in that sense as well. And then from about 1997 we started to integrate a lot of ESG into sustainability criteria in investments. So then, over time of course, it's been these various memberships and signatories that banks and companies have signed up to. You have the UN global compact and the principles for responsible investment etc. But they are all focused on a specific part of your business. So, and this is before I joined, the discussion started what could we participate in, in order to get a view on the totality of our business, sort of a holistic view. And what my predecessor in my position found was of course the B Corp movement, which at that time was sort of starting in Switzerland. This was maybe 5-6 years ago. And then the partners like this very much because the B Corp certification for us to go through certification is not just something you sign up for, but it's a due diligence process. We wanted something that looks at all the parts of our activity because in the Bank's view, being a sustainable business, it's not just the products you're selling to your customers, for example, or that you take care of the environment. It's everything you do. And this is the certification basically that allows to look in the five areas of the B Corp certification that it addresses to see where we are, what can we do to improve and how can we improve. And also, it's very

much aligning our business philosophy with how we behave ourselves. I think that's really the driving motivation behind it.

I: Many other traditional companies are also quite purpose driven and let's say committed to sustainability. Is there a certification or the new legal form, as it is discussed now also in Europe more and more, really needed?

C: I think certifications and frameworks are needed because if you don't have that how do you know where you are? You cannot compare yourself to anyone, you cannot measure. What is hard right now is that you have many different standards, many different frameworks and certifications, and all companies are trying to figure out what works for them. And I think in 2-3 years we will see a few, whether it's sustainability reporting or the accounting side or more of the holistic view like B Corp that will become more standardized. And that's good because it's very hard to compare. You need to compare apples to apples and today you can't. So yes, I personally think it's necessary. I know some people say no, it's wrong to sign up to the various frameworks certifications because it's just to look good. I don't think at this point it is. If you don't do it, whether you're a bank or asset manager, wealth manager, you need to be able to compare to others. You need to know where you're strong, where you're weak. It's a bit when you do your carbon footprint. If you don't measure it at some point, well you have nowhere to start on how to improve.

I: What do you think are reasons why some companies intentionally decide against the B Corp certification?

C: I think if you're a B Corp you very much put yourself in the position of wanting to be a leader and when you're a leader, people look at you more and hold you to be higher standards. "Why do you do this?", or even internally, "why do we have plastics in the restaurant, in-house restaurant in the bank? We are a B Corp; we should be better than that." It's nonstop. But for us, we're happy to take that role because that's the role we want to take. Other banks or companies might not be willing to do it, but rather want to follow, which is fine too.

I: Then we would head to the next part, to the supply chain. The supply chain in banking is a bit special, so I would start now with your marketing and sales. What was the impact there?

C: I would say, being a B Corp allows, it's a factor to explain what we're doing and how we function. So, it's very helpful to be able to give it as a proof point basically instead of

saying: “Yeah, we're very sustainable and it's nice what we do.” say “Well, we're a certified B Corp. It's a difficult process to go through, it's long, it's lot of due diligence. These are the areas that the B Corp certification looks at. This is how we scored.” So, it helps a lot to prove that it's not just words what we're doing.

I: And how do your customers perceive the B Corp label? Or do they even perceive the B Corp label?

C: Some of course don't know what it is, that's normal. But for those either who say “Yeah, you or the banks are looking at sustainability. How can you prove that you're serious?”, then it counts as a proof point. And then we have a good amount of clients who are extremely interested in sustainability, have very high standards themselves in their personal lives and in their own businesses and who know what B Corp is. I mean I frequently have calls with clients and prospects who have businesses where they are thinking of applying for B Corp certification. They want to hear how we did it, what does it mean, what was good, what was bad. So, there we have a lot of interesting conversations with those clients.

I: So, you've mentioned in the beginning that it's not that much about your products and services that changed with the certification. But has anything changed there with the certification?

C: I often get that question “what has changed after” and I think it's not so much really what changes. The certification gives you a picture of where are you, how are you aligned with what you do, how you behave, how you treat your employees, what are your products and then you see where to improve. And I mean on product side, where we have our strategy there in any case. But I think it's more to see, for example, we're building our new global headquarters right now outside Geneva. And there of course we've said we want it to be a very sustainable building. We have different frameworks for that. But we also check what does B Corp look for in your real estate, and there's very specific questions when you go through the diligence on what percentage of your entire real estate, sort of square meterage, is green or certified. What percentage of all your real estate has green roofs or renewable energy? And there it's clear we can see, if we do this and that, it's good for also our B Corp certification because it gives a structure to everything. But it's very hard, I think, to say when you become a B Corp, everything that changes afterwards, because you become a B Corp because you're already far ahead in your sustainability process. But it's fine, I often get that question. I really thought about it, but it's very

hard to say something specific. It's more that it puts forward, what do we do, how is everything aligned, and it gives an example to clients and to employees internally, where are we and what are we aiming for.

I: And you've mentioned the sustainable building and also the influence there of B Corp. Is there also an influence on your procurement policy as a whole?

C: Yes, because we actually published our supply conduct code of conduct, it's available on lombardodier.com, this November or December last year. And this was very much, I would say, we had the B Corp framework in our minds because when you are a service company, your procurement, your supply chain is a bit different than if you're manufacturer. And I mean most of your procurement expenses, it's services, it's consultants, it's all kinds of those things. So, it's not that you buy a product, and you can put the demand to your supplier saying if you don't change this and this, well, we will not buy from you anymore. I mean if we have, you know PwC, as an important service provider to us, well, we see what they do. They do a lot of great things, but they're also service providers. So, it's very different. So, we felt that it was necessary to have some framework what we demand from our suppliers and yes that we can say it has a direct link to being a B Corp. Because that's sort of, I would say, public supply conduct code. We did not have that before.

I: And what is the impact on your government structure?

C: As a B Corp, you need to make a change in your articles of association, which we did in September 2019 and you need to have a wording that says that, being a B Corp, you will take into account the impact of your decisions on all your stakeholders and not just on your owners, whoever they may be in any company. So, all B Corps have to make that change in their articles of association which within.

I: Ok and maybe in your own financial department, you've mentioned some things like the sustainability report. Is there something you do specially, like an environmental balance sheet or just the way you finance yourself? I know that probably in banking it's a bit special because you obviously get your money from clients and from the National Bank.

C: I mean we're wealth and asset manager, we're not a universal bank. So, for example, a Credit Suisse has a very different balance sheet than we do. We manage our clients' money, that's what we do. We don't have our own balance sheet with investments. So that's different. For example, like Credit Swiss or UBS, they also give loans, corporate

loans to projects. And this is where it's difficult for them because if ten years ago they finance some oil drilling somewhere, it's difficult to get out of that. We don't do that. We're purely wealth and asset manager who manage the money of our clients. And that's an important difference between Lombard Odier and banks like us and these the big universal banks like JP Morgan, like UBS, Credit Suisse is very different.

I: So, they would have a clear disadvantage in becoming a B Corp because they would need to have a special focus there to observe and evaluate the sustainability of their fund-raise.

C: They would have, exactly, for their loans. Usually those banks, they give loans to companies that they use then for projects and if those projects today are not considered sustainable or bad for the environment, it's that's a problem for them. We don't do that, so we don't have that issue.

I: Do you see a direct impact of the certification on profitability?

C: It's very hard to say. I mean you can always say yes, we got the specific client because he loves that we're a B Corp. But is that the decisive factor? It's impossible to say.

I: What differentiates you from a traditional company in human resource management?

C: Well, hopefully there's a lot of other non-B Corps who have really good HR management as well, and I'm sure there are. But I think again the fact if you have a framework from the outside where basically you see what is expected by a good company. It helps you say, "oh, we have that, we have that. Oh, we have this policy, but we haven't made it public. Let's put it on our website. Do we have enough maternity and paternity leave? What do others do?" It helps to do that for sure. But I'm sure there's a lot of non-B Corps who have, I mean, great HR policies as well probably.

I: Ok and do you have any concrete examples in the recruitment process or in your salary system, how you deal with the B Corp certification?

C: I would say in the recruitment process it's interesting because my colleagues in HR tells me that, say 3-4 years ago, they never ever had questions about the values of the bank. They had discussions, and then they potentially employees said, "oh great, interesting." Today they say, "Oh great, interesting to hear. But what would you do for me? What are your values? Do they align with my values?" When I speak internally about sustainability and B Corp, I tell my colleagues, I have a few points from our B Corp certification

in mind because you can all get this question even if you're not in HR. No matter what unit you're in, someone will look and say, “well, what are the values of the bank? How can you prove it?” Let's say, then you bring out B Corp and you give a few examples. So yes, in the recruitment process, for sure it's very useful.

I: Does this certification also have an influence on your research and technology department?

C: Our research, well that's linked to investments, so they very well ahead on the sustainability side. On the TNO, technology, in last year's sustainability report, I wanted to put more focus on our technology side because it's a big business. And at first when I sat down with some colleagues, they said, “oh, but we don't do much sustainability and all that.” Of course, they do. So, when you sit down and you say, “well, how do you take care of the e-waste? How do you reduce energy use? What do you do?” They have loads of initiatives in place since many years back, but they've never thought of putting it on paper or framing it in a certain way. And then of course, when you compare that to B Corp requirements, we check a lot of those because I mean in Geneva or in Switzerland it's 100% renewable energy. We're using it to heat the one of our largest buildings, we're using the heat from our servers with some internal recuperation system. E-waste, we have policies in place what to do with all our, you know, big amounts of screens and laptops etc. so that others can benefit from it, whether it's schools whether it's association, etc. But often, what I found, the whole B Corp certification process, it really helps to highlight what is being done and what has been done for quite a while, that the unit might not talk about and just say, “it's just part of our business”. Sure, but look at all the good things you're doing.

I: Do your risk management processes also align with the B Corp framework?

C: Yes, and that I mean I would point that you should look at our sustainability report because we have a chapter on our risk governance and our compliance and there you see exactly how. I mean, yes, it does very much so aligned with the with the whole B Corp approach, yes.

I: So, then we would be at our last topic, which is about the advantages and disadvantages. Maybe you could share some benefits that you gained as a B Corp so far.

C: I think it is to be able to say that we have a full alignment between our product strategy and services strategy and how we behave ourselves because that's really a good way to

do it. It's also that we want to be in the forefront of setting good standards for business. So, you put yourself out there and you take this role and, you know, try your best. And then it also helps our sustainability road map because we have our strategy, our road map and then going through the B Corp certification highlights where you're stronger, where you're weaker, what could we do etc. And I would say another point that's really important is what we just talked about that it helps to retain and attract talent. Because today people increasingly want to work for a company that shares their values. And if you're a B Corp, well, it's approved straight out what your values are and what you stand for. And I would say what makes it more difficult is that of course any framework you're part of, there's a constraint. For example, you cannot do whatever you want. You always need to try to get better. I mean, right now we're going through our recertification process. So, then we compare to what we did three years ago, how we improved. "Oh, here we haven't improved enough because we're still in our own buildings in Geneva. We haven't moved into our new headquarters. So, our real estate in Geneva looks the same as three years ago. Oh, that's too bad. Wouldn't that be nice to say that we're super green, but we're not yet, because we haven't moved yet." So that puts a pressure on what you want to be able to show as one. And then the fact that as I mentioned before, people say, "oh, you're B Corp. How can you do this? You're B Corp. How doesn't everyone in the company drive electrical cars, for example?" And then I say, "well, it's not corporate cars, it's people's personal decisions, what they want to do and what they can afford." So, it's always a lot of discussions like that so.

I: Apart from these challenges, what do you think are other challenges that you face as a B Corp?

C: I'm trying to think. I don't think so. I mean it's a great network to be part of. It's super interesting when you meet the other B Corps. And what's really useful is that it's different industries. So actually, when we have our get-togethers, in Geneva or in Zurich, you meet companies that you might not meet otherwise. And that's something I often flag internally that no matter what part of the bank you're in, you can be in procurement or technology, whatever. Sometimes it's good to speak to companies with the same approach, but in other industries, how do they solve a problem or how do they look at things? So, I always encourage colleagues to tell me, and I can put them together with other companies. That's something I find extremely useful. So no, I don't think I can think of any other challenges actually.

I: And as you mentioned the industries. Are there certain industries where there is a significant impact of the certification?

C: I don't know, to be honest. I think you have to speak to B Lab directly for that. They would be the right source. I really don't know. I would just be speculating.

I: For whom do you think is the certification rather unsuitable?

C: Well, I mean if you get certified, it means that you have been reviewed and you, you are accepted, I think. Companies, like what we spoke about, those who have investments that are clearly non sustainable that are damaging for the climate, they probably would not become certified in the first place. They might apply but I doubt that they would be accepted in the process. But ask that question to B Lab as well, because they might say they have certain industries which is today is a no-go, they might have that.

11.8.4 Weleda

Interviewer: Julian Good, I
Interview Partner: D
Date and Time: 5 April 2022, 8:30
Location: online, Microsoft Teams
Language: de

I: What were your motives for the certification?

D: That was actually a long-standing story here at Weleda. Weleda has followed a holistic sustainability framework, you could say. We have had EMAS certification for more than 20 years, the environmental management certification. And then we thought about what else could be added and B Corp was one possibility, and then there is the “Gemeinwohl Ökonomie”, a movement from Austria that is slowly expanding in Europe, and then there are several German sustainability frameworks. But on a global scale there was really nothing else and no real alternative, because Weleda is present all over the world with 20 subsidiaries. And the US is a big market, so we had to find something global and not just German-speaking. And yes, B Corp was actually the best candidate. They have a holistic framework, they look at all aspects of community, supply chain, employees, ecology, and economy and that was a really good holistic fit for Weleda.

I: And what were your concrete expectations before you obtained this certification?

D: Yes, there are several important points. First, it has to be authentic, and it needs to add value. There are many certifications that every other company could get where you don't really have to invest a lot. That adds little value, in my opinion, and with B Corp, you have the minimum requirements, which are quite high. You must get the 80 points out of 200 and an average company can't do it at all. And that's why there is this quality requirement at B Corp, which is still relatively high. That was important to us. And secondly, such a certification also had to be usable for our marketing. In the US market, B Corp is quite well known and in Europe it is slowly growing. Patagonia is certified and Patagonia also raises customer awareness about B Corp: what it exactly is, what it actually does and if it is really good and trustworthy. And that was also important to us. Yes, and then also, we notice that now afterwards, B Corp, with this simple score system, is easy to communicate with the employees. Employees understand quite easily, okay, sustainability: we have so

and so many points out of 200. It is then quite clear that this is our performance. And that can be communicated well, and employees can be taken along with this B Corp system. That is also valuable.

I: Okay, exciting. We'll come back to that later. And what other reasons do you think motivate companies to become B Corps?

D: In addition, all this sustainability is slowly becoming a standard, fortunately, because customer demands are rising overall. People no longer just buy anything; they now demand for a certain standard. And that is very positive, from my point of view. Of course, not every customer can afford it, because sustainability costs more. The real costs, namely the environmental damage, are not included in conventional products. That is not yet covered by the economy. Once I think it is the consumers' demand and now, with the Ukraine crisis, everyone is thinking about how they can somehow generate energy more sustainably and efficiently. And there, maybe, B Corp is also an important tool as a framework.

I: Many traditional companies are already very purpose-driven and committed to sustainability. Does this really require a certification or a new legal form?

D: Depending on the case, probably. If a really pioneering company is already driving everything in its own world, you probably don't need that either. But those are very rare exceptions, I would say. And for most companies, it is certainly valuable, to look at this holistic framework with the five dimensions of B Corp and then reflect, what have I not yet fully implemented? I think that this is still valuable. But there is working time required for it, it is certainly not without effort. It is a huge catalogue of questions.

I: And what do you think can be reasons why certain companies intentionally decide against the certification?

D: Yes, it's quite a lot of work depending on the company. Weleda is very complicated, and we have hundreds of different products and certifications and thousands of supply chains and 20 subsidiaries and to certify all that really took a lot of time. But if it's a simpler company with one, two, three main products and a few supply chains, then it's much, much simpler. Then the effort is also much smaller. But you can say that the bureaucratic side of the certification with all the questionnaires and answers takes quite a lot of time. That is a disadvantage, but I think it is worth it. Especially if you don't have a sustainability manager in the company, in a small or medium-sized company, then this B

Corp serves as a framework. Then any educated person can understand what sustainability is fundamentally, through this framework. I think that has many advantages.

I: Exciting. Then we would come to the next topic and now to the company itself, or to the supply chain and how the whole framework affects the company. First question: Where do you as B Corps have to pay attention in inbound and outbound logistics?

D: There are many possibilities of what you can do. There are many questions in the direction of supply chain management, where you ask your suppliers how sustainable they are. You try to involve the community. If we have a supplier or service provider, then we ask “what are you already doing in terms of sustainability? What would you like to improve, how can we work together?” And then, that's what we do. We have big logistics partners, and we need one hundred percent transparency about our emissions. We do joint projects and see how we can reduce emissions, if there are alternatives, etc. Every B Corp should think in this direction. Just like that, in cooperation with its suppliers. And then also define policies for transport. Specifically, if you deliver raw materials from somewhere, you should simply write in "please just not by plane, but by ship" to reduce emissions by 90%. And you can also define that in policies. I think these are the most important points.

I: Okay, and how does Weleda do that in concrete terms, do you work with such policies, for example?

D: Yes. We have that written down as well. We have a few exceptions on flights for customers who need their products very urgently, but that's probably less than 3%. And for commodities, I don't know whether it is stipulated that raw materials may not be flown in at all. But in that direction, either it's already decided or we're working on it.

I: Okay and what impact does the B Corp certification have on the core business of your company?

D: We were only certified in September. We have been a B Corp for six months now and we have looked, through B Corp's eyes, at how sustainable our business is. And B Corp has determined that our business is relatively sustainable, you could say. And now, at the end of April, we are thinking about the next steps, how are we going to improve and how we are developing the sustainability strategy, partly with the structure of B Corp. We think about how we can generate the biggest B Corp impact in terms of these points and

that's where we are going to put some focus. We partly use B Corp as a framework also for our strategy.

I: Okay, and that also includes, for example, changes in processes or in product development?

D: Possibly yes. But we already had that on the screen before B Corp. For example, if we know that a product causes fewer emissions during production, or it simply needs less hot water, we already recommended this before. But now it is even more in focus through B Corp, especially about how to generate impact there. Yes, that's another supporter from back there.

I: And straight to the next point. What have you changed in marketing and sales since obtaining the certification?

D: There was quite a lot of interest in the media about B Corp and Weleda. In the German market, I don't know the media by heart now, but my boss and colleagues from marketing were asked about things like "Why B Corp?" "What is that exactly?". We got quite a lot of attention and that was very positive for the brand, of course. And in the US and Australia and the other markets, B Corp was also communicated by Weleda. This was used as a marketing tool in conversations with new and existing. In the US especially, because that's where B Corp is best known, but also in other countries. But we haven't printed that on the tubes yet. We realised that B Corp is not yet so well-known that we would put it on the tubes. The time is not ripe yet, but I think it will soon be.

I: And accordingly, could certification also justify higher prices, so to speak?

D: Ah, I haven't thought about that yet. Maybe for other companies it could be an aspect, yes. As this is an external, third-party validated proof that the company is acting sustainably, actually yes. We see it differently, we already see Weleda as a pioneering sustainable company and that was just another certification, but actually yes.

I: And the aspect of interest, as you already mentioned it, the media became aware of it. What does it look like on the customer side? How do they perceive the B Corp label?

D: There was a short study on customer awareness or understanding about B Corp, which is slowly becoming better known. But it's not yet known enough to put that on the bottles. But that is coming, as I said, because the number of B Corp companies is increasing very fast. Now, the demand is so big from companies in Switzerland, Germany, Europe. The

numbers are going very, very high and I suppose that in a few years B Corp will be very popular and then we can also print that on the tubes. We hoped that it would already be so far with the customers, but we realised, no, not yet.

I: You have not yet received any concrete feedback somehow on the customer side?

D: But yes, such a survey was done. We asked: "Is B Corp popular enough? Does that ring a bell?" And we found out, no, it's not well-known enough, not now. Of course, many customers know about it, but not enough to print it on bottles.

I: And maybe something else in terms of customers. What are the requirements for B Corps in terms of customer service? Has anything changed here?

D: In general, there are the overarching indicators, for example energy efficiency or causing emissions, in this direction. And then also customer sensitisation. We try to think about this holistically. At the moment, we are slowly switching from diesel cars to electric cars through the years. When contracts expire, we always try to switch to electric cars or we have suggested, it's not that far yet, but to use cargo bikes in big cities, for example. That's the kind of thinking we do. And in terms of customer awareness, we can also win points through B Corp, if we can convince customers to act even more sustainably in some way. And B Corp also demands or supports that. If we can make customers aware of sustainability.

I: But you don't have any regulations now or approach customers differently than you did before certification?

D: No, not yet. Not yet, to my knowledge. But sales are of course sensitised that the B Corp is now an additional certification, and they can use that in talks as a sustainable achievement.

I: That would be it for the core processes or the supply chain itself and we would now switch to the supporting activities. And the first question here would be: How has your management and control structure changed after certification?

D: Through EMAS certification, we are more in the audit role, and we must control the measures and the implementation in the company. We have to do internal audits. And through B Corp we try to inspire more people to go in this direction and to use B Corp as a cool tool and to move people within the company to live even more sustainably and to

think about their own projects. And then more in that cooperative way to move the company forward, basically.

I: Have there been any changes, for example, in the board of directors of the companies or in other compositions on management level?

D: Yes, through the change in the statutes. It is now in Weleda's statutes that we are supposed to act for the environment, and this is repeatedly used as an argument by the management itself. Does this decision serve the environment or not? Basically. It is really being used, I have also noticed that.

I: Good, and if we now come back to the audits a little bit, or specifically to the finance department. What are the changes in the finance department in connection with the B Corp issue?

D: I don't think anything comes to mind in the finance department now. We have a parallel climate strategy, which of course also flows into B Corp. And in the climate, finance also causes quite a lot of emissions, depending on which bank they are in, which pension fund, etc. And in this context, we try to avoid emissions through the finance department, to invest the money sustainably, to invest in the right health insurance funds. This is related to the climate strategy and less to B Corp in this case.

I: And for expenditures, as you have already mentioned, are CO2 balances also prepared, for example?

D: For expenses?

I: Yes, in a sense of: How the carbon footprint is also linked to costs in the sense of accounting.

D: We have, you could say, yes. But we primarily looked at materials. Actually, we have a carbon footprint scope 123 for the whole company, everything in detail, especially materials, advertising materials and for indirect purchasing as well. But I have to think for a moment whether this is per kilo. It may even be per expenditure, in the case of indirect purchasing. In the case of services for IT equipment and materials like that. I don't know it by heart, but we have all that in there. And our external climate consultant went one step further and said that we still calculate all wages. How many missions do we cause when we pay wages for the employees? And how many CO2 emissions do the taxes cause? And then the health insurances and then the money in the bank, and so on.

I: And this did not come about in connection with B Corp?

D: Not really. That was very important for us, as Weleda. The focus on the climate because of the climate crisis. But B Corp still welcomes it, of course, if you prove that you want to reduce CO2 emissions. Of course, you get points from B Corp. It's all connected in the end.

I: You haven't been certified for long, but what impact do you think the B Corp certification could have on your profitability?

D: Difficult to say. Probably already positive. Probably positive in principle, yes. But I don't see such a strong impact immediately, because it's a big company. But yes, I don't think I can say anything more about it.

I: To address this in an example: You have effectively mentioned in the statutes that you work sustainably. That also influences the decisions. Could this also serve as an escape from profitability, that you consciously become a B Corp as a sustainable company, because then you no longer have the pressure to be very profitable? Because with the "AG" as a legal form, that is actually a prerequisite, isn't it?

D: Yes, we basically have to make a profit, otherwise we'll go bankrupt. So, I think the difference is small, because we have to finance ourselves. And Weleda understands this in such a way that if we become climate neutral this year, we will go one step further next year. We're not just doing our Scope 1,2 climate neutrality, but also some of Scope 3, all the logistics and raw material transports, and that will then have a great climate-positive impact as a company and also on the environment and so on. And then it is our statement that such a company may also grow and increase its market share, because we have a positive impact. And Weleda is still thinking in this direction, but not for economic reasons, but rather for the reasons as we want to have a more positive effect. Of course, we also need money for that.

I: And if we now change in the areas and come to human resources, what differentiates you as a B Corp from traditional companies in the area of human resources?

D: In Human Resources, there are of course also many diverse topics through B Corp, for example, is the minimum wage paid everywhere or is the living wage paid everywhere. Then, how many hours per year are employees allowed to invest in training? The more, the more sustainable. Then a company supports chronically unemployed people and so on. There are a number of such measures that B Corp supports in the area of "Workers".

And then actually what the degree of employee ownership in the company is. That our employees also become shareholders of Weleda. This was also supported, of course, that the employees have an interest in the further development of the company, because they have their own shares.

I: And in the area of recruitment process, have you changed anything there?

D: We are still working on that. For example, every new job description, what was it called, the tasks in the contract, there should also be work in environmental interests on it. But we are still working on that. We haven't finalised that yet. That every new employee knows that it's in his contract, that they should also intend the interests of the environment.

I: And in the salary system, you have already mentioned the minimum wages that are applied or must be met. Has anything else happened since then?

D: No, we've already had that so far. Another thing, there are of course no-goes, such as child labour in supply chains. That must not happen at all, and we have to prove that in order to become a B Corp. And what Weleda also does is the gender pay gap. We want to reduce that absolutely and I don't think that's on the B Corp yet. But they also have this number of female managers on the board of directors, for example. The greater the proportion of women, the higher the sustainability performance. That is also in B Corp.

I: I would pick up where we left off with child labour and these issues. What influence does certification have on procurement policy? With child labour, that is also a form of procurement, procurement of labour, but also other things like raw materials, etc.

D: When it comes to purchasing, there are many opportunities to become even more sustainable, because we work with quite a lot of supply chains of the agricultural sector, and with quite a lot of farmers as well. And there are many things you can do. One is organic farming, then supporting even more biodiversity, that's a great example. Then, for example, if we selectively procure raw materials, also from rather poorer countries, then that is also a sustainability achievement. But also, the other way round, when we procure our raw materials very, very, locally, only within 300 kilometres of our company. Unfortunately, that is not possible for us, because there is no jojoba oil growing here, or any other raw materials that we need. But yes, B Corp welcomes that too. And then, what I mentioned at the beginning, is this supplier engagement. For example, when we say, would you like to participate in a sustainable cooperation project? And we are moving more and

more in that direction. We already have more than 50 cooperation projects with various farmers, but we would like to expand this even more in the direction of biodiversity and energy saving, saving emissions through transport, if there is anything else possible, and raising awareness among suppliers. Yes, there is still a lot that can be done.

I: Okay, and in research and technology development, is B Corp's influence felt anywhere?

D: Yes, we are currently organising workshops for all departments to sensitise them about B Corp and where we look together at what potential we have, in 3 weeks. And of course, there is a lot that can be done in every process to save energy. This year, of course, we will immediately reduce CO2 emissions and increase energy efficiency. This is all welcomed by B Corp. And the same applies to development. If you look in advance at how you can develop a product that causes very few emissions. That's just as right. And also, health outcomes, that's very relevant for us. Of course, we also want to prove that our natural cosmetic products have a positive effect on the health of our customers. For example, if you use lavender oil. The essential oils of lavender can calm the nervous system. And we can absorb that, and we probably need more studies on that. And we also think in these directions because that is accepted by B Corp. When we promote the health our customers because that also makes sense.

I: Exciting, yes. That's it for the company itself. Then we would come to the last main topic. The advantages and disadvantages. Here it is simply a matter of getting a feeling for what happened after the certification, even if it is not so long ago. What are the main advantages that you have noticed so far?

D: Yes, externally, and internally. Externally, it is certainly the interest of the media and that we can use that for media or for gaining new customers or that we can consolidate our market share and to be able to secure it even better in the markets. In the USA, for example, with Wholefoods. At Wholefoods, B Corp has long been recognised and now Weleda is also one of these B Corps and that, yes, strengthens our position. That would be external. And internally, the most important thing is probably this B Corp framework, which is very understandable for employees. And we use that as a sustainability framework for our internal communication, which is very good.

I: Okay, and what are the biggest challenges for existing B Corps?

D: The B Corp is a process and if you are certified once and then you don't do anything, you can lose the B Corp certification again because B Corp is constantly increasing the challenges. They update this questionnaire and if you don't do anything, you can be kicked out. And for us it is a background why we want to be better all the time. And I also said that we will partly adapt our strategies to B Corp and organise workshops with a background on B Corp internally in order to become even more sustainable. So far, that's working very, very well. But of course, it is also a challenge. We have to get better and better, and you have to put a lot of time into it.

I: Okay, and where do you see concrete disadvantages arising from the B Corp certification?

D: Disadvantages you can say yes, only costs, additional costs due to workload. But apart from that, I don't know what other disadvantages there could be. B Corp has to be careful that the level of quality standards is maintained. They must not certify too many average companies. They have to be really careful and carry out the audits correctly so that it remains a quality standard. I think, I see it as an aspiration because so many companies want to become B Corp right now and if it becomes so mainstream without any good sustainability performance, then it loses quality. But at the moment, I would say it's pretty good.

I: And who specifically would you advise against becoming a B Corp or for whom is certification rather unsuitable?

D: I wouldn't advise anyone against it. I think everyone can get certified. But it is only for companies. I don't think municipalities and authorities can get certified. But otherwise, companies can all do it.

I: So, there is not a certain sector where certification has a particular impact or perhaps can be used less well?

D: There are, of course, sectors that B Corp excludes. B Corp says we don't certify those at all. That's kind of everything that has to do with the petroleum industry. Those are never certified. That's just fundamentally not sustainable and they don't get certified. And then the whole war industry is never certified, then pornography and other industries. They just don't have a chance.

I: And that is then rather bound to regulations, isn't it?

D: Yes, I think that's good too. Ah, and of course another challenge with B Corp, or rather a disadvantage, that is a work in progress, you could say. B Corp only has the context of sustainability in a point scale, but you still can't say whether the company is sustainable if it has 120 points. What does that mean exactly? That comes more and more, this context, what does it mean in the end. But quantifying sustainability is very, very complicated. Saying that a company is sustainable and that it is not will remain a challenge.

11.8.5 Baabuk

Interviewer: Julian Good, I
Interview Partner: E
Date and Time: 20 April 2022, 9:00
Location: online, Microsoft Teams
Language: en

I: So first of all, why did you choose to become a B Corp?

E: So, the first reason was: We needed to have clear answers about what customers are wanted to, pointed us or showed us. And we were by default a kind of like a responsible brand, but it was not enough for us because we didn't have the feeling we were responsible. We knew we do things with our guts and ideas and ideal, but we needed a stamp on it and to be sure that we really match to what people are talking about us. So that that was the reason. And then, why B Corp, was maybe more chance meeting, whether we believe or not in chances. But we met Jonathan who was actually the person who's managing B Lab Switzerland and had discussions with him and it became quickly clear that this way of certification was a good connection with Baabuk's way of working. Not just signing a paper and paying a certain amount or clicking the boxes, but really going through a process and engaging all the stakeholders of the company. So that was that was very interesting for us.

I: Ok, and what other reasons do you think motivate companies to become certified B Corps?

E: Is it a trend? That's a good question. I think the first motivation that I could say, I'm speaking for myself, but is that at the moment you want to be certified, you ask yourself what am I doing, how am I doing things and today, it's old school, I would say, to just go through a process without a sense. And B Corp gives a lot of sense to the process, not only to the to the paper. And I think when you look around to people that are in the businesses or just graduated like you or going through their life now. The education that we have and so on, we're seeking for sense much more than what we used to probably 30years ago.

I: Many traditional companies are already very purpose driven and, they already are committed to sustainability. Is there a new legal form, or the certification in general, needed?

D: The movement keeps giving movement, I think so. I'd say it is needed in order to open mind to more, because when you sit on your chair, nothing happens. But when you go out and show, not as a show-off, but when you give the chance to people to get inspired from what you do, then it's where people can get touched and things are changing. So, if we want to, and we have to, grow or change, then you have to inspire and go through process.

I: Ok, I see. And what do you think are the reasons why some companies intentionally decide against the B Corp certification?

E: Maybe the process is too complicated. It takes too much effort and resources in the inside. You have to have resources to be able to be B Corp certified. And maybe it's the fact that it comes from abroad, America. It could maybe refrain people of that like constant evaluation, changing trendy actions that the US is putting the globality, maybe. Though they show that some things are really good, but not everything of course. But choose the best. Probably, I guess, the first, but you have to believe in it. If you don't then, I guess lots of people are not seeing the point why should I do that.

I: And could the fact that the move is still quite young also be a reason?

E: Definitely. And there's a lot of noise around it. There's a lot of new coming way of communication. It's shaking the foundations and I think that's what's the most difficult for companies that are established and, I wouldn't say old, but let's say very focused on their roots and conventional and things like that. And yeah, changing is not always welcome for a company.

I: That's right, yeah. So, we will move to our second part, to the activities of the company itself. We would start with a discussion about the supply chain in general. How did the certification affect your inbound and outbound logistics like your suppliers and distributors?

E: So, it affected it from the awaiting that we have from the suppliers and the way we want them to collaborate with us. What we ask them more about transparency and. how they treat people and so on, of course. Though we don't have the luxury of being able to change suppliers easily at Baabuk because we are a small company, and we are lucky enough that some people we work with did already accept us in their production chain because the shoe industry is a very complex and difficult market. And most of the players there, they are looking for volumes, they are looking for upcoming payments and so on.

So, it gives us a way we ideally would like to work with, but we could not just change the supply chain drastically because of our new ideas of how it works. So, it's a long process.

I: Ok, and what was the impact on your core business?

E: The realisation, I think, through the process and the questioning. Realisation of points, where before we would just not even notice or not even think about. Now they come into questioning every time we have a new idea or a new proposition or collaboration coming from the outside. We will look at how to treat them and on a perspective of purely business talk, we definitely had an advantage being B Corp from people looking for brands that are taking their responsibility for the environment and the humans.

I: Ok, and if we switch to, as you already mentioned, to the client side. What have you changed in marketing since the certification?

E: The whole communication is around sustainability, almost always. So before, I think, we were much more focused on new products, how cool this is, how nice that is, how sweet this pair of shoes is, how good this accessory might be. Today, I would say, even 50%, if not more, is having a message towards sustainability. It takes a big space.

I: Ok, and how do your customers perceive the B Corp label?

E: Most of them, I would say, don't even know it. That's the big problem. Because I think we are all lazy and we not going to go behind the label to read whatever it means, why it is like that and so on. First impression is still very, very powerful. But then the people that know about it, they really welcome it and they're extremely followers then. That's very interesting and also, yeah, we'll speak about that maybe later, but the community that is around the B Corp is also interesting. It is not only the customers, but it's also the people, the other companies and so on.

I: What did you change? Or did you change something in the way you treat customer or the way you conduct customer service?

E: Yeah, we implemented, first of all, I don't like the word education, but trying to inspire people of not going to return, like think before you buy and also think before you return. So, we don't offer free returns. We asked them to, for example, to offer the pair they didn't take the right size, or the colour doesn't match for them or something special is not ok, give that as a gift to a member of your family and you have a 50% off of the next shoe you will order. So that makes sense in terms of, first of all, there's of course a giving and

receiving because we will maybe have the chance of having a next buy on our website. But the customer is also doing something interesting for a person that she likes, and we avoid transportation and stupid buying for just like impulse buying. “I want that, but actually I don't like it, so I return it.” So, it makes a story around that. And then the treatment of the customer. This is something that I think people have or don't have, it's hospitality. Either you take care of your people, or you don't give a **** about it, to be honest. And you just want to sell. Surely, we try to answer all the questionings. But we also learned on the long going since 2017 that we have to fix our values and we don't have to answer and please everyone. So, the customer is not the king anymore.

I: Yeah, and as you are a small company, that would also be interesting, how do you manage your governance structure?

E: Today, it's still Galina and Dan that are the owners that actually pilot the entire structure.

I would say we have a pyramidal structure of governance today with a lot of responsibility given to the people that are managing their fields. And there there's a talk every week where we share what we do and where people basically explain what they want or how they want things. On projects we still have this opportunity to share it on the group before decision is taken. But we're not yet at the at the at the total horizontal governance. Probably because it's also very new and it's also because you need to have the right people to do that. It's not something that fits to everyone, even it's claimed as being a very modern and free way to work. Some people still really need to be driven by others, and some people like to be decision makers. I think we have to respect that also.

I: What was the impact on the finance department?

E: Margin cutting down on every additional communication or little aspects that you want to improve in sustainability. Sustainability, as a first view, is not making money, but it's the goal and the challenge of myself as a sustainability manager to be sustainable in every pillar of a company. And economy, finance, is also one of the pillars. And you need to have a sustainable financial health in order to be sustainable. You cannot say, “ok, we stop selling and we don't make money because we want to please everyone.” It's collapsing. So that's very interesting and it's the most challenging part. In sustainability you must observe and suit every corner interdependent. So yeah, but definitely there is a cost at the

beginning, and we have to be creative in order to sustain that economic and financial investment, I would say.

I: That would already influence my next question, which would be: What impact does the certification have on profitability? Do you see an impact there?

E: Yes, I don't have the numbers. It's best to talk with our financial manager. But definitely the certification gives transparency and trust. And people, in that case, there are people that are more ready to invest in a material or in a company that takes care of what's going on next, as just buying something. Maybe it opened the market that we probably didn't have before, yes.

I: Interesting. And what differentiates you as a B Corp from traditional businesses in human resources or human resource management?

E: There are questions asked. And when you are in front of a wall, where you have questions on the wall, it's difficult to open the door without reading them. So, I would say like that. It's very philosophical, but definitely it triggers your integrity as a human. If you think you can continue, for example, underpaying people in third countries, laborers and make profit and wake up happily in the morning, having your champagne on your breakfast, then it's not business that you need, then it's a psychologist, probably. But that's maybe going too far, but there is definitely an impact on how we treat people. But again, maybe this is something that is normal for certain people and for other peoples it becomes, through the certification or through the questioning, something that makes sense, to put the human in the centre also.

I: Were there any changes in the recruitment processes?

E: Have a bunch of people willing to work for us just because we are B Corp. But we are still a company and it's exactly the same on the duty. If you go on a hard work or B Corp work, it doesn't change anything. So, the label doesn't make any changes. For us it didn't change a lot because Baabuk always engaged people where they had an affinity with, before even willing to engage someone. I can speak on my purpose, I mean, I know Dan and Galena since about 15 years. We wanted to work together before, but we never really founded which area. We are good friends and I followed Babuuk since the beginning and then suddenly, Friday morning, I get a call from Galena where she said like: "We talked yesterday night. We want to open a position in sustainability. You are the person we want to work with. Do you want to join?" So, you see, that's the process that you can afford in

a small company. It's not always the best because friends working together is another topic of governance. But sometimes you're not surprised from the person you hire. But yeah, it makes a difference.

I: Alright. And what is the influence on the technology and research. Is there anything you do, as a small company, in that direction which is connected to the certification?

E: This is something we are starting. Maybe due the fact that now we have the task force to do it, because before we had no one taking 100% responsibility of the sustainability. Keeping in mind that we always tried to optimise also the processes in the field we work. So, concrete actions will be done in the in the next years coming due to the fact that now I have time to really implement them. Meeting with research and so on. What we face as a problem is we don't have the access to a lot of knowledge due to our smallness and it's really like seeking a “needle in a haystack”, when you look for a specific product and so on. But then, on the other side, we can take the example of the sneakers that we did with the wool of UNIL Lausanne, the University of Lausanne, where it's maybe not something drastically technologically new. But instead of throwing away the wool, we took that wool and created a pair of shoes specially for the university and in pre order. So that was a way of like “what can we do with resources that we have?” And that's maybe in these actions we try to be more responsible.

I: That's interesting. I think we already covered the last question I have here. Maybe I could ask this in a more concrete way. So, the last question would be about procurement. You already mentioned some things like child labour and where you get your wool and things like that. Do you have something like a concrete procurement policy?

E: There my vocabulary is not good enough. What do you mean by procurement? Is like a contract contracting or?

I: Yeah, contracting. Also, the way you choose your suppliers or in general also the hardware and things for your office that you procure, just everything you get from outside of your company.

E: I see, yeah, ok. No, we don't have that. And we don't have it because we can't. I would say Baabuk is extremely on low-cost focus when they're working or doing. I think, to be totally honest also, that things are going extremely fast or extremely slow, depending on what the needs are. And certainly, when there is an idea coming that we need something, we will go straight there. There are no long processes of decisions of “should we take this

table or not". Actually, we need a table, we take the first one we find. Outside, most of the time in the second-hand shop and then that's it and we continue that way. As for the suppliers, we tend definitely to look if they have a sensibility into the entire ecosystem and if not at all, we probably wouldn't work with. I'd say, it must make sense. If it doesn't make sense, there's a low chance that there's a collaboration that will happen. And that's also part of our values, towards the sense. It's one of our five values, so we stick to that also.

I: So that would be it for that topic and probably just for my interest. You told me about the five values. What are these five values?

E: So, we define that since about three years and they do change, but it's authenticity, the respect, respect about whatever we do is it for the earth or for the humans. It's goal oriented, like it must make sense. The authenticity, transparency and the friendliness, so friendliness means we do things with happiness, we are happy to go and do things with people and exchange. And the last one is unscripted. So, it's a value that we don't like to just fit to a box with the entire communication and pretending we are what we are not, just because it's good to have an image like that. So, all about also greenwashing and well, you asked me if I work from home, no that's my office and that's how we are. We have nothing to hide about it and we don't want to pretend being a golden box if we don't do that. You know, things like that.

I: This really nice. Then I would switch to the last topic and that would be advantages and disadvantages. So, what are the main benefits that you gained as a Corp so far?

E: The main benefits, I'd say, first of all, the community and exchange with the people that are from the B Corp or are certified. The meetings we have yearly, this is an interesting benefit. The challenge is a benefit, even if sometimes people don't see it like that. But every challenge is actually here to make you learn something and not to make you go down or think it's going to be hard. But it's just ok. There's no performance, but how can I perform in the time like how I can act through this challenge and what am I good at and what am I learning from that. That's the thing. I think what we also gained is to accept where we are today and that we are not so bad. Because most of the time it's very easy to say, "Oh we didn't do this. These guys are doing that, it's so good. We are there...", and then it returns you to the fact that "ok, but that's where we are already, so good guys, keep up." There's always changes. We don't have a magic stick. It's not like gained and

finished, but kindness, kindness towards the process and the and the people in the company. Yeah, that's important. That's what it gains.

I: Ok, and any other advantages?

E: Yeah, like I said before, it's the community. But the network for sure.

I: And where do you see disadvantages arising from the B Corp status?

E: Lack, but not disadvantage, I would say, is lack of time of being fully engaged. It's a lot of things. There's a lot of messages going around. If I would like to follow what's going on with the B Corp and the B Lab and the subject that we treat and so on, I'd do that all day. Kind of like it's a job of 100%, just that, not focusing on anything else. So, there is a lot, a lot, a lot going around which everybody must know what you pick from that and what you are able to use. But there's no real disadvantage, I think. Because it's a constant changing process also. So, once you're certified, you're good for three years, but you still have questionings there going on and you to improve. And the next time maybe, it doesn't go through because something changed.

I: And for whom do you think is the certification rather unsuitable?

E: Who am I to say uh? It's suitable for everyone that wants to put questioning in front on the table. There are some very big companies that are certified, like Danone and so on. It makes noise because people always have this idea that big is not good, but that's also a trick of our mind. We love to be in our comfort zone and comfort zone means what I can control is good for me, what I can't control becomes something that someone is lying to me behind comfort zone. But why? That's a false idea. Big doesn't mean bad. But of course, it needs to be under circumstances and correctly managed.

I: Are there any industries where the B Corp certification has a special impact?

E: All. All industries. I think you can adapt it to everything and then that's maybe questions that are more related for the B Corp people, you should ask them if anyone is ready to make a chat with you. But no, I don't think seriously that there are domains that are not connecting. We know people that have a school, for example, that are being B Corp. We know people that are brewing beers that are B Corp. We're making shoes. You can be a B Corp as a consultant's office. The questions will definitely make sense to all of the spaces. And that's interesting that because the variety of questions is so big. For example, if you take the SDG from the Uno, the goals of sustainability. We cannot fit them all,

that's ok. Good panel, the colours are nice and so on, but it's not our duty to fit everything because, no, focus on what we are doing and doing it best. So, of course we care of the marine's animal, but we are not directly related to that and means that's not our duty. So, we better take care of the sheep that we shave.

I: That would be my last question, especially for Baabuk. Tell me a little about the recertification process.

E: I wasn't there when it happened. So, I didn't go personally through it. I know that the first certification was a hard job, and this recertification had some points that were already known. So, it was a smoother pass to go through. I guess, if you are certified, you don't want to lose the certification, so you make things happen. So, it goes on.