

Danone Indonesia's B Corp Certification and Its Impact on Sustainable Business Practices

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ABSTRACT

The Fast-Moving Consumer Goods (FMCG) sector in Indonesia faces significant challenges in adopting sustainable practices amidst environmental issues like water scarcity and plastic waste, compounded by social and regulatory complexities. This study explores how Danone Indonesia's B Corp certification, achieved in 2018, drives transformative sustainability in its operations. Using a qualitative case study approach, the research analyzes secondary data from company reports, B Corp assessments, and industry sources, focusing on CO₂ emission reduction, water stewardship, circular economy initiatives, and employee engagement. Findings reveal that certification catalyzed measurable improvements, including a CO₂ reduction roadmap, 50% reduction in water usage, 25% recycling rate for PET bottles, and a 95% employee engagement score, aligning with global sustainability standards. These outcomes demonstrate that B Corp certification can inspire systemic change in emerging markets, offering a model for balancing profit with purpose in Indonesia's dynamic business landscape.

Keywords: B Corp Certification; Sustainability; Danone Indonesia; Fast-Moving Consumer Goods; Emerging Markets

INTRODUCTION

The global business landscape is increasingly confronted with the urgent need to integrate sustainability into core operations, driven by environmental degradation, resource scarcity, and growing stakeholder demands for ethical practices (Camilleri, 2021). In Indonesia, these challenges are particularly pronounced, with issues such as water scarcity, plastic waste proliferation, and social inequalities posing significant risks to both society and businesses (Savitri & Susanti, 2023). The fast-moving consumer goods (FMCG) sector, a vital contributor to Indonesia's economy, faces mounting pressure to adopt sustainable practices that balance profitability with environmental and social responsibility (Dey et. al, 2022). Despite widespread recognition of sustainability's importance, many companies struggle to implement holistic, measurable, and impactful strategies that extend beyond superficial corporate social responsibility (CSR) initiatives (Müller, 2008).

Efforts to address these challenges have led to the adoption of various sustainability frameworks, with B Corp certification emerging as a rigorous standard for evaluating a company's social, environmental, and governance performance (Kim & Ramus, 2021). Research highlights that B Corp certification encourages firms to embed sustainability across their value chains, fostering transparency and accountability (Villela, et al. 2021). For instance, certified companies often improve resource efficiency and stakeholder engagement, as evidenced by Danone's global initiatives (Arevalo & Aravind, 2017). However, much of the

existing research focuses on Western contexts, with limited exploration of how B Corp certification influences sustainable practices in emerging markets like Indonesia, where cultural, economic, and regulatory dynamics differ (Diez-Busto et al., 2021) (Lee & Ha, 2023). Previous studies also tend to emphasize broad outcomes, such as financial performance or brand reputation, while overlooking specific operational transformations; such as water stewardship, circular economy initiatives, and employee engagement; that drive systemic change (Marquis & Park, 2014). This gap calls for a deeper examination of how certification frameworks translate into actionable, context-specific practices in complex markets (Chatterji, et al. 2021). This journal proposes analyzing Danone Indonesia's B Corp certification, achieved in 2024 with a score of 98.6, as a case study to understand its role in transforming sustainable business practices within the Indonesian FMCG sector (Danone Indonesia, 2024). By focusing on four key areas; CO₂, water stewardship, circular economy, and employee engagement; this study bridges the gap in prior research by offering a granular, context-driven analysis of certification-driven sustainability (Elkington, 1998). The approach leverages Danone Indonesia's unique position as a market leader in bottled water (Danone-AQUA) and specialized nutrition, examining how its adherence to B Corp standards reshapes operational strategies (B Lab, 2024). This framework is grounded in the principle that sustainability certifications must drive measurable, systemic change to address local challenges effectively, providing a model for other firms in similar markets (Danone, 2023).

METHOD

This study adopts a qualitative case study approach to investigate the impact of Danone Indonesia's B Corp certification on its sustainable business practices. The case study design is ideal for exploring complex, context-specific phenomena within a real-world setting, enabling a detailed analysis of how certification drives operational and strategic sustainability transformations (Eisenhardt, 1989). Focusing on Danone Indonesia, a leader in Indonesia's FMCG sector, the research seeks to provide nuanced insights into the role of B Corp certification in an emerging market context (B Lab, 2021). The study relies exclusively on secondary data to ensure a comprehensive and objective analysis of the research topic (Saunders et al., 2016). Data sources include: (1) Company Documents of Danone Indonesia's sustainability reports (2017–2024) and corporate publications will be analyzed to extract data on key performance indicators (KPIs), sustainability strategies, and B Corp certification outcomes (Danone Indonesia, 2024), (Danone Indonesia, 2023); (2) B Corp Assessment Documents which is publicly available on B Corp Impact Assessment reports for Danone Indonesia, particularly the 2024 assessment, will be reviewed to evaluate alignment with certification criteria (B Lab, 2024); (3) Academic literature which consists of peer-reviewed articles on B Corp certification, sustainability in emerging markets, and FMCG sector practices will be sourced from databases such as Scopus and Web of Science (Villela, et al. 2021), (Arevalo & Aravind, 2017), (Geissdoerfer et al., 2017); and (4) Industry Reports from reputable organizations, such as the World Bank, Indonesia's Ministry of Environment and Forestry, and industry bodies, will provide contextual insights into sustainability challenges and trends in Indonesia (World Bank, 2022) (Indonesia Ministry of Environment & Forestry, 2023).

Four case studies; CO₂ emission reduction, water stewardship, circular economy, and employee engagement; were selected for their alignment with B Corp's core evaluation criteria: environment, community, and workers (B Lab, 2023). Water stewardship and CO₂ emission reduction reflect Danone Indonesia's environmental commitment, addressing Indonesia's critical water scarcity issues and leveraging the company's dominance in bottled

water through Danone-AQUA (Moktadir et al., 2020). The circular economy case study focuses on waste management and resource efficiency, a pressing concern in the FMCG sector and central to B Corp's environmental impact standards (MacAthur Foundation, 2013). Employee engagement examines social sustainability, highlighting how certification enhances worker well-being and organizational culture, a key focus of B Corp's workers category (Schafeli & Bakker, 2020). These cases collectively offer a holistic perspective on Danone Indonesia's sustainability practices, illustrating the multifaceted impact of B Corp certification (Doh & Guay, 2006).

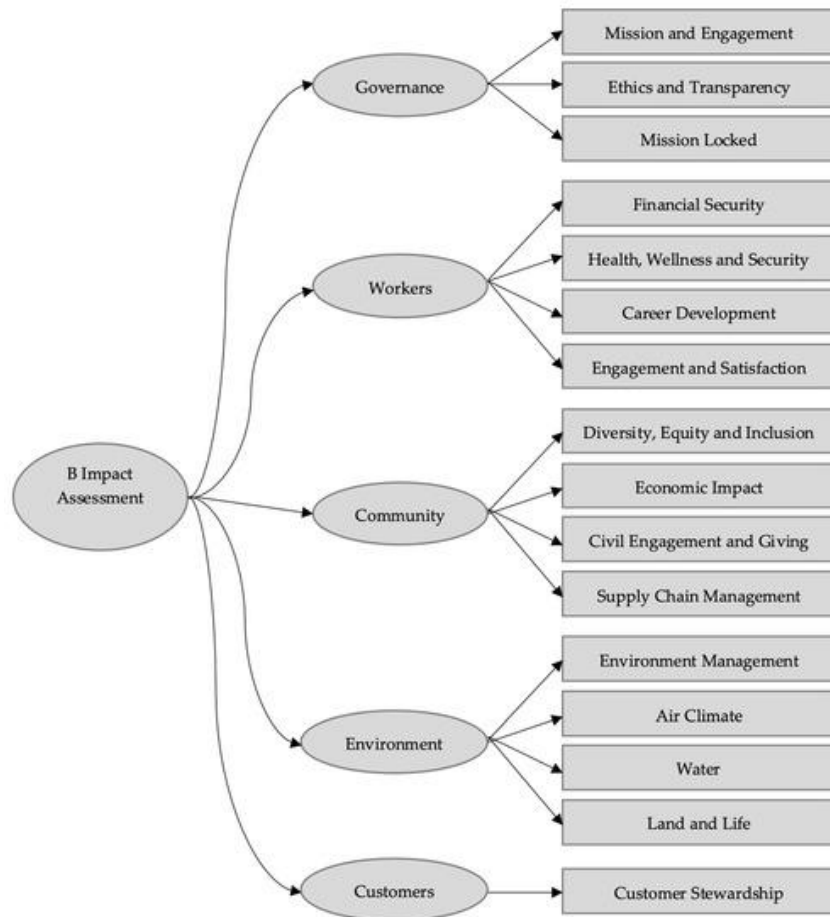
RESULT

Background On B Corp Certification

B Corp certification, established by the non-profit B Lab in 2006, is a globally recognized standard that evaluates a company's performance across social, environmental, and governance dimensions (Kim & Ramus, 2021). Unlike traditional corporate certifications, B Corp certification goes beyond product or process-specific metrics, assessing a company's entire business model to ensure it operates as a "force for good" (B Lab, 2023). Its purpose is to redefine business success by balancing profit with purpose, encouraging companies to prioritize stakeholder well-being, encompassing employees, communities, and the environment, alongside financial outcomes (Villela, et al. 2021). By adhering to rigorous standards of transparency, accountability, and performance, certified B Corporations aim to address pressing global challenges, such as climate change, inequality, and resource depletion, while fostering trust among consumers and investors (Prahalad & Hart, 2002).

The B Corp certification process is anchored by the B Impact Assessment (BIA), a comprehensive tool that measures a company's impact across five key areas: governance, workers, community, environment, and customers (Arevalo & Aravind, 2017). To achieve certification, a company must score at least 80 out of 200 points on the BIA, undergo a verification process by B Lab, and legally commit to stakeholder governance, often by amending corporate bylaws (Danone Indonesia, 2024). The governance criterion evaluates transparency, ethical decision-making, and accountability structures. The workers category assesses employee well-being, including fair wages, benefits, training, and workplace culture, which directly ties to initiatives like employee engagement (Schaufeli & Bakker, 2020). The community dimension examines relationships with suppliers, local communities, and diversity practices, while the environment criterion focuses on resource use, CO2 emissions, and water stewardship (Moktadir, 2020). The customers category evaluates the impact of products or services on consumer well-being.

Figure 1. B Impact Assessment Measurement Model



Source: B Impact Assessment

As of 2025, there are approximately 9,400 Certified B Corporations (B Corps) operating across 102 countries and 160 industries, collectively employing over 920,000 workers (Danone Indonesia, 2024).

Figure 2. Worldwide B Corp Movement

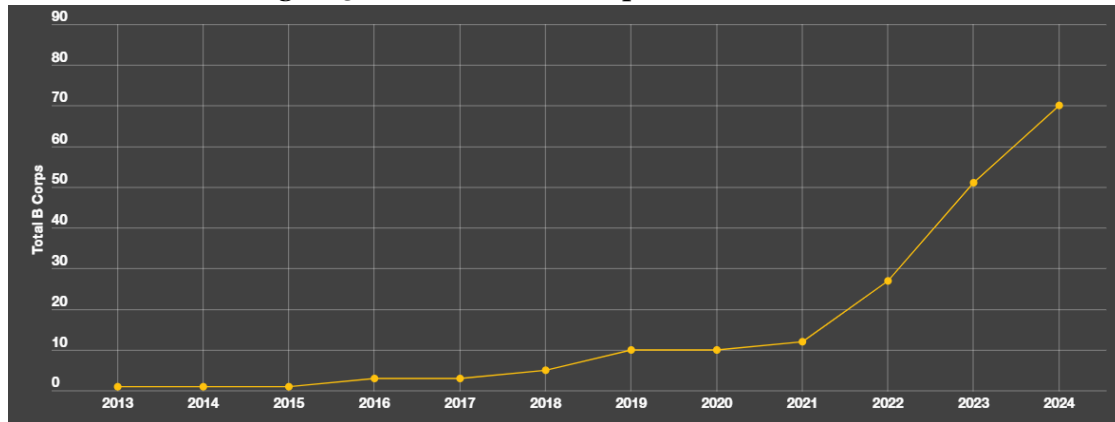


Source: B Lab Global Annual Report (2024)

Globally, B Corps have driven systemic change, influencing policy, consumer behavior, and investment trends toward sustainable practices (Diez-Busto et al., 2021). In Asia, the movement is gaining traction, with countries like Singapore, Japan, and Indonesia emerging as hubs for B Corp adoption (Lee & Ha, 2023). In Indonesia, where environmental challenges like CO₂ emissions, plastic waste, and water scarcity intersect with social issues such as labor rights, B Corp certification offers a framework for businesses to address local priorities while

aligning with global standards (Savitri & Susanti, 2023). As of 2025, Indonesia hosts a small but growing number of B Corps, with Danone Indonesia's certification marking a milestone for the FMCG sector (B Lab, 2024).

Figure 3. The Growth of B Corps in South East Asia



Source: B Corp Movement (2023)

This regional relevance is amplified by Asia's increasing focus on sustainable development, driven by regulatory pressures and consumer demand for ethical brands (Seuring & Müller, 2008). Danone Indonesia's emphasis on employee engagement, as part of its B Corp workers criterion, exemplifies how the certification fosters socially responsible practices tailored to local workforce needs (Schaufeli & Bakker, 2020).

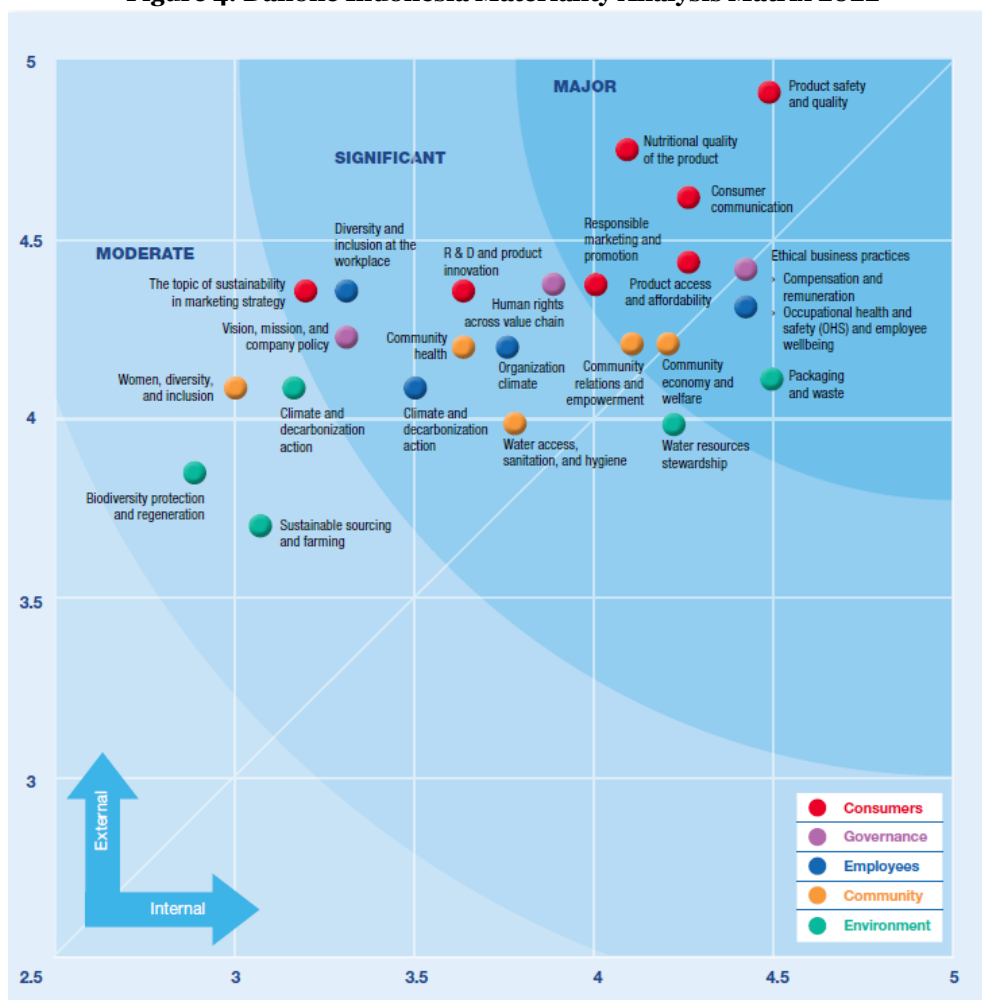
Danone Indonesia's Journey to B Corp Certification

Danone Indonesia's sustainability agenda is deeply embedded in its global "One Planet. One Health" framework, which underscores the interconnectedness of human health, environmental sustainability, and social well-being (Danone, 2023). Operating through two core units; Danone-AQUA, Indonesia's pioneer in bottled water, and Danone Specialized Nutrition, focused on health-oriented nutritional products; Danone Indonesia aims to deliver healthy hydration and nutrition while addressing local challenges like water scarcity and plastic waste (Yin, 2014). The company's long-term goals include achieving carbon neutrality by 2050, promoting regenerative agriculture, and ensuring sustainable water management (Danone, 2024). These priorities align seamlessly with B Corp's focus on environmental stewardship, community impact, and worker well-being, making certification a strategic milestone in Danone Indonesia's commitment to creating shared value and supporting its parent company's global ambition to achieve 100% B Corp certification by 2025 (Danone, 2023). Danone Indonesia's journey to B Corp certification began in 2018, when Danone-AQUA became the first FMCG company in Indonesia to achieve certification, earning a B Impact Assessment (BIA) score of 85.9 (B Lab, 2021). This marked the start of a multi-year effort to align operations with B Lab's rigorous standards across governance, workers, community, environment, and customers (B Lab, 2024).

There are a few key strategic actions included. First, governance enhancements where Danone Indonesia improved transparency by publishing detailed sustainability reports and integrating stakeholder interests into decision-making, meeting B Corp's governance criterion (Danone Indonesia, 2024). Second, community engagement through programs like the WASH initiative, which provided water access and livelihoods to over 500,000 community members,

and partnerships with 15,000 AQUA Home Service (AHS) micro-distributors, supported the community criterion (Danone Indonesia, 2024). Third, environmental leadership movement where Danone Indonesia reduced emissions by approximately 70 kilotons of carbon dioxide equivalent (CO₂) in 2024, reduced water usage by 50% compared to 2015, and increased recycling rates to 25% by 2023 through initiatives like the Recycling Business Unit (RBU), which collected over 12,000 tons of PET plastic annually, aligning with B Corp's environmental standards (Danone Indonesia, 2023). Fourth, certification expansion, where in 2021, Danone-AQUA recertified with an improved BIA score, reflecting enhanced performance in employee welfare and environmental impact (B Lab, 2021). In 2024, Danone Indonesia expanded certification to include Danone Specialized Nutrition, achieving a consolidated BIA score of 98.6, demonstrating continuous improvement across both business units (Danone Indonesia, 2024).

Figure 4. Danone Indonesia Materiality Analysis Matrix 2022



Source: Danone Indonesia (2024)

Danone Indonesia collaborated closely with B Lab's team to refine BIA responses and underwent rigorous verification to ensure compliance, solidifying its position as a sustainability leader in Indonesia's FMCG sector (B Lab, 2024). The journey since 2018 presented several challenges, particularly in Indonesia's complex regulatory and operational environment (Geissdoerfer et. al, 2017). A few of key obstacles has been included. First, fragmented and voluntary ESG regulations, where Regulations like GR 47/2012 and POJK

51/2017 are voluntary and scattered across laws (e.g., Law No. 32/2009, Law No. 40/2007), with inconsistent environmental policies and limited recycling infrastructure complicating alignment with B Corp’s rigorous standards and circular economy efforts (Pratama & Susilowati, 2022). Second, unclear enforcement and developing standards shown in limited transparency in enforcing ESG obligations and incomplete frameworks like OJK’s Sustainable Finance Roadmap and Green Taxonomy create uncertainty, making it difficult for B Corps to meet local and global expectations (OJK, 2024). Third, high costs and resource limitations in which B Corp certification requires significant investments in technology, process redesign, and the rigorous B Impact Assessment, with no tailored government incentives to offset costs, particularly for SMEs (Kennedy & Bocken, 2021). Fourth, low local awareness and stakeholder alignment which is shown by limited recognition of B Corp certification in Indonesia reduces its perceived value, while aligning diverse stakeholder expectations (employees, suppliers) is challenging due to varying cultural and economic priorities (Sen, 2020). Fifth, maintaining continuous improvement by recertification every three years demands ongoing enhancements to improve B Impact Assessment scores, requiring sustained resources and commitment amidst regulatory and market challenges (B Lab, 2023).

Case Studies: Danone Indonesia’s Sustainable Business Practices

Danone Indonesia’s case study on sustainable business practices, highlighting four core areas: CO2, water stewardship, circular economy, and employee engagement.

CO2 Reduction Program

Table 1. CO2 Reduction Program Objective and Impact

Objectives and Activities	Outcomes and Impacts
Danone Indonesia’s CO2 reduction program is a comprehensive and evolving initiative that integrates sustainability into every layer of its operations. The company has committed to ambitious climate goals aligned with global standards, including a science-based target to significantly reduce emissions by 2030. This commitment is reflected in a wide range of activities—from installing solar panels and transitioning warehouses to renewable energy, to optimizing logistics and adopting regenerative agriculture practices. Danone Indonesia also emphasizes circular packaging and waste reduction through community-based programs and partnerships. These efforts are supported by a formal Climate Transition Plan and active engagement with suppliers to align the entire value chain. Together, these actions not only reduce the company’s carbon footprint but also reinforce its leadership in	Danone Indonesia’s CO2 reduction initiatives have led to measurable and impactful outcomes across its operations in 2024, reducing approximately 70 kilotons of carbon dioxide equivalent emissions. The installation of solar panels across AQUA factories has helped avoid over 9,600 tons of CO2 emissions annually, while the use of biomass boilers at the Prambanan site has contributed to a 32% reduction in emissions at that facility. Through the Re-Fuel Program, the company has improved energy efficiency, reducing energy intensity by 24%. These outcomes reflect Danone Indonesia’s integrated approach to sustainability, combining operational innovation with community engagement to drive meaningful climate impact (Danone Indonesia, 2023).

sustainable business practices across Indonesia (Hahn, et al., 2018).	
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Water Stewardship Program

Table 2. Water Stewardship Program Objective and Impact

Objectives and Activities	Outcomes and Impacts
Danone Indonesia’s water stewardship program, primarily driven through its Danone-AQUA business unit, aims to ensure sustainable water management by conserving water resources, protecting watersheds, and enhancing community access to clean water. Aligned with the company’s “One Planet. One Health” framework and B Corp’s environmental criteria, the program seeks to address Indonesia’s critical water scarcity challenges (Danone Indonesia, 2024). Key initiatives include the AQUA Lestari program, which focuses on watershed protection through reforestation and conservation projects in key water catchment areas, such as the Rejoso, Ayung, Kedunglarangan, and Cisadane River basins. Additionally, the program supports community water access by constructing clean water facilities and promoting water education in underserved regions. Since 2018, Danone Indonesia has collaborated with local governments and NGOs to implement over 20 watershed protection projects and provide water infrastructure to rural communities (Moktadir, 2020).	The water stewardship program has delivered significant environmental and social outcomes. Danone Indonesia significantly reduced water consumption across its operations—down to 17.5 million m³ in 2022, aligned with a 50% efficiency target by 2030 (Danone Indonesia, 2023). The company has planted over 2.5 million trees and established 20 Kehati Parks and 6,000 hectares of regenerative agriculture site to support biodiversity and watershed health (Danone Indonesia, 2024). Socially, its WASH and Water Credit programs have provided clean water access to more than 500,000 people through infrastructure such as wells and sanitation facilities (World Bank, 2022). These results contribute to environmental sustainability by preserving Indonesia’s water resources and align with B Corp’s environmental and community impact standards (Savitri & Susanti, 2023).

Circular Economy Initiatives

Table 3. Circularity Program Objective and Impact

Objectives and Activities	Outcomes and Impacts
Danone Indonesia’s circular economy initiatives focus on reducing waste, enhancing recycling, and transitioning to sustainable packaging to address Indonesia’s plastic waste crisis, a key environmental challenge in the FMCG sector. The company aims to achieve 100% recyclable, reusable, or compostable packaging by 2030, in line with B Corp’s environmental criteria	By 2023, Danone Indonesia’s circular economy efforts resulted in the collection of over 20,000 tons of plastic waste annually, with a recycling rate of up to 25% for PET bottles, a significant improvement from 2018 (Danone Indonesia, 2023). Danone-AQUA’s business model is 70% reusable through AQUA Jugs (Indonesian MInistry of Environment and Forestry, 2023). These

(Danone Indonesia, 2024). Key activities include the establishment of the Recycling Business Unit (RBU), which manages plastic waste collection and processing, and partnerships with local communities. The #BijakBerplastik campaign educates consumers on proper waste disposal, while collaborations with academia and NGOs drive innovation in waste management systems (MacArthur Foundation, 2013).	initiatives have enhanced resource efficiency, reducing the company's environmental footprint and contributing to Indonesia's waste management goals (MacArthur Foundation, 2013). Community partnerships have involved over 25,000 scavengers in waste collection, supporting social sustainability (World Bank, 2022).
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Employee Engagement

Table 4. Employee Engagement Program Objective and Impact

Objectives and Activities	Outcomes and Impacts
Danone Indonesia's employee engagement program aims to enhance employee well-being, professional development, and workplace inclusivity, aligning with B Corp's "workers" criteria. The program seeks to foster a positive workplace culture, improve retention, and empower employees to contribute to sustainability goals. Key activities include comprehensive training programs, such as leadership development and sustainability workshops, offered to over 80% of employees annually. The company introduced flexible work policies, including remote work options and six-month maternity leave, to support work-life balance. Diversity initiatives, such as the Gender Equality Network, promote inclusivity. Regular Danone People Surveys collect employee feedback to inform HR policies, ensuring continuous improvement (Danone Indonesia, 2024).	By 2024, Danone Indonesia had achieved strong employee engagement outcomes, supported by measurable progress and inclusive policies. The Danone People Survey (DPS) recorded a 98% participation rate and an engagement score of 95, significantly above the industry benchmark of 83. Over 95% of employees were covered by B Corp certification, and 100% were included in the Dan'Care health and protection program tailored to local needs. Gender equity also advanced, with women holding 26% of management roles and a target of 30% set for 2030. Programs like "Workforce Nutrition & Well-being" offered personalized health coaching and improved workplace nutrition, while structured feedback mechanisms and leadership dashboards ensured employee voices influenced organizational priorities (Danone Indonesia, 2023).

Measuring The Impact of B Corp Certification

To assess the impact of Danone Indonesia's B Corp certification on its sustainable business practices, a set of Key Performance Indicators (KPIs) has been identified, aligned with the B Impact Assessment (BIA) criteria of governance, workers, community, environment, and customers (Villela et al., 2021). These metrics provide a measurable framework to evaluate improvements across environmental, social, and governance dimensions: (1) Environmental KPIs which include CO₂ reduction as per SBTi roadmap, water ratio (liters used per liter of product), and recycling rate (% of PET recycled or reused); and (2) Social KPIs (workers and community) which include career development, employee satisfaction rate (% from Danone People Surveys), female representation in leadership roles (% of leadership positions held by

women), and employee empowerment (% feedback mechanism). These KPIs reflect Danone’s focus on CO2 reduction, water stewardship, circular economy, and employee engagement, ensuring alignment with B Corp’s impact evaluation criteria (B Lab, 2023).

Pre- and Post-Evaluations

Danone Indonesia’s B Corp evaluation journey began in 2018 with a score of 85.9, followed by 93.8 in 2021, and culminated in 98.6 in 2024, reflecting significant performance improvements (B Lab, 2021). The following table compares pre-certification (2017) and post-certification (2024) performance across environmental, social, and governance dimensions, drawing on data from sustainability reports and assessments (Danone Indonesia, 2024), (Danone Indonesia, 2023). The data demonstrate how B Corp certification drove systemic changes in Danone Indonesia’s operations, aligning with environmental, social, and governance criteria (Villela et al., 2021).

Table 5. Pre- and Post-Certification Performance Comparison

Category	Metric	Pre-Certification (2017)	Post-Certification (2024)	Improvement
Environment	CO2 Reduction	Comprehensive EMS with environmental policy, impact assessments, reduction targets, monitoring, and third-party auditing (2.13/2.13 points).	Climate Transition Plan (2023) with SBTi-approved 1.5°C-aligned targets for 2030, covering Scopes 1, 2, and 3. Annual GHG emissions reporting using GHG Protocol, verified by third-party ISAE 3000 standards.	Strengthened EMS with SBTi-approved 1.5°C targets (vs. 2°C in 2017) and formalized Climate Transition Plan, improving accountability and ambition.
		Monitored Scope 1, 2, and 3 emissions with reduction targets met for Scopes 1 and 2 (1.43/1.43 points).	2030 targets: 42% reduction in Scope 3 non-FLAG emissions, 30.3% in Scope 3 FLAG emissions (e.g., methane from milk).	More ambitious, SBTi-approved 1.5°C targets for all scopes (vs. 2°C in 2017), with specific methane reduction goals (30% by 2030), enhancing emissions reduction efforts.

	Recycling and Circular Economy	Recycling program for all standard materials (1.07/1.07 points). 12,000 tons of plastic collected annually via 6 Recycling Business Units; 70% of business circular (2017-2018).	58% of plastic placed on market recovered; goal of 100% recyclable, reusable, or compostable packaging by 2025. #BijakBplastik movement expanded waste collection infrastructure and consumer education.	Increased plastic recovery rate (58% or equal to more than 20,000 tons) in 2023 vs. 12,000 tons annually in 2017, though not directly comparable) and stronger circular economy focus with specific 2025 packaging goals.
	Water Resource Protection	Monitored water use with reduction targets (1.89/2.83 points); initiatives included planting 2.5 million trees, 1,300 infiltration wells, 57,000 biopores, and rain harvesting facilities (2017-2018).	Continued water stewardship with watershed protection, i.e., planting more than 2.6 million trees and reduced water footprint through production site transformations. Specific Indonesia metrics not provided.	Sustained and likely expanded water conservation efforts, integrated into global water footprint reduction strategy, building on 2017 initiatives.
Workers	Living Wages	All workers paid above minimum wage (1.23/1.23 points), but lowest-paid worker <10% above minimum (0/2.46 points).	100% of FTE employees paid at least a living wage for individuals and families (2.52/2.52 points each).	Explicit confirmation of living wages for both individuals and families, a more comprehensive standard than minimum wage.
	Worker Ownership	1-24% of full-time employees participated in ownership plans (0.88/3.5 points);	75-99% of full-time employees have stock or equivalent ownership	Significant increase in employee ownership participation

		0% of company owned by non-executive, non-founder workers (0/3.5 points).	(1.26/1.26 points).	(from 1-24% to 75-99%), enhancing financial inclusion.
	Performance Feedback	Annual reviews with social/environmental goals and achievable goals (0.48/0.48 points).	Annual reviews with written career development guidance and achievable goals for all tenured employees (0.8/1 point).	More structured feedback process with written career development guidance, indicating improved career support.
	Non-Discrimination Policy	Covered gender, race, disability, age, and religion (0.3/0.3 points).	Expanded to include gender, race, color, disability, sexual orientation, age, and religion (0.23/0.23 points).	Addition of color and sexual orientation, enhancing inclusivity in workplace policies.
	Satisfaction Surveys	Conducted biannually, results shared with employees, 81–90% satisfaction rate (0.36/0.48 points each for surveys and satisfaction).	Annual surveys, benchmarked against industry standards, disaggregated by demographics (0.45/0.45 points).	Shift to annual surveys with industry benchmarking and demographic disaggregation, indicating more robust analysis of employee satisfaction.
	Feedback Mechanisms	Not explicitly detailed in 2017 beyond conflict mediation (union, HR, employee representatives; 0.48/0.48 points).	Formal feedback mechanisms beyond direct reporting, policy input, complaint system reviews, and worker-elected Board members (0.45/0.45 points).	New emphasis on formal feedback channels and worker-elected Board representation, increasing employee voice and empowerment.

This analysis demonstrates that B Corp certification catalysed significant improvements in environmental efficiency and employee social outcomes, aligning with B Corp's rigorous standards (Prahalad & Hart, 2002). Danone Indonesia has made significant strides in workers' welfare from 2017 to 2023, particularly in expanding worker ownership, enhancing retirement benefits, improving performance feedback, and strengthening inclusivity and employee engagement. Their positive impact focus has also improved with more robust stakeholder engagement and materiality assessments. On the environment topic, Danone Indonesia has made notable strides in its environmental performance from 2017 to 2023, with improvements across facility efficiency, environmental management, renewable energy, emissions reduction, packaging, and water management (Bansal & King, 2021; B Lab, 2023).

Lessons Learned and Best Practices

Critical Success Factors Danone Indonesia's successful journey to B Corp certification, marked by progressive B Impact Assessment (BIA) scores of 85.9 in 2018, 93.8 in 2021, and 98.6 in 2024, highlights several critical success factors that drove its sustainability transformation. First, leadership commitment was shown with strong executive leadership which was pivotal with Danone Indonesia's management integrating the "One Planet. One Health" framework into strategic planning. The establishment of the Danone Impact Journey (DIJ) ensured sustainability was a core business priority, with CEOs and senior leaders championing B Corp certification as a measurable standard for accountability. This top-down commitment aligns with findings that leadership buy-in is essential for embedding sustainability into organizational culture (Frynas & Stephens, 2015). Second, employee involvement and engagement was a cornerstone of success, particularly in meeting B Corp's "workers" criteria. Initiatives like the Danone People Surveys, six-month maternity leave, share ownership programs, and sustainability-focused training empowered employees to contribute to certification goals. This reflects the importance of employee-driven sustainability (Carroll & Shabana, 2010). Third, stakeholder collaboration in the form of partnerships with local governments, NGOs, and communities were instrumental in addressing environmental and social challenges. For instance, collaborations with the Indonesia Packaging Recovery Organization and local governments expanded recycling infrastructure, while the AQUA Lestari program engaged over 500,000 community members in water access initiatives (Danone Indonesia, 2024). These partnerships enhanced Danone's ability to meet B Corp's community and environment criteria, demonstrating the value of stakeholder ecosystems (Freeman et al., 2010). Fourth, data-driven accountability was shown by Danone Indonesia's rigorous tracking of KPIs, such as water savings, plastic waste collection, and employee satisfaction, ensured alignment with B Corp standards. Regular sustainability reporting and BIA audits provided transparency, fostering trust among stakeholders (Danone Indonesia, 2024).

Overcoming Challenges Danone Indonesia faced several obstacles during its B Corp certification journey, particularly in Indonesia's complex regulatory and resource-constrained environment. Strategic solutions addressed these challenges effectively. First, regulatory constraints, like Inconsistent environmental regulations and limited recycling infrastructure posed barriers to circular economy goals. Danone mitigated this by partnering with NGOs and local governments to establish 19 collection points and advocating for policy reforms with the Indonesia Packaging Recovery Organization (Danone Indonesia, 2024). Second, resource limitations regarding the financial and operational demands of B Corp compliance required significant investments. Danone optimized resources by prioritizing high-impact initiatives,

such as water-efficient technologies, reducing water usage by 50% vs. 2015 (Danone Indonesia, 2023). Third, employee alignment to a diverse workforce with sustainability goals was challenging due to varying levels of awareness (Zahra & Wright, 2016). Fourth, continuous improvement in maintaining and improving BIA scores every three years required sustained effort. Danone embedded B Corp principles into its operational framework through the DIJ, ensuring ongoing enhancements in governance, environmental, and social performance, which drove the BIA score increase from 85.9 to 98.6 (Danone Indonesia, 2024).

Implications for the Indonesian Business Landscape

B Corp Movement in Indonesia Danone Indonesia's B Corp certification, with a 2024 BIA score of 98.6, highlights the potential for broader adoption of the B Corp movement in Indonesia, despite cultural and economic challenges. The country's growing focus on sustainability, driven by environmental issues like plastic waste and water scarcity, aligns with B Corp's emphasis on balancing profit with purpose (Savitri & Susanti, 2023). However, cultural factors, such as hierarchical workplace practices and limited awareness of sustainability certifications, pose barriers (Aguinis & Glavas, 2012). Danone's success in fostering employee engagement—through initiatives like the Danone People Surveys (90% satisfaction rate), share ownership programs (75–99% employee participation), and sustainability training for 80% of employees—demonstrates that inclusive, employee-centric practices can resonate in Indonesia's collectivist culture (Schaufeli & Bakker, 2020). Economically, high certification costs and limited government incentives may deter SMEs, but Danone's model, leveraging scale and partnerships, suggests larger firms can lead the way (Rock & Angel, 2022). As of 2025, Indonesia hosts a small but growing number of B Corps, with Danone's leadership signaling potential for expansion, particularly in the FMCG sector, if awareness campaigns and cost-sharing models are implemented to engage smaller businesses (B Lab, 2024).

Policy Influence Danone Indonesia's B Corp certification, particularly its employee-focused initiatives, could significantly influence government policies and industry standards on sustainability. The company's achievements, such as 100% living wages, 26% female representation in management, and a 2% turnover rate by 2023, set a benchmark for workplace practices in Indonesia, where labor rights and gender equity are critical issues (Susanti & Pratama, 2023). These initiatives align with B Corp's "workers" criteria and could push policymakers to strengthen voluntary ESG regulations (e.g., GR 47/2012, POJK 51/2017) into mandatory standards, especially for employee well-being and inclusivity (Pratama & susilowati, 2022). Danone's advocacy for recycling infrastructure and water management policies, evidenced by its partnerships with local governments and NGOs, may encourage the development of Indonesia's Green Taxonomy and Sustainable Finance Roadmap, integrating employee-focused metrics like training and diversity into sustainability frameworks (World Bank, 2023). By demonstrating measurable outcomes (e.g., 25% improvement in employee alignment scores), Danone's model could inspire industry-wide standards for social sustainability, prompting regulators to incentivize certifications that prioritize worker welfare (Crane et al., 2014).

Collaboration Opportunities Danone Indonesia's journey offers multiple avenues for knowledge sharing to advance sustainability and employee well-being in Indonesia. Industry forums could facilitate the exchange of best practices, with Danone sharing its #BijakBerplastik campaign and employee engagement strategies (e.g., Dan'Care health

program) (MacArthur Foundation, 2013). Partnerships with NGOs, like those in the WASH initiative reaching 500,000 people, provide a blueprint for collaborative waste management and water stewardship projects (World Bank, 2022). Establishing employee well-being networks, modeled on Danone's Gender Equality Network, could unite businesses to promote inclusive policies, such as flexible work arrangements and sustainability workshops, across sectors (Moneva et al., 2020). Collaborations with academia, as seen in Danone's circular economy initiatives, could drive innovation in employee training programs, fostering a sustainability-focused workforce (Podsakoff et al., 2012). By leveraging these platforms, Danone can amplify its impact, encouraging other firms to adopt B Corp principles and prioritize employee-centric sustainability, thereby strengthening Indonesia's sustainable business ecosystem (Porter & Kramer, 2011).

DISCUSSION

Interpretation of Findings

Danone Indonesia's B Corp certification, achieving a 2024 B Impact Assessment (BIA) score of 98.6, has driven transformative sustainability in the FMCG sector, evidenced by a 70-kiloton CO₂ reduction, 50% water usage decrease, 25% PET recycling rate, and 95% employee engagement score (Danone Indonesia, 2023, 2024). These outcomes, drawn from verified company reports and B Lab's assessments, reflect systemic operational changes. The CO₂ reduction program, using solar panels and biomass boilers, and the water stewardship initiative, providing clean water to over 500,000 people via the WASH program, address Indonesia's environmental challenges. Circular economy efforts, collecting 20,000 tons of plastic annually, and employee engagement, with 75–99% ownership participation, demonstrate robust progress in environmental and social sustainability (Danone Indonesia, 2024; World Bank, 2022). These findings align with stakeholder theory, which emphasizes value creation for employees, communities, and the environment (Freeman et al., 2010), and the triple bottom line, balancing profit, people, and planet (Elkington, 1998). Danone's initiatives, such as partnerships with 15,000 AQUA Home Service micro-distributors and the AQUA Lestari program for watershed protection, operationalize stakeholder engagement, with the BIA framework ensuring measurable accountability (Villela et al., 2021). The results align with studies showing B Corps improve resource efficiency and stakeholder engagement (Kim & Ramus, 2021; Villela et al., 2021) but extend these by detailing Indonesia-specific transformations amid regulatory complexity (Diez-Busto et al., 2021). Unlike Western-focused research emphasizing financial outcomes (Marquis & Park, 2014), this study prioritizes operational changes, challenging Sen's (2020) view that cultural barriers hinder certifications by demonstrating resonance with Indonesia's collectivist culture (Schaufeli & Bakker, 2020).

New Insights and Contributions

This study offers novel insights by addressing Indonesia's water scarcity and plastic waste challenges, providing a model for FMCG firms in emerging markets. It highlights Danone's potential to influence ESG policies, like Indonesia's Green Taxonomy (Pratama & Susilowati, 2022). Limitations include reliance on secondary data, suggesting future mixed-method research to explore stakeholder perspectives and SME adoption (Rock & Angel, 2022).

CONCLUSION & RECOMMENDATION

Danone Indonesia's journey to B Corp certification, culminating in a 2024 B Impact Assessment (BIA) score of 98.6, exemplifies a transformative approach to sustainable business practices within Indonesia's FMCG sector. Starting with Danone-AQUA's initial certification in 2018 (BIA score of 85.9), followed by recertification in 2021 (93.8), and expanding to include Danone Specialized Nutrition in 2024, the company has demonstrated a consistent commitment to embedding sustainability across its operations (B Lab, 2021). These achievements, driven by leadership commitment, stakeholder collaboration, and data-driven accountability, reflect systemic operational and cultural shifts aligned with B Corp's rigorous standards, positioning Danone Indonesia as a sustainability leader [40]. Danone Indonesia's B Corp certification holds profound significance for Indonesian businesses and the broader sustainability landscape. By addressing critical local challenges—such as water scarcity, plastic waste, and labor rights—through context-specific initiatives like the Water Stewardship program and #BijakBerplastik campaign, Danone sets a benchmark for integrating global sustainability standards with local priorities (Savitri & Susanti, 2023), (MacArthur Foundation, 2013). Its success demonstrates that B Corp certification can drive measurable impact in emerging markets, despite regulatory inconsistencies and resource constraints (Diez-Busto et al., 2021). For Indonesian businesses, particularly in the FMCG sector, Danone's model underscores the value of employee-centric practices, stakeholder partnerships, and transparent reporting in building trust and competitiveness (Schaufeli & Bakker, 2020). Nationally, its advocacy for recycling infrastructure and employee well-being could influence stronger ESG policies, such as enhancing Indonesia's Green Taxonomy and Sustainable Finance Roadmap (World Bank, 2023). Globally, Danone Indonesia's contribution to Danone's goal of 100% B Corp certification by 2025 reinforces the potential for multinational corporations to lead systemic change in sustainability, inspiring other firms to adopt similar frameworks (Danone, 2023).

Moving forward, Danone Indonesia should sustain its momentum by further integrating B Corp principles into its operations, targeting a BIA score above 100 in its next recertification and advancing its 2030 goals for carbon neutrality, 100% recyclable packaging, and 30% female leadership representation (Danone Indonesia, 2024). Expanding community-based initiatives, such as the WASH program, and leveraging technology for enhanced resource efficiency will be critical (World Bank, 2022). For the B Corp movement in Indonesia, Danone's leadership can catalyze broader adoption by sharing best practices through industry forums and collaborating with SMEs to overcome certification cost barriers, potentially through cost-sharing models or government incentives (Rock & Angel, 2022). Advocacy for mandatory ESG regulations, particularly around employee welfare and environmental stewardship, could further align Indonesia's policy landscape with global sustainability goals (Pratama & susilowati, 2022). As consumer demand for ethical brands grows, Danone Indonesia's model can inspire a wave of B Corp certifications, fostering a sustainable business ecosystem that balances profit with purpose in Indonesia's dynamic market (Spence et al., 2020).

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