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A NEW ECONOMY: Società Benefit and B Corps

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Introduction

I grew more and more fond of sustainability during the past year, and as I changed my behaviors and questioned all of my habits, I started asking myself : « Is there something I, as an individual, can do that will result in ultimately saving this world ? »

As I looked for answers, it became clearer and clearer that the only way to continue our (humanity's) life on this planet is by changing the way society sees it. In a few weeks, on the 29th of July, we'll reach this year's Earth Overshoot Day : this date marks the moment « when humanity's demand for ecological resources and services in a given year exceeds what Earth can regenerate in that year. »¹

This means that all of the resources we'll use from the 30th of July to the 31st of December are resources that our planet won't be able to regenerate: in economic terms, they are a debt. The first time we reached Earth's Overshoot Day was in 1987, after that, we've been reaching it earlier every year, with a significant exception : 2020.

1987 - December 19th (1st Earth Overshoot Date)

1990 - December 7th

2019 - July 19th

2020 - August 22nd

2021 - July 29th

We all know what happened last year : the pandemic hit us all, many firms were forced to close, people started working from home, air travels were mostly canceled. This should make it clear that the real problem is not what any individual does, but what large scale businesses, governments and ultimately masses do.

This thesis will analyze the rising and subsequent development of a movement: the one of Società Benefit and B Corps. The concept guiding it is that businesses can, and should, be used as a force of good.

¹ Cfr. From the official Earth overshoot day's website: <https://www.overshootday.org/>

The first chapter explains what a Società Benefit is, what its obligations are and how the system works, it then dives into the description of the Italian panorama by analyzing a research by Assobenefit, in collaboration with Alma Mater Studiorum, the University of Bologna ; in the end, it presents the first Società Benefit in Italy, Nativa, and the peculiar situation it was born into.

The second chapter focuses on B Corps, it explains what they are and their role, it then explores the certification process and lastly presents one of the most important B Corps that exist, Patagonia.

The third and last chapter explains the link between Società Benefit and B Corps, their codependency and the reason why they are considered as a single movement. It then presents one last example, Impact Hub Milano, to better understand the process that leads a company to enter the journey towards becoming a Società Benefit and B-Corp.

1. Società Benefit

A corporation is a third-party entity, separated from founders and shareholders. The only purpose of these entities recognized by law before 2016 was the distribution of dividends to shareholders. The purpose of corporations and therefore the task of managers, regardless of what they communicate, is to extract value and concentrate it in the hands of a single entity, the company itself. Everything else, such as people and the environment, can be managed within compliance obligations, but that's not enough.

The reason that scams, ecological havoc, and social injustice to workers exist is that the system is built that way. To change this, we need to establish new legal forms of business that can be adopted by those who want to do business differently, generate profits by solving environmental and social problems without causing harm elsewhere.

On January 1st, 2016, Italy was the second country in the world to introduce the legal status of “Società Benefit”, after the US did in 2010 (Benefit Corporation).

A Società Benefit (SB) is an evolution of the concept of for-profit business in which the goal of profit is combined with the purpose of creating a positive impact on society and the environment, bringing about common benefits for everyone, while operating in a transparent, responsible, and sustainable manner.

The name Società Benefit is composed of the Italian word for corporation, società, and the word benefit, which represents the goal of the company. Legally, the common benefit means the « creation of positive effects, or the reduction of negative ones, » for « individuals, communities, territories and the environment, cultural and social heritage, entities and associations as well as other stakeholders. »²

Being a Società Benefit brings about some obligations.

The first is that the company must include in the object clause of the articles of association, specifically in the statute, the aims of common benefit that it intends to pursue alongside with the purpose of profit.

A second obligation is that the firm is required to produce and publish – together with the financial statements – an annual benefit report to explain what 'benefit' activities have been conducted, together with an internal assessment of the impact of these actions using the B

² Cfr. From the official site of Società Benefit in Italy: <https://www.societabenefit.net/english-information/>

Impact Assessment (BIA) or other international standard, whose structure is in line with that of the BIA, that must be attached to the financial statement. The report must also be made accessible to all from the company's website.

The report is a fundamental aspect of the legislation: it serves to inform about the overall social and environmental performance of the Società Benefit the directors, so that they are better able to meet their duties, and the shareholders, so they are better able to exercise their rights.

For it to be useful, the company must report in a complete and transparent way regarding the activities it carries out, so this task is specifically assigned to one or more individuals: the impact manager(s).

The annual benefit report must include:

- A description of the objectives, modalities and actions carried out by the directors, and, more generically, the company, in order to achieve the common benefit, followed by an analysis of any circumstances that may have prevented or slowed down its pursuing.
- An evaluation of the impact of the company, made using a third-party evaluation that meets the following standards:
 - **Comprehensive** in its assessments
 - **Developed** by an entity which is not controlled by, or affiliated to, the benefit corporation;
 - **Credible** because developed by an expert who uses a multistakeholder, balanced scientific approach
 - **Transparent**: information on criteria considered, their relative weighting, the identity of the directors, the processes of revision and changes to the standard, and on the sources of financial support must be publicly available
- The third-party evaluation must include the following evaluation areas in its assessments:
 - Corporate governance: evaluation of transparency, liability and stakeholder involvement degrees
 - Workers: evaluation of the relationship with employees, their rights and the opportunities provided
 - Other stakeholders: evaluation of the relationship with the communities in which the company operates and the overall aid it provides.

- Environment: evaluation of the overall environmental sustainability of the company.³
- A description of the objectives that the benefit corporation intends to pursue in the following fiscal year.

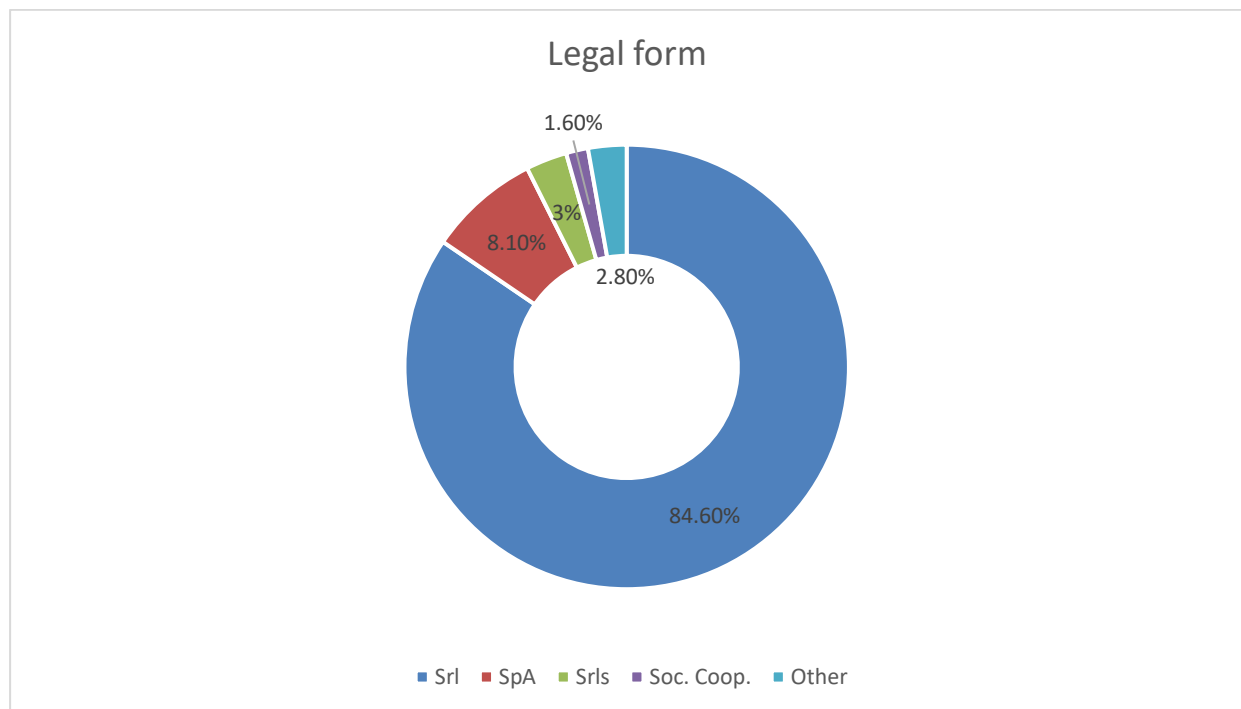
³ <https://www.societabenefit.net/wp-content/uploads/2017/03/Italian-benefit-corporation-legislation-courtesy-translation-final.pdf>

1.1 Assobenefit's research

In 2020 Assobenefit, in collaboration with Alma Mater Studiorum, the University of Bologna, conducted a research to photograph the panorama of Società Benefit in Italy and analyze the patterns that led to it.

In scanning the situation, UniBO took into consideration 435 Società Benefit from InfoCamere and AIDA databases, the following turned out:

- Legal form



The legal form of the vast majority (more than 84%) of the Società Benefit is Srl

- Distribution in Italy

	%	N° per millions of people
North West	45,24	11,8
North East	22,62	8,1
Center	22,38	8
South	6,9	1,95
Isles	2,86	1,82

More than 67% are located in the north, 45% in the North-West and 22% in the North-East of Italy.

- Longevity

	Mean	Minimum	Maximum	St. deviation
North West	6,24	0,36	47,38	8,2
North East	9,37	0,38	86,83	14,13
Center	8,19	0,38	61,39	11,73
South	4,32	0,37	16,5	4,1
Isles	6,4	0,56	43.17	11,87
Italy	7,26	0,36	86,83	10,62

The average period of activity - considering the year of foundation, not the year of transformation in SB - is of 7.26 years, but the standard deviation is very high (10.62 years).

- Sales Revenues (millions of euros)

	Mean	Minimum	Maximum	St. deviation
North West	6,89	0	290,91	32,5921
North East	26,51	0	1078,80	143,0172
Center	6,09	0	165,97	23,2974
South	0,35	0	4,20	1,0793
Isles	8,26	0	41,16	18,3901
Italy	10,93	0	1078,80	73,3966

Average sales revenues are 10.93 million euros, but the standard deviation is very high.

- N° of employees

	Mean	Minimum	Maximum	St. deviation
North West	40,1	0	3519	312,5
North East	54,6	0	1881	259,8
Center	30,5	0	1004	133,3
South	1,9	0	12	3,2
Isles	14,0	0	63	27,4
Italy	38,9	0	3519	257,1

Average n° of employees is 38.9, but the standard deviation is very high (257.1).

- **Total assets (thousands of euros)**

	Mean	Minimum	Maximum	St. deviation
North West	26 447,14	2,37	2 082 274	187 906,3
North East	43 515,27	3,46	2 223 895	280 920,9
Center	7 874,82	2,58	240 609	32 067,8
South	1 763,66	9,60	11 260	3 130,3
Isles	9 914,07	3,81	48 906	21 797,9
Italy	24 659,21	2,37	2 223 895	187 567,5

Average total assets are 24 659 thousand euros, but the standard deviation is very high.

From these data we can desume that most of the Società Benefit in Italy are located in the north and take the legal form of Srls, but they vary widely in longevity and dimensions.

1.1.1 The questionnaire

Assobenefit wanted to deepen the research and decided to submit a questionnaire to the 226 Società Benefit of which they had contacts; it was answered by circa 30% of them, most of which are considered small or medium enterprises (<250 employees, <50 million euros of sales revenues).

The questions explored the motives that led these companies to becoming Società Benefit, the aims that they wanted to reach by doing so, and their governance structure.

In answering, the Società Benefits had to give a vote from 1 to 7 representing how relevant a specific reason had been in taking the decision.

The motivations for the choice of transforming are as following:

Motivations	Mean	St. deviation
To reach new socio-environmental objectives	5.51	1.64
To better the socio-environmental objectives' performance	5.06	1.93
To spread corporate culture internally	5.06	2.01
To reach new clients	4.61	1.85
To enhance market reputation	4.42	1.88
To be recognized on the market	4.37	1.64
To allocate resources more efficiently	4.31	1.91
To get competitive advantage on the market	3.52	1.79
To get in the network of Società Benefits	2.84	1.65
To have access to strategic suppliers	2.37	1.32

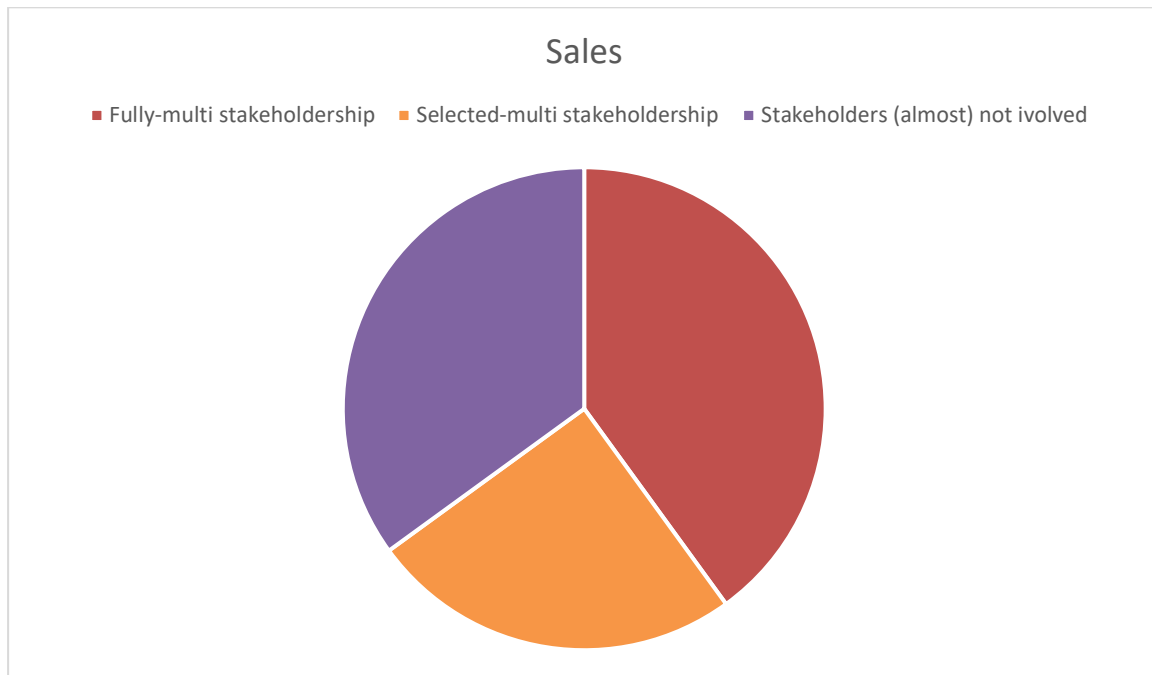
According to this survey, the main reasons that led firms to transform into Società Benefit are linked to their objectives and internal culture.

The second question investigated the reasons why the firms want to have an impact on society and the planet's health and who is the main promotor of this idea.

Reasons	Mean	St. deviation
Founders' willingness to do so	6.57	0.86
We think businesses can be part of the solution	6.27	1.31
It's part of our innovation strategy	6.18	1.28
To be closer to the communities we work in	5.21	1.89
To feel part of a community of firms like ours	5.16	1.93
To contribute in the solution of problems	5.15	2.08
To enhance product's value	4.78	2.04
Because of stakeholders' solicitations	3.91	2.60
To be visible to venture capital and private equity	2.66	1.85
Because of media and institution's solicitations	2.27	1.48
Because of clients' solicitations	2.18	1.52
To get access to subsidized credit	2.09	1.55
Because of suppliers' solicitations	1.98	1.47
To adapt to our industry's trend	1.61	1.01

According to the survey, the main reasons that drove firms towards the transformation are rooted in the belief that businesses can act as a force of good, innovate and be close to the community, all while generating profits.

The governance models can be clustered into three principal groups, as follows:



- Fully-multi stakeholderhood (40%): all the stakeholders are taken into consideration in the decision making process;
- Selected-multi stakeholderhood (25%): some stakeholders are taken into consideration in the decision making process;
- Stakeholders (almost) not involved (35%): stakeholders aren't usually taken into consideration in the decision making process.

1.1.2 Probit and Logit models

Furthermore, UniBO analyzed the determinants of transformation into a Società Benefit using Probit and Logit models to verify whether they could find statistically valid association between some of the variables - industry, geographic area, legal form, profitability, and size of the company - and the decision of a firm to transform in Società Benefit.

The formula used to build the model was the following:

$$Benefit_{i,t} = \beta_0 + \beta_1 Longevità_{i,t} + \beta_2 \log_Dipendenti_{i,t} + \beta_3 Indebitamento_{i,t} + \beta_4 ROA_{i,t} + \beta_5 Dummy_geografiche_{i,t} + \epsilon_{i,t}$$

The research showed that both longevity and dimension are positively associated with the transformation (1% augment in the activity years corresponds to a 0.75% increase of the probability of transforming in SB and a 1% augment in the number of employees corresponds to a 0.5% increase of the probability of transforming in SB); that the more the debts of the

company, the less likely they are to transform (1% increase in the level of debt index corresponds to a 3% decrease in the probability of transforming in SB); and that higher ROA, which means higher profitability, is positively (even if weakly) associated with the transformation (1% increase in the ROA corresponds to a 0.01% increase of the probability of transforming in SB).

After all these analyses, Assobenefit concluded that the transformation is more an act of internal consolidation than one aimed at external functionalities.

1.2 Nativa

Nativa, founded in 2012 by Eric Ezechieli and Paolo Di Cesare, is a design company completely dedicated to “future proof” innovation. It was the first Società Benefit and Certified B Corp in Europe and it now helps other companies in their journey towards the transformation in Società Benefit or the obtainment of the B Corp Certification.

Nativa’s case is unique in that, although the company was created before the legislation on Società Benefit was introduced in Italy, they never really had to go through a transformation to become one. This is because Nativa's charter was drafted as a first translation and adaptation of the Benefit Corporation legal model that, then, only existed in a dozen states of the United States of America. The purpose of the company went beyond simply generating and sharing profits, including the aims to generate a positive impact and create a benefit for society and people.

When registering the company, Ezechieli and Di Cesare found out that the officer erased the entire purpose of Common Benefit that the founders had made explicit in the corporate purpose.

The activities remained, but the purpose for which the company had been constituted could not be registered because the content went beyond the law. It took the entrepreneurs three more tries before being able to register the company’s bylaws as they wanted.

<p><u>Oggetto sociale</u></p>	
<p>Oggetto sociale LO SCOPO ULTIMO DELLA SOCIETA' E' LA FELICITA' DI TUTTI QUANTI NE FACCIANO PARTE, SIA COME SOCI CHE IN ALTRI RUOLI, ATTRAVERSO UN MOTIVANTE E SODDISFACENTE IMPEGNO IN UN'ATTIVITA' ECONOMICA DI SUCCESSO. LA SOCIETA' VUOLE ACCELERARE UNA TRASFORMAZIONE POSITIVA NEI PARADIGMI ECONOMICI, DI PRODUZIONE, CONSUMO E CULTURALI, IN MODO CHE TENDANO VERSO LA SISTEMATICA RIGENERAZIONE DEI SISTEMI NATURALI E SOCIALI. LE SUE ATTIVITA' MIRANO A CREARE UN BENEFICIO - INTESO COME UN IMPATTO POSITIVO - SULLE PERSONE CON CUI INTERAGISCE, SULLA SOCIETA' E SULL'AMBIENTE DI CUI E' PARTE.</p>	
<p>Registro Imprese - Archivio Ufficiale delle CCIAA Documento n. T 107275383 del 31/07/2012</p>	<p>Pagina 3 di 9</p>

Excerpt from Nativa's original corporate purpose, rejected 4 times in July 2012 by the Milan Chamber of Commerce, before being approved at the fifth submission. The creation of a common benefit was not considered a suitable purpose for a for-profit business.

“The ultimate goal of the company is the happiness of all who are part of it, as partners or in other roles, by means of a motivating and satisfying effort in a successful economic activity...”

Nativa was born from the conviction that the classic business model was limited and that it was essential to create a prototype of innovation in the very DNA of the for-profit company. The founders found themselves in agreement with Dennis Blakke when he said that "Profit is as essential to a business as breathing is to life, but breathing is not the purpose of life: in the same way profits are essential to a business, but they are not the reason for its existence."

Since 2014 Nativa has become Country Partner of B lab for the promotion of both B Corps and Società Benefit in Italy and has acted as a catalyst of the Italian Benefit movement, which is currently growing faster than in any other country in Europe.

All the activities that Nativa carries out and the new entrepreneurial projects that it starts have first and foremost the purpose of Common Benefit.

Before 2016, under the Civil Code and in our culture, corporations existed for the sole purpose of distributing dividends to shareholders. No other purpose was permitted and, if pursued, was not binding on shareholders and management.

Nativa's founding constituted a precedent, but this wasn't enough. B Lab, the founders of Nativa, the other Italian B Corps and other stakeholders (jurists, entrepreneurs, policymakers) promoted the process to introduce in Italy the legislation on Società Benefit.

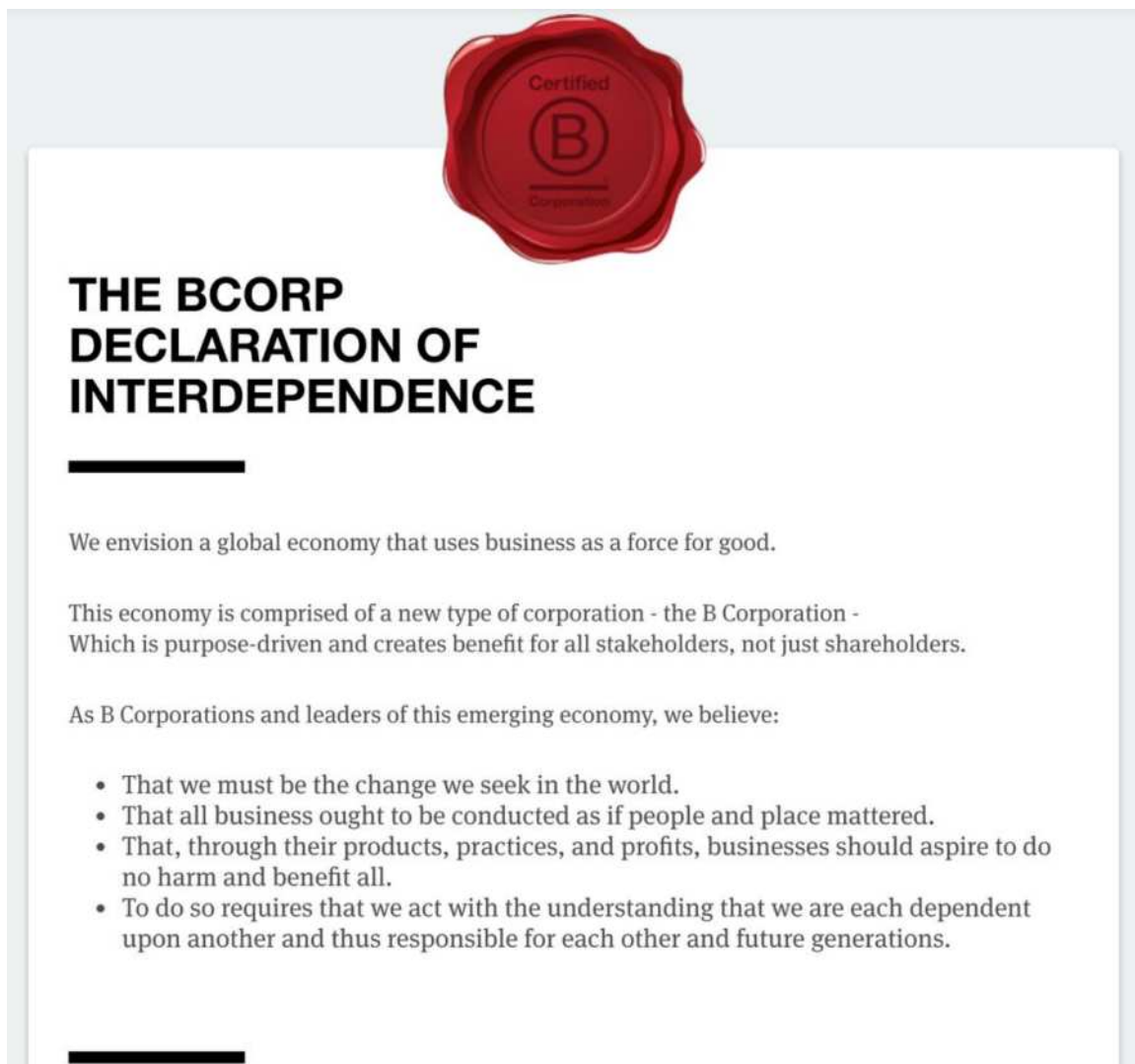
The vision of B Lab and Nativa is that, eventually, all companies will become not so much B Corps but 'like a B Corp', that is, the market will reward companies that actually improve the world.

2. B Corps

B Corps are certified companies that “meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose.”⁴

B Corps form a community that drives a global movement to redefine success in business and works towards a more inclusive and sustainable economy, reducing inequalities and raising awareness for environment protection.

When a company becomes a B Corp, it has to sign the B Corp Declaration of Interdependence, stating its willingness to “use business as a force of good”:



⁴ <https://bcorporation.eu/about-b-corps>

2.1 The certification

The B Corp Certification is the only certification that measures the entire company’s performance at social and environmental levels via the B Impact Assessment.

The BIA, used by over 50’000 companies worldwide, is a free online tool that evaluates the impact of a business on workers, community, environment, and customers by taking into consideration every part of it: from the supply chain and input materials to employee benefits and charitable giving. Requirements for transparency and accountability ensure that the information provided is correct and reliable.

The Certification process differs based on structure and size to ensure the parameters used fit the circumstances in which each company operates in, it can take from several weeks to a few months. Once a business has submitted the BIA, it is verified by B Lab to determine if the company is eligible for Certification, which is, if it scores at least 80 points out of 200; if this is the case, the association will schedule a virtual meeting to review the questionnaire together and submit confidential documentation.

After obtaining the Certification, the company must update the BIA and verify the scores every three years to ensure it still meets the requirements.

Becoming a B Corp is not easy, in fact, only 3% of the companies which submit the BIA meet the requirements and will eventually be given the Certification.



The Certification process illustrated by B Lab⁵

⁵ <https://bcorporation.eu/certification>

Each B Corp pays an annual fee, which varies based on revenues, to keep the Certification valid, this has a dual objective: giving back to B Lab for its work, ensuring it can keep pushing towards a new idea of business, where profit and purpose get together and walk hand in hand; and making sure that the commitment of the company is active and meaningful.

When a company obtains the certification, it is required to change its legal status to Società Benefit in the following two years.

Start-ups can't obtain the Certification because the BIA is based on verified practices and policies of the company in the past fiscal year; however, they can pursue the Pending B Corp status, designed to set start-ups on the path to full Certification.

The Pending B Corp Status is obtained by going through the BIA with best estimate answers for the year to come, it helps start-ups signaling investors that their social and environmental commitment is real and important, demonstrating string governance by protecting mission and brand equity with their legal framework, and connecting with the B Corps Community.

Achieving this status requires the payment of a one-time fee of €500 and is not a compulsory prerequisite for the Certification.

2.2 Patagonia



Patagonia, founded in 1973 by Yvon Chouinard, is a company operating in the fashion industry, based in California. It's specialized in the production of high-quality sports clothing. The company was certified as a B Corp in December 2011, with an initial score at the B Impact Assessment of 107.3/200, however this score grew over time, reaching today's 151.4 points. For reference, the median score for ordinary businesses is 50.9.

Patagonia's philosophy is unique and stands at the base of the whole system, from ideating to producing, from hiring to promoting. The founder, Yvon Chouinard, is a surfer, climber, and fisher, before being an entrepreneur, and his love for nature is reflected in the core values of his business, that we can resume as follows: *build the best product, cause no unnecessary harm, use business to protect nature, and don't follow conventions.*

Let's dive deeper in these four pillars and their meanings. When Chouinard says "build the best product" he means the absolute best, not the best in the market, not the best in your niche, THE BEST. In his book "Let my people go surfing" Yvon asks himself how to objectively determine what "the best" is and comes up with a series of adjectives: durable,

resistant, functional, multifunctional, minimalist, global, easy to maintain, clean and repair, authentic. These are the fundamental qualities of every product Patagonia produces, they are not only a way of considering the real needs of sportive people, but they also allow for minimal use of resources and maximum efficiency of those used, reducing waste to the minimum possible.

“Cause no unnecessary harm” stands for Patagonia’s willingness to find any possible way to not only do less harm, but more good. This translates in their attention for raw materials quality and provenience, use of non-toxic tinctures and biological yarns, and the active support they give to non-profit organizations in their fight for our nature.

“Use business to protect nature” enhances even more Patagonia’s commitment towards a greener future, to be pursued with the use of all means. Chouinard explains in his book that he never meant to become an entrepreneur because economy is what is destroying our planet, but when he found himself being one, he realized he needed to find a new way of doing business, one that respected his moral principles.

“Don’t follow conventions” simply means that fashion trends don’t affect Patagonia, the company simply can’t keep up with them without putting all its core values at risk, so it doesn’t, it follows quality and innovation’s timelines. In “let my people go surfing”, Yvon explains that the creation of a new item of clothing takes them on average 18 months; this is clearly incompatible with the fashion industry’s timings, and maybe we should start questioning how fashion trends can go so fast and the price we pay for it.

Patagonia has been in business for almost 50 years now and its success is globally recognized. It has received numerous prizes over the course of its life: 20 silver or gold medals from the *Catalog Age*, mention in the top 100 companies for working mothers on the *Working Mother*, mention in the top 100 companies to work in from *Fortune*, and many more.

3. The movement

Società Benefit and B Corps are part of a single, global, movement.

Since when, at some point in our global journey, the contradictions of the economic system on which we have based our collective growth have become apparent - inequality, exploitation, climate change - it has become natural to ask how to move forward without necessarily going backwards.

One of the ways many entrepreneurs found to question the economic system's way of working is through Società Benefit and B Corps. It is time to evolve, and the path that the Benefit traces is becoming increasingly clear.

The goal of the movement is that within 10 years the Benefit model will be so widespread that it will become normal.

“Purely for-profit” companies that do not create a tangible positive impact will increasingly be seen as exceptions. A profit that, to be reached, causes problems to someone or to future generations will be considered an anomaly. It will be normal to measure all the dimensions of a company, environmental and social, with the same attention and rigor that we devote today to the economic and financial ones.

This will be the case in the western world, but also in developing countries because, as the most recent research on the priorities of millennials in Africa, China, and Europe shows, it is increasingly evident that the classic capitalist model is now obsolete because it involves too many human, social, and environmental costs.

Despite sharing the same common goal, Società Benefit and B Corps are not the same thing. The B Corp Certification is a third-party certification administered by the non-profit B Lab, based in part on a company's verified performance on the B Impact Assessment. The Società Benefit is a legal structure for a business which, following the transformation, becomes legally empowered to pursue positive stakeholder impact alongside profit.

B Corps and Società Benefit are complementary models. Certified B Corps are companies that compete in the market like any other and that rigorously and comprehensively measure their social and environmental impact, as well as their economic impact, obtaining excellent results.

Società Benefit is the legal status introduced by the B Corp that allows to protect and align the mission of companies that decide to focus not on the extraction of value but on regeneration in the medium and long term, integrating the corporate purpose of the company with the description of the impacts on society and environment that the company is committed to pursue in its work.

The legal form of Società Benefit is complementary to the B Corp model in that it makes explicit the responsibility of management and shareholders to pursue objectives with a positive impact and allows those who wish to do so to pursue a social purpose as well as a purely economic one.

As was made clear by the example of Nativa's registration, this wasn't possible before the introduction of the legislation: for-profit corporations weren't allowed to have any purpose other than profit.

	B Corp	Società Benefit
Accountability	Directors must consider the effects of their decisions on both shareholders and stakeholders	Same as for B Corps
Transparency	The company must make public a report assessing its overall impact, based on an independent standard	Same as for B Corps
Performance	Performance is verified and certified by B Lab through the B Impact Assessment standard. Performance \geq 80 points out of 200 must be demonstrated.	Auto declared
Verifications	Has to renovate the certification every two years	Only the transparency requisites are verified over time
Who is it for?	Any private business anywhere in the world	Business in countries that have approved the law on Benefit Corporations (Società Benefit)
Duties	The annual fee for B Corp certification varies between €500 and €50,000, depending on the company's annual revenue. The fee covers part of the operating costs of the nonprofit B Lab, provides access to services for certified B Corp and supports the dissemination of B Corp impact measurement tools (BIA).	In Italy, the charges are those related to changes in corporate bylaws.

The table shows the main difference and similarities in the treatment of B Corps and Società Benefit.

3.1 Impact Hub Milano

Impact Hub Milano is part of the international Impact Hub network, which counts today more than 100 coworking spaces, startup incubators and business accelerators located in all 5 continents.

In addition to being a shared space where about 300 members from the most diverse sectors can meet and share ideas, Impact Hub Milano is the first Certified Incubator of "impact" startups in Italy. They help, through ad hoc consulting, training and mentoring services, startups with a social impact to grow and develop their business ideas and support companies with open innovation processes. Since 2014, more than 100 high potential impact startups from all over Italy have been incubated and accelerated.

Impact Hub Milano was the first space of the Impact Hub global network in Italy, and the first to receive the B Corp Certification, in 2017. The other spaces of the global network that have received Certification are Amsterdam, Los Angeles, Seattle, Geneva, and Boulder.

Impact Hub Milano decided to become part of the Benefit movement as a natural step in its journey and to make explicit what was already in their nature. The Certification demonstrates the commitment that Impact Hub Milano puts every day in creating a society that responds to innovative stimuli and can see raised the level of welfare of people and the environment.

For them, being a B Corp means going beyond the objective of economic profit and being able to create a significant positive social and environmental impact, maintaining high levels of transparency and accountability, taking into account performance in qualitative as well as quantitative terms.

The Società Benefit status enables companies to differentiate themselves in the marketplace, measure and improve performance, attract and retain talent, save and improve bottom lines, inspire investors, belong to a global movement of like-minded leaders and drive change. It's an opportunity for companies to grow and a great chance to change by changing the world.

Impact Hub Milano feels the community behind the movement is a very important aspect of the movement itself, and that they are all kept together by their view and hopes for the future.

All these companies have chosen to be Società Benefit or B Corps: companies that seek profit, but whose main activity is the creation of a positive impact on people and the environment.

They are the expression of a regenerative business paradigm: unlike traditional companies, Società Benefit integrate in their corporate purpose, in addition to profit objectives, the aim of having a positive impact on society and the environment.

To date, the worldwide B Corp Community counts more than 100 certified companies and about 500 companies that have adopted the legal status of Società Benefit.

Sustainability, Transparency and Community are the values that distinguish Impact Hub as a Società Benefit and that they spread through the support to startups and companies with high potential impact that they meet every day in our path.

Conclusions

This thesis analyzed the Società Benefit and B Corps movement with the aim of illustrating the early stages of the development of a New Economy in which business is used as a force of good.

The first chapter explained the legal tool of Società Benefit, the reasons behind its introduction and the current situation in Italy. It also analyzed the birth of the first Italian Società Benefit and B Corp, B Lab's partner for Italy, Nativa.

The second chapter focused on B Corps, it explained their role and the certification process, it then introduced Patagonia, one of the most important B Corps existing as of today, whose way of doing business has been and still is an inspiration for many.

The third and last chapter explained the link between Società Benefit and B Corps, the way in which they depend from each other and the reasons why they are considered as part of a single, global movement. It then presents one last example, Impact Hub Milano, to help in better understanding the processes that lead a company to enter the journey towards becoming a Società Benefit and B Corp.

The goal of my thesis was to better understand where our economy is going, if this is the path it's choosing to take, then I'm fairly certain we'll make it. People, and entrepreneurs, as demonstrated by the rapidly increasing number of Società Benefit and requests for B Corp Certification, are starting to understand that this is the only way humanity will survive the next fifty years, and that we need to start thinking, reasoning, and acting sustainably, looking at the long term. There's no Planet B.

Furthermore, Società Benefit and B Corps have demonstrated – in particular during the Covid-19 emergency – that they have a strong ability to react, resiliency and creative dynamism. They are able to motivate suppliers, workers, customers and the whole world that revolves around them, so they work better also from the economic point of view.

The companies who already chose this path, and will eventually become a Certified B-Corp, transparently demonstrate to shareholders and stakeholders that they have worked very hard to have a positive impact on society and the environment. These values today translate into innovation, strong relationships of trust with suppliers, customers, and territories in which they operate, and brand positioning.

I had the pleasure to ask Eric Ezechieli, Nativa's co-founder, a few questions on his view of the future, the answers to which I'd like to report:

- **Assobenefit mentions that the objective of the Società Benefit and B corps movement is that within 10 years the Benefit model will be so widespread that it will become the normality. Do you think that it's an objective that can be achieved or are we aiming too high?**

I think it's absolutely possible. In the last few years, we've seen the interest in themes linked to environmental and social sustainability escalate in a very impressive way.

Companies, especially big ones, are starting to recognize the responsibility associated with the role they play in society. We are in contact with at least half of the top 50 Italian firms and themes such as decarbonization, inclusion, diversity and environmental sustainability are on the tables of all boards and all CEOs.

Another indicator of the rising interest in sustainability, not only in Italy but all over Europe, is the Next Generation EU fund, followed by the Italian PNRR: for example, in the plan, the words sustainable and sustainability are used a total of 158 times.

- **Did the Covid-19 pandemic have any impact on the number of companies transforming into Società Benefit or becoming B Corps? Why?**

It did, in fact, during the pandemic the number of Società Benefit in Italy doubled, reaching the thousand mark. With regards to B Corps, the growth is more limited because the process takes time, but there are many requests. In a survey carried out by Forbes to the top 500 CEOs of the planet, 48% acknowledged that the pandemic had a role in the acceleration towards stakeholder capitalism. A few days ago, the newspaper "il sole 24 ore" published an article⁶ that explores this topic.

There are multiple reasons why this happened, on the one hand the pandemic forced firms into taking responsibility for their people, caring for them when governments couldn't; on the other hand, the public opinion has redefined its priorities, recognizing the importance of themes like equality, inclusion, environmental and climate protection, pollution reduction, decarbonization, and overall social and environmental sustainability. The pandemic made us realize that we need to change something in order to have a future and this way of thinking is influencing more and more the market and is reflected on the actions of firms and governments.

This creates a virtuous circle that will inevitably continue to accelerate and grow

⁶ <https://www.ilsole24ore.com/art/societa-benefit-la-pandemia-cresce-voglia-sostenibilita-AEtUGHG>

- **Do you think that the legal form of Società Benefit could be used as a way of greenwashing?**

I think it's a real risk, but we're monitoring and managing it. On the one hand there's the risk that the improper use of this tool by one company could reflect on the public's opinion of the whole movement; on the other hand announcing the transformation in Sb equals exposing yourself, and if the objectives aren't met and the efforts aren't made towards a more sustainable approach, it will be eventually noticed, and you'll pay the price of your lies. Also, the movement is very unite and very aware of the risk, all of the Società Benefit and B Corps have the duty to hold each other accountable.

Moreover, the European Union released a new regulation, the Sustainable Finance Disclosure Regulation (SFDR), that aims at preventing greenwashing by asking intermediaries to assess the impacts of Sustainability Risks on products sold and/or recommended and to enable clients to better understand the level of sustainability of their investments and to know the Sustainability Risk policies adopted.

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