

# Case Study: Danone and the B Economy

## How Large and Multinational Companies Can Join the B Corp Movement

Large companies, including multinationals and publicly-traded companies, can and do pursue B Corp Certification. However, there are many pathways for large companies to take part in the growing B Economy. Exploring the journey of the multinational Danone illustrates the many ways a large company can get engaged.

In 2011, an organic baby food company named Happy Family Brands achieved B Corp Certification. Two years later, Happy Family was acquired by French multinational food corporation Danone. For four years after that acquisition, Danone explored the world of B Corp Certification and learned more about its value through their relationship with Happy Family. In 2017, Danone has multiple subsidiaries certified as B Corps, is making use of the benefit corporation legal structure in the U.S., is assessing and educating more business units using B Lab's impact-management tools, and is taking a leadership role to create more pathways for multinational engagement.

Danone's evolving work with B Lab illustrates the many ways large companies can engage with and learn from the B Corp community, including and beyond B Corp Certification.



## Other Large Companies With B Corp Subsidiaries

Danone is among a group of multinational and large parent companies recognizing the value of bringing B Corp brands into their holdings. Below is a partial list of several companies, in addition to Danone, that own B Corp subsidiaries.

### Parent Company      B Corp Subsidiaries



Ben & Jerry's;  
Seventh  
Generation;  
Pukka; Sundial  
Brands



Plum Organics;  
Soulfull Project



New Chapter

## A Multinational On A Mission

A global food company present in more than 130 markets, Danone has always had a purpose agenda, in a time when it was an unusual idea. Specifically, Danone committed to combine economic success and social progress in 1972, when the company's founder Antoine Riboud began Danone's "dual project." As Danone has grown, that commitment has been apparent in initiatives, such as the Danone Way sustainable-development guidelines that have helped Danone subsidiaries improve their impact since 2001 and their establishment of Danone Communities, which began with a partnership with Mohammed Yunus in Bangladesh in 2006. Danone's mission to bring health through food to as many people as possible is supported by a number of well-known brands across four categories (essential dairy and plant-based, bottled water, infant feeding and medical nutrition), including Danone, Oikos, Evian and Aptamil. Danone generated sales of approximately €24 billion in 2017.

## Why Be Part of the B Economy?

Danone has been a company since 1919 and a leader in corporate social responsibility since 1972. What do tools like B Corp Certification, B Impact Management, and benefit corporation governance offer them?

"We believe that B Corp, beyond the certification, is a movement and a philosophy of business totally aligned with our dual project and our mission to bring health through food to as many people as possible," explains Blandine Stefani, B Corp Community Director at Danone. "It provides an external, demanding framework for our subsidiaries to continuously improve their practices. All employees can relate to it and contribute through their own initiatives and roles. Finally, B Corp also offers Danone subsidiaries an opportunity to join a global movement of like-minded businesses willing to 'Be the Change.'"



# Building Trust Through B Corp Certification

While Happy Family Brands became the first Certified B Corp in Danone's family of brands in 2013, it would not be the last. As of April 2018, Danone has now certified eight subsidiaries as B Corps, with more in the process of pursuing certification.

Blandine Stefani sees B Corp Certification as a way to communicate their brands' transparency and positive impact to consumers. "It definitely provides an external credible standard of business responsibility," she explains. "When they see the B Corp logo, consumers know that the company behind the brands they buy, meet the highest standard of social and environmental performance, transparency and accountability. It is a driver of trust and an opportunity for Danone to communicate to the outside world a different way of doing business."

Consumers aren't the only stakeholder group that cares about B Corp Certification, however. Danone also sees it as a pathway to employee engagement. "We know today's workforce wants to work where they know they can make an impact," says Stefani.



***Out of every big, consumer-packaged goods powerhouse in the world, there was only one that I ever really truly considered selling to and partnering with, and that was Danone. That was because these guys are the real deal ... Even in business school when I was writing the first business plan, I wrote about how one day a dream of mine would be to partner with Danone.***

— Shazi Visram, Founder of Certified B Corp and Danone subsidiary Happy Family Brands



***"While we have always prided ourselves on having a purpose- and values-driven culture that offers more than 'just a job,' being a Certified B Corp demonstrates to both our current and prospective employees that we act on our commitments."***

— Blandine Stefani, Danone B Corp Community Director

## Driving Improvement Through B Impact Management

Moving straight to B Corp Certification with certain subsidiaries made sense. However, not all of Danone's subsidiaries were ready. By using B Lab's impact management tools in coordination, and creating a structured cohort program to engage subsidiaries, Danone was able to effectively engage a group of companies, each of whom completed the B Impact Assessment, and then determined which companies were ready to move toward B Corp Certification and which were well-positioned to do more focused improvement work, leveraging data accessible through B Analytics.

"The B Impact Assessment represents a set of demanding standards, which some of our businesses are able to meet already," explains Stefani. "For some others, becoming a Certified B Corp is an ambition that will require some changes to their practices with the support of B Lab."

Through the Cohort process, the subsidiaries completed the B Impact Assessment together, allowing Danone to monitor their progress and improvement using B Lab's B Analytics tool. For a large company like Danone, the Impact Management Cohort made pursuing B Corp Certification for subsidiaries easier, faster, and more transparent.

## The B Impact Assessment

The business world needs comprehensive, credible, comparable impact standards to support a systems change. Since 2007, B Lab has developed the B Impact Assessment to help companies manage their positive impact with as much rigor as their profits. The B Impact Assessment measures a company's impact on their workers, community, environment, and customers. The online platform is free and confidential for any organization to use as a management tool. Danone's subsidiaries use the B Impact Assessment both to pursue B Corp Certification and to take measure and manage their impacts as part of Danone's Impact Management Cohort.

Learn more: <http://bimpactassessment.net>.

This was not Danone's first time taking stock of their subsidiaries' stakeholder impact. "Danone subsidiaries have been tracking their sustainability performance since 2001 through an internal tool, Danone Way, which measures 258 practices across many areas of sustainability," says Stefani. "Taking part in the Cohort and the BIA was a new experience that brought a complementary light to their sustainability performance. This either allowed them to pick up on practices they previously weren't tracking or look at embedded practices in a different way."

By taking the 14 subsidiaries through the process as a cohort, Danone and B Lab were able to identify areas where impact was not being uniformly measured. "For example, we offer all employees paid time off for volunteering, but not all of our subsidiaries had been tracking that time. We are now tracking volunteering hours and have implemented practices to offer employees specific volunteering opportunities."

## B Analytics

The B Analytics data analysis tool is a key component of B Lab's impact management system, designed to support organizations helping companies and subsidiaries measure, manage and improve their positive impact. B Analytics uses data collected via the B Impact Assessment to measure, aggregate, and benchmark overall performance across multiple entities and identify opportunities for improvement in impact performance. The tool provides an easy way for subsidiaries to log in and provide data on their business, making it easy for the parent company to collect and manage a complex set of information. Large corporations can accelerate change in their subsidiaries using B Analytics and crafting supportive programs with B Lab, such as Danone's Impact Management Cohort.

Learn more: <http://b-analytics.net>.





## Maintaining Mission Through Benefit Corporation Governance

When Danone wanted to expand its footprint in the North American dairy market, they decided to acquire WhiteWave Foods, an existing dairy company with organic and plant-based products. The new entity, combining WhiteWave with Danone's existing North American dairy business, immediately doubled Danone's business in North America and became one of the top 15 largest food and beverage companies in the United States. Danone North America represents approximately 20 percent of Danone's global revenues and includes brands such as Horizon Organic, Silk and Dannon.

The creation of this new entity, Danone North America, offered an opportunity for Danone to take this broader purpose journey to a new level, to take advantage of benefit corporation governance in the U.S., and to create the largest public benefit corporation in the world.

The benefit corporation structure, created in 2010 and available in the majority of U.S. states, allows a company's directors to consider stakeholder interests alongside shareholder returns when making decisions. By creating Danone North America as a benefit corporation from day one, Danone was able to write Antoine Riboud's vision with the "dual project" into its legal structure, protecting the company's mission and vision for the future.



"Acquisitions are a natural time to make these kinds of transitions," said Lorna Davis, former CEO of Danone North America. "When [Danone] bought WhiteWave, we concluded that the legal entity framework would be a public benefit corporation, because we could use it to concretely demonstrate what we were trying to do. We would be able to send a strong message that we were serious about this, because if you're setting it up legally, you're serious. We wanted to be held to account."



***"The establishment of Danone North America as a Public Benefit Corporation, as a legal entity, demonstrated that our priorities were broader than simply financial, that we want to make a positive contribution to health and to the planet."***

— Lorna Davis, former CEO of Danone North America and Senior Adviser to Danone CEO Emmanuel Faber

“The establishment of Danone North America as a Public Benefit Corporation, as a legal entity, demonstrated that our priorities were broader than simply financial, that we want to make a positive contribution to health and to the planet. We are now pursuing B Corporation certification for that entity, which will demonstrate that we are being successful at our intention!”

In fact, Danone North America completed their B Corp Certification in April of 2018, making them Danone’s eighth B Corp subsidiary and the largest Certified B Corp in the world.

## Benefit Corporation Status

As a benefit corporation, Danone North America is required to identify specific public benefits in their legal structure that they will pursue alongside shareholder profits as an expanded fiduciary duty.

Specific goals, as stated in the articles of incorporation for Danone North America are:

- (i) to encourage dietary practices in line with Danone's longstanding mission to "bring health through food to as many people as possible," and,
- (ii) to promote a model of sustainable growth with a view to creating economic and social value in the interest of key stakeholders such as employees, customers and suppliers and impact of its activities on the environment.

Read more on *Forbes*:  
<http://fortune.com/2017/04/25/danone-white-wave-benefit-corporation/>

Our B Corp Certification journey began on day one as a new company when we legally incorporated as a public benefit corporation on April 12, 2017, and made a commitment to become a certified B Corp by 2020. In the following months, we began to tackle more than 1,500 questions for the 5 B Impact Assessments required to certify our legal entity, and across the five focus areas the assessment to capture and benchmark our organization,” says Deanna Bratter, director of sustainable development at Danone North America. “Once we began to get deeper into the process with the B Impact Assessment, started answering questions, and had the expertise and engagement of more than 150 internal experts and stakeholders across our business, it became obvious that our combined companies could meet the goal sooner than initially projected – two years ahead of our initially stated target of 2020. We believe it will be a huge advantage in the long run to embed B Corp criteria and thinking into our organization and business from the very beginning.”



***A benefit corporation and Certified B Corp with \$6 billion in revenue and more than 6,000 employees marked a major milestone. “The creation of Danone North America as a benefit corporation on its first day demonstrates that size is not a barrier to corporate governance that accounts for the interests of all stakeholders,”***

– Bart Houlahan, co-founder of B Lab

## Looking Ahead and Leading the Way

“By aiming to obtain a global B Corp certification, we will be making sustainable business mainstream. Our certification will be a symbol to the world that we are committed to making our business a force for good.” – Danone

Danone has continued to take the lead as an MPC engaged with B Lab and the B Corp community. Danone has been a proactive partner in B Lab’s Multinational and Public Markets Advisory Council (MPMAC), a global working group dedicated to exploring how to meaningfully apply B Corp Certification standards to complex, international businesses and how to create legal tools for multinational and public companies to align their governance with their mission. Other MPMAC members include Unilever, Campbell’s, SASB, Deloitte and Prudential.

Companies with the size and complexity of Danone have the ability to exert their influence in ways that create positive ripple effects for all purpose-driven businesses. In February 2018, [Danone reached an agreement with their credit providers](#) to consider the percentage of their sales covered by B Corp Certification as a factor in potentially lowering their payable margin—that is, through Danone’s advocacy, credit providers are learning that lending to Certified B Corps is less of a risk.

At their shareholder meeting in July 2017, Danone became the first multinational to commit to pursuing B Corp Certification for the entire entity, not just subsidiaries, once it becomes available for companies of Danone’s size and complexity. As they pursue that greater ambition, Danone’s recognition of the value of B Corp Certification, B Impact Management, and benefit corporation governance is already benefiting the broader B Economy.



# Timeline: Danone and B Lab's Evolving Relationship

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**1972**

Antoine Riboud gives a speech on Danone's Dual Project, the company commitment to creating shared value, not only from a financial perspective, but also for the communities Danone operates in. This philosophy has remained at the heart of Danone's DNA.

**2001**

Danone launches Danone Way, an internal tool to measure our sustainability practices in 250 businesses across the world.

**13 MAY 2013**

Danone acquires Happy Family, a Certified B Corp since 2011.

**17 DEC 2005**

Danone & B Lab announce an open source partnership to accelerate process for MPCs to become B Corps

**7 JAN 2006**

Danone joins B Lab's Multinational and Public Markets Advisory Council

**1 MARCH 2016**

Impact Management Cohort of 14 Danone subsidiaries globally begin using the B Impact Assessment

**28 JUNE 2016**

The cohort gathers in Paris to discuss their BIA findings and feed learnings into the MPMAC.



## Joining the B Economy: Advice for Peers

*By Blandine Stefani, B Corp Community Director at Danone*

From our perspective, there are three key success factors in this journey: Commitment, communication and collaboration. The 3 C's.

**Commitment** is essential and it should come from the highest level. Our B Corp ambition wouldn't be where it is today without the vision and leadership of Danone's top management.

B Corp is a movement which generates a lot of enthusiasm in our local teams, and an opportunity to engage with other inspiring businesses.

**Communication** internally is key to funnel this grassroots energy into a structured approach, allowing us to transform some of our practices and cement our company mission. A lot of the actual work to complete the B Impact Assessment comes from deep within a business unit, so ensuring there are opportunities for all parties to be involved in the process from the start will make the assessment a lot easier.



## 7 JULY 2016

Danone announces the B Lab partnership to all employees at Danone Day 2016

## SEPT 2016

Danone Dairy Spain is certified as a B Corp

## DEC 2016

Stonyfield (a Danone subsidiary later sold) is certified as B Corp with 92 points.

## 2017

4 businesses from the initial Impact Management Cohort commit to pursuing B Corp certification in 2017.

## 12 APRIL 2017

Danone Acquires WhiteWave Foods and incorporates the newly merged company, Danone North America, as a public benefit corporation.

## JUNE 2017

Emmanuel Faber publicly announces Danone's commitment to 'finding a roadmap in partnership with B Lab to global certification' at the Consumer Goods Forum

## JULY 2017

Agua Danone Argentina is certified as a B Corp

## SEPT 2017

Les Prés Rient Bio, a Danone subsidiary in France, is certified as a B Corp

## DEC 2017

Danone Dairy UK is certified as a B Corp

## FEB 2018

Danone Aqua Indonesia is certified as a B Corp

## 12 APRIL 2018

One year after the acquisition of WhiteWave, Danone announces the B Corp Certification of Danone North America. Danone North America becomes the largest Certified B Corp in the world as well as the largest public benefit corporation.

Lastly, **collaboration**, We have found out that collaboration between our teams internally who share similar challenges has developed creativity and inspired ideas that increase positive impact. We have also collaborated outside the business with other B Corps, such as Squiz, Lemon Tri and Patagonia, B Corp partners who provide wonderful services and products with a focus on impact.

# COMMITMENT. COMMUNICATION COLLABORATION.

