

→ The campaign to reform capitalism by making companies prioritize stakeholders could never succeed without getting large multinational corporations on board. Now that Danone, Laureate Education, and Natura have signed on, the B Corp movement is demonstrating how it can be done.

The B Corp Movement Goes Big

BY CHRISTOPHER MARQUIS

Illustration by Gwen Keraval

On April 12, 2018, Danone North America (NA) held a celebration in Manhattan to mark several recent achievements. Hosted by the company's CEO, Mariano Lozano, the event would be viewed, either in real time or as a recording, by Danone employees around the world. It was the company's first birthday—it had come into being the year before, as a merger of Danone's North American dairy business and WhiteWave Foods. More important, it was the company's first anniversary as

a benefit corporation, an innovative corporate legal form that explicitly recognizes companies' commitments and accountability to all stakeholders, not just shareholders. In addition, Lozano announced, the company had just become a Certified B Corp—a third-party certification demonstrating its high standards of environmental, social, and governance performance, and its commitment to be transparent about these issues to the public.

When Danone NA got certified, with \$6 billion in sales annually,



it became the largest B Corp in the world by a factor of two. After the Manhattan celebration, Emmanuel Faber, CEO of Danone NA's parent company, announced that the global Danone organization had set a goal for full B Corp certification by 2030 (later advanced to 2025). When Danone, a Fortune Global 500 company with more than \$30 billion in revenues, makes such a commitment, it suggests that the global B Corp movement is nearing a tipping point after which most, if not all, companies will confront the question of how they can not only do well but also do good.

Led by the nonprofit B Lab, the B Corp movement aims to provide a solution to the increasing recognition that corporations' embrace of "shareholder primacy" is a root cause of many fundamental problems in the world today, including climate change, income inequality, the difficulty many regions have faced in responding to the COVID-19 pandemic, and even the racial injustices that pervade our institutions. Politicians as diverse as US Senators Marco Rubio and Elizabeth Warren have condemned the philosophy of putting shareholders first as disastrous for the US economy. Recently, this idea has started to gain traction among corporate leaders. The Business Roundtable (BRT), a trade group that represents approximately 200 of America's largest companies, changed its statement on "the purpose of a corporation," encouraging corporations not only to meet the needs of shareholders, but also to focus more on its stakeholders, including employees, consumers, and society.

But critics of such commitments have questioned the extent to which they are just talk without action. For instance, Marriott, one of the BRT signatories, furloughed a large proportion of its US employees during the COVID-19 crisis while at the same time paying out more than \$160 million in dividends to shareholders and seeking a raise for its CEO. The Council of Institutional Investors (CII) went so far as to dismiss such a shift in corporate purpose, saying that "accountability to everyone means accountability to no one."

The B Corp model addresses this issue of accountability directly by providing the tools, methods, and legal frameworks for companies to align their operations with long-term values that consider all stakeholders. It also helps to build trust and brand value with the general public. Additionally, going through the assessment has been shown to help companies engage in continuous improvement. Until very recently, however, B Lab has focused on small- and medium-sized companies, such as Kickstarter, Allbirds, Casper, and Bombas. But if the ultimate goal is to develop "a global economy that aligns its activities toward achieving our common purpose of a shared and durable prosperity for all," as B Lab states, the movement must get large, public multinationals on board.

Based on the in-depth research I did for my forthcoming book, *Better Business: How the B Corp Movement Is Remaking Capitalism*, this article analyzes the challenges and benefits of B Corp certification for large public and multinational companies, such as Danone, Unilever, Laureate Education—the first publicly traded benefit corporation—and Natura, a Brazilian cosmetics maker that was the first publicly traded certified B Corp.¹ The central question is whether the certification system can adapt to enable large multinational companies to be certified, stand up to public scrutiny, and maintain B Lab's high standards. Consumers are justifiably wary of large corporations: They question the companies' intentions, and their errors in judgment quickly go viral.

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Accordingly, some supporters think the integrity of the movement would be diluted by bringing aboard large companies. But if we are to build a more sustainable and resilient capitalism in the wake of COVID-19 and its economic fallout, large public and multinational companies must adopt rigorous methods and processes to take all stakeholders seriously.

THE GLOBAL B CORP MOVEMENT

The B Corp movement was launched by Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy, friends who met as undergraduates at Stanford University. After graduating, Coen Gilbert and Houlahan ran a basketball-apparel brand, and Kassoy worked in investment management. Two decades into their respective careers, they concluded that business, while a tremendous engine for addressing social problems, also faced systematic roadblocks to pursuing social good. In 2006, they founded a nonprofit, B Lab, to introduce a new way of doing business in which they assess companies based on how they affect every person influenced by their operations—not just shareholders.

The B Corp movement is "a community of leaders, driving a global movement of people using business as a force for good," according to B Lab's website. At the heart of the movement are the entrepreneurs and corporate leaders who are adopting B Lab's methods to run their businesses in a way that takes into account the interests of all stakeholders. Tens of thousands of companies around the globe have undergone the audit B Lab developed, the B Impact Assessment (BIA), to measure their social and environmental impact and evaluate their operations and business model. Increasingly, investors in venture capital and private equity are also seeing value in this tool as a way to assess a company's operations and incorporate it in their due-diligence processes.

To qualify as a B Corp, a company has to achieve a verified minimum score of 80 out of 200 points on the BIA. The BIA is tailored to a company's size, sector, and market and is split into five areas: governance, workers, customers, community, and environment. Each of these areas contains a group of questions with specific weightings, with around 200 questions total. While the BIA takes only a couple of hours, companies spend months to complete the assessment and verification process because of the large amount of documentation that B Lab requires. As of 2020, more than 50,000 businesses use the BIA.

In addition, companies must sign the B Corp Declaration of Interdependence, which commits business to be a force for good in the world. They are also required to give legal protection to directors and officers to consider the interests of all shareholders, which may require the company to change its articles of incorporation, reincorporate as a benefit corporation, or make other structural changes, depending on the company's structure and location. Additionally, recertification is required every three years.

As the B Corp movement has evolved, B Lab has shifted its focus from signing up more B Corps to creating the tools and processes

needed so that “all companies can be more like B Corps.” For instance, B Lab has recruited lawyers, legal scholars, and policy-makers to help craft and pass benefit corporation legislation, an innovative legal framework that places social benefits and the rights of workers, the community, and the environment on equal footing with financial shareholders. Registered benefit corporations not only give entrepreneurs permission to take other interests besides shareholders’ into account but also offer protection to founders concerned that taking in outside capital could lead their companies to drift away from their social mission.

In the United States, political figures across party aisles have supported the passage of legislation that establishes benefit corporations in 36 US states, the District of Columbia, and Puerto Rico. This innovation is sweeping the globe: Similar legislation has been passed in Italy, Colombia, Ecuador, and the Canadian province of

“For a long time, we didn’t have an easy way to explain the idea of a for-profit company with such a deep commitment to benefiting society.”

British Columbia, and is under discussion in many other countries and regions. More than 10,000 companies around the world now have this type of corporate structure.

Today, more than 3,000 companies across 71 countries have been certified as B Corps. Many are well known, such as Patagonia, New Belgium Brewing, Eileen Fisher, and the Guardian Media Group. Critics of the B Corp movement, however, have pointed out that it has been restricted mainly to smaller companies. In fact, 95 percent of Certified B Corps are small- and medium-sized companies that have fewer than 250 employees, according to an analysis by *Quartz*.² If the movement is to reshape capitalism, it must win over large multinationals.

ADOPTION BY LARGER PUBLIC COMPANIES

A number of public multinational corporations have become exposed to the B Corp movement through either buying a Certified B Corp or having an existing subsidiary be certified. For example, Unilever holds several subsidiaries that are Certified B Corps, including Ben & Jerry’s, Seventh Generation, Pukka Herbs, Sundial Brands, and Sir Kensington’s. Paul Polman, Unilever’s former CEO, often spoke publicly about the benefits of becoming a B Corp, intimating that Unilever itself planned to become globally certified. Although Polman retired at the end of 2018, his successor, Alan Jope, plans to uphold Polman’s vision. Other leading companies with B Corp subsidiaries include (B Corp in parentheses): Procter & Gamble (New Chapter), Gap (Athleta), Campbell Soup Company (Plum Organics), Nestlé (Garden of Life), SC Johnson (Method, Ecover), Anheuser-Busch

(4 Pines Brewing Company), The Coca-Cola Company (Innocent Drinks), and OppenheimerFunds (SNW Asset Management).

The B Corp movement reached an important milestone in December 2014, when Natura, Brazil’s top manufacturer of cosmetics and personal-hygiene products, obtained its B Corp Certification, becoming the first B Corp traded on a major national public stock exchange (Sao Paulo NATU3). With more than \$3 billion in annual sales, Natura was the largest Certified B Corp at the time.³ Natura’s core mission is to build a better world through its “commitment to transparency, sustainability, and well-being.” It evaluates the environmental impact of all products and supports the preservation of the Amazon region by sustainably sourcing ingredients from its forests.⁴

In January 2020, Natura purchased US direct-to-consumer cosmetics pioneer Avon for \$2 billion. Avon will convert into a benefit corporation structure as part of the deal. It was the first time that the directors of a publicly traded American company voted to adopt a corporate structure focused on all stakeholders. The Avon acquisition helps to expand Natura’s influence on a broader group of customers and create large social impact. Instead of being “the best beauty company *in* the world,” its aspiration, according to Natura CEO Roberto Marques, is to become “the best beauty group *for* the world.”⁵

Like Avon, Natura has a direct-sales model: Its network of 1.6 million people, mostly women, sells the company’s products in several countries. It also supports 3,100 family-run businesses by using them as suppliers. Its salespeople undergo extensive training, and about three-quarters of them participate in the company’s profit-sharing plan. As of 2019, Natura had nearly 7,000 employees working at operations across Europe and Latin America. Its Avon acquisition follows its purchase of UK natural-cosmetic pioneer The Body Shop in 2017 and makes Natura the fourth-largest beauty company in the world, with 6.4 million direct sellers across 100 countries. The resulting combined company is expected to top \$10 billion in revenues, surpassing Danone NA to become the world’s largest Certified B Corporation.

THE FIRST PUBLICLY TRADED BENEFIT CORPORATION

While Natura was public first and a B Corp second, Laureate Education, a for-profit higher-education company, did things in reverse. The enterprise reincorporated as a public benefit corporation in Delaware in October 2015 and became a Certified B Corp in December. On January 31, 2017, Laureate completed an IPO on NASDAQ, becoming the first benefit corporation to go public on a US stock market. Though the conversion took about two years and delayed its IPO, Doug Becker, the founder and former CEO, believed that it was important to do so investors knew what the company planned to do before they bought shares.

“Balancing the needs of our constituents has been instrumental to our success and longevity, allowing us to grow even in challenging economic times,” Becker wrote in a letter to potential investors that was included in the company’s security registration document (also known as an S-1) for the Securities and

Exchange Commission. “For a long time, we didn’t have an easy way to explain the idea of a for-profit company with such a deep commitment to benefiting society.” This is why the B Corp movement caught his attention, he explained. “We watched this concept carefully as it swept the nation ... this new class of corporation, which commits itself to high standards of corporate purpose, accountability, and transparency.”

For Laureate, the B Corp certification was a strategic choice to dispel the poor reputation of the for-profit education sector when Laureate went public. For-profit education providers such as Trump University (which offered real-estate training programs) and Corinthian Colleges (which offered degrees and diplomas in a number of fields, including business, health care, and information technology) had been sued for predatory advertising and intentionally misleading students. Instead of focusing on education, many for-profit schools reportedly prioritized sales, pressuring students to take on significant debt based on false promises of employment opportunities. The B Corp Certification gave Laureate a way to credibly demonstrate that it was focused on students’ needs.

At the time of its B Corp certification, Laureate had more than 80 institutions across 25 countries, from Latin America (Brazil, Chile, Peru) and Central and North America (Honduras, Costa Rica, Panama, Mexico) to Australia and New Zealand. Although Laureate needed the revenue-based weighted average BIA scores to be above 80 only across suborganizations to achieve the certification, the company ensured that *all* of its institutions met that benchmark.

The certification process was complex and onerous. Emal Dusst, who at the time was head of strategy and chief of staff to founder Becker, explained that while certification can usually occur in the background of a company’s regular operations, Laureate essentially “dropped everything to get this done.” Dusst briefed the CEOs in each region, who then worked with the CEOs of each institution. The company distributed assessment materials, resources, and guidelines through this chain of executives. “Then we just made sure that all of them were on biweekly calls with headquarters to keep them on track,” Dusst says. Each institution was responsible for collecting all of the relevant data and documentation for its own assessment. Each institution also had, at a minimum, a two-hour interview to verify its answers with B Lab. B Lab randomly chose five institutions to inspect through on-site visits. For each of them, B Lab went through all of its documentation, toured the facility, and interviewed different staff and faculty members.

“The advantage we had was that a lot of the things we were asked about through the certification process were things we were already doing,” says Adam Morse, Laureate’s global treasurer and senior vice president of corporate finance. But there were also some systematic challenges across the diverse sites. In some cases, institutions just didn’t know the answer, because of regulatory reasons. For example, in some regions, it’s illegal to ask about race or demographics.

In addition, sometimes they had to deal with situations that were counterintuitive. For example, Dusst expected a newer institution in a brand-new building to be rewarded for being “green,” but instead it lost points because the BIA has a bias toward using existing buildings. In the end, Morse concluded, “The B Corp mindset was already well ingrained in our organization. Maybe we had to change the way we managed and tracked them, but we weren’t starting from zero.”

Nevertheless, Laureate has benefited from certification in a number of ways. One way was creating common practices across its diverse network. For instance, as a result of its work on certification, Laureate revised its global code of ethics, borrowing language from the BIA to solidify and strengthen it. The company has also become more aware of its overall externalities and impact. For instance, before the BIA, Laureate never had a centralized data management tool that allowed its leaders to visualize their stakeholders on a global scale. A lot of its institutions target what B Lab calls special-interest populations, such as underserved minorities, low-income students, and returning adults. Many of its institutions have a large percentage of these populations, but Laureate did not have a collection system to actually understand who all its stakeholders were on a global scale. Leaders told me they now understand their clientele better and have a tracking system in place to better focus on who they are trying to reach. Laureate’s 2017 certification showed that half of its students come from underserved groups.

The BIA helped standardize many practices across the global organization, but focus areas on the assessment may differ, based on which country an institution calls home. Therefore, while Laureate tried to be centralized when possible, they also found it effective to implement improvements important to specific institutions, rather than just making blanket policy changes. “It’s important for a global company to create policies that are flexible enough to be applicable in all countries, but also specific enough to meet some of the criteria in the assessment,” says Todd Wegner, who was senior manager of global public affairs and B Corp program manager at Laureate.

Morse told me that in 2019, Laureate announced that it will be narrowing its geographic focus to better align with its core mission and in the future will focus mostly on Chile, Peru, Mexico, and Brazil, while also maintaining some operations in Australia and New Zealand.⁶

The Laureate experience also demonstrates how companies interested in certification can persuade their board of directors and mainstream private equity investors. It took almost two years for Laureate to raise investor awareness about benefit corporations and B Corp certification.⁷ The company had many conversations with its investors and board to educate them about the B Corp movement and convince them that this was the right thing to do. “We actually had the CEO of Ben & Jerry’s come and speak to our board, because we wanted them to get educated,” Becker says. “We wanted to hear from someone who went through the process and is still implementing their core mission.”

When company leaders were on the road show to introduce investors to the company, investors would ask, “What is a public Benefit Corp?” Becker recalls. “The initial perception most people had was, ‘Wow, this must be a tax-planning strategy.’” But then Laureate would dedicate five minutes of its presentation to explaining the B Corp movement, reminding investors that Laureate’s slogan is “Here for Good,” with the double meaning of a company doing good work for the benefit of society and also planning to stick around. The B Corp work helped the company impress upon investors the importance of long-term planning and returns, rather than the traditional, short-term focus of public companies.

At first, Laureate’s leaders questioned whether they would receive a lower IPO valuation because they were a B Corp, since they would

not be maximizing shareholder value. They spent a lot of time on due diligence about the legal and profit-based ramifications of the change. Becker recalls that “when we talked to the different bankers and did some studies of IRR [internal rate of return] under different scenarios, nobody could answer the question of whether this would be good for the stock or bad for the stock, but it stood up that it should be fine, that it was probably going to be neutral.” Though concern that removing the focus on profit maximization persisted, Laureate’s leaders resolved to do their best to show the world “that we weren’t like the rotten apples,” Becker says, and that without this legal framework and certification, “it would’ve looked like window dressing.”

One of the most common questions Morse received was “Does this mean that if something is beneficial to shareholders, you’re not going to do it?” His response: “It means that we just need to take into consideration that stated public purpose or benefit of the company when making decisions.” A prime example of this dilemma would be with a capital investment project. “As part of that proposal where someone says, ‘I want to spend money on a new campus’ or, ‘I want to do this type of investment in this type of project,’ the

The B Lab’s vision for companies to “compete to be the best for the world” cannot be achieved without multinational public companies.

investment proposal that gets reviewed has to incorporate a report that measures how this project aligns with our B Corp checklist that we’ve developed internally,” Morse says. Rather than focus on just one thing when making decisions, he explained to investors, the company needs to concentrate on different components and make a more complex and more beneficial decision.

In the end, Laureate didn’t encounter too much pushback from investors. Laureate leaders reflected that “investors such as KKR [Kohlberg Kravis Roberts] a classic ‘old-school corporate raider’ and pioneer of the leveraged buyout—largely understood our inherent social mission.” This helped convince other institutional investors that benefit corporations are good, solid investments. In July 2020, online insurance company Lemonade (Nasdaq: LMND) became the second American company to go public as both a B Corp and a benefit corporation.

DANONE PIONEERS THE MULTINATIONAL CERTIFICATION PROCESS

When Laureate obtained its B Corp certification, Danone had begun working with the B Corp movement, which was crucial to the progress of B Lab’s expansion in Europe and is now a key stepping-stone for the movement at large. In December 2015, Danone signed an agreement with B Lab that required two major commitments.

First, Danone would pilot the BIA tool with some of its subsidiaries. Second, it would help B Lab adapt the BIA to large companies, test it on itself when it became available, and help introduce it to other large companies.

For years, Danone had been acquiring companies in the food industry and expanding into various parts of the world. In 2016, when Danone acquired WhiteWave Foods, a US food-and-beverage company with nearly \$4.2 billion in sales annually, Faber expected more than strategic synergies. “Being from scratch a public benefit corporation put highlights on that merger like no other one, for the people inside the business itself,” he says. “Probably few of them knew what a public benefit corporation was. So we had to explain to them what it meant. At the time, you’re writing a check of \$12 billion. It’s a very timely moment to explain what kind of value creation and measurement you want to see coming from the merging of these two companies.”

Representing more than 15 percent of the entire Danone business, Danone NA is now the largest public benefit corporation in the world.

A year after its establishment, in April 2018, Danone NA obtained

its B Corp certification. Though the company achieved it two years ahead of schedule, the assessment process was quite challenging. As with Laureate, Danone NA and all of its subsidiaries must achieve a revenue-based weighted average BIA score that is above 80 points to be certified. Deanna Bratter, senior director of public benefit and sustainable development, said that they “had to complete five B Impact Assessments, not just one, separately certifying DanoneWave, Earthbound Farm, Alpro [the European business], and then two smaller entities for the whole company to achieve certification.” While a typical

BIA consists of more than 200 questions, “we ended up answering more than 1,500 questions across our businesses,” Bratter says.

B Lab also learned through this process that it needed to determine the scope of the assessment with large multinationals up front—such as how many assessments they had to complete and where the legal incorporation would take place. The certification includes a disclosure questionnaire that has no impact on the score but considers possible negatives that may outweigh the positives assessed by the BIA, such as sensitive practices, fines, and sanctions on the company or its partnerships. B Lab usually does the disclosure questionnaire at the very end of the process, after the company has scored 80 or above on the BIA. But, as B Lab cofounder Bart Houlihan recalls about the disclosures, “it’s a pretty massive list for a company of that scale, and leaving it for the back end created enormous anxiety for everybody. So [for Danone NA’s certification], we decided to pull that forward, to the front end of the process.”

The B Corp certification process has had important business impacts on Danone NA. Because merger integration and certification happened at the same time, the BIA acted as an overarching framework to build Danone NA a cohesive entity that aligns with its commitment to sustainability. Bratter gave an example of the advantages: “In meeting with our procurement team, we learned

that part of the corporate integration/merger was to onboard hundreds of suppliers to our new supplier policies and continue to update contracts. We were able to roll out and improve the sourcing policy and include criteria pulled out of the BIA process that we deemed important for our business: prioritizing minority-owned business, prioritizing suppliers who were local to our manufacturing locations, and helping with environmental footprint reduction and stimulating local economies. We were able to build that into documentation and build that program out. Now, we've got an entire procurement organization championing and looking at all of these additional criteria." The team focused on improvement as a whole, rather than simply getting a good score on the BIA. Danone also plans to integrate the BIA into its internal reporting systems. Doing so will not only make future certification easier but also provide a baseline of sustainability for the entire company.

Following the certification of Danone NA, Danone announced that the company "will grow as a B Corp." As of June 2020, 20 of Danone's subsidiaries have been certified as B Corps, which represents more than 30 percent of the company's overall revenue. In addition, in the wake of the economic disruption that the COVID-19 pandemic created, in June 2020, Danone became the first public company to adopt the new French *Entreprise à Mission* model, which allows the company's mission to go beyond the traditional focus on short-term profit maximization to include other stakeholders and long-term social and environmental considerations.

HOW TO CERTIFY LARGE COMPANIES

B Lab's overall mission is that "one day, all companies [will] compete to be the best for the world." This vision clearly cannot be achieved without the inclusion of multinational public companies. Since Danone NA certified in 2018, at least seven other multinationals have reached out to it to ask about the process. While B Lab is still in the early stages of raising awareness among large corporations, it is starting to gain traction in spreading the B Corp model and tools to larger companies. For instance, its new B Movement Builders program is a way for large companies to participate in the movement by taking steps toward "being like a B Corp."

When larger companies began to express interest in becoming B Corps, the B Lab team faced the challenge of improving and refining the current certification system—which was developed for the small- and medium-sized companies that are the majority of Certified B Corps—to enable larger organizations to be certified while maintaining the team's rigorous standards. To do so, B Lab began, in 2015, to work closely with a number of multinationals, including Danone, Unilever, and Natura, to develop pathways to certify large parent companies that earn more than \$5 billion in annual revenue.

B Lab had to first address the rigor and the breadth of the standards for a large multinational and whether the traditional B Corp legal requirement should still be included. The group quickly agreed that the standards needed to be even more rigorous, to match the scope of the larger companies' impacts on society and the

environment. They also agreed that public companies must meet the legal requirements in the same way other B Corps have, recognizing that public market firms are the ones that have the most pressure around short-term earnings.

The new certification requirements were launched in April 2019 and include an additional prescreening process that verifies that a company has met some baseline requirements before it is eligible to pursue the certification. For instance, the company must demonstrate that it has conducted a materiality assessment—used to identify the most material potential environmental, social, and governance issues associated with the firm's operations—via a process that engages stakeholders, is transparent, and is conducted at least every other year. Next, the company's management strategies

In the post-COVID era, businesses will be seeking ways to become more resilient and sustainable, and more aligned with social interests.

must include specific and aspirational performance goals for identified material issues—goals that have been assessed by its board of directors and made available to all of its stakeholders.

The company must also issue publicly available statements about its approach to government affairs (i.e., lobbying and advocacy) and its tax philosophy, including its overall effective tax rate. Furthermore, it must articulate a human rights policy that commits the company either to following key human rights covenants, such as the United Nations' Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, or to addressing specifically identified human rights issues that are relevant to the business through human rights impact assessment. The company's board of directors must monitor all of these requirements. Finally, using third-party standards, the company must prepare annual impact reports that are made available to the public. B Lab's Independent Standards Advisory Council oversees and determines the extent to which a company meets these requirements.

Then comes the scoping process, during which B Lab requires an overview of the company's structure and management to determine the number of BIAs that must be completed for full certification. B Lab provides guidance on the assessment and verification timeline, as well as on the legal requirement for certification (when and which legal entity or entities are to fulfill it). "In many cases, it's a lot more complicated than just saying, 'Well, here's one chunk of business; we can draw a circle around it; we know exactly what it's doing,'" says Kara Peck, B Lab's director of business development. "For instance, the company may have a brand that is operating in the United States, but [whose] international operations are integrated into the parent company—so the same brand, but different employees, different

manufacturing facilities, and different practices. The reality is that the ways large companies work make it a challenge to divide them into neat parts.” This process ensures that when a company is certified, its BIA score reflects all of its business units.

The next step—assessment and verification through completion of multiple BIAs—is the most grueling. Large companies must complete a “Global Headquarters” version of the BIA, which focuses on best practices in governance, before they complete the BIAs for each of their various subsidiaries and operations. The scores are then aggregated to calculate a final, overall BIA score. At least 95 percent of its overall operations must pass the BIA for a company to become certified. If the overall company achieves at least an 80 but, for some reason, a subsidiary does not, then the company becomes certified, but the subsidiary is limited in terms of B logo branding and marketing. For instance, International Delight, Danone’s coffee creamer brand, could not use the Certified B Corporation logo until late 2018, when it pushed its BIA score above 80.

After achieving a verified BIA score of 80, a company has two years to amend its corporate governance to meet the aforementioned legal requirement for the consideration of all stakeholders, or else it will lose its certification.

B MOVEMENT BUILDERS

While a certification process for large companies now exists, the rigor of the assessment and other requirements can appear daunting for many. For large multinationals, even questions of where and how they start are challenging. Simply using the BIA, which is what smaller companies do, isn’t practical for larger companies that have multiple subsidiaries spread across disparate geographies. They first need a framework and prior examples of how such complex entities can approach certification. This is where the Danone experiment is quite useful, since many of the new processes have now been field tested. Large companies also desire to connect with peers. Throughout B Lab’s history, many multinationals have asked the organization, “Who else is doing this? Can you connect us?” Thus, they also need a network to communicate with other companies on this path.

As B Lab developed new processes for large multinationals, such issues led it to revisit its core principles and ask itself, “What is the B Corp movement?” It has always been inclusive of B Corporations, of course, but, thinking more deeply about the bigger goal of overthrowing shareholder primacy, B Lab came to realize that it should create a broader community. As a result, it came up with a new program, B Movement Builders, to help large multinationals engage with the movement in a concrete and incremental fashion. To join, a company must commit to the principles of the B Corp Community: (1) dedication to high standards and goals to transform business to create value for all stakeholders, (2) concrete commitments and transparent assessment, and (3) collaboration to create collective impact.

The company must also take tangible steps to demonstrate that it is doing so in a way that’s rigorous and follows the ideals of the B Corp community. First, the company must make a strong public commitment to the movement by signing the Declaration of Interdependence and publicly sharing its commitment to the movement’s three principles. Next, a B Movement Builder must immediately

begin using the BIA to assess parts of its businesses, identify areas for improvement, and then take steps to address them. These reforms can occur over time. For instance, a company can initially assess a single business unit and then increase the scope of assessments in subsequent years. All B Movement Builders must produce and publicly share a materiality assessment that identifies the most material potential environmental, social, and governance issues associated with their business.

Third, the company must also set at least three aspirational goals tied to the UN’s Sustainable Development Goals (SDGs), a global framework for sustainability. Danone, for instance, has already done so. Because its corporate mission is to “Bring Health Through Food to as Many People as Possible,” it describes its main focus in terms of SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-Being), and SDG 6 (Clean Water and Sanitation), identifying specific targets and deliverables for each SDG.

B Movement Builders must also commit to working with their peers and the larger B Corp community to create widespread impact and to be transparent. All B Movement Builders must publicly share their annual impact reports. They also are asked to sign and release a public letter that demands changes in corporate leadership, capital markets, and policy to create governance structures that will lead to an economy that focuses on all stakeholders, rather than just shareholders.

The program, which will formally launch in late 2020 with a number of companies, meets large multinationals where they are and fosters incremental change. Once multinationals join the program, they receive customized support, including BIA workshops and one-on-one account management. The program also includes ways of engaging like-minded peers, including a half-day session for corporate leadership, regional B Corp gatherings, and roundtables.

The Movement Builders launch already seemed well timed, given popular anger about racial injustice and the excesses of shareholder-focused capitalism. In the post-COVID era, businesses will also be seeking ways to become more resilient and sustainable, and more aligned with social interests. In 20 years, predicts former CEO of Danone NA and global ambassador for B Lab Lorna Davis, B Corps will become the norm. People will look at non-B Corps and say, “Well, that’s kind of ridiculous that you’re not certified, because that’s how you run a business.” ■

Notes

- 1 This article is based on chapter 10 (“Big Isn’t Always Bad”) of my forthcoming book, *Better Business: How the B Corp Movement Is Remaking Capitalism* (New Haven, Conn.: Yale University Press, 2020), and my published case study, “Danone North America: The World’s Largest B Corp” (Harvard Kennedy School Case Study 2156, April 26, 2019).
- 2 Cassie Werber, “Danone Is Showing Multinationals the Way to a Less Destructive Form of Capitalism,” *Quartz*, December 9, 2019.
- 3 Anderson Antunes, “Brazil’s Natura, the Largest Cosmetics Maker in Latin America, Becomes a B Corp,” *Forbes*, December 16, 2014.
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