W7 Position Paper

Benefit corporations and their commitment to foster a fair and inclusive society

Executive summary

In the current socio-economic context, where stereotypes and inequalities persist, there is a need for concrete actions and policies that help promote inclusion, equity, and equality as drivers of growth and development. These efforts have the potential to impact not only economies but also social and cultural dynamics.

The path to achieving gender equality remains long, with many women still facing gender biases, economic and legal barriers, and challenges in accessing the workforce. These obstacles manifest as gaps in training, wage disparities, underrepresentation in leadership roles, and the complex challenges of balancing motherhood and caregiving responsibilities.

Gender balance is no longer solely an ethical or social matter linked to rights; it has become a strategic imperative for the sustainability of national economies.

In this context, the model of benefit corporations (introduced in Italy in 2016 and adopted by over 3,500 Italian companies[1]) offers a meaningful response to the growing demand for responsible business practices. These companies are committed to improving social conditions, creating inclusive employment opportunities, promoting education, and reducing inequality, with a positive impact on people, communities, and the environment.

This is one of the key findings of the ***2024 DE&I Maturity Index*** study, published by Deloitte Italy, which assesses the maturity level of Italian organizations regarding ***diversity, equity, and inclusion*** **(DEI)**. The study, for the first time, also measures the positive impact of the benefit model on DEI. It reveals that the companies in the sample analyzed are actively committed to improving social conditions and reducing inequality, often embedding gender equality goals into their articles of association.

Equally notable is the rise of B Corp companies (more than 9,300 in the world), which integrate social and environmental matters into their business processes by adhering to an internationally recognized certification system[2].

Italy's presidency of the G7 in 2024, particularly through the Women 7 initiatives, presented an opportunity to examine gender balance from multiple perspectives, including the exploration of new organizational models that combine economic goals with community benefits.

Source: [1] Benefit Corporation, National Research on Benefit Corporations 2024 Part 1, 2024 | [2] B Corp Lab Europe, Towards Gender Equality – A guide from the B Corp Gender Equality Working Group, 2022

> Gender balance is not just a challenge but an important condition for creating an inclusive, equal-opportunity society. The Deloitte Italy DEI study, conducted on a sample of organizations, highlights that, by including in their articles of association the pursuit of common benefit objectives alongside profit, benefit corporations primarily aim to drive progress in gender equality. These companies actively contribute to promoting the values of diversity and inclusion, fostering the conditions needed for a fair, equitable, and prosperous society.
>
> **Barbara Pontecorvo | Partner and Head of Task Force Society Benefit, Deloitte**

> Benefit corporations are steadily growing in Italy, offering a new approach to business that combines profit with long-term social value creation. For these companies, it is crucial to complement their corporate purpose with a genuine commitment to corporate sustainability, by adopting a modus operandi that identifies, manages, and mitigates environmental risks and human rights concerns, while incorporating an intersectional and gender perspective.
>
> **Martina Rogato | W7 Co-Chair**

Benefit corporations and the context

Benefit corporations were first established in the US in 2010, with the goal of promoting a new governance model that combines profit-making with the creation of positive social and environmental impact.

In 2016, Italy took a decisive step in the European context with the approval of **Law no. 208 of December 28, 2015** ("Stability Law"), introducing the **benefit corporation** model. Like the US model, this enables companies to adopt the legal status of *"organizations that, in the course of conducting business operations, pursue, alongside the goal of profit distribution, one or more purposes in the interest of the common good, operating in a responsible, sustainable, and transparent manner towards people, communities, territories, the environment, cultural and social heritage and activities, entities and associations, and other stakeholders[3]".*

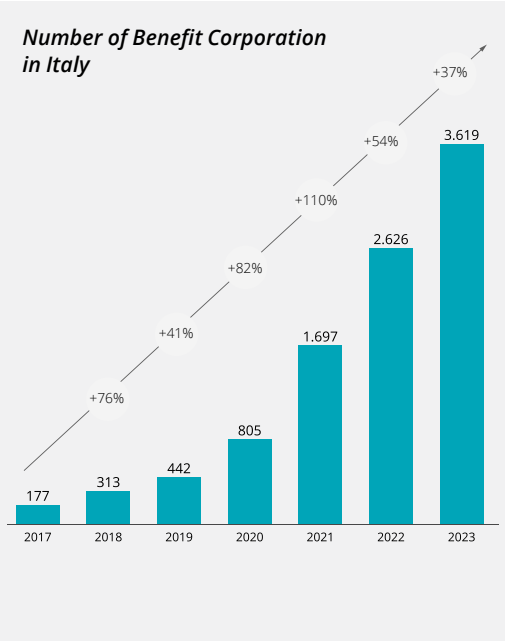
Italian law allows any company to become, or be established as, a benefit corporation, adopting the legal form provided for by the Italian Civil Code, by including common benefit purposes in its articles of association. This serves as a formal declaration of intent to achieve one or more **positive outcomes**, which may include **reducing negative impacts** on people, society, the environment, and other stakeholders.

The benefit corporation model has been steadily expanding worldwide in recent years, including in such countries as Colombia (2018), Puerto Rico (2018), Canada (2019), Ecuador (2019), France (2019), Peru (2020), Rwanda (2021), Spain (2022), Panama (2022), and San Marino (2023)[4].

Source: [3]Official Journal, Law 28 December 2015, no. 208 provisions for the formation of the annual and pluriannual budget of the State (Stability Law 2016), 30 December 2015 | [4] Benefit Corporation, National Research on Benefit Corporations 2024 Part 1, 2024

Benefit corporation: facts and figures

The benefit model has been constantly expanding since its introduction in 2016 in Italy. In the four years between the end of 2019 and that of 2023, the number of benefit corporations has risen nearly ninefold, from 400 to 3,600[5].



Source: Benefit Corporations, National Research on Benefit Corporations 2024 Part 1, 2024

The growing popularity of benefit corporations as an attractive business model stems from their ability to achieve superior performance both socially and economically. Studies conducted over the past year indicate that benefit corporations grow faster than traditional companies and **outperform** them in productivity and revenue. Specifically, benefit corporations have experienced a median increase in revenue of **37%**, compared to a median increase of just 18% for non-benefit corporations[6].

The greater productivity of benefit corporations arises from their natural inclination to invest in areas that give strategic leverage, such as innovation, internationalization, and employment, along with their strong focus on **sustainability**[7].

In this respect, it is important to emphasize that benefit corporations are, by definition, organizations that pursue sustainability goals, which enhances their competitiveness in the market. Furthermore, this business model enables these companies to operate **within a regulatory framework that establishes clear rules for entities that share the same purpose.**

Benefit corporation and B Corp: a comparison

Among the ethical and responsible business models essential in the context described, the B Corp *(Certified B Corporation)* model plays an equally central role in developing solutions that help reconcile the pursuit of economic profit with ethical considerations, generating significant impacts on internal organization, the environment, and society. Unlike **benefit corporations**, which are required to **consider** the social and environmental impacts of their business decisions, **B Corps** are **certified** by the nonprofit, independent B Lab organization, which holds them to rigorous social and environmental performance standards through a defined and constant evaluation process.

Certified B Corps, to maintain their B Corp status, are required to pay annual certification fees as well as a verification fee based on their revenue.

By 2023, the B Corp community had grown exponentially, with over 9,300 such organizations in the world[8]. These figures demonstrate that companies are increasingly eager to pursue virtuous sustainability paths by joining a network of companies that share verified and validated values and performance based on stringent standards.

All benefit corporations can become B Corps, by following a measurable, objective process to achieve the social and environmental impacts required for voluntary B Corp certification.

It follows that **the adoption of the benefit corporation model is not an end goal but can and should be a starting point toward pursuing the B Corp certification,** which serves as official recognition of the high social value of a company's performance.

Source: [5] Benefit Corporation, National Research on Benefit Corporations 2024 Part 1, 2024 | [6] Benefit Corporation, National Research on Benefit Corporations 2024 Part 1, 2024 | [7] Benefit Corporation, National Research on Benefit Corporations 2024 Part 1, 2024 | [8] B-Lab Global, B Lab Global Site

The impact of the Benefit model on gender balance

Benefit corporations' achievement of concrete social impact requires the implementation of effective corporate policies that **prioritize gender balance, pay transparency, and work towards eliminating discrimination.**

When viewed as evolutionary models of corporate sustainability, benefit corporations can play a central role in helping to address social challenges within the private sector. Specifically, these organizations adopt business models with equal opportunity and inclusion as core objectives in their articles of association, making their pursuit both mandatory and effective, supported by **concrete, verifiable, and measurable actions.**

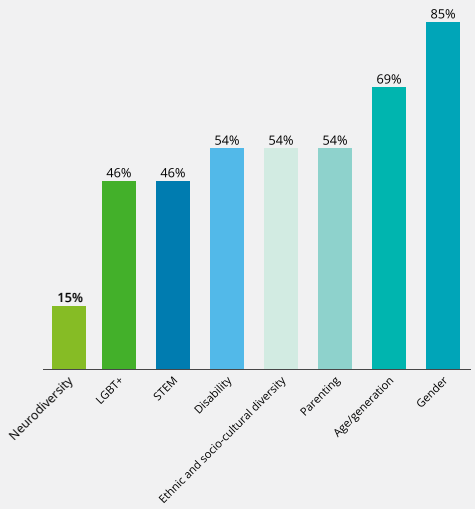
Evidence that the legal status of benefit corporations enhances gender equality performance is provided by a 2024 Deloitte Italy study conducted as part of the annual **DE&I Maturity Index** survey.

For the first time, the ***2024 Deloitte DE&I Maturity Index*** **study** included **benefit corporations within the surveyed sample,** identifying their common benefit purposes related to **DEI** outlined in their articles of association.

The survey found that 25% of the respondent organizations were benefit corporations. Of these, 11 identified four or more DEI benefits, including gender, age/generation, ethnicity, and socio-cultural diversity while two companies identified one benefit.

As shown in the figure on the side, **gender balance emerged as the most prominent common benefit purpose among the benefit corporations in the sample.** This indicates that companies adopting the benefit model are **motivated by their main goal** to help enhance their performance by committing to creating inclusive workplaces and promoting gender equality, both within the corporate environment and in the broader communities in which they operate.

DE&I benefits



Source: Deloitte Italy, 2024 Deloitte DE&I Maturity Index, 2024

The DE&I Maturity Index: The initiative

The *2024 Deloitte DE&I Maturity Index* study, conducted by Deloitte Italy in collaboration with the European University of Rome, aims to assess the inclusivity of Italian organizations across all industries, evaluating their ability to foster a respectful environment where diversity is embraced and seen as highly valuable.

Why is it important?

The *2024 DE&I Maturity Index,* developed by Deloitte Italy, helps enable ongoing monitoring of data over time. Specifically, this survey enables Deloitte Italy to track trends over the years, helping to assess whether and how Italian organizations engaged in the various sectors are implementing their level of inclusion.

Information from the 2024 Deloitte DE&I Maturity Index demonstrates that adopting benefit corporation legal status can enhance DEI through initiatives focused, for example, on **equal pay and gender balance** specifically targeted at leadership roles. The legal structure and common benefit commitments of benefit corporations **play a tangible role** in promoting the values of equity and inclusion.

The findings of the study are consistent with the 2024 National Research on Benefit Corporations (Part 2), which shows that among the most frequent benefit purposes adopted in the area of human capital, the one regarding the involvement, diversity, and inclusion of people is the most frequently included within the corporations, with a frequency of 84%[9]. This highlights that a **focus on equity** is a defining feature of benefit corporations, expressed through *"principles, actions, and tools aimed at creating a fair work environment where individuals can fully express their abilities and skills, supported by the quality of relationships and organizational climate*[10]*"*.

The pursuit of equity shows that benefit corporations are legal entities that could help the advancement of **gender equality**. These organizations' commitment to accountability, sustainability, and transparency—enshrined **as an indelible promise in the articles of association** — can inspire individuals, organizations, communities, and institutions alike.

Source: [9] Benefit Corporation ,National Research on Benefit Corporations 2024 Part 2, 2024 | [10] Benefit Corporation ,National Research on Benefit Corporations 2024 Part 2, 2024.

Conclusions

The adoption of policies and the implementation of concrete actions to address persistent gender inequalities are important for the development and economic growth of G7 countries and beyond. Achieving gender balance requires responsible economic models that can address social needs through tangible, verifiable, and measurable actions, in a process that is fulfilled naturally by the benefit model.

The study conducted by Deloitte Italy in the context of the 2024 Deloitte DE&I Maturity Index demonstrates that, through concrete and effective efforts, benefit corporations can actively contribute to advancing the values of equity, equal opportunity, and inclusion. They view gender balance not only as an ethical imperative but as a strategic lever to attain a competitive edge and improve performance.

Furthermore, adopting the legal status of a benefit corporation is not the culmination of a journey but the beginning of an equally virtuous process aimed at achieving B Corp certification that would attest to the higher social value of a company's performance.

This promising picture is reinforced by the ability of these new business models to generate economic value as well, achieving stronger business performance and affirming the principle that inclusion drives growth.

This study wants to promote the adoption of innovative business models intended to improve gender balance through effective policies and actions that translate objectives set out in articles of association into specific, time-bound goals. These include, for example, identifying the most relevant gender balance concerns for the company, establishing governance structures to manage DEI policies, adopting strategic DEI guidelines and a value charter that enshrines diversity, equity, and inclusion as core principles, as well as promoting inclusive hiring practices, pay equity, women's leadership, and increased access to senior and managerial positions for women.