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Benefit Company in Italy (Società Benefit).

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Italy is the first and only European country to have introduced the Benefit Company now since 2016 (when the law 28 December 2015, n. 208 - paragraphs 376-383 and annexes 4 – 5- came into force) thanks to the efforts of an international team of lawyers, entrepreneurs and stakeholders following the example of the American Benefit Corporate model.

This kind of business entity is highly innovative, responding to the increasing focus on a new model of doing business and producing wealth. Indeed, the Benefit Company is an avant-garde way of doing business that aims to make profit through the pursuit of one or more purposes of common benefit.

Common benefit means the pursuit of one or more positive effects, including decrease of negative effects, on people, communities, territories, the environment, cultural and social goods and activities, entities and other stakeholders.

A Benefit Corporation can be formed by scratch, by including the benefit aim at the time of incorporation, or by amendment of the corporate contract of an already formed Company. One of the most important preliminary aspects, is to draw up a suitable by Laws and corporate purpose. First of all, the specific purposes of common benefit must be expressly stated, with special attention on the balance between profit-making and benefit purposes. Specific "tailored" clauses can be implemented in order to meet the legal and operative requirements set forth by the law, such as the provision of the conferral

of particular powers and duties to the director(s), the introduction of an enhanced quorum for the adoption of specific resolutions, etc.

1. Responsibility, Sustainability and Transparency.

The business of an Italian Benefit Company must comply with three main factors: Responsibility, Sustainability and Transparency.

- 1. Responsibility:** Italian Benefit Companies are committed to considering the impact of the business on society and the environment in order to create long-term sustainable value for all stakeholders.
- 2. Sustainability:** Italian Benefit Companies are committed to creating a positive impact on society and the biosphere, i.e., shared value, in addition to generating profit. The positive impact generated is evaluated according to strict parameters. Through these, the company social involvement is measured, often providing numerical ratings, such as the B Impact Assessment.
- 3. Transparency:** Italian Benefit Companies are required to annually report according to third-party standards their achievements, progress, and future commitments toward achieving social and environmental impact, both to shareholders and the third parties.

2. Impact manager and annual benefit report.

In order to pursue its purposes, the Benefit Corporation must appoint an impact manager, who has to report on the Corporation's efforts via current third-party standards.

In order to ensure full transparency, the Benefit Corporation is required to produce an annual report to be attached to its financial statements and made public on its website and in the commercial register.

3. The plus of the Società Benefit.

There are many reasons for choosing the Benefit Corporation model:

- create a competitive advantage in markets where consumers are increasingly focused on corporate social responsibility and sustainability;
- gain greater visibility and enjoy a better reputation, increasing the competitiveness in the marketplace;

- networking with other companies that are responsible and committed to sustainability paths can provide opportunities to share best practices and increase profitability and productivity;
- tax advantages. In the recent period, for example, a tax credit amounting to 50 percent of expenses was granted to those who incurred costs for incorporation or transformation into Benefit corporations. Further tax advantages are also planned for the future;
- possibility of registering in the corresponding registry of Benefit Corporations in U.S. states that recognize such a corporate model.