

# Danone: A purpose driven company

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# Introduction<sup>1</sup>

At the beginning of 2023, Danone SA group operates in over 120 countries with a diverse product portfolio focused on fresh dairy products, early life nutrition, water, and medical nutrition. Since several decades, Danone group is striving to combine successfully purpose and profit. In 2023, about 74% of Danone global sales are covered by B Corp certification and the group aims at obtaining a global B Corp Certification by 2025.

In line with its vision “One Planet. One Health”, the corporate goal is to combine profit and purpose. However, satisfying these two company goals is a continuous struggle as it is not easy to predict (ex-ante) if the strategic plan or decisions will address satisfactorily the trade-off between profit and purpose. As a result, it is still an open question if a listed company with dispersed ownership (like Danone SA) can combine purpose and profit.

# Danone's early years: the dual social and economic mission

Danone has a rich history of commitment to promoting health through its products. Isaac Carasso founded the company in 1919 and named it Danone from his son's nickname "Danon" (i.e., little Daniel). The company sold fermented milk to pharmacies. By adding lactic ferments to the yogurt, the company intended to aid the prevention of intestinal infections in Spanish children. Isaac and Daniel dedicated their entire lives to studying and improve the product with the support of the Pasteur Institute.

Danone has grown over the years. In 1929 Daniel Carasso founded the Société Parisienne du Yoghourt Danone in France. In 1942 Daniel set up a new company in New York and named it Dannon to sound more American. In 1967, Danone merged with Gervais – a fresh cheese producer in France – and became Gervais Danone. In the following years, the company expanded its operations and became a leading producer of beverages and baby food in France.<sup>2</sup>

In 1972, Daniel Carasso (chair and CEO of Gervais Danone) met Antoine Riboud (chair of Boussois Souchon Neuvsstel – BSN) at CEDEP, a professional development center for executives that both Danone and BSN helped to found. BSN was born in France as a result of a merger between two glass manufacturers. After a failed tentative to buy another glass producer, i.e., the Compagnie de Saint-Gobain, Riboud decided that it was better to fill the bottles rather than just make them. So, BSN started a diversification in the food and beverage industry, by buying the Alsatian brewer Kronenbourg and the mineral water Evian.

The meeting between Carasso and Riboud was a milestone for the company as they immediately realized that they shared a common view of business. On the one hand, Danone was founded to provide healthy foods to people. On the other hand, Antoine Riboud was a leader with distinctive values and with an innovative vision of social and economic responsibility. In his seminal speech during the French Employers' convention in Marseille in 1972, he developed a disruptive idea, i.e., the dual social and economic mission, that still today is the north star of the company and its employees.

"I proposed that we rise to the following challenge: placing industry at the service of people, reconciling industry and Man. It is obvious that Man has put his creative genius to serve growth, but he must be careful not to create an imbalance between the resources and the goals. Naturally, it is difficult, but not impossible. I strongly believe that we can be both EFFICIENT and HUMAN on condition that, as written by the poet Rene Char, 'we plan as a strategist and act as a primitive'.

We should lead our companies with our heart as much as with our head, and we should not forget that whilst the energy resources on earth are limited, those of Man are infinite if he feels motivated".<sup>3</sup>

In his speech, Antoine presented his view on companies' goal and responsibilities by stating that: "It is clear that growth should no longer be an end in itself, but rather a tool used to serve the quality of life without ever being detrimental to it. (...) The company's responsibility does not stop

at the factory gates or the office door. Its action has repercussions throughout the whole community and influences the quality of life of each citizen.”

In the following years, the two entrepreneurs led the company with the final goal to fulfill this dual mission. In 1973, they merged the two companies by creating BSN Danone. In the following years, BSN Danone did several acquisitions and became a leader in the food industry in Europe. Later, the company entered Eastern Europe, Asia, and Latin America. In 1994 it was renamed the group Danone – using the name “Danone”. that was familiar in 46 countries and counted about 25% of total sales – and adopted a new logo (a child gazing up at a star). Since then, Danone has been managed according to principles rooted in stakeholder capitalism.

# Danone's new vision: one planet, one health

In 1996, Franck Riboud (son of Antoine) became the CEO and Chair of Danone. He continued to expand the group internationally, while promoting a focus on three business areas: fresh dairy products, beverages and biscuits. Franck Riboud extended the corporate mission to “bring health through food to as many people as possible”. Consistently, he fixed the company’s focus on healthy food.<sup>4</sup> So, in 2007, Danone group sold its biscuit business (owning famous brands like LU, Tuc, and Prince) to Kraft Foods for €5.3 billion and bought Royal Numico, a Dutch company leader in baby and medical nutrition (with brands like Nutricia and Milupa) for €12.3 billion.

In 2009 the company changed its name to Danone. During his time as the head of the firm, Franck Riboud promoted business focus and international growth: “You can’t do that with 20 business lines – so you have to focus.” Moreover, he also emphasized the importance of bottom line of the business

“You must place economic power at the disposal of something else, but you must not forget the importance of delivering on results. I get the results – I’m not naive, I know without that, I will be massacred.”<sup>5</sup>

In 2014, the board of Danone appointed Emmanuel Faber as CEO, while Franck Riboud remained as a chair.<sup>6</sup> In that occasion, Franck reaffirmed the dual commitment to business and society:

“Today Danone is a truly global company, oriented toward emerging markets, realigned around a select number of promising businesses in which we are market leaders, and focused on pursuing growth. We have achieved spectacular growth while remaining true to our dual commitment to business success and social progress, and we are still a pacesetter for social innovation. I want to ensure that Danone has everything it needs to lay the groundwork for its future. Which is why I recommended separating the functions of Chairman and Chief Executive Officer and paving the way for the arrival of a new generation to guide Danone.”<sup>7</sup>

To deliver its mission with success, Danone developed a unique portfolio of products addressing specific needs for all life phases. With a deep and irradicated history, Danone looked forward and constantly innovated its products thanks to its prestigious research centers.<sup>8</sup> Since 2015, Danone partnered with B Lab to define a meaningful and manageable path in order to reach the B Corp certification (see Box 1). Emmanuel Faber said:

“(…) B Corp is not just another CSR program for us. It is about transforming Danone at the core of how we want to do business, to embrace the food revolution and as such be preferred by all our partners (people, shareholders, banks, customers, etc.); to be more resilient as a business; and to have more impactful brands supporting our ambition to inspire healthier and more sustainable eating and drinking habits.”<sup>9</sup>

In 2015, Danone had about 99,800 employees and sales of about €22 billion – i.e., €11 billion in Fresh dairy products, about €5 billion both in Waters and in Early life nutrition, and €1.5 billion

in Medical nutrition. The company was committed to carbon and water reduction and was ranked in leading social responsibility indices (e.g., Dow Jones, Vigeo, Ethibel).<sup>10</sup> In 2017, Danone acquired WhiteWave foods – a company in the plant-based, organic dairy and organic produce categories with brands like Silk, So Delicious, Horizon Organic, Earthbound Farm and Alpro – for \$12.5 billion. The activities of Danone Dairy and WhiteWave in North America were combined and later renamed as Danone North America. The merger would go as “a perfect match of vision, culture and businesses”, according to Faber.<sup>11</sup> However, some investors were not convinced, and questioned whether Danone’s offer was too generous, since Danone paid 20 times WhiteWave’s forecasted EBITDA.

In 2017, under Faber’s leadership, Danone launched a new company vision (“*One planet, one health*”) to highlight that peoples’ and planet’s health are strictly intertwined. The vision was a call for the adoption of healthier and more sustainable eating and drinking habits.<sup>12</sup> In the same year, the board appointed Emmanuel Faber as chair and CEO, while Franck Riboud remained as honorary chair. In 2018, Danone North America – approximately 30% of the group business – received the B Corp certification and became the largest B Corp in the world. In 2020, Danone Société Anonyme (SA) became the first listed company to adopt the “Entreprise à mission” (benefit company) model (see Box 2). The status of the company changed when the annual shareholders’ meeting approved this decision with the support of 99% of shareholders. Faber thanked them and expressed his conviction that we need an economy that serves human beings: finance must serve the economy, which in turn must serve people; agriculture must respect and renew the planet’s resources, and food needs to improve the health of every individual.<sup>13</sup>

Under Faber’s leadership Danone started to calculate the financial impact of CO<sub>2</sub> emissions on the company’s profit and loss (the so-called *carbon adjusted EPS*) and to significantly reduce the use plastic. The company set ambitious sustainability goals so to get the B corporation for all the world units by 2025, achieve carbon neutrality by 2050, transition to a circular economy, and improve the nutritional profile of its products. Additionally, Danone emphasized corporate governance, transparency, and responsible sourcing throughout its value chain.

In an interview with the Times, Emmanuel Faber explained the importance of stakeholder’s opinion and vision for the B Corps: “When we decided to become a B-Corp, we were puzzled about how to explain that to our shareholders. I received a short note from my friend Doug McMillon, CEO of Walmart, and he said, Emmanuel, that’s so great.”<sup>14</sup>

According to Faber, the B Corp certification implied the accountability to the profit and the environment. He said: “It’s quite clear what I’m saying, I think, and we’ve been vocal about it (...) We do not consider the purpose of this company to be returning money to shareholders. There is a broader purpose.”<sup>15</sup>

The company’s scores from 2018 to 2021 reflected Danone’s unwavering dedication to the principles of social and environmental responsibility. It testified to the company’s continuous efforts to be a positive force for change, and it strive to create a better world for future generations.

According to Danone’s press release, the company performance in 2019 was characterized by

strong progress on profitable growth, and investments to accelerate climate action of brands and to strengthen the growth model.<sup>16</sup> Danone's growth was +2.6% on a like-for-like (LFL) basis, with +4.1% in Q4, compared to 2018, as positive mix and portfolio valorization more than compensated the decline in volumes (-1.2%). Emmanuel Faber shared his expectations for the next year: "Yet, we are convinced that there is an urgent and significant opportunity to put climate actions even more at the core of our business model, truly joining people's fight for climate and nature with the power of our brands."<sup>17</sup>

However, the 2020 was a year marked by the Covid-19 health crisis. It was necessary to reinvent Danone and to recreate profitable growth. The annual net sales were -1.5% on a LFL basis, with stable volumes (-0.1%) and a decrease in value (-1.5%) due to negative category and country mix, especially in Waters and Specialized Nutrition. The Integrated Annual Report of Danone SA stated: "The Covid-19 crisis had a powerful impact on Danone in 2020, resulting in very uneven performance for our businesses throughout the world. In this challenging environment, we successfully identified major long-term opportunities arising from the strategic decisions we've made in recent years. This included reaffirming our leadership in plant-based products."

# Active funds challenge Danone

In 2020, the hedge fund Bluebell Capital started to question Emmanuel Faber for the disappointing stock performance. As a response to the criticism and to raise financial performance, in November 2020 Faber launched the “Local first” plan aimed at creating a more efficient organization and unlocking future growth and profitability. The two drivers to increase margins and profits were the move from category-led to local organization (with new zones) and the one billion cost savings.

Despite Faber’s commitment to the company and the support of the board, in March 2021 a group of activist investors (Artisan Partners and Bluebell Capital Partners, together owning 6 percent of Danone’s shares) launched a campaign against the CEO. In their opinion, the company had poor performance, and Faber had excessive power (as he combined CEO and chair post) and was unable “to find the right equilibrium between shareholder value creation and sustainability”.<sup>18</sup> The accusation was controversial. Danone shareholder value creation was aligned to peers (like Unilever and Nestlé) until the end of 2019, then it started to diverge and showed a significant loss (about 30%) in the following year (see Tables 1-3 and Figure 1).

Several factors have contributed to the loss of competitiveness of Danone with respect to the peer companies: the different businesses in its portfolio, the negative results of both the bottling water business (because of the impact of Covid-19 on the Ho.Re.Ca. segment), the baby food in China (due to the decrease of the birthrate and the shift of the demand towards local products) and the increase of transportation costs and raw materials.

Since 2015, Faber combined the CEO and the chair role, a practice that has been criticized as it may indicate excessive power in the same hands. As the shareholders were unsatisfied with this practice, Faber accepted to leave the CEO post and to remain as chair. Additionally, he proposed to appoint a former Danone manager (Cecile Cabanis, former CFO) as vice president and to substitute the lead independent director (Gilles Schnepf) with a director close to him (Jean-Michel Severino, director since 2011). This proposal was not well received by the investors, who decreased their support to Faber. According to Bluebell, one of the activist shareholders, the change was positive, but not enough: “The continuing role of Mr. Faber as the company’s chairman will have a highly detrimental effect, as it will seriously hamper the ability of the Board to attract the right talent. Judging by the share price reaction this view seems to be shared by the market.”<sup>19</sup> The market reacted negatively to the news that Faber would stay as non-executive chair: Danone’s shares went down -2.41% in one day. Faber was dismissed on the 15<sup>th</sup> of March 2021, so reinvigorating the debate on how companies can balance purpose and profit.

The commentators provided various interpretations of the event:

- Nicolas Ceron of Blue Bell Capital explained: “Faber was trying to use sustainability as part of his defense...But we never called into question Danone’s ESG investments, and we care a lot about these topics... Their competitors, like Nestlé and Unilever also make ESG a priority yet have better financial results. Our issue with Faber was not ideological but operational.”<sup>20</sup>
- Anjali Raval (journalist at the Financial Times): “Danone’s chief executive and chair, Emmanuel Faber, put the company on a path to becoming one of the first major corporations whose total



sales were covered by the B Corp certification. But he was forced out by activist shareholders unhappy at his focus on sustainability.”<sup>21</sup>

- Sarah Kaplan (professor at the University of Toronto) said: “We are in the early stages of development of a new more responsible capitalism. People may want to run businesses differently, but they still do not know how to do it. You need to identify the trade-offs and address them head on with employees and shareholders.”<sup>22</sup>
- A journalist from Forbes wrote: “... Danone’s board ousted Emmanuel Faber after pressure from an activist investor group. Isn’t Danone’s governance crisis the best counterargument that you can’t marry sustainability and profits?”<sup>23</sup>

- Andrea Goldstein (journalist at *Il Sole24ore*) wrote:

“Another lesson from the story is that those who preach well, and Faber had done so in 2019 even at the G7 in Biarritz and at the UN, exposes himself. (...) At the same time, presenting oneself as a model of virtue generates a positive image in normal times, but becomes a double-edged sword when it is urgent to reduce costs. And so it was for Faber, the subject of ruthless criticism for announcing a plan of 2,000 layoffs, a quarter in France, to deal with the crisis.”<sup>24</sup>

- Mary Johnstone-Louis (a scholar at Oxford University) and Charmian Love (an activist) wrote:

“It’s easy to view the events leading up to his removal as a clash between stakeholder capitalism (where Faber is a heroic leader who took on Milton Friedman) and activist investing (where Faber’s removal heralds the failure of stakeholder capitalism and the triumph of shareholder value maximization). Such narratives are evocative, but they don’t tell the full story. Danone offers a much more important lesson: in the quest to design a corporate ecosystem that reliably – and profitably – meets the needs of people and the planet, there can be leaders. There can be luminaries. There can be innovators and iconoclasts. But there can be no singular heroes.”<sup>25</sup>

After the CEO dismissal in March of 2021, the share price of Danone jumped in early trading, and was up 2.41% on the following day of the dismissal, then a week after the dismissal it had a decrease of 1.54%, followed by an increase of 9.68% in August 2021. About its competitors, Unilever experienced some fluctuations, while Nestlé achieved +26.44% comparing March 2021 to February 2022. See Graph 1 and Table 3.

# Danone Renaissance: Charting a Course for Renewal with a new CEO

On the 17<sup>th</sup> of May 2021, the board announced the new Chief Executive Officer (CEO): Antoine de Saint-Affrique. He joined Danone from a global chocolate maker and cocoa processor, Barry Callebaut, where he was the CEO since October 2015. Prior to Barry Callebaut, Antoine de Saint-Affrique held senior executive positions at Unilever. According to the board chair Gilles Schnepp:<sup>26</sup>

“As a Board we have delivered on our promise to search and find swiftly the best person to lead Danone through the next phase of our evolution (...) We unanimously agree that Antoine de Saint-Affrique is a standout leader in the consumer goods world. He has a distinguished track record of innovation and delivery. Importantly, he brings the right blend of strategic vision, international consumer goods experience, and operational execution skills to Danone. The Board is confident that Antoine, together with the rest of the leadership team, will deliver sustainable value for shareholders, and all our stakeholders. (...)”.

In March 2022, Danone unveiled a new strategic plan, “Renew Danone”, aimed at reconnecting Danone with a sustainable profitable growth model, underpinned by greater alignment between purpose and performance. The plan was based upon an end-to-end step up in the quality of execution, a strengthened innovation model geared for scale and impact, and increased investments in consumer value, as well as brands and commercial development.

Delivery of the plan was facilitated by a greater alignment between purpose and performance, consistently putting customer at the heart of everything Danone does. The company wanted to restore passion for execution, a stronger discipline on capital allocation, and a greater sense of urgency in seizing opportunities and tackling issues. The four strategic pillars were: 1) Restoration of Danone’s competitiveness in core categories and geographies; 2) Selective expansion of Danone’s presence, in terms of segments, channels and geographies; 3) Active seeding of future growth avenues; and 4) Active portfolio rotation.

Antoine de Saint-Affrique said:

“Danone is a one-of-a-kind company, with a culture anchored in a vision combining entrepreneurship and responsibility. It is a company with iconic local and global brands, playing in growing and on-trend categories. Danone has been leading the way in many fields: branding, innovation, people’s development, and sustainability. But we have also been underperforming our markets for a while and have a lot we can improve on. In the short term, we must take better care of our core, with a renewed focus on great execution and strong innovations. We will face into our issues with greater speed and without compromise but will also make sure we better leverage our real strengths. We first must win where we are. We also have the opportunity to expand our brands in places they should be. This, combined with active portfolio management, will bring us back in the race. In parallel, we will start seeding for the future with the ambition to outperform our markets then.”<sup>27</sup>

In February 2023, the Group reframed its sustainability roadmap called the Danone Impact Journey, articulated around 3 pillars: Health, Nature and People & Communities. For each pillar, the Group defined a set of priorities which are translated into mid to long-term objectives (see Figure 2).

The Impact Journey is a blueprint for sustainability priorities and transformation ambition in the company value chain: from farmers and their communities, through brands, to consumers and their families. The ambition is to unite sustainability and performance to grow impact. Long-term robustness and resilience of the business is dependent on their success in delivering health through food in the most sustainable way. Danone Impact Journey presents a framework to drive the actions and progresses for the future.

In 2021, Danone had a profitable growth with a recurring operating margin at 13.7%. According to the annual report, this performance was enabled by a strong focus on execution, a step-up in productivity, a proactive approach to pricing and the implementation of the “Local First” plan. Consolidated sales stood at €24.3 billion, up 3.4% on a LFL basis, led by +4.0% in value and -0.6% in volume.

In 2022, the net sales increased by 7.8% on a LFL basis, and the company increased investments in brands and core capabilities, after years of decline. Danone strengthened the competitive position in many countries such as the U.S., Japan, and China, and made progress in making on Danone’s portfolio more resilient and better performing. In 2022, Danone has the lowest ESG Risk among peers according to Morningstar (see Table 4).<sup>28</sup>

In the Integrated Report, Antoine wrote:

“2022 was a year like no other. During unprecedented external challenges, we: launched a new strategy, Renew Danone; celebrated the 50th anniversary of the Dual Project and Antoine Riboud’s Marseille speech; re-emphasized our commitment to healthier and more sustainable lifestyles through our sponsorship of the 2024 Olympic Games, and set our sustainability priorities for the coming years, focusing on health, nature, and people and communities”.<sup>29</sup>

The new Danone CEO also emphasized the commitment to the people, employees, and community:

“We could not have achieved what we did in 2022 without the passion of our employees and their continued engagement. Moving forward, we believe that we have everything it takes to continue to be pioneers in sustainable value creation. We have a robust agenda to ensure long-term growth which is competitive, profitable and sustainable. Through our Impact Journey, which builds on Renew Danone and is rooted in our Dual Project and our mission, we aim to step up our positive impact on health, nature, and people and communities while driving performance.”<sup>29</sup>

The challenge for Danone lies in reconciling two competing timeframes within the same business model. On the one hand, there is a need for short-term financial viability, especially in fast-moving consumer goods. On the other hand, the company must invest time and resources in long-term growth. Danone, like many other businesses, faces the pressure of transformation alongside immediate financial and commercial demands. While being a mission-led organization can facilitate the reordering of priorities, it cannot completely change the narrative.

After the results of the first quarter of 2023, Antoine celebrated the 8<sup>th</sup> quarter of growth in a row.<sup>30</sup> Company report<sup>31</sup> highlighted that the consolidated sales stood at €6.9 billion, up 10.5% on a LFL basis, with a +10.3% contribution from price and a +0.2% contribution from volume/mix. All geographies contributed to the strong start of the year: in Europe, sales were up 6.2% on a LFL basis, driven by +10.2% growth in price and -4.0% in volume/mix. Several brands (Danone, Actimel, Alpro, Evian and Aptamil) had a good performance. According to the CEO,<sup>32</sup> the year 2022 underlined progress in terms of strategy and execution, thanks to the full implementation of the “Local First” reorganization plan (started in 2020) and the launch of the “Renew Danone” plan. Danone continued to invest heavily in its products, brands and skills in the second half of 2022, while meeting its margin commitments and despite a year marked by unprecedented external challenges. During the shareholder’s meeting of April 2023, the debate touched the successful process of renewing Danone’s governance, with the separation of Chair and CEO’s roles, the recruitment of Antoine as CEO, and the election of new directors. As of 2023, 74.2% of Danone’s global sales are covered by B Corp™ certification, marking considerable progress towards Danone’s ambition to become one of the first certified multinationals.

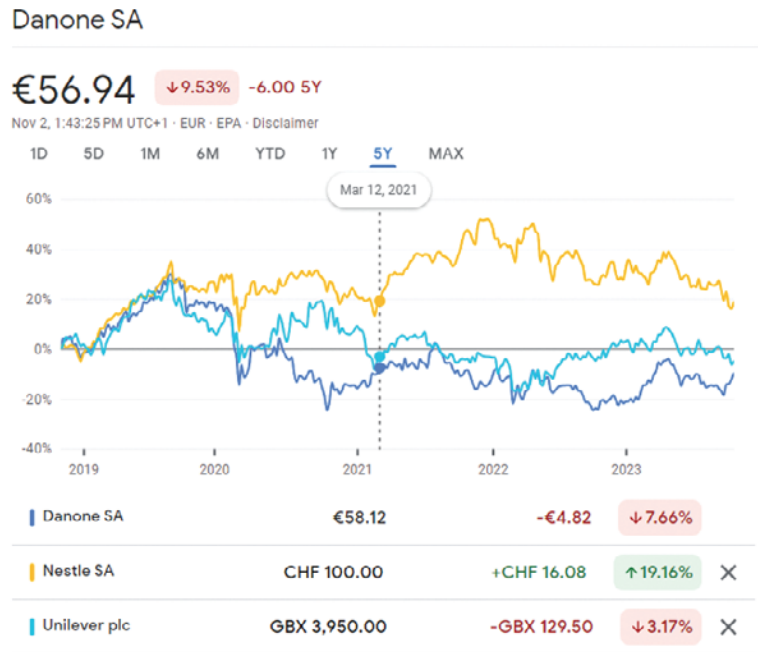


Figure 1 - Evolution of the share's price of Danone, Unilever and Nestlé over the period 2019-2023  
Source: Google Finance<sup>33</sup>



Figure 2: Danone Impact Journey  
Source: Danone Integrated Annual Report 2022.

Performance/Year	2019	2020	2021	2022
Net Sales	€25.3	€23.6	€24.3	€27.7
LFL Sales Growth	+2.6%	-1,5%	+3.4%	+7.8%
Free Cash Flow	€2.5	€2.1	€2.5	€2.1
Recurring Operating Margin	15.21%	14%	13.74%	12.2%
Net Debt/EBITDA	2.8x	2.8x	3x	2.5x

Source: Integrated Annual Report Danone – Investors.

Performance Area/Year	2019	2020	2021	2022
Net Sales Year	€25.30	€23.60	€24.30	€27.70
Essential Dairy and Plant Based (EDP)	€13.16	€12.80	€13.12	€14.79
Specialized Nutrition	€7.59	€7.10	€7.30	€8.32
Waters	€4.55	€3.60	€3.90	€4.54

Source: Integrated Annual Report 2019-2022.

Dates	Danone SA	Unilever PLC	Nestlé SA
13 March 2020	€53.76	€43.26	€84.84
26 February 2021	€56.46	€42.88	€86.47
12 March 2021	€58.12	€46.01	€90.14
19 March 2021	€59.02	€46.08	€92.90
13 August 2021	€64.48	€48.87	€105.76
25 February 2022	€56.02	€44.65	€113.96

Source: Google Finance

Company	Market Value	Sales	Profit	Assets	Business	ESG Risk Rating
Danone	\$42.51	\$29.07	\$0.993	\$48.33	Food & Beverage	19.5
Nestlé	\$337.66	\$98.87	\$9.71	\$146.11	Food & Beverage, Health Sciences	27.3
Unilever	\$140.02	\$63.11	\$8.05	\$83.05	Food, Refreshment, Home Care, Beauty & Personal Care	24.6

Source: Forbes – Global 2000<sup>34</sup>

**Box 1: The B Corp**

B Corporations (or B Corps) are companies that meet rigorous standards of social and environmental performance, transparency, and accountability. To obtain the certificate of B Corp, companies should reach a minimum score (i.e., 80 out of 200) in five key dimensions (i.e., governance, workers, community, environment, and customers). B Corps represent a new breed of businesses committed to meeting high standards of social and environmental performance while simultaneously pursuing profitability.

The B Corporation movement began in 2006 when B Lab, a non-profit organization, introduced the B Corp certification to address the growing concerns about corporate social responsibility and environmental sustainability. Initially centered in the United States, the movement has since expanded its reach to all continents, reflecting its global significance in transforming business practices. The B Corp certification is no longer limited to a specific region or economic powerhouse; it has spread to developed and developing nations. At the end of 2023, there were over 7,600 certified B corporations in more than 93 countries and over 161 industries.<sup>35</sup>

**Box 2: The benefit corporation**

The benefit corporation is a type of for-profit company, whose legally defined goals include profit and a positive impact on society, workers, community and the environment. This corporate form was firstly developed in Maryland (US) in 2010, and later adopted by several other states like Italy (2016), Colombia (2018), and France (2019).

In France, the “Pacte” law (2019) allowed the possibility to create a “Société à Mission”, that is a company whose objectives in the social, societal, and environmental fields are aligned with this purpose and set out in its by-laws. This status entails: 1) defining a purpose (“raison d’être”) and writing it into the company’s by-laws; 2) including social and environmental objectives aligned with that purpose in its by-laws as well; 3) creating a mission committee responsible for monitoring progress made towards achieving these objectives and appointing an independent third party to verify that the mission is carried out.

In February 2021, together with the Mission Committee, Danone defined short-term key performance indicators and targets for 2021 to steer the early journey as a “société à mission” and to monitor the progress towards the Mission Objectives from the start. The Mission Committee is responsible for monitoring the implementation of the social and environmental objectives that Danone adopted as a Société à Mission by assessing the effectiveness of the actions according to the roadmap adopted, examining the relevance of the actions and the performance indicators (KPIs), especially in regards to the impact on the stakeholders and ecosystem of the company, and presenting the annual report along the Shareholders meeting, with the results of the monitoring. Committee members include independent global experts in sustainable development, governance, the environment, health, and social topics that represent diverse experiences.

# Endnotes

1. This case has been prepared as a basis for class discussion and not to assess whether the strategies and decisions adopted by the companies mentioned have been effective or ineffective.
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