About the consultation

The inaugural consultation of the World Benchmarking Alliance, held on 19 September in New York on the margins of the 72nd session of the UN General Assembly, brought together thirty-four participants representing companies, investors, civil society, international organisations, foundations, and research institutions.

The consultation aimed to lay out the general rationale and concept for the WBA, as well as explore the following strategic questions:

- What kinds of institutions need to be part of the alliance to help ensure the WBA is credible and legitimate? And what value does the WBA need to create in return?
- How can corporate SDG benchmarks be designed to ensure they create value for stakeholders as well as the companies being assessed?
- Where can the WBA complement the efforts of leading initiatives such as UN PRI, UN Global Compact, GRI, and commercial research providers such as MSCI or Sustainalytics?
- How can we best go about identifying and prioritising the critical intersections between the different SDGs and industries?

To build relationships and promote dialogue between different stakeholder groups, the above issues were explored in two ways. The first consisted of discussions in small groups, enabling participants to have in-depth conversations with peers in their areas of primary interest as well as meet and share views with participants from other sectors. The second consisted of large group engagement, which sought to leverage the collective insights, energy and commitment of individuals focused on delivering the SDGs. Below is a summary of the main themes and insights that emerged from these discussions.
Putting people back at the centre

The SDGs are the milestones marking the path toward a future in which no one is left behind. Spanning 17 goals and 169 targets, they call on all stakeholders, including investors, companies, civil society, consumers, and governments, to work collectively towards a future that is beneficial for both people and the planet.

As some participants pointed out, however, today’s financial system is not yet designed to be as inclusive or participatory as is needed for the SDGs to be realized within the next 13 years: sustainability is not integrated within the current system, few people understand how money flows throughout capital markets, and the way money flows is not aligned with the SDGs. The result is an increased and systemic vulnerability of our global financial system, our environment, and our societies.

Most participants therefore agreed that the SDGs call for a re-definition of the notion of risk that goes beyond just financial issues. “In traditional financial risk, you talk about the risk to the company or the investor. With the SDGs, you have to talk about the people,” noted one participant.

Putting people at the centre should thus be an essential element of any effort to align corporate practices with the SDGs.

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Participants discussed the multiple ways corporate SDG benchmarks can create value for multiple stakeholders, as well as the necessary conditions for this value to be delivered.

From an investor’s point of view, a clear added value of corporate sustainability benchmarks was the way in which they could help drive asset allocation and reduce exposure to long-term sustainability risk. While all participants agreed a focus on risk was important, some also highlighted the need to identify opportunities and suggested the importance of monitoring and communicating how positive sustainability performance yields positive returns for companies.

From a company’s perspective, benchmarks were seen as a powerful tool to prioritise corporate action on the SDGs, for example, by framing societal expectations in measurable and actionable terms. “A benchmark would help us understand where the gaps are for us and what stakeholders want us to focus on,” said one participant. Also highlighted was the fact that benchmarks can help companies measure progress relative to each other, thereby enabling a race to the top and helping the private sector deliver its full contribution to the 2030 agenda.

This combination of relative and absolute elements was seen as a powerful way to encourage and motivate all market players. The relative aspect (i.e. best-in-class) would reward the leaders and motivate the laggards to catch up, while the absolute aspect (i.e. comparing performance to societal expectations) would motivate leaders to continue to do more. In this sense, benchmarks would leverage market forces, stimulating corporations to deliver on what society expects from them.

Benchmarks, and the league tables derived from them, were also seen as powerful tools for communication with investors and within companies. As one participant noted, “the more we can show our leadership team that this is a priority for investors, the more we can drive change inside our company.” Participants
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also highlighted how a benchmarking exercise helps companies focus on the added value they bring to the communities in which they operate, thereby bringing companies closer to their customers and stakeholders. Some participants suggested that taking a value chain approach to evaluating a company’s impact could be a way to build on this opportunity.

All participants agreed that providing robust and easily understandable information would be essential for benchmarks to deliver the aforementioned benefits. “You need to make it easy for investors to ask questions and make it easier for companies to respond to them,” said one participant. Clear and robust league tables would be particularly useful in this regard, and would help to ensure that sustainability issues are as easily processed as other financial information (such as corporate bond ratings).

Most participants agreed that straightforward visualisations would also play an important role in communicating the results of a benchmarking effort. Star diagrams were mentioned as a promising way to display the multiple dimensions associated with corporate sustainability benchmarks. One participant also suggested using a QR code on products so consumers could quickly look-up how a company addresses the SDGs and how that company’s performance fares in comparison to competitors.

The need for clarity, transparency and robustness of benchmarks was also seen as having important implications for methodology and design. Relative to this, one key consideration raised was the use of science-based information, notably on the issue of climate change – where some participants noted the importance of building on the recommendations put forward by the Task Force on Climate-related Financial Disclosures. More generally, there was agreement on the need to ensure benchmarking efforts should remain scientifically aligned with what is needed to deliver the SDGs.

All participants identified the consultation process as a critical component of the benchmarking effort, noting that: “the real value lies in the dialogue that is created before, during and after the benchmark.”
There was robust discussion about how and in what way to identify, prioritise, and design benchmarks within the general SDG framework, among different industries, and across different geographies. Most participants agreed that the WBA benchmarks should take into account the different dimensions inherent to the corporate SDG agenda, such as the interlinkages between the SDGs themselves or the intersections between specific SDGs and industries. A few important points came out of this discussion.

One was the need to find the balance between focusing on a single sustainable development goal and maintaining the integrity of the SDGs, which are designed as a comprehensive and interconnected framework. At the same time, some participants expressed concern that an exercise including all SDGs for a single sector might not drive impact at scale, nor would it make it easy to compare like-with-like countries, regions, or companies. “We don’t want companies to pat themselves on the back because they have a project in each of the SDGs,” said one participant. Most participants therefore saw a need to identify the SDGs that each industry could most significantly have an impact upon, noting that how to measure that impact was a critical issue requiring further analysis. Many participants also felt that a sector approach would resonate with the largest number of audiences.

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Another challenge raised was whether benchmarks should focus on products or on supply chains. While in some industries the focus on a product might make sense (e.g. access to seeds for the agro-industry), for other industries, a supply chain focus could potentially be more relevant (e.g. consumer durables and apparel industry).

Participants also highlighted that benchmarks would need to reflect the fact that the SDGs apply to all, regardless of geographic location or socio-economic status – a concept known as universality. In essence, universality means that the SDG agenda, unlike the Millennium Development Goals, applies to the developed world as much as the developing world and should not be seen as a “developing country” agenda but rather a roadmap and plan to move all toward prosperity, regardless of where they live or operate. This universality concept, one participant noted, also applies to corporations. The choice of a new location for a company’s supply chain, for instance, might affect development progress in both the new location and the home market. Some participants suggested it would be important for the WBA to consider these nuances when developing its benchmarks.

In addition, many participants noted that specific issues and/or SDGs would likely apply across multiple industries – gender equality and decent work being two prominent examples. Exploring these would require a multi-industry view and the development of common metrics that would enable comparison across sectors. One suggested solution was to take a ‘performance gap’ approach, namely the combination of how well a company is doing compared to its peers (best-in-class approach) and how well the company fares in respect of societal expectations. Results from the application of the benchmarks would then facilitate increased performance across industries and enable sharing of best practices across sectors. Discussions ensued on whether to start with a few benchmarks where there is sufficient need, gap, and opportunity (e.g. gender, and oceans).
Dealing with data – and data providers

Data – including its transparency, reliability, quality, and comparability – came up multiple times during the consultation as a central component of the benchmarking process. Many participants highlighted the importance of making benchmark data and benchmark methodology publicly available. This, they noted, can be a powerful way to help stakeholders and consumers engage with information and with companies.

Participants also discussed important aspects for the WBA to keep in mind when engaging companies and initiatives on data sharing. On the company side, most agreed it was essential to avoid questionnaire fatigue. “Companies don’t want to fill out another questionnaire,” noted one participant. Avoiding duplication and building on existing initiatives was thus identified as a particularly important consideration for the WBA. In the same way, participants agreed it would be important for the WBA to communicate to companies how complying with requests for additional information on sustainability performance translates into added value for them.

Participants recommended that the WBA define a strategy for how to work with the reporting industry in general, and data providers in particular. Two important categories of actors were identified in that regard: public-oriented data collectors/providers (e.g. CDP) and commercial data providers (MSCI, Bloomberg, etc.).
Dealing with data – and data providers

For the first group (public providers), participants recommended an active collaboration approach. While some level of competition might be expected in this space, all participants agreed that collaboration would nevertheless provide valuable information for all and, if done well, could also help strengthen each individual benchmarking effort. In that regard, one particularly key role seen for WBA was to raise the public profile of benchmarking. This, participants argued, could help ensure that the overall funds available for benchmarking (e.g. from governments, foundations, dormant assets and elsewhere) are sufficient to fund public-oriented endeavours without them competing for funding – an area identified as presenting the highest potential for competition. Participants suggested that the focus with public providers should thus be on collaboration, joining forces in funding, and collecting only the best data – aspects that will require trust to succeed. It would also be important for the WBA to demonstrate how the partner’s data feeds into the benchmarking process for maximum impact.

For the second group (commercial providers), a more refined strategy was suggested to counter the perception that the WBA might challenge their existing profit-making models. Options suggested by participants to mitigate this perception included: highlighting the fact that the impact of commercial research would be much stronger if findings were shared; outsourcing some of the research to commercial providers, or potentially acquiring a provider. Participants also noted it would be important for the WBA to emphasise its focus on impact, as this would allow space for the other commercial providers to tackle financial materiality. Investor participants, for instance, clearly felt that this difference in focus would enable the WBA to add to existing commercial analytical endeavours. With the above considerations in mind, participants suggested it would be useful for the WBA to organise a round table with actors representing commercial providers in order to discuss these issues together and find ways to enlarge the market demand for benchmarks (as opposed to simply dividing it).
While the consultation was not focused on benchmarking methodology, insights related to the methodological approach nevertheless emerged from the different working groups.

One intervention outlined how the focus on risks versus opportunities affects the weighting – and thus the outcome – of the benchmark. “The lens you have changes the weighting,” noted a participant, adding that transparency over methodology was critical for the legitimacy of benchmarks associated with the WBA.

Participants also discussed whether it might be useful to integrate future-oriented questions into the benchmark design process, such as whether a company has a transition plan in place to address the SDGs. Another aspect discussed was the need to ensure that the ranking coming out of the benchmarking exercise reflected and tracked corporate performance as explicitly as possible. As some participants noted, the more a methodology is convoluted or complicated, the harder it will be for people to understand the results, and the more companies can play the ‘methodology game’.

Some participants echoed this concern by citing examples of companies hiring reporting consultants to help them score higher across certain categories of performance.

Others discussed the importance of incorporating and building upon existing reporting guidelines and structures as much as possible. Participants also suggested robust mapping efforts were needed to identify where others have already covered significant ground and where the WBA may need to develop its own metrics. Engaging with the UN Global Compact, the Global Reporting Initiative, and similar institutions was seen as being vital to the methodological design going forward.
A central objective of this first consultation focused on discussing the strategic aspects of engagement in order to establish strong allies for the WBA. Key audiences identified included: public officials (from the subnational to the international level), civil society actors, investors and companies, regulators and individual consumers.

Most participants agreed that, despite the benefits of engaging certain groups to build momentum faster, the consultation phase should not prioritise one stakeholder group over another, as this would negatively affect the legitimacy of the benchmarking process down the line.

Participants also noted the importance of engaging local governments, companies, and civil society actors at the city level, as these are the places where the actions and activities of companies are directly felt. Some participants suggested creating a coalition of sovereign wealth funds to support the WBA, as they have a direct long-term interest in aligning corporate action with the SDGs. Others suggested it might be easier to start with impact investors since their mission may already be more closely aligned with that of the WBA. Another key audience identified was the media: most participants noted the media would be an essential element in raising awareness of the consultation phase – and of the results of the benchmarks that the WBA will develop.

Participants also discussed the possibility of using stakeholder groups to help mobilise support for the consultation phase. One idea mentioned was the identification of champions in each stakeholder group who could help facilitate a consultation with their peers. Another was the mobilisation of one stakeholder group to engage another. One participant, for instance, noted that governments have an important role to play in mobilising and acknowledging companies in relation to corporate sustainability performance. An idea proposed in that regard was for governments to convene a council of leading CEOs to discuss the idea of the WBA and the potential applications of benchmarks within their individual companies.
Reflecting on the WBA consultation process, all participants agreed it was taking place at a unique and important moment in the history of sustainable development. The momentum created by the SDGs, and the rise of initiatives focused on their implementation (see annex II of the consultation document for an initial mapping), made the discussion around the creation of the WBA both timely and important.

Participants suggested that, moving forward, it would be very useful to continue mapping the broader ecosystem to focus the strategic positioning of the WBA and refine its added value to each stakeholder group. With that in mind, participants recommended assessing the potential unintended consequences of a particular type of benchmark or WBA governance model, as well as ways to mitigate these impacts should they occur.

Finally, participants highlighted the importance of building trust across different stakeholder groups. They also noted the opportunity of using consultations to create on-going conversations and to help build trust and partnerships between companies, investors, civil society, and governments.
Next steps

Over the course of the next eight months, the WBA will be holding a series of global and regional consultations with stakeholders to refine the WBA’s ambitions, outline its institutional structure, and advise of its priorities in terms of intersections between SDGs and industries.

The New York consultation – the first formal consultation to be held – provided the key initial inputs and ideas as summarised in this document. The WBA will carry the many insights generated from this discussion into subsequent consultations, including suggestions to:

> Make WBA consultations a continuing conversation with stakeholders beyond the formal consultation phase, with the purpose of building trust and generating ideas for the effective use of benchmarks.

> Hold a consultation meeting with data providers, (disclosure) standards and benchmark providers to explore ways in which the WBA can help bring added value to the existing landscape of corporate sustainability reporting initiatives.

> Use the scoping of potential new benchmarks (e.g. gender, oceans, climate, food and land) to deepen the consultation phase on the more technical areas such as methodology and data collection.

> Consider how core issues of universality and the ‘leave no one behind’ mandate of the SDGs can be incorporated into benchmark design and application.

> Hold a consultation with technical experts on methodological considerations across different industries and SDGs.

Continued feedback is welcome. We look forward to comments, questions and suggestions to ensure that the consultation phase about the World Benchmarking Alliance is a success.
List of participants

Access to Medicines Index
APG Asset Management
Aviva*
BlackRock
Brookings Institution
BSR
Business and Sustainable Development Commission*
Ceres
Citi
EAT Foundation
Global Reporting Initiative
Google
Index Initiative*
Inter-American Development Bank
Mars
Microsoft Philanthropies
New America
Novo Nordisk
Pearson
Pfizer
PRISSMA
Shift
The Rockefeller Foundation
UN Global Compact
UN Sustainable Development Solutions Network
United Nations Foundation*
WBCSD
World Wide Generation
World Wildlife Fund

* Founding partner attendees.