The second global consultation of the World Benchmarking Alliance took place in London on 4 December 2017 at Aviva Investors’ headquarters. It brought together 37 participants representing companies, financial institutions, civil society, governments, 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 kind of institutions should be part of the alliance to ensure the WBA is credible and legitimate? And what value does the WBA need to create in return for these institutions?

- 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 PRI, UN Global Compact, or GRI, as well as commercial research providers such as MSCI and Sustainalytics?

- What critical intersections between SDGs and industries should the WBA focus on for its first benchmarks?

To build relationships and promote open 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. This part of the discussion was held in an agora format, an ancient method used by the Greeks to discuss strategic matters in relation to public goods.

Below is a summary of the main themes and insights that emerged from these discussions.
The WBA’s focus on SDG impact was seen as a major added value to the ecosystem of organisations working to align corporate performance with sustainability. As participants pointed out, many organisations focus on SDG disclosure and reporting, but very few focus on the actual impact companies have on the SDGs.

Another important added value identified was the ability of the WBA to turn this focus on impact into benchmarks that rank companies on their performance on the SDGs. As some participants noted, most of the existing frameworks for identifying best corporate practices on the SDGs do not use benchmarks. By using benchmarks to help standardize metrics for performance and disseminate best practices, the WBA could thus provide a valuable addition to the ecosystem.

Another way for the WBA to differentiate itself, participants argued, could be for the WBA to become the first multi-stakeholder platform using a science-based approach to align corporate performance with the SDGs. In fact, while many multi-stakeholder dialogues already exist on the SDGs, most do not rely on a science-based approach. Similarly, processes relying on a science-based approach do not have multi-stakeholder dialogues associated with them.

Most participants agreed that the focus on impact should cover both the positive and the negative impact companies can have on the SDGs. This, some participants argued, is important to ensure that benchmarks provide stakeholders with insights on how companies can both improve their positive contributions and reduce any unintended negative ones. “If we want to deliver transformative impact, we can’t just have sunshine stories.”
Adding value by focusing on impact

deliver transformative impact, we can’t just have sunshine stories,” said one participant. This dual focus also matters from an investor’s point of view, where the positive impact represents an investment opportunity while the negative one represents a risk. “I’m not just interested in the good players. I want to know who the bad players are as well,” noted one participant.

How to define, measure and attribute that impact at the company level will be a methodological challenge. As participants noted, the overall impact on an SDG often goes beyond the role of any individual company, and delivering a positive contribution often requires different players to come together to solve the issue. For the WBA to encourage a race to the top, a clear and transparent methodology will therefore be essential. It will also be important to consult with companies throughout the benchmarking process to ensure they understand why and how they are being assessed.
Participants also reflected on the way the WBA could build on existing frameworks and initiatives that have started to standardize corporate reporting on the SDGs. One main advantage identified with this approach was how it might help reduce the reporting demand on companies. Building on existing initiatives, participants argued, would enable the WBA to add value by asking questions around impact without creating undue reporting requirements for companies. By translating this combined information into benchmarks and league tables, the WBA would also enable stakeholders to translate disclosure data into actionable information stakeholders can use when engaging with companies or allocating capital.

Participants cautioned taking existing disclosure data at face value, however. As one participant noted, the SDGs are quite new, and one should not expect every company’s reporting on them to be fully satisfactory at this point. “Using public disclosure is fine, but the focus should be on performance and impact,” one participant noted. Similarly, data is often incomplete and, in the case of commercial providers, tends to focus mostly on the largest listed players. Some important reporting standards are also currently in the process of being established (e.g. Task Force on Climate-related Financial Disclosures or GRI’s work on Business Reporting on the SDG) and, as such, it will take time for companies to fully integrate them.

It will therefore be essential for the WBA to have quality control mechanisms in place, as well as clear and transparent procedures on how to deal with missing or incorrect data. Not relying solely on what companies already disclose would also be an effective way for the WBA to add value to the reporting ecosystem.

Participants also highlighted the importance of going beyond quantitative data collection alone. More specifically, while quantitative data is particularly helpful from an investor’s point of view, some participants felt that relying solely on it might expose the WBA benchmarks to the risk of becoming a ‘box-ticking’ exercise. Given the focus on evaluating contribution to the SDGs and alignment with societal expectations, some participants suggested it might therefore be useful for the WBA questionnaires to also include qualitative aspects. This, they argued, would enable companies to describe their exposure to sustainability-related risks and opportunities, as well as the measures they have put in place to capture these opportunities and manage the risks. Such a feature, in turn, would make the WBA benchmarks forward-looking – an essential functionality for assessing alignment with societal objectives that would also give WBA benchmarks a strong comparative advantage.
Benchmarks reveal information, but it takes people to act on this information to deliver change. The more individuals can engage with the information generated by the WBA benchmarks, the more this change can happen at scale. As some participants pointed out, however, getting people within companies engaged on SDGs and sustainability issues can be a challenge. It is therefore important to ensure the results of the WBA benchmarks and league tables are designed with the end user in mind. “If you want to change corporate mind-sets, you should target the CEOs and board members, not just the sustainability departments,” noted one participant, adding that free and publicly available benchmarks can be a powerful way to get executives’ attention and generate internal stakeholder buy-in for corporate change.

The level of detail necessary to capture the end-user’s attention will also depend on the stakeholder group. Investors look at sustainability information in a different way than the sustainability department or the board of a company, for instance.

By and large, a key distinctive advantage was how the WBA would make this information available to the average individual citizen and retail investor. All participants saw this as a tremendous opportunity to translate corporate SDG performance data into something that people can understand, relate to, and interact with. Companies, they noted, spend a lot of time on corporate reporting but, as one participant noted, “nobody reads this information unless they are paid to.” By producing easy to understand, free and publicly available league tables on corporate sustainability performance, WBA benchmarks would give people the opportunity to make informed decisions. “If you manage to get this, this is an amazing opportunity for change,” noted one participant.
Focusing on the end user

“We need a simple headline backed by rigorous analysis.”

Too complex a message might limit uptake by the general public, however. All participants therefore agreed success would require finding a way to communicate complex issues in a simple manner. “We need a simple headline backed by rigorous analysis,” said one participant.

In addition to creating benchmarks aimed at empowering stake-holders to engage with companies, some participants also suggested it might be worth the WBA creating investible benchmarks as well. This would enable the WBA to stimulate both the demand side of corporate sustainability performance (engagement with companies) and the supply side (capital allocation). Such investible benchmarks, participants noted, could serve as a base for investable products focused on impact, with application to both the active and passive sides of investment strategies.
Identifying and prioritising the critical intersections between SDGs and industries

With 17 SDGs and 24 industry sectors, the scope of applying the SDGs to the corporate sector is too large for any one actor or organisation to address all at once. “There needs to be a way to prioritise as a starting point otherwise you have a very thin coverage of a very wide range of issues,” one participant said. Some participants expressed concern about the fact that focusing on just a few selected goals might risk undermining SDGs, which were designed as a comprehensive set of objectives. Focusing on an SDG without exploring its impact on the others, for example, might underestimate interlinkages between the goals, they argued. A similar argument can also be made for some sectors, such as fast-moving consumer goods, which are strongly interlinked with other sectors (e.g. transport). As one participant pointed out, a clear, robust, and transparent methodology is thus necessary to avoid the risk of the WBA being perceived as suggesting that some issues are more important than others.

Against this background, all participants saw the WBA’s focus on impact as a great way to address the above challenges while respecting the spirit of the SDGs. Different approaches to prioritising the production of WBA benchmarks were also explored. One option proposed was to focus on industries where positive change could have a substantial impact on achieving a single or multiple SDGs. It might also be useful to consider industries or topics that are likely to benefit from significant public and investor scrutiny by the time the first benchmark is issued, as well as those that the general public might find easier to engage with. With respect to the latter, one participant noted that while ‘name and shame’ campaigns have managed to drive consumers into action, these tend to focus on things that go wrong. It would be much more effective, that participant argued, to provide them with access to WBA benchmarks, thus providing them with information they can trust, methodologies they can consult, and league tables they can use to engage and drive positive impact from the companies they buy from or invest in.
Identifying and prioritising the critical intersections between SDGs and industries

Some participants also explored whether a pragmatic approach focusing on securing ‘quick wins’ might be interesting to consider. One such quick win could be to focus on sectors or issues where data is abundant and easily available. This, some participants argued, would enable issues to be explored in more detail, as well as test how existing data might be used to create benchmarks.

Other participants saw this approach as risky, however, noting that availability does not always imply quality, and that focusing solely on available data would orient the benchmark towards what people are currently measuring, as opposed to ranking companies on their impact on the SDGs, which was a clear comparative advantage of the WBA.

Another approach could be to create benchmarks focusing on issues or industries that are currently under-reported, and on which a ranking is likely to generate substantial momentum on engagement and dialogue between consumers, investors, and companies.

Overall, most participants agreed that irrespective of the approach chosen, a successful benchmark would likely have some of the following characteristics: strong public interest in the issue/industry, exposure of investors to the sustainability risks and opportunities associated with the sector, focus on issues that are closely tied to an industry’s core business, and some level of data availability.
Building the Alliance

Benchmarks and league tables are only powerful tools if they are considered robust, credible, and are used by a large number of actors. Thus, only through the formation of a genuine alliance can the WBA be effective as a global institution and develop high-quality benchmarks.

In addition to the major stakeholder groups identified in the consultation document (financial institutions, industry associations or trade bodies, civil society, knowledge institutions, and governmental organisations), participants also suggested involving regulators. These, they pointed out, will be important actors to engage, given the regulatory push around sustainability expected in some regions (e.g. the EU), and the role that regulators have in promoting disclosure by companies.

While the global nature of the WBA calls for large actors to be represented, some participants also pointed to the need of involving smaller actors, such as SME associations or smaller NGOs, as well as the need to involve grass-roots institutions. This, they argued, would be key in helping restore the social contract between society and companies – a contract which they saw as currently being broken.

“It is critical for allies to be able to articulate clearly why they are part of the alliance and how they contribute to it.”
Another important stakeholder group identified was the media. Getting major public relations firms involved, for instance, would help ensure the WBA benchmarks are easily understood and widely distributed, one participant argued. Most participants agreed the media industry would benefit from being involved, as it would gain a reputational benefit by supporting the WBA efforts. Involving the media industry in the WBA would also increase the incentive for media companies to act on the SDGs they can have a substantial impact on, such as gender, for instance.

Some participants also discussed whether it might be interesting to bring financial auditors into the alliance. On the one hand, these participants argued, the WBA would provide financial auditors with a neutral platform where they can have a conversation with their clients on corporate sustainability performance. It would also encourage financial auditors to demand more information from their clients on these issues, thus creating a demand-pull for disclosure. On the other hand, financial auditors might have concerns about their clients being ranked, and may not necessarily support ambitious efforts as a result.

Irrespective of their affiliation, participants agreed that it would be key for the WBA to set clear expectations of how allies contribute to the mission of the institution. This is important both to ensure that the alliance works but also to enable each ally to manage their own constituencies’ expectations. As one participant eloquently put it: “It is critical for allies to be able to articulate clearly why they are part of the alliance and how they contribute to it.” To maximise impact, participants also recommended focusing on the WBA’s desired outcomes before determining who should be part of the alliance.
Governance considerations

For the first time in a WBA consultation, participants also explored some of the possible governance considerations associated with creating the World Benchmarking Alliance. Among the important aspects discussed was the need for geographical representation. While Europe is one of the leading markets for sustainable investment, participants agreed the universal nature of the SDGs and the global focus of the WBA call for a balanced representation of all regions. The large gap in private equity and lending in SDG conversations may also require that the WBA better engage financial institutions, notably in Asia (which accounts for a large part of the SDG-related investment needs).

Another aspect discussed by participants was the need for establishing different bodies within the WBA governance structure. These included the need for strategic decision-making bodies, as well as technical committees in charge of ensuring that the WBA benchmarks are coherent and analytically robust. Both types of bodies, participants argued, should have clear and transparent rules and guidelines.

Given the focus on corporate sustainability benchmarking, the question of whether or not to allow individual companies to be allies is both as strategic as it contentious. All participants agreed that while companies will need to be consulted in the benchmark design and piloting phases, they should not be part of the decision-making bodies of the WBA. This, they argued, was essential to preserve the WBA’s independence.

Most participants also pointed out that companies would have an interest in being a part of the alliance even if they cannot take part in the decision-making processes. Companies that believe they are doing well, for instance, will have an incentive to participate because of the positive communications and reputational benefits a good ranking will bring them. Participating in the WBA benchmarking process would also enable companies to learn and better understand how to conceptualise and measure their performance on the SDGs, as well as how to improve their performance relative to their industry peers. One participant noted that participating in the WBA benchmarking process without influencing the decision-making of the institution would also be a good way for companies to regain societal trust.

Another participant pointed out that the exclusion of some companies or industries from multi-stakeholder initiatives is not necessarily unusual or badly perceived by companies.
“There is a trend in exclusion (e.g. tobacco, arms, pornography), so it wouldn’t be surprising. Whether that adds credibility to the WBA is another question,” that participant said. Another motivation for exclusion could be donor requirements. As one participant noted, some government donors have exclusions lists that need to be respected if core funding is to be secured, for example.

Overall, all participants agreed that should companies be allowed in, they should not have access to decision-making bodies of the WBA and should only be accepted in the alliance if they meet a set of coherent and transparent criteria – some of which should relate in some form to SDG implementation since is the SDGs are at the heart the WBA’s mission.

Beyond membership and governance, participants also agreed it would be important for the WBA to develop a clear stakeholder engagement strategy. In particular, given the WBA’s focus on companies and on empowering investors and citizens to engage with companies, such a strategy will need to consider how to best engage institutions such as stock exchanges or United Nations agencies.
Benchmarks, by design, are meant to generate a race to the top. They celebrate leaders, motivate low performers to improve, and leverage competitive pressure to drive action. As with any competitive sport, this requires clear, reliable, and robust rules of the game, as well as independent referees. It is thus essential, participants argued, that the WBA be established as a neutral and independent institution, one that is able to produce free and publicly available benchmarks – the underlying methodologies and results of which should be transparent and analytically robust.

Participants also discussed other ways in which benchmarks and regulation could help urge companies into action. The free and publicly available nature of WBA benchmarks was seen as a key enabler of customer engagement with companies in that regard. By enabling citizens to know how companies perform, the WBA benchmarks empower both consumers and retail investors to vote with their money. Some participants pointed out that unleashing this potential at scale might require the WBA to consult with citizens during the benchmarking process to ensure that their views are taken into account in the benchmark design. In doing so, one should be mindful of the difference between the preferences consumers express and the extent to which these drive their purchase or investment decisions. As one participant pointed out, many consumers still buy low-cost goods and apparel despite the known negative impact of some of these products.

Another way benchmarks motivate firms into action lies in how they provide investors with a common tool through which to engage with companies. Participants noted the importance of using this information not just in private engagement but also in annual general meetings as these facilitate greater pressure on companies by investors.

Benchmarks, of course, do not operate in a vacuum, and participants also discussed the role of regulation in aligning corporate action with sustainability performance. As long as it did not hamper the market dynamics on which benchmarks rely to drive a race to the top, many participants were of the view that a regulatory approach would be a great complement to the WBA’s work – as it would contribute to the disclosure push WBA benchmarks need to properly assess corporate performance on sustainability.
Managing expectations

As with any multi-stakeholder initiative, one of the measures of success for the WBA will be its ability to build on different points of views to generate a united front – in this case one that will push for the alignment of corporate performance with sustainability objectives. All participants saw the creation of publicly available, transparent and rigorous benchmarks as a clear comparative advantage in that regard. As one participant noted, it will also be essential to manage stakeholder expectations. “There needs to be an acknowledgement that not everyone will agree on methodology and outcomes,” that participant said. Most participants agreed that the success of the WBA will require building on those differences and managing the associated tensions throughout the development and establishment of the institution.

One key aspect in that regard will be to align the different methodologies developed for each WBA benchmark and to ensure consistency of approach between them. Participants saw the suggestion of common design principles as a powerful way to address this issue. They also suggested the establishment of technical committees that would help identify and manage any potential tensions within groups of manageable sizes, thus ensuring the consistency and analytical robustness of each benchmark. The expert review committees, described in the consultation document, could be well placed to play such a role.

Participants also suggested it would be important for the WBA to keep the innovative spirit that led to its creation. “This is an experiment,” one participant noted, adding that starting small and scaling up would be key to maintaining the experimentation philosophy.
Many participants highlighted the inherently complex nature of defining, measuring and exploring the nature of corporate impact on the SDGs. All, however, acknowledged the unique opportunity the SDGs provide in terms of aligning corporate performance with sustainability. While they might be complex, participants argued, the SDGs provide a common framework for all stakeholders to explore sustainable development. “Until the launch of the SDGs, we didn’t even have that common language,” one participant noted.

By and large, participants agreed that prioritisation will be necessary in the early days of the WBA. As many pointed out, however, this should not be done in a way that oversimplifies the challenge the WBA is aiming to tackle. Ranking companies according to how many women they have on their board would be easy and impactful to raise awareness on gender issues, for instance, but it would not necessarily track progress on gender equality or capture the full nature of SDG 5. Similarly, at the institutional level, while it would be easier to create an institution that would serve just one stakeholder group, doing so would miss the opportunity for the WBA to deliver an institution that truly embodies the spirit of SDG 17 (partnerships for the Goals). “We need to embrace the complexity before we can make it simple,” one participant explained.

This will not necessarily be easy or straightforward, but all participants agreed the prize was worth the effort. Simplicity, in that regard, might actually serve as a useful indicator. As one participant put it: “We are trying to tackle something extremely complicated here; if it’s easy, we’re not doing something right.”
The London consultation provided key initial inputs and ideas on the WBA concept, including its added value, institutional and governance considerations, and priorities in terms of SDG benchmarks. Key considerations that arose from this roundtable included:

- Exploring the possibility of creating both engagement benchmarks and investment benchmarks.
- Bringing regulators into the alliance.
- Embracing complexity while keeping things simple (but not simplistic).
- Creating an institutional governance structure that ensures the independence and neutrality of the WBA, including via the creation of a supervisory board, an advisory council, and technical expert review committees to ensure the benchmark methodology is robust and transparent.
- Exploring whether to include companies in the alliance, but making sure that if they are included, clear criteria are set for their participation and the limited scope of their role.

Over the course of the next four months, the WBA will build on the insights generated from the consultations held so far (New York, Jakarta, London) and continue to convene regional and global consultations with key stakeholders around the world.

**Continued feedback is welcome.** We look forward to your comments, questions and suggestions and to making the World Benchmarking Alliance consultation a success that builds on stakeholder inputs.
List of participants

PwC
Accounting for Sustainability Project (A4S)
GSMA
GlobeScan
Oxfam GB
BNP Paribas
Nestlé
ShareAction
Marks & Spencer
Cambridge Institute for Sustainability Leadership
Novo Nordisk
Zoological Society of London
Diageo
Aviva
SustainAbility
DFID
Danida
ISEAL
Sustineri
KPMG International
WWF UK
The Graduate Institute, Geneva
Cass Business School
ABN AMRO
Standard Life Investments
British Red Cross
Hermes Investment Management
Future-Fit Foundation
PRI
Milken Institute
WBCSD
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