Consultation on
the World Benchmarking Alliance

Mumbai – 14 March 2018
Summary document
The seventh global consultation of the World Benchmarking Alliance (WBA) was held in Mumbai, India on 14 March 2018, co-hosted by the Consulate General of the Kingdom of the Netherlands in Mumbai. It brought together 34 participants representing companies, business associations, civil society organisations, research institutions, investors, banks, governments, entrepreneurs and sustainability experts.

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

- How are companies in India integrating sustainability and the SDGs into their business?
- How can corporate SDG benchmarks be designed to ensure they create value for stakeholders as well as the companies being assessed?
- What are important intersections between industries and the SDGs in India?

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 as well as meet and share views with participants from other sectors. For the final question, participants were presented with a blank SDG-Industry intersection map and asked to identify the four key intersections they felt were most important in India. This activity provided a foundation for the final discussion, with participants providing a rationale for their intersection choice.

This summary document outlines the main themes and insights that emerged from the consultation meeting.
Different participants emphasised that the understanding of corporate sustainability is still low in India but that this is changing due to the introduction of mandated CSR spending. As a result, companies are coming to understand that they need to look more holistically at their bottom line. Considering sustainability is still a fairly new concept, participants also found that understanding of the SDGs is even more limited, especially within smaller organisations. More needs to be done to build this understanding of sustainability and the SDGs within companies and in the business sector in general, according to the participants. Participants also noted that in India there is often the perception that sustainability only costs money and does not necessarily deliver any returns. “If a company is not profitable it is not sustainable,” one participant noted. However, participants agreed that having the right procedures and standards in place can often help to build and drive efficiencies, as well as secure supply, which can in turn have a positive effect on the bottom line. One of the participants noted that the supply chain is very important in India, particularly for companies that do not keep processes ‘in-house’. A few participants felt that Indian corporations either do not care, or do not understand the SDGs, “sustainability only happens when it affects the company’s bottom line,” one participant noted. Another participant stated that helping companies to better understand and showing them how non-financial goals can advance financial goals, would contribute to making that crucial link between the bottom line and sustainability.

“Sustainability only happens when it affects the company’s bottom line.”
As highlighted above, many participants felt that although awareness on the SDGs is still low in India, this is growing. A few participants commented that strong consideration must be made on how to achieve greater awareness in companies, stronger commitment to sustainability initiatives, and stricter regulation from governments. Some participants felt that Indian businesses will adopt the SDGs eventually - both with a focus on specific SDGs and the broader SDG agenda - as they come to understand it will give them access to a growing market which puts importance on sustainability.

One participant highlighted that it is crucial for companies that align with the SDGs to find value in their contributions. This should be in both the short- and long-term, and take multiple forms including both monetary and brand value. All participants agreed that financial institutions play a vital role in driving value in sustainability and SDG contributions, examples given included responsible investments and green bonds. A few participants felt that until incentivised to act, companies are ‘fence-sitters’ waiting to be pushed by consumers, brands or investors to take action on sustainability.
Some participants felt that although understanding around sustainability is growing in India, a large number of Indian corporates are still unaware of key social and environmental issues affecting their business, and that further education is needed. One participant mentioned that although a few corporates have started to educate themselves, they often remain unaware of how their sustainability efforts link to the SDGs. Another participant built upon this point with the example of companies who are highly dependent on water in their production processes saying, “these companies do a lot of work in water conservation, without necessarily knowing that this is tied directly to an SDG” (SDG 6). Participants went on to discuss how best to communicate examples like this, where sustainability and the SDGs are already being unknowingly integrated within business models. One participant suggested that businesses have been running sustainably for years with the knowledge that they are doing so, but continue to lack the awareness and resources which would enable them to highlight their practices to key stakeholders - including consumers, investors, and civil society organisations; “can they communicate their impact?” one participant asked.

The media was identified by participants as a key partner in raising awareness on the SDGs and general sustainability issues in India, however many agreed that these topics continue to receive limited coverage. Participants also mentioned that there are no media outlets that focus specifically on sustainability and that general media platforms never talk and write about these topics. A reason for this, as one participants suggested, could partly be explained by the fact that the understanding of sustainability by those who work and manage Indian media is still very low. An idea put forward by the participants was for the WBA to organise a session with Indian media to “sensitise them to what is happening around the world.”
Since 2014, companies in India with annual revenues of more than 10 billion rupees have to spend 2% of their average net profits on CSR activities. One of the participants noted that “in India we don’t like to do philanthropy in our business. That’s why we turned it into a law.” A lot of the discussion focused on this 2% mandatory spend on CSR. Many participants believed that the enactment of the 2% law marked a period of transition for the business community in India and that since then there has been a shift, with corporate responsibility becoming part of the narrative. Due to the increased emphasis of CSR in India, participants claimed that many companies would respond negatively to benchmarking if it only served to publicly identify them as having unsustainable business practices. In this regard, corporate SDG benchmarks should also encourage – through an educational and informative manner – companies to improve their practices and thus be a key driver for change in the country.

There was general agreement that CSR moves in two ways: CSR as philanthropy, and CSR as sustainable impact, with the majority of companies focusing on the former. Different participants emphasised that the money from the 2% law focuses on community investments and is often used to “adopt a village” but does not stimulate companies to look at the overall
impact of their business. One participant argued that because these investments are done at the discretion of companies, large imbalances exist across the country with regards to their impact. In addition, alignment of this spending with a company’s core business operations was considered low by participants, “not a lot of companies are aligning their community investments with the business.” They saw clear opportunities to strengthen this, so as to drive more effective business impact.

Quite a few participants felt that although the 2% law had led to conversation on sustainability issues ‘gathering steam’ in the country, that it was important to go beyond that and push companies to do more. “The 2% law is the biggest distraction,” one participant said, “the problems are way too large to be solved with a 2% corporate kitty, even if you take the entire profit tool - it’s too large.” Participants noted that whenever companies talk about the SDGs, this often happens in the light of the 2% spend but that the discussion needs to move to how the core business operations of a company impact the SDGs. One participant believed that businesses who improve agricultural productivity are going to do a lot more to solve hunger (SDG 2) than any dedicated CSR spend, and businesses that provide jobs or stimulate entrepreneurship (SDG 8) will be much more effective in solving issues of poverty (SDG 1) than any specific CSR initiatives a company may set up. Participants emphasised that this thinking can be applied across a number of SDGs. The SDGs are still mainly understood as government responsibility in India, whereas participants agreed that business has a key role and responsibility in achieving them. Many believed there is an opportunity for companies to work closer with the government as the government already has a number of schemes in place that are closely aligned with the SDGs.
Participants explored how such a dense field of sustainability reporting standards (both voluntary and mandatory), methodologies and practice, are reducing the levels of trust. One participant suggested that “businesses are reporting on their own business. It’s too insular.” Participants discussed the insularity of reporting mechanisms in terms of the lack of connection between different requirements, both in terms of content, style and end-result. One group noted that sustainability reporting is still in its early stages in India with one of the participants stating that “companies are not doing even the most basic reporting”. Existing reporting frameworks are often too complex for Indian companies as they contain so many parameters, according to participants. Participants posed a number of key questions with regards to reporting, such as where do these reports go? And who uses them? Generally, participants concluded that lack of sharing and comparability means there is little to no testing of quality, truthfulness and relevance and there are discrepancies between what companies report and what they actually do, or as one participant put it “things are not actually being done that companies present.” Reporting verification (both internal and external) was considered as an important step towards improving the credibility of corporate sustainability information. Participants believed that the WBA could play a role in facilitating or contributing to this.
One of the participants suggested that these audits shouldn’t focus on economic sustainability alone and that, in addition, there must be consistent elements which take into account and measure human rights and environmental impacts. Others agreed that this would be an effective way of tackling the existing disparity between traditional ways of thinking about CSR and the new framework of the SDGs, which is more inclusive of various issues. Participants also discussed the recent Securities and Exchange Board of India’s (SEBI) call for the top 500 Indian companies to voluntarily adopt integrated reporting. However, most felt that integrated reporting is still in its very early days. Participants did feel that this call was driving companies to rethink their sustainability approaches, most notably in the area of resource management (e.g. water, energy, fossil fuels). Participants also felt concern with regards to reporting on the SDGs, as this might be even more difficult for companies in India, taking into account that there are 17 SDGs and 169 targets.

In the case of external standards, participants felt the WBA would need to consider its image as a ‘western organisation’ as this may be perceived by Indian companies as an imposition of practices and standards that disregard the local context. Some participants felt it is important for standards to be localised, taking into account the existing business ecosystem, traditional social systems, and the local environments. However, others felt that this localisation of standards only creates more confusion and is less relevant in the SDG context.
Accounting for inter-company differences

Similar to other roundtables, participants stressed that often small- and medium-sized enterprise (SMEs) do not have the means to make the required investments into more sustainable practices. One of the participants said that often SMEs “are struggling for their survival” so sustainability might not be on the top of their priority list. One participant described India as a story with two worlds where SMEs and larger or multinational corporations (MNCs) have very different approaches to sustainability. One participant suggested that most leading Indian companies have always had a sustainability ‘gene’ and that the actions were there even if the vocabulary wasn’t. Participants largely agreed that leaders in the space are very important as they push the sustainability agenda forward. On the other hand, and as mentioned previously, a number of participants felt that thousands of SMEs are ‘fence-sitters’ with no incentive to act on sustainability unless pushed by regulation, consumers or other companies in their value chain. A few participants believed that the best place to start driving more sustainable change within business is at the top companies within a given industry, with the highest revenues. In response to this, other participants questioned whether SMEs would feel, experience and benefit from such a top down approach - for example in terms of supply chain, demand pressures, and sustainability regulations.

One participant put forward that many SMEs are aware and exploring possibilities of sustainable practice, but are restricted in their abilities to convert awareness into action. This is due to SMEs needing to set competitive prices in order to secure business, which doesn’t normally include sustainability considerations. An additional factor SMEs face is time pressures. With increased pressure from manufacturers and market demands, SMEs are often working on a very tight time cycle of production, leaving limited space for sustainability interventions.

Overall, participants made clear that the nature of the Indian business ecosystem means that approaches and perspectives need to be aligned with contexts - including economic, cultural, and regulatory contexts. The scale of business in India is vast and complex - conglomerates, MNEs, SMEs, micro-SMEs, informal sectors - and because of this there is are huge gaps within the sustainability dialogues and practice. Particularly between conglomerates and MNEs and SMEs as, due to the nature and scale of these larger companies (multiple business stretching across countries), SMEs often are overlooked within the sustainability agenda.
Participants emphasised that benchmarks should be non-threatening for companies and a benchmark’s goal should not be to no name and shame. One participant said, “shaming only goes so far, it hasn’t worked with humans so why would it work for companies.” Most participants believed naming and shaming will not encourage companies to participate. In addition, benchmarks should not be too prescriptive, or, as one of the participants noted “telling companies that they have to do A, B, and C, does not work”. Instead, benchmarks should focus on encouraging companies and rewarding them for first steps taken. Participants considered this reward to be particularly important: “all companies are looking for that reward and this is not all about money.” When benchmarking methodologies clearly lay out the various steps companies have to take to maximise their contribution to the SDGs, participants believed this could help companies to build confidence. Participants also discussed how there is a need for benchmarks to motivate companies to perform better through highlighting the value in sustainability, and that it should remain clear that companies are only expected to respond to SDGs/issues where their business can make a meaningful contribution.

“European mind-sets don’t work in India.”
One of the participants also mentioned that “European mind-sets don’t work in India”. Dynamics and local frameworks are different which should be taken into account and understood when developing the benchmarks. Others believed that even though contexts might differ, companies should be compared against the same criteria. There was disagreement within the group about the relevance and need of comparing local industry with global industry. One participant questioned, “does this level of comparability create the risk of western finger pointing?”, to which another responded, “no risk, it’s already a reality”. Some participants felt that integrating local and national assessments would help to establish more relevance and drive within companies, and was also considered good for creating an environment of change-driven competition. Other participants also felt that integrating local and global assessments would set higher expectations and push for greater sustainable development achievement. A few participants felt that it was too early in India to jump to benchmarks, as they believed there first needs to be a conversation on how to align sustainability with a company’s core business and values.

Participants agreed that benchmarks, sustainability drivers, changes and solutions, must be created through multi-stakeholder engagements. The participation of multiple stakeholders in this
roundtable was seen as crucial when examining the most important, practical aspects of SDG-Industry intersections and corporate benchmarks. For benchmarks to be truly effective, this multi-stakeholder approach should also be key to their development, use and implementation. Participants believed that especially banks, investors and governments should be key users of the results of the benchmarks, e.g. in determining interest rates or when providing capital for companies. As companies need capital all the time, participants felt that financial institutions were particularly important.

Transparency of the benchmarks was also considered as a key characteristic as this ensures that different stakeholders have access to the results and can in turn use these in their work or in their engagement with companies. “It’s about enabling decision making,” commented one participant. Participants could foresee increased productivity in the synergy of existing initiatives and given the sheer scale of business in India, the intervention of a broader system for measuring SDG performance was celebrated. “Accountability through comparability” was posed as key for potentially uniting the multitude of current standards. Some participants were sceptical about the simplicity of the task of combining all into one framework and noted that the idea of a simplified metrics ecosystem was difficult to implement in practice. One participant stated that “creating comparability is a complicated process.”
Identifying important SDG-Industry Intersections

While each industry can be linked to the 17 SDGs, this activity asked participants to focus on where a given industry could have the greatest impact in India and where solutions are more likely. Using the WBA’s SDG-Industry map as the basis for discussions, participants worked together to identify some of the most important SDG-industry intersections from an Indian context and perspective. Participants identified four key intersections where they felt that an industry could make a substantial contribution to an SDG. The map below shows the outcome of this activity and is followed by a few insights from participants on why they chose these intersections. The intensity of the colour indicates how many people chose that intersection. Participants reflected on the relevance of this activity for India due to the complex nature of the country’s economic and development status. One participant noted “here in India we have super high-tech science fiction innovations as well as third world issues. There is supreme innovation and severe poverty” with another saying, “many people are still fighting for their fundamental human rights.” This highlights how in India the critical issues can span across a number of SDGs and industries.
Identifying important SDG-Industry Intersections

Participant SDG-Industry intersection heatmap

NOTE: ‘energy’ under GICS includes industries active in fossil fuels while participants usually used energy to describe electricity.
Identifying important SDG-Industry Intersections

Industry perspective
When discussing the SDG-industry intersections that people found very important, several industries were highlighted.

Energy and electric utilities
The energy and electric utility sectors were considered very important by many participants as they have an effect on many different SDGs. One of the participants described that women and girl children often spend a significant proportion of their time collecting firewood. This limits their opportunities to go to school (SDG 4) or perform other economic activities (SDG 5). Also, the high dependence on firewood for cooking in rural areas leads to the destruction of forests and jungles (SDG 15). SDG 7 was also considered key as this can provide communities with both clean and potentially also more affordable energy. SDG 13 was also mentioned in this regard, as the burning of fossil fuels is a primary cause of global warming. Increasing both access to and the share of renewable energy in the energy mix was considered very important in the Indian context. Improved access to electricity was also considered key to SDG 1. As many villages in India are now electrified for the first time, participants believed this will have a very significant impact on poverty alleviation in these areas.

Food and staples retailing and food, beverage and tobacco
The seafood sector was mentioned as an industry that has a key impact on achieving SDG 14. Whereas companies that export seafood were considered to have a somewhat sustainable footprint, participants believed this does not hold for companies that operate on the domestic market. Foreign companies could play an important role in improving sustainability of the sector and raising standards, also for products sold on the domestic market. In addition, participants considered the food sector as one of the most important sectors for achieving SDG 2 due to their belief that the sector connects producers and consumers. In light of this connection, participants spoke about the need for companies to educate consumers on the food they were consuming and the impacts this will have on health (SDG 3). This was furthered in a parallel discussion where others highlighted that people were becoming ill and developing serious health issues as a result of exposure to pesticides, fertilisers and other chemicals, as well as poor working conditions and exploitation (SDG 3 and SDG 8). The use of these chemicals also has a negative impact on bio-diversity (SDG 15). One participant gave an example of a farming community that produces food for their own consumption separately to the food they produce to sell, because they are aware that their farming practices
are causing people to become ill. The food processing industry was mentioned as having significant impacts on health, however some participants felt that standards where often only adhered to for export products and domestically consumed food products were of a lower quality (SDG 3). Participants stressed the need to educate farmers on ways to be both profitable and sustainable.

**Banks, diversified financials and insurance**

Banks were also considered an important sector as it is a cross-cutting sector: it lends to all sectors and companies, small and large, listed and non-listed. SDG 12 was considered important as banks can make a conscious decision to lend to organisations that act responsibly and sustainably or adjust their interest rates. Ensuring that more people have a formal bank account, something which is also a key focus of the Indian government, can also provide people with access to other benefits such as subsidies and/or loans which can in turn have a positive effect on economic activity and entrepreneurship (SDG 8). It was also mentioned that the number of women with bank accounts is lower than men and even though they work, they might not be declared as workers because often they work in the informal sector (SDG 5). According to one of the participants, the insurance sector can make important contributions to SDG 10 as a lot of people at the bottom of the pyramid are uninsured. Only people that work in formal employment are insured but as many of the poor are employed in the informal sector they lack access to affordable insurance. One participant noted how this has created a “large network of informal insurance.” Without insurance, high out-of-pocket healthcare expenses can be an important cause of impoverishment for families (SDG 3). It was also mentioned that “insurance as a practice” should be more widely promoted as participants felt many people in India remain uninformed, and therefore unaware, about the benefits of having insurance.

**Real estate**

Real estate was mentioned by several participants as an important industry due to its close relation to other industries (e.g. materials, capital goods, and transport) as well as in light of the exponential rates of urbanisation in India. Urbanisation was identified as a critical challenge to sustainability, with many participants considering that in the current state, rural to urban migration reduces the quality of life for people. There was a sense within the discussions that urban areas will inevitably continue to expand due to, for example, people seeking new economic opportunities and climate-change induced internal
Identifying important SDG-Industry Intersections

migration. With growing populations seeking places to live, participants felt real estate not only played a role in providing safe and affordable shelter (SDG 11) but can also lead to the provision of employment (SDG 8) and innovation in urban habitation (SDG 9 and SDG 11). Additionally, participants examined how the wrong type of construction and unsustainable buildings can cause a lot of pollution (SDG 12 and SDG 13) and be detrimental to ecosystems (SDG 15).

SDG Perspective
In the discussion, different SDGs were highlighted as key in the Indian context.

SDG 6 – Water and Sanitation
Water contamination, pollution and insecurity featured consistently in discussions and participants mentioned the need for an issue-focussed benchmark on water due to its relevance in a numerous industries and SDGs. One participant said, ‘Indian cities are reeling under waste,’ and that this was leading to a number of health issues due to manual waste scavengers and non-sanctioned landfills.

SDG 8 – Decent work and economic growth
Participants spoke of the phenomenon of “farmers becoming builders” – highlighting how rapid increases in urbanisation means increasing ‘herd mentality’ of new construction projects and living needs. Real estate, transportation and construction companies can play a role in safeguarding people through these transitions. Participants noted how changing livelihoods are causing a diversification of income and saw high potentials for telecommunications and banks to play a role in innovating how people access, manage and transfer their income/savings.

SDG 10 - Reduced Inequalities
Participants also discussed specific sectors where the inequality was high along the supply chain, these included apparel, energy and materials. Participants felt in order to address this there would need to be a shift in power along the value chain and an increase in salaries. Some participants felt that although the private sector had a role to play in reducing inequality, this SDG is the least focused on by companies. Other participants felt that this was because addressing SDG 10 has the potential to cause the greatest risk and unrest for companies.
The Mumbai consultation – the seventh formal consultation held – provided key inputs and ideas on the WBA concept, including its added value, institutional and governance considerations and priorities in terms of SDG benchmarks.

Key considerations arising from this roundtable included:

> Generally, in India, much greater awareness needs to be created about the global sustainability agenda, the SDGs, and how this applies to the Indian context. The media can be a powerful tool in achieving this aim.

> In order for companies to make progress on the SDGs they need to fully integrate sustainability into their business. This means ‘going beyond the 2%’ requirement and no longer viewing sustainability issues as a CSR concern separate from the core business.

> In order for benchmarking to be successful and utilised in the Indian context, companies need to understand the link between sustainable business practices and profitability.

> For the WBA to be viewed as a credible organisation it must be sensitive of local experiences, knowledge and issues, in order to avoid being perceived as a ‘western organisation’ imposing standards on Indian companies.

> Companies in India do not respond well to ‘naming and shaming’. Benchmarking must be done in a way that facilitates and encourages improvements.

Over the course of the coming months, the WBA will build on the insights generated from the Mumbai consultation as it continues to convene consultations with key stakeholders around the world.

Continued feedback is welcome. We look forward to comments, questions and suggestions to ensure that the World Benchmarking Alliance consultation is inclusive and builds on stakeholder inputs.
List of participants

Action Aid India
British Deputy High Commission
Child Rights and You
DHL
Earth5R
Fountain Head-II Cleantech India
Global Reporting Initiative
Grameen Capital
Habitat for Humanity India Trust
Impact Investors Council
Intellecap
KPMG
Mahindra Group
Observer Research Foundation
Oxfam India
Rabobank
Research and Information System for Developing Countries
SDG Foundation
Solidaridad Network Asia
Step Private Limited
Strategic Foresight Group
The Energy and Resources Institute
Tierra Seed Science
UNLtd
UPL
WRG 2030
Yes Bank (3x)