Annual Report 2021

World Benchmarking Alliance

Contents

Message from the Executive Director

2021 was WBA's third full year of operation. We ended the year being almost halfway towards achieving our goal of assessing the 2,000 keystone companies within the seven systems by the end of 2023. We have published new benchmarks with over 750 companies in scope, published the methodology for the Financial system and the methodology development for our Nature Benchmark is well underway. Furthermore, we have seen our Alliance grow to 287 organisations and launched the first Collective Impact Coalition. In parallel we have strengthened our approach to measurement, evaluation and learning with the implementation of our new results management framework, integrating the recommendations from the external evaluation in 2020.

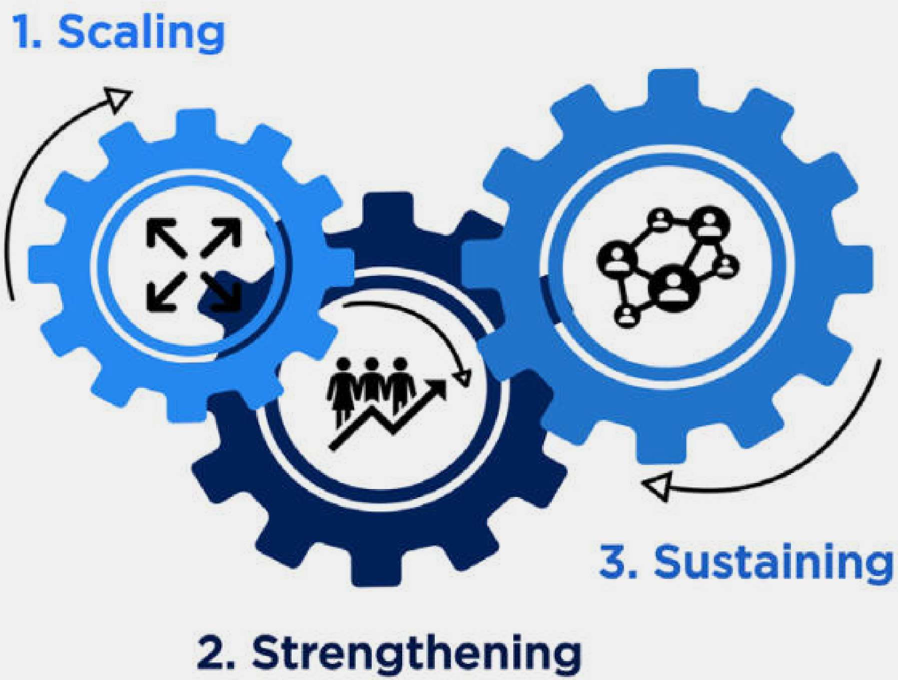
I'm very grateful to our people who have carried the work and organisation forward under what have at times been challenging circumstances. Despite it being a successful year in terms of delivery, 2021 has been a difficult year for WBA. Financial resources were tighter than expected due to slower than anticipated growth of our funding base. This meant not all roles could be filled on time which has added extra pressure onto the existing team on top of the ongoing struggle with collaborating mostly virtually.

WBA has continuously risen to the challenge of meeting the increasing expectations placed upon us by Allies, partners and companies alike. To do so, we needed to balance growth with a focus on maturing as an organisation. This demanded that we revisited many of our processes that were developed in the first year of rapid growth. Doing so created an internal need to extend our horizon beyond 2023, allowing us to achieve greater alignment, streamline our operations and maintain a continued focus on the delivery of our Theory of Change; *Transformed systems and improved business impact on people, workers, communities and the environment, particularly in developing countries.*

We ended up having to stretch that horizon more formally, which resulted in the development of our new five-year strategy under the title *Closing the Corporate Accountability Gap*. Our strategy builds on the notion that whilst business has the influence to play a leading role in driving the transformative change required to achieve the SDGs, the world currently lacks the proper mechanism to hold its most influential companies accountable. As a result, many companies don't live up to their responsibility and don't take the urgent action that is needed. That's why WBA will focus on closing the corporate accountability gap together with our Allies.

To do this, we used the three pillars of scaling, strengthening, and sustaining, as the foundation on which to build our strategy.

Continuing to scale the organisation is essential to assess the 2,000 most influential companies across all seven transformations by 2023. We need to strengthen WBA as an accountability mechanism by ensuring our methodologies, benchmarks and insights are used more and more by our Allies, partners and companies, allowing us to collectively close the corporate accountability gap. As we look even further, we explore ways to sustain the function of corporate accountability, over time, and search for its rightful place within our intergovernmental system. The first validation of the new strategy came at the end of 2021 with the Dutch Ministry of Foreign Affairs awarding WBA with a new 5-year grant. We are immensely grateful for the trust they and our other funders have put in us as it allows us to extend our horizon towards 2030 and truly focus on our mission.



Gerbrand Haverkamp
Executive Director

Improving our impact

The results of WBA's first independent evaluation, published in January 2021, were encouraging. They showed that we had delivered on our expected outputs to date and that the first signs of impact were starting to emerge. But the evaluation also highlighted a number of challenges as we had grown so rapidly. After putting in place the building blocks of a new monitoring, evaluation and learning (MEL) approach and Results Management Framework (RMF) when WBA was established, 2021 was focused on implementing the evaluation, fine tuning our monitoring, and above all learning from each other and our Allies in order to improve our impacts.

We conducted five internal learning sessions with members of different teams across WBA specifically to explore our approach to MEL. The primary objective of the sessions was to listen to how colleagues experienced the current MEL process and share learnings. Whilst the findings from the evaluation were embedded across the 2021 annual plan and realised in every team, these coordinated MEL sessions also provided an opportunity to review and accelerate implementation in a coordinated way.

From the evaluation and discussions with the team, it became clear that inconsistencies between benchmarks processes and approaches was one of the most urgent topics to address. As a result, several working groups were set up in 2021 to work on aligning steps in the research process, scoring approach, methodology structure, key terminology, and how we deal with company appeals.

We also held an organisation-wide learning session to explore differences in company engagement. Company engagement involves participation through questionnaires as well as one-to-one calls as part of the research process. It is a critical component of WBA's Theory of Change (ToC): without active engagement from a significant number of companies in scope, we cannot change their practices. This is an area where different benchmarks had innovated different approaches (for example, the format of assessment shared or the intensity of one-to-one company engagement). It was clear we had reached a stage where listening and learning from one and other was needed to shape the plans for 2022. RMF data showed that company engagement in the research process varied significantly: from 20% in some year one benchmarks to as high as 70% in more established ones. The key question for such a learning exercise was: “what can we learn from each other to maximise our impact?”.

Monitoring, evaluating and learning as we scale

To answer this question, we used WBA's ToC and RMF as the framework to explore how different activities and outputs cascade and interact, causing different outcomes. Anecdotes from companies were complemented by statistics from the RMF on company engagement rates to provide a forum for learning and improvement. The outcomes from this learning have directly fed into the plans for 2022, particularly the new and large-scale Financial and Nature Benchmarks.

The decision to shift towards a biannual rhythm for system benchmarks was embedded to provide more predictability to our Allies as well as the companies we benchmark. This was another key outcome from the evaluation learning sessions.

How often WBA updates its methodologies was another topic raised in the evaluation. It suggested WBA needed to become more consistent and carefully consider when and why such updates were warranted. Societal expectations, the science and our own learnings change which means updates are needed to remain relevant. However, changing too much too quickly can confuse our stakeholders and make comparability harder. The evaluation recommended we review whether we were balancing this tension consistently. Following discussions with the team we have developed internal guidance on WBA's approach to

methodology review which outlines common ground and principles and practical guidance, tools and tips.

The evaluation also showed that we could increase relevance to investors. Alongside all the engagement activities with investors (see p. 50) we also focused on developing more investor-ready data and benchmark results. For all benchmarks we now have downloadable data sets that show company scores for each indicator. Stakeholders, including investors, can use this data set for their own analysis. Next, we are further exploring alignment on publishing additional data points for each benchmark (e.g., underlying assessments and sources used to reach the scores).

Another recommendation of the evaluation focused on setting up stakeholder coalitions around priority themes to drive engagement. The newly formed Collective Impact Coalitions (see p. 49) do exactly that and bring together Allies around key issues that are catalytic to system change.

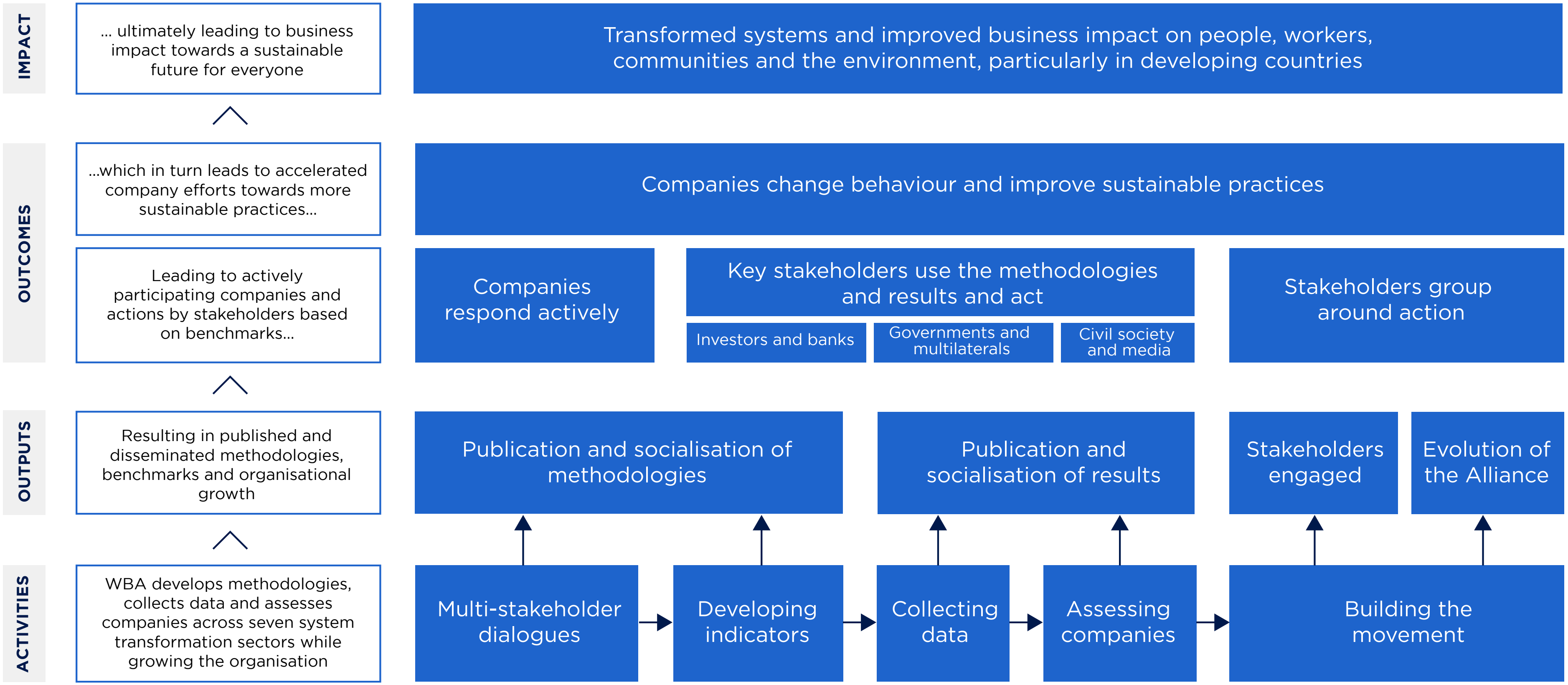
Improving how we measure and learn

In early 2021 we developed a full overview of 2020 data collected through our Results Management Framework (RMF). This provided us with a detailed overview of performance in 2020. This analysis also enabled us to identify gaps in the implementation of the RMF and data collection. Based on this, the evaluation and input from the different teams and Benchmark Leads, as well as the Research Committee of the Board and the Donor Committee, and through working with the indicators in the RMF and quarterly data, we have thoroughly reviewed the RMF and reassessed the ToC (see Figure 1 on p. 9). For example, we now better capture engagement with stakeholders beyond the Alliance in ToC and RMF such as through the newly set up Collective Engagement Coalitions. The goal of this update was to ensure that both the ToC and RMF accurately capture WBA's activities, outputs, outcomes and impact, and increase their relevance.

Developing country impact

As part of this work, we also updated our approach with regards to company impact in developing countries. This has been a long-standing area of focus for all benchmarks since WBA's establishment. All companies included in WBA's benchmarks are selected due to their global significance and relevance for developing countries – which includes supply chains and downstream sales and consumer use. To delve into these complex impacts, WBA originally trialled a model to capture company impact through sector-agnostic, universal, quantitative metrics – such as headquarter and subsidiary locations for the keystone companies. We published this analysis and applied our first tool in 2020. During 2021 we reviewed this implementation and found that data was incomplete and the model significantly underestimated impact: it missed multinationals that had a large impact in some developing countries that deeper analysis showed were highly relevant for example, through their significant sourcing from developing countries. We learnt the simple metrics such as subsidiary locations were not granular enough to fully map impact globally. With guidance from the WBA Board Research Committee, a new approach was developed to go deeper into developing country impacts by system. This will focus more on qualitative data (such as case studies) and focus on topics where more data is available. This means that rather than reporting on thin, quantitative metrics for all 2,000 companies (e.g. operational locations) we will now explore building a stronger evidence base per system to learn from. Understanding the impacts of digital services in East Africa requires a very different approach from analysing the supply chains of food companies in South Asia, for example. WBA's project with the IKEA Foundation further contributes to building this evidence base by zooming in on the supply chains of a number of food companies in East Africa and South/Southeast Asia included in the Food and Agriculture Benchmark. The outcome of this work will be used to improve our benchmarking methodologies and processes to not only ensure we maximise our impact in developing countries, but also better understand the linkages between benchmarks and impact on the ground.

FIGURE 1 WBA'S UPDATED THEORY OF CHANGE



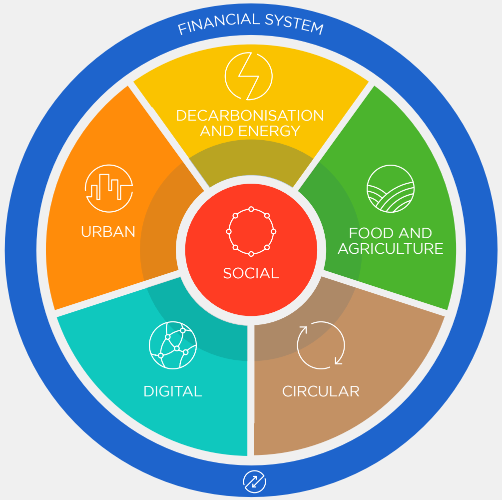
In July 2021 we published our updated seven systems transformations framework. A lot has happened since we first published our paper on system transformations in July 2019. 2020 should have kick-started the Decade of Action on the SDGs but was derailed by COVID-19 almost before the year had started. With millions newly unemployed because of the pandemic, growing job insecurity and inequality, the world experienced an outburst of protests. The pandemic ignited social expectations of businesses taking greater responsibility for people and the planet, and act in the interest of society at large.

The report focuses on how the transformations relate to today's societal and planetary needs and reflects how WBA is operationalising the framework through our benchmarks and engagement and reflects system insights based on our research and benchmarks.

One of the main changes to the framework was the expansion of the scope of WBA's circular transformation. This now more broadly covers nature and biodiversity, as recognition of the need for greater understanding, transparency and accountability of business impact on our environment.

Building on the results of our first benchmarks, we find that most companies are not doing enough to support the systems changes needed to achieve the SDGs and the goals of the Paris Agreement. Out of the 2,000 companies included in our SDG2000, 775 do not mention the SDGs in their corporate communications materials at all. Those that do reference the SDGs often fail to really integrate the SDGs into their corporate strategies and transform SDG-related commitmentsinto tangible business actions. In our benchmarks we find that companies often lack clear sustainability KPIs against which they can measure performance over time. For example in our Food and Agriculture Benchmark only 26% of the 350 companies are setting holistic, time-bound targets. Concerningly, 27% of companies did not disclose any sustainability strategy.

FIGURE 2 SEVEN SYSTEMS TRANSFORMATIONS

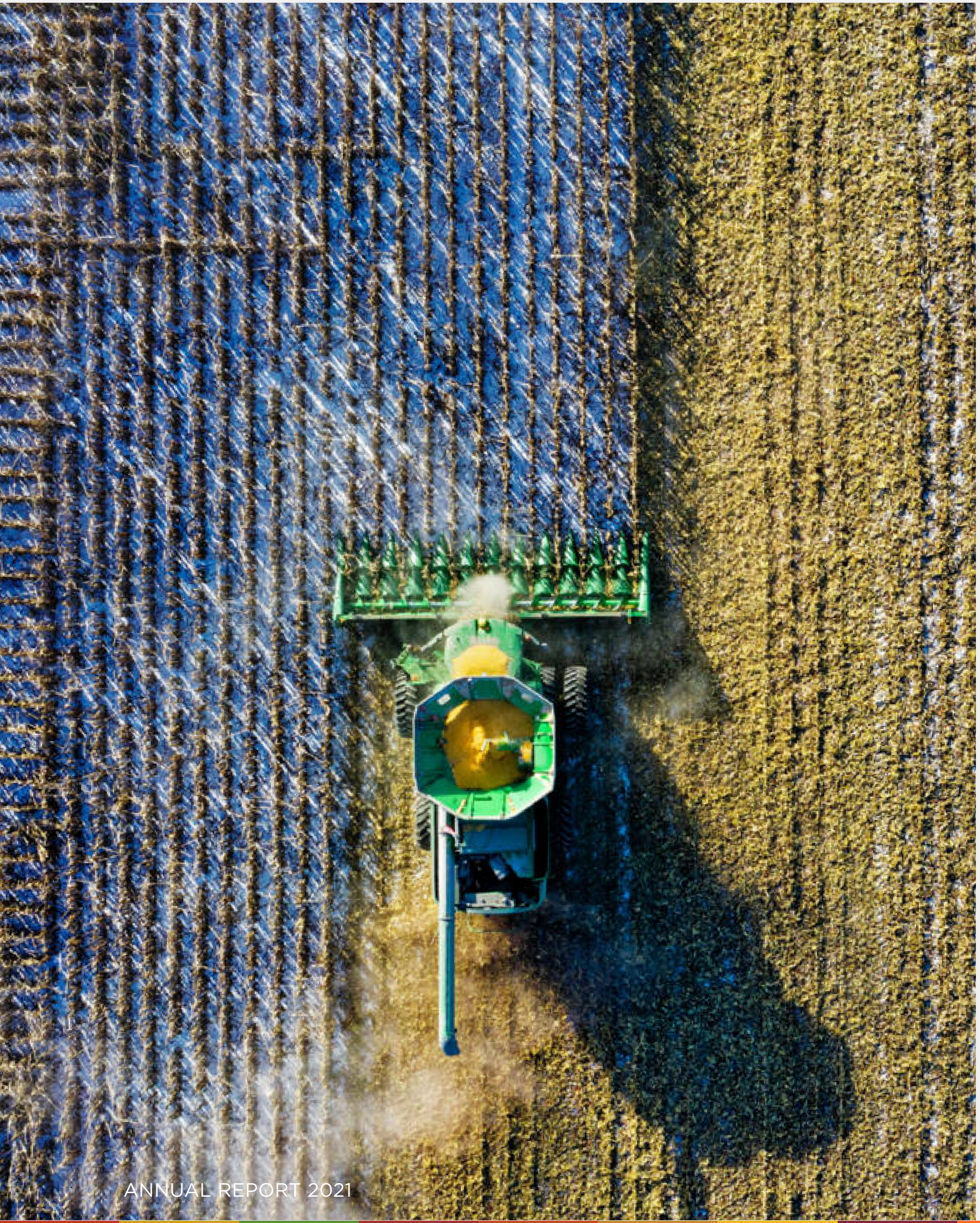


The UN Food Systems Summit (UNFSS) in September 2021 raised expectations for countries and companies to increase their ambition to deliver on healthy, sustainable and equitable food systems. The outcomes can be found in different national pathways, multistakeholder coalitions and a business declaration. However, the key question remains: will these ambitions be followed by actions at a scale and speed to realise the SDGs by 2030 and align with the Paris Agreement? That is the mission we have at WBA and why the Food and Agriculture Benchmark, as well as the Seafood Stewardship Index and the Access to Seeds Index have been developed.

Food and Agriculture Benchmark

For the first time, 350 of the world's most influential food and agriculture companies across the food value chain have been measured and ranked on their contributions to the environment, nutrition and social inclusion. The sector is a leading contributor to climate change, land degradation and biodiversity loss, risks which heavily affect the livelihoods of 500 million smallholder farmers. Additionally, over one-third of the world's population cannot afford a healthy diet and the number of people going hungry has risen since the start of the century, further increasing as a result of the COVID-19 pandemic. It has

> "There is too much greed by companies for profit at the expense of humanity."
>
> **- Nimrod Wambette, Coffee farmer from Uganda and Chair of Mount Elgon Agroforestry Communities Coop Enterprise Ltd.**



therefore been a key objective throughout our work to put the voices of the impacted centre stage.

Eleven companies out of the 350 scored above 50/100, demonstrating that they can and will implement a holistic sustainability agenda putting planetary boundaries and people at its core. Encouragingly, these companies represent five of the six value chain segments assessed in the benchmark, e.g. agricultural inputs, agricultural products and commodities, animal proteins, food and beverage manufacturers/ processors and food retailers. The segment "restaurants and food service providers" together with 339 companies (97% of companies in scope) scored below 50/100.

110 companies (31%) have participated in the benchmark assessment process, indicating that they are taking these topics seriously and realising that they need to take part in the food systems transformation agenda, sitting at the heart of global challenges such as hunger, climate change, poverty and inequality. We are grateful for the strong collaboration with our Allies, who have amplified the benchmark findings and used the results in their company engagement. Furthermore, we have presented our work to the UK's Foreign, Commonwealth & Development Office, the World Bank, the International Finance Corporation and the

World Business Council for Sustainable Development, zooming in on the results of the companies in their scope or membership.

The Food and Agriculture Benchmark is fully aligned with the global food systems agenda and builds upon existing standards. It is the largest and most holistic benchmark in the sector, providing a unique, overarching analysis. WBA has collaborated closely with the UNFSS throughout the year, positioning the benchmark as the private sector accountability mechanism.

> “We are working with 24 Spanish companies that are part of the SDG2000, looking ahead at key upcoming milestones in each of WBA's benchmarks and methodologies. We workshop how we can continue building on our collective skills, networks, and influence to positively impact company behaviour in line with the SDGs. We highly value WBA's resources such as the methodologies and the solutions-oriented platform that highlights successful models of action, builds upon and scales existing efforts, facilitates cross-sector partnerships between like-minded organisations like ourselves, and increases the scope and ambition of our efforts to achieve broad transformations of our current economic, environmental, and social systems.”

- Transcendent (Consultancy and WBA Ally)

G7 Sustainable Supply Chain Initiative

Together with the UK government and other G7 member states, WBA has worked extensively the past year to bring together a group of companies to pledge to improve the environmental, nutritional and social impact of their operations and supply chains as measured by an independent global benchmark. 21 companies have committed to improve as measured by WBA's Food and Agriculture Benchmark. Collectively, these companies earn over 550 billion USD in annual global revenue, employ over 2 million people directly with millions more throughout their supply chains, and represent both upstream and downstream segments of the value chain. This pledge is the first of its kind in the food and agriculture sector to have directly embedded an independent monitoring mechanism. WBA will conduct an annual review of the performance of these companies and share insights into leading practices as well as identifying critical areas where improvement is lagging. We also asked three of investor allies to encourage companies to make this commitment (see more information on investor engagement of page 50.

In October 2021, the second iteration of the Seafood Stewardship Index was launched at the Tokyo Sustainable Seafood Summit in October, Japan's landmark sustainable seafood event. The results of the Benchmark show that all companies have improvements to make across all measurement areas, with social responsibility having the lowest average performance (across core social and seafood specific indicators) with most scores being below 30%. For example, we found that even those seafood companies that do have commitments to protect human and labour rights, these are not translated into action. Indeed, almost all (97%) benchmarked companies lack a due diligence process – the most basic action that can be taken to start protecting their people. The other measurement areas (ecosystems, traceability) present a wide range of scores. One topic where companies are still significantly lagging behind is assessing for risks of Illegal, Unreported and Unregulated (IUU) fishing.

Toolkit for national assessment

Together with the Food Foundation, WBA has developed a toolkit supporting local actors to develop national or regional food systems benchmarks. The development of the Food and Agriculture Benchmark has taken over three years, to ensure that it is aligned with global standards and metrics. A shared methodology and consistent set of metrics empowers other organisations to conduct a national assessment and helps to make sure that businesses are being assessed in a similar way. The toolkit describes these metrics in detail and sets out how they can be used and modified to fit a local context and drive change. The toolkit also includes case studies from different regions as well as examples of how collaboration with important stakeholders (like investors, industry associations and NGO's) is key to get companies to act upon benchmark results and work towards more healthy, sustainable and equitable food systems.

A first pilot will be run in India in 2022 and we welcome other organisations to join this benchmarking coalition. Measuring progress of the private sector on a national level is increasingly important, as governments will need to report on the ambitions they set out in national pathways at the UNFSS. It is only by independent monitoring and aligned expectations that we are able to compare companies' targets, actions and impact, while accelerating them to deliver on the SDGs.

Seafood Stewardship Index

A bleak picture of the human rights situation

The Seafood Stewardship Index is a spotlight benchmark of the food and agriculture systems transformation, assessing the 30 largest seafood companies on their environmental and social impacts as well as their performance in implementing traceability systems. The scope of the benchmark includes a wide range of companies more or less vertically integrated involved in fishing and/or aquaculture operations, aquaculture feed production and seafood processing.

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Company engagement

Companies engaged with WBA in various ways in 2021. Eight companies in scope provided written feedback to the revised methodology, 21/30 companies participated in data collection and six companies (Nissui, Nomad Foods, Bolton Group, Nueva Pescanova, Nutreco (Skretting) and Royal Greenland) followed up after the launch to discuss results in more detail with the intention of using these to shape their sustainability work. The results that generated the most attention and questions from companies were those related to social responsibility, including core social indicators which were integrated into the 2021 Index methodology. Four of the best performing companies Nutreco (Skretting), Thai Union, Nueva Pescanova and Mowi actively promoted the results through their social media and media networks. This led to 12 high level publications and a 3% engagement rate on social media platforms (comparable to the Gender Benchmark in 2021).

By moving the launch from UNFSS alongside the Food and Agriculture Benchmark to a separate seafood specific event, we avoided diluting the Index launch with the Food and Agricultural Benchmark launch. That way we were able to reach a more seafood specific audience. However, given that it was a paid Japanese event meant that the audience may have been limited and skewed towards a Japanese audience.

However, there are several factors that affect company engagement, such as how we highlight the value proposition of the Index to both companies and their stakeholders. In addition, the significant changes made in the methodology due to the need to align with the Food and Agriculture Benchmark meant that most companies' scores decreased. This likely affected companies' motivation to engage with the benchmark, especially those that put significant effort to improve their scores and in fact did improve their performance overall. This could have been better mitigated by improving our communication with companies and stakeholders about the impact of the methodology changes on scores. In the future, this will be prevented by making only critical changes to the methodology.

Investor engagement

Two financial institutions (Matter & Aviva) have already integrated the results of the 2021 Index into their assessment tools. Several Allies are currently involved in engaging with financial institutions on the topic of seafood by offering different tools and resources. In order to avoid duplication and build on each other's efforts, WBA brought together WWF, UNEP FI Blue Economy, FAIRR and Planet Tracker to identify opportunities for alignment and collaboration. The first step was to map out priority investors and current levels of engagement. The group agreed to align in our communications with financial institutions by through joint events with common investors we engage in with the first one taking place in February 2022 targeting Japanese financial institutions.

Access to Seeds Index

2021 Access to Seeds Index

The 2021 Index followed the 2016 and 2019 publications in providing deeper insights into the specific contribution from the start of the value chain by the seed industry to SDG 2: Zero Hunger - double smallholder farmers production and income. At the start of 2021, we published a revised methodology to assess 72 companies and seed producing cooperatives in 55 developing countries of three regions. We aligned with the Food and Agriculture Benchmark as it's spotlight benchmark on relevant indicators for a synergetic analysis at the transformation level and for the nine overlapping companies.

Throughout the year we set out to host and attend events to socialise our methodology and regional landscaping reports. In February, we hosted a side event for the 7th Session of the Africa Regional Forum on Sustainable development organised by the UN Economic Commission for Africa. In partnership with CORAF, Oxfam Novib, Center of Resilient Agriculture for Africa, WandieVille and Agriscope Africa, we brought together 50 participants to discuss gaps and good practices of the seed industry on building a resilient and green Africa to achieve the SDG agenda and Africa Union Agenda 2063.

In preparation of publishing of the Index results, in July we partnered with the International Seed Trade Federation to present to the seed industry during the virtual World Seed Congress. Our panel, "Transformational change from farm to fork: How seed companies are crucial for impact" aimed to show connections from a systematic and value chain perspective starting with the role and contribution of the seed industry to the environmental, nutritional, and social aspects of WBA's Food and Agriculture Benchmark. Bayer's statement during the discussion highlighted the importance of our benchmarks tools in guiding the evolution of their strategies, identifying business opportunities, and improvement on commercial operations, particularly those with a regional focus to reach and develop more smallholder farmers.

The challenge of gathering data fairly

By April 2021, we started the data gathering and collection phase for two months. This process is still challenging for many companies headquartered in developing countries due primarily to lack of reliable internet access and the incorrect skillset within its labour force to respond to the Index's survey. Therefore, to fairly assess all companies, we have offered an offline survey, accepted data from companies not in the public domain both in English and French, and offered extensions where deemed necessary such as delays experienced due to the

COVID-19 pandemic. With these efforts in place to increase company participation in the Index, still only 36 (54%) companies responded to data request and/or acknowledged the publication.

In a similar vein, we have encountered difficulties in engaging seed producing cooperatives mainly given their rural nature, which in turn results in a lack of data in the public domain due to poor or non-existent internet connectivity. With the low quality of data transmitted to the Index we have decided to remove the cooperatives from the primary regional Index ranking process and develop a separate case study for the insights report that will allow us to tell a better story of the cooperative's contribution to producing quality seeds.

Expanding and deepening regional partner network

We also made progress deepening engagement with regional partners with a focus on the impact of publishing the Index's results. We had one-on-one discussions with regional key stakeholders such as AfricaSeeds, the African Seeds Access Index (TASAI), Africa Seeds Trade Association (AFSTA), Asia Pacific Seeds Association (APSA), CORAF and National Seed Associations such as Ghana. They reported that they had used Index's data in the past and were keen to work with the Index's updated results on understanding the current state and performance of the seed industry. These stakeholders will continue to help the Index to align regional seed sector priorities with the Index's work while targeting the right stakeholders for action. With these discussions, we are confident of our contribution to the seed sector movement towards prioritising smallholder farmers and directing the seed sector towards collaborative partnerships.

Although the Index shows that leading companies use the methodology and results as a road map to develop their access to seeds strategies, many are lagging in performance and disclosure. The evidence of the Index proves that the seed industry has work to do to improve their efforts, but we need a collective approach to keep the industry accountable while learning from good practices for improvement. Therefore, we are dedicating 2022 to engagement for action on the most important and relevant topics from the Index results. Further, due to the differences in maturity levels of the industry across the regions, we have started developing a cross regional insights report to publish in 2022. It will bring together the leading practices, case studies such as the efforts of seed producing cooperatives, country profiles and a self-assessment tool for interested companies who call out of scope of our Index.

Overview

In January 2021 we launched the Social Transformation Framework, which set out the three main workstreams for social; embedding social considerations within all transformations, focusing on catalytic issues, and working with third parties to go beyond the WBA company scope. Those three workstreams are detailed below. The sign-off and adoption of the framework enabled us to bring the pre-existing workstreams of the Corporate Human Rights Benchmark (CHRB) and the Gender Benchmark into one cohesive vision of what we need from companies (to support transformations which leave no one behind) and how WBA will help companies get there.

Embedding Social

'Embedding social' involves integrating social elements into all systems transformation methodologies, supporting the delivery of the benchmarks' social research and engagement and ultimately shifting to where the other six transformations fully own and drive action on social performance as part of their work. In 2021, the embedding tasks centred on supporting the Food and Agriculture Benchmark's full integration of core-social indicators, supporting the Digital Benchmark with their parallel assessment of core-social indicators, co-developing the Just Transition Assessment and launch with the decarbonisation and energy transformation team, and supporting the methodology development and testing for the Financial System Benchmark. Please see individual transformation sections for more details.

The Social Transformation Framework and 'embedding social within all transformations' has been a useful narrative externally, especially in forums discussing sustainability disclosure standards and legislation, the role of social inequality as a systemic risk (and what companies need to do to address it), and the low-carbon transition. Aviva Investors provided a strong endorsement of the framework with the launch of their Social Transition Fund, which uses the human rights, decent work and ethical conduct framing and the core social indicators as guide to set expectations, track changes and take action on companies' performance on 'social transition'. The possibility of scaled data (i.e. all 2,000 companies) has also proven useful in discussions with policy makers and donors looking to change the broader system, rather than small groups of companies, which has reinforced the idea of using the core-social data sets to drive action on specific issues, e.g. living wage commitments and human rights due diligence legislation.

Catalytic topic: Human rights

Changing company behaviour

In 2021 we continued to see a further increase in the use and recognition of the CHRB and WBA's broader human rights work. This is reflected for example in the co-hosting in June of the launch event for the UNGPs 10+ stocktaking report on institutional investment, together with the UN Working Group on Business and Human Rights, Norges Bank Investment Management (NBIM) and the Geneva Academy of International Humanitarian Law and Human Rights. This signalled the recognition of CHRB and WBA not only as providers of data that is crucial to drive better human rights practices, but also as an important stakeholder in getting institutional investors to speed up and scale up business respect for human rights.

Corporate Human Rights Benchmark Lead Camille Le Pors commenting on companies' lack of commitment to respecting human rights on Koksuai Hodo – an international evening news programme on NHK BS1.

When it comes to the benchmark results getting used directly by companies, a good example is Barrick Gold, assessed by CHRB in the extractives group, who use their CHRB results as part of their sustainability scorecard that is linked to compensation: *"We tie the performance of our human rights program to our Sustainability Scorecard which impacts the compensation of our partners from all functions and disciplines across the company."* Human rights make up 20% of the sustainability scorecard, with the company's CHRB score as an indicator alongside 'the percentage of employees receiving training on human rights' and 'independent human rights impact assessments with zero significant findings at high-risk sites' (from 2021). [More details available here, p. 8 and here, p. 19] This builds on the previous example of Total, which listed CHRB among the five non-financial rating agencies being part of the assessment of the company's CEO's CSR performance, for up to a maximum of 15% of his annual variable compensation. [More details available here, p. 178]

One company from the automotive sector also made the following comments about the CHRB in a call:

- "Your benchmark is something that we have poured over, that we value and that we want to improve on. It's our aim to improve and take a leadership position."
- "CHRB [helps] those that you measure to improve. Others will tell you the top level, like your score per area, but not the detail of where you meet the requirements and where you don't. That detail is what allows us to improve."

Activity

Many companies experienced severe impacts from the COVID-19 pandemic, however that should not affect the ongoing responsibility of companies to respect the rights of workers in their operations and in their supply chains. By carrying out a separate study, WBA wanted to explore the response of the private sector to COVID-19. The aim was to identify examples of best practice, where companies have demonstrably placed respect for human rights at the heart of their approach, as well as to highlight instances where companies may have been falling short and, therefore, where increased accountability is needed.

Some key findings include:

- Whilst some companies took steps to protect their workers, most still need to respond to COVID-19 human rights risks and impacts beyond their four walls.
- The majority of companies do not take particular account of human rights risks faced by vulnerable workers and local communities.
- Having effective human rights due diligence processes in place leads to better responses to the COVID-19 crisis.

In response to the study the CHRB team has been contacted by a few business associations and investors, amongst others WBCSD, Nordea and IAHR, who would like us to present the findings to their members. Several companies covered in the study have also reached out to let us know about new measures they have put in place since the assessment, but also as they are keen to learn about good practice highlighted by

the study. In the case of at least one company, we know that the results reached the CEO, who was concerned that the company did not perform better.

Co-creating collective action on social impact

From May 2021 onwards, the team also worked to set up the first Social Transformation Collective Impact Coalition (CIC), with a focus on human rights. Through the process of setting up this first Social CIC, we engaged with many stakeholders who have been working on business and human rights over the past few years. One challenge has been finding the right balance between providing a clear vision for where the CIC should go and what actions should be undertaken in its context, and leaving enough flexibility for stakeholders involved in the CIC to co-create it together with WBA. We are still in the process of building the CIC but have arrived at a point where there is a specific structure provided by WBA, with two workstreams (one focused on individual company change and the other focused on systemic change) that still leave a lot of flexibility for members to suggest and undertake different activities that can fit in either of the two workstreams.

Catalytic topic: Gender

Publication of the 2021 Gender Benchmark

2021 saw the culmination of a multi-year process with the publication of the first Gender Benchmark, focused on 35 key apparel companies, with the benchmark launching at the end of June. The launch event saw 266 participants register, with 146 ultimately joining. Participants included: Allies, investors, academics, consultants, NGOs and companies (both in and out of scope of the benchmark). The Gender Benchmark achieved significant engagement with in-scope companies. 19 of the 35 submitted data via the initial survey, 20 of 35 provided feedback on the draft assessment, 11 requested and received engagement calls and 15 attended the launch event. In all 70% of the companies engaged with WBA at some stage during the benchmark cycle. Website page views and downloads improved significantly from the publication of the Gender Benchmark Baseline Assessment in 2020, with a global reach of over 400 million readers, across 61 articles, of which 20 were by top-tier media. Using a VPN to Google 'Gender Benchmark' in several countries comes back with results for WBA and our launch and findings. The topic of gender equality was of interest in Europe, Middle East, Africa, and East Asia. This reinforces the prominence we have given gender equality within the social transformation.

Engagement Manager Sofia del Valle being interviewed by Hong Kong International Business Channel about our 2021 Gender Benchmark.

Women worker engagement

We conducted two separate pieces of research to better understand the experiences of women working in garment factories in the global south. The first involved virtual interviews with union representatives from

Vietnam, Cambodia and Bangladesh, with a focus on the lived experience and challenges faced by these women and the women they represent. The interviews were facilitated in partnership with GIZ FABRIC. The second piece of research was carried out by our Ally, Good Business Lab (GBL), who produced a report based on their interviews with almost 30 women workers in textile factories in India. The GBL study and union representative interviews informed our analysis of the benchmark findings, and provided a clear narrative of why ensuring companies take the actions detailed in the methodology matters. Subsequently, our Gender Benchmark Insights Report (that was published alongside the benchmark itself) included not only insights from our assessment data, but also from GBL's qualitative study, presenting benchmark data and worker voices and experiences side-by-side. This was a novel approach; although not part of the ranking/methodology, it brought in a non-benchmark, human voice data to our overall insights on the current state-of-play regarding gender equality within the garment industry. It added depth and a human element to the benchmark findings, which we believe added significantly to the power of the message. This is an approach we may look to replicate in future spotlight assessments.

Ensuring sufficient capacity for impactful engagement post launch

While there were plans in place to carry out engagement activities following the launch, such as a company roundtable and further work with GBL, we realised quite quickly that there were not sufficient resources allocated to carry out all planned activities. We were able to keep up with certain engagements, such as responding to opportunities offered by other stakeholders (e.g. meetings with companies and investors to discuss the findings, blogs written for Business Fights Poverty and Corporate Citizenship, the participation on a roundtable organised by our ally Preventable Surprises and a seat on a panel event arranged by GIZ Fabric, addressing how industry stakeholders can tackle gender-based violence and harassment in the garment and textile sector in Asia). This was a useful learning process; one that required people to step in and step up.But in the future, we will view launches as 'the stepping stone' (i.e. the beginning of the impact process, rather than the end of the big-push) so that we focus more on engagement, rather than research cycles. Whilst this has meant that we have been relatively quiet in the gender space externally, the time has provided an opportunity for the social team to evolve its thinking on the approach to gender equality, leading to a proposed approach and concept note that presents how gender will be mainstreamed across WBA benchmarks by learning from both the Gender Benchmark and the upcoming Social Transformation Baseline Assessment.

Working with third parties

WBA's mission is to incentivise and hold to account the private sector in aligning its business with societal interests. As part of this approach, the methodologies used to assess companies are also publicly available and free. This means that stakeholders such as governments, academic institutions and civil society organisations can use our methodologies to assess companies beyond our scope; far beyond the 2,000 companies we have set out to assess in our annual or biannual benchmark iterations.

Since 2018, various stakeholders in several countries have used the CHRB indicators to take 'snapshots' of companies' performance on human rights, using either the full methodology or a subset of indicators. These include civil society groups, academics, investors, governments, and consultants in jurisdictions such as Scotland, Spain, Finland, Denmark, Ireland, Germany, Belgium and Australia. The indicators themselves have been translated into four languages aside from English (Russian, Ukrainian, Korean and Spanish) and discussions are ongoing to develop snapshots in countries including Chile, Ukraine and South Korea.

The findings from these 'snapshots' have been used for a range of activities, including driving policy discussions in different jurisdictions. The assessment in Belgium formed a substantive part of the government's National Baseline Assessment, which will feed into an updated National Action Plan on Business and Human Rights. Similarly, the snapshot commissioned by the Finnish Government will be used to support implementation of its program relating to corporate social responsibility. In Ireland, the findings were shared with the government and were included as part of its toolkit for business on implementing the United Nations Guiding Principles on Business and Human Rights.

This second year of the pandemic also marks WBA publishing its second iteration of the Digital Inclusion Benchmark. The global health crisis has accelerated the process of digitalisation and highlighted to policymakers and the general public the need for this process to be inclusive and trustworthy. In the effort to mitigate the spread of the virus, most countries have had to embrace greater use of digital technologies such as the Internet, sharply increasing the number of reported Internet users worldwide by 800 million, with the proportion going from 54% in 2019 to 63% by 2021 (ITU 2021). However, deep divides continue to exist across incomes, gender, age, education, urbanity, and other categories of vulnerability in terms of access, skills, and the opportunities to participate in and benefit from innovation. Equally alarming were increased risks posed by these novel technologies to social cohesion, well-being, privacy, security, environmental sustainability, and safety especially of children.

The heightened attention towards topics relevant to digital inclusion also meant more opportunities to put these topics on the corporate and policy agenda. To some extent, WBA's digital system transformation workstream was able to take advantage of this opening to drive more impact during a year when network and relationship-building was challenged by continued reliance on virtual means.

Early signs of influence in corporate reporting and sustainability strategy in the digital sector (Impact)

WBA has increased its engagement rates for digital sector companies, from 47% in 2020 to 52% in 2021, even when increasing the number of benchmarked companies from 100 to 150. This engagement rate is the highest among all of WBA's system-level benchmarks and is already an achievement given that the benchmark was only first released in 2020. In a span of two years, the WBA was able to build up a community among the world's most influential digital technology companies. Beyond the provision of additional information and feedback during the benchmark research, a number of these engaged companies also participate in WBA organised Community of Practice peer learning sessions to exchange best practices. Around 20 companies on average were represented in both sessions held in 2021.

When we started this digital system transformation workstream, many companies, particularly software, platforms, e-commerce, and IT services, defined their sustainability strategies narrowly, if they had any to begin with. Companies tended to focus on environmental and climate-related commitments while neglecting issues arising directly from digital business practices, from child online safety to ethical artificial intelligence. Now there is evidence that the benchmark is helping companies embrace and recognise their role in promoting an inclusive and trustworthy digital transformation. Following the second benchmark publication in December 2020, a number of companies reached out to discuss how they can improve their performance in substantive ways. For example, Naspers which is a South Africa headquartered digital conglomerate with a major stake in Tencent, China's largest platform company, discussed with WBA their plans to prioritise and disclose on ethical AI governance. Furthermore, around 20 companies cite the digital benchmark results in their annual reports, evidencing WBA's increasing influence in defining more broadly the sustainability approaches for this sector. One good example comes from Telia, in which their CEO's comments to the annual report highlight their benchmark performance in a narrative otherwise focused on financial metrics.

Benchmark Lead Lourdes Montenegro speaking with CNBC Africa on live TV about our 2021 Digital Inclusion Benchmark.

Finally, the strongest indication of impact can be seen in the benchmark scores of the cohort of 100 companies assessed both in 2020 and 2021. We found that 43% have improved their overall scores based on the 2020 version of the scoring guidelines. Admittedly, comparing the 2020 and 2021 scores were a challenge given the edits made to the scoring guidelines to tighten the language and make the requirements stricter for many indicators.

Strengthening outreach to investors and civil society while continuing to deepen company engagement

Our growing impact towards digital inclusion was achieved through our continuing focus on company engagement while engaging in more structured outreach to investors and civil society. Company engagement activities continued to be a priority for the digital workstream. These include outreach bilaterally and through group sessions, from methodology webinars to quarterly Community of Practice peer learning sessions. It was in 2021 that WBA has started organising periodic peer learning sessions to provide an open and frank space for benchmarked companies to discuss digital inclusion best practices and exchange ideas on how to overcome shared challenges. Participation in this Community of Practice was offered exclusively to companies who have engaged in the benchmarking process. We found that this approach has worked to incentive more company engagement. Some company representatives expressed (in writing) that they will ensure that their companies do engage in order to earn them the privilege of participating in these sessions.

This year, we have started building up a Collective Impact Coalition (CIC) for the transformation of the digital inclusion system. Through the CIC, we can work together in a more structured way with investors, civil society, and other multi-stakeholders to drive better corporate performance on a selected topic tracked by the benchmark. For this CIC, the topic agreed on is ethical artificial intelligence, given WBA's staggering finding of the digital sector's neglect – only 19 out of 150 companies benchmarked had any public commitment to the ethical development and use of artificial intelligence. Thus far, the digital CIC now has firm commitments from WBA investor Allies such as Fidelity International, Boston Common Asset Management, Macquarie Asset Management, and Aviva Investors, with growing interest from a number of other well-known brands. There is also participation from civil society organisations like Paradigm Initiative, AARP, Women at the Table and consulting organisations like Transcendent.

Our online convenings and webinars, such as our Africa Roundtable and our UNGA 2021 Government and Investor Roundtable have been focused on making a call to action for organisations to join and contribution to the CIC.

Ensuring focus and comparability

For our engagement work, the main lesson has been about finding a strategic focus for our engagement and relationship-building. While 2021 has been devoted to expanding the number and geographic scope of our digital sector Allies, we realise the need moving forward to focus on key relationships to build our influence. For our research work, the main lesson has been to be more conservative in our approach towards updating the scoring guidelines and build in the ability to compare scores across different versions. While we found it necessary to edit the scoring guidelines to strengthen requirements and guard against impact washing, we need to ensure comparability of results from one year to the next, in order to be able to understand overall progress on corporate actions for digital inclusion.

> "Although all of WBA's seven systems transformations are important to Fidelity, the Digital Inclusion Benchmark and the related Collective Impact Coalition particularly stood out for being unique and especially forward thinking. As recognised by the WBA, digital transformation is a cross-cutting imperative that has the potential to amplify benefits (or harms if not distributed inclusively) across all aspects of society."

- Fidelity International (Asset management company and WBA Ally)

Financial system transformation

Financial institutions are key enablers of the economic system. They serve as facilitators and intermediaries for encouraging, mobilising and allocating funds towards their most productive use. They play a critical role in diversifying and mitigating risk. They promote economic growth, drive investment and employ millions of people worldwide. Yet financial institutions are now part of what has evolved to be a complex and opaque system, disconnected from customers, mistrusted by citizens and confusing the means (financial activity) with the ends (society's needs). As a result, economic activity continues in ways that contribute to a number of negative social and environmental impacts and increasing systematic risks for the economy and financial institutions themselves. WBA's vision for the financial system transformation is one in which financial institutions not only address their negative impacts, intended and unintended, but also serve the societies and ecosystems in which they operate, offering solutions and delivering positive impact.

Shaping the methodology

For the financial system transformation, 2021 marked the year of development of the methodology, against which WBA will assess 400 keystone financial institutions for the first time in 2022. As the year stared with the publication of the Scoping Report in early 2021 and with a plan to launch the Draft Methodology in June and the final version in December, we continued the extensive consultations we had started in 2020. As part of the feedback on the Scoping Report, we received over 50 detailed responses to the report coming from 13 countries. As part of gathering feedback about the Draft Methodology we held six roundtables. Beyond the virtual discussion sessions, we received 50 written responses providing detailed feedback, with over 500 comments received in total across all the feedback. Nearly half of respondents represent financial institutions from Australia, Canada, South Africa, the US and Japan, with most respondents based in Europe. Other respondents included civil society and standard setters, with the European Securities Market Association (ESMA) as the one regulator respondent, reflecting the relationship we have developed through our policy outreach.

At the same time, we actively contributed to the public dialogue around the role of the financial system and its contribution towards people and planet. In Q2, we were invited to moderate the opening plenary of the Spain National Advisory Board for Impact Investing event, putting questions to the CEO of BlackRock, CEO of CaixaBank and Chair of the Global Steering Group for Impact Investing on their visions for capitalism and the role for social inclusion and a just transition within that. We

were also invited to speak alongside banks in scope of the benchmark at a global Positive Banking conference, and to moderate two global webinars on system-level investing.

The feedback received throughout the first three quarters and the continuous dialogue with policy makers, financial institutions, regulators, industry associations, standard setters, NGOs and individual experts revealed the gap between stakeholder expectations and the risk perspective that many financial institutions adopt when it comes to sustainability outcomes. It also revealed the different levels of maturity of the discussion within the finance industry on certain topics (e.g. on climate versus biodiversity or labour rights). As a result, and guided by our Expert Review Committee, we were able to confirm the ambition to position the benchmark on the side of impact management ("double materiality" in European Commission language). The final methodology has three measurement areas: Strategy & Governance, Respecting Planetary Boundaries and Adhering to Societal Conventions, with detailed indicators that reference wherever possible the multiple sources reviewed.

Engagement with financial institutions

The publication of the Draft Methodology also resulted in several invitations from key stakeholders to present WBA and the forthcoming Financial Systems Benchmark. For example we presented the draft methodology to members of the Global Steering Group for Impact Investing Advisory Boards and members of the Dutch Banking Association. We were also invited to participate in an EcoBusiness Summit with Fair Finance Asia, discussing the power of financial institution benchmarks. We also took part in a discussion regarding corporate political responsibility of financial institutions in the US, organised by the Erb Institute at University of Michigan. These platforms helped engagement and discussion around the forthcoming Financial System Benchmark, but also enable us to speak to the wider work of WBA and how investors and other financial institutions can use and engage with our growing range of benchmarks. They also enabled us to test the boundaries of the narrative of the forthcoming Financial System Benchmark: the Benchmark can be a tool to assess which financial institutions are ready for the sustainability transitions ahead and hold financial institutions accountable for their impact on people and planet, but it can also be used as a starting point to openly question whether the current financial architecture is fit for purpose.

Levers of pressure

Resulting from organising round tables and other stakeholder consultations, we also learned that an important lever of pressure in the financial system are regulators. We held a successful roundtable with the Financial Services Agency of Japan (FSA) – one of the jurisdictions with the highest number of feedback responses – and we plan to do more sessions with financial regulators moving forward. Representatives from FSA shared with us that the “impact management” approach of the methodology and the issues brought forward (Climate; Biodiversity; Human and social rights) were aligned with their approach of the changes they wanted to see in financial institutions in Japan. The fact that the regulator was a key co-organiser of the event signalled to the financial institutions the important of the Benchmark, hence all Japanese financial institutions in scope of the Financial System Benchmark were present at the roundtable. We had positive feedback afterwards from participants and the regulator that the discussion was fruitful, hence our plan to replicate this model of engagement in other jurisdictions. Such an approach has the benefit of touching upon the distinct nature of the financial industry, which is heavily regulated and there are opportunities to also enhance the policy dialogue in national jurisdictions.

In 2021, the decarbonisation performance of 180 companies across oil and gas, electric utilities and automotive manufacturing sectors was complimented by the first assessments of their contributions to a just and equitable transition. These assessments were the first of their kind and have proven to be a unique and critical accountability mechanism of a decarbonisation which leaves no one behind. The team's progress in assessing decarbonisation and just transition performance across multiple sectors brought new energy, nuance and intrigue to climate dialogues and events.

Benchmarking the oil and gas sector

The 2021 Oil and Gas Benchmark was a heavy hitter in terms of findings, presenting a stalky depressing view on a sector with limited low-carbon ambition: the median score was 4.2/100. Due to the nature, scale and influence of the sector, the benchmark sparked interested in the insights on how companies perform against a 1.5-degree scenario, capital expenditure specifically on low-carbon and mitigation technologies, and state-owned company performance. These insights encouraged the team to take a sharper tone and think through more critically how to articulate lowest benchmark performance to date. The team focussed on weaving in the real world impacts of the sector's poor performance

Decarbonisation and Energy Transformation Lead Vicky Sins speaking at the Federated Hermes Festival at COP26 on the importance of making sure that no one is left behind in the transition to a low carbon economy.

by aligning a finding with a future implication. The very low scores mean that we are considering how to add value with future iterations and updates for AGM season: do we focus on only a selection of the 100 companies? We are also reflecting on which Allies and stakeholders can help us engage further with the large number of state-owned companies in this sector benchmark, who were generally unresponsive to us.

Assessing a just transition

The pace with which the Just Transition Methodology and Assessment was delivered and published enabled WBA to carve out a strong presence as social impacts within climate action evolved and matured in global and international forums. The Just Transition Methodology was well received as providing a sector-agnostic roadmap for high-emitting companies. Throughout the year, and during COP26 in Glasgow specifically, assessment insights on the just transition were a welcome accountability mirror and evidence base for stakeholders in the progress of growing and delivering their just transition strategy.

Alongside the development of the methodology for assessing a just transition, WBA held many dialogues with other actors for the purposes of scoping out engagement priorities on the just transition. Speaking with just transition experts, investors, business platforms and civil society organisations, the opportunity to set up a collective impact coalition (CIC) on the just transition became clear. There was no existing methodology or stakeholder collaborations which focus on embedding the social transformation in low-carbon transition. The emerging CIC on the just transition enabled WBA to build collective consciousness across a broad range of stakeholders; define common areas of engagement and increase cross-sector learning; and raise collective ambition targeted at improving performance of 450 companies.

Seeing how well received our Just Transition Assessment was, we are exploring how to stay aware of emerging issues for corporate climate benchmarking – such as climate adaptation, climate justice, loss and damage and access to energy. We plan to produce short position papers on these to engage with stakeholders on such topics. We are also learning how to take the support and expertise of the Just Transition Advisory Group forward, through transitioning members into the CIC and potentially into an ERC for climate. How do we keep these valued advisors and ambassadors engaged with our work and how should we compose our ERC to cover the existing and emerging aspects of corporate climate benchmarking?

Evolving the benchmark

We have made improvements in our benchmarking processes since 2019 but we know we need to work on enhancing our tools and processes to make our assessments more efficient and to further improve on data storage to support scaling up in the future.

2021 has seen a growth in the acknowledgement of the robustness of the ACT methodology and strengthening of the relationship between ADEME and WBA. This relationship resulted in a strong institutional partnership between ADEME and WBA and has led to the unique opportunity to explore the future governance of the ACT initiative. The existing ACT set-up with ADEME and CDP runs till early 2022, and under the existing funding structure a new governance structure is to be agreed. WBA acknowledges the robustness of the ACT initiative, its position and opportunities we have to continue to build this initiative further on a global stage and its innovation through the self-assessment tool, 'step-by-step'. Integration of the ACT initiative will allow WBA to build further credibility in the climate action and energy transition space, which will expand engagement opportunities with policy makers and the investor community as well as the companies themselves. Additionally, it will improve internal WBA capacity on low-carbon transition analysis and potentially support the integration of our climate work across transformations. We expect the first steps of these integration to happen in Q1 of 2022

Additionally, one underlining focus of the team was to further position and align their work with other key actors in the climate place including CA100+, TPI, IMP Structured Network Partners as well as key just transition actors including BSR, ITUC, Team and ILO. These connections will be critical in levelling-up the influence of the Climate and Energy Benchmark moving forward. In 2022, the team will integrate the Just Transition and Social Transformation Assessments into the Climate and Energy Benchmark to achieve one holistic assessment transition performance. Throughout 2021, the team began to consult on how best to do this and will finalise the plans for integration in Q1 2022.

The Climate and Energy Benchmark enables the team to compare local practices and policies which are either accelerating or hindering change with other countries and regions. Throughout 2021 for example, WBA ran a collaborative roundtable series with Friends of the Earth (Hong Kong) which constructed China-focussed dialogues on the low-carbon transition of different sectors. Local stakeholders in corporations, finance and civil society responded to local sector and company insights and were invited to discuss the indicated challenges and opportunities within the low-carbon transition. The team intend to replicate this activity in other countries moving forward. Lastly, in response to the pressures of 2021, the team are continuously learning how to translate our targets and goals into actionable and sustainable work plans that support a health work-life balance and focus on wellbeing in the team.

Embedding climate across WBA's seven systems transformations
Climate impacts are relevant across the seven systems and we are therefore exploring WBA's institutional climate narrative. Building on the teams' experience of growing credibility within the crowded climate space – crafting a benchmark and narrative which speaks to the depth of ACT while being inclusive to all stakeholders – has highlighted the opportunity to develop a cross-benchmark climate module to incentivise action in other sectors and systems. As the sector coverage has increased in the Climate and Energy Benchmark, so has the teams' confidence and ambition to expand climate accountability to other major industries – specifically in the financial and nature systems.

COP26 in Glasgow

COP26 was the main target for the Climate and Energy Benchmark to launch its just transition narrative and findings. By assessing all 180 companies included in the 2021 Automotive, Electric Utilities and Oil & Gas Benchmarks on both core social and just transition indicators and publishing these alongside the ACT climate assessment in the benchmarks, all engagement activities scheduled in the run up to COP26 supported the just transition narrative, as well as other key themes at COP26 across these three sectors. It was encouraging to see the topic of a just transition taking such a central place in COP26 discussions – a huge leap forward when compared to COP25 in Madrid, 2019. With increased attention to the topic, the Just Transition Assessment provided a critical measure of current company performance in certain sectors and the Methodology offered a framework through which to begin to convene understanding on what is needed and how it must happen in the energy transition. The team learnt the value of developing an overarching narrative to help frame our evidence and insights. Inclusivity was a challenge, with many participants – specifically civil society organisations and global south representatives – unable to attend due to COVID-19 restrictions and inequalities. WBA were privileged to engage with stakeholders in person at COP26 but maintained strong engagement virtually and in hybrid settings.

Research and Engagement staff from the decarbonisation and social transformation teams hosting a world-café style workshop at COP26 to discuss how companies can contribute to a just transition.

Expanding from a circular to a nature transformation

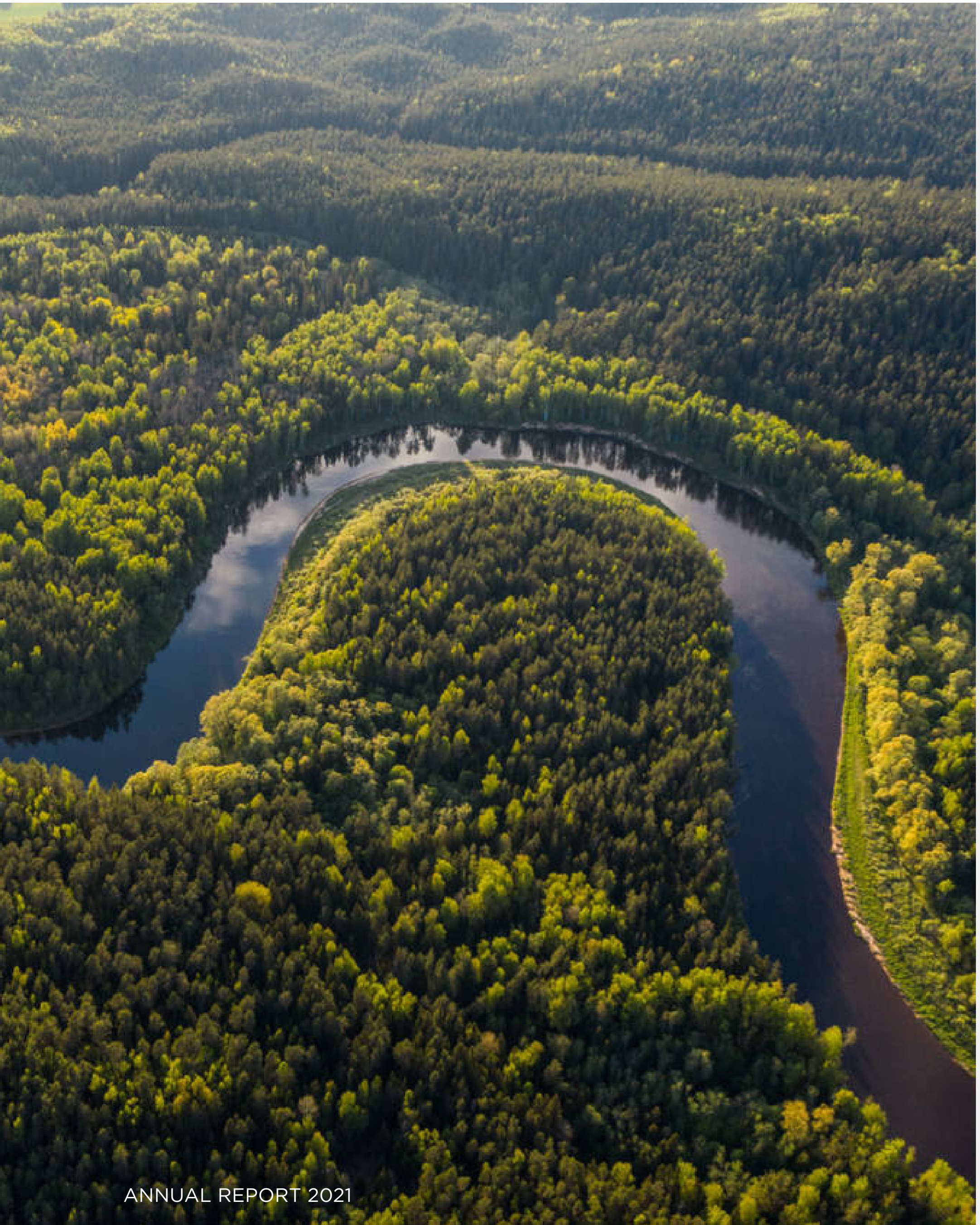
The initial ambition of this transformation was to address how companies could improve their unsustainable relationship with nature by transforming its business model towards circular economy. Nevertheless, we realised there was a collective appetite to do more to fix business's dysfunctional relationship with its environment, and look beyond processes to more on-the-ground ecosystem impact. The nature transformation aims to examine how the impact of business contribute to stable and resilient ecosystems, which enable humanity and nature to co-exist within planetary boundaries on biodiversity, climate, land, oceans and water. The transformation is positioning itself as a central piece of the accountability mechanism on nature, which is ground-breaking as there is no similar holistic initiative. 2021 has been focused on getting ready to publish a framework for the Nature Benchmark in January 2022.

Following the great momentum around biodiversity by some stakeholders, like the Global Commons Alliance, SBTN, TNFD, CDP, GRI, WBCSD and UNEP's CBD, it makes sense to strive for alignment and progress in parallel to their methodological developments. The framework for the methodology has been informed by the work of others, building a common roadmap for assessing the impacts of business on nature. This work compiles existing and emerging metrics and frameworks with the best available science, which will support the collective action needed to ensure transformational change.

Furthermore, because the objectives of the former circular and current nature transformations are very closely aligned, the initial 745 companies in scope – now 1000, are still relevant. During this year, however, work was out into which 'keystone' criteria should be considered and see which key industries would be included in the scope, for example, service-based industries such as tourism, shipping, utilities or pharmaceuticals.

Methodology development and the subsequent consultation were performed in close consultation with actors including Robeco, World Bank, CDP, Global Commons Alliance, TNFD, Science-Based Targets for Nature, IUCN and the yet to be formalised coalition on "Nature Action 100". Further focus has been on the selection of the 100 most influential companies.

The issues covered by the Nature Benchmark are novel and a number of new initiatives and frameworks are under development, with many stakeholders spearheading the process. During the research phase, we



experienced a big sense of collaboration and knowledge-sharing from these stakeholders, which greatly helped us set the foundations of the draft methodology. Since this document combines existing standards, but also relies on the fast-paced development of new ones, remaining in touch with these stakeholders will be essential to make sure we are moving in the right direction: lobbying, value-chain impact assessment, invasive species, and right to a clean environment.

As part of WBA's participation in the Global Commons Alliance Accountability accelerator, further alignment is built with the Nature Action 100 Investor led engagement initiative around nature and biodiversity. WBA is striving to contribute with its research and benchmark to this initiative, further details can be found in the paragraph on Investor Engagement. To optimise alignment a representative from the Nature Action 100 workstream is invited to the ERC of the nature transformation.

Introduction

With the continuing pandemic around the world, WBA's engagement in 2021 took forward many of the learnings from 2020, in terms of going for scale and diversity in the voices represented. We successfully held conversations to launch methodologies and benchmark assessments, as well as contributing evidence and data to global moments including the UN Food System Summit, the UN General Assembly and COP26, the much awaited and needed negotiations on climate change. As is our hallmark, our engagements were multi-stakeholder in nature as we try to bring together unusual partners for the purpose of learning and peer review. We also try to bring to the table transparency of impact – both positive and negative – which incentivises action and new ways of approaching system transformation. To that end, we published our Just Transition Assessment of 180 companies from the oil and gas, electric utilities and automotive sectors during COP26 to start to determine how companies are planning and taking forward not just their low-carbon transition, but also the transition needed from the point of view of the affected workers and communities. Our findings showed that the most affected people are excluded from decision-making and vulnerable to being left behind as companies transition to a green economy; and so in the context of the intergovernmental negotiations, we were able to clearly point to the need for policy-makers to take decisive action and set an enabling regulatory environment.

With the update of our seven system transformations paper and our tilt to the Nature Benchmark, we focused in more on the interconnectedness of our economies, of people and the environment so that we measure these connections as part of our benchmarks. The intergovernmental agenda, while making clear the urgency and ambition, doesn't set out concretely what steps companies need to take on genuine system transformation, neither does it set out a mechanism to hold their actions accountable. As WBA has evolved and grown, and as we have more and more data of company performance, last year we were able to start to be much more explicit about our role in incentivising companies through monitoring and evaluation of progress and strengthening actions through collaborative engagement and policy advocacy.

This meant we launched our Collective Impact Coalition (CIC) blueprint, designed in consultation with our Allies, who are critical in taking them forward over the coming years. CICs are time-bound, global, multi-stakeholder coalitions, focusing on catalytic issues, and informed by WBA evidence, striving to transform companies. CICs are accompanied by policy activity that is aligned to the same catalytic issue, but instead of targeting actions at the lagging companies, CIC policy activity influences regulators and policy-makers at national, regional and/or global levels, and informs system change. Designing the blueprint wasn't without its challenges, as many impactful, collaborative engagements already exist, particularly in more mature systems such as energy and decarbonisation. CICs therefore take forward what we learn from our benchmarks and sit at the heart of our multistakeholder Alliance so that we continuously build on the work of others. The continued virtual nature of our work in 2021 enabled us to grow the Alliance rapidly, so that at the end of the year we were up to around 280 Allies. However, truly deepening these relationships and growing the Alliance in a globally inclusive manner continues to be a challenge and we hope that the CICs will enable us to continue to work more closely together.

The clarity of our role also extended to building awareness of the support we can give as a reviewer and user of sustainability disclosures in the standard setter ecosystem. Sustainability reporting is an essential part of creating the incentives needed to align companies with the SDGs. Comparable, reliable, and consistent sustainability data is critical for our work, as it forms the basis for our assessments and benchmarks, through which we can enable different stakeholder groups to understand and compare company performance and create accountability. Since 2021, WBA has engaged on both sides of the Atlantic, including on the political level at the EU with the Corporate Sustainability Reporting Directive process and on a more technical level with EFRAG to support the developments to develop European Sustainability standards. Reflecting our focus on keystone companies around the world, we also took the opportunity to engage with the IFRS Foundation on the establishment of the International Sustainability Standards Board. Through engagement at both the regional and global level, we hope to provide connectivity between these interrelated developments, ensuring that measures at different levels result in comparable, consistent and actionable sustainability reporting globally.

CEO Letter

WBA is slowly being recognised for being a potential business accountability mechanism. This year, as in 2020, we invited all of our SDG2000 companies to work with us; to understand what their core business transition entails, and to also put the companies on notice of their responsibility as a keystone company, that can enable, or hinder systems change. During May, we published our annual letter to CEOs to make explicit the WBA journey they are on, including outlining what society expects of them. The open letter on our website also demonstrates the opportunities ahead and the practical implications of being a keystone company. The letter was shared with Allies and amplified on our social media channels during the whole month. This is an ongoing campaign so that we can socialise the now familiar themes of leadership and accountability with more and more SDG2000 companies. We know that during 1-31 May, a total of 807 users (714 unique page views) have viewed the SDG2000 CEO Letter published on our website. The CEO Letter has been relatively more successful compared to previous SDG2000 web posts, for example the press release from January published during WEF-Davos (511 user/423 unique page views during 1-30 January 2021). With that in mind, it confirms that the decision to not publish a press release for the CEO Letter was appropriate and successful.

Alliance

Growing and activating the community

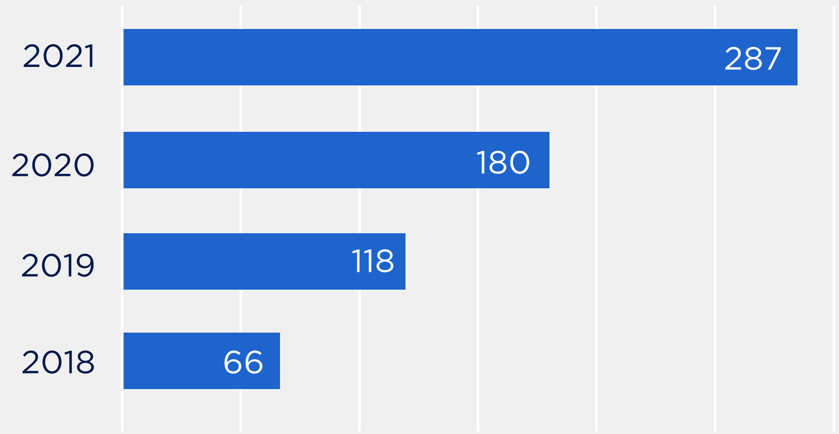
The Alliance grew at a massive pace in 2021, with 103 new organisations joining the community from regions across the globe, taking the total to 287 Allies at the end of the year. With this elevated growth, a continuous challenge we faced in 2021 was to not let the quality of engagement with individual Allies slip due to limited resources. We began to address this by empowering colleagues across WBA to adopt key Alliance relationships per team/individual in order to continue to maintain the high quality of engagement with organisations. To keep up with the growth of the community, we will carry on with this over 2022 as well.

Through the year, there was a 15% rise in Allies specifically from developing countries; and creating an inclusive and balanced community was an ongoing priority. By identifying the gaps per region or stakeholder group, we were able to slightly narrow down our efforts and move ahead in the right direction. Whilst we saw an improvement in the number of organisations, the lack of ability to travel due to the pandemic was a challenge, which made this a slow process overall. Going ahead, we will continue to strive to make the Alliance as balanced as possible in terms in geography and stakeholder type and will be prioritising this growth accordingly.

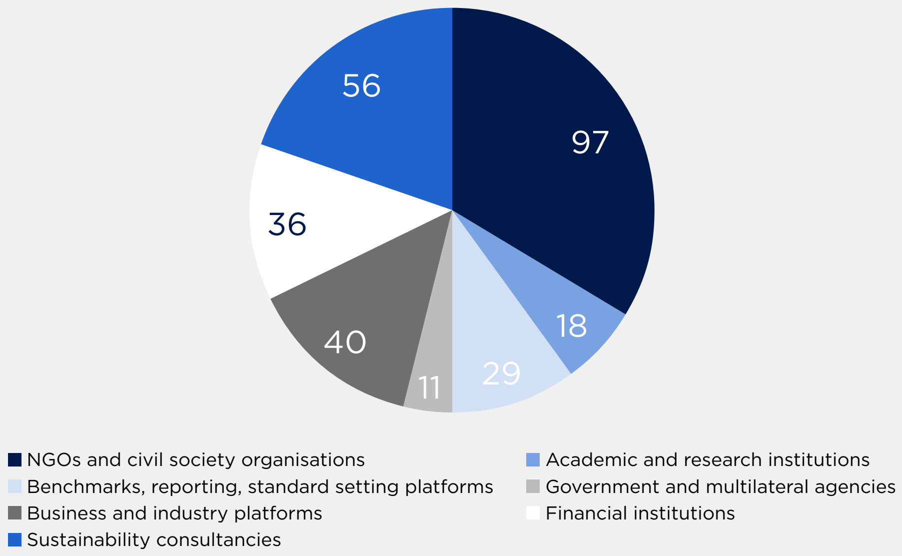
Overall, from 66 organisations in 2018 when WBA launched, to 287 organisations in 2021, the year-on-year growth of the Alliance has demonstrated the potential of collection action by a multi-stakeholder community and brought to life the essence of "SDG17: Partnerships for the Goals".

Side-by-side to the quantitative growth, in 2021, we focussed on the central theme of activating the community by promoting collaborations, not just between WBA and Allies; but also encouraging intra-Alliance partnerships (several examples mentioned below). In addition to this, the launch of the Collective Impact Coalitions (details in a separate section below) was a defining moment in activating how we will practically work on collective action with Allies.

Year on year growth



Stakeholder groups in the Alliance



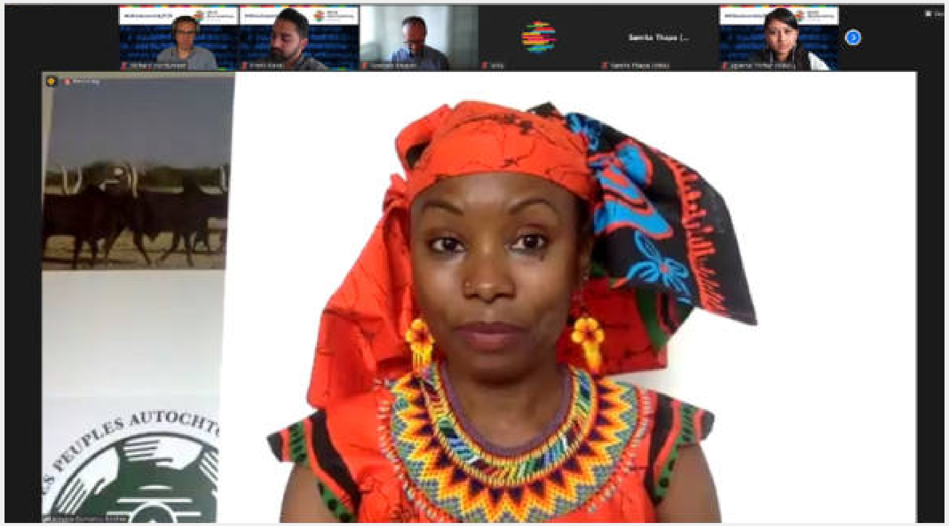
Stories from the community: bringing SDG17 to life

- *Benchmark data informs Fidelity's 1:1 ESG engagements with corporate investee companies:* The WBA Digital Inclusion data provided valuable information across IT sectors to help Fidelity International better engage with their investee companies on topics of digital inclusion. They actively asked technology companies about their practices in these areas, especially where WBA data showed these practices to be lagging.
- *Supporting the EU's initiative with a joint statement on sustainable corporate governance:* CDSB and WBA, as Allies, welcomed the European Commission's initiative to improve the regulatory framework on company law and corporate governance with a joint statement in June 2021.
- *Global Child Forum aligns its benchmarking universe with WBA's SDG2000:* In a bid to expand the reach and impact of Global Child Forum's corporate sector and children's rights benchmark, Global Child Forum aligned its benchmark universe with WBA's SDG2000 list. With this combined knowledge, the hope is to mobilise companies by better equipping them to meet the demands of the financial investors, governments, civil society and the community in which they operate.
- *Setting standards together:* In an industry sorely lacking standards, Matter worked with WBA to set thresholds for when a company should be flagged as outperforming or underperforming on a certain issue, to provide investors with critical data that has been vetted and validated by experts.

Third edition of the Allies Assembly: activating the community

In September, we organised our third annual Allies Assembly, bringing together 140 participants for a virtual gathering on the sidelines of the UN General Assembly. The Assembly focused on the theme of: "Activating the Alliance Through Collective Action" and featured keynote remarks from Hindou Ibrahim (United Nations SDG Advocate) Gonzalo Muñoz, (COP26 High Level Climate Champion) and Kaysie Brown (Vice President for Policy and Strategic Initiatives, UN Foundation). Apart from that, with a central focus placed on storytelling, it featured diverse voices from Allies across regions and stakeholder groups sharing examples of how they have worked with the Alliance, the challenges and learnings they have had, and the opportunities for increased collaboration moving forward.

Some of the key learnings from the Assembly included: 1) There is an appetite for more communications and press relations-based partnerships that focus on storytelling and amplification; 2) It would help to have a more concrete definition of roles that Allies can use to step into/participate in the Alliance based on differing approaches and theories of change regarding corporate sustainability; 3) Allies are eager for more tools that can present data from the benchmarks in an easily digestible manner; 4) Allies would value a dedicated platform for collaboration that can facilitate intra/inter-Alliance partnerships; 5) Building a diverse and inclusive Alliance was recognised as a critical need, and our global Allies can play a role in furthering this.



Environmental Activist Hindou Oumarou Ibrahim speaking at our virtual Allies Assembly in September.

> ’As WBA's first ally from mainland China, we really value how WBA provides us with useful tools, information and access to an international networks of ‘know how-ers’. Their independent information gives us insights on business solutions for SDG-related challenges which helps us to nurture more future business leaders who have sustainable mindsets.
>
> **- Shanghai Green Light-Year (NGO)**

How Allies stepped into the journey

Pre-launch briefings: In 2021, notably, we introduced the concept of hosting exclusive pre-launch briefings for Allies prior to major benchmark launches with the objective of sharing important information well in advance, to facilitate Allies engaging with and communicating around the benchmark results. After conducting briefings for the Gender Benchmark, Digital Inclusion Benchmark and Food and Agriculture Benchmark; we learnt that there is an interest amongst Allies to get information in advance to the outside world (under embargo), as this gives them sufficient space to plan their involvement in using the benchmark results for their own work. However, a cumulative learning through the different sessions were that these briefings require careful curation on style, content and finding ways to encourage dynamic interaction, as Zoom fatigue and competing external engagements for organisations often lowered participant response, energy and engagement rate. As we move into 2022, we will strive to find ways to harness this interest for the briefings and apply the learnings from earlier to make this a useful process for both WBA and Allies.

SDG2000 Crosscheck: As a part of this project, we mapped the 2,000 companies to see where they are a part of Allies' ecosystems. The cross-check, with 18 participating Allies revealed a 89% coverage overall, with 25% of the SDG2000 companies being associated with 5 Allies or more. Our findings have helped us conclude that the more Allies a company engages with, the more likely it is to score high in our benchmarks. Additionally, this 89% figure does not mean that we have reached the end of our journey. This highlights the opportunity ahead for Allies to influence the SDG2000 companies' behaviour towards enhanced SDG performance.

Stories of the Alliance

Alongside the Allies Assembly, this year, we launched a communications campaign titled “Stories of the Alliance”, to chronicle the impact that our Allies create around the world. Using the power of storytelling, the campaign through videos, blogs, quotes, and a digital storybook showcased how Allies see their journey, the potential, and impact they are creating in collaboration with WBA and the community. The campaign ran for three months, from September to November, and showcased stories from more than 25 Allies. The success of this campaign was demonstrated through social media metrics: (29,467 impressions and 1,720 engagements across LinkedIn and Twitter - the launch post of the storybook alone was the most clicked on post on our LinkedIn in 2021) and the quality of engagement, enthusiasm and response rate displayed by Allies. Additionally, it showed that storytelling and capturing the practicalities of how the community works was useful to contextualise the Alliance to an external audience. Overall, the campaign illustrated the critical importance of continuing to elevate Ally voices and share stories of impact. Moving forward, we will be exploring how to do this on a more organic and ongoing basis.

Collective Impact Coalitions

With half our SDG2000 currently benchmarked across various transformations, a key focus in 2021 was to consider how best to operationalise WBA's Theory of Change to positively influence company behaviour change using evidence provided by our benchmarks. WBA's strength and success rests in large on the ability of our almost 300 Allies to use their skills, networks, and influence to drive systemic transformation from the world's most influential companies. However, these efforts can sometimes be fragmented and lead us to work in siloes, hindered by a lack of common language or agreement on where to focus our attention. This is particularly relevant for organisations across stakeholder groups and 'ecosystems'. Yet, this is where the untapped potential to drive forward and elevate the impact of our work lies.

Recognising the need for our Allies to work together more effectively and ensure that our efforts are lifted and supported, WBA published a framework for Collective Impact Coalitions (CICs) in 2021. CICs are intended to bring together Allies and other stakeholders to focus on the catalytic issues that we know are going to move companies and bring about systemic change. CICs provide a space for Allies to take forward cross-sector, collaborative action based on data and evidence provided by WBA benchmarks. CICs build upon, support, and raise the ambition of the existing work of Allies through the following core functions:

- **Prioritise:** Identify key issues based on WBA research and engagement.
- **Mobilise:** Convene Allies, set ambition, determine roles and responsibilities.
- **Execute:** Take action, partner with leaders, hold laggards to account.

In doing so, these coalitions strengthen the ability of our movement to ensuring accountability from companies in driving systemic transformation on critical issues aligned with the SDGs.

In addition to launching the CIC framework in 2021, WBA began to lay the groundwork for the launch of CICs for our first four systems: social (focused on human rights due diligence), digital (focused on AI ethics), food and agriculture (focused on regenerative agriculture), and decarbonisation & energy (focused on the topic of a just transition). By 2023, WBA will have convened a CIC in each of our seven systems centred around a key issue requiring targeted corporate action, as evidenced by our benchmark data, that is also catalytic to driving systemic transformation.

WBA benchmarks are increasingly seen as valuable tools for investors to conduct their investment analysis and active ownership activities (i.e. 121 company engagement, voting, and collective engagement). By using the WBA benchmarks investors can ensure that they are using their influence to make science and norms based ‘asks’ of companies. These tools also ensure that investors are better able to challenge companies on the speed of progress and the decisions being taken in relation to key sustainability goals. One example of this is Fidelity International’s use of WBA’s Digital Inclusion Benchmark data to inform their direct ESG engagements with corporate investee companies. Another example is Aviva’s new Social Transformation Fund (launched December 2021) which uses the WBA’s Social Transformation Framework as the core tool to assess company eligibility for inclusion in the fund.

At the end of 2021, 24 asset managers and asset owners were part of the WBA alliance, representing USD 10 trillion, having grown from USD 7.3 trillion as of end December 2020. The relationship with these Allies continues to be built through 121 meetings, benchmark related activities (such as joint events and input during methodology consultations) as well as through the quarterly WBA investor Alliance meetings, which were newly established in mid-2021. Here are examples of ways WBA has actively worked with investors over 2021:

Capitalising on WBA investor Allies’ influence of Food and Agricultural companies

In June 2021, WBA reached out to several of our investor Allies to ask them to encourage companies to make the G7 Sustainable Supply Chain Initiative pledge. This led to coordinated written outreach by three of our investor Allies (Aviva, Macquarie, Ardevora) to the companies and led to several companies getting involved in the G7 pledge. This process continued with a second investor engagement push focussing specifically on US companies. At the end of 2021, this was formalised in an investor statement in support of the companies who made the pledge and more broadly in support for the WBA Food and Agriculture Benchmark: Investor Statement in support of a G7 Sustainable Supply Chain Initiative | World Benchmarking Alliance.

Deepening investor’s approach to nature and biodiversity

In mid-2021 WBA identified the growing interest from investors in wanting to understand their wider influence and potential role linked to nature and biodiversity. This fitted well with WBA’s own thinking on move from a ‘circular’’ to a broader ‘nature’ systems change. Over the second half of 2021, WBA built relationships with the several investors and investor-linked groups on this topic. This included joining the SBTN finance working group to connect with key actors; providing investor

Allies with preliminary insights into our Methodology for our Nature Benchmark and company selection process at the quarterly call in December; having our SBTN also present their initial tools for investor engagement at this same Investor Quarterly call; contributing to the presentation and industry panel discussion organised by an investor ally, Ardervora (which will result in the publication of a document summarising key next steps for investors on this topic) and several 121 meetings with investment teams. WBA has also been building relations and sharing insights with Finance for Biodiversity Pledge and in particular the sub-group within this initiative that are planning a collaborative investor engagement (called ”Nature Action 100”). With the finalisation of the WBA methodology and planned company benchmark, 2022 will be a key year to further build on and accelerate the growing investor appetite to accelerate corporate actions on this transformation.

Accelerating and expanding investors' actions on decarbonisation and contributing to a just transition

After the launch of the WBA's Oil and Gas Benchmark in mid-2021, several investors and investor-linked organisations contacted WBA to reflect on what these new (stark) findings meant for investment and engagement with this sector. In order to increase investors' awareness of the findings and explore the 'invest-divest-engage' debate further,

Engagement Director Pauliina Murphy joining BBC World News' live business segment to discuss the role of investors and companies in pursuing sustainability commitments.

WBA held an investor-focussed oil and gas session in September. This was attended by a number of large global asset managers. We also laid out this topic in more detail in a blog called “Road to COP: How should investors approach the oil and gas sector?”. This fuelled several further conversations with investors who are still very much grappling with what approach to take in this sector and it also led to further internal reflections on how to assess Financial Institutions on this topic in the upcoming Financial Systems Benchmark (see indicator 10). At COP26 the launch of WBA’s Just Transition Assessment was a key moment where two of WBA’s investor Allies (ODDO, BHF asset management and Ninety One) publicly committed to leading engagement actions to accelerate companies’ adoption of credible just transition plans using WBA’s Just Transition Methodology. Linked to this, over the course of 2021 WBA also worked closely with a new investor coalition set up by Finance for Tomorrow. As part of this, WBA’s Methodology and first assessment of 180 companies are being put on the coalition's hub so that these can be leveraged by investors involved. These actions will be part of WBA’s Just Transition Collective Impact Coalition (see p. 35 for more information) which is increasingly being picked up and recognised by other actors in the investor ecosystem.

In 2021, WBA's policy engagement focused on building consensus on consistent and comparable corporate sustainable reporting. Using evidence from WBA benchmarks and in collaboration with Allies, the policy team supported policymakers and advocated for strengthening private sector accountability on the SDGs.

Building consensus on the need for consistent, comparable, and transparent sustainability reporting

WBA strengthened the call for developing consistent, comparable, and transparent sustainability reporting by inputting into key initiatives at the global, and regional levels. The need for a consensus resonated across initiatives such as the International Sustainability Standards Board, EU Corporate Sustainability Reporting Directive, Singapore Green Finance Taxonomy, Japan Corporate Governance Code and sustainability reporting frameworks in the US and China. Collaborating with Allies in policy engagement tremendously helped in amplifying WBA's geographic reach and helped build on each other's strengths.

Supporting policymakers to use WBA insights and act – deepening relations for the seven transformations

Through the Policy CoLABs WBA was able to convene key stakeholders across EU, the US, India, and Asia to identify context-specific policy

Pauliina Murphy, Iris Millenaar and Victoria de Castro Huber at the Paris Peace Forum in November. WBA was one of the 80 projects highlighted that work towards solutions for peace.

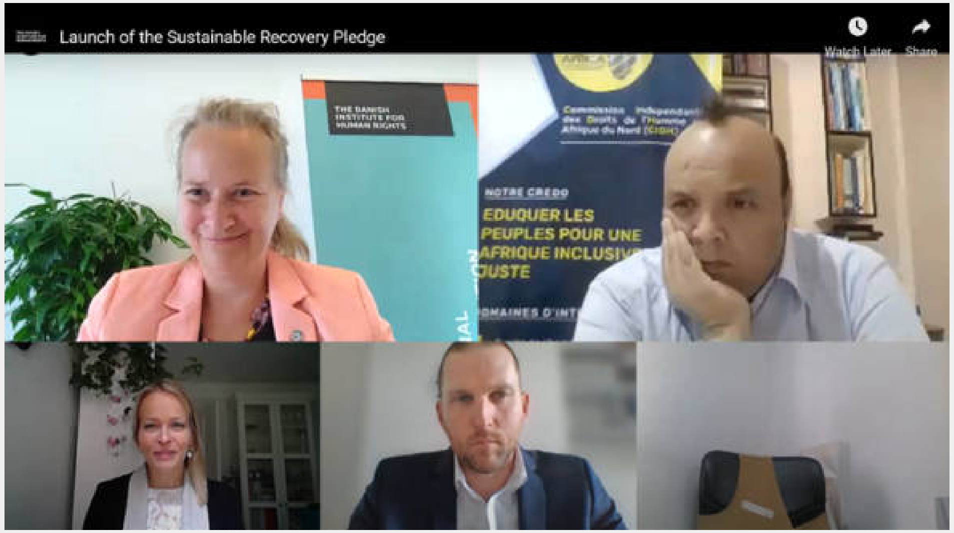
challenges and co-create solutions for policymakers to act upon. The EU Policy CoLAB co-hosted with Climate Disclosure Standards Board (CDSB) helped identify policy solutions to addressing systematic risk and encouraging sustainability transparency in the financial system. The India Policy CoLAB, co-hosted with Centre for Responsible Business, supported Indian policymakers with recommendations on implementing responsible business policies for workers in the informal sector. The US Policy CoLAB, co-hosted with Value Reporting Foundation helped unpacking the corporate sustainability disclosure landscape in the US. The ASEAN Food Systems Policy CoLAB organised with Ally Center for Indonesian Policy Studies helped identify specific policy recommendations to help improve nutrition outcomes and help strengthen small-scale food producers' adoption of sustainable agriculture in the ASEAN region. Policy CoLABs have emerged as a potential tool to contextualise evidence from WBA Benchmarks in finding policy solutions together with other stakeholders.

WBA efforts to institutionalise accountability mechanisms to measure private sector contribution on the SDGs gathered momentum in the EU and the G7. WBA engaged with the European Parliament's Responsible Business Conduct Group on assessing and monitoring human rights due diligence and responsible business conduct via the Social Transformation Framework. The draft report on the EU Social Taxonomy published in July referenced the CHRB and Social Transformation Framework as a suggested foundation with other international norms and principles for supporting the development of the Social Taxonomy.

WBA was involved extensively in the development of the EU Code of Conduct on Responsible Food Business and Marketing as a member and rapporteur of the task force for the monitoring and evaluation framework of the code. The Methodology for our Food and Agriculture Benchmark was identified by the Commission as a potential programming tool for evaluating corporate reporting practices within the Code. In addition, engagement with governments in light of the G7 Sustainable Supply Chain Initiative supported the earlier described role of WBA as an accountability mechanism.

Advocating for corporate accountability on the SDGs

WBA led advocacy efforts on strengthening corporate accountability on the SDGs both regionally and globally. This resulted in acknowledgement by a wide range of stakeholders on the need for improving corporate accountability on the SDGs.



Our Engagement Director Pauliina Murphy speaking at the launch of the Sustainable Development Recovery Pledge in June.

WBA co-hosted the launch of the "Sustainable Recovery Pledge," at a high-level side event of the 47th session of the UN Human Rights Council organised by WBA Ally, the Danish Institute for Human Rights and Denmark's Mission to the UN. The SRP is a pledge by governments to build back better using human rights and the Paris Agreement as the blueprint for a just and inclusive recovery that leaves no one behind. WBA spoke alongside the Foreign Ministers of Chile and Denmark, UN diplomats in Geneva and other stakeholders, presenting our benchmarks – including our Gender Benchmark and Just Transition Assessment – as an accountability mechanism for the pledge. The SRP has since been endorsed by 47 countries from every major world region and over 20 CSOs, including WBA.

WBA recommended inclusion of the need for strengthening the role of the private sector in contributing to the SDGs to the Chinese civil society statement on Voluntary National Reviews (VNRs) which was accepted and included in the final session.

Where to start our reflection on communications for 2021? Once again it was a year full of uncertainties, screen fatigue and online meetings. However we also experienced many happy and proud moments and learned a lot. We grew both the quality and quantity of our communications efforts.

We started the year with the same communications team and in April a new colleague joined. This helped to build on the learnings and insights from last year and further develop our communications approach for WBA. 2021 was again a year focused on launching benchmarks, positioning our colleagues as thought leaders and experts and build a credible brand.

The second half of the year was especially busy because of multiple benchmark launches, which meant communicating about the findings, results and launch. A key learning is that this made it challenging for us as well as our audiences to keep track of what we had published. In our aim for 2022 will be to create a steady drumbeat of communications moments, instead of mainly having peak moments during the publication of a benchmark.

Communications numbers in 2021

Social media

3,684
new followers

engagement rate:

0.4%
decrease

1,085
new followers

engagement rate:

0.4%
increase

In the media

19%
increase

in top tier media mentions

Our website

55%
increase in website visits

33%
increase in website visits via sources other than search engines

**All these numbers are in comparison to 2020*

We are particularly proud of how we crafted simple and aspirational messaging, harnessed the desire of well-performing companies to display their high ranking and continued to establish WBA as a trusted voice in the media. These three highlights mark crucial shifts we made in our overall approach to Communications that we will continue to build on in 2022.

Company engagement on social media

A crucial part of our mission and Theory of Change is to engage companies in the benchmarking journey. Companies that actively participate in being benchmarked are more likely to adopt more socially responsible and sustainable practices. An important step in this journey is for companies to publicly acknowledge the benchmark results and take responsibility for their performance.

To encourage more companies to share the benchmark findings on their social media accounts, we created tailored social media toolkits for them, which contained suggested posts, impactful visuals and internal communications messaging. (See examples: toolkit for the Top 15 ranking companies of Digital Inclusion Benchmark and toolkit for Unilever, top scoring company of Food and Agriculture Benchmark).

The toolkits were widely used by the top-ranking companies across various benchmarks to communicate their scores, generating awareness of WBA amongst their vast networks. Through the dozens of companies that shared the results – from industry giants like Adidas and Danone, to regional players like Rakuten and EastWest Seeds – over 29.9 million Twitter and LinkedIn followers were reached with their institutional platforms alone. Countless proud employees also shared their companies' results with their personal followers. Amongst many others, we saw posts from HP's Chief Impact Officer, McCain Food's CEO and Nestle's Global Head of Public Affairs, alongside widespread employee campaigns from Verizon using hashtags #CitizenVerison and #DIB2021. These posts prove that we were able to reach our main target audience: key decision makers within companies that have the power to shape company behaviour.

It was encouraging to see that companies use the benchmark ranking as a marketing opportunity. However, we also encountered the challenge of some companies framing their scores on social media in a context that didn't reflect the full picture and made their performance appear more favourably. An important element to overcome this challenge was the longstanding relationships that the benchmark teams built with the companies, which allowed us to set clear boundaries about the way companies can use our branding. An ambition for 2022 is to build more direct relationships with the companies' communications teams to increasingly create communications synergies.

Crafting simple messaging

Another highlight was the development of a new communications resource for each benchmark publication, referred to internally as our 'one comms message'. Before each publication, we gathered the team to ask: ''In one sentence, how are the companies assessed performing on this specific transformation that's needed in order for us to achieve the Sustainable Development Goals?''

Afterwards we came up with one sentence about the benchmark results – our one comms message. Examples include 'Fast on fashion, slow on gender equality', and 'Only a handful of tech companies are taking responsibility by moving faster to fix things.' These were accompanied by a few paragraphs fleshing out each message.

These one-pagers acted as a messaging guide for all our communications, from earned media to social media. Written for a wide, non-specialist audience, they communicated each benchmark result in a simple way, free from jargon, touching on the 'why' underpinning each transformation and our broader Theory of Change.

This new approach was a great success because they helped to ensure that our messaging was aligned and struck a simple and engaging tone. The one-pagers also acted as a briefing document for all colleagues and provided sound bites for them to draw from when speaking externally about the results. Furthermore, the process of coming up with the 'one comms message' was a valuable exercise in and of itself, as it forced all teams involved to take a step back from the detailed and complex data to instead think about how to communicate the research and results in a succinct, impactful way. A learning opportunity for 2022 is to consider how we can craft the one comms message earlier on in the benchmarking cycle process, when teams have more capacity to contribute to this process.

Bolstering our license to speak: WBA in the media

2021 was the greatest year for WBA in terms of media impact, with 385 mentions in traditional media (newspapers, magazines, online news and television). This is a 24% increase of media presence compared to 2020. When it comes to high-quality media mentions, we also increased these by 16%, meaning that WBA is becoming a respected voice across reputable journalistic publications worldwide. In 2021 we have earned the attention of Reuters, BBC World News, The Independent, CNBC Africa, Financial Times, Morningstar, Wall Street Journal, Edie, Business Green or Responsible Investor, amongst many others. All the attention was always positive and earned, we never paid for advertising. In the future we want to focus on gaining more space in the aforementioned top tier publications, and really push beyond the headlines to allow more time for longer interviews or articles about WBA's movement.

Out of all our media mentions, 62% of these were fully dedicated articles or interviews about WBA benchmarks or reports, meaning that we have earned our space and voice in the media gradually. WBA's mentions in dedicated stories grew by 27%, compared to 2020, hinting that we are finally earning our license to speak!

This is no coincidence, since WBA has invested in resources to proactively generate 61% of the total earned media mentions, with targeted campaigns launched for each benchmark launch, combined with reactive media relations throughout the rest of the year. For the first time, we also learned that 39% of media attention was generated organically and spontaneously, meaning that WBA data or spokespeople were requested by editors and producers to inform their journalistic pieces. We can conclude that in 2021, WBA became an established and trusted voice, especially in investor and sustainability publications, as their readers are decision-makers who are the most concerned about companies' performance.

Vicky Sins, our Decarbonisation and Energy Transformation Lead being interviewed in July by BBC World News about our 2021 Climate and Energy Benchmark of the oil and gas sector.

People and culture

Values and our 'TEAL' way of working

From the beginning of our organisational design we have used Frédéric Laloux's 'Reinventing Organizations' and his principles around being a TEAL organisation as our guiding philosophy. Our culture can be characterised by self-organisation (decision making and command does not travel downwards), being your whole self (bringing one's head, heart and soul into the work) and evolving purpose (responding organically to arising needs). In 2021 we continued our focus on making that culture and TEAL ways of working more explicit, maintaining a flat hierarchy to ensure we can adapt quickly and we share ownership and responsibility. We believe that such an approach brings out the best in people, which in turn ensures the organisation is fit for purpose, namely to create systems change.

Our purpose is ever evolving with the world in which we work, and changes that happen all the time. With more than half of our annual budget going to our people, it makes a lot of sense to ensure that we all bring our full and best versions of ourselves to work. Our purpose pulls us forward and requires a lot of trust and letting go of the comforting illusion of control. To create impact in such an evolving organisation it is key to be aware of our actions, attitude and behaviour. This is where the importance of showing up whole, ongoing feedback and being reflective of the self comes in. Being self-aware helps us to identify how to best manage ourselves and how to reach the maximum of our potential. Self-management is embodied by distributive, inclusive and well-rounded decision making and letting people find their own natural hierarchies in teams.

People Leading

In 2021 we continued to focus on self-led learning and development and rolled out the People Lead approach in the entire organisation, building up to a group of 12 People Leads. A People Lead is anybody who wishes to encourage their colleagues to take ownership, reach maximum impact, learning and development driven by WBA's purpose. We clarified the People Lead role by having collective learning moments, open dialogues on alignment and clarifying what the responsibilities are. By making these changes together we ensure that each People Lead has the capacity to provide more attention and care for each individual in the organisation, as well as gaining improved oversight over the talent, happiness levels and performance of the entire team. People Leads matured into their roles and took more ownership and leadership over people related themes, such as co-creating buckets of accountabilities that sit with our roles, involvement in salary setting (as a first step towards wider compensation transparency), contributing to the onboarding of new joiners and dealing more explicitly with performance reviews by supporting staff found to be struggling. We have found that the support from a People Lead makes team members more comfortable opening up about issues or concerns, than a traditional manager at a distance would.

Overall this has contributed to creating an environment where people feel heard, seen and feel encouraged to learn along the way and reach the maximum of their potential. A learning is that having a large group of people leads can be challenging, leading a small group of people means it takes a while to build up the required skills and expertise and makes it more difficult to invest in collective topics and requires more focus on alignment. Another learning is that people (with various cultures, backgrounds and levels of experience) adapt differently to such a non-traditional approach depending on speaking up, asking for help and wholeness,

Talent Management

At WBA we cherish our talent and manage performance in line with our culture, placing emphasis on continuous feedback loops, self-led growth and open dialogue. In 2021, we continued having open conversations about people's commitments, learnings and development goals. We encourage people to identify learning questions and explore additional accountabilities to keep our talent challenged. Over the year we have seen multiple people take on new responsibilities or grow into entirely new roles. Our culture actively fosters organic and self-led growth, as we believe in learning on the job and getting the space to explore new areas or step into a gap when one is identified. A challenge in such an ever-evolving model is that it can be more difficult to keep oversight over who is owning which accountabilities (and which responsibilities are out there to add), for colleagues to see and recognise what people are responsible for and for people to take on too much impacting wellbeing and energy.

In short we have been able to grow and find talent in 2021, but we have also identified some learnings in talent management. WBA looks at development as self-led, this requires people to exhibit traits such as self-awareness, speaking up, and a growth mindset to really take advantage of such a system. Some people struggle with this for a variety of reasons from personality to very hierarchical professional backgrounds. As we want talent from all walks of life to be able to work and thrive at WBA we support people who find it more difficult to settle in by listening, providing tools, creating safe spaces and giving it time.

This is also where questions are raised on topics like career progression, creating structure, operating without a hierarchy and decision making.

2021 people related numbers

In 2021 WBA had staff working from 17 different countries across the globe. We saw growth mainly in the first part of the year, expanding teams all over the globe with a total of 70 team members at the end of the year. In 2021, 19 people joined the organisation and 12 people left the organisation (with a balance of positive and negative attrition). This turnover rate is higher compared to earlier years, we believe this increase is mostly due to the current job market where there is a resignation trend happening, but also believe that full on remote working has impacted the sense of belonging and also becoming more explicit about feedback and improvement plans has contributed to that. Navigating people through the attrition of 2021 has taught us the value of ensuring honest exit conversations with those leaving as well as managing the remaining team members' morale, needs and capacity. To stay connected in 2021 we continued to organise virtual team days, various learning sessions, regular coffee chats, fun hang out sessions and ad hoc celebratory moments with teams.

The sickness absence rate at WBA was 3.5% in 2021, which is higher compared to 2020, but below the average sickness absence rate of the Netherlands. We believe that this increase of sickness absence is due to a mix of reasons such as the effect of COVID-19 itself and the strain of the regulations as well as the high levels of flexibility and autonomy, which can impact work life balance and overall energy levels. We need to continue focussing on how to stimulate healthy and sustainable balance as well as creating a space to pause and reflect.

Governance

Chairman's Statement

It has been a roller-coaster year for the team at the World Benchmarking Alliance as we become known across the many dimensions where our work has an impact. The soul of our benchmarks has been the real focus during 2021 as we develop our SDG2000 to be completed by the end of 2023. I liken what is happening to an iceberg, or the game of water polo, where the substance is below the water line and yet the essence can be seen above.

A personal highlight was COP26 in Glasgow where it became apparent to me that it was no longer necessary to explain the fundamentals of our work but we are now able to focus our conversations on the findings and results. The Just Transition Assessment, especially, made a mark at that conference, a conference where my reflections range from enthusiasm to depression for our world. The amount of care and compassion that we start to see from many companies stepping up to the challenge

is astounding, these frontrunners show the world that they take its issues seriously. Nevertheless, there are still many laggards and we have got our work cut out for us at WBA.

The impact of the COVID-19 pandemic on the WBA team is not to be underestimated whilst the resilience of the team is also remarkable. We are a diverse, youthful, and global team who have made use of technology to be together throughout 2021. However, stresses and strains do come through and we are no exception. I pay tribute to the management team for their sensitive and yet dynamic approach to our people.

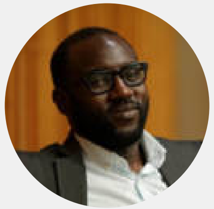
The full Supervisory Board was in place through the year and has proved to be resourceful, insightful, and supportive. It is strange to think that most of our Board members have never met face to face. It certainly does not show as we maintain a unified approach on matters pertaining to the organisation – challenging and yet cohesive. The three main committees have been supplemented by ad hoc groups including Board members. I am proud to lead our Board and thank them as a group and individually for their contributions. We miss the insights of Josien Piek who stepped down during the year, however Jan Mattsson is an excellent addition.

The years ahead have many challenges and yet I look forward with energy and optimism as our contribution is vital to highlight accountability in this world of potential conflict and self-destruction.

Paul Druckman
Chair, Supervisory Board

Supervisory board

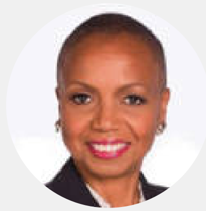
PAUL DRUCKMAN
Chair, Supervisory Board



BUKOLA JEJELOYE
Board Member

ELIZABETH COUSENS
Board Member

JAN MATTSSON
Board Member



JOYCE CACHO
Board Member

LYSA JOHN
Board Member

MARK KRAMER
Board Member

VERONICA OLAZABAL
Board Member

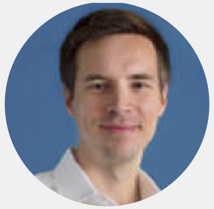
VICTORIA MÁRQUEZ-MEES
Board Member

Executive board

PAULIINA MURPHY
Engagement Director

GONNIE BEEN
Operations Director

GERBRAND HAVERKAMP
Executive Director



RICHARD HARDYMENT
Research Director

Supervisory Board changes

WBA took the active decision to not increase the number of members on the Board and to instead focus on ensuring that the capabilities of its Board members continue to match the needs of the organisation at any given time. By maintaining the right skillset and experience on the Supervisory Board we supersede the need for growth.

In 2021, the Supervisory Board saw the end of term of Ms. Josien Piek who was replaced by Mr. Jan Mattsson who comes with a background of managing amongst other UN organisations and programmes. Ms. Piek previously held the position of Trust Person within the Supervisory Board, which Ms. Lysa John took over. Finally, the Supervisory Board reappointed Ms. Elizabeth Cousens for a second term.

Planning of Supervisory Board Evaluation and Succession

In the first half of 2021, a decision was made to arrange an evaluation of the effectiveness, impact and relevance of the Supervisory Board in 2022 – as it will by then have operated for approximately two years in its current composition. This evaluation will be performed by an independent external consultant. Though it will not directly determine the succession of the Board, it may inform it by demonstrating where there are strengths and where there might be gaps. An additional plan was put in motion to evaluate each individual Board member. The proposed schedule for the staggered approach to either replace or reappoint a board member will be based on the below four key considerations:

- Approximate end of term according to start date (three years).
- A staggered approach to avoid multiple board members departing at once.
- The maintained balance across committees.
- The maintained diversity of skill and gender.

The planning of the succession was based on the need for WBA to deliver a succession model that moves knowledge and experience forward rather than seeing new board members starting from square one and spending significant time catching up.

Committees

The Research Committee focused on a number of areas in 2021, primarily to review and update our Monitoring, Evaluation and Learning. The findings from WBA's first evaluation were discussed in detail as well as how WBA would respond to each of the issues raised. The updated approach to monitoring our impact in developing countries was also 'stress tested' for feedback with board members, and changes made to hone our methodology and focus.

Equally, the Engagement Committee considered the themes arising from our Monitoring, Evaluation and Learning report to identify which areas of engagement should be prioritised in the coming year, in the context of the ongoing pandemic. The Committee focused on the opportunity with the Collective Impact Coalitions, particularly as a way to strengthen our relationships and deepen our work with investors. The Committee also stressed the need for continued focus on people empowerment and bringing in the voices of the most impacted, to ensure WBA continues to have a globally inclusive approach in its engagement.

The Operations Committee continued to provide a forum for more deeper conversations on people and culture, financial management as well as overall governance and compliance. These sessions enable the Operations Committee members to advise the full Board around decision making regarding e.g. approvals, financial decisions, risk taking or appointments. In 2021 the Operations Committee dedicated its attention primarily to the continuous review of staff well-being as well as the move towards forward looking financial forecasting, which has had and will continue to have major implications for WBA's spending and planning of activities—but primarily allow for better oversight for Executive and Supervisory Board alike.

Knowledge, innovation and digitalisation

Throughout 2021, the Knowledge, Innovation and Digitalisation (KID) team focused on moving forward with key elements of our updated data management strategy (DMS), crystallised in Q4 2020. We implemented these changes one step at a time, in part because they build upon each other. Structural and technical updates to the applications and databases that make up WBA's IT platform were foundational to moving the data management strategy forward this year. This included:

- Set-up of WBA-wide Business Intelligence Architecture: a data warehouse and configuration of a Master Record Application to transition storage of previously Excel-based data management. For the Master Record Application we were able to optimise tools already in use for other business processes, namely the Engagement Tool (Microsoft Dynamics CRM).
- Synchronisation of Master Record Application back-end database to newly configured data warehouse.
- Integration of benchmark teams into a shared research front-end tool (which also includes a database back-end that will be integrated to the data warehouse). Initially three benchmarks were migrated to the system, with extensive planning on how to migrate an additional three the following year.

These technical updates were important steps in ensuring our data is auditable, reliable and organised. With these updates, we made steps to streamline ways of working between benchmarks, reduce risks in terms of data handling, and ease use of data and transition of data between tools – all of which also act as important cost-saving mechanisms. Importantly, all these updates are foundational steps to our end-goal of building a web-based dashboarding environment to allow for more comprehensive access to our data.

Next to this abovementioned work, which had most noticeable impact for the Research team, we also evaluated the capacity of our Engagement Tool. Updated functionality available within the Dynamics 365 CRM environment in relation to email campaigning and event organisation were picked up as key areas for improvement to our engagement process and these configurations and internal capacity building around their use are on-going. Additional updates to this tool were also identified in connection to our Results Management Framework, the data of which is also managed in this system. Conceptualisation around how to integrate these updates into the Engagement Tool were finalised and these updates are also in progress.

Building a quarterly forecasting system

The 2021 financial year had the finance team occupied with finding ways to reinvent and simplify our financial processing and reporting templates.

We embarked on quarterly forecast setting cycles, where Benchmark Leads are expected to update their respective forecasts based on expected activities and people required to execute those activities in the coming 24 months. This aligned with the two-year cycles of the benchmarks and allows the organisation to produce more accurate results as well as propel us into stability, sustainability, and growth. This change has also seen us move towards active participation, by the Benchmark Leads, in the forecasting process, with a specific focus on allocation of resources to activities. A pleasant result of this process is our ability to bridge the gap between the transformation teams and the finance team.

To facilitate staff feeling more empowered to make decentralised decisions, which improves our organisation-wide efficiency, we conducted a training session, “Introduction to finance”. In this session we demonstrated basic financial reporting, budgeting, forecasting principals and explaining finance with WBA to the staff, to help facilitate team engagement, when it comes to finance matters. This served as the first stepping block towards integrating the finance team into the organisation, instead of us working in a silo.

Donor overview

The ongoing COVID-19 pandemic impacted WBA’s funding partners, which inevitably had a snowball effect. Relationships remained strong and we adapted quickly, however government funding agreements ended abruptly and philanthropic commitments were reduced. These constraints focused our assessments and learnings, enabling a clear funding strategy for 2022 and an emphasis on building a strong and consistent pipeline of future or potential partners.

We are pleased to have continued our relationship with funders such as Porticus, the Walton Family Foundation, the David and Lucille Packard Foundation, IKEA Foundation, Ford Foundation, Climate Arc, Net Zero centre and the Children’s Investment Fund Foundation, who share our vision and value our contribution to the achievement of our objectives. The tremendous financial support received from the governments of the Netherlands (Ministry of Foreign Affairs, Ministry of Agriculture, Nature and Food Quality), the United Kingdom (FCDO), and France (ADEME) as well as the European Commission (DEVCO), has been a catalyst in steering us towards the impact we aim to achieve.

However, our relationships extend beyond purely financial partnerships. Our funding partners engage in regular calls and opportunities to contribute, such as consultations and roundtables, receive updates and communications from WBA and join a quarterly Synergy Hub, which is an information and peer exchange.

WBA is committed to maximising our strategic partnerships, and 2021 saw some of WBA's founding partners engaged in conversation to extend their support into future years.

These donors contributed towards us raising €7,669,858 which is a 2% increase compared to the income that was raised in the 2020 financial year. Although this was 44% lower than what we had anticipated to raise, as per our 2021 budget, we were still able to carry out our objectives as planned. We ended the year with a total expenditure amount of €8,357,991 which was 32% below budget, mainly due to a significant reduction in physical travel for outreach and communication purposes, due to the travel restrictions imposes, as well as most events shifting from physical to virtual. Another major saving was made on learning and development, as we embarked on cost-saving measures given limited funding opportunities that were at our disposal. We ended the 2021 financial year with a deficit of €619,057 in our Income and Expenses Statement which is mostly attributed to the limited funding that we received during the year.

2022 vision

As we continue to create a financially healthy organisation, that will assist us in achieving our mission, we focus our plans on sustaining and growing the organisation, which is in line with our footprint.

Our 2022 budget has increased by 41% to €11.7million, compared to our 2021 spend, this will give us room to increase our workforce in line with our vision to conduct more transformations work, increase the number of companies we benchmark, as well as increase our Allies and Ally collaborations. Our current funding pipeline is strong and expected to deliver on this objective, with 48% of our budget currently secured by donors. We are actively engaging with various donors, in the quest to get funds that will close this budget gap.

We are optimistic that we will be able to obtain sufficient funding to carry us through the 2022 financial year, we are confident that the organisation's continuity is not a concern. However, we will remain vigilant and proactive in our monitoring and reporting, we will also have mitigating plans in place, should the organisation's growth be perceived as a high risk.

Since our systems and financial management has shifted towards being more flexible, this speaks to the agility and resilience of the organisation, as we have managed to successfully ride the wave of the immense economic effects of the COVID-19 pandemic. We are still committed to working smarter, while maintaining a good staff repour, continuously improving and consistently trying to find innovative ways to achieve our objectives.

Balance Sheet as at December 31, 2021
(after appropriation of result)
All figures have been rounded up

ASSETS	Note	12/31/2021 EUR	12/31/2021 EUR	12/31/2020 EUR	12/31/2020 EUR
Non-current assets					
Financial fixed assets	4		42,344		39,160
Current assets					
Receivables, prepayments and accrued income	5		870,373		842,848
Cash and cash equivalents			953,067		2,515,433
			1,865,785		**3,397,441**

EQUITY AND LIABILITIES	Note	12/31/2021 EUR	12/31/2021 EUR	12/31/2020 EUR	12/31/2020 EUR
Equity					
Retained Earnings	6		158,996		776,271
Current liabilities	7				
Accounts payables		166,366		297,242	
Taxes and social security contributions	8	34,697		120,940	
Deferred income	9	857,900		1,819,578	
Other debts and accruals	10	647,827		383,412	
			1,706,789		2,621,172
			1,865,785		**3,397,441**

Statement of Income and Expenses
for the Month ended December 31, 2021

Income	Note	Budget 2021 EUR	Results 2021 EUR	Results 2020 EUR
Grants and subsidies	**12**	11,021,710	7,669,858	7,501,585
Donations			37,660	1,237
Financial income		-	-5,179	-2,680
Exchange differences		-	36,594	-16,349
Total income		**11,021,710**	**7,738,934**	**7,483,793**

Expenses	Note	Budget 2021 EUR	Results 2021 EUR	Results 2020 EUR
Salaries and wages	**13**	5,526,736	4,809,914	4,101,957
Social security and pension contributions	**14**	1,039,883	648,296	488,597
Other personnel expenses	**15**	453,103	283,812	287,251
Outreach and communication expenses	**16**	1,039,626	432,966	580,499
Data platform and research partners expenses	**17**	2,271,890	1,820,038	1,422,045
Operation support expenses	**18**	690,472	362,965	379,402
Total expenses		**11,021,710**	**8,357,991**	**7,259,751**

Net result			-619,057	224,042
Distribution of net result				
Addition to continuity reserve				

Statement of Income and Expenses

1. General information

1.1 Activities

Stichting World Benchmarking Alliance Foundation (the 'Foundation'), with a statutory seat in Amsterdam, the Netherlands, is a foundation ('stichting') incorporated according to Dutch law. The Foundation's registered office is Rhijnspoorplein 28, 1018 TX Amsterdam. The Foundation is registered with the Chamber of Commerce under 53744993 (RSIN No. 850999765).

The organisation was established with the intention of build a movement to measure and incentivise business impact towards a sustainable future that works for everyone, through its governance structure that is transparent and lean and by assessing, measuring and ranking 2000 of the world's most influential companies to their contribution to the Sustainable Development Goals.

"The Foundation seeks to generate a movement around increasing the private sector's impact towards a sustainable future for all. The Foundation has set out to develop transformative benchmarks that aim to encourage industries and companies to enhance their contributions to the Sustainable Development Goals (SDGs) closest to their core business. By comparing companies' performance on the SDGs, while providing stakeholders and the wider public with free and accessible research and benchmarks."

The Foundation was established on October 13, 2011 and its first accounting period ended on December 31, 2012. Thereafter, the Foundation has reported its figures on a calendar-year basis (12 months). The current reporting period covers the period from January 1 to December 31, 2021.

1.2 Going concern

The continuity reserve of the Foundation amounts to EUR 158,996 as at December 31, 2021.

The budget for next year is for a major part already covered by grant agreements with the Dutch Ministry of Foreign Affairs (DMFA), the European Commission (DG-DEVCO), the Danish Ministry of Foreign Affairs (Danish MoFA) and the IKEA Foundation. Additional grants are being requested from various funders in order to ensure continuity for the publication of benchmarks.

The continuity of the Foundation depends to a significant extent on the willingness of funding organisations to continue these financing facilities. On this basis, the accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Foundation.

1.3 Estimates

In applying the principles and policies for drawing up the financial statements, the management of the Foundation sometimes needs to make estimates and judgments that may be essential to the amounts disclosed in the financial statements. To provide the transparency required under Book 2, article 362, paragraph 1 of the Dutch Civil Code, the nature of these estimates and judgments, including related assumptions, is disclosed where necessary in the notes to the relevant financial statement item.

2. Accounting policies for the balance sheet

2.1 General information

The financial statements have been prepared in accordance with the Guideline for Annual Reporting 640 'Non-profit Institutions' of the Dutch Accounting Standards Board.

Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, statement of income and expenses, references are made to the notes.

2.3 Foreign currencies

2.3.1 Functional currency

The financial statements are presented in Euros (€), which is the functional and presentation currency of the Foundation.

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the respective Foundation operates (the functional currency).

2.3.2 Transactions, assets and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates stated in OANDA prevailing on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the statement of income and expenses.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing on the dates of the transactions.

2.4 Financial fixed assets

Financial fixed assets like deposits are valued at historical cost or manufacturing price. Impairment losses are deducted from amortised cost and expensed in the statement of income and expenses.

2.5 Receivables, prepayments and accrued income

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.6 Cash and cash equivalents

Cash and cash equivalents include bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are valued at nominal value.

2.7 Current liabilities

Liabilities are initially recognised at fair value, net of transaction costs incurred. Liabilities are subsequently stated at amortised cost, being the amount received taking into account any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the liabilities using the effective interest method.

All donor payments received by the Foundation for activities that have not been performed yet are presented as 'deferred income' under current liabilities.

3 Accounting policies for the statement of income and expenses

3.1 General information

The result is determined as the difference between total income and total expenses. Income and expenses are recognised in the statement of income and expenses in the period that they are realised.

3.2 Grants and subsidies

Grants and subsidies are recognised as income when there is reasonable assurance that they will be received and that the Foundation will comply with the conditions associated with these contributions. Grants and subsidies that compensate the Foundation for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are recognised.

3.3 Financial income

Interest income is recognised on a time-weighted basis, taking into account the effective interest rate of the assets concerned.

3.4 Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the statement of income and expenses in the period that they arise.

3.5 Expenses

Development costs for the benchmarks created by the Foundation are recognised as expenses, since no future benefits are expected.

The Foundation is the owner of the intellectual property rights of the benchmarks. These rights are internally developed and on that basis not capitalised (in accordance with Dutch law).

3.6 Employee benefits

Salaries and wages, social security and pension contributions and other personnel expenses are reported in the statement of income and expenses based on the terms of employment, where they are due to employees.

3.7 Financial expenses

Interest and similar expenses paid are recognised on a time-weighted basis, taking into account the effective interest rate of the liabilities concerned. When recognising interest and similar expenses paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

3.8 Taxes

The Foundation is exempt from both income taxes and VAT. For services purchased outside of the EU yet consumed in the Netherlands, the reverse charge mechanism applies. The Foundation must then self-assess and pay VAT on these services.

4 Financial fixed assets

	12/31/2021 EUR	12/31/2020 EUR
Guarantee deposits intended for housing	39,519	39,160
Deposit	2,825	
	42,344	**39,160**

5. Receivables, prepayments and accrued income

	12/31/2021 EUR	12/31/2020 EUR
Dutch Ministry of Foreign Affairs	270,000	232,058
Agence de la transition écologique [ADEME]	225,000	52,184
European Commission [DG-DEVCO]	195,458	27,637
Prepayments	160,477	157,808
Other receivables	19,439	2,059
St. Access to Seeds Foundation [current account]		-
Foreign Commonwealth and Development Office [FCDO]		9,051
Danish Ministry of Foreign Affairs		362,051
	870,373	**842,848**

6. Equity

Retained Earning

Movements in the Foundation's continuity reserve can be broken down as follows:

Balance as at January 1, 2020		504,004
Movements		
CHRB Liquidation balance		1,003
ATSF Liquidation balance		47,220
Result for the year		224,042
Balance as at December 31, 2020		**776,271**

Balance as at January 1, 2021		776,271
Movements		
ATSF Liquidation balance		1,782
Result for the year		-619,057
Balance as at December 31, 2021		**158,996**

The Foundation's financial position is sufficient to ensure continuity. Though sufficient funding is secured, these donor commitments are not irrevocable. For this reason, the Foundation maintains a continuity reserve. The continuity reserve has been drawn up to cover risks in the short-term and to ensure that the Foundation can meet its obligations in the future.

7. Current liabilities

All current liabilities are due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

8. Taxes and social security contributions

	12/31/2021 EUR	12/31/2020 EUR
Wage tax	34,697	120,940

9. Deferred income

	12/31/2021 EUR	12/31/2020 EUR
IKEA Foundation	562,567	635,026
Ford Foundation	129,514	
Porticus	107,867	315,849
Packard Foundation	36,718	
Walton Family Foundation	21,234	
Children's Investment Fund Foundation [CIFF]	-	663,108
Dutch Ministry of Agriculture Nature and Food Quality	-	101,020
Walton Family Foundation	-	56,256
Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ] GmbH	-	48,319
	857,900	**1,819,578**

The Foundation allocated the grant arrangements based on the costs as budgeted in the funding proposals for each funder and recognised it as income (grants and subsidies) for the period to which it is related.

10. Other debts and accruals

	12/31/2021 EUR	12/31/2020 EUR
Accrued vacation days	101,356	124,963
Accrued vacation allowance	94,394	89,506
Accrued auditor's fees	5,845	3,733
Accrued Expenses	440,132	165,210
Accrued social sec. contr. holiday allowance	6,099	
	647,827	**383,412**

Accrued Expenses, include amounts owed to our suppliers

11. Commitments and contingent liabilities

The Foundation has an office rent obligation of EUR 11,038 per month for the Netherlands with Regus Amsterdam B.V. until June 30, 2022 and an office rent obligation of GBP 9,109.80 for the UK with LABS Worldwide Ltd. until February 28, 2022 which both can be terminated with three months' notice.

12. Grants and subsidies

	12/31/2021 EUR	12/31/2020 EUR
Dutch Ministry of Foreign Affairs	1,680,474	2,069,564
Dutch Ministry of Agriculture Nature and Food Quality	347,560	81,393
Porticus	1,207,981	942,656
Danish Ministry of Foreign Affairs	436,853	1,566,842
Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ] GmbH	48,319	218,708
Swedish International Development Cooperation Agency	-36,513	239,113
Walton Family Foundation	282,418	121,768
Dutch Ministry of Foreign Affairs [DMFA - ATSI]	87,000	110,207
IKEA Foundation	706,796	291,441
Agence de la transition écologique [ADEME]	469,349	72,250
Foreign Commonwealth and Development Office [FCDO]	273,029	333,939
European Commission [DG-DEVCO]	518,821	282,637
Packard Foundation	210,629	-
Children Investment Fund Foundation (CIFF)	663,109	-
Ford Foundation	43,062	-
Rockefeller Foundation (Climate Arc)	730,972	-
Aviva PLC		1,096,067
Laudes Foundation		75,000
		-
	7,669,858	7,501,585

The Foundation allocated the grant arrangements based on the costs as budgeted in the funding proposals for each funder and recognised it as income (grants and subsidies) for the period to which it is related.

World Benchmarking Alliance

13. Salaries and wages

	12/31/2021 EUR	12/31/2020 EUR
Gross salaries and wages	3,528,470	2,787,161
Vacation allowance	182,172	152,874
Vacation days	-6,060	86,510
Other salaries	1,105,331	1,075,412
	4,809,914	**4,101,957**

14. Social security and pension contributions

	12/31/2021 EUR	12/31/2020 EUR
Social security expenses	275,658	392,445
Pension expenses	372,638	96,152
	648,296	**488,597**

15. Other personnel expenses

	12/31/2021 EUR	12/31/2020 EUR
Untaxed expenses allowance	34,602	27,745
Untaxed expense allowance - Sweden	1,259	
Travel expenses (home-work)	1,706	39,524
Learning and Development	98,146	31,659
Employee Laptops and Accessories	20,016	60,579
Personal productivity tools	39,950	11,059
Illness absencse insurance premium	61,702	52,523
Recruitment expenses	2,674	21,077
Other employee expenses	23,758	43,086
	283,812	**287,251**

16. Outreach and communication expenses

	12/31/2021 EUR	12/31/2020 EUR
Roundtables expenses - Travel	480	24,870
Roundtables expenses - Facilitator	6,146	
Expert Review Committees expenses	108	602
Design	59,078	44,017
Editing	38,836	58,413
Translation	6,819	8,080
Earned Media	192,675	147,426
Publication tool /Website	106,894	172,381
Stakeholder relationships expenses - Travel	21,931	124,709
	432,966	**580,499**

17. Data platform and research partners expenses

	12/31/2021 EUR	12/31/2020 EUR
Research partners	209,052	767,228
Downstream partner [Carbon Disclosure Project]	1,174,385	368,423
Downstream partner [Food Foundation]	115,686	-
Technology	268,598	143,414
Hosting Support	5,635	8,272
Other consultancy expenses	46,682	134,708
	1,820,038	**1,422,045**

18. Operation support expenses

	12/31/2021 EUR	12/31/2020 EUR
Office Expenses	273,046	289,089
Financial Expenses	83,351	77,908
Operational Support Expenses	6,420	10,540
Supervisory board expenses	148	1,738
Additional governance [Advisory Council and Allies'Assembly]	-	128
	362,965	**379,402**

19. Audit fees

The following audit fees were reported in the statement of income and expenses in the reporting period.

	12/31/2021 EUR	12/31/2020 EUR
Statutory audit of annual accounts	7,120	5,524
Other audit fees		
	7,120	**5,524**

20. Average number of employees

During the financial year, the average number of employees, based on full-time equivalents, was 66.22 (2020: 46.04).

21. Management Remuneration

During the reporting period, the Foundation paid **EUR 656,691** as remuneration for the Executive Board (2020: EUR 615,133).

	12/31/2021 EUR	12/31/2020 EUR
Gross salaries and wages [including vacation allowance]	588,053	555,241
Social security charges	47,562	40,463
Pension contributions charges	21,076	19,429
	656,691	**615,133**

Amsterdam, April 14, 2022

Stichting World Benchmarking Alliance Foundation

The Executive Board

Gerbrand Haverkamp
Executive Director

The Supervisory Board

Paul Druckman
Chair (ad int.)

World Benchmarking Alliance

VAN NOORT GASSLER & CO
Audit, Accounting, Tax
The Netherlands

INDEPENDENT AUDITOR'S REPORT

To: the Board of Stichting World Benchmarking Alliance Foundation

A. Report on the audit of the financial statements 2021 included in the annual report 2021

Our opinion

We have audited the financial statements 2021 of Stichting World Benchmarking Alliance Foundation, based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting World Benchmarking Alliance Foundation as at 31 December 2021 and of its result for 2021 in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the Balance Sheet as at December 31, 2021;
2. the Statement of Income and Expenses for the year ended December 31, 2021; and
3. the Notes to the Financial Statements comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting World Benchmarking Alliance Foundation in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report 2021

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The information that is presented in the contents on page 2, like the message from the Executive Director, a governance chapter, of the annual report;
- Other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the Executive Board Report in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

JPA Van Noort Gassler & Co B.V.
Member of JPA International

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VAN NOORT GASSLER & CO
Audit, Accounting, Tax
The Netherlands

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Den Haag, April 14, 2022

JPA Van Noort Gassler & Co B.V.

R. van Dijck MSc RA
Chartered public accountant

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