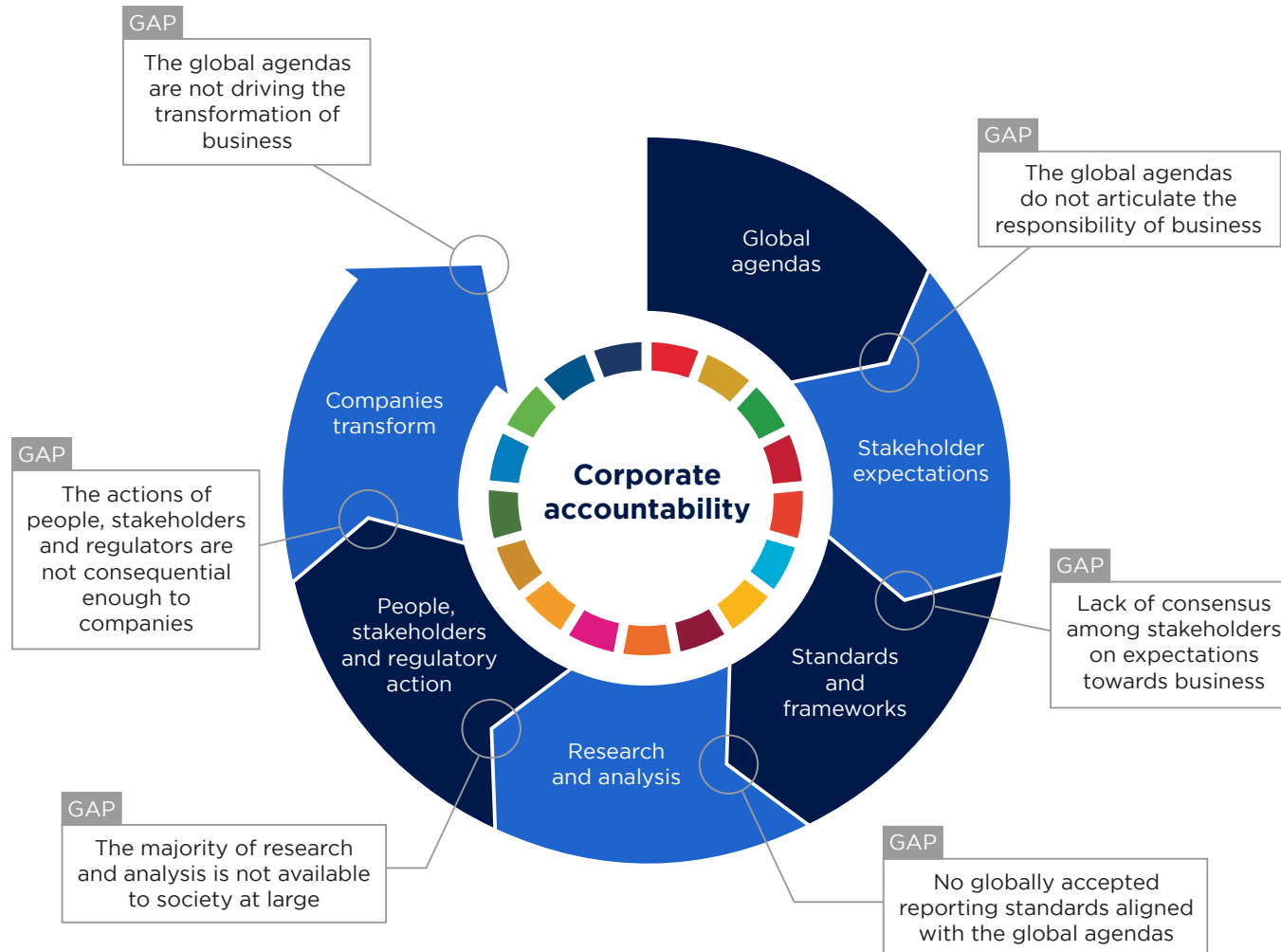**World Benchmarking Alliance**

Executive summary

Corporate accountability: Closing the gap in pursuit of sustainable development

The UN Sustainable Development Goals (SDGs) were revolutionary in their recognition of the role of business alongside governments and civil society for sustainable development. This recognition is crucial at a time where some of the world's largest companies hold more power than entire countries. At the halfway point towards achieving the global goals, we are still far off track from achieving the SDGs. We urgently need more action from business, but without agreement on exactly what business should contribute to the goals, and without effective accountability mechanisms in place to drive business action, we won't see change at the rapid pace that is required.

We need to make the SDGs and other global agendas consequential to business success, developing pathways to support, encourage and drive businesses to transform their practices in line with sustainable development. This requires that we take the global agendas such as the SDGs and the Paris Agreement as reference point for corporate accountability and view accountability as a process that requires all stakeholders, rather than it solely being a legalistic mechanism. Effective corporate accountability makes the impact of companies consequential to their success, and in doing so, corporate accountability can help companies transform.

The corporate accountability process and its current gaps

GAP
The global agendas are not driving the transformation of business

GAP
The global agendas do not articulate the responsibility of business

GAP
The actions of people, stakeholders and regulators are not consequential enough to companies

GAP
Lack of consensus among stakeholders on expectations towards business

GAP
The majority of research and analysis is not available to society at large

GAP
No globally accepted reporting standards aligned with the global agendas

Global agendas

Stakeholder expectations

Standards and frameworks

Research and analysis

People, stakeholders and regulatory action

Companies transform

Corporate accountability

The corporate accountability process and its current gaps

Global agendas like the SDGs set the aspiration with respect to sustainable development and represent the outcome of a political process that is informed by scientific evidence and societal expectations. A fundamental issue of global agendas, however, is that whilst they acknowledge the importance and role of business, they often do not articulate the responsibility of business, leading to voluntary engagement of some companies and inaction by others.

Stakeholder expectations toward business are largely informed by global agendas, yet, in turn, global agendas have been significantly shaped by stakeholder expectations. Stakeholders differ in their interests and in the relationships they have with companies, which results in different priorities. This leads to a lack of consensus on expectations towards business and a lack of clarity for business on how to transform.

Standards and frameworks for sustainability reporting are vital for articulating how companies measure, manage and report on their impacts. They have enabled a significant uptake of non-financial reporting by businesses, leading to greater transparency. However, there are no globally accepted reporting standards or frameworks aligned with the global agendas which meet the needs of all stakeholders and therefore offer a basis for global mandatory reporting regimes.

Research and analysis by third parties is needed to understand company impacts in comparison to their peers and in relation to global agendas. These assessments are conducted through benchmarks, ratings and indexes, investigative journalism or academia, but the majority of research and analysis is not fully transparent or available to society at large.

People, stakeholders and regulatory action are informed by research and analysis of company performance. The actions that stakeholders take determine the extent to which the impact of companies becomes consequential. There is a limitation to the effectiveness of people, stakeholder and regulatory action however, as no single stakeholder can effectively hold a company to account on their own. This lack of influence is amplified for those that are directly impacted by companies.

Companies transform their business practices when they have clarity from society on what is expected and when they trust that they will be rewarded for their transformation, as well as understanding that a lack of transformation will be penalised. Most companies acknowledge, explicitly or implicitly, that their business models have consequences for society and the planet, however the current global agendas are simply not consequential enough to drive the transformation of business.

Pathways that can help to close the corporate accountability gap

1. The UN must articulate the responsibility of business in achieving global agendas

Corporate accountability needs to start with the global agendas so that it will drive the business transformation the world needs. The UN can take an important step in this direction by making the articulation of the responsibilities of companies, alongside governments, a standard feature of every new or updated global agenda.

2. Better standards, better data, better assessments

Stakeholders rely on accurate and comparable data on companies' performance and impacts to inform their decisions and actions. Working towards one global set of mandatory sustainability reporting standards aligned with global agendas would help make this data available to all stakeholders. Furthermore, a systematic use of 'discovered data' from third parties such as data from satellites, civil society or investigative journalism, can provide additional reliable information on companies' impacts.

3. Help companies transform by making it consequential

Action is required from people, stakeholders and regulators alike to make the impacts of companies consequential to the success of companies. People can find strength in forming coalitions such community groups, consumer movements or citizen-led campaigns. Stakeholders' actions can be strengthened by fostering collaboration, exchanging learning and knowledge and scaling up effective accountability practices. Regulators can hold companies accountable to a minimum standard of behaviour and compliance requirements, which can enable stakeholders to pursue legal actions against companies' social and environmental violations.

Everyone, everywhere, all at once

If we are to close the corporate accountability gap with the urgency that the global agendas demand, a truly collective and global effort is needed. We do not need to take a linear approach, nor can we afford one stakeholder group or region waiting for another to act first. Instead, we need *everyone, everywhere to act all at once*.

Read the full white paper: