

Food Industry Benchmarking Toolkit

2 AN ALIGNED METHODOLOGY FOR FOOD INDUSTRY BENCHMARKING

How your organisation can develop a national food industry benchmark, aligned with global standards and metrics

A METHODOLOGY FOR FOOD SYSTEMS TRANSFORMATION

The methodology developed by WBA and The Food Foundation aims to bring together expectations and key frameworks on the food systems transformation agenda to provide clarity, consistency and guidance for all stakeholders. Aligning expectations in order to speak a common language and avoid reinventing the wheel, working with existing benchmarks, accountability mechanisms and organisations has been critical.

The full 2021 WBA methodology for the Food and Agriculture Benchmark is free and publicly available: www.worldbenchmarkingalliance.org/publication/food-agriculture/methodology

Please find a summary below.

WBA'S FOOD AND AGRICULTURE BENCHMARK

WBA's Food and Agriculture Benchmark has applied the methodology to measure and rank 350 of the most influential food and agriculture companies across the globe for the first time in 2021. The benchmark's aim is to stimulate companies to apply sustainable business practices and address key topics underpinning the food systems transformation throughout their operations, and to use their influence to encourage their partners along the value chain to do the same.

SCOPE OF WBA'S GLOBAL BENCHMARK

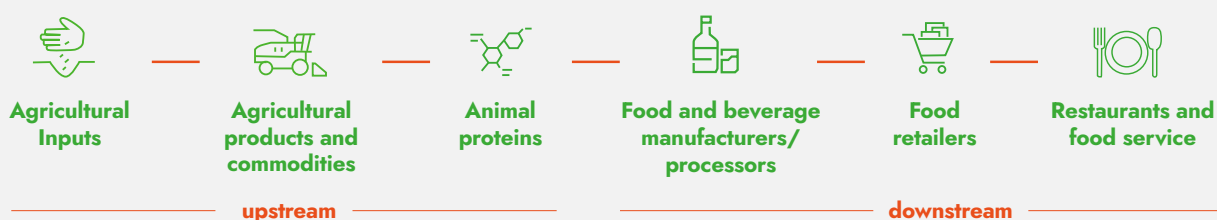
As food systems transformation requires change across the whole food and agriculture industry, companies throughout this value chain have a role to play, both individually and collectively. Thus, WBA's methodology was designed to capture corporate activities across the entirety of the food and agriculture system, from farm to fork.

350 keystone companies have been selected for the benchmark using the following four criteria:

1. They dominate global production revenues and volumes within a particular sector.
2. They control globally relevant segments of production.
3. They connect ecosystems globally through subsidiaries.
4. They influence global governance processes and institutions.

These companies are globally active, have diversified businesses and operate in multiple food groups and industries. Companies of different ownership structures were included, with **215** companies being publicly listed, **89** private or family-owned, **9** state-owned and **37** being cooperatives. The **350** companies in scope have been organised into six value chain sectors (see Figure 2). The first three sectors are considered *upstream* and the last three *downstream*.

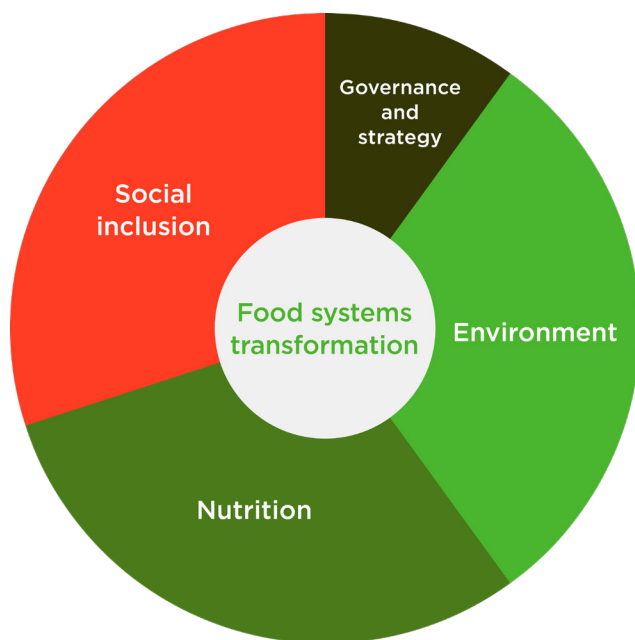
FIGURE 2: THE FOOD AND AGRICULTURAL VALUE CHAIN



INDICATORS

WBA has broken down the food systems transformation agenda into four key topic areas: governance and strategy, environment, nutrition and social inclusion (see Figure 3).

FIGURE 3: THE FOOD SYSTEMS TRANSFORMATION AGENDA
(SIZE OF SEGMENT ILLUSTRATES APPROXIMATE SCORING WEIGHTING)



Governance and strategy: this area looks at the integration of sustainable development objectives and targets into companies' core strategy, business model and governance structure.

Environment: in this area, companies are assessed on their efforts regarding key issues of sustainable food production, including greenhouse gas emissions, food loss and waste, soil health and plastic use.

Nutrition: this area focusses on company performance towards achieving healthy and nutritious diets for all.

Social inclusion: this area assesses the extent to which companies have integrated a responsible approach to social issues into their business activities.

Indicators have been developed for the key issues underpinning the food systems transformation agenda within each of the four measurement areas. With 45 indicators in total, WBA's methodology goes for breadth rather than providing a deep dive into every topic. Figure 4 gives an overview of the indicators.

A company can contribute to the various issues of food systems transformation through its products, operations and supply chain. Companies are only assessed on indicators that are relevant to their business model. The methodology incorporates company actions that are both positive and negative.

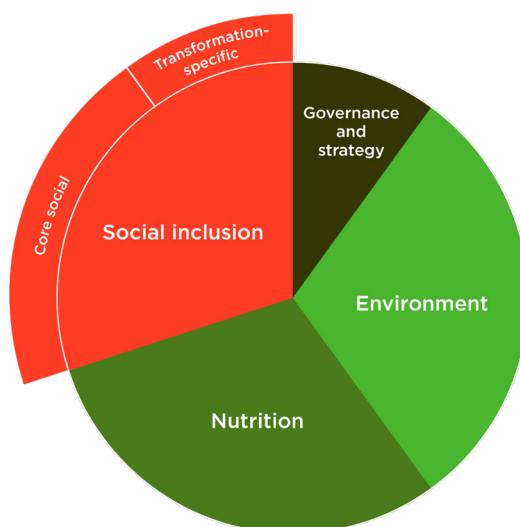
FIGURE 4: OVERVIEW OF INDICATORS
IN THE FOUR MEASUREMENT AREAS

Core social indicators

- D1 Commitment to respect human rights
- D2 Commitment to respect the human rights of workers
- D3 Identifying human rights risks and impacts
- D4 Assessing human rights risks and impacts
- D5 Integrating and acting on human rights risks and impacts
- D6 Engagement with affected and potentially affected stakeholders
- D7 Grievance mechanisms for workers
- D8 Grievance mechanisms for external individuals and communities
- D9 Health and safety fundamentals
- D10 Living wage fundamentals
- D11 Working hours fundamentals
- D12 Collective bargaining fundamentals
- D13 Workforce diversity disclosure fundamentals
- D14 Gender equality and women's empowerment fundamentals
- D15 Personal data protection fundamentals
- D16 Responsible tax fundamentals
- D17 Anti-bribery and anti-corruption fundamentals
- D18 Responsible lobbying and political engagement fundamentals

Food system specific social inclusion indicators

- D19 Child labour
- D20 Forced labour
- D21 Living wage
- D22 Healthy and safety of vulnerable groups
- D23 Farmer and fisher productivity and resilience
- D24 Land rights



Governance and strategy indicators

- A1 Sustainable development strategy
- A2 Governance and accountability for sustainable development
- A3 Stakeholder engagement

Environment indicators

- B1 Scope 1 to 2 greenhouse gas emissions
- B2 Scope 3 greenhouse gas emissions
- B3 Protection of terrestrial natural ecosystems
- B4 Sustainable fishing and aquaculture
- B5 Protein diversification
- B6 Soil health and agrobiodiversity
- B7 Fertiliser and pesticide use
- B8 Water use
- B9 Food loss and waste
- B10 Plastic use and packaging waste
- B11 Animal welfare
- B12 Antibiotic use and growth promoting substances

Nutrition indicators

- C1 Availability of healthy foods
- C2 Accessibility and affordability of healthy foods
- C3 Clear and transparent labelling
- C4 Responsible marketing
- C5 Workforce nutrition
- C6 Food safety

SCORING GUIDELINES

To assess corporate performance and see where companies stand on the path to food systems transformation, WBA has developed scoring guidelines for each indicator. Scoring guidelines are based on the elements set out in the methodology which reflect what is expected of the company and what it will be assessed and scored on.

WBA for example scores companies with a five-layer scale in half point increments, from 0 – 2 (i.e., for each indicator a company can score 0, 0.5, 1, 1.5, or 2). In each case, a low score typically reflects no relevant disclosure, a medium score reflects corporate commitments and activities that contribute to the goal of the indicator and a high score typically shows tangible performance, such as setting a target and reporting against the target.

Scoring guidelines for all indicators of the 2021 Food and Agriculture Benchmark together with more explanations can be found here:

<https://assets.worldbenchmarkingalliance.org/app/uploads/2021/09/2021-Food-and-Agriculture-Benchmark-scoring-guidelines.pdf>

National benchmarks would not necessarily need to use the exact same scoring guidelines but should take an approach to scoring that is most sensible for the purpose of the assessment and the food industry in a national context.

WEIGHTING

A company's total score is the weighted sum of scores per measurement area, whereby WBA assigned weights to the four measurement areas. For the Food and Agriculture Benchmark 2021, WBA assigned an equal weighting of 30% to the environment, nutrition and social inclusion measurement areas and 10% for the governance and strategy measurement area. A different approach might be chosen by national benchmarks depending on the selection of measurement areas and indicators.

DATA SOURCES

With 350 companies in scope, WBA assessed companies based on publicly available company data, complemented by widely accepted and publicly available third-party sources. Publicly available company data for example included corporate websites, sustainability, or financial reports. Third party data was leveraged where possible, such as from other topic specific benchmarks and indexes like the Access to Nutrition Foundation (nutrition), FAIRR (lifestock farming and protein sales), BBFAW (animal welfare) or disclosure platforms like CDP (for climate change, water and deforestation). One of the challenges of using other topic-specific benchmarks is that they do not always include the same companies, so WBA has often relied on companies' own reporting in their corporate reports and websites. For example, 1/3 of the companies in scope of the Food and Agriculture Benchmark have never been benchmarked before. In such cases WBA relied on companies' own reporting in their corporate reports and websites.

This approach differs slightly from some other benchmarks like the Access to Nutrition Initiative, who also use non-disclosure agreements (NDAs) to further consider corporate data that is not in the public domain. If corporate data of interest is too sensitive to be in the public domain then using NDAs can be a helpful to better understand the companies' performance but please note that you probably cannot then share this data with your audience.

DATA COLLECTION PROCESS

WBA made an initial assessment of each company, only using information that was publicly available. All companies were then invited to respond to a survey, which has been pre-populated with the information found in the initial assessment. To facilitate the process and to ensure equal treatment of each company, a user-friendly online data collection platform has been developed. This was designed to speed up the process for companies and facilitate their engagement with the benchmark. Companies were given the opportunity to review and verify the pre-populated data, and add additional data if relevant. National benchmarks might take a different approach based on resources and time available, however, we recommend giving companies the opportunity to review the information because it gives

the benchmark additional credibility and helps to build engagement with the companies. This engagement process also helps companies to better understand the methodology and can thus support taking decisions and improving performance over time.

An important point to note is that, while we recommend asking companies to verify the results, we do not recommend asking them to verify your benchmark scoring for each indicator because companies will always want to increase their own score.

Being transparent with the assessment and demonstrating an evidence-based approach further supports the credibility of the benchmark and engagement and buy-in from companies.

Presentation of results

Rankings summarise the performance of all companies in scope in various ways, as an overall ranking as well as a rankings by measurement area and segment across the value-chain. The data and results also allow a deeper understanding of industry trends and contributions to key issues as well as identification of leadership in different fields. The ranking and results are not about naming and shaming, but identifying areas of improvement and highlighting best practices by rewarding leading performance and encouraging companies to learn from their peers.

The key findings and rankings for WBA's 2021 Food and Agriculture Benchmark are available here:

www.worldbenchmarkingalliance.org/publication/food-agriculture
www.worldbenchmarkingalliance.org/publication/food-agriculture/rankings

Company profiles have been created for each company to summarise a company's performance against the methodology. It highlights best practice and areas of improvement for that specific company. During the development of the scorecards, companies were invited to verify their data and provide feedback.

The individual company scorecards for WBA's Food and Agriculture Benchmark are available here:
www.worldbenchmarkingalliance.org/publication/food-agriculture/companies

UPDATING METHODOLOGIES OVER TIME

Following the first benchmark, and to reflect changing societal expectations, the methodology will be reviewed in consultation with stakeholders and experts prior to the second iteration of the benchmark in 2023.