

INTRODUCTION

Understanding how purpose, measurement and scalability
become essential areas of disclosure

Glenn Frommer
(Reporting 3.0)

MACRO

TECHNOLOGICAL & HUMAN EVOLUTION

GREEN, INCLUSIVE & OPEN ECONOMY DESIGN → WHAT GROWTH?

MARKET
INITIATIVES

EXTERNALITIES

TAXATION

Real Economy ↔ Financial Markets

Societal Values [What do we want to be?]

MESO

INDUSTRIES

HABITATS

LEVEL PLAYING FIELDS

EDUCATION

REGENERATION

ADVOCATION

COLLABORATION

Corridors of Transition [Where do we want to be?]

MICRO

ORGANIZATIONS

PURPOSE

SUCCESS

SCALABILITY

POSITIONING
CONTRIBUTION

CONTEXTUAL MULTI-CAPITAL
ACCOUNTING

ACCELERATION OF
POSITIVE IMPACT

Trust, Innovation & Resilience [How do we achieve what we want to be?]

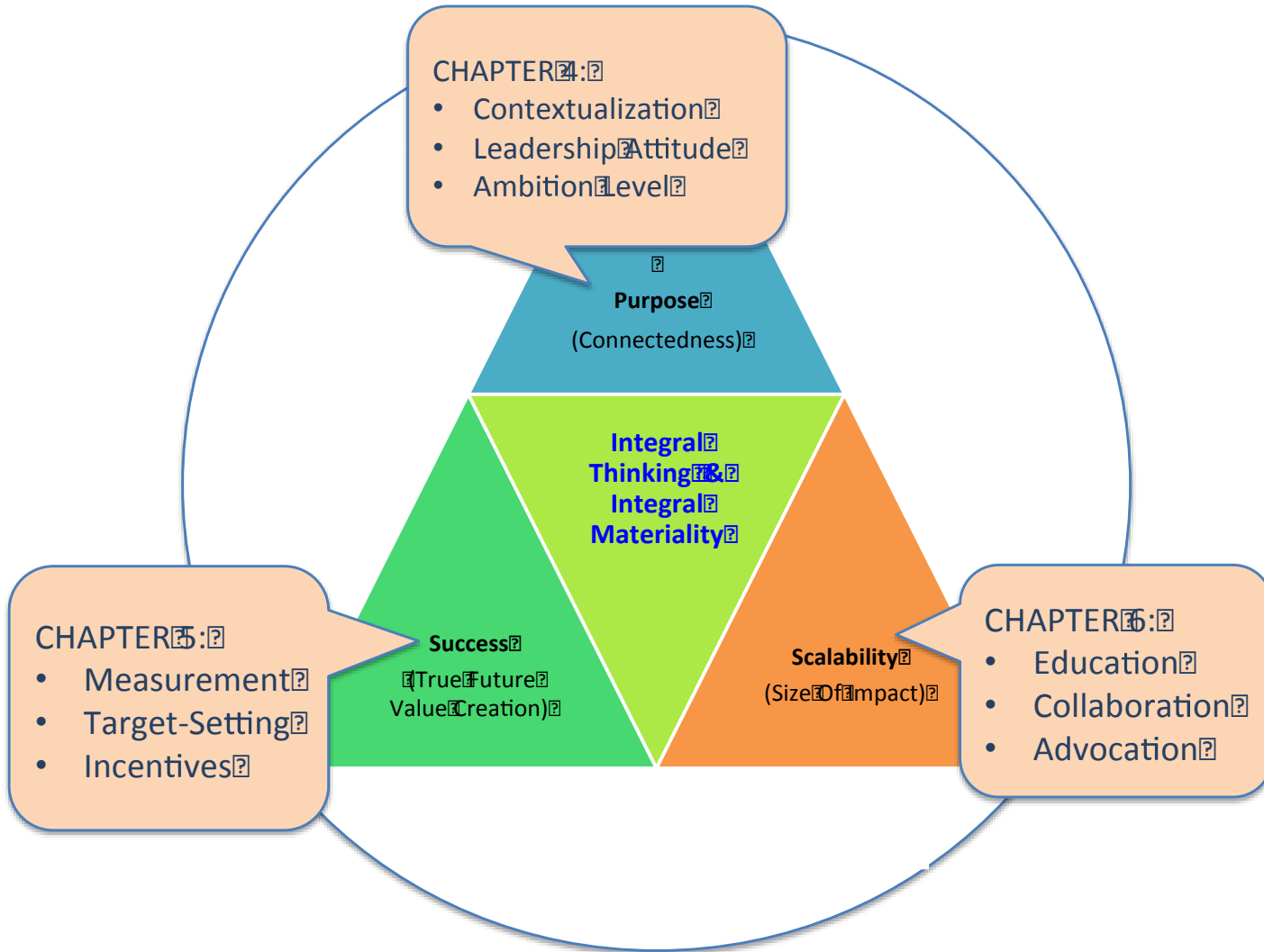
Integral Thinking & True Materiality

Focus Areas: Reporting, Data, Accounting, New Business Models

INVISIBLE
BAND

INVISIBLE
HAND

Disclosure with context embraces a seamless information flow from micro to meso to macro level and vice versa.



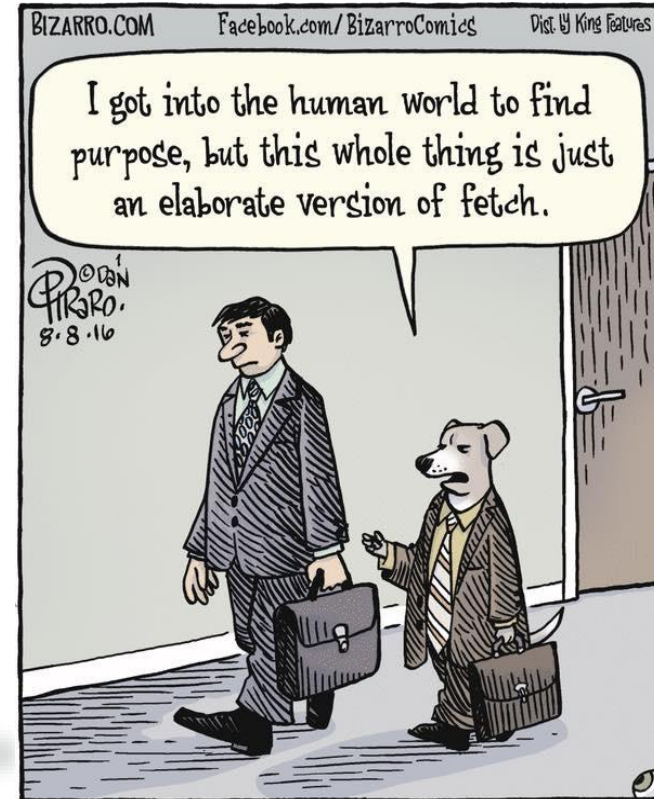
The *new impetus for integral thinking and integral materiality*

means disclosure on purpose, success and scalability, essentially needed for future-fit disclosure.

Chapter 4: Reporting PURPOSE

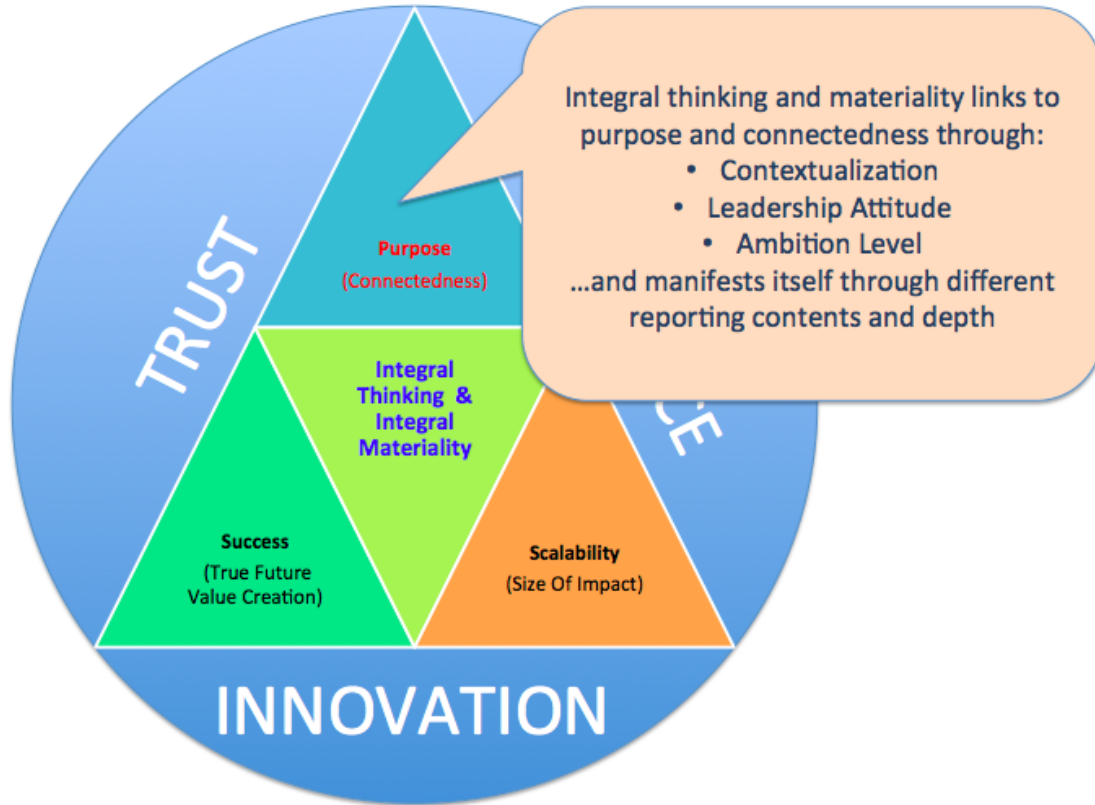
reporting
3.0

- **Purpose** – the linking pin between inside and outside of an organization's perception
- Contribution to a bigger ,whole'
- Ambition – where to position the organization in a strategy continuum
 - ***The litmus test for purpose: from ,denial' to ,thriving'***
 - Consequences for the reporting regime
 - Consequences for rightsholder dialog
 - Consequences for the governance approach
 - Consequences for leadership behavior
- Recommendations
 - Reporting standard setters
 - Governments, legislators and multilateral organizations
 - Corporations
 - Investors



Disclosure related to a 'purpose' perspective - reporting 3.0

Examples



Contextualization:

- What is our 'World View'?
- Where are we on the continuum?
- Do we cure symptoms or are we having impact by tackling root causes?

Leadership Attitude:

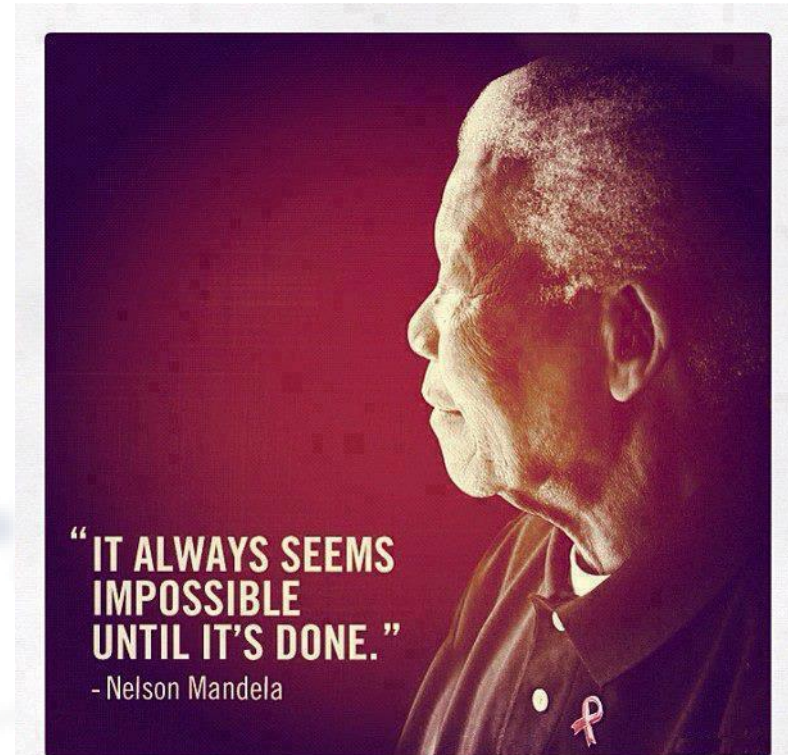
- Do we have a socio-cultural leadership gap? And a transformation gap?
- What role do hierarchy and functions play for our 'thriving' organization?
- In how far does leadership address the economic system malfunctioning?

Ambition Level:

- How do we address growth and differentiate sustainable from unsustainable growth?
- Are all employees involved?

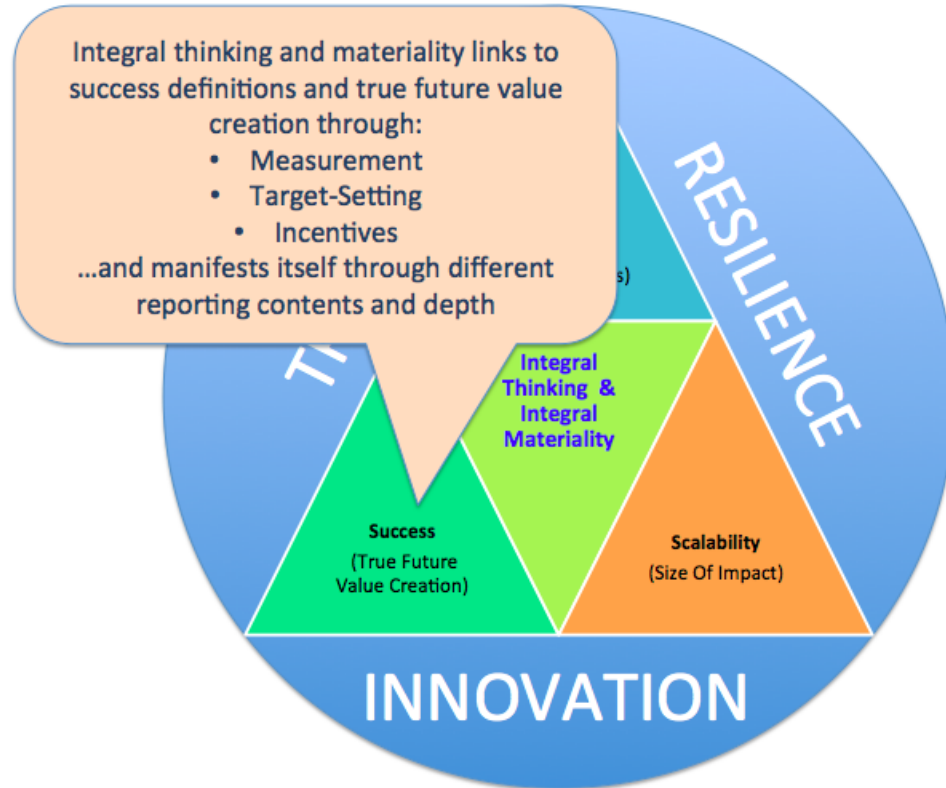
Chapter 5: Reporting SUCCESS

- Purpose & contribution – the creation of value revisited
- The past focus: financial capital in a throughput economy
- The new focus: multi-capital approach in a green & inclusive economy
- ***The litmus test for success: total contribution***
 - Consequences for reporting regime
 - Consequences for rightsholder dialog
 - Consequences for the governance approach
 - Consequences for leadership behavior
- Recommendations
 - Reporting standard setters
 - Governments, legislators and multilateral organizations
 - Corporations
 - Investors



Disclosure related to a 'multi-capital' success perspective - examples

reporting
3.0



Measurement:

- Is there an inventory of impacts/ stress test regarding the capitals?
- Are external effects properly addressed and assessed from a capitals perspective?
- Does the company collect data on all three gaps (sustainability/transformation/leader-ship gap)?

Target-setting:

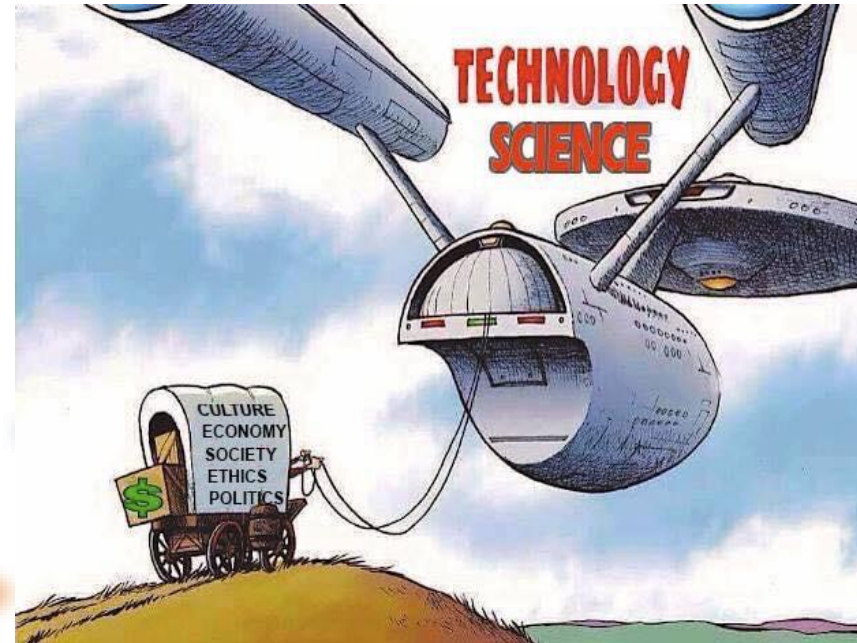
- Are 'science-based-goals' assessed and context used for connecting to 'social floors' and 'environmental ceilings'?
- How are long-term targets defined and then used to backcast mid- and short-term targets?

Incentives:

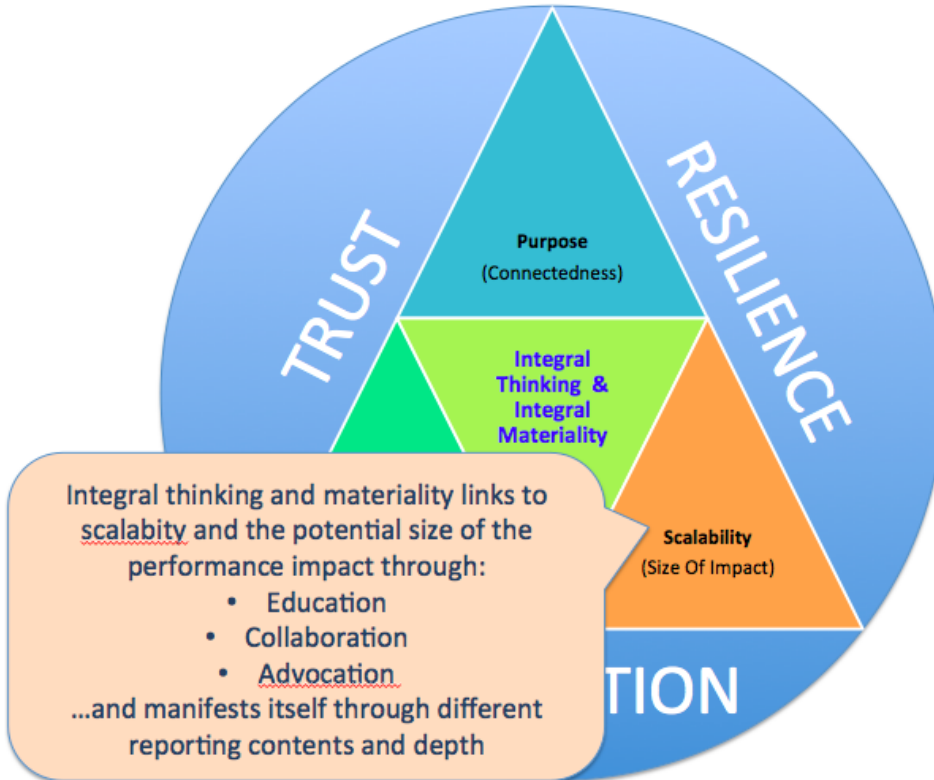
- Does the organization incentivize sustainable performance? How does it punish non-sustainable performance?

Chapter 6: Reporting SCALABILITY

- Purpose, contribution and success – from individual to joint efforts
- Education inside and outside of the organization
- Collaboration for the common good
- Advocation for economic system boundary changes – closing the loop with the macro-economic system conditions
- ***The litmus test for scalability: defining new level playing fields***
 - Consequences for reporting regime
 - Consequences for rightsholder dialog
 - Consequences for the governance approach
 - Consequences for leadership behavior
- Recommendations
 - Reporting standard setters
 - Governments, legislators and multilateral organizations
 - Corporations
 - Investors



Disclosure related to 'scalability' perspective -



Education:

- Are 'World View', ambition level and the related (ONE) strategy addressed to all employees through education and training?
- Are there joint educational programs developed for the whole value cycle?

Collaboration:

- In how far is the company engaged beyond its associations and interest lobbying?
- Do employees have time for societal engagement to help find long-term solutions?

Advocation:

- Is leadership actively engaged in the promotion of a green & inclusive economy and the necessary changes in boundary setting, e.g. internalization of external costs, changes towards a more sustainable tax system, creating of level playing fields in international relations?

Recommendations in chapter 4, 5 and 6

3 Maturities:

- Educate
- Advocate
- Accelerate

4 Constituencies:

- Reporting Standard Setters
- Corporations
- Governments & Multilaterals
- Investors

Stage	Recommendation	Supporting principle
Educate	1 – Understand the overall connection between micro, meso and macro level as a seamless flow of impact from bottom to top	Reciprocity
	2 – Free capacity to look into the reasons why 90% of global multinationals (and 99,99% of global SMEs) don't support sustainability reporting	Relevance
	3 – Learn to understand the blocking factors that sustainability reporting hasn't yet reached more support in corporate decision-making	Connectedness
	4 – Understand why there is a need for 'integral materiality' and its usefulness for 'integral thinking'	Relevance
	5 – Investigate about the role of forward-looking governance processes (moving from a ESG Push towards a GSE Pull)	Mutuality
Activate	1 – Develop a better understanding of the economic system design and how sustainability disclosure can be embedded as a servicing function	Circularity
	2 – Develop an 'activation' process that helps non-reporters to start reporting	Connectedness
	3 – Collaborate in a multi-stakeholder process that can develop disclosure that describes the organizational transformation capability and socio-cultural leadership capability of an organization	Mutuality
	4 – Develop a concise materiality approach that enables context through thresholds and allocations and takes care of cumulative risk exposure	Relevance
	5 – Use the example of King IV to move from governance activity from pure safeguarding to enabling ethical leadership, a shift from 'do no harm' towards 'do good' in corporate sustainability focus	Mutuality
Accelerate	1 – Work with governments and multilateral organizations to support economic system design changes in support of your very own mission being a service to that transformation through sustainability disclosure	Reciprocity
	2 – Work with national and international statistics offices on datasets that support data clusters that show success of integral approaches and support of integral materiality	Reciprocity
	3 – Enlarge disclosure by elements that take a more holistic view on how overcoming the 3 Gap Problem enables approaches towards effective Net Positive and Gross Positive approaches	Mutuality

4 – Demand coordinated and concise integral materiality disclosure by corporate reporters and work actively to converge to one globally applicable definition around 'relevance' (here advocated for as a combined approach of sustainability context and materiality)	Relevance
5 – Demand ethical leadership and its implementation in governance, supporting the idea of resilient companies linked to a regenerative economic paradigm	Adaptability

Overview Workshop 1 B – The Reporting Blueprint

Programme:

- 0 min: Introduction
- 10min: Presentations focusing on Process, Success and Scalability
- 35min: Q&A between panel participants
- 50min: Questions from the plenum
- 65min: Round-up with focus on core recommendations
- 75min: End

Speakers:

- Herman Mulder - *True Price Foundation Integrated P&L with examples*
- Christian Heller - *BASF's Value to Society Approach*
- Rodney Irwin - *WBCSD Reporting Landscape - evidenced based disclosure*

Session context and focus questions:

- **Clear focus on the Reporting Blueprint**
- **Strong emphasis on sustainability context (links between micro, meso, macro)**
- **How do we leverage on our purpose, our multi-capital successes and scalability?**
- **How do we accelerate the pace and scale of change?**

