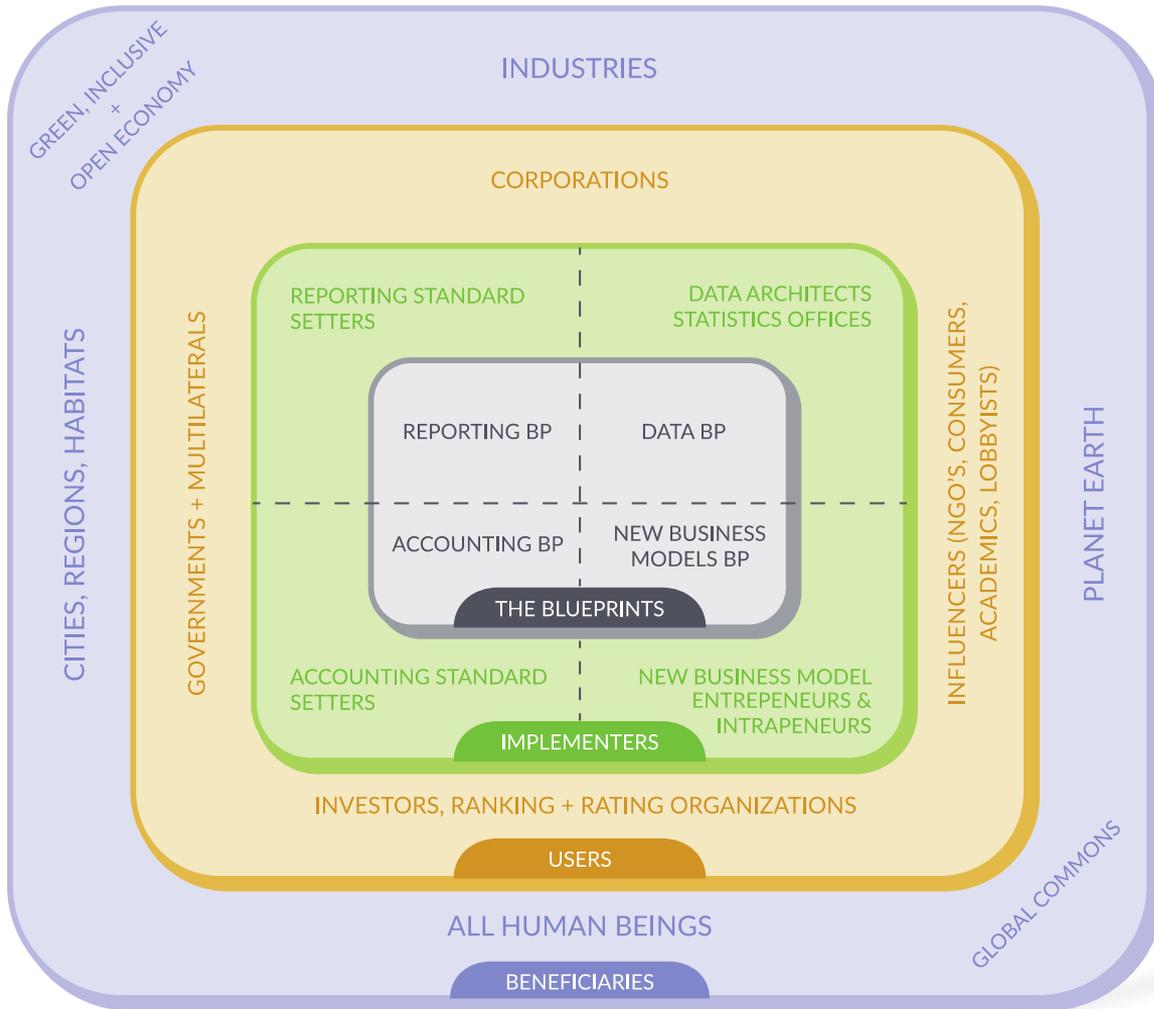


RELEASE OF BLUEPRINT 3

Data integration, contextualization & activation for multicapital accounting

Bill Baue (Reporting 3.0)

Dr. Allen White (Tellus Institute)



The **Data Blueprint** is embedded in the **Reporting 3.0** work ecosystem, consisting of **four Blueprints**

Reporting 3.0 Platform
Blueprint Series 2016/2017

Blueprint 3: Data

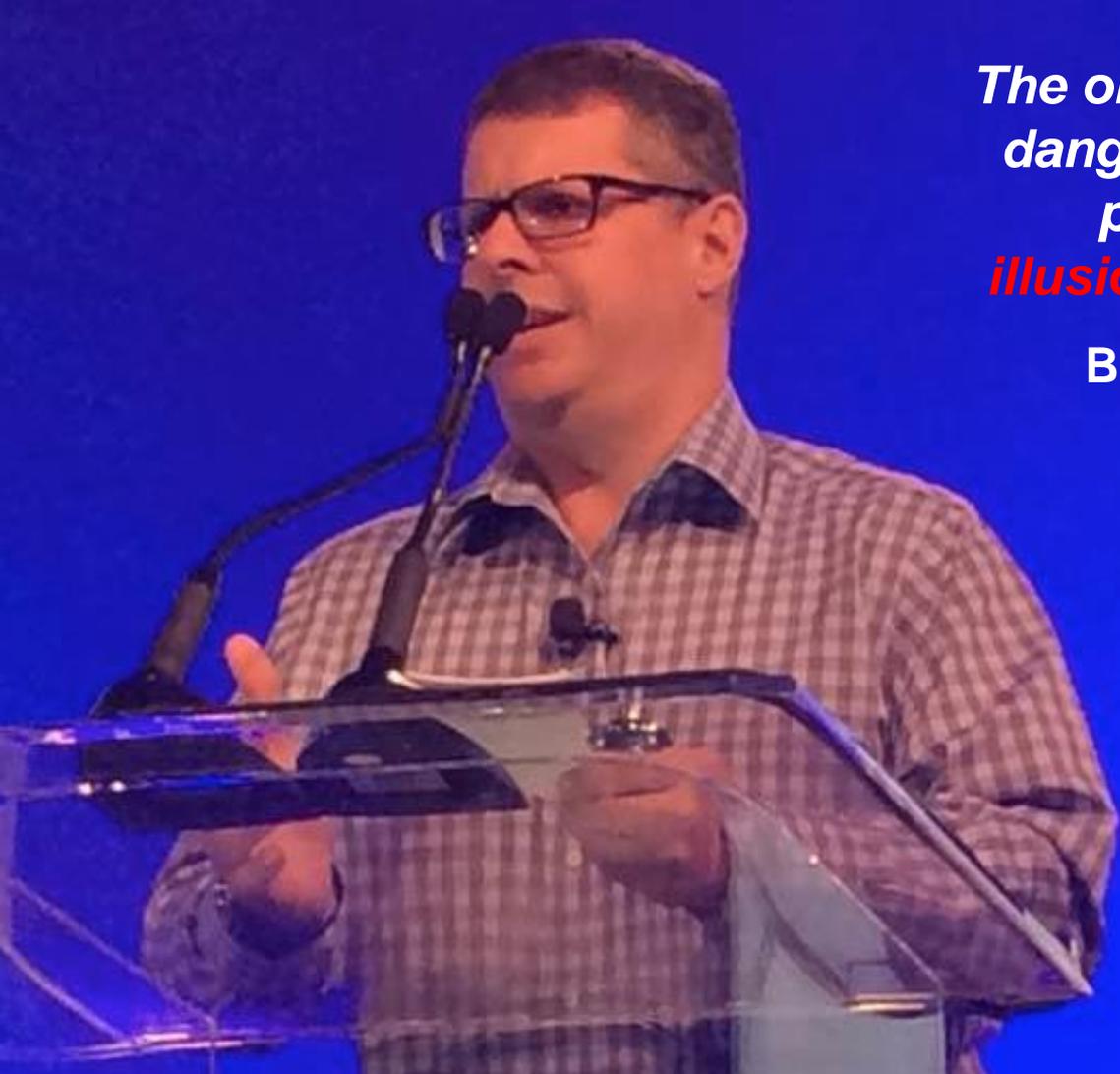
Data integration, contextualization &
activation for multicapital accounting

Blueprint Report | Final Version 1.0 | 30 May 2017
Lead Author: Bill Baue | Reporting 3.0

Chapter structure:

- 1) About the Blueprints series
- 2) Executive summary
- 3) Introduction: **Numbers, damned numbers & numbers that matter**
- 4) **Integration:** Multicapital accounting of integral data
- 5) **Contextualization:** “Time for aggressive movement”
- 6) **Activation & acceleration:** Catalyzing context-driven stakeholders
- 7) Conclusions
- 8) Online repository
- 9) Annexes
- 10) Endnotes

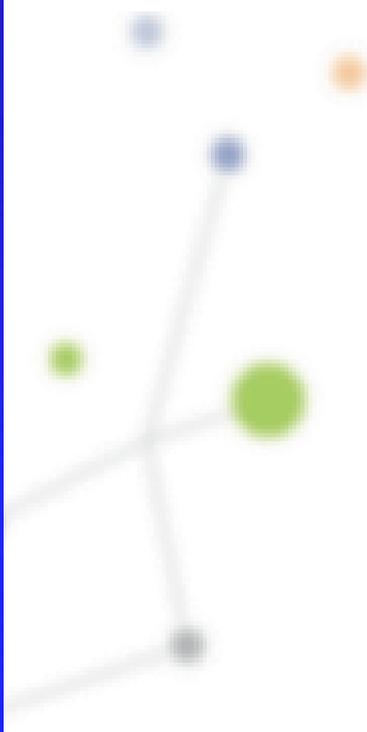
Chapters 4, 5 and 6 carry subchapters about ‘consequences’ and ‘recommendations.’



*The only thing more
dangerous than no
progress is the
illusion of progress*

**Brendan LeBlanc
Ernst & Young
Reporting 3.0
Steering Board**

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The framework I suggest is based on a diagram **Herman Daly** drew more than twenty years ago.

The important idea is to situate the **human economy** within a hierarchy, **resting on a foundation of natural resources** and **reaching to the height of ultimate purpose**.

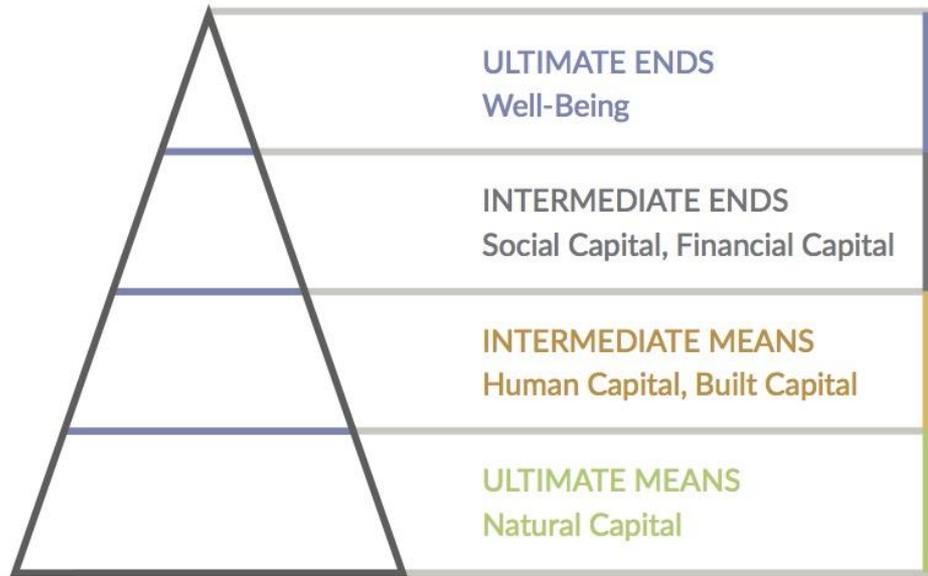
Extending the definition of capital to natural, human, and social capital could provide an easily understood base for calculating and **integrating** [sustainability and finance].

The information system...will **measure capital stocks at every level** and the **flows that increase, decrease and connect these stocks**.

[S]ustainability indicators should be related to **carrying capacity** or to **threshold of danger** or to **targets**.

Donella Meadows
Co-Author, *Limits to Growth*;
Founder, Sustainability Institute

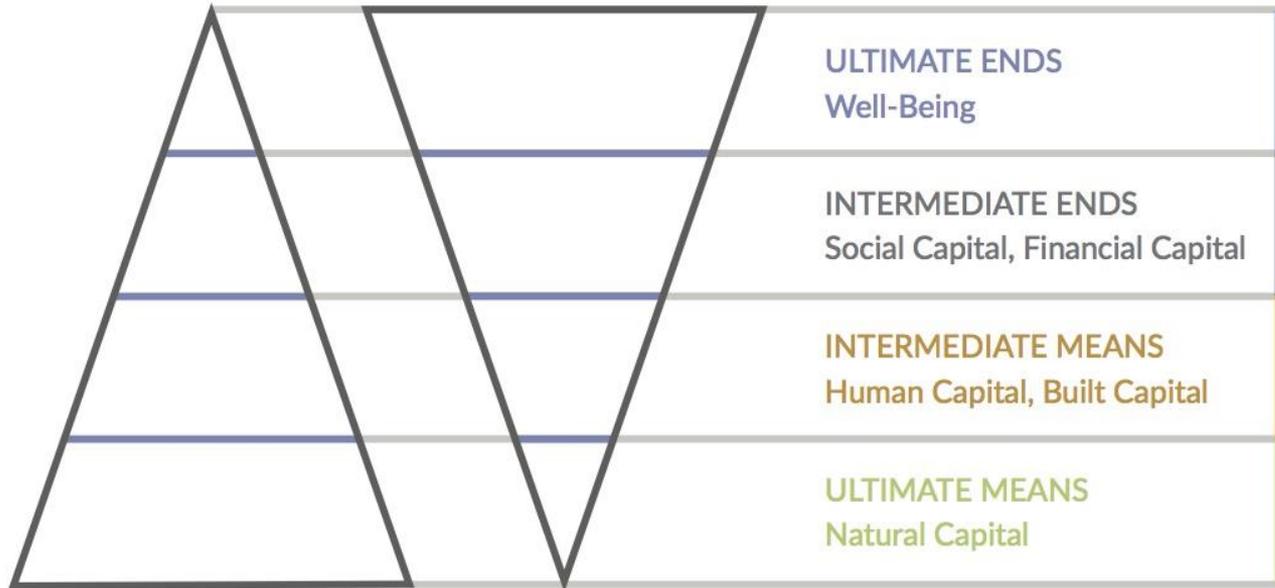
Current Daly Triangle



*Daly originally drew it as
a **triangle or pyramid**,
and for historical
purposes I will use that
symbolism, though the
shape is not necessary
to the logic...*

– Dana

Balance “Ultimate” Emphasis



The first step in re-imagining Dana and Daly’s vision is to recognize the equal importance of the ultimate means and the ultimate ends

Combine



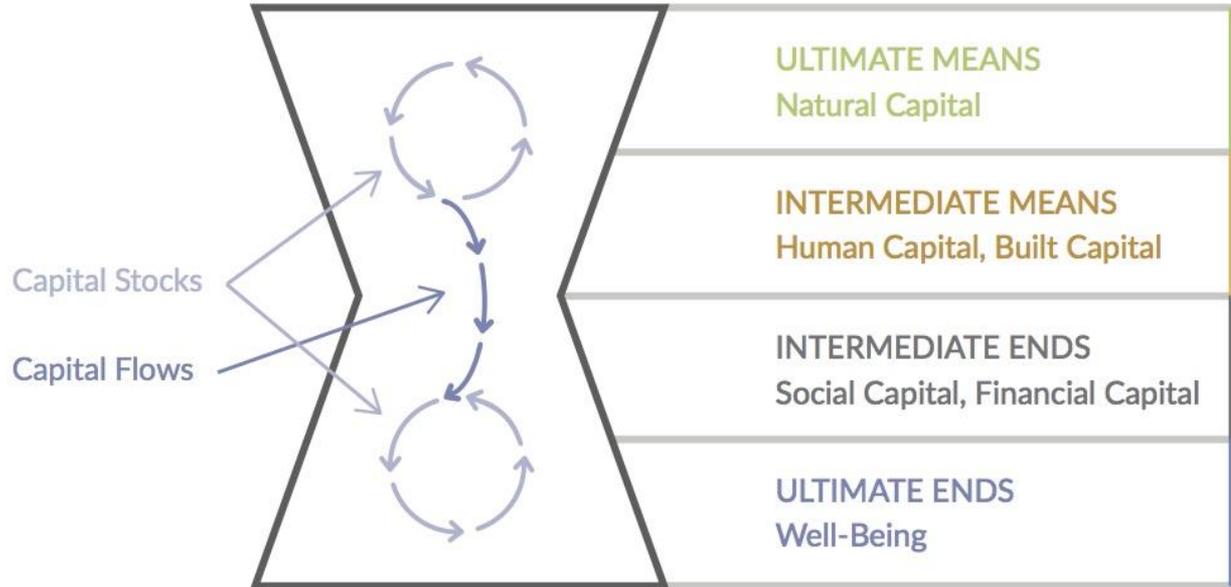
*The next logical step – **combine** these two opposite-facing triangles, **fusing** them into an **hourglass** shape that **equalizes the top and bottom** in **significance***

Flip



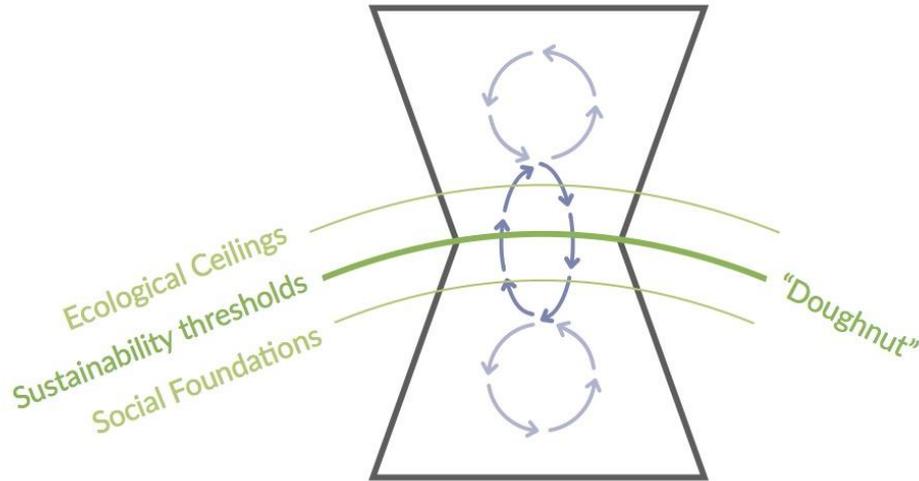
Following the **hourglass** metaphor, it makes more sense for **nature's bounty** to **nest atop**, with the **metaphorical sands of natural capital** **flowing down** to fill **humanity's vessel of wellbeing**

Add cycles



The information system...will measure capital stocks at every level and the flows that increase, decrease and connect these stocks.
– Dana

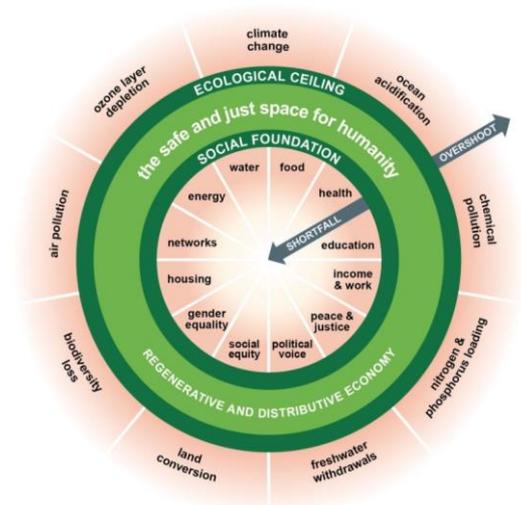
Add Doughnut



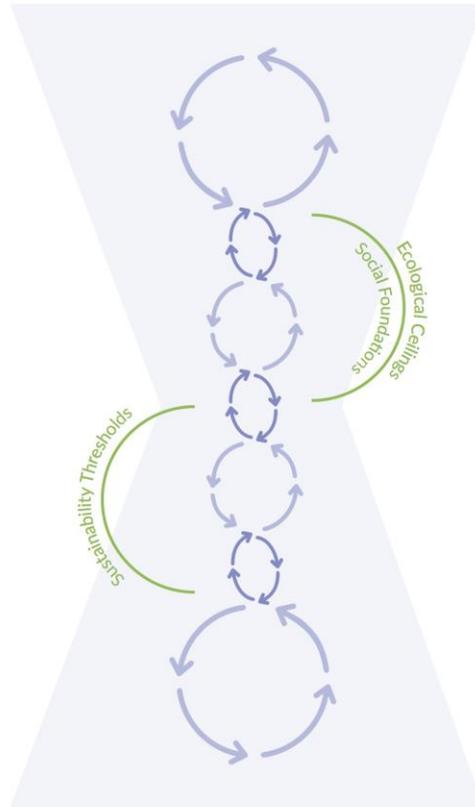
LEGEND

- Capital Flows
- Capital Stocks

Sustainability indicators should be related to *carrying capacity* or to *threshold of danger* or to *targets*.
— Dana



DALY HOURGLASS



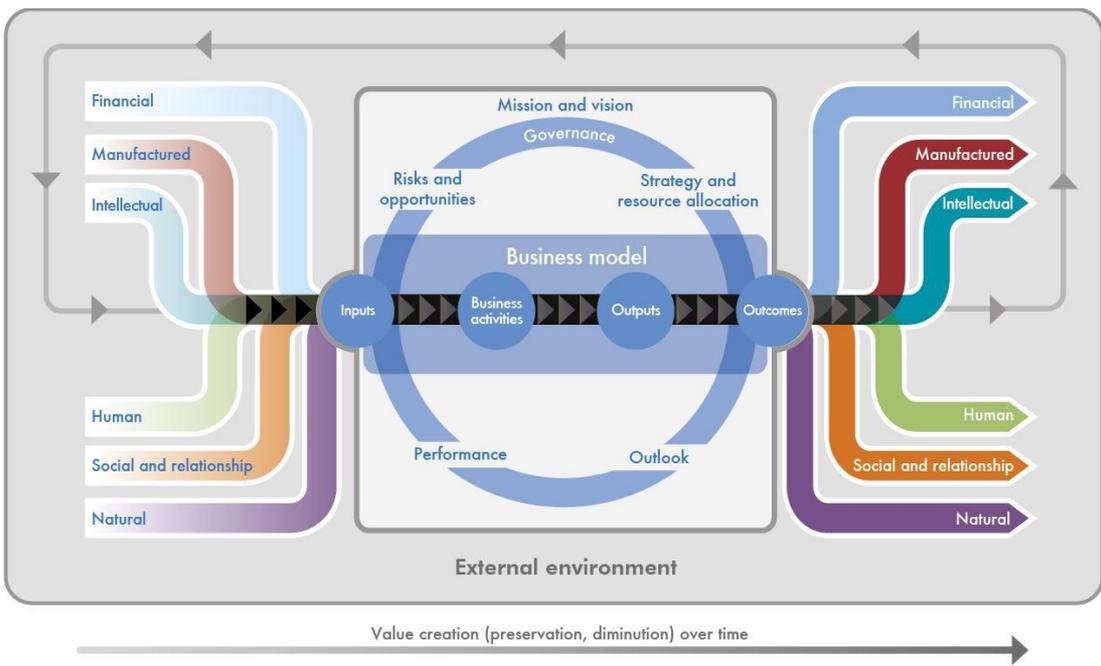
The final step is to integrate all of these cyclical and contextual elements across the four levels of capitals as intermediate and ultimate means and ends

LEGEND

- Capital Flows
- Capital Stocks

In Meadows' vision, **truly integral information systems** do three things. They

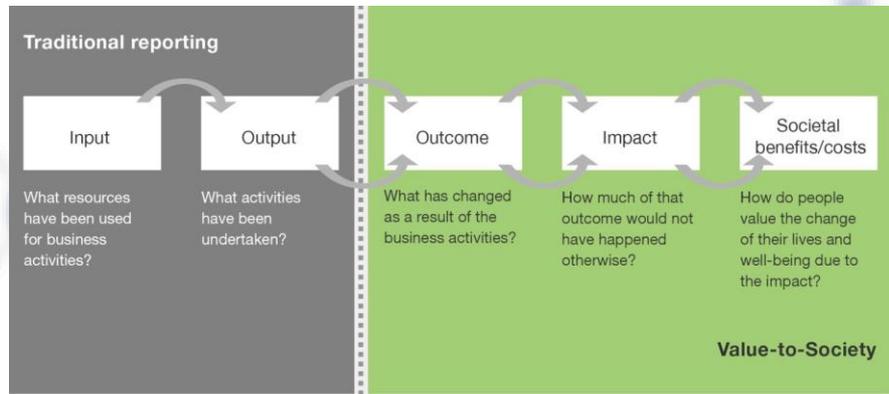
- **Integrate** the multiple capitals to link Ultimate Means (natural capital) through Ultimate Ends (well-being);
- **Contextualize** company impacts on the carrying capacities of the capitals; and
- **Activate** responses when the sustainability of any capitals – and hence the potential for biota well-being and human fulfillment – is placed at significant risk.



IIRC
Octopus

True **integration** calls for **optimizing synergies** between and amongst the **multiple capitals**, to better support the creation of **financial, societal, and system value.**

BASF
Value-to-
Society
Approach



Integration → Contextualization

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The Crown Estate fully acknowledges that our **Total Contribution methodology** continues to be a **work in progress**, intended not only for our purposes but also **for use by others** to enable consistency and comparability.

A **logical next step** for Total Contribution is to **integrate Context**, taking into account the **carrying capacities of the capitals**.

Claudine Blamey, CSO, The Crown Estate



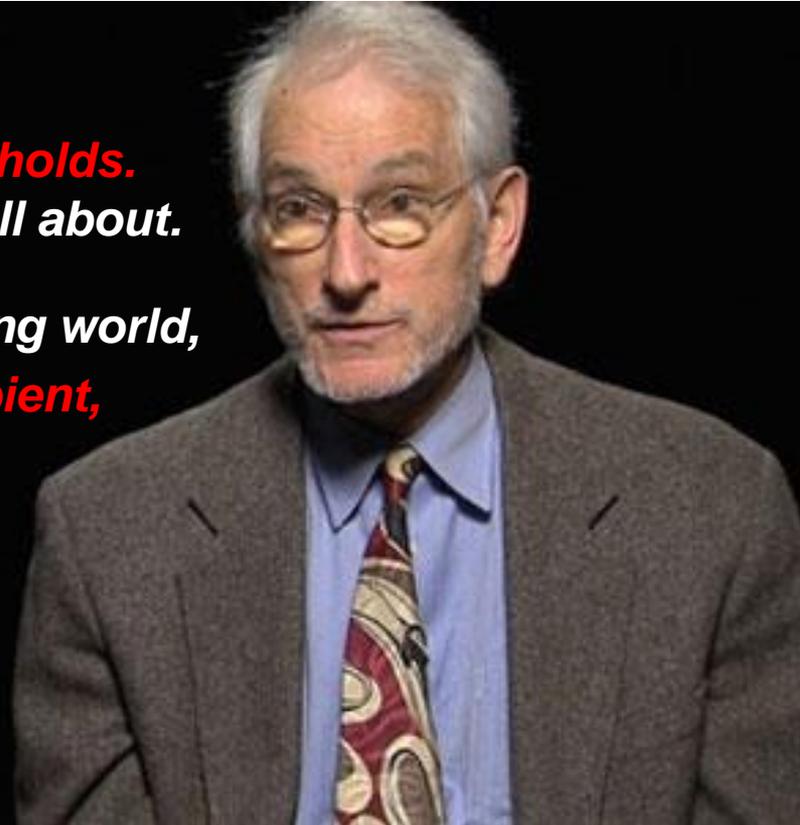
Contextualization

reporting
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Sustainability requires contextualization within thresholds. That's what sustainability is all about.

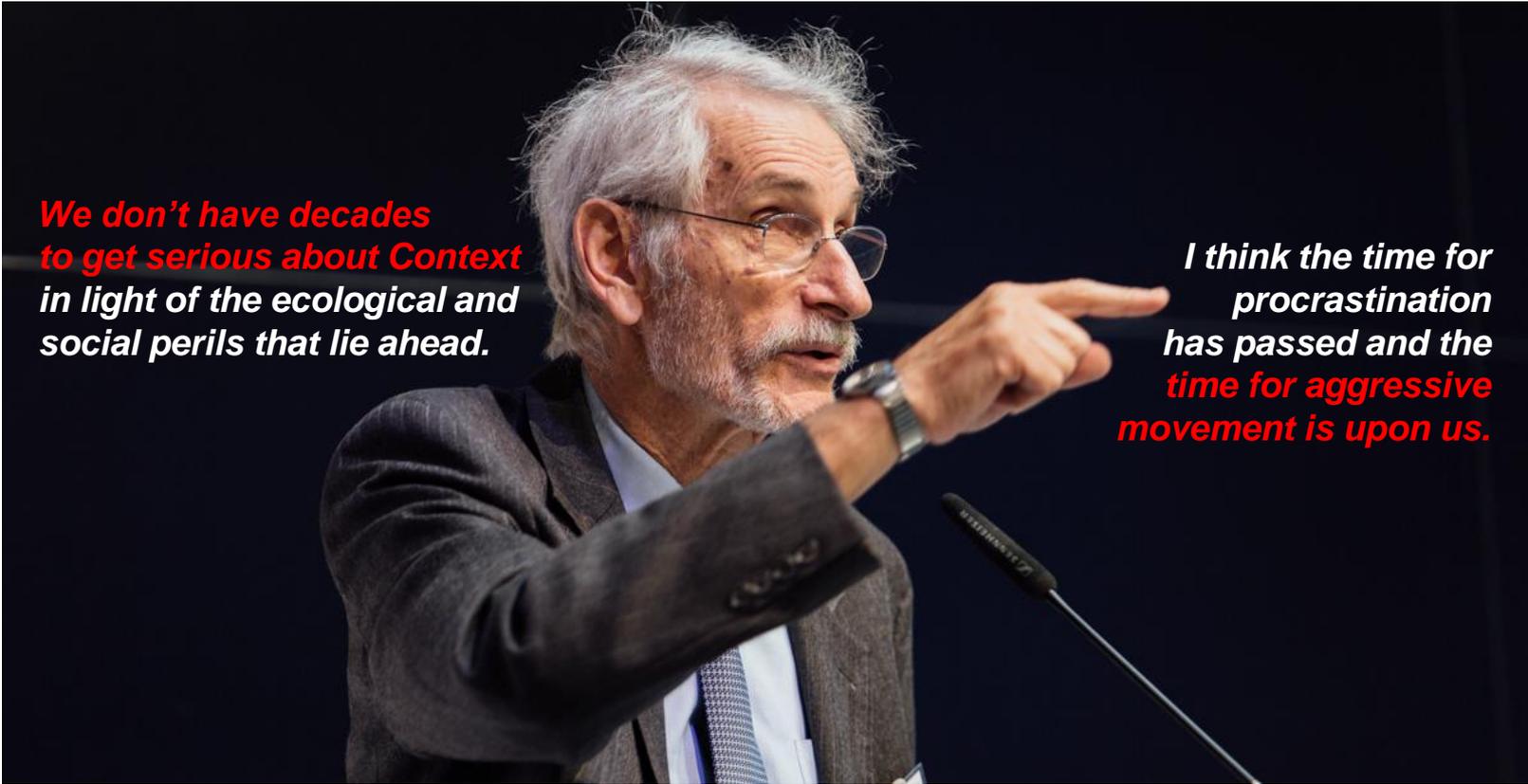
[Yet to] this day in the reporting world, Sustainability Context is incipient, uneven, and occasional.

**Allen White
Co-Founder
Global Reporting Initiative**



Contextualization

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3.0



*We don't have decades
to get serious about Context
in light of the ecological and
social perils that lie ahead.*

*I think the time for
procrastination
has passed and the
time for aggressive
movement is upon us.*

Activation

*The central questions of sustainability are: How long do we have to **respond** before we run into trouble? Where are we with respect to our **limits**? [S]ustainability indicators should be related to **carrying capacity** or to **threshold of danger** or to targets.*

*Tons of nutrient per year released into waterways **means nothing to people.***

*Amount released relative to the amount the waterways can absorb without becoming toxic or clogged **begins to carry a message.***

Dana



Activation

reporting
3.0



We need to press courageously to discuss well-being and define indicators that reflect it, even if we suspect that this process will shake up our worldviews and challenge our power structures and our lives.

If those power structures and lives are in fact creating well-being, then they won't be challenged.

If they are not, then they should be shaken.

Dana

Recommendations in Chapter 4, 5 & 6

3 Maturities:

- Educate
- Advocate
- Accelerate

4 Constituencies:

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

Stage	Recommendation
Educate	1 - Integrate multiple capitals in data architecture to liberate them from silos and place them in dynamic relationship with each other, enabling detection of synergies; And to free the economy from the shackles of
Advocate	2 - E
	3 - I
	base
	1 - l
	and colle
	2 - M
	shift
	3 - A
	capa
	doct
	take
4 - M	
capa	
cont	
5 - l	
acro	
mea	
mor:	
6 - S	
cons	
Accelerate	1 - A
	2 - E
	sust

Stage	Recommendation
Educate	1 - Gain understanding of sustainability thresholds that demarcate the carrying capacities of vital capital resources and allocations that apportion to companies fair shares of responsibility and accountability for their positive and negative impacts on common capital resources that are vital to stakeholder well-being
	2 - Deepen understanding of value of multicapital, context-based data in protecting and preserving the stocks and flows of capital resources in the commons.
	3 - Following Context-Based Sustainability, Identify "rightsholders" to whom companies owe a (moral/ethical) duty and/or (legal) obligation to manage impacts on vital capitals that (materially) affect stakeholder well-being
Advocate	1 - All companies should apply a context-based approach to reporting, allocating their fair share impacts on common
Accelerate	2 - There
	GRI's Sus
	3 - Repor
	Sustaina
	capacities
	4 - Public
	5 - Signifi
	6 - Shift fr
	7 - Adopt
	8 - Adopt
	9 - Redefi
net positiv	
10 - Coni	
before ne	
11 - Spor	
1 - Exam	
initiative t	
2 - Accel	
3 - Matur	
4 - Deepi	
5 - Desig	
enable tre	
detection	

Stage	Recommendation
Educate	1 - Identify opportunities to activate sustainability progress within direct spheres of influence
	2 - Identify opportunities to catalyze sustainability progress through indirect spheres of influence
Advocate	1 - Harmonize context-based <u>multicapital</u> data across geographic scopes, from global to national to regional to local
	2 - Reconcile / harmonize between public sector and private sector approaches and methodologies for <u>multicapital</u> contextualized data
	3 - Use open data platforms to display & benchmark company-level performance across multiple capitals against sustainability thresholds
	4 - NGOs should embrace evidence-based, context-driven advocacy, and investors should embrace forceful stewardship
Accelerate	1 - Investors can drive demand for <u>multicapital</u> , context-based <u>blockchain</u> implementations that track financial & sustainability performance across value chains
	2 - Track regional sustainability impacts using <u>blockchain</u> implementations that enact smart social contracts for preserving common capital resources
	3 - Set more aggressive goals than simply aligning with sustainability thresholds to build buffer zones
	4 - Support <2°C scenario analysis and transition planning to <2°C business models



Allen White

Co-Founder/Former CEO GRI,
Co-Founder/Director Corporation
20/20,
Founder Global Initiative for
Sustainability Ratings

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3.0

"The world is replete with systemic crisis, e.g. climate disruptions, deepening wealth disparities, the breakdown of fundamental human rights. Business activity is inseparable from the causes, consequences and solutions to such crises. Context-based reporting advocated by Reporting 3.0 is indispensable to measuring and rewarding corporate leadership in reversing the threats to and enhancing the thriving of both company and societal well-being"

We hope to see you at the 4th International Conference of the reporting 3.0 Platform in Amsterdam on May 30 -31, 2017.

Register now at:

www.reporting3.org

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3.0



Data Blueprint
Validation by
Dr. Allen White
Tellus Institute
GRI Co-Founder