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.
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
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
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
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.
The next logical step – combine these two opposite-facing triangles, fusing them into an hourglass shape that equalizes the top and bottom in significance.
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.
The information system...will measure capital stocks at every level and the flows that increase, decrease and connect these stocks. – Dana
Sustainability indicators should be related to carrying capacity or to threshold of danger or to targets.

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

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
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.
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
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

<table>
<thead>
<tr>
<th>Stage</th>
<th>Recommendation</th>
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<tr>
<td>Educate</td>
<td>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 monom \n</td>
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<td>Advocate</td>
<td>2 - Deepen understanding of value of multicapital, context-based data in protecting and preserving the stocks and flows of capital resources in the commons.</td>
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<td>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.</td>
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<td>4 - Advocate</td>
<td>1 - All companies should adopt a context-based approach to reporting, allocating their fair share impacts on</td>
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<tr>
<td>1 - Shift</td>
<td>1 - All companies should adopt a context-based approach to reporting, allocating their fair share impacts on</td>
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<td>2 - Accelerate</td>
<td>1 - Investors can drive demand for multicapital, context-based blockchain implementations that track financial &amp; sustainability performance across value chains</td>
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<td>2 - R sus</td>
<td>2 - Track regional sustainability impacts using blockchain implementations that enact smart social contracts for preserving common capital resources</td>
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<td>3 - Set more aggressive goals than simply aligning with sustainability thresholds to build buffer zones</td>
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<td>4 - Support &lt;2°C scenario analysis and transition planning to &lt;2°C business models</td>
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“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.

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