

# reporting 3.0

context for thriveable transformation

## An Invitation to Support the Formation of a Global Thresholds & Allocations Council

### Summary

Reporting 3.0 invites you to support the formation of a multi-stakeholder **Global Thresholds & Allocations Council** (GTAC) to establish authoritative approaches to measuring and reporting organizational economic, social, and environmental performance in the context of systemic boundaries and limits, which will roll out in two phases with a soft launch in Q1 2019 and a formal launch in Q2 2019 at the 2019 Reporting 3.0 Conference. The GTAC will operate as a partnership between leading organizations and individuals from science, business, investment, government, and civil society focused on assessing and validating methodologies for allocating fair shares of responsibility to organizations for their impacts on the stocks and flows of capitals – natural, human, social and other resources – within their carrying capacities. Building on extant efforts to establish science- and ethics-based targets, goals, and norms, GTAC will accelerate progress toward contextualizing company measurements and disclosures commensurate with the ecological, social and economic urgencies facing societies and companies alike in the coming decades.

### The Need

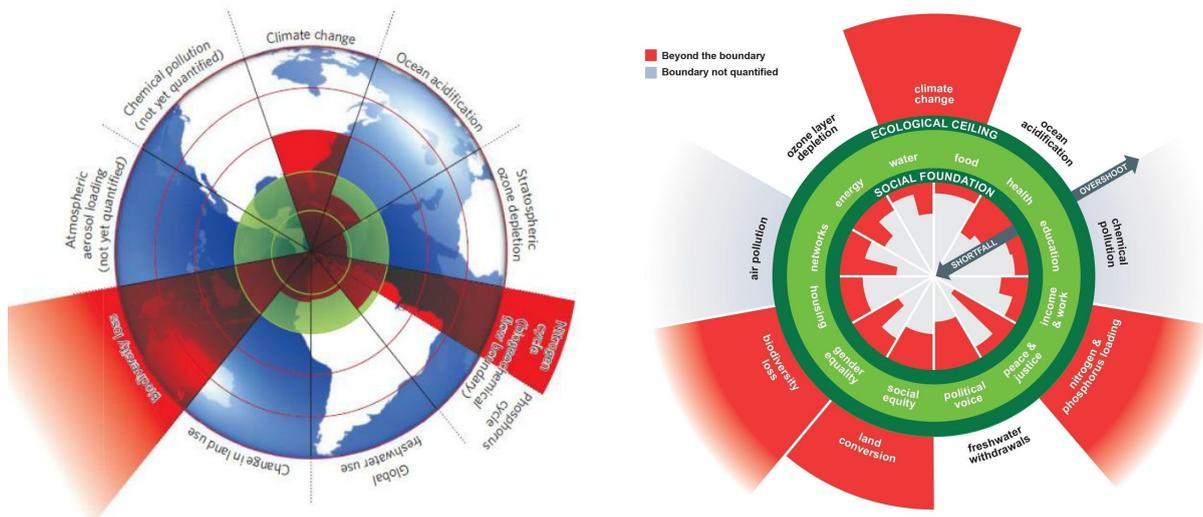
*Sustainability requires contextualization within thresholds; that's what sustainability is all about.*

Allen White, Co-Founder, Global Reporting Initiative

*The part can never be well unless the whole is well.*

Plato, *Charmides*, 380 BCE

The [Great Acceleration](#) datasets of socio-economic and earth system trends unequivocally demonstrate that the “parts” and the “whole” of the Earth system are out of sync, resulting in a set of “hockey stick” graphs of exponential systemic degeneration across the board. The Stockholm Resilience Centre’s [Planetary Boundaries](#) research finds that humanity is “overshooting” three of nine ecological ceilings, and Oxford University “[Doughnut Economics](#)” builds upon this to document similar “shortfalls” on social foundations.



The inextricable link between the ecological and social systems’ health (or “illth,” as represented in these boundary-crossings) on the one hand, and activities of business on the other hand, lies at the heart of the *Sustainability Context* Principle, first introduced in the Global Reporting Initiative’s second generation [Sustainability Reporting Guidelines](#) in 2002:

[P]lacing performance information in the broader biophysical, social, and economic context lies at the heart of sustainability reporting... This will involve discussing the **performance of the organisation in the context of the limits and demands placed on economic, environmental, or social resources at a macro-level** (emphasis added).

However, despite the centrality of Context in sustainability reporting, fulfillment of this Principle remains conspicuously absent from *almost all* sustainability reports produced since then. A comprehensive 2017 Danish [study](#) examined 40,000+ sustainability reports released since 2000, and found only **0.3%** of companies (31 of 9,000) disclosed their environmental impacts in the context of ecological limits — including strategies for meeting these limits. And only **5%** of reports in the study period cited ecological limits at all.

A 2015 UNEP [report](#) highlights two concepts as instrumental for applying *Sustainability Context*:

- **Thresholds** that demarcate the carrying capacities of vital capital resources (natural, social, human, constructed, financial) and therefore divide sustainable from unsustainable performance;
- **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 wellbeing.

That same year, the United Nations agreed to the [Sustainable Development Goals](#), which identify a series of social, environmental and economic systems in danger, and propose trajectories toward sustainability. For companies to contribute to the fulfillment of the SDGs, they will need to translate them into business-relevant thresholds and set fair, just and proportionate allocations for their responsibilities.

The UNEP report contains two key recommendations pertaining to *Sustainability Context*:

- All companies should apply a context-based approach to sustainability reporting, allocating their fair share impacts on common capital resources within the thresholds of their carrying capacities;
- Multilateral organizations should collaborate to create a global governance body of scientists, academics, business practitioners, NGOs and other stakeholders to provide guidance on methodologies for determining ecological (and social) thresholds, as well as guidance on approaches to allocations, all of which are broadly applicable to the business level.

This proposal advances UNEP's second recommendation as a vehicle for fulfilling its first – as well as fulfilling the SDGs.

There is a burgeoning of initiatives providing guidance on thresholds-based measurement, management and reporting:

- [Science Based Targets](#)
- [Context-Based Water Targets](#)
- [UN Guiding Principles on Business & Human Rights](#)
- [World Benchmarking Alliance](#)
- [One Planet Thinking](#)
- “Tracker” Initiatives: [Carbon](#), [Fish](#), [Planet](#)
- [Global Commons](#)

However, there is no overarching governance body overseeing and coordinating these efforts, resulting in varying degrees of quality of content and governance. The GTAC seeks to remedy this shortcoming and fill this gap in order to instill confidence in thresholds-based approaches.

### **Mission**

- Identify thresholds & norms for sustaining the carrying capacities of systems-level capital resources in the commons that are vital to stakeholder wellbeing, based on a comprehensive review of research in physical and social sciences and practice in the field.
- Design and validate allocation methodologies that apportion fair share responsibility for jointly preserving and enriching capital resources vital to stakeholder wellbeing.
- Disseminate consensus-based thresholds/norms/allocations with “off-the-shelf” ease-of-use in mind to facilitate global mainstreaming of such practices.

### **Composition**

The GTAC will comprise a mix of scientists and practitioners with expertise in the fields of physical & social sciences, business, investment, government, civil society, and other relevant areas, attending to diversity of perspective, culture, geography, gender, etc...

## Activities

- Assess the science and ethics of sustainability thresholds to identify and validate threshold levels across social, ecological, and economic impact areas that companies and other organizations can apply to their operations and value chains;
- Assess and validate methodologies for allocating fair shares of Common capitals to organizations with the goal of providing “off-the-shelf” metrics for ease of use.

## Governance

During its incubation, the Council’s governance shall fall under the purview of OnCommons, the non-profit parent of the Reporting 3.0, with a Steering Board overseeing the integrity of the process. As the incubation matures, the Steering Board will assess expanded governance options, including creation of an independent entity or relocation to a suitable host.

## Partners

OnCommons / Reporting 3.0 is actively seeking Partners with an interest in the activities of the Council, such as the Global Reporting Initiative and the United Nations Global Compact. In addition, OnCommons / Reporting 3.0 also seeks alignment with kindred entities such as the Science Based Targets Initiative and the start-up World Benchmarking Alliance. The GTAC is committed to maximum collaboration to ensure rigorous, expeditious, and consensus-based progress toward generally accepted thresholds and allocations.



## Kick-Off Meeting

On 31 January 2018, Reporting 3.0 convened a “kick-off” meeting at the Dutch Federation of Accountants in Amsterdam to gauge support for the idea of launching a Global Thresholds & Allocations Council. More than 40 global experts attended, including speakers such as Johan Rockström of the Stockholm Resilience Centre, *Doughnut Economics* Author Kate Raworth, and many other. The [Program](#), including abstracts of speakers’ presentations, is posted on the [GTAC Landing Page](#).

## Funding

The GTAC is seeking funding from foundations, governments and other donors in two phases:

- **Phase One:** Set the necessary structures and work environment of the GTAC, including Steering Board, Council members, and necessary secretariat functions
  - **Budget:** €100k
  - **Goal:** Soft launch in Q1/2019
- **Phase Two:** Formally launch at the Reporting 3.0 Conference in June 2019 with three years of committed funding in order to initiate GTAC's function, as outlined above under "Activities."
  - **Budget:** €500k / year for three years
  - **Goal:** Formal launch in Q2 2019.

The Interim Secretariat function of OnCommons provides a German-incorporated, non-profit entity for fundraising purposes.

We encourage interested parties to reach out to the below-listed contacts to discuss collaboration and joint fundraising opportunities.

## Contacts

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## Testimonial Quotes

"Sustainability requires contextualization within thresholds; that's what sustainability is all about. Yet to this day, contextualization rarely appears in sustainability reports. The Global Thresholds & Allocations Council seeks to close this Context Gap by validating and, where necessary, developing thresholds and allocation methodologies. By doing so, it will enable companies to implement Context in concert with an independent, trusted and authoritative expert source."

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

"If we are to create 21st century economies and businesses that can meet the needs of all within the means of the planet, then the Global Thresholds & Allocations Council is just the kind of initiative that can start making it happen."

*Kate Raworth, Author, Doughnut Economics*

"The UN Guiding Principles provide business the authoritative global standard on human rights, so I welcome the establishment of a Global Thresholds & Allocations Council to vet and validate such norms, standards, and thresholds across *all* impact areas (social, ecological, economic) as a way to institutionalize respect for social, ecological, and economic systems in light of inherent real-world limits and rights."

*John Ruggie, former UN Special Representative for Business & Human Rights*