reporting 3.0

SUMMARY REPORT

4TH INTERNATIONAL CONFERENCE
OF THE REPORTING 3.0 PLATFORM ON THE FUTURE OF REPORTING

Disclosure for the Green, Inclusive & Open Economy – Blueprinting the Future

30TH & 31ST MAY 2017

KPMG AMSTERDAM

INTRODUCTION

The 2017 International Reporting 3.0 conference in Amsterdam gathered about 220 participants on two days – speakers and 'positive maverick' experts interested in developing next-generation thinking and practice on reporting, accounting, data and new business models to spur the emergence of a green, inclusive and open economy. Keynote speeches and plenary panel discussions were accompanied by a set of 9 workshop sessions, clustered into three tracks that looked at Reporting 3.0's recommendations on how to 'educate,' 'advocate,' and 'accelerate' for the 'future we design.' This report is a chronological summary of the conference agenda that was organized around the four Reporting 3.0 Blueprints, each taking up about a quarter of the conference agenda.

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OVERVIEW OF MATERIALS COVERED IN THIS CONFERENCE

The documentation about the 4th International Reporting 3.0 Conference in Amsterdam consists of the following materials:

1. This Conference Report summarizes the proceedings of the two days in chronological order. Interactive links refer to presentations of the speakers who have granted permission to publish them on the → Reporting 3.0 Conference Website.

2. The Conference Website offers a full variety of photos taken at the various sessions of the conference, a summary film about the conference with interviews with various speakers, various additional teasers about the Reporting 3.0 Blueprints and a filmed interview with Kate Raworth, author of the book Doughnut Economics that was recorded in Boston two weeks before the Conference.

3. The Reporting 3.0 Conference Website also offers downloads of final reports from the first two (of four) Reporting 3.0 Blueprints: the Reporting Blueprint and the Data Blueprint.

4. Furthermore, the Reporting 3.0 Conference Website also offers downloads of the various program two-pagers that Reporting 3.0 announced during the Conference: the Beta Testing Program, the Advocation Partner Program, and the Academic Alliance.

GETTING STARTED – AN OVERVIEW

The 4th International Reporting 3.0 Conference, held at KPMG's Dutch headquarters in Amsterdam on 30 and 31 May, came at a crucial moment, with plummeting trust in existing political and economic systems. As ‚sunlight is the best disinfectant', transparency and disclosure have key roles to play in restoring trust. But the current trajectory of incremental change will not suffice – more transformative change is needed to achieve a truly green, inclusive, and open economy. And achieving this requires coordination to scale up progress.

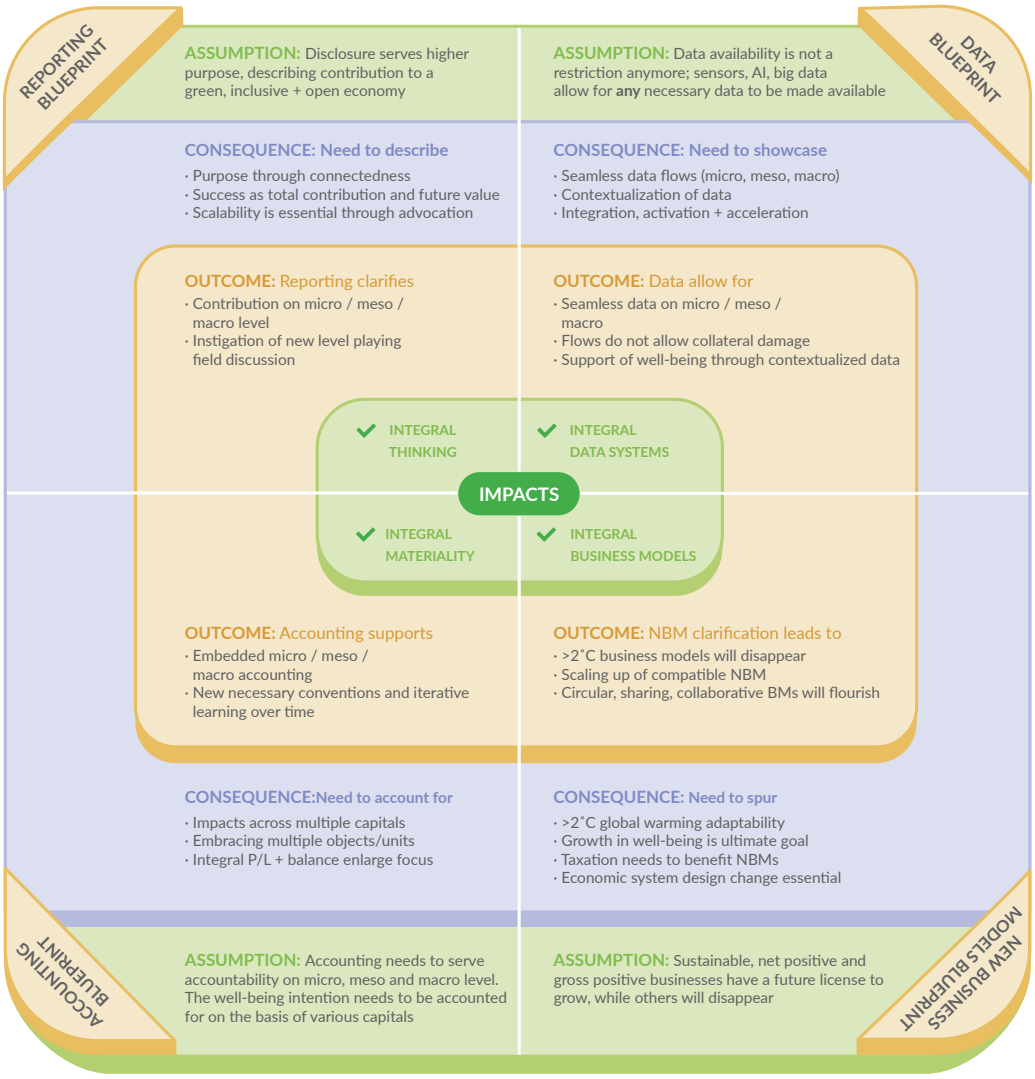
This 4th Conference marked the culmination of four years of dialogue, conferencing and collaboration. The lively discussions – like in earlier conferences – demonstrated the need for disclosure practices that measure bona fide sustainability in its proper context, supported by multi-capital accounting, a seamless data flow, and encouragement for the building out of new sustainable business models. As a result, in early 2016 the Reporting 3.0 team launched a series of four work-streams (so-called Blueprints) in the area of Reporting, Data, Accounting, and New Business Models.

This year's Conference focused on the two following key questions:

- What would disclosure, based on the ‚North Star' idea of a green, inclusive and open economy, actually look like, and how do the four Blueprints help spur the emergence of such an economy?

- What are next steps and how can we work together more efficiently and impactfully to disseminate the Blueprints and their implementation?

The Conference was designed in four blocks, each covering the discussion around one of the four Blueprints, plus a section on further dissemination and development of the overall set of recommendations to the relevant constituencies to support this transformational change triggered by disclosure. The first two of the four blueprints – namely the Reporting Blueprint and the Data Blueprint – were released at the conference. The first draft of the Accounting Blueprint was discussed, and the New Business Models Blueprint development process was kicked off. The below figure describes the connection of all four Blueprints and their intended impacts.



The Conference was also the kick off for a variety of testing and dissemination activities of Reporting 3.0 that will be performed in parallel to the further development of the Accounting and New Business Model Blueprint:

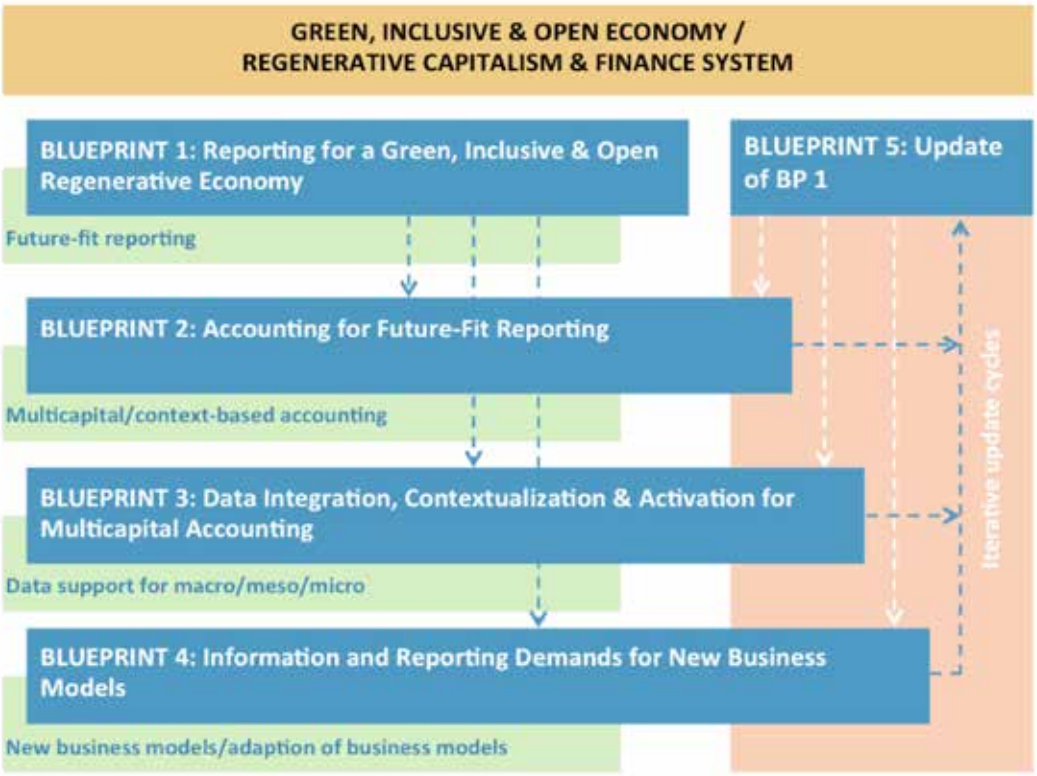
- The → Beta Testing Program for piloting recommendations of the Blueprints
- The → Advocation Partner Program for improved collaboration and distribution
- The → Academic Alliance for continued fact-based research and academic activation and collaboration

The conference finally also marked the launch of 'OnCommons', a Berlin-based not-for-profit, with Reporting 3.0 as its flagship program. As a spin-off from BSD Consulting, which supported the development of Reporting 3.0 in its first years, OnCommons can now take the next step in advancing development of Reporting 3.0 through aligned support programs or additional initiatives that advance global public goods. In the coming months, OnCommons will communicate more widely and connect more directly with governments, multilaterals, investors, corporations and civil society representatives.

DAY ONE

INTRODUCTION

The Conference was kicked off by Ralph Thurm – co-founder of Reporting 3.0, content curator, Reporting Blueprint lead author and facilitator of all Reporting 3.0 conferences. He gave a concise overview over the 4 years of conferences and the instigation of the Blueprints Work Ecosystem in late 2015 that led to the current developments that were presented at the conference.



The structure of these 4 different Blueprint projects and their work ecosystem formed the basic four-part structure of the conference, and in addition, a fifth part would explain the next steps in the dissemination, beta testing, and implementation of the Blueprint recommendations, accompanied by further growing the Reporting 3.0 network. Ralph summarized the basic 'attitude' and 'vision' of Reporting 3.0 in four main points:

- **Global Public Good:** Reporting 3.0 is a multi-stakeholder community generating knowledge to design future-fit reporting in a neutral, pre-competitive space, starting in 2013;
- **Collaborative:** co-creating solutions that spur deeper transformation than organizations can achieve individually within institutional constraints are at the core of the Reporting 3.0 work ecosystem logic;
- **Positive Mavericks:** constructive engagers who transcend incremental progress to align reporting practices with the necessary ambition to achieve a regenerative & inclusive economy best describes the 'attitude' of those that engage with Reporting 3.0;
- **Blueprinting the Future:** After 3+ years of community-building through curated convenings, the Blueprint Projects shifted Reporting 3.0 into action mode through Working Groups to identify, design and spur the needed changes at the systems levels through appropriate recommendations.

Thurm closed his welcome with two major messages:

- First, there is no sustainable business in an unsustainable world. This quote resonated throughout the Conference, describing the need to redesign disclosure to fulfill its transformative potential of spurring the emergence of a green, inclusive and open economy.
- Secondly, the 'positive maverick' attitude needs to rise above those opinions that say that the agenda of Reporting 3.0 would be too ambitious. Ralph reminded participants of the Nelson Mandela quote, 'It seems impossible until it's done,' and added a quote from Muhammad Ali: ‚impossible is not a fact; it's just an opinion.' Humanity created the unsustainable economic system of today, so only we can change it to a sustainable system!

Wim Bartels, a partner and expert on Corporate Reporting at KPMG The Netherlands, and host of the Conference, welcomed participants by sharing the story that his appreciation for Reporting 3.0 deepened after attending the 2015 conference in Berlin, where he → gained new insights – a true rarity for conferences. The conference's atmosphere for learning proved contagious, so he agreed to host the 2017 edition of the conference at KPMG Dutch headquarters in Amsterdam. He wished success for this conference to continue this spirit of community-based learning.

REPORTING AND DATA BLUEPRINT SESSIONS

The first day was framed by the release of the Reporting Blueprint and the Data Blueprint, the first 'products' of the collaboration of the Reporting 3.0 community. Both Blueprints were developed in a concise 12-month process including two face-to-face meetings in Boston (in November 2016) and Amsterdam (in March 2017), two online dialogues on Convetit, leading to a first and second exposure draft of the Blueprints, before releasing them in final version at the conference.

PANEL 1: Creating the new 'invisible band' for the 'invisible hand'

This panel set the scene for the Reporting and the Data Blueprints, especially as it aimed at clarifying the magnitude of the urgency that Reporting 3.0 claims for more drastic change in disclosure to truly serve a green, inclusive and open economy. The headline suggests a main theme as Adam Smith, the famous English economist in the 18th century, also meant: let markets work (the invisible hand) when the value system is in tact (the invisible band). In Reporting 3.0 it means to make sure that the micro level (an organisation) logic is supported by a suitable macro logic (a 'sustainable' economic system design). Speakers included **Jonathon Porritt**, Founder Director of Forum for the Future; **Claudine Blamey** of The Crown Estate; **Alyson Slater** of the Global Reporting Initiative (GRI); and **Neil Stevenson** of the International Integrated Reporting Council (IIRC).

Jonathon Porritt, author of the bestseller *Capitalism – as if the World Matters* (2005), established the need for the Blueprints because they document the gap between the state of nature and the response of humankind to that state. 'The gap widens', he proclaimed, when looking at the need for decarbonization of 6.5% annually as per the Paris Climate Treaty, while newest figures suggest that on average only 1.3% is achieved on a yearly basis. 'Welcome to the world of impermafrost', Jonathon said, referring to dangerous dynamic of global warming melting the permafrost, which releases trapped methane, a much more dangerous greenhouse gas than carbon dioxide, further exacerbating climate change. 'This is the challenge of living in the Anthropocene,' he noted.

After declaring he had 'great joy reading the Blueprints,' Porritt repeatedly quoted from them at length, for example citing the ‚illusion of progress' as the current state of sustainability reporting. He stated two examples from leading companies that show this unreliability and incrementalism in their sustainablity approaches:

- M&S, which won the Corporate Register Reporting Award for the second year, including their approach to sustainable cotton, while ‚there is no such thing as sustainable cotton. There is just a range of less unsustainable cottons.'
- Kraft-Heinz' take-over bid of Unilever was the second example Porritt mentioned, projecting what it would have meant for Unilever's continued sustainability efforts if the takeover had happened: ‚Most likely, they would have evaporated'.

These thoughts led to the role of politics. ‚Politics is unavaoidable when talking about addressing environmental and societal issues. Could there be prosperity without growth? The homo politicus needs a frame to discuss such seemingly heretical possibilities as an alternative to growth on a finite planet as the dominant paradigm.' This is difficult, Porritt mentioned. For example in the UK, 11 governmental departments address environmental and social issues, but not the treasury – which makes it close to impossible to move forward.

‚The Beyond GDP movement is alive, but not well. It is marginalised and patronized.' In that sense, reporting can play a huge role in the transformation of the economy when it offers new thinking and ways forward, hence the Blueprints can unlock the current stagnation of progress in the reporting field, considering the necessary urgency of transformation. Porritt advised to focus on the micro and meso level to change the macro level. ‚If we manage to open up sustainable reporting on the meso level it will inevitably effect the macro level, too.'

The audience reacted very positively to Porritt's introductory keynote, which created the necessary sense of urgency for the Blueprints.

Claudine Blamey of The Crown Estate, a Steering Board member of Reporting 3.0, joined via Skype and explained the approach of the Crown Estate called 'Total Contribution' that accounts for positive and negative impacts on 6 capitals. ‚We kept on changing our business model, meaning the way we develop, invest, asset manage. We are in fact a real estate business and in order to deliver that we depend on 6 capitals (Financial, Physical [property], Natural [soil, carbon], Our People, Our Know-How, Our Networks [customers, stakeholder]). If we make positive contributions to all these capitals, we will be successful in the long-term.'. ‚We believe this is a starting point and Reporting 3.0 is a great way to take this knowledge and further develop it with the interested community.' She moved on by saying ‚we do integrated reporting by looking at which mega trends are going to impact our business each year. We take that and understand out of those big trends what is really material to our business and what do we need to do to remain resilient, based on examining the impacts on all six capitals.' Blamey moved on by discussing the aggregation of the six capitals to what they call Adjusted Gross Value Added (aGVA = Financial resources + net value of all other resources [positive minus negative impacts]). , We use aGVA in order to create value, we measure impacts on all these capitals. We believe the methodology to measure is good but not an answer for everything. Decisions are therefore not made on exact numbers, but on the trends and impacts on the different capitals.'

Alyson Slater of GRI started off with a brief history of standards: The first standardisation in the age of industrialisation was for ‚nuts and bolts' – specifically, the size of screw threads. Today, more standardised measurements for sustainability reporting are required. GRI stewards the most widely used sustainability measurement standards, nurtured through four generations of GRI Guidelines. Now, after the release of the first GRI standards in 2016, GRI focuses on the following three strategic priorities:

- Standardization & harmonisation
- Reporting sustainability in context
- Activating user base & digitising

She mentioned that ‚the standards don't create things; it's the creativity, innovation and ambition of those using the GRI standards in which standardized sustainability data are the elements that can be built upon. A shift from disclosure and reporting towards performance and results that advance sustainable development is therefore still needed.' But Alyson also acknowledged that ‚standards must result in data that can be used in a variety of ways. Micro, meso and macro level data should be interlinked. Data and digital developments are sufficiently developed, but what lags is the contextualization of sustainability – hence one of the strategic focus areas. She mentioned the 2016 Article 13 study that showed the current state of the use of contextual information:

Neil Stevenson of the IIRC reminded participants of the initial integrated reporting (or in shorthand, <IR>) focus was on multicapital value creation. He continued to state that ‚short-termism is one of the biggest barriers we are facing, while research shows long-termism can pay off. We need a stronger link between economic value creation and multicapital value creation.' He cited ‚the IIRC's vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking.' Through the IIRC's approach to integrated reporting, companies create value and describe that through the multi-capital view that goes beyond mere financial capital and includes other capitals as well.

He mentioned examples from South Africa, Japan, Netherlands with emphasis on long-termism. Neil mentiond a recent arricle by Hans Hoogervorst, Chairman of the IASB, who said that ‚through <IR>, organizations can address more clearly resources that are not included in financial statements. The increasing awareness that environmental and societal restrictions have an impact on long-term value creation is also clear', showing that the major conventional reporting standard setters are on board of integrated reporting and its implied multi-capital perspective.

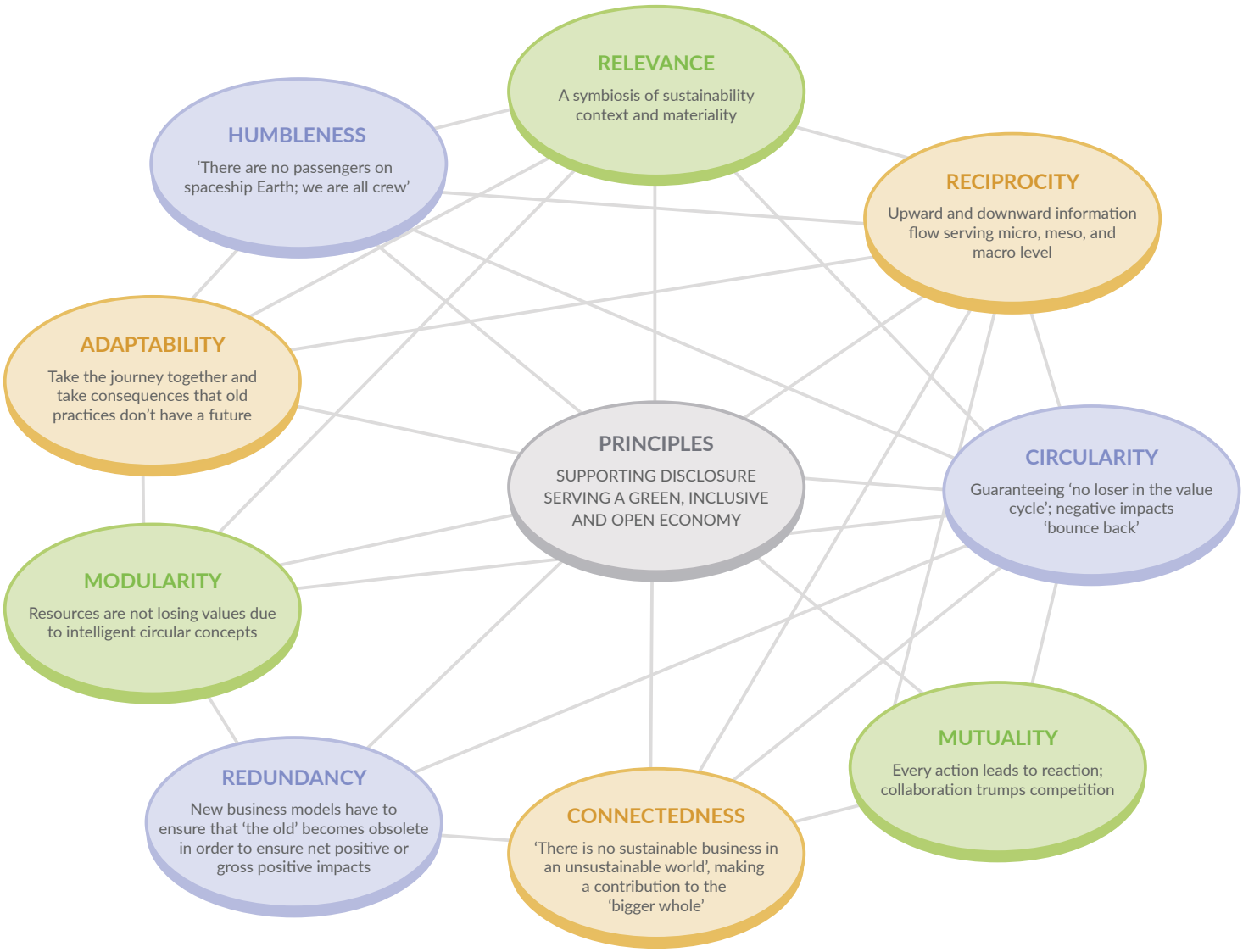
Bill Baue facilitated a short discussion of the panelists after their keynotes. Particularly interesting was a reference to the macro level, based on Porritt's advice to mainly focus on micro and meso level to change macro level conditions.

Porritt mentioned that ‚there is not one macro-economic model anywhere that is currently moving towards a multi-capital approach. None embrace any of the ideas pitched today.' Baue's follow-up question to Blamey on levers that can be pulled as a quasi-governmental organisation at the macro-economic level, Blamey mentioned that ‚we can't tell the treasury what to do, they are telling us what to do, but by aggregating voices we can have greater impact.' That, of course, is the focus of Reporting 3.0.

PANEL 1

SESSION 1: Introduction and release of the Reporting Blueprint Report

Lead author Ralph Thurm presented the Reporting Blueprint, which advocates for shifting reporting to serve as a trigger for economic system design transformation. He focused on the Blueprint's main chapters, starting with Chapter Three that introduces the interconnected micro (company), meso (industry / habitat), and macro (systems) levels that can synergise to spur the emergence of a green, inclusive and open economy. The chapter also presents a set of 9 Principles that lead to a renewed ‚integral materiality' process predicated on a shift from share- and stakeholders to ‚rightsholders,' asserting the ‚right to know' how companies impact the sufficiency and sustainability of the multiple capitals that contribute to well-being.



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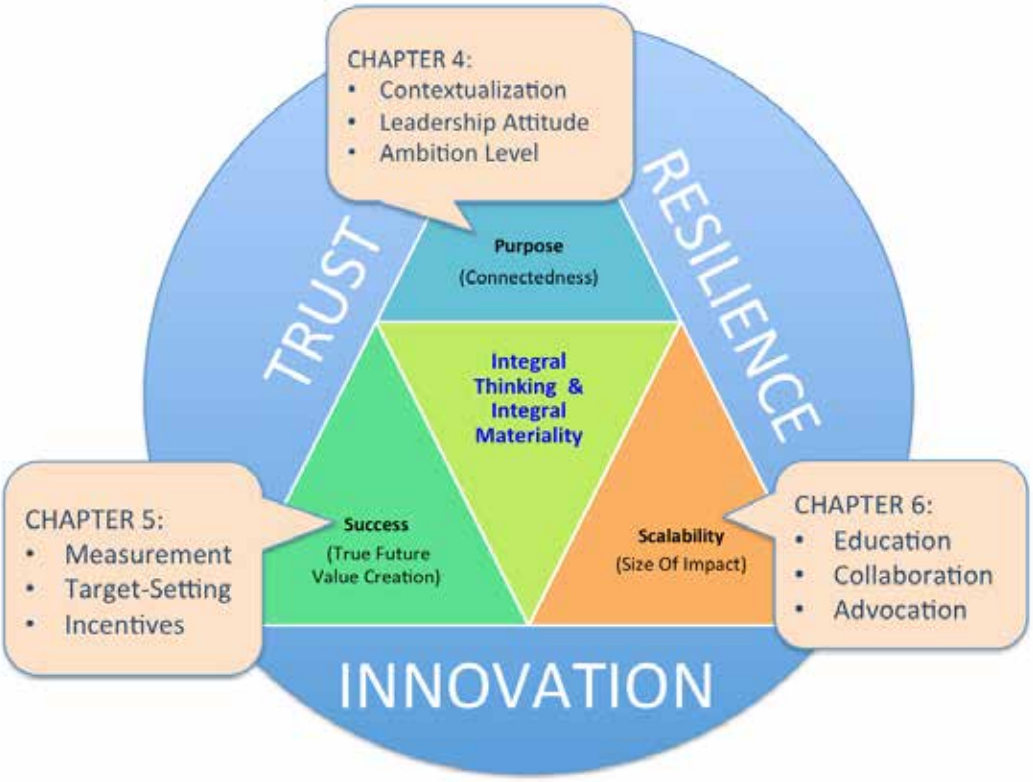
Chapters Four, Five and Six then mainly focus on the three areas that define integral thinking and integral materiality, namely:

- **Purpose** and connectedness to the green, inclusive & open economy;
- Context-based multi-capital **success** measurement; and
- Education, collaboration and advocation towards **scaling** up the green, inclusive & open economy.



All three main chapter around what Reporting 3.0 calls the ‚new impetus' for integral disclosure come with recommendations for standard setters, governments & multilaterals, corporations and investors. They are clustered around three ‚starting points' for inclusion of the recommendations, namely:

- Educate (for starters)
- Advocate (for implementers internally)
- Accelerate (for implementers externally)

The Blueprint includes an extensive literature annex, which Reporting 3.0 will make publicly available through an online repository. A 3-page Table at the end of the Blueprint also identifies differences from other standards, guidelines and frameworks. The primary distinction of the Reporting 3.0 Blueprints is the intention to advance all existing players towards the idea of integral thinking and integral materiality.

GRI Co-Founder Allen White of Tellus Institute validated the Reporting Blueprint via Skype video from Boston. He anchored his comments in history, → noting that the ‚sustainability reporting movement is 25 years old — it's now time to re-think & re-boot it.' Tracing back to the advent of the Global Reporting Initiative in the late 1990s, he stressed the significance of the establishment of the Sustainability Context Principle, which → calls for ‚discussing the performance of the organization in the context of the limits and demands placed on environmental or social resources at the sector, local, regional, or global level.'

'Sustainability without contextualization within thresholds is inherently flawed,' White said. 'That is why, as GRI's Co-Founder and first Chief Executive, I introduced the Sustainability Context Principle in the early 2000's. Our goal was to communicate that GRI reporting would be more than simply ESG disclosures. Instead, it would explicitly link micro (company) performance with macro (systems-wide) outcomes. This vision is more relevant – indeed, more urgent – than ever. Unfortunately, application of Sustainability Context principle remains incipient and uneven.'

White → added, 'We've been patient — we now need impatience — we need more integral thinking' as the Reporting Blueprint calls for. 'We do not have the luxury of delaying implementation in light of the mounting ecological, social and economic crises. The time for procrastination has passed; the moment for aggressively shifting to context-based reporting is now. The Reporting 3.0 Platform is poised to play a vital role in accelerating this movement. I urge all companies, standards bodies, investors and other actors to actively embrace Reporting 3.0 as a critical instrument for securing a thriving future.'

Noting the outside-in and inside-out interconnectedness of Sustainability Context, White → asserted that 'Systemic risks affect companies and companies affect systemic risk. We need to create positive synergistic feedback.' And this needs to grow into a movement, he stressed, listing the three factors needed;

- A shared grievance;
- Right timing (not too early, not too late); and
- Leadership.

White ended suggesting that all three of these elements pertain to the advocacy that Reporting 3.0 is marshalling through the Reporting Blueprint in support of contextualized sustainability reporting.

For a thorough read and download please access the Reporting Blueprint here:
→ Reporting Blueprint

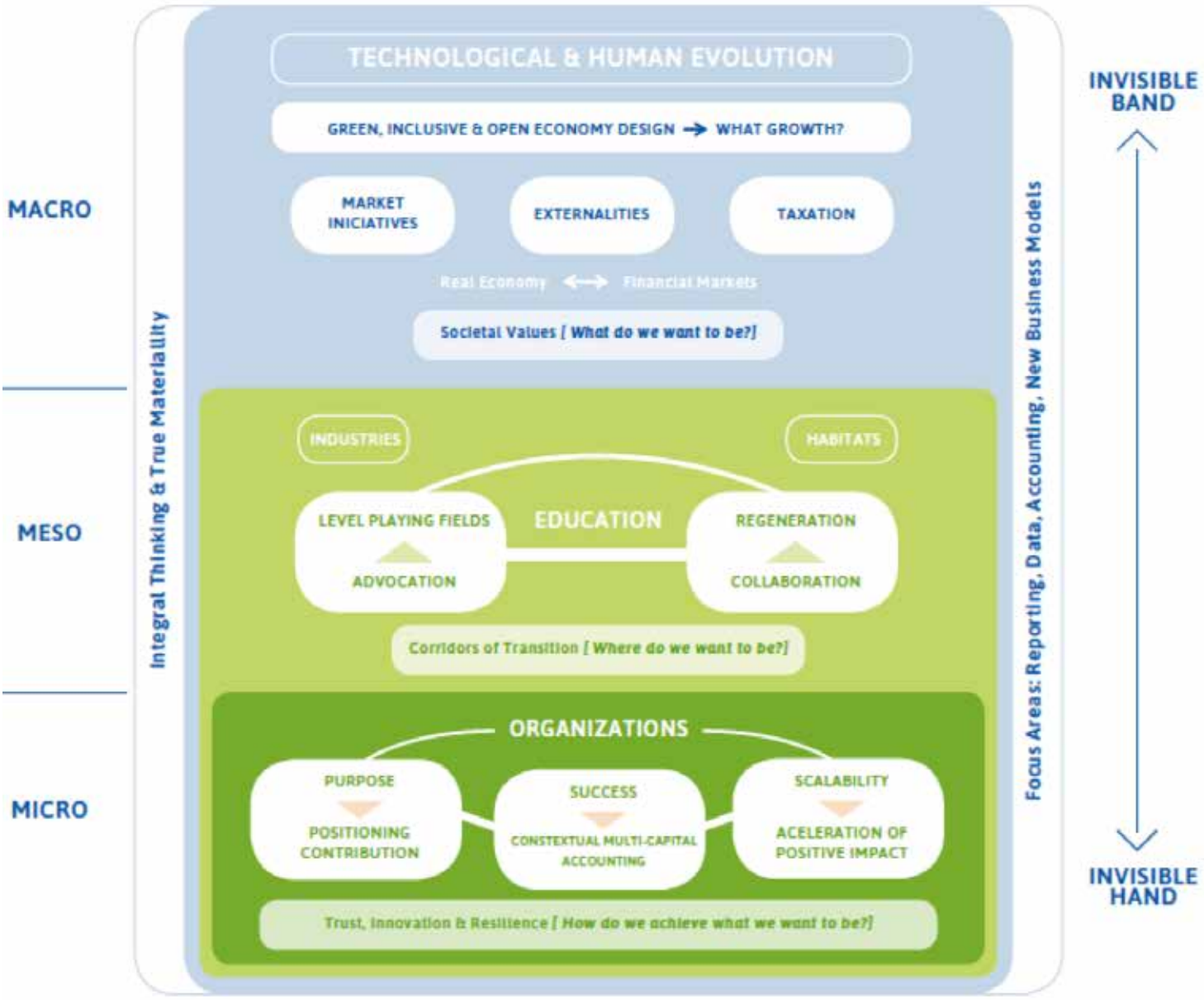
WORKSHOPS 1: Focus on the Reporting Blueprint

SESSION 1
The Reporting Blueprint – focus sessions on recommendations

A: EDUCATE	B: ADVOCATE	C: ACCELERATE
Understanding the principles and underpinnings of a green & inclusive and open economy and their consequences for disclosure ***Moderation:*** *» Ralph Thurm – Reporting 3.0* ***Speakers:*** *» John Devaney – BSI* *» Anne Louise Koefoed – DNV GL*	Understanding how purpose, measurement and scalability become essential areas of disclosure ***Moderation:*** *» Glenn Frommer – Reporting 3.0 Advocation Partner* ***Speakers:*** *» Herman Mulder – True Price Foundation* *» Christian Heller – BASF* *» Rodney Irwin – WBCSD*	Developing trust, innovation and resilience for organizations & economies through collaboration ***Moderation:*** *» Bill Baue – Reporting 3.0* ***Speakers:*** *» Arnaud Cohen Stuart – ING* *» Tjeerd Krumpelman – ABN AMRO* *» Alyson Slater – GRI*

EDUCATE SESSION: Understanding the principles and underpinnings of a green, inclusive and open economy and their consequences for disclosure

Moderator Ralph Thurm introduced the session by specifically emphasizing the need for a green, inclusive & open economy that combines micro-, meso- and macro-level considerations through a diagram used in the Reporting Blueprint, and went a bit deeper in the 6 desiderata and 9 principles that the Blueprint suggests.



Anne Louise Koefoed from DNV GL further underscored the need for more transition thinking by presenting the outcomes of their research report *Realizing Tomorrow's Value – The Emergence of a New Business Practice*. She presented the five major insight that spoke in favor of the multicapital approach in success measurement. This in consequence has effects on future disclosure that will be looking at a) action & transformation, b) capitals & contributions, c) forward looking & future-facing disclosure, d) external threshold & science specific disclosure, e) context specific content, and f) connectedness. Those directions are in line with the Reporting 3.0 Principles.

John Devaney from BSI referenced the brand new BS8001:2017 – A new Standard for the Circular Economy. He looked at overlaps and differences between Reporting 3.0's principles and the principles of the new BSI 8001, as well as the eight-step process to put the BS8001 into practice (framing, scoping, idea generation, feasibility, business case, piloting, implementing, renewing). BS 8001 also has an annex that provides guidance to help organisations evaluate their level of maturity and the extent to which the principles of the circular economy are being realized.

The discussion also made clear the need for systems thinking. BS 8001 calls for such thinking for the circular economy, but it is needed on all three levels – including at companies (micro), in industries and habitats (meso) and in regard to systemic dynamics such as climate change (macro). There is clarification needed around social and societal value, areas BSI may want to step into in the future.

ADVOCATE SESSION: *Understanding how purpose, measurement and scalability become essential areas of disclosure.*

Moderator Glenn Frommer, a Reporting 3.0 Advocation Partner, introduced some of the key concepts of the Reporting Blueprint's 'new impetus': 1) Purpose – the linking pin between inside and outside of an organization's perception, context, leadership attitude, ambition level; 2) Success – contribution, value created, multi-capital approach, measurement, target-setting, incentives; 3) Scalability – from individual to joint efforts, education, collaboration, advocation

Herman Mulder of the True Price Foundation presented its approach on integrated profit and loss accounts that make visible environmental and social costs in value chains. The Foundation uses a six capitals approach for the integrated P/Ls, following the lead of the IIRC. Various projects were carried out in the Netherlands with BAM, ABN AMRO, DSM, Schiphol Airport, AkzoNobel and Alliander. Mulder proposed exploring how to incentivize financial and capital markets using True Pricing, carrots & sticks with regard to debt landing, and education of experts to integrate externalities into equity valuations.

Christian Heller presented BASF's Value-To-Society approach, which focuses on overall impact valuation (on health, environment, etc.), which provides a macro-societal view of the company, rather than product-centric assessments. This is simply due to the company's complexity of operations (with inputs to more than 70,000 products). The 'real' value contribution to a sustainable society takes into account paradigm shifts that influence a license to operate in the future. The methodology looks at BASF's own operations but also fully scopes upstream and downstream impacts. The multicapital orientation of the methodology fits with the recommendations of Reporting 3.0. Heller acknowledged that goal-setting is a next step for the Value-To-Society approach.

Rodney Irwin of WBCSD took a deeper dive into the sustainability reporting landscape: in 55 countries, there are 1,531 provisions for Environmental, Social & Governance (ESG) reporting, of which 54% are mandatory. He assessed the financial and non-financial systems and stressed how non-financial (mostly qualitative) sustainability data are (trying to be) integrated into the financial system. He argued that this doesn't work because the financial system is run on quantitative data and there is no ontological link between the financial and non-financial world. It is of utmost importance, yet a big challenge, to bring the two together. He advocated for more robust and smarter regulatory frameworks for reporting.

In the discussion, it was agreed that for big companies like BASF it is more practical to take an overall perspective on impacts, rather than focus on each product in isolation. This also translates into the resulting view on 'success': it is the overall impact that informs measurements and target setting, rather than product-centric perspectives.

ACCELERATE SESSION: Developing trust, innovation and resilience for organizations & economies through collaboration.

Moderator Bill Baue presented on how this session elaborates on the Reporting Blueprint's "Scalability" chapter, accelerating transformation from the micro (company) to the meso (industry) and the macro (systems) levels.

Arnaud Cohen Stuart presented on ING's decision-making process for divesting its equity and debt holdings from the Dakota Access Pipeline. [No slide link, ING prefers to not publish the deck] At the case-specific level, the divestment decision was based on indigenous rights, discerned via direct engagement with the Sioux tribe, whose rights had been violated. On the broader level, ING is now advocating for more disciplined respect for and consideration of indigenous rights across the board in investment decision-making (e.g. integrated into the Equator Principles).

Tjeerd Krumpelman presented ABN AMRO's → Human Rights Report, a first-mover example amongst finance firms. He specifically focused on the distinction between traditional "materiality" on the one hand, and "salience" in the UN Guiding Principles on Business and Human Rights Reporting Principles, using the example of a human death to illustrate his point ("Death is the ultimate negative impact," he → said, "and so it's a salient issue regardless of materiality.") He presented this as an individual (micro-level) example of evolving practice across the sector and field (meso-level) to create systems (macro-level) change in respect for human rights.

Alyson Slater of GRI → presented on the emerging alignment between stakeholder and shareholder definitions of materiality, with the former acting as an early warning system ("canary in the coalmine") for impacts with financial implications. She cited research GRI commissioned from Robeco-SAM finding 'near-perfect" alignment of materiality determinations by stakeholders compared to those made by shareholders in six sectors.

In the open discussion section, the point came up that divestment does not solve the need to transition from a global fossil fuel-based energy system – it simply shifts ownership of investments. Cohen Stuart said he sees this as the same level as broadening respect and consideration for indigenous rights across the board, whereas Baue sees that as meso-level scaling, whereas de-fossilizing the global energy system inhabits the macro (systems) level.

WORKSHOP SESSION 1

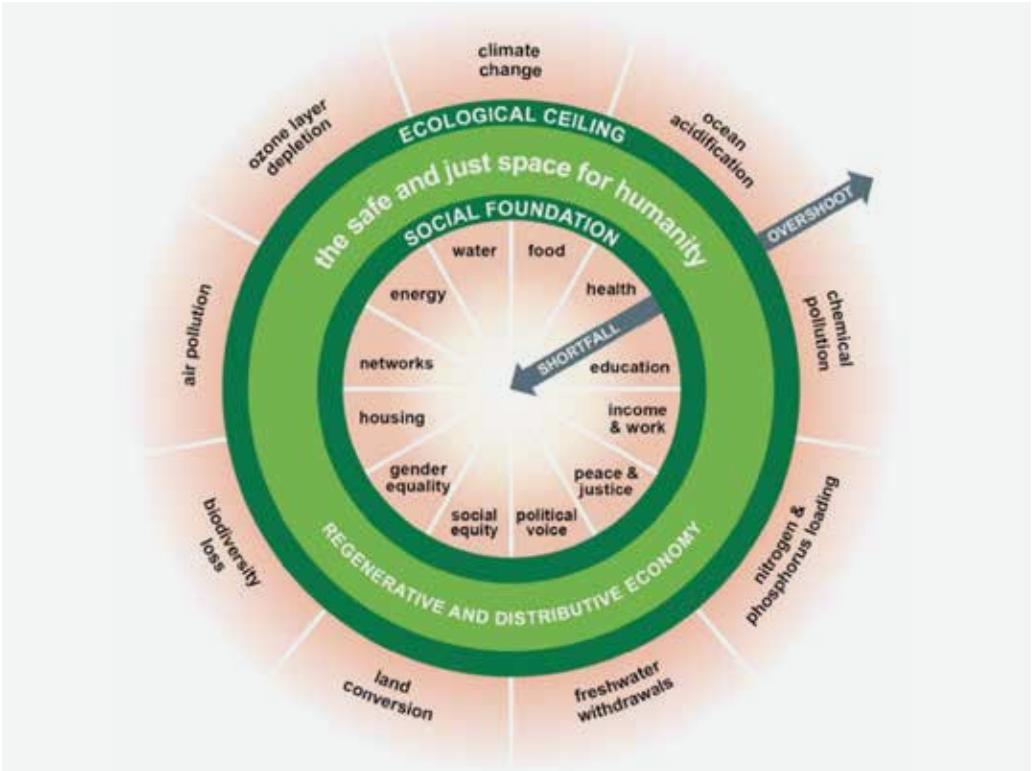
INTERVIEW WITH KATE RAWORTH

To shift focus from the Reporting Blueprint to the Data Blueprint, a special interview with Oxford University scholar **Kate Raworth** about her new book, Doughnut Economics, was screened. Bill Baue of Reporting 3.0 recorded the interview when Raworth was in Boston earlier in the month presenting in a seminar discussion at the Tellus Institute.

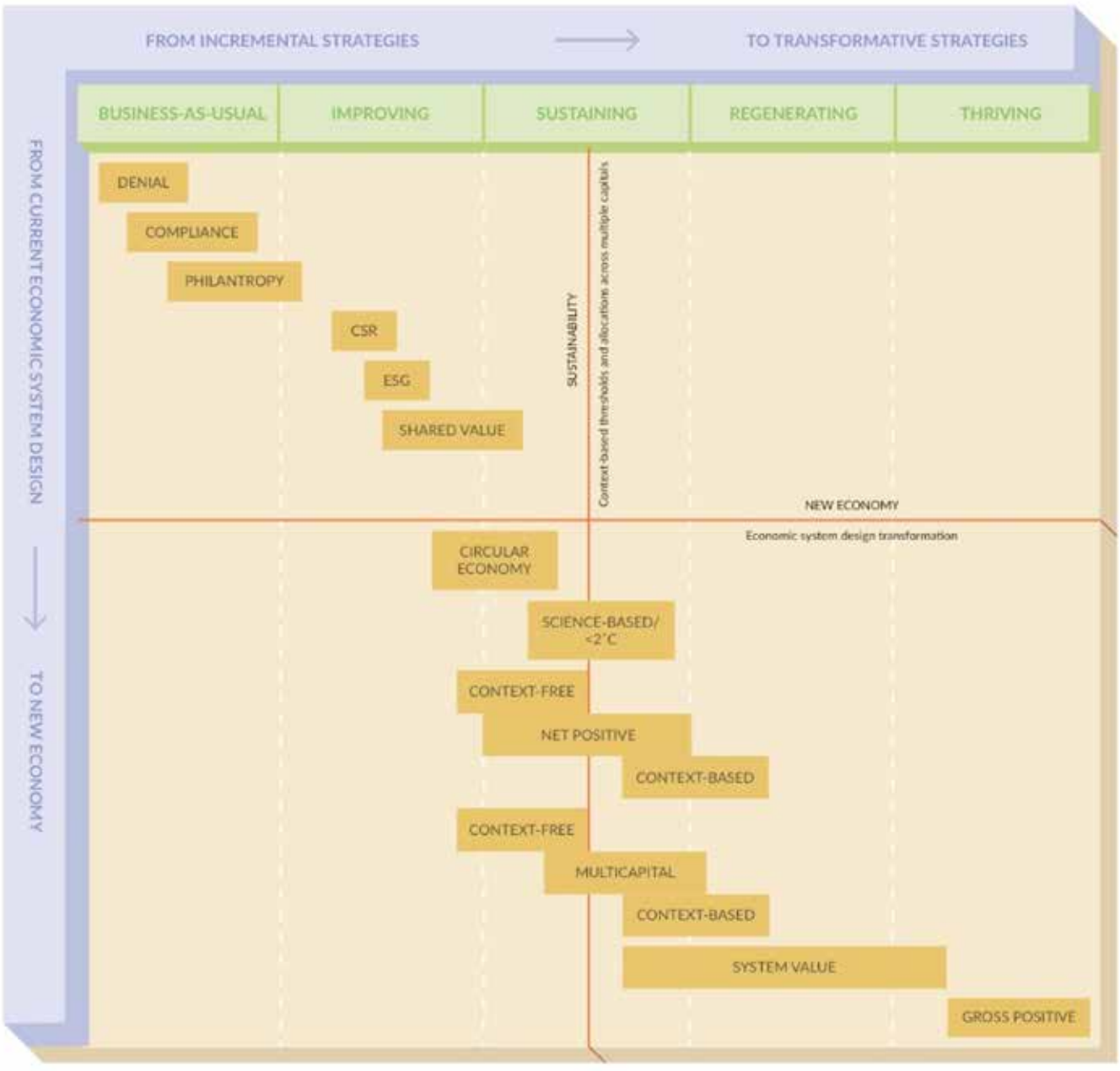
Serendipity intervened, as it was Allen White's office that was available for conducting the interview! This bridged perfectly to a question about the overlap between Doughnut Economics' ecological ceilings and social foundations, and the Principle of Sustainability Context that Allen White conceived during his tenure as Chief Executive at the Global Reporting Initiative (and that Reporting 3.0 advocates).

Raworth responded with five progressive levels at which companies can address the Doughnut – a list that uncannily mirrors the Reporting 3.0 Strategy Continuum that was presented earlier in the morning in the Reporting Blueprint Launch.

Please view the video of the interview here: → Interview with Kate Raworth



REPORTING 3.0 STRATEGY CONTINUUM



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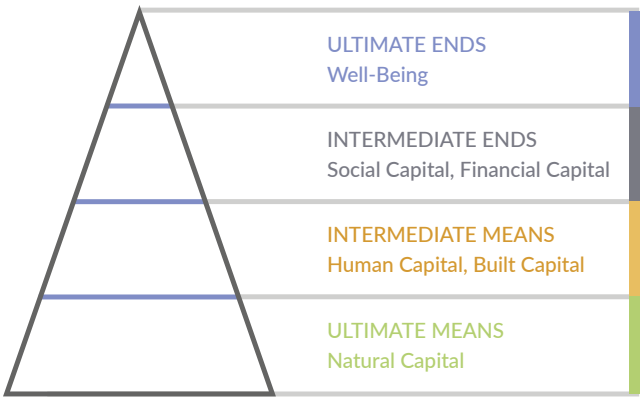
SESSION 2: Introduction and release of the Data Blueprint

Lead author Bill Baue presented the structure and core insights of the Data Blueprint. He set the tone by quoting Reporting 3.0 Steering Board member Brendan LeBlanc of Ernst & Young, who says "the only thing more dangerous than no progress is the illusion of progress" to describe the current state of sustainability reporting and data.

The centerpiece of the Data Blueprint is the Daly Triangle (named after World Bank Economist Herman Daly) as propounded by *Limits to Growth* Co-Author Dana Meadows. Meadows mapped the multiple capitals to the Daly Triangle – from the Ultimate Means of natural capital through the Intermediate Means of human and built capital to the Intermediate Ends of social and financial capital to the Ultimate Ends of well-being.

Current Daly Triangle

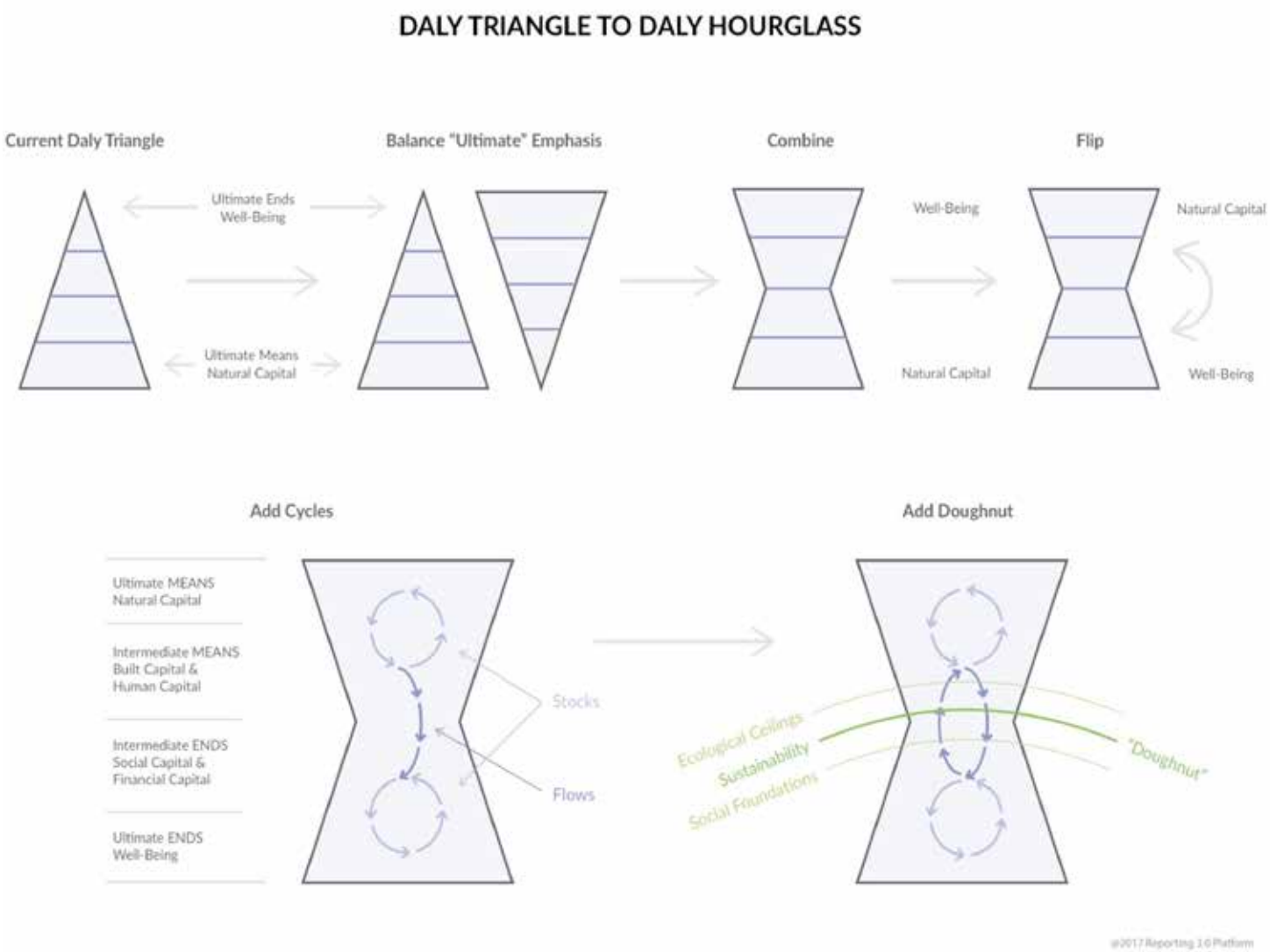


Meadows also calls for measuring the capitals within their carrying capacities through information systems that send signals when thresholds approach:

"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?" Meadows wrote. "Sustainability 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."

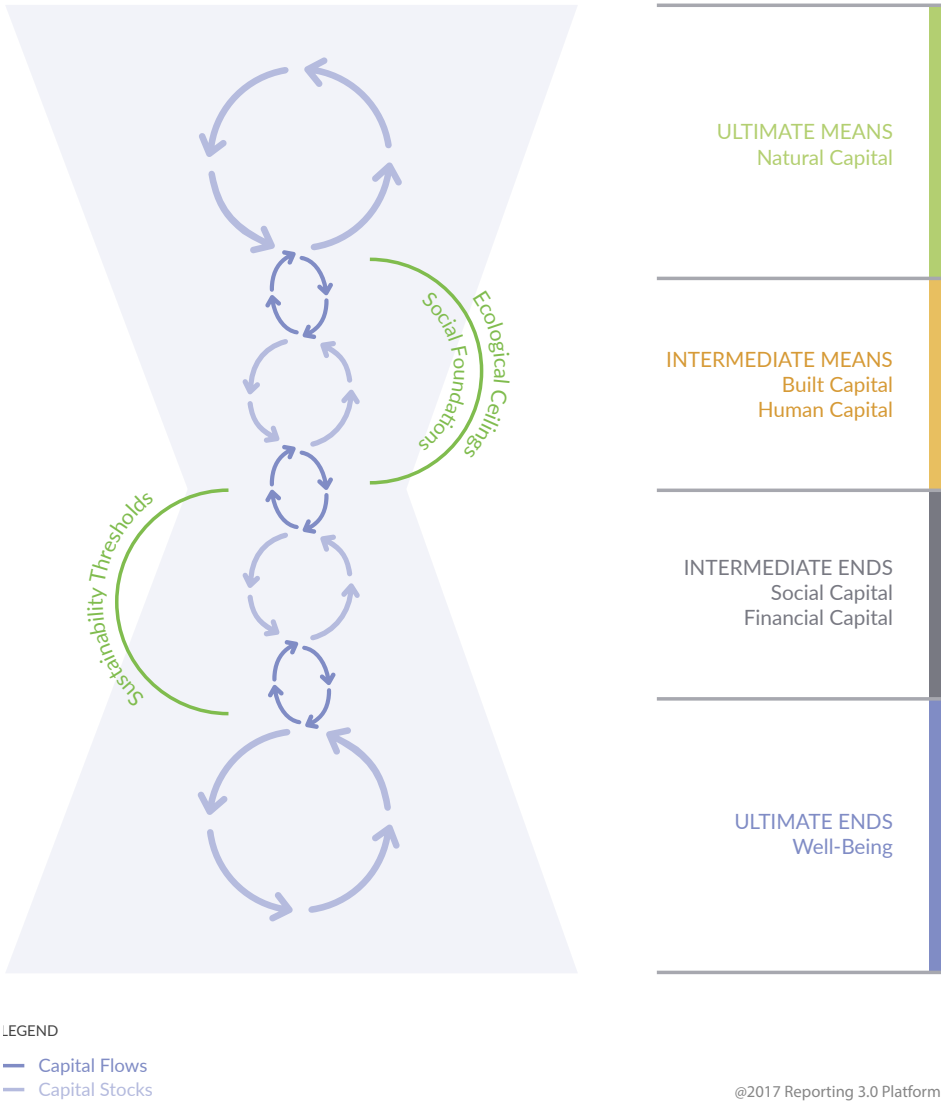
Baue stressed the importance of information systems that brings meaning to data such that it "carries a message" prompting responses. In the virtual dialogue vetting Exposure Draft 2.0 of the Data Blueprint, Noam Gressel of ECO-OS noted that, while the graphic of the Daly Triangle integrates the multiple capitals, it neglects to represent thresholds.

Baue and Thurm therefore brainstormed modification steps toward integrating sustainability thresholds into Daly's and Meadows' graphical representation. Summarized into one picture this metamorphosis looks as follows (Baue presented this step by step – please see his slide deck for more detail).



Resulting from this "metamorphosis" is what Reporting 3.0 calls the 'Daly Hourglass', which integrates capital stocks and their flows, assessed within the thresholds of their carrying capacities (thanks to Raworth's "Doughnut"):

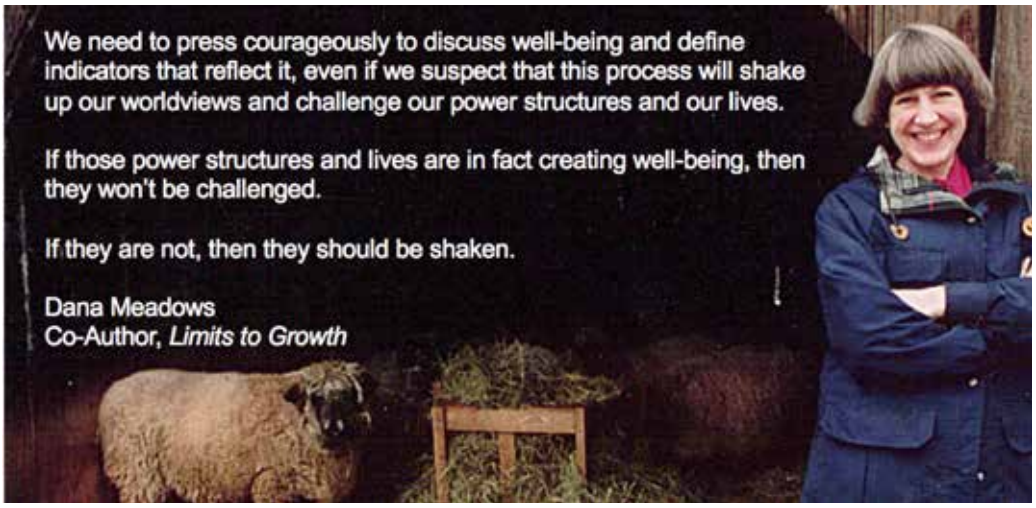
DALY HOURGLASS



This sets the scene for the three primary chapters that follow. 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.

Baue presented brief examples of each, in particular focusing on the ethical imperative to structure information systems in ways that discern sustainability thresholds and thereby activate responses.



The Data Blueprint takes these three functions of a seamless data flow forward and discusses each in depth, with many examples. Again, the chapters offer recommendations for reporting standard setters, governments & multilaterals, corporations and investors, all clustered again in three maturity levels: educate, advocate, accelerate.

For a thorough read and download please access the Data Blueprint here:
→ Data Blueprint

As with the Reporting Blueprint Allen White also validated the Data Blueprint.

'Without Data 3.0, Reporting 3.0 has no meaning – these two are joined at the hip,' White commenced. 'We need to move to a world that is not drowning in big data, but rather is ready and capable of transforming big data into big information and therefore into big insights into what a company is doing in relation to the broader ecosystem in which it operates.'

In preparing for this validation, White reviewed the history of the development of the Sustainability Context in GRI Guidelines, which noted that application of the Principle 'adds significant meaning to the reported information. Meaning, not just numbers – meaning is a word Bill used just moments ago.'

White used this opportunity to pivot to the political implications of our current juncture: 'The dominance of finance capital is a power structure onto itself,' he said, citing the examples of VW, Takata, and United Airlines as outcomes of the perverse, corrupting incentives of monocapitalism. 'These are symptoms of the power structure that stands in the way, I believe, of serious advancing the concept of multicapitalism and measurement and advancement of that notion.'

'We still face very serious entrenched ways of doing business, entrenched world views and entrenched values that place one capital above all other capitals' White said. 'So, this is going to be a long haul, but we don't have decades to figure it out. We've seen again and again that it's essential to put into place compelling ideas that confront institutional entrenchment before those old paradigms give way and retire. We need a concerted, irresistible movement by people in this room and others to make it happen. We need to create our own inflection point, so that these interests that stand in the way of progress are indeed either persuaded or circumvented.'

WORKSHOPS 2: Focus on the Data Blueprint

SESSION 2 The Data Blueprint – focus sessions on recommendations		
A: EDUCATE	**B: ADVOCATE**	**C: ACCELERATE**
The challenges of integrating and contextualizing the multiple capitals into a data ecosystem that triggers a green & inclusive economy ***Moderation:*** *» Ralph Thurm – Reporting 3.0* ***Speakers:*** *» Mark McElroy – Center for Sustainable Organizations* *» Jim Ormond – Article 13*	Piloting new data approaches to integrate context and capitals gaps in materiality, carbon accounting and net positive ***Moderation:*** *» Bill Baue – Reporting 3.0* ***Speakers:*** *» Richard Marsh – BT* *» Matt Swibel – Lockheed Martin* *» Aaron Vermeulen – WWF*	Leveraging blockchain, artificial intelligence and big data to link financial and sustainability impacts throughout the value chain ***Moderation:*** *» Glenn Frommer – Reporting 3.0 Advocation Partner* ***Speakers:*** *» Niels Faber – Radboud University* *» Annemieke Huibrechtse – Deloitte* *» Jiro Olcott – Guard Global*

EDUCATE SESSION: The challenges of integrating and contextualizing the multiple capitals into a data ecosystem that triggers a green, inclusive & open economy

Moderator Ralph Thurm repeated the three main focus areas of the Data Blueprint – namely integration, contextualization, and activation – and told the workshop participants about the "aha"-effect this triangle of areas had when compared to purpose, success and scalability of the Reporting Blueprint. There is an exciting overlap between the directions of these triangles. Purpose needs integration in a multi-capital approach, success measurement needs contextualization, and scalability requires activation.

Mark McElroy focused his presentation on two important questions in these areas: commensurability and contextualization. Regarding commensurability, Mark recommended assessing all impacts through the lens of a common theory of performance – capital sufficiency, human well-being, and sustainability: Sustainability criteria apply to all areas of impact (AOIs) – impacts on capitals are either sustainable (i.e., maintain capital sufficiency) or not. Capital sufficiency, in turn, is grounded in human well-being. Regarding contextualization Mark recommends the mainstream implementation of the Sustainability Context principle first put forth by GRI and later refined by others (e.g., Context-Based Sustainability): organizations must first be clear about who their stakeholders are (groups to whom duties and obligations are owed to manage their impacts on vital capitals in ways that can affect their well-being); then, organization-specific norms for such impacts must then be defined and codified in context-based metrics; finally context-based measurement, management and reporting must then be operationalized in an integrated form (e.g. the MultiCapital Scorecard). At the end of his presentation McElroy remarked that not all capital- or context-based performance accounting systems are necessarily up to the task. If it is possible to perform "well" under the principles or dictates of an accounting system and yet still be putting the sufficiency of vital capitals or human well-being at risk, then the system itself falls on its face and should be rightly rejected!

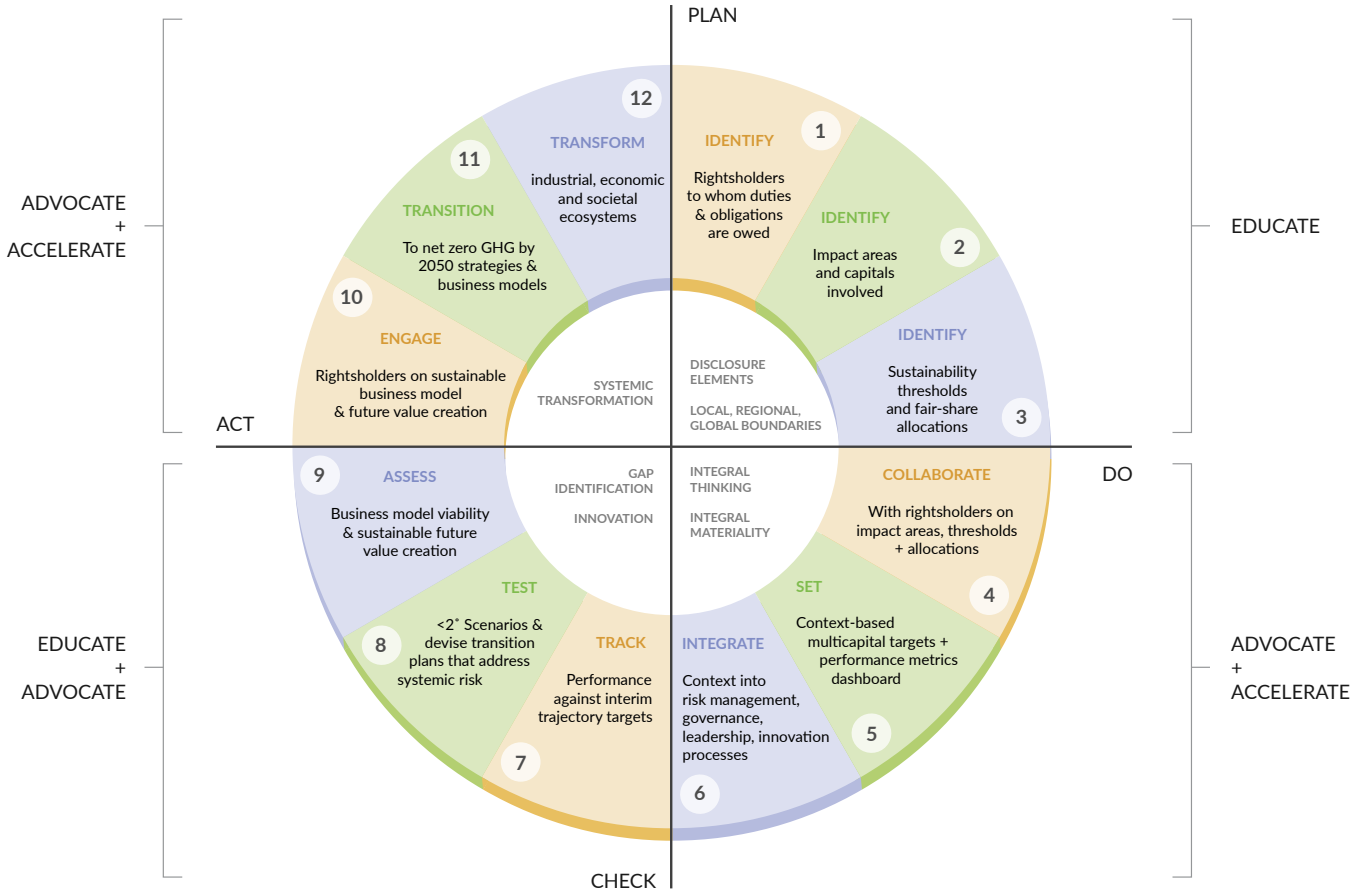
Jim Ormond from Article 13 presented the outcomes of its research on the use of planetary boundaries and social thresholds in corporate sustainability reporting, and in particular target-setting. These studies showed that 86% of all researched companies do not have any such targets. Those that do, only focus on carbon data. Only 2% of the targets are set for 2030. Also, different companies are using different metrics. While 23% of the companies are setting intensity targets, 19% are setting absolute reduction targets. There is clearly a need to scale up context-based target-setting and reporting.

In the discussion, it also became clear that the Sustainable Development Goals (SDGs), often seen as a context-based reference, fall far short compared to planetary boundaries and social foundations – thresholds and allocations, context-based measurement, and a multicapital approach cannot be substituted by the SDGs.

ADVOCATE SESSION: Piloting new data approaches to integrate context and capitals gaps in materiality, carbon accounting and net positive.

Moderator Bill Baue presented on how this session elaborates on the Data Blueprint's "Contextualization" chapter, first establishing definitions on the GRI Principle of Sustainability Context and the implementation framework of Context-Based Sustainability, then documenting the significant "Context Gap" that needs filling. He also presented the Reporting 3.0 Integral Materiality Process, formulated in the classic Deming (Plan-Do-Check-Act) Cycle.

REPORTING 3.0 INTEGRAL MATERIALITY PROCESS
EMBEDDED P-D-C-A



@2017 Reporting 3.0 Platform

Matthew Swibel presented Lockheed Martin's dual approach to measuring and managing carbon emissions from 1) its operations as well as 2) its value chain. On the latter, it applies a hybrid streamlined life cycle assessment (input/output) methodology to estimate total impact on a cradle-to-use basis. On the former, it assessed the → existing methodologies catalogued by the Science-Based Targets initiative, and chose the Center for Sustainable Organizations' Context-Based Carbon Metric to apply a sector based approach, benchmarking its own most recent 5-year carbon footprint (compared to the carbon budget) against its 3 sector peers. He ended with a brief mention of how this work intersects with Enterprise Risk Management.

Aaron Vermeulen of WWF introduced the Context-Based Water Stewardship/Targets project, a collaboration of the core Science-Based Targets NGOs (CDP, UNGC, WRI, WWF as well as the Nature Conservancy and Pacific Institute). He explained the shift from "science" to "context" (which adds social / ethical factors to the science). He then introduced the context-based sustainability "quotient" with site water use in the numerator and water availability (based on "fair share" allocations at the catchment level) in the denominator.

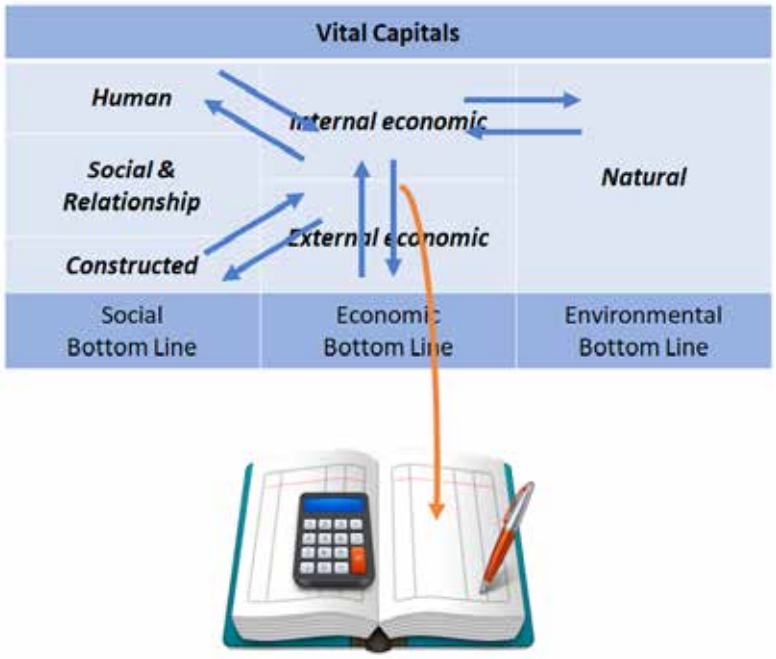
Richard Marsh presented BT's current (award-winning) approach to materiality, which includes responding to global challenges and contributing to meeting the UN Sustainable Development Goals. In what he called his "golden nugget" slide, he scored BT's current stronger performance (on risk and strategy) and gaps (on innovation, foresight, context, and multi-capitalism.)

In the open discussion section, the question arose around applying the Lockheed Martin context-based carbon benchmarking approach to the field more broadly. As well, the case of Cape Town, South Africa was cited to explore more deeply the geographic and seasonal variability in water availability / scarcity.

ACCELERATE SESSION: Leveraging blockchain, artificial intelligence and big data to link financial and sustainability impacts throughout the value chain

Glenn Frommer, moderator of the session, kicked off with a couple of slides from the Data Blueprint, reminded participants of the chapter structure and the need for data to follow an architecture that allows a seamless flow from micro to meso to macro, as idealized through the Daly Hourglass, allowing empowered rightholders to talk on eye level. How big data, blockchain and Artificial Intelligence can make a contribution to such an information system is a big unknown.

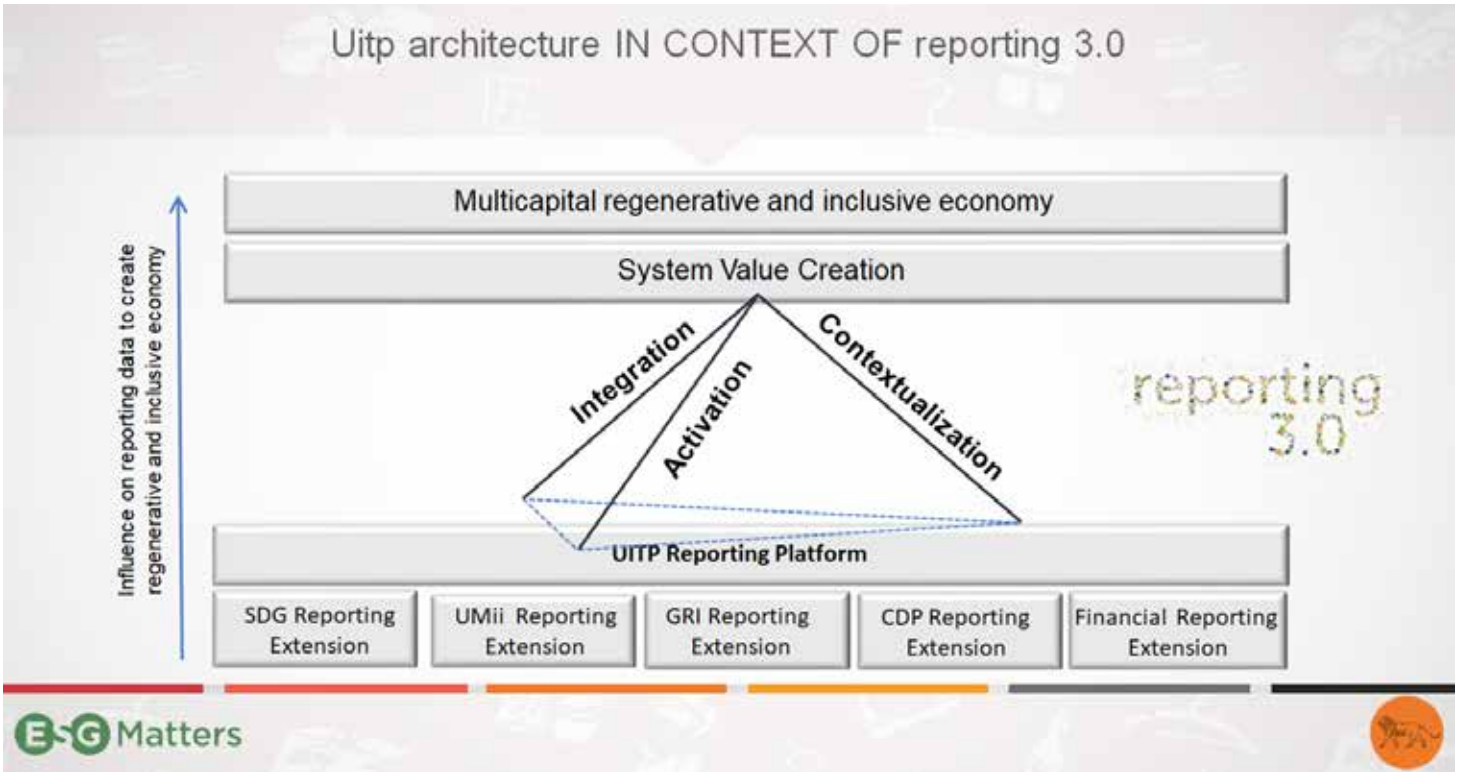
Niels Faber from Radboud University presented a Reporting 3.0 pilot project (in collaboration with Noorden Duurzaam) on how multicapital contextualized data can be embedded in a blockchain ledger.



Blockchain is nothing more than a transaction database, so the idea Faber presented is to apply this to non-financial capital assets, integrating context-based thresholds & allocations at transaction points. Blockchain technology further enables the application of "smart social contracts" with rightsholders to protect the sustainability of capital stocks on a region-specific basis. Benefits of blockchain include the ability to use open public data as well as private, "masked" (but verifiable/auditable) data. Blockchain also has some limitations, including the fact that transaction databases are past-oriented, so removing elements presents challenges. Objectives of future work include a) proof of concept pilot development and b) stakeholder involvement.

Annemieke Huibrechtse from Deloitte focused her presentation on the needed cognitive capabilities to empower business decisions. Roughly 90% of data generated today is unstructured, so cognitive computing can help to identify emerging trends, understand risk/reward tradeoffs inherent in value creation, and improve funding decisions as well as resource allocation. She remarked that at this stage, cognitive technology is still assistive, suggesting strategies and outcome probabilities. Human expertise is still important. Yet, humans and computers are learning to do things together that were simply not possible previously. While there are still many challenges, exploring techniques such as blockchain and placing those technical methodologies into societal contexts brings new energy to the value reporting discussion. Available, relevant and trusted data plays a key role in transforming the economic revolution into a value revolution.

Jiro Olcott from Guard Global talked about a pilot project automating sustainability reporting using structured data and blockchain technology, applied to the public transport sector. Guard Global's approach uses structured data and combines blockchain + XBRL, using different indicators collected from various providers in the supply chain to produce quantitative data, then provide access to all stake holders, to integrate gathered information into a platform for public transport with the bottom line to support the social value, shareholder value, and system value.



Every transaction has unique tokens and with the use of the blockchain, a model can be built that indicates and analyzes business activities, geographical locations and customized determinations of environmental profit and loss.

Further discussion touched on the aspect of structured data, comparability and assurability of data, multicapital ledgers, the need to build apps on top of blockchain, and the pros and cons of monetization.

WORKSHOP SESSION 2

NETWORKING RECEPTION

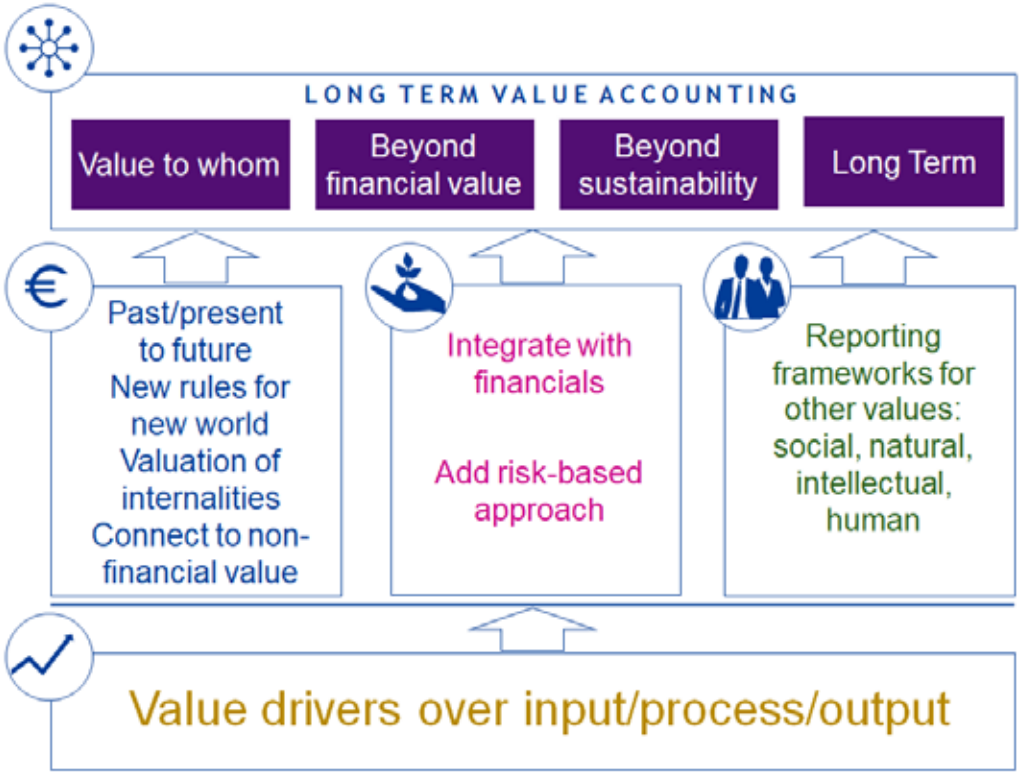
Day One ended with a reception hosted by KPMG, where participants shared good cheer over drinks and hors d'oeuvres.

DAY TWO

ACCOUNTING BLUEPRINT SESSIONS

Day Two of the Conference kicked off with sessions devoted to Accounting, including keynotes and a panel discussion titled 'Accountability for the Future We Design' and reflection on what accounting could look like in twenty years' time. The plenary session started with a keynote by Wim Bartels of KPMG, who gave participants an overview of how accounting in various forms evolved since the advent of publicly trading companies.

He started by → displaying the first-ever "share" – in the 16th Century "pirate" Dutch East India Company, which met with shareholder resistance from the get-go, due in part to its questionable transparency and accounting practices. He then → traced the shift from wealth accounting to well-being accounting, and → asserted a shift from past & present value accounting. This is driven by developments such as the Recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosure (FSB TCFD). He → called for sustainability reporting & accounting to mature by embedding Rockstrom's → Planetary Boundaries as a → shift to valuation of internalities (in addition to internalizing externalities). He ended by → peering into the future of long-term value accounting and the → need for sustainability reporting to become fully integrated.



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PANEL 2: What and how long will it take to succeed in the third accounting revolution?

Wim Bartels' introductory keynote presentation was followed by an exciting panel discussion featuring the International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), World Business Council for Sustainable Development (WBCSD) as well as a former director at the International Auditing and Assurance Standards Board (IAASB).

Sarah Grey of IIRC used the metaphor of patient health to → diagnose the past condition, current state, and future prospects of accounting – is it still ill or recovering? She → quipped on value of integrated reporting (<IR>) to IR (Investor Relations), noting that SAP Investor Relations now talks to its Sustainability Team daily. She ended by asking "How can we achieve scale in multicapital accounting?" and answered her query by listing voluntary experimentation, investor pull, hard and soft regulation (such as stock exchange listing requirements and national corporate governance codes), and market-led approaches.

Rodney Irwin of WBCSD explored the evolution of business and sustainability from the past of philanthropy and CSR to the present of integrated sustainability strategies. Peering into the future, he asked if boards will produce auditable multicapital accounting as a means of asserting the need to fix governance & fiduciary duty. He also → asked, "What happens if market doesn't want to be led to sustainability?" He outlined four key WBCSD initiatives:

- → Redefining Value;
- → The Reporting Exchange;
- → Reporting Matters; and
- → Sustainability and Enterprise Risk Management.

He also → asserted that effectively communicating the change agenda resides at the intersection of narrative, visuals, and data.

Nancy Kamp-Roelands of EY kicked off her presentation noting that she is "→ optimistic about future of integrated multicapital accounting."
She then → surveyed the current landscape of integrated accounting, which includes:

- Increasing focus on long term value creation in business
- Strategies;
- More appetite and support from CEOs;
- More attention in corporate governance codes;
- More attention in risk management;
- Slow appetite for the changing role of the CFO; and
- Better connection of management reporting and external reporting

She concluded by exploring the EY Investor Survey 2017, and outlined the information gaps that need to be resolved.

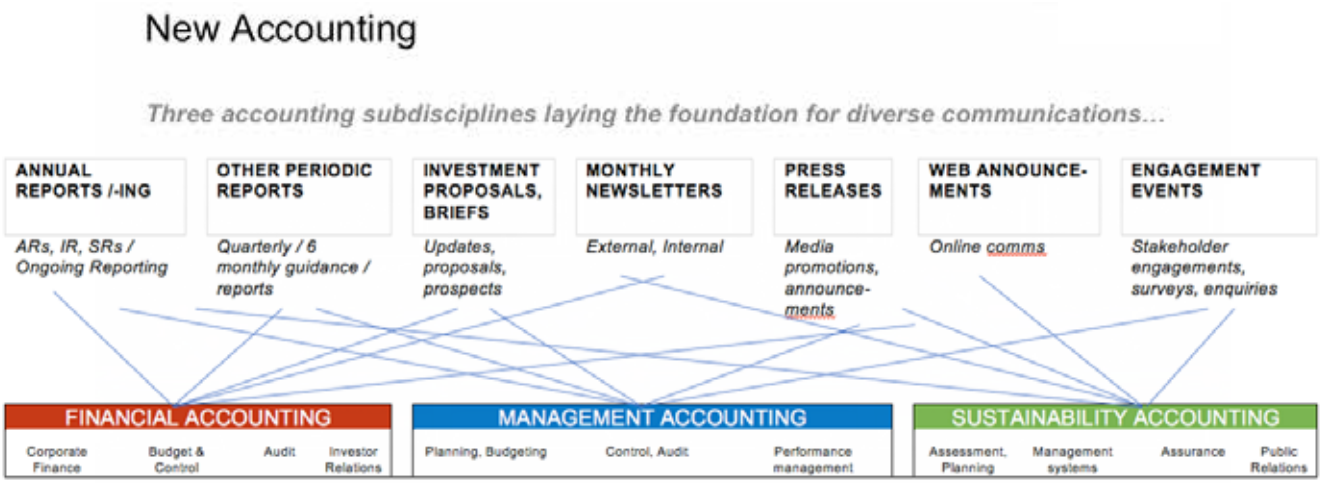
Nicolai Lundy of SASB → presented on the future of sustainability accounting. He → noted that "We need a more uniform take on what decision-useful accounting needs to inform." He → stated that the SASB map of material sustainability issues equals the bare minimum – in other words, it's a floor, not a ceiling.

In further discussion, Irwin noted that only 35% of WBCSD members' materiality and risk disclosure aligns in sustainability and financial reporting: "Context is necessary," he learned.

PANEL 2

SESSION 3: Presentation of the first Draft of the Accounting Blueprint

The plenary session was followed by an introduction to the first draft of the Reporting 3.0 Accounting Blueprint by **Cornis van der Lugt**, Senior Research Fellow with Stellenbosch University Business School who is leading its authoring along with Carol Adams, Professor of Accounting at Durham University Business School. As he explained, the Blueprint will cover the foundations of New Accounting, aligning financial accounting, management accounting and sustainability accounting. Furthermore, the Blueprint explores how accounting can be transformed to serve a green, inclusive, and open economy and how new concepts such as multicapital accounting, integrated P&Ls and social balance sheets can be mainstreamed. It envisions, how could new accounting look 20 years from now?



Given this setup the Accounting Blueprint will also cover aspects such as recognition (what to account for), complexity and subjectivity, monetization of impacts, materiality (salient issues vs. business materiality), narrative reporting and the need for multi-layered income statements. Van der Lugt summed up by saying 'accounting may save the Planet, but accountants may kill it. From how we educate the accountants of the future, they need to know: There is strength in numbers yes, but the whole is greater than the sum of its parts...' For the next couple of months, the Accounting Working Group (with many members in participation at the conference) will now work towards the second draft, expected in fall 2017 and a final version by end of the year 2017.

WORKSHOPS 3: Focus on Accounting Blueprint Draft

SESSION 3

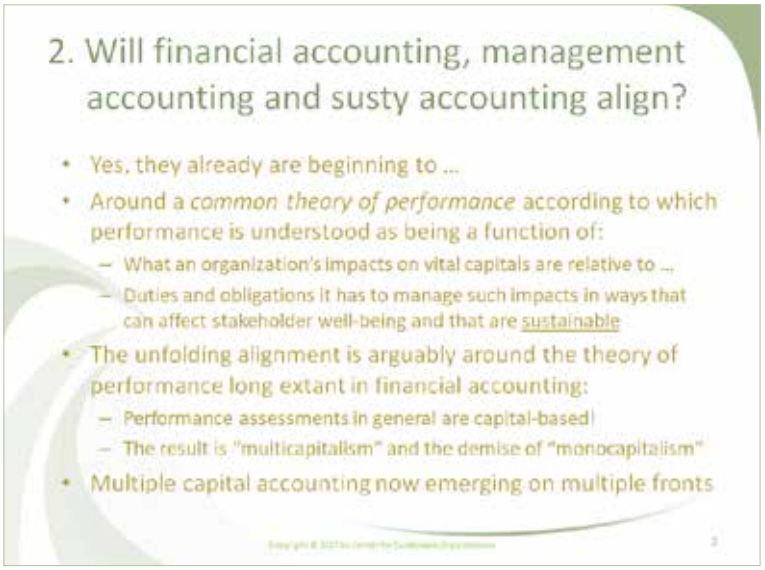
The Accounting Blueprint – focus session on recommendation development

A: EDUCATE	B: ADVOCATE	C: ACCELERATE
Understanding the connections and mutual support between financial, management and sustainability accounting; building blocks for multicapital accounting	Making the business and investment case; improving convergence in use of principles such as materiality; promoting new understanding of value and wealth creation	Mainstreaming new approaches to measurement and disclosure, linking financial and sustainability performance in alternative statements and reporting formats
Moderation: *» Felipe Arango – BSD Consulting*	***Moderation:*** *» Cornis Van Der Lugt – Reporting 3.0*	***Moderation:*** *» Arjan de Draaijer – KPMG*
Speakers: *» Mark McElroy – Center for Sustainable Organizations* *» Loshni Naidoo – SAICA* *» Jeremy Nicholls – Social Value International*	***Speakers:*** *» Paul Hurks – NBA* *» Nicolai Lundy – SASB* *» Neal Smith – Aegon*	***Speakers:*** *» Baptiste Cassan-Barnel – Kering* *» Adrian De Groot Ruiz – True Price Foundation*

EDUCATE SESSION: Understanding the connections and mutual support between financial, management and sustainability accounting, and the building blocks of multicapital accounting

Discussing the building blocks of multicapital accounting was Mark McElroy of the Center for Sustainable Organizations in the USA, Loshni Naidoo of the South African Institute of Chartered Accountants (SAICA) and Jeremy Nicholls of Social Value International in the UK, facilitated by Felipe Arango of BSD Consulting. They among others considered innovations in the use of management scorecards, integrated reporting as well as new ways of accounting for social value.

Mark McElroy presented his views of how conventional and sustainability accounting need to come together through a theory of performance (also see his contribution in session2).



He then elaborated on how can accounting make a social difference? He sees two pathways: either by making it possible to assess the performance of organizations (and commerce writ large) in terms of their impacts on the well-being of all their stakeholders, and not just one privileged group of them; or by also feeding into a performance accounting system at the macro level, which unlike GDP, expresses the performance of whole economies in terms of multiple capital impacts and capital sufficiency (e.g., Aggregate Capital Sufficiency, or ACS, a term Mark coined recently in a Sustainable Brands article).

Jeremy Nicholls from Social Value International first explored the traditional purpose of accounting, helping maximise profit and personal gain and creating the info needed to increase GDP exponentially, before switching towards discussing the need to include more of a social focus. The idea to blend information, going back the basic building blocks of 'true and fair', is now more or less left to the accounting area to interpret. Shouldn't we go back to policy development of true and fair and put this decision back into the public policy domain? This potentially also more fits an intuitive approach – are individuals happy to receive returns back when knowing that others suffer when presented that information? Happiness is dependant and linked to the idea of humans being interested by the public good and human good. He presented the '7 Principles of Social Value', recognizing the social and environmental impacts. Information needs to be 'good enough' – not perfect – for people/investors to make decisions based on what is available across a wider scope of impacts.

Loshni Naidoo from SAICA looked at the situation in Africa. While integrated reporting is leading in SA and integrated reporting is increasing, the uptake across the African continent is still slow. There is support from the World Bank, aiming at further supporting integrated thinking to assess, measure and report. She mentioned that integrated reporting is making accountants future fit, discussing about accounting as a wealth creator, not prioritising one stakeholder over another. Assessing stakeholders based on context, while there is still the primacy of shareholders, is a challenge to engage with other stakeholders – it is a balancing act. Other key aspects to discuss relate to monetization of impacts, the right amount of reporting, the difficulty to assess how 'real' integrated thinking is in reporting organizations, the right inclusion of the value chain in integrated thinking and reporting (including the question how much credit the reporter takes), comparability of information, and what skills are needed for accountants of the future. See a long list in her slide deck.

The discussion also covered the skills needs of accountants of the future. Mark McElroy mentioned that multicapitalism and multiple capital accounting assumes the need for:

- A solid grasp of capital theory and the "six" capitals
- Working knowledge of leading theories of human well-being
- Systems thinking
- Value theory (e.g., Kant's Categorical Imperative as a basis for assigning fair, just and proportionate duties and obligations to individual organizations)
- Stakeholder theory (as a basis for determining to whom such duties and obligations are owed)
- Do they get the right education? Absolutely not, most topics listed above are completely missing from current curricula

A lively discussion followed on a whole array of questions, for example: How to increase awareness and activism for accounting of the future? What increased level of legislation is necessary? How to increase the non-tolerance level of consumers? How to address the theory of performance that would make it possible to create a common language towards a really integrated form of reporting?

ADVOCATE SESSION: Making the business and investment case; improving convergence in use of principles such as materiality; promoting new understanding of value and wealth creation

The session was moderated by **Cornis van der Lugt**, Paul Hurks of the Dutch Institute of Chartered Accountants (NBA) focused on reporting principles – especially materiality or relevance. One issue he reflected on was the connect between financial and non-financial performance, and the possibilities as well as pitfalls of seeking to capture all dimensions of diverse Capitals in financial figures. Hurks noted how conventional financial accounting is predominantly historical transaction-based, but how more strategic and forward-looking information is required today on the business and value creation models of companies.

Neil Smith of insurance giant Aegon reminded participants of the gap between book value and market value, showing the importance of intangible assets today. These trends also have important implications for how materiality is defined and approached. Smith also underlined the value of integrated preparatory processes for reporting, involving among others financial accountants and sustainability accountants in the process, to build a common understanding of materiality. More inclusive processes is key to shaping engagement that is stakeholder focused and not just shareholder focused.

Nicolai Lundy of SASB emphasized that different stakeholders have different information needs, and that due consideration has to be given to the type of decisions they need to make. This also underlines the importance of having appropriate metrics to work with, mindful that shorter-term financial thresholds have inevitable limitations.

ACCELERATE SESSION: Mainstreaming new approaches to measurement and disclosure; linking financial and sustainability performance in alternative statements and reporting formats

- The 3rd parallel session took stock of progress with the development of alternative statements such as environmental P&Ls as well as the valuation of Natural Capital services.
- Moderator Arjan de Draaijer presented recent work by KPMG in this field and shared KPMG's three-step true value methodology. KPMG in recent years supported for example LafargeHolcim in the development of an Integrated P&L statement. Initiated by Holcim, the methodology including multiples used was disclosed on the company's website.
- He was joined by Baptiste Cassan-Barnel of Kering describing how his company is building on the PUMA experience. He discussed how they have automated their EP&L approach, enabling quick assessments and helping scenario development.
- Adrian de Groot Ruiz of the True Price Foundation considered future directions in getting externalities to book, including an integrated approach in moving from people-planet-profit to six capitals.
- The workshop panel agreed that defining the business case in internalizing externalities provides a strong narrative for mainstreaming integrated disclosure. Multi-capital approaches also provide companies with more holistic views on their operations and can incentivize more integrated thinking.

Summing up, the morning of Day 2 provided thought-provoking coverage of how new accounting statements and systems can shape a whole that is greater than the sum of its parts. Critical questions about contextualization, true value added, monetization and internalization engaged conference delegates in key items of an exciting Blueprint under construction by the 3.0 Accounting Working Group of 22 international experts.

WORKSHOP SESSION 3

NEW BUSINESS MODEL BLUEPRINT SESSION

The afternoon of the second day was mainly devoted to kick off the New Business Model Blueprint, the fourth element in the Reporting 3.0 Work Ecosystem structure. Bill Baue and Ralph Thurm presented the first and early ideas about what the New Business Model Blueprint needs to achieve. They showed a figure from John Elkington's Project Breakthrough, published by Harvard Business Review, in which the pathways for exponential breakthrough business models are clustered. This very much underscored the scalability issue described in the Reporting Blueprint, the need for a seamless description of stocks and flows impacts in the Data Blueprint and the move to context-based multi-capital accounting as the litmus test for future success measurement.

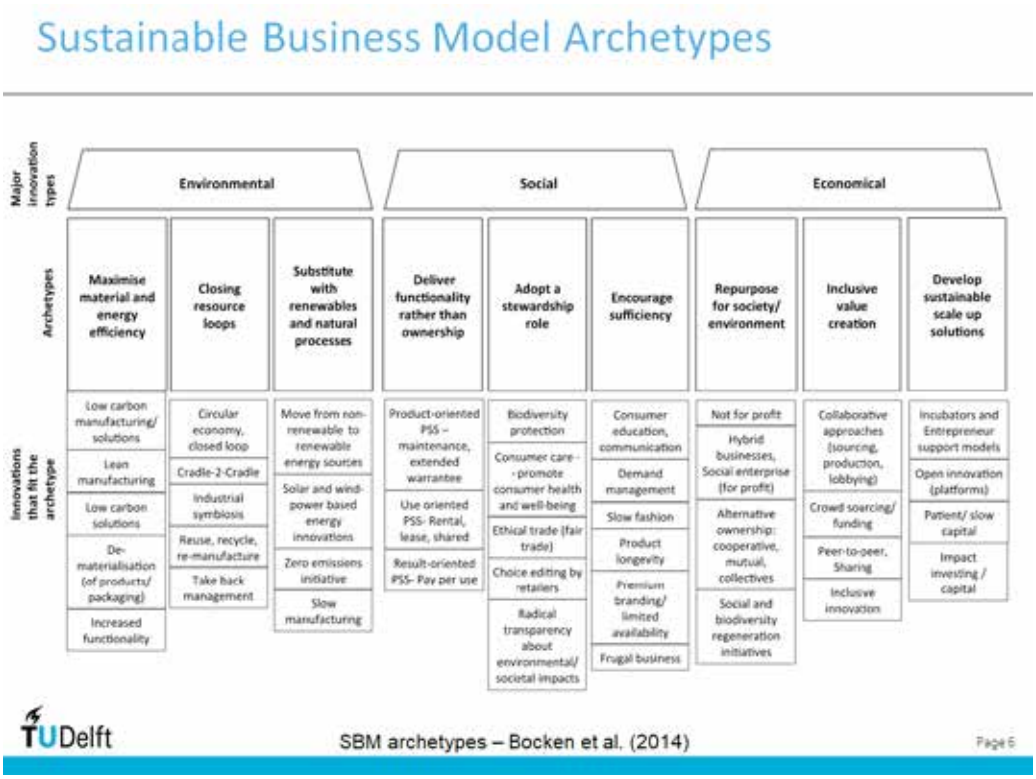
The New Business Model Blueprint will take all recommendations from the other three Blueprints into account and apply it to the stretch of needed new business models, as shown in the right part of Reporting 3.0 Strategy Continuum, including the clear message that every business model is at stake that does not minimally show an adaptability to the <2°C target of the Paris Climate Treaty.

SESSION 4: Driving the next systemic transformation through new business model design and aligned disclosure

Preventable Surprises Chair Carolyn Hayman kicked off this panel with the introductory keynote address. She discussed the importance of filing shareholder resolutions that focus on issues like climate change and stranded assets through the means of 'forceful stewardship'. Her keynote discussed how financial markets need to push for transition plans to <2°C business models. In their activation, Preventable Surprises mainly focuses on the micro (company) level through a meso level (industry) approach, linked to the macro level of systemic climate risk.

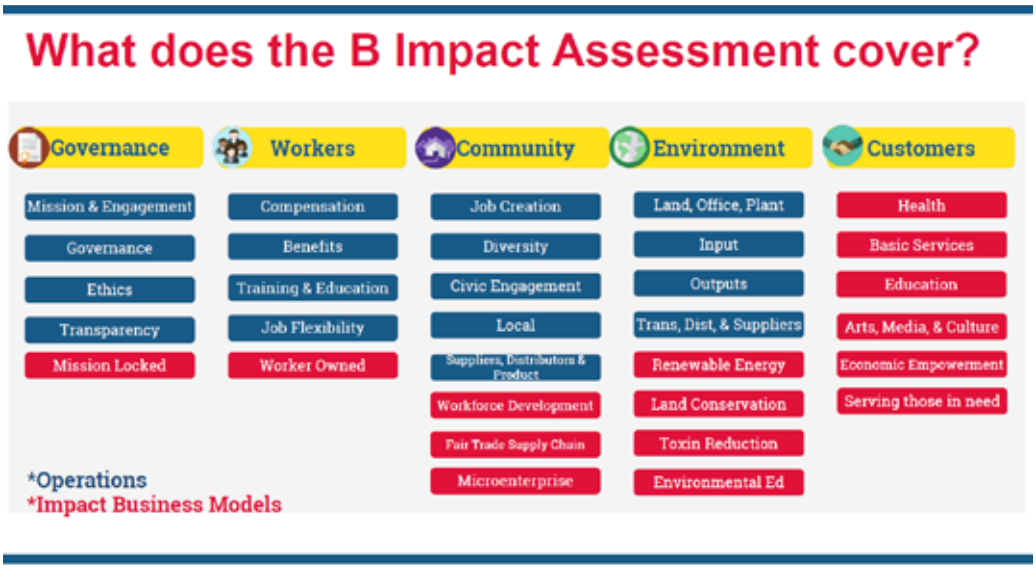
Preventable Surprises currently focuses on the energy utilities sector, leveraging the investor voice through shareholder resolutions that ask not only for Scenario Analyses but also transition plans to <2°C business models. Preventable Surprises thinks investors can be persuaded that financial and ESG factors are intertwined and warrants assertive stewardship action, even mega investors like Blackrock. But transition plans need independent scrutiny, the precursor to the invisible hand of market forcing action.

Nancy Bocken from TU Delft, a professor and researcher in experimentation for business models for sustainability, described archetypes of new business models. Future focus will be laid on sufficiency, slow consumption, designing business models with societal and environmental intent and impact, tracking, measuring and reporting societal and environmental impact, and collaborations focused on system-level change.



In her research she is also using a value mapping tool that looks at a) value captured, b) value missed, c) value destroyed, and d) value opportunities, all that for the various sets of stakeholders. This is necessary since business (models) depend on diverse stakeholders that provide different forms of capital, such as investors providing financial capital, the environment providing natural capital, and employees providing intellectual and human capital. Those stakeholders are the partners with and for whom value is created, destroyed, or even missed. Various examples were presented.

Nathan Gilbert from B-Lab Europe described the history of the B-Corp development until today. B Lab is a nonprofit that serves a global movement of companies using business as a force for good. Its vision is that all companies will compete to be best for the world, and as a result society will enjoy a more shared and durable prosperity. He presented the B-Lab Impact Assessment and all the areas it is covering. This tool walks through a series of questions to help learn what it takes to build a better business - better for workers, community, and the environment. Also, it compares answers to thousands of other businesses to see how a business stacks up, and finally creates a customized improvement plan linking to free best practice guides to help implement. Improvement roadmaps and reporting support for an annual benefit corporation report is also given.

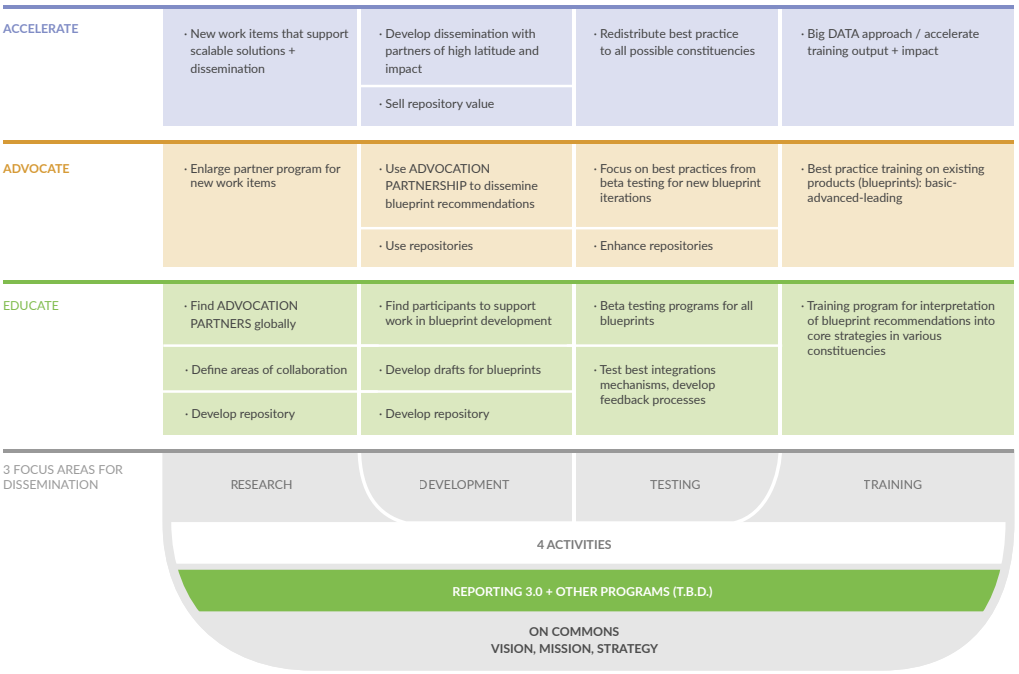


NEW BUSINESS MODEL SESSION

THE FUTURE ROADMAP SESSION

The conference was rounded up by a session in which Peter Teuscher, Co-founder of Reporting 3.0 and investor into Reporting 3.0 from early on, described the future roadmap. He gave an overall overview of the work structure of OnCommons, the new home for Reporting 3.0 as a flagship program, looking at research, development, piloting and training, clustered by the same three maturities as applied in the Blueprints, namely educate, advocate and accelerate.

ON COMMONS WORK ECOSYSTEM



@2017 Reporting 3.0 Platform

Peter also announced that **Ralph Thurm** accepted the role as Managing Director of OnCommons and is looking forward to be further involved as 'Gesellschafter' of the legal gGmbH under German law. OnCommons is changing the project-based funding strategy of Reporting 3.0 to a mixed institutional and project-based funding model, allowing for greater flexibility and independence.

Reporting 3.0, while continuing to work on the Accounting Blueprint and the New Business Model Blueprint, announced three new programs:

- → Beta Testing Program: 18-month program to field-test selected assumptions, findings and recommendations as described in the Blueprint reports. Staggered approach with two options (basic and active).
- → Advocation Partner Program: partnerships with subject matter experts (individual, organizational) for dissemination and implementation of Reporting 3.0 recommendations in specific regions and for specific topics.
- → Academic Alliance: partnership program with academic institutions to join forces on Blueprint report texts and recommendations, conduct research assignments and run workshops for internal as well as external audiences on the Blueprints and their recommendations.

Each of these programs were summariezed in 2-pagers and were made available to all conference participants. Glenn Frommer confirmed his availability for the Advocation Partner Program, Nancy Bocken announced interest in the Academic Alliance, and Richard Marsh of BT announced piloting the Beta Testing Program.

FUTURE ROADMAP SESSION

CLOSING SESSION

Ralph Thurm, Bill Baue, Peter Teuscher, Cornis van der Lugt and Wim Bartels closed the conference by asking all helping hands on stage. The KPMG support staff, Reporting 3.0 Core Team members, session rapporteurs and ambassadors of Reporting 3.0 were thanked for their invaluable support developing and presenting the 4th International Reporting 3.0 Conference. Participants were waved goodbye until the 2018 5th Conference of Reporting 3.0.

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