Global Thresholds & Allocations Council (GTAC) Kickoff Meeting

Dutch Federation of Accountants
Amsterdam
31 January 2018
<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
<th>Speaker ((^Virtual))</th>
</tr>
</thead>
<tbody>
<tr>
<td>0830-0900</td>
<td>Arrive, Coffee &amp; Tea</td>
<td>NBA</td>
</tr>
<tr>
<td>0900-0915</td>
<td>Host’s &amp; Convener’s Welcome</td>
<td>Paul Hurks / NBA</td>
</tr>
<tr>
<td>0915-0945</td>
<td>Introductions (BB)</td>
<td>All</td>
</tr>
<tr>
<td>0945-1000</td>
<td>Setting the Context: GTAC Genesis</td>
<td>Allen White / Tellus</td>
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<tr>
<td>1000-1030</td>
<td>Establishing the Need: Planetary Boundaries &amp; Social Foundations (BB)</td>
<td>Johan Rockström / SRC^</td>
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<tr>
<td>0930-1030</td>
<td>Coffee Break</td>
<td>NBA</td>
</tr>
<tr>
<td>1030-1100</td>
<td>GTAC Overview &amp; Review</td>
<td>Bill Baue / Reporting 3.0</td>
</tr>
<tr>
<td>1100-1200</td>
<td>Lunch</td>
<td>NBA</td>
</tr>
<tr>
<td>1200-1300</td>
<td>Determining Thresholds &amp; Norms (BB)</td>
<td>Geoff Kendall / Future Fit</td>
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<tr>
<td>1300-1400</td>
<td>Stakeholder Contexts: Business &amp; Investment (BB)</td>
<td>Christian Heller / BASF</td>
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<tr>
<td>1400-1430</td>
<td>Allocation Approaches (BB)</td>
<td>Mark McElroy / CSO^</td>
</tr>
<tr>
<td>1430-1500</td>
<td>Coffee Break</td>
<td>NBA</td>
</tr>
<tr>
<td>1500-1530</td>
<td>Rightsholder Contexts: Standards &amp; Government (RT)</td>
<td>Neil Stevenson / IIRC</td>
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<tr>
<td>1530-1600</td>
<td>Implementation Example: Thresholds, Allocations &amp; Blockchain (BB)</td>
<td>Henk Hadders / Impact in Context</td>
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<td>Glenn Frommer / ESG Matters</td>
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<td>Emaline Friedman / Holochain</td>
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<td>1600-1700</td>
<td>GTAC Review, Synthesis &amp; Next Steps</td>
<td>Bill Baue / Reporting 3.0</td>
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<td>1700</td>
<td>Adjourn</td>
<td>NBA</td>
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Host’s & Convener’s Welcome

Ralph Thurm
Managing Director
Reporting 3.0 & OnCommons

Paul Hurks
Director International Affairs
Dutch Federation of Accountants (NBA)
About Reporting 3.0

• **Global Public Good**: Operating under OnCommons (a non-profit gGmbH registered in Germany), Reporting 3.0 curates a multi-stakeholder community generating “open source” knowledge in a neutral, pre-competitive space to revitalize the global Commons.

• **Positive Mavericks**: Constructive engagers who transcend incrementalism to achieve necessary transformation.

• **Scalable Ambition**: Acting at the micro level to design next-generation reporting that triggers macro systems level change, spurrring the emergence of a green, inclusive and open economy.

• **Blueprinting the Future**: Expert Working Groups vet Blueprints on Reporting, Accounting, Data & New Business Models that make transformative Recommendations.

• **Piloting Next Generation Practices**: Beta Testing Program Members pilot Recommended practices to prove feasibility and serve a “market-maker” function to trigger transformation.
2016 – 2018 Blueprint Project Structure

GREEN, INCLUSIVE & OPEN ECONOMY
REGENERATIVE & DISTRIBUTIVE MULTICAPITALISM

BLUEPRINT 1: Reporting for a Green, Inclusive & Open Economy
Next-generation reporting

BLUEPRINT 2: The Blueprint for New Accounting
Multicapital context-based accounting

BLUEPRINT 3: Data Integration, Contextualization & Activation for Multicapital Accounting
Holistic data ecosystem interlinking macro/meso/micro

BLUEPRINT 4: Information and Reporting Demands for New Business Models
New business models for transforming the economy

BLUEPRINT 5: Synthesize BP 1-4
Iterative update cycles

• Each *Blueprint* is developed over a 1+ year process by a Working Group of 20-30 global experts vetting Recommendations for next-generation practices

• A fifth *Blueprint* synthesizes Recommendations of the four *Blueprints* into a concise summary distillation.

• All Five Blueprint Final Reports Released at 5th International Reporting 3.0 Conference 12/13 June 2018 at KPMG in Amsterdam
Setting the Context: GTAC Genesis

Allen White
Vice President & Senior Fellow, Tellus Institute
Co-Founder, Global Reporting Initiative
Establishing Need: Planetary Boundaries & Social Foundations

Johan Rockström
Director
Stockholm Resilience Center

Kate Raworth
Author, Doughnut Economics
Senior Visiting Research Associate, Oxford University
Establishing Need: Planetary Boundaries & Social Foundations
GTAC Overview & Review

Bill Baue  
Senior Director  
Reporting 3.0

Josephine Matthews  
Founder  
Sustainable Value Creation
• [S]ustainability reporting draw significant meaning from the larger context of how performance at the organisational level affects economic, environmental, and social capital formation and depletion at a local, regional, or global level.
• [S]imply reporting on the trend in individual performance (or the efficiency of the organisation) leaves open the question of an organisation’s contribution to the total amount of these different types of capital.
• [P]lacing performance information in the broader biophysical, social, and economic context lies at the heart of sustainability reporting.
• [R]eporting organisations should consider their individual performance in the contexts of economic, environmental, and social sustainability.
• 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.
Context-based metrics express organizational performance in terms of impacts on vital capitals, relative to norms or standards for what such impacts ought to be (for specific periods of time) in order to ensure stakeholder well-being (e.g., total water consumed per employee per year compared to a fair or equitable allocation of available renewable supplies).
The Need: 99.7% of Sustainability Reporters Ignore Context

Is Earth recognized as a finite system in corporate responsibility reporting?

Anders Bjørn\textsuperscript{a}, Niki Bey\textsuperscript{a}, Susse Georg\textsuperscript{a}, Inge Rappe\textsuperscript{a}, Michael Zwicky Hauschild\textsuperscript{a}

Show more

https://doi.org/10.1016/j.jclepro.2015.12.095

Highlights

- We systematically reviewed references to ecological limits in 40,000 CR reports.
- In 2000–2013 \(\approx 5\%\) of companies referred to ecological limits in any year.
- Of these 5\%, only 31 companies planned to align performance or products to limits.
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.
The 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.
Definitions

GTAC has refined the definitions from the UNEP report as follows:

- **Thresholds** define the upper and lower limits of the carrying capacities of vital capital resources (natural, human, social, constructed, economic), which must be produced and/or maintained in order to ensure stakeholder well-being;

- **Allocations** apportion to organizations or other human populations fair, just and proportionate shares of the responsibility to produce and/or maintain vital capitals at no worse than threshold levels.
**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.
GTAC – Composition & Activities

Composition

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 Platform, 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 suitable host chosen from among GTAC partners.

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. GTAC is committed to maximum collaboration to ensure rigorous, expeditious, and consensus-based progress toward generally accepted thresholds and allocations.
GTAC – Funding

Funding

GTAC is seeking Phase 1 funding from foundations, governments and other donors with the goal of launch at the 5th International Reporting 3.0 Conference on 12/13 June at KPMG in Amsterdam. Its goal is a balanced portfolio with three years of secured funding based on recurrent revenues streams supplemented by government and foundation support. The Interim Secretariat function of OnCommons provides a German-incorporated, non-profit entity for fundraising purposes.
Stakeholder Contexts: Business & Investment

Christian Heller
Senior Consultant
Sustainability Strategy
BASF

Tjeerd Krumpelman
Head of Business Advisory
Reporting & Stakeholder Management
ABN AMRO
Allocation Approaches

Mark McElroy
Founder & Executive Director
Center for Sustainable Organizations

James Quilligan
Senior Advisor,
Economic Democracy Advocates
Peer to Peer Foundation
Neil Stevenson
Managing Director, International Integrated Reporting Council

Martin Lok
Program Manager, Natural Capital Ministry of Economic Affairs
Netherlands
Implementation Example: Thresholds, Allocations & Blockchain

Henk Hadders
Founder
Impact in Context

Glenn Frommer
Founder
ESG Matters

Emaline Friedman
Holochain
GTAC Review

Bill Baue
Senior Director
Reporting 3.0

Ralph Thurm
Managing Director
Reporting 3.0 & OnCommons
No thanks!
We are too busy

You’re going to have to change to fit into the system.

Or how about you change the system so we can all fit?
GTAC Launch

5th International Reporting 3.0 Conference

12/13 June 2018
KPMG Amsterdam
One of the rallying calls of Reporting 3.0 traces its roots back to GRI’s Sustainability Context Principle, which asks companies to discuss their performance “in the context of the limits and demands placed on environmental or social resources at the sector, local, regional, or global level.”

They appeal to research documenting the “Context Gap,” with precious few of those tens-of-thousands of sustainability reporters making what Ralph & Bill call the “micro-macro link” between company impacts and the health of the ecological and societal systems they operate within. **I agree that it is time for reporters to expand their consideration, to embrace this context-based approach and to apply it across the multiple capitals.**

Bob Massie
Co-Founder, Global Reporting Initiative

*From the Foreword*
Reporting 3.0 Steering Board

**Bill Baue**  
Co-Founder  
Convetit, Sustainability Context Group

**Claudine Blamey**  
Head of Sustainability & Stewardship  
The Crown Estate

**Sarah Grey**  
Markets Director  
International Integrated Reporting Council

**Paul Hurks**  
Director International Affairs  
Royal Dutch Federation of Accountants

**Mairead Keigher**  
Advisor  
Shift

**Brendan LeBlanc**  
Partner Climate Change & Sustainability Services  
EY

**Stephen Russell**  
Senior Associate  
World Resource Institute

**Peter Teuscher**  
Managing Partner  
BSD Consulting

**Ralph Thurm**  
Managing Director  
A|HEAD| ahead

**Cornis Van Der Lugt**  
Senior Research Fellow  
Stellenbosch University Business School
Reporting 3.0 Operations Team

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