



## **Global Thresholds & Allocations Council Kickoff Meeting**

**31 January 2018**

**Dutch Federation of Accountants (NBA)**

**Antonio Vivaldi Street 2-8 | 1083 HP Amsterdam**

"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 and Human Rights*

## **Global Thresholds & Allocations Council Kickoff Meeting**

We at Reporting 3.0 / OnCommons welcome you to the Global Thresholds & Allocations Council (GTAC) Kickoff Meeting! This is a first step to prepare for the formal launch of the GTAC at the [5<sup>th</sup> International Reporting 3.0 Conference](#) at KPMG in Amsterdam on 12/13 June 2018 -- we look forward to seeing many of you there, including those of you inspired to contribute directly to the creation of this vitally important body.

The meeting will first establish the need for a body such as the GTAC, and then will explore the implications of applying thresholds & allocations at the intersection of the Commons and markets through the lenses of multiple contexts, including business, investment, standards, civil society, government, and the global Commons movement.

In addition to Reporting 3.0 presenting the basic elements of GTAC, we will explore the concept through a number of angles, via concise sessions of global experts presenting very brief introductory statements (summarized in the Abstracts below) to tee up a (slide-free) moderated conversation.

### **Goals and Expected Outcomes**

The primary goal of the GTAC Meeting is to confirm the need for such a body and vet / validate the structure proposed in the GTAC Concept Note, including:

- Thresholds & Allocations Definitions
- Vision
- Mission
- Composition
- Activities
- Governance
- Funding.

We expect to end the meeting with clarity on how best to structure these elements, and/or key issues in need of resolution, with suggested solutions.

### **Logistics**

**Dress:** Business Casual

**Terms of Engagement:** [Chatham House Rule](#)

### **Questions? Please contact the Reporting 3.0 Facilitators**

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Ralph Thurm | [r.thurm@reporting3.org](mailto:r.thurm@reporting3.org) | +31 646001452

## Program

### Sessions facilitated by Bill Baue (BB) or Ralph Thurm (RT)

<b>Time</b>	<b>Activity</b>	<b>Speaker (*Invited)(^Virtual)</b>
0830-0900	Arrive, Coffee & Tea	NBA
0900-0915	Host's & Convener's Welcome	Paul Hurks / NBA Ralph Thurm / Reporting 3.0
0915-0945	Introductions (BB)	All
0945-1000	Setting the Context: GTAC Genesis	Allen White / Tellus
1000-1030	Establishing the Need: Planetary Boundaries & Social Foundations (BB)	Kate Raworth / Oxford^ Johan Rockström / SRC^
1030-1100	Coffee Break	NBA
1100-1200	GTAC Overview & Review	Bill Baue / Reporting 3.0 Josephine Matthews / SVC
1200-1300	Lunch	NBA
1300-1330	Determining Thresholds & Norms (BB)	Geoff Kendall / Future Fit Oscar Sabag Muñoz / Metabolic
1330-1400	Stakeholder Contexts: Business & Investment (BB)	Christian Heller / BASF Tjeerd Krumpelman / ABN AMRO
1400-1430	Allocation Approaches (BB)	Mark McElroy / CSO^ James Quilligan / EDA & p2p
1430-1500	Coffee Break	NBA
1500-1530	Rightsholder Contexts: Standards & Government (RT)	Martin Lok / Dutch Econ Ministry Neil Stevenson / IIRC
1530-1600	Implementation Example: Thresholds, Allocations & Blockchain (BB)	Emaline Friedman / Holochain Henk Hadders / Impact in Context Glenn Frommer / ESG Matters
1600-1700	GTAC Review Synthesis & Next Steps	Bill Baue / Reporting 3.0 Ralph Thurm / Reporting 3.0
1700	Adjourn	

## Attendees

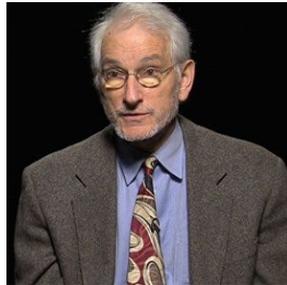
(^ Virtual)

(Affiliation for identification purposes)

<b>Name</b>	<b>Organization</b>	<b>r3.0 Affiliation (*potential)</b>
Bill Baue	Reporting 3.0	Senior Director
Rupert Baumgartner	University of Graz	Academic Alliance*
Renilde Becque	Independent Consultant	Advocation Partner*
Simon Braaksma	Philips	Beta Testing Program Member*
Jane Fiona Cumming	Article 13	Advocation Partner
Arjan de Draaijer	KPMG	Conference Host
Henk de Man	VDMbee	Advocation Partner
Maxime Eiselin	IUCN NL	Advocation Partner*
Emaline Friedman	Holochain	Advocation Partner*
Glenn Frommer	ESG Matters	Advocation Partner
Henk Hadders	Impact in Context	Advocation Partner
Christian Heller	BASF	Beta Testing Program Member*
Adrian Henriques	Article 13	Advocation Partner
Paul Hurks	NBA	Steering Board
Geoff Kendall	Future Fit Foundation	Advocation Partner*
Katja Kriege	Global Reporting Initiative	Advocation Partner*
Tjeerd Krumpelman	ABN AMRO	Beta Testing Program Member*
Martin Lok	Dutch Ministry of Economy	Government & Multilaterals Group
Josephine Matthews	Sustainable Value Creation	Advocation Partner
Mark McElroy^	CSO	Advocation Partner
Herman Mulder	Nijnrode University	Advocation Partner*
Oscar Sabag Muñoz	Metabolic	Advocation Partner*
Alexander Murillo	Utopies	Advocation Partner
Jim Ormond	Article 13	Advocation Partner
Mwansa Phiri	World Benchmarking Alliance	Advocation Partner*
James Quilligan	EDA & p2p	Conference Speaker
Jakob Raffn	Aarhus University	Academic Alliance*
Kate Raworth^	Oxford University	Academic Alliance*
Tamara Richards	Convention on Biodiversity	Advocation Partner*
Johan Rockström^	Stockholm Resilience Centre	Academic Alliance*
Neil Stevenson	IIRC	Steering Board
Dominic Tantram	Terrafiniti	Advocation Partner
Peter Teuscher	BSD Consulting	Operations Team
Nina Thurm	Reporting 3.0	Operations Team
Ralph Thurm	Reporting 3.0	Managing Director
Annelien van Meer	Stichting Doen	Funder
Allen White	Tellus Institute	Advocation Partner
Fani Xylouri	Aiphoria	Advocation Partner

## Abstracts

### Setting the Context: GTAC Genesis



**Allen White**

**Vice President & Senior Fellow, Tellus Institute**  
**Co-Founder, Global Reporting Initiative**  
**Reporting 3.0 Advocation Partner**

Three decades after the seminal 1987 Brundtland report, the sustainability movement has undergone dramatic shifts in scope, agency and construct. From its early environmental focus, the movement now embraces the environmental/economic/social dimensions of global well-being. From multilaterals and states as principal change agents, civil society and business now play equally central roles. And from a disjointed, issue-specific strategy, measurement and reporting, the vanguard of sustainability praxis now resides in systemic, integrated approaches.

Progress in all fronts is encouraging but far from adequate in addressing planetary urgencies. Deepening ecological, social and economic crises abound: climate disruption and biodiversity loss; mass involuntary migration and human trafficking; deepening wealth disparities and seismic shifts in the nature and availability of work. For all aspects of sustainability, corporations—collectively and individually—must play a vital role in achieving a thriving future. This, in turn, requires collective adherence to ecological, social, and economic thresholds together with allocation mechanisms applicable to specific enterprises. Developed through an inclusive and transparent process, thresholds and allocations are foundational to the next phase of the movement and, equally so, to securing a livable world.

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## Establishing the Need: Planetary Boundaries & Social Foundations



**Johan Rockström**  
**Director, Stockholm Resilience Center**

The Planetary Boundaries framework provides a first-order estimate of a safe operating space for humanity on a stable resilient planet. Building on this framework, we are now exploring the development of comprehensive Science Based Targets to provide the tools for businesses and cities to build a sustainable and equitable future.

We will need groups such as the Global Thresholds and Allocations Council to lead the way in implementing science-based targets.

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**Kate Raworth**  
**Author, *Doughnut Economics***  
**Senior Visiting Research Associate, Environmental Change Institute, Oxford University**

Planetary boundaries offer a profoundly powerful starting point for conceptualizing ecological thresholds and allocations for 21st century enterprise. But just as there are outer limits of pressure that humanity can place on the living world, so too there are inner limits of resource use required for every person to meet their human rights. Drawing an inner ‘social foundation’ as a counterpoint to the outer planetary boundaries turns the circular ‘safe operating space’ into a doughnut-shaped ‘safe and just space for humanity’ in which we meet the needs of all within the means of the planet.

An economy that thrives within the Doughnut will be one that is regenerative by design, working with and within the cycles of the living world. If designed effectively, GTAC’s approach of thresholds and allocations can act as a valuable staging post along the way to this fully regenerative economy. In addition, a Doughnut economy will be distributive by design – pre-distributing the sources of wealth creation so that value created is shared far more equitably. This raises important questions about the social implications of assigning ecological thresholds & allocations, eg for workers, for customers, for communities, and for civil society.

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## GTAC Overview & Review



**Ralph Thurm**  
**Managing Director, Reporting 3.0 & OnCommons**

The seeds of a Global Thresholds & Allocations Council were planted back when we at the Global Reporting Initiative were working on the Sustainability Context Principle. Here's the very first sentence of how we framed the Principle at the time, followed by other key segments:

[S]ustainability reporting draw[s] 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...

[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.

While we didn't use the terms "thresholds" and "allocations" back then, clearly those concepts were embedded in nascent form: "limits and demands" suggest thresholds; "performance of the organization in the context of ... economic, environmental, or social resources at a macro-level" suggests the need for allocations. In the intervening decade-and-a-half, I have been staunchly advocating for greater uptake of the Principle, to little avail. Given the state of the world, we can wait no longer for blanket implementation of the Sustainability Context Principle. So it is a distinct pleasure to see this body, whose mandate is to spur comprehensive compliance with the Susty Context, becoming a reality.

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## GTAC Overview & Review (Continued)



**Bill Baue**

**Senior Director, Reporting 3.0**  
**Co-Founder, Sustainability Context Group**

I remember sitting with Allen White and Mark McElroy after a symposium Mark gave on Context Based Sustainability (CBS) at the Tellus Institute about a half decade ago, wondering how to remedy the glacial uptake of what we affectionately called the “Susty Context” Principle, and its implementation framework CBS. (More recently, a Danish study on 40k sustainability reports issued since 2000 quantified this “Context Gap” at 95% of reports failing to implement SustyContext -- and 99.7% of reporting companies failing to apply SustyContext to their strategy & innovation). Allen proposed that we likely need a global body to provide guidance and impetus for implementing SustyContext and CBS by vetting and validating thresholds and allocation methods. This idea took a step forward in the chapter on SustyContext I authored in the 2015 UNEP *Raising the Bar* [Report](#) that contained two key recommendations pertaining to *Sustainability Context* and CBS:

- 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.

Essentially, GTAC breathes life into UNEP’s second recommendation. In this session, we will lay out the GTAC Definitions of Thresholds & Allocations, Vision & Mission, Composition & Activities, and Governance & Funding, as articulated in the [GTAC Concept Note](#).

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## **GTAC Overview & Review (Continued)**



**Josephine Matthews**  
**Founder, Sustainable Value Creation**  
**Reporting 3.0 Advocation Partner**

The fundamental purpose of the GTAC is to accelerate and support the global transformation process towards a clean, green, inclusive and transparent economy that works for all Life. We believe that governance of Global Thresholds and Allocations, of necessity, requires a level of global stewardship fitting to the scale of the task and accountability fitting to respect the rights and responsibilities of all rightsholders.

For GTAC to succeed in supporting economic transformation in line with planetary boundaries and social foundations, it must therefore, also address the subject of governance so that it not only advocates for transparency, inclusivity and a rights-based approach to transformation, but is also a living role model, leading by example how to put this into practice in any organisation committed to the transformational journey.

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## Determining Thresholds & Norms



**Geoff Kendall**  
**Co-Founder & CEO, Future Fit Foundation**

Any company that fails to "break-even" across all bottom lines will not last for long. Breaking even on the traditional Bottom Line is the minimum every company must do to survive, and anyone with a vested interest in a company will want it to go far beyond break-even, to create value through healthy profits. At Future-Fit, we believe that the ecological and social bottom lines require similar adherence to break-even minimum standards (and ideally positive performance) in order to create system value by redressing our many systemic challenges. Without this, we've all fallen into the trap of focusing on progress relative to the unsustainable status quo, rather than relative to our desired (indeed, required) future state. Business leaders are trying to navigate a sea of ratings, rankings and reports that focus on where they are and where they've been, rather than steering them toward where they need to be. In our view, this will only be remedied when all companies and investors have access to a universal, useful and usable definition of the extra-financial break-even point for business.

We've attempted to identify what this break-even point looks like, building on 25+ years of systems science, and expressing the answer in terms of 23 aspirational goals. We haven't attempted to set allocations, because (a) the process of carving up the pie seems to be more of a political challenge than a scientific one, (b) Future-Fit is not equipped to address this, and (c) this could all end up being an unproductive time sink, when what we need is action. We don't think this is a problem. Our view is that allocations are less important if we can set the right thresholds, and get enough people to agree that those thresholds are worth hitting - because market forces will kick in and start to push all actors in the right direction.

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**Oscar Sabag Muñoz**  
**Systemic Sustainability Consultant, Metabolic**

Over the last years, a broad spectrum of methodologies, tools, programs, and action plans have emerged all of which, like the Planetary Boundaries, recognize the need to make absolute reductions of human impact – we call them One Planet Approaches (OPAs). OPAs help individual agents (people, companies, countries) to understand their actions with respect to an absolute reference. Metabolic, WWF-Netherlands, WWF-Switzerland, the Swiss Federal Office for the Environment (FOEN), and IUCN Netherlands, worked together to map and evaluate existing methodologies and initiatives. This helped us to understand the relative strengths and weaknesses, consider the broader consequences of their implementations, and determine ways forward to build upon existing OPAs towards the full and effective development of the One Planet Thinking program led by WWF-NL & IUCN-NL.

A core outcome of the process is a multistep framework that describes a complete process to define sustainability targets for individual actors, whether companies or governments, in line with absolute sustainability references like the planetary boundaries. The process starts from identifying sustainability objectives and ends with allocation principles. While there are many remaining challenges and implementation gaps, we are now working to integrate and improve key methodologies through pilot projects within the One Planet Thinking program.

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## Stakeholder Contexts: Business & Investment



**Christian Heller**  
**Senior Consultant Sustainability Strategy, BASF**

- Thresholds are fundamental to assess the performance of a company
  - Globally accepted, consistently applied thresholds are key to evaluate the sustainability performance of a company in a comparable way
  - Clear guidance needed, which thresholds to be applied for which topic / objective / target audience
  - Rules for allocations are essential to determine corporate responsibilities and accountabilities
  - Allocations need to take value chain perspective into account
  - Key criterion for companies: Practicable implementation
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**Tjeerd Krumpelman**  
**Head of Business Advisory, Reporting & Stakeholder Management, ABN AMRO**

Respect for human rights is an ethical imperative for financing and investment, and hence is a material element to strategy, policy, performance, and transparent disclosure. Of course, ethical and social expectations with regards to respecting human rights, create a “norm” for financing and investment to uphold, both in order to “do the right thing” and also to apply smart risk mitigation. The United Nations Guiding Principles on Business and Human Rights – developed over a multi-year, multi-stakeholder process overseen by UN Special Representative for Business and Human Rights John Ruggie – provides a consensus framework for businesses and investors to enact this norm.

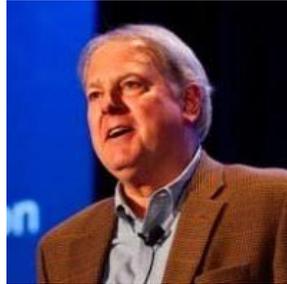


ABN AMRO was amongst the first companies to report on how we apply the UNGPs as a norm for our strategy, policy, performance, and reporting. Our first-mover role enabled us to confront the challenges of applying the UNGPs, such that we can share our experience with other companies in adopting the norms-based UNGPs. The existence of this externally validated norm against which to link our work enhances confidence in our ongoing license to operate as well significantly mitigating reputational risk. We therefore support the work of the Global Thresholds & Allocations Council, with the expectation that it will almost certainly endorse the UNGPs as valid norms for human rights impacts, as well as its application to other thresholds and allocations for social, environmental, and economic impacts.

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## **Allocation Approaches**

### **A Brief Tutorial on Thresholds and Allocations In Managing for Sustainability**



**Mark McElroy**

**Founder & Executive Director, Center for Sustainable Organizations  
Reporting 3.0 Advocation Partner**

Thresholds and allocations play a key role in determining the sustainability performance of organizations. Thresholds define the upper and lower limits of the carrying capacities of vital capitals (natural, human, social, constructed and economic) that must be produced and/or maintained in order to ensure stakeholder well-being. Allocations, in turn, apportion to organizations (or other human populations) fair, just and proportionate shares of the responsibilities to maintain the capitals at no worse than threshold levels.

While defining thresholds can be a fairly straightforward process, settling on organization-specific allocations is more controversial. In general, there are three ways to do it: 1) by reference to the economic contributions of an organization, 2) by reference to the size of an organization's workforce, or 3) by reference to the volume of output produced by an organization. This session will briefly define all three techniques, and will further explain why thresholds and allocations are so important to sustainability and why we need them.

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## **Allocation Approaches (Continued)**

### **Beyond Supply & Demand: The Dynamic Equilibrium Between Global Thresholds & Allocations**



**James Quilligan**  
**Senior Advisor, Economic Democracy Advocates**  
**Senior Advisor, Peer to Peer Foundation**  
**2018 Reporting 3.0 Conference Speaker**

Ecology demonstrates that the limiting thresholds of renewable and non-renewable resources and the allocations of these resources to meet the needs of a population are oppositional forces which continuously counteract one another. This dynamic relationship exists between every species and its environment: natural organisms react to unceasing changes in their ecosystems and make adjustments to survive and thrive. Yet human society is using a supply-demand model to measure the economic balance between producers and consumers without addressing this broader equilibrium between available resources and population size.

Classical and Keynesian economics ignore both the environmental constraints to Earth's resource base and the maximum size of a population which can be maintained indefinitely within that environment. This has created a perilous misalignment in resource accounting and management. As long as global society lacks adequate means of producing renewable resources, and consumes food, water, energy and rare minerals faster than Nature can replenish them, environmental degradation and social inequality will widen rapidly. It's vital that fact-based metrics for biocapacity, which compare the countervailing forces of ecological limits and population needs, find a basis now in economic policy and practice.

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## Rightsholder Contexts: Standards & Government

### Perspective from the International Integrated Reporting Council



**Neil Stevenson**

**Managing Director, International Integrated Reporting Council**

New thinking is essential if we are to change corporate behaviours and align thinking to long-term outcomes centred on financial stability and sustainable development. A study published by the Green Economy Coalition and partners in 2017 argues the case for new economic thinking in the context of sustainable development.

*The erosion of natural capital poses threats to continued national and global prosperity, yet political and economic systems are unprepared for responding to that risk for three reasons. First, natural capital is not being accurately measured or valued in the context of ecological tipping points and thresholds. Second, aggregate economic models are ill-equipped for seeing the dependencies between ‘capitals’. Most cost-benefit analyses and economic methodologies used in everyday decisions assume that natural capital can be easily substituted by man-made capital, when in fact it cannot...*

[The Wealth of Nature](#), Hepburn et al, the Institute for New Economic Thinking at the Oxford Martin School and the Smith School of Enterprise and the Environment in partnership with the Green Economy Coalition.

Integrated Reporting is playing its role on this agenda, offering a means for organizations to plan, think and report on value creation over time. It also helps to promote a more inclusive view of capitalism that encourages investment decisions based on a broader view of value. We now need to encourage greater thinking about the impact of these factors on organizations’ strategies and business models. Can we transform the capitals to increase positive outcomes, especially in the context of the Sustainable Development Goals?

Before the International <IR> Framework was published, some foundational thinking recognized the connection between value creation and availability of resources. As the [Background Paper on Value Creation](#) (led by EY) noted:

*Ultimately value is to be interpreted by reference to thresholds and parameters established through stakeholder engagement and evidence about the carrying*

*capacity and limits of resources on which stakeholders and companies rely for wellbeing and profit, as well as evidence about societal expectations. Interconnections between corporate activity, society and the environment and the purpose of the corporation should therefore be understood in terms of what the corporation, society and the environment can tolerate and still survive – that will be the main determinant of value.*

There is therefore existing thinking within the <IR> canon on thresholds and allocations and the IIRC welcomes new approaches to address global challenges and the role of reporting in catalyzing solutions – initiatives such as the Global Thresholds and Allocations Council. We believe that such developments, as they arise, can be integrated into the value creation process of organizations to enhance long-term success and reputation. They can also be located within the inter-connected system of SDGs and strengthen emerging opportunities for collaboration between business, investors and government.

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**Martin Lok**

**Program Manager, Natural Capital, Ministry of Economic Affairs, Netherlands**

Mainstreaming biodiversity in business, finance and government decisions is a key element in Dutch nature policy strategy.

To promote this, the Netherlands government has collaborated for the last 4-5 years with business (VNO-NCW, NBA, MVO-NL/CSR Netherlands), Dutch NGOs (IUCN-NL) and international organizations and NGOs (EU, WB-Group, NCC) to develop and pilot approaches such as the Natural Capital Protocol to take nature into account.

Our focus now is to scale up and further strengthen the best practices:

1. Scale up by creating joint approaches at the sector and regional levels to implement the Natural Capital Protocol. We are focusing on three sectors first (AgroFood, Building and Chemicals) and are in the process of building coalitions and formulating joint ambitions and plans. Furthermore, we are kickstarting dialogues at the provincial/regional levels. To support this MVO Netherland has developed a web-based community around natural capital with the aim to share experiences and bring businesses/people together around concrete challenges.

2. Strengthen by promoting the formulation of specific and measurable (scientific based) targets at the sector or company level to provide direction for company/sector actions. To support this, IUCN-NL and WWF-Netherlands started a Community of Science for Natural Capital that aims to support front-runner businesses with setting relevant and practical scientific based targets, building on the One Planet Thinking approach developed by Eneco and WWF. This approach starts with the Planetary Boundaries and translates these to the company-level. By focusing on Planetary Boundaries targets, we are not focused primarily on what is achievable for the business, but on what is necessary for the planet.

1 and 2 are two complementary sides of the same medal. Because – so to say – you might manage what you measure or value, but you only achieve what you strive for.

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## Implementation Example: Thresholds, Allocations & Blockchain



**Emaline Friedman**  
**Holochain**

Our current economy, underpinned by the technological and digital innovations that solidify it, is at odds with what’s needed for all of humanity to thrive: a regenerative and distributive economy. Holochain seeks to change this by leveraging the decentralized power of blockchain technology to fuel the emergence of a regenerative economy that empowers the agency of all in the Commons through smart social contracts and applications that work more like communities. Holochain presents a lossless, versatile approach to data integrity and accounting that addresses the bottlenecks and energy costs of blockchain technology.

Of course, one of humanity’s fundamental social contracts concerns the fair and just sharing of resources from the Commons. Unfortunately, our current economy largely fails on this front, instead prioritizing enclosure and privatization of resources while externalizing “costs” on society. Blockchain-based technology such as Holochain offers promising solutions to this dilemma, exemplified by the Reporting 3.0 Blockchain for Sustainability pilot projects, which seek to embed smart social contracts that fairly dole out Common resource allocations, measured within the thresholds of the carrying capacities of these collective resources. We at Holochain look forward to collaborating with Reporting 3.0 to pilot this implementation, which really exemplifies the kinds of applications envisioned by the Global Thresholds & Allocations Council.

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## Blockchain for Sustainability: Designing ecosystem-driven IT innovations



**Henk Hadders**  
Founder, Impact in Context  
Reporting 3.0 Advocation Partner



**Glenn Frommer**  
Founder, ESG Matters  
Reporting 3.0 Advocation Partner

This Abstract aims to provide a high-level outline of r3.0 "Blockchain for Sustainability" initiative. The *context* of this initiative is habitats, bioregions and ecosystems, with their ecological, social and economic dimensions and actors: inhabitants, communities and organizations. An ecosystem is a network of interdependent, interrelated and interacting assets, services and actors that jointly generate, add, use, destroy and exchange value. How to design regenerative cultures to make ecosystems and their governance healthy again ? How can (a) innovations in accounting, measurement & reporting and (b) innovations in smart IT systems (Informations Systems, Embedded Systems and Mobile Apps) support such a transformation ? We badly need a new multicapital-driven social contract for sustainability between Market, State, Commons and Science, and *shared* measurement, monitoring and management by multi-constituents using multicapital accounting networks. We need new approaches to shift the way how we organize trust, how to disintermediate old institutions, while focussing more on distributed peer-to-peer (P2P) relationships and transactions. Our final goal is to enhance the capacity of an ecosystem and its actors to bring about and maintain a dynamic balance in an autonomous and self-sustaining manner. The context for this final goal is the integration of **thresholds** of resource availability (within the carrying capacities of capitals) and fair, just, and proportionate **allocations** amongst actors.

The *focus* of the "Blockchain for Sustainability" initiative is to co-create an IOT & Blockchain based operating system for real time integral ecosystem monitoring and control. Based on a description of the ecosystem (mapping actors and multicapitals), an open source Blockchain for Sustainability suite will have to consist of tools & technologies enabling processes and functionalities such as: creating agreements and contracts (normative impacts), measurements (actual impacts), assignments of the outcome-impacts and settlements (with or without the use of cryptocurrencies). A core research issue is how to integrate Context Based Sustainability (relations) with the Life Cycle Analysis approach (products, things) in a

unified conceptual framework. Another issues is: how to give resources an identity. An international consortium is working on a White Paper as a building block for developing Proof of Concepts and pilot plans in two regions: the island of Samsø (Denmark) with “energy” as its use case and the northern Wadden Sea region (The Netherlands) with a social area of impact as use case. At a later stage more technical issues will be addressed, such as the use of the Holochain-innovation, possibly shifting the r3.0 initiative towards “Holochain for Sustainability”.

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## **About Reporting 3.0**

As a Global Common Good initiative, Reporting 3.0 was incubated in 2013 by leading sustainability consultancy BSD Consulting. Reporting 3.0 serves as a global platform to scout out and accelerate reporting innovations that help to bring the global economy onto a sustainable path and to make a green, inclusive and open economy reality. It is an answer to the need for consolidation and convergence in a fragmented reporting market. It serves as a neutral, pre-competitive and market-making platform and instigator of multi-stakeholder collaboration toward a “North Star” for new breakthroughs in disclosure and reporting. Since its inception, it focused on a thorough evaluation of the status quo of corporate reporting, with the objective of connecting ideas, concepts, tools and practitioners to shape the future of reporting. It held four major global conferences to explore and shape the field and various Transition Labs and Regional Roundtables. In 2015, Reporting 3.0 launched its series of four Blueprint Projects, and in 2017, it launched a series of Programs, including the Beta Testing Program (for organizations to pilot Blueprint Recommendations), Advocation Partner Program (for advisory organizations to support the piloting of next-generation practices), Academic Alliance, and Government & Multilaterals Support Group. Furthermore, Reporting 3.0 became the flagship initiative of OnCommons, a not-for-profit gGmbH, registered in Berlin, Germany, founded early 2017. This allows Reporting 3.0 to benefit from a broader array of funding opportunities. OnCommons also operates in the US under the fiscal sponsorship of Trusteeship Institute, a registered 501(c)3, and has plans to broaden its reach into other areas necessary to make a Green, Inclusive and Open Economy a reality.

### **Reporting 3.0**

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### **OnCommons**

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