Global Thresholds & Allocations Council

A Partnership for Sustainable & Regenerative Resource Management

Summary

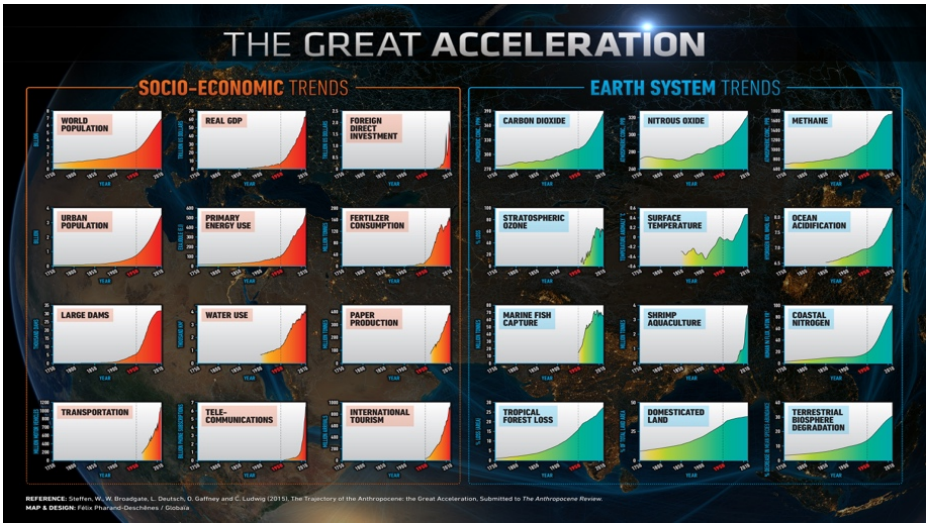
The r3.0 Platform is incubating a multi-stakeholder **Global Thresholds & Allocations Council** (GTAC) as advisory governance body for establishing authoritative means for measuring, accounting, and reporting environmental, social, and economic performance in relation to generally accepted boundaries and limits. GTAC will operate as a partnership between leading voices in science, business, investment, government, civil society, etc…, focused on assessing and validating threshold determinations, as well as methodologies for allocating fair shares of responsibility to entities for their impacts on the stocks and flows of capitals – natural, human, social and other resources – within their carrying capacities. Building on extant efforts to establish science- and ethics-based targets, GTAC will accelerate progress toward contextualizing sustainability quantifications commensurate with the ecological, social and economic urgencies facing societies (and entities within them) in the coming decades, with a goal of ultimately achieving regeneration of vital capital resources.

Need

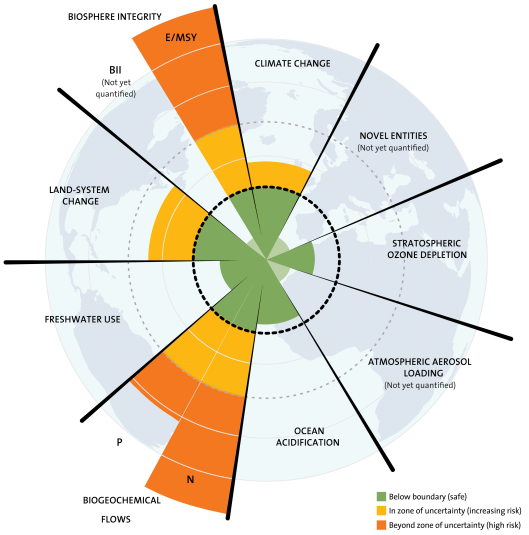
Sustainability requires contextualization within thresholds; that's what sustainability is all about.
Allen White, Co-Founder, Global Reporting Initiative

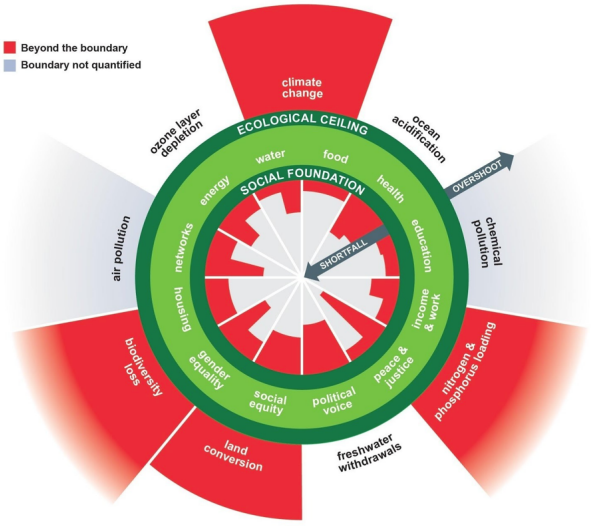
The part can never be well unless the whole is well.
Plato, *Charmides*, 380 BCE

The Great Acceleration datasets of socio-economic and earth system trends unequivocally demonstrate that the "parts" and the "whole" of the Earth system are unwell, resulting in a set of "hockey stick" graphs of exponential systemic degeneration across the board.



The Stockholm Resilience Centre's Planetary Boundaries research finds that humanity is "overshooting" four of nine ecological ceilings, and Doughnut Economics builds upon this to also document similar "shortfalls" on social foundations.





The inextricable link between the ecological and social systems' health (or "illth," as represented in these boundary-crossings) on the one hand, and organizational impacts on the other hand, lies at the heart of the *Sustainability Context* Principle, first introduced in the Global Reporting Initiative's second generation *Sustainability Reporting Guidelines* in 2002:

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

However, despite the centrality of Context in sustainability reporting, the Principle remains conspicuously absent from *almost all* sustainability reports produced since then. A comprehensive 2017 study examined 40,000+ sustainability reports released since 2000, and found only **0.258%** of companies (31 of 9,000) disclosing their environmental impacts in the context of ecological limits — including strategies for meeting these limits. And only **5%** of reports in the study period cited ecological limits at all.

A 2015 UNEP report highlights two concepts as instrumental for applying *Sustainability Context*:

- **Thresholds** that demarcate the carrying capacities of vital capital resources (natural, social, human, constructed, financial) and therefore divide sustainable from unsustainable performance;
- **Allocations** that apportion to companies fair shares of responsibility and accountability for their positive and negative impacts on common capital resources that are vital to stakeholder wellbeing.

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

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

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

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

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.

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.

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.

Funding

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

- **Phase One:** Set the necessary structures and work environment of the GTAC, including Steering Board, Council members, and necessary secretariat functions
    - **Budget**: €100k
    - **Goal**: Soft launch in Q3/2019
- **Phase Two:** Formally launch at the Reporting 3.0 Conference in June 2019 with three years of committed funding in order to initiate GTAC's function, as outlined above under "Activities."
    - **Budget**: €1m / year for three years
    - **Goal**: Formal launch in Q2 2020.

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

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Testimonial Quotes

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

Allen White, Co-Founder, Global Reporting Initiative

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

Kate Raworth, Author, Doughnut Economics

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

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

"Nothing is more important now for global society than to compare the increase or decrease of regenerative wealth through an economic system with the dynamic equilibrium which its ecology can optimally 'carry' or sustain to meet the needs of its people. The Global Thresholds & Allocations Council's vetting of guidelines for actual throughput and carrying capacity will enable businesses and governments to manage how the thresholds of resources available in an environment are best allocated to everyone living within that environment."

James Quilligan, Senior Advisor, Economic Democracy Advocates & Peer to Peer Foundation