Redesign
Resilience
Regeneration

Sustainability Context: An Annotated Bibliography

Compiled by Bill Baue[1]

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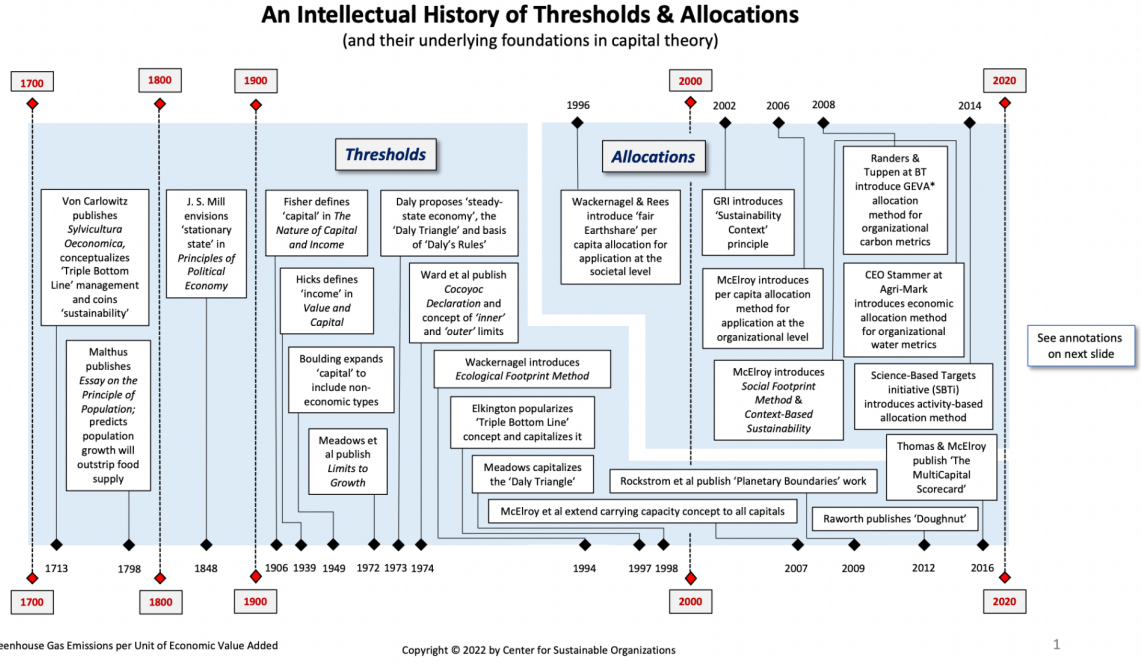
Mark McElroy. 2015 (2012). *Some Important Works in the Literature On The Capital Theory Basis of Sustainability.*
https://www.sustainableorganizations.org/Capital-Theory-References.pdf

Compiles the broad literature on the multiple capitals as they pertain to sustainability, given that capital theory plays a foundational role in Sustainability Context.

Center for Sustainable Organizations. 2018 (2022). *An Intellectual History of Thresholds and Allocations: Foundations of Context-Based Sustainability and Multicapitalism*.
http://www.sustainableorganizations.org/TA-Timeline.pdf

Provides an historical overview (dating back to 1713) of conceptual developments around sustainability thresholds, and allocating responsibility for respecting thresholds.



[1] Bill Baue compiled and annotated this bibliography at the request of Global Reporting Initiative Co-Founder Bob Massie, in his current capacity of Strategic Advisor to GRI.

Global Reporting Initiative (GRI). 2002. *Sustainability Reporting Guidelines*. Generation Two (G2). https://www.r3-0.org/wp-content/uploads/2020/03/GRIguidelines.pdf

Introduces the Sustainability Context Principle. Key elements:

- *"...sustainability 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.**"*
- *"...simply 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."*
- *"...placing **performance** information in the **broader biophysical, social, and economic context lies at the heart of sustainability reporting**…"*
- *"reporting organisations should consider their **individual performance** … in the context of the **limits and demands** placed on **economic, environmental, or social resources at a macro-level**." [emphasis added]*

Mark McElroy. 2008. *Social Footprints: measuring the social sustainability performance of organizations*. Doctoral Dissertation. University of Groningen. https://pure.rug.nl/ws/portalfiles/portal/13147569/DISSERTATION-2.pdf

Introduces Sustainability Quotient. Extends the notion of carrying capacity beyond ecological context (ie natural capital) to apply to social context as well (human capital, social capital, etc). Integrates thresholds & allocations.

Mark McElroy & Jo Van Engelen. 2012. *Corporate Sustainability Management: The Art and Science of Managing Non-financial Performance*. New York NY: Earthscan. https://www.google.com/books/edition/Corporate_Sustainability_Management/OFMju0mjWj0C?hl=en

Introduces the concept of Context-Based Sustainability.

Sustainability Context Group. 2012. *Statement to GRI on the Need to Enhance Treatment Of the Sustainability Context Principle in G4*. Public Comment Letter. 24 September 2012. https://www.r3-0.org/wp-content/uploads/2020/03/SCG-GRI-G4-Comment-Submitted-9-24-12.pdf

Proposes a general specification as guidance for applying the Sustainability Context Principle. Signed by 66 prominent corporate sustainability experts.
GRI could have adopted this essentially "off the shelf"; instead, it ignored this input.

Sustainability Context Group. 2012. *Statement to GRI on G4 GHG Emissions Guidance Integrating the Sustainability Context Principle*. 12 November 2012. https://www.r3-0.org/wp-content/uploads/2020/03/SCG-GRI-G4-GHG-Submitted-11-12-12.pdf

SCG asks GRI to provide guidance for measuring GHG emissions performance in line with the climate science (and with the Sustainability Context Principle.) This submission could be viewed as a blueprint for the Science Based Targets initiative (SBTi) that emerged 3 years later.

Bill Baue. 2013. Sustainability reporting: does G4 enhance sight but obscure vision? *The Guardian.* 24 May 2013. https://www.theguardian.com/sustainable-business/sustainability-reporting-g4-sight-vision

Reports on GRI's failure to provide guidance on implementing the Sustainability Context Principle.

Bill Baue. 2013. #SustyGoals 2: A Dialogue with Allen White of GISR, the Godfather of Sustainability Context (Part 1). *Sustainable Brands*. 7 November 2013. https://sustainablebrands.com/read/new-metrics/sustygoals-2-a-dialogue-with-allen-white-of-gisr-the-godfather-of-sustainability-context-part

An interview with Global Reporting Initiative (GRI) Co-Founder and inaugural CEO Allen White of the Tellus Institute on the origins of the Sustainability Context Principle:

> *"As head of GRI at that point [2002], I felt very strongly that an initiative that purports to be a sustainability initiative could not simply frame its work along the*

*lines of, shall we say, incremental **performance assessment**. That is, companies that were improving each year in regard to water management, energy management, living wages and occupational health and safety should be recognized in the evolving GRI framework. But **incrementalism alone, at the end of the day, was insufficient to be faithful to a sustainability reporting framework**. We would have to take a further step and include a principle that would call for assessing — in addition to disclosures on backward-looking benchmarks, peer group comparisons, and improvements against a company's own goals — **performance against thresholds and limits.**" [emphasis added]*

Bill Baue. 2013. #SustyGoals 2: A Dialogue with Allen White of GISR, the Godfather of Sustainability Context (Part 2). *Sustainable Brands*. 8 November 2013. https://sustainablebrands.com/read/new-metrics/sustygoals-2-a-dialogue-with-allen-white-of-gisr-the-godfather-of-sustainability-context-part-2

2nd half of interview with GRI Co-Founder Allen White:

*"**ESG does not, by nature, carry a true sustainability gene.** A company may rate very highly on an ESG score, but do so just because it has performed well against its own internal goals or against a peer group. But to say this company is an excellent **sustainability performer** is a very fundamentally different statement. It means that the company is positioned to prosper for the long-term and in a way that **respects limits, thresholds, and norms** that are externally defined, not simply defined by peer group comparison or internal targets and goals. **Sustainability requires contextualization within thresholds. That's what sustainability is all about**." [emphasis added]*

United Nations Environment Programme. 2015. *Raising the Bar - Advancing Environmental Disclosure in Sustainability Reporting*. https://www.unep.org/resources/report/raising-bar-advancing-environmental-disclosure-sustainability-reporting

Includes a chapter, "The Need for Context," which provides an historical overview of Sustainability Context, as well as a compilation of current implementations.

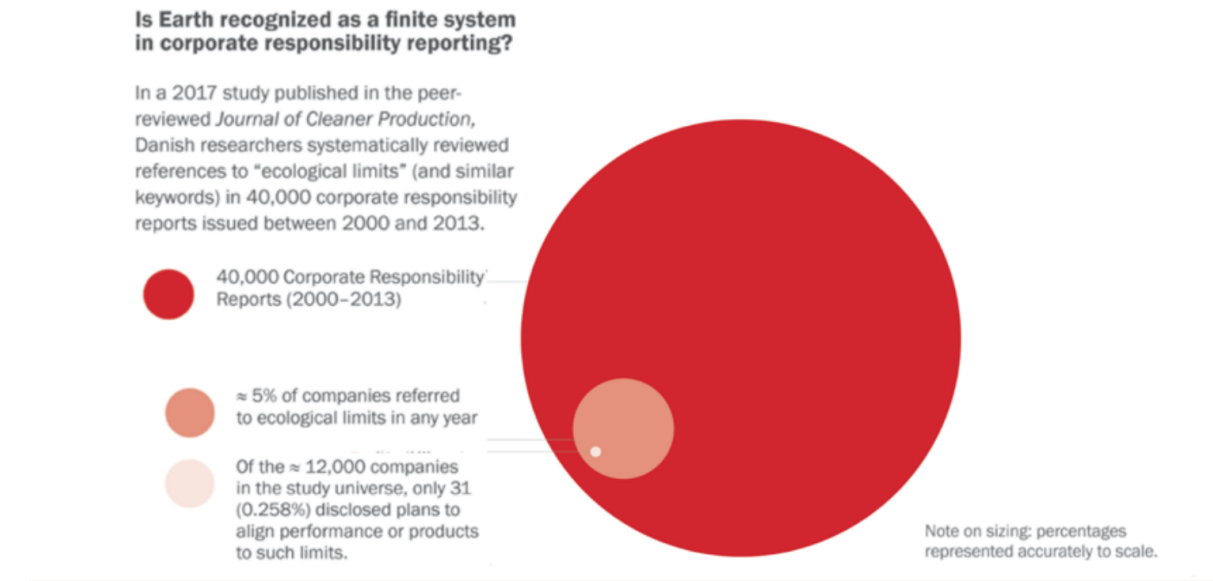
8.1.3 Recommendations

- 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.
- Raters should develop frameworks and mechanisms to apply Context-based assessments of corporate sustainability performance based on publicly available data routinely disclosed in sustainability reports.
- Reporting standards/guidance bodies such as GRI, IIRC, SASB, CDP, etc. should integrate *Sustainability Context* more explicitly into their frameworks, for example by applying the concept of carrying capacities to multiple capitals-based frameworks.

Anders Bjørn et al. 2017. *Is Earth recognized as a finite system in corporate responsibility reporting?* Journal of Cleaner Production. Volume 163, 1 October 2017, Pages 106-117. https://www.sciencedirect.com/science/article/abs/pii/S0959652615019204 Full text: https://backend.orbit.dtu.dk/ws/portalfiles/portal/129908498/Bj_rn_et_al._2016a_Word_with_DOI.pdf

Assesses 40k+ sustainability reports released 2000-2013 and finds only 5% mention "ecological limits" (and related terms) and only 0.258% apply ecological limits to corporate strategy / product development etc. Essentially, Sustainability Context is absent from sustainability reports.

We are unaware of publicly available evidence that GRI acknowledged this scientific study, which essentially documents the failure of GRI's support for implementation of its Sustainability Context Principle.



Bill Baue. 2019. *Compared to What? A Three-Tiered Typology of Sustainable Development Performance Indicators From Incremental to Contextual to Transformational*. United Nations Research Institute for Social Development (UNRISD). 7 October 2019. https://www.unrisd.org/en/library/publications/compared-to-what-a-three-tiered-typology-of-sustainable-development-performance-indicators-from-incr

The United Nations Research Institute for Social Development (UNRISD) introduces a 3-tiered typology of Sustainable Development Performance Indicators, with the Second Tier defined by Sustainability Context.

Mark McElroy. 2019. *Making Materiality Determinations: A Context-Based Approach*. United Nations Research Institute for Social Development (UNRISD). 6 December 2019. https://www.unrisd.org/en/library/publications/making-materiality-determinations-a-context-based-approach

The United Nations Research Institute for Social Development (UNRISD) introduces a distinct approach to materiality determinations informed by Sustainability Context.

Allen White. 2019. *From Silos to Systems: The Next Generation of Sustainability Measurement and Reporting*. Keynote Address. Measuring and Reporting Sustainability Performance: Are Corporations and SSE Organizations Meeting the SDG Challenge Conference. United Nations Research in Social Development (UNRISD). Geneva, Switzerland. 3 June 2019. https://www.unrisd.org/80256B42004CCC77/(httpInfoFiles)/B70382A13E0AE0BDC125841F003C46AC/$file/SDPI---Allen-White-Keynote-Speech.pdf

Keynote delivered by GRI Co-Founder Allen White at the United Nations Conference kicking off the Sustainable Development Performance Indicators (SDPI) Project:

> ***Rigorous, systems-based sustainability measurement is not an option, but a necessity,*** *if companies are to dramatically elevate their contribution to reversing the multiple crises facing the planet. The challenge before us, then, is not simply to refine the metrics we already use, but instead to rethink the scope and assumptions underlying prevailing practices.*
>
> *To meet this challenge,* ***next-generation measurement points to advancement beyond absolute metrics, so-called "numerators"*** *such as kilograms and liters, wages and workplace injuries, diversity and human rights—to those that* ***capture performance relative to scientific, economic, and social boundaries, benchmarks, and norms. Absent such "denomination," we will continue to move blindly forward, hoping that the collective impact of thousands of enterprises all "doing better" will avoid violation of the upper and lower boundaries.*** *Overshooting upper limits and undershooting minimum standards and norms is antithetical to building a just and livable world.* ***In other words, continuing to design measurement in what might be called a "context vacuum" is a fool's errand.***
>
> *When GRI introduced the "Context Principle" in 2002, it was met with a mix of curiosity and silence. However imperfectly its phrasing, its core purpose was to place a stake in the ground to communicate an irrefutable truth:* ***sustainability measurement without context cannot and does not measure sustainability performance.*** *We were under no illusions regarding the implications and operational complexity of this principle. But we were steadfast in the belief that over time, it must be fully embraced by the rapidly growing number of both preparers and users of sustainability disclosures.*
>
> *Regretfully, progress has been slow. By one estimate, less than five percent of reports reference context in any form. At the same time, many of the Earth's ecological and social vital signs are under severe, potentially devastating, stress.* ***We must redouble efforts to bring context to full fruition.***
>
> *... In the earliest days of GRI, working groups would spend countless hours on refining absolute measures of energy and water use; occupational safety, wages, and injuries; and community donations. All such measures, of course, have value in their own right.* ***Two decades later, exclusive focus on "numerators" without contextualization, along with confining measurement to those capitals based primarily on measurability, sends flawed signals to both corporations and their stakeholders regarding the long-term sustainability of the enterprise****." [emphasis added]*

Sustainability Context Group / r3.0. 2020. *Public Comment to the Global Reporting Initiative re: 2020 GRI Universal Standard Exposure Draft*. 9 September 2020. https://www.r3-0.org/wp-content/uploads/2020/09/SCG-r3-2020-GRI-Universal-Standard-Public-Comment.pdf

The Sustainability Context Group critiques the Universal Standard Exposure Draft for removing reference to "performance" in its definition of Sustainability Context.

Impact Management Platform. 2021. *Thresholds and Allocations.* https://impactmanagementplatform.org/thresholds-and-allocations/

Major network of all sustainability reporting standards explicitly embraces thresholds & allocations, the core underpinnings of Sustainability Context, by posting a dedicated Landing Page on its Website. See also here.

Bill Baue & Ralph Thurm. 2022. *Thresholds of Transformation: UNRISD Sustainable Development Performance Indicators Pilot Testing—Synthesis Report*. United Nations Research Institute for Social Development (UNRISD). 20 July 2022. https://www.unrisd.org/en/library/publications/thresholds-of-transformation-unrisd-sustainable-development-performance-indicators-pilot-testing-syn

The United Nations Research Institute for Social Development (UNRISD) reports on the outcomes of the pilot testing of its Sustainable Development Performance Indicators (which include Context-Based indicators) by about 2 dozen companies globally, as well as by intermediaries such as the World Bank, World Benchmarking Alliance (WBA), and Impact Management Project (IMP).

United Nations Research Institute for Social Development (UNRISD). 2022. *Authentic Sustainability Assessment: A User Manual for the Sustainable Development Performance Indicators*. 1 November 2022. https://www.unrisd.org/en/library/publications/authentic-sustainability-assessment-a-user-manual-for-the-sustainable-development-performance-indica

The United Nations Research Institute for Social Development (UNRISD) releases a set of Sustainable Development Performance Indicators that include Context-Based indicators.

Mark McElroy. 2022. *Thresholds, Allocations and the Carrying Capacities of Capitals: Core Principles in Sustainability and Integrated Accounting.* Center for Sustainable Organizations. https://www.sustainableorganizations.org/Thresholds-Allocations-CarryingCapacities.pdf

A concise overview of the key concepts undergirding Sustainability Context.

Bill Baue with Ralph Thurm. 2023. GRI is Dead. Long Live Sustainability Reporting! *Medium*. 2 March 2023. https://r3dot0.medium.com/gri-is-dead-long-live-sustainability-reporting-4055c59f1ff7

Makes the case that GRI is no longer a sustainability reporting standard, based on significant deterioration of the Sustainability Context Principle.

Additional Resources

Bill Baue, Cary Krosinsky, and Mark McElroy. 2013. Crossing Thresholds: From Fossil Fuel Divestment to Sustainable Investment. *Sustainable Brands*. 27 March 2013. https://sustainablebrands.com/read/new-metrics/crossing-thresholds-from-fossil-fuel-divestment-to-sustainable-investment

Bill Baue, Cary Krosinsky, and Mark W. McElroy. 2013.Investing 2.0: assessing companies' true sustainability performance. *The Guardian*. 4 April 2013. https://www.theguardian.com/sustainable-business/sustainable-investing-assessing-companies

Introduces the case for "threshold investing," or the application of Sustainability Context to investment.

Bill Baue, Mark McElroy. 2013. Research needs and opportunities in Context-Based Sustainability. *Financial Reporting.* 2, 47–70. *https://www.researchgate.net/publication/261653975_Research_Needs_and_Opportunities_in_Context-Based_Sustainability*

Lays out a research agenda for advancing Context-Based Sustainability.