INTRODUCTION

Understanding how purpose, measurement and scalability become essential areas of disclosure

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(Reporting 3.0)
Disclosure with context embraces a seamless information flow from micro to meso to macro level and vice versa.
The new impetus for integral thinking and integral materiality means disclosure on purpose, success and scalability, essentially needed for future-fit disclosure.
Chapter 4: Reporting PURPOSE

- **Purpose** – the linking pin between inside and outside of an organization’s perception
- **Contribution** to a bigger ‘whole’
- **Ambition** – where to position the organization in a strategy continuum
  - *The litmus test for purpose: from ‘denial’ to ‘thriving’*
  - Consequences for the reporting regime
  - Consequences for rightsholder dialog
  - Consequences for the governance approach
  - Consequences for leadership behavior
- **Recommendations**
  - Reporting standard setters
  - Governments, legislators and multilateral organizations
  - Corporations
  - Investors
Disclosure related to a ‘purpose’ perspective - Examples

Contextualization:
• What is our ‘World View’?
• Where are we on the continuum?
• Do we cure symptoms or are we having impact by tackling root causes?

Leadership Attitude:
• Do we have a socio-cultural leadership gap? And a transformation gap?
• What role do hierarchy and functions play for our ‘thriving’ organization?
• In how far does leadership address the economic system malfunctioning?

Ambition Level:
• How do we address growth and differentiate sustainable from unsustainable growth?
• Are all employees involved?
Chapter 5: Reporting SUCCESS

- Purpose & contribution – the creation of value revisited
- The past focus: financial capital in a throughput economy
- The new focus: multi-capital approach in a green & inclusive economy
- The litmus test for success: total contribution
  - Consequences for reporting regime
  - Consequences for rightsholder dialog
  - Consequences for the governance approach
  - Consequences for leadership behavior
- Recommendations
  - Reporting standard setters
  - Governments, legislators and multilateral organizations
  - Corporations
  - Investors
Disclosure related to a ‘multi-capital’ success perspective - examples

Measurement:
• Is there an inventory of impacts/ stress test regarding the capitals?
• Are external effects properly addressed and assessed from a capitals perspective?
• Does the company collect data on all three gaps (sustainability/transformation/leadership gap)?

Target-setting:
• Are ‘science-based-goals’ assessed and context used for connecting to ‘social floors’ and ‘environmental ceilings’
• How are long-term targets defined and then used to backcast mid- and short-term targets?

Incentives:
• Does the organization incentivize sustainable performance? How does it punish non-sustainable performance?
Chapter 6: Reporting SCALABILITY

- Purpose, contribution and success – from individual to joint efforts
- Education inside and outside of the organization
- Collaboration for the common good
- Advocation for economic system boundary changes – closing the loop with the macro-economic system conditions
- *The litmus test for scalability: defining new level playing fields*
  - Consequences for reporting regime
  - Consequences for rightseholder dialog
  - Consequences for the governance approach
  - Consequences for leadership behavior
- Recommendations
  - Reporting standard setters
  - Governments, legislators and multilateral organizations
  - Corporations
  - Investors
Disclosure related to ‘scalability’ perspective - examples

Education:
• Are ‘World View’, ambition level and the related (ONE) strategy addressed to all employees through education and training?
• Are there joint educational programs developed for the whole value cycle?

Collaboration:
• In how far is the company engaged beyond its associations and interest lobbying?
• Do employees have time for societal engagement to help find long-term solutions?

Advocation:
• Is leadership actively engaged in the promotion of a green & inclusive economy and the necessary changes in boundary setting, e.g. internalization of external costs, changes towards a more sustainable tax system, creating of level playing fields in international relations?
Recommendations in chapter 4, 5 and 6

### 3 Maturities:
- Educate
- Advocate
- Accelerate

### 4 Constituencies:
- Reporting
- Standard Setters
- Corporations
- Governments & Multilaterals
- Investors

<table>
<thead>
<tr>
<th>Stage</th>
<th>Recommendation</th>
<th>Supporting principle</th>
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<tbody>
<tr>
<td><strong>Educate</strong></td>
<td>1 – Understand the overall connection between micro, meso and macro level as a seamless flow of impact from bottom to top</td>
<td>Reciprocity</td>
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<td>2 – Free capacity to look into the reasons why 90% of global multinationals (and 99.99% of global SMEs) don’t support sustainability reporting</td>
<td>Relevance</td>
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<td>3 – Learn to understand the blocking factors that sustainability reporting hasn’t yet reached more support in corporate decision-making</td>
<td>Connectedness</td>
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<td>4 – Understand why there is a need for integral materiality and its usefulness for integral thinking</td>
<td>Relevance</td>
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<td>5 – Investigate about the role of forward-looking governance processes (moving from a ESG Push towards a GSE Pull)</td>
<td>Mutuality</td>
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<td><strong>Activate</strong></td>
<td>1 – Develop a better understanding of the economic system design and how sustainability disclosure can be embedded as a servicing function</td>
<td>Circularity</td>
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<td>2 – Develop an activation process that helps non-reporters to start reporting</td>
<td>Connectedness</td>
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<td>3 – Collaborate in a multi-stakeholder process that can develop disclosure that describes the organizational transformation capability and socio-cultural leadership capability of an organization</td>
<td>Mutuality</td>
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<td>4 – Develop a concise materiality approach that enables context through thresholds and allocations and takes care of cumulative risk exposure</td>
<td>Relevance</td>
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<td>5 – Use the example of King IV to move from governance activity from pure safeguarding to enabling ethical leadership, a shift from ‘do no harm’ towards ‘do good’ in corporate sustainability focus</td>
<td>Mutuality</td>
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<td><strong>Accelerate</strong></td>
<td>1 – Work with governments and multilateral organizations to support economic system design changes in support of your very own mission being a service to that transformation through sustainability disclosure</td>
<td>Reciprocity</td>
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<td>2 – Work with national and international statistics offices on datasets that support data clusters that show success of integral approaches and support of integral materiality</td>
<td>Reciprocity</td>
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<td>3 – Enlarge disclosure by elements that take a more holistic view on how overcoming the 3 Gap Problem enables approaches towards effective Net Positive and Gross Positive approaches</td>
<td>Mutuality</td>
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<td>4 – Demand coordinated and concise integral materiality disclosure by corporate reporters and work actively to converge to one globally applicable definition around ‘relevance’ (here advocated for as a combined approach of sustainability context and materiality)</td>
<td>Relevance</td>
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<td>5 – Demand ethical leadership and its implementation in governance, supporting the idea of resilient companies linked to a regenerative economic paradigm</td>
<td>Adaptability</td>
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Overview Workshop 1 B – The Reporting Blueprint

Programme:
• 0 min: Introduction
• 10 min: Presentations focusing on Process, Success and Scalability
• 35 min: Q&A between panel participants
• 50 min: Questions from the plenum
• 65 min: Round-up with focus on core recommendations
• 75 min: End

Speakers:
• Herman Mulder - True Price Foundation Integrated P&L with examples
• Christian Heller - BASF’s Value to Society Approach
• Rodney Irwin - WBCSD Reporting Landscape - evidenced based disclosure
Session context and focus questions:

• Clear focus on the Reporting Blueprint
• Strong emphasis on sustainability context (links between micro, meso, macro)
• How do we leverage on our purpose, our multi-capital successes and scalability?
• How do we accelerate the pace and scale of change?