



The United Nations Environment Programme and and its Endorsement of Context-Based Sustainability (CBS) and The MultiCapital Scorecard (MCS)

A Quick Summary by the
Center for Sustainable Organizations
December 2019



Overview

- In an influential report issued by the United Nations Environment Programme (UNEP) in 2015 on corporate sustainability reporting, UNEP:
 - ✓ Explicitly endorsed and advocated for the use of Context-Based Sustainability methods by all organizations in the world
 - ✓ Explicitly endorsed and advocated for the use of the MultiCapital Scorecard method (among others) as a context-based method that organizations should use
- Context-Based Sustainability and the MultiCapital Scorecard were developed and co-developed, respectively, by us (CSO)

Some excerpts from the report

This publication is a landmark in corporate sustainability reporting, providing a strategic approach by addressing issues that are material both for company operations and their stakeholders. It offers ready-to-use guidance for companies to identify the tools best suited to their needs as well as insights into audiences' expectations. It also incorporates emerging areas of research and innovative reporting practices. The publication advocates a collaborative approach, engaging all stakeholders and businesses in the value chain to develop a high-quality sustainability report. It also encourages placing the disclosed information within the context of environmental limitations identified by scientific evidence, enabling a more accurate reflection of the company's contribution to sustainable development.

A “context gap”, however, exists in how most organizations actually report their performance ...

In an effort to fill this context gap, several organizations have taken important steps to put scientific context back into sustainability reporting. At the core of the context-based reporting movement is the Center for Sustainable Organizations (CSO). CSO developed Context-Based Sustainability (CBS), a framework for implementing Sustainability Context through the use of *thresholds* and *allocations*. Other initiatives, including the Future Fit Business Benchmark, the ThriveAbility Foundation and the MultiCapital Scorecard, are developing frameworks to assess business-level impacts with the principle of applying scientific context to business reporting. Companies that have embraced context-based reporting include Autodesk, BT, EMC, Ford, Mars and Nedbank.

Some excerpts (cont.)

8.1.2 Key Tools and Frameworks

Recognizing the need to translate the Principle into practice, the Center for Sustainable Organizations (CSO) was founded as a U.S.-based NGO in 2004 to develop Context-Based Sustainability (CBS), a framework for implementing *Sustainability Context*.¹²⁹ Two concepts in particular serve as pillars for Context-Based Sustainability and the related application of Context-Based Metrics (CBMs):

- ➡ **Thresholds** that demarcate the carrying capacities of vital capital resources (natural, social, human, constructed, financial) and therefore divide sustainable from unsustainable performance;¹³⁰ and
- ➡ **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.¹³¹

129 Mark W. McElroy, *Social footprints: Measuring the social sustainability performance of organizations*, Thesis, University of Groningen, 2008. <http://irs.ub.rug.nl/dbi/492bfc845ae9>; Mark McElroy & Jo van Engelen, *Corporate Sustainability Management: The Art & Science of Managing Non-Financial Performance*, EarthScan 2012.

130 Mark McElroy, "The Carrying Capacities of Capitals," *GreenBiz*, June 18, 2013. <http://www.greenbiz.com/blog/2013/06/18/carrying-capacities-capitals>

131 <http://www.sustainableorganizations.org/corporate-sustainability-management.html>; CSO also developed Context-Based Metrics (CBMs) for water and waste that it is applying at other companies and also making available in the public domain: http://www.sustainablebrands.com/news_and_views/jan2012/how-leadership-cabot-creamery-makes-all-difference-0; <http://www.sustainableorganizations.org/context-based-metrics-in-public-domain.html>

132 Ben & Jerry's, "Global Warming Social Footprint" *2007 Social & Environmental Assessment Report*, 2007. [http://www.benjerry.com/about-us/sear-reports/2007-sear-report#Global Warming](http://www.benjerry.com/about-us/sear-reports/2007-sear-report#Global%20Warming); Mark McElroy, "Groundbreaking Cabot Study Reveals Shortcomings of Conventional Sustainability Metrics," *Sustainable Brands*, September 26, 2012. http://www.sustainablebrands.com/news_and_views/new-metrics/groundbreaking-study-reveals-shortcomings-conventional-sustainability; Climate Counts & Center for Sustainable Organizations, *Assessing Corporate Emissions Performance through the Lens of Science*, Dec 2013. <http://climatecounts.blob.core.windows.net/carbonstudy/Climate%20Counts%202013%20Carbon%20Study.pdf>

Some excerpts (cont.)

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.

A number of initiatives are seeking to accelerate the pace of change needed to scale up solutions to the multiple inter-related crises humanity faces. The Future Fit Business Benchmark, the ThriveAbility Foundation, Reporting 3.0, and the MultiCapital Scorecard are creating frameworks to assess business-level impacts through a context-based lens for backcasting from a truly sustainable and flourishing future to identify current systems conditions that respect the global ecological thresholds documented by the Planetary Boundaries research from the Stockholm Resilience Center (SRC), the Thresholds Database from the Resilience Alliance, and the UNEP GEO-5 reports, among others.¹⁴⁶

Thank you!

More information about the Center for Sustainable Organizations can be found at:

www.sustainableorganizations.org

More information about the MultiCapital Scorecard can be found at:

www.multicapitalscorecard.com