A Short History of Multicapitalism and Context-Based Sustainability

A Presentation By
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The Evolution of Multicapitalism

• What is it?
  – A new economic doctrine that interprets performance in terms of impacts on all vital capitals and not just one of them (i.e., as opposed to monocapitalism)
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• Decades in the Making
  – First appears in the economics literature in the writings of discontent economists who called attention to the importance of all vital capitals and not just one of them
    • Kenneth Boulding (1949 and beyond)
    • Herman Daly (1977 and beyond)
  – Then crosses over into the management literature by 1992
    • From Paul Ekins in 1992, to John Elkington in 1996, to the <IR> in 2013
Practice Implications of Multicapitalism

• For sustainability performance accounting:
  – Fundamental unit of interest is organizational impacts on vital capitals (but only for material areas of impact)
  – That sustainability standards of performance for such impacts must first be defined (normative)
  – That sustainability accounting is all about comparing organizations’ actual impacts on vital capitals with their corresponding normative impacts
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• Uses Context-Based Metrics: thresholds vs. allocations
  – Thresholds: Limits in the carrying capacities of capitals
  – Allocations: Organization-specific shares of responsibilities to ensure the sufficiency of capitals for stakeholder well-being
Methodological Implementations

• Context-Based Sustainability (CBS)
  – First developed in 2008 (by MWM at University of Groningen)
  – Operationalizes the Sustainability Context principle in GRI
  – Relies heavily on the use of Context-Based Metrics
    • Featured in metrics recommended by SBTi (WRI, WWF, UNGC, etc.)
    • Featured in forthcoming standard for Context-Based Water Metric
    • The preferred metrics of choice in the MultiCapital Scorecard
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• MultiCapital Scorecard (an advanced implementation of CBS)
  – World’s 1st context- and capital-based Triple Bottom Line tool
  – An open-source methodology (for end-user application)
  – Formally endorsed by UNEP and by B Lab for B Corps
Thank you!

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