

insight

SUSTAINABILITY CIRCUS:

Bringing the Major Frameworks and Indicators Under One Tent
(TBL, ESG, TNS, GRI)

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There are a number of sustainability frameworks in popular use today that provide structure for a sustainability effort and sustainability reports.

The problem is choosing the one that works best for you. There are enough similarities among them that you can see the overlap, but there are enough differences to create confusion. If you pick one, you lose some of the benefits of the others. You can try to adapt one or more to fit your needs, but you then run the risk of overlooking some important aspect or principle of sustainability. But this article attempts a death-defying feat: to integrate them all! Come into the circus tent for the show!

COMMON FRAMEWORKS

A framework is a shared model that defines what should be included in a sustainability program. A framework provides all of the following:

- A definition of sustainability and the basis for your vision of success
- A common language for talking and teaching about sustainability
- An organizing structure for your efforts/projects
- Suggestions for metrics and report organization
- Credibility for your program, and assurance that you haven't left out an important element of sustainability for your operation

So far so good. But there are a number of different frameworks in use today, and up until now, they have been in competition for popularity. In ring number one, we have TBL and ESG:

Triple bottom line (TBL)—The term triple bottom line is generally attributed to John Elkington. It refers to the triple set of considerations for business. In addition to the traditional economic prosperity that organizations seek, it suggests considering environmental quality and social justice as well. Note that Elkington provided a modifier with each term: economic prosperity, environmental quality, social justice. The TBL has devolved to be known as Social/Economic/Environmental, or People/Planet/Profit,

or the three E's (Economic/social Equity/Environment). Note that each of these alternatives is less robust. Social equity, for example, is only one part of social justice. Profit is only one piece of economic prosperity. Stop us before we become too wonkish, but you get the point. Corporate social responsibility (CSR, just in case you needed another acronym) became the process of attending to these three realms.

Environmental/Social/Governance (ESG)—ESG is similar to TBL, but adapted slightly for investment circles. The profit/economic piece is dropped, and a focus on transparent and fair governance is added in.

Both TBL and ESG suffer from a lack of any teeth, any hard and fast way to determine how well you're doing. You want to be able to answer the question, Are we there yet? Without a more precise definition, these are mushy aspirations lacking accountability. We as humans may be able to negotiate different arrangements that we consider acceptable and fair vis a vis how we run our economy or our societies, but nature has a vote here and she votes last. Enter The Natural Step into ring number 2.

The Natural Step (TNS)—Created by a Swedish oncologist, TNS begins with foundational scientific laws (e.g., the laws of thermodynamics) and then derives four principles (called system conditions) for a sustainable society. The first three are easily defended by physical science:

In a sustainable society, nature is not subject to systematically increasing:

1. Concentrations of substances extracted from the earth's crust
2. Concentrations of substances produced by society
3. Degradation by physical means

Basically it's a matter of managing concentrations. If you take atoms out of the earth's crust faster than nature can put them back, or



make molecules that don't break down, these build up in nature and will have some effect. Similarly, we can't keep destroying the productivity of nature if we expect to benefit from ecosystem services (like pollination, food production, water purification, etc.). So these three principles of The Natural Step can be tracked and measured. In fact, the more recent Planetary Boundaries method gives us a way to track categories of emissions that fall into these categories.

In addition to these three environmentally focused system conditions, there is a fourth one focused on social systems:

In a sustainable society, people are not subject to conditions that systemically undermine their capacity to meet their needs.

This one is derived from principles of living systems, but is somewhat harder to pin down. But we can measure the number of people on the planet who don't have access to clean drinking water, who don't have enough to eat, etc. If the trends look worse, then we know we're "systematically undermining their capacity to meet their needs."

COMBINING TNS AND TBL/ESG

TBL and ESG can both benefit from the rigor of The Natural Step. But most of the world isn't familiar with TNS, so using that as your primary framework (i.e. for employee education, customer communications, the sustainability report) may be problematic. Many people are familiar with the triple bottom line, though. So why not create a hybrid?

You can see that the first three system conditions nest under environmental quality and the fourth under social justice. Yes, we can argue that there are social impacts from the environmental ones, and environmental impacts from the 4th system condition, but what's important here is that we not lose something. It's less important where we put it.

But there is something conspicuously missing - Economic Prosperity, the third leg of the sustainability stool. TNS'ers will say that it's implied or part of the fourth system condition; that Nature doesn't care whether we have a good economy, but rather how the economy affects her. So combining TNS, TBL, and ESG, we come up with a matrix like the one below. Populating it with sustainability indicators that are relevant to your organization provides a fairly specific vision for what a sustainable version of your organization would look like. We've added an additional feature by dividing the

lists into Internal and External metrics, mainly so that clients can't narrowly define Economic as just Profit. There are economic impacts (positive and negative) that you can have to the economic well-being of your community as well! This structure has been popular with clients, as it is easy to understand and provides a fairly comprehensive snapshot of what they should strive for.

We don't want to see organizations discouraged from pursuing sustainability because they are overwhelmed right from the start.

	ECONOMIC	ENVIRONMENTAL	SOCIAL
INTERNAL	Profitability Marketability/public image Return on investment	(System condition 1) Energy efficiency (as a ratio of production, employees, floor space, etc.) (System condition 2) Toxic chemicals purchased or used (System condition 3) Paper use, water use	(System condition 4) Safety Employee satisfaction and involvement (ESG: Governance) Turnover or employee satisfaction
EXTERNAL	Local purchasing Living wage jobs created	(System condition 1) Greenhouse gases (System condition 2) Zero toxic emissions to air, soil, or water (System condition 3) Purchases from sustainable sources	(System condition 4) Community service Donations Transparency and stakeholder involvement (ESG: Governance)

ENTER GRI

But wait, what about the Global Reporting Initiative doing tricks in ring number 3? The GRI is an international standard for sustainability reporting, and while a majority of corporations don't use GRI yet, the percentage increases every year. While GRI is a reporting standard, it can also be useful as a framework for managing your sustainability effort. But it doesn't look anything like TBL, ESG, or TNS. Instead, the GRI organizes its principles of sustainability into six categories:

- Economic
- Environmental
- Labor practices and decent work
- Human rights
- Society
- Product responsibility

But with a little bit of sorting, these too can be organized under the triple bottom line. Economic and Environmental are obvious. The others largely give definition to the Social Justice component, just

the column where The Natural Step was a little vague! Isn't that convenient!

TA DA! A UNIFIED THEORY OF SUSTAINABILITY (SORT OF)

So what happens when we put all three of these frameworks into the magic box and shake? Abracadabra! The chart below is our attempt to integrate all these frameworks into one "unified theory of sustainability." Well, that's hyperbole, but what do you expect in a circus? We've taken our earlier matrix and placed the core GRI indicators where we think they belong. The notations in the chart indicate whether the item is based on one of The Natural Step system conditions (e.g. TNS SC 3) or based on the indicators from the Global Reporting Initiative (e.g. EC 1-4). Finally, a comprehensive list of the world's most common, and commonly agreed upon, measures. So this is what sustainability looks like!

We've begun using this with our clients and students as a way of sorting out the myriad of frameworks, metrics, issues, and impacts. We don't recommend that any organization try to track all of these indicators, but rather to select the 6-12 from across all six cells in the matrix that have the most relevance.

Circuses are fun, but can create stimulus overload. We don't want to see organizations discouraged from pursuing sustainability because they are overwhelmed right from the start. The chart below helps simplify the concept of sustainability and focus organizations on those areas that are most relevant or urgent. You can use the chart to create a starter list of indicators. Eliminate ones that aren't relevant to you and add any that seem missing. If an indicator is covered under GRI, take a look at how they recommend measuring it. Then develop systems to gather and report the data. You'll be well on your way.

Sustainability: the greatest show on earth! ■

	ECONOMIC	ENVIRONMENTAL	SOCIAL
INTERNAL	Economic Performance (EC 1-4) ROI of specific sustainability related projects (EN 30) Market presence / Public image (EC 5-7) Revenue from sustainable products (EN 26-27)	Energy consumption (TNS SC 1; EN 5-7) Transportation (TNS SC 1; EN 29) Water consumption (TNS SC 3; EN 8-10) Materials consumption (TNS SC 2 & 3; EN 1-2)	Employment (TNS SC 4; LA 1-3) Labor relations (TNS SC 4; LA 4-5) Health and safety (TNS SC4; LA 6-9) Training and education (TNS SC 4; LA 10-14) Nondiscrimination (TNS SC 4; HR 4) Freedom of association (TNS SC 4; HR 5) Security (TNS SC 4; HR 8)
EXTERNAL	Indirect impacts (EC 8-9) Labeling (PR 3-5) Marketing (PR 6-7) Local products/inputs purchased	Greenhouse gas emissions (TNS SC 1) Waste, emissions & effluent (TNS SC 2; EN 16-25) Biodiversity (TNS SC 3; EN 11-15) Products ad services impact (TNS SC 2 & 3; PR 1-2) Compliance (EN 28)	Procurement practices (TNS SC 4; HR 1-3) Child labor (TNS SC 4; HR 6) Forced labor (TNS SC 4; HR7) Indigenous rights (TNS SC 4; HR9) Corruption (SO 2-4) Community relations (TNS SC 4; SO 1) Public policy (TNS SC 4; SO 5-6, PR 9) Anti competitive behavior (SO 7) Privacy (SO 8) Compliance (SO 9)

ABOUT THE AUTHORS

Darcy Hitchcock and Marsha Willard co-founded and help manage the International Society of Sustainability Professionals. They are also the authors of a number of award-winning business books, including The Business Guide to Sustainability. Through AXIS Performance Advisors, which they founded in 1990, they also provide sustainability consulting services, license others to use their sustainability tools, and teach in several university programs.