

## Chapter 5

# Social Capital Accounting: The Social Capital Protocol and the United Nations' Sustainable Development Goals

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### ABSTRACT

*Sustainability accounting has become a mainstream practice for a large majority of S&P500 companies, and this reflects global society's increasing interest and concern around sustainability issues. In particular, the United Nations published its "Transforming Our World: The 2030 Agenda for Sustainable Development," and 193 countries signed up to achieving the 17 Sustainable Development Goals (SDGs) and 169 associated targets. The UN also called upon companies to help this process across their supply chains and developed a natural capital protocol for assessing and valuing environmental areas and a social capital protocol (SCP) for assessing and valuing human and societal capital such as skills, knowledge, wellbeing, shared values, and institutions. This chapter systematically investigates each of the 12 steps of the social capital protocol and identifies a range of benefits and substantial challenges which companies will face if they wish to account for their social impact across the supply chain.*

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## INTRODUCTION

*Businesses must reconnect company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the center. (Porter and Kramer, 2011: 64)*

In recent times sustainability has moved from being a peripheral ‘green’ issue to a mainstream one (Cochran, 2007) and, by 2015, 81% of S&P500 companies published a sustainability or corporate responsibility report (Governance and Accountability Institute, 2016). 2015 was also a significant year because it was the final year of the United Nations’ Millennium Development Goals (MDGs) which were designed to improve the lives of the world’s poorest people. Furthermore, on 25<sup>th</sup> September 2015, the United Nations (UN) (2015b) built on the progress achieved by the MDGs and published ‘*Transforming our world: the 2030 Agenda for Sustainable Development*’ and committed all 193 signatory countries to achieving the 17 Sustainable Development Goals (SDGs) and 169 associated targets beginning 1 January 2016, with the aim of reaching them by 2030. These much wider goals were designed to: “end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda” (UN, 2018).

This green agenda acknowledged that humans could only survive and prosper if the world’s resources on which they were dependent also survived. The UN (2015b: 4). stated:

*We envisage a world in which every country enjoys sustained, inclusive and sustainable economic growth and decent work for all. A world in which consumption and production patterns and use of all natural resources – from air to land, from rivers, lakes and aquifers to oceans and seas – are sustainable.*

To help achieve the MDGs, the UN had relied primarily on the support of governments and NGOs; however, with the SDGs it was evident that a broader coalition was needed to attain sustainability. The ambitious nature of the SDGs prompted the UN (2015b: parag. 67) to call on the support of businesses of all sizes: “to apply their creativity and innovation to solving sustainable development challenges;” and, to achieve these:

*It is therefore recommended that your company considers the entire value chain – from the supply base and inbound logistics, across production and operations, to the distribution, use and end-of-life of products – as the starting point for assessing impact and defining priorities. (Global Reporting Index (GRI), United Nations*

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