

# Triple Bottom Line Investing

Professional Mainstream Investing for  
the benefit of all

# What is Triple Bottom Line Investing?

*People*

+

*Planet*

+

*Profit*



Social Equity



Environmental Quality



Economic Prosperity

# Forces behind CSR/TBL

- Finance
- Personnel
- Reputation

# TBLI Impact on Business

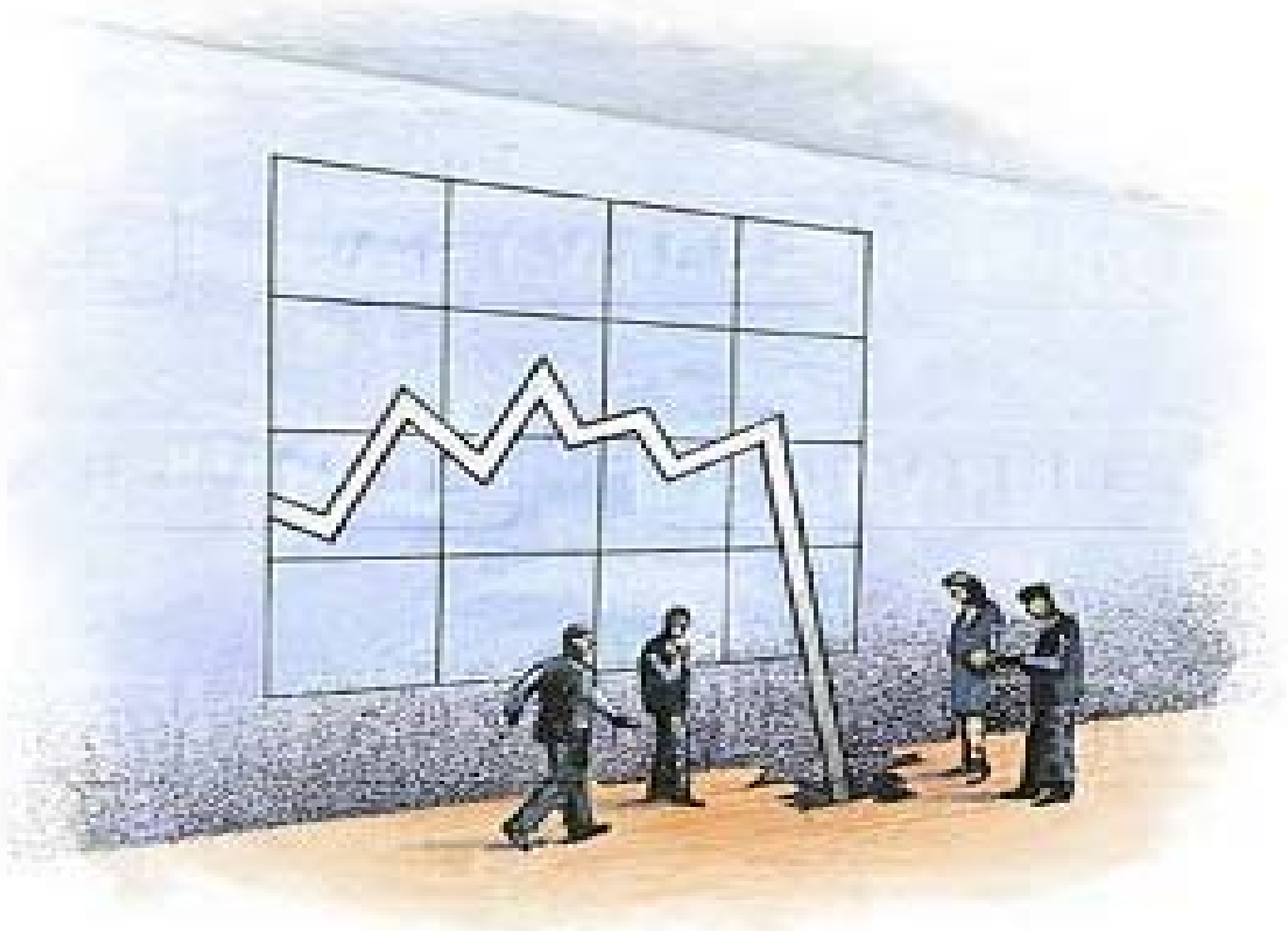
- Massive TBLI growth
- Trade union pressure
- EU
- Private Equity
- “Success” TBLI funds
- Reputation
- Consumer demand
- Triple P Academy
- France, German, Australian legislation
- European Social Investment Forum
- Major institutions in attendance
- Screening guidelines project
- Research institutions
- Sustainable Private Equity deals
- Kyoto agreement without USA
- More sustainability indexes
- TBL is a must

# TBLI Impact on Business

- Transparency Pressure
- Benchmark Achievements
- Factor 10+
- Social and Environmental impact <
- Greatest threat for late starters:
  - Not enough experts



Sara K. Schwittek - Sept. 11, 2001 about 9:15AM - from the Four Eyes office window





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"You never change things by fighting the existing reality. To change something build a new model that makes the existing model obsolete"

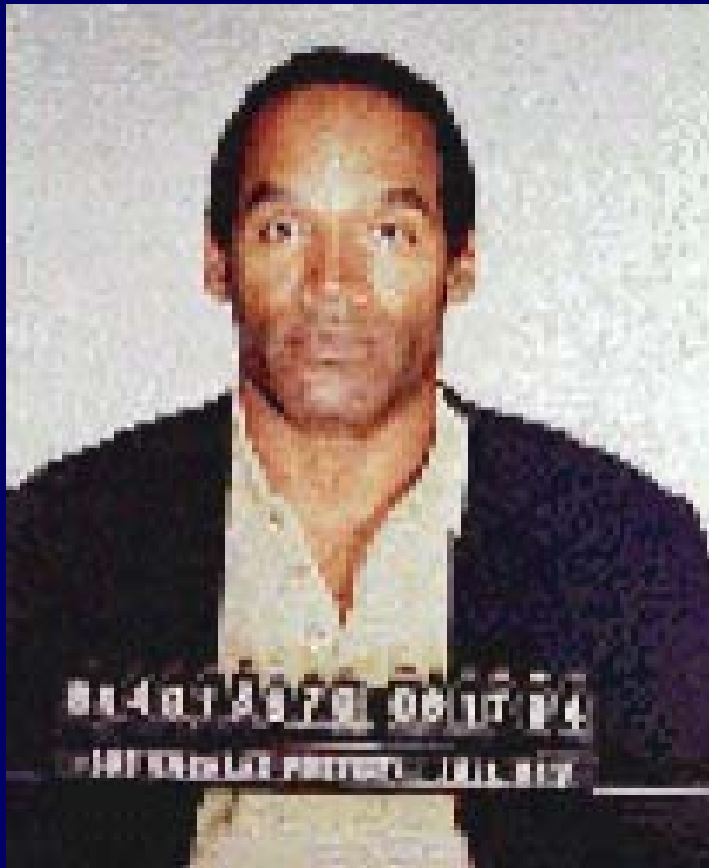
Buckminster Fuller

# Choices

1998 report by the United Nations Development Program  
services in all developing countries:

- \$9 billion would provide water and sanitation
- \$12 billion would cover reproductive health
- \$13 billion basic health for everyone
- \$6 billion basic education for all
  
- Total Military expenditures \$780 billion each year

# Where are we now?



- Self Assessment
- No certified, verified agency
- Control by ignorance
  - Media
  - NGO's
  - Trade Unions
- “Illegality of system”
- Alternatives:
  - Triple P Performance Center
  - CRITICS, FIGS, EPI-Finance, FORGE
  - GRI
    - Too slow for financial sector

# Investors Challenge





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# Legacy?

- Do you or your clients want to support, profit, and facilitate environmental and social destruction?
- Do you or your clients want to support, profit, and facilitate environmental and social restoration?



THE  
STOCK  
MARKET



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# Risk Factors

- Climate Change
- Reputation
- Global poverty
- Social injustice

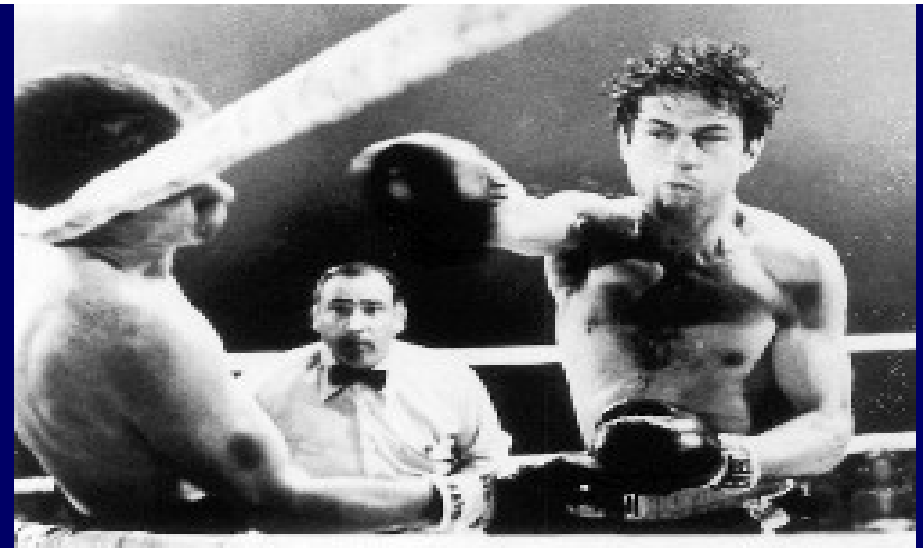
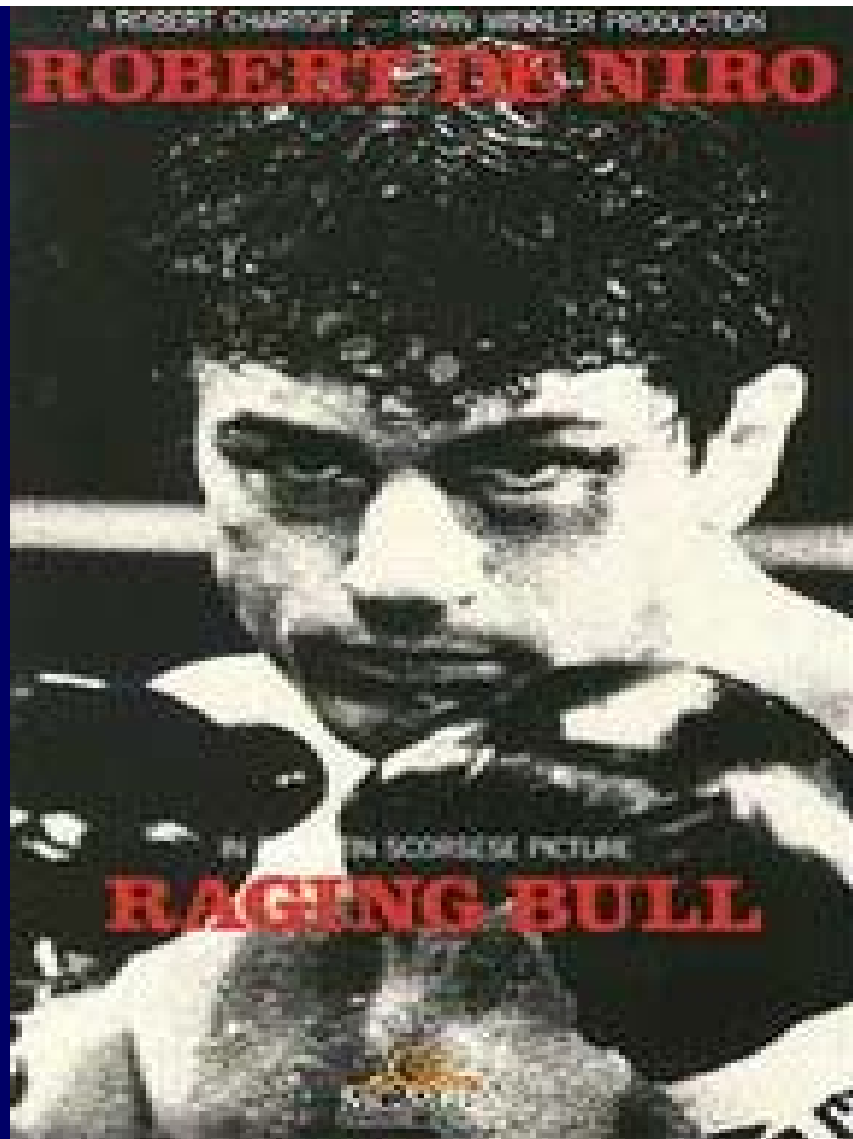
"Be the change you wish to see  
in the world."

Gandhi

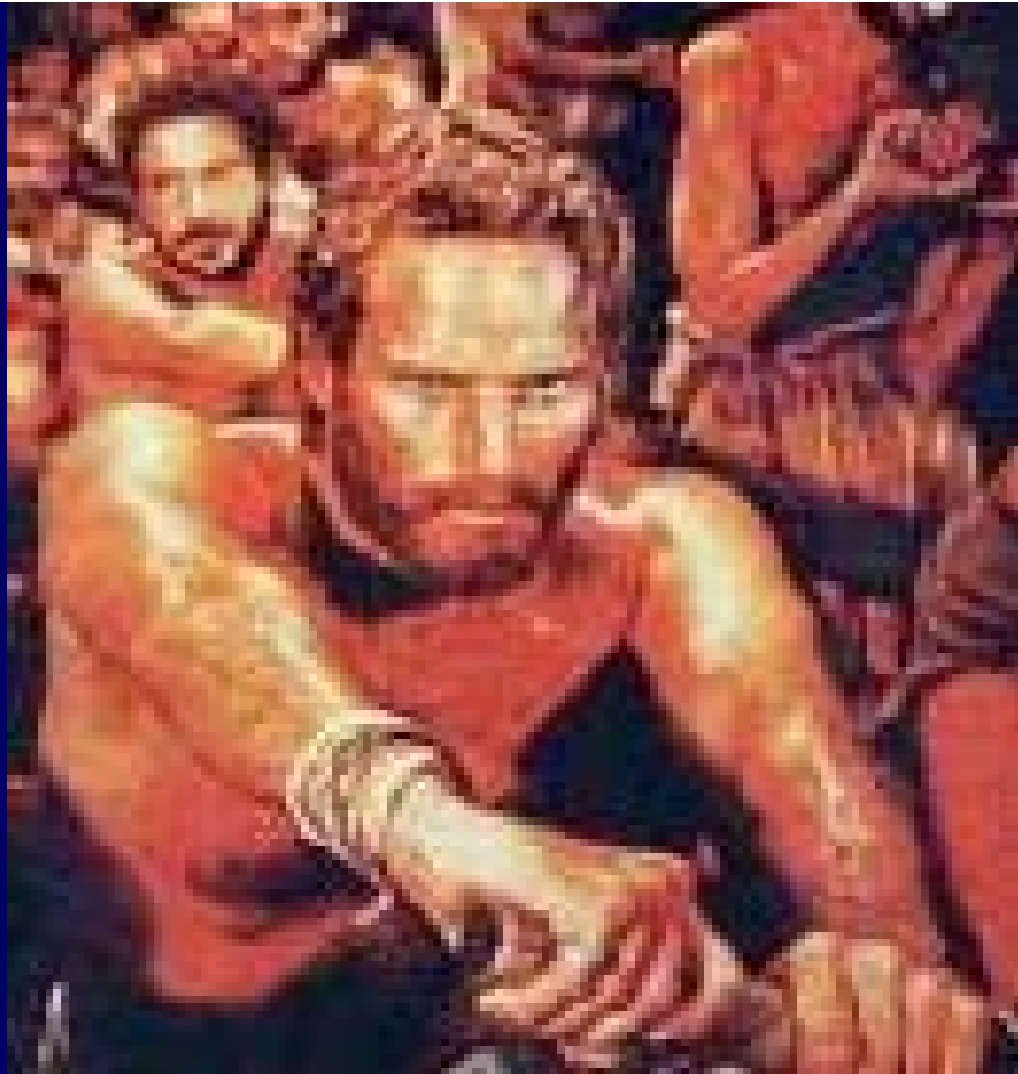


# Triple P Solutions : People





State of the art HRM 1999



State of the art HRM 1960



State of the art HRM na 2000

# Success Factors

Kienbaum study (Germany) :

- Cooperation
  - Companies with co-operation, (communication) had 3.5 x higher financial results .
- Trust
  - Companies with trust (little supervision) performed 2.5 x better.
- Shared values
  - Companies with a meaningful vision (ethics), did 2x better.



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**“You can only get so much productivity  
out of reorganization and automation.  
Where you really get productivity leaps  
is in the minds and hearts of people”**

***Jack Welsh CEO General Electric***

# Triple P Solutions :Planet



## *Nature*

**Earth's ecosystem services valued at \$ 33 trillion. Book value of \$ 500 trillion, and no substitute.**



# Solutions

- ◆ *Natural Capitalism, Amory Lovins and Paul Hawken*
  - **Dramatically increase the productivity of natural resources (Factor 4-100)**
  - **Shift to biologically inspired production, Waste = food**
  - **Move to solutions-based business model. Provide service instead of product**
  - **Reinvest in natural capital. CO2 offset**

# Successful sustainable companies

- **Coors Beer. Massive spin-off due to one beer can.**
- **Kalundborg. Closed loop system.**
- **Interface Carpet. “Drive to zero”.**
- **Mitsubish electric. Recycling leads to knowledge growth.**
- **Safe Chem and Dow Chemical. Leasing chemicals to retain ownership.**
- **Rocky Mt. Institute. Hypercars in public domain**

# Triple P Solutions : Profit



**“No business will survive if not making a profit. But it will neither survive if it will just want to make a profit”**

***Henry Ford***

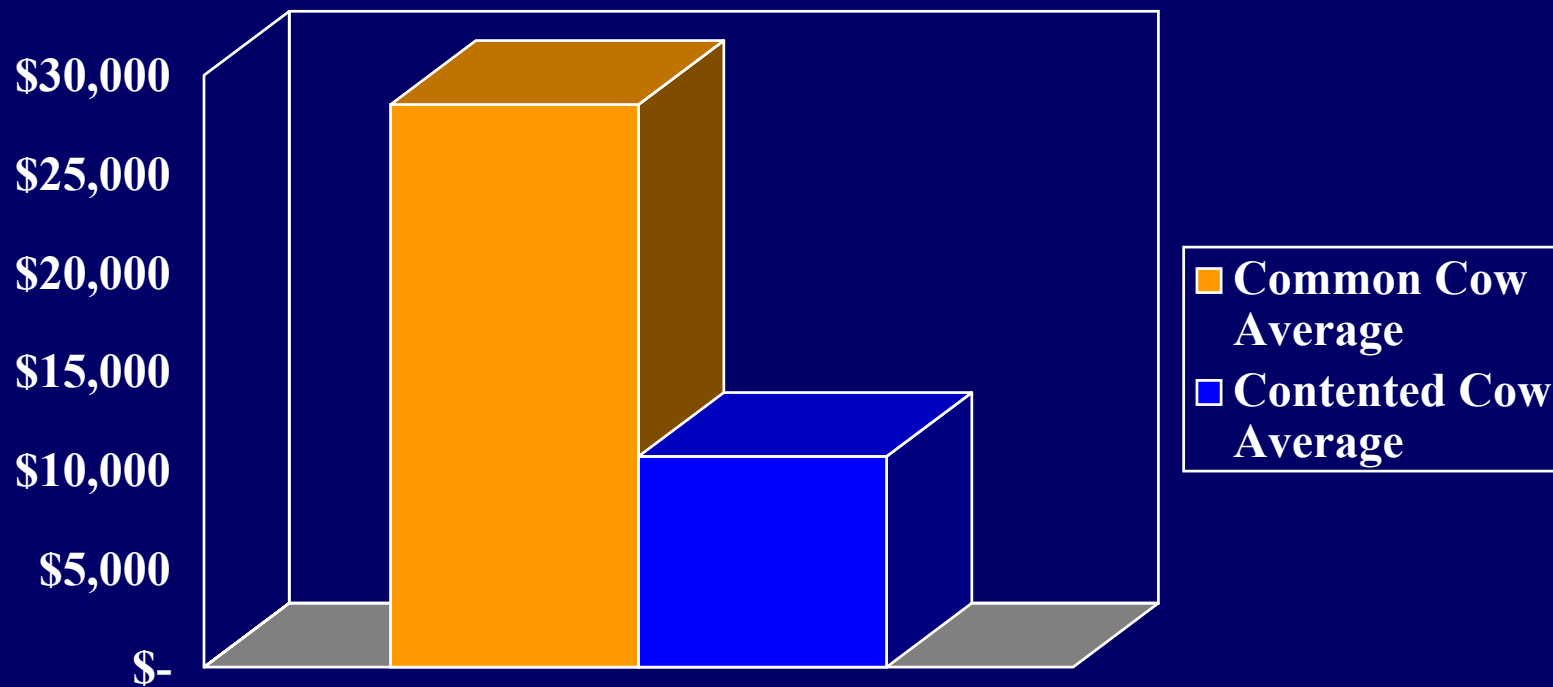
# How is value determined?

- Triple Bottom Line John Elkington
- Social Audit
  - SA 8000
  - Visualizing Intellectual Capital in Skandia
  - Richard Barrett
  - GRI
- Environmental Report
  - “Accreditation” problem
  - New field
  - Little used (investors or companies)

## BMW/Rover

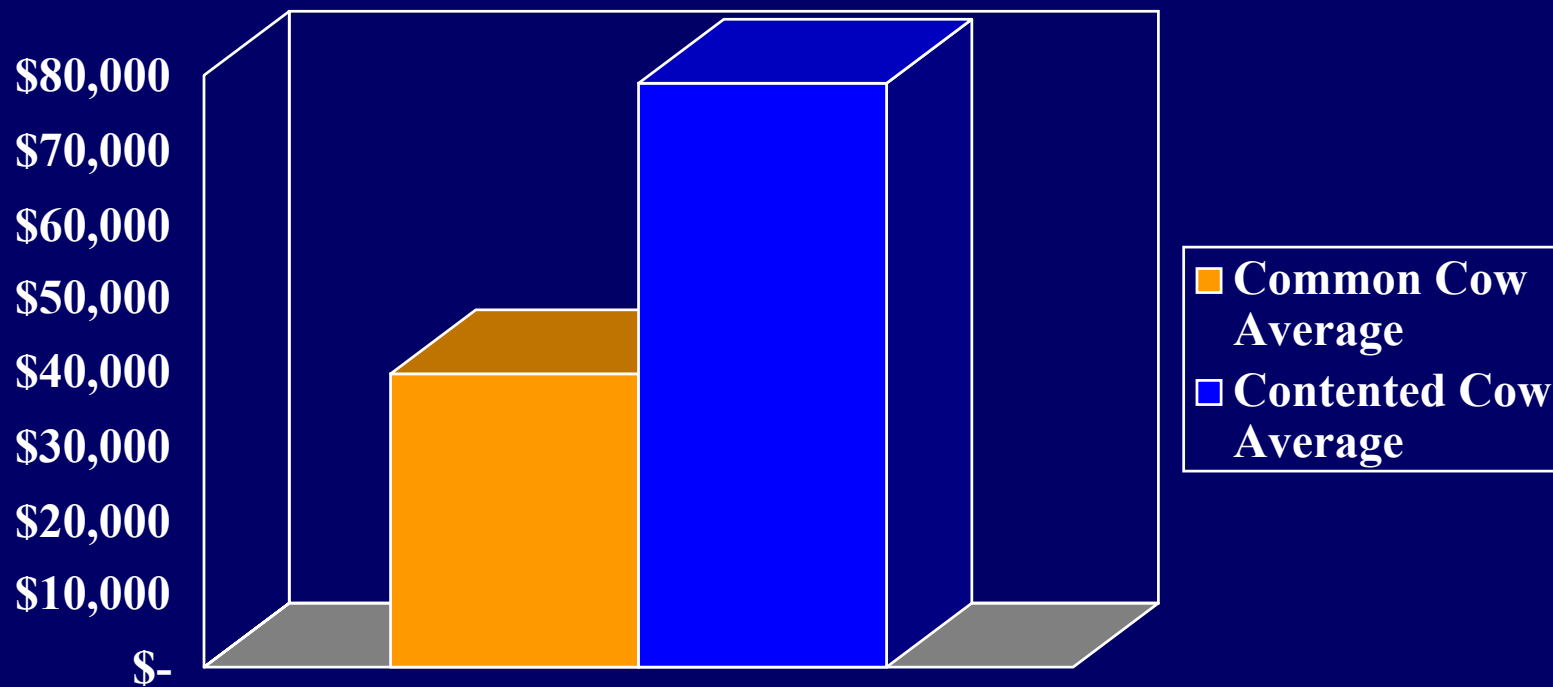
1. Rover \$ 91 million profit
2. After takeover \$ 158 million loss
3. Bankrupt

# 1986 Revenues (\$ Million)



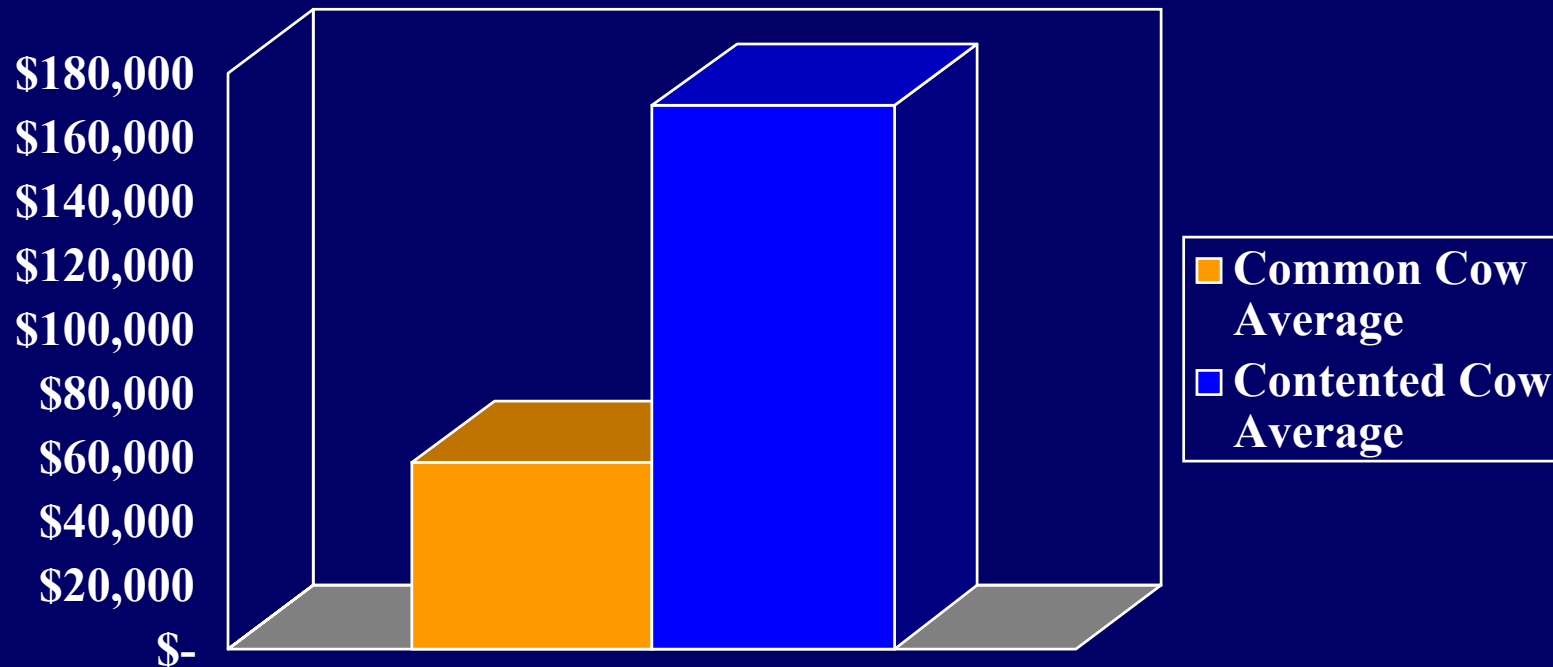
Source: Contented Cows, Catlette & Hadden, 1998

# Total 10 Year Net Income (\$ Million)



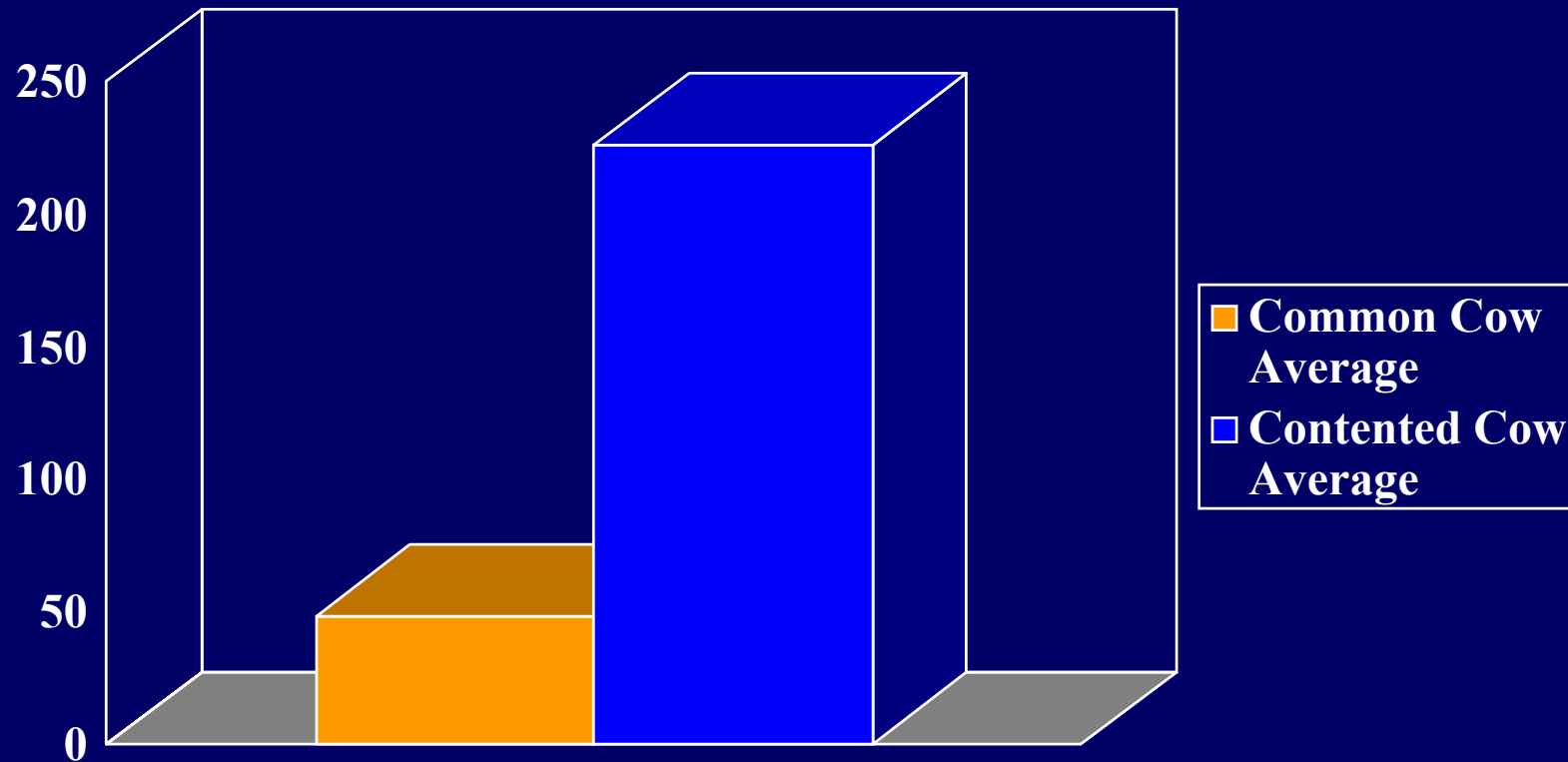
Source: Contented Cows, Catlette  
& Hadden, 1998

# 10 Year Revenue Growth/Employee (Mean)



Source: Contented Cows, Catlette  
& Hadden, 1998

# 10 Year Sales Growth (%)



Source: Contented Cows Give Better Milk,  
Catlette & Hadden, 1998

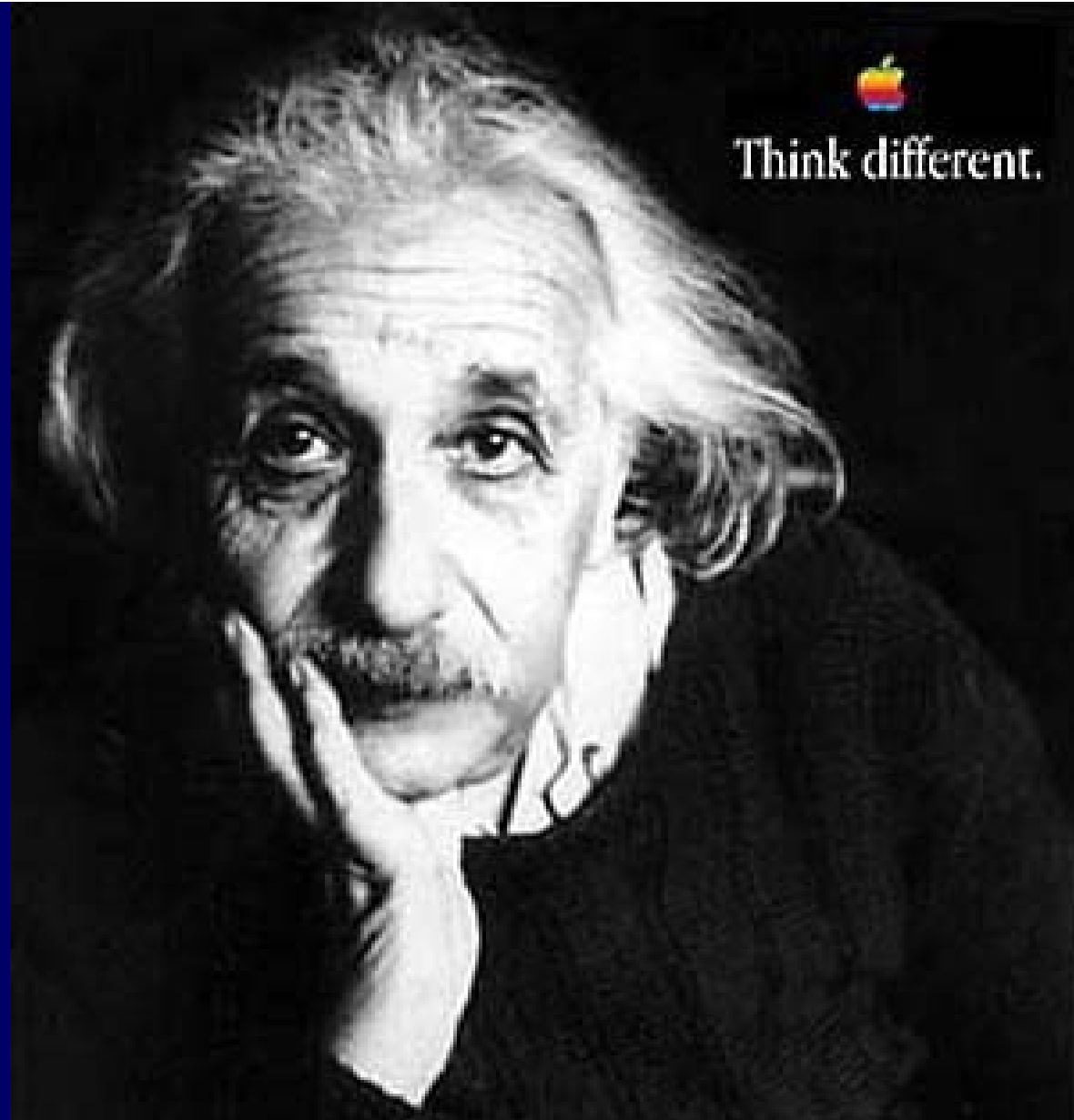
# How good is 3P at creating wealth?

- Kienbaum study (Germany) :
- Performance of Indexes:
  - Domini(USA), NPI Social(UK), ASN(NL), DJSI(Swiss).
  - Good stock picking still important
- Harvard Study John Kottler and James Heskett
  - Stakeholder companies:
    - Sales grew 4x faster
    - Created 8x as many jobs
    - Financial performance:
      - 8x increase in share price
      - 756x greater growth in net income.

Why So Little Demand if 3P  
works?



Think different.



Lack of Knowledge



The Future

# Transparency of Companies



# Let Products Reflect True Cost



# Advantages of Triple Bottom Line (3P)

- Low risks
  - Growth SRI's (\$ 2200 billion in US)
  - Delphi Report
- Better insight health of company.
- Lower recruitment cost. Longer retention.
- Better image (consumer and other stakeholders)
- Improved financial results
- Better Management

## Dark Side of Success

- 14% of Dutch working population WAO
- Health insurance losses
- Global Massive unemployment
- Monumental increase in stress
- Reduction in pleasure
- Collapse of Biosphere I
- Worldwide health problems
- Global poverty
- Impending economic, environmental, social, and cultural bankruptcy

# Threats

- Top 200 corporations = 28% of total World GDP, and employ 18.8 people or less than 1/3 of 1% of world's population.
- Concentration of wealth erodes consumer demand and destabilizes democracies (Mexico, Indonesia, and Russia).
- Delphi Report predicts bankruptcy of re-insurance branch due to climate change.
- Concentration of wealth. World's wealthiest 225 have assets = 2.5 billion poorest
- Assets 3 richest people > GDP of 48 least developed nations
- UK and USA leaders in economic inequality have OECD's shortest life expectancy.

# Threats

- 13 and 18 million people die each year due to starvation
- More than 800 million people are malnourished in the World
- Some 20% of the world's children go without basic immunization
- Over 9 million children die each year from preventable diseases
- Over 500 million people are infected with tropical diseases, such as malaria, sleeping sickness, river blindness, and schistosomiasis, all of which are now preventable.
- Over 18 million people are infected with the AIDS virus.
- More than a billion people lack access to any health care.
- There are 1.75 billion people without adequate drinking water.
- A billion people are without adequate housing, and 100 million are homeless.
- Nearly a billion people, mostly women, are illiterate, and about 130 million children at primary school age and 275 million at secondary level are not enrolled in school.
- There are over 53 million uprooted people or refugees in the World,
- There are over 110 million landmines, killing and maiming over 9,000 children, women and civilians of all ages each year, 1 million since 1975.

*World Game Institute*

# Threats

- The developing World owes \$618 billion to the developed World
- There have been over 123 million people killed in 149 wars since World War II
- Around the planet, 26 billion tons of topsoil are being eroded per year from the world's farmland
- Deserts advance at a rate of nearly 15 million acres per year.
- 10 million acres of rain forest are destroyed annually.
- Over 200 million tons of waste are added to the atmosphere each year.
- Over six billion tons of carbon from fossil fuel burning were added to the atmosphere last year.
- There is a 6 million square mile hole in the ozone layer over Antarctica, and a 4.5 to 5% loss of ozone over the Northern Hemisphere.
- The planet has warmed at least 1° C in the last century, and given the annual carbon, CO<sub>2</sub>, CFC, and methane transmissions into the atmosphere, it will rise another 2.5° to 5.5° in the coming century.
- There are over 31,000 hazardous waste sites in the US alone.
- Europe, Estonia, and Lithuania acid rain has damaged over 122.6 million acres of forest
- There are over 130,000 tons of known nuclear waste in the World, some of which will remain poisonous to the planet for another 100,000 years.

*World Game Institute*



*Dee Hock, founder, CEO emeritus of Visa*

**“Institutions that operate so as to capitalize all gain in the interests of the few, while socializing all loss to the detriment of the many, are ethically, socially and operationally unsound.”**



*John Elkington, Cannibals with Forks*

“Sustainable development involves the simultaneous pursuit of:

economic prosperity

environmental quality

social equity

Companies aiming for sustainability need to perform not against a single, financial bottom line but against *this triple bottom line.*”