

## The Triple Bottom Line

### ***October 2008***

In today's volatile and changing world, how do we measure success? Is it based solely on the health of the bottom line? Governments now recognize that measuring GDP isn't enough to measure the health of a nation. Likewise, today's progressive businesses are coming on board, committing to corporate social responsibility and reporting the triple bottom line (TBL) - economic, environmental and social, or the impact on profit, planet and people. Shareholders and customers are demanding transparency and accountability, while at the same time, businesses are realizing that the health of the bottom line, people and the environment, are truly interconnected.

*"..the days of sustainability reporting being labeled a "niche" are gone. "It is not a niche. The old way of measuring value is becoming irrelevant to the more complete approach to what we really need to understand and track"...Al Gore*

In the case of countries, governments have historically measured economic success using GDP, or Gross Domestic Product. GDP measures the total value of final goods and services produced within a country's borders (regardless who owns the productive asset). GDP has long been criticized as too narrow in scope to measure the true success of an economy, let alone an entire nation. One could argue that proof of this can be seen by examining the United States; real GDP in the US increased at an annual rate of 2.8 percent in the second quarter of 2008<sup>1</sup>, yet their economy is experiencing serious turmoil.

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<sup>1</sup> <http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

Here in Nova Scotia, GPI Atlantic, a non-profit research and education organization, is actively creating a Genuine Progress Index for Nova Scotia. Basically, GPI counts beneficial activities as positive and damaging activities as negative.<sup>2</sup>

As the public and shareholders demand it, the practice of measuring and reporting social and environmental measures is becoming expected from both government departments and businesses.

#### Examples of businesses that practice TBL include:

- **BC Hydro and Power Authority** prepares their annual report in accordance with the Global Reporting Initiative (GRI) new G3 Guidelines.<sup>3</sup> According to the GRI web site: "GRI has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. This framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance."<sup>4</sup>
- **Starbucks** "For an example of how a company clarifies its triple bottom line values, Starbucks' mission statement is a benchmarking model [www.starbucks.com/aboutus/environment.asp](http://www.starbucks.com/aboutus/environment.asp)."
- **Shell** "Transparency is extremely important for any company and something we strive to pursue. There is no doubt of the value of reporting - both in terms of transparency and performance improvement - and that reporting is certainly staying around." Joppe Cramwinckel, Shell
- **Bayer** "People no longer ask 'why' but 'why not' when questioned whether they report." Uwe Brekau, Bayer AG

#### Where can I go to learn more?

If you are interested in reporting the triple bottom line, there are many online resources where you can learn more:

This web site contains links to many resources:

[http://www.hungerfighters.com/WebModules/Main/MO\\_TBL.aspx](http://www.hungerfighters.com/WebModules/Main/MO_TBL.aspx)

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<sup>2</sup> <http://www.gpiatlantic.org/gpi.htm>

<sup>3</sup> <http://www.bchydro.com/info/reports/reports853.html>

<sup>4</sup> <http://www.globalreporting.org/AboutGRI/WhatWeDo/>

