



# EEE replaces AAA

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## The Triple E Strategy: Ethics – Ecology - Economy

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# Content

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2. Ethics
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# 1. The EEE Strategy

(replacing AAA financial performance and credibility standards for companies and countries)

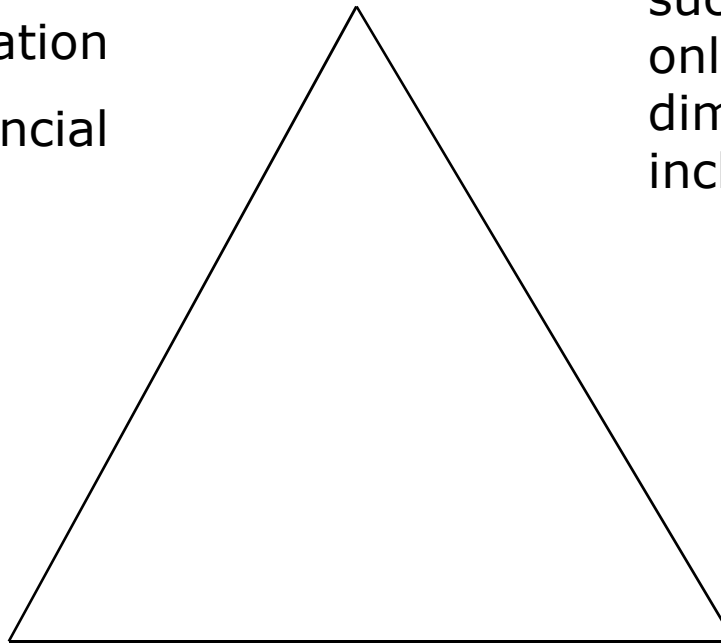
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- Value orientation
- Caring for creation
- Economic/financial sustainability

**Ethics**

Problems can be successfully solved only when all three dimensions are included.

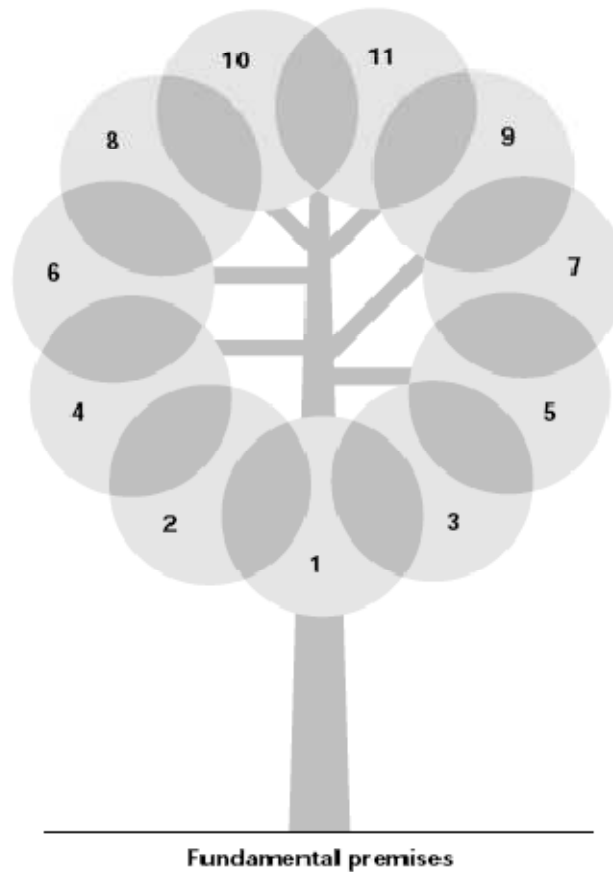
**Ecology**



**Economy**

## 2.1 Ethics: The Tree of Values

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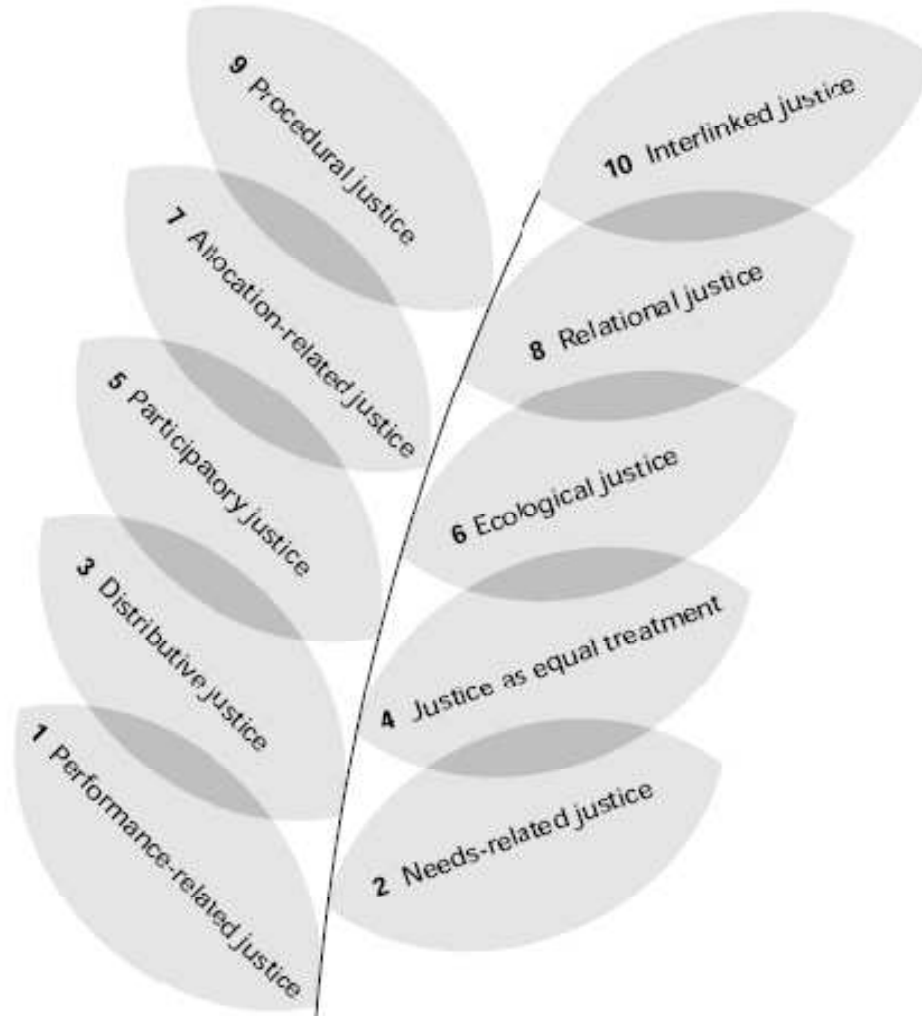
## 2.2 Core Values

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- Justice
- Sustainability
- Freedom
- Responsibility
- Community
- Empowerment
- Participation
- Solidarity
- Peace
- Reconciliation

## 2.3 Example: justice

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## 2.4 Sustainability: caring for creation

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- **Biblical creation story** (The older of the two stories!): “The Lord God took the man und put him in the garden of Eden to till it and keep it.” (Gen 2,15)
- **Swiss Law of Forestry (1818!)**: „Sustainable forestry means to cut in a forest not more timber than what the nature produces in it.“ (Karl Kasthofer)
- **Stückelberger**: Sustainable development enables the present generation to live a life in dignity without endangering the life in dignity of future generations or the non-human environment.



## 3.1 Climate Change: Kyoto is not enough (I)

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- Kyoto Protocol (became effective in 2005) obliges industrial countries to reduce their CO<sub>2</sub> emissions by 5.2 percent compared to 1990 until 2012.
- But fact is: the worldwide CO<sub>2</sub> emissions increased by 27 percent since 1990.





## 3.1 Climate Change: Kyoto is not enough (II)

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- In order to avoid the climate catastrophe, the worldwide CO<sub>2</sub> emissions must be reduced by 50 percent until 2050.
- In order to avoid the climate catastrophe, the industrialised countries must reduce the CO<sub>2</sub> emissions by 30 percent until 2030 and 90 percent by 2050!



## 3.2 Climate Change: KyotoPlus post 2012

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Three additional goals for the Kyoto Protocol after 2012 should be envisaged:

- Climate goals for industrial countries, but (new) also for countries in transition and developing countries;
- One human – one emission right (every human being has the same human rights – also related to CO<sub>2</sub> emissions);
- MDG 9: Reduction of CO<sub>2</sub> emissions as a contribution to poverty alleviation (proposal of Christian Aid to add this as a ninth UN Millennium Development Goal)



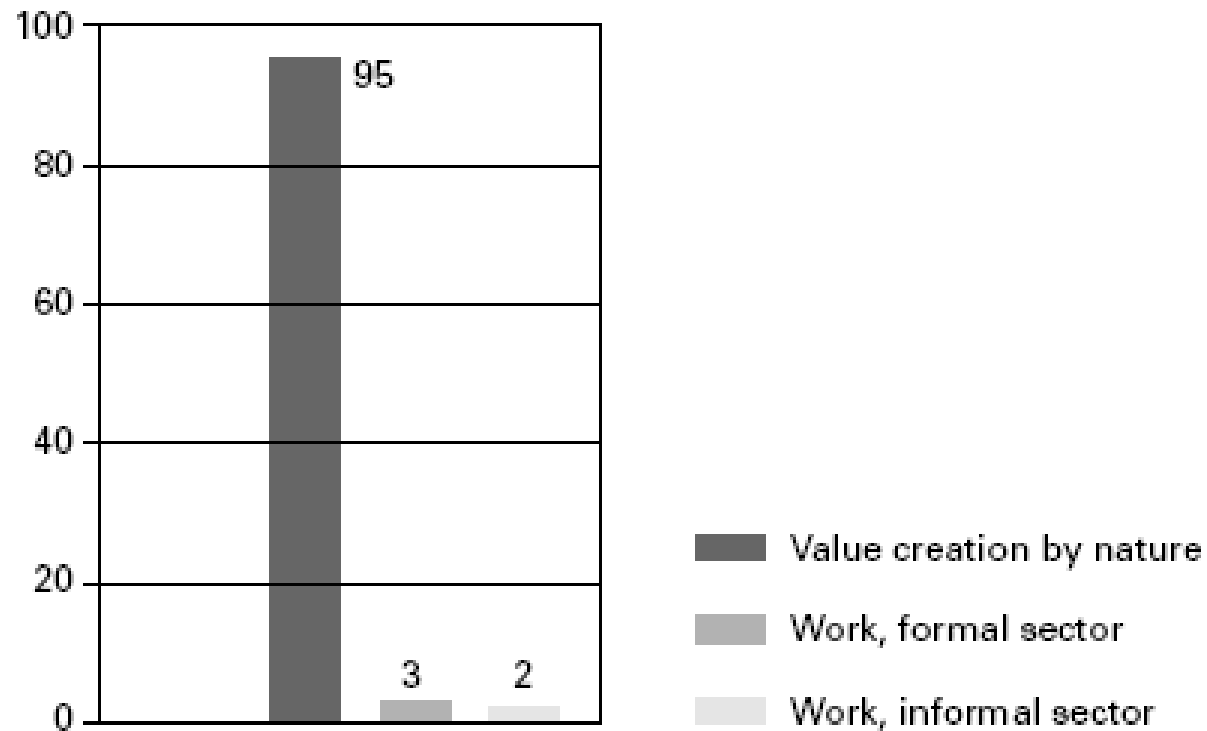
## 3.3 Climate Change: the poor are the first victims

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- The poor are the first victims of the effects of climate change because they do not have the capital to protect themselves from drought, water shortage, storms, economic crises etc.
- Climate Change is already a reality. Financial and political instruments must be found to finance current (not only future) damages! Ethical principle: the polluter have to pay.

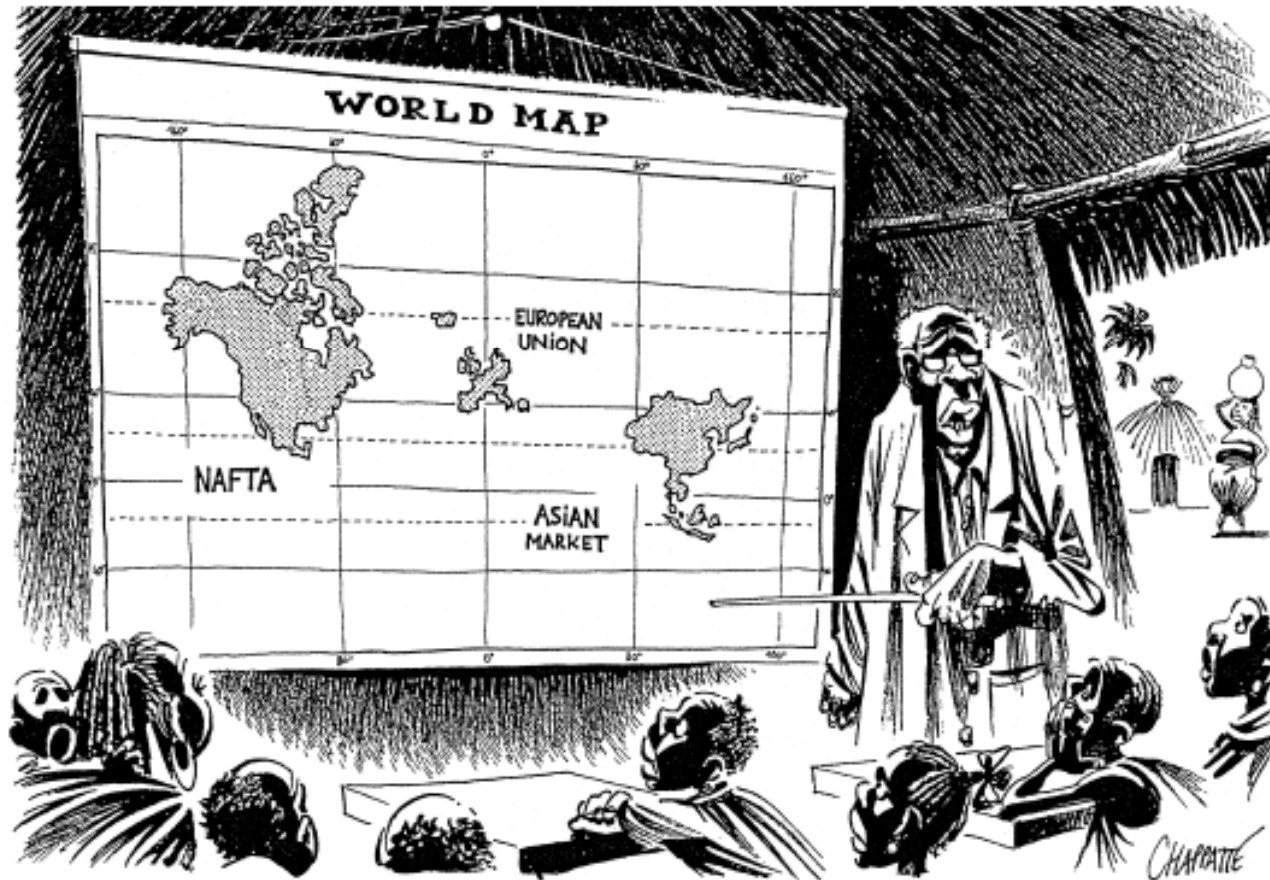
# 4.1 Economy: The productivity of men and nature

Overall value creation in the world in %



Source: Lang 1996

## 4.2 Unfair Trade



Source: Swiss Coalition News 25/2000



## 4.3 Fair Trade

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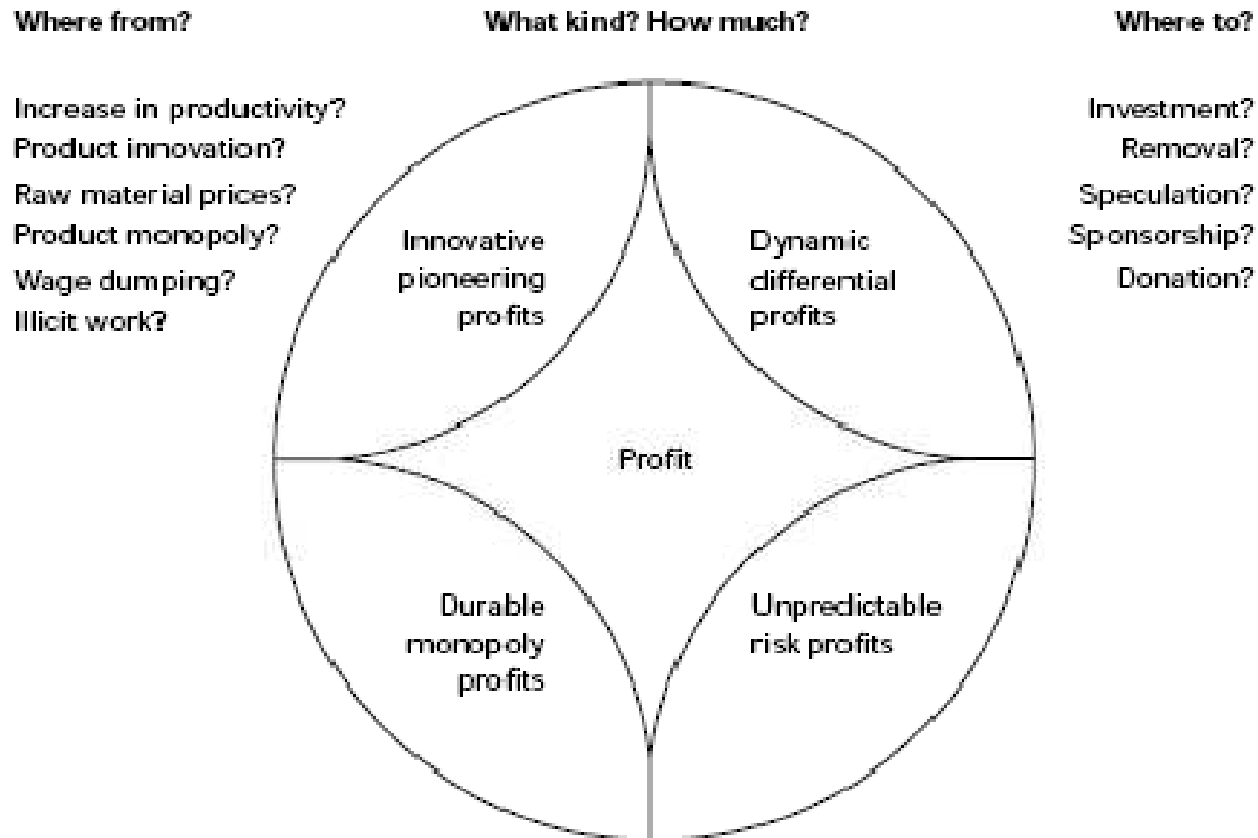
- High quality of products
- Efficiency for increased productivity
- Fair (just) wages
- Fair (just) prices
- Environmentally sustainable production and distribution methods
- Respecting cultural diversity

## 4.4 Fair wages and prices

Max Havelaar terms and conditions		Conventional terms and cond.		Diff.
per kg in CHF		per kg in CHF		
- Max Havelaar small farmer	3.30	- Non-organized small farmer	1.69	49%
- Max-Havelaar cooperative (domestic transport, investments)	1.42	- Intermediate trade (expenditure and profits)	1.12	100%
- <b>FOB price</b>	<b>4.72</b>		<b>2.81</b>	40%
- Maritime transport and insurance	0.25		0.25	
- <b>Costs, raw coffee, to port in Europe</b>	<b>4.97</b>		<b>3.06</b>	38%
- Customs and import duties	1.00		1.00	
- Roasting loss ≈ 15%	0.90		0.61	
- Roasting and packaging	2.90		2.90	
- <b>Cost price</b>	<b>9.76</b>		<b>7.57</b>	22%
- Trade: storage, distribution, advertising, taxes, margin	6.00		6.00	
- Max Havelaar licence fee	0.33		0.00	
- <b>Final selling price, shop (large-scale Swiss distributor)</b>	<b>16.10</b>		<b>13.60</b>	16%

# 4.5 Fair profit

## Four fundamental ethical questions regarding profit







## 4.6 Credibility: zero tolerance against corruption

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- Corruption is the abuse of public or private power for personal interests.
- There is no ethical justification for corruption. The Bible nor any holy text of world religions justify corruption. The Bible and Koran in many texts denounce it because corruption deprives the poor from his/her rights (Ex. 23.3)
- The credibility of every human being, especially leaders in all sectors of society, is the highest good for a person. The price for the reputation risk by corrupt behaviour is too high.



## 4.7 ROE: Return on Ethics

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- ROI (Return on Investments) is what investors are interested in: how much profit do I get from my investments?
- ROE means: Ethics pay! Morals bring capital. There is a manyfold return: the EEE Strategy is financially profitable (good performance of Socially Responsible Investments SRI and Ethics Funds), brings advantages to the poor and to the creation, gives a good conscience etc.



## 4.8 Why ethics pay off

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- Higher stability/lower corporate risks (security gain);
- lower interaction and friction costs, e.g. through strikes, crime, monitoring costs, environmental damage (productivity gain);
- higher productivity through the identification of personnel with the company and through lower fluctuation (motivation gain);
- strategy with a long-term basis (sustainability gain);
- higher consumption of ethically produced goods (turnover gain);
- advantages on the capital market with ratings (capital gain);
- wider acceptance among stakeholder groups (image gain);
- in the long term, lower external and environmental costs (economic gain).



## 5.1 The EEE Stakeholder Cooperation

- The different sectors of society (stakeholders) engaged in EEE strategy should cooperate and build coalitions in order to get a strong voice. Churches/religious communities have to play an important role in society – under the condition that they clean also their own house.



## 5.2 The good Steward: the personal committment

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- EEE Leadership means good stewardship (read Luke 12,42-48): The good steward (manager) serves, cares, guides, orders, protects, shares.
- „In god we trust, all others we audit“(ECLOF Kenya): trust grows by transparent audit/control.
- Human sin: every power can be abused, every power needs to be supervised. I need to be supervised.



## 6.1a The EEE Code of Leadership

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- Responsible Leadership of individuals and institutions can be measured with indicators as it is done with indicators for Socially Responsible Investments SRI, Fair trade Criteria, Good Governance Criteria etc.
- An EEE Code of Leadership should be developed for Individuals as for Institutions, on the basis of existing Codes of Ethics and Codes of Transparency.



## 6.1b The EEE Code of Leadership

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2. ....
3. ....
4. ....
5. ....
6. ....
7. ....
8. ....
9. ....
10. ....



## 6.2 The EEE Award

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Proposal: Experts develop criteria to measure EEE behaviour on the basis of the EEE Code of Leadership. They build the Kenyan EEE Award Committee:

-  The EEE Award is given by a church (or by NCCK?) each year to a parish which best fulfills the EEE criteria.
-  The EEE Award is given by the parish council each year to a parish member which best fulfills the EEE criteria.





## 6.1b The EEE Code of Leadership

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As a leader I'm committed to be a good steward

1. to serve, to care, to protect, to guide, to order, to share;\*
2. to care for creation and its limited natural resources;
3. to be transparent and corruption-free in procedures, decisions and management of resources;
4. to give precedence to the interest of the entrusted community over personal interest;
5. to apply double signature for all financial transactions
6. ....
7. ....
8. ....
9. ....
10. ....

\* (Lk 12,42-48)