Vital Capitals
and the Triple Bottom Line

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Vital Capitals and the TBL*

Vital Capitals		
Human	***Internal Economic*** *Financial &* *Non-Financial*	***Natural*** *Natural Resources &* *Ecosystem Services*
Social & Relationship		
Constructed	***External Economic*** *Financial &* *Non-Financial*	
Social Bottom Line	Economic Bottom Line	Environmental Bottom Line

*Source: Thomas & McElroy LLC

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Vital Capital Definitions*

Natural Capital

- Natural Resources

Consists of air, land, water, minerals, flora, fauna, ecosystems and other natural material resources that humans and non-humans alike rely on for their well-being.

- Ecosystem Services

Consists of services or functions provided by ecosystems that humans and non-humans alike rely on for their well-being. Examples include climate regulation.

Human Capital

Consists of knowledge, skills, experience, health, values, attitudes, motivation and ethical entitlements of individuals. This therefore includes the intellectual capital held at the level of the individual.

*Source: Thomas & McElroy LLC

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Vital Capital Definitions (cont.)*

Social & Relationship Capital

Consists of teams, networks and hierarchies of individuals working together and their shared knowledge, skills, experience, health, values, attitudes, motivation and ethical entitlements. This therefore includes the shared intellectual capital of the group. Groups may be wholly internal to an organization, external to an organization, or inter-organizational, and may or may not be controlled by the organization of interest. They may be physical groups, virtual groups or blends of both.

Constructed Capital

Consists of material objects, systems or ecosystems created and/or cultivated by humans, including the functions they perform. It is the world of human artifacts and the functions or services they provide, in which other capitals will usually be embedded, although in modified or designed forms. It is the world of human design.

*Source: Thomas & McElroy LLC

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Vital Capital Definitions (cont.)*

Internal Economic Capital

- Financial

Consists of the pool of funds available to an organization, including debt and equity finance. This description of financial capital focuses on the source of funding, (liabilities on the balance sheet) rather than its application, which usually results in the acquisition of assets such as land, buildings, plant and inventories or other forms of capital (e.g., intellectual property).

- Non-Financial

Consists of net assets not recognized in internal financial capital. This category captures assets pertaining to an organization that are not recognized as financial capital. They may or may not be monetized and reflected in the *Financial* category. An example is the value of brands that have been developed organically internally, but not recognized in the financial accounts.

*Source: Thomas & McElroy LLC

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Vital Capital Definitions (cont.)*

External Economic Capital

- Financial

Consists of all financial funds available to all parties outside an organization. MCS takes account of the impact an organization has (or should have) on the financial capital of entities other than the reporting entity itself. For example, an investment in a factory, outlet or warehouse may reduce the financial value of other owners' properties in the vicinity. Impacts, too, may impose costs on society, such as the healthcare or municipal costs of dealing with an adverse impact on the environment.

- Non-Financial

Consists of externally held capitals of a non-financial nature, which nevertheless have economic value to others.

*Source: Thomas & McElroy LLC

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