



**Future-Fit**  
Business Benchmark

# How to identify the most material issues for a comprehensive plan for sustainability

6 October 2019

**Copyright © Future-Fit Foundation, 2019**

Future-Fit Foundation creates free tools to help companies and investors respond to today's biggest challenges in ways that create long-term value for themselves and society as a whole.

# Agenda



<b>1500 – 1525</b>	<b>An introduction to Future-Fit</b>
<b>1525 – 1600</b>	<b>The Future-Fit Health Check</b>
<b>1600 – 1610</b>	<b>Getting involved with Future-Fit</b>
<b>1610 – 1615</b>	<b>Any remaining questions</b>



# Future-Fit Foundation

We translate systems science  
into free tools to help  
companies and investors  
respond effectively to  
today's biggest challenges



What is future-fitness?

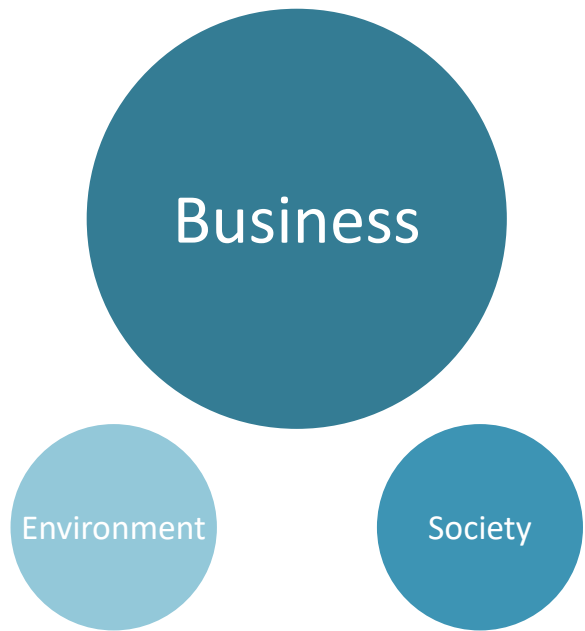
A **Future-Fit<sup>®</sup>** Society will protect the possibility that humans and other life can flourish on Earth forever.

Environmentally restorative

Socially just

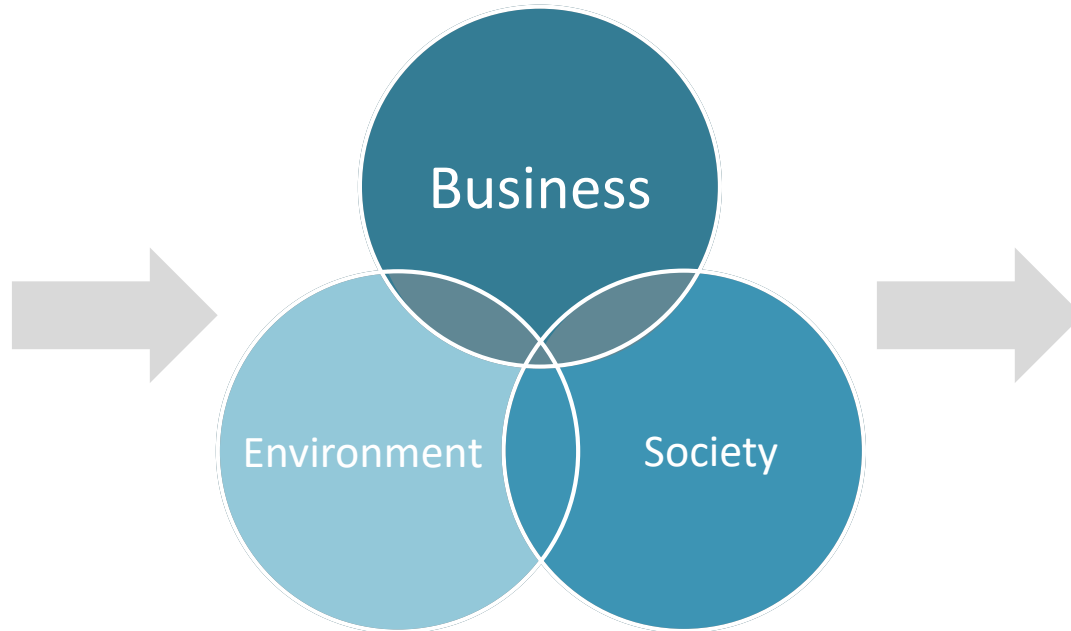
Economically inclusive

# We must rethink what we mean by “value creation”



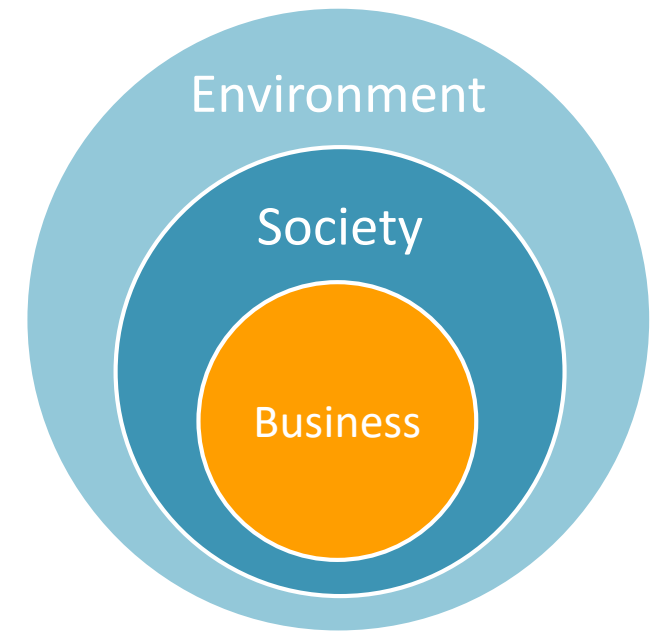
## Shareholder Value

Financial returns are all that matters: companies privatize gains and externalise losses



## Shared Value

Business comes first: negative impacts are often not sufficiently internalised – or are justified – by ‘doing good’ elsewhere

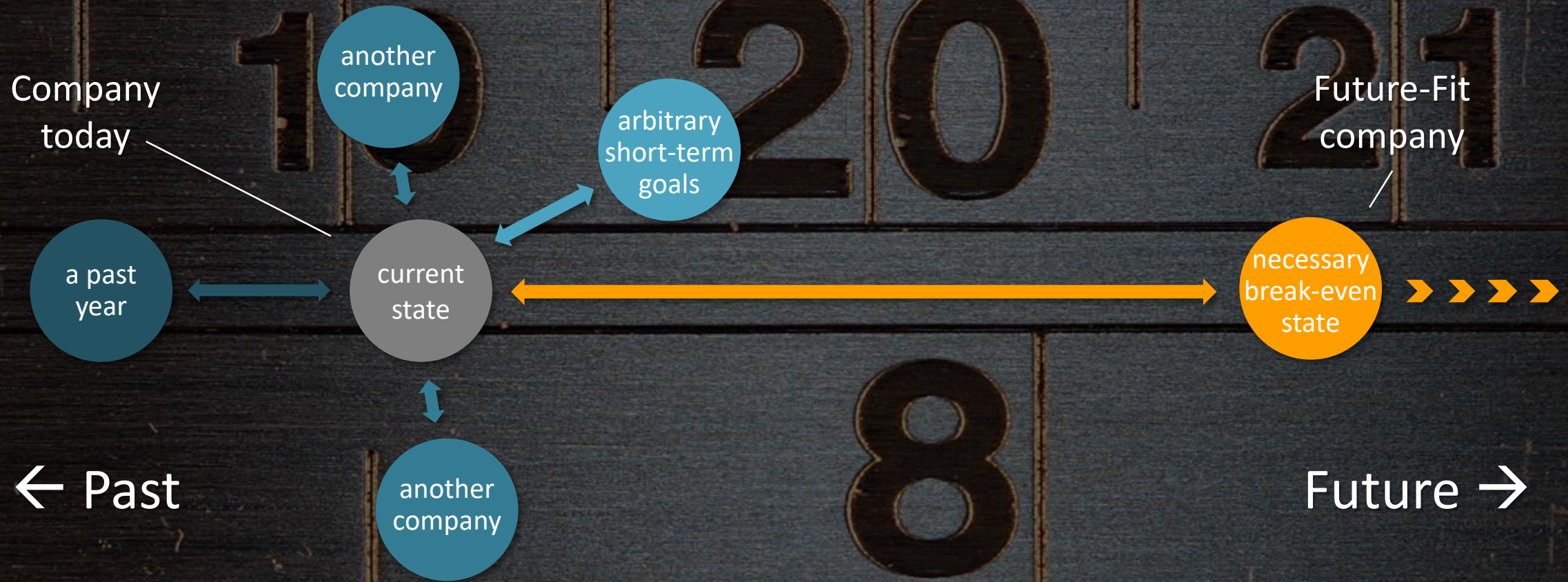


## System Value

Business addresses societal challenges in a holistic way, while not hindering progress toward a future-fit society



# To measure what matters we need a new benchmark...



Assessing company performance relative to a past year doesn't tell us where it is going

A focus on best practice by sector (e.g. current ratings) only drives a race to be 'least bad'

Progress toward short-term goals matters only if they contribute to the right long-term aims

For the full story we must assess progress toward and beyond an **extra-financial break-even point**

# What would a Future-Fit Society look like?

*Environmentally restorative, socially just, economically inclusive...*

People have the capacity and opportunity to lead ***fulfilling lives***

Our ***physical presence*** protects the health of ecosystems and communities

***Natural resources*** are managed to safeguard communities, animals and ecosystems

The environment is free from ***pollution***

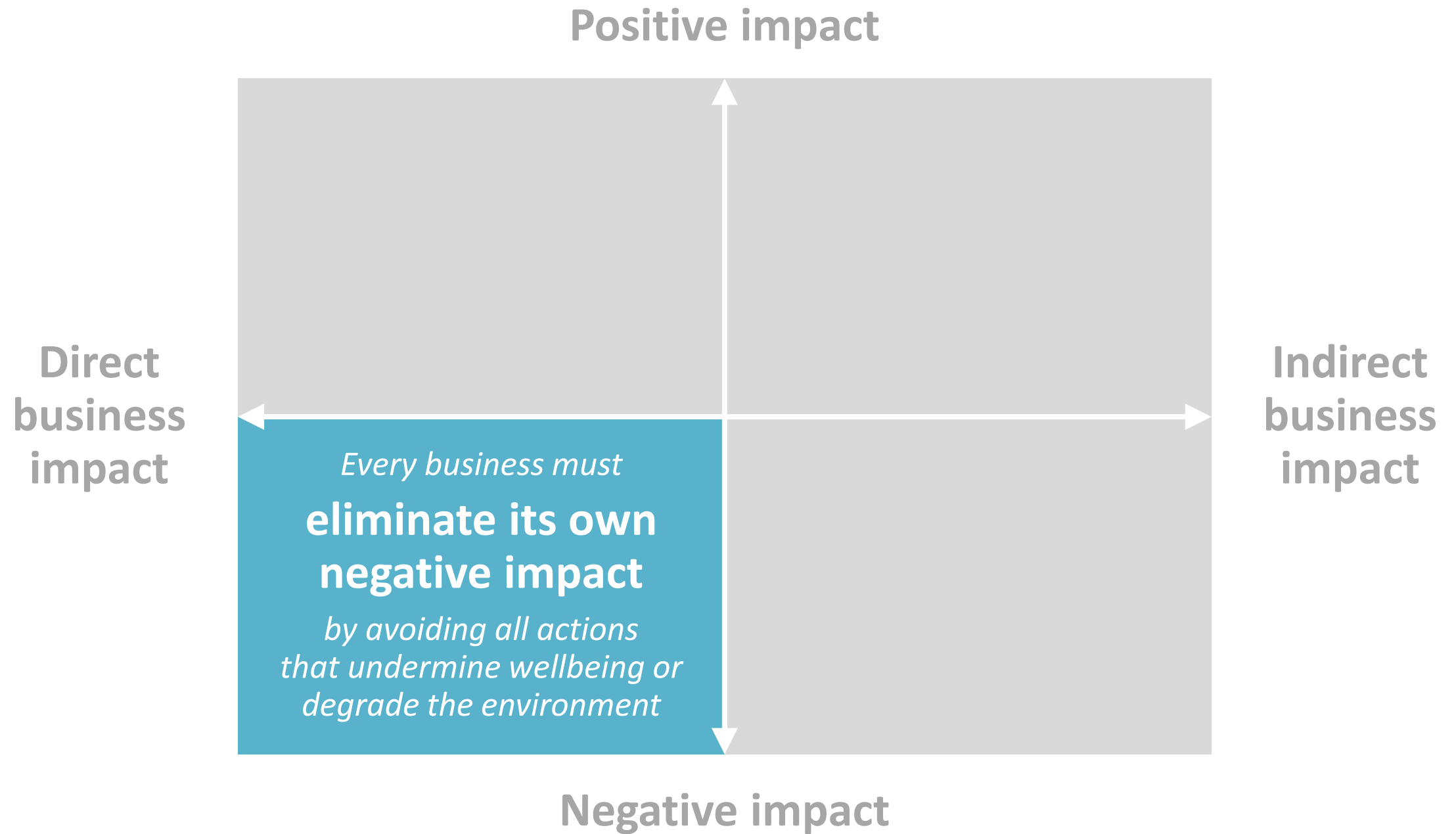
***Energy*** is renewable and available to all

***Water*** is responsibly sourced and available to all

***Waste*** does not exist



Social norms, global governance and economic growth  
**drive** the pursuit of future-fitness







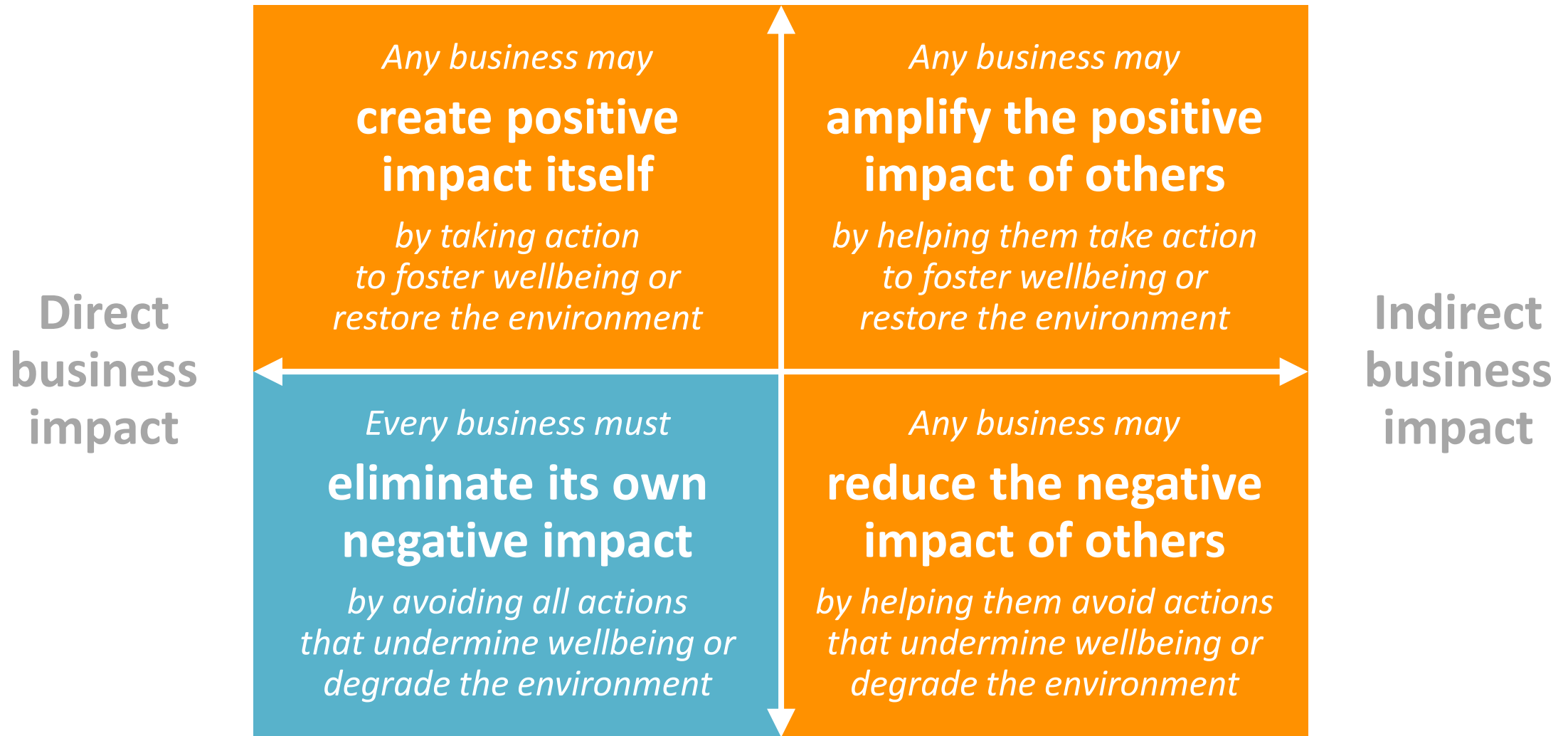
**Future-Fit**  
Business Benchmark

## Break-Even Goals

What every company  
*must* strive to do  
*to avoid slowing down*  
society's progress  
toward future-fitness

Energy	Energy is from renewable sources
Water	Water use is environmentally responsible and socially equitable
Natural Resources	Natural resources are managed to respect the welfare of ecosystems, people and animals
Pollution	Operational emissions do not harm people or the environment
	Operations emit no greenhouse gases
	Products emit no greenhouse gases
	Products do not harm people or the environment
Presence	Operations do not encroach on ecosystems or communities
Waste	Operational waste is eliminated
	Products can be repurposed
People	Community health is safeguarded
	Employee health is safeguarded
	Employees are paid at least a living wage
	Employees are subject to fair employment terms
	Employees are not subject to discrimination
	Employee concerns are actively solicited, impartially judged and transparently addressed
	Product communications are honest, ethical, and promote responsible use
	Product concerns are actively solicited, impartially judged and transparently addressed
Drivers	Procurement safeguards the pursuit of future-fitness
	Financial assets safeguard the pursuit of future-fitness
	Lobbying and corporate influence safeguard the pursuit of future-fitness
	The right tax is paid in the right place at the right time
	Business is conducted ethically

Positive impact



Negative impact



**Future-Fit**  
Business Benchmark

## Positive Pursuits

What any company  
*may choose to do*  
*to help speed up*  
*society's progress*  
toward future-fitness

Energy	Others <b>depend less on non-renewable energy</b>
	More people have <b>access to energy</b>
Water	Others <b>contribute less to water stress</b>
	More people have <b>access to clean water</b>
Natural Resources	Others <b>depend less on inadequately-managed natural resources</b>
Pollution	Others generate <b>fewer greenhouse gas emissions</b>
	<b>Greenhouse gases are removed</b> from the atmosphere
	Others generate <b>fewer harmful emissions</b>
	<b>Harmful emissions are removed</b> from the environment
Presence	Others cause <b>less ecosystem degradation</b>
	<b>Ecosystems are restored</b>
	Others cause <b>less damage to areas of high social or cultural value</b>
	<b>Areas of high social or cultural value are restored</b>
Waste	Others generate <b>less waste</b>
	<b>Waste is reclaimed</b> and repurposed
People	More people are <b>healthy and safe from harm</b>
	<b>People's capabilities</b> are strengthened
	More people have <b>access to economic opportunity</b>
	<b>Individual freedoms are upheld</b> for more people
	<b>Social cohesion</b> is strengthened
Drivers	<b>Governance</b> is strengthened in pursuit of future-fitness
	<b>Infrastructure</b> is strengthened in pursuit of future-fitness
	<b>Market mechanisms</b> are strengthened in pursuit of future-fitness
	<b>Social norms</b> increasingly support the pursuit of future-fitness

Positive impact

Direct  
business  
impact

Act to  
remove GHGs from  
the atmosphere

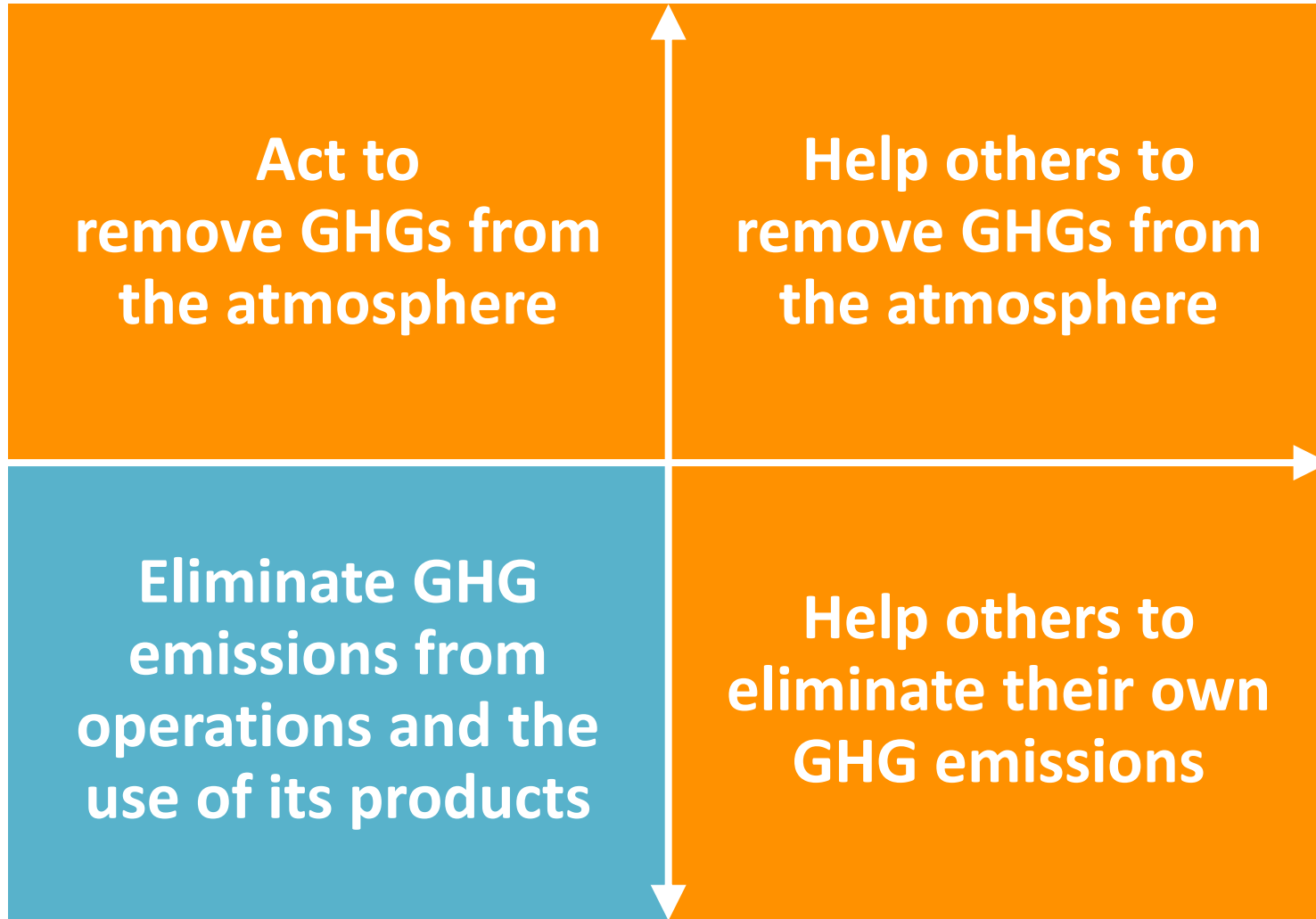
Help others to  
remove GHGs from  
the atmosphere

Indirect  
business  
impact

Eliminate GHG  
emissions from  
operations and the  
use of its products

Help others to  
eliminate their own  
GHG emissions

Negative impact



# How are corporates using Future-Fit?



*thl* – world's first Integrated Report by a listed company



Novo Nordisk – world's first full Benchmarking by a listed company  
(*pending*)



LD Pensions – world's first Future-Fit investment mandate

# Agenda



1500 – 1525	An introduction to Future-Fit
1525 – 1600	The Future-Fit Health Check
1600 – 1610	Getting involved with Future-Fit
1610 – 1615	Any remaining questions



## Assessment methodology: Overview

### The Future-Fit Health Check is a three-step process...

- The result is **a perspective on a company's commitments and trajectory toward future-fitness** – not a 'moment-in-time' performance snapshot.
- This assessment **takes into account publicly available documents** only.
- **We intentionally play devil's advocate**, flagging issues most likely to be raised by external stakeholders if they were to assess your ambitions and activities.

## Step 1. Assess the attention required for each Break-Even Goal

This assessment determines, based on the industry's typical activities, how much attention should be paid to each of the Break-Even Goals:

SCORING	DEGREE OF NEGATIVE SOCIETAL IMPACT	DISRUPTION RISK TO THE BUSINESS FROM INACTION	DIFFICULTY LEVEL OF MEETING GOAL	Attention required
1	<b>Minor negative impact</b> e.g. business growth would likely result in little or no additional harm	<b>Minor risk</b> e.g. may result in some reputational damage or regulatory problems	<b>Minor difficulty</b> e.g. requires changes to internal policies and/or systems	= 3 – 4 Lower
2	<b>Significant negative impact</b> e.g. business growth would cause additional but moderate levels of harm	<b>Significant risk</b> e.g. may disrupt license to operate, resilience, and/or revenue streams	<b>Significant difficulty</b> e.g. requires changes to products, core processes, and/or business models	= 5 – 6 Medium
3	<b>Major negative impact</b> e.g. business growth would cause irreversible, ongoing, and/or high levels of harm	<b>Major risk</b> e.g. may undermine long-term viability of business.	<b>Major difficulty</b> e.g. requires regulatory changes or technological breakthroughs	= 7 – 9 Higher

## « BE02: Water use is environmentally responsible and socially equitable

A Future-Fit Business protects freshwater resources by minimizing water consumption in its commercial and industrial activities, and by ensuring its discharges do not degrade the water quality of receiving watersheds.

WEIGHTING	IMPACT INTEGRATION	DISRUPTION POTENTIAL	GOAL DIFFICULTY
1			
2	X	X	
3			X

### Priority – Highest

Water is an important input into the pharmaceutical manufacturing process. After use, pharmaceutical companies typically discharge water back into local basins. If wastewater is not properly treated it can negatively impact the ecosystem into which it is discharged.

**Impact integration:** Pharmaceuticals are produced globally including, in many cases, in regions of water stress (e.g. ref.1). Furthermore, wastewater discharges, if not properly treated, have a significant impact on local ecosystems (ref.2 & 3). This is likely to be a particular problem in regions where there are looser controls on water discharges (i.e. China and India).

**Disruption potential:** The production of pharmaceuticals generally relies on water as an input. Continued water extraction in regions of water stress could exacerbate the problem which, in turn, could reduce the availability of water in the future. As regulation tightens, continued discharge of poorly treated wastewater could lead to fines being levied at companies.

**Goal difficulty:** Regulation is mostly supportive of effective wastewater management and technologies are generally available to ensure that water is returned to the basin in the same state that it was extracted. However, some ingredients are difficult to identify and may, unintentionally, be returned to the water basin. Furthermore, it is unclear what the alternatives are to sourcing water in stressed regions.





# Step 2: Assess alignment between current ambitions and Break-Even Goals

The second step is to determine how well the company’s existing publicly-stated commitments are aligned with the Break-Even Goals, as follows:

ALIGNMENT OF CURRENT AMBITIONS	ALIGNMENT LEVEL
<p><b>No Alignment</b></p> <p>Current commitments in this area either do not exist, or are insufficiently aligned with critical requirements for the company to reach future-fitness.</p>	Weak
<p><b>Some Alignment</b></p> <p>Current commitments are somewhat aligned with future-fitness, but serve only as a partial step toward them (e.g. targets are relevant only to parts of the business).</p>	Partial
<p><b>Full Alignment</b></p> <p>Current commitments are closely aligned with critical requirements, and – assuming actions live up to stated ambitions – are sufficient to reach future-fitness.</p>	Full

# Step 3: Identify potential actions to start closing important gaps

The third step involves reviewing the outcomes of steps 1 and 2, to identify key actions to take, with a view to getting on a clear trajectory toward future-fitness.

ATTENTION REQUIRED TO ACHIEVE FUTURE-FITNESS	ATTENTION LEVEL
<b>Maintain course</b> Continue taking action in pursuit of existing ambitions, which are on a trajectory to future-fitness.	
<b>Adjust course</b> Make minor modifications (e.g. to processes, policies, metrics, short-term targets) to improve alignment.	
<b>Correct course</b> Close knowledge gaps and revisit existing commitments to identify how ambitions and actions should change.	
<b>Plot a new course</b> Explore changes to the core business (e.g. model, processes, products) to ensure future-fitness is achievable.	

# Applying the Future-Fit Health Check

In groups of 3-4 people, use the Future-Fit Health Check framework to answer two questions about one of three imaginary companies:

- 1. What prioritisation would you give for each of the assigned goals?
- 2. Which Future-Fit Break-Even Goals do you think are most likely to be being breached?

ACME Mines	ACME Pharmaceuticals	ACME Food
BE08: Operational Encroachment	BE01: Renewable energy	BE02: Water Use
BE10: Employee Health	BE11: Living Wage	BE04: Procurement
BE23: Financial assets	BE17: Product Harm	BE21: Right Tax

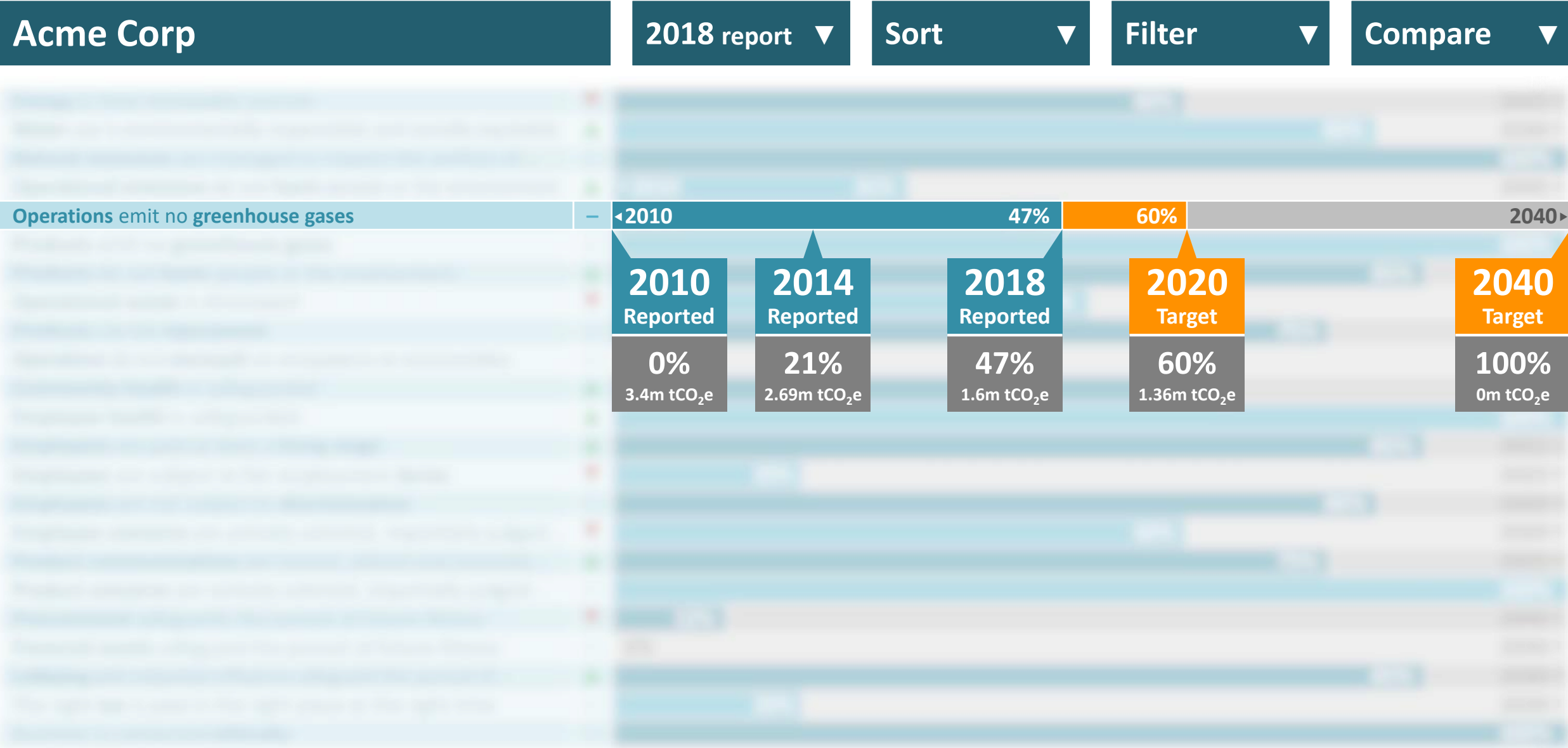


Future-Fit Break-Even Goals		Attention Required				Alignment of Ambitions		Action Needed	
		Lower	Medium	Highest					
FF01: Renewable Energy	>>		X		>>	Partial	>>	<div><div></div><div></div><div></div><div></div><div></div></div>	>>
FF02: Water Use	>>		X			Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF03: Natural Resources	>>	X				Full		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF04: Procurement	>>			X	>>	Partial	>>	<div><div></div><div></div><div></div><div></div><div></div></div>	>>
FF05: Operational Emissions	>>	X				Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF06: Operational GHGs	>>			X		Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF07: Operational Waste	>>		X			Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF08: Operational Encroachment	>>	X				None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF09: Community Health	>>		X			Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF10: Employee Health	>>	X				Full		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF11: Living Wage	>>	X				None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF12: Fair Employment Terms	>>	X				None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF13: Employee Discrimination	>>		X			Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF14: Employee Concerns	>>	X				Full		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF15: Product Communications	>>	X				Full		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF16: Product Concerns	>>	X				None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF17: Product Harm	>>	X				None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF18: Product GHGs	>>		X			Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF19: Products Repurposed	>>	X				None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF20: Business Ethics	>>	X				Partial		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF21: Right Tax	>>	X				Full		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF22: Lobbying & Corporate Influence	>>			X		None		<div><div></div><div></div><div></div><div></div><div></div></div>	
FF23: Financial Assets	>>		X			None		<div><div></div><div></div><div></div><div></div><div></div></div>	

# Future-Fit dashboard and summary reports: proof-of-concept ideas

Acme Corp		2018 report ▼	Sort ▼	Filter ▼	Compare ▼
Energy is from renewable sources	▼	60%		2025 ▶	
Water use is environmentally responsible and socially equitable	▲	80%		2030 ▶	
Natural resources are managed to respect the welfare of...	—	100%			
Operational emissions do not harm people or the environment	▲	◀2010	31%	2045 ▶	
Operations emit no greenhouse gases	—	◀2010	47%	2040 ▶	
Products emit no greenhouse gases	—	100%			
Products do not harm people or the environment	▲	85%		2040 ▶	
Operational waste is eliminated	▼	◀2012	50%	2023 ▶	
Products can be repurposed	—	75%		2030 ▶	
Operations do not encroach on ecosystems or communities	—	0%		2025 ▶	
Community health is safeguarded	▲	64%		2025 ▶	
Employee health is safeguarded	▲	100%			
Employees are paid at least a living wage	▲	85%		2022 ▶	
Employees are subject to fair employment terms	▼	20%		2022 ▶	
Employees are not subject to discrimination	—	80%		2020 ▶	
Employee concerns are actively solicited, impartially judged...	▼	60%		2020 ▶	
Product communications are honest, ethical and promote...	▲	75%		2025 ▶	
Product concerns are actively solicited, impartially judged...	—	100%			
Procurement safeguards the pursuit of future-fitness	▼	12%		2040 ▶	
Financial assets safeguard the pursuit of future-fitness	—	0%		2030 ▶	
Lobbying and corporate influence safeguard the pursuit of...	▲	85%		2030 ▶	
The right tax is paid in the right place at the right time	—	20%		2030 ▶	
Business is conducted ethically	—	100%			

# Future-Fit dashboard and summary reports: proof-of-concept ideas



# Future-Fit dashboard and summary reports: proof-of-concept ideas

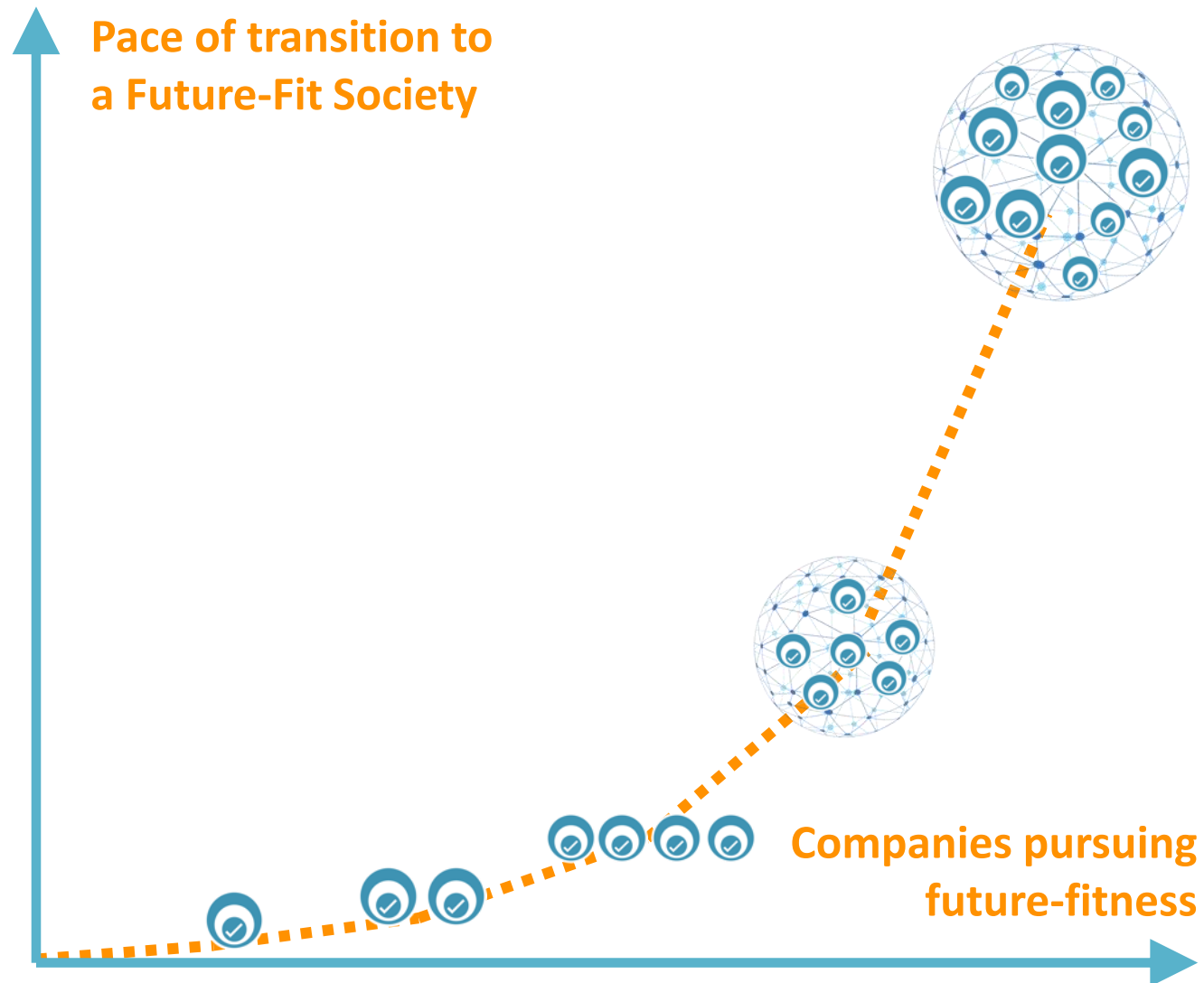


# Agenda



1500 – 1525	An introduction to Future-Fit
1525 – 1600	The Future-Fit Health Check
1600 – 1610	Getting involved with Future-Fit
1610 – 1615	Any remaining questions

# Engaging with Future-Fit



**Our free-to-use open source model is crucial**

**The Benchmark encourages companies to collaborate**

**We're building programs to accelerate adoption...**

Crash Course video training

Certified Professionals

Changemakers

Pioneer Companies & Investors



# Agenda



1500 – 1525	An introduction to Future-Fit
1525 – 1600	The Future-Fit Health Check
1600 – 1610	Getting involved with Future-Fit
1610 – 1615	Any remaining questions



**Future-Fit**  
Business Benchmark

# Thank you!

[tom@futurefitbusiness.org](mailto:tom@futurefitbusiness.org)

**Copyright © Future-Fit Foundation, 2019**

Future-Fit Foundation creates free tools to help companies and investors respond to today's biggest challenges in ways that create long-term value for themselves and society as a whole.