



Future-Fit

Business Benchmark

Part 1

Concepts, Principles and Goals

Release 1

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Foreword

By John Elkington of Volans Ventures.

The Future-Fit Business Benchmark is an idea whose time has come.

And what follows is an invitation to leaders in business, financial markets, government and civil society to join in the vital task of co-evolving the tools to define and measure true sustainability – or "future-fitness".

Some of the thinking unveiled here will come as a bit of a shock for business leaders who think they have already nailed the environmental, social and governance agenda.

Several years back, for example, a survey of over 700 CEOs around the world had no less than 81% reporting that they had already embedded sustainability in their businesses. This just isn't so.

But even if they bend the truth, most CEOs are not liars. So we must assume that these business leaders had simply failed to understand the nature and scale of the sustainability challenge. After all, until now, there has been no common agreement about what constitutes a fully sustainable business model.

Perhaps they imagined that a bit of stakeholder engagement here, a bit of reporting and supply chain challenging there would do the trick? No such luck.

Once seen as a source of problems, business is now viewed as a critically important source of today's innovation and tomorrow's solutions. To succeed in what we call the Breakthrough Challenge, business leaders need a much deeper understanding of what it will mean to be future-fit.

The Benchmark is designed to help business measure – and manage – the gap between what they are doing today and what science tells us they will need to do tomorrow.

John's latest book is *The Breakthrough Challenge: 10 Ways to Connect Today's Profits with Tomorrow's Bottom Line*.

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Introduction

*What the Benchmark is, who it is for,
and how to get started with Release 1.*

About the Benchmark

How can we tell if a business is fit for the future?

Our global economy is failing society, in three critical ways.

First, the basic needs of billions of people around the world are not being met.

Second, we are disrupting and degrading Earth's natural processes, upon which humanity and all other life depend.

And third, we are failing to adequately value and encourage behaviours that seek to tackle these systemic problems.

To address the first two issues – and so enable the possibility of a prosperous future for all – we must address the third. Today our economic system values financial performance above all else, so companies are incented to privatize gains and socialize losses. Until this changes, no amount of shouting about social and environmental risks is likely to galvanize business leaders into taking action at the speed and scale we need.

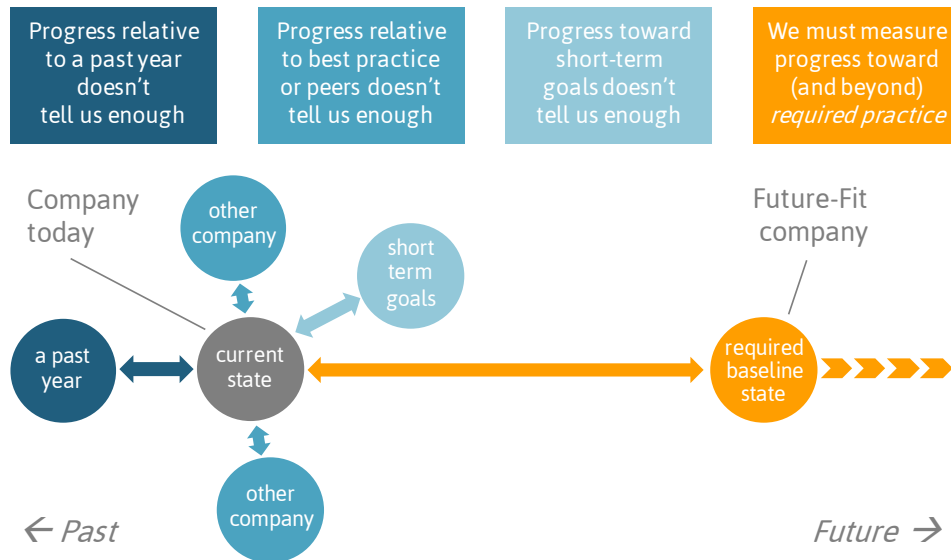
We need to change the way we value business.

If we are to change the way we *do* business, we must change the way we *value* business. And that has to start with enabling and encouraging business leaders to measure and manage what really matters.

Today's sustainability ratings and indices aren't up to the job.

The idea of measuring extra-financial performance is nothing new: more than a hundred sustainability ratings and indices claim to do just that. But they're not sending the right signals to drive a change in behaviour, for three reasons.

First, current metrics focus on gradual improvement, so even a company whose business model is fundamentally unsustainable can score highly, as long it is doing slightly better than its peers.



Second, emphasis is placed on recent performance and governance, rather than credible commitments and progress toward long-term goals. So companies that really *are* trying to do things differently often aren't rewarded for it.

And third, the measurement process is managed by third-party raters, who typically ask a company to complete exhaustive questionnaires – often requesting commercially-sensitive information – and then feed the responses through a black box methodology to calculate the company's 'score.' Because the scoring process is opaque, the results fail to provide the rated company with much actionable insight about where and how to improve.

A new approach: the Future-Fit Business Benchmark.

We need a new approach, one which shifts the focus away from today's *best* practice toward tomorrow's *required* practice, giving companies a clear destination to aim for, and equipping them with the means to assess their progress toward it.

The Future-Fit Business Benchmark is a free-to-use, open source tool designed to meet this need. Building on leading environmental, systems and social science, it seeks to redefine how we think about business, by capturing all of the ways in which a company can *create system value*. It does this by first defining and then helping assess progress toward a required future state:

A Future-Fit Business is one that creates value while in no way undermining – and ideally increasing – the possibility that humans and other life will flourish on Earth forever.¹

Furthermore, the Benchmark employs a self-assessment and assurance approach, whereby companies calculate their own future-fit performance. So business leaders gain access to the information they need to uncover opportunities for improvement, without having to share sensitive data with third parties.

Only if a company wishes to talk publicly about its future-fit performance (and there is no obligation to do so) must its calculations be independently assured.

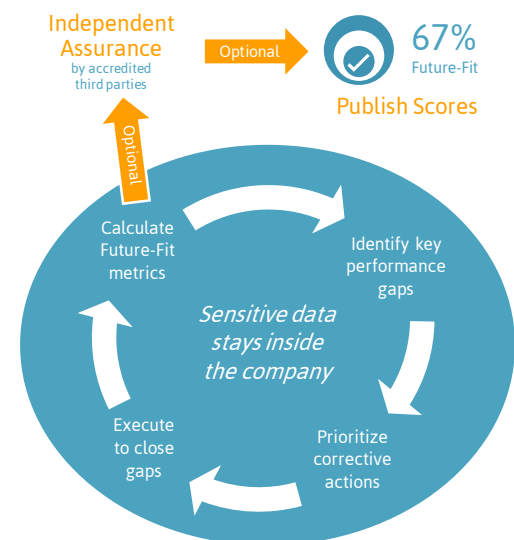
It is hoped that leading companies of all sizes will start to communicate their commitment and progress toward becoming future-fit. The holistic notion of business value which the Benchmark captures should resonate with a wide range of stakeholders – from investors seeking tomorrow’s leaders, to customers wanting products they can trust, to prospective employees looking for jobs that align with their values. So those companies striving to become future-fit will truly be rewarded for doing so.

About Release 1.

It is possible to assess the full extent of a company’s impact on the world – positive *and* negative – only if we define the *do no harm* threshold that must be reached: the minimum that any company must do to gain its entry ticket to the sustainable future. That is the focus of this release.

¹ This definition of a future-fit business is grounded in [John Ehrenfeld’s definition](#) of

Moving beyond doing no harm to assess *positive* impact will be the focus of Release 2, which will build on the foundation presented here to capture all of the ways in which companies can create system value.



sustainability as *the possibility that humans and other life will flourish on Earth forever.*

Who the Benchmark is for

A wide range of companies – from social enterprises to global corporations – have started using the Benchmark (based on our second public draft, published in the summer of 2015). In light of what we have learned from them, we believe the Benchmark can prove useful to:

- Any company looking to understand the strengths and weaknesses of its current business model in the context of global challenges.

- Any company wishing to explain to its stakeholders its commitment and progress to becoming future-fit.
- Any company seeking credible and independent recognition for bold actions not valued by other metrics.

In addition, various academic programs, consultants and investors have told us that the Benchmark has helped them understand where we as a society are today, what needs to change, and the role business must play in the transition.

Getting started

The Benchmark complements a wide range of third-party resources.

When it comes to guidance on social and environmental issues, many resources exist. Most of these focus on particular issues (e.g. emissions, human rights) or tasks (e.g. reporting), or offer general advice not tailored to business, which companies may struggle to translate into action (e.g. UN Sustainable Development Goals).² The Benchmark complements such resources by offering one thing that has been lacking: a clear, science-based destination for companies to aim for, and the means to measure progress toward it.

Introducing the Future-Fit Goals...

At the core of the Benchmark are 21 **Future-Fit Goals**, which together mark the transition point beyond which a business starts helping – rather than hindering – society's transition to a prosperous future for all. The Future-Fit Goals are the subject of this document.

...and the Key Fitness Indicators

The goals tell a company where it needs to be, but not how far away it is now. For business leaders to prioritize actions effectively – and for stakeholders to make meaningful performance comparisons across companies – we also

need a way to measure progress. That is the focus of this document's sister publication, *Future-Fit Business Benchmark, Part 2: Indicators*, which offers a first full set of **Key Fitness Indicators** that aim to help companies measure their progress toward each goal.

What now?

To explore the thinking behind the Benchmark and why it is needed, see the next chapter: [Toward Future-Fit Business](#). This is recommended for any reader who has not previously studied today's global challenges from a systems perspective, or who is not familiar with the Framework for Strategic Sustainable Development upon which the Benchmark builds.

You might instead wish to skip straight to the [Future-Fit Goals](#). But before you do, a word of caution. Some Future-Fit Goals might appear to be a very long way from today's business reality. And the simple truth is that for many companies, across a wide range of industries, *they are*.

If becoming future-fit were straight-forward, solving our global challenges would be relatively easy. But it's a journey that will take decades. So we need to get started, and that's the subject of the final chapter: [The Journey to Future-Fitness](#).

² We aim to publish a series of supplementary resources at futurefitbusiness.org, to make explicit the linkages between the Future-Fit Business Benchmark and well-known

third-party resources (such as the UN SDGs) so that companies can clearly identify how their progress toward future-fitness aligns with and supports other key initiatives as well.

Toward Future-Fit Business

What makes a business fit for the future?

Business today

The world of business is increasingly being called upon to lead the transition to a prosperous future for all, but companies are operating within an economic paradigm that fails to reward long-term thinking.

Where we are, and how we got here

250 years ago, fewer than a billion people walked the Earth.

Back then, the Earth's resources – and her resilience in the face of our demand for them – must have seemed limitless.

So it should come as no surprise that classical economics – which dates from that period – did not consider the fact that we live in a finite, resource-constrained world. That belief set the tone for the way we have done business for generations: producing, consuming and disposing of ever more stuff, without concern for the long-term consequences.

Now there are over 7 billion people on the planet, with 2 billion more set to join us by 2050.

Industrialisation and rapid growth have taken their toll. Crop yields are suffering from ever-more extreme weather, caused by climate change. Fresh water is scarce in many areas. Some natural resources that were once plentiful are now harder and costlier to obtain. Trust in institutions is falling while inequality is rising.

We've all seen the headlines, and it can be so overwhelming that it's hard to imagine what can be done to mitigate a wide range of global challenges (see the following table).

Global challenge	Description
Climate destabilization	Accumulation of greenhouse gases in the atmosphere is changing the Earth's energy balance, causing extreme weather events, rising sea levels, temperature and water stresses on agriculture, and damage to ecosystems.
Ocean acidification	An excess of carbon dioxide absorbed from the atmosphere is causing an increase in the acidity of the Earth's oceans, destroying coral reefs and adversely affecting other marine ecosystems.
Biodiversity crisis	Species are now becoming extinct a thousand times faster than before humans appeared, resulting in irreversible damage to a wide range of ecosystems whose resources we depend upon.
Ecosystem degradation	Ecosystems we depend upon are being degraded and in some cases collapsing as a result of direct actions (e.g. physical encroachment, over-harvesting, pollution) and indirect effects (e.g. climate change).
Access to mined materials	Increasing demand for non-renewable resources (metals and minerals) from a growing population and middle class puts pressure on dwindling virgin supplies, with extraction becoming more resource intensive and disruptive.
Access to renewable materials	Increasing demand for renewable resources is driving over-harvesting, encroachment into biodiverse areas and unsustainable farming methods, thus undermining the regenerative capacity of those resources.
Energy crisis	Increasing demand for energy services from a growing population and middle class contributes to extreme volatility in fossil fuel prices, stressing oil-dependent sectors (e.g. transport) and raising geopolitical tensions.
Fresh water crisis	The quality and quantity of available fresh water is rapidly declining, with demand from a growing population exceeding supply for drinking, sanitation, agriculture, energy production and business operations.
Food crisis	The reliability and affordability of nutritious food is at risk, driven by increasing demand and pressures on agriculture due to extreme weather events, water scarcity, soil degradation and competition for land.
Health crisis	Growing incidence of chronic diseases, an aging population and increasing risk of pandemics are exacerbated by a lack of universal access to essential medicines, nutrition and sanitation.
Infrastructure crisis	Failure to adequately invest in, upgrade, and secure critical infrastructure, coupled with rapid and poorly-planned urbanization, undermines the long-term health and resilience of communities.
Governance failure	Weak or inadequate global institutions, agreements and networks, combined with competing national and political interests, disenfranchise citizens and impede efforts to address global risks.
Financial inequality	A severe income disparity between the world's richest and poorest citizens both contributes to and is exacerbated by underemployment, a growing skills gap and depressed economies.
Education crisis	A large proportion of the global population has inadequate access to basic education, resulting in a skills gap, poor nutrition and health, and less chance for families to escape from poverty and lead fulfilling lives.
Social instability	Social instability, which negatively impacts communities and markets, arises from a lack of equitable treatment and access to resources, coupled with aggressive policies and actions on the part of regional powers.
Erosion of trust	Trust in institutions, from governments to business, is low and is being eroded by unethical practices, a lack of transparency, and failure to deal effectively with corruption, organized crime and illicit trade.

In fact, our economic system is broken.

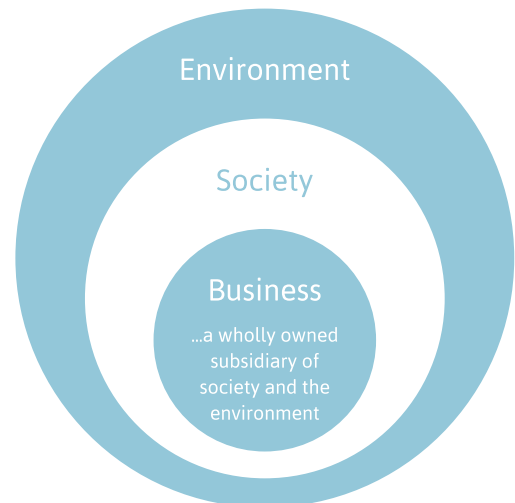
Our economic system is failing to meet the needs of hundreds of millions of people around the world, thus jeopardizing companies' social license to operate. Furthermore, the way we do business is degrading the planetary services upon which we as a species depend: clean air, fresh water, rich biodiversity, climate stability, access to materials, and so on.



The so-called *Triple Bottom Line* of People, Planet and Profit has never been more relevant than it is today. But its most common depiction – as separate, partially overlapping circles – is unhelpful because it suggests that some portion of business exists independently of society and the environment, when in fact it is completely dependent on both.

Business can thrive only if society and the environment do too.

Instead we must think in terms of nested dependencies: business cannot flourish unless society prospers, and that in turn is possible only if we learn to live within the carrying capacity of our finite planet.



Understanding these systemic interdependencies sets the context both for why – and how – we must rapidly and radically change the way we do business.

How we do business must change

As the engines of our economy – the ones with the power to deliver solutions at scale – companies have a vital role to play in getting us back on track. And it is in their interests to do so.

Left unchecked, today’s global challenges put in jeopardy Earth’s natural processes, our social fabric, and economic activity as a whole. This creates an arguably huge moral imperative for collective action.



But there is a strong financial imperative for individual action, too. Any company wishing to thrive in the long-term will – by proactively exploring where its business model intersects with global

challenges – find ways to enhance its resilience and competitiveness, and in particular position itself to reap the following benefits:

Increase value	Save costs	Reduce risks
Increase sales to people who value more responsible companies and products	Avoid reputational and financial costs due to law suits and regulatory breaches	
	Secure license to operate and attract goodwill wherever the company operates	
Increase access to capital that values well-governed, future-focused companies		Prepare for more stringent future regulations on emissions
Improve employee productivity and foster a culture of learning		
Grow brand equity through leadership on high-profile issues	Improve decision-making through more diverse perspectives	
	Reduce exposure to volatility in fossil fuel markets	
Align the company’s actions with its purpose and values		
Identify new areas for innovation	Reduce the cost and secure the supply of critical resources	
Attract and retain top talent who are increasingly seeking employers with strong values		Protect critical infrastructure and services upon which the company depends
Prepare company to thrive in a circular, water-constrained, low-carbon economy		

So how we *value* business must change

Many people in the business world know that things have to change.

A growing number of business executives know that they must rethink things.

Investors, too, are starting to realize that their portfolios are exposed to increasing risks they cannot begin to predict, and that their return on capital could be hugely impacted if we don’t act correctly.

How can we break through to new ways of doing business?

So what's stopping companies from mobilizing their considerable resources to deliver rapid and radical change?

There is of course no single answer. Business leaders often feel compelled to focus on short-term gains, not long-term value. Many investors only seem to care about the next quarter's results. Governments are slow to respond to global challenges through the implementation of more effective incentives and regulations. And there are so many issues competing for a company's attention that it can be difficult to zero in on what really matters.

All these factors are symptomatic of a bigger problem within our economic system: a myopic notion of what value creation means, which fails to recognize and reward the true game-changers.

We need to change the way we think about value creation.

Not so long ago *creating shareholder value* – potentially at the expense of other stakeholders, including the environment – was considered the sole purpose of business. The more a company was able to privatize gains and socialize losses, the more successful it would become. In the 1970s evidence started to mount for the fact that such behaviour is not sustainable on a finite planet with a rapidly growing population.

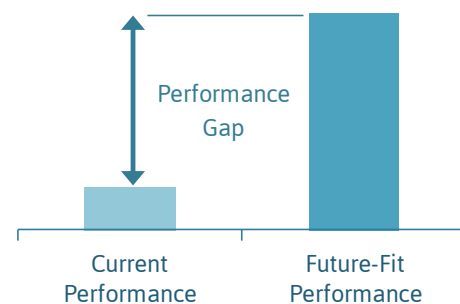
Corporate Social Responsibility led to incremental improvement.

As awareness of this fact grew, the *Corporate Social Responsibility* (CSR) and

sustainability reporting agendas emerged, as a way to hold companies to account for any negative social or environmental impacts they caused.

Unfortunately, while some of the most egregious practices have been tempered in some parts of the world – such as dumping toxic waste in rivers – too little has fundamentally changed. At best, the dial has moved from *business as usual* to *change as usual*.

Even in sectors whose business models exacerbate societal and environmental problems, most companies continue to do roughly what they always did, albeit while striving to be slightly 'less bad' year-on-year than their peers.



If companies are to become fit for the future, this has to change. Striving only to be less bad is just not good enough.

Creating Shared Value reframed 'doing good' as an opportunity.

A few years ago the term *Creating Shared Value* (CSV) was coined, to describe how companies can continue to focus primarily on financial performance, by identifying ways to make money wherever their core business and social problems overlap. CSV has been welcomed by some business leaders. This

is unsurprising: whereas CSR was often perceived as an unavoidable cost of doing business, CSV reframes 'doing the right thing' as an opportunity for growth. And so, of course, it *is* – if we know what 'doing the right thing' actually means. And therein lies the challenge.

But how can we tell if a company is actually 'doing good'?

Today's companies operate in a world of complex, interlinked systems – markets, communities, ecosystems, etc. – in which linear notions of cause and effect start to evaporate. Any action in one area can conceivably lead to undesirable consequences elsewhere. A company embracing a CSV approach might – in all good conscience – throw its energy into solving one social problem, only to

exacerbate another. Are such trade-offs acceptable? Possibly, but how can we be sure if we don't know what they are?

To really understand a company's impact on the world we must think in terms of *Creating System Value*.

To understand the true extent of a company's impact – positive and negative – demands a holistic approach. We need to think beyond CSV, where one stakeholder group might benefit to the detriment (albeit unintended) of others, and instead focus on how a company *creates system value*. Put simply, how and how much does a company – through its own actions, and those of others acting on its behalf – help or hinder progress toward a prosperous future *for all*.

Business through a system lens

To redefine how we think about business value, we must understand the nested dependencies between business, society and the environment.

Business and the environment

Earth fulfils three critical ecosystem functions that people – and companies – rely on.

First, Earth maintains critical life-support systems.

All life relies on natural processes that evolved over millions of years. Among other things they regulate air and water quality and the climate, enable crops to grow, provide storm protection and maintain biodiversity.

Second, Earth provides our raw materials and energy.

Apart from our "solar income" (energy from sunlight) all of our resources come from the Earth.

Many natural resources, such as fish and trees, are renewed over time, thanks to

the aforementioned life-support systems. But if we use too much, too quickly (e.g. over-fishing, deforestation), we undermine nature's capacity to regenerate them.

Minerals extracted from the Earth's crust are finite resources. Once used, some are gone for good (e.g. fossil fuels). Others (e.g. metals) could in theory remain in use forever if we recover them after use, rather than discarding them as waste.

Third, Earth assimilates our waste.

Waste is a human concept. In contrast, natural matter (dead plants and animals) is absorbed and digested by other organisms.

Two types of waste are causing big problems. The first type is human-made substances that don't exist naturally, so nature hasn't evolved ways to break them down harmlessly (e.g. plastics, CFCs). The second type comprises substances that do exist in nature, but which we emit in quantities or in ways that have the power to upset the natural equilibrium (e.g. carbon dioxide in the air, nitrogen compounds in the oceans).

Both types of waste can affect the environment chemically or physically, for example by introducing toxins into food-chains, or trapping heat in the atmosphere. In so doing, they disrupt the life-support systems we rely upon.

The way we do business can profoundly help – or hinder – all three ecosystem functions.

Caution: Natural Capital

Planetary resources we benefit from are sometimes described as *Natural Capital*. This terminology can lead to the erroneous conclusion that we can replace nature's services with other types of capital (e.g. financial or manufactured). But many natural resources – clean air, fertile soil – are essential to life, and have no substitutes.

That said, the term *natural capital* can be useful, if by *capital* we mean *an asset that is capable of generating wealth*. We can't replace natural capital with something else, so we must not deplete it, but we *can* live off its interest.

Business and society

Human needs range from the basic (e.g. food) to the complex (e.g. a sense of purpose).

Society should afford every person the chance to live a healthy, fulfilling life.

Given that billions of people are living in some form of poverty, we're not living up to this ideal. At the most basic level we all require food, water and shelter –

which depend on the natural processes mentioned previously. But our needs go beyond that.

We are a social species.

Some needs – such as affection and participation – can only be met in conjunction with others.

Society is characterized not just by its individual members, but by the ways we interact with each other, the ways we organize ourselves – into families, towns, companies, nations and so on. This is the social fabric upon which we all depend. And when it deteriorates, so too does our opportunity to thrive.



The quality and resilience of our social fabric is critical.

So how do we avoid degrading it? Leading science tells us that the health of society depends upon several factors.

Diversity and learning are critical to resilience (the ability to adapt to new circumstances and to weather crises), as is a capacity for self-organization. Shared meaning and values are also key. All of these factors are critical, but another one appears to underpin them all: trust.

Trust serves as society's glue.

Trust is associated with low levels of corruption, democratic stability, and relative economic equality. And greater equality correlates with a reduction in many social ills (e.g. suicide, drug abuse, obesity, violence).

Society is huge and complex. Trust is essential because everything works only by coordinating action and devolving responsibility. But to gain trust, one must first be perceived as trustworthy.

To be trustworthy, business must respect our social fabric and everyone's wellbeing.

Business and the economy

How might we rethink economic value – and growth – in a systems context?

Can – and should – economic growth continue?

Direct that question to investors, and their "yes" will likely be as full of conviction as the "no" one might receive from concerned environmentalists.

The reason for such polarisation is not that one respondent cares about society while the other doesn't, but rather that

they have different perspectives on what "growth" actually means.

To reconcile these perspectives, we need to look at growth through a system lens. In so doing we can start to conceive of a new definition of business value that meets the needs of all stakeholders.

From a systems perspective there are four types of economic growth.

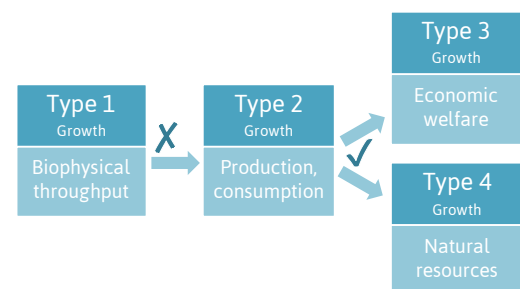
These are:³

1. **Growth in biophysical throughput:** the amount of raw materials we take out of and waste we put back into the environment. On a finite world, indefinite growth of this type is not possible.
2. **Growth in production and consumption:** the amount of goods and services flowing through society. This is roughly what GDP measures. This kind of growth isn't *intrinsically* bad. For example, as the population grows, we must produce more food.
3. **Growth in economic welfare:** the opportunity and wellbeing of people around the world. There is a strong relationship between this and type 2 growth – but it's not a simple one. It is quite possible for growth in production to make things worse (e.g. by causing environmental destruction) and excess consumption can be just as problematic (e.g. when over-eating leads to obesity).
4. **Growth in natural resources:** the amount of biomass of many kinds (fish, wood, etc.) which grow through processes such as photosynthesis and regeneration. This type of growth increases both the amount of raw materials available for our consumption, and enhances the life support systems we depend upon – clean air, fresh water, and so on.

³ See Ekins, P. *Environmental Sustainability and Economic Growth* (2000).

What does this mean for business?

Growth of types 3 and 4 is unequivocally 'good', since it can contribute directly to solving many of the global challenges mentioned earlier, from social inequality to food security. But given that we're already placing far too great a demand on the environment, type 1 is a problem.



Type 2 growth (production/consumption), on the other hand, is *not* bad *if* we can find ways to decouple it from type 1. And in fact type 2 growth is *desirable* if it can be decoupled from type 1 *and* also contribute to growth of types 3 or 4, to raise welfare or restore natural capital.

Most companies try to reduce their reliance on natural resources to a degree, if only to reduce their costs. And few companies intentionally seek to undermine people's welfare. But the only type of growth that our economic model currently values is type 2 – production and consumption.

This more nuanced framing of growth can help us identify how a company can create system value, above and beyond financial return.

From systems thinking to practical tools

Systems thinking is critical to understanding how business has to change, but to equip business leaders to act we must give them practical tools.

What business leaders need

Business leaders need a way to assess and articulate their contribution to system value.

Can we expect business leaders to act differently?

We've seen how today's companies operate in a world of dynamic, interlinked systems – communities, markets, ecosystems, and so on – where any action might conceivably lead to undesirable consequences elsewhere. Given the sheer complexity of it all, and the ever-present pressure to deliver financial results, can we really expect companies to do the right thing? In a word, yes – but only if we equip business leaders with the means to assess and articulate how their actions are helping or hindering the creation of system value.

In terms of financial performance, the goal is clear. A company might get away with making a loss for a while – provided it can convince its shareholders to be patient – but to survive in the long-term it must make at least as much money as it spends. The more profit it produces the better, but the minimum threshold of acceptable performance is to break even.

We need a 'breakeven point' for extra-financial performance.

When it comes to the environmental and social dimensions of the Triple Bottom Line, we've been lacking a clear understanding of what it means to break even. What are the minimum thresholds of performance across all areas of business activity that a company must reach, no matter what its size or sector?

If we are to transform the way we think about business value, defining this extra-financial do-no-harm breakeven point, and creating the means to assess progress toward and beyond it, is critical. No amount of incremental improvement or claims of shared value can be meaningfully quantified without reference to such a breakeven point.

A company must 'break even' on all three dimensions of the Triple Bottom Line if it is to be considered truly future-fit.

Design considerations

How can we create a new benchmark that is both useful and usable?

To create a new benchmark for extra-financial performance that is useful *and* usable we must consider three things:

- **The requirement for society**
What is the minimum society must do, from a systems perspective, to protect the possibility that humanity and other life can flourish forever?
- **The responsibility of business**
What can – and must – every company do to play its part in meeting this societal requirement?
- **The reality for business leaders**
What do companies need to enable them to pursue future-fitness?

The requirement for society

The Framework for Strategic Sustainable Development.

The transition to a sustainable society will require extensive and coordinated collaboration across disciplines and sectors. Humanity can only hope to succeed in this endeavour if we have a unifying and operational definition of what it means for society to "be sustainable", coupled with a systematic approach to planning and action in pursuit of this state.

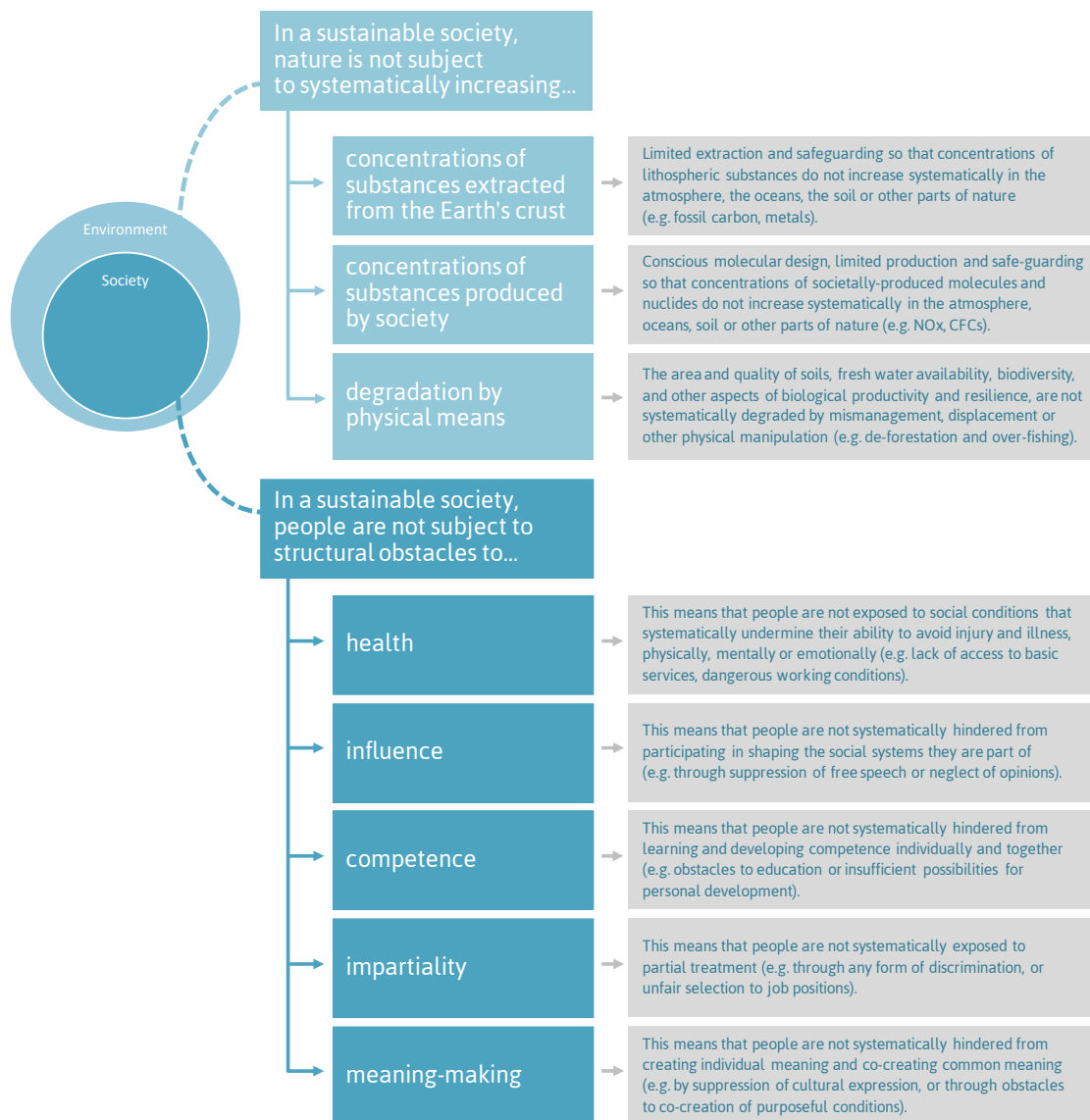
This realisation prompted a group of scientists in the early 1990s to begin

work on what has become known as the Framework for Strategic Sustainable Development.⁴ Over the past 25+ years this framework has been continuously refined through a combination of scrutiny against empirical data, real-world testing, and academic peer-review.

At its core, the Framework for Strategic Sustainable Development offers eight **system conditions** that together identify how society must operate to safeguard the social fabric and natural processes upon which our future depends.

⁴ In 1989 Karl-Henrik Robert founded [The Natural Step](#), a non-profit whose mission is to promote and foster use of the Framework for Strategic Sustainable Development at a community, company, city and even country level. The Future-Fit team is indebted to Karl-Henrik and The Natural Step – in particular the Canadian and Swedish teams – without whose early support and ongoing intellectual contribution the Future-Fit Business Benchmark would not exist. The framework comprises a five-level model, which

– together with the use of [backcasting](#) – serves both to define the required end state for society *and* to facilitate planning and action toward it. The system conditions form the second of the five levels. In academic texts these *system conditions* are referred to as *sustainability principles*, but the former term is favoured by many in a business context. For an excellent academic overview of the framework see [Broman, G.J., Robert, K.-H. A framework for strategic sustainable development. Journal of Cleaner Production. \(2015\).](#)



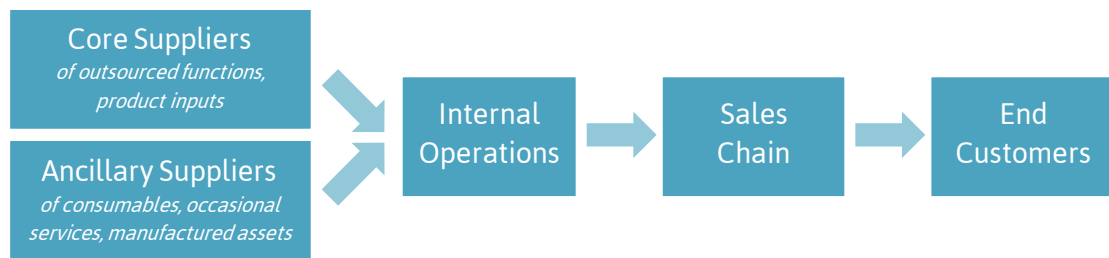
These system conditions are illustrated above. Any activity by any societal actor that breaches one of these eight system conditions will in some way contribute to undermining the resilience and wellbeing of society as a whole, and of course any company serving it.

Note that these system conditions define what must *not* happen, but this should be seen as liberating rather than restrictive: as long as they are not breached, *anything* can be done.

Hence the Framework for Strategic Sustainable Development fosters radical innovation, by guiding the transition to a sustainable future without prescribing particular courses of action.

The system conditions presented here offer a solid foundation upon which to build the Future-Fit Business Benchmark, by providing a robust and proven definition of what "do no harm" means for both society and the environment.

The responsibility of business



For what impacts should a company be held accountable?

A company has the potential to impact a broad range of stakeholders, both through its own actions and those of others in its value chain acting on its behalf. And from a systems perspective, the definition of *stakeholders* here must necessarily extend to encompass the environment and society as a whole.

To assess the true extent of a company's extra-financial performance, we must identify the right scope of responsibility: for what value chain impacts should a company be held accountable?

Few would take issue with the notion that a company is responsible and *wholly accountable* for impacts within its direct control, such as those caused by its own operations and the design of its products. But from a systems perspective a company is also *mutually accountable* for impacts outside its direct control, if:

- a) the impact is a consequence of the company's existence and its interaction with other actors in the broader economic system; and
- b) the company can influence those actors.

In particular, we consider three types of mutual accountability: between the company and its suppliers, its customers, and its employees.

Mutual accountability for supplier impacts.

A company is considered mutually accountable for impacts resulting from the provision of its **core supplies**, namely any good or service whose absence would seriously affect its business. This breaks down into two areas:

- **Outsourced functions:** A company is mutually accountable for the operational impacts of any direct supplier to whom it outsources core business functions (e.g. customer support, manufacturing, logistics).
- **Product inputs:** A company that sells goods (or services whose delivery requires goods to be consumed) is mutually accountable for all cradle-to-gate operational impacts caused by the creation of its product inputs (raw materials and their derivatives).

Mutual accountability for customer impacts.

A company must do all it can to ensure that its products do not harm people or

the environment, but it cannot be expected to exert complete control over its customers' actions. Thus a company is deemed to be mutually accountable for unavoidable or likely impacts resulting from the use and (where appropriate) end-of-life processing of its products.

For example, if a company sells a car powered by an internal combustion engine, then – because the driver has no choice in the matter – the company is mutually accountable for the greenhouse gases that the car emits during use. On the other hand, if a company sells an electric car, then the driver is free to use renewable sources of electricity to charge the battery. In this case the company is *not* mutually accountable for any greenhouse gas emissions that occur

⁵ Note that the focus for this release is on the *end users* of products, though it is recognized that a complex sales chain (including

(during electricity generation) if the customer uses a non-renewable source.⁵

Mutual accountability for employee impacts.

A company is responsible for providing a safe and healthy work environment, and for empowering all employees to behave responsibly, but individual employees also have an obligation to act in a socially and environmentally sound way.

From a systems perspective, mutual accountability is both necessary and desirable, because actions taken to address problems by *any* mutually accountable party will benefit *all* parties.

distributors, licensees and franchisees) might exist between them and the company.

The reality for business leaders

In theory, any company could take the system conditions described above, together with the concept of mutual accountability, and deduce how its business needs to change if it is to become future-fit. In practice, all but the most progressive business leaders are unlikely to invest the time and effort required to do this.

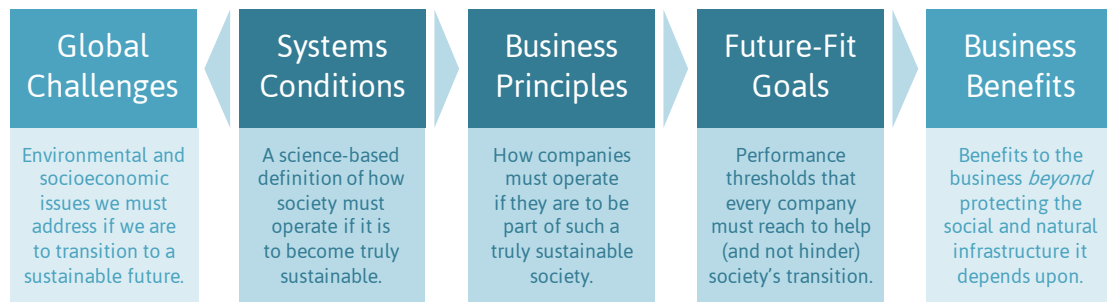
Let's suppose a company *did* identify exactly what it needed to do differently. Even then, its ability to take bold action may depend on whether it could secure the support of its investors, many of whom might struggle to understand why radical change would be in their interest.

This is the reality today. So to encourage and enable business leaders to take bold action, we must equip them with the means to:

- Identify the nature and scale of the gaps between their current and required levels of performance.
- Prioritize actions to close those gaps effectively and efficiently.
- Communicate both their long-term commitments *and* their short-term progress to investors and other stakeholders in a concise, credible, comparable way.

Developing the Benchmark

Defining a clear destination and providing the means to measure progress toward it.



We define a Future-Fit Business thus:

A Future-Fit Business is one that creates value while in no way undermining – and ideally increasing – the possibility that humans and other life will flourish on Earth forever.

Three steps were taken to make this definition actionable for companies.

Step 1: Translate the system conditions into Future-Fit Business Principles.

The system conditions described earlier define the boundaries within which society as a whole must operate. The first step to develop the Benchmark involved reframing these conditions as a set of principles that focus on the requirements for a single company, using terminology

attuned to a business audience.⁶ These **business principles** are shown below.

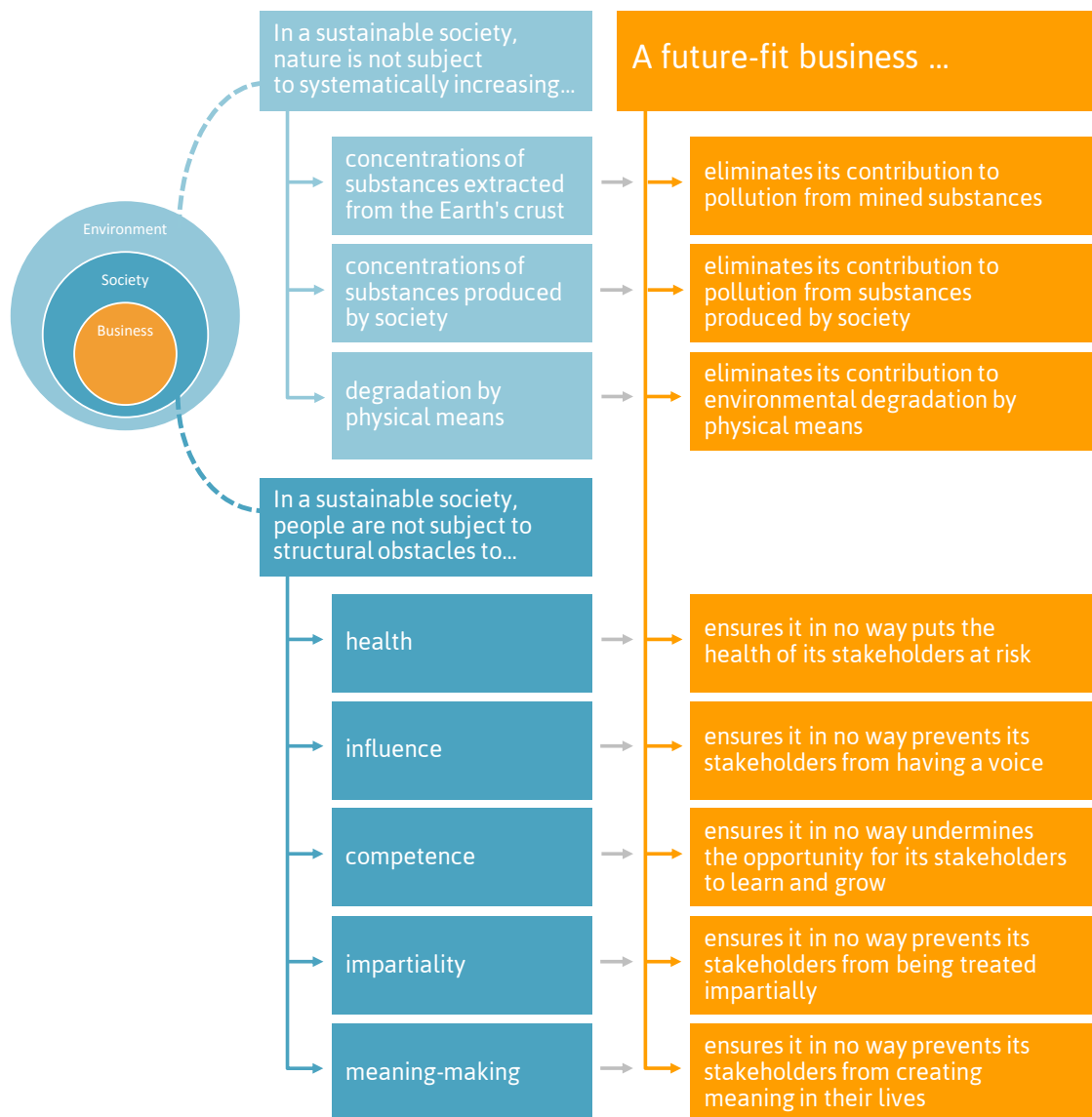
Step 2: Translate the Business Principles into Future-Fit Goals.

The intent here was to create a concise set of **future-fit goals**, whereby:

- Each goal represents the minimum required level of performance that a company must reach in relation to a particular issue and business activity.
- Each goal is expressed as a single sentence, whose overall meaning can be grasped by business leaders, investors and other key stakeholders without further explanation.
- All goals taken together define the social and environmental break-even point that any company must reach, no matter what its size or sector.

⁶ The way the system conditions are phrased reflects the academic rigour with which they have been refined over the course of two decades. In translating these into business principles, our intention is *not* in any way to change the underlying meaning, but rather to

reframe what is required in a way that business leaders find more accessible. If the reader is ever in any doubt over whether a particular action might be problematic for society, the Framework for Strategic Sustainable Development should be consulted directly.



The future-fit goals were derived by examining all of the ways in which a 'typical' company must avoid breaching the business principles in the course of its interactions with stakeholders, in the context of its mutual accountabilities.

From a systems perspective, "stakeholders" here necessarily includes the environment and society as a whole.

Appendix 1 documents how the individual goals were derived, on a stakeholder-by-stakeholder basis.

What is a "typical" company?

Every company has an *Operational Presence* in or near local *Communities*. It sells goods or services to *Customers* who use and – for many types of physical good – eventually dispose of them. Company operations rely on *Employees* and *Physical Resources*, which are often sourced from *Suppliers*. And how the company is run both depends upon and affects *Society as a Whole*.

Step 3: Develop a set of Key Fitness Indicators to assess progress toward each goal.

For business leaders to monitor performance and prioritize where action is most needed – and, ultimately, for investors and other stakeholders to make meaningful comparisons across companies – we need a way to assess progress toward each future-fit goal.

A set of **Key Fitness Indicators**, or **KFIs**, has been developed for this purpose. To help ensure that each KFI is both useful and usable, the development process has aspired to meet five design criteria, shown below.

The KFI development process is complex and ongoing. A first full set of KFIs, for use by early adopters, accompanies this release. Details can be found in this document’s sister publication, *Future-Fit Business Benchmark, Part 2: Indicators*.

Calculable	Comparable	Complete	Concise	Credible
It should be possible to obtain or credibly estimate all data required to compute each KFI's value, with progress assumed to be zero wherever gaps in knowledge exist.	Each KFI should measure progress consistently across any company – no matter what its size, sector or location – and should reflect where progress has already been made.	Each KFI should reflect the full scope of a company's responsibilities, extending beyond its own four walls in line with the mutual accountability approach.	Each KFI should provide actionable insight (e.g. assess progress at the level of a specific product or supplier), with overall progress expressed as a simple percentage.	Each KFI must build on leading science and best-available third party resources, and accurately capture the spirit of the goal it seeks to measure progress toward.

Putting future-fit progress in context

Progress is as much about the trajectory a company is on as its current performance.

It should be noted that the KFIs will only ever tell part of the story, however much they are improved over time in collaboration with early adopters. That’s because their purpose is to capture where a company is at a point in time. To see the full picture, we must also look at where a company is going: to what degree is it committed to closing the gap, and does it have a credible plan to do so?

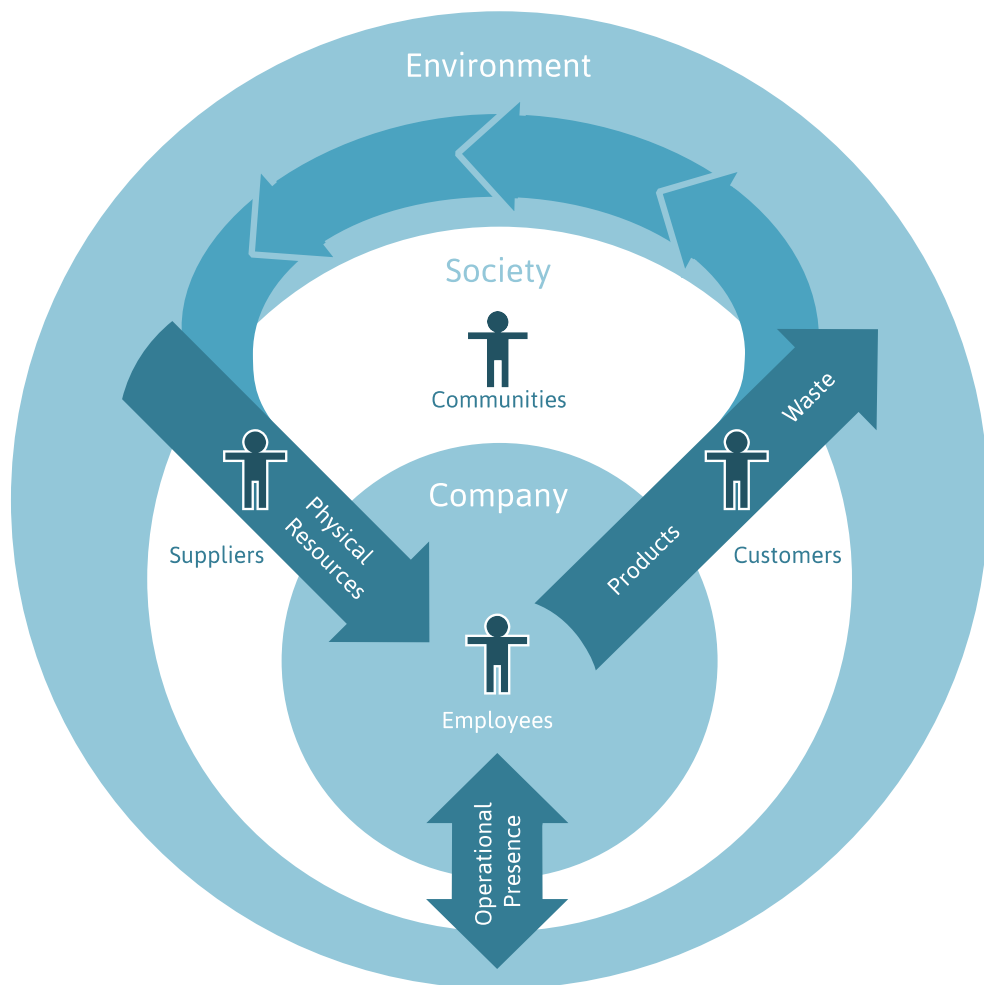
Society’s journey to future-fitness will be long and challenging, and we all have to play our part. So to make sense of a

company’s current performance, it must be examined in the context of the trajectory the company is on, as embodied in its publicly-stated vision, ambitions and plans. Only then will we be able to tell which companies are truly committed to accelerating society’s transition to a sustainable future.

This theme is explored further in the chapter [The Journey to Future-Fitness](#). But first, to understand exactly what it is that companies must commit to, we turn to the Future-Fit Goals.

Future-Fit Goals

There are 21 future-fit goals, grouped by the stakeholders for which they are most relevant.



Whatever its size or sector, every company has an *Operational Presence* (e.g. farms, offices, factories) in or near local *Communities*. It sells goods or services to *Customers* who use and – for many types of physical good – eventually dispose of them. Company operations rely on *Employees* and *Physical Resources*, which are often sourced from *Suppliers*. And how a company is run both depends upon and affects *Society as a Whole*.

Future-Fit Goals by Stakeholder

Environment:

Physical Resources

- Energy is from renewable sources
- Water is used in an environmentally responsible and socially equitable way
- Materials derive from sources that respect the welfare of ecosystems, people and animals

Environment:

Operational Presence

- Operational emissions do not harm people or the environment
- Operations emit no greenhouse gases
- Operational by-products are repurposed
- Operations do not encroach on ecosystems or communities

Customers

- Products do not harm people or the environment
- Products emit no greenhouse gases
- Products can be repurposed
- Customers are informed about any aspect of products that may cause harm
- Customer concerns are actively solicited, impartially judged and transparently addressed

Employees

- 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

Communities

- Community concerns are actively solicited, impartially judged and transparently addressed

Society as a Whole

- Business is conducted ethically
- The right tax is paid in the right place at the right time
- Lobbying does not undermine the pursuit of future-fitness

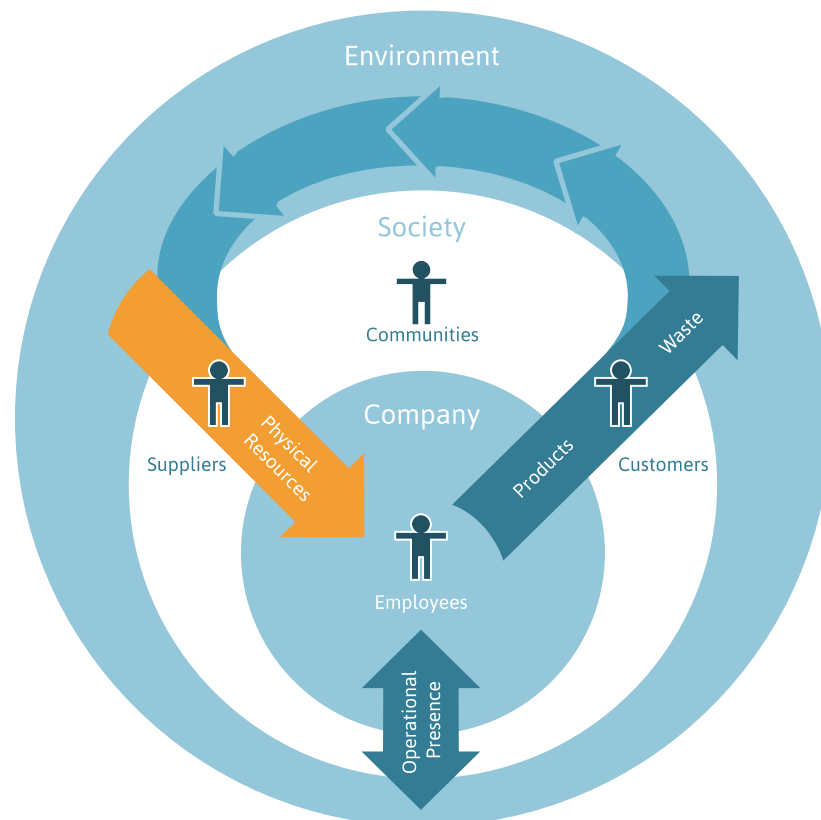
Suppliers

Suppliers are a special case: a company is considered mutually accountable for the operational impacts of certain types of supplied goods and services.

Details of how these goals were derived can be found in [Appendix 1](#).

Environment: Physical Resources

Source all inputs in ways that have no negative social or environmental impact.



General requirements.

All companies need energy and fresh water. Many require a range of renewable and non-renewable materials.

Future-fit companies and their core suppliers use all such resources efficiently, and obtain them without adversely affecting people or the natural systems they depend on.

Future-fit goals.

- Energy is from renewable sources
- Water is used in an environmentally responsible and socially equitable way.
- Materials derive from sources that respect the welfare of ecosystems, people and animals

Energy is from renewable sources

There is no longer any doubt that the systematically increasing concentration of greenhouse gases (GHGs) in the atmosphere is causing climate change and ocean acidification. Further, ever-riskier fossil fuel extraction methods are becoming increasingly disruptive to the environment. Examples include shale gas fracking and Arctic drilling.

By ensuring energy comes from renewable sources, companies do not contribute to the demand for fossil fuels and their associated emissions, nor to the over-harvesting of resources such as oil whose value to society extends far beyond combustion.

The goal is therefore to ensure that all energy consumed – as electricity, heat or fuel – is derived from renewable energy sources: solar, wind, ocean, hydropower,

geothermal resources, and biomass. In contrast, non-renewable energy derives from sources that cannot be replenished, reproduced, grown or generated in a short time period through ecological cycles, such as: fuel distilled from petroleum or crude oil; natural gas and its derivatives; coal; and nuclear power.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- [The business eliminates its contribution to pollution from mined substances.](#)
- [The business eliminates its contribution to environmental degradation by physical means.](#)

Water is used in an environmentally responsible and socially equitable way

Fresh water is critical to people's health, for drinking, cooking and sanitation. Further, by over-harvesting water, or taking too much water from one source and returning it to another, a company may undermine the balance, quality, and availability of water that flora and fauna rely upon, resulting in the degradation of ecosystems.

Companies must ensure that their water use in no way undermines the availability of water for people and ecosystems that

depend on the watershed from which the water is withdrawn.

Water use is a complex issue. Impacts vary at a local catchment level, depend on where water is withdrawn from (e.g. aquifers, rivers) and returned to, and can also arise from changes in water quality (e.g. by introducing or removing impurities).

This goal focuses on localised impacts stemming from water withdrawal. Water

quality issues are covered by the goal Operational emissions do not harm people or the environment.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to environmental degradation by physical means.
- The business ensures it in no way puts the health of its stakeholders at risk.

Materials derive from sources that respect the welfare of ecosystems, people and animals

As demand for natural resources increases, so does the pressure placed on the ecosystems, people and animals that contribute to their delivery.

Many issues related to responsible sourcing – from reducing emissions to paying people a living wage – are covered by other future-fit goals.

The emphasis of this goal is on a specific issue *not* covered elsewhere: causing no harm as a result of physical sourcing activities (harvesting, fishing, hunting, rearing and mining). Examples include but are not limited to:

- Harvesting renewable resources at rates that do not reduce nature’s capacity to regenerate them.
- Keeping non-renewable materials in closed loops to reduce demand for further extraction.

- Respecting the welfare of animals.
- Avoiding conflict and human rights violations when mining valuable minerals.

This goal applies to all natural resources that contribute to the company’s product inputs – including any it produces itself, any sourced directly from suppliers, and any embedded into purchased materials.

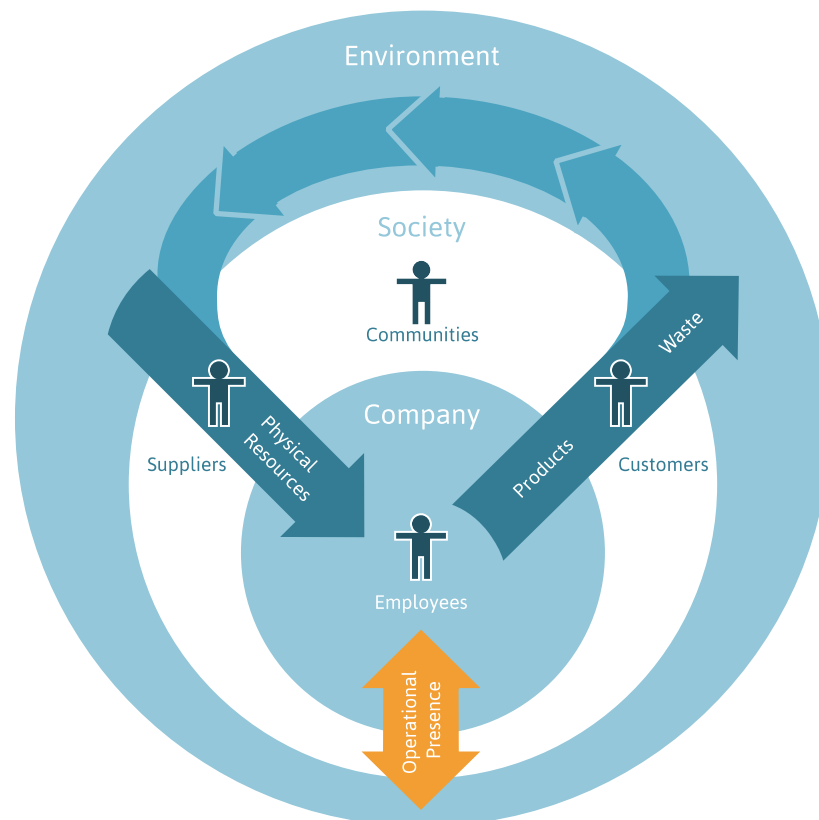
Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to environmental degradation by physical means.
- The business ensures it in no way puts the health of its stakeholders at risk.

Environment: Operational Presence

Ensure the presence of the business does not disrupt ecosystems.



General requirements.

The health of ecosystems – and the rich biodiversity that sustains them – underpin many natural processes that business and society as a whole rely upon. Future-fit companies and their core suppliers ensure that their activities do not adversely affect such ecosystems.

Future-fit goals.

- Operational emissions do not harm people or the environment
- Operations emit no greenhouse gases
- Operational by-products are repurposed
- Operations do not encroach on ecosystems or communities

Operational emissions do not harm people or the environment

Company operations can cause the release of a range of chemicals and particles. The emission of substances that are already abundant in nature, and of substances that nature can break down rapidly and without consequence, are not a concern.

Some substances are known to be toxic to people and organisms. Other substances may not seem immediately harmful, but if nature cannot break them down rapidly they may – through emission into air, land or water – systematically build up in the environment to dangerous levels.

Substances that have a higher potential to systematically build up in nature, and thus are of greatest concern, include those that are scarce in nature (e.g. trace metals such as cadmium), those that are persistent (e.g. CFCs), and those that are emitted in large volumes (e.g. NOx).

All such potentially harmful substances must be kept in tight closed loops, or not used in the first place.

The context of this goal may vary from local (e.g. soil, rivers) to global (e.g. air, oceans) depending on the substance and mode of emission.

Note that greenhouse gas emissions and waste disposal are covered separately by the goals [Operations emit no greenhouse gases](#) and [Operational by-products are repurposed](#).

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- [The business eliminates its contribution to pollution from mined substances.](#)
- [The business eliminates its contribution to pollution from substances produced by society.](#)

Operations emit no greenhouse gases

There is no longer any doubt that the systematically increasing concentration of greenhouse gases (GHGs) in the atmosphere is causing climate change and ocean acidification. Companies should respond accordingly, to ensure that their operations cause no GHG emissions.

Nature can safely absorb some human-made GHGs every year, but the future-fit imperative is for companies to eliminate *all* operational GHG emissions. That's because we are dangerously close to reaching atmospheric GHG levels that will be catastrophic for society, and any attempt to divide up the remaining

carbon budget across companies is too complex and contentious to be practical.

The requirement is for a company to emit *net zero* GHGs as a result of its operational activities and energy consumption. We consider net GHG emissions to be total GHG emissions less any emissions that are permanently sequestered or adequately offset.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to pollution from mined substances.
- The business eliminates its contribution to pollution from substances produced by society.

Operational by-products are repurposed

The world's resources are dwindling. Renewable resources are consumed faster than they can regenerate, and as society's most accessible finite resources are used up, extraction methods become increasingly disruptive. Demand for virgin resources can be mitigated if all of the materials society uses are repurposed, rather than discarded as waste. Doing so also eliminates the costs – financial, environmental and human – that waste disposal incurs.

Future-fit companies ensure that all their operational by-products are repurposed. In particular, organic waste may be composted and returned to the soil, and materials that can be reused forever (e.g. metals) must be reclaimed. Note that waste in the form of direct emissions into air, land or water is covered by the goal Operational emissions do not harm people or the environment.

A company should eliminate by-products wherever possible and – in descending order of preference – should, repurpose unavoidable by-products as follows:

- **Refurbish, remanufacture or reuse:** it is cleaned, repaired or otherwise processed to be used again.
- **Recycle:** it is turned into a new product input that the company or a third party can use.
- **Recover:** it is a biogenic substance (100% derived from animals/plants) and is composted or recovered as energy.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to pollution from substances produced by society.

Operations do not encroach on ecosystems or communities

Growing demand for land is putting pressure on ecosystems, communities and plant and animal species. Companies that do not adequately consider the impacts of their physical presence may cause irreversible degradation to natural processes and resources that they and others rely on, and may undermine the wellbeing of local communities.

The requirement is to eliminate negative impacts in areas of high biological, ecological, social or cultural value. Companies must protect such areas where they are already present, and must refrain from expanding into new areas if degradation of some kind is possible.

Examples of what is required include but are not limited to:

- Protecting primary forest (e.g. no clearing of rainforest for farm land).
- Respecting the land rights of communities (e.g. zero tolerance on land grabbing).

- Not introducing invasive species that could affect local ecosystems.
- Protecting aquatic ecosystems from degradation (e.g. diverting sea traffic away from endangered coral reefs).
- Avoiding encroaching on areas of religious/sacred importance to local communities or indigenous peoples.

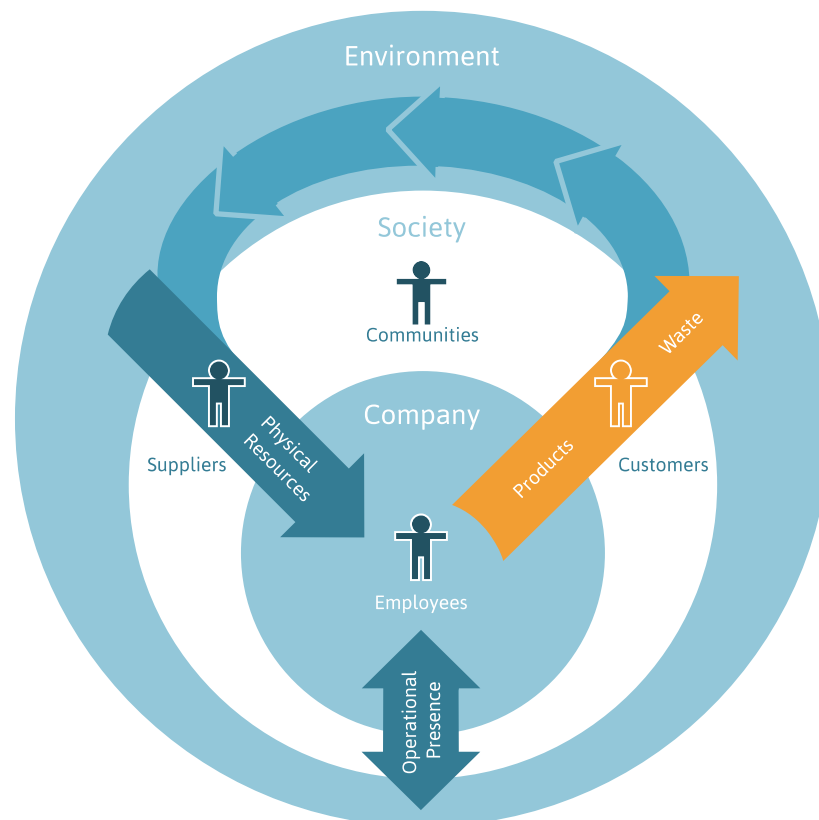
Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to environmental degradation by physical means.
- The business ensures it in no way prevents its stakeholders from creating meaning in their lives.

Customers

Engage customers to ensure products cause no harm, both in use and at their end of life.



General requirements.

Historically, many companies have paid little attention to any adverse effects stemming from what they sell. Future-fit companies act as lifetime stewards for their products, and realize they have an obligation to actively engage customers and ensure their products cause no harm to people or the planet.

Future-fit goals.

- Products do not harm people or the environment
- Products emit no greenhouse gases
- Products can be repurposed
- Customers are informed about any aspect of products that may cause harm
- Customer concerns are actively solicited, impartially judged and transparently addressed

Products do not harm people or the environment

The emphasis here is on products whose *purpose* is to cause harm, and products that are *likely* to cause harm – to people, organisms or ecosystems – when used as intended or at their end of life.

One of the most common ways in which products can cause unintentional harm is through the substances they contain. Some products are already widely known to be harmful (e.g. cigarettes). Other substances may not seem immediately harmful, but if nature cannot break them down rapidly they may – through emission into air, land or water – systematically build up in the environment to dangerous levels.

Substances that have a higher potential to systematically build up in nature, and thus are of greatest concern, include those that are scarce in nature (e.g. trace metals such as cadmium), those that are persistent (e.g. CFCs), and those that are emitted in large volumes (e.g. NOx).

A future-fit product can *contain* such substances only if they are kept in tight closed loops, and retrieved at the end of the product's life. Public waste handling cannot always be relied upon, so the onus is on the company to ensure that such products are repurposed safely.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- [The business eliminates its contribution to pollution from mined substances.](#)
- [The business eliminates its contribution to pollution from substances produced by society.](#)
- [The business eliminates its contribution to environmental degradation by physical means.](#)
- [The business ensures it in no way puts the health of its stakeholders at risk.](#)

Products emit no greenhouse gases

There is no longer any doubt that the systematically increasing concentration of greenhouse gases (GHGs) in the atmosphere is causing climate change and ocean acidification. Companies should respond accordingly, to ensure that their products cause no GHG emissions when used as intended.

Nature can safely absorb some human-made GHGs every year, but the future-fit imperative is for companies to eliminate *all* product-related GHG emissions. That's because we are dangerously close to reaching atmospheric GHG levels that will be catastrophic for society, and any attempt to divide up the remaining

carbon budget across companies is too complex and contentious to be practical.

Products powered by electricity can be considered as indirectly causing GHG emissions if the electricity derives from fossil fuels, but the products are not themselves *forcing* that. The focus here is on products that emit GHGs as a *direct consequence* of their use, such as:

- Combustible fuels (e.g. diesel, coal, end-of-life tires when sold as fuel).
- Equipment powered by combustion (e.g. petrol cars, diesel generators, kerosene lanterns).
- Transport services whose provision causes GHG emissions (e.g. taxi rides, commercial flights, and couriers using GHG-emitting vehicles).

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to pollution from mined substances.
- The business eliminates its contribution to pollution from substances produced by society.

Products can be repurposed

The world's resources are dwindling. Renewable resources are consumed faster than they can regenerate, and as society's most accessible finite resources are used up, extraction methods become increasingly disruptive. Demand for virgin resources can be mitigated if all of the materials society uses are repurposed, rather than discarded as waste. Doing so also eliminates the costs – financial, environmental and human – that waste disposal incurs.

Future-fit companies do all they can to make sure that their products and associated packaging can be repurposed. There are two aspects to this.

First, companies should ensure that customers have ready access to recovery

services, for all products and packaging that are not consumed during use. And second, products and packaging should be designed to ensure that – via such a recovery service – they can be readily disassembled into components and materials to maximize their reuse value.

Note that a company is not *itself* required to gather and repurpose all of its own products: it may choose to do so, or it may instead ensure that repurposing happens through other means, such as partnerships with third parties or support for recycling programs.

This goal applies to physical goods: service products that do not rely on the provision of any goods are considered *de facto* future-fit with respect to this goal.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to pollution from mined substances.
- The business eliminates its contribution to pollution from substances produced by society.

Customers are informed about any aspect of products that may cause harm

Some products may cause harm to people or ecosystems, either because of the way they are designed, or because there is a reasonable chance that customers could misuse them or dispose of them incorrectly. The company must make potential customers aware of any such risks, to empower them to make well-informed decisions regarding their purchase, use and end-of-life processing of its products.

Products may cause harm in a wide variety of ways. Some examples include:

- Foods and beverages that affect a person's health if consumed in excessive amounts.
- Products that contain known carcinogens or endocrine disrupters.
- Consumables containing non-biodegradable particles (e.g. plastic micro-beads in shampoo), whose

emission into rivers and oceans, via wastewater, harms organisms.

- Complex financial products, whose use may undermine a customer's livelihood if their associated risks are not properly understood.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business eliminates its contribution to pollution from mined substances.
- The business eliminates its contribution to pollution from substances produced by society.
- The business ensures it in no way puts the health of its stakeholders at risk.

Customer concerns are actively solicited, impartially judged and transparently addressed

It makes sense for any company to actively engage its customers, but the intent here is to ensure that a company does at least the minimum required in this regard. That is, a company must give its customers a voice by actively soliciting their views, impartially investigating their concerns, and transparently acting to address legitimate grievances.

Note that – in contrast to the similarly-worded goals relating to employees and communities – this goal does not encompass *every* type of concern that a customer may raise. The emphasis here is on concerns relating to the future-fit credentials of the company's products, such as whether a product may cause harm as a result of its use or disposal.

This goal encompasses concerns raised *on behalf of* individual customers, for example by NGOs and consumer groups.

Transparency is key here. For example, if a product fault is reported which could jeopardize the health of other customers, the company should act swiftly and openly to address it.

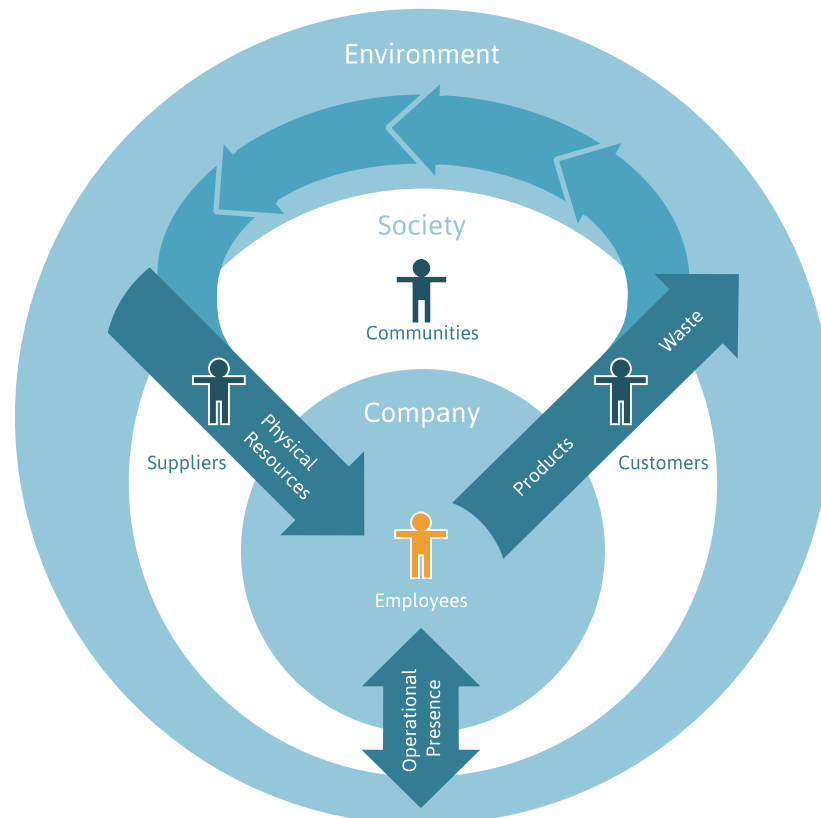
Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business ensures it in no way prevents its stakeholders from having a voice.
- The business ensures it in no way prevents its stakeholders from being treated impartially.

Employees

Create a working environment within which all employees can flourish.



General requirements.

Companies are responsible for providing a safe and healthy work environment, and for empowering all employees to behave responsibly. Ensuring tolerable working conditions is now a legal requirement in many countries, but the emphasis often doesn't go far beyond physical safety. Future-fit companies and their core suppliers embrace a broader definition of wellbeing, which also encompasses fair compensation and impartial treatment.

Future-fit goals.

- 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

Employee health is safeguarded

This goal is about protecting the health and safety of all employees. Companies that do not adequately address workplace health issues may cause serious long-term negative health problems for their employees.

Note that "health" here extends beyond physical safety to encompass mental and emotional wellness, so companies must not contribute in any way to stress-related health issues.

Work-related injuries, illnesses, and fatalities should reach and remain at zero. Companies should also seek to foster physical health (e.g. through

proactive positions on exercise, nutrition and smoking) and mental wellbeing (e.g. zero tolerance of bullying and harassment).

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business ensures it in no way puts the health of its stakeholders at risk.
- The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow.

Employees are paid at least a living wage

Companies should safeguard employee health by ensuring all employees have the means to afford health coverage, to eat a balanced diet and to be free of concerns about meeting basic needs. Also, employees should be compensated such that they have the physical and mental means to pursue personal development outside of work.

A living wage affords a decent standard of living for the worker and his or her family. Living wage estimates vary by region and guidance is offered by government agencies, academics and/or NGOs. It is typically higher than the minimum wage or poverty-line wage.

Living wage calculations should focus on employee compensation with respect to standard working hours. So figures should exclude overtime pay and (unless they are guaranteed) productivity bonuses and allowances.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business ensures it in no way puts the health of its stakeholders at risk.
- The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow.

Employees are subject to fair employment terms

Employees who work reasonable hours, who feel secure in their employment, and who are afforded adequate time off are more likely to thrive physically, emotionally, and mentally – in and outside work.

Fair employment terms are about respecting an employee's rights, needs, and wellbeing within and beyond work. Such terms include right of association (e.g. the right to join – or refrain from joining – a union), right to reasonable working hours, right to leisure (e.g. holiday entitlements and overtime pay) and right to parental leave.

Note that fair compensation is covered separately by the goal [Employees are paid at least a living wage](#).

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- [The business ensures it in no way puts the health of its stakeholders at risk.](#)
- [The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow.](#)

Employees are not subject to discrimination

Everyone is entitled to equitable treatment and equal opportunity, irrespective of personal characteristics such as age, gender, sexual orientation, ethnicity, country of origin, or disability.

Discrimination in the workplace may take many forms, and discriminatory behaviour can be perpetuated – or at least go unnoticed and unchallenged – by established norms and practices within organisations.

Companies must be proactive in investigating and monitoring key practices – such as recruitment, pay structures, hiring, performance

assessment and promotions – to ensure that no discrimination occurs, however indirect or unintentional it may be.

The goal [Employee concerns are actively solicited, impartially judged and transparently addressed](#) seeks to ensure that employees are empowered to raise concerns – including any related to discrimination – should they arise. This goal is about reducing the possibility that such concerns arise in the first place.

Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business ensures it in no way prevents its stakeholders from being treated impartially.

Employee concerns are actively solicited, impartially judged and transparently addressed

Companies depend on the commitment and motivation of their employees, so it is good business sense to engage them as much as possible.

That said, the intent is to set a minimum threshold of acceptable performance, which in this case means ensuring that the company does nothing to undermine its employees' wellbeing.

A future-fit company is not one whose employees are concern-free, but rather one that has taken all steps possible to minimize concerns, and to deal effectively and appropriately with any that arise. Thus the emphasis here is on putting in place appropriate mechanisms to identify and manage employee concerns, so that potentially serious issues and legitimate grievances do not go unaddressed.

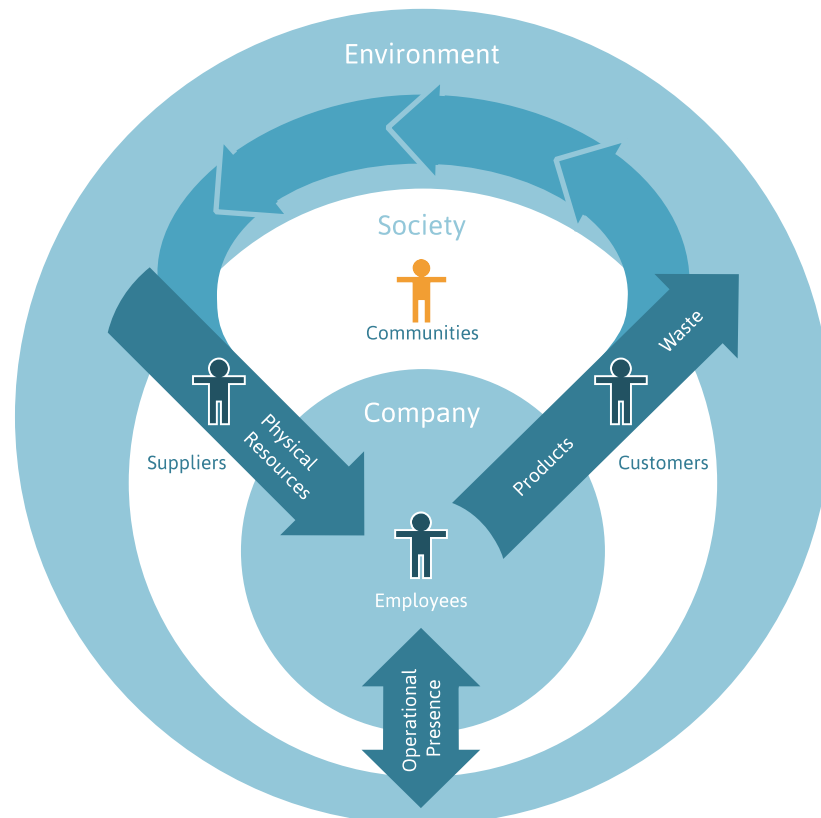
Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- The business ensures it in no way prevents its stakeholders from having a voice.
- The business ensures it in no way prevents its stakeholders from being treated impartially.

Communities

Help to create thriving communities wherever the business operates.



General requirements.

Many companies understand the need to respect the physical wellbeing of those around them. Future-fit companies and their core suppliers actively engage communities on any decisions with the potential to affect them, and address any concerns impartially and transparently.

Future-fit goals.

- Community concerns are actively solicited, impartially judged and transparently addressed

Community concerns are actively solicited, impartially judged and transparently addressed

Companies depend on the goodwill of the communities in which they operate, so it makes sense to foster strong relationships with them.

That said, the intent here is to set a minimum threshold of acceptable performance, which in this case means ensuring that the company does nothing to undermine a community's wellbeing.

A future-fit company is not one whose communities are concern-free, but rather one that has taken all steps possible to minimize concerns, and to deal effectively and appropriately with any that arise. Thus the emphasis here is on putting in place appropriate mechanisms to identify and manage community concerns, so that potentially serious issues and legitimate grievances do not go unaddressed.

Note that a company should also take care not to impose its presence on communities in ways that could interfere with their culture and values. This is covered by the goal [Operations do not encroach on ecosystems or communities](#).

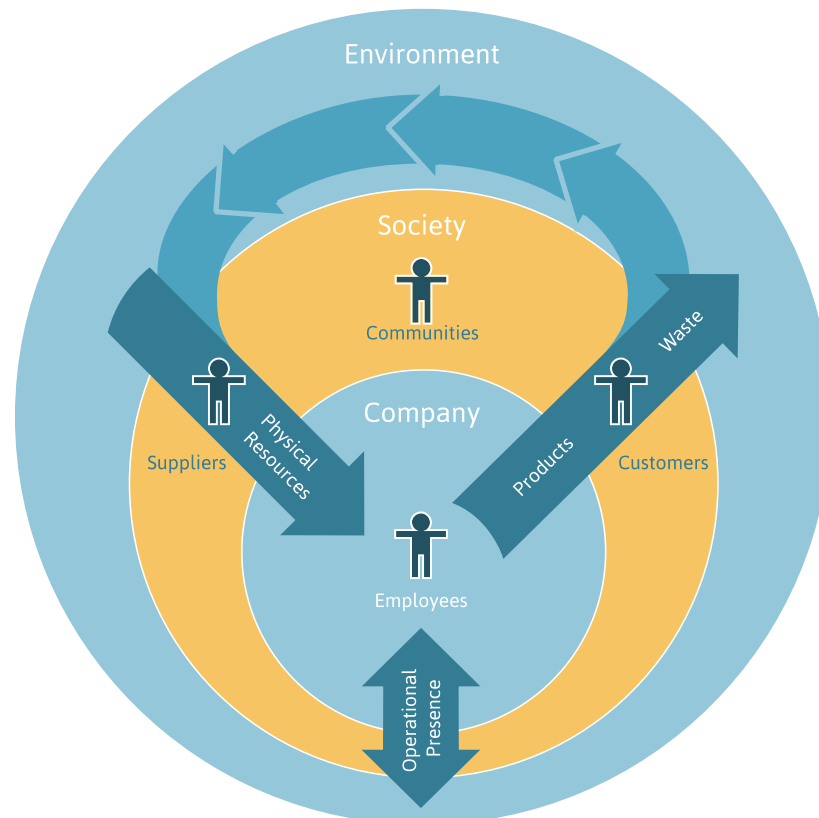
Why this goal is required.

This goal helps to ensure that the company adheres to the following Future-Fit Business Principles:

- [The business ensures it in no way prevents its stakeholders from having a voice.](#)
- [The business ensures it in no way prevents its stakeholders from being treated impartially.](#)

Society as a Whole

Ensure the business is governed to strive for future-fitness.



General requirements.

Companies are often managed purely to maximize short-term financial returns for their owners. A future-fit company realizes its stakeholders' interests are best served by acting ethically and by positively influencing the systems – and supporting the infrastructure – that its long-term success depends upon.

Future-fit goals.

- Business is conducted ethically.
- The right tax is paid in the right place at the right time
- Lobbying does not undermine the pursuit of future-fitness

Business is conducted ethically

All future-fit goals can, and should, be interpreted as matters of business ethics that apply to any company.

This goal, in contrast, focuses on the proactive identification, pre-emptive prevention, and transparent disclosure of any specific issues which could – due to the unique nature of a company's business – lead to breaches of Future-Fit Business Principles.

The kinds of ethical breach that might occur will vary widely across companies, depending on their size, structure, sector, business model, geographical presence, and so on. A future-fit business is not one that is completely immune to ethical concerns and challenges. Rather, it is one that puts in place effective mechanisms to reduce the likelihood of breaches, to encourage people (employees and third parties) to raise the alarm when one does occur, and to respond effectively to them.

Examples of potential issues include:

- Anti-competitive practices (e.g. unfair treatment of suppliers, price fixing cartels).
- Bribery (e.g. paying or accepting bribes, including in regions where doing so is considered the norm).
- Dis-information (e.g. misrepresenting or failing to disclose information which could influence the decisions or wellbeing of stakeholders).
- Abuse of trust (e.g. inappropriate use of sensitive personal data).
- Wilful ignorance (e.g. neglecting to investigate supply chains in which human rights abuses are suspected).

Why this goal is required.

This goal helps to ensure that the company adheres to [all Future-Fit Business Principles](#).

The right tax is paid in the right place at the right time

Governments require tax revenue to fund critical services upon which society and business depends.

This goal recognizes the fact that any company should pay its fair contribution to the infrastructure upon which its success – and even its existence – relies (e.g. transport networks, legal system, healthcare, education, public utilities).

This includes not engaging in 'creative accounting' to take advantage of tax loopholes – for example to move money to tax havens – and not deliberately seeking ways to obey the letter but not the spirit of regional tax law.

Why this goal is required.

This goal helps to ensure that the company adheres to [all Future-Fit Business Principles](#).

Lobbying does not undermine the pursuit of future-fitness

Companies often seek to influence the markets within which they operate, by lobbying those with the power to change them.

This goal recognizes that any attempt to influence market dynamics in favour of the business must not in any way contribute to hindering progress toward future-fitness, in or beyond the company.

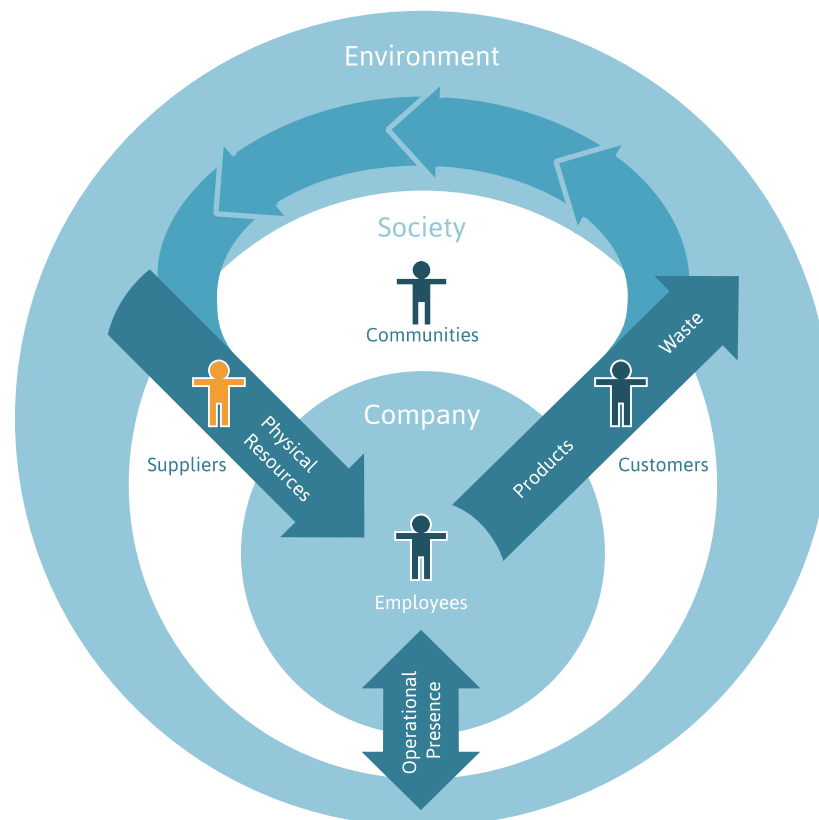
For example, a future-fit company would not fund any organization that protests against more stringent toxic emissions laws.

Why this goal is required.

This goal helps to ensure that the company adheres to [all Future-Fit Business Principles](#).

Suppliers

Foster future-fitness among the suppliers of resources that are critical to the business.



General requirements.

Every company relies to some extent upon third-party suppliers – as, in turn, do they. Such interdependencies leads to extremely complex supply chains. So where should mutual accountability for supplier impacts end?

A future-fit company takes responsibility for any social and environmental impact resulting from the provision of supplied goods or services if their absence would seriously affect its business. We consider two types of such **core suppliers**:

- **Outsourced functions:** A company is mutually accountable for the operational impacts of any direct supplier to whom it outsources core business functions (e.g. customer support, manufacturing, logistics).
- **Product inputs:** A company that sells goods (or services whose delivery requires goods to be consumed) is mutually accountable for all cradle-to-gate operational impacts caused by the creation of its product inputs (raw materials and their derivatives).

Future-fit goals relating to *Physical Resources, Operational Presence, Employees* and *Communities* must ultimately be reached by all of a company's core suppliers if the company as a whole is deemed to be future-fit. That's because a company's ability to create value depends on the actions – and thus impacts – of its core suppliers.

Mutual accountability here is not only necessary but also desirable, due to the attention it can bring to bear on impact hot-spots. Actions taken to address such hotspots by *any* mutually accountable party will increase the future-fitness of *all* parties.

Core Suppliers versus Ancillary Suppliers

Release 1 focuses on **core suppliers** as defined above. But there may be times when it makes sense to broaden the concept of mutual accountability to certain types of **ancillary suppliers**. This includes suppliers of:

- Occasional services (e.g. hotels, taxis).
- Consumables (e.g. office supplies).
- Manufactured assets (e.g. buildings, IT equipment, plant, furniture, vehicles).

For example, if a hotel chain commissions a supplier to build a new hotel, should the chain not be held mutually accountable for the sourcing of the building materials, and the treatment of the construction workers on the project? Such questions will be explored in a future release, after more extensive real-world testing of the Benchmark across a range of industries.

Supplier-related future-fit goals.

Core suppliers' use of physical resources:

- Energy is from renewable sources
- Water is used in an environmentally responsible and socially equitable way
- Materials derive from sources that respect the welfare of ecosystems, people and animals

Core suppliers' operational presence:

- Operational emissions do not harm people or the environment
- Operations emit no greenhouse gases
- Operational by-products are repurposed
- Operations do not encroach on ecosystems or communities

Core suppliers' employees:

- 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

Core suppliers' communities:

- Community concerns are actively solicited, impartially judged and transparently addressed

The Journey to Future-Fitness

How to start using the Benchmark.

Where to begin?

No company will become future-fit overnight, but companies which commit to doing so stand to gain the most.

The Benchmark defines the "what" but does not prescribe the "how".

The Future-Fit Business Benchmark seeks to transform the way we think about the contribution business makes to society, by shifting emphasis from generating financial returns to creating system value. This shift in thinking has to happen – and soon – if we are to succeed in reorienting our economy in pursuit of a prosperous future for all.

By defining the social and environmental break-even point for business, it is hoped that the Benchmark will help companies identify *what* to aim for. But it does not seek to prescribe *how* to get there. This is by design. Progressive companies – those who wish not only to survive but to *thrive*

in the next century – will find their own path. Nothing drives creative thinking more than an urgent need and a set of clear design constraints.⁷

Is this mission impossible?

Depending on the type of business a company is in, some future-fit goals might feel so far away as to be unattainable. Add to that the fact that our economic system is not (yet) wired to encourage, recognize and reward progress toward future-fitness, and the whole thing may seem impossible.

Irrespective of how hard it looks, this is a journey that *every* company must make, if it is to secure its entry ticket to a sustainable future. So: where to begin?

⁷ See for example the 2013 Forbes article [*Creativity: How Constraints Drive Genius*](#).

Be assured that no one expects overnight transformation.

To the authors' knowledge, no company in existence today is close to reaching all 21 future-fit goals. Yes, some companies have met – and in a few cases surpassed – a handful of goals, but not all of them.

If you work for a company and are reading this thinking that you don't even know all of the chemicals in your products, or who and where your second tier suppliers are, then you're not alone.

No reasonable stakeholder believes that everything can change overnight, but – as the effects of global challenges on society grow – investors, prospective employees, customers and others will increasingly come to expect bold commitments backed up by credible action plans.

See future-fit goals as long-term ambitions, not short-term targets.

In 1961 neither John F. Kennedy nor the scientists at NASA knew how – or even *if* – they could put a man on the moon within a decade, but he went ahead and announced it anyway. We shouldn't underestimate the importance of that public commitment to a seemingly impossible goal, both in inspiring the creativity and guiding the collective action necessary to succeed.

Many business leaders today are nervous about publicly committing to any goal that cannot be achieved within the next budget cycle. And some future-fit goals will take far longer to reach than that.

The key here is to see the future-fit goals not as short-term targets in themselves,

but rather as long-term *aspirations* that can both inspire stakeholders and guide the setting of more effective and credible short-term targets.

Some goals may be reachable only with external support.

Although future-fit goals apply to individual companies, collaboration might well be required to reach some of them. For example, a company may only be able to eliminate a widely-used harmful substance from its supply chain by forming a coalition with its peers, to foster industry-wide investment to develop an alternative.

One advantage of collaboration on such pre-competitive issues is that shared success will translate into increased future-fitness for all parties involved.

Some goals really *might* be impossible to reach – for now.

In some cases, it may not be possible to achieve future-fit outcomes in the short term. For example, in certain emerging markets it might be legally challenging to implement fair employment terms, even though those same terms might be mandatory in some developed nations.

Large companies may be able to exert an influence on the broader system to overcome such obstacles, for example by lobbying regional governments for regulatory changes. But all companies, when faced by such issues, should just be open and honest about what they can and cannot do for now – and why – whilst continuously seeking to innovate and influence for change.

Trade-offs are inevitable.

Openness and honesty are also key when it comes to the inevitable need to make trade-offs. As described previously, in a complex system such as the global economy, actions in one area might cause side-effects elsewhere.

Future-fit goals and business principles can be used to ‘test’ the range of impacts that a particular course of action may cause. But there will always be a need to make trade-offs – and not just in terms of financial cost.

For example, what if applying a harmful coating to a product could make it last three times as long, thus reducing waste? And what if the only non-harmful

alternative coating currently available has a much higher carbon footprint? And what if a technological breakthrough to produce a much lower footprint, harmless and even more durable coating is thought to be only three years away? There are no easy answers to such questions, of course.

This must not become an excuse to avoid progress. The key in situations like this is to take whatever steps are thought to be the most effective, in the round, in making meaningful progress toward future-fitness across the value chain – and to communicate openly and honestly about the trade-offs made and plans to address them in time.

A future-fit ‘health check’

Explore which of the future-fit goals are most challenging for your business, and why.

This document should provide all you need to conduct a future-fit ‘health check’ of your business.

The Future-Fit Foundation team has run workshops over the past two years with a range of companies keen to understand what the pursuit of future-fitness would mean for their business.

Each workshop typically starts with an overview of the key concepts behind the Benchmark, and then progresses to a goal-by-goal discussion.

The presence of a facilitator with deep knowledge of the Benchmark can be

useful in such sessions, but it is by no means essential. If you have studied this document and feel confident enough in your understanding of it, then get some colleagues together and give it a try. The following notes may prove useful.

Each future-fit goal is typically met by one of three reactions.

Reaction 1: *This goal doesn’t apply to us*

In some cases, this reaction might well be valid. For example, the goal Products can be repurposed will not apply to a company that delivers only web-based services. For any such goals, the company is considered to be **future-fit by default**.

However, caution should be taken not to dismiss a goal too quickly: sometimes people may think that a goal doesn't apply because they haven't grasped the full extent of a company's mutual accountability. For example, office paper is not considered to be a product input for most types of company, but it would be classed as such for a printing agency that uses such paper to produce customized stationery for its clients.

Reaction 2: *This goal will take a lot of time and resource to reach.*

To meet goals that engender this reaction will likely require a relentless focus on **continuous improvement**, until the required end state is reached. But it will probably *not* be necessary to change the company's core business model.

A common example is the goal Energy is from renewable sources. Efficiency measures are generally the best option, to reduce the overall energy demand across the company and its core suppliers. All remaining needs must then be met by transitioning to renewables.

Reaching goals in this category may not be easy, but with the right leadership and focus it can be done.

Reaction 3: *This goal... is impossible!*

Goals that appear to be impossible are the most interesting, because this reaction usually means that the company cannot reach the goal *without radical changes to its core business model*. This is where the bulk of the health check

discussion should focus, because inaction on these seemingly impossible goals poses a huge risk.

An example might be a fossil fuel company pondering how to transform its business model so that its Products emit no greenhouse gases. Another example might be a fast-food chain that 'gives away' a toy to encourage the purchase of its children's meals, wondering how to ensure its Products can be repurposed.

For 'impossible' goals, the continuous improvement mentality is not enough: some level of **disruptive innovation** is typically required.

Useful questions to ask.

To facilitate a productive discussion about each goal, the following questions may prove useful:

- *What is our public position, if any, on the issue concerned?*
- *How far away do we think we are from meeting this goal?*
- *What don't we know? (e.g. where do our raw materials come from?)*
- *How can we find out more to close these knowledge gaps?*
- *What would it take to adopt this goal as a company aspiration, internally and/or publicly?*
- *Do we have the right governance and incentives in place to give this goal the attention it needs?*

Securing stakeholder support

Engaging and inspiring stakeholders to secure their support for the journey ahead.

The need for tailored consistency in communicating future-fit commitments and progress.

All companies must respond to the same global challenges – and strive to reach the same goals – if they are to become future-fit. And for investors and others to make meaningful cross-company comparisons, a degree of consistency is required in terms of reporting progress.

That said, every company is different – in terms of brand, culture, history, purpose, customer base, and so forth – and all stakeholder communications must be tailored accordingly.

Effective future-fit communication therefore demands what might be called *tailored consistency*. The break-even point is the same, and progress toward it should be reported as consistently as possible. But beyond that, a company's messaging can – and should – be tailored to garner the trust and inspire the support of its most critical audiences.⁸

⁸ For example, it would make little sense for a company to talk to its employees and customers about any future-fit goals that don't apply to its business model. But for investors

Useful questions to ask.

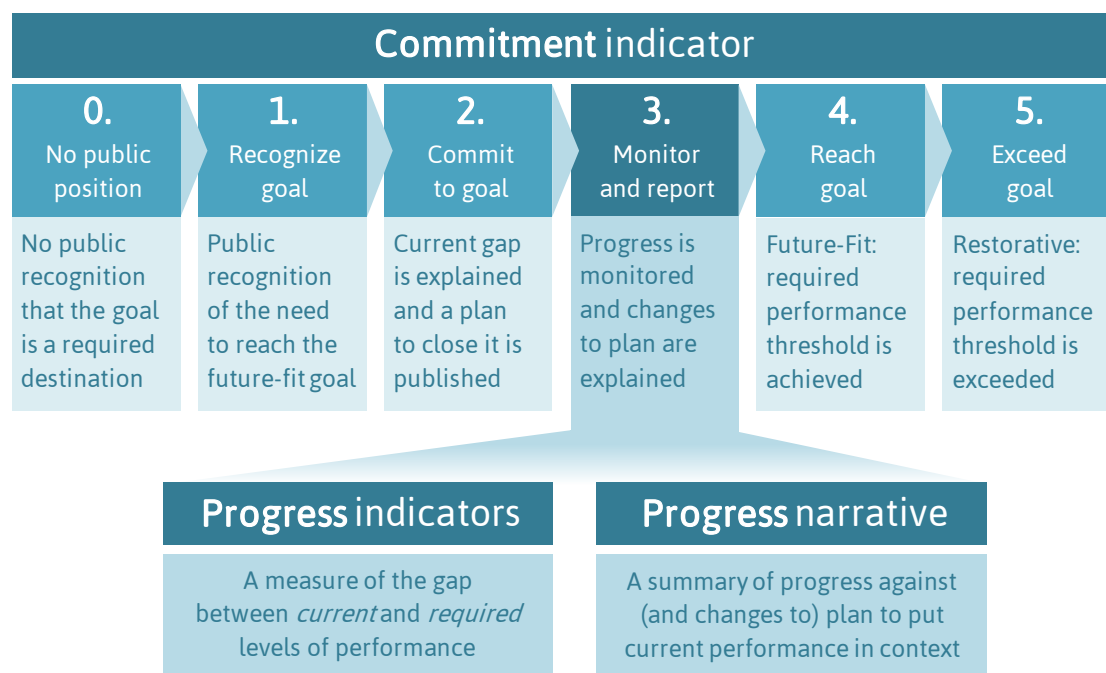
In particular, a company should ask itself the following questions:

- *Is our company vision and mission consistent with – and explicit about – the need to create system value?*
- *Are we clear on our commitment to help, rather than hinder, society's transition to a flourishing future?*
- *Which future-fit goals pose the biggest challenges to our business model, and are we open about them?*
- *Do our communications focus primarily on what we still have left to do, or are we dwelling too much on what has already been done?*
- *Are we being open and honest in explaining the gap between where we are and where we need to be, and what we're doing to close it?*
- *Are we helping our stakeholders – and in particular our employees and suppliers – to see how their creative thinking and day-to-day actions are critical to the journey ahead?*

seeking to compare performance across companies, it may well make sense to at least explain *why* such goals don't apply.

Monitoring and reporting progress toward future-fitness

To get a true sense for a company's progress it is necessary to consider current performance in the context of long-term commitments and plans.



Are sustainability reports useful?

It is essential for business to be open and honest with its stakeholders about its extra-financial performance. But for many companies this need often translates into the annual production of a very long, very detailed sustainability report. The people involved in the reporting process often question its value. *Will anyone ever read this? Is this really worth so much effort? Couldn't we be using this time to actually fix things?*

Read enough sustainability reports, and one might be left with the impression that a lot of energy is going into

rewording the previous year's summary of global risks, highlighting recent successes, and documenting progress toward arbitrarily-set targets. Whether all this effort brings a lot of value to stakeholders is questionable.

A future-fit 'scorecard' approach could simplify things.

A simple future-fit 'scorecard' approach (see above) could reduce the burden on business while simultaneously increasing the relevance to stakeholders. The aim here is to present a concise and comparable overview of a company's progress toward future-fitness, by putting

current performance in the context of long-term commitments and plans.

For each future-fit goal, such a scorecard would incorporate these three elements:

Commitment indicator

This is a simple (numerical) indicator representing the company's level of public commitment to the future-fit goal:

0. **No public position**
The company has not publicly acknowledged the need to reach the goal.
1. **Recognize goal**
The company has publicly acknowledged the need to reach the goal (e.g. in its annual report).
2. **Commit to goal**
The gap between where the company is now and the goal is explained, and a plan to close the gap is published.
3. **Monitor and report**
The company is pursuing its plan, and monitoring and reporting its progress on an ongoing basis.⁹
4. **Reach goal**
The company has reach the required break-even point and is thus future-fit with respect to this goal.
5. **Exceed goal**
In some cases, a company might actually exceed the break-even threshold (e.g. by generating more renewable energy than it needs, and selling the surplus back to the grid).

⁹ Note that reporting need not necessarily occur annually, but should follow whatever schedule is best to engage stakeholders.

Progress indicators

The intent here is to capture current performance with respect to the goal as succinctly as possible. This should be expressible with two metrics: **fitness** as calculated with the Key Fitness Indicator (i.e. the proportion of the company's activity that meets the future-fit threshold) and **footprint** (i.e. the scale of its overall activity). For example, a company might use 50% renewable energy, but to get a true sense for what this means it is also necessary to know the *total* amount of energy used.

Progress narrative

The progress narrative offers a concise and well-defined summary of the company's progress toward plan. This should require no more than a few hundred words, and should focus explicitly on addressing the following questions:

- What is the extent of the gap between where the company is now and where it needs to be?
- What is the nature of and reason for this gap?
- What is the plan to close the gap?
- Are things going to plan, and if not then what is the reason, and what action is being taken?

Where next for the Benchmark

The Benchmark is subject to ongoing development – maybe you can help?

Testing Release 1

Release 1 represents a key milestone in the evolution of the Future-Fit Business Benchmark, but this is still very much a work in progress.

In particular, the Key Fitness Indicators presented in this document's sister publication, *Future-Fit Business Benchmark, Part 2: Indicators*, are just a start. They constitute what in the software industry might be called a 'minimum viable product': ready to be stress-tested and refined in partnership with a wide range of companies.

Creating Release 2

It is only possible to assess the true extent of a company's impacts – both positive *and* negative – relative to a clearly defined environmental and social break-even point. Identifying this minimum acceptable threshold of extra-financial performance has been the primary focus of Release 1.

But when it comes to creating system value – just as with financial profit – it is possible to do far better than just break even. Some of today's most progressive companies are already actively working to improve people's wellbeing (e.g. by meeting basic needs in underserved markets) or to restore natural systems (e.g. via reforestation), even if they have not reached every future-fit goal.

That's why Release 2 will build on the foundation presented here, to capture all of the ways in which companies can create system value, to usher in a prosperous future for all.

Can you help?

[Future-Fit Foundation](#) is keen to work with partners – companies, investors, media, advisors, NGOs and others – to enhance and accelerate adoption of the Benchmark. To discuss how we might be able to work together – or if you just want to tell us about how you are using the Benchmark – please do [get in touch!](#)

Appendix 1: From Principles to Goals

How the future-fit goals were derived.

These tables show how Future-Fit Goals were derived by examining the ways in which a ‘typical’ company must avoid

breaching Future-Fit Business Principles. See [Translate the Business Principles into Future-Fit Goals](#) for further information.

Business principles	Stakeholders					
	Environment	Customers	Employees	Communities	Society as a Whole	Suppliers
The business eliminates its contribution to pollution from mined substances	✓	✓	All employee actions are considered to form part of the company's operational activities and captured under <i>Environment</i> .	✓	✓	Suppliers are treated as a special case, in terms of their own relationships with the Environment, Employees and Communities.
The business eliminates its contribution to pollution from substances produced by society	✓	✓		✓	✓	
The business eliminates its contribution to environmental degradation by physical means	✓	✓		✓	✓	
The business ensures it in no way puts the health of its stakeholders at risk	When the Environment is considered as a stakeholder these (social) business principles do not apply.	✓	✓	✓	✓	
The business ensures it in no way prevents its stakeholders from having a voice		✓	✓	✓	✓	
The business ensures it in no way prevents its stakeholders from being treated impartially		✓	✓	✓	✓	
The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow		No specific breaches identified.	✓	No specific breaches identified.	✓	
The business ensures it in no way prevents its stakeholders from creating meaning in their lives		No specific breaches identified here, but breaches to other principles could contribute to breaching this one as well.		✓	✓	

Goals for the Environment: Physical Resources and Operational Presence

Source inputs in ways that have no negative social or environmental impact, and ensure the presence of the business does not disrupt ecosystems.

Business principles	Business activities that may breach these principles	Activities that avoid breaches	Goals relevant to such activities
The business eliminates its contribution to pollution from mined substances	Relying on operational processes that emit harmful mined materials (e.g. mercury run-off from mining, air pollutants such as lead and carbon monoxide).	Reduce to net zero all GHG emissions to stop contributing to climate change and ocean acidification.	Operations emit no greenhouse gases
	Relying on operational processes that contribute to an environmental build-up of mined materials (e.g. GHGs, ozone-depleting substances).	Eliminate emissions (to air, land and water) of any substance whose presence is harmful to ecosystems or non-human life.	Operational emissions do not harm people or the environment
The business eliminates its contribution to pollution from substances produced by society	Relying on operational processes that emit harmful substances produced by society (e.g. chemicals into waste water).	Use energy from renewable sources to eliminate the need to burn fossil fuels which cause GHG emissions.	Energy is from renewable sources
	Relying on operational processes that contribute to an environmental build-up of substances produced by society (e.g. waste to landfill, synthetic fertilizers).	Use energy from renewable sources to eliminate the need for the increasingly disruptive extraction of fossil fuels (e.g. fracking, Arctic drilling).	
The business eliminates its contribution to environmental degradation by physical means	Intentionally altering the environment to serve business needs (e.g. converting forest to farmland, building factories in biodiverse areas, diverting local watercourses).	Eliminate waste materials to minimize demand for virgin resources and avoid the need for landfill.	Operational by-products are repurposed
	Unintentionally interfering with the environment as a result of physical activity (e.g. ships passing near coral reefs, introducing invasive species).	Avoid negative impacts in areas of significant biodiversity or ecological value (such as pristine ecosystems) and where already physically present in such areas eliminate any negative impacts the business has previously contributed to.	Operations do not encroach on ecosystems or communities
	Disrupting the environment through the extraction of natural resources to meet business needs for water, energy or materials (e.g. destructive processes such as open-cut mining and bottom trawling fishing-nets, over-harvesting renewable resources and depleting natural stocks,).	Obtain (harvest, fish, hunt, rear, grow, mine) natural resources needed for production without physically degrading ecosystems.	Materials derive from sources that respect the welfare of ecosystems, people and animals
		Eliminate withdrawal of water from water-stressed areas so as not to undermine the availability of water required by local ecosystems.	Water is used in an environmentally responsible and socially equitable way

Goals for Customers

Engage customers to ensure products cause no harm, both in use and at their end of life.

Business principles	Business activities that may breach these principles	Activities that avoid breaches	Goals relevant to such activities
The business eliminates its contribution to pollution from mined substances	Selling products that emit harmful substances when used and/or processed at their end of life (e.g. heavy metals, toxic elements such as beryllium used in unrecyclable electronics, microbeads in personal care products).	Reduce to zero all GHG emissions that are an unavoidable consequence of product use.	Products emit no greenhouse gases
	Selling products that contribute to an environmental build-up of substances when used and/or processed at their end-of-life (e.g. vehicles with combustion engines, leaded aviation fuels, volatile organic compounds in aerosols, plastics that build up in oceans).	Design products to be safely disassembled without the release of harmful substances and for components to be reused or recycled. Ensure customers have access to the necessary repurposing channels to avoid products ending up as waste.	Products can be repurposed
	Selling products that emit harmful substances if incorrectly used and/or processed at their end of life (e.g. fluorescent bulbs or nickel-cadmium batteries ending up in landfill).	Eliminate substances in products that may harm ecosystems when used or disposed of, due to their chemical characteristics or because they accumulate in the environment.	Products do not harm people or the environment
The business eliminates its contribution to pollution from substances produced by society	Eliminate the sale of products that are likely to physically degrade the environment when used.		
The business eliminates its contribution to environmental degradation by physical means	Selling products that physically damage the environment when used as intended or as a likely consequence of use (e.g. bombs, bottom-trawling fish-nets).	Eliminate the sale of products that are likely to physically harm people or that contain substances known to be harmful to human health.	
The business ensures it in no way puts the health of its stakeholders at risk	Selling products that negatively impact customer health when used as intended or as a likely consequence of use (e.g. tobacco, endocrine disruptors in cosmetics).	Be fully transparent about product composition and likely consequences of use, and inform customers about correct methods of product use and end-of-life disposal.	Customers are informed about any aspect of products that may cause harm
The business ensures it in no way prevents its stakeholders from having a voice	Relying on operational processes that do not empower all customers to raise concerns (e.g. inadequate or hard-to-access grievance mechanisms).	Implement a concerns mechanism whose existence is communicated effectively to customers, and put in place policies and processes to effectively identify and transparently address legitimate concerns.	Customer concerns are actively solicited, impartially judged and transparently addressed
The business ensures it in no way prevents its stakeholders from being treated impartially	Relying on operational processes that do not adequately address customer concerns (e.g. no formal processes for follow-up, incentives that do not encourage open investigation and corrective action).		

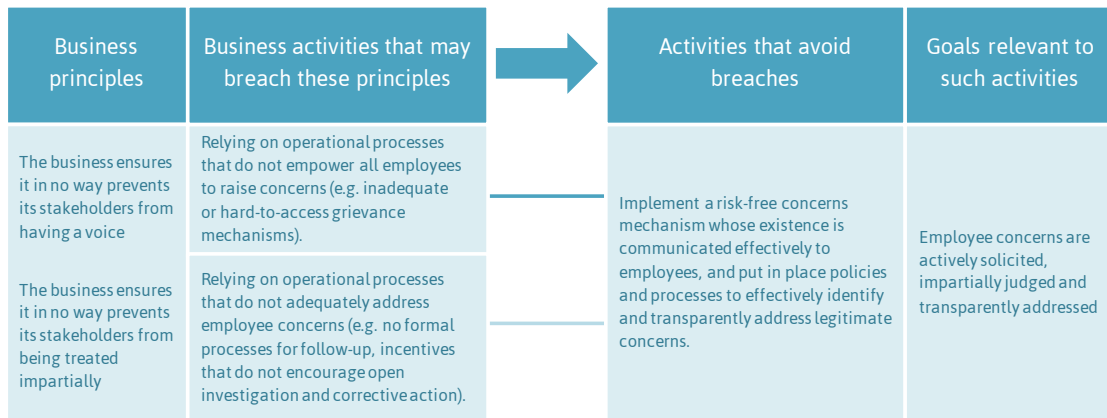
Goals for Employees (1 of 2)

Create a working environment within which all employees can flourish.

Business principles	Business activities that may breach these principles	Activities that avoid breaches	Goals relevant to such activities
The business ensures it in no way puts the health of its stakeholders at risk	Creating physical environments which degrade employee health (e.g. factories where necessary safety procedures are not in place, exposure to second-hand smoke).	Implement the necessary measures to reduce preventable accidents to zero. Restrict smoking on premises, ensure healthy food options are available to employees and implement policies and procedures to deal effectively with physical and mental health issues.	Employee health is safeguarded
	Creating cultural environments that degrade employee health (e.g. inattention to bullying and harassment concerns, no employee involvement on issues that affect them, poor stress management).		
	Creating contractual relationships that degrade employee health (e.g. unreasonable work hours, paying less than living wages, not permitting unionization).	Implement policies and procedures to identify stressed or overworked employees and take necessary measures to address problems and safeguard the mental health of employees to ensure they are able to pursue personal development.	
The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow	Creating cultural environments that reduce the possibility for employees to pursue personal development (e.g. work-induced stress limiting mental capacity to pursue activities beyond work).	Ensure all employees have formal, written employment terms that secure their right to unionize, right to maternity/paternity, reasonable working hours and paid leave.	Employees are subject to fair employment terms
	Creating contractual relationships that reduce the possibility for employees to pursue personal development (e.g. employment terms that limit financial freedom or spare time).	Ensure all employees have formal contract terms that secure reasonable working hours and paid holiday leave, to free up time to pursue personal development.	
			Ensure all employees are paid at least a living wage to provide them with the resources needed to live a healthy life.
The business ensures it in no way prevents its stakeholders from being treated impartially	Creating physical environments that hinder impartial treatment of employees (e.g. sites inaccessible to people with physical disabilities).	Ensure all employees are paid a living wage to provide them with the resources needed to pursue personal development outside work.	Employees are not subject to discrimination
	Creating contractual relationships that hinder impartial treatment of employees (e.g. unequal pay for equal work).	Ensure physical facilities do not present unnecessary barriers to access.	
	Creating cultural environments that hinder impartial treatment of employees (e.g. no policies regarding workplace discrimination).	Put in place policies and processes to ensure that hiring, remuneration, advancement and other opportunities treat everyone of the same ability equally. Monitor performance consistently.	

Goals for Employees (2 of 2)

Create a working environment within which all employees can flourish.



Goals for Communities

Help to create thriving communities wherever the business operates.

Business principles	Business activities that may breach these principles	Activities that avoid breaches	Goals relevant to such activities
The business eliminates its contribution to pollution from mined substances	Relying on operational processes that emit harmful mined materials (e.g. mercury run-off from mining, air pollutants such as lead and carbon monoxide polluting the local environment).	Eliminate emissions (to air, land and water) of any substance whose presence is harmful to communities or to the ecosystems and other non-human life they depend upon.	Operational emissions do not harm people or the environment
The business eliminates its contribution to pollution from substances produced by society	Relying on operational processes that emit harmful substances produced by society (e.g. chemicals polluting local waterways).		
The business eliminates its contribution to environmental degradation by physical means	Intentionally altering the local environment to serve business needs (e.g. not respecting land and forest rights of people, building factories in areas of cultural or religious importance to local communities).	Avoid negative impacts in areas of significant cultural or religious importance, and respect the land rights of local communities.	Operations do not encroach on ecosystems or communities
The business ensures it in no way puts the health of its stakeholders at risk	Extracting resources from the local environment in ways that undermine the physical safety of communities (e.g. sourcing minerals from regions of conflict).	Eliminate the use of resources that may fuel conflict.	Materials derive from sources that respect the welfare of ecosystems, people and animals
	Extracting resources from the local environment in ways that undermine the ability of communities to meet their own needs (e.g. depletion of water aquifers).		
The business ensures it in no way prevents its stakeholders from creating meaning in their lives	Relying on operational processes that undermine the needs or cultural norms of local communities (e.g. expanding operations in ways that interfere with local customs and livelihoods).	Eliminate the withdrawal of water from water-stressed areas so as not to undermine the availability of water required by local communities to protect their wellbeing and livelihoods.	Water is used in an environmentally responsible and socially equitable way
The business ensures it in no way prevents its stakeholders from having a voice	Relying on operational processes that do not empower all communities to raise concerns (e.g. inadequate or hard-to-access grievance mechanisms).	Implement a concerns mechanism whose existence is communicated effectively to communities, and put in place policies and processes to effectively identify and transparently address legitimate concerns.	Community concerns are actively solicited, impartially judged and transparently addressed
The business ensures it in no way prevents its stakeholders from being treated impartially	Relying on operational processes that do not adequately address community concerns (e.g. no formal processes for follow-up, incentives that do not encourage open investigation and corrective action).		

Goals for Society as a Whole

Ensure the business is governed to strive for future-fitness.

Business principles	Business activities that may breach these principles	Activities that avoid breaches	Goals relevant to such activities
The business eliminates its contribution to pollution from mined substances	Influencing the political system by financially supporting political actors that lobby for policies which seek to keep, or put in place, structural barriers that hinder society's progress toward future-fitness (e.g. financial contributions to trade organisations that oppose greenhouse gas emission limits or minimum wage increases).	Publicly commit to policies that seek to ensure the company and its subsidiaries will not influence political dynamics in ways that could undermine society's progress toward future-fitness.	Lobbying does not undermine the pursuit of future-fitness
The business eliminates its contribution to pollution from substances produced by society		Publicly disclose all recipients of company contributions who lobby or campaign on behalf of their financial supporters, and eliminate all contributions to candidates who actively campaign for policies that seek to keep, or put in place, structural barriers that hinder society's or other companies' progress toward future-fitness.	
The business eliminates its contribution to environmental degradation by physical means			
The business ensures it in no way puts the health of its stakeholders at risk	Undermining the health of the socio-economic system by unfairly reducing the company's financial contributions to it (e.g. using tax havens to avoid paying taxes that reflect genuine commercial activity).	Publicly commit to policies that seek to ensure transactions are structured to reflect genuine commercial activity, and that guarantee any connections to tax havens are only for the purposes of trade within those jurisdictions.	The right tax is paid in the right place at the right time
The business ensures it in no way prevents its stakeholders from having a voice		Disclose relevant tax details on a country-by-country basis to enable society at large to judge the company's tax practices.	
The business ensures it in no way prevents its stakeholders from being treated impartially	Undermining societal trust in the socio-economic system by engaging in unethical practices (e.g. misrepresenting or failing to disclose information which could influence the decisions or wellbeing of stakeholders).	Ensure the proactive identification, disclosure and prioritization of any business model-specific issues that could lead to breaches of future-fit business principles, and put in place mechanisms to enable the company and its employees to avoid, identify and mitigate any such breaches.	Business is conducted ethically
The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow		Put in place policies and processes to enable the company and its employees to avoid, identify and mitigate corrupt or anti-competitive practices.	
The business ensures it in no way prevents its stakeholders from creating meaning in their lives			

Goals for Suppliers

Foster future-fitness among the suppliers of resources that are critical to the business.

Business principles	Business activities that may breach these principles	Activities that avoid breaches	Goals relevant to such activities
The business eliminates its contribution to pollution from mined substances	<p>Choosing suppliers with or without consideration of those suppliers' – and <i>their</i> suppliers' – adherence to future-fit business principles (e.g. saving costs by outsourcing manufacturing to regions where workers are paid below a living wage, purchasing raw materials without knowing if they were responsibly sourced, neglecting to investigate areas of the supply chain where human rights abuses are likely or suspected).</p> <p>Creating formal contractual relationships that affect suppliers' – and <i>their</i> suppliers' – ability to adhere to future-fit business principles (e.g. a sole focus on cutting costs at the expense of environmental and social performance, or contracts that do not specify binding codes of conduct to prevent suppliers from using involuntary or underage labour, discriminatory practices and practices harmful to the environment).</p> <p>Forming informal working relationships that undermine suppliers' – and <i>their</i> suppliers' – ability to adhere to future-fit business principles (e.g. a lack of cultural understanding, a lack of trust, or a lack of communication that hinders effective cooperation towards common goals).</p>	<p>Acknowledge that the company is mutually accountable for any social and environmental impact resulting from the provision of any supplied good or service whose absence would seriously affect its business. This includes the following type of core suppliers:</p> <ul style="list-style-type: none"> - Suppliers of outsourced functions: Any supplier to which a company outsources core business functions (e.g. manufacturing, logistics). - Suppliers of product inputs: Any supplier involved in the production of a product input, from the mining, farming or wild harvesting of natural resources, through interim processing and transport, until the product input is delivered to the company. <p>Commit to and work toward extending all Physical Resources, Operational Presence, Employee and Community goals to core suppliers. This means:</p> <ul style="list-style-type: none"> - Close the knowledge gap: Trace product inputs (whether raw materials or more complex derivatives) back to source, to identify all suppliers contributing to their provision. - Track and improve performance: Identify and select suppliers with strong social and environmental credentials. Ask suppliers – and their suppliers – to track, measure and improve performance. Create the formal and informal relationships necessary to encourage and enable improvement. 	Energy is from renewable sources
The business eliminates its contribution to pollution from substances produced by society			Water is used in an environmentally responsible and socially equitable way
The business eliminates its contribution to environmental degradation by physical means			Materials derive from sources that respect the welfare of ecosystems, people and animals
The business ensures it in no way puts the health of its stakeholders at risk			Operational emissions do not harm people or the environment
The business ensures it in no way prevents its stakeholders from having a voice			Operations emit no greenhouse gases
The business ensures it in no way prevents its stakeholders from being treated impartially			Operational by-products are repurposed
The business ensures it in no way undermines the opportunity for its stakeholders to learn and grow			Operations do not encroach on ecosystems or communities
The business ensures it in no way prevents its stakeholders from creating meaning in their lives			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	
		Community concerns are actively solicited, impartially judged and transparently addressed	

Appendix 2: Definitions

Terminology used throughout this document.

Community

We define a *community* as follows:

Community: The people who live, work, or play in the vicinity of a company site, or who are affected by its day-to-day operations (e.g. through proximity to its transport routes).

Employee

We define an *employee* as follows:

An employee is any individual paid directly by the company, on either a full- or part-time basis.

Future-Fit Business

We define a *future-fit business* as follows:

A future-fit business is one that creates value while in no way undermining – and ideally increasing – the possibility that humans and other life will flourish on Earth forever.

Internal Operations

We define a company's *internal operations* as follows:

A company's internal operations encompasses any and all activities that the company undertakes itself.

When it comes to extra-financial performance, what exactly constitutes the boundary of "a company" is debated. Various definitions have been proposed, to determine what should and should not be included, based on equity share, financial control, or operational control. See the Climate Disclosure Standards Board's [Proposals for boundary setting in mainstream reports](#) for one such example.

For the purposes of this release, we do not attempt to specify just one approach. Instead we recommend that companies follow whatever approach they already use to report financial performance.

Mutual Accountability

A company is *wholly accountable* for impacts within its direct control, such as those caused by its internal operations or the design of its products. But we also consider a company to be *mutually accountable* for other impacts:

A company is **mutually accountable** for impacts caused by others if:

1. *the impact is a consequence of the company's existence and its interaction with other actors in the broader economic system; and*
2. *the company can influence those actors.*

For more information, see [The responsibility of business](#).

Products

We define a *product* as follows:

*A **product** is any good or service offered to a customer in exchange for revenue, along with any physical item delivered to the customer in support of that good or service (e.g. packaging, operating instructions, leased equipment).*

Product Inputs

We define a *product input* as follows:

*A **product input** is any material which is necessarily consumed in the delivery of a product or service. This includes:*

1. *Ingredients or components required to manufacture a physical good, which either end up embedded in it or are used up (e.g. a catalyst) during its production.*
2. *Consumable substances which are required to provide a service (e.g. detergents and paints used by a commercial decorator).*

Subsidiary

We follow the [OECD](#) in defining a subsidiary as follows:

*A **subsidiary** is a company controlled by another company. Control occurs when the controlling company owns more than 50 per cent of the common shares.*

When the parent owns 100 percent of the common shares, the subsidiary is said to be wholly owned. When the subsidiary operates in a different country, it is called a foreign subsidiary. The controlling company is called a holding company or parent. A subsidiary is a corporation with its own charter and is not a division of the controlling company.

Suppliers

We define a *supplier* as follows:

*Any organisation whose activities in some way contribute to a company's ability to generate value, even if the company has no direct contractual relationship with that organisation, is considered to be a **supplier** to the company.*

And we define a *direct supplier* as follows:

*Any supplier with whom a contractual relationship exists and which the company pays directly is referred to as a **direct supplier**.*

Depending on industry and geography, what we define here as a *direct supplier* may be referred to as a *tier 1 supplier* or *vendor*. A company's supply chains can theoretically be mapped by identifying its direct suppliers, then *their* direct suppliers, and so on. Companies typically will have several types of supplier. We distinguish between *core* suppliers and *ancillary* suppliers.

Core suppliers include:

- Suppliers of **outsourced functions**: Any supplier to which a company outsources core business functions (e.g. manufacturing, logistics).
- Suppliers of **product inputs**: Any supplier involved in the production of a **product input**, from the mining, farming or wild harvesting of natural resources, through interim processing and transport, until the product input is delivered to the company.

Ancillary suppliers include:

- Suppliers of **occasional services**: Services that the company uses from time to time (e.g. consultants, airlines used for business travel, hotels rooms, taxis).
- Suppliers of **ancillary consumables**: Goods consumed by the company in support of its day-to-day operations (e.g. cleaning products, office supplies).
- Suppliers of **manufactured assets**: Purchased or leased assets that support the company's day-to-day activity (e.g. buildings, IT equipment, machinery, furniture).

Appendix 3: About us

*Who we are, what we do, how we do it,
and who helped us get this far.*

Who we are

Future-Fit Foundation
is a UK-based non-profit
organisation founded in 2013.

At time of writing our core team is:

- Dr Geoff Kendall, CEO and Co-Founder.
- Martin Rich, Chairman of Trustees and Co-Founder.
- Astrid Fellingham, Lead Analyst.
- Dr Bob Willard, Lead Technical Advisor.

The core team is supported by a Board of Trustees, plus a number of strategic and technical advisors. An independent Release Council challenges and reviews our content prior to publication.

What we do

Our vision is a future in which everyone has the opportunity to flourish. Given the urgency and scale of humanity's most pressing challenges, this vision can only be realised through a rapid and radical shift in the way the global economy works. And to shift the behaviour of such a complex system it is necessary to change the behaviours of the actors

within it: companies, investors, governments and individuals. Our mission is to encourage and enable such behaviour change.

How we do it

Our approach is to build tools that equip people with the means to recognize, reward and steer the creation of value across the socioeconomic system as a whole. Insofar as is possible we aim to curate and collate, rather than create: we start with best-available science and draw on the most credible and robust third party resources available.

To accelerate awareness and adoption of our work, we are committed to:

- an open, transparent and collaborative development process;
- a free-to-use licensing model;
- a partnership approach, designed to empower those who share our vision.

How we started

As with many ideas whose time has come, the seeds of what has grown into the Future-Fit Business Benchmark were sown in two places at the same time. Martin Rich and Geoff Kendall met by

chance at a work event in London, found themselves in violent agreement on the need to redefine what is meant by "business value", and set to work in their spare time to figure out what to do.

In Toronto – and in parallel – Bob Willard (with Antony Upward, Chad Park and The Natural Step Canada team) had begun work on a *Gold Standard Benchmark for Truly Sustainable Business*.

A mutual friend (Lorraine Smith) alerted us to each other's efforts, and after one face-to-face meeting we knew we had to join forces. When the project grew enough to warrant its own governance, Future-Fit Foundation was born.

How we got here

The phrase "standing on the shoulders of giants" was never more true than it is for us.

It has taken more than three years to get to this point, and we are humbled by the number of individuals and organisations who have helped us along the way.

We thank them all, but if we were to name everyone who has taken time to react to our earlier public drafts and to offer words of encouragement along the way, this document would likely double in size. So we will restrain ourselves and call out those people without whose contributions we would not be here.

In no specific order, we would particularly like to acknowledge...

Karl-Henrik Robèrt, Göran Broman and everyone who has contributed to the Framework for Strategic Sustainable Development; Chad Park, Richard Blume, Edwin Janssen, Renaud Richard, Karin Schulz, Matthias Müller and the national teams of The Natural Step; John Elkington and the Volans team; KoAnn Skrzyniarz, Dimitar Vlahov and all at Sustainable Brands; Solitaire Townsend of Futerra; Harald Melwisch and his team at Unilever, the Xynteo team, and all at Leadership Vanguard; Ernst Ligteringen; Phil Cumming; Mark Catherall; Gary Kendall; Chris Davis, Kate Upshon and Simon Locke at The Body Shop; Susanne Stormer and the team at Novo Nordisk; Helen Sahi and Philipp Skal at Avery Dennison; Ingun Berget and the Bright Products team; SustainAbility Ltd and Social Finance Ltd; Nigel Salter and the SalterBaxter team; JP, Marjella and the eRevalue team; Wendy Tucker; Kevin Lally at Knox Cropper; Bart Houlahan, Dan Osusky and the B-Lab team; Friends Provident Foundation; J.W. McConnell Family Foundation; Hamilton Community Foundation; James Perry and Panahpur; Alexander Hoare; Luke Fletcher at Bates Wells Braithwaite; Stephen Jones and the Baker McKenzie team; trustees of Future-Fit Foundation not yet mentioned (Rachel Sandby-Thomas, Charmian Love, Rachel Madeiros-Mhende); Release Council members not yet mentioned (Lorraine Smith, Helle Bank Jorgensen, Alice Chapple, Andy Howard, Allan Willis).

Thank you all – and we look forward to continuing the journey toward future-fitness together!



At Future-Fit Foundation we aim to encourage and equip business leaders, investors and others with the means to understand and quantify how they are contributing to a prosperous future for all.

Contact info@futurefitbusiness.org