

# Future-Fit

Business Benchmark

PUBLIC DRAFT 1.0

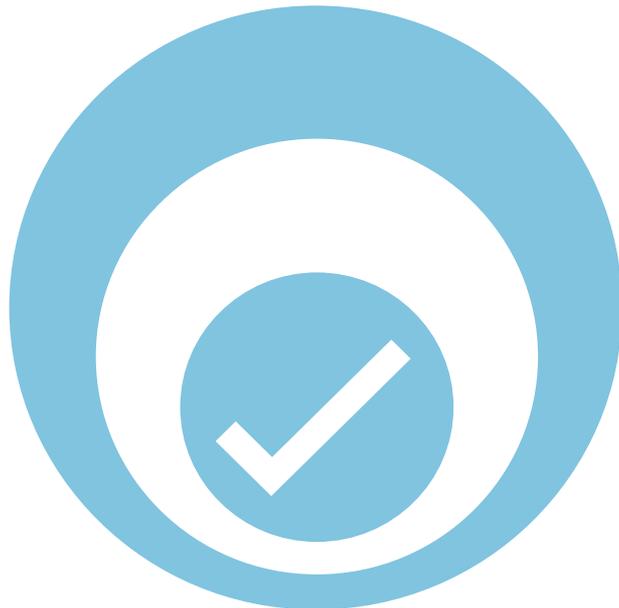
*Equipping business  
leaders and investors  
with the means to  
quantify how their  
actions are  
contributing to a  
flourishing future*

*Authors*

*Geoff Kendall & Bob Willard*

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*The Future-Fit Business Benchmark* → is a collaborative open source initiative led by *The Natural Step Canada* → and *3D Investment Foundation*. →



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*By John Elkington  
of Volans Ventures*

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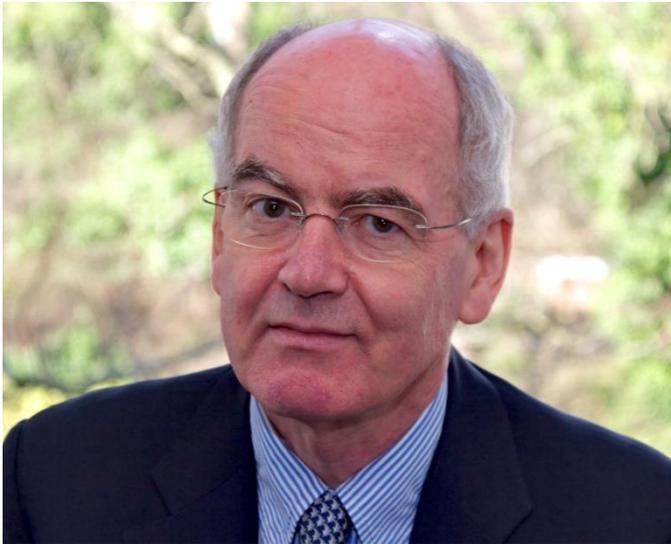
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*Embedded links throughout this document (including the navigation bar at the top of each page) make it easy to jump around*

# Foreword

by John Elkington  
of Volans Ventures

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



*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.*

# Introduction



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*Introducing the  
Future-Fit Business  
Benchmark*

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*What this  
document is for*

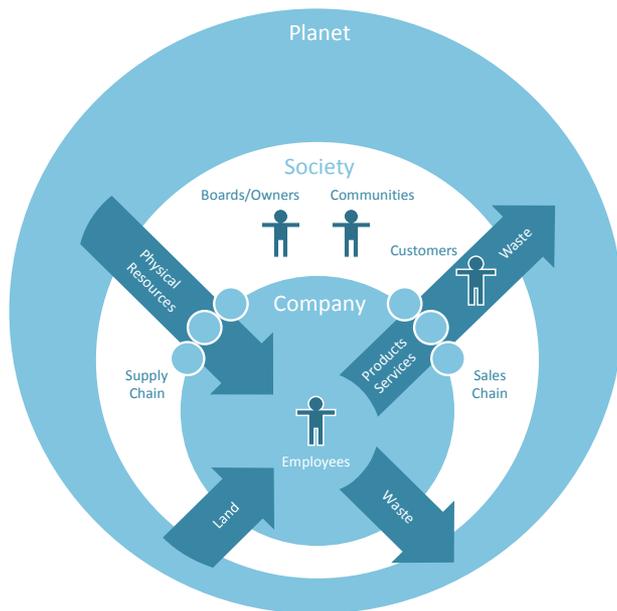
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*Who this  
document is for*

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# Introducing the Future-Fit Business Benchmark

We're developing a new kind of benchmark in three steps. This document is the output of step 2.



# 1

**Identify a set of system principles** that collectively describe how society can flourish within the physical limits of our finite planet.

To do this we built on 25+ years of academic research, much of it led by the founders of The Natural Step. If society can find a way to live according to the principles described herein, we will address our most pressing issues.

# 2

**Create a set of future-fit goals** that every company must reach by mapping the system principles on to business activities.

One thing companies are good at is pursuing goals – provided that they're clear and concrete. What business leaders have been lacking is a unified set of environmental and social goals that all companies must ultimately strive to reach, irrespective of the products or services they offer.

# 3

**Develop key performance indicators (KPIs)** that can be used to tell how far away any company is from reaching the future-fit goals.

A wealth of work has been done by academics and sustainability practitioners to understand how to measure particular kinds of impact. Now it needs to be synthesized into a coherent set of guidelines tailored for a business audience.

# What this document is for

*This document serves as a first public draft of the Future-Fit Business Benchmark.*

*It has three aims.*



*Aim 1: To explain why we need a new way to measure business impact.*

To create a future where society can truly flourish, we need to change the ways we do business. But CEOs and investors lack much of the necessary information to understand the type, speed and scale of change required to be fit for the future. See *The Need*. →

*Aim 2: To present the goals companies should aspire to if they are to become future-fit.*

Using best-available science we've outlined exactly how business depends upon – and can contribute to – a healthy society and planet. See *The Science*. →

This analysis served as the basis for developing a set of future-fit goals that embody the environmental and social constraints within which a future-fit business can thrive. See *The Goals*. →

*Aim 3: To solicit public and expert help to refine the future-fit goals and develop supporting KPIs.*

To date we've received valuable input from 100+ experts → on our approach and draft goals. While we're confident enough in what we have now to publish this draft, there's always room for improvement. So constructive criticism is very much encouraged.

We also seek help to develop a set of key performance indicators (KPIs) so that companies can measure – and thus manage – progress toward each goal.

Academics, industry bodies and NGOs have spent years wrestling with the issues we're covering, and we want to draw on their work. We see our role more as curator than creator: to partner with others and integrate the best of what's out there into a single framework for business to use. See *Further Work*. →

*Every future-fit goal page contains a link you can follow to share feedback on that aspect of the benchmark. Please don't hesitate to use them!*

# Who this document is for

*The Future-Fit Business Benchmark is free to use (with attribution) under a Creative Commons license. →*

*How might you use it in your work?*



*Many companies today, irrespective of size or sector, have not grasped the full extent to which their business models are linked to society's most critical issues, and what can be done about it.*

**The Future-Fit Business Benchmark should serve as a great way for all stakeholders to begin this conversation.**

*If you work for a company...*

Examine each future-fit goal and explore the gaps between where your company is now and where the goals suggest it needs to be. Some goals might be easy to reach, and – depending on the nature of your products and services – you may have already met a few. Others might require a complete rethink of your current business model. That may sound daunting, but for most future-fit goals we've found examples of companies already committed to a similar ambition.

*If you are an investor...*

Future-fit goals offer you a means to understand what companies should be

focusing on, who are the leaders and the laggards, who is most likely to thrive in the long-term, and who is prepared for the risks and opportunities that will come their way in the next few years.

*If you work for a rater...*

The future-fit goals offer you a starting point to explore how your scoring methodology might be extended to accommodate *required* performance.

*If you are a consultant...*

The thinking embodied here could be integrated into your methodologies and tools to help you encourage the organizations you work with to take more ambitious action.

*If you are at business school...*

The benchmark can serve as a focal point for students and faculty to discuss and debate how business activities can help – or hinder – attempts to address today's biggest societal issues.

*If you are a policy maker...*

The future-fit goals may help you to prioritize changes to business regulation and incentives with a view to delivering more positive outcomes.

# The Need



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*How much sustainability is enough?*

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*Why isn't business doing more?*

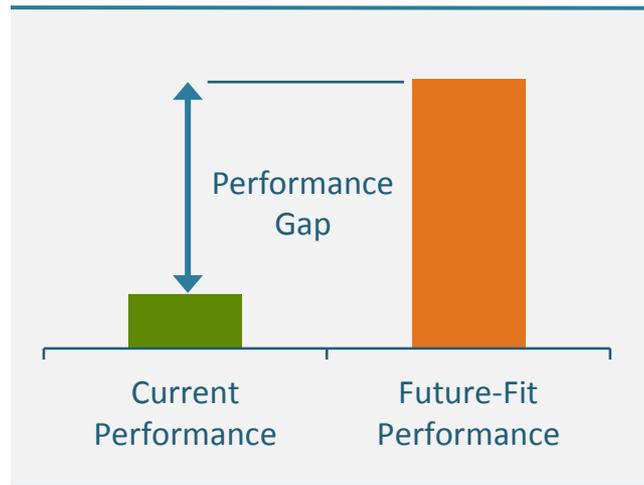
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*We need a new kind of business benchmark*

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# How much sustainability is enough?

*There's no good answer, and that's a big problem.*



*In the past century we've created a highly complex and interdependent global economic system.*

*But it is broken in 2 key respects.*

First, it is failing to meet the needs of hundreds of millions of people around the world, thus jeopardizing companies' social license to operate. Second, it is degrading the planetary services upon which we as a species depend: clean air, fresh water, nutritious food, rich biodiversity, stable climate, access to materials, security of energy sources, and so on. In this context, business as usual is not an option.

*Many people in the business world acknowledge this.*

*Awareness of both the risks and the opportunities this presents is at an all-time high.*

People are starting to realize that business can only thrive if society and nature do too. And a growing number of

CEOs know they must rethink the way they do things in the face of looming social and environmental mega-trends.

Investors, too, are beginning to realize that their return on capital could be hugely impacted by these same trends.

For those willing to take on society's biggest challenges there is the potential for huge upside. And anyone who ignores them will be left behind.

*But there's a gap between awareness and action.*

Unfortunately the majority of business leaders seem to underestimate what needs to be done. In most companies the belief still seems to be that gradually reducing the negative impacts of current business models is sufficient. And few investors are challenging this notion.

*The fact is, "change as usual" is not enough.*

We have shifted from *business as usual* to *change as usual*. But given the urgency and scale of the challenges we as a society face, being less bad is simply not good enough.

# Why isn't business doing more?

*Neither corporate leaders nor investors are getting the right signals about what the future requires of them, and thus how (and how quickly) they must act.*



*What's keeping us from going beyond change as usual?*

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

*There's no single answer.*

CEOs often feel compelled to focus on short-term gains, not long-term value. Many investors only seem to care about the next quarter's return. Governments are failing to regulate key areas such as CO<sub>2</sub> emissions. 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 of these factors are contributing to the problem. But we're never likely to make much headway in tackling any one of them until we can answer one simple question: what should companies be aiming for? Where should they be focusing their creative energy?

*Today's corporate sustainability ratings are not helping.*

Today, social and environmental performance is typically measured in

one of three ways: relative to a baseline year; relative to current best practice; or relative to a company's own short-term targets. All three approaches focus on incremental improvement and current best practice. And that's a real problem.

**In 2013 a major sustainability rater declared that an oil company was 85% sustainable. This is counterproductive in the extreme: can we expect that company's CEO and its investors to question the carbon-intensive nature of their business if that's the kind of signal we're sending them?**

*The business world isn't receiving the feedback it needs.*

Current metrics lull decision makers into believing that doing better than last year – or better than 'the next guy' – is enough. Imagine if we applied that kind of thinking to long-term financial performance: even companies making a huge loss would be celebrated, just as long as they lose less than anyone else.

So how can we give business the direction and guidance required to understand what real progress means?

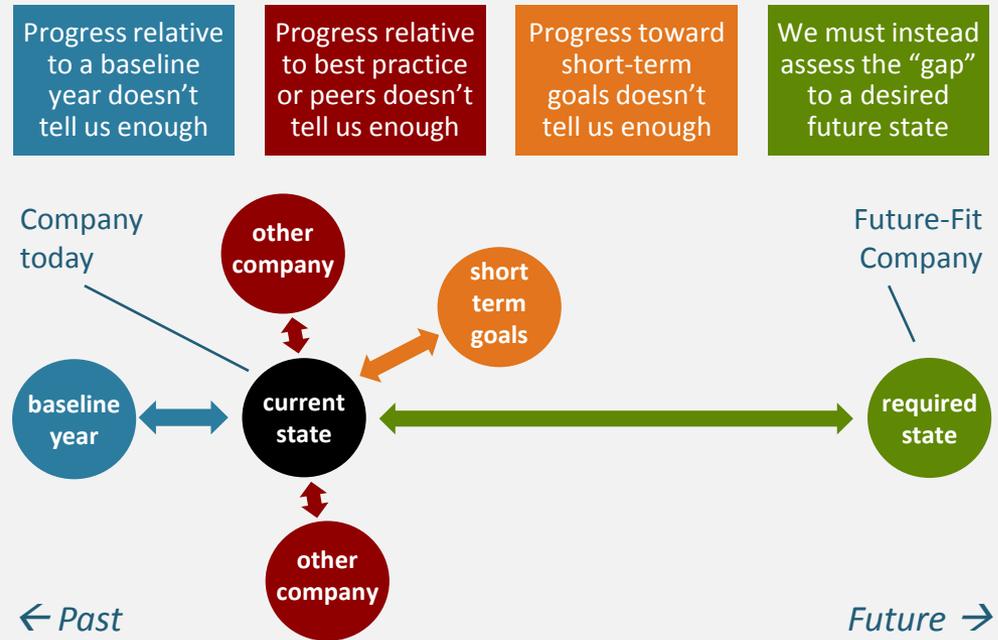
# We need a new kind of business benchmark

*We need a new way to measure business impact.*

*Rather than merely focusing on today's best practice, we must measure the gap between where business is now and where it needs to be.*

We need a benchmark grounded in a scientific understanding of how the world works. One that identifies the minimum acceptable level of environmental and social performance every company must attain if society – and thus their business – is to prosper long term. One that defines the breakthrough point beyond which a company starts delivering positive value. One that inspires truly innovative solutions.

*Instead of measuring progress relative to peers, to the past, or to short-term goals, we must assess how far away a company's performance is from where it needs to be if it is to help – rather than hinder – progress toward a flourishing future*



# The Science

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*Why we need to  
change the ways  
we do business*

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*The planet, society  
and business*

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*Business on a  
healthy planet*

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*Business in a  
healthy society*

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*System conditions for  
a flourishing future*

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*Design constraints for  
future-fit business*

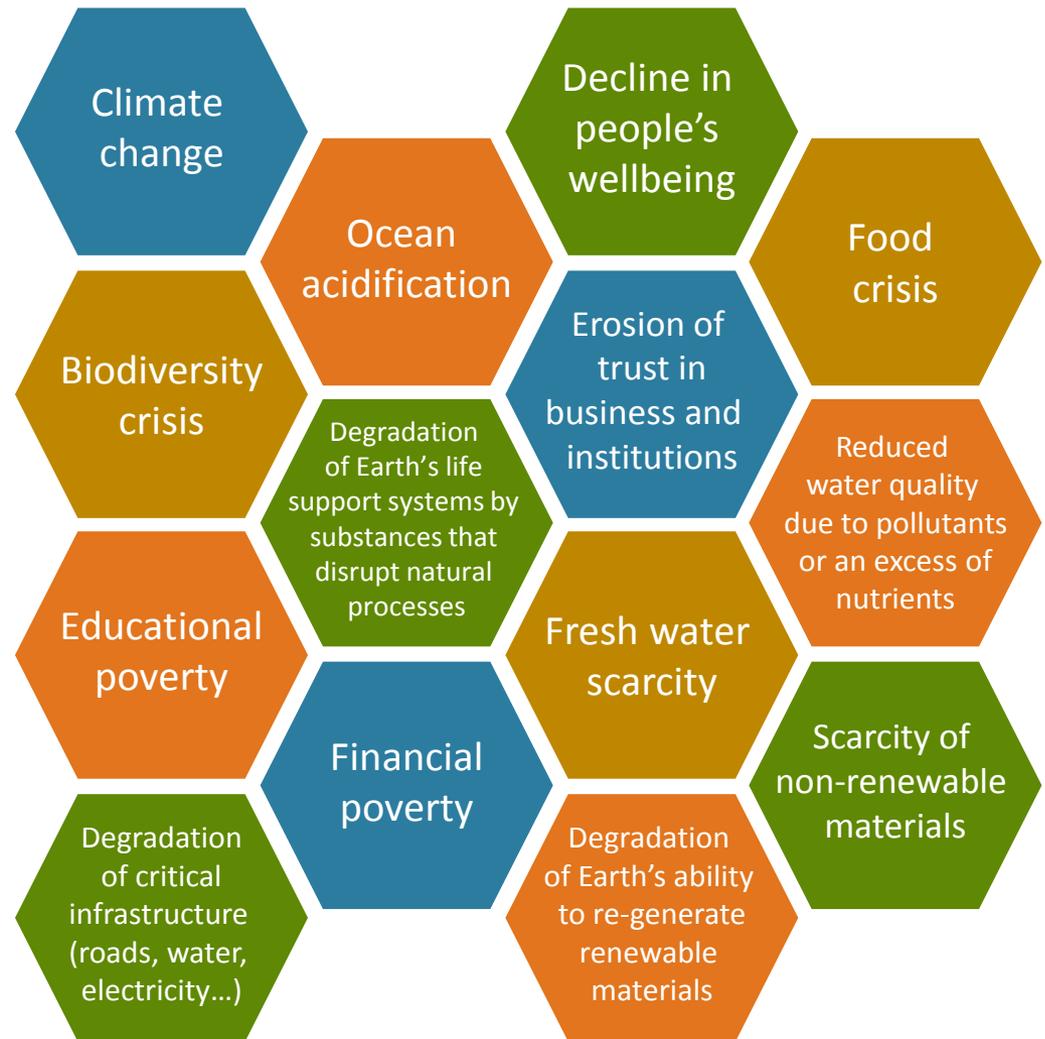
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# Why we need to change the ways we do business

*Society's greatest challenges are huge, complex and highly interconnected.*

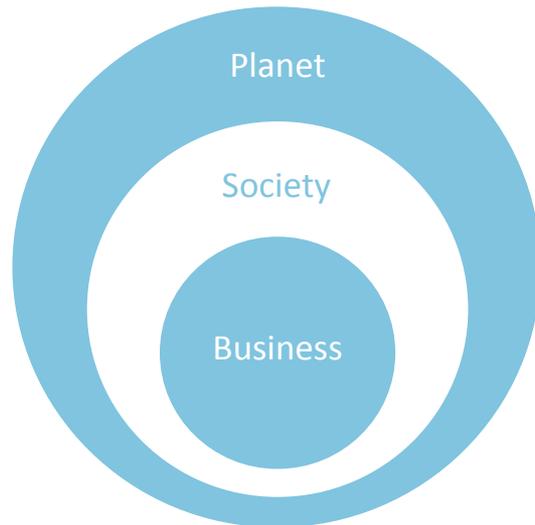
*Here is a sobering summary of our big social and environmental issues. This list is synthesized from a range of established sources. →*

*To understand how companies help or hinder efforts to address these issues, we must step back and look at the global context within which business operates.*



# The planet, society and business

*Nested dependencies set the context for how we must change the way we do business.*



*Business and society are “wholly owned subsidiaries” of the planet*

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

*Back then the planet’s resources and her resilience to our actions must have seemed limitless.*

So it should come as no surprise that classical economics – which dates from that period – assumes that infinite growth is both possible and desirable. That belief set the tone for the way we have done business for generations: producing, consuming and disposing of ever more stuff.

*Now there are 7 billion people, with 2 billion more set to join us by 2050.*

*Industrialisation and rapid growth have taken their toll.*

Fresh water has already become scarce in some areas. Crop yields around the world are suffering from the effects of climate change. Natural resources which were once plentiful are now much harder – and more costly – to obtain.

Trust in institutions is falling; 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.

*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 interest to do so: business can only prosper as part of a healthy society. And society can only thrive if the Earth has the capacity to meet our needs.*

Understanding these nested dependencies is key to changing the way we do business, and that’s a first critical step toward a flourishing future.

*So what would a healthy planet and a healthy society look like? We need an answer if we are to define what being future-fit actually means.*

# Business on a healthy planet

*Earth fulfills critical **ecosystem functions** that people (and all life) rely on. → Future-fit companies may enhance – and certainly don't degrade – these functions.*

## Caution: Natural Capital

Planetary resources we benefit from are sometimes described as *Natural Capital*. This terminology leads some to conclude that we can replace nature's services with other types of capital (financial or technical). But many natural resources – clean air, fertile soil – are essential to life and have no substitutes. That said, the term is useful if *capital* is taken to mean *an asset that produces a flow of income over time*. We can't replace natural capital, so we must not deplete it – but we *can* live off its interest.



*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 our resources come from the Earth.*

Many physical resources (e.g. fish, trees) are renewed over time, thanks to the aforementioned life-support systems. But if we use too much (e.g. by 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* remain in use forever if we were to recover (rather than discard) them.

*Third, Earth assimilates our waste.*

*Waste is a human invention. 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 synthetic substances. These don't exist naturally, so nature hasn't evolved ways to deal with them (e.g. plastics, CFCs). The second type comprises substances that do exist naturally, but which we emit in quantities or in ways that have the power to upset the natural equilibrium (e.g. CO<sub>2</sub> in the air, nitrogen in the oceans).

Both types of waste alter nature either 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 on.

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

# Business in a healthy society

*Human needs range from basic (food) to complex (a sense of purpose). Future-fit companies may enhance – and certainly don't degrade – the social fabric we rely on to meet those needs.*



*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 already. 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?*

Best-available 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.*

# System conditions for a flourishing future

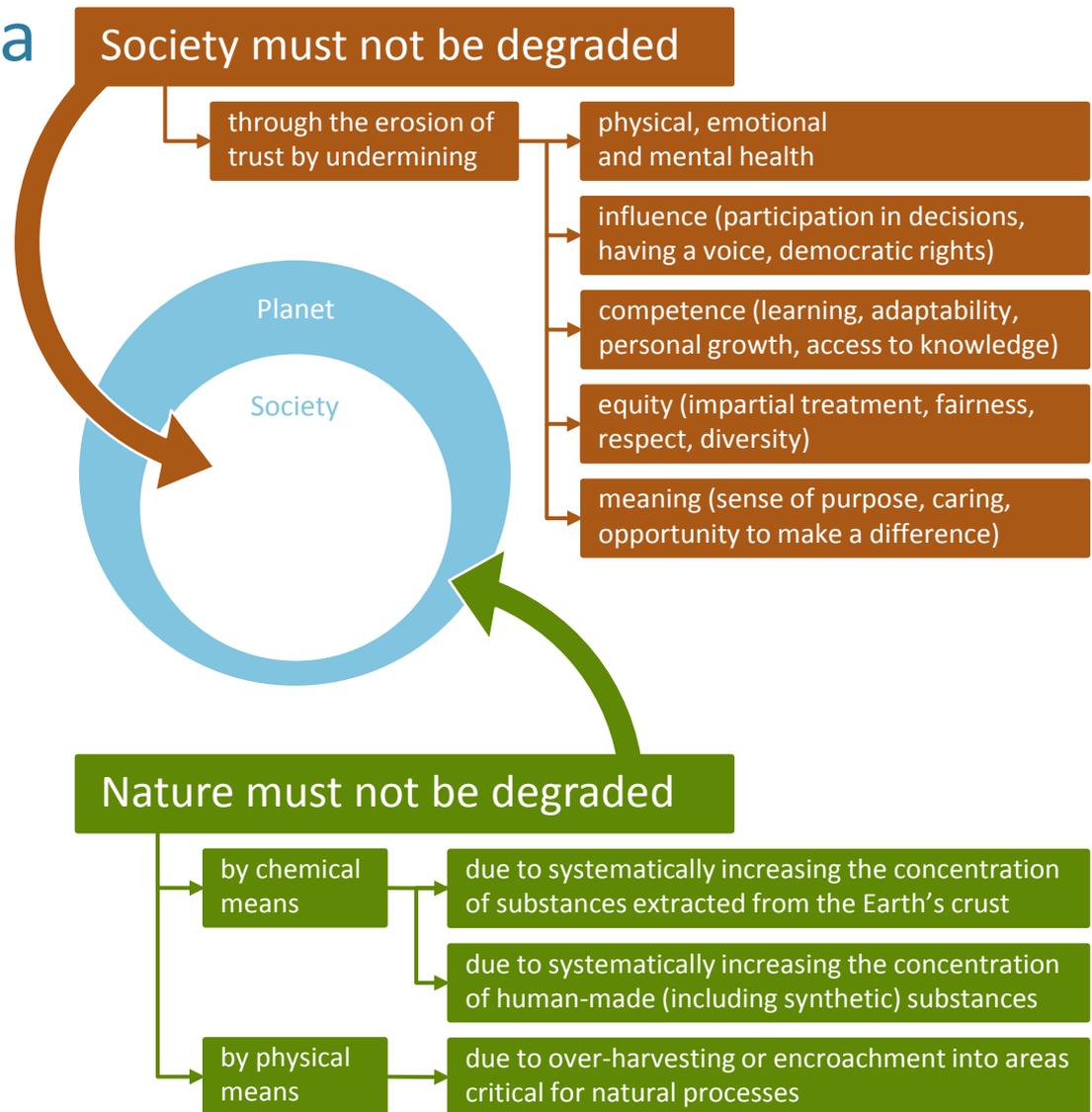
*We can distil our knowledge of the way the world works into a set of **system conditions**.*

*As a society we must live within these system conditions if we are to safeguard the possibility that humans and other life will flourish forever.*

The system conditions presented here build on best-available natural and social science, including 25+ years of peer-reviewed research led by the founders of The Natural Step. →

Note that this is not about describing some kind of utopia. Rather it states the *minimum* we must do to ensure we don't degrade the social fabric and natural processes upon which we depend.

*From these system conditions we can derive a core set of principles that any future-fit business would adhere to.*



# Design constraints for future-fit business

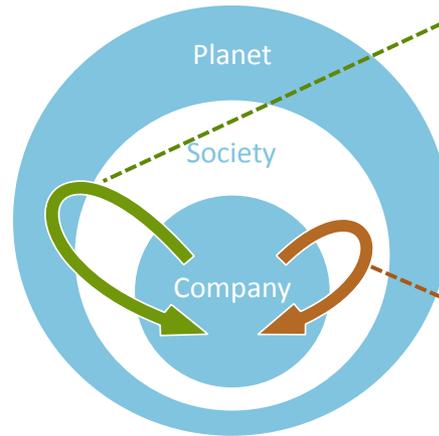
*A future-fit company generates net-positive economic, social and environmental value.*

*We can translate the system conditions into principles that serve as design constraints for business – what every company must do to safeguard the possibility that humans and other life will flourish forever.*

*By mapping these principles on to common business activities we can now develop a full set of the goals that show companies and investors what to aim for.*

*A future-fit company adheres to these principles.*

They apply to company operations and throughout its value chain, across the full product lifecycle.



Any shortfall in aligning with these principles means that a company is exacerbating global challenges – and thus still part of the problem.

But operating in alignment with these principles – and perhaps even offering products and services that help others to do so – means that a company is part of the solution.

## Future-Fit Business Principles

Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

Company does not contribute to a build-up in nature of human-made (including synthetic) substances

Company does not contribute to over-harvesting or encroachment into areas critical for natural processes

Company does not contribute to conditions that undermine people's physical, mental and emotional health

Company does not contribute to conditions that undermine people's influence (participation in decisions, having a voice, democratic rights)

Company does not contribute to conditions that undermine people's competence (learning, personal growth, access to knowledge, ability to adapt)

Company does not contribute to conditions that undermine equality (impartial treatment, fairness, respect, diversity)

Company does not contribute to conditions that undermine people's meaning (sense of purpose, caring, opportunity to make a difference)

# The Goals

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*How to use  
this section*

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*Introducing the  
Future-Fit Goals*

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*Physical Resources*

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*Products & Services*

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*Operational Waste*

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*Land*

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*Employees*

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*Communities*

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*Customers*

---

*Boards & Owners*

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*Supply Chain*

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*Additional goals?*

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# How to use this section

There are 28 future-fit goals spanning 9 areas.

Each goal is presented on its own page using an identical template, as shown here.

Goals are listed by area, on the left of each page. The current goal is always highlighted. All goal statements (and the page title) are links that you can follow to quickly navigate between all goals.

High performance on any goal will likely enhance the company's reputation, brand value, goodwill and social license to operate with at least one stakeholder group. But on each page we list extra potential benefits of that specific goal.

What the goal is, and the context within which it applies.

Here we show the issues (as described in *The Science*) that are exacerbated by a company whose performance does not yet meet this goal.

## Physical Resources

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



*All energy is from non-polluting, carbon-neutral sources*

*All water is used in an environmentally sustainable and socially equitable way*

*All materials are from sustainably-managed or recycled sources*

**What this goal is**

This goal encompasses all energy (electricity and fuel) that the company uses to create, sell, support and distribute its products and services.

All such energy must be derived from sources that emit no greenhouse gases (GHGs) or other pollutants. Examples include solar, wind, tidal, hydro and geothermal.

The company may use energy from fossil fuels only if the resulting emissions (from extraction and combustion) are prevented from entering the atmosphere.

**Business benefits**

- Insulates against the cost and risk of future GHG regulations (e.g. carbon taxes)
- Eliminates exposure to volatility in fossil fuel availability and pricing
- Positions company to thrive in a low-carbon economy

**Issues mitigated**

- Climate change
- Ocean acidification

**Design constraints**

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

**Examples and further info**

- Apple, BMW, Commerzbank (Norway), Baden-Württemberg Landesbank, Unilever, Wal-Mart Stores, and others have already set goals to use 100% renewable energy
- See [Greenhouse Gas Protocol](#)
- See [International Energy Agency, Renewables](#)

[Submit feedback on this goal and/or ideas for an appropriate KPI](#)

Follow the link in the bar at the bottom of each page to leave feedback on that particular goal.

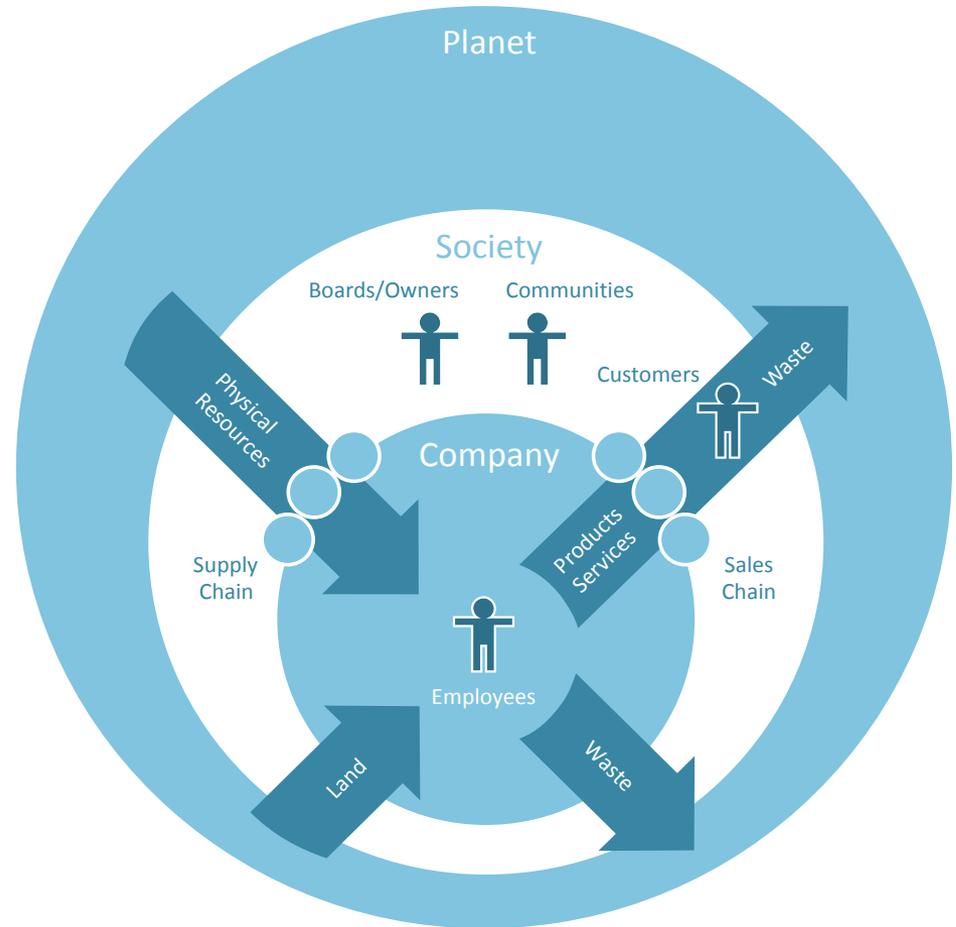
Here we offer examples of companies whose public aspirations already align closely to this future-fit goal. Links to additional info may also be given.

Here we show the science-based design constraints which necessitate this goal (as described in *The Science*).

# Introducing the Future-Fit Goals

*There are 28 future-fit goals spanning 9 areas.*

Area	Goals
Physical Resources	3
Products & Services	5
Operational Waste	3
Land	1
Employees	6
Communities	3
Customers	1
Boards & Owners	5
Supply Chain	1
Additional Goals?	



*Some goals – such as those related to employee wellbeing – may be relatively easy to reach, since they have been a business focus for many years. Others may require fundamental changes to a company’s core business model.*

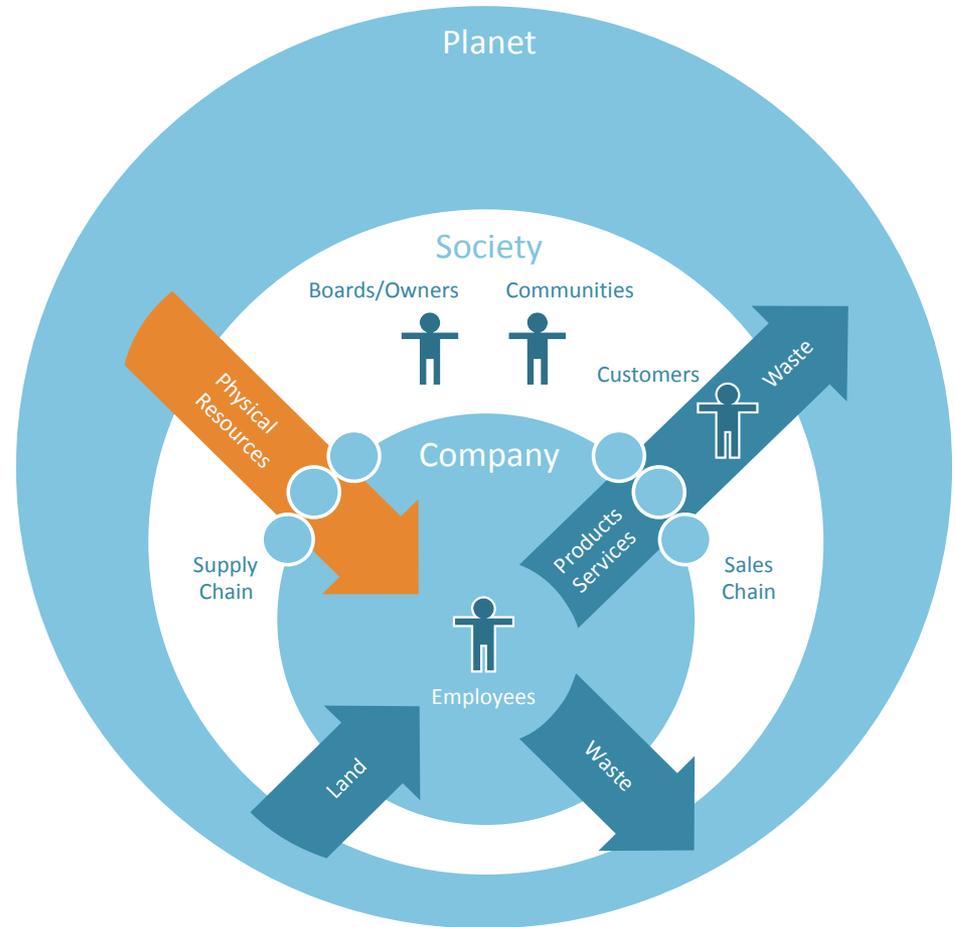
# Physical Resources

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

*All **energy** is from non-polluting, carbon-neutral sources*

*All **water** is used in an environmentally sustainable and socially equitable way*

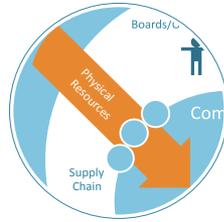
*All **materials** are from sustainably-managed or recycled sources*



*All companies need energy and fresh water. Many require a range of renewable and non-renewable materials. Future-fit companies use all such resources efficiently, and obtain them without adversely affecting people or the natural systems they depend on.*

# Physical Resources

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



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*All water is used in an environmentally sustainable and socially equitable way*

*All materials are from sustainably-managed or recycled sources*

## What this goal is

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All such energy must be derived from sources that emit no greenhouse gases (GHGs) or other pollutants. Examples include solar, wind, tidal, hydro and geothermal.

The company may use energy from fossil fuels only if the resulting emissions (from extraction and combustion) are prevented from entering the atmosphere.

## Business benefits

- Insulates against the cost and risk of future GHG regulations (e.g. carbon taxes)
- Eliminates exposure to volatility in fossil fuel availability and pricing
- Positions company to thrive in a low-carbon economy

## Issues mitigated →

- Climate change
- Ocean acidification

## Design constraints →

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

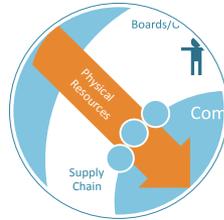
## Examples and further info

- Apple, BMW, Commerzbank (Norway), Baden-Wurttemberg Landesbank, Unilever, Wal-Mart Stores, and others have already set goals to use 100% renewable energy
- See *Greenhouse Gas Protocol* →
- See *International Energy Agency, Renewables* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Physical Resources

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



*All **energy** is from non-polluting, carbon-neutral sources*

*All **water** is used in an environmentally sustainable and socially equitable way*

*All **materials** are from sustainably-managed or recycled sources*

## *What this goal is*

The company's use of water must not adversely affect the ability of others who are served by the same watershed to meet their needs.

Furthermore the company's fresh water use must not deplete long-term reserves, for example by drawing water from aquifers more quickly than it can be naturally replenished.

Ideally the company will capture and use rainwater falling on its facilities to fulfill as much of its need as possible.

## *Business benefits*

- Saves on water costs and helps to secure water supply
- Positions company to thrive in a water-constrained economy
- Helps secure social license to operate in water-stressed regions
- Potential for increased business from customers attracted to more water-responsible companies

## *Issues mitigated* →

- Water scarcity
- Reduced water quality due to pollutants or an excess of nutrients
- Food crisis

## *Design constraints* →

- Company does not contribute to over-harvesting or encroachment into areas critical for natural processes
- Company does not contribute to conditions that undermine people's physical, mental and emotional health

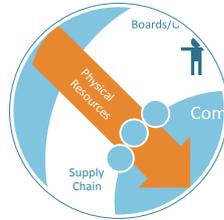
## *Examples and further info*

- Coca Cola has committed to becoming water neutral
- BASF and Heineken Holdings have set goals to manage water sustainably at all operations in water-stressed areas
- Anheuser-Busch InBev has committed to protect watersheds at all facilities
- See *Alliance for Water Stewardship* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Physical Resources

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



*All **energy** is from non-polluting, carbon-neutral sources*

*All **water** is used in an environmentally sustainable and socially equitable way*

*All **materials** are from sustainably-managed or recycled sources*

## *What this goal is*

The company's use of renewable materials does not reduce nature's capacity to regenerate them (e.g. by using timber faster than new trees can be grown).

Whenever it is technically possible the company sources non-renewable materials from waste (e.g. products at the end of their useful life).

The company favors the use of non-renewable materials that are abundant in natural systems over those that are rare.

All materials are harvested/extracted in ways that respect the wellbeing of anyone who may be affected by the activity (by employment or proximity).

## *Business benefits*

- Saves on materials costs and helps to secure supply
- Positions the company to thrive in a circular economy →

## *Issues mitigated* →

- Degradation of nature's ability to re-generate renewable materials
- Scarcity of non-renewable materials

## *Design constraints* →

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust
- Company does not contribute to over-harvesting or encroachment into areas critical for natural processes
- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

- Several companies have set goals to use 100% renewable or recycled materials in products and/or packaging: P&G (products and packaging), Dell (packaging), and Unilever (agricultural materials)
- More info on substances that are abundant or scarce in nature →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Products & Services

*Meet human needs without any negative impact, during product use and at end of life.*

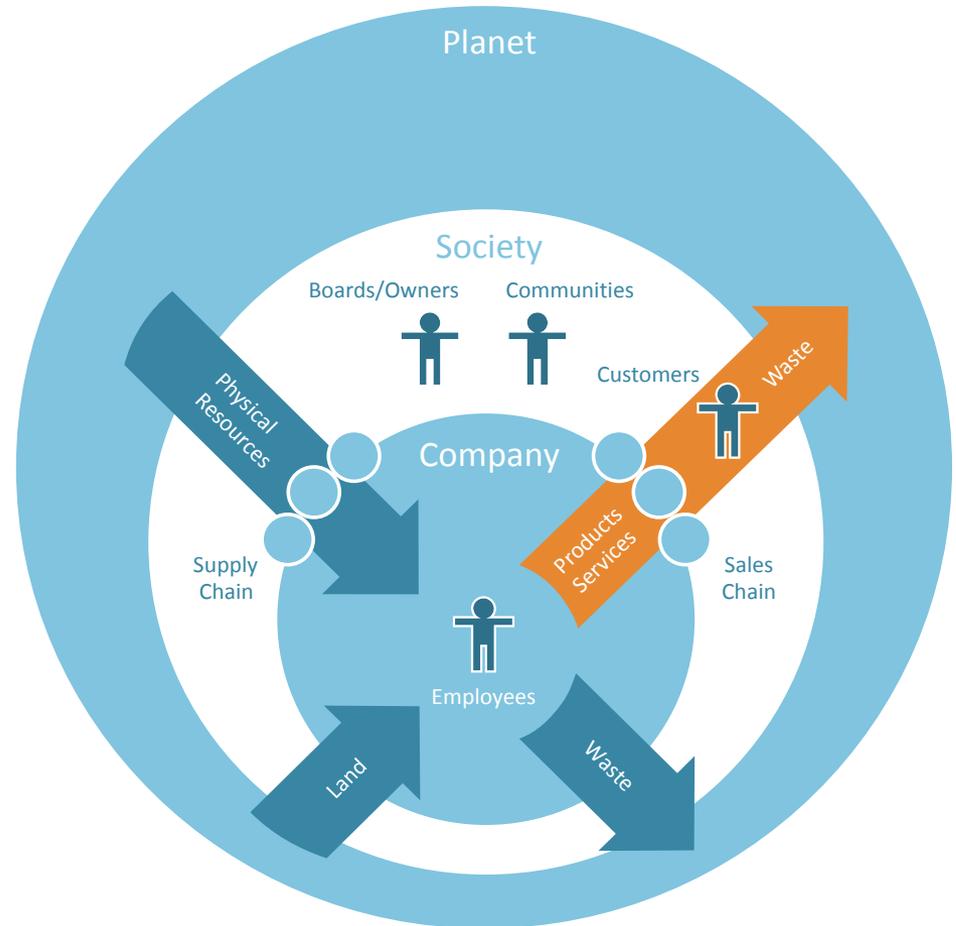
*Products do not undermine the health of **other people** during use or end-of-life processing*

*All product and packaging materials are **repurposed** at end of life*

*Products do not **emit** (to air, land or water) any **substance whose concentration is naturally low**, both during use and end-of-life processing*

*Products do not **emit** (to air, land or water) any **synthetic substance**, both during use and end-of-life processing*

*Products **emit no greenhouse gases**, both during use and end-of-life processing*



*Historically, many companies have paid little attention to any adverse environmental or social effects stemming from their products. Future-fit companies act as lifetime stewards of everything they take to market. They may also develop products that help others to become future-fit.*

# Products & Services

*Meet human needs without any negative impact, during product use and at end of life.*



*Products do not undermine the wellbeing of **other people** during use or end-of-life processing*

*All product and packaging materials are **repurposed** at end of life*

*Products do not **emit** (to air, land or water) any **substance whose concentration is naturally low**, both during use and end-of-life processing*

*Products do not **emit** (to air, land or water) any **synthetic substance**, both during use and end-of-life processing*

*Products **emit no greenhouse gases**, both during use and end-of-life processing*

## What this goal is

The company ensures that its products and services have no adverse effects on the wellbeing of others (not just its customers).

This includes products that emit potentially harmful substances during use (e.g. cigarettes whose smoke other people may breathe) or as a result of their disposal. It also encompasses harm caused to others as a result of product malfunctions.

Note that innovative companies will be minded to go beyond this performance threshold, to create new types of product and service that:

- materially improve the wellbeing of people, or
- help other companies to become future-fit.

## Business benefits

- Mitigates against reputational and financial costs associated with law suits and product recalls
- Potential for increased business from customers attracted to more responsible products

## Issues mitigated →

- Reduction in people's wellbeing
- Erosion of trust in business and institutions

## Design constraints →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## Examples and further info

- Nissan Motor's *Vision Zero* aims for zero traffic accidents involving Nissan vehicles that inflict serious or fatal injuries
- See Articles 3, 23, 25 of the *Universal Declaration of Human Rights* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Products & Services

*Meet human needs without any negative impact, during product use and at end of life.*



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*Products **emit** no **greenhouse gases**, both during use and end-of-life processing*

## *What this goal is*

Organic waste is composted and returned to the soil. Materials that can be reused forever (e.g. metals) should be reclaimed, so reducing the need for extraction.

Companies should research and champion recovery methods that maximize the value of their products' constituent components, and should design new products in such a way as to facilitate their disassembly.

It is not required that the company itself will gather and repurpose its own products, but it should work to ensure this happens (e.g. via part-exchange schemes, partnerships).

## *Business benefits*

- Saves on materials costs and helps to secure materials supply
- Potential for increased business from customers attracted to more responsible products

- Positions the company to thrive in a circular economy

## *Issues mitigated* →

- Degradation of Earth's life-support systems by substances which disrupt natural processes
- Scarcity of non-renewable materials

## *Design constraints* →

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust
- Company does not contribute to a build-up in nature of human-made (including synthetic) substances

## *Examples and further info*

- Best Buy has a goal to eliminate 100% of toxic and unrecoverable packaging materials
- See *Cradle-to-Cradle Alternative* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Products & Services

*Meet human needs without any negative impact, during product use and at end of life.*



*Products do not undermine the wellbeing of **other people** during use or end-of-life processing*

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*Products do not **emit** (to air, land or water) any **synthetic substance**, both during use and end-of-life processing*

*Products **emit** no **greenhouse gases**, both during use and end-of-life processing*

## *What this goal is*

Substances already present in nature can disrupt natural processes if their concentrations become too great.

Examples include: copper, lead, phosphates and nitrates.

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.

Companies must ensure that no such emissions result from the use or end-of-life processing of their products.

Substances that are potentially very harmful and/or scarce in natural systems (e.g. lead) should not be used at all in products that are hard to recover (e.g. consumer goods).

## *Business benefits*

- Potential for increased business from customers attracted to more responsible products
- Protects company against future (more stringent) emissions laws

- Positions the company to thrive in a circular economy

## *Issues mitigated* →

- Degradation of Earth's life-support systems by substances which disrupt natural processes
- Reduced water quality due to pollutants or an excess of nutrients

## *Design constraints* →

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

## *Examples and further info*

- To our knowledge no company has yet announced a goal like this
- More info on substances that are abundant or scarce in nature →
- In a closed-loop system, valuable materials (so-called "technical nutrients") circulate in a perpetual cycle of production, recovery, and remanufacture: see *Cradle-to-Cradle Alternative* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Products & Services

*Meet human needs without any negative impact, during product use and at end of life.*



*Products do not undermine the wellbeing of **other people** during use or end-of-life processing*

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*Products do not **emit** (to air, land or water) any **synthetic substance**, both during use and end-of-life processing*

*Products **emit** no **greenhouse gases**, both during use and end-of-life processing*

## What this goal is

Synthetic substances do not exist naturally, and so nature hasn't evolved ways to absorb them if they are released into ecosystems. As a result these substances can accumulate until they chemically or physically interfere with natural processes, and in so doing disrupt life-support systems we rely on.

Examples Include: persistent/volatile organic compounds (POPs→/VOCs→), inorganic compounds, plastics.

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.

Companies must ensure that no such emissions result from the use or end-of-life processing of their products.

Substances that are potentially very harmful (e.g. toxic VOCs) should not be used at all in products that are hard to recover (e.g. consumer goods).

## Business benefits

- Protects company against future (more stringent) emissions laws
- Potential for increased business from customers attracted to more responsible products
- Positions company to thrive in a circular economy

## Issues mitigated→

- Degradation of Earth's life-support systems by substance that disrupt natural processes
- Reduced water quality due to pollutants or an excess of nutrients

## Design constraints→

- Company does not contribute to a build-up in nature of human-made (including synthetic) substances

## Examples and further info

- To our knowledge no company has yet announced a goal like this
- See *Cradle-to-Cradle Alternative*→

Submit feedback on this goal and/or ideas for an appropriate KPI

# Products & Services

*Meet human needs without any negative impact, during product use and at end of life.*



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*Products do not **emit** (to air, land or water) any **synthetic substance**, both during use and end-of-life processing*

*Products **emit no greenhouse gases**, both during use and end-of-life processing*

## *What this goal is*

This goal concerns any greenhouse gases (GHGs) emitted as a result of the company's products being used or processed at their end of life.

Companies should research and champion end-of-life processing methods that do not emit GHGs, and should focus on creating products that do not force customers to emit GHGs during use (e.g. cars powered by electricity rather than fossil fuels).

## *Business benefits*

- Positions the company to thrive in a low-carbon economy
- Potential for increased business from customers concerned about climate change

## *Issues mitigated*

- Climate destabilization
- Ocean acidification

## *Design constraints*

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

## *Examples and further info*

- Tesla is seeking to revolutionize the auto industry with electric cars that are rated better (in terms of safety, comfort, performance) than their fossil-fuel powered peers
- Nature can safely absorb some man-made GHGs every year, but the future-fit goal is set to zero for two reasons. First, we are dangerously close to breaching a threshold of atmospheric GHGs that will be catastrophic for society. Second, it is hugely complex and contentious to try to decide what each company's "fair share" should be. Thus the future-fit imperative is for all companies to eliminate their GHG emissions completely.
- See *Greenhouse Gas Protocol*

Submit feedback on this goal and/or ideas for an appropriate KPI

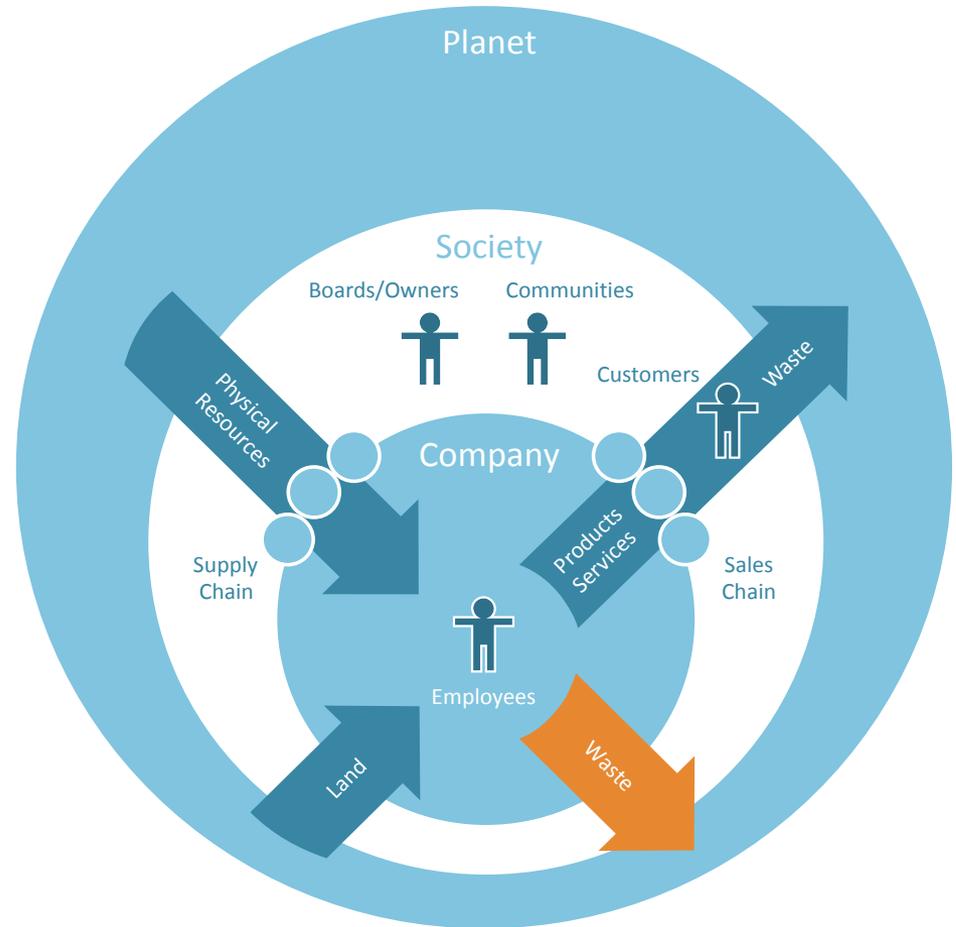
# Operational Waste

*Emit no waste which could harm the environment or society.*

*Company operations do not **emit** (to air, land or water) any **substance whose concentration is naturally low***

*Company operations do not **emit** (to air, land or water) any **synthetic substance***

*Company operations **emit no greenhouse gases***



*Many companies are already seeking to reduce their operational greenhouse gas emissions. Future-fit companies deliver their products and services with zero emission of both GHGs and any other substance that could degrade Earth's natural processes.*

# Operational Waste

*Emit no waste which could harm the environment or society.*



*Company operations do not emit (to air, land or water) any substance whose concentration is naturally low*

*Company operations do not emit (to air, land or water) any synthetic substance*

*Company operations emit no greenhouse gases*

## What this goal is

Substances already present in nature can disrupt natural processes if their concentrations become too great.

Examples include: copper, lead, phosphates and nitrates.

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.

Future-fit companies ensure that no such emissions result from their direct operations and their supply chains.

Substances that are potentially very harmful and/or scarce in natural systems (e.g. lead) should not be used at all in products that are hard to recover (e.g. consumer goods).

## Business benefits

- Reduction in waste processing costs
- Potential for increased business from customers attracted to more waste-responsible companies

- Protects company against future (more stringent) emissions laws

## Issues mitigated →

- Degradation of Earth's life-support systems by substances which disrupt natural processes
- Reduced water quality due to pollutants or an excess of nutrients

## Design constraints →

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

## Examples and further info

- A number of companies have already set goals of zero waste of any kind from their *direct* operations, including: Caterpillar, Honda Motor, Nestlé, and P&G
- More info on substances that are abundant or scarce in nature →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Operational Waste

*Emit no waste which could harm the environment or society.*



*Company operations do not emit (to air, land or water) any substance whose concentration is naturally low*

*Company operations do not emit (to air, land or water) any synthetic substance*

*Company operations emit no greenhouse gases*

## What this goal is

Synthetic substances do not exist naturally, and so nature hasn't evolved ways to absorb them if they are released into ecosystems. As a result these substances can accumulate until they chemically or physically interfere with natural processes, and in so doing disrupt life-support systems we rely on.

Examples Include: persistent/volatile organic compounds (POPs→/VOCs→), inorganic compounds, plastics.

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.

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## Business benefits

- Reduction in waste processing costs
- Potential for increased business from customers attracted to more waste-responsible companies
- Protects company against future (more stringent) emissions laws

## Issues mitigated→

- Degradation of Earth's life-support systems by substances which disrupt natural processes
- Reduced water quality due to pollutants or an excess of nutrients

## Design constraints→

- Company does not contribute to a build-up in nature of human-made (including synthetic) substances

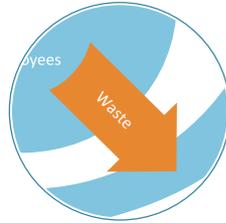
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- A number of companies have already set goals of zero waste of any kind from their *direct* operations, including: Caterpillar, Honda Motor, Nestlé, and P&G

Submit feedback on this goal and/or ideas for an appropriate KPI

# Operational Waste

*Emit no waste which could harm the environment or society.*



*Company operations do not emit (to air, land or water) any substance whose concentration is naturally low*

*Company operations do not emit (to air, land or water) any synthetic substance*

*Company operations emit no greenhouse gases*

## What this goal is

This goal concerns any greenhouse gases (GHGs) emitted directly by the company's operations and those (for which it is indirectly responsible) emitted by other organisations in its supply chain.

## Business benefits

- Positions the company to thrive in a low-carbon economy
- Potential for increased business from customers concerned about climate change

## Issues mitigated →

- Climate destabilization
- Ocean acidification

## Design constraints →

- Company does not contribute to a build-up in nature of substances extracted from the Earth's crust

## Examples and further info

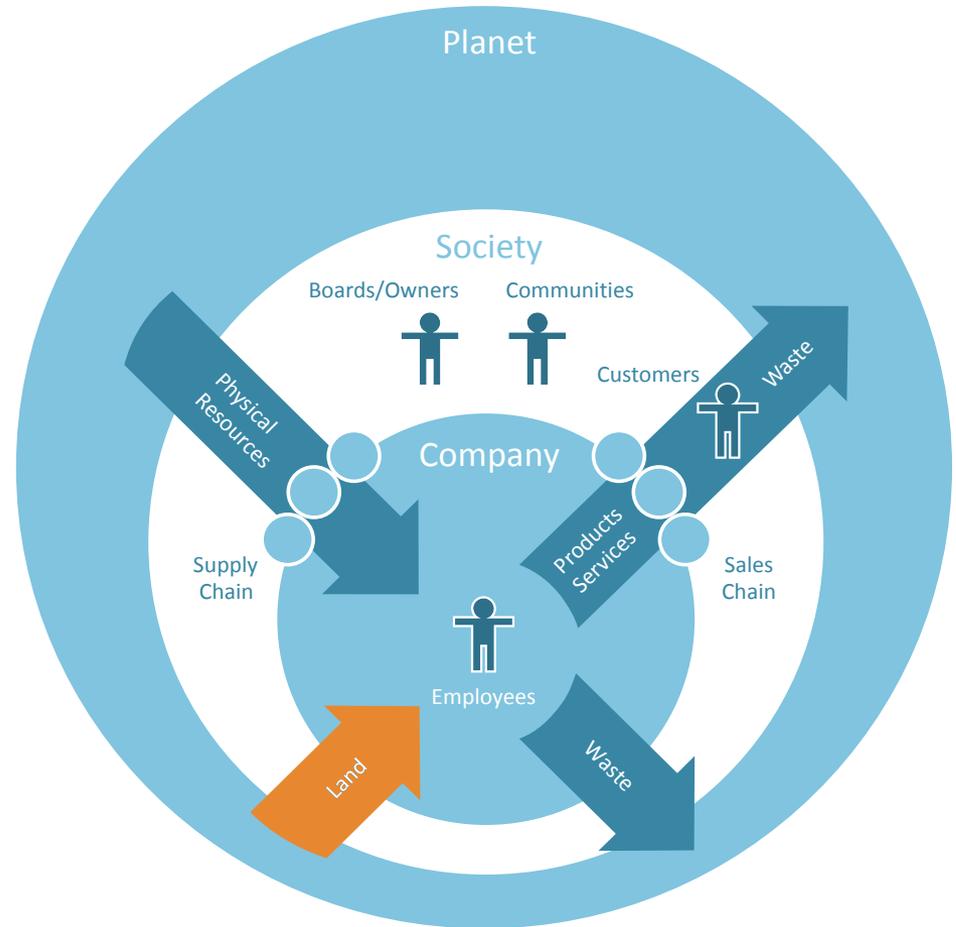
- A range of companies have already committed to reducing their operational and supply chain GHG emissions to zero, including: Deutsche Bank, Enel, Goldman Sachs Group, ING Group, Microsoft, Munich Re Group, Soci t  G n ral, Tesco and Volvo
- Nature can safely absorb some man-made GHGs every year, but the future-fit goal is set to zero for two reasons. First, we are dangerously close to breaching a threshold of atmospheric GHGs that will be catastrophic for society. Second, it is hugely complex and contentious to try to decide what each company's "fair share" should be. Thus the future-fit imperative is for all companies to eliminate their GHG emissions completely.
- See *Greenhouse Gas Protocol* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Land

*Ensure all business activities have zero impact on local biodiversity.*

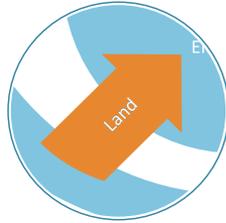
*Net zero impact on **biodiversity** due to **land use***



*Biodiversity is critical to the resilience of regional ecosystems, and thus to the natural processes that underpin Earth's life-support systems. Future-fit companies ensure that local biodiversity is not adversely affected by their operations.*

# Land

*Ensure all business activities have zero impact on local biodiversity.*



*Net zero impact on biodiversity due to land use*

## *What this goal is*

When we encroach on natural areas we degrade the habitats – and therefore jeopardize the viability – of a wide variety of flora and fauna. This reduces local biodiversity, which in turn erodes the health of regional ecosystems. Benefits accruing from ecosystems range from better crop yields to natural disaster protection.

Companies should always favor the development of brownfield sites. When encroachment into pristine areas cannot be avoided, all impacts on biodiversity must be assessed and offset – through restorative action – within the same locality.

## *Business benefits*

- Mitigates against possible financial and reputational costs arising from law suits and regulatory breaches
- Fosters goodwill in communities in which the company operates

- Protects the local area whose ecosystem functions (e.g. water purification, storm protection) the company benefits from

## *Issues mitigated* →

- Biodiversity crisis

## *Design constraints* →

- Company does not contribute to over-harvesting and physical encroachment on nature

## *Examples and further info*

- See *Why is Biodiversity Important? Who Cares?* →
- See Protecting Biodiversity (Rainforest Alliance) →
- Some companies are already developing biodiversity plans or monitoring impacts, especially in sensitive areas and sectors. These include: Total, GDF Suez, Repsol, BHP Billiton, Anglo American, TUI, Alcoa, Enel, Orange, and Lafarge.

Submit feedback on this goal and/or ideas for an appropriate KPI

# Employees

*Create a working environment within which all employees can flourish.*

*All employees are paid at least a **living wage***

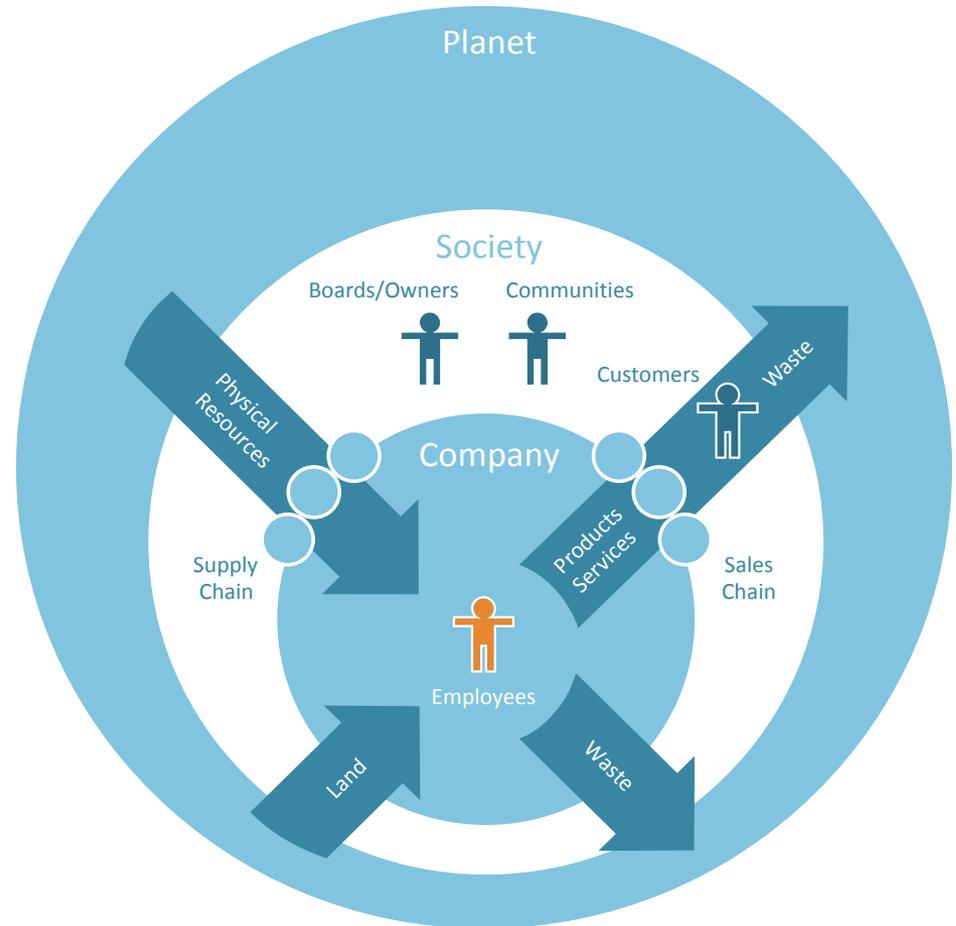
***Equal pay and benefits for equal work** irrespective of age, gender, sexual orientation, ethnicity or disability*

*No employee **discrimination** on the basis of age, gender, sexual orientation, ethnicity, or disability*

*Employee **health** is fostered and **safety** is ensured*

*No violation of employees' **human rights***

***Personal development** is fostered for all employees*



*Ensuring tolerable working conditions is now pretty much assumed in many countries, but the emphasis is often on physical safety. Future-fit companies embrace a broader definition of wellbeing that encompasses fair compensation, diversity and equality, and personal development.*

# Employees

*Create a working environment within which all employees can flourish.*



*All employees are paid at least a living wage*

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*Employee **health** is fostered and **safety** is ensured*

*No violation of employees' **human rights***

***Personal development** is fostered for all employees*

## *What this goal is*

A living wage encompasses total compensation paid to employees and contractors, including non-mandatory benefits such as extended health benefits, subsidized public transport passes, pensions and childcare.

A living wage is what one must earn in order to support a decent quality of life for a family of four. It includes provisions for basic needs such as rental housing, food, clothing, child care, transportation, and medical expenses. That is, it pays for the necessities, enables healthy child upbringing, and supports participation in the social, civic and cultural lives of the employee's community.

The living wage value varies by region and is calculated by government agencies, academics and/or NGOs. It is typically higher than the minimum wage or poverty-line wage.

## *Business benefits*

- Improves employee productivity
- Helps to attract and retain staff

## *Issues mitigated* →

- Decline in people's wellbeing (due to being unable to afford to meet basic needs)
- Financial poverty

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

- Novartis has committed to paying all employees a living wage, adjusted annually
- See *Living Wage Calculator* →
- See Articles 23 and 25 of the *Universal Declaration of Human Rights* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Employees

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*No violation of employees' **human rights***

***Personal development** is fostered for all employees*

## What this goal is

This goal relates to a company's commitment to equality.

Any two employees with the same role and experience, performing to the same standard, and with the same perceived value to the company, should be compensated equally.

Although this goal is related to discrimination (the topic of the next goal), we include this one explicitly because equal pay is so important to employee wellbeing and productivity.

## Business benefits

- Improves employee productivity
- Attracts and retains top talent
- Reduces the potential financial and reputational costs associated with discrimination law suits
- Encourages better decision-making through more diverse perspectives

## Issues mitigated →

- Decline in people's wellbeing
- Financial poverty
- Erosion of trust in business and institutions

## Design constraints →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health
- Company does not contribute to conditions that undermine equality

## Examples and further info

- Electricité de France has committed to equal pay for female employees
- See Articles 1, 2, 23 of the *Universal Declaration of Human Rights* →

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*No violation of employees' **human rights***

***Personal development** is fostered for all employees*

## *What this goal is*

This goal is about not discriminating against employees and contractors.

The requirement is for equitable treatment of – and opportunities for – everyone, no matter what their age, gender, sexual orientation, ethnicity, or disability.

## *Business benefits*

- Improves employee productivity
- Attracts and retains top talent
- Reduces the potential financial and reputational costs associated with discrimination law suits
- Encourages better decision-making through more diverse perspectives

## *Issues mitigated* →

- Decline in people's wellbeing
- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine equality

## *Examples and further info*

- This is an issue of compliance in many (but not all) jurisdictions, and most companies do not include it among their published ambitions
- Some companies have set explicit goals for women in senior management: National Australia Bank (50%); Daimler, Rio Tinto, ANZ Bank, and Co-op Group (all 40%)

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*No violation of employees' **human rights***

***Personal development** is fostered for all employees*

## *What this goal is*

This goal is about protecting the health and safety of all employees and contractors.

Note that health includes physical, mental and emotional wellness, and thus involves not contributing to stress-related health issues.

The company's work-related injuries, illnesses, and fatalities should reach and remain at zero.

## *Business benefits*

- Improves employee productivity
- Reduces the potential financial and reputational costs associated with compensation law suits

## *Issues mitigated* →

- Decline in people's wellbeing (due to physical injury, mental illness, emotional stress, etc.)

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

- Most companies (particularly those in heavy manufacturing or extractive industries) have goals for health and safety in the workplace, though they often focus on physical health only
- Royal Dutch Shell has a goal of zero fatalities and no incidents that harm employees or contractors, and General Electric has a goal of zero work-related fatalities
- See Articles 3-5, 23-25 of the *Universal Declaration of Human Rights* →

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*No violation of employees' **human rights***

*Personal development is fostered for all employees*

## *What this goal is*

Work-related human rights *not* covered explicitly by other future-fit goals include an individual's right:

- to work;
- to free choice of employment;
- to just and favorable work conditions;
- to protection against unemployment;
- to a standard of living adequate for the health and wellbeing of the employee and their family;
- to security in the event of sickness, unemployment, widowhood, old age, disability or other lack of livelihood in circumstances beyond their control.

The goal is that there be no violations of employee human rights and child labor laws, in the company's own operations or throughout its supply chain.

## *Business benefits*

- Improves employee productivity
- Attracts and retains top talent

- Reduces the potential financial and reputational costs associated with human rights law suits

## *Issues mitigated* →

- Decline in people's wellbeing
- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's health, influence, competence, equality or meaning

## *Examples and further info*

- Companies that have set similar goals throughout their supply chains include: Philip Morris (child labor); Carrefour (supplier compliance on human rights), and J&J (supplier conformance with human rights)
- See Articles 1-30 of the *Universal Declaration of Human Rights* →

Submit feedback on this goal and/or ideas for an appropriate KPI

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*No violation of employees' **human rights***

***Personal development** is fostered for all employees*

## What this goal is

The company provides all employees with access to education and training resources, and the time to use them.

This may include internal or external teaching, including company support for formal education leading to a certificate or degree that:

- enhances the employee's ability to create value for the company; or
- enables the employee to broaden their knowledge and skills in ways that enrich their life more broadly.

## Business benefits

- Improves employee productivity
- Raises employee competence and confidence
- Fosters a culture of innovation and learning
- Attracts and retains top talent

## Issues mitigated →

- Educational poverty

## Design constraints →

- Company does not contribute to conditions that undermine people's competence

## Examples and further info

- Some companies have committed to workforce-wide goals for employee training and development, for example Electricité de France ensures that 75% of employees receive at least one training course per year
- See Article 26 of the *Universal Declaration of Human Rights* →

Submit feedback on this goal and/or ideas for an appropriate KPI

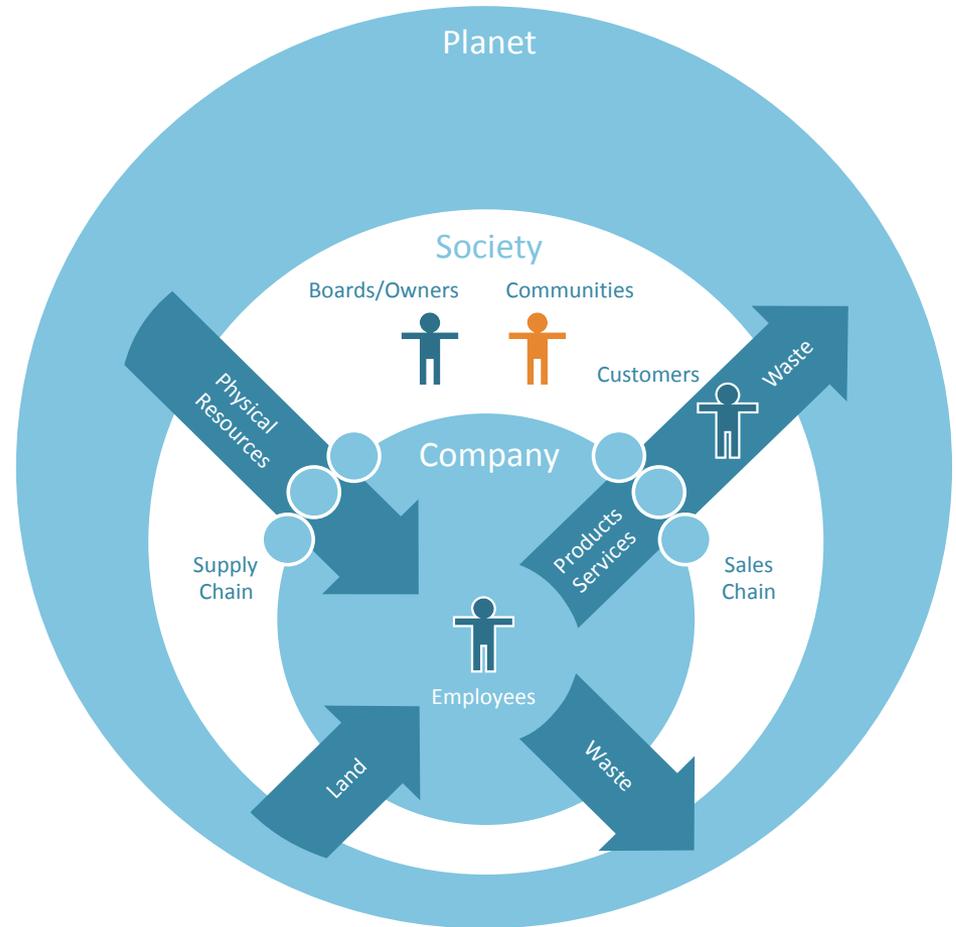
# Communities

*Help to create thriving communities wherever the business operates.*

*All statutory **taxes** are paid in the jurisdiction in which revenue is recognized*

*Community **health** is fostered and **safety** is ensured*

*No violation of **human rights** in the community*



*Most companies understand the importance of respecting the physical wellbeing of communities in which they operate. Future-fit companies understand that their obligations run deeper, for example by paying their fair share to support essential services and infrastructure.*

# Communities

*Help to create thriving communities wherever the business operates.*



*All statutory **taxes** are paid in the jurisdiction in which revenue is recognized*

*Community **health** is fostered and **safety** is ensured*

*No violation of **human rights** in the community*

## *What this goal is*

Governments require tax revenue to fund the critical services upon which society – and business – depends. This includes but is not limited to physical infrastructure such as road, water and electricity networks.

The company should pay statutory levels of tax wherever revenue is recognized. It should not exploit loopholes (e.g. via transfer pricing schemes, shifting profits to low-tax havens, creating shell companies) to avoid paying its fair share for services upon which it depends.

## *Business benefits*

- Ensures that quality services and infrastructure are available to the company and its employees
- Avoids damaging negative press on a very emotive issue
- Attracts and retains top talent

## *Issues mitigated* →

- Degradation of critical infrastructure (roads, water, electricity...)
- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

- See *The Cost of Tax Abuse* → by the Tax Justice Network, which indicates that tax evasion costs governments around the world more than \$3.1 trillion in lost revenue annually
- To our knowledge no company has yet announced a goal like this

Submit feedback on this goal and/or ideas for an appropriate KPI

# Communities

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*No violation of **human rights** in the community*

## *What this goal is*

This goal is about eliminating any impacts that could adversely affect the local community wherever the company operates. Such negative impacts often include pollution (e.g. noise, dust, chemicals), but extend to other forms of disruption (e.g. traffic congestion).

Note that many companies make philanthropic contributions to local communities (monetary donations, staff time for volunteering, in-kind gifts). While these are welcomed, they can only result in a net positive impact if the company also eliminates all potentially harmful activities.

## *Business benefits*

- Greater community goodwill potentially increases support for building or expanding facilities
- Attracts and retains top talent

## *Issues mitigated* →

- Decline in people's wellbeing
- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

- Many companies have set goals relating to the health and wellness of employees and customers, many of whom may live close to company facilities. Commitments that are specific to the community typically relate only to reducing emissions of harmful substances, such as those listed in the Pollutant Release and Transfer Register.
- See Articles 3, 23, 25 of the *Universal Declaration of Human Rights* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Communities

*Help to create thriving communities wherever the business operates.*



*All statutory **taxes** are paid in the jurisdiction in which revenue is recognized*

*Community **health** is fostered and **safety** is ensured*

*No violation of **human rights** in the community*

## *What this goal is*

This goal relates to aspects of human rights that are *not* covered explicitly by other community goals.

Failure to meet this goal may manifest in many ways, for example by adversely affecting the rights of indigenous peoples.

## *Business benefits*

- Greater community goodwill potentially increases support for building or expanding facilities
- Attracts and retains top talent

## *Issues mitigated*

- Decline in people's wellbeing
- Erosion of trust in business and institutions

## *Design constraints*

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

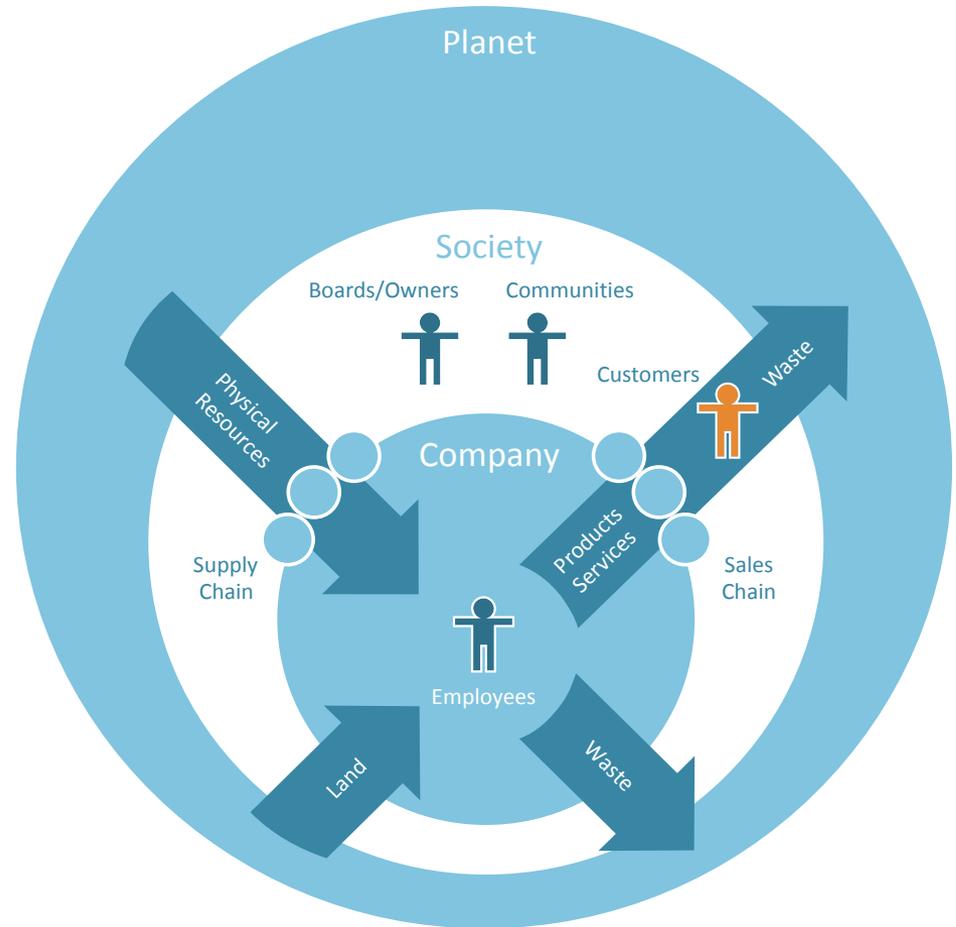
- Many companies have goals relating to employee human rights, but to our knowledge none have made explicit commitments to protect human rights in communities where they operate
- See Articles 1-30 of the *Universal Declaration of Human Rights*

Submit feedback on this goal and/or ideas for an appropriate KPI

# Customers

*Ensure customers are not adversely affected by products and services.*

*Customer **health** is fostered and **safety** is ensured*



*Few companies knowingly put their customers at immediate risk of harm. But future-fit companies realize they have an obligation to protect – and even enhance – their customers’ long-term wellbeing, for example by only selling products that have no detrimental long-term side effects.*

# Customers

*Ensure customers are not adversely affected by products and services.*



*Customer health is fostered and safety is ensured*

## *What this goal is*

This goal is about the impact of a company's products and services on the physical, mental and emotional health of customers. When used as directed, products should cause no short- or long-term harm, directly or indirectly.

What this means will depend very much on the type of business the company is in. For example: food products should support a balanced diet; cleaning and decorating products should not emit harmful fumes; toys should contain no parts that might be ingested by children; and Internet services should protect the customer's right to privacy.

## *Business benefits*

- Reduces the potential reputational and financial cost of law suits, and the cost of recalls
- Potential for greater business from customers attracted to more responsible companies and products

## *Issues mitigated* →

- Decline in people's wellbeing

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health

## *Examples and further info*

- Food companies such as Nestlé and PepsiCo have set goals related to nutrition
- Ford Motor has a goal to use only allergen-free and "air quality friendly" interior materials
- Nissan Motor's ambitious *Vision Zero* goal aims for no traffic accidents which result in serious/fatal injuries involving Nissan vehicles
- See Articles 3, 23, 25 of the *Universal Declaration of Human Rights* →

Submit feedback on this goal and/or ideas for an appropriate KPI

# Boards & Owners

*Ensure company is governed to strive for future-fitness.*

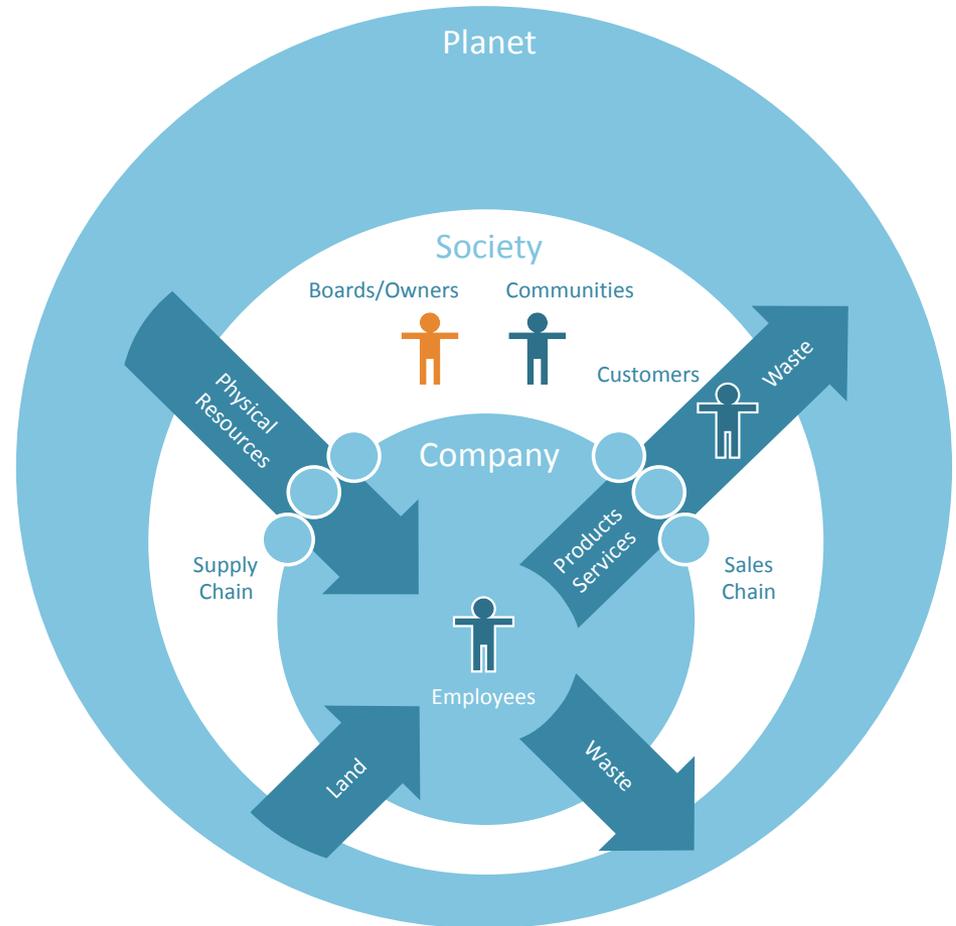
*All measurement, management, recognition and compensation systems align with future-fit goals*

*All information necessary to assess progress toward future-fit goals is publicly **disclosed***

*No anti-competitive, corrupt or **unethical** practices*

***Transparency** on all **lobbying** positions and activity*

***Transparency** on all company and pension fund **investments***



*Companies are often managed purely to maximize financial returns for their owners. A future-fit company realizes that the best interests of its owners extend to doing what is possible to protect the health of the social fabric and natural processes upon which its future depends.*

# Boards & Owners

*Ensure company is governed to strive for future-fitness.*



*All measurement, management, recognition and compensation systems align with future-fit goals*

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*No anti-competitive, corrupt or **unethical** practices*

***Transparency** on all **lobbying** positions and activity*

***Transparency** on all company and pension fund **investments***

## *What this goal is*

This goal acknowledges that what gets measured and rewarded gets managed.

Initially, future-fit ambitions may be driven by a few passionate founders or senior executives. This goal is about embedding such commitments into the governance, culture, policies, and management systems of the company.

In this way, future-fit performance:

- becomes everyone's responsibility
- is sustained even during tough times and through leadership changes.

## *Business benefits*

- Greater "license to innovate" from investors who realize that taking a long-term view creates more value
- Improves access to sources of capital that value well-governed companies
- Attracts and retains top talent

- Potential for more business from customers attracted to transparent, ethical, and well-governed companies

## *Issues mitigated* →

- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health
- Company does not contribute to conditions that undermine people's meaning (sense of purpose, caring, opportunity to make a difference)

## *Examples and further info*

- Recognized corporate sustainability leaders (such as Interface) achieve this status largely because they take steps to embed their ambitions into the very core of their business, for example through product design constraints and employee incentives

Submit feedback on this goal and/or ideas for an appropriate KPI

# Boards & Owners

*Ensure company is governed to strive for future-fitness.*



*All measurement, management, recognition and compensation systems align with future-fit goals*

*All information necessary to assess progress toward future-fit goals is publicly disclosed*

*No anti-competitive, corrupt or unethical practices*

*Transparency on all lobbying positions and activity*

*Transparency on all company and pension fund investments*

## *What this goal is*

This goal acknowledges that stakeholders are only able to track a company's progress on its journey toward being future-fit if they have access to necessary and sufficient data.

Public companies are legally required to disclose financial information annually. Here that notion is extended to require – for each future-fit goal – the disclosure of *all* information necessary for external stakeholders to assess the company's performance and progress.

## *Business benefits*

- Improves access to sources of capital that value well-governed companies
- Potential for more business from customers attracted to transparent, ethical, and well-governed companies
- Attracts and retains top talent

## *Issues mitigated* →

- Erosion of trust in business and institutions
- Decline in people's wellbeing

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health
- Company does not contribute to conditions that undermine people's influence (participation in decisions, having a voice, democratic rights)

## *Examples and further info*

- Many companies have committed to be transparent on specific issues (such as GHG emissions, waste, water use, employee health and safety), but to our knowledge no company has set a goal as inclusive as this

Submit feedback on this goal and/or ideas for an appropriate KPI

# Boards & Owners

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*All measurement, management, recognition and compensation systems align with future-fit goals*

*All information necessary to assess progress toward future-fit goals is publicly disclosed*

*No anti-competitive, corrupt or unethical practices*

*Transparency on all lobbying positions and activity*

*Transparency on all company and pension fund investments*

## *What this goal is*

On one level this goal is just about getting the business basics right. But laws and expectations vary around the world, and future-fit companies are expected not to take advantage of that fact.

A future-fit company's view of "what is the right thing to do" should not vary by local context. For example, if it is illegal to send a particular type of waste to landfill in one part of the world, a future-fit company should ensure that it sends no such waste to landfill in any other part of the world either.

## *Business benefits*

- Improves access to sources of capital that value well-governed companies
- Potential for more business from customers attracted to transparent, ethical, and well-governed companies

- Attracts and retains top talent
- Reduces the potential for costs (both reputational and financial) from fines

## *Issues mitigated* →

- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health
- Company does not contribute to conditions that undermine people's influence (participation in decisions, having a voice, democratic rights)

## *Examples and further info*

- A.P. Moller-Maersk has set a goal of anti-corruption training for 90% of employees

Submit feedback on this goal and/or ideas for an appropriate KPI

# Boards & Owners

*Ensure company is governed to strive for future-fitness.*



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*All information necessary to assess progress toward future-fit goals is publicly disclosed*

*No anti-competitive, corrupt or unethical practices*

**Transparency on all lobbying positions and activity**

**Transparency on all company and pension fund investments**

## *What this goal is*

When a company is transparent about its lobbying efforts, all stakeholders can see any inconsistencies between the company's stated core ambitions and any secondary activities that might undermine them.

Although this goal is focused on transparency, a future-fit company should ideally lobby only for actions that would accelerate future-fit outcomes. For example, a future-fit company would not fund any organisation that lobbies against more stringent emissions laws.

## *Business benefits*

- Improves access to sources of capital that value well-governed companies
- Potential for more business from customers attracted to transparent, ethical, and well-governed companies

## *Issues mitigated* →

- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health
- Company does not contribute to conditions that undermine people's influence (participation in decisions, having a voice, democratic rights)

## *Examples and further info*

- The closest commitment to this that we have found is from Lafarge, which has set itself a goal to implement a lobbying or advocacy plan for sustainable transportation infrastructure in 80% of the countries where it operates

Submit feedback on this goal and/or ideas for an appropriate KPI

# Boards & Owners

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*All information necessary to assess progress toward future-fit goals is publicly disclosed*

*No anti-competitive, corrupt or unethical practices*

*Transparency on all lobbying positions and activity*

*Transparency on all company and pension fund investments*

## *What this goal is*

Imagine a company that has committed to use only carbon-neutral energy: the societal benefit accruing from such a goal could be completely cancelled out if that same company (or its pension fund) were to invest in carbon-intensive industries.

When a company is transparent about the way it invests its money, all stakeholders can see any inconsistencies between the company's stated core ambitions and any secondary activities that might undermine them.

This goal is focused on transparency. But insofar as regulatory constraints allow, a future-fit company should seek to deploy its capital in ways that accelerate future-fit outcomes (e.g. clean energy technology or new healthcare solutions).

## *Business benefits*

- Improves access to sources of capital that value well-governed companies
- Potential for more business from customers attracted to transparent, ethical, and well-governed companies

## *Issues mitigated* →

- Erosion of trust in business and institutions

## *Design constraints* →

- Company does not contribute to conditions that undermine people's physical, mental and emotional health
- Company does not contribute to conditions that undermine people's influence (participation in decisions, having a voice, democratic rights)

## *Examples and further info*

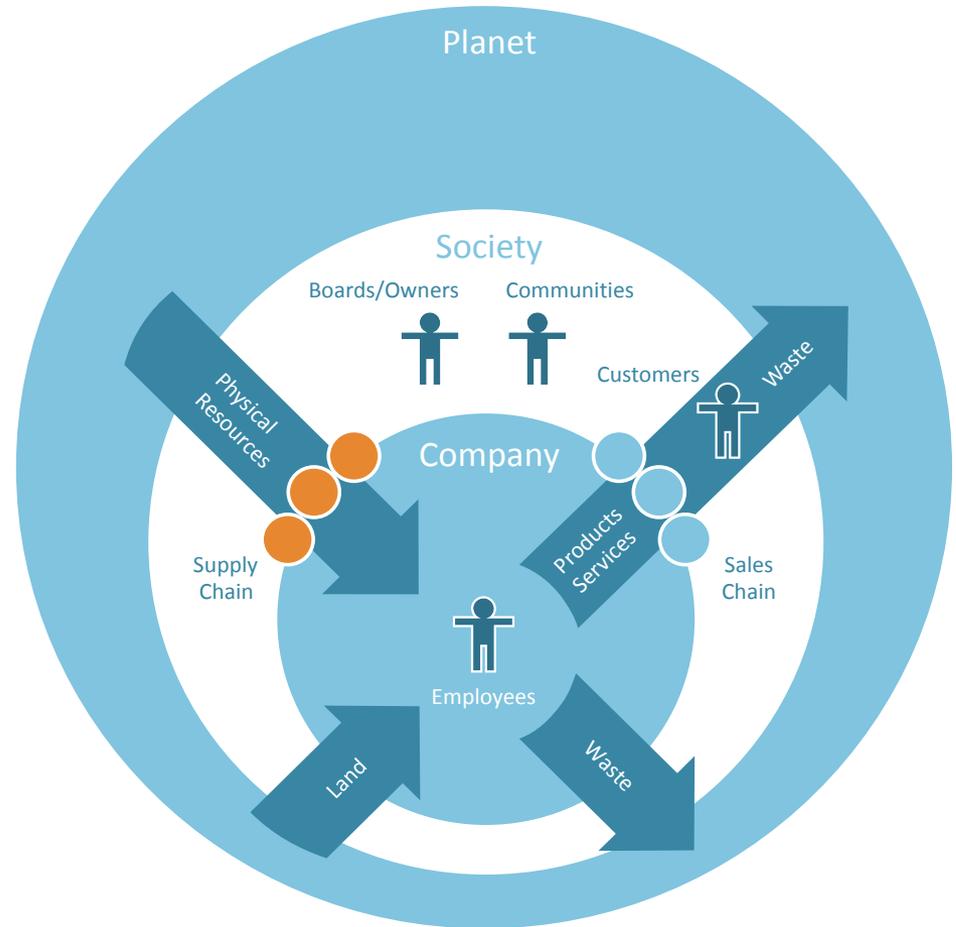
- Landesbank Baden-Württemberg has committed to including sustainability criteria in its investment policy for its pension plan

Submit feedback on this goal and/or ideas for an appropriate KPI

# Supply Chain

*Foster future-fitness throughout the supply chain.*

*All tier one **suppliers** are future-fit*



*Even the least progressive companies concede that they are responsible for the impacts of their direct operations. A future-fit company realizes it only creates value with the support of a vast network of suppliers, and so uses its influence to ensure that they become future-fit too.*

# Supply Chain

*Foster future-fitness throughout the supply chain.*



*All tier one suppliers are future-fit*

## *What this goal is*

Goals related to downstream (sales-side) impacts (the use and end-of-life processing of products) are addressed elsewhere. This goal is about upstream (supply-side) impacts.

Today's global companies rely on vast and complex networks of suppliers, many levels deep. Technically, every company is responsible for the impacts that *all of its* (direct and indirect) suppliers cause, as a result of servicing its needs.

This goal requires that a future-fit company works to ensure that its *tier one* suppliers become future-fit.

Since a company's tier one suppliers cannot be future-fit until all *their* tier one suppliers are also future-fit, commitment to this goal results in a ripple effect.

The intent of this goal is for large corporations to drive positive change throughout their supply chains.

## *Business benefits*

- Positions the company to thrive in a low-carbon, circular, future-fit economy

## *Issues mitigated* →

- All, indirectly

## *Design constraints* →

- All, indirectly

## *Examples and further info*

- Many companies have set GHG reporting and reduction goals for their suppliers, including: AT&T and Cisco Systems
- Danone has committed to record CSR data for 100% of its major suppliers, and to auditing 100% of its at-risk suppliers
- To our knowledge no company has yet set a goal to require its suppliers to meet future-fit-like performance levels across multiple issues

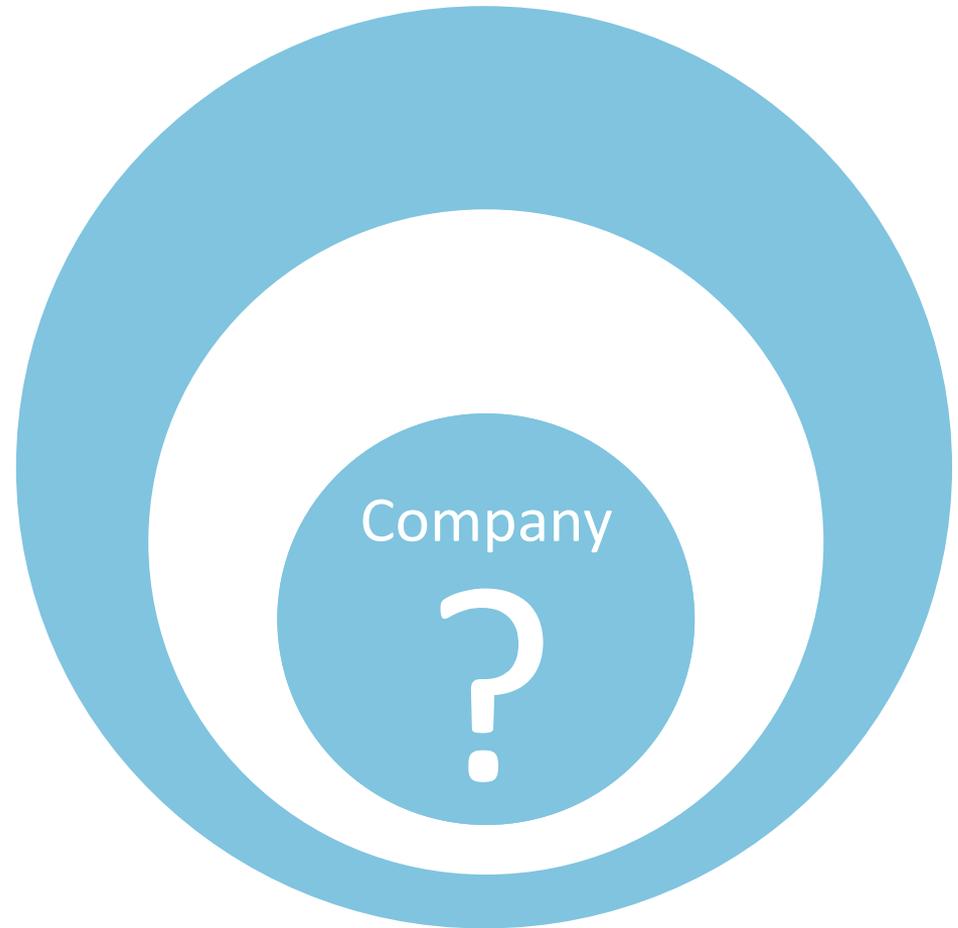
Submit feedback on this goal and/or ideas for an appropriate KPI

## Additional goals?

*The intent is that the goals presented here – taken together – are both necessary and sufficient to describe a future-fit company.*

*Many experts have helped us refine the goals presented here, but there could well be room for improvement.*

*If you feel that we've missed something critical, or that our existing goals need to be adjusted to adequately define a future-fit business, please give us your feedback and suggestions.*



*Do the 28 goals presented here adequately describe what it means for a company to be future-fit?*

Submit general feedback on the future-fit goals

# Where Next

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*Further work on the  
Future-Fit Business  
Benchmark*

---

*Towards other  
Future-Fit  
Benchmarks*

---

## Further work on the Future-Fit Business Benchmark

*By summer 2015 we aim to finish refining the future-fit goals and to have completed work on a full set of KPIs.*

*To do this we are taking an iterative approach to rapidly refine and test new drafts of the benchmark.*

*To this end we aim to publish a new draft every 2-3 months.*

*This is an ambitious timeline, and we need help*

*If you or an organization you represent are working on issues related to a future-fit goal, could you help us develop the KPIs? And if you work for a company or investment firm, could we help you explore how the benchmark might apply to your work? Either way, please get in touch.*

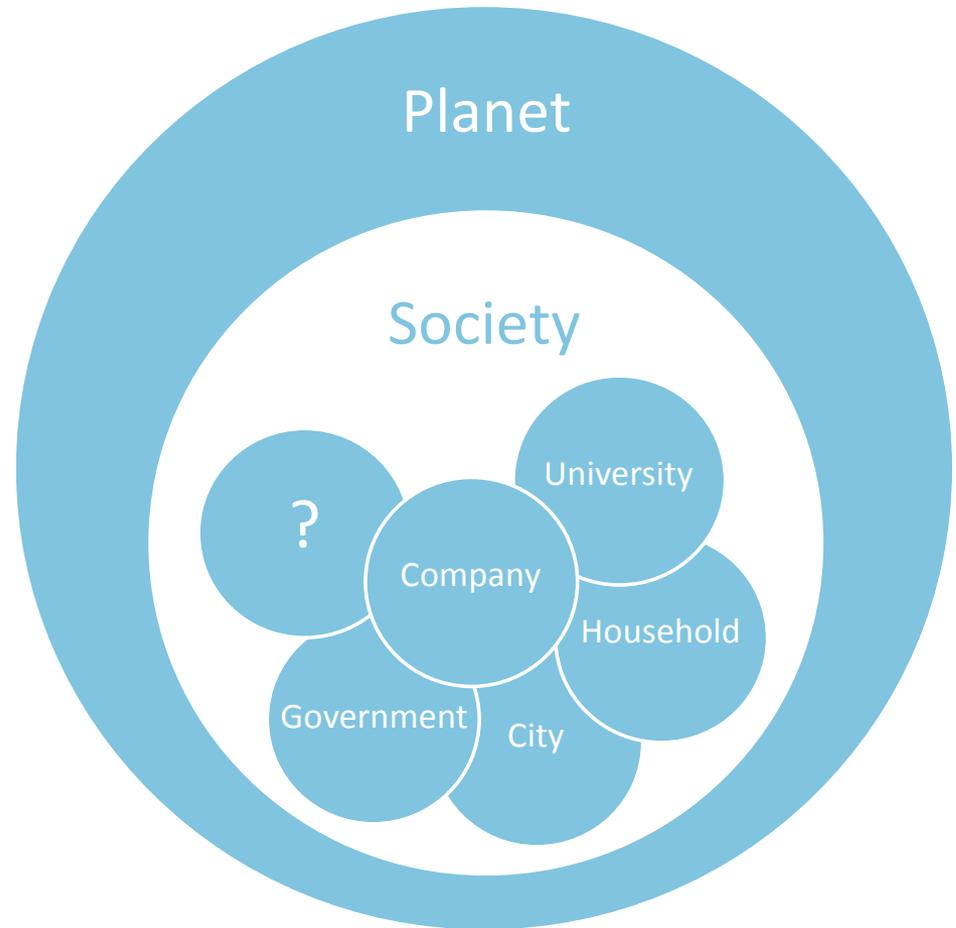


## Towards other Future-Fit Benchmarks

*The Future-Fit Business Benchmark serves as a template to create equivalent benchmarks for other areas of society.*

*With sufficient resources and support, we aim to develop additional benchmarks in parallel, taking the same science-based approach presented here.*

*Business is a huge lever for change, but other parts of society must also play a part in getting us on track to a flourishing future.*



*What would it mean for a household to be future-fit? Or a city? Or a university?*

Get in touch if you're interested in other future-fit benchmarks

# Further Info



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*Meet the team*

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*Acknowledgements*

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# Meet the team

## *Authors & Project Leads*



Geoff Kendall →



Bob Willard →

## *Key Contributors & Strategic Advisors*



Pong Leung →



Chad Park →



Martin Rich →



Antony Upward →

## *Project Manager*



Saralyn Hodgkin →

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The Future-Fit Business Benchmark  
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3D Investment Foundation.

If you would like to find out more:

- visit [futurefitbusiness.org](http://futurefitbusiness.org)
- email [info@futurefitbusiness.org](mailto:info@futurefitbusiness.org)
- tweet [@futurefitbiz](https://twitter.com/futurefitbiz)

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with the means to  
quantify how their  
actions are  
contributing to a  
flourishing future*



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