



Future-Fit

Business Benchmark

Action Guide

BE13

Employees are not subject to discrimination

Release 2.2

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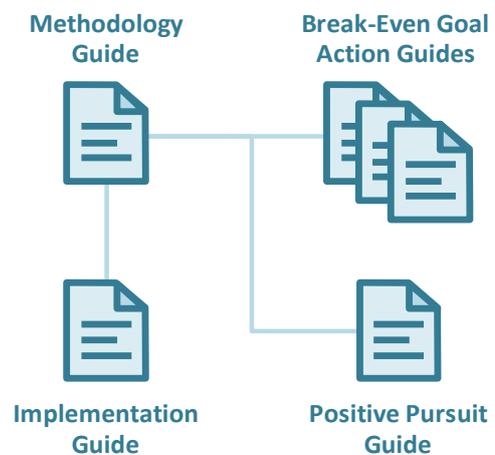
About this document

This document forms part of Release 2.2 of the Future-Fit Business Benchmark.

Action Guide

This document is an Action Guide, offering specific guidance on how to pursue future-fitness with respect to a particular aspect of the business.

The text is written to be accessible to a general business audience: no academic or technical knowledge about systems science, sustainability practices, or other specialist topics is assumed.



Documents included in Release 2.2

Methodology Guide

The scientific foundations and concepts underpinning the Benchmark, together with details of its key components and how they were derived.

Break-Even Goal Action Guides

Guidance on how to transform business operations, procurement practices, and products in pursuit of future-fitness. There is one Action Guide for each of the 23 Break-Even Goals.

Positive Pursuit Guide

The kinds of activities that any business may undertake – above and beyond its pursuit of Break-Even – to speed up society’s transition to future-fitness.

Implementation Guide

Supplementary guidance on how to begin pursuing future-fitness and how to assess, report on and assure progress.

All Release 2.2 documents are available for download [here](#).

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Goal BE13

Employees are not subject to discrimination

1. Ambition

A Future-Fit Business proactively investigates and monitors key practices – such as recruitment, pay structures, hiring, performance assessment and promotions – to ensure that no discrimination occurs, however unintentional it may be.

1.1 What this goal means

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 organizations.

To be Future-Fit, a company 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 unintentional it may be.

1.2 Why this goal is needed

As with all Future-Fit Break-Even Goals, a company must reach this goal to ensure that it is doing nothing to undermine society's progress toward an environmentally restorative, socially just, and economically inclusive future. To find out more about how these goals were derived based on 30+ years of systems science, see the [Methodology Guide](#).

These statistics help to illustrate why it is critical for all companies to reach this goal:

- **Discrimination is often culturally entrenched.** An Institute for Public Policy Research study in the UK found that immigrants from certain ethnic backgrounds have had to

submit between 10% and 150% more applications on average than non-migrants to get a 'call-back' when applying for a job. [1]

- **Legal protections afforded to minority groups can differ significantly.** For example, in 17 of the 50 United States there are no laws prohibiting companies from discriminating against employees with respect to their sexual orientation or gender identity. [2]
- **Women are still at a disadvantage in the workplace.** Globally, women earn an average of \$11,000 annually, compared to men who earn an average of \$20,000. [3]

1.3 How this goal contributes to the SDGs

The UN Sustainable Development Goals (SDGs) are a collective response to the world's greatest systemic challenges, so they are naturally interconnected. Any given action may impact some SDGs directly, and others via knock-on effects. A Future-Fit Business can be sure that it is helping – and in no way hindering – progress towards the SDGs.

Companies may contribute to several SDGs by ensuring employees are not subject to discrimination, and actively encouraging their suppliers to do the same. But the most direct links with respect to this goal are:



Support efforts to end all forms of discrimination against women and girls everywhere, and efforts to ensure workers' (and particularly women's) full and effective participation and equal opportunities for leadership at all levels of decision-making.



Support efforts to ensure equal opportunity and reduce inequalities of outcome by promoting appropriate policies and action.

1.4 Related goals

The purpose of this section is to help clarify the scope for this goal. It will help you understand which issues are covered by this goal, and where other goals apply instead.

- **Employees are paid at least a living wage, Employees are subject to fair employment terms, and Employee health is safeguarded:** The *Employee discrimination* goal seeks to ensure that (starting from the job application stage) workers are not treated differently on the basis of age, sex, ethnicity, religious beliefs, sexual orientation, or other grounds. It complements the other *Employee* goals in setting out the minimum that companies must do to foster the wellbeing of their employees.
- **Employee concerns are actively solicited, impartially judged and transparently addressed:** The *Employee discrimination* goal includes requirements for mechanisms that enable employees to report and seek resolution for instances of discrimination. A company could potentially employ the same controls to cover all employee concerns, including those relating to discrimination.

2. Action

2.1 Getting started

Background information

It is extremely difficult to identify – and to quantify – incidents and patterns of past discrimination. As a result, the approach here focuses on ensuring that comprehensive internal controls are in place to prevent discrimination from taking place. This aligns with guidance from the [International Labour Organization](#) and the [UN Global Compact](#).

It is important to consider both direct and indirect discrimination when addressing this goal. Direct discrimination occurs when laws, rules or practices explicitly cite a particular reason (such as sex, race, etc.) to deny equal opportunities (e.g. requiring that applicants for a position must be male or female, and actively excluding the opposite sex). Indirect discrimination occurs when rules or practices appear to be neutral, but in practice lead to exclusions (e.g. printing internal job postings in English only at a site that has a high proportion of Spanish-speaking employees). [4]

Questions to ask

These questions should help you identify what information to gather.

Is the company aware of any instances of direct or indirect discrimination in its operations?

- Are there areas where the company is at risk of actively discriminating in the way that roles are assigned, or in ways that impact mobility within the organization?
- Have there been any concerns expressed by external sources around possible discriminatory practices within the company? If so, how have these concerns been investigated and addressed?

What are the main at-risk groups in the company?

- Are there particular groups of employees in specific regions who have greater cultural or social barriers to overcome?
- Does the demographic makeup of the organization reflect that of the areas it operates in? If not, are the reasons for the discrepancies understood?

Are there opportunities to partner with NGOs or social justice organizations?

- Involving impacted stakeholder groups or their representatives may help the company to develop a more effective solution than they can create by working in isolation.



How to prioritize

These questions should help you identify and prioritize actions for improvement.

What are the areas where the company could have the largest impact?

- Are there geographic regions or social groups where specific individuals are particularly at risk? If so, improvements to controls here might have a larger relative impact.
- Which parts of the organization experience the greatest movement of employees, either in terms of turnover or internal progression? Improvements in those areas are most likely to affect the greatest number of people.

What are the areas where progress can be most easily made?

- Are there approved policies outlining the company's official position regarding discrimination? Have controls been documented and implemented to help prevent discrimination from occurring?
- Does the company have demographic data for its workers that it can use to track hiring and promotion outcomes? Does this information help identify any problem areas? Could it be used to track the effectiveness of new policies?

Could the company find ways to *exceed* the requirements of this goal?

- Beyond what is required to reach this goal, is the company able to do anything to ensure that *people have the capacity and opportunity to lead fulfilling lives*?¹ Any such activity can speed up society's progress to future-fitness. For further details see the [Positive Pursuit Guide](#).

The next section describes the fitness criteria needed to tell whether a specific action will result in progress toward future-fitness.

¹ This is one of the eight Properties of a Future-Fit Society – for more details see the [Methodology Guide](#).

2.2 Pursuing future-fitness

Introduction

To achieve future-fitness with respect to this goal, companies must ensure that each of their employees are working under conditions and supported by systems that protect them from discrimination.

Guidance on determining which workers are in scope as ‘employees’

There are many different types of working relationships between a company and those contributing labour to its activities. It is important to distinguish who qualifies as a direct employee, and who is part of an outside organization providing services to the company. See the [Implementation Guide](#) for details on determining who is an employee.

Fitness criteria

The company’s anti-discrimination policy and the controls that support it must satisfy the following criteria:

Adoption of an anti-discrimination policy

- A policy is in place which clearly states the company’s position and commitment to being a discrimination-free workplace.
- A senior company official is appointed to be responsible for discrimination and equity issues.

Directive and preventive measures

- The policy is actively communicated to employees, and stored or posted so that all employees have access to it.
- The policy is referenced or incorporated into recruitment and training practices, employee performance evaluations, promotion or advancement decisions, and compensation guidelines.

Corrective measures

- Procedures or mechanisms are in place (beyond direct reporting lines such as speaking to the employee’s manager) to facilitate employees’ ability to confidentially report and seek resolution for potential instances of discrimination or breaches of the anti-discrimination policy.²

² Note that if the concern mechanisms used to address the *Employee concerns* goal is determined to be effective for capturing and appropriately addressing employees’ concerns over potential instances of discrimination, there is no explicit need for a separate system.



- Document submitted feedback for internal reference, along with the steps taken by the company to investigate and address the issues raised.

Monitoring:

- The company assesses the effectiveness of the anti-discrimination controls – including the policy, reporting mechanism, and any controls used to supplement them – at regular intervals.
- When needed, steps are taken to adjust the controls.

For additional guidance on evaluating or setting effective internal controls, see the [Implementation Guide](#).

3. Assessment

3.1 Progress indicators

The role of Future-Fit progress indicators is to reflect how far a company is on its journey toward reaching a specific goal. Progress indicators are expressed as simple percentages.

A company should always seek to assess its future-fitness across the full extent of its activities. In some circumstances this may not be possible. In such cases see the section *Assessing and reporting with incomplete data* in the [Implementation Guide](#).

Assessing progress

The term *anti-discrimination program* is used here to refer collectively to an anti-discrimination policy and the control mechanisms used to enforce it.

This goal has one progress indicator. To calculate it the following steps are required:

- Assess fitness for each employee against the fitness criteria.
- Calculate company-wide progress across all employees.

Assessing fitness for each employee

Note that although fitness is measured on a per-employee basis, the assessment can be done by group (e.g. by location, job function, etc.), provided that all employees in a group are subject to the same anti-discrimination program.

The anti-discrimination program is scored using the four fitness criteria categories (adoption of an anti-discrimination policy, directive and preventive measures, corrective measures, monitoring) as follows:

- **0% fit:** no anti-discrimination program is in place for an employee or group of employees, *or* no assessment of the program against the criteria has been performed,



or the program *does not* live up to the fitness criteria category *Adoption of an anti-discrimination policy*.

Employees covered by an anti-discrimination program are scored as follows:

- **25% fit:** *Adoption of an anti-discrimination policy* is the only category satisfied.
- **50% fit:** One additional criteria category is satisfied.
- **75% fit:** Two additional criteria categories are satisfied.
- **100% fit:** All criteria categories are satisfied.

Calculating company progress

Overall progress is calculated as follows:

- Identify the total number of employees in the company during the reporting period.³
- Calculate progress as the weighted average fitness of the company’s anti-discrimination program across all employees.

This can be expressed mathematically as:

$$F = \frac{0(E_{0\%}) + 0.25(E_{25\%}) + \dots + 0.75(E_{75\%}) + 1(E_{100\%})}{E_T}$$

Where:

F Is the progress made by the company, expressed as a percentage.

$E_{x\%}$ Is the number of employees in the company for which the fitness score is $x\%$, based on which of the four fitness criteria categories are being met.⁴

E_T Is the total number of employees in the company during the reporting period.

For an example of how this progress indicator can be calculated, see [here](#).

³ Note that for this indicator, it is not appropriate to use the average number of employees (e.g. equating two employees working 20 hours per week each to one full-time employee, or three workers employed for four months each as one full-time job) as it risks obfuscating the impact on one or more of the individuals.

⁴ For example, $E_{25\%}$ would be the number of employees for whom an anti-discrimination program is in place which only meets the fitness criteria for *Adoption of an anti-discrimination policy*.



3.2 Context indicators

The role of the context indicators is to provide stakeholders with the additional information needed to interpret the full extent of a company's progress.

Total number of employees

In addition to the proportion of employees covered by an appropriate anti-discrimination program, the total number of employees that worked for the company during the reporting period must be reported.

Note that for this indicator it is not appropriate to use the average number of employees (e.g. equating two employees working 20 hours per week each to one full-time employee, or three workers employed for four months each as one full time job) as such methods risk obfuscating the impacts on one or more of the individuals concerned.

For an example of how context indicators can be reported, see [here](#).

4. Assurance

4.1 What assurance is for and why it matters

Any company pursuing future-fitness will instil more confidence among its key stakeholders (from its CEO and CFO to external investors) if it can demonstrate the quality of its Future-Fit data, and the robustness of the controls which underpin it.

This is particularly important if a company wishes to report publicly on its progress toward future-fitness, as some companies may require independent assurance before public disclosure. By having effective, well-documented controls in place, a company can help independent assurers to quickly understand how the business functions, aiding their ability to provide assurance and/or recommend improvements.

4.2 Recommendations for this goal

The following points highlight areas for attention with regard to this specific goal. Each company and reporting period is unique, so assurance engagements always vary: in any given situation, assurers may seek to evaluate different controls and documented evidence. Users should therefore see these recommendations as an illustrative list of what may be requested, rather than an exhaustive list of what will be required.

- Document the methods used to determine the number of employees during the reporting period, and how these employees were categorized into groups for the purposes of the assessment. Assurers may use this information to assess the risk that employees were inadvertently omitted from the assessment.⁵
- Provide a copy of the company’s policy describing its anti-discrimination commitment. This can help assurers to determine whether the company is complying with the requirements of the goal.
- Record the steps taken to communicate the company’s anti-discrimination policy to employees, including any ways the policy has been integrated into recruitment, training, or performance evaluation processes or materials. This can help assurers to understand and evaluate the company’s strategy for communicating the policy to employees against the criteria.
- Document the procedures or mechanisms in place which facilitate employees’ ability to report cases of discrimination in the workplace, and retain any notes and evidence of actions taken based on employee submissions.⁶ Assurers may evaluate the concern-reporting mechanism’s design in terms of its appropriateness in identifying and resolving discrimination concerns.
- Document the controls used by the company to check that the company’s anti-discrimination controls are working as intended. Assurers may check these controls to determine whether the company is able to identify and address any problems with the concern-reporting mechanism within a reasonable timeframe. If not, there is a risk that instances of discrimination could go undetected by the company.

For a more general explanation of how to design and document internal controls, see the section *Pursuing future-fitness in a systematic way* in the [Implementation Guide](#).

5. Additional information

5.1 Example

ACME Inc. sells lemonade products. Its operations consist of two sites: a bottling plant and an office space. The company has a total of 250 employees: 50 working in the office and 200 at the bottling plant. The company does not have anti-discrimination programs in place at either location, so its fitness starts off at 0%.

⁵ This information is relevant for all employee-related Break-Even Goals, but the method may have to be adjusted for the purposes of this goal. For the reason why see the [Context indicator](#) section.

⁶ This can be the same mechanism used for the goal [Employee concerns are actively solicited, impartially judged and transparently addressed](#) and should draw on the best practices and guidance outlined in that Action Guide.



The company then finds that discrimination is a significant issue at its bottling plant, with three separate concerns raised during the reporting period. The company therefore implements an anti-discrimination program at the bottling plant which lives up to the fitness criteria categories of *Adoption of an anti-discrimination policy* and *Corrective measures*.

The company can now calculate its fitness as:

$$F = \frac{0(E_{0\%}) + 0.25(E_{25\%}) \dots + 1(E_{100\%})}{E_T} = \frac{0(50) + 0.5(200)}{250} = 40\%$$

Context Indicator

Number of employees during the reporting period: 250

5.2 Useful links

International Labour Organization (ILO)

The ILO has [several conventions](#) that address discrimination and equal remuneration. It further offers [guidance](#) as to what constitutes good company policies on equal employment practices.

UN Global Compact

One of the UN Global Compact's Ten Principles is that ["businesses should uphold the elimination of discrimination in respect of employment and occupation"](#), and guidance is offered regarding specific actions a company can take to adhere to this Principle.

Appendix 1: References

- [1] E. Thelwell, “Are race discrimination laws still needed in the workplace?,” 12 March 2015. [Online]. Available: <http://www.bbc.co.uk/news/uk-31856147>. [Accessed 4 September 2017].
- [2] Human Rights Campaign, “State Maps of Laws and Policies,” 2017. [Online]. Available: <http://www.hrc.org/state-maps/employment>. [Accessed 12 August 2017].
- [3] World Economics Forum, “Global Gender Gap Report,” July 2016. [Online]. Available: <http://reports.weforum.org/global-gender-gap-report-2016/>. [Accessed 3 December 2017].
- [4] International Labour Organization, “Elimination of discrimination in respect of employment and occupation,” [Online]. Available: <http://www.ilo.org/declaration/principles/eliminationofdiscrimination/lang--en/index.htm>. [Accessed 6 October 2017].

Appendix 2: Licensing

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Join the movement today

We must all play our part in society's journey toward future-fitness – and we'll get there faster if we work together.

For more information visit:
futurefitbusiness.org



Who we are

Future-Fit Foundation is the non-profit developer, promoter and steward of Future-Fit Benchmarks. Our vision is a future in which everyone has the opportunity to flourish. Given where we are today, this vision can only be realised through a rapid and radical shift in the way the global economy works.

Our mission is to catalyse that shift – by translating systems science into practical, free-to-use tools designed to help business leaders, investors and policy makers respond authentically and successfully to today's biggest challenges.

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