



Future-Fit
Business Benchmark

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Release 2.2 Updates

Release 2.2

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Future-Fit
Foundation

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Future-Fit Business Benchmark: Release 2.2 updates

The Future-Fit Business Benchmark is a free tool to help companies and investors transform how they create enduring value, for themselves and society as a whole. This document outlines what content has changed within the Benchmark¹ and why between **Release 2.1** (April 2019) and **Release 2.2** (April 2020).

1. Break-Even Goal Action Guides

There is one **Action Guide** for each of the [23 Break-Even Goals](#). Each Action Guide offers specific guidance for practitioners working with, or inside companies, on how to transform business operations, procurement practices, and products in the pursuit of future-fitness.

The following sections outline changes to the Break-Even Goal Action Guides, which may influence how a company assesses its progress.

BE01: Energy is from renewable sources

This Break-Even Goal no longer recognizes the purchase of unbundled Renewable Energy Certificates (RECs)² and other similar contractual arrangements as a means to make renewable energy claims.

To make progress toward this goal, a company can apply one or more of the following four approaches:

- Self-generate renewable energy;
- Contract a supplier to generate renewable energy specifically for the company's use within a company-owned or controlled site;

¹ The suite of documents which comprises the Benchmark includes the **Methodology Guide**, the **Implementation Guide**, **23 Break-Even Goal Action Guides** and the **Positive Pursuit Guide**. All of these documents can be downloaded [here](#).

² From the [US EPA](#): "Unbundled Renewable Energy Certificates (RECs) refer to RECs that are sold, delivered, or purchased separately from electricity. [They] provide no physical delivery of electricity to customers and as such the customer is purchasing power from a separate entity than the one selling them the REC." [10] In contrast, a REC is *bundled* if it is sold together with the associated electricity.



- Procure renewable energy directly from an energy producer, often referred to as a power-purchase agreement (PPA);³ or
- Contract a supplier to match the energy delivered through the grid and consumed by the company with an equivalent amount of renewable production (e.g. purchase electricity from a supplier that commits to buying a unit of electricity directly from a renewable generator for every unit purchased by the company).

This updated guidance acknowledges that business has a role to play in incentivising suppliers to accelerate society's transition to renewable sources, while *excluding* mechanisms (such as unbundled RECs) which do not adequately link purchases to actual energy generated.

For in-depth information on why these changes have been made, see the frequently asked question *What are unbundled Renewable Energy Certificates and why are they not acceptable?* within the Action Guide.

BE02: Water use is environmentally responsible and socially equitable

This goal now contains additional guidance on how to address water consumption in regions of seasonal water stress and the use of water offset projects. Minor changes to the fitness criteria have been made to reflect this guidance.

BE06: Operations emit no greenhouse gases

Quantifying GHG emissions

This goal no longer recognizes the **market-based method** as a suitable way to estimate a company's Scope 2 greenhouse gas (GHG) emissions.

Instead, to make progress toward this goal, a company must quantify its Scope 2 GHG emissions based on the type of energy it *consumes*, not the type of financial contracts for energy it *purchases*. This requirement means that the company should calculate GHG emissions using the average proportion of energy sources of the grids from which its energy is obtained (e.g. regional energy mix data, or national average energy mix data). This is a **location-based method**.

For more information on why these changes have been made, see the frequently asked question *What are unbundled Renewable Energy Certificates and why are they not acceptable?* in the Action Guide for **BE01: Energy is from renewable sources**.

³ A PPA is a long-term contract between a renewable energy producer and a buyer, where the buyer agrees to purchase energy for a fixed price during the lifespan of the contract.



Offsetting GHG emissions

Unique to this goal, a company can take steps to ‘cancel out’ its Scope 1 and 2 GHG emissions, either by enabling others to avoid GHG emissions, or by capturing GHGs from the atmosphere and sequestering them.

Building on the guidance provided in Release 2.1, this release places particular emphasis on the need for a company to be able to provide credible evidence for any avoidance or sequestration claims, to ensure that companies do not use ineffective offsetting methods.

BE09: Community health is safeguarded

To enable more meaningful and practical assessment of progress toward this goal, the fitness criteria and progress indicator have been slightly reworked. Companies must now identify *any* community that may be affected by:

- Any activities undertaken at company-controlled sites;
- The transport of materials and goods to, from and between its sites;
- Any off-site company activities, including its use of remote assets.

For each of these communities, a company must then identify which ones are at risk of being significantly impacted. Some company activities (e.g. running a retail store in a shopping centre) are far less likely to have a significant detrimental impact on the local community than others (e.g. manufacturing chemicals).

Calculating progress toward this goal

The same eight fitness criteria categories remain, but the criteria have been separated into a set of base requirements for all identified communities, with additional requirements for at-risk communities.

The progress indicator is now also ‘gated’ so that a company can only score above 0% for any given community if it has fulfilled the two fitness criteria categories *Ensure legitimacy* and *Ensure positive outcomes*. This is to ensure that a company’s concerns mechanism actually delivers results for the affected communities, rather than simply being in place.

BE12: Employees are subject to fair employment terms

The fitness criteria around *Maternity and paternity leave* have been expanded to include **parental leave** – the right to a leave of absence without relinquishing employment, following maternity or paternity leave. This is in line with International Labour Organization (ILO) recommendations.



BE13: Employees are not subject to discrimination

The progress indicator for this goal has been enhanced, replacing the binary classification with an incremental approach which recognises partial adherence to the fitness criteria.

BE14: Employee concerns are actively solicited, impartially judged and transparently addressed

The progress indicator is now 'gated' so that a company can only score above 0% for any given employee/group if it has fulfilled the two fitness criteria categories *Ensure legitimacy* and *Ensure positive outcomes*. This is to ensure that a company's concerns mechanism actually delivers results for employees, rather than simply being in place.

BE15: Product communications are honest, ethical and promote responsible use

For the fitness criteria *Communications support informed purchase decisions*, companies must now ensure information is presented using clear and plain language.

BE16: Product concerns are actively solicited, impartially judged and transparently addressed

The progress indicator is now 'gated' so that a company can only score above 0% for any given product if it has fulfilled the two fitness criteria categories *Ensure legitimacy* and *Ensure positive outcomes*. This is to ensure that a company's concerns mechanism actually delivers results for customers, rather than simply being in place.

BE17: Products do not harm people or the environment

The Action Guide now places greater emphasis on how companies should assess services for potential harm, with an expanded set of fitness criteria.

The goal now also includes specific guidance on how to assess the fitness of **intermediate goods**. An intermediate good is one that is used as an ingredient, component, or other form of input for a final (end user) product. Often, it is the composition or purpose of the final good which determines whether the intermediate good has the potential to cause harm, and this has now been taken into account.

BE19: Products can be repurposed

In Release 2.1, products were segmented into three categories, each with its own corresponding progress indicator:

- Sold or leased goods;
- Supplementary materials delivered to customers; and
- Materials used to deliver products.

To improve consistency across the Benchmark, this goal has been updated to use the same classification of goods as **BE17: Product do not harm people or the environment**.

Therefore, **BE19** now segments products into the following two categories:

- **Sold or leased goods:** all goods offered to customers in exchange for revenue; and
- **Supplementary goods:** any items provided to others in support of commercial activities, but which the company does not consider to be revenue-generating.

The result of this change is that this Break-Even Goal now has two progress indicators instead of three.

BE22: Lobbying and advocacy safeguard the pursuit of future-fitness

The title of this goal has changed from **Lobbying and corporate influence** to **Lobbying and advocacy** to reflect the inclusion of *direct* actions undertaken by companies of all sizes which could undermine Future-Fit outcomes.

More emphasis in general has been placed on ensuring that companies do not use their own influence to undermine future-fitness, including any efforts by the company to sway public opinion (e.g. through consumer campaigns).

As a result, there are a few BE changes to the fitness criteria, namely:

- A requirement for a *Lobbying and advocacy* policy (previously just a *Lobbying* policy);
- Controls to ensure the company itself does not *directly undertake* any lobbying or advocacy that is at odds with its policy; and
- Disclosure requirements for *third-party* contributions only.

BE23: Financial assets safeguard the pursuit of future-fitness

This goal now contains additional guidance on pension funds, and how to assess a financial asset if its value changes over the time it is held.

2. Positive Pursuit Guide

The [Positive Pursuit Guide](#) describes what Positive Pursuits are, how they relate to the Break-Even Goals, and how they can be used to pursue, assess and communicate progress toward delivering positive outcomes for society.

The Positive Pursuits

PP18: More people have access to economic opportunity

To clarify the intent of this Positive Pursuit, the description now explicitly references and draws on the concept of **Decent Work**, as defined by the ILO.

PP19: Individual freedoms are upheld for more people

The **right to bodily integrity** is now explicitly highlighted as an individual freedom which must be upheld. Whilst not established as one of the UN Fundamental Human Rights, it is recognised by the EU Charter of Fundamental Rights.

PP20-PP24: Positive Pursuit Drivers

The following four Positive Pursuits fall under the *enabling* Future-Fit Property **Social norms, global governance and economic growth drive the pursuit of future-fitness:**

- PP20: Infrastructure is strengthened in pursuit of future-fitness
- PP21: Governance is strengthened in pursuit of future-fitness
- PP23: Market mechanisms are strengthened in pursuit of future-fitness
- PP24: Social norms increasingly support the pursuit of future-fitness

These Positive Pursuits are not about achieving *specific* Future-Fit outcomes, but about the creation of the *enabling conditions* needed for society to optimise for such outcomes. As such, their emphasis is different to the other Positive Pursuits. To make this distinction more explicit, additional guidance has been added.

PP22: Governance is strengthened in pursuit of future-fitness

Guidance has been added to clarify that this Positive Pursuit refers to how a company might positively influence *broader* governance structures, such as those within governments, public institutions or other organizations, rather than improving *internal* corporate governance.

Furthermore, there is now a heavier emphasis on the *implementation* of good governance, which includes the establishment or overhaul of regulation, policies and processes.

Assessing and communicating progress

Clarification of the term “stakeholder”

The term “stakeholder” has now been explicitly defined as the *people experiencing the Positive Pursuit outcome* or (where relevant) the *environment affected by the change*.

This is to highlight the potential distinction between those who *benefit* from an outcome, and the people or channels *through which* the outcome may occur. For example, the relevant stakeholder for a company which sells a product that reduces greenhouse gas emissions is the environment, not the individuals using the product.

Evidence for input and output

Depending on the maturity of a project or product, a company can assess a Positive Pursuit at four levels:

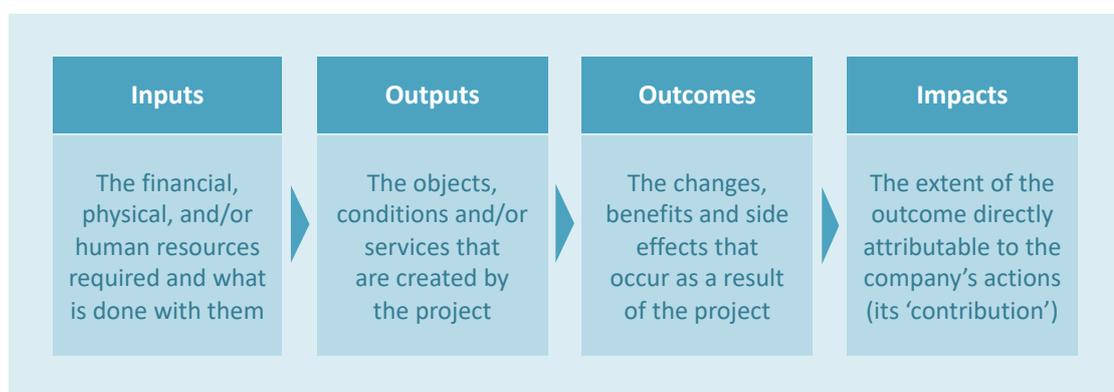


Figure 1: Levels of assessment for Positive Pursuits.

When assessing and reporting at the level of an **input** or an **output**, a company should now provide **evidence** for the following pieces of context data:

- Intended scale;
- Intended depth;
- Intended duration category; and
- Intended significance category.

The term *Intended* here refers to an outcome that is expected to occur in the future as a result of the **input** or **output**. This addition mirrors the approach for reporting on project **outcomes** or **impacts**, which requires that a company provides evidence for scale, depth, duration and significance. This change recognises that a company should be able to provide some degree of evidence for the extent of the outcomes it is seeking to deliver even before they occur.



3. Implementation Guide

The [Implementation Guide](#) offers supplementary guidance on how to begin pursuing future-fitness and how to assess, report on and assure progress.

Differentiating between operational and product-related impacts

Sometimes a company may struggle to determine whether a particular negative impact is operational or product-related – so might not know which Break-Even Goal it applies to. Additional guidance has been incorporated into the Implementation Guide to address such cases, by helping companies decide on where to capture their impacts.

4. Sustainable Development Goals

The mapping of the Break-Even Goals and the Positive Pursuits to the SDGs has been updated. See the [Future-Fit website](#) for the latest mapping.

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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