Methodology Guide

What the Benchmark is
Its scientific foundations
How it was developed

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

Methodology Guide

This document presents the core components of the Future-Fit Business Benchmark, together with details of the development process, and the scientific foundations upon which it was built.

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.
Release 2 of the Future-Fit Business Benchmark
is dedicated to Bob Willard

Many thought leaders in the sustainability field can tell people what has to change. Bob is one of the rare few who can actually help people figure out how to get it done. Without Bob’s ideas, early work, boundless energy and ongoing support, the Future-Fit Business Benchmark would not exist.¹

Thank you, Bob – for everything!

The Future-Fit Team

Email us at info@futurefitbusiness.org

¹ If you haven’t come across Bob’s work before, you should check out his website here.
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1. Why Future-Fit?

If you want to build a ship, don’t call people together to collect wood and don’t assign them tasks and work, but teach them to long for the endless immensity of the sea.  
Antoine de Saint-Exupery

How can we ensure our common future is one we want?

Our ability to connect with each other and to manipulate the world around us has never been greater. How must we channel this potential to usher in a future that allows people and planet to thrive?

The actions we take in the next few years are critical. So, what should steer those actions? Which of our possible futures would be preferable?

Imagine a future in which no company undermines the wellbeing of people or the planet, where business is considered universally as a force for good. Where the more profitable companies are, the more they are celebrated – not just by their shareholders, but by everyone – because those companies clearly and credibly articulate how each dollar they earn creates value for society as a whole.

In this future, we live in harmony with nature: today’s take-make-waste approach has been supplanted by a borrow-use-return approach. “Growth” is synonymous not with higher GDP, but with increasing trust, greater equity, healthier lives, and richer ecosystems. In their pursuit of growth, all companies strive to ensure that every person contributing to their success is afforded the opportunity to learn, grow and lead fulfilling lives.

In this future, society becomes ever more socially just, economically inclusive, and environmentally restorative, because all key actors are working collaboratively, consciously and continuously to the same end: the removal of barriers to our collective progress.

This is a vision of a Future-Fit Society: one serviced by an economy of Future-Fit Businesses, each playing its part to create the conditions required for humanity to flourish within the carrying capacity of our finite planet.

This is no Utopia – people will sicken, crimes will occur, accidents will happen – but it is a compelling and plausible vision.

The Future-Fit Business Benchmark is a free tool to help companies pursue this vision.
2. Getting started

If we don’t change direction soon, we’ll end up where we’re going.

Irwin Corey

The transition to a Future-Fit Society will be long and arduous, but as with any journey we need only two things: a destination to aim for, and the means to track our progress along the way.

When it comes to guidance on social and environmental issues, a vast array of resources exists. Most focus on one issue (e.g. emissions, human rights) or tasks (e.g. reporting), or offer general advice which is not specifically tailored to business and which companies may struggle to translate into action (e.g. the UN Sustainable Development Goals).

The Benchmark complements such resources, offering one thing companies have been lacking: a clear, science-based destination to aim for, and the means to guide and monitor progress toward it.

At the core of the Benchmark are 23 Break-Even Goals, which together mark the line in the sand that all companies must strive to reach to ensure that they are in no way slowing down society’s transition to future-fitness. A set of complementary indicators equips any company to measure, manage and explain its progress toward each Break-Even Goal.

Many companies aspire to do more than cause no harm, by seeking to be a force for good in the world. The Benchmark supports such efforts, identifying 24 Positive Pursuits which characterize all of the ways a business may act to speed up society’s transition to future-fitness.

Using this document.

Chapter 3 describes where society finds itself today and how we got here, and applies systems thinking to explore what has to change going forward.

Chapter 4 offers a shared destination to aim for, by identifying what a Future-Fit Society would actually look like.

Chapter 5 explains how these systems concepts can be translated into a practical business tool, to help individual companies play their part in our collective journey to future-fitness.

Finally, Chapters 6 and 7 introduce the Break-Even Goals and Positive Pursuits.

The Future-Fit Business Benchmark is a public good, free for anyone to use. We would be delighted to hear about your experiences with the tool as we continue to improve it. You can reach our team at info@futurefitbusiness.org.
3. Where we are today: a systems view

Vision without systems thinking ends up painting lovely pictures of the future with no deep understanding of the forces that must be mastered to move from here to there. Peter Senge

3.1 Why systems thinking is critical

250 years ago, there were less than a billion people on Earth.

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

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

Now there are 7.5 billion people on the planet, with 2 billion more set to join us by 2050.

Industrialization and rapid growth have taken their toll. Crop yields are suffering from ever-more extreme weather events, fuelled by climate change. Fresh water is scarce in many areas. Some natural resources that were once plentiful are now harder and costlier to obtain. Trust in institutions is falling while inequality is rising. Recognizing the extent of these crises (Figure 3.1), world governments came together in 2015 to launch the UN Sustainable Development Goals (SDGs): a call to action for everyone from nation states to corporations (Figure 3.2).

Our economic system is broken.

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

A systemic response is needed.

The so-called Triple Bottom Line [1] of People, Planet and Profit has never been more relevant. But we need to take a fresh look at what this really means. The global challenges we face are hugely complex and interdependent. In short, they are systemic – and to tackle them we must take a systems-based approach.
Business can thrive only if society and nature also thrive.

Business can only thrive in a strong society. Society, in turn, can only prosper if its needs are being met by a healthy natural environment. These relationships, best described as nested dependencies, are key to understanding how our global economy operates.

We must embrace these systemic interdependencies if we are to identify exactly how – and how much – we must change the way we do business. Only then will we be able to achieve the SDGs and set ourselves on a path to a Future-Fit Society: one which is socially just, economically inclusive, and environmentally restorative.

The task ahead is enormous.

Our economic system is intrinsically flawed and taking us in the wrong direction, fast. No amount of tinkering around the edges will fix that.

We must instead equip and encourage all economic actors to pursue rapid and radical change in a coordinated way. And that demands a fundamental rethink of what it means to create value in the 21st Century. So that’s where we will start.
<table>
<thead>
<tr>
<th>SDG</th>
<th>SDG Name</th>
<th>SDG Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No Poverty</td>
<td>End poverty in all its forms everywhere</td>
</tr>
<tr>
<td>2</td>
<td>Zero Hunger</td>
<td>End hunger, achieve food security and improved nutrition, and promote sustainable agriculture</td>
</tr>
<tr>
<td>3</td>
<td>Good Health and Well-being</td>
<td>Ensure healthy lives and promote well-being for all at all ages</td>
</tr>
<tr>
<td>4</td>
<td>Quality Education</td>
<td>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</td>
</tr>
<tr>
<td>5</td>
<td>Gender Equality</td>
<td>Achieve gender equality and empower all women and girls</td>
</tr>
<tr>
<td>6</td>
<td>Clean Water and Sanitation</td>
<td>Ensure availability and sustainable management of water and sanitation for all</td>
</tr>
<tr>
<td>7</td>
<td>Affordable and Clean Energy</td>
<td>Ensure access to affordable, reliable, sustainable and modern energy for all</td>
</tr>
<tr>
<td>8</td>
<td>Decent Work and Economic Growth</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
</tr>
<tr>
<td>9</td>
<td>Industry, Innovation and Infrastructure</td>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</td>
</tr>
<tr>
<td>10</td>
<td>Reduced Inequalities</td>
<td>Reduce inequality within and among countries</td>
</tr>
<tr>
<td>11</td>
<td>Sustainable Cities and Communities</td>
<td>Make cities and human settlements inclusive, safe, resilient and sustainable</td>
</tr>
<tr>
<td>12</td>
<td>Responsible Consumption and Production</td>
<td>Ensure sustainable consumption and production patterns</td>
</tr>
<tr>
<td>13</td>
<td>Climate Action</td>
<td>Take urgent action to combat climate change and its impacts</td>
</tr>
<tr>
<td>14</td>
<td>Life Below Water</td>
<td>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</td>
</tr>
<tr>
<td>15</td>
<td>Life On Land</td>
<td>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</td>
</tr>
<tr>
<td>16</td>
<td>Peace, Justice and Strong Institutions</td>
<td>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</td>
</tr>
<tr>
<td>17</td>
<td>Partnerships for the Goals</td>
<td>Strengthen the means of implementation and revitalize the global partnership for sustainable development</td>
</tr>
</tbody>
</table>

*Figure 3.2: The UN Sustainable Development Goals.*
3.2 A systems view of value creation

We all know we need to act.
Left unchecked, today’s global challenges put in jeopardy Earth’s natural processes, our social fabric, and economic activity as a whole. This creates a huge moral imperative for collective action.

A growing number of business leaders know they must rethink things. Investors, too, are starting to realize their portfolios are exposed to risks which they are ill-equipped to predict. So what’s stopping the business world from mobilizing its considerable resources to deliver rapid and radical change?

There is no single answer. CEOs and boards often feel compelled to focus on short-term gains, not long-term value. Many investors struggle to see beyond the next quarter’s results. Governments have been slow to adapt incentives and regulations to respond to global challenges. And with so many serious issues competing for a company’s attention it can be difficult to zero in on what really matters.

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

Creating Shareholder Value was fundamentally flawed.

Not so long ago, creating shareholder value – potentially at the expense of other stakeholders, including the environment – was considered the sole purpose of business. The more a company was able to privatize gains and socialize losses, the more successful it would become.

In the 1970s, evidence started to mount for the fact that such behaviour is not sustainable on a finite planet with a rapidly growing population. [3]

Corporate Social Responsibility led only to incremental gains.

As awareness of this fact grew, the Corporate Social Responsibility (CSR) and sustainability reporting agendas emerged, as a way to hold companies to account for any negative social or environmental impacts they caused.

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

Despite the efforts of organizations such as the Global Reporting Initiative [4], no two companies explain their social and environmental commitments – and progress toward them – in the same concise, comparable way. Without the right yardstick with which to calibrate and compare performance, even the most conscious investor or consumer cannot spot which companies are doing most to take society in the right direction.

The result is that even in sectors whose business models exacerbate global problems, most companies continue to do roughly what they always did, albeit while striving to be slightly ‘less bad’ year-on-year than their peers. But aiming to be less bad is just not good enough.
Creating Shared Value reframed ‘doing good’ as an opportunity.

A few years ago, the term Creating Shared Value (CSV) was coined [5], to describe how companies can continue to focus primarily on financial performance, by identifying ways to make money wherever their core business and societal problems overlap.

Whereas CSR was often perceived as just another cost of doing business, CSV casts ‘doing the right thing’ as an opportunity for growth. And so, of course, it is an opportunity – if we know what ‘doing the right thing’ really means. Therein lies the challenge.

Today’s companies operate in a world of complex, interlinked systems – markets, communities, ecosystems, etc. – in which linear notions of cause and effect start to evaporate. Any action in one area can lead to undesirable consequences elsewhere. A company embracing a CSV approach might – in all good conscience – seek to solve one problem, only to create another. Are such trade-offs acceptable? Possibly, but how can we be sure if we don’t know what they are?

To understand the full extent of a company’s impacts – good and bad – we must think in terms of Creating System Value.

No business decision is ever free of potential trade-offs. But a systems-based approach makes it possible to identify otherwise unforeseen issues. This allows negative trade-offs to be anticipated, avoided, or at the very least addressed.

This kind of holistic decision-making must become the norm if we are to avoid – and eventually reverse – damage to our natural systems and social fabric. This is what we mean by Creating System Value (Figure 3.3).

The Future-Fit Business Benchmark was developed specifically to help companies put this concept into practice. The first step in this development was to examine the systems contexts shaping business today.

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Figure 3.3: Rethinking value creation through a systems lens.

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

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

System Value
Business addresses societal needs in a holistic way, while not hindering progress toward a flourishing future

[Diagram showing relationships between Business, Environment, Society, and their value creation perspectives]
3.3 A systems view of the world

What is a system?

A system can be defined as a set of interrelated and interdependent parts that operate collectively in pursuit of some common purpose. [6]

The purpose of a system may not always be obvious. What a system actually does may not be what was originally intended, or what people assume that it does. Hence, to avoid any confusion relating to the differences between actual and intended behaviour, systems scientists typically frame the purpose of a system simply as “what it does”. [7]

How do systems operate?

Every system operates within a broader context, because its existence both depends upon and can affect other systems around it.

To fulfil its purpose, a system transforms one or more inputs into outputs. To understand how this happens, we can think of a system in terms of four levels, each one influencing the next:²

- **Drivers**: Forces on the system that arise from the broader context, which both influence what it can do and combine to shape its purpose.

- **Structure**: The physical parts of the system and how they are organized so that they can perform the processes needed to acquire inputs and transform them into outputs.

- **Patterns of behaviour**: How the system acts over time. Such patterns are often emergent: they result from how the parts of the system interact, and so they can’t be predicted by observing each part in isolation.

- **Outcomes**: The changes – to both the system itself and others around it – which arise from its existence. This includes the effects (intended and otherwise) of consuming inputs and producing outputs.

These four system levels are often visualized as successive layers of an iceberg, with Drivers at the bottom. That’s because in real-world systems, often only the top level – Outcomes – is readily visible (see Figure 3.4).

We will return to this model later, to help us identify a comprehensive set of desirable and measurable outcomes that a Future-Fit Society will deliver.

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² There are many ways to describe how systems operate. This section draws extensively on Donella Meadows’ characterization of a system, from her 2009 book, *Thinking in Systems: A Primer*. [6]
But first we must consider the world in terms of an interconnected network of systems.

What are natural systems?
A *natural system* is one that exists in nature, independent of any human involvement. [8] At the highest level, the Earth comprises four interdependent natural systems: the atmosphere, the lithosphere, the hydrosphere and the biosphere. [9]

The biosphere – which encompasses all living matter – can further be described in terms of a huge and diverse range of ecosystems. All living organisms are themselves systems. For simplicity, from this point on we often refer to this web of natural systems as the *environment*.

What are social systems?
A *social system* is a patterned network of interrelationships between individual people, groups, and institutions, which forms a coherent whole. [10]

Society as a whole is a multi-layered network of interdependent social systems (see Figure 3.5). In fact, when talking about large-scale aspects of society, we often use the term ‘system’ explicitly: legal system, transport system, global economic system, and so on.

At a more granular level, social systems range from cities and households to universities and – of course – companies.

What a social system does – and thus the outcomes it seeks to deliver – depends on its role in society. An effective government, for example, provides services to its citizens by maintaining critical infrastructure, such as education and healthcare. A company produces goods and services, the sale of which delivers financial returns to its owners, provides its workers with a source of income, and supports the further development of the business. One intended output of a school is educated individuals, each of whom is able to apply their learning to contribute to the activities of other social systems.

Society can be Future-Fit only if every social system is Future-Fit.

Every social system depends upon and can affect many others – and each must play its part in society’s transition to future-fitness. But what exactly does that mean? How must any one social system behave if we are to get on a shared trajectory toward a socially just, economically inclusive, and environmentally restorative future?

To answer this, we need to examine the three key contexts within which all social systems operate: the environmental, the societal and the economic.
3.4 The environmental context

*Earth fulfills three critical ecosystem functions for society.*

**First, Earth maintains critical life-support systems.**

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

**Second, Earth provides our raw materials and energy.**

Apart from our "solar income" (energy from sunlight) all of our resources come from the Earth. Many natural resources, such as fish and trees, are renewed over time, thanks to the aforementioned life-support systems. But if we use too much, too quickly (e.g. deforestation, over-fishing), we undermine nature’s capacity to regenerate them.

Minerals extracted from the Earth’s crust are finite resources. Once used, some are gone for good (e.g. fossil fuels). Others (e.g. metals) could in theory remain in use forever if we recover them after use.
Third, Earth assimilates waste. Waste is a characteristic unique to human systems: in nature, all matter (dead plants, animals) is absorbed and digested by other organisms.

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

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

Social systems in this context.

Today’s social systems are profoundly affecting all three ecosystem functions.

No social system can survive without energy, fresh water, and a wide range of goods derived from natural resources, all of which have to be mined, farmed or harvested from the wild. Such resources are obtained and transformed in a wide variety of ways, but almost all value chains follow a linear take-make-waste approach. At every step, our methods of production and consumption typically result in unintended by-products, which are captured and treated as waste, or which escape into nature as pollution. Either way, the intrinsic value to society of the original natural resources is lost.

All social systems also have a physical presence, from fields and buildings to a wide range of supporting physical infrastructure. And our growing need for space is putting ever-more pressure on the natural world, limiting its capacity to support our needs.

Caution: Natural Capital

Planetary resources we benefit from are sometimes described as natural capital. This terminology can lead to the erroneous conclusion that we can replace nature’s services with other types of capital (e.g. financial or manufactured). But many natural resources – clean air, fertile soil – are essential to life, and have no substitutes. That said, the term natural capital can be useful, if by capital we mean an asset that is capable of generating wealth. We must not deplete natural capital, but we can live off its interest.
3.5 The societal context

_Inclusivity, resilience and trust are crucial to society’s success._

**Everyone should have the capacity and opportunity to lead a fulfilling life.**

Given that billions of people are living in some form of poverty, it should be clear that our economy is not fit for purpose. Any social system’s ability to thrive, right up to society as a whole, relies to a great extent on the wellbeing of the people that contribute to it. This does not mean that people must be happy all the time. Rather, it means that everyone should be able to meet their basic needs (e.g. food, shelter) and pursue higher needs (e.g. a sense of meaning, creativity).

Both aspects are essential. A focus on basic needs alone may enable people to survive, but not to thrive and grow. Equally, people can only pursue higher needs if their basic needs are met.

To meet basic needs and pursue higher needs, people require three things:

- The **physical capacity** to do so (including physical/mental health);
- The **mental capacity** to do so (including relevant skills and competences);
- The **opportunity** to do so (via social justice, economic inclusion, and trusted relationships).

Some basic needs are so crucial to people’s wellbeing that access to them is considered a fundamental human right (see Figure 3.6). [2] [11]

**We are a social species.**

Some higher 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 organize ourselves into social systems and how they interact with each other.

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*Figure 3.6: “Basic needs” refer to what all individuals require.*

<table>
<thead>
<tr>
<th>People’s basic needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derived from the SDGs, Source: Doughnut Economics</td>
</tr>
<tr>
<td>Sufficient (nutritious) food</td>
</tr>
<tr>
<td>Clean water and sanitation</td>
</tr>
<tr>
<td>Energy and cooking facilities</td>
</tr>
<tr>
<td>Decent housing</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Healthcare</td>
</tr>
<tr>
<td>Networks of communication</td>
</tr>
<tr>
<td>Networks of social support</td>
</tr>
<tr>
<td>Sufficient income to meet the above needs</td>
</tr>
</tbody>
</table>

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3 This understanding of wellbeing is aligned with _The Capability Approach_ pioneered by Economist and Philosopher Amartya Sen. The emphasis here is not on maximizing subjective wellbeing, but on ensuring people have the capability to achieve the kind of lives they deem to be valuable. [20]

4 This distinction between basic and higher needs is informed by Maslow’s Hierarchy of Needs. [21]
This is the social fabric upon which we all depend: society is only as strong as the relationships between its component parts. When our social fabric deteriorates, so does our ability to thrive.

**The quality and resilience of our social fabric is critical.**

So how do we avoid degrading our social fabric? Leading science [12] 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 withstand 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. Greater equality correlates with a reduction in many societal ills (e.g. suicide, drug abuse, obesity, violence). [13]

Society is huge and complex. Trust is essential because everything works only by coordinating action and devolving responsibility. But there is no shortcut to trust: to gain it, one must first be perceived as trustworthy.

**Social systems in this context.**

Trustworthiness accrues only over time, when people consistently do what they say they will and strive to act in the best interests of others. This means every social system must contribute fairly to shared infrastructure, must foster the wellbeing of its participants and other stakeholders, and must be open about the extent of its negative impacts – and its ambitions to improve them over time.

### 3.6 The economic context

*What can a systems approach tell us about ‘growth’ and ‘value’?*

**Can – and should – economic growth continue?**

Ask politicians, investors or CEOs if growth is ‘good’ and their yes will likely be as emphatic as the no one might hear from concerned environmentalists.

The reason for such polarization is not that one respondent cares about society while the other doesn’t, but rather that they have different perspectives on what *growth* actually means. To reconcile these perspectives, we need to look at growth through a system lens.

**There are four types of economic growth.**

From a systems perspective, there are four types of economic growth:[14]

- **Type 1 – Growth in biophysical throughput:** This is the amount of raw materials we take out of (and waste we put back into) the environment. On a finite world, indefinite growth of this type is not possible.
• **Type 2 – Growth in production and consumption:** This is the amount of goods and services flowing through society, which is roughly what Gross Domestic Product (GDP) measures. This kind of growth isn’t *intrinsically* bad. For example, as the population grows, more food will have to be produced and consumed.

• **Type 3 – Growth in economic welfare:** This represents people’s capacity and opportunity to lead a fulfilling life – and in particular the degree to which their basic needs are met (Figure 3.6). There is a strong relationship between this type of growth and type 2 – but it is not a simple one.

• **Type 4 – Growth in natural resources:** This is concerned with the amount of biomass (fish, wood, etc.) which regenerates through natural processes such as photosynthesis, and the health of the ecosystem functions (fresh water, fertile soil, etc.) which enable that regeneration. This type of growth increases the raw materials available for our consumption, and enriches the natural systems we depend upon.

Growth of types 3 and 4 is unequivocally ‘good’, since it can contribute directly to solving many of the global challenges mentioned earlier, from social inequality to food security. Given that we’re placing far too great a demand on Earth’s natural systems, type 1 growth is a problem (see Figure 3.7).

As for type 2, growth in production *may* make things worse (e.g. by causing ecosystem destruction), and excess consumption can be just as problematic (e.g. when single-use products result in large volumes of unrecyclable waste).

**Our pursuit of growth is flawed.**

Today the global economy focuses almost exclusively on type 2 growth, production and consumption, regardless of how (and how much) it is linked to the other three types. Why? Because money changes hands when goods and services are bought and sold – and our economic system has evolved to treat *financial returns* and *value creation* as one and the same thing.

*Figure 3.7: From a systems perspective there are four types of economic growth.*
To understand why, we can use the iceberg model introduced earlier (see Figure 3.4). The pursuit of GDP is a key driver of our economy, because every major nation on Earth has sought to maximize this metric since just after the second world war. [15] This has shaped the structures and patterns of behaviour that social systems exhibit today.

One way this manifests is in how much effort central banks and governments expend in trying to ‘grow the economy’ by tweaking interest rates and other factors at their disposal, constantly trying to adjust borrowing and spending patterns in pursuit of never-ending growth. Another is when companies seek out the cheapest legally-acceptable route to getting something done. If that route results in generating waste, over-harvesting raw materials, using creative approaches to pay less tax, or outsourcing work to regions with less progressive labour standards, so be it.

Such negative impacts occur not because the people making the decisions are blind to social and environmental concerns, but because the economic context within which they are operating is not adequately driving the right kinds of outcome.

Social systems in this context.

Numerous companies, cities and others are leading by example to pursue Triple Bottom Line results, but their successes are often achieved despite the system rather than because of it. Initiatives that bring clear environmental or social gains are often fully embraced only if they bring clear financial gains, too. A system’s drivers influence everything it does and how it does it. As long as our economic system pursues GDP (and thus type 2 growth) alone, restorative outcomes will remain the exception rather than the norm. Type 2 growth is desirable only if we can find ways to decouple it from type 1, and insofar as it contributes to growth of types 3 or 4 – by raising welfare or regenerating natural systems.

This is what ‘good growth’ means, and we must reorient our economic system to recognize and reward it. There is no magic button we can press to enable this, but a new growth paradigm can emerge over time if social systems work in concert – to transform social norms, global governance, shared infrastructure, and market mechanisms – so that ‘doing the right thing’ becomes the path of least resistance – and greatest reward – for all economic actors.
3.7 Rethinking our place in the world

We must transform degenerative outcomes into regenerative ones.

Every social system must play its part in the transition ahead.

We have seen that society is a vast and interconnected web of social systems. Today the activities of these social systems are contributing to a range of degenerative outcomes: ones that are systematically undermining the integrity of the natural world and the social fabric we rely on. If we are to get on a shared path to success, we must transform these degenerative outcomes into regenerative ones.

Synthesizing what we have learned about the environmental, societal and economic contexts, Figure 3.8 offers a way to characterize every social system’s activities, in terms of eight focus areas. Every impact a social system may have on the world – intentionally or unintentionally, positive or negative – will fall within one of these areas.

In the next chapter we identify what an appropriate regenerative outcome looks like for each of these areas, to define the Properties of a Future-Fit Society.

Figure 3.8: These eight focus areas encompass how any social system can affect the world around it.

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Every social system – no matter what its purpose – requires energy and water, and relies on natural resources, even if only indirectly via the use of goods derived from them.</td>
</tr>
<tr>
<td>Water</td>
<td>Every social system has some form of physical presence (e.g. buildings, fields, roads).</td>
</tr>
<tr>
<td>Natural resources</td>
<td>Every social system typically generates unintended by-products as a result of its activities. Some are managed as waste, while others escape as pollution.</td>
</tr>
<tr>
<td>Physical presence</td>
<td>Every social system relies on people: individuals and groups who participate in its activities and who are affected by its existence.</td>
</tr>
<tr>
<td>Waste</td>
<td>Every social system’s structure, patterns of behavior, and outcomes are influenced by the contexts within which it operates.</td>
</tr>
<tr>
<td>People</td>
<td></td>
</tr>
<tr>
<td>Drivers</td>
<td></td>
</tr>
</tbody>
</table>
4. Where we need to go: a Future-Fit Society

And all I ask is a tall ship and a star to steer her by.  
John Masefield

4.1 Starting with the end in mind

What must we all aim for?

In chapter 3 we looked at the world through a systems lens to understand where humanity finds itself today, how we got here, and what has to change. We also learned that society can be viewed as a multi-layered network of interdependent social systems.

To overcome our global challenges (Figure 3.1), all social systems must act in the best interests of society as a whole, and operate in symbiosis with Earth’s natural systems. Only then will it be possible for our global economy to meet humanity’s needs within planetary limits. To get there requires both individual and collective action. And to ensure such action is effective, we need a shared destination to aim for:

A Future-Fit Society protects the possibility that humans and other life will flourish on Earth forever, by being socially just, economically inclusive, and environmentally restorative. ⁵

So far so good, but to guide, recognize and reward the right kinds of behaviour we need something more actionable.

What specific outcomes must we all strive to deliver, to protect the possibility of human flourishing? What must we do with respect to energy or water use? How must we manage natural resources? And how should people be treated? Only when we can answer these questions can we find ways to signal how – and how much – any one social system has to change, and to identify who the true leaders are.

Fortunately, 25+ years of research has given us a solid foundation to build on.

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⁵ This wording mirrors John Ehrenfeld’s definition of sustainability as the possibility that humans and other life will flourish on Earth forever. [5]
4.2 The requirement for society

Eight system conditions point us toward a flourishing future.

Humanity can only hope to flourish if we have a unifying and operational definition of what it means for society to “be sustainable”, coupled with a systematic approach to planning and action in pursuit of this state.

This realization prompted a group of scientists in the early 1990s to begin work on what has become known in academia as the Framework for Strategic Sustainable Development, or FSSD (see below). Over the past quarter of a century the FSSD has been continuously refined through a combination of scrutiny against empirical data, real-world testing, and academic peer-review. At its core are eight system conditions that together identify how society must operate if we are to safeguard the social fabric and natural systems upon which our future depends. These system conditions are illustrated in Figure 4.1. They can be thought of as the ‘rules of the game’ to which we must all adhere. They indicate what patterns of behaviour are environmentally and socially acceptable, in the sense that they avoid causing degenerative outcomes.

Some of the ways in which these rules apply are readily apparent. For example, relying on energy from fossil fuels is a problem if the greenhouse gases caused by their combustion escape into the air. This outcome breaches the first system condition, because such emissions contribute to a systematic increase in nature of concentrations of substances extracted from the Earth’s crust.

The Framework for Strategic Sustainable Development (FSSD)

In 1989 Dr. Karl-Henrik Robèrt led the creation of the FSSD, and also founded The Natural Step, a non-profit whose mission is to promote and foster the use of the FSSD at a community, company, city and even country level.

The FSSD comprises a five-level model, which – together with the use of backcasting – serves both to define the required end state for society and to facilitate planning and action toward it. The system conditions form the second of the five levels. In academic texts these system conditions are referred to as Sustainability Principles, but the former term is favoured by many in a business context. For an excellent academic overview of the FSSD see [12].

The Future-Fit team is indebted to Karl-Henrik and The Natural Step – in particular the Canadian and Swedish teams – without whose early support the Future-Fit Business Benchmark would not exist.
These system conditions serve as a guide for radical innovation.

The good news is that the eight system conditions offer clear guidance on what to aim for. Although they define what must not happen, this should be seen as liberating rather than restrictive: as long as they are not breached, anything is possible. Hence the system conditions foster radical innovation, by helping us steer toward a flourishing future without prescribing any specific course of action.

We must prevent future system condition breaches...

Every social system today breaches one or more of these system conditions routinely. While individual breaches may have a relatively small impact – not measurable at a planetary or societal level – their cumulative effects make these breaches unsustainable. Hence these system conditions represent the environmental and social break-even point for society as a whole.
...but we must also reverse the effects of past breaches.
Unfortunately, we have been breaching the system conditions for so long, and in so many ways, that we now have to do more than just avoid new breaches: we must find ways to reverse the effects of breaches that have already occurred.

From an environmental standpoint, this means actively restoring the Earth’s capacity to meet humanity’s needs – for example by regenerating biodiverse habitats, and neutralizing the effects of past pollution.

From a social perspective, we must overcome the structural obstacles to social justice and economic inclusion that still leave a large proportion of the world’s population without the capacity or opportunity to lead fulfilling lives.

4.3 Properties of a Future-Fit Society

The regenerative outcomes a Future-Fit Society would deliver.

In chapter 3 we synthesized everything we know about the environmental, societal and economic contexts, to identify eight focus areas that encompass how all social systems may affect people or the planet, for good or for ill.

By looking at each focus area through the lens of the FSSD system conditions, we can identify a comprehensive, topic-specific set of regenerative outcomes which we must all strive to deliver.

Appendix 1 summarizes how this mapping was done. We can think of the results of this as the eight Properties of a Future-Fit Society (see Figure 4.2), each of which is now described.

Figure 4.2: The seven core properties of a Future-Fit Society, plus an eighth enabling property, which identifies the socioeconomic drivers required to pursue the others.

- **Energy** is renewable and available to all
- **Water** is responsibly sourced and available to all
- **Waste** does not exist
- **Natural resources** are managed to safeguard communities, animals and ecosystems
- The environment is free from **pollution**
- People have the capacity and opportunity to lead **fulfilling lives**
- Our **physical presence** protects the health of ecosystems and communities
- **Social norms, global governance and economic growth** drive the pursuit of future-fitness
4.3.1 Energy is renewable and available to all

All human activities – growing and cooking food, heating and lighting buildings, moving goods and people from one place to another – require energy.

Around 80% of the energy we consume today is from non-renewable resources, and in particular fossil fuels. When burned, these fossil fuels emit carbon dioxide, and this is one of the biggest contributors to climate change and ocean acidification.

The way we obtain fossil fuels is also a problem. Techniques such as fracking and strip-mining cause enormous disruption to the environment.

Not only that, a large proportion of the global population simply do not have sufficient access to energy to meet their daily needs. It is estimated that 20% of the world’s population have no access to electricity, and 2.7 billion people do not have clean and safe energy for cooking.

In a Future-Fit Society, all energy is from renewable sources – solar, wind, geothermal and so forth – which support clean growth and sustainable development. And sufficient energy is available to everyone, so that even the most remote communities can meet their daily needs.

4.3.2 Water is responsibly sourced and available to all

Fresh water is crucial to people’s health, for drinking, growing food, cooking and sanitation. But many people today do not have enough clean water to meet these basic needs.

In fact, it is forecast that by 2025 two thirds of the world’s population will live under conditions of water stress.

The responsible use of water is a complex issue, and impacts must be addressed at a local level, because watersheds can be affected by the removal of water from an area, the introduction of additional water, timing differences between withdrawals and discharges, and changes in water quality and other water characteristics such as heat and pH levels.

In many parts of the world, we’re consuming too much fresh water, and wastewater we return to the environment is often polluted.

So we’re reducing both the quantity and the quality of water available to communities and the ecosystems we depend upon.

In a Future-Fit Society, all water is responsibly sourced and available to all. We don’t exacerbate water stress, and the quality of any water returned to nature is at least as high as when it was withdrawn. And sufficient clean water is available to everyone, so that even the most remote communities can meet their daily needs.
4.3.3 Natural resources are managed to safeguard communities, animals and ecosystems

Society relies on a vast array of natural resources. This includes non-renewable resources, such as mined metals and minerals, and renewable resources such as crops and the soils that support them, animals, fish and forests.

Today, most natural resources are being inadequately managed: animal suffering, land degradation, and the abuse of local communities are common. We’re using renewable resources 1.7 times faster than they are being regenerated. What’s more, as the Earth’s most accessible non-renewable resources are used up, extraction methods often become increasingly disruptive.

So pretty much all of the goods we rely on – from food to phones – depend on natural resources whose production undermines people’s wellbeing or degrades the environment.

In a Future-Fit Society, natural resources are managed to safeguard communities, animals and ecosystems. Crops are grown on suitable land, and in ways that maintain soil health. Animals are reared or hunted in ways that minimize suffering. All renewable resources are managed to protect their future availability. And all non-renewable resources are extracted without degrading surrounding ecosystems and communities.

4.3.4 The environment is free from pollution

Almost all economic activities today – sourcing raw materials, manufacturing and using goods, transporting things around the world – cause some degree of pollution.

There is no longer any doubt that the systematically increasing concentration of greenhouse gases (GHGs) in the atmosphere is contributing to climate change, and other problems such as ocean acidification. All GHG emissions resulting from fossil fuel combustion and other human processes must be rapidly eliminated if we are to avoid the most catastrophic impacts of global warming.

Many other kinds of pollution harm people’s health and disrupt natural ecosystems. Examples include hazardous fertilizers and pesticides, toxic chemicals, and a wide range of synthetic substances which do not break down quickly and safely and so build up in nature.

In a Future-Fit Society, the environment is free from pollution. The air is breathable and free from noxious substances, soils are healthy, and waters are clean. All harmful emissions are avoided, and society continuously strives to reverse the damage done by past pollutants, to restore environmental health.
4.3.5 Waste does not exist

Almost all value chains today follow a linear *take-make-waste* approach. At every step, our methods of production and consumption typically result in material by-products, which are discarded as waste. Many valuable materials are incinerated or dumped in ways that disrupt the environment. Demand for virgin resources can be mitigated if materials are repurposed, rather than discarded. Repurposing also eliminates the costs – financial, environmental and human – that waste disposal incurs.

*In a Future-Fit Society, waste does not exist. Today’s take-make-waste approach to material use is supplanted by a borrow-use-return approach. All by-products of human activities – and goods that reach the end of their useful life – are transformed to serve other needs, in ways that maximize their re-use value.*

4.3.6 Our physical presence protects the health of ecosystems and communities

Growing demand for land – as well as activities such fishing and mining – encroach on nature and have led to the destruction of pristine ecosystems, damage to culturally significant sites, and the abuse of local people’s rights.

As a result, many ecosystems – from rainforests to coral reefs – are on the brink of collapse, and the resilience of many communities is under threat.

*In a Future-Fit Society, our physical presence protects the health of ecosystems and communities. Human activities do not encroach on the natural world, and society continuously strives to regenerate damaged ecosystems – and to restore community rights to land, resources and areas of cultural significance.*

4.3.7 People have the capacity and opportunity to lead fulfilling lives

Society’s ability to thrive relies to a great extent on the wellbeing of the people that contribute to it.

But today billions of people are living in some form of poverty, lacking access to basic services and economic opportunity. What’s more, human rights abuses and discrimination are widespread.

*In a Future-Fit Society, people have the capacity and opportunity to lead fulfilling lives. This means everyone is able to meet their basic needs – for nutrition, education, healthcare, and so on – while also being free to pursue higher needs – such as a sense of meaning, belonging, and creativity.*
4.3.8 Social norms, global governance and economic growth drive the pursuit of future-fitness

The other seven properties of a Future-Fit Society describe the outcomes that such a society will deliver. In contrast, this property is about putting in place the conditions that will enable those outcomes.

Social norms, global governance and how we pursue economic growth are what drive the behaviours of all social systems. Today those drivers are misaligned, so we remain on the same breakdown trajectories that have led to the existential problems we are now facing.

Examples of breakthrough technologies and business models can be found everywhere, but until society starts to truly value and actively favour such endeavours, it may prove impossible to replicate their success at sufficient speed and scale.

In a Future-Fit Society, social norms, global governance and economic growth drive the pursuit of future-fitness. Rapid and radical progress becomes the rule rather than the exception, because society recognizes and rewards actions that move us in the right direction.

4.4 The role of every social system

A Future-Fit Society lies within our grasp if we work together.

The Properties of a Future-Fit Society offer a shared destination to aim for. But how can any specific social system be sure it is helping – rather than hindering – our collective progress? To answer that question, we can start by considering the full range of impacts any social system may have across two independent dimensions, as shown in Figure 4.3.

A social system’s impacts may be either positive or negative.

Positive impacts are those which help to bring society into closer alignment with the aforementioned properties, and so move us toward future-fitness. Negative impacts are those which hold us back.

A social system’s impacts may be either direct or indirect.

All social systems rely on the activities of others – for example, to provide them with essential goods and services – and those activities might lead to a wide range of impacts, both good and bad.

A social system cannot absolve itself of responsibility for such impacts if its own success depends on the activities which cause them. We can class such impacts as indirect, in contrast to the direct impacts which one’s own activities cause.

It is important to note that there are two degrees of accountability at play here: a social system can control its own actions – and thus its direct impacts – but it can only influence the actions of others.
### Positive impact

**Direct impact**

- Any social system may create positive impact itself by taking action to foster wellbeing or restore the environment.

- Every social system must eliminate its own negative impact by avoiding all actions that undermine wellbeing or degrade the environment.

**Indirect impact**

- Any social system may amplify the positive impact of others by helping them take action to foster wellbeing or restore the environment.

- Any social system may reduce the negative impact of others by helping them avoid actions that undermine wellbeing or degrade the environment.

### Negative impact

*Figure 4.3: A social system’s impacts may be considered across two dimensions: positive versus negative, and direct versus indirect.*

---

**The break-even point for extra-financial performance.**

As we learned in section 3.6, our economic system has evolved to treat financial returns and value creation as one and the same thing. The transition to a Future-Fit Society requires a more holistic approach: one in which all social systems strive to create system value by positively impacting all three dimensions of the Triple Bottom Line.

This begs the question: what is the minimum any social system must do to remain viable? With respect to the financial bottom line, the answer has always been clear: every company, investor, city or other economic actor must at least be able to cover its ongoing costs. Any surplus (or ‘profit’ in business language) is welcomed, but the minimum requirement is to break-even.

To guide the creation of system value effectively, we must clearly identify what it means to break-even for the social and environmental dimensions of the Triple Bottom Line. This is about determining what any social system must do – and what it may do beyond that – to support our collective journey to future-fitness.

**What all social systems must do.**

Any social system must do everything in its power to eliminate negative impacts that occur as a result of its existence.

This involves two things: modifying its own activities to align with the FSSD system conditions (Figure 4.1); and avoiding any dependence on others who are not committed to doing the same.

By doing this, every social system can ensure it does not slow down society’s progress. This is represented by the bottom-left quadrant of Figure 4.3.

**What any social system may do.**

In addition, a social system may actively seek to speed up society’s progress, by helping others to avoid causing a negative impact, by creating a positive
impact itself, or by amplifying a positive impact created by others. Such actions are represented by the other three quadrants of Figure 4.3.

**Pursuing future-fitness in a holistic way.**

Any social system can use this framing to explore its overall contribution, for good or ill, to realizing the Properties of a Future-Fit Society. For example, what can and should a city do, to ensure that *Energy is renewable and available to all?* And what can and should a household do, to ensure that *Waste does not exist?* If all social systems apply this approach, to work both individually and in concert in pursuit of future-fitness, the SDGs – and all that they stand for – will be well within our grasp (see Figure 4.4).

*Figure 4.4: Reaching the SDGs is a step on the path to a Future-Fit Society.*

<table>
<thead>
<tr>
<th>Properties of a Future-Fit Society</th>
<th>Alignment with the Sustainable Development Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong> is renewable and available to all</td>
<td><img src="image" alt="Alignment with SDGs" /></td>
</tr>
<tr>
<td><strong>Water</strong> is responsibly sourced and available to all</td>
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</tr>
<tr>
<td><strong>Waste</strong> does not exist</td>
<td><img src="image" alt="Alignment with SDGs" /></td>
</tr>
<tr>
<td>Our <strong>physical presence</strong> protects the health of ecosystems and communities</td>
<td><img src="image" alt="Alignment with SDGs" /></td>
</tr>
<tr>
<td><strong>People</strong> have the capacity and opportunity to lead fulfilling lives</td>
<td><img src="image" alt="Alignment with SDGs" /></td>
</tr>
<tr>
<td>Social norms, global governance and economic growth <strong>drive</strong> the pursuit of future-fitness</td>
<td><img src="image" alt="Alignment with SDGs" /></td>
</tr>
</tbody>
</table>

Where we need to go: a Future-Fit Society.
5. Actionable guidance for business

Objectives can be compared to a compass bearing by which a ship navigates... Without a compass bearing, a ship would neither find its port nor be able to estimate the time required to get there. Peter Drucker

5.1 Toward Future-Fit Business

What should business do?

Many types of business – movie studios, fashion houses and ice cream vendors, to take a few examples – do not try to solve society’s biggest challenges. This doesn’t make them ‘bad’ or incompatible with a Future-Fit Society: many might say life would be dull without great films, fine clothes, and the occasional treat.

Other companies have business models which are more obviously aligned with meeting societal needs – such as food or pharmaceutical producers – but this doesn’t mean they are inherently ‘good’. Even if their products are beneficial, such companies may rely on many activities which exacerbate systemic problems.

What matters from a system perspective is that every company does nothing to undermine society’s transition:

A Future-Fit Business in no way undermines – and ideally increases – the possibility that humans and other life will flourish on Earth forever.

Developing actionable guidance.

As discussed in the previous chapter, this is about reaching a set of environmental and social thresholds that constitute the extra-financial break-even point for value creation, across the Triple Bottom Line. In this chapter we identify exactly what this looks like in a business context.

Any tool must be both useful and usable, and the Future-Fit Business Benchmark is no exception. To translate the requirements for society into actionable guidance for companies, it was necessary to answer two questions:

- **The requirement for business:** What do business leaders and investors need, if we are to equip them to rise to the challenge?
- **The role and reach of business:** What can – and what must – each company do, within and beyond its value web, to play its part in reaching a Future-Fit Society?

Each of these areas is now addressed.
5.2 The requirement for business

In theory, any company could take the requirements for a Future-Fit Society introduced in section 4.2 and deduce how its business needs to change. In practice, only the most progressive companies are likely to invest the effort required to figure out how to do this. Furthermore, the chances are that left to their own devices, any two companies – even within the same industry – would frame their ambitions and assess their progress in completely different ways.

This is not ideal: we have a common destination in mind – a Future-Fit Society – so why not track commitments and progress in the same way, too? In fact, there are four good reasons to do so:

**Peer pressure drives progress.**
While every business should remain focused on the destination, companies will always seek to understand what their competitors are doing – and may be spurred into raising their own game as a result. If everyone looks at progress in a similar way, it’s easier for a company to track how it is doing relative to its peers in pursuit of the right end goals.

**Investors want to identify who the true leaders are.**
The lack of comparability around corporate environmental and social targets makes it difficult for even the most diligent investor to determine which companies are doing most to prepare for systemic risks and open up new opportunities for growth. A concise, comparable, aggregable set of metrics, which frame short-term actions in the context of meaningful long-term ambitions, would solve this problem.

**Collaboration requires a shared vision and goals.**
Effective partnerships will be critical if any company – let alone society as a whole – is to become Future-Fit. A consistent set of goals can help all organizations across a value web figure out how to work together, to improve their mutual future-fitness.

**A holistic approach is needed to avoid unforeseen trade-offs.**
As described in section 4.4, there are many ways in which a company can have a positive impact, and any such efforts should be encouraged. That said, no attempt to ‘do good’ can justify a lack of necessary progress elsewhere, because positive and negative impacts almost never cancel out.\(^6\) A unified framing, which encompasses all possible positive and negative contributions to a Future-Fit Society, can help to ensure that even the most focused company does not lose sight of the big picture.

Whatever positive impacts a company creates, it must become Future-Fit before it can claim with any confidence to be creating system value.

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\(^6\) Greenhouse gas emissions are the notable exception: a kilogram of CO\(_2\) emitted in one part of the world can be ‘cancelled out’ by another drawn down out of the atmosphere elsewhere.
Equipping business leaders and investors with what they need.

The above considerations informed the pivotal phase in the Benchmark’s development: translating the concepts presented thus far into a set of Break-Even Goals, Positive Pursuits, and complementary performance indicators (see Figure 5.1). The next section describes the development methodology employed.

![Figure 5.1: The anatomy of the Future-Fit Business Benchmark.](image)

5.3 The role and reach of business

What every business must do, and what any business may do.

The FSSD system conditions introduced in section 4.2 offer a solid, science-based foundation for identifying what every company must do, as well as what any company may do beyond that.

A business will reach extra-financial break-even – and so become Future-Fit – only when its existence in no way contributes to breaches in the system conditions, within and beyond its own four walls.

In addition – and even before it becomes Future-Fit itself – a business may pursue positive outcomes that advance society’s own progress to future-fitness, by acting to overcome past system condition breaches, or by helping others to avoid future breaches.

The scope of business influence.

To understand what it means for a business to not contribute to breaches in the system conditions, we must be clear on the extent of a company’s potential to affect others.
Every business is just one actor in a complex and dynamic value web, influencing and influenced by a wide range of other social systems. We can segment the value web into four areas:

- **Suppliers**: This encompasses everyone involved in producing the inputs that the company depends upon, and anyone affected by those activities – including workers and communities throughout the company’s supply chains.

- **Operations**: The activities of the company itself, including the communities and workers that support them.

- **Products**: The revenue-generating goods and services offered by a company, and the individuals, companies, or other actors who benefit from or are affected by them.

- **Society**: Other organizations, physical infrastructure, and shared societal institutions which the company can influence and/or be influenced by.

This value web segmentation serves as the basis for determining two things. First, the extent to which a company should be held responsible for system condition breaches. Second, the degree to which a company may seek to have a positive impact – and be recognized for doing so – by reversing the effects of past breaches, or helping others to avoid future breaches.

These two complementary aspects to pursuing future-fitness – responsibility for eliminating negative impact, and recognition for positive impact – are summarized in Figure 5.2, and are described in depth below.

### Business responsibility for negative impacts across the value web

Few would take issue with the notion that a company is responsible and *wholly accountable* for impacts within its direct control, such as those related to its day-to-day operations and the design of its products. However, from a systems perspective, a business is also *mutually accountable* for certain impacts outside its direct control:

> A company is mutually accountable for any impact beyond its own four walls, to the degree to which that impact is a consequence of the company’s existence.

To identify the break-even point every business must reach, this definition of mutual accountability must be applied across all four areas of the value web.

### Break-even in relation to suppliers.

No business can be Future-Fit if its success relies on using inputs which themselves cause system condition breaches. So mutual accountability here is about not *externalizing* breaches back through the company’s supply chains. The exact requirements vary, as follows:

- **Outsourced core functions**: When a company outsources any activity that it would otherwise have to undertake itself (e.g. customer support, manufacturing, logistics) it also outsources all negative impacts associated with that activity. Hence a company is mutually accountable for avoiding or addressing all system condition breaches caused by the provision of its outsourced functions.
Figure 5.2: Mapping the Requirement for Society onto the Role and Reach of Business to identify what business can and must do with respect to the system conditions.

- **Product inputs**: No company can produce physical goods – or offer services whose delivery involves the consumption of such goods – without relying on raw materials, manufactured parts, etc. Hence mutual accountability demands that a company works to avoid or address all cradle-to-gate impacts caused by the provision of its **product inputs**.
• **Ancillary goods and spend**: This encompasses three types of purchase. First, services that a company uses from time to time (e.g. consultancy, taxis, flights and hotels for business travel). Second, general goods consumed in the course of day-to-day operations (e.g. office supplies, cleaning products). Third, purchased or leased capital assets that support day-to-day activities (e.g. buildings, IT equipment, machinery, furniture).

A company can generally source such inputs on a like-for-like basis from a range of suppliers, but its influence over any one of them is likely to be negligible. In this case, mutual accountability extends to selecting the best option available.

Today’s global supply chains can be highly complex and opaque. Traceability of business inputs – and their resulting impacts – is thus a significant challenge. However, ignorance is no defence, and a company is wholly accountable for doing all it can through its procurement practices to continuously anticipate, avoid and address supply chain hotspots, until the above requirements are met.

**Break-even in relation to operations.**

A company is wholly accountable for eliminating negative environmental and social impacts caused by its own activities, and that extends to the actions of its workers. It is not possible to completely control the actions of individual employees, but a company must do all it can to anticipate and avoid problems, and to address any issues effectively when they do arise.

**Break-even in relation to products.**

A company must do all it can to ensure that the goods and services it offers do not harm people or the environment, but it cannot be expected to exert complete control over its customers’ actions. So a company is deemed to be mutually accountable for unavoidable or likely and foreseeable impacts resulting from the use and (in the case of physical goods) post-use processing of its products.

For example, if a company sells a car powered by an internal combustion engine, then – because the driver has no choice in the matter – the company is mutually accountable for the greenhouse gases that the car emits during use. If a company sells an electric car, then the driver is free to use renewable sources of electricity to charge the battery. In this case the company is not mutually accountable for any greenhouse gas emissions that occur (during electricity generation) if the customer uses a carbon-emitting source of electricity.

**Break-even in relation to society.**

A company must behave ethically, and must in no way – through either action (such as lobbying against progressive legislation) or inaction (such as failing to pay sufficient taxes) undermine the integrity of the societal institutions and physical infrastructure we all rely on.

A company is also mutually accountable for the impact of its financial assets. Every organization is constrained in its actions by its access to capital, and companies have the power to provide such access, in the form of investments or loans. Business must do all it can to ensure that it does not financially
support any activity whose success depends on breaches to the system conditions (e.g. providing project finance to build coal-fired power stations).

**Business recognition for positive impacts across the value web**

Recall that a company may pursue positive outcomes either by acting to overcome past breaches to the system conditions, or by helping others to avoid future breaches. Again, we look at all four areas of the value web in turn.

**Positive Pursuits in relation to suppliers.**

As explained above, a company cannot be considered Future-Fit with respect to its suppliers until it has effectively avoided or addressed all negative impacts that occur within its supply chains.

Attaining this level of performance – particularly for product inputs with complex, multi-layered supply chains – may take significant time and effort.

However, there is a big difference between waiting for a supply chain to improve, and actively intervening to improve it. Hence any action a company takes to enable a supplier to reach break-even constitutes a Positive Pursuit.

For example, a company sourcing an agricultural input from a water-stressed region may offer financial assistance and/or expertise to help suppliers install drip irrigation technology, thus radically reducing the input’s water footprint.

A company may also pursue positive outcomes by helping suppliers to reverse past environmental impacts (e.g. by restoring previously-felled forests), or increasing economic opportunity among underserved groups (e.g. by enabling access to commodities markets for smallholder farmers in remote areas).

**Positive Pursuits in relation to operations.**

A company has complete control over its own operational activities, so gradual reduction of its own negative impacts toward break-even do not count as a Positive Pursuit.

However, a company may achieve positive outcomes through its own activities if it goes beyond break-even, and begins to reverse environmental impacts (e.g. by generating more renewable energy than it needs, and offering the surplus back to the grid), or if it increases social inclusion by actively seeking to employ people from underserved groups.

**Positive Pursuits in relation to products.**

A company may achieve a positive outcome by enabling its customers to eliminate their own negative impacts (e.g. by vastly reducing their need for fossil fuels or fresh water) – or even to have a positive impact themselves.

Note, however, that it is difficult to assess with any confidence – or credibility – the positive impact a product has, because the benefit accruing from its use depends on the other options available. Consider, for example, a highly efficient but gasoline-powered SUV. If a customer were to buy such a vehicle to replace a more efficient
compact car, the net change in greenhouse gas emissions would be worse.

The case may be stronger when it comes to products that completely eliminate a negative impact – if the new SUV was powered only by electricity, for example. Even then, what if a customer could have met their transport needs using more energy-efficient public transit?

There are no easy answers – and even the most well-meaning business may end up being accused of greenwashing if its claims of positive impact are overblown.

There are, however, two ways to increase the chances that products really will have a measurable positive impact. The first is to offer goods or services whose use actually reverses past environmental impacts (e.g. technology to clean up polluted rivers). The second is to enable underserved groups to meet their basic needs (e.g. by providing clean energy or affordable healthcare to the rural poor), thus overcoming barriers to social inclusion and wellbeing.

Positive Pursuits in relation to society.

As noted in section 3.6, there is no magic button we can press to reorient our economic system in pursuit of future-fitness. But a new growth paradigm can emerge if we work together to transform social norms, global governance, shared infrastructure, and market mechanisms.

Any company may actively contribute to this shift, through the application of its corporate and/or brand influence, its core competencies and technical know-how, and how it chooses to invest its financial capital.

5.4 Deriving the Break-Even Goals, Positive Pursuits, and Indicators

5.4.1 Break-Even Goals

Break-Even Goals were formulated to give business leaders a clear destination to aim for, such that:

- Each goal is expressed as a single sentence, whose meaning can be grasped by business leaders, investors and other key stakeholders without lengthy explanation.
- Each goal represents the minimum level of performance to aim for in one part of the value web (e.g. products, operations) and relates to one issue (e.g. wages, waste).
- All goals together identify the social and environmental break-even point that every company must reach.
To derive these goals, it was first necessary to examine all of the ways in which a company could breach the system conditions – and thus slow down progress toward realizing the Properties of a Future-Fit Society (Figure 4.2). The next step was to identify what behaviours would have to be in place to ensure that such breaches would not occur. Finally, these behaviours were translated into a set of clear, concise Break-Even Goals. Figure 5.3 summarizes this process, and details of the mapping can be found in Appendix 2. The goals themselves are presented in the next chapter.

<table>
<thead>
<tr>
<th>Requirement for Society</th>
<th>Role of Business</th>
<th>Reach of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Conditions to enable flourishing</td>
<td>Responsibility and recognition for action</td>
<td>Activity and influence across the value web</td>
</tr>
</tbody>
</table>

**What every business must do**

Break-Even

<table>
<thead>
<tr>
<th>Responsibility for achieving Break-Even</th>
<th>Activities across the value web</th>
</tr>
</thead>
<tbody>
<tr>
<td>The business in no way contributes to breaching the system conditions</td>
<td>Suppliers</td>
</tr>
<tr>
<td></td>
<td>Not externalizing breaches through its supply chains</td>
</tr>
</tbody>
</table>

*Identify all activities that may breach the system conditions through the company’s own actions, or as a result of its interaction with and influence over others across the value web*

*Determine how to do business in a way that avoids causing any negative impacts*

**Break-Even Goals**

Performance thresholds that define the state all companies must strive to reach

*Figure 5.3: How the Future-Fit Break-Even Goals were derived.*
5.4.2 Break-Even Indicators

Business leaders need to monitor performance and prioritize where action is most needed. Furthermore, investors and other stakeholders need to make meaningful comparisons across companies, to understand who is leading the pursuit of future-fitness. Hence we need a consistent way to assess progress toward each Break-Even Goal.

Design criteria for indicators.

In developing the indicators, the following design criteria were employed:

**Calculable...**

- All data required to compute an indicator’s value should be within the company's power to obtain, even if some companies may not be capturing it already.
- Each indicator should be calculable, even if a company does not know everything about its impacts (e.g. it may not know the source of a purchased material, or the emissions of a particular site). So indicators must accommodate knowledge gaps.
- Each indicator should encourage a company to close its knowledge gaps, and so it should never penalize increased knowledge (e.g. finding out that a particular product has a negative impact should not improve the company's score, but neither should it be reduced).

**Comparable...**

- Each indicator should measure performance consistently across any company, regardless of its size, sector or location.

**Complete...**

- The indicators should cover the full scope of a company’s responsibility, encompassing all relevant activities undertaken by or on behalf of the business, across the value web.

**Concise...**

- Each indicator should capture performance in the context of whichever entity is most relevant to the goal (e.g. per product, or per employee). This ensures that the company is able to identify where action is most needed.
- Each indicator should aggregate per-entity metrics into one value (or as few as possible, if a single value would not be meaningful) which represents the company’s overall progress. Furthermore, the performance of each entity should be weighted in accordance with its overall contribution to the business.
- At both the micro (per-entity) and macro (company-wide) levels, it should be possible to express progress toward break-even as a percentage.

**Credible...**

- Each indicator should build on leading science, and accurately capture the 'spirit' of the goal it seeks to measure progress toward.
- Each indicator should draw on best-available third-party resources, such as independent industry standards, insofar as they exist and align with the required level of performance.
Evolution of the Indicators

A first set of Break-Even Indicators was presented in Release 1. Like the Break-Even Goals, these have been refined with early adopters.

One major improvement is that each goal is now supported by both progress and context indicators. The intent is not to burden companies with even more things to measure, but rather to help them put their progress in context, to give a better sense for how well they are optimizing resources, and how far away they are from reaching break-even.

Consider, for example, the goal Water use is environmentally responsible and socially equitable. There are two aspects to this, relating to both quantity and quality. First, a company must reduce and eventually eliminate its water consumption from water-stressed regions. Second, it must ensure that any discharges do not degrade the quality of the receiving water body or soil, and do not cause harm in any other way. To present the full picture, the goal is accompanied by four indicators: two progress indicators to capture fitness as a percentage for both consumption and discharge, and context indicators for each to record the total amount of water consumed and discharged respectively.

Note that in keeping with the Concise... design criterion, additional indicators are employed only if they help to inform better business decisions.

For more information on the Break-Even Indicators, see the Action Guides.

5.4.3 Positive Pursuits

Positive Pursuits were formulated to help business leaders actively contribute to society’s future-fitness, such that:

- Each Positive Pursuit is expressed as a single sentence, whose meaning can be grasped by business leaders, investors and other key stakeholders without lengthy explanation.

- Each Positive Pursuit identifies a way either to reverse the effects of negative environmental or social impacts that occurred in the past, or to help others avoid having such negative impacts in the future.

- Each Positive Pursuit relates to one type of intended outcome which can be delivered across the value web, and so encompasses a range of possible actions – from improving supplier performance, to offering beneficial products, to strengthening the abilities of markets and institutions to pursue future-fitness.

To derive these Positive Pursuits, it was first necessary to examine how a company could act to overcome past breaches to the system conditions, or help others to avoid future breaches – and thus speed up progress toward realizing the Properties of a Future-Fit Society (Figure 4.2).

The next step was to group these behaviours into a clear and concise set of outcomes which a company may seek to deliver. Figure 5.4 summarizes this process, and details of the mapping can be found in Appendix 2.
### 5.4.4 Positive Indicators

There are a potentially infinite number of ways in which a company can undertake a Positive Pursuit. For example, ensuring **More people are healthy and safe from harm** by reducing the impact of diabetes among the world’s poorest people might be tackled by educating people on healthy eating.
choices, providing access to affordable insulin, or training healthcare professionals to spot and treat the disease before symptoms escalate.

This diversity of approach means it can be challenging to assess and report on any two projects in a consistent and comparable way. But striving to do so is important, both to inform future project decisions, and to present results to investors and others in a meaningful way.

The need for a common way to describe impact led to the formation of the Impact Management Project (see box).

Future-Fit Foundation is a contributing author to the IMP, and our approach to assessing positive outcomes draws significantly on their work. We are committed to refining our guidance in line with this cross-sector initiative, as it continues to evolve. For further details see the Positive Pursuit Guide.

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**Introducing the Impact Management Project (IMP)**

Between 2016 and 2018, the IMP brought together over 2,000 practitioners from across geographies and disciplines, to arrive at a consensus on how to talk about, manage and measure impact – bridging the perspectives of business, non-profits, investment, social science, grant-making, evaluation, policy, standards bodies and accounting. This diverse group arrived at a shared definition of “impact”, and agreed on the types of data one would expect to find in any good impact framework or report. [16]
## 6. Break-Even Goals

<table>
<thead>
<tr>
<th>In a Future-Fit Society...</th>
<th>Break-Even Goals that every business must strive to reach</th>
<th>SDG alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong> is renewable and available to all</td>
<td>Energy is from renewable sources</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Water</strong> is responsibly sourced and available to all</td>
<td>Water use is environmentally responsible and socially equitable</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Natural Resources</strong> are managed to safeguard communities, animals and ecosystems</td>
<td>Natural resources are managed to respect the welfare of ecosystems, people and animals</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td>The environment is free from pollution</td>
<td>Operational emissions do not harm people or the environment</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Waste</strong> does not exist</td>
<td>Operational waste is eliminated</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td>Our physical presence protects the health of ecosystems and communities</td>
<td>Operations do not encroach on ecosystems or communities</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>People</strong> have the capacity and opportunity to lead fulfilling lives</td>
<td>Community health is safeguarded</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Employee health is safeguarded</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Employees are paid at least a living wage</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Employees are subject to fair employment terms</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Employees are not subject to discrimination</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Employee concerns are actively solicited, impartially judged and transparently addressed</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Product communications are honest, ethical, and promote responsible use</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Product concerns are actively solicited, impartially judged and transparently addressed</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Social norms, global governance and economic growth drive the pursuit of future-fitness</strong></td>
<td>Procurement safeguards the pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Financial assets safeguard the pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Lobbying and advocacy safeguard the pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>The right tax is paid in the right place at the right time</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Business is conducted ethically</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
</tbody>
</table>

*Figure 6.1: The Future-Fit Break-Even Goals.*
The 23 Break-Even Goals presented here are grouped according to the eight Properties of a Future-Fit Society. For each goal a summary is given, together with a link to download the goal’s Action Guide where detailed guidance on pursuing the goal can be found.

### 6.1 Energy

*In a Future-Fit Society, energy is renewable and available to all.*

**BE01** Energy is from renewable sources

Oil, coal and gas are often obtained in environmentally destructive ways, and their use as fuels leads to greenhouse gas emissions. Furthermore, these resources are finite, and their value to society extends far beyond combustion.

To be Future-Fit, a company must ensure that all the energy it consumes – as electricity, heat or fuel – is derived from renewable energy sources. These include solar, wind, wave and hydropower, geothermal resources, and biomass.

Download [Action Guide](#).

### 6.2 Water

*In a Future-Fit Society, water is responsibly sourced and available to all.*

**BE02** Water use is environmentally responsible and socially equitable

Through excessive withdrawals of water, discharge of polluted wastewater, or by adversely affecting the characteristics of any withdrawn water before returning it to nature, a company may undermine the quantity, quality, and availability of water at a local level.

Companies must ensure that their use of water doesn’t undermine the quantity and quality of water available for people and ecosystems that depend on the watersheds concerned.

To be Future-Fit a company must:

a) minimize – and in water-stressed regions eventually eliminate – its consumption of water for industrial and commercial purposes; and

b) ensure that any discharges do not degrade the quality of the receiving water bodies, the health of receiving soils, or in any other way cause harm to ecosystems or people.

Download [Action Guide](#).
6.3 Natural resources

In a Future-Fit Society, natural resources are managed to safeguard communities, animals and ecosystems.

BE03 Natural resources are managed to respect the welfare of ecosystems, people and animals

As demand for natural resources increases, so does the pressure placed on the ecosystems, people and animals that contribute to their delivery. The emphasis here is on causing no harm as a result of the company’s ownership or management and extraction of natural resources. This includes but is not limited to:

- Harvesting renewable resources at rates that do not reduce nature’s capacity to regenerate them.
- Extracting non-renewable resources in ways that do not systematically damage surrounding ecosystems and communities.
- Respecting the welfare of animals.
- Avoiding conflict and human rights violations when mining valuable minerals.

To be Future-Fit, a company must:

a) preserve the health of all natural resources it owns or manages; and
b) protect the health of any ecosystems and communities impacted by harvesting and extraction activities.

Download Action Guide.

6.4 Pollution

In a Future-Fit Society, the environment is free from pollution.

BE05 Operational emissions do not harm people or the environment

Company operations can cause the release of a range of chemicals and particles. The emission of substances that are already abundant in nature, and of substances that nature can break down rapidly and without consequence, are not a concern. Some substances are known to be toxic to people and organisms. Other
substances may not seem immediately harmful, but if nature cannot break them down rapidly they may – through gaseous, liquid or solid emissions – systematically build up in the environment to dangerous levels.

Substances of greatest concern include those that are scarce in nature (e.g. trace metals such as cadmium), those that are persistent (e.g. CFCs), and those that are emitted in large volumes (e.g. NOx). All such potentially harmful substances must be kept in tight closed loops, or not used in the first place. The context of this goal may vary from local (e.g. soil, rivers) to global (e.g. air, oceans) depending on the substance and mode of emission.

To be Future-Fit, a company must:

a) eliminate harmful gaseous emissions (e.g. air pollutants, toxic fumes);
b) eliminate harmful solid emissions (e.g. scarce metals, use of hazardous fertilizers); and

c) eliminate harmful liquid emissions (e.g. spills, chemical fluids).

To be Future-Fit, a company must:

- **BE06 Operations emit no greenhouse gases**
- **BE18 Products emit no greenhouse gases**

Nature can safely absorb some human-made greenhouse gases (GHGs) every year, but the Future-Fit imperative is for companies to eliminate all operational GHG emissions. That’s because we are dangerously close to reaching atmospheric GHG levels that will be catastrophic for society, and any attempt to divide up the remaining carbon budget across companies is likely to be too complex, contentious and/or time-consuming to result in the scale and speed of reduction that is now needed.

To be Future-Fit, a company must emit net zero GHGs as a result of its own operational activities and its energy consumption. Net GHG emissions here means total GHG emissions, less any emissions that are permanently sequestered or adequately offset.

As with the goal **Operations emit no greenhouse gases**, the imperative is for companies to eliminate all GHG emissions caused by their products.

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

To be Future-Fit, a company must ensure that none of its products emit greenhouse gases.
**BE17 Products do not harm people or the environment**

Although many goods and services could be used in ways that harm people or the environment, the focus here is on three areas: those which are intended to cause harm; those whose use could reasonably be expected to result in harm; and those which instill or reinforce behaviours that undermine society’s progress to future-fitness.

A Future-Fit company ensures that any goods and services it provides, when used as intended, do not lead to environmental degradation, ecosystem disruption, or negative impacts on people’s physical and mental wellbeing.

With respect to physical goods, this goal encompasses sold and leased goods, as well as any other items provided to others in support of commercial activities, but which the company does not consider to be revenue-generating. It covers both final end-user products, and intermediate goods incorporated or processed into final products by other companies.

To be Future-Fit, a company must ensure that the goods and services it provides to others are not likely to cause harm to people or the environment through their use and (in the case of physical goods) at their end of life.

Download [Action Guide](#).

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**6.5 Waste**

*In a Future-Fit Society, waste does not exist.*

**BE07 Operational waste is eliminated**

For the purposes of this goal, waste means all materials generated as by-products of production and other operational activities which the company manages to contain, and which require treatment, repurposing, or disposal.

This includes both hazardous and non-hazardous manufacturing materials, as well as non-production waste such as office paper, food, and retired equipment.

Organic waste may be composted and returned to the soil, but any materials that can be reused must be reclaimed.

To be Future-Fit, a company must:

a) eliminate all avoidable waste generation; and

b) reuse, recycle or otherwise repurpose any remaining waste.

Download [Action Guide](#).
**BE19  Products can be repurposed**

A Future-Fit company does all it can to ensure that the physical goods it provides to others can be responsibly repurposed at the end of their useful lives. This goal encompasses sold and leased goods, as well as any other items provided to others in support of commercial activities, but which the company does not consider to be revenue-generating. It covers both final end-user products, and intermediate goods incorporated or processed into final products by other companies.

To be Future-Fit, a company must:

a) ensure that whatever remains of the goods it supplies can be separated at the end of their useful life, to maximize their post-use recovery value; and

b) ensure that its customers have ready access to recovery services capable of extracting such value.

Download *Action Guide*.

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**6.6 Physical presence**

*In a Future-Fit Society, our physical presence protects the health of ecosystems and communities.*

**BE08  Operations do not encroach on ecosystems or communities**

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

Negative impacts must be avoided by:

- Respecting the land rights of communities (e.g. zero tolerance of land grabbing).
- Protecting aquatic ecosystems from degradation (e.g. avoiding coral reefs).
- Protecting areas of high biodiversity value (e.g. no clearing of rainforest for farmland).
- Not encroaching on areas of cultural importance (e.g. oil pipelines running through regions considered sacred by Indigenous Peoples).

To be Future-Fit, a company must:

a) protect such areas where it is already present; and

b) take steps to avoid or mitigate negative outcomes when moving into new areas.

Download *Action Guide*. 
6.7 People

In a Future-Fit Society, people have the capacity and opportunity to lead fulfilling lives.

BE09 Community health is safeguarded

Every business depends on the goodwill, health and resilience of the communities in which it operates, and must ensure its presence does nothing to undermine their wellbeing.

Future-Fit companies take all steps possible to ensure their presence does not negatively impact surrounding communities. The emphasis here is on putting in place appropriate mechanisms to pre-empt, identify, assess and manage community concerns, so that potentially serious issues and legitimate grievances do not go unaddressed.

To be Future-Fit a company must:

a) seek to anticipate and avoid concerns from communities potentially affected by its activities;
b) impartially assess any concerns that do arise; and
c) ensure it effectively and transparently manages those concerns.

Download Action Guide.

BE10 Employee health is safeguarded

Companies that do not adequately address workplace health issues may cause serious long-term negative health problems for their employees.

Note that “health” here extends beyond physical safety to mental and emotional wellness, and must encompass stress management and mitigation.

When it comes to physical safety, companies should take steps to minimize and mitigate the effects of accidents, and strive continuously to reduce work-related injuries, illnesses, and fatalities to zero.

To be Future-Fit a company must:

a) ensure the safety of all workers;
b) foster physical health (e.g. through proactive positions on exercise, nutrition and smoking); and
c) foster mental wellbeing (e.g. zero tolerance of bullying and harassment).

Download Action Guide.
BE11  Employees are paid at least a living wage

A company should ensure all its employees and their families have the means to afford health coverage, to eat a nutritious diet and to be free of concerns about meeting basic needs.

A living wage affords a decent standard of living for workers and their families. Living wage estimates vary by region and guidance is offered by government agencies, academics and/or NGOs. In many regions, the living wage is higher than the legal minimum wage or poverty-line wage. Living wage calculations should focus on employee compensation with respect to standard working hours: figures should exclude overtime pay as well as productivity bonuses and allowances, unless they are guaranteed.

To be Future-Fit a company must pay all its employees at least a living wage.

Download Action Guide.

BE12  Employees are subject to fair employment terms

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

This means that employees must have the right of association (e.g. the right to join – or refrain from joining – a union), the right to reasonable working hours, the right to leisure (e.g. holiday entitlements and overtime pay) and the right to parental leave.

To be Future-Fit a company must:

a) ensure the company does not use child labour;

b) ensure employees’ freedom of association;

c) structure contracts to include fair working hours; and

d) accommodate appropriate periods of leave from work.

Download Action Guide.

BE13  Employees are not subject to discrimination

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

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

Download Action Guide.

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

Companies depend on the commitment and motivation of their employees, so it is good business sense to engage them as much as possible. The intent of this goal is to set a minimum threshold of acceptable performance in this regard, which means ensuring that the company does nothing to undermine its employees’ wellbeing.

No company can be completely free of employee concerns, but it must take all steps possible to minimize concerns, and to deal effectively and appropriately with any concerns that arise.

To be Future-Fit, a company must put in place appropriate mechanisms to identify and manage employee concerns, so that potentially serious issues and legitimate grievances do not go unaddressed.

Download Action Guide.

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

Some goods and services may cause harm to people or ecosystems, either because of the way they are designed, or because there is a chance that users could misuse them or dispose of them incorrectly. The company must make potential users aware of such risks, to empower them to make well-informed decisions regarding the purchase, use and (in the case of physical goods) post-use processing of its products.

In addition, a company must ensure it markets its products honestly and responsibly by avoiding all misleading claims regarding product benefits, and by only targeting appropriate customer groups (e.g. not marketing cigarettes or alcohol directly to children).

These requirements cover both final products designed for end users, and interim goods which are incorporated or processed into final products by other companies.
To be Future-Fit, a company must:

a) ensure users are informed about any negative impacts of its products;

b) ensure users are not subject to false or misleading claims about the benefits of its products; and

c) ensure products are marketed only to those capable of making informed purchasing decisions.

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Product concerns are actively solicited, impartially judged and transparently addressed

Other product goals address the ethical marketing of the company’s goods and services, whether they have the potential to cause harm, and how to ensure that goods can be repurposed at the end of their useful life. By living up to all of these goals, a company can minimize the number of concerns its customers have. However, it is still important that customers are able to voice legitimate concerns – and to have those concerns fairly addressed – if they feel that a company has fallen short of meeting its obligations.

These requirements cover both final products designed for end users, and interim goods which are incorporated or processed into final products by other companies.

To be Future-Fit, a company must therefore put in place effective policies and procedures to actively solicit, impartially judge and transparently address customer concerns relating to the environmental and social impact of the goods or services it delivers.

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6.8 Drivers

In a Future-Fit Society, social norms, global governance and economic growth drive the pursuit of future-fitness.

Procurement safeguards the pursuit of future-fitness

Every company relies to some extent upon goods and services procured from other organizations, which are collectively referred to as suppliers.

Common examples include energy, water, computers, transport, machinery, furniture, accounting services, and materials required to make products.
All companies are mutually accountable for the environmental and social impacts caused by the production and delivery of the goods and services they depend upon. Only when a company has effectively avoided or addressed such negative impacts can it consider itself to be Future-Fit.

This goal requires a company to implement policies and procedures that continuously seek to increase the future-fitness of its purchases, with a particular emphasis on anticipating, avoiding and addressing issue-specific supply chain hotspots.

To be Future-Fit, a company must:

a) have policies and processes in place that enable it and its employees to anticipate where negative supply chain impacts are likely to occur;

b) avoid them where possible; and

c) take measurable steps to address concerns that arise.

BE20 Business is conducted ethically

All Future-Fit Break-Even Goals can and should be interpreted as matters of business ethics that apply to any company. This goal, in contrast, focuses on the proactive identification and pre-emptive prevention of any specific issues which could – due to the unique nature of a company’s business – lead to ethical breaches.

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

Examples of potential issues include:

- Anti-competitive practices (e.g. unfair supplier treatment, price fixing).
- Dis-information (e.g. misrepresenting or failing to disclose information which could influence stakeholder decisions or wellbeing).
- Abuse of trust (e.g. inappropriate use of personal data).
- Wilful ignorance (e.g. neglecting to investigate supply chains in which human rights abuses are suspected).

To be Future-Fit, a company must:

a) identify high-risk areas for ethical issues within the business;

b) adopt a public commitment to ethical conduct; and

c) establish internal controls to ensure it lives up to that commitment.

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

Governments require tax revenue to fund critical services upon which society and business depends. Companies have an obligation to their shareholders to be diligent in their approach to tax payments. This goal recognizes the fact that through taxation any company must also contribute to the infrastructure it utilizes and relies upon for its success (e.g. transport networks, legal system, healthcare, education, public utilities) and even its existence, meaning that these outcomes are not at odds with each other.

To be Future-Fit, a company must:

a) commit publicly to a responsible tax policy;
b) adopt a transparent approach to tax reporting; and
c) not deliberately seek ways to obey the letter but not the spirit of regional tax laws.

Lobbying and advocacy safeguard the pursuit of future-fitness

Companies often seek to influence the markets within which they operate, by pressuring and persuading those with the power to change them. This goal recognizes that any attempt to influence market dynamics in favour of the business must not in any way contribute to hindering progress toward future-fitness, in or beyond the company. For example, a Future-Fit company would never knowingly fund any organization that protests against more stringent toxic emissions laws.

The requirement here is not to proactively lobby or advocate in favour of Future-Fit outcomes, but rather to ensure that the company does not use its influence to undermine such outcomes. This includes any direct effort by the company to sway public opinion (e.g. consumer campaigns), and also extends to cover contributions (e.g. membership fees or donations) to any third party which may influence on the company’s behalf.

To be Future-Fit, a company must:

a) implement internal controls to ensure that the organization does not lobby or advocate against Future-Fit outcomes; and
b) disclose details of the contributions it makes to third-party influencers.

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Financial assets safeguard the pursuit of future-fitness

Many companies own or control financial assets (equity investments, debt instruments, cash deposits with banks) as part of their core business, as a strategic business objective or simply as a method of utilizing spare cash until it is needed for other purposes.

Purchasing and trading financial assets linked to an underlying organization supplies capital for the investee to continue – or expand – its activities. Any positive or negative outcomes caused by the investee may be sustained or increased by the capital provided, and so the investor is mutually accountable for them.

To be Future-Fit, a company using its capital to finance the activities of others must strive to safeguard the pursuit of future-fitness, by identifying and mitigating any negative impacts resulting from those activities.

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## 7. Positive Pursuits

<table>
<thead>
<tr>
<th>In a Future-Fit Society...</th>
<th>Positive Pursuits that any business may undertake</th>
<th>SDG alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong> is renewable and available to all</td>
<td>Others depend less on non-renewable energy</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>More people have access to energy</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Water</strong> is responsibly sourced and available to all</td>
<td>Others contribute less to water stress</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>More people have access to clean water</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Natural Resources</strong> are managed to safeguard communities, animals and ecosystems</td>
<td>Others depend less on inadequately-managed natural resources</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>The environment</strong> is free from pollution</td>
<td>Others generate fewer greenhouse gas emissions</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Greenhouse gases are removed from the atmosphere</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Others generate fewer harmful emissions</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Harmful emissions are removed from the environment</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Waste</strong> does not exist</td>
<td>Others generate less waste</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Waste is reclaimed and repurposed</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Our physical presence</strong> protects the health of ecosystems and communities</td>
<td>Others cause less ecosystem degradation</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Ecosystems are restored</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Others cause less damage to areas of high social or cultural value</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Areas of high social or cultural value are restored</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>People</strong> have the capacity and opportunity to lead fulfilling lives</td>
<td>More people are healthy and safe from harm</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>People’s capabilities are strengthened</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>More people have access to economic opportunity</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Individual freedoms are upheld for more people</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Social cohesion is strengthened</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td><strong>Social norms, global governance and economic growth drive the pursuit of future-fitness</strong></td>
<td>Infrastructure is strengthened in pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Governance is strengthened in pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Market mechanisms are strengthened in pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
<tr>
<td></td>
<td>Social norms increasingly support the pursuit of future-fitness</td>
<td>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</td>
</tr>
</tbody>
</table>

*Figure 7.1: The Future-Fit Positive Pursuits.*
The 24 Positive Pursuits presented here are grouped according to the eight Properties of a Future-Fit Society. For each Positive Pursuit a summary is given. Further details, including examples and how to assess outcomes, can be found in the Positive Pursuit Guide.

7.1 Energy

*In a Future-Fit Society, energy is renewable and available to all.*

PP01 **Others depend less on non-renewable energy**

Every company must eliminate *its own* dependence on non-renewable energy, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- More renewable energy is available to replace non-renewable alternatives; or
- Others are able to meet their needs using less energy.

PP02 **More people have access to energy**

Many companies contribute goods and services to the global energy system, but that does not necessarily mean they are speeding up society’s progress to future-fitness: the key issue here is access.

This Positive Pursuit applies if – as a result of the company’s action:

- Previously underserved people gain reliable and affordable access to both clean cooking facilities and electricity.7

**Note:** In a Future-Fit Society, everyone will have access to renewable energy. However, if energy is provided to people who previously had none, then a major barrier to their wellbeing is being removed, even if that energy is derived from non-renewable sources. This is an important outcome which should be recognized – while acknowledging that it is a less-than-perfect interim step toward full access to renewable energy. Also note that if a company generates more GHG emissions as a result of providing such access to energy, or causes its customers to do so, those side-effects will be captured as negative contributions to the Break-Even Goals focused on operational and product GHG emissions respectively.

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7 There is no single universally-agreed understanding of what ‘access to energy’ means. The description used here draws on the International Energy Agency’s methodology for defining energy access. [23]
7.2 Water

*In a Future-Fit Society, water is responsibly sourced and available to all.*

**PP03 Others contribute less to water stress**

Every company must eliminate its own contribution to water stress, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- More clean water is made available without exacerbating water stress; or
- Others are able to meet their needs using less water.

**PP04 More people have access to clean water**

Many companies contribute goods and services to the global water system, but that does not necessarily mean they are speeding up society’s progress to future-fitness: the key issue here is *access*.

This Positive Pursuit applies if – as a result of the company’s action:

- Previously underserved people gain access to clean and reliable freshwater.8

7.3 Natural resources

*In a Future-Fit Society, natural resources are managed to safeguard communities, animals and ecosystems*

**PP05 Others depend less on inadequately-managed natural resources**

Every company must ensure that any natural resources it obtains itself are managed responsibly, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

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8 A commonly used definition of ‘access to water’ is having a source of clean, reliable water within one kilometer of a person’s dwelling. [22]
This Positive Pursuit applies if—as a result of the company’s action:

- More responsibly-managed natural resources are produced, to increase the amount available to others;
- A natural resource which was being produced in a disruptive way is transformed to be responsibly-managed;
- Fewer goods and services are derived from endangered or threatened flora and fauna; or
- Less natural resource is required to serve the same needs.

**Note:** Unlike energy and water, natural resources in their raw form are not a basic need, since a relatively small proportion of people require direct access to them. For this reason, there is not a Positive Pursuit category which refers specifically to natural resource access. However, it is important to keep in mind that all socioeconomic actors rely on goods and services which are *ultimately derived from* natural resources. So if a company were to offer a new product which embeds only responsibly-managed natural resources—to displace market alternatives which embed inadequately-managed ones—the outcome would be covered by this Positive Pursuit (in this case “Others” would be the customers of the improved product).

### 7.4 Pollution

*In a Future-Fit Society, the environment is free from pollution.*

**PP06 Others generate fewer greenhouse gas emissions**

Every company must eliminate its own greenhouse gas emissions, and any caused by its products as a consequence of their use, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if—as a result of the company’s action:

- An activity is modified to deliver the same results with lower greenhouse gas (GHG) emissions;
- An activity is substituted by another which leads to no GHG emissions; or
- GHGs are intercepted before emission, and either used or stored in a way that prevents later emission.
PP07 **Greenhouse gases are removed from the atmosphere**

Greenhouse gases are continuously removed from the atmosphere through natural processes of carbon sequestration and storage. In particular, photosynthesis in trees, plants and algae absorbs carbon dioxide from the air and converts it into other carbon compounds. These end up in biomass – such as tree trunks, branches and roots – and soils, which serve as natural carbon sinks.

This Positive Pursuit applies if – as a result of the company’s action:

- Natural carbon sinks are planted, grown or otherwise created;
- Existing natural carbon sinks are enhanced to absorb and store more carbon; or
- GHGs are removed from the atmosphere by technical means, and either used or stored in a way that prevents future emission.

PP08 **Others generate fewer harmful emissions**

Every company must eliminate *its own* harmful emissions, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- An activity is modified to deliver the same results with fewer harmful emissions; or
- An activity is substituted by another which leads to no harmful emissions; or
- Harmful substances are intercepted before emission into the environment, and either used or stored in a way that prevents later emission.

PP09 **Harmful emissions are removed from the environment**

Some harmful substances – such as scarce metals – may be physically removed from the environment. Others may not be easily removed, but their disruptive effects may be neutralized. For example, a benign chemical may be used to disperse spilled oil and render it harmless.

This Positive Pursuit applies if – as a result of the company’s action:

- Substances which degrade air quality, water quality, or soil health are removed or neutralized; or
- Substances which can otherwise disrupt the health of people, organisms and ecosystems are removed or neutralized.
7.5 Waste

*In a Future-Fit Society, waste does not exist.*

**PP10 Others generate less waste**

Every company must eliminate *its own* waste, and make sure that any goods it provides to others can be repurposed after use, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- An existing need is met in a new or modified way, resulting in fewer by-products; or
- Materials that would otherwise have been discarded are reused, recycled or (if biogenic and with all other options exhausted) burned for energy.

**PP11 Waste is reclaimed and repurposed**

In many cases, environmental degradation can be reduced or even reversed by ‘re-extracting’ and reusing previously discarded materials, that have been left to build up in nature, in place of virgin natural resources.

This Positive Pursuit applies if – as a result of the company’s action:

- Previously generated waste is removed from the environment – such as landfills or oceans – and repurposed as a production input.

7.6 Physical presence

*In a Future-Fit Society, our physical presence protects the health of ecosystems and communities.*

**PP12 Others cause less ecosystem degradation**

Every company must avoid encroaching on ecosystems, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- Ecosystems are protected from further encroachment; or
- Activities that lead to ecosystem degradation are avoided.
Ecosystems are restored

Ecosystems which have been damaged by human presence do not have to remain degraded. Through certain activities, they can gradually be restored to their previous state, or a well-functioning approximation thereof.

This Positive Pursuit applies if – as a result of the company’s action:

- Ecosystems are actively restored – for example by replanting native trees, repairing natural flood defences, and re-introducing native species to speed up recovery; or
- Ecosystems are allowed to regenerate naturally – for example by protecting degraded areas from further human interference.

Others cause less damage to areas of high social or cultural value

Every company must avoid encroaching on areas of high social or cultural value, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- Areas of social or cultural importance are protected; or
- Land grabbing practices are avoided by establishing people’s traditional or customary rights to use, manage and control land, fisheries and forests.

Areas of high social or cultural value are restored

Cultural heritage has increasingly been seen as an instrument for peace and reconciliation. Its restoration can help rebuild societies and overcome a sense of loss in the wake of conflict. Furthermore, in recent years, a legal precedent has been established where land has been returned to those with traditional or customary rights.

This Positive Pursuit applies if – as a result of the company’s action:

- Areas of cultural or social value are reconstructed or rebuilt; or
- Land which has been acquired in a contentious way is returned to those with traditional or customary rights to it.
7.7 People

*In a Future-Fit Society, people have the capacity and opportunity to lead fulfilling lives.*

**PP16** More people are healthy and safe from harm

Every company must safeguard the health of its employees, customers, and communities, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

- Premature deaths and illnesses are prevented;
- Exploitation and abuse is prevented;
- Mental health issues are prevented;
- Slavery and forced labour is prevented;
- More people gain access to nutritious food, and an end to malnutrition;
- More people gain access to clean water and sanitation;
- More people gain access to adequate housing; or
- More people gain access to healthcare, including reproductive healthcare services.

**PP17** People’s capabilities are strengthened

People should have access to the relevant knowledge, technology and services that will allow them to respond to day-to-day challenges and opportunities to the best of their ability.

This Positive Pursuit applies if – as a result of the company’s action:

- More people gain access to education and vocational training;
- More people gain access to information needed to make more informed decisions, for example with respect to reproductive choices;
- More people gain access to information and communication technologies;
- More people gain access to productivity-enhancing technologies, such as farming implements or manufacturing equipment;
- More people gain access to social security, insurance and finance, as a means to build resilience to unforeseen shocks; or
- More people gain access to transport networks, to bring more opportunities within their reach.
PP18  More people have access to economic opportunity

Every company must ensure its own employees are subject to fair employment terms and paid a living wage, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

This Positive Pursuit applies if – as a result of the company’s action:

• More people have access to livelihood opportunities which live up to the definition of Decent Work⁹;
• Access to markets and value chains is available to people who were previously unable to participate;
• The right to benefit economically from local resources, including land, is upheld for more communities.

PP19  Individual freedoms are upheld for more people

Every company must ensure its own employees are not subject to discrimination of any kind, to live up to the Break-Even Goals. Here we consider actions that go beyond this.

People’s individual freedoms must be respected, so that everyone can express themselves and participate in social, political and economic life without fear of discrimination.

This Positive Pursuit applies if – as a result of the company’s action:

• Freedom of thought, conscience, religion, opinion, expression and association is upheld for more people;
• More people are free from discrimination;
• The right to bodily integrity10 is upheld for more people; or
• The right to privacy is upheld for more people.

PP20  Social cohesion is strengthened

For everyone to have the opportunity to pursue higher needs, people must be able to form, participate in and rely on social groups. Such social cohesion is

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⁹ “Decent Work” is defined by the International Labour Organization as work that is “productive, delivers a fair income with security and social protection, safeguards the basic rights, offers equality of opportunity and treatment, prospects for personal development and the chance for recognition and to have your voice heard”. [24]

10 Right to bodily integrity emphasizes a person’s right to autonomy over their own body and is stipulated in the EU Charter of Fundamental Rights. [25]
crucial to building trust and respect among individuals, communities and institutions.

Social cohesion depends on strong bonds within communities and strong bridges between communities. The emphasis of this Positive Pursuit is therefore not on safeguarding individual wellbeing, but on fostering common ground and closing opportunity gaps between individuals.

This Positive Pursuit applies if – as a result of the company’s action:

- Social divides are overcome – such as language barriers and prejudices;
- Economic divides are overcome – such as a lack of affordability or education; or
- Physical barriers are overcome – such as a lack of access to appropriate shared spaces.

7.8 Drivers

_In a Future-Fit Society, social norms, global governance and economic growth drive the pursuit of future-fitness._

**PP21 Infrastructure is strengthened in pursuit of future-fitness**

Most human activities depend on various kinds of infrastructure, which together serve as an essential foundation for achieving an efficient, inclusive and resilient society.

Infrastructural gaps and shortcomings are one of the primary reasons why millions of people today lack access to basic services such as energy, clean water, sanitation, connectivity and mobility.

Existing infrastructure is often highly inefficient and may even impede progress toward future-fitness. The infrastructure investment choices society makes over the coming years will effectively lock-in our transition pathway – for good or bad.

This Positive Pursuit applies if – as a result of the company’s action:

- Infrastructure gaps are closed, to provide access to basic services for underserved people;
- Existing infrastructure is upgraded to improve efficiency;
- Existing infrastructure is altered to reduce its negative operational impacts; or
- Infrastructure is created or upgraded to enhance resiliency.
Governance is strengthened in pursuit of future-fitness

The concept of governance can be considered at many levels: international, national, local and corporate. It relates to the way decisions are made and how those decisions are implemented – through regulation, policies, processes and so on.

This Positive Pursuit focuses on how a company might influence governance structures beyond its own organisation – such as those within governments or public institutions – to support the systemic pursuit of future-fitness.

Trust in governance is associated with low levels of corruption, democratic stability and relative economic equality, but there is no shortcut to trust.

Market mechanisms are strengthened in pursuit of future-fitness

Every company can take steps to improve its own future-fitness, but some barriers are exceedingly difficult to overcome by any one business alone, because they exist at a market level.

Such barriers may hinder the efforts of even the most committed company, but any action to remove one could potentially enable not just the company but also its peers and other market actors to make much-needed progress.

This Positive Pursuit applies if – as a result of the company’s action:

- Governance at an international, national or local level is made to be more accountable, participatory, responsive, responsible and transparent.

- Market barriers to the pursuit of Future-Fit outcomes are removed.

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Corporate governance is an important determinant for how companies act and respond to change. In fact, good governance structures are central to a company’s capacity to bring social and environmental considerations into the core of how it does business. This is reflected by the fact that a wide range of governance criteria can be found embedded throughout the Break Even Goals.
Social norms increasingly support the pursuit of future-fitness

Social norms are the formal and informal rules that govern behaviour in groups and across society. They are what groups of people believe to be normal or appropriate, and they operate at different levels: individuals, industries, countries, communities, and internationally.

A Future-Fit Society encourages diversity of thought and culture, as well as individual expression. In such a society, everyone is free to define and pursue a life of personal fulfilment as part of the broader community, because social norms are fully aligned in support of this pursuit.

In order to transition to a Future-Fit Society, many of today’s entrenched social norms need to be challenged.

This Positive Pursuit applies if – as a result of the company’s action:

- Social norms which are misaligned with a Future-Fit Society are successfully challenged.

It should be noted, however, that changes in social norms can rarely – if ever – be traced back to a single cause, not least because multiple factors are usually at play.
# Appendix 1: Properties of a Future-Fit Society

<table>
<thead>
<tr>
<th>Focus areas</th>
<th>In a socially just, economically inclusive and environmentally restorative future...</th>
<th>Properties of a Future-Fit Society</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>Energy is derived in ways that do not degrade the environment (e.g. no reliance on destructive processes such as fracking and deep-sea drilling to obtain fossil fuels)</td>
<td>Energy is generated, stored and directed such that all needs are met at all times in ways that safeguard people's health (e.g. no one relies on kerosene lamps for lighting)</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>Freshwater sources are not systematically depleted at a faster rate than they can regenerate (e.g. no human over-consumption)</td>
<td>Freshwater is clean and available to everyone, everywhere, at all times (e.g. no one lacks access to clean water for drinking and sanitation)</td>
</tr>
<tr>
<td><strong>Natural resources</strong></td>
<td>Cultivation of plant-based resources does not degrade ecosystems (e.g. no conversion of pristine forests for farming)</td>
<td>Resources are obtained and managed in ways that respect and benefit local communities, and the regenerative capacity of renewable resources is safeguarded to ensure their long-term availability (e.g. no over-fishing)</td>
</tr>
<tr>
<td></td>
<td>Agricultural inputs and by-products do not build up in nature (e.g. no fertilizer run-off)</td>
<td>The environment is free from pollution</td>
</tr>
<tr>
<td></td>
<td>By-products of animal rearing do not build up in nature (e.g. no net GHG emissions from intensive livestock farming)</td>
<td>Waste does not exist</td>
</tr>
<tr>
<td></td>
<td>Resources are mined in ways that do not cause lasting ecosystem degradation (e.g. no opencast mining)</td>
<td>Our physical presence protects the health of ecosystems and communities</td>
</tr>
<tr>
<td><strong>Pollution</strong></td>
<td>Potentially harmful substances are not emitted into and do not build up in air, water and soil (e.g. no pollutants from combustion engines, chemical spills or industrial processes)</td>
<td>People have the capacity and opportunity to lead fulfilling lives</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>Materials are not disposed of in ways that physically or chemically disrupt the environment (e.g. no build-up of ocean plastic)</td>
<td>Social norms, global governance and economic growth drive the pursuit of future-fitness</td>
</tr>
<tr>
<td><strong>Physical presence</strong></td>
<td>People do not encroach on the natural world in ways that undermine the health, integrity or biodiversity of ecosystems (e.g. no conversion of wetlands)</td>
<td>See Pollution and Waste</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>Ecosystem services support people's ability to meet basic needs (e.g. natural buffers such as wetlands protect against climate risks)</td>
<td>People do not encroach on areas of social, cultural or economic significance to local communities (e.g. no land grabbing)</td>
</tr>
<tr>
<td><strong>Drivers</strong></td>
<td>Social, political and economic institutions are aligned to drive, recognize and reward the pursuit of other Future-Fit outcomes (e.g. no institutional corruption and no misaligned market incentives)</td>
<td>See Pollution and Waste</td>
</tr>
</tbody>
</table>

### Methodology Guide

**Appendix 1: Properties of a Future-Fit Society**

- **Nature is not subject to systematically increasing:**
  - Degradation by physical means
  - Concentrations of substances produced by society or extracted from the Earth's crust

- **People are not subject to structural obstacles to health, competence, influence, impartiality and meaning-making:**
  - Energy is generated, stored and directed such that all needs are met at all times in ways that safeguard people's health (e.g. no one relies on kerosene lamps for lighting)
  - Freshwater is clean and available to everyone, everywhere, at all times (e.g. no one lacks access to clean water for drinking and sanitation)
  - Resources are obtained and managed in ways that respect and benefit local communities, and the regenerative capacity of renewable resources is safeguarded to ensure their long-term availability (e.g. no over-fishing)
  - The environment is free from pollution
  - Waste does not exist
  - Our physical presence protects the health of ecosystems and communities
  - People have the capacity and opportunity to lead fulfilling lives

- **Social, political and economic institutions are aligned to drive, recognize and reward the pursuit of other Future-Fit outcomes:**
  - No institutional corruption and no misaligned market incentives
## Appendix 2: Deriving the Break-Even Goals and Positive Pursuits

Table A1.1: This table shows how the system conditions were mapped against activities across a company’s entire value web. Each column is addressed in subsequent tables.

<table>
<thead>
<tr>
<th>System Conditions</th>
<th>Break-Even Goals</th>
<th>Positive Pursuits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business Inputs &amp; Operations</td>
<td>Products</td>
</tr>
<tr>
<td></td>
<td>Environment</td>
<td>Communities</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances extracted from the Earth’s crust</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances produced by society</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing degradation by physical means</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to health</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to influence</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to competence</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to impartiality</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to meaning-making</td>
<td>✓</td>
<td>No unique breaches identified here, but breaches to other system conditions could also undermine this one</td>
</tr>
<tr>
<td>System Conditions</td>
<td>Activities that may breach the system conditions</td>
<td>Activities that avoid system condition breaches</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances extracted from the Earth’s crust</td>
<td>Relying on processes that emit mined materials which are known to be harmful (e.g. mercury run-off from mining, air pollutants such as lead and carbon monoxide).</td>
<td>Reduce to net zero all GHG emissions to stop contributing to climate change and ocean acidification.</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances produced by society</td>
<td>Relying on processes that contribute to a systematic build-up in the environment of mined materials (e.g. GHGs)</td>
<td>Eliminate emissions of any substance (gaseous, liquid and solid) whose presence is harmful to ecosystems or non-human life.</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing degradation by physical means</td>
<td>Relying on processes that emit substances produced by society which are known to be harmful (e.g. chemicals into waste water).</td>
<td>Use energy from renewable sources to eliminate the need to burn fossil fuels which cause GHG emissions.</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing degradation by physical means</td>
<td>Relying on processes that contribute to a systematic build-up in the environment of substances produced by society (e.g. waste to landfill, synthetic fertilizers).</td>
<td>Use energy from renewable sources to eliminate the need for the increasingly disruptive extraction of fossil fuels (e.g. fracking, Arctic drilling).</td>
</tr>
<tr>
<td>Intentionally altering the environment to serve business needs (e.g. converting forest to farmland, building factories in biodiverse areas, diverting local watercourses).</td>
<td>Intentionally altering the environment to serve business needs (e.g. converting forest to farmland, building factories in biodiverse areas, diverting local watercourses).</td>
<td>Avoid negative impacts in areas of significant biodiversity or ecological value (such as pristine ecosystems), and where already physically present in such areas eliminate any negative impacts the business has previously contributed to.</td>
</tr>
<tr>
<td>Unintentionally interfering with the environment as a result of physical activity (e.g. ships passing near coral reefs, introducing invasive species).</td>
<td>Unintentionally interfering with the environment as a result of physical activity (e.g. ships passing near coral reefs, introducing invasive species).</td>
<td>Obtain (harvest, fish, hunt, rear, grow, mine) natural resources needed for production without physically degrading ecosystems.</td>
</tr>
<tr>
<td>Physically disrupting the environment through the extraction of natural resources to meet business needs for water, energy or materials (e.g. destructive processes such as open-cut mining and bottom trawling fishing nets, over-harvesting renewable resources and depleting natural stocks).</td>
<td>Physically disrupting the environment through the extraction of natural resources to meet business needs for water, energy or materials (e.g. destructive processes such as open-cut mining and bottom trawling fishing nets, over-harvesting renewable resources and depleting natural stocks).</td>
<td>Eliminate withdrawal of water from water-stressed areas so as not to undermine the availability of water required by local ecosystems.</td>
</tr>
<tr>
<td>All of the above</td>
<td>Relying on procured goods and services that are produced in ways that involve the above activities</td>
<td>Work to ensure that all procured goods and services are produced in line with the above requirements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>System Conditions</th>
<th>Activities that may breach the system conditions</th>
<th>Activities that avoid system condition breaches</th>
<th>Break-Even Goals to avoid breaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances extracted from the Earth’s crust</td>
<td>Relying on operational processes that emit harmful materials (e.g. mercury run-off from mining, air pollutants such as lead and carbon monoxide polluting the local environment).</td>
<td>Eliminate emissions of any substance (gaseous, liquid and solid) whose presence is harmful to communities or to the ecosystems and other non-human life they depend upon.</td>
<td>Operational emissions do not harm people or the environment.</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances produced by society</td>
<td>Relying on operational processes that emit harmful substances produced by society (e.g. chemicals polluting local waterways).</td>
<td>Avoid negative impacts in areas of significant cultural or religious importance, and respect the land rights of local communities.</td>
<td>Operations do not encroach on ecosystems or communities.</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing degradation by physical means</td>
<td>Intentionally altering the local environment to serve business needs (e.g. not respecting land and resource rights of local communities, building factories in areas of cultural significance to indigenous peoples).</td>
<td>Eliminate the use of resources that may fuel conflict.</td>
<td>Natural resources are managed to respect the welfare of ecosystems, people and animals.</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to meaning-making</td>
<td>Extracting natural resources from the environment in ways that undermine the physical safety of local communities (e.g. sourcing minerals from regions of conflict).</td>
<td>Eliminate the withdrawal of water from water-stressed areas so as not to undermine the availability of water required by local communities to protect their wellbeing and livelihoods.</td>
<td>Water use is environmentally responsible and socially equitable.</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to health</td>
<td>Extracting natural resources from the environment in ways that undermine the ability of local communities to meet their own needs (e.g. depletion of water aquifers).</td>
<td>Implementing processes and policies to ensure that community concerns are anticipated, actively solicited and where possible avoided - in particular when any changes to operational activities are planned - and that legitimate concerns are effectively identified and transparently addressed.</td>
<td>Community health is safeguarded.</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to meaning-making</td>
<td>Relying on operational processes that undermine the needs or cultural norms of local communities (e.g. expanding operations in ways that interfere with local customs and livelihoods).</td>
<td>Work to ensure that all procured goods and services are produced in line with the above requirements.</td>
<td>Procurement safeguards the pursuit of future-fitness.</td>
</tr>
</tbody>
</table>

Table A1.3: Deriving Break-Even for Business Inputs & Operations – Communities.
<table>
<thead>
<tr>
<th>System Conditions</th>
<th>Activities that may breach the system conditions</th>
<th>Activities that avoid system condition breaches</th>
<th>Break-Even Goals to avoid breaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>People are not subject to structural obstacles to health</td>
<td>Creating physical environments which degrade employee health (e.g. factories where necessary safety procedures are not in place, exposure to second-hand smoke). Creating cultural environments that degrade employee health (e.g. inattention to bullying and harassment concerns, no employee involvement on issues that affect them, poor stress management). Creating contractual relationships that degrade employee health (e.g. unreasonable work hours, paying less than living wages, not permitting unionization).</td>
<td>Implement the necessary measures to reduce preventable accidents to zero. Restrict smoking on premises, ensure healthy food options are available to employees and implement policies and procedures to deal effectively with physical and mental health issues. Implement policies and procedures to identify stressed or overworked employees and take necessary measures to address problems and safeguard the mental health of employees to ensure they are able to pursue personal development. Ensure all employees have formal, written employment terms that secure their right to unionize, right to maternity/paternity, reasonable working hours and paid leave. Ensure all employees have formal contract terms that secure reasonable working hours and paid holiday leave, to free up time to pursue personal development. Ensure all employees are paid at least a living wage to provide them with the income needed to meet the basic needs of their families.</td>
<td>Employee health is safeguarded Employees are subject to fair employment terms Employees are paid at least a living wage</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to competence</td>
<td>Creating cultural environments that reduce the possibility for employees to pursue personal development (e.g. work-induced stress limiting mental capacity to pursue activities beyond work). Creating contractual relationships that reduce the possibility for employees to pursue personal development (e.g. employment terms that limit financial freedom or spare time).</td>
<td>Ensure all physical facilities do not present unnecessary barriers to access. Put in place policies and processes to ensure that hiring, remuneration, advancement and other opportunities treat everyone of the same ability equally. Monitor performance consistently.</td>
<td>Employees are subject to fair employment terms Employees are paid at least a living wage Employees are not subject to discrimination</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to impartiality</td>
<td>Creating physical environments that hinder impartial treatment of employees (e.g. sites inaccessible to people with physical disabilities). Creating contractual relationships that hinder impartial treatment of employees (e.g. unequal pay for equal work). Creating cultural environments that hinder impartial treatment of employees (e.g. no policies regarding workplace discrimination).</td>
<td>Implement a concerns mechanism which safeguards complainants from repercussions, ensure its existence is communicated effectively to employees, and put in place policies and processes to effectively identify and transparently address legitimate concerns.</td>
<td>Employee concerns are actively solicited, impartially judged and transparently addressed</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to influence</td>
<td>Falling to adequately empower all employees to raise concerns (e.g. inadequate or hard-to-access grievance mechanisms).</td>
<td>Implement the necessary measures to reduce preventable accidents to zero. Restrict smoking on premises, ensure healthy food options are available to employees and implement policies and procedures to deal effectively with physical and mental health issues.</td>
<td></td>
</tr>
<tr>
<td>People are not subject to structural obstacles to impartiality</td>
<td>Falling to adequately address employee concerns (e.g. no formal processes for follow-up, incentives that do not encourage open investigation and corrective action).</td>
<td>Implement a concerns mechanism which safeguards complainants from repercussions, ensure its existence is communicated effectively to employees, and put in place policies and processes to effectively identify and transparently address legitimate concerns.</td>
<td></td>
</tr>
<tr>
<td>All of the above</td>
<td>Relying on procured goods and services that are produced in ways that involve the above activities.</td>
<td>Work to ensure that all procured goods and services are produced in line with the above requirements.</td>
<td>Procurement safeguards the pursuit of future-fitness</td>
</tr>
</tbody>
</table>

Table A1.4: Deriving Break-Even Goals for Business Inputs & Operations – Employees.
### Table A1.5: Deriving Break-Even Goals for Products – Environment & Customers.

<table>
<thead>
<tr>
<th>System Conditions</th>
<th>Activities that may breach the system conditions</th>
<th>Activities that avoid system condition breaches</th>
<th>Break-Even Goals to avoid breaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances extracted from the Earth’s crust</td>
<td>Selling products that emit harmful substances when used and/or processed at their end of life (e.g. heavy metals, toxic elements such as beryllium used in unrecoverable electronics, microbeads in personal care products).</td>
<td>Reduce to zero all GHG emissions that are an unavoidable consequence of product use.</td>
<td>Products emit no greenhouse gases</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances produced by society</td>
<td>Selling products that contribute to a environmental build-up of substances when used and/or processed at their end-of-life (e.g. vehicles with combustion engines, lead aviation fuels, volatile organic compounds in aerosols, plastics that build up in oceans).</td>
<td>Design products to be safely disassembled without the release of harmful substances and for components to be reused or recycled. Ensure customers have access to the necessary repurposing channels to avoid products ending up as waste.</td>
<td>Products can be repurposed</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing degradation by physical means</td>
<td>Selling products that emit harmful substances if incorrectly used and/or processed at their end of life (e.g. fluorescent bulbs or nickel-cadmium batteries ending up in landfill).</td>
<td>Eliminate substances in products that may harm ecosystems when used or disposed of, due to their chemical characteristics or because they accumulate in the environment.</td>
<td>Products do not harm people or the environment</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to competence</td>
<td>Selling products that physically damage the environment when used as intended or as a likely consequence of use (e.g. bombs, bottom-trawling fish nets).</td>
<td>Eliminate the sale of products which could reasonably be expected to instil or reinforce behaviours that would undermine society’s progress toward future-fitness.</td>
<td></td>
</tr>
<tr>
<td>People are not subject to structural obstacles to health</td>
<td>Selling products that foster behaviours which may undermine society’s progress toward future-fitness (e.g. tourism in pristine ecosystems, news services editorially biased against established science).</td>
<td>Eliminate the sale of products that are likely to physically harm people or that contain substances known to be harmful to human health.</td>
<td></td>
</tr>
<tr>
<td>People are not subject to structural obstacles to influence</td>
<td>Selling products that negatively impact customer health when used as intended or as a likely consequence of use (e.g. tobacco, endocrine disruptors in cosmetics).</td>
<td>Be fully transparent about product composition and likely consequences of use, and inform customers about correct methods of product use and end-of-life disposal.</td>
<td>Product communications are honest, ethical, and promote responsible use</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to impartiality</td>
<td>Relying on operational processes that do not empower all customers to raise concerns (e.g. inadequate or hard-to-access grievance mechanisms).</td>
<td>Implement a concerns mechanism whose existence is communicated effectively to customers, and put in place policies and processes to effectively identify and transparently address legitimate concerns.</td>
<td>Product concerns are actively solicited, impartially judged and transparently addressed</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to information</td>
<td>Relying on operational processes that do not adequately address customer concerns (e.g. no formal processes for follow-up, incentives that do not encourage open investigation and corrective action).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System Conditions</td>
<td>Activities that may breach the system conditions</td>
<td>Activities that avoid system condition breaches</td>
<td>Break-Even Goals to avoid breaches</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances extracted from the Earth's crust</td>
<td>Financially supporting companies, institutions or infrastructure where a likely, foreseeable and ongoing consequence of the recipient's success would be to cause or prolong a breach to one or more system conditions (e.g., providing project financing for coal-fired power stations, or investing in a business whose products cause harm as an unavoidable consequence of their use, such as cigarette companies).</td>
<td>Commit to policies that ensure the company does not financially support or otherwise seek to influence individuals, institutions or infrastructure in ways that could hinder society's progress to future-fitness.</td>
<td>Lobbying and advocacy safeguard the pursuit of future-fitness</td>
</tr>
<tr>
<td>Nature is not subject to systematically increasing concentrations of substances produced by society</td>
<td>Supporting campaigns, advocacy groups, or political actors – through financial investments, donations or other influence – where a likely, foreseeable and ongoing consequence of the recipient’s success would be to cause or prolong a breach to one or more system conditions (e.g., lobbying to oppose minimum wage increases, or supporting a political party that is actively seeking to roll back greenhouse gas emission targets).</td>
<td>Commit to policies that aim to ensure the company does not hold financial assets whose success could reasonably be expected to undermine society’s progress toward future-fitness.</td>
<td>Financial assets safeguard the pursuit of future-fitness</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to health</td>
<td>Undermining the health of the socio-economic system by unfairly reducing the company’s financial contributions to it (e.g., using tax schemes to avoid paying taxes that reflect genuine commercial activity).</td>
<td>Publicly commit to policies that seek to ensure transactions are structured to reflect genuine commercial activity, and that guarantee any connections to low-tax regions are only for the purposes of trade within those jurisdictions.</td>
<td>The right tax is paid in the right place at the right time</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to influence</td>
<td>Undermining societal trust in the socio-economic system by engaging in unethical practices (e.g., misrepresenting or failing to disclose information which could influence the decisions or wellbeing of stakeholders).</td>
<td>Disclose relevant tax details (where appropriate on a country-by-country basis) to enable society at large to understand the company’s tax practices.</td>
<td>Business is conducted ethically</td>
</tr>
<tr>
<td>People are not subject to structural obstacles to competence</td>
<td>Influencing market dynamics by engaging in unethical practices (e.g. anti-competitive or corrupt practices such as price fixing cartels, unfair treatment of suppliers and bribery).</td>
<td>Ensure the proactive identification, disclosure and prioritization of any business model-specific issues that could lead to breaches in the system conditions, and put in place mechanisms to enable the company and its employees to avoid, identify and mitigate any such breaches.</td>
<td></td>
</tr>
<tr>
<td>People are not subject to structural obstacles to impartiality</td>
<td></td>
<td>Put in place policies and processes to enable the company and its employees to anticipate, avoid, and address corrupt or anti-competitive practices.</td>
<td></td>
</tr>
<tr>
<td>People are not subject to structural obstacles to meaning-making</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table A1.6: Deriving Break-Even Goals for Citizenship – Society as a Whole.
Table A1.7: Deriving Positive Pursuits.

<table>
<thead>
<tr>
<th>Properties of a Future-Fit Society</th>
<th>Activities which advance our transition to a Future-Fit Society: one that in no way breaches the System Conditions</th>
<th>Positive Pursuits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy is renewable and available to all</td>
<td>Help others avoid future breaches as a result of energy extraction, generation, distribution and use</td>
<td>Others depend less on non-renewable energy</td>
</tr>
<tr>
<td></td>
<td>Reverse past breaches resulting from energy extraction, generation, distribution and use</td>
<td>More people have access to energy</td>
</tr>
<tr>
<td>Water is responsibly sourced and available to all</td>
<td>Help others avoid future breaches as a result of freshwater extraction, distribution and use</td>
<td>Others contribute less to water stress</td>
</tr>
<tr>
<td></td>
<td>Reverse past breaches resulting from freshwater extraction, distribution and use</td>
<td>More people have access to clean water</td>
</tr>
<tr>
<td>Natural resources are managed to safeguard ecosystems, communities and animals</td>
<td>Help others avoid future breaches as a result of natural resource extraction, harvesting, hunting and fishing</td>
<td>Others depend less on inadequately managed natural resources</td>
</tr>
<tr>
<td></td>
<td>Reverse past breaches resulting from natural resource extraction, harvesting, hunting and fishing</td>
<td>Others generate fewer greenhouse gas emissions</td>
</tr>
<tr>
<td>The environment is free from pollution</td>
<td>Help others avoid future breaches as a result of the emission of harmful substances</td>
<td>Greenhouse gases are removed from the atmosphere</td>
</tr>
<tr>
<td></td>
<td>Reverse past breaches resulting from the emission of harmful substances</td>
<td>Others generate fewer harmful emissions</td>
</tr>
<tr>
<td>Waste does not exist</td>
<td>Help others avoid future breaches as a result of waste generation</td>
<td>Harmful emissions are removed from the environment</td>
</tr>
<tr>
<td></td>
<td>Reverse past breaches resulting from the generation of waste</td>
<td>Others generate less waste</td>
</tr>
<tr>
<td>Our physical presence protects the health of ecosystems and communities</td>
<td>Help others avoid future breaches as a result of ecosystem or community encroachment</td>
<td>Waste is reclaimed and repurposed</td>
</tr>
<tr>
<td></td>
<td>Reverse past breaches resulting from ecosystem or community encroachment</td>
<td>Others cause less ecosystem degradation</td>
</tr>
<tr>
<td>People have the capacity and opportunity to lead fulfilling lives</td>
<td>Ensure people have the physical capacity to meet basic needs, and to pursue higher needs</td>
<td>Ecosystems are restored</td>
</tr>
<tr>
<td></td>
<td>Ensure people have the mental capacity to meet basic needs, and to pursue higher needs</td>
<td>Areas of high social or cultural value are restored</td>
</tr>
<tr>
<td></td>
<td>Ensure people have the opportunity to meet basic needs through economic inclusion and social justice</td>
<td>More people are healthy and safe from harm</td>
</tr>
<tr>
<td></td>
<td>Ensure people have the opportunity to pursue higher needs through individual expression and sense of belonging</td>
<td>People’s capabilities are strengthened</td>
</tr>
<tr>
<td>Social norms, global governance and economic growth drive the pursuit of future-fitness</td>
<td>Align incentives and strengthen the capacity of social, political and economic institutions to support the pursuit of future-fitness</td>
<td>More people have access to economic opportunity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual freedoms are upheld for more people</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social cohesion is strengthened</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Infrastructure is strengthened in pursuit of future-fitness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Governance is strengthened in pursuit of future-fitness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market mechanisms are strengthened in pursuit of future-fitness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social norms increasingly support the pursuit of future-fitness</td>
</tr>
</tbody>
</table>
Appendix 3: Definitions

Terminology used across the Release 2.2 documents.

Community

We use Global Reporting Initiative’s definition of a (local) community:

**Community**: Persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by an organization’s operations.

Employee

For break-even goals relating to employee wellbeing, it is necessary to determine which types of worker should be included. This is not always as straightforward as it may seem: see the Implementation Guide document for detailed guidance on how to do this.

Mutual Accountability

A company is *wholly accountable* for impacts within its direct control, such as those related to its operational activities and the design of its products. However, a business is *mutually accountable* for certain impacts outside its direct control, defined as follows:

*A company is mutually accountable for any impact beyond its own four walls, to the degree to which that impact is a consequence of the company’s existence.*

See section 5.3 for further information.

Operations

We define a company’s *operations* as follows:

*A company’s operations encompass any and all activities that the company undertakes itself.*

When it comes to environmental and social performance, what exactly constitutes the boundary of a company is debated. See the Implementation Guide for more information.
**Products**

We define *products* as follows:

*Products* are the revenue-generating goods and services offered by a company, together with any other items provided to others in support of its commercial activities (e.g. packaging and marketing materials).

**Product Inputs**

We define a *product input* as follows:

*A product input* is any substance which is necessarily consumed in the creation of goods and the delivery of services. This includes:

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

**Project**

We define a *project* as follows:

*A project* is a non-revenue generating activity. These range from single targeted interventions through to ongoing programs of work, either led or supported by the company.

**Subsidiary**

We follow the OECD in defining a subsidiary as follows:

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

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

**Suppliers**

We define a *supplier* as follows:

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

And we define a *direct supplier* as follows:

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

Depending on industry and geography, what we define here as a *direct supplier* may be referred to as a *tier 1 supplier* or a *vendor*. A company’s supply chains can theoretically be mapped by identifying its direct suppliers, then *their* direct suppliers, and so on.
Appendix 4: References


Appendix 5: Acknowledgements

Future-Fit Foundation is indebted to a wide range of individuals and organizations for their support, encouragement and critical feedback.

For their support and input on Release 2, 2.1 and 2.2 we would particularly like to acknowledge the following individuals...

In alphabetical order:

Appendix 6: Licensing

The Future-Fit Business Benchmark is free to use, share and modify with a few conditions.

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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.

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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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