

To be truly sustainable OR JUST LESS BAD?

If the Sustainable Development Goals (SDGs) are to be achieved, this is the crucial question all executives and board members must ask and be able to answer from the perspective of the corporation they represent. Equally, providers of financial capital must ask the very same question when assessing and engaging with the corporations. So, what is the answer? Read on and find out.

By Cora Olsen

Ending the ESG disclosure madness – becoming truly sustainable
Cora Olsen, Global Lead Integrated Reporting, will take the audience through the development of reporting at Novo Nordisk. Learn more about Novo Nordisk's approach to raters and rankers, how they have started to work with the Future-Fit Business Benchmark, where they stand today and what kind of challenges lie ahead.

Novo Nordisk's ambition is to be a truly sustainable business that adds value to society. So, how do we know when we have become truly sustainable and not just less bad? The high-level answer is simple: to be truly sustainable, Novo Nordisk must not have any negative impacts on the society and environment – but must only contribute with positive impacts.

Understanding and measuring that sustainability break-even point has however been complicated until recently. The Future-Fit Foundation has developed the Future-Fit Business Benchmark (FFBB) – a game changer for how corporates can measure, manage and communicate sustainable business performance in a meaningful and comparable way that can be easily used by providers of financial capital.

What then sets it apart from the plethora of standards, frameworks etc. already out there? To best share why the FFBB is far superior than anything else at the moment, I will do so from a Novo Nordisk perspective. We have found the FFBB to be very useful, as it helps us solve many of the challenges we and other organisations face at this crucial point in time – it has to do with the perspective and scope applied:



CORA OLSEN is responsible for the environmental, social and governance (ESG) data reported in the integrated annual report at Novo Nordisk. She drives the continuous development of the pre-financial reporting to ensure accountability of performance towards becoming a sustainable business.

Society: The FFBB applies a 'systems view' when defining business performance thresholds, i.e. it takes into account planetary boundaries and societal flourishing in the disclosures defined – it looks at the whole of the 'system' and not issues in isolation. This is groundbreaking and ensures that corporates understand the context within which they operate and can account for the negative impacts it has. Furthermore, the FFBB provides guidance on how to work more strategically with positive impact measurements.

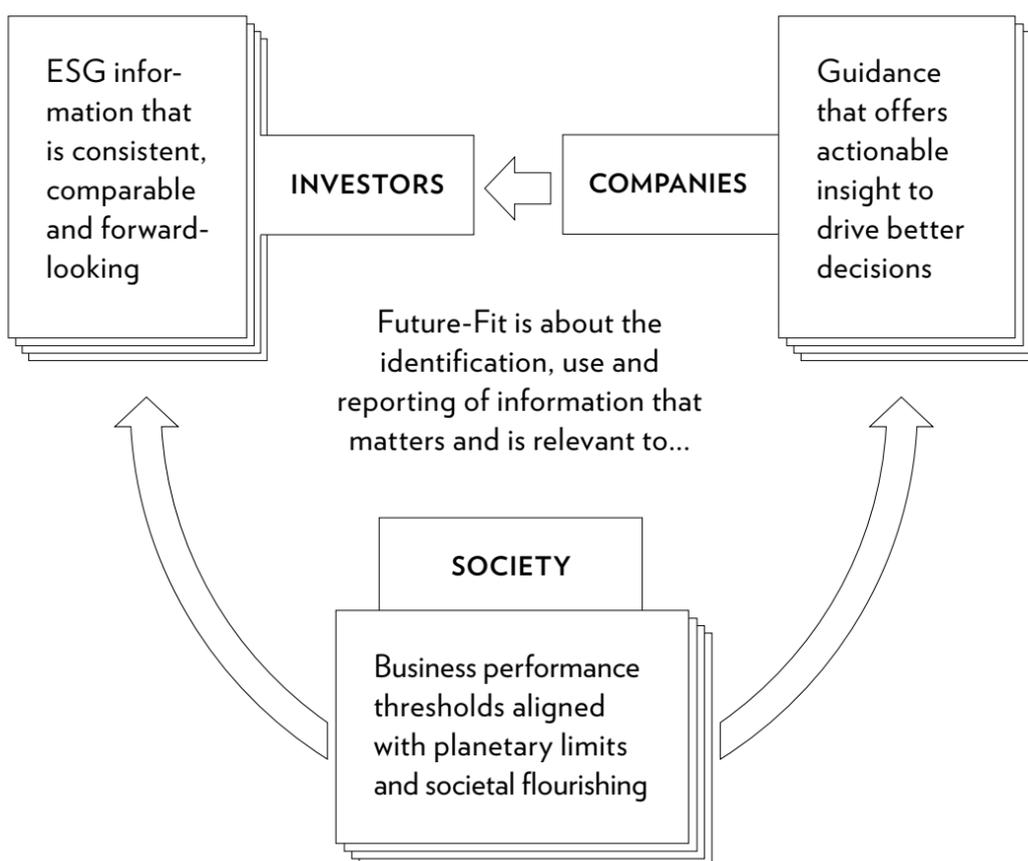
Companies: The systems view is operationalised through 23 disclosures. For each disclosure is provided clear guidance on how to assess performance through actionable criteria. Performance is measured on a percentage scale and reaching 100% is the break-even point, the line in the sand, where the performance no longer has a negative impact and hence is considered sustainable. The 23 disclosures apply to all sectors and because it is on a percentage scale, it is possible to actually benchmark performance. At Novo Nordisk we now know how we stack up against the 23 disclosures, i.e. how sustainable we are. Based on this insight, we can now make plans for closing the gaps that over time will make us truly sustainable; hence we now have a forward-looking materiality assessment and an enhanced understanding of business risks, as negative impact in general has the potential to become a risk to business.

This approach is an important and significant move away from the traditional way of measuring performance. Traditional disclosures tend to be fragmented and it is often not possible to make any assessment of how sustainable that performance then really is. CO₂ emissions and energy consumption is disclosed by many companies and reductions are sought and reported on an annual basis. This information says very little about how sustainable a business is. From a Future-Fit perspective, a more meaningful disclosure is 'Share of energy consumed from renewable sources'. When this share is a 100%, then the company is considered sustainable on that parameter.

Investors: Thousands of disclosures exist, which cannot be compared meaningfully and to a large extent only drive less bad performance – this complicates decision-making for providers of financial capital. Cutting clutter by focusing on 23 disclosures and the ability to compare performance is another great strength of the FFBB and something eagerly sought after by investors.

The FFBB is getting more and more traction. I expect it will become THE standard for sustainable business worldwide.

FUTURE-FIT IN A NUTSHELL



Model from the Future-Fit Business Benchmark – see futurefitbusiness.org