



SASB and Future-Fit® Business Benchmark

# Tools for Companies and Investors Seeking to Create Long-Term Value

June 4, 2018



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## Introduction

Addenda Capital is committed to sustainable investing because as investors, we should promote sustainable development, and we believe that it leads to better long-term investment outcomes for our clients.

Analyzing ESG (environmental, social, governance) issues allows us to cast a wider net and examine numerous factors that can affect the returns of a security. This provides us with a deeper understanding of potential risks and opportunities. In our view, and in our practice, sustainable investing is not a compromise. It's all about making better investment decisions. We believe it's good for our clients, it's good for us as investors, and it's good for future generations as well.

The Sustainability Accounting Standards Board (SASB) and the Future-Fit Foundation are two organizations that are addressing ESG issues in a manner which we believe will help investors like ourselves gain an even better understanding of business risks and opportunities. Future-Fit demonstrates the need to shift away from focusing solely on shareholder value and provides a framework through which companies can address business, environment and society in such a way that all three flourish and generate system value. SASB Standards complement the Future-Fit framework by helping with communications on issues driving value creation.

## What are SASB and the Future-Fit Business Benchmark?



Sustainability Accounting  
Standards Board



Future-Fit  
Business Benchmark

### What is it?

SASB is the independent standard-setting organization for sustainability accounting standards that meet investors' needs by fostering high-quality disclosure of financially material sustainability information.

The Standards illuminate industry-specific environmental, social, and governance-related risks and opportunities that are likely to be financially material, enabling companies to provide decision-useful information to investors. See Figure 1 for more details.

The Future-Fit Business Benchmark is a free tool to help companies and investors transform how they create long-term value for themselves and for society. See Figure 2 for more details.

The Benchmark defines the environmental and social thresholds every company ultimately needs to reach — and ideally surpass — to ensure that it is in no way undermining the ability of humanity to flourish within the carrying capacity of our finite planet.

### For Companies

SASB Standards help companies effectively manage and measure ESG issues that are shown to affect the financial or operating performance of companies in their industry and report their performance on those issues to investors.

The Benchmark provides clear, science-based ESG targets to aim for, and a framework to guide, manage and assess progress. Companies can use the data to report on progress and explain forthcoming plans in the context of the over-arching social and planetary constraints.

### For Investors

SASB Standards help investors understand their exposure to financially material ESG risks in investment portfolios, engage with companies on those issues, and make more informed investment decisions. SASB helps investors understand how ESG factors impact risk and return, which should contribute to capital markets efficiently incorporating them into the prices of securities.

The Benchmark will provide investors with concise, consistent, aggregable, forward-looking ESG data to assist in determining which companies are doing the most to address these risks, seek opportunities which positively influence society, and thus demonstrate true leadership. This will in turn enable investors to measure and understand the total impact of their portfolios, and direct their capital and stewardship efforts accordingly.

### For Society

Improving capital markets' ability to properly identify and price sustainability-related risk will, over time, drive capital from companies that manage those issues poorly, to companies that manage them better, which can positively impact society.

By seeking to become Future-Fit, any company can transform itself into one that flourishes by protecting the planet and society.

### For the Future

SASB Standards help companies communicate to investors, in a standardized manner, performance on material issues that drive value creation, dovetailing well with the Future-Fit framework to help communicate progress towards system value.

"A Future-Fit® society protects the possibility that humans and other life can flourish on Earth forever, by being environmentally restorative, socially just and economically inclusive." Combining this vision with the SASB Standards enables companies to authentically demonstrate how they are addressing financially material issues in the context of issues that are material to achieving a flourishing society.

Sources:  
SASB Brochure and [website](#)  
Future-Fit Business Benchmark Methodology Guide and [website](#)

Figure 1

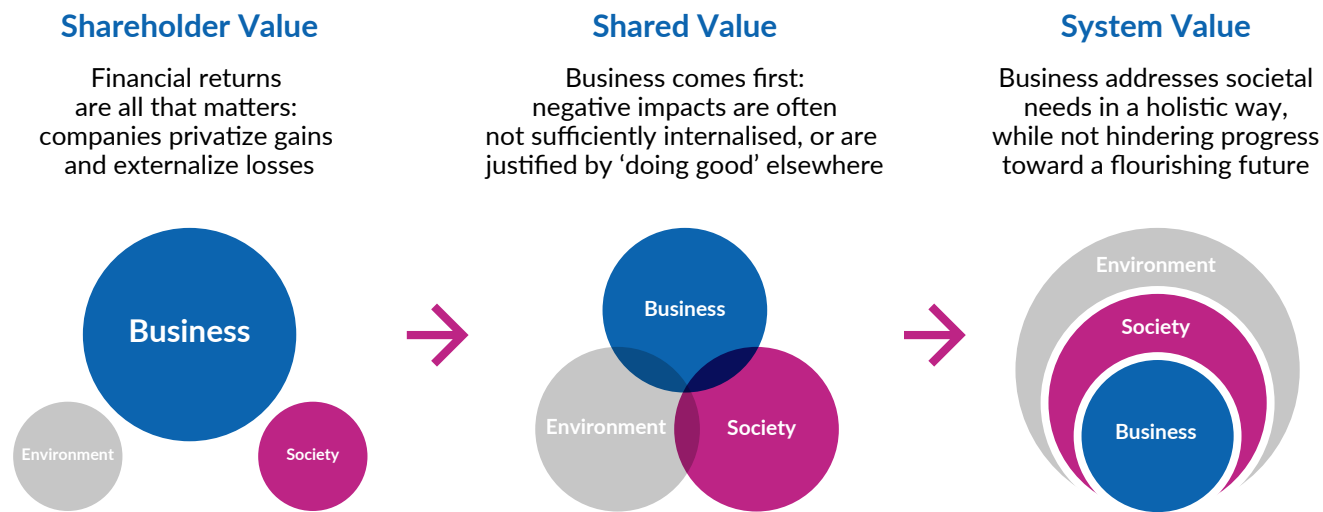
**SASB’s Standard-Setting Process is Evidence-Based, Market-Informed, and Validated Through Research and Quantitative Analysis**



Source: SASB

Figure 2

**Future-Fit Business Benchmark: Business can Only Thrive if Society Prospers**



Source: Future-Fit Foundation

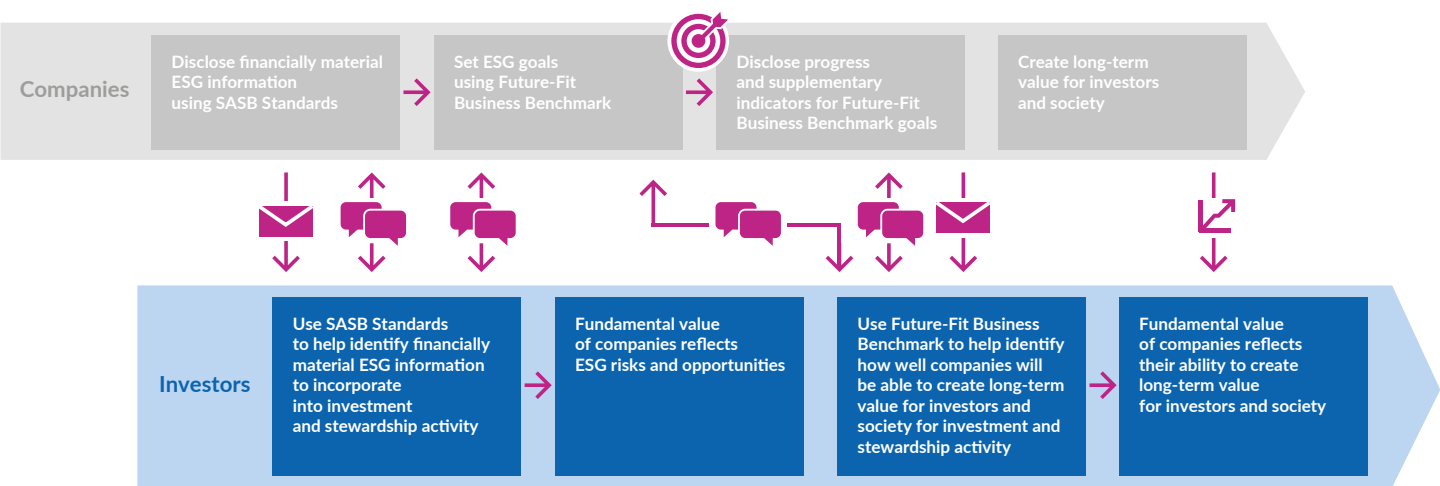
# How can Companies use SASB Standards and the Future-Fit Business Benchmark Together?

Companies can begin by disclosing financially material ESG information using SASB standards. Companies that do so should gain confidence in their management of sustainability issues and will likely want to improve their performance and set future goals. SASB standards do not prescribe goals or targets but that is the Future-Fit Business Benchmark's strength. Companies can use the Benchmark's Break-Even Goals and Positive Pursuits to establish their own goals and targets that support the vision of a Future-Fit Society. Companies can then begin to assess progress in the context of an overarching destination and use the SASB standards and Future-Fit indicators to report this journey to investors.

# How can Investors use SASB Standards and the Future-Fit Business Benchmark Together?

Investors can begin by using SASB standards to help identify financially material ESG information that they can then incorporate into their investment and stewardship activity. Material ESG information can improve investors' ability to identify a company's ability to create long-term value and companies can be encouraged to provide disclosure of material ESG information in regulated filings using the SASB standards. Investors can then begin to use the Future-Fit Business Benchmark to help identify how well companies will be able to create long-term value for investors and society. Companies can be encouraged to disclose the Benchmark's progress and supplementary indicators and that information can then help with the evaluation of the long-term prospects of companies.

# Companies and Investors can use These Tools to Drive Long-Term Value for Investors and Society



Source: Addenda Capital

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