

What part do startups play in solving society's biggest problems? A huge part, says The Sustainability Group

We spoke to Alex Smith and Mike Penrose, cofounders at The Sustainability Group, about their new FuturePlus platform, the changes businesses can make right now to improve their impact on climate change, and why they decided launch in the field.

What is The Sustainability Group?

The Sustainability Group was founded in 2019 on the shared belief that businesses and investors have a critical role to play in tackling some of society's biggest problems: inequality, prejudice, climate change and environmental degradation.

Our vision is to integrate sustainability and purpose into the strategy of every business and investment by approaching it as both an opportunity and a risk. When a business is sustainable, it delivers greater value for its stakeholders, society and the planet. We develop this by strategically targeting five key

pillars that make sustainability accessible, affordable and achievable across: environment, climate, social and economic impact, and diversity and inclusion.

The Sustainability Group believes that the time for businesses to embrace a more resilient and sustainable approach is now.

The majority of consumers and employees now demand that the brands and services they engage with can explain how resilient and sustainable they are and the difference they are making in societal as well as financial terms. In addition, with the phenomenal rise of ESG investing and the exceptional returns high ESG rated funds provide, it is now understood by most that values create value.

Everyone at The Sustainability Group believes that the businesses that will thrive and prosper in the future are ones that know what they stand for, can measure it effectively, and communicate it with passion. That is what the team is helping companies to achieve.

What were your professional backgrounds before launching The Sustainability Group?

Alex Smith is cofounder and partner of The Sustainability Group and leads business development and operations, and Mike Penrose is the cofounder and a partner.

Between Mike's background with not-for-profit organisations, as an advisor to FTSE4Good, with investment firms, family offices and global conglomerates, and Alex's background in sustainability, commercial sport and hospitality, they both had the realisation that sustainability had become, at worst, a badge of honour for the already super sustainable; and at best, a world of complex terms, confusing information and something prohibitively expensive to implement. This is why they founded The Sustainability Group, whose sole aim is to democratise sustainability and address the imbalance.

On this journey of recognition, Mike worked on a commercial project with Alex, who was then focused on sending everyday humans on extraordinary journeys across the oceans. Whilst a global pandemic put that project on the back burner, they decided that not only did they work well together, but on turning his back for six weeks whilst leading the UK response to Covid in the world's largest refugee camps, Alex had seemingly taken over the business.

This is how our 'take over the world' plan started. As cofounders, we are passionate about making sustainability accessible, affordable and achievable, and we immediately got to work on developing *FuturePlus*.

What is Future Plus?

FuturePlus is a revolutionary platform that allows any organisation – particularly SMEs – to understand, measure, manage and report their sustainability. We measure across the five sustainability themes mentioned previously. This simple tool provides a verified sustainability score showing your current standing and gives an ambition score based on where you want to be in three years.

Our FuturePlus advisors provide ongoing support to help organisations meet their goals. A bespoke three-year sustainability roadmap is created wholly aligned with your business model. FuturePlus aims to make sustainability accessible, achievable, affordable, accountable and addressable for everyone.

FuturePlus is the answer to the question all businesses have: How do you know if you are sustainable? But of course, there are more questions: How can businesses prove it? Tell the right people? Showcase all their ambitions to become better and, of course, be held accountable for those goals?

It took 18 months post launch, but with global clients like DLA Piper and Soho House to incredible and innovative startups such as Oxwash, Handle, Innermost and Sipful, we believe we have answered those questions and have developed a whole host of new ones to answer, positively changing how we approach and apply sustainability into business practices. As we grow we are helping to build a more sustainable and equitable future for all – and this is what makes it so exciting!

Why is sustainability important to you?

We are all very aware of the issues that we will face if we do not lessen our negative impact and increase our positive impact on the planet.

Our planet is warming, inequality is growing, and we are wreaking havoc on natural ecosystems.

Because of this, we believe that all organisations should play their part in a more just, equitable world. When we started The Sustainability Group, we knew that we wanted to find a way for all organisations, no matter their size or sector, to have the tools to understand, manage and measure their sustainability, but more importantly to incorporate ambition and intent.

We realised that by giving companies the ability to score both – where they were now and where they wanted to be with their sustainability – enabled us to offer a real world view that showcases the ambition that so many organisations have to do better to increase their positive impact.

Not only were we able to score what was traditionally measured by markets, the algorithm also allowed us to both quantitatively measure intent, and give a valid score for some of the more qualitative aspects of sustainability. This has enabled us to combine social and economic impact with diversity and inclusion as well as climate and environmental impact.

What are some of the key changes businesses can start to make immediately to reduce their impact on climate change?

The business world has had a collective epiphany, in a very positive way. There were different phases of the pandemic. The first was a shock response to lockdown. This passed into a period of adaptation as people, and business owners started to recognise that things would never be the same.

Working practices came under scrutiny, creating an awareness of all the areas in which organisations can have positive and negative implications for society and the environment. ESG is no longer an abstract construct or something that people consider outside of core business. It has become an immediate consideration and priority.

Sustainability used to be viewed as challenging to achieve and expensive by SMEs but by measuring positive intent and turning this into action plans to achieve incremental gains, it can be accessible and achievable for all

companies.

Our tech-based platform FuturePlus is designed to simplify things by helping businesses manage their sustainability ambitions against five key pillars – environment, social, climate, economic impact, and diversity and inclusion – and make gradual improvements through an ongoing programme of change in an affordable way. Throughout 2022, tools like ours will provide the roadmap companies need to implement a series of transformational and achievable milestones that make their business more investable, profitable and attractive to customers.

ESG factors in every way. As businesses are coming back, they are finding the capital they need is dependent on a solid commitment to ESG and sustainable growth.

Venture capital and private equity funds are insisting that ESG is built into corporate strategies and not just peripheral to mainstream business considerations. A report by one of the 'Big Four' consulting firms late last year showed that two-thirds of employees care about a company's sustainability standing and would consider moving jobs if their employer didn't take sustainability seriously.

Another study at about the same time showed that over 70% of younger consumers look at the sustainability of the products and services they buy, and a large proportion of these would pay a little more for a product and service if it can adequately represent how comprehensive its approach to sustainability really is. The demand is from all sides.

One of our mantras at FuturePlus is that real change will happen when two conditions are met, when consumers demand it and when capital is conditional upon it. This now appears to be the case, and that is quite exciting.

What are the more significant challenges posed by each of the five pillars?

Giving startups the tools to measure, monitor, manage and improve sustainability is at the heart of what FuturePlus does. It allows companies to comprehensively report where they are now and where they want to be in the future. Knowing where you want to be as you scale and aligning this with your growth means that sustainability can be built into your business strategy, properly resourced and communicated to all stakeholders, which helps keep your business accountable. It also provides all the tools and support you need to reach your goals in a way that is both accessible and achievable.

Economic

Knowing where you want to be as you scale and aligning this with your financial forecasting means that sustainability can be built into your business strategy, properly resourced and communicated to all stakeholders. It all adds up to keeping your business accountable.

You will also avoid retrofitting social and sustainable practices into your business when you scale or feel 'big enough' to consider important issues such as responsible supply chains, inclusive marketing and reduction of energy usage. Doing it this way is always more complicated and usually more expensive.

Environment and climate

When striving for positive environmental goals and objectives, you should make efforts such as reducing your carbon footprint, waste, water usage and negative impact on the environment – but it doesn't stop there. You must also consider your operations, factory or office locations, and the communities you operate in.

Social, diversity and inclusion

To have a social impact, you should communicate and collaborate with a diverse range of stakeholders in an inclusive manner, invest in communities, source ethically, and understand your supply chains. With diversity and inclusion, you must treat employees fairly, which means effective non-discrimination and inclusion policies, flexible working hours, miscarriage and parenting policies, equitable opportunities, good governance, and paying fair wages.

How does FuturePlus simplify the often confusing and complicated process of understanding how best to make positive changes?

Human activity fundamentally affects our climate, and that has a significant effect on weather systems, ocean currents and biodiversity. There is also the danger of tunnel vision when thinking about sustainability because it is more than environmental concerns.

At FuturePlus, we believe in democratising sustainability and that all companies who set off down the path to becoming more sustainable can achieve greater

performance and a positive impact through the incremental adaptation of their business practices. We enable businesses of any size to understand, measure, manage and communicate their sustainability to both demonstrate and make a substantial positive difference to their customers, communities and stakeholders.

All brands and businesses should be under pressure to understand and report their impact on people and the planet.

The fashion industry, for example, needs to ensure it is part of a just and sustainable value chain – that there are well-known child and workers rights issues, emissions through transporting goods, water scarcity, waste issues and environmental concerns – to name but a few.

We believe that change can take time, but with the right help and support from FuturePlus, and from the FuturePlus advisors, we can help organisations to create demonstrable change through small achievable steps.

There are many compromises and unintended consequences when it comes to sustainable decision making, but we support organisations in recognising these challenges and making the best decisions for their business models. We then provide the tools and support they need to be successful, and to communicate this success to stakeholders and investors.

Alex Smith and Mike Penrose are cofounders at *The Sustainability Group*.