

## Executive Summary

### DIVING INTO A FAMILY COMPANY'S FIRST SUSTAINABILITY REPORT

by

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FPI, a family-run, business-to-business packaging company based in the southern United States, is planning to produce its first corporate sustainability report. Several steps are involved in creating a sustainability report, starting with a materiality assessment to determine which topics should be benchmarked, monitored, and included in the report. The goal of a materiality assessment is to incorporate perspectives from both internal and external stakeholders of an organization in order to create a materiality matrix that maps the importance of various topics in a visual, user-friendly, and quantitative manner. For this report, the materiality assessment ensures that the topics included in the company's sustainability report are in fact significant, or material, to the organization's internal and external stakeholders. The materiality assessment is followed by interviewing leadership to gather qualitative data on near-term sustainability priorities.

After collecting all possible material topics from reputable reporting standards, such as the Global Reporting Initiative (GRI) and the Sustainable Accounting Standards Board (SASB), and from the latest sustainability reports of the company's top 25 current customers and 11 prospective customers, each topic's internal significance was analyzed by surveying selected departments within the company. The Materiality Survey measured each topic's importance through general ratings and forced rankings, the company's level of control over each topic, and perceptions on regional variation for each topic. This survey served to collect the perspectives of internal stakeholders on priorities for material topics. It is recommended that the same survey taken by internal stakeholders is also taken by external stakeholders to gather perspectives for the materiality matrix in a consistent manner. Since this is outside of the scope of this work, a proxy will be used for external stakeholder perspectives until the same survey is completed by the company's customers. This proxy includes tallies of the number of times each material topic is reported on within the latest sustainability reports of FPI's top current and prospective customers. Based on this survey, these are the top ten suggested priority topics ranked in order of importance: Waste, Workplace Culture, Consumer Health and Safety, Local Communities, Water, Agriculture/Biodiversity, Climate Change, Occupational Health and Safety, Energy, and Supply Chain. After the materiality assessment, the second step towards a sustainability report, interviewing leadership, was initiated. Interviews were conducted with five leaders from separate divisions within the company and summaries for the interviews are included in this report.

The following includes recommendations for next steps described in the report. As noted briefly, there are pieces remaining from the first two steps towards a sustainability report

pursued in this work, the materiality assessment and interviews with leadership. It is recommended that the company finalize these steps before proceeding to the remaining steps, since the subsequent steps are directly linked to findings from these initial two steps. To reiterate, completing these first two steps entails conducting the same survey given to internal stakeholders with external stakeholders and interviewing the remaining internal leadership. After this is accomplished, it is strongly recommended that the company continue on the path towards building a sustainability report; this includes tracking and reporting data for the prioritized material topics, designing and creating the sustainability report, completing quality control measures, and distributing the report to chosen audiences. Publishing a sustainability report would allow FPI to visibly demonstrate its commitment to environmental, social, and economic sustainability. Moreover, investing the company's resources in the most important areas of focus for external and internal stakeholders of an organization ensures that current and future business strategies remain effective and any risks to profit and reputation are managed. Overall, this would mean the company is actively investing in its future in a significant, data-driven, and efficient way.

Although considerable time requirements have historically presented challenges to the creation of a sustainability report, this work formalizes FPI's concern for the environment and interest in improving its sustainable business practices. The materiality assessment will be distributed to the company's employees; a sustainability report would serve its current and prospective customers, and may be made available to the general public. This report can also be used as a model for other organizations, both public and private, that are pursuing a sustainability report; it highlights best practices for sustainability reporting and incorporates a company's data and perspectives, which can serve as a case study for others.

Approved by



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