

Sample Report

Sustainability Roadmap

Table of Contents

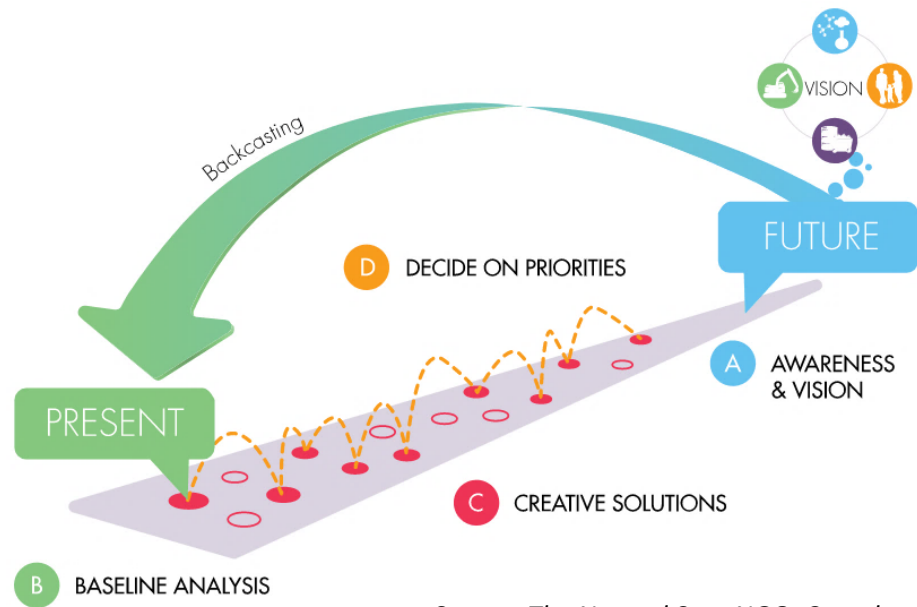
Table of Contents	2
Executive Summary	3
Company Research	4
Industry Benchmarking	5
Strategy Session #1: Prioritizing Material Topics	8
Strategy Session #2: Prioritizing Goals & Initiatives	9
Sustainability Summary	10
Sustainability Roadmap	11
Conclusion	14
Appendix A: ESG Motive – Materiality Insights	15
Appendix B: Materiality Insights Scores	16
Appendix C: Sustainability Initiatives Ranking	17
Appendix D: Additional Long-Term Initiatives	21

Executive Summary

ABC Company wishes to define a sustainability strategy that is grounded in their purpose, values, and market demands. Since June 2022, Foresight Management (Foresight) has been engaging with ABC Company to create a roadmap that will help them accelerate sustainability, reduce costs, and become better stewards to the environment, their employees, and the communities they serve.

The roadmap presented in this document is informed by the following three-part process:

- 1) Company Research** – Foresight met with ten individuals on the leadership team to gain a better understanding of ABC Company’s company values and current initiatives around environmental, social, and governance (ESG) practices.
- 2) Industry Benchmarking** – Foresight shifted its focus outwardly to assess market demands and sustainability trends for the textile industry.
- 3) Strategy Sessions** – Foresight led ABC Company’s leadership team through two facilitated strategy sessions to help prioritize material topics, collect feedback on proposed initiatives, and encourage a sense of ownership over the roadmap.



Source: The Natural Step NGO, Canada

The resulting sustainability strategy is a compilation of this input and is designed to help set achievable and meaningful goals for ABC Company. The roadmap is intended to be a snapshot of a time and place, and we encourage the ABC Company team to embrace the suggested initiatives, make it their own, and continue to update it as necessary. The top five initiatives that came out of this effort include: 1) Be prepared and able to accommodate a high influx in business, 2) Develop an Environmental Management System to define Standard Operating Procedures (SOPs) around waste management, 3) Become a B Corp certified organization; 4) Develop a Health and Safety Management System, and 5) Conduct Life Cycle Assessments to assess the environmental impact of different products.

Company Research

Sustainability is most powerful when it is fully integrated into the overall strategy and culture of an organization. After conducting a series of interviews with the leadership team at ABC Company, the following eleven topics were identified as “material” (i.e. important) to the organization and its stakeholders from both a financial and impact perspective. In the chart below, each topic is mapped to a Sustainable Development Goal (SDG) to show how the organization’s efforts could contribute to the broader sustainability goals on a global scale.

		3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
ENVIRONMENT	Waste Management						X		
	Energy & GHG Emissions							X	
	Water Management			X					
SOCIAL	Employee Health & Safety	X							
	Employee Diversity & Inclusion		X						
	Employee Training & Development				X				
	Community Outreach & Engagement					X			
	Employee Retention				X				
GOVERNANCE	ESG Transparency								X
	Responsible Sourcing						X		
	Continuous Business Growth				X				

Industry Benchmarking

When developing a sustainability strategy, it is important to not only gain insight into what's important to internal stakeholders, but also to assess how the organization is meeting market demands. This phase of the project consisted of three parts: 1) gathering materiality insights, 2) assessing the gold standard, and 3) researching competitor initiatives. The key takeaways from this exercise are summarized below.

MATERIALITY INSIGHTS

Foresight contracted with [ESG Motive](#), a big data analytics company that helps organizations understand how they can be strategic with their sustainability programs. By analyzing the size, engagement, and salience of over 120 sustainability-related topics, ESG Motive revealed which themes (i.e. SDGs) could be the most advantageous to ABC Company from both a strategic differentiation and financial materiality lens.¹

Strategic Differentiation

The themes, or SDGs, that could offer ABC Company the greatest opportunity for strategic differentiation include:

- Responsible Consumption and Production
- Sustainable Cities and Communities

These issues offer opportunities to establish leadership because there is less of a pre-established narrative on how to address them.

Financial Materiality

The themes, or SDGs, that are most important to ABC Company's stakeholders from a financial perspective include:

- Good Health and Wellbeing
- Decent Work and Economic Growth
- Sustainable Cities and Communities

These are issues that capital markets and value chain stakeholders pay extra attention to because they can create opportunities or risk, especially in this industry.

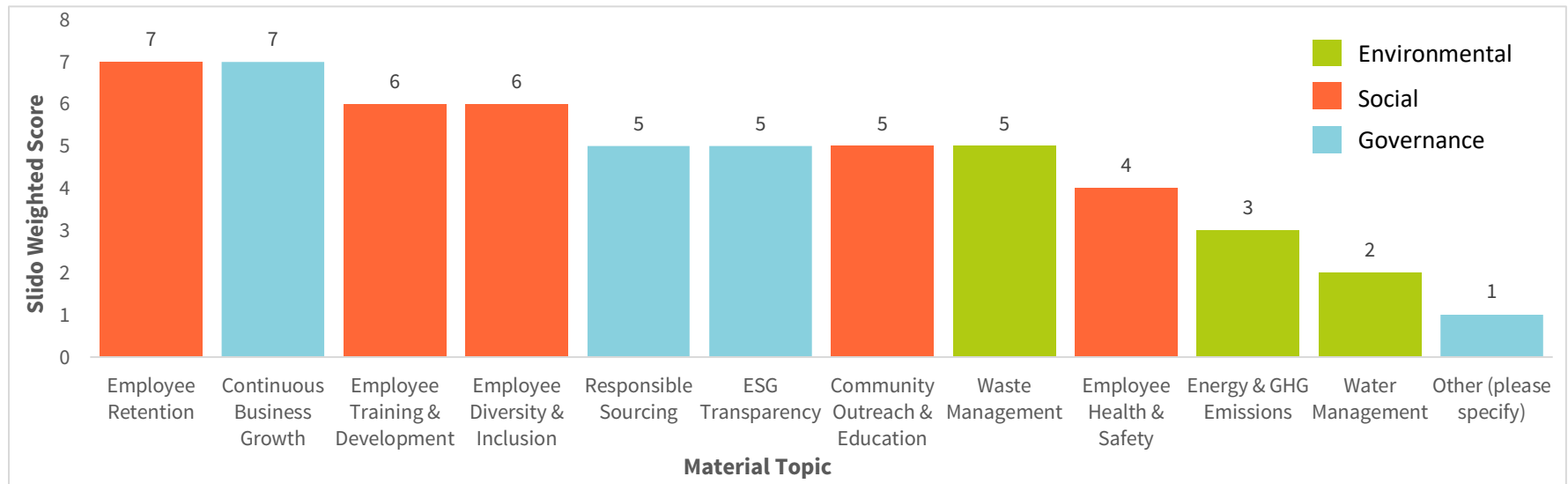
¹ The full results and infographic from ESG Motive are provided in [Appendix A](#) and the corresponding Foresight scores can be found in [Appendix B](#).

Strategy Session #1: Prioritizing Material Topics

Once Foresight gained a better understanding of the material topics that were important to ABC Company, Foresight used the first strategy session to help the leadership team start prioritizing the issues. During this exercise, participants were asked to select the top three material topics that best answered the questions below. The consolidated results of the exercise are shown in the figure below. ²

Materiality Questions

- Which of the topics align well with ABC Company's strategic growth objectives over the next three years?
- Which topics does ABC Company receive significant pressure from key internal stakeholders, such as individual employees and the collective business units?
- Which topics enable ABC Company to have the biggest opportunity to make a positive contribution to society?
- Which topics have the greatest impact on ABC Company's financial performance?
- Which topics are prospective employees inquiring about the most?
- Which topics are associated with the greatest risk for ABC Company if not managed properly within its own operations and across the value chain?



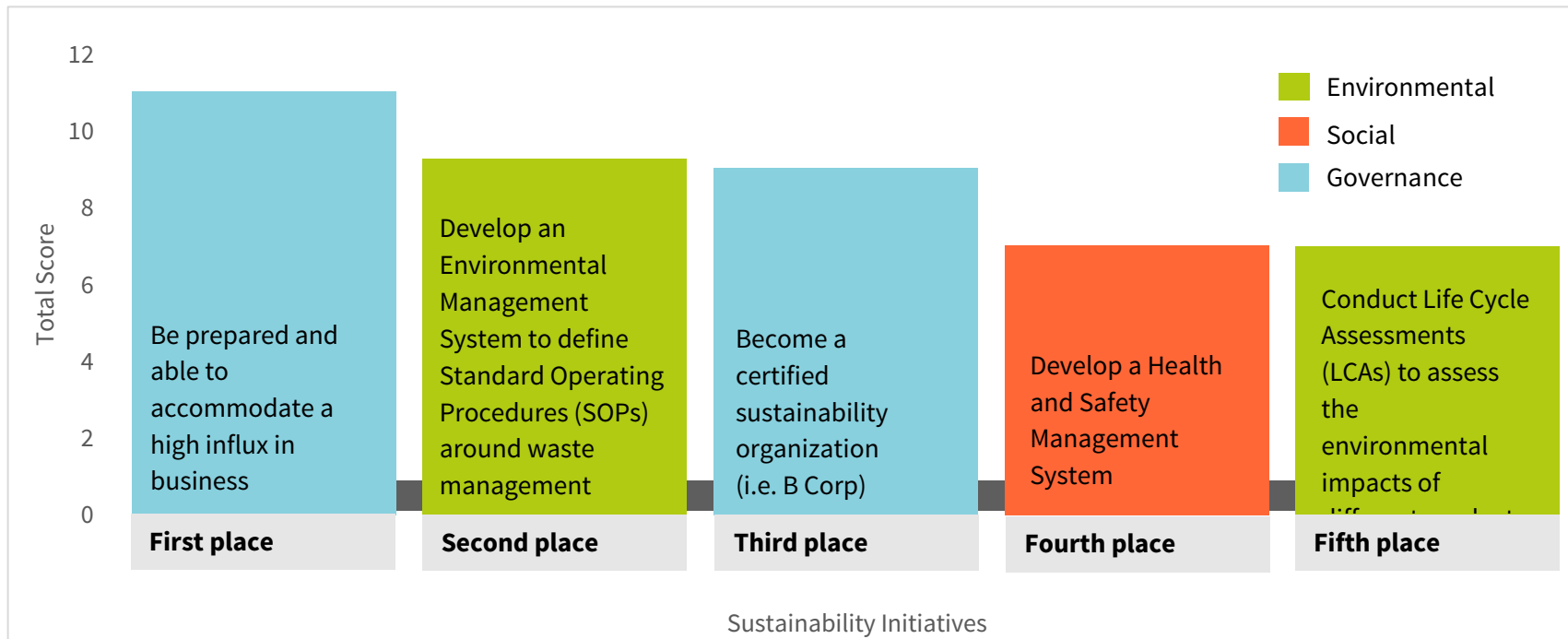
² To see the full Slido results from Strategy Session 1, visit:

Strategy Session #2: Prioritizing Goals & Initiatives

Foresight’s second strategy session with ABC Company focused on prioritizing goals and initiatives for their sustainability roadmap. Ahead of this session, Foresight sent a survey with over 50 potential initiatives to start generating feedback and then divided the initiatives into three buckets: current initiatives, near-term initiatives, and long-term initiatives. During the session, participants were then asked to answer the following two questions and select the top 3-5 near-term initiatives that best answered each question.

- What are the top 3 environmental, social, and governance initiatives that would be the most motivating to the employees?
- What are the top 3 environmental, social, and governance initiatives that would help deliver on customer priorities?

The figure below shows the top five ranked initiatives that came out of the strategy sessions. A description of the methodology used to score each initiative is provided in [Appendix C](#).³



³ To see the full Slido results from Strategy Session 2, visit:

Sustainability Summary







The table below provides a high-level summary of the goals included in ABC Company’s sustainability roadmap and are representative of the key issues that came out of this work. The SDGs most relevant to each goal are indicated in the far-right column.

ESG Focus Area	Goal	Relevant SDG
Environment	• Reduce our carbon footprint	<u>13</u>
	• Minimize our waste impact	<u>12</u>
	• Reduce and improve the quality of our water discharge	<u>6</u>
Social	• Ensure the health and safety of our employees	<u>3</u>
	• Create a people-first workplace and increase employee retention	<u>8</u>
	• Invest in thriving, local communities	<u>11</u>
Governance	• Prioritize healthy, business growth	<u>8</u>
	• Build a Responsible Sourcing Program	<u>8</u>
	• Become a certified B Corp organization	<u>17</u>

Sustainability Roadmap

The sustainability roadmap below provides a recommended approach for translating ABC Company’s sustainability goals into actionable items. A list of initiatives is divided into environmental, social, and governance categories and are indicated as a high, medium, or low priority (see [Appendix C](#) for scoring methodology). Initiatives that can be outsourced to, or supported by, Foresight are accompanied by a Foresight logo (🌿). Longer-term initiatives that were discussed but not included in the roadmap are listed in [Appendix D](#).






ENVIRONMENTAL

Goal	Initiative	Priority	Primary Responsible Party	Status
Reduce our carbon footprint	Conduct Life Cycle Assessments to assess the environmental impacts of different products	High	Product Design & Development 	Not Started
	Calculate a baseline for Scope 1 and 2 annual greenhouse gas emissions	Medium	TBD 	Not Started
Minimize our waste-related impacts	Utilize dyed yarn to repurpose new dye lots	N/A	Operations	In Progress
	Create an in-stock inventory program	N/A	Operations	In Progress
	Develop an Environmental Management System to define SOPs around waste management	High	TBD 	Not Started
	Calculate a baseline of current waste generation	Medium	Operations 	Not Started
	Conduct a waste audit	Medium	Operations 	Not Started
	Participate in local composting programs		Operations	Not Started
Water	Calculate a baseline of current water usage	N/A	Operations 	Completed
	Monitor wastewater discharge water quality	N/A	Operations	In Progress
	Exceed minimum requirements for water quality	Low	Operations	Not Started

SOCIAL

Goal	Initiative	Priority	Primary Responsible Party	Status
Ensure the health and well-being of all employees.	Develop a Health and Safety Management System	High	Safety Team	Not Started
	Develop and implement a system for tracking and managing chemicals that includes acquisition, use, storage, transportation, and final disposition	Low	Safety Team 	Not Started
	Reduce or eliminate harmful chemicals	Medium	Safety Team 	Not Started
Create a people-first workplace and increase employee retention	Conduct regular interviews and employee satisfaction surveys	N/A	HR, Leadership Team	In Progress
	Create and disseminate clear definitions of roles, responsibilities, and structural organization	N/A	HR, Leadership Team	In Progress
	Develop a Mentorship Program	N/A	HR, Leadership Team	In Progress
	Strengthen Onboarding Program	N/A	HR, Leadership Team	In Progress
	Complete a salary benchmarking exercise to ensure competitive pay and living wages	Medium	HR, Leadership Team	Not Started
	Offer a company-wide leadership development program	Medium	HR, Leadership Team	Not Started
	Create an online communication channel for leadership/HR to communicate important company-wide announcements	Medium	HR, Leadership Team	Not Started
	Offer employee perks for free trainings on DEI, Communication, Productivity, Leadership, Creativity, etc.	Medium	HR, Leadership Team	Not Started
Invest in thriving, local communities	Set a goal to volunteer/financially contribute to the local community	Medium	HR	Not Started
	Establish a Volunteer Time-Off policy	Medium	HR 	Not Started
	Explore local organizations that ABC Company wants to support	Medium	HR	Not Started

GOVERNANCE

Goal	Initiative	Priority	Primary Responsible Party	Status
Prioritize healthy, sustainable business growth	Explore partnerships with a known designer	N/A	Product Design & Development	In progress
	Be prepared and able to accommodate a high influx in business	High	Leadership Team, Business Development	Not Started
	Create an innovation team around Circular Design/ Design for Environment principles	Medium	Leadership Team,  Product Development	Not Started
	Allow more room (time, space, and funds) for R&D	Medium	Leadership Team	Not Started
Become a certified B Corp organization	Take the <u>B Impact Assessment</u>	High	TBD	Not Started
	Achieve a B Impact Score of 80 or above	High	TBD 	Not Started
Building a Responsible Sourcing Program	Develop a policy on Supplier Assurance to manage risk and due diligence in supply chain	Medium	Sourcing 	Not Started
	Define and assess high-risk suppliers	Medium	Sourcing 	Not Started
	Develop a Supplier Code of Conduct	Medium	Sourcing 	Not Started

Conclusion

This roadmap is intended to be a starting point for ABC Company– a starting point that will lead to incremental change, exciting breakthroughs, and systemic change.

Although the roadmap will inevitably need to be refined and updated overtime, Foresight was intentional about the initiatives it proposed. If the proposed initiatives are accomplished, sustainability certifications should be an outcome of ABC Company’s efforts rather than a primary driver.

Next steps will be for ABC Company’s Leadership Team to review the roadmap, refine the proposed initiatives, and begin to assign teams and deadlines for high-priority initiatives. Foresight hopes that ABC Company is as excited to begin their sustainability journey as we are, and we will be here to assist in the effort to the extent needed.

Appendix A: ESG Motive – Materiality Insights

Motive Inc.
www.esgmotive.com

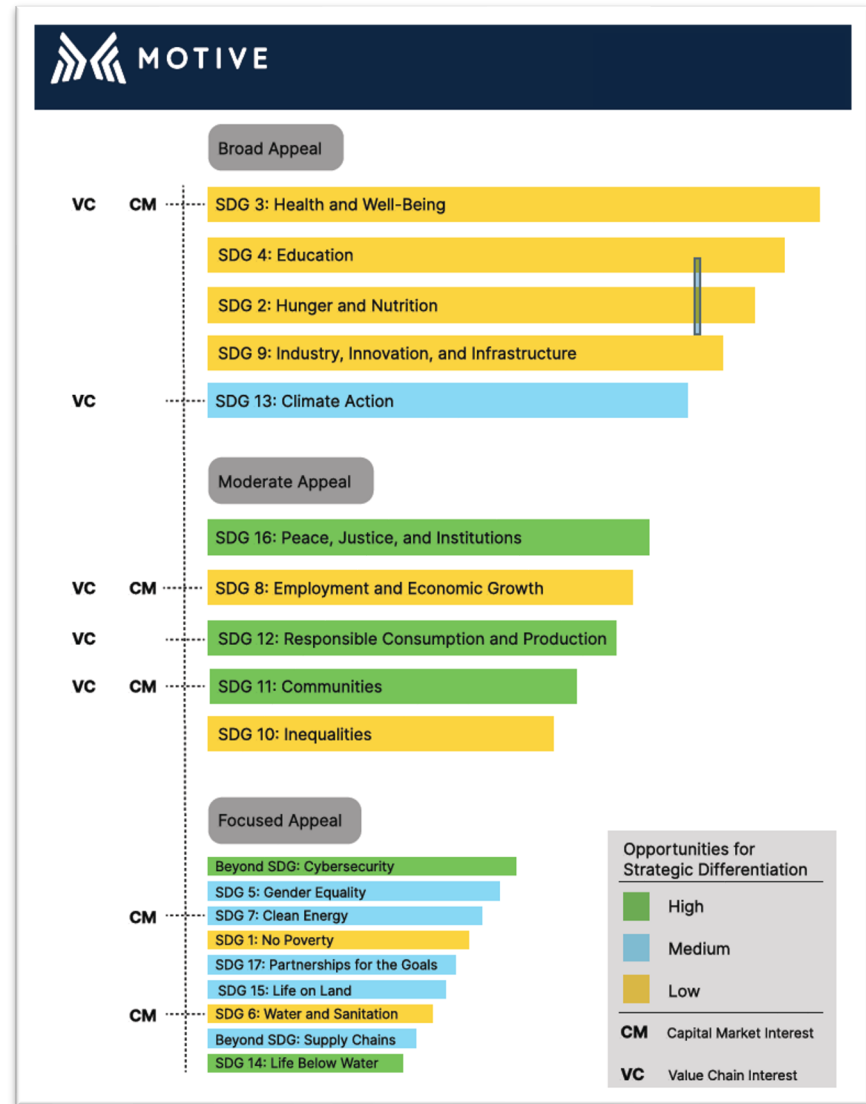
Quick Notes

Motive operates two distinct databases to assist in materiality assessments. First, our Dynamic Materiality database monitors issues of interest to the broader public, including consumers and stakeholders. This database tracks a curated list of 121 topics organized as 19 themes mapped to the UN Sustainable Development Goals across global news media daily, resulting in over 200 million data points each year.

Second, our RealScore database provides insight into the issues capital markets believe to be material for each specific company. These are the leading issues against which capital markets gauge corporate ESG/CSR performance. It is helpful to know where capital markets expect a company to focus as well as where they expect that company's enterprise clients to focus, as one company's ESG performance feeds into that of their clients along the value chain.

Combined, the Motive databases provide insight into both consumer and capital market materiality, which are stylized in the attached infographic, of which, a few notes:

1. The 19 themes are initially organized according to salience as measured over a 12-month period and analyzed in a rolling 6-month window. **Broad Appeal** refers to issues of greatest interest; **Moderate Appeal** refers to issues of sustained yet lesser interest; and **Focused Appeal** refers to issues of sustained interest but among a smaller and more highly-focused audience base.
2. The degree of variability in salience over time of each issue leads to varying opportunities for strategic differentiation (High / Medium / Low). Opportunities for strategic differentiation are helpful if a company wants to develop their ESG/CSR efforts as leverage for competitive benefit. For example, among the top-5 issues with Broad Appeal, Climate Action presents the greatest opportunity for strategic differentiation in that the public generally accepts climate change as deserving of attention but is not unanimous on what shape that attention should take--there is opportunity here for a company to take action that best fits its own strategies.
3. The **CM** (Capital Markets) annotation means that the respective issue is considered to be important for the company from the perspective of capital markets. The **VC** (Value Chain) annotation means that the respective issue is considered to be important for the company's enterprise clients from the perspective of capital markets.



Appendix B: Materiality Insights Scores

Foresight used the ESG Motive Materiality Insights to assign a score for each theme as it relates to opportunities for strategic differentiation and financial materiality. Public Materiality did not receive a score because there can be advantages to having focused, moderate, and broad appeal.

Theme/SDG	Opportunities for Strategic Differentiation	Strategic Differentiation Score	Financial Materiality	Financial Materiality Score	Public Materiality	Public Materiality Score	Average Score
SDG 11: Communities	High	3	Value Chain + Capital Markets	3	Moderate	No score	3
SDG 12: Responsible Consumption & Production	High	3	Value Chain	2	Moderate	No score	3
SDG 3: Health & Wellbeing	Low	1	Value Chain + Capital Markets	3	Broad	No score	2
SDG 13: Climate Action	Medium	2	Value Chain	2	Broad	No score	2
SDG 16: Peace, Justice, and Institutions	High	3	Neither	1	Moderate	No score	2
SDG 8: Employment and Economic Growth	Low	1	Value Chain + Capital Markets	3	Moderate	No score	2
Cybersecurity	High	3	Neither	1	Focused	No score	2
SDG 7: Clean Energy	Medium	2	Capital Markets	2	Focused	No score	2
SDG 14: Life Below Water	High	3	Neither	1	Focused	No score	2
SDG 5: Gender Equality	Medium	2	Neither	1	Focused	No score	2
SDG 17: Partnerships for the Goals	Medium	2	Neither	1	Focused	No score	2
SDG 15: Life on Land	Medium	2	Neither	1	Focused	No score	2
SDG 6: Water and Sanitation	Low	1	Capital Markets	2	Focused	No score	2
Supply Chains	Medium	2	Neither	1	Focused	No score	2
SDG 4: Education	Low	1	Neither	1	Broad	No score	1
SDG 2: Hunger & Nutrition	Low	1	Neither	1	Broad	No score	1
SDG 9: Industry, Innovation, and Infrastructure	Low	1	Neither	1	Broad	No score	1

ABC Company - 2023 Sustainability Roadmap

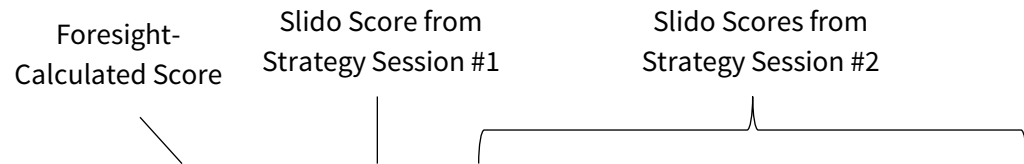
SDG 10: Inequalities	Low	1	Neither	1	Moderate	No score	1
SDG 1: No Poverty	Low	1	Neither	1	Focused	No score	1

Appendix C: Sustainability Initiatives Ranking

To help prioritize initiatives for ABC Company’s sustainability roadmap, Foresight created the following scoring matrix to factor in the results from the Materiality Insights Assessment and Strategy Sessions #1 and #2. The total sum score for each initiative is provided in the far-right column in green and listed in order of highest to lowest score.

Key

Score	Priority
8.0+	High
5 - 7.99	Medium
0 - 4.99	Low



E/S/G	Material Topic	Near-Term Initiative	Materiality Insights	Material Topic Importance	Most Motivating to Employees	Delivers on Customer Priorities	ESG Initiatives Combined	Total Sum Score
Gov	Continuous Business Growth	Be prepared and able to accommodate a high influx in business	2	2	2.33	2.56	1.86	11.05
Env	Waste Management	Develop an Environmental Management System to define Standard Operating Procedures (SOPs) around waste management	3	1.7	1.22	1.22	2.14	9.28
Gov	ESG Transparency	Become a certified sustainability organization	2	1.7	1	2.22	2.14	9.06
Social	Employee Health & Safety	Develop a health and safety management system	2	1.3	1	1.44	1.29	7.03

ABC Company - 2023 Sustainability Roadmap

E/S/G	Material Topic	Near-Term Initiative	Materiality Insights	Material Topic Importance	Most Motivating to Employees	Delivers on Customer Priorities	ESG Initiatives Combined	Total Sum Score
Env	Energy & GHG Emissions	Conduct LCAs to assess the environmental impacts of different products	2	1	1.33	2.11	0.57	7.01
Gov	Continuous Business Growth	Create an innovation team around Circular Design/ Design for Environment principles	2	2	0.89	0.67	1	6.86
Social	Community Outreach & Engagement	Set a goal to volunteer/financially contribute to the local community	3	1.7	0.67	0.67	0.57	6.61
Social	Employee Retention	Allow more room (time, space, and funds) for R&D	2	2	0.44	1	0.86	6.6
Env	Waste Management	Calculate a baseline for waste generation	3	1.7	0.89	0.67	0.14	6.4
Env	Waste Management	Conduct a waste audit	3	1.7	1	0.33	0.29	6.32
Gov	Responsible Sourcing	Develop a policy on Supplier Assurance	3	1.7	0.33	0.11	0.71	5.85
Social	Employee Retention	Complete a salary benchmarking exercise to ensure competitive pay and living wages	2	2	0.67	0	0.71	5.68
Gov	Responsible Sourcing	Develop a Supplier Code of Conduct	3	1.7	0.67	0.11	0.14	5.62
Social	Employee Training & Development	Offer a company-wide leadership development program	2	2	0.56	0.44	0.57	5.57

ABC Company - 2023 Sustainability Roadmap

Gov	Responsible Sourcing	Define and assess high-risk Suppliers	3	1.7	0.44	0.33	0	5.47
E/S/G	Material Topic	Near-Term Initiative	Materiality Insights	Material Topic Importance	Most Motivating to Employees	Delivers on Customer Priorities	ESG Initiatives Combined	Total Sum Score
Social	Community Outreach & Engagement	Establish a Volunteer Time-Off policy	3	1.7	0.33	0	0.43	5.46
Social	Employee Training & Development	Offer employee perks for free trainings on DEI, Communication, Productivity, Leadership, Creativity, etc.	2	2	0.89	0	0.57	5.46
Env	Waste Management	Participate in local composting programs	3	1.7	0.33	0.33	0	5.36
Social	Employee Retention	Create an online communication channel for leadership/HR to communicate important company-wide announcements	2	2	0.44	0.22	0.29	5.25
Env	Energy & GHG Emissions	Calculate a baseline for annual greenhouse gas emissions	2	1	0.56	1.33	0.29	5.18
Social	Employee Health & Safety	Reduce or eliminate harmful chemicals (e.g. Evercide)	2	1.3	0.33	1.11	0.43	5.17

ABC Company - 2023 Sustainability Roadmap

Social	Employee Health & Safety	Develop and implement a system for tracking and managing chemicals that includes acquisition, use, storage, transportation, and final disposition	2	1.3	0.44	0.67	0	4.41
E/S/G	Material Topic	Near-Term Initiative	Materiality Insights	Material Topic Importance	Most Motivating to Employees	Delivers on Customer Priorities	ESG Initiatives Combined	Total Sum Score
Social	Employee Diversity, Equity, and Inclusion	Provide education & training on DEI	2	2	0	0.22	0	4.22
Social	Employee Diversity, Equity, and Inclusion	Conduct a survey and create a baseline of DEI metrics for ABC Company	2	2	0.11	0.11	0	4.22
Social	Employee Diversity, Equity, and Inclusion	Offer language tools, such as a keyboard of an employee's native language	2	2	0.11	0	0	4.11
Social	Employee Diversity, Equity, and Inclusion	Add preferred pronouns to email signature	2	2	0	0.11	0	4.11
Gov	ESG Transparency	Track origin of raw materials	2	1.7	0.33	0	0	4.03
Social	Employee Diversity, Equity, and Inclusion	Develop a DEI, anti-harassment, and anti-discrimination policy	2	2	0	0	0	4

ABC Company - 2023 Sustainability Roadmap

Social	Employee Diversity, Equity, and Inclusion	Offer literacy support (e.g. English training)	2	2	0	0	0	4
Env	Water Management	Exceed minimum requirements for water quality	2	0.7	0.67	0	0	3.37

Appendix D: Additional Long-Term Initiatives

ENVIRONMENTAL

- Increase recyclability of packaging
- Increase recyclability of yarn and Monk’s cloth
- Offer End-of-Life programs as part of the marketing and sales strategy
- Hire a Facilities Manager to track and monitor energy usage, greenhouse emissions, and renewable energy (i.e. carbon management)
- Conduct a Solar Feasibility Study
- Invest in renewable energy
- Reduce water consumption

SOCIAL

- Create a baseline of DEI metrics for ABC Company
- Explore a partnership with the Kendall College of Art & Design

GOVERNANCE

- Create Declare labels that disclose material/chemical ingredients of products
- Create Environmental Product Declarations (EPDs) to disclose environmental impacts of products
- Publish products on Mindful MATERIALS

ABC Company - 2023 Sustainability Roadmap

- Publish an annual sustainability report