

# + MATERIALITY ASSESSMENT

## + What is a materiality assessment?

A materiality assessment is an exercise aimed at gauging the importance of **specific sustainability issues** to both your business and stakeholders, with the intention of providing key insights to guide company strategy and communication.

New regulation such as the [European Directive on non-financial reporting](#), as well as the increasing stock-exchange sustainability requirements, are leading companies to consider what non-financial information matters most to their stakeholders, and what they should report on.

## + Benefits of a materiality assessment:

- Helps to identify new trends on the horizon
- Allows businesses to take advantage of new opportunities
- Ensures organisations are prioritising issues that matter most to stakeholders, and reporting on them accordingly
- Helps to identify where a company is creating, or reducing, value for society



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## + Conducting a materiality assessment:

There is no standard way to conduct a materiality assessment. Your approach will depend on the types of information you want to gather as well as the industry within which you're operating. Generally the process will fall within six distinct phases.

1. **Define purpose and scope** - think about what materiality means for your organisation. Be clear about your objectives and audience.
2. **Identify potential topics** - create a long-list of potential material topics which could be considered in your assessment
3. **Refine** - refine the long list by clustering topics into categories.
4. **Engage your stakeholders** - seek stakeholder feedback on the material topics you have decided to report on. This is usually done via a questionnaire or survey. Make sure to include an open ended question which leaves room for new ideas. Any trends identified in these questions can provide insights which your business may not even have thought of.
5. **Engage your workforce** - carry out the same materiality assessment with strategic-level employees.
6. **Map your findings** - compare how the priorities of the business stack up against those identified by your stakeholders and employees
7. **Prioritise** - prioritise material topics based on the strategic importance to stakeholders and the social, economic and environmental impact of each topic in the value chain.



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## + Key things to remember:

- Make sure to extend your materiality assessment **outside of your sustainability team** when gathering information from within your business.
- If you're a company spanning various geographical locations, ensure that your assessment reflects your **core business processes and activities**. Trying to cover your entire value chain for every business unit in every location may result in your assessment becoming overly complex.
- Consider investing in software that can **streamline collection and reporting**, or utilise online surveying tools.
- Depending on your industry, opinions may shift according to different timescales. To ensure emerging risks are taken into account, **carry out materiality assessments at a frequency that is appropriate to your business**.
- While the insights gathered from your materiality assessment will be important, the real value will lie in **how your company uses the data to inform strategies**.
- Ensure you **share your results** internally and with other stakeholders. This could be done in a formal sustainability report or communicated more widely on your website or social media.



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+ What a materiality assessment could look like:

