

Materiality Assessment

Valuing Non-Financial Performance

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Defining materiality

The view of 'standard setters'

What companies report

Views of CR and CSR experts

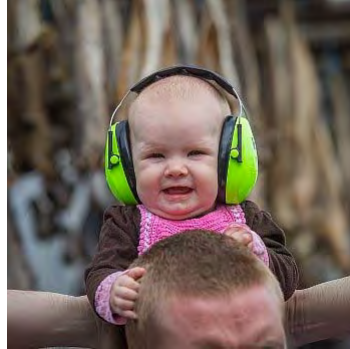


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2



DIFFERENTIATE WHAT IS MATERIAL FROM 'THE NOISE'



“Material issues are those things that could make a major difference to an organisation’s performance”

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WHAT IS MATERIALITY IS ABOUT

Material = important, relevant, significant, weighty, essential

Where it comes from

- Long track record** in the financial community & accounting circles
- A “material issue” is commonly understood in the financial industry as a factor that **can have a significant financial impact** on an organisation
- These issues thus **need to be disclosed** to shareholders and **addressed within the strategic planning** process

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MATERIALITY ASSESSMENT

Materiality analysis allows us to take a close and considered look at the issues that are of the highest concern to our stakeholders and that could significantly affect our Company's ability to execute its business strategy.

Horizon Scanning + Impact Assessment



Aim: to develop strategies at an early stage to address potential new risks and opportunities

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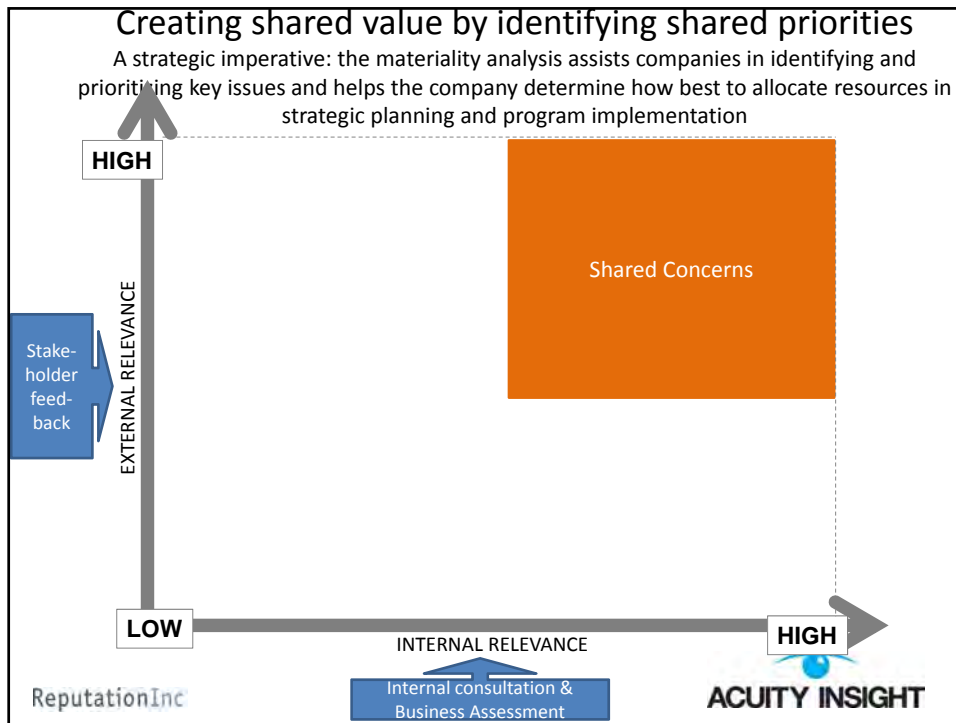
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6

ACUTY INSIGHT



THE VIEW OF STANDARD SETTERS

- GRI defines materiality as:

“Opportunities and risks which are most important to stakeholders, the economy, environment, and society, or the reporting organization, and therefore merit particular focus in a sustainability report.”



THE VIEW OF STANDARD SETTERS

| Standard name | Region | Materiality? |
|----------------------|--------|---|
| GRI | Global | Yes, advocate impact assessment and SH decision making impact |
| IIRC Pilot Programme | USA | Yes, materiality identified as a crucial area for which further guidance is necessary |
| AA1000 Series | UK | Yes, materiality is a founding principle of the AA1000 Series |
| SA8000 | USA | No, not explicit about materiality |
| ISO26000 | Global | Yes, ISO 26000 recognizes that to be credible, social responsibility reports should not only be responsive to stakeholder concerns, but should also address the "relevant and significant issues" of the organization, and the document provides some general guidance on this (clause 7.6.2) |

THE VIEW OF STANDARD SETTERS

Materiality is considered a **key principle** since the day ESG standards were created.

yet..

a lack of clear guidance on the assessment process and reporting standards in materiality.



GRI's G3 Guidelines

"The information in a report should cover topics and indicators that reflect the organisation's significant **economic, environmental, and social impacts** or that would substantively influence the assessments and **decisions of stakeholders.**"



The G3 guidelines require that the report prioritise material topics and indicators, but recognises that the methods or processes used for assessing materiality will need to be defined by each organisation.

WHAT COMPANIES REPORT

Many companies with strong consumer facing products are actively engaging in materiality conversations with stakeholders



"Key sustainability topics have been identified through active engagement with our stakeholders then mapped on the grid in terms of stakeholder concern and relevance to the company." – L'OREAL Sustainability report 2009

"We analyse a wide range of information to understand the key issues for different groups of people. We get the information from research, meetings and surveys" – Sainsbury's CSR report 2011



"Our stakeholder activities range from local projects through participation in committees and specialist workshops to comprehensive information programs and collaboration in international initiatives. Listed below are examples of our activities with various stakeholder groups in 2011." – BAYER Sustainable Development report 2011



EXCERPTS FROM ASSURANCE REPORTS BY INDEPENDENT THIRD PARTIES" – Total Society and Environment Report 2011

Case study: HEINEKEN

- Dialogue sessions, partnership with CSR Europe
- Interviews and online surveys
- Internal expert sessions

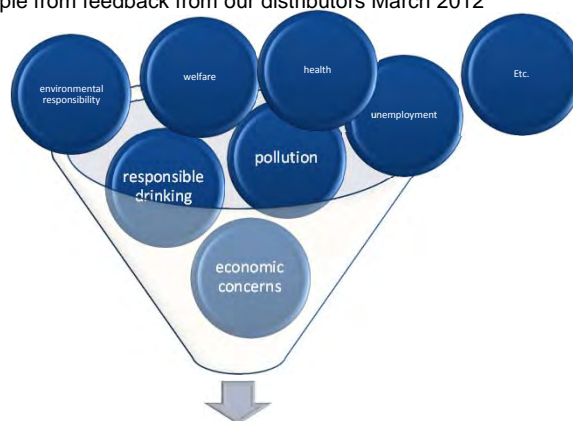
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13

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What is the importance / relevance of issues in the eyes of our stakeholders

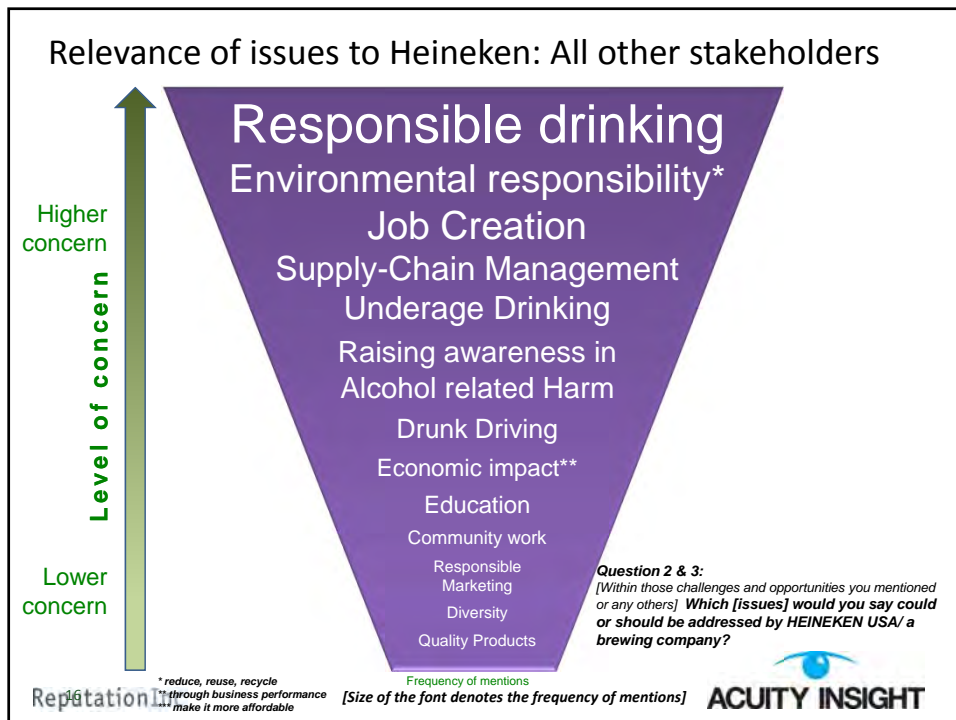
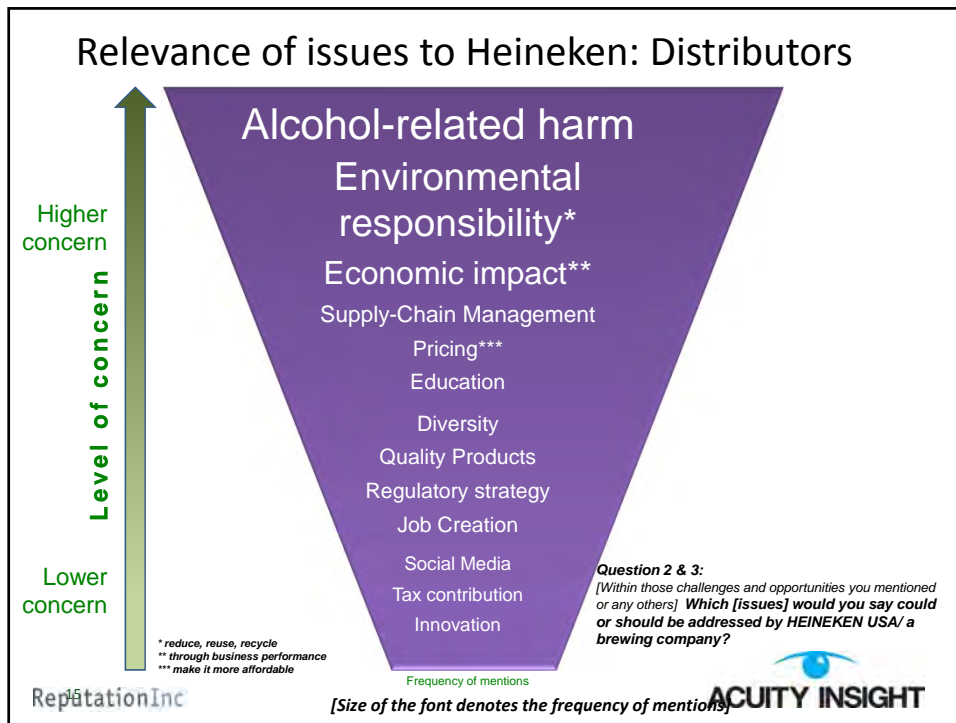
Example from feedback from our distributors March 2012

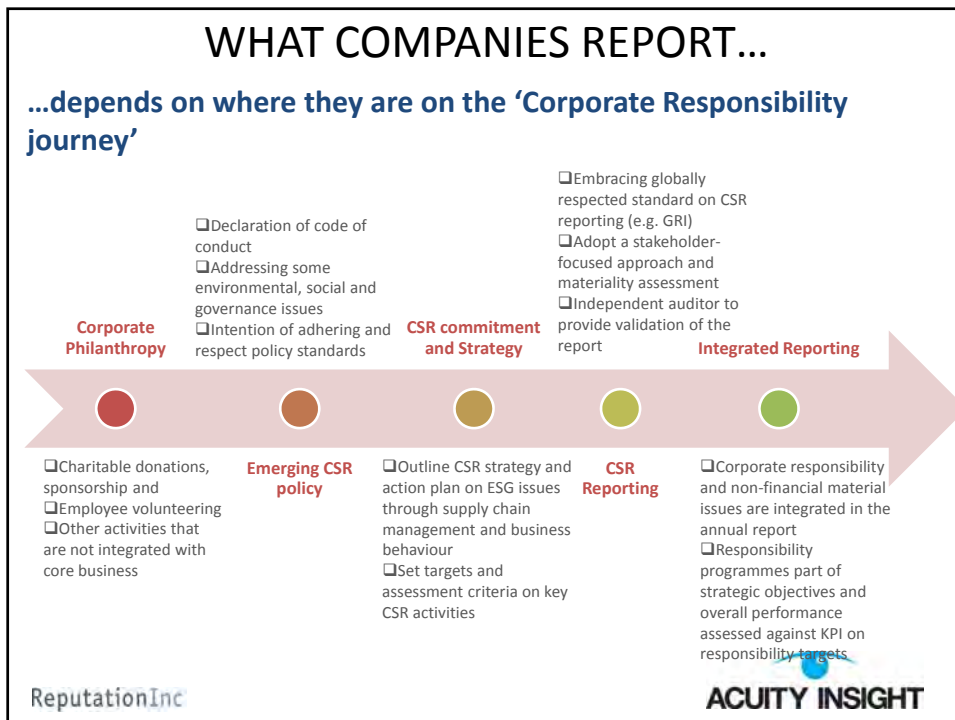
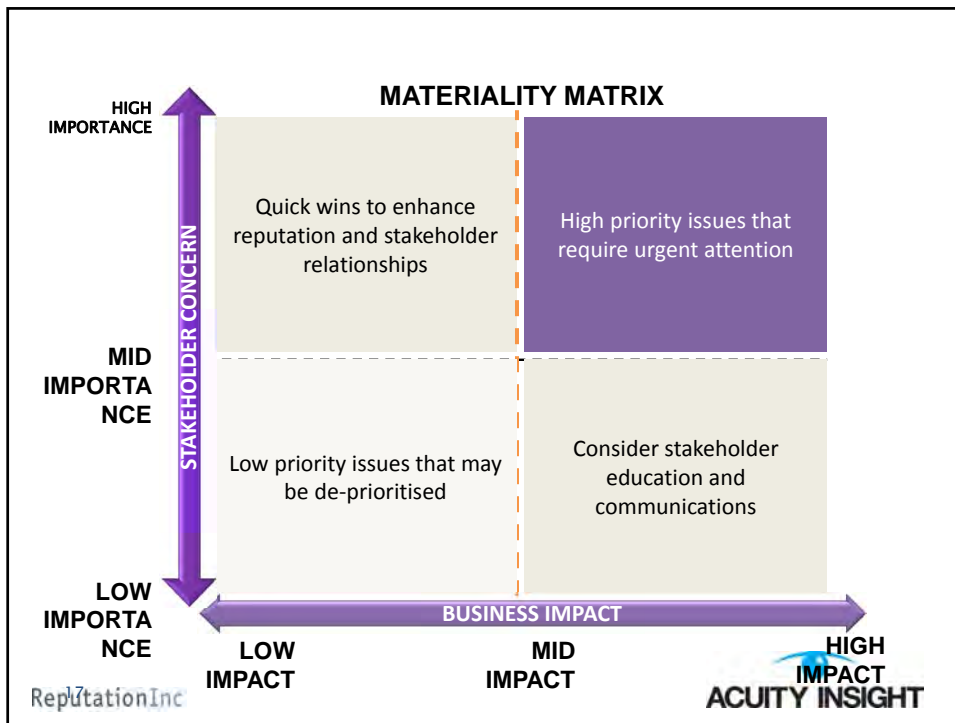


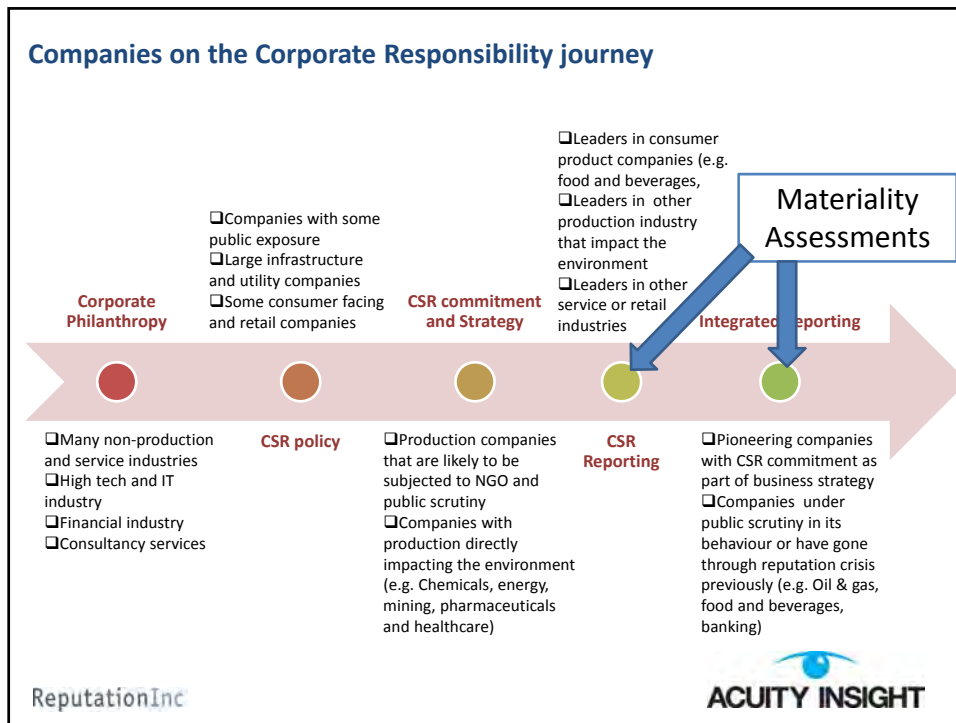
List of salient issues prioritised by degree of importance

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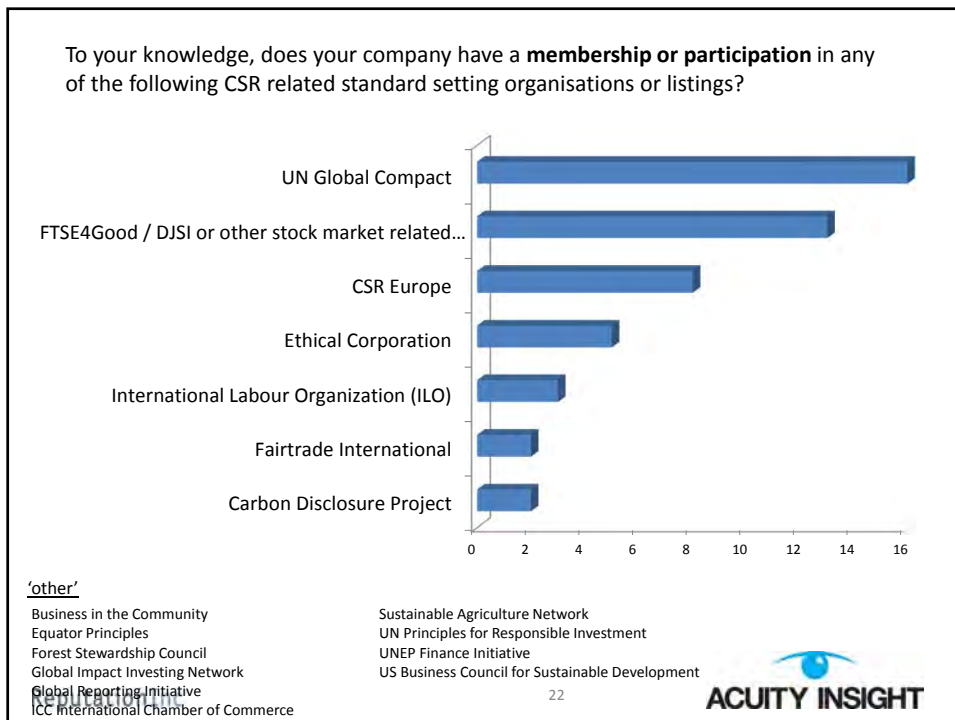
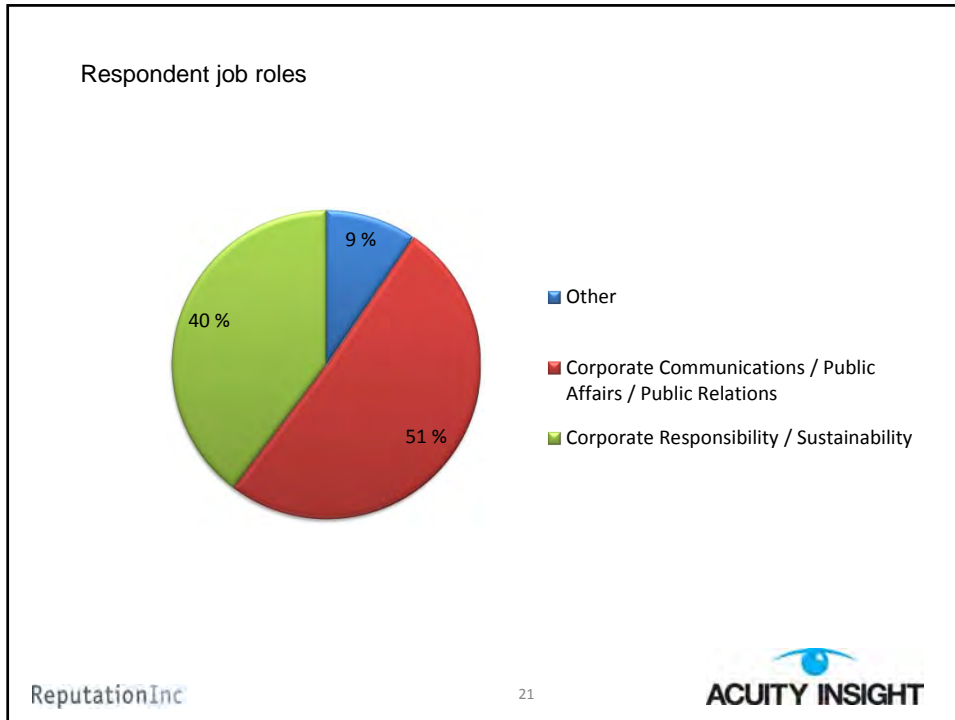
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New survey results

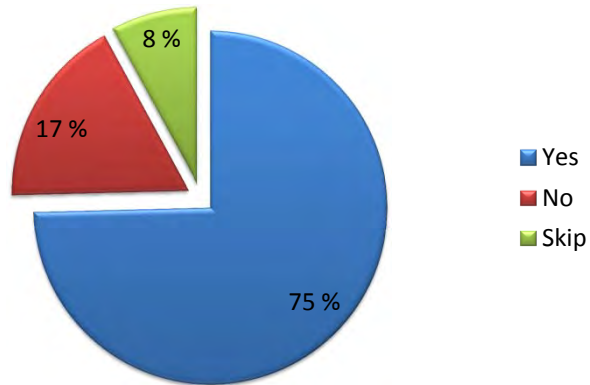
VIEWS OF CR AND CSR EXPERTS

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Does your company **produce a sustainability report / CSR report** (either as a separate annual report or integrated with your financial report)?



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Which of the following **standards and guidelines** do you follow in your CSR / sustainability reporting?



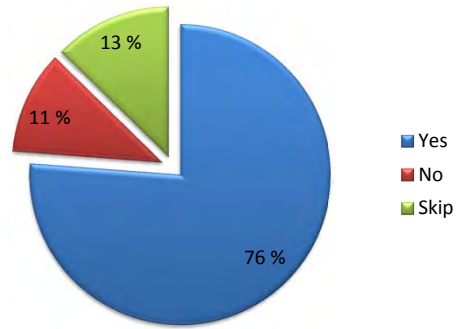
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Materiality assessment

Do you assess what economic, environmental social issues your key stakeholders are concerned with?



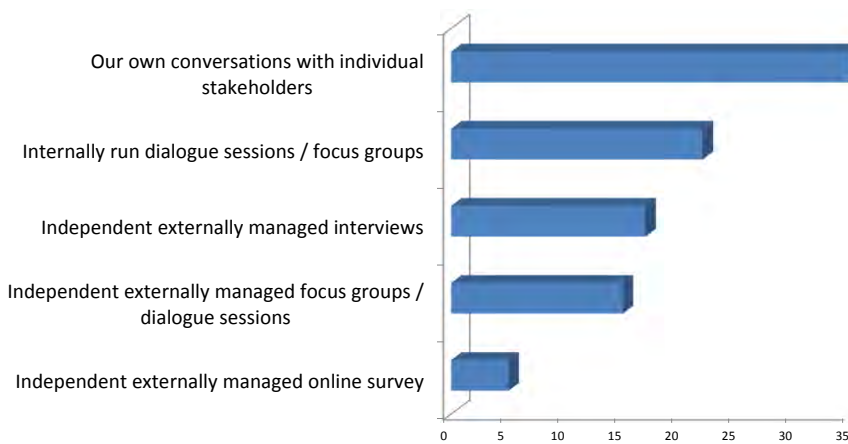
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Materiality assessment

How do you assess the importance of issues to your stakeholders?



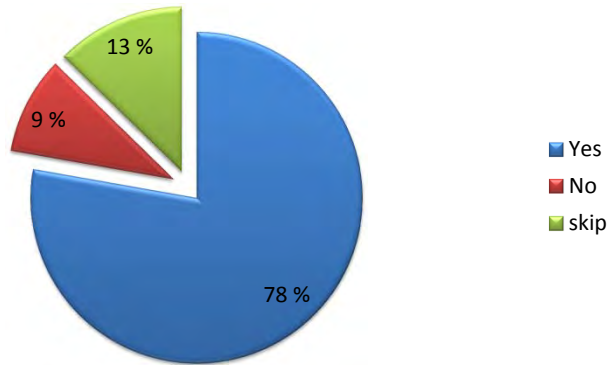
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26



Materiality assessment

Do you conduct any internal prioritisation of economic, environmental and social issues relevant to your business?



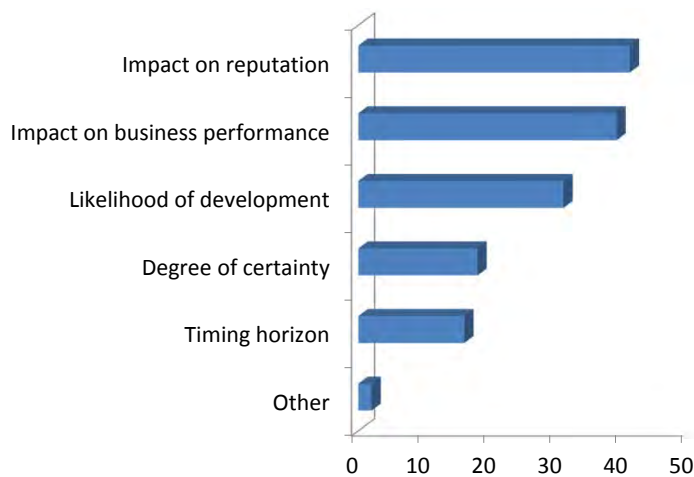
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27



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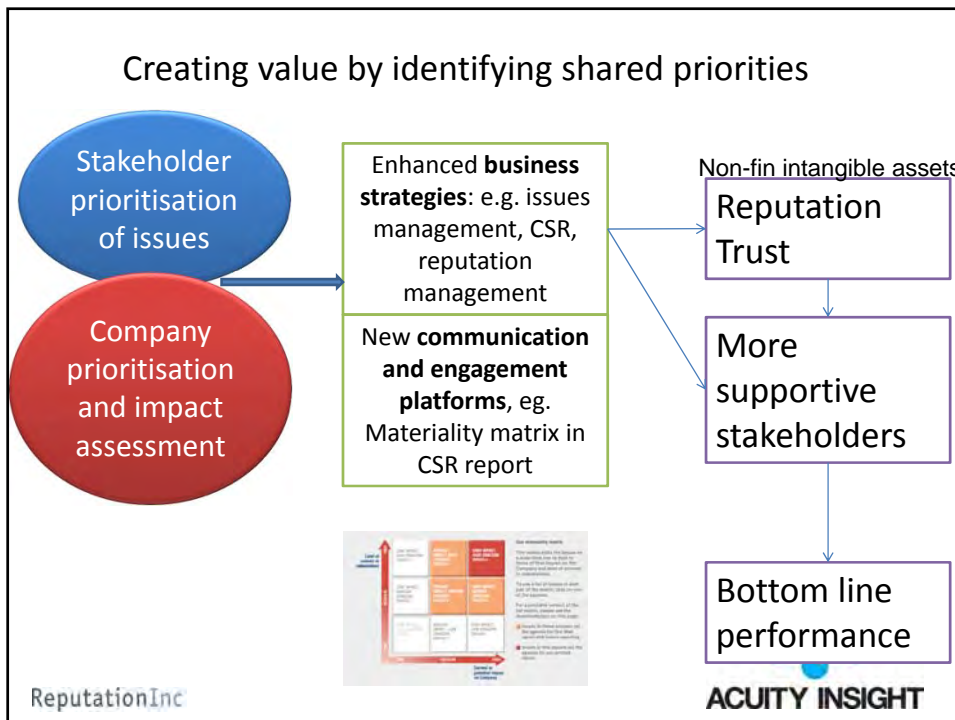
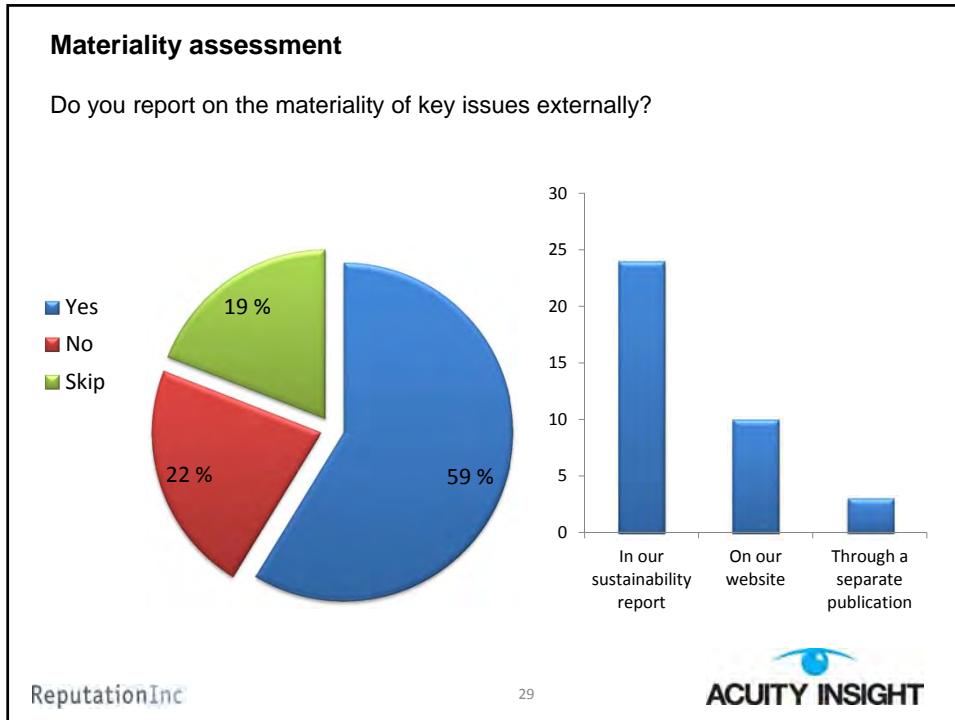
What factors do you use to assess the priority of issues to your business?



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Questions?

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31


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