



Making Sense of Materiality

Webinar – 28 July 2015

About Corporate Citizenship

We are a global business consultancy specialising in corporate responsibility and sustainability

Established in 1997

Based in London, New York, San Francisco, Santiago and Singapore

Projects completed in more than 45 countries across Africa, India, South East Asia and Latin America



"Corporate Citizenship helped us to understand the issues, anticipated what's next and realise the opportunities for growth."

Global VP, Sustainable Business

Speakers



Richard Hardymont

ASSOCIATE DIRECTOR
Corporate Citizenship



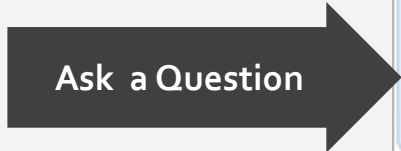
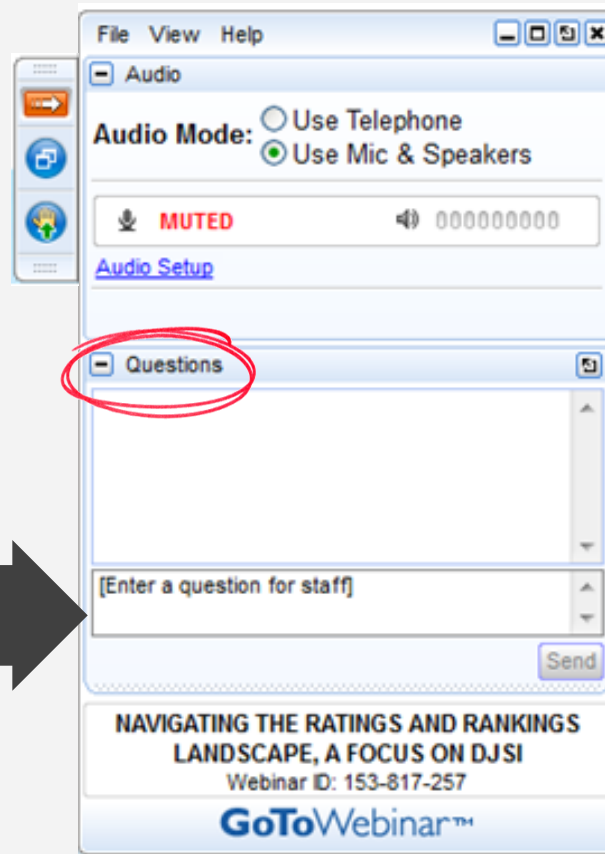
Thomas Milburn

CONSULTANT
Corporate Citizenship

What we will cover today

1. Introduction to materiality
2. What the shift to the GRI G4 means for materiality
3. How to get real value from assessments
4. Common mistakes – and how to avoid them
5. Discussion and Q&A

Asking questions



A Question for you...


How far along would you say you currently are on your materiality journey?

- (a) Base camp – materiality....what's that?
- (b) First timers – planning a first assessment
- (c) Next steppers – we've already done one
- (d) Moving ahead – we've done a few / several
- (e) Old hands – we've done many materiality assessments and need some fresh insights

Introduction to materiality

What is materiality

MATERIALITY IS A PRINCIPLE USED IN DECISION-MAKING to define whether an aspect or issue is sufficiently important to warrant attention by the business



MATERIAL SUSTAINABILITY ISSUES are the environmental, social, ethical and governance issues critically important to both a company's STAKEHOLDERS and its LONG-TERM BUSINESS SUCCESS

Why does materiality matter?

EXPECTATIONS ARE GROWING

Increasingly focus from standards such as GRI G4, IIRC, SASB, and DJSI

Producing a public statement on materiality is best practice

OFFERS REAL BUSINESS VALUE

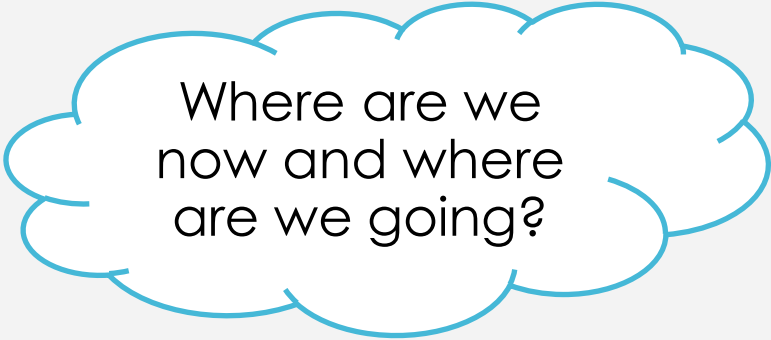
A 360 degree perspective of the risks and opportunities facing your business

Informing better decision making and more focused and impactful reporting



MATERIALITY SHOULD DRIVE STRATEGY AND REPORTING

Materiality assessment process



Where are we now and where are we going?

Illustrative steps:

- Establish a clear purpose and set scope of assessment
- Understand context and identify a broad list of issues facing the organisation

Materiality assessment process

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- Gather a balance of internal and external perspectives

What is important and what do stakeholders care about?

Materiality assessment process

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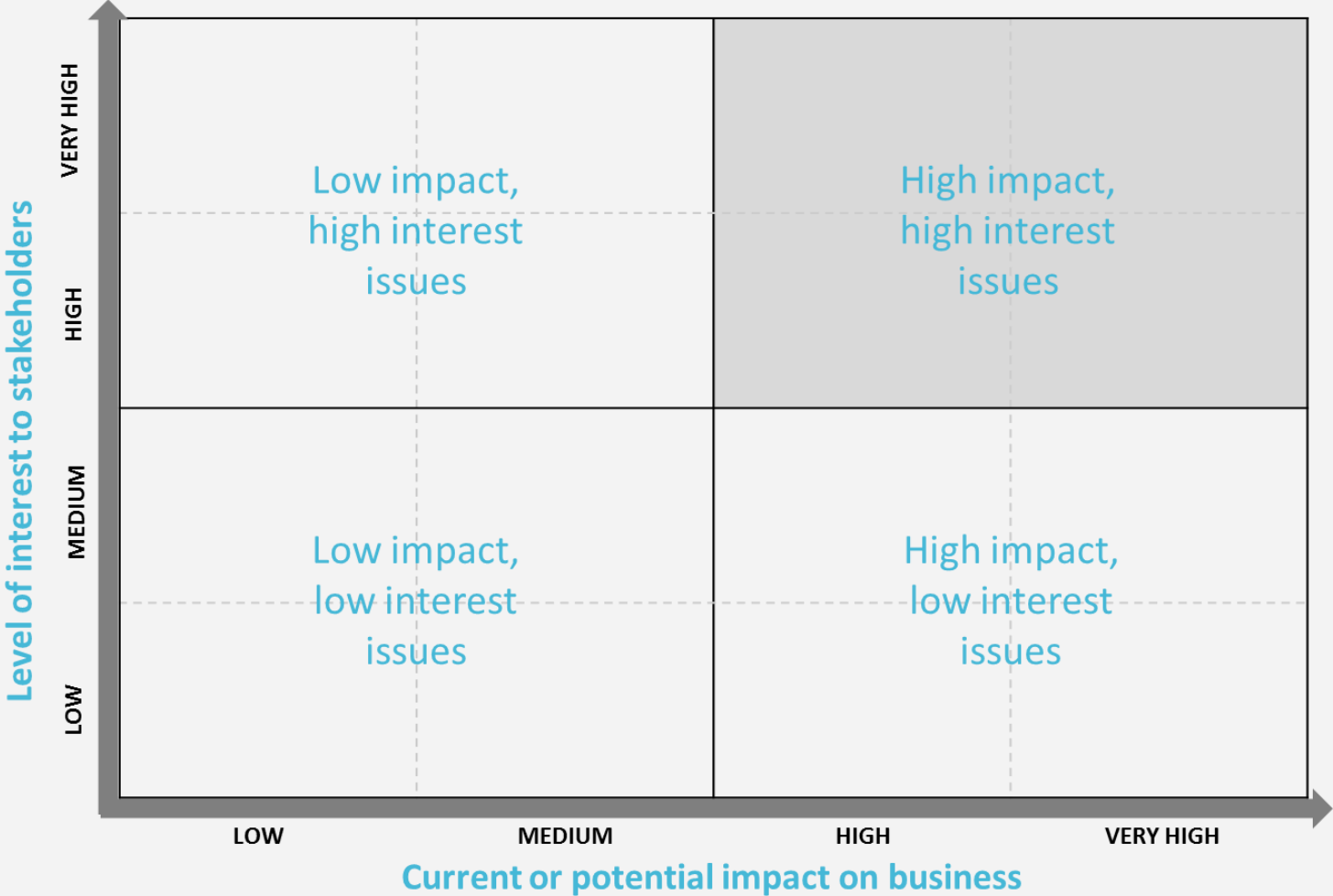
What is important and what do stakeholders care about?

Where should we focus our efforts?

Illustrative steps:

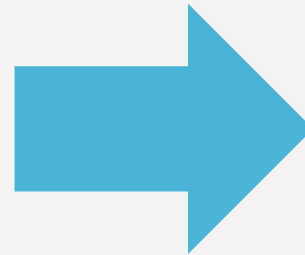
- Triangulate different perspectives and develop a prioritised list issues
- Test and finalise material issues

The materiality matrix



What the shift to the GRI G4 means for materiality

Who is GRI and what is G4?



The G4 Guidelines and materiality

- Without the foundation of a thorough materiality process you cannot report against GRI G4 properly
- GRI take a stakeholder based approach to materiality
- Report on what matters and where it matters
- Reading the guidelines won't make you an expert
- Create and adapt a process for your company

MATERIALITY NOW MATTERS MORE THAN EVER!

GRI isn't the only organisation focusing on materiality



How to get real value from materiality assessments

What is materiality for?

REPORTING

What is materiality for?

REPORTING



MANAGEMENT

What is materiality for?

REPORTING



MANAGEMENT



STRATEGY

Getting value from materiality

The insights and perspectives of a materiality process help to:

- ✓ Align sustainability with business strategy
- ✓ Inform decision-making and strategic resource allocation
- ✓ Identify potential new opportunities and better manage risks
- ✓ Design and deliver appropriate sustainability policies and programmes
- ✓ Drive focused communication and reporting with more impact

Common mistakes - and how to successfully avoid them

Five Common Mistakes with Materiality

1. Taking too narrow a scope of the issues

2. Not being clear with what the issue is

3. Ending up with too many issues

4. Listening to all stakeholders equally

5. Failing to prioritise

1. Taking too narrow a scope of the issues

Fast moving consumer goods example

Outside of scope

Interest rates

Succession
planning

Wider sustainability

New consumer
needs

Supply chain
resilience

Responsible
marketing

New
regulations

Demographics

Product
safety/quality

Traditional CR

Environmental
impacts

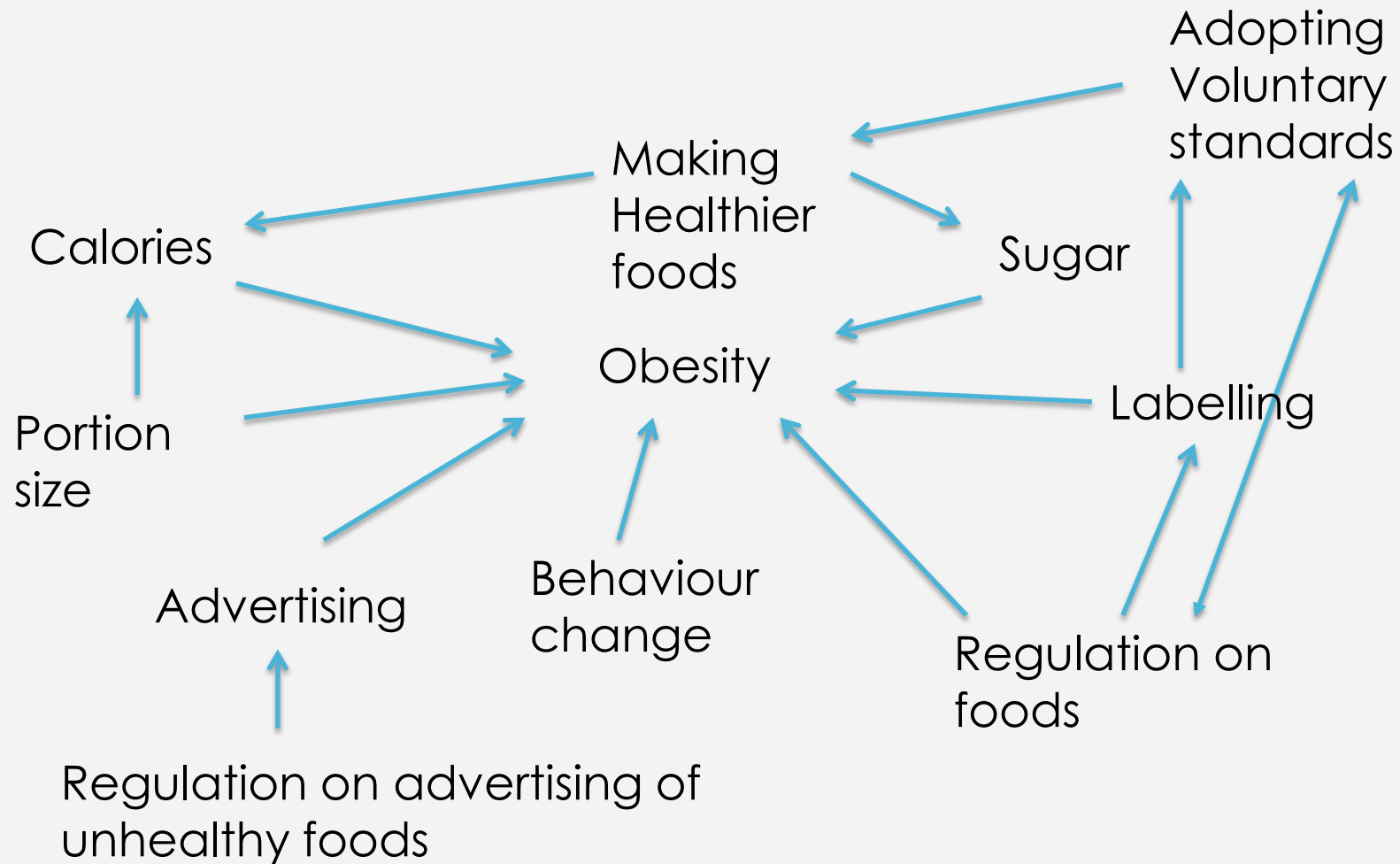
Community
relations

1. Taking too narrow a scope of the issues

SOLUTION:

- Start with the business context
- Don't be afraid to look outside your functional responsibility
- Cast the net wide at the research stage

2. Not being clear what the issue is

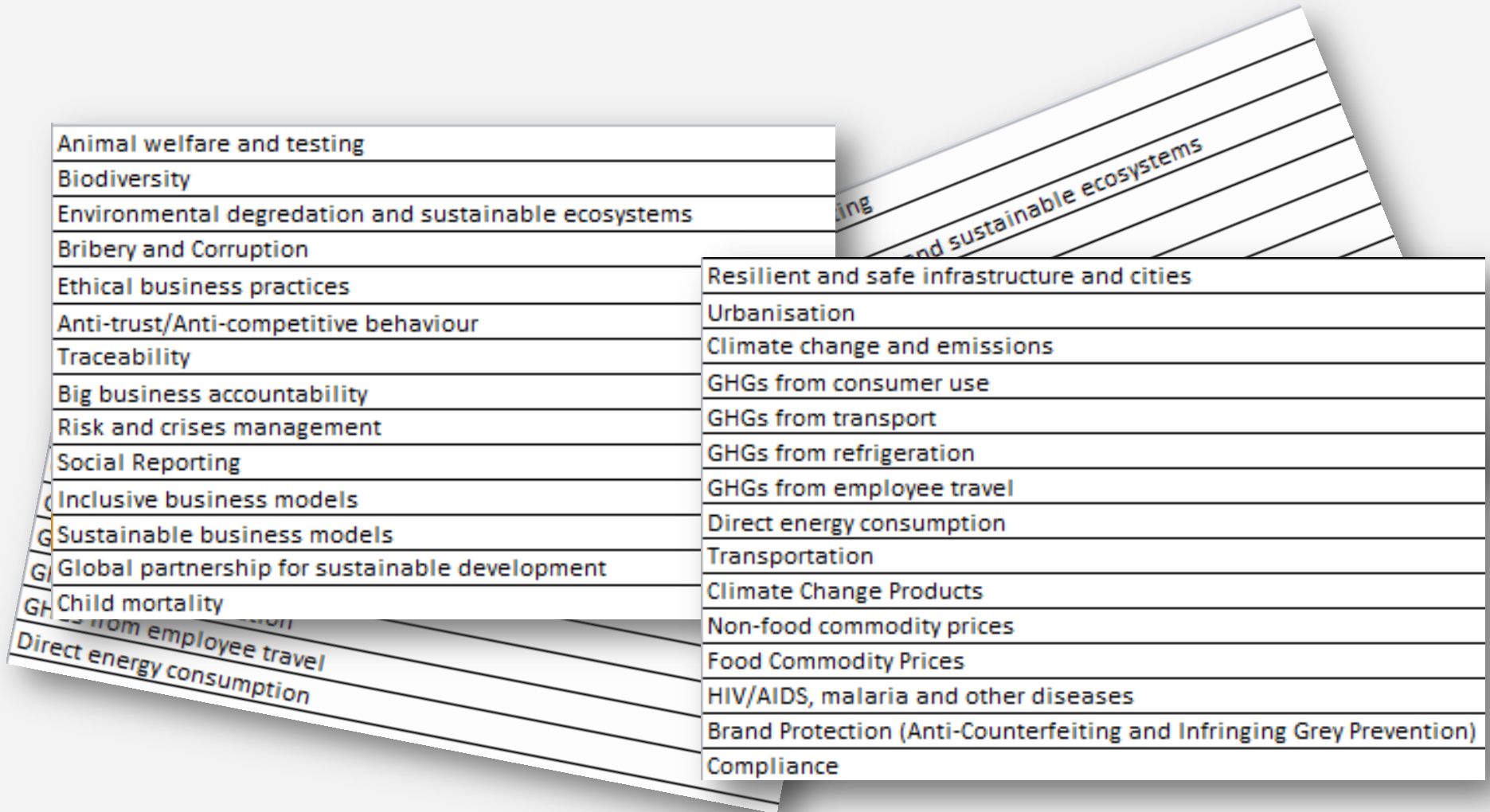


2. Not being clear what the issue is

SOLUTION:

- Keep it simple
- Focus on issues, not processes or responses
- Avoid vague language

3. Ending up with too many issues



3. Ending up with too many issues

SOLUTION:

- Cluster the issues into connected themes
- Don't cluster too much
 - The meaning may be lost
 - Different issues may have different positions
- Think about who you are as a company and be flexible

4. Listening to all stakeholders equally

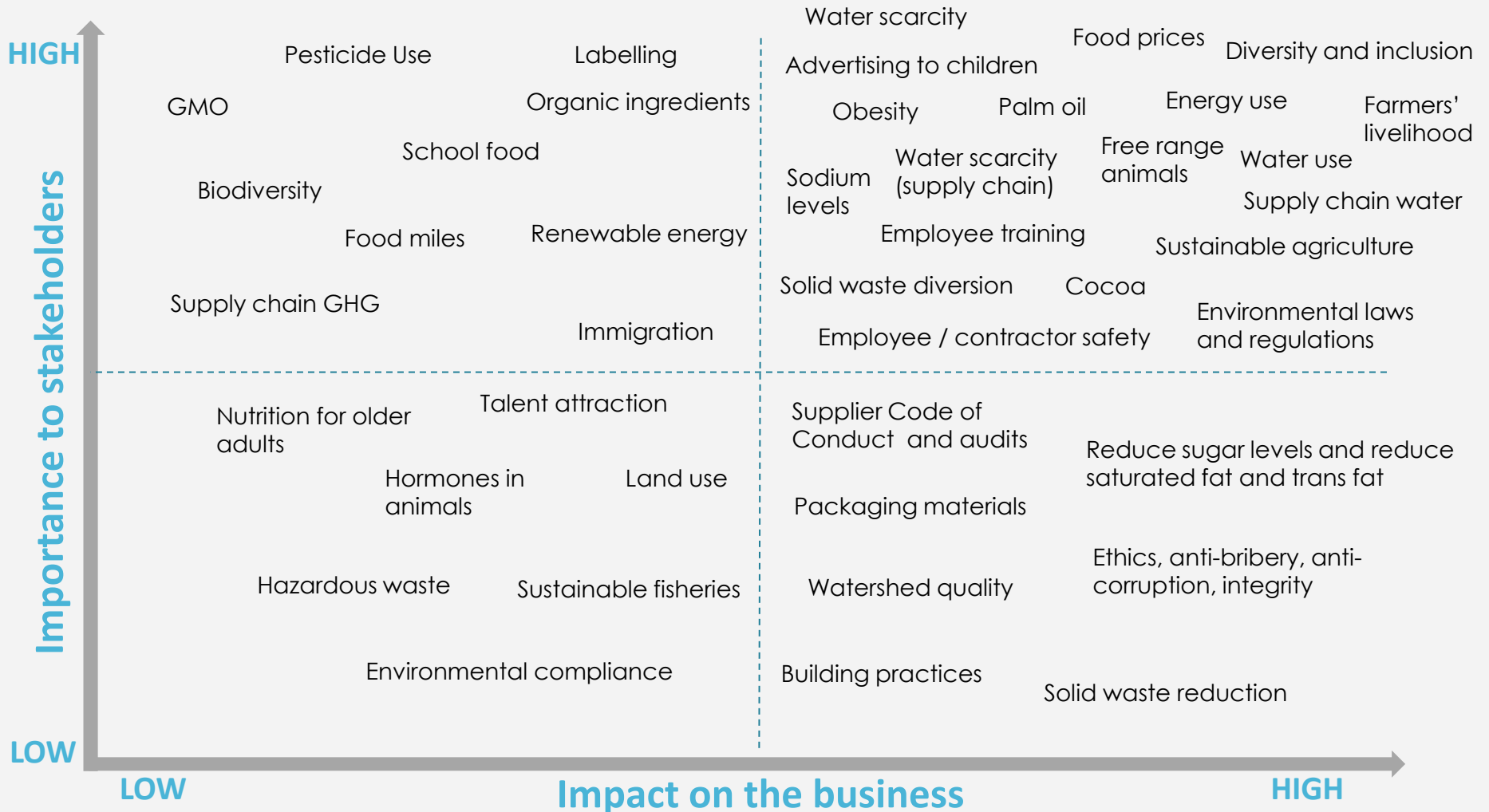


4. Listening to all stakeholders equally

SOLUTION:

- Undertake stakeholder mapping
- Prioritisation:
 - ✓ Level of interest in the business
 - ✓ Level of awareness and knowledge of the business
 - ✓ Influence of stakeholder

5. Failing to prioritise



5. Failing to prioritise

SOLUTION:

- Prioritise ruthlessly to ensure that the highest issues are in the top right
- Consider the real business impact
- Consider likelihood of the issue having an impact

Discussion and Q&A

Thank you for joining us!

Contact us



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