

Finding Value in Materiality Assessment

August 27, 2015



Responsive partner.
Exceptional outcomes.

Presented by

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Defining Sustainability

- ▲ Sustainability is a broad topic that is inherently, uniquely defined for every organization
- ▲ That reality makes this work fun, valuable, and rewarding....it can also be

EXHAUSTING!



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Scoping Sustainability



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- ▲ Stakeholder demands for organizational accountability across a broad range of environmental and social aspects (topics)

- ▲ Issues raised can feel
 - Tangential
 - Irrelevant
 - Overwhelming
 - Outside expertise



Scoping Sustainability - Focusing on Material Sustainability Topics

- ▲ Materiality assessment is a process intended to help organizations identify and focus on sustainability aspects
 - the organization has the greatest social, economic and environmental impact on
 - that most significantly influence internal and stakeholder decisions and actions
- ▲ Prioritization of materiality and stakeholder inclusion are cornerstone principles of the Global Reporting Initiative's (GRI's) G4 guidelines
- ▲ GRI G4 guidelines - value realized from reporting is one small component of the value that can be realized from the materiality assessment process

Materiality Assessment

Process for defining aspects and boundaries

- ▲ **Identify** potential material aspects
 - Identify relevant aspects and (potential) boundaries
 - Consider aspects identified by sustainability reporting guidelines and third-party evaluators
 - Analyze relevant organizational aspect impacts
 - Dialogue with stakeholders
 - ❑ Context
 - ❑ Inclusiveness
 - Consider public perception and license to operate

Materiality Assessment

Process for defining topics and boundaries (GRI G4)

▲ Prioritize

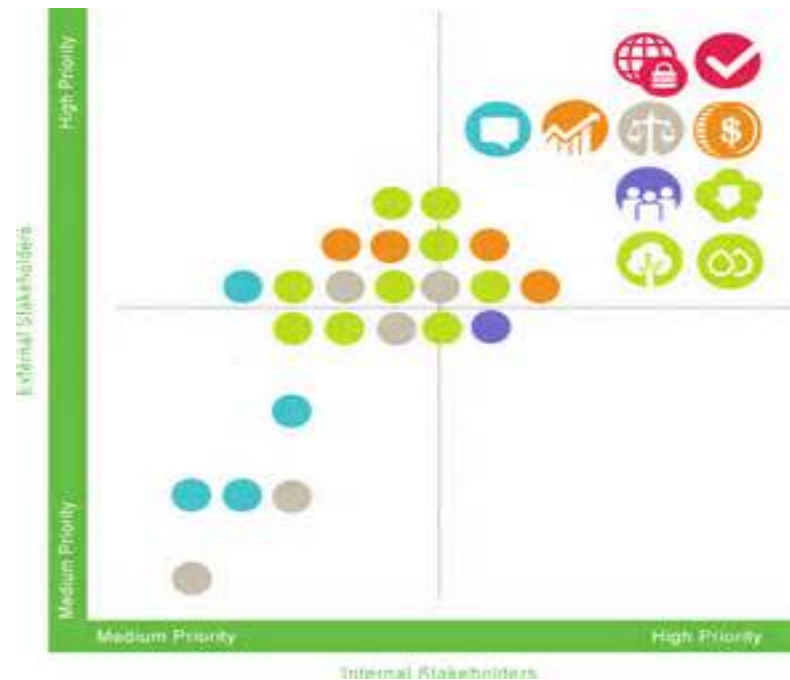
- Apply materiality tests to identified aspects
- Conduct internal operational and leadership-level dialogue and external stakeholder engagement to rank topics
 - Importance
 - Impact

Materiality Assessment

Process for defining topics and boundaries (GRI G4)

▲ Prioritize

- Map material aspects (materiality matrix)
- Define threshold
- DETERMINE MATERIAL ASPECTS
- Define boundaries (internal and external to the organization; geographic)



Materiality Assessment

Process for defining topics and boundaries (GRI G4)

▲ Validate

- **Decision-makers decide on material aspects and boundaries**
- **Sustainability team informs stakeholders of decisions**
- **Document the process – reporting focus**
- **Identify relevant indicators to measure and communicate performance on material aspects and boundaries (Core vs. Comprehensive Disclosure)**
- **Outline declarations on management approach (DMAs) – reporting focus**
- **Conduct completeness test**

Materiality Assessment

Process for defining topics and boundaries (GRI G4)

▲ Review

- Assessment cycle
- Priorities and materiality tend to shift over time

Materiality Assessment

Outputs and Next Steps

- ▲ **Framework for structuring, evolving and communicating a focused, value-adding sustainability program**

- ▲ **Now the real work begins!**
 - identify metrics
 - build, develop and maintain information systems
 - gather data
 - evaluate data/baseline
 - set goals
 - track performance against goals
 - report



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Materiality Assessment

Value-Adding Outcomes

- ▲ Elevated sustainability program status
- ▲ Focused, efficient use of organizational resources – spend more time collaborating and doing, and less time reporting and reacting
- ▲ Knowledge of otherwise unknown or misunderstood organizational risks, opportunities and impacts



- ▲ Engage stakeholders



- ▲ Innovative, value-adding solutions for your organization, value chain partners, and society as a whole

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