

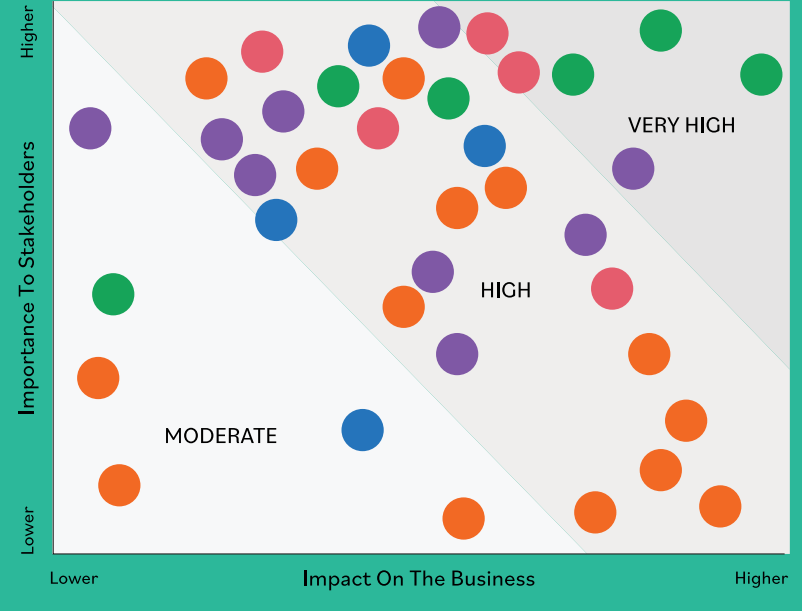
MATERIALITY MATTERS

What is Materiality Assessment?

Materiality assessment is a method to identify the ESG risks that are most important or material to an organization or its stakeholders and their relative importance.

It is often considered as the cornerstone of a company's ESG efforts.

Sample Materiality Assessment Matrix



Why is it For You?



Materiality assessment lets you prioritize which ESG issues to be considered in the strategy as well as include in the ESG reporting. It guides the target setting and helps identify the key metrics to track.



It enables timely identification of emerging issues and opportunities; thus, help minimize organization's risk exposure including reputational, financial and legal risks.



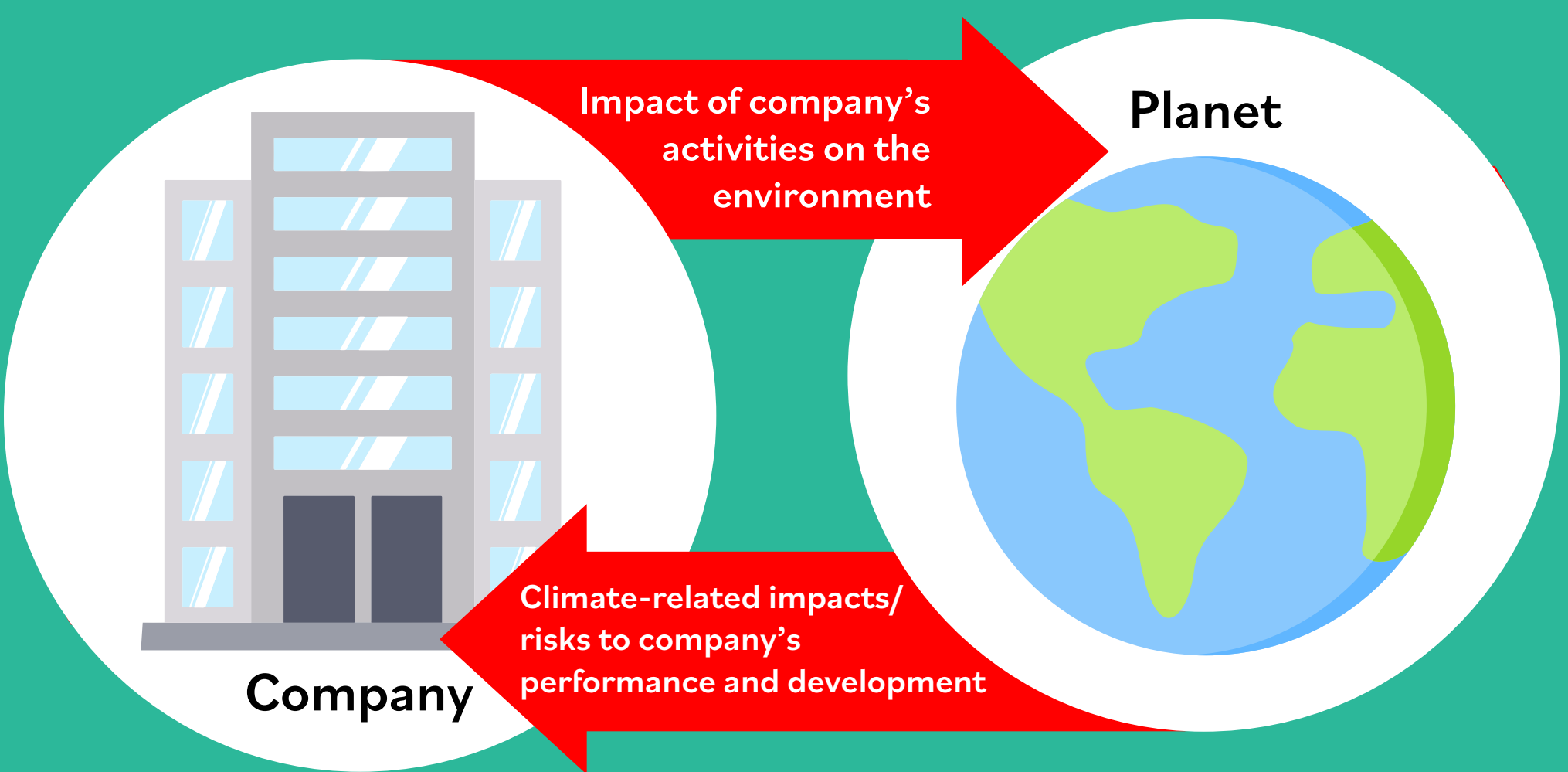
A solid and systematic approach to materiality helps bring transparency and build trust with internal and external stakeholders, plus attract investors and customers.



Definition of materiality is expanding to link ESG performance with the organization's financial performance and its ability to create business value.

Uncovering Double Materiality

There are two major perspectives around materiality. The first perspective concerns the external impacts an organization's activities have on the environment and society (also called as environmental and social materiality). The other one is centered around the actual or potential impacts of climate change risks on the organization's business and performance (also called as financial materiality).



Signs That Your Materiality Assessment is Inadequate



A Mere Reflection of Stakeholders' Opinions

An effective materiality assessment is expected to be data-driven/evidence-based, overcoming the stakeholder biases and opinions.



Collecting ESG Data Prior to Addressing Materiality

Embedding materiality into your business and ESG strategy helps eliminate the confusion around issues to prioritize and ESG metrics to collect data on.



Did It Once and Forgot It For Years

Regular monitoring is the way to go in the highly dynamic risk landscape; helps spot potential issues before they become business critical.

Need help getting your senior leaders on board? Learn more about [why materiality is more important than ever before.](#)

