



# **MATERIALITY ASSESSMENT GUIDE**



# WHAT IS A MATERIALITY ASSESSMENT?

A materiality assessment identifies which ESG issues matter most to your business and stakeholders. It provides the foundation for your sustainability strategy, helping you focus resources where they'll have the greatest impact.

Getting this right means you can stop trying to be everything to everyone. Instead of spreading yourself thin across dozens of ESG issues, you concentrate on the topics that genuinely influence your business success and where your operations have the most significant impact on people and the environment.

## WHICH BUSINESSES NEED TO CONDUCT AN ASSESSMENT?

We'd encourage any organisation serious about sustainability to conduct one, but it's particularly important if you're:

- Preparing sustainability reports
- Facing stakeholder pressure to demonstrate ESG commitments
- Developing or refining your sustainability strategy
- Seeking investment from ESG-conscious investors
- Operating in sectors with significant environmental or social impacts

# BEFORE YOU START

## 1. Choose your materiality approach

Your choice depends on your reporting requirements and strategic objectives:

- **Financial materiality:** Issues that could affect your financial performance (investor-focused)
- **Impact materiality:** How your operations affect people and planet (stakeholder-focused)
- **Double materiality:** Both perspectives combined

## 2. Define your scope

- Which business units, geographies, or operations will you assess?
- Who are your key stakeholders? (employees, customers, suppliers, investors, communities, regulators)
- Will this feed into standalone sustainability reporting or integrated reporting?

## 3. Secure leadership commitment

Get board/senior management buy-in from the start. Position this as strategic business intelligence, not just a compliance exercise.



# THE PROCESS: 5 CLEAR STEPS

## STEP 1: BUILD YOUR LONG LIST

Identify all potentially material topics by reviewing:

- Industry-specific frameworks (SASB materiality maps, GRI sector standards)
- Peer sustainability reports
- Media coverage and stakeholder concerns
- Regulatory requirements
- ESG ratings and investor questionnaires
- Internal risk registers

**Tip:** *Involve people beyond the sustainability team at this stage - operations, finance, HR, procurement. They'll spot issues you might miss.*

## STEP 2: GATHER STAKEHOLDER INPUT

Survey or interview stakeholders to understand:

- Which issues they care about most
- How they perceive your current performance
- What they expect you to prioritise

**Methods:** Online surveys, one-to-one interviews, focus groups, workshop sessions

**Who to engage:** Mix of internal (leadership, employees across departments) and external stakeholders (customers, suppliers, investors, community representatives)

## STEP 3: ASSESS AND SCORE

Rate each topic on two dimensions:

**For financial materiality:** Importance to business (financial impact, strategic relevance, risk exposure)

**For impact materiality:** Significance of your impact on people/planet (scale, scope, severity)

**For double materiality:** Both of the above

Score consistently using a defined scale (e.g., 1-5) and document your methodology. Consider both likelihood and severity.



## STEP 4: PRIORITISE AND VALIDATE

- Plot results on a materiality matrix
- Set a clear threshold for what's "material" (e.g., topics scoring 4+ on either axis)
- Keep your final list manageable - typically 8-15 material topics
- Present findings to senior leadership for validation and sign-off

There are multiple different ways of presenting your data - if you'd like help, please get in touch with the team: [info@future-plus.co.uk](mailto:info@future-plus.co.uk)

## STEP 5: INTEGRATE AND ACT

The assessment is only valuable if it *drives action*:

- Use material topics to structure your sustainability strategy
- Set targets and KPIs for priority areas
- Align reporting around material topics
- Communicate findings to stakeholders
- Schedule the next assessment (typically every 2-3 years, or when significant business changes occur)

## COMMON PITFALLS TO AVOID

**Treating materiality as a tick-box exercise:** If the assessment sits with one person in the sustainability team and doesn't influence business decisions, you're wasting time and money.

**Identifying too many material topics:** The more topics you claim are "material," the less the term means anything. Be rigorous about your threshold.

**Not involving senior leadership:** Without board-level engagement, the results won't drive strategic change.

**Focusing only on easy wins:** Material doesn't mean "easy to address" - it means important. Don't let feasibility bias your assessment.

**Forgetting to close the loop:** Share your findings and explain how they'll influence your strategy. Stakeholders who participate deserve to see outcomes.

