



A guide to materiality assessments





What is it?

A materiality assessment is a strategic tool to identify environmental, social and governance issues that could impact your business, your customers and our planet. It'll help you focus your efforts on the issues your business can have the biggest impact on.

It engages your stakeholders to understand which issues are important to them – and this information helps your business understand where you should focus your attention. The results from the materiality assessment are an excellent foundation for most responsible business strategies.

It also helps your business identify future trends and gives you insight into what your stakeholders feel are the most important issues for your business.

This is a slimmed down version of a materiality assessment, as we want to make it as useful a tool as possible for SMEs.

Key steps involved

For the materiality assessment to be successful, here are the key steps, which we'll take you through. Once you've read through the resource, come back to this stage and plan how long you'd like to spend at each step:

1. Identify stakeholders to speak to
2. Decide what you want to ask them
3. Conduct research with your stakeholders
4. Analyse survey results
5. Develop a strategy on how to address insights



Step 1: Identify stakeholders to speak to

You need to engage internal and external stakeholders to get a wide range of perspectives for this to really work. You want to get an overview of what people think your business' top issues are.

Use a checklist like the one on the next page to think about who to engage with and how.



Potential group	Engaging with them? (Y/N)	How?
INTERNAL		
Employees		
Specific employee groups		
Senior management		
Executives/Board members		
Shareholders/Investors		
EXTERNAL		
Key customers		
Key suppliers		
Partner organisation (examples: charities, trade associations)		
Warm customers (people who follow you on social media or are on your mailing list)		
Local community (examples: buildings next door, local business estate)		
Peers		
Competitors		

Step 2: Decide what you want to ask them

Once you've identified who you'll be working with, make sure to tell them early on why you'd like their views, and let them know when you want them to participate and how. Keep your messaging short and explain that their insights will help inform your business' strategy and practices.

You want to understand what these stakeholders think are the most important environmental, social and governance issues for your business. Rather than giving them a very long list, you'll need to narrow down some of the options to make it a useful exercise.

A good starting point that you could use is by looking at global issues that have been identified by [the UN's 17 Sustainable Development Goals \(SDGs\)](#).

As a smaller business with limited time and resources, we recommend looking at the 17 SDGs and selecting five – ten which you think are the most important to your business. You can of course include all 17, or you could choose your own issues which you think fall under responsible business work.

On the next page is an example of a business choosing which goals are most relevant and why.



An example of a business working in financial services may choose:

Sustainable Development Goal (SDG)	Reason for choosing SDG
1 - No Poverty	Everyone should have access to economic resources, as well as access to financial services
4 - Quality Education	Numerical literacy is essential to all our jobs, and future employees
5 - Gender Equality	Lack of gender diversity within business, especially at senior levels
12 - Responsible Consumption and Production	Many of the businesses we provide services to are manufacturing companies
13 - Climate Action	We want to be a more sustainable company and protect our future

Step 3: Conduct research with your stakeholders

Once you know what you'll be asking your stakeholders to rate, it's time to get their views.

You should have told them in advance why you're seeking their input and how they can participate. You may also need different wording for different audiences, for example employees vs your customers.

If you're sending people a survey, you can use free tools such as SurveyMonkey, Google Forms or Microsoft Forms to collect responses.

On the next page is a sample materiality assessment question template, with suggested questions to ask.



Introductory remarks: why you're doing this, how you'll use the data and take action from responses

Introductory questions: (make sure any contact details are voluntary)

- Organisation (if external)
- Department and role within organisation (if internal)

SDG related questions: (ranking options)

- Please rank these sustainable development goals in order of what you think should be our business' priority, with 1 being most important and 5 least important (if doing have a sliding scale option)
- Please include a few words to explain your choice [text box]
- Are there any other goals you think are important which have not been included, and why? [text box]

OR

SDG related questions: (individual goal)

- How important do you think it is for our business to support sustainable development goal 1, no poverty? [Very important, quite important, not important]
- What actions are expected of our business, and our industry on this goal? [text box]
- What are the risks of not addressing the issue? [text box]
- Are there any other goals you think are important which have not been included, and why? [text box]

Step 4: Analyse survey results

Once you have your results, you should have a combination of quantitative and qualitative results.

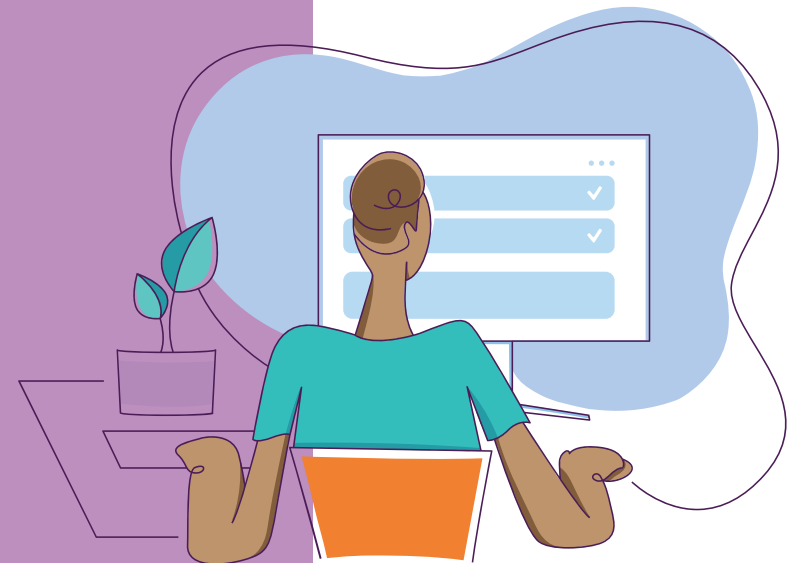
When looking at the quantitative, you can turn the results into percentages to be able to have a comparison. When you have the figures, these are the questions you should ask of the data:

- Which were the topics that were ranked highly?
- Were any of these topics ranked highly by all groups?
- Were there any significant differences in topics when looking at internal vs external stakeholders?

When looking at the qualitative:

- Is there anything missing that someone picked up on?
- Are there any common themes?
- Are there any new ideas presented worth exploring?

Remember that you'll have a large collection of data from different sources. Decide whether you'll give more weight, and importance, to a particular group over another.



Extra steps

If you want to go further, here are a few ideas:

- Review industry standards and upcoming legislation, how will that impact the sustainable development goals and your approach?
- You can choose to map out the top priorities against the importance to your business vs the importance to your stakeholders, then think about your business' ability to influence and make a difference in them
- You can plot your results on a materiality matrix (Google for ideas) that can visually show the relative importance of different issues, like this:

