The materiality principle: How can it guide companies in stakeholder engagement, decision-making and reporting?

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The report shall cover topics that:

• reflect the reporting organization’s significant economic, environmental, and social impacts;

OR

• substantively influence the assessments and decisions of stakeholders.
Materiality analysis

Typical step-by-step process

1. Design the materiality analysis
2. Analysis of value chain
3. Identification of the initial list of topics
4. EXECUTE THE MATERIALITY ANALYSIS
   a. Impact assessment
   b. Assess topics that substantively influence the assessments and decisions of stakeholders
   c. Set threshold and identify material topics
   d. Identification of material topics’ boundary
5. MATERIALITY VALIDATION
6. USE OF MATERIALITY FOR THE REPORTING
7. USE OF MATERIALITY BEYOND THE REPORTING (Strategy, management, stakeholder engagement decision making)
8. ASSESS THE PROCESS OF MATERIALITY ANALYSIS

While this process outlines the typical activities of sustainability reporting, it should not be considered to be a part of GRI Standards.
The transformative power of materiality