ESG Materiality Assessment Checklist

A practical checklist for running a materiality assessment you can defend to investors, auditors and the board

GRI 3 · IFRS S1 · IFRS S2 · IIRC 6 Capitals · UN SDGs · King V

The topics you report on are only as credible as the process that chose them. This checklist covers a materiality assessment from the first long list to board sign-off, with the reasoning kept at every step.

A Scope & Approach

- [ ] The purpose of the assessment is defined: which reports, frameworks and decisions it will inform
- [ ] The perspectives to assess are agreed: impact on people and the environment, financial effect on the business, or both
- [ ] The boundary is set: which entities, sites and parts of the value chain are covered
- [ ] Roles are assigned: who runs the assessment, who scores and who approves

B Topic Long List

- [ ] Topics are drawn from sector standards, reporting frameworks, peers and media coverage
- [ ] Topics from the enterprise risk register and strategy are included
- [ ] Topics raised through complaints, grievances and incidents are included
- [ ] Each topic has a clear definition so scorers assess the same thing

C Stakeholder Engagement

- [ ] Stakeholder groups are identified, including employees, investors, customers, suppliers, communities and regulators
- [ ] The engagement method for each group is chosen and recorded: survey, interview, workshop or existing channel
- [ ] Engagement dates, participants and findings are recorded
- [ ] Groups who cannot speak for themselves, such as the environment or future generations, are represented by proxies or experts

D Impact Materiality

- [ ] Actual and potential impacts on people and the environment are identified for each topic
- [ ] Negative impacts are scored for severity: scale, scope and how hard they are to reverse
- [ ] Likelihood is scored for potential impacts
- [ ] Positive impacts are assessed separately from negative ones

E Financial Materiality

- [ ] Each topic is assessed for its effect on cash flows, access to finance and cost of capital
- [ ] Short, medium and long-term time horizons are defined and used
- [ ] Risks and opportunities are scored with the same scales as the enterprise risk register
- [ ] Climate-related risks and opportunities are assessed in line with IFRS S2 where it applies

F Thresholds & Approval

- [ ] Thresholds for what counts as material are set before scoring results are seen
- [ ] The list of material topics is reviewed by management and approved by the board or a board committee
- [ ] The reasoning for including or excluding each borderline topic is recorded
- [ ] The results are compared with the previous assessment and changes are explained

G Link to Strategy & Reporting

- [ ] Each material topic has an owner, objectives, targets and indicators
- [ ] Material topics are reflected in the ESG strategy and business strategy
- [ ] Disclosures for each material topic are identified in the GRI index or IFRS S1/S2 report
- [ ] The materiality process itself is described in the report

H Reassessment

- [ ] A full reassessment is scheduled, typically every two to three years
- [ ] A lighter annual review checks whether anything has changed
- [ ] Triggers for an early reassessment are defined, such as acquisitions, new markets or new regulation
- [ ] All versions of the assessment are kept, with the evidence behind each

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