

# COMPLETING A MATERIALITY ASSESSMENT: UNDERSTANDING STAKEHOLDER SUSTAINABILITY PRIORITIES

## Introduction

A Materiality Assessment (MA) outlines a process for identifying and prioritizing stakeholder’s sustainability-related areas of interest. The three pillars of sustainability: environmental, economic, and social, influence an institution’s ability to protect or damage the environment, influence stakeholder social wellbeing, and contribute to the economic value of the institution.

Take a look at [this](#) article to learn more about the three main sustainability models and how the pillars of sustainability interconnect. Keep in mind, there is no right or accepted model.

Although a MA can be completed for all three pillars of sustainability, it is not mandatory. Due to the nature of the Campus Carbon Management Initiative, as a minimum, completion of a MA for the environmental pillar is recommended. Starting with one pillar also helps to familiarize institutions to the process of a completing a MA without becoming overwhelmed.

## Before Getting Started

Identify who will be responsible for implementing the MA process and what pillars will be included, as this will influence who is involved. Responsibility may fall to one or a combination of the following:

- Sustainability staff.
- Subject matter experts, such as those employed within Facilities, Energy Managers, Planning etc., if focusing solely on the environmental pillar.
- The Sustainability or Environmental Committee or other committees if expanding past the environmental pillar.

## The MA Process

Below outlines step-by-step, the seven tasks required to complete a MA effectively and efficiently. These steps include:

- Step 1:** Identify why a Materiality Assessment is required.
- Step 2:** Identify stakeholders.
- Step 3:** Create a list of topics/areas of interest.
- Step 4:** Data collection.
- Step 5:** Rank topics.
- Step 6:** Stakeholder feedback aggregation.
- Step 7:** Engage.

### Step 1: Identify Why a Materiality Assessment is Required

It is important to clearly identify the reasons why completing a MA will be beneficial to the institution. Identifying the “why” may influence a variety of factors including; stakeholders involved, the focus (environmental, social, and economic), information to collect, relevant questions, and how to interpret and present findings.

To help get started, a MA may be completed for one of the following reasons:

- Identify relevant sustainability-related metrics for reporting purposes.
- Improve reporting transparency and accountability on sustainability metrics.
- Understand the sustainability risks important to stakeholders.
- Prioritize sustainability issues and improve focus.
- Improve the business case and provide support for pursuing sustainability programs and initiatives to Senior Leadership.
- Help create or edit a sustainability plan or ensure the sustainability plan that aligns with the institutions Strategic plan.
- Leveraging stakeholder interests creates an advantage as it demonstrates priorities have been shaped for stakeholders, by stakeholders; this is a powerful tool for Senior Leadership support.
- Others?

**To Do: Write down the reasons why the institution is completing a MA and what pillar(s) of sustainability will be involved.**

## Step 2: Identify Stakeholders

Next, use the reasons for completing a MA to identify stakeholders whose feedback will provide relevant insight to the process. It's recommended to separate stakeholders into two groups, internal and external. Internal stakeholders are those that serve the institution versus external stakeholders who are those that are impacted by the work and services the institution provides.

Examples of stakeholders may include:

- |                                |                                 |                                      |
|--------------------------------|---------------------------------|--------------------------------------|
| • Students (external)          | • Support staff (internal)      | • Local community members (external) |
| • Senior Leadership (internal) | • Board of Directors (internal) | • Others?                            |
| • Faculty (internal)           |                                 |                                      |

**To Do: Write down a list of the institutions stakeholders and identify if they are internal or external. It is not necessary to gather feedback from all stakeholders, but having a comprehensive list may be a useful exercise in understanding different groups who are impacted by the institution. If helpful, go into more detail about each stakeholder; for instance, are there certain individuals within Senior Leadership that would be critical to hear from? Is there a specific group of students (within a certain program etc.) that are a high priority? Is it worth looking at external stakeholders, such as local government? Are there specific Departments who could provide insight? Will feedback be gathered from all campuses?**

### Step 3: Create the List of Topics/Areas of Interest

Next, generate a list of potential topics or areas of interest for stakeholders to consider. As a starting point, the list below identifies some popular topics for each pillar of sustainability. Keep in mind that certain sustainability topics may not be relevant to the institution.

# 3

#### i) **Environmental:**

- (a) Commuting
- (b) Cost savings
- (c) Development of a Sustainability Plan
- (d) Energy use
- (e) End of lifecycle reuse and disposal
- (f) Green buildings
- (g) Greenhouse gas emissions
- (h) Paper use
- (i) Procurement
- (j) Local biodiversity
- (k) Materials used and supplies
- (l) Sustainability education (courses and programming)
- (m) Sustainability initiatives
- (n) Urban sprawl
- (o) Utility costs
- (p) Waste management
- (q) Water Use
- (r) Others?

#### ii) **Social:**

- (a) Community impacts of the institution
- (b) Diversity and equal opportunity
- (c) Employee satisfaction
- (d) Environmental and sustainability education availability
- (e) Health and safety
- (f) Housing affordability for students
- (g) Indigenous affairs
- (h) Labour practices and safe work
- (i) Mental health of students, staff, faculty

- (j) Quality of education
- (k) Outreach, awareness, and education of sustainability
- (l) Professional development opportunities
- (m) Student satisfaction
- (n) Talent attraction and retention
- (o) Others?

iii) **Economic:**

- (a) Accountability and transparency
- (b) Board composition
- (c) Institution-led innovation
- (d) Divesting from fossil fuels
- (e) Funding
- (f) Indirect economic impacts
- (g) Local employment
- (h) New revenue streams
- (i) Sustainability leadership
- (j) Others?

**To Do: Write down the topics/areas of interest that come to mind for the pillars of sustainability chosen to include in the MA.**

#### Step 4: Data Collection

At this point, the institution should have a list of sustainability topics and relevant stakeholders. It's now time to identify how to gather data. Typical methods include one or a combination of:

1. A survey

**Consider:** Will the survey have to go through an ethics board review, and what length of time will that require? Will there be a participation incentive, if so, that requires collecting sensitive information such as emails, which may trigger a review process. Does the institution have a survey program or will a subscription to a service such as Survey Monkey be required? Does the institution have a corporate research department that can help with implementation and design? What are the key dates that other surveys such as KPI, satisfaction, and program evaluation courses go out? How will midterms, finals, reading week and other holidays impact this? How will you communicate this (announcements, newsletter, program coordinators)? How long will the survey be available?

2. Group discussion

**Consider:** Who are the key groups to speak to? How long will it take to get them together in one room? What information do you want out of the meeting and what are the correct questions to ask?

### 3. Interactive booths

**Consider:** What community and stakeholder events are relevant to gather feedback? How will feedback be gathered (dotmocracy, comment cards etc.)? What materials are required for the outreach?

Note: Gathering information by either asking stakeholders to rate on a 1-10 scale or prioritizing in some manner (low, medium, high etc.) will help for accurate and easier ranking.

#### Step 5: Rank Topics

In this step, the implementation team will rank the topics chosen. This step is important for multiple reasons: to help provide context for the implementation team, to foster discussion amongst the team concerning sustainability, and to help eliminate obvious low priority topics that are not critical to present to stakeholders thus ensuring they are not overwhelmed with options.

Ranking can be done in two ways:

- Discussion:** As a group, discuss and generate a list of topics (with reasoning) for stakeholders to rank. Generally, no more than 10 to 15 topics per sustainability pillar is recommended to ensure stakeholders are not overwhelmed by choice. This method of selection is the least time consuming, but it does not provide a quantitative method to obtaining agreement.
- Ranking System:** A common approach to help the implementation team understand priority topics includes filling out the table below; all topics are rated on a scale of 1-5 based on their Frequency, Severity, Legal Implications, and Cost. Add up the total for each criteria to help provide prioritization guidance.

Topic/Area of Interest	Frequency (F)*	Severity (S)**	Legal (L)***	Cost (C)****	Overall Significance of Topic Impact F+S+L+C^	Rank
Energy Consumption	5	3	2	5	15	1
Waste Management	5	3	2	3	13	3
Air Emissions	5	4	2	3	14	2
Water Consumption	5	2	2	2	11	4

Note: The criteria for rating and associated definitions for frequency, severity, legal, and cost outlined below is provided only as an example, and can be tailored to each institution as needed. If the institution has more relevant definitions and rating scale they are encouraged to use it, as long as it is documented.

\*Frequency: How often does the topic occur at the institution? (1 - Rarely 5 - Daily)

\*\*Severity: The degree of stakeholder risk, either directly or indirectly, (1 - Little/no risk 5 - Severe risk)

\*\*\*Legal: Are there legal ramifications and regulations that apply to the topic? (1 - Topic poses little/no legal ramifications and low costs 5 - High ramifications including substantial fines and lawsuits with severe financial penalties).

\*\*\*\*Cost: How costly, from a financial perspective, is each topic to the institution? (1 - None 5 - Significant)

^Institutions may believe certain criteria are more important than others are, if this is the case those criteria can be weighted more and the formula changed to reflect priorities. For example, cost may be twice as important and legal half as important as the other criteria. In that case the formula would simple change to  $F+S+(L \times 0.5)+(C \times 2)$ . Each criteria can be weighted most appropriately for each institution. There is no right or wrong way to weigh criteria.

**To Do: Choose the method(s) to complete as a group and create a ranked list of topics.**

### Step 6: Stakeholder Feedback Aggregation

The stakeholder engagement process will generate significant feedback. This information needs to be aggregated to prioritize top sustainability areas. There are a few ways to do this, three methods are described briefly below. Please note there is no right or wrong way to aggregate the information as long as it is accurate and comprehensive.

#### 1. Method 1: The Traditional Matrix

The traditional way of defining priority topics is in the form of a two-axis matrix; the X-axis plots each topic's "Impact on Business", as determined by internal stakeholders. The Y-axis plots "Importance to External Stakeholders".

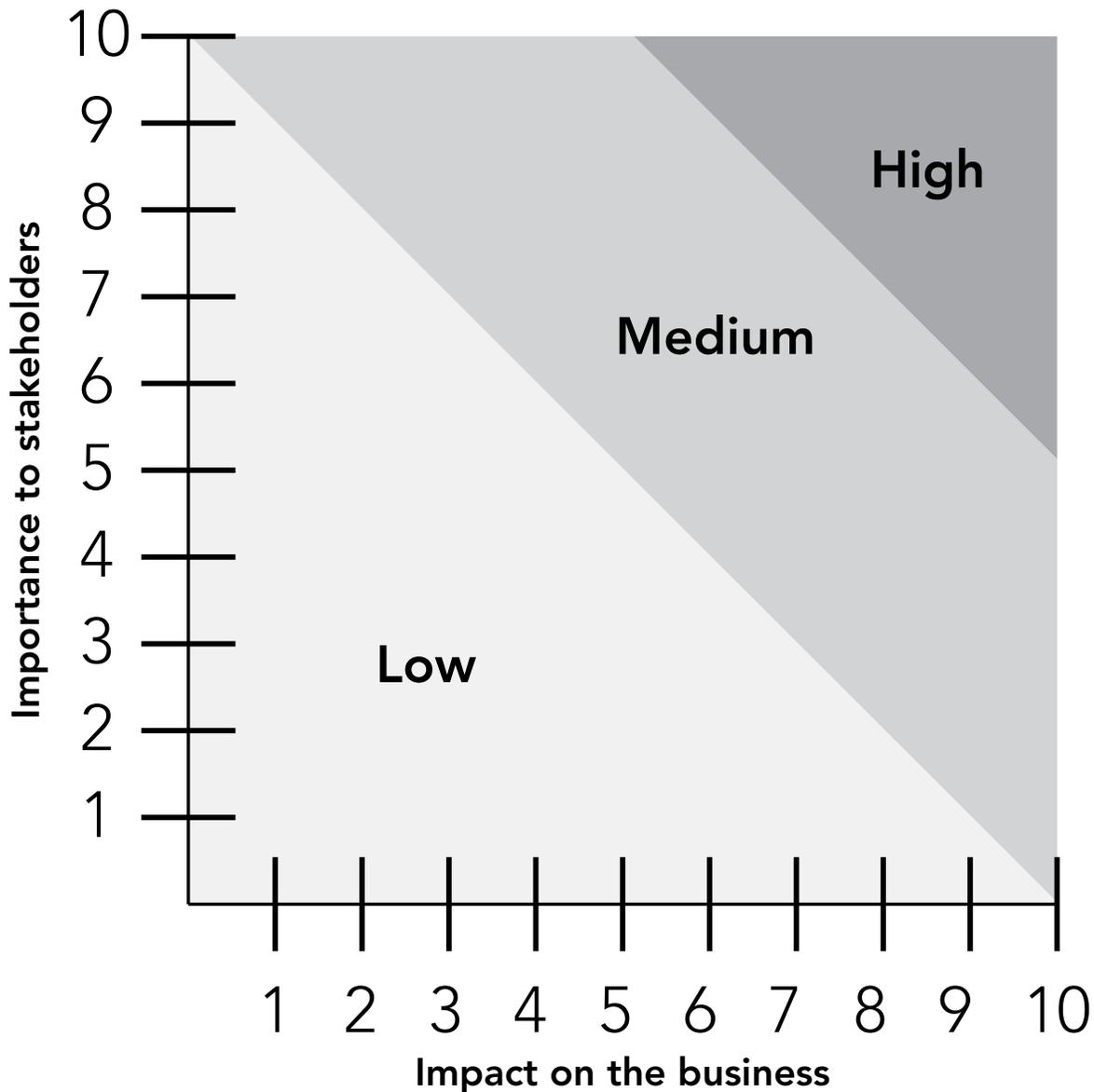
Completing a Traditional Materiality Matrix

- a. Create a 3-column table similar to the one below.

Topic	Internal Stakeholder Average Rating (1-10)*	External Stakeholder Average Rating (1-10)*
Energy Consumption	9	7.5
Waste Management	7	9.8
Air Emissions	8.5	9
Water Consumption	5.9	6

\*One being least important, 10 being very important. The 1-10 method of ranking is an example and can be modified as needed. Remember, these are the averages of all internal and external stakeholder response.

- b. See below, starting with the X-axis (internal stakeholders), locate the first topic's average rating on the X-axis of the matrix; for example, if internal stakeholders rated the topic "Waste Management" an average of 8.5/10, place a marker between the 8 and 9 notches on the X-axis. Moving the marker only vertically, match up the External stakeholder average rating on the Y-axis. Now the result for the first topic is presented representing both stakeholder groups.
- c. Complete this process for all topics.
- d. Create a cut-off threshold to define material topics. See below for guidance. Ensuring a strict threshold for priority topics is critical; this is not to say that not all topics evaluated are important in some way, but establishing a cut-off will help ensure a clear definition of high priority topics.



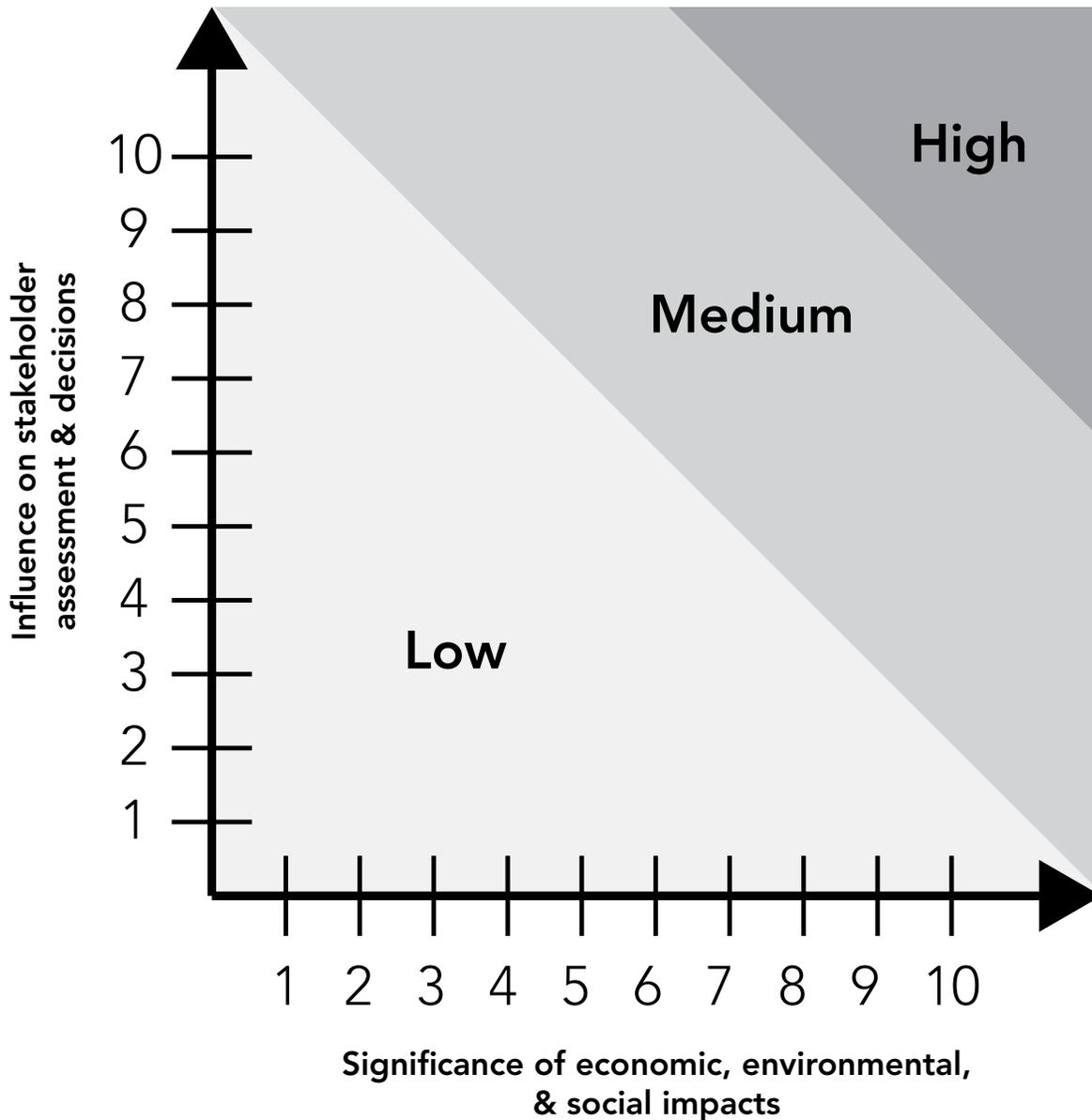
## 2. Method 2: Updated Materiality Matrix

This methodology uses the two-axis matrix, but the X-axis is replaced by the most significant environmental and/or social and/or economic topics and internal and stakeholder responses are aggregated and placed on the Y-axis. Similar to Method 1, a 3-column chart, such as the one below, needs to be developed and the same process followed to fill in the matrix.

Topic	Significance of Topic Impacts*	Average Stakeholder Rating (1-20)**
Energy Consumption	15	16.5
Waste Management	13	16.8
Air Emissions	14	17.5
Water Consumption	11	11.9

\*Numbers were taken from Step 5, where the implementation team rated or discussed the importance of each sustainability topic.

\*\*One being least important, 20 being very important. Numbers are the sum of method 1. Divide each column by two out of ten to make plotting easier.



### 3. Method C: Table Ranking

In this method, a table is designed and topic ranking evaluated. Please see below for an example.

- List the topics that were chosen to be evaluated in the far left column (this information comes from Step 5).
- If the Sustainability Committee ranked the topics as a group, place the total score for each topic in a new column (This is from Step 5, Method B).
- Add the average responses for internal and external stakeholders. Internal and external stakeholders can be presented separately or in one column as "Stakeholders".
- Add up the score for all criteria. In this case, the committees ranking of significant topics is equal to the weight of the internal and external stakeholders.
- Rank each topic.
- If necessary, create a threshold to firmly cut-off the topics that are highest priority.

Topic	Committee Ranking (out of 20)	Internal Stakeholder Average Response (1-10)	External Stakeholders Average Response (1-10)	Total	Rank
Energy Consumption	15	9	7.5	31.5	1
Waste Management	13	7	9.8	29.8	3
Air Emissions	14	8.5	9	31.5	2
Water Consumption	11	5.9	6	22.9	4

### Step 7: Engage

This information is not meant to stay solely with the implementation team. Be proud of the work and share it with the stakeholders engaged. This can be done in multiple ways.

- Present to Senior Leadership
- Incorporate learnings into Sustainability Plan
- Incorporate into e-newsletter
- Send out an announcement
- Other outreach tactics that have been effective in the past?

### Potential Challenges

- Amount of time required to complete the MA. This will depend on the complexity of the assessment.
- Length of time, again dependent on complexity.
- Senior leadership engagement and interest.

### Conclusion

Completing a MA can serve as a very valuable component of developing a baseline. It provides insight into stakeholder concerns and forms a powerful support for sustainability and climate action. Do not feel overwhelmed by the process. A MA takes time and can be simple, or complex, as desired. It serves as an excellent starting point for further action and decision making ensuring substantive and effective progress.