

# Materiality

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## Introduction

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This criterion aims to assess the ability for the company to identify the sources of long-term value creation, understand the link between long-term issues and the business case, develop long-term metrics and transparently report these publicly. We want to know the disclosure of material priorities, the links with the business case, and what targets are set to address these issues. These may be economic, social, or economic in nature. Most importantly, they should be the key sources that drive and create value for the business.

This criterion contains the following 2 questions:

1. Material issues
2. Materiality Disclosure

This criterion will replace the current Materiality questions that are part of the Environmental Reporting and Social Reporting criteria. The remainder of those criteria (the coverage, assurance and quantitative data questions) will continue to exist in its former form.

*PLEASE NOTE: The question texts and methodology presented are preliminary and might be subject to change at any time before April 5th 2016 at the discretion of RobecoSAM. In addition, questions might look different in the Online Assessment Tool in terms of question structure and lay out.*

## New/updated questions

### Question 1: Objective

The purpose of this question is to assess if the company conducts a materiality assessment and what the key issues are that impact the business arising out of the company's materiality analysis: what are the issues, why, what is the response and is executive compensation aligned?

For the assessment of this question, we are looking for the following:

- Material issue: The issue is reasonable and appropriate for your industry
- Business Case/rationale: a clear, concise explanation is provided explaining how the issue is material
- Business Impact: Impact on business is aligned to business case
- Primary Strategies: How the issue is being addressed. Examples include product reformulation, changes to internal management practices, strategic partnerships, etc.
- Target: Target is related to the business case and strategy
- Timeframe: target is time bound
- Executive compensation: The issue, target is part of the executive compensation

### Definitions:

#### Materiality

Any factor that can have a present or future impact on value creation and therefore the financial performance of the company over time. These could be economic, environmental, or social in nature.

### Question 1: Material Issues

Has your company conducted a materiality analysis to identify the most important material issues (economic, environmental, or social) for your company's performance? Please provide the 3 most material issues that have the greatest impact on your business and the generation of long-term value. Please indicate how these issues impact your business and serve as sources of long-term value creation for your company.

- o Yes, our company has conducted a materiality analysis to identify key issues for long-term value creation.

Provide the 3 most important economic, environmental or social issues that you have identified through your materiality analysis as having an impact on your company's business. For each priority, provide a brief rationale for how the issue impacts your business, which business strategy relates to the issue, and whether you have a longer-term target or metric for measuring your performance in relation to the issue.

	Issue 1	Issue 2	Issue 3
Material Issue			
Business Case/rationale			
How does this issue impact your business (cost / revenue / risk)?			
What are your primary strategies / products to address this issue?			
Do you have a long-term target or metric to measure progress			

on this issue? Please specify this target or metric if available:			
Please specify the year for the long-term target			
Is your material issue, metric or target used for determining executive compensation?			

- We have not defined any material issues for our compay
- Not applicable. Please provide explanations in the comment box below.
- Not known

### Question 2: Objective

The purpose of this question is to assess the extent companies publicly disclose its activities related to defining material and setting priorities.

For the assessment of the materiality analysis process, we are looking for the following evidence in the supporting documentation:

- Process described (e.g. internal participants, frequency, dialogue with stakeholder etc.)
- Material issues identified disclosed (in a matrix or in another format)
- Material issues are prioritized
- Materiality analysis includes external stakeholders

For the assessment of the progress towards targets, we are looking for the following evidence in the supporting documentation:

- Targets for material issues
- Progress towards targets

### Data requirement

Copy of, or link to: Company website, annual report, sustainability report, other public communication.

### Question 2: Materiality Disclosure

Do you publicly disclose information related to the materiality analysis process and progress towards your targets or metrics? Please provide document or web link.

- Yes. We publicly disclose our materiality analysis process
- Yes. We publicly report on the progress towards our targets or metrics for our material issues
- No. We do not publicly disclose our materiality analysis process or report on progress towards targets or metrics for our material issues