



Materiality Assessment Service Overview

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Materiality is King: the critical importance of Materiality Assessments for GRI's G4

As of 2013, nearly 80% of the world's largest 100 companies issued Corporate Responsibility reports using the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines. With the introduction of GRI's next generation G4 Guidelines in May 2013, any business that aspires to continue GRI reporting, must conduct a materiality assessment. Determining the material issues facing a company is at the core of GRI's new global standard. Conducting a materiality assessment is a strategic exercise that utilizes stakeholder engagement to systematically gather insights into the social, environmental, and economic issues that have the largest potential to impact the future success of the business. Most importantly, the findings of the assessment are used to define the content of a GRI report, as well as form the foundation of a business' Corporate Responsibility strategy.

GRI's new changes in the G4 Guidelines have been created according to two driving factors:

1. Due to GRI's overall goal of embedding the CSR reporting process into defining a company's core strategy, and
2. In response to the critics of the previous G3.1 guidelines' 'Application Levels A, B, or C' that were perceived by many to reward companies based on the total number of disclosed indicators, even if the content was by no means contextually relevant.

With the launch of G4, companies will no longer be able to view the GRI reporting process as a 'point-chasing' exercise, where they simply report based upon a 'menu' of possible indicators that are the easiest for them to collect data. For companies to be considered following G4, and determine what corporate responsibility issues are most important to their business, they must conduct a materiality assessment as a robust strategic process.

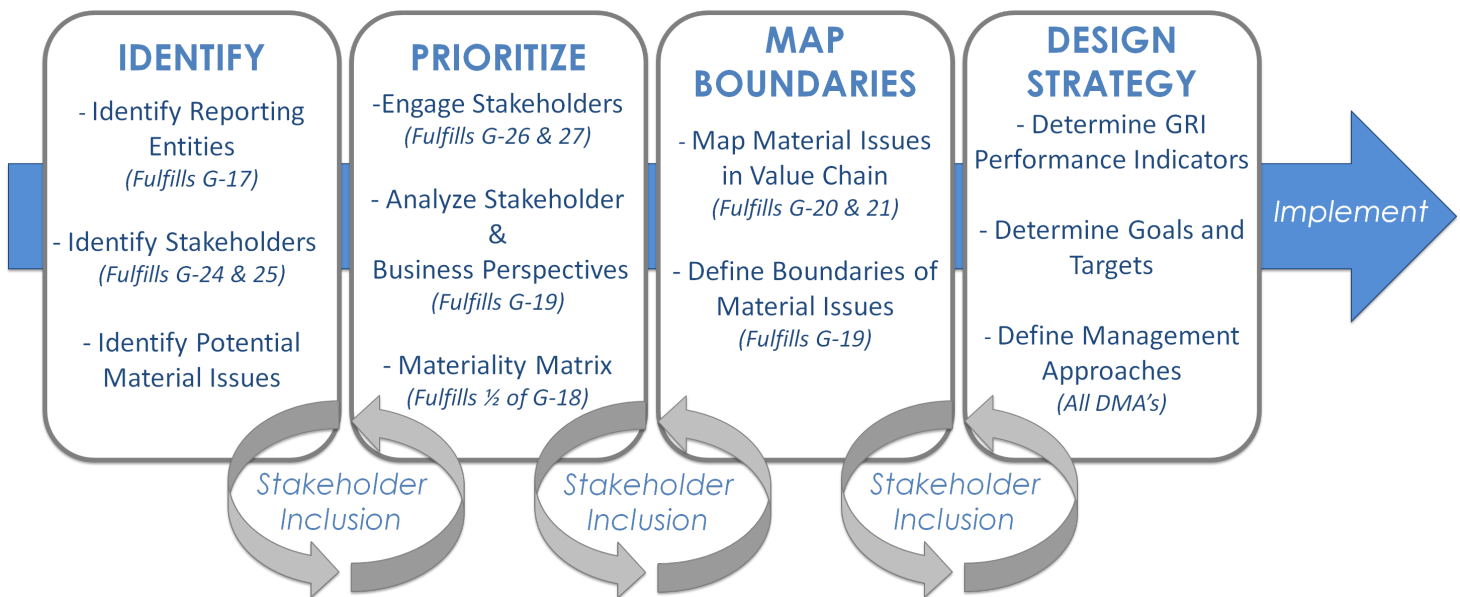
The results of a materiality assessment influence the other biggest change of the new G4 guidelines - defining the material boundaries, as well as the management approaches for every issue deemed material. No longer are companies required to disclose only four overall management approaches like in G3.1, they are now required to disclose upwards of 20+ specific management approaches in total, including the location of every material issue within the value chain.

The Missing Link: conducting a robust, yet cost-effective Materiality Assessment

Although "materiality, boundary setting, and stakeholder engagement are the essence of G4" according to GRI's Chief Advisor on Innovation in Reporting, most companies are only beginning to understand the organizational changes necessary to conduct a robust materiality assessment in a cost-effective manner. Since the launch of the new G4 guidelines, current GRI reporting companies realize that they will soon have to conduct a data-driven materiality assessment, but unfortunately many lack a clear roadmap outlining the process for engaging stakeholders, prioritizing material issues, mapping the boundaries, and designing new strategic management approaches.

Materiality Roadmap: the strategic journey of developing a G4 GRI Report

By following the Materiality Roadmap below, organizations are enabled to achieve the most crucial requirements of the new GRI G4 guidelines, the Identified Material Aspects and Boundaries guidelines (G4-17 to 23), the Stakeholder Engagement guidelines (G4- 24 to 27), as well as all of the Disclosure of Management Approaches (DMA) for every issue deemed material.



Why conduct a Materiality Assessment with Verego?

Verego's approach to GRI G4 Materiality Assessments provides organizations a cost-effective solution to navigating the complexities of conducting a materiality assessment. Utilizing our Materiality Assessment Toolkit, Verego offers a number of modular service options that can be tailored to the specific context of any organization. The cost effectiveness of our modular services are created by leveraging Verego's deep expertise in Corporate Responsibility, combined with our robust project management, stakeholder facilitation, and automated analysis capabilities. Ultimately, by the end of this data-driven process, our clients will have gained internal and external credibility of their Corporate Responsibility Strategy, have met the most crucial G4 Guidelines requirements, and possess a newfound strategic clarity into implementing management approaches that align resources to create value for the business as well as generate positive impact for all relevant stakeholders.

Verego's Materiality Assessment Support Service Options

Verego offers a progression of service options to support clients' specific needs throughout all phases of conducting a G4 focused materiality assessment:

Phases	Goal	Verego Support	GRI G4 Outcomes	Checklist
Identify (2-4 Weeks)	Identify Relevant Stakeholders and Possible Material Issues	<ol style="list-style-type: none"> 1. Identify Entities included in GRI Report 3. Map Stakeholder Relationships 3. Develop a Stakeholder Engagement Plan 4. Choose and Define Possible Material Issues 	-Fulfillment of G4-17 and G4-24 & 25 by identifying the entities included in the report, a list of relevant stakeholders to be engaged, as well as documenting the basis of selecting stakeholders.	<input checked="" type="checkbox"/> G4-17 <input checked="" type="checkbox"/> G4-24 <input checked="" type="checkbox"/> G4-25
Prioritize (4-6 Weeks)	Prioritize Material Issues based upon Stakeholder and Business Input	<ol style="list-style-type: none"> 1. Design Stakeholder and Business Perspective Survey 2. Analyze Survey Results w/ Verego's Materiality Toolkit 3. Prioritize Material Issues on Materiality Matrix 4. Develop a Materiality Assessment Report 	-Fulfillment of G4-26 & 27 by documenting the organization's approach to stakeholder engagement and each stakeholder groups key concerns. -Fulfillment of G4-19 and half of G4-18 by identifying the Material Issues and documenting the process in which the Issues were deemed material.	<input checked="" type="checkbox"/> G4-26 <input checked="" type="checkbox"/> G4-27 <input checked="" type="checkbox"/> G4-19 <input checked="" type="checkbox"/> G4-18 (1 st Half)
Map Boundaries (3-5 Weeks)	Define the Boundaries of Material Issues in the Value Chain	<ol style="list-style-type: none"> 1. Create a contextually relevant Value Chain 2. Identify the location of Material Issues in the Value Chain 3. Map the Material Issues in Value Chain 4. Define the Internal and External Boundaries of Material Issues 	-Fulfillment of G4-20 & 21 by describing the location of where a Material Issue exists within the organization or external to the organization. -Fulfillment of the rest of G4-18 by defining the boundaries of all Material Issues as well as the process of defining the boundaries.	<input checked="" type="checkbox"/> G4-20 <input checked="" type="checkbox"/> G4-21 <input checked="" type="checkbox"/> G4-18 (2 nd Half)
Design Strategy (4-8 Weeks)	Design and Define Management Approaches for Material Issues	<ol style="list-style-type: none"> 1. Determine Key Performance Indicators 2. Determine Goals and Targets 3. Design and Define Management Approaches according to location of Material Issue in the Value Chain 	-Fulfillment of all the Disclosure of Management Approaches (DMA's) required by the G4 Standard Disclosures for all Material Issues.	<input checked="" type="checkbox"/> All DMA's

It is important to note that the above support options are precisely designed to be offered as stand-alone services, or work in unison with each other to systematically develop a

robust Corporate Responsibility strategy that is in accordance with the new GRI G4 Guidelines. If you would like to learn more about collaborating with Verego, please contact info@verego.com for further information outlining Verego's Materiality Assessment services.