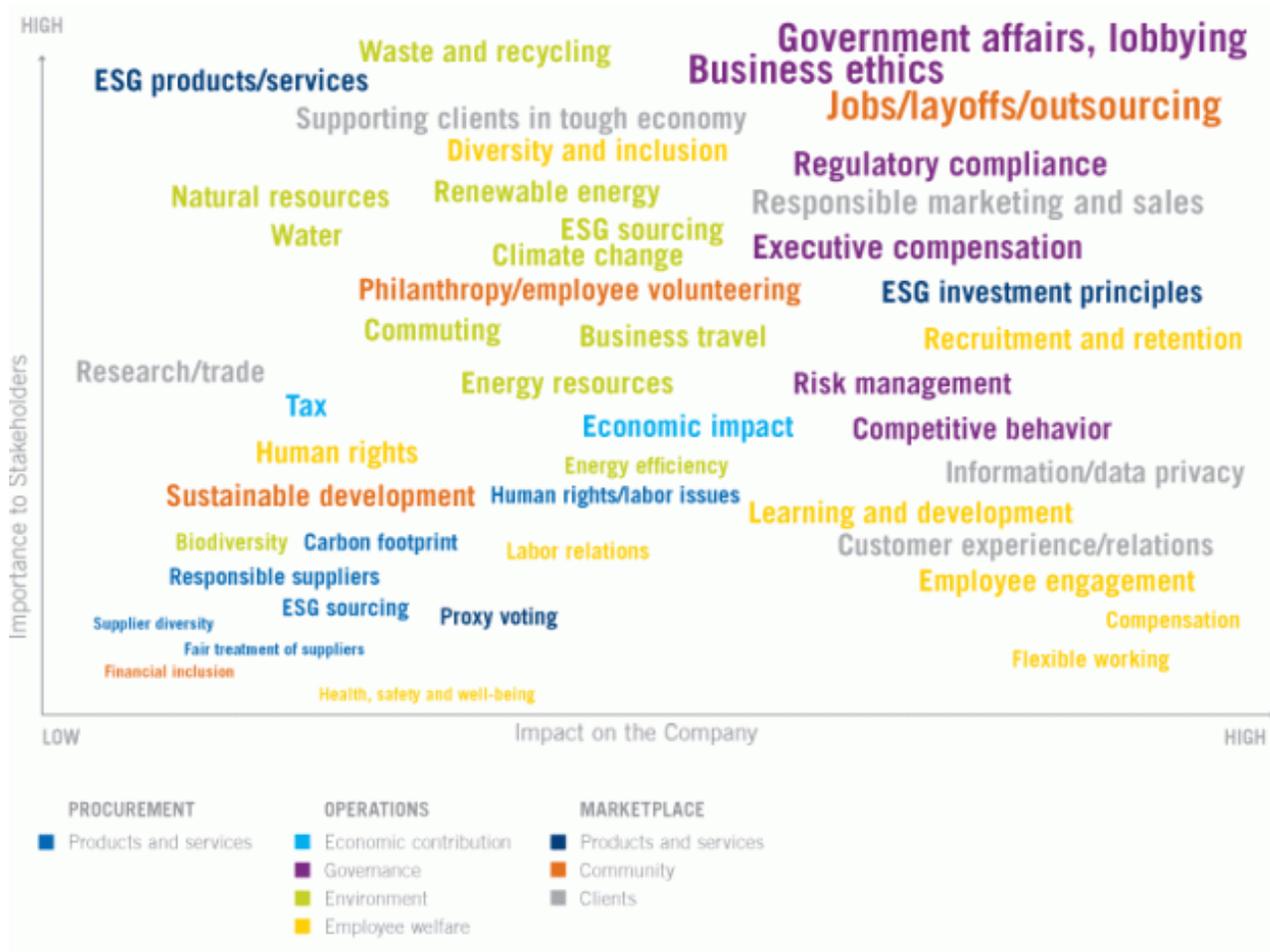


# Top Tip – Master the Materiality Matrix: Making CSR look Easy (Part 1 of 4)

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7 May 2013



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Let’s be honest, a CSR materiality matrix isn’t an especially sexy thing. But if you do it well, then CSR gets a whole lot easier, sale-able, profitable and maybe even creative.

When I train Executives on CSR or sustainability, the materiality matrix is front and centre. It isn’t a perfect framework, but it goes a long way toward helping someone that has never had contact with CSR understand and integrate CSR. And with CSR reports under fire for not delivering the hoped-for outcomes, a more targeted version of CSR must be put forward if it is to survive.

This is part 1 of a 4 part series: Top Tip – Master Materiality. [Subscribe](#) to receive notification of the remaining parts over the coming weeks.

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This post was also published on 2degrees [Managing Sustainability group](#) on 15 May 2013.

## Mastering the CSR Materiality Matrix

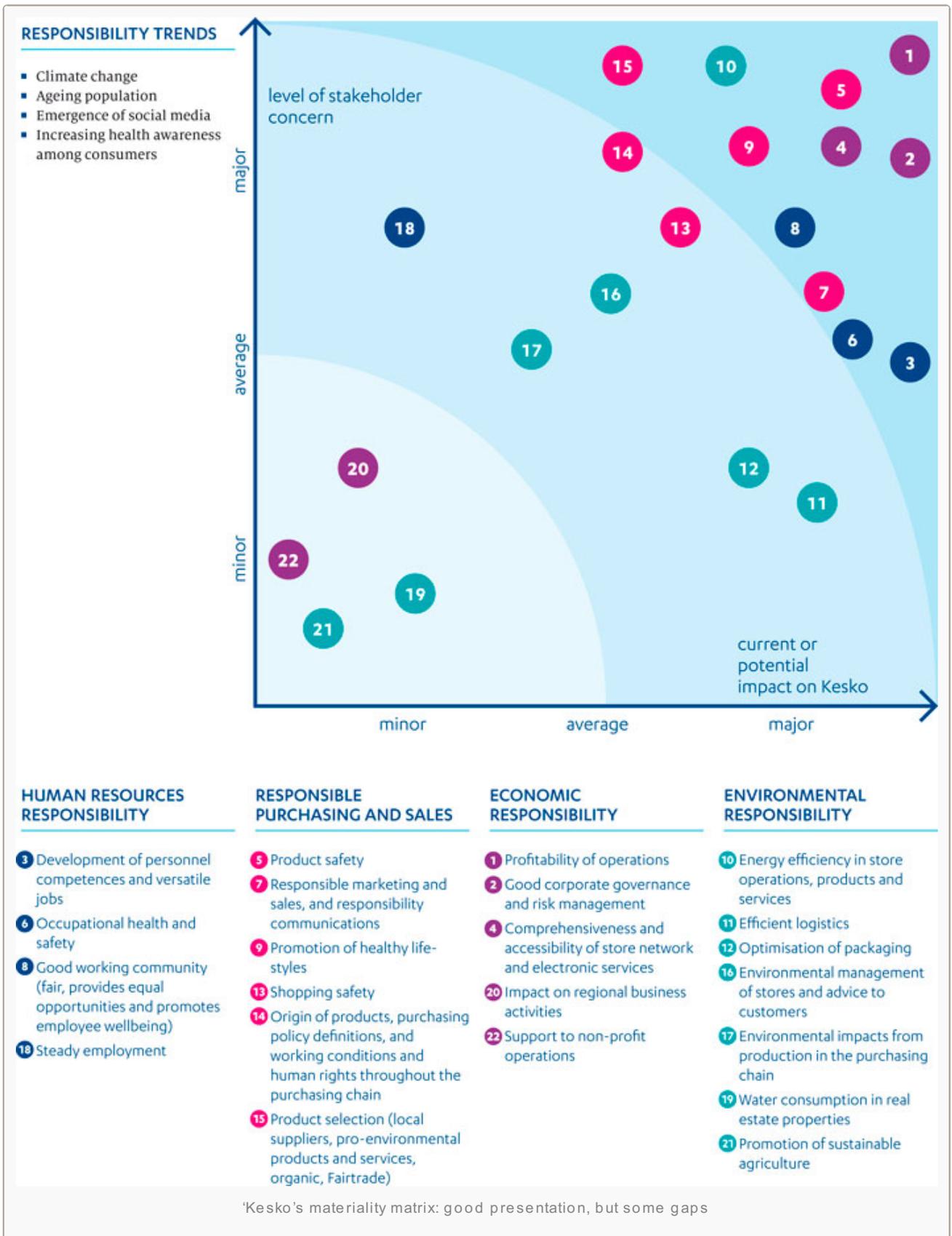
The materiality matrix, like the one by [State Street](#) at the top of this blog, is composed of several elements. Gold stars to State Street for their presentation, its catchy and unique, which is not an easy task when it comes to these things!

The short summary of the matrix is that it plots a variety of issues along two main axes: importance to stakeholders and importance to the business. By triangulating those two main elements, a business can give priority to issues in a way that will mean it meets stakeholder expectations and its own business needs.

The simplicity of that explanation is mocked by the complexity of actually completing one! In no particular order, companies must do all of the following tasks before they can do a proper materiality matrix:

- Identify Stakeholders, and what is important to them
- Ask Stakeholders what their views are in relation to the company
- Identify CSR risks using a series of lenses to understand the business from an outsider's perspective
- Identify opportunities using the same lenses and perspective
- For each risk and opportunity, identify the impact and likelihood of the respective event
- Prioritise each risk and opportunity, including allocating responsibilities and resources for the dual tasks of minimising risk and maximising opportunities

You can see from Kesco's



materiality matrix above that the CSR lenses they have used are Human Resources (dark blue), Responsible Purchasing and Selling (pink), Economic Responsibility (purple) and Environmental Responsibility (cyan). If they were to ask me, I'd suggest that they are missing a few things on their matrix, but the point is that they have used some clear lenses to help them identify CSR issues, and done a nice job of categorising issues and thereby making them easier to access and digest.

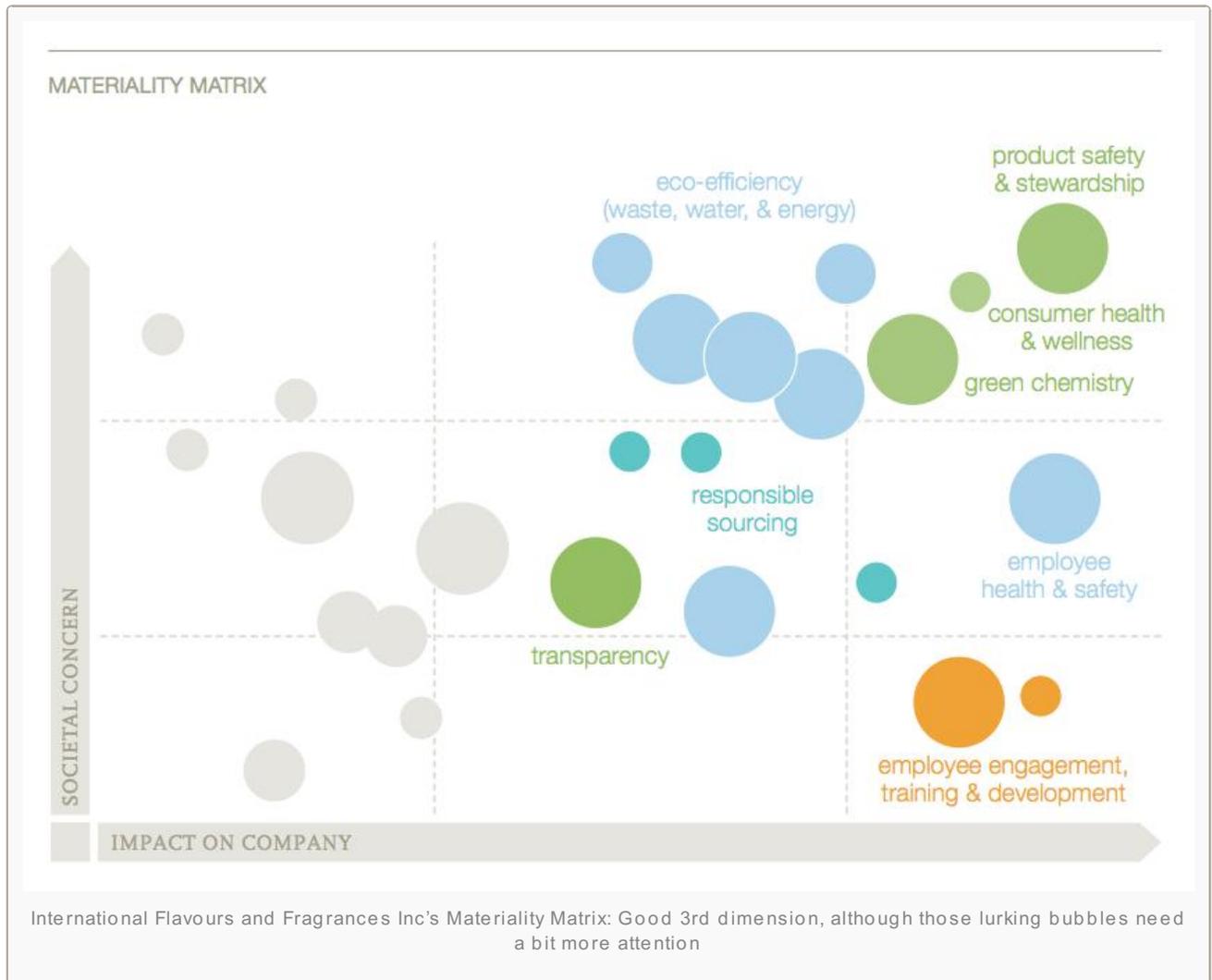
The risk for Kesco is that there are probably several CSR issues that are relevant to them but because their set of filters isn't comprehensive, they risk being blindsided by a significant issue. It's also worth remembering that social media means that something that isn't a big issue today could become a big issue in under a day.

They have also put the issues into three main bands (the blue rings on the matrix) and given them something of a priority (numbers 1-20). This means that they are able to allocate business resources in managing the issues, and more fundamentally where to begin on the CSR agenda.

Using a third dimension can also be a really useful and powerful way to communicate additional detail, like the matrix from International Flavors and Fragrances Inc., which uses the size of the circle to indicate how much damage could be done should they get the issue wrong. They also ignore lower level risks, at least in terms of giving priority to other and more important issues.

TOP  
TIPS:

- Pick



CSR lenses that help your business see issues that it might otherwise miss

- Think outside the box
- Identify as many CSR issues as you can sensibly get to (and take the views of stakeholders in doing so)
- Find the third dimension!

TRAPS:

- Don't be overcommitted to any particular CSR framework – it's all about how the company impacts others and how others impact the company

By the way, if you do a half decent job of a materiality matrix, you're already some of the way toward being able to meet GRI's [G4](#) guidelines. Also, a solid materiality matrix will also help when it comes to talking to the investment community. They want to know about the most material issues for your business. More of that as the series continues.

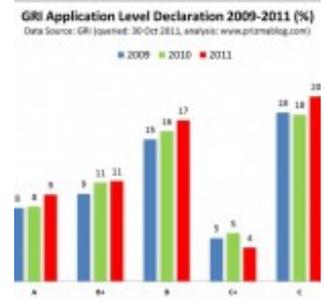
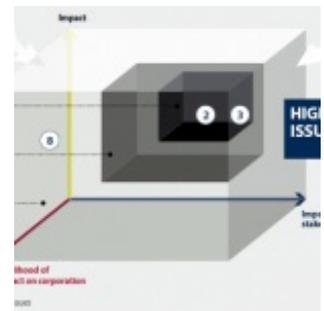
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