

Materiality assessment at adidas – Summary outline of the first assessment

Background

Context for adidas reporting and communications

adidas has been reporting on its Social and Environmental Performance for many years. Reporting has mainly been geared towards the '3As' – analysts, activists (NGOs) and academics. The report has been online since 2007.

The corporate website is another channel for communicating sustainability. The sustainability section of adidas-group.com contains a mix of more general information on the SEA program and acts as a library/archive for past information.

Aims for reporting and communications:

- Improve reporting for 3As – more focused on the most important/material issues
- Make reporting less resource intensive for SEA team
- Make the .com content more useful and engaging for the main users of the sustainability section of the website (e.g. employees / prospective employees)
- Communicate sustainability more to consumers

Materiality Assessment explained

Definitions

The Global Reporting Initiative (a widely used framework for reporting) defines materiality as:

- "Topics and indicators that reflect the organization's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders"
- "Materiality is the threshold at which an issue or indicator becomes sufficiently important that it should be reported."

GRI explains that reporters can define: What to report through applying principles of materiality, stakeholder inclusiveness, sustainability

- context, and completeness.
- How to report through applying principles of balance, comparability, accuracy, timeliness, reliability, and clarity.

Applying 'What principles' + 'How principles' = Transparency

Assessing materiality can help improve reporting. One possible application in terms of a content model is:

- Report: focuses on only the most material issues, backed up with performance data
- adidas-group.com: covers all material issues at a high (i.e. summary) level

Methodology for adidas's first materiality assessment

The methodology for the adidas materiality assessment was as follows:

- Gather stakeholder views on the importance of sustainability issues via online survey
- Gather views from the adidas on the importance of via a workshop with representatives from the company
- Plot issues on a materiality matrix, where the x-axis represents 'importance to the business' and the y-axis represents 'importance to stakeholders'
- Sense-check the matrix to ensure appropriateness

In the online stakeholder survey stakeholders rated a total of 43 issues split across 7 topic areas. They gave each issue a rating of 1 – 4 (1 = not important, 2 = somewhat important, 3 = important, 4 = very important). There was an open question at the end of each topic section where stakeholders could write

additional comments. A total of 24 stakeholders responded to the survey (out of 47 who were invited to respond). The breakdown of respondents by type and location was as follows:

- Type of stakeholder: Analysts – 2; Investors – 2; NGOs – 8; Academics – 2; CSR consultants/specialists – 4; Media/Journalists – 1; Other – 4
- Location of stakeholder: Australia – 2; Canada – 1; Germany – 2; Switzerland – 2; UK – 1; USA – 4;
- Other - 1

Stakeholder scores were analyzed as follows:

- Group the stakeholders by type (Investors, NGOs etc.)
- Calculate the average score for each issue per group
- Then calculate the overall average score for each issue.

The business rated the same 43 issues during the workshop, using the same 4-point scale. For the business scores, the workshop group discussed each issue and came to a consensus on the score.