2025 Materiality Assessment Workbook

June 2025

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Description automatically generated

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**Using This Workbook**

Materiality assessments involve clear and thorough documentation throughout each step of the process, especially when external verification is included. This workbook is intended to support the recording of key information related to the assessment process, including inputs, decision-making rationale and results. The MA Excel file is a companion file for tracking and aggregating assessment ratings and topic prioritization.

The documented information can be used to develop a summary materiality assessment report and serve as ongoing organizational documentation.

The structure of this workbook follows the process outlined in the 2025 Materiality Assessment Guide for U.S. Dairy: A Support Resource, specifically for Phases 0 through 3.

* Each phase has heading prompts and tables that can be completed and adapted to suit specific needs.
* The steps associated with the documentation prompts and tables are referenced either directly or within parentheses, for example, “Stakeholder Identification (1.1.3)” is a table designed to support Step 1.1.3 in Phase 1. Identification.

The workbook follows these formatting conventions:

* Instructions for completing entries are presented in this font style and may be deleted or moved to comments once documentation is finalized.
* Text enclosed in [brackets] indicates placeholders to be replaced with your organization’s specific information.

**Tip:** To aid in navigating sections in this file, select Navigation Pane in the View menu, and then select Headings.

# PHASE 0. PREPARATION

Populate the tables below or leverage an alternative format to document the assessment plan.

## Step 0.1. Plan the Materiality Assessment

### Materiality Assessment Team (0.1.1)

|  |  |  |
| --- | --- | --- |
| Name | Title | Role and Qualifications |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

### Objectives & Standards (0.1.2)

|  |  |
| --- | --- |
| Objectives: | [Objectives for the assessment] |
| Assessment Type: | [Document the type of assessment that will be conducted: Impact Materiality or Double Materiality] |
| Standards/Guidance: | [List the standards/guidance that the process will follow such as GRI Standards, SAI/SDP, EFRAG IG 1, SAI SDP] |

### Assessment Planning (0.1.3)

|  |  |
| --- | --- |
| Governance: | * **Recommenders:** [Individuals/groups] * **Reviewers:** [Individuals/groups] * **Final approvers/decision-makers:** [Individuals/groups] |
| Scope: | [Document initial scoping aspects of your assessment, including any limitations or exclusions.]  For SDP, include the milk sourcing regions included. |
| Timing: | [Describe the high-level timing or refer to a schedule document.]  The assessment is scheduled to begin in [Month YYYY] and be completed by [Month YYYY]. |
| Additional Details: | [Enter any additional details about the assessment plan.] |

# PHASE 1. IDENTIFICATION

## Step 1.1. Understand Context + Define Activities and Stakeholders

### Organizational Profile (1.1.1)

Describe key elements of the organizational profile. The following table serves as a guide for identifying relevant information. Information related to activities and value chain relationships gets summarized in the Value Chain table that follows.

Responses can be entered directly into the item prompts in the table, or a separate narrative can be developed, to describe your organizational context, including core activities and business relationships along the value chain. It is common practice to revisit and update this information during the assessment as well as when organizational changes occur over time.

| **Item** | **Brief Description** | **Supporting Information/ Documentation** | **Associated GRI Disclosures** |
| --- | --- | --- | --- |
| The **organization’s purpose, value or mission** statements, business model, and strategies. |  | [Source of information, such as strategic plan] |  |
| The **types of activities** it carries out (e.g., sales, marketing, manufacturing, distribution) and the geographic locations of these activities.\* |  |  | 2-6 Activities, value chain and other business relationships |
| The **types of products and services** **it offers and the markets it serves** (i.e., the types of customers and beneficiaries targeted, and the geographic locations where products and services are offered). |  |  | 2-6 Activities, value chain and other business relationships |
| The **sectors** in which the organization is active and their characteristics (e.g., whether they involve informal work, whether they are labor or resource intensive). |  |  | 2-6 Activities, value chain and other business relationships |
| The number of **employees**, including whether they are full-time, part-time, non-guaranteed hours, permanent or temporary, and their demographic characteristics (e.g., age, gender, geographic location). |  |  | 2-7 Employees |
| The number of **workers** who are not employees and whose work is controlled by the organization, including the types of workers (e.g., agency workers, contractors, self-employed persons, volunteers), their contractual relationship with the organization (i.e., whether the organization engages these workers directly or indirectly through a third party), and the work they perform. |  |  | 2-8 Workers who are not employees |
| **Business relationships**  The organization’s business relationships include relationships with business partners, entities in its value chain (including entities beyond the first tier), and any other entities directly linked to its operations, products, or services. The organization should consider the following in relation to its business relationships: | | | |
| The **types of business relationships** it has (e.g., joint ventures, suppliers, franchisees).\* |  |  | 2-6 Activities, value chain and other business relationships |
| **Overview of supply chain\*** |  |  |
| **Entities downstream and their activities\*** |  |  |
| *\* Information summarized in these items can be covered in more detail in the Value Chain table that follows.* | | | |

### Value Chain (1.1.1)

Building on the organizational profile information summarized above, complete the table provided or use an alternative format to document key aspects of activities and business relationships along the value chain. The national assessment identified primary activities for U.S. dairy as feed production, milk production, dairy processing and packaging (see Figure 4 in the 2025 Materiality Assessment Guide).

This table should be tailored to document the organization’s specific primary and secondary activities and those of entities upstream and downstream. Add and update activities and associated information to represent your organization’s value chain.

Organization (in bold in the table below)

* Primary activities are actions that are directly involved in creating and distributing goods and services.
* Secondary activities are not directly involved in the development and delivery of a product or service. Secondary activities provide important underlying support for primary activities. Common secondary activities are firm infrastructure (overhead and management), human resources management, information technology, procurement, as well as research and development.

Upstream and Downstream Entities

* The value chain also includes upstream activities (e.g., supply of materials, ingredients and services) and downstream activities (e.g., distribution, customers and consumers).

| **Activity** | **Type** | **Description** | **Business Relationships** | **Key Locations** | **Affected Stakeholders** |
| --- | --- | --- | --- | --- | --- |
| [Other supply chain activities] | Upstream |  |  |  |  |
| Feed production | Upstream |  |  |  |  |
| Milk production | Upstream |  |  |  |  |
| Milk transportation | Upstream |  |  |  |  |
| **Dairy processing** | **Primary** |  |  |  |  |
| **Packaging** | **Primary** |  |  |  |  |
| **Human resources management** | **Secondary** |  |  |  |  |
| Distribution | Downstream |  |  |  |  |
| Final sale | Downstream |  |  |  |  |
| Consumption | Downstream |  |  |  |  |

### Sustainability Context (1.1.2)

Reflect on the following aspects in relation to the organization's specific context and provide a corresponding overview.

| Aspect | Response |
| --- | --- |
| **Economic, environmental and social, including human rights, issues and challenges** at the local, regional and global levels for your sectors and geographic locations. |  |
| **Relevant legal and regulatory landscape** for applicable geographic locations, with consideration of present and potential developments over near- and longer-term time horizons |  |
| **Responsibilities** to authoritative intergovernmental instruments with which your organization is expected to comply |  |
| **Commitments** to external initiatives, such as the U.S. Dairy Stewardship Commitment |  |

### Stakeholder Identification (1.1.3)

Document stakeholder information by using existing compiled data or by adapting this table to reflect your organization’s context. Recording current methods of engagement, along with known stakeholder issues and concerns, supports the identification of relevant inputs for the Assessment phase. [GRI disclosure 2-29](https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/) requires the organization to describe its approach to engaging with stakeholders, including the categories of stakeholders it engages with, how they are identified, the purpose of the stakeholder engagement, and how the organization seeks to ensure meaningful engagement.

| **Stakeholder Categories** | **Key Engagement Methods (Frequency)** | **Key Purpose & Topic Areas** |
| --- | --- | --- |
| Owners/Shareholders |  |  |
| Board of Directors |  |  |
| Senior Management |  |  |
| Employees |  |  |
| Contracted employees |  |  |
| Collective bargaining representatives or unions, if applicable[[1]](#footnote-2) |  |  |
| Customers |  |  |
| Customer groups |  |  |
| Consumers |  |  |
| Consumer segments |  |  |
| Suppliers |  |  |
| Dairy farmers |  |  |
| [Types/tiers] |  |  |
| Wholesalers/Distributors |  |  |
| Government Agencies & Regulators |  |  |
| Local Communities |  |  |
| Dairy Community Organizations (e.g., dairy checkoff) |  |  |
| Financial & Investment Organizations |  |  |
| Academia |  |  |
| Nonprofits |  |  |
| Media |  |  |
| Natural Environment | [proxy organizations] |  |

### Stakeholder Inclusion & Engagement (1.1.4)

The inclusion of stakeholder perspectives in the assessment may occur through information obtained from existing engagement channels (such as employee surveys, customer feedback questionnaires or other mechanisms identified in the previous table) or through direct involvement during the assessment to gather input during one or more phases.

Using the stakeholder groups identified above, update the table below to document those stakeholders whose direct or indirect input will be included in the assessment. Indicate whether the source of input will be obtained directly from them or through other sources, and outline plans for direct participation by designated stakeholders or sources of information for indirect input.

This step is often iterative and should be revisited as the assessment progresses from Phase 1: Identification to Phase 2: Assessment. Regular updates help ensure meaningful input from subject matter experts and affected stakeholders across the full range of topics included in the assessment.

| **Stakeholder Group/Subgroup** | **Direct/Indirect Input** | **Selected Individuals** | **Participation Phase(s)** | **Method(s) or Sources of Information** |
| --- | --- | --- | --- | --- |
| Owners/shareholders |  |  |  |  |
| Board of Directors |  |  |  |  |
| Senior Management |  |  |  |  |
| Employees |  |  |  |  |
| Contracted employees |  |  |  |  |
| Collective bargaining representatives/unions, if applicable |  |  |  |  |
| Customers |  |  |  |  |
| Customer groups |  |  |  |  |
| Consumers |  |  |  |  |
| Consumer segments |  |  |  |  |
| Suppliers |  |  |  |  |
| Dairy farmers |  |  |  |  |
| [Types/tiers] |  |  |  |  |
| Wholesalers/Distributors |  |  |  |  |
| Government Agencies & Regulators |  |  |  |  |
| Local Communities |  |  |  |  |
| Dairy Community Organizations (e.g., dairy checkoff) |  |  |  |  |
| Financial & Investment Organizations |  |  |  |  |
| Academia |  |  |  |  |
| Nonprofits |  |  |  |  |
| Media |  |  |  |  |
| Natural Environment |  |  |  |  |

## Step 1.2. Identify Impacts, Risks & Opportunities and Define Potential Topics

### List of Relevant IROs/Topics (1.2.1 & 1.2.2)

Identify and document the relevance of each topic from the national assessment to your organization.

* Refer to the Topic Mapping & National Review sheet in the MA Excel file, which presents the topics of the national assessment, dairy initiatives and other reporting standards to support the identification of relevant topics. Once the relevant topics are determined, list them here for documentation purposes.
* New topics may be added, and topics from the national assessment can be adjusted as needed, such as renamed or categorized differently, to reflect your organization’s specific context and priorities.
* Describe the results of the review of the topics in the national assessment, including a list of any topics that were deemed not relevant and the rationale for that conclusion.

[Outcomes of the review of the national assessment]

### Topics with Descriptions (1.2.3 & 1.2.4)

*The topics and descriptions presented are based on the 2025 U.S. Dairy Materiality Assessment and may be edited to suit the context of your organizational assessment.*

*Document the process by which the list of topics and their associated descriptions were reviewed and finalized for approval. If any modifications are made during the assessment, ensure that these changes are recorded and that the revised list and/or descriptions are updated accordingly.*

*After the relevant topics are determined, refer to the APPENDIX: TOPIC OVERVIEW & IRO ASSESSMENT DOCUMENTATION to set up each topic to be assessed.*

**Review & Approval:** [Description of review and approval process.]

| Topic | Description |
| --- | --- |
| AIR QUALITY | Air pollutants, including particulate matter (PM), ozone (O3), sulfur dioxide (SO2), nitrogen oxides (e.g., NO), ammonia and volatile organic compounds (VOCs), can have a negative impact on air quality. |
| ANIMAL CARE | Animal care refers to the care towards an animal’s physical and mental state in relation to the conditions in which it lives and dies. The ‘Five Freedoms’ and the ‘Five Domains’ are internationally recognized standards and frameworks that outline the meaning of animal welfare. The domains include nutrition, environment, health, behavior and mental state. This topic also incorporates the IROs linked to Antibiotic Use in Food Animal Production and Biosecurity. |
| ANTI-COMPETITIVE BEHAVIOR | This topic refers to practices to identify and prevent collusion with potential competitors, abuse of dominant market position or exclusion of potential competitors, thereby limiting the effects of market competition. Anti-competitive behavior can include fixing prices or coordinating bids; creating market or output restrictions; imposing geographic quotas; and allocating customers, suppliers, geographic areas or product lines. |
| ANTI-CORRUPTION | This topic refers to practices to identify and prevent corrupt behaviors such as bribery, facilitation payments, fraud, extortion, collusion, money laundering, or the offer or receipt of an inducement to do something dishonest or illegal. |
| BIODIVERSITY | Biodiversity is the variety and variability of all living things within an agricultural ecosystem. |
| BUSINESS CONDUCT | Responsible, ethical business conduct is a foundational expectation across sectors. During the assessment, the review of IROs related to business conduct found the following two topics relevant but with insufficient evidence of adverse impacts or significant risks at the national, industry level for a higher rating. It is highly recommended that U.S. dairy companies assess these topics and their associated IROs further at an organizational level. |
| CLIMATE RESILIENCE | Climate resilience refers to adjustments made to current and anticipated climate-related impacts and the capacity built to withstand and mitigate such risks. This includes increasing resilience to physical (e.g., severe weather events, shifts in climate patterns) and transitional climate-related risks (e.g., increasing climate regulations).  *Please note the Innovation Center for U.S. Dairy cannot seek to influence governmental policy or action.* |
| COMMUNITY IMPACT & ENGAGEMENT | This topic refers to community impact efforts such as philanthropic efforts, product donations and the investment of funds in the broader community where the target beneficiaries are considered external. The topic also covers community engagement, such as community consultation and grievance processes, to understand the concerns and vulnerabilities of local communities and how local communities may be affected by activities. The topic was expanded from Community Contributions, which was identified and assessed in previous U.S. dairy materiality assessments, to capture the activities related to community engagement as well. |
| CYBERSECURITY & DATA PROTECTION | Cybersecurity encompasses the protective measures taken to prevent unauthorized access to information systems, malicious attacks and exploitation. Data privacy and protection is the right to control access to one’s personal data and organizational data (as with a business customer) as well as the measures to protect one’s data. |
| ECONOMIC CONTRIBUTIONS | This topic refers to U.S. dairy’s economic contributions and development, including the creation of direct and indirect economic value at local, state and national levels. Through employment opportunities, training programs and local engagement, U.S. dairy delivers significant economic benefits and growth especially in the communities where operations are present, which are often rural communities. The contribution to these economies can impact the overall resilience of the respective communities, especially in rural areas. Rural areas are defined in a number of ways but more commonly as open country and settlements with fewer than 5,000 residents. |
| ECONOMIC VIABILITY & RESILIENCE | This topic refers to the economic viability and resilience of farmers and other participants in the dairy value chain. Transparent and effective markets as well as responsible sourcing practices can further help build and sustain economically viable businesses, provide access to economic opportunities and ultimately support the livelihoods of farmers and other participants in the value chain. |
| FOOD SAFETY & PRODUCT QUALITY | Food safety is the handling of food and feed products in a way that prevents food contamination and foodborne illness, while product quality refers to the degree to which a product meets or exceeds customer expectations, is fit for its intended purpose and meets industry standards. The topic also incorporates traceability, which is the ability to follow and trace back the movement of a food product and its ingredients through all steps in the supply chain. |
| FOOD/NUTRITION SECURITY & ACCESSIBILITY | Food and nutrition security means that all people have consistent and equal access to enough safe, nutritious, and affordable food for an active, healthy lifestyle and optimal well-being.  *Please note the Innovation Center for U.S. Dairy cannot seek to influence governmental policy or action.* |
| GHG EMISSIONS & ENERGY | Greenhouse gases (GHGs), such as carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O), are gases that trap heat in the Earth’s atmosphere. Increasing levels of GHGs in the atmosphere lead to detrimental changes to the Earth’s climate and weather patterns. This topic also covers energy use such as electricity, fossil fuels and/or alternative fuels, which can contribute to or mitigate environmental impacts resulting from GHG emissions. |
| HEALTH & NUTRITION | Nutrition is the process of consuming, absorbing and using nutrients from food that are necessary for growth, development and maintenance of life and human health. |
| LAND USE & CONVERSION | This topic refers to changing a natural ecosystem to another use, or a profound change in a natural ecosystem’s species composition, structure or function. This includes activities such as land use conversions and deforestation, which can include the conversion of native grasslands, wetlands or woodlands to agriculture, as well as conversion to development activities, or severe and sustained degradation. |
| MATERIALS & PACKAGING | This topic refers to the journey of materials, including packaging, from inception and sourcing to end-of-life management with opportunities to reduce costs and environmental impacts. In management practice, it means appropriate material selection, prioritizing resource recovery, redesigning processes to optimize efficiency, and bolstering ecosystem services while generating economic returns. |
| OTHER HUMAN RIGHTS | Respect for and protection of internationally recognized human rights are foundational ethical and business responsibilities. Other topics assessed that have salient human rights dimensions include Worker Health, Safety & Well-Being, Working Conditions & Labor Practices, Food/Nutrition Security & Accessibility and Cybersecurity & Data Protection.  LAND & RESOURCE RIGHTS: This topic encompasses the rights to use, manage and control land, forests and other natural resources. Activities on land can impact the availability and accessibility of natural resources. Acquiring legal rights to land and its natural resources can be a complex process, and the forms of land and resource tenure vary from public, private, communal, collective, indigenous and customary tenure.  RIGHTS OF INDIGENOUS PEOPLES: Indigenous peoples have both collective and individual rights, as set out in the United Nations Declaration on the Rights of Indigenous Peoples and other authoritative international human rights instruments.  *Please note the Innovation Center for U.S. Dairy cannot seek to influence governmental policy or action.* |
| RESPONSIBLE MARKETING & PRODUCT LABELING | This topic covers product and service information, labeling and marketing communication. It includes approaches to ensure compliance with regulations and/or voluntary codes and access to accurate and adequate information about products and services. |
| RESPONSIBLE SOURCING | This topic covers procurement practices that reduce sourcing risks related to environmental and social factors and that promote responsible and sustainable sourcing. It also includes practices to screen, monitor and engage with suppliers on environmental and social topics and can include practices to actively source products and services based on sustainability criteria and performance. |
| SOIL HEALTH & QUALITY | Soil health and quality is the capacity of soil to function as a living ecosystem and to sustain plant and animal productivity, promote plant and animal health, and maintain or enhance water and air quality. |
| TRANSPARENCY | GMO (GENETICALLY MODIFIED ORGANISM) MANAGEMENT: GMOs refer to plants, in which one or more changes have been made to the genome, typically using high-tech genetic engineering to attempt to alter the characteristics. This topic refers to management practices to assess and manage GMO-related IROs, including product labeling requirements. The topic was placed under Transparency based on the associated labeling requirements.  PUBLIC POLICY: This topic was reviewed under Transparency, wherein the assessment considered public disclosures on policy positions, development and advocacy efforts. Please note the Innovation Center for U.S. Dairy cannot seek to influence governmental policy or action. |
| WASTE & RESOURCE RECOVERY | Waste refers to anything that is discarded, intended for discard or required to be discarded. This topic includes food waste and non-food waste such as packaging waste. This topic also covers resource recovery, which is the selective extraction of disposed-of materials (waste) for a specific next use, such as production of new and/or recycled materials or energy. |
| WATER QUALITY & NUTRIENT MANAGEMENT | Water quality refers to the chemical, physical and biological characteristics of water with respect to its suitability for a particular purpose or process. This topic includes water quality management practices such as the management of nutrients and soil amendments. It also covers other practices such as pesticide use and related impacts on water quality. |
| WATER USE & AVAILABILITY | Water use and availability refers to the amount of water available for use and the amount withdrawn and consumed. This topic includes any efforts to conserve and improve water efficiency through recycling, reclamation and reuse. |
| WORKER HEALTH, SAFETY & WELL-BEING | Worker health, safety and well-being addresses the ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities and illness. It further involves the prevention of physical and mental harm to workers and promotion of workers’ health. |
| WORKFORCE ATTRACTION, DEVELOPMENT & RETENTION | This topic refers to workplace approaches to identify, attract, engage, and retain individuals who have the skills and abilities to help meet objectives. The topic also covers approaches to develop a highly skilled workforce through training, education and development opportunities, equipping an engaged workforce for the range of future work scenarios and to foster fair and equal workplaces. This topic integrates two topics with strong associations with employee attraction and retention, such as learning and development as well as creating a work environment for equal opportunity and treatment for all. |
| WORKING CONDITIONS & LABOR PRACTICES | Working conditions and labor practices refer to the working environment and aspects of an employee’s terms and conditions of employment beyond health and safety. This topic covers matters related to fair labor practices (e.g., compensation and benefits, work hours and work-life balance, and, when applicable, adequate housing) and relevant labor-related human rights (e.g., non-discrimination and equal opportunity, freedom of association and right to collective bargaining, child labor,1 and forced or compulsory labor).2  *1. Child labor does not refer to youth employment or to children working; instead, this topic focuses on work that deprives children of their childhood, potential and overall development. The lawful employment of children or adolescents that does not negatively affect their health, personal and educational development is generally regarded as positive.*  *2. Note: Please note that the Innovation Center for U.S. Dairy cannot seek to influence governmental policy or action.* |

PHASE 2. ASSESSMENT

## Step 2.1. Assess Positive and Negative Impacts

While the referenced guidance establishes the criteria and other elements to be used for assessing impacts, organizations can establish their own qualitative or quantitative ratings and definitions. The assessment criteria setup steps (2.1.1 for impacts and 2.2.1 for risks/opportunities) are presented under their associated step but can be worked through together as part of the setup for Phase 2.

### Impact Assessment Criteria (2.1.1)

The Assessment Element column provides sample language describing the assessment elements, which can be updated as needed.

For Criteria & Ratings, the Response column contains the criteria descriptions and ratings used in the national assessment. Review these and then update the descriptions and ratings, as appropriate for your assessment.

The MA Excel file is also set up with the ratings used in the national assessment.

| **Assessment Element** | **Response** |
| --- | --- |
| **Criteria & Ratings:** Following the referenced guidance, the following criteria and ratings were used to assess the significance of economic, environmental and social impacts.  The application of impact criteria, following the referenced guidance, was based on the nature of the impact.   |  |  |  | | --- | --- | --- | | **Impact** | **Positive** | **Negative** | | **Actual** | Beneficial impact   * Scale * Scope | Severity (negative impact)   * Scale x Scope * Irremediability | | **Potential** | Beneficial impact (from above) x Likelihood | Severity (from above)  x Likelihood | | * **Scale:** Magnitude of the impact, i.e., how detrimental/damaging (negative) or beneficial (positive) an impact is  1. Slightly detrimental/beneficial 2. Moderately detrimental/beneficial 3. Significantly detrimental/beneficial  * **Scope:** How widespread the negative or positive impacts are  1. Site specific or limited 2. Community area or concentrated 3. Regional or medium 4. National 5. Global or total  * **Remediability** (for negative impacts): The extent to which negative impacts can be addressed ***Note:*** *The label “Irremediability” is also commonly used*  1. Remediable 2. Remediable with effort 3. Irreversible  * **Likelihood** (for potential impacts): The likelihood of the impact occurring  1. Unlikely 2. Likely 3. Highly likely to occur |
| **Significance Categories:** The following significance categories were defined to group combinations of criteria ratings.  *Refer to the four impact grids in the* Impact Assessment Results *section that follows.* | |  |  | | --- | --- | |  | *Very significant* | |  | *Significant* | |  | *Moderate to significant* | |  | *Low to moderate* | |  | *Low* | |
| **Threshold for Impact Materiality:** [Description of threshold(s) set] | * [Description of the qualitative/quantitative threshold set for material impacts] |
| **Relevant Time Horizons:** The assessment considered relevant short-, medium- and long-term time horizons for potential impacts and risks and opportunities. | * **Short term:** [Description of the associated period] * **Medium term:** [Description of the associated period] * **Long term:** [Description of the associated period] |

### Impact Assessment Input and Results (2.1.2)

*Refer to the* Topic Overview & IRO Assessment Documentation *section to set up each topic to be assessed.*

Document the information to support the review of the topic and its associated impacts in the Topic Summary (see page 26) or a similar document.

## Step 2.2. Assess Financial Risk and Opportunities

While the referenced guidance establishes the criteria and other elements to be used for assessing IROs, organizations can establish their own qualitative or quantitative ratings and definitions. The assessment criteria setup steps (2.1.1 for impacts and 2.2.1 for risks/opportunities) are presented sequentially below. A topic-level template for documenting information about the assessment of topics and associated IROs follows, supporting Step 2.1.2 for impacts and Step 2.2.2 for risks/opportunities.

### Risk/Opportunity Assessment Criteria (2.2.1)

| **Assessment Element** | **Response** |
| --- | --- |
| **Criteria & Ratings:** Following the referenced guidance, the criteria and ratings were used to assess the significance of financial implications of associated risks and opportunities. | * **Magnitude:** Potential magnitude of the financial effects that the risks and opportunities could pose on business development, financial position, financial performance, cash flows and access to and cost of capital, to the extent possible (over the short, medium or long term)  1. Low/minimal 2. Moderate/noticeable 3. High/significant financial  * **Likelihood:** The chance of occurrence over multiple time horizons (short, medium or long term)  1. Unlikely 2. Likely 3. Highly likely to occur |
| **Significance Categories:** The following significance categories were defined to group combinations of criteria ratings.  Refer to the R/O grid in the *Financial Assessment Results* section that follows. | |  |  | | --- | --- | |  | *Very significant* | |  | *Significant* | |  | *Moderate to significant* | |  | *Low to moderate* | |  | *Low* | |
| **Relevant Time Horizons:** The assessment considered relevant short-, medium- and long-term time horizons for potential impacts and risks and opportunities. | * **Short term:** [Description of the associated period] * **Medium term:** [Description of the associated period] * **Long term:** [Description of the associated period] |
| **Threshold for Financial Materiality:** | [Description of the qualitative/quantitative threshold set for material risks/opportunities] |

### Risk/Opportunity Assessment Input and Results (2.2.2)

*Refer to the* Topic Overview & IRO Assessment Documentation *section to set up each topic to be assessed.*

Document the information to support the review of the topic and its associated risks and opportunities in the Topic Summary (see page 26) or a similar document.

# PHASE 3. PRIORITIZATION

## Step 3.1. Analyze Input + Determine Prioritization

Complete the documentation of the final phase of the assessment using the prompts below.

### Aggregated List of Topics with IROs (3.1.1)

Insert a list of the final topics. If no updates occurred during the assessment, the List of Relevant IROs/Topics (1.2.1 & 1.2.2) table can be referenced.

If changes were made to the initial list of topics, then provide a description of the updates and the rationale.

Refer to the Topic Prioritization sheet in the MA Excel file to support the aggregation and prioritization of topics.

### Review and Prioritization of Topics (3.1.2 & 3.1.3)

Describe the process to prioritize the topics and determine materiality.

* Include a list of participants in this process, their input and any adjustments made to the assessment results in preparation for final approval.
* Refer to the Topic Prioritization sheet in the MA Excel file to support the aggregation and prioritization of topics. A copy of that table, or a similar one, can be included here to document the results.

|  |  |  |  |
| --- | --- | --- | --- |
| Method(s) | Participants | Feedback | Resulting Updates |
| [Engagement] | [List participants] | [Summary of feedback received with optional cross-reference to detailed feedback or other supporting documentation] | [Description of and explanation for any changes made] |

### Validation of Material Topics (3.1.4)

Describe the approach to validate the aggregated results with designated stakeholders. The table below provides a structure for documenting one or more validation sessions or other engagement methods.

Document participants, feedback received, and any resulting adjustments made before proceeding to final approval.

|  |  |  |  |
| --- | --- | --- | --- |
| Method(s) | Participants | Feedback | Resulting Updates |
| [Engagement] | [List participants] | [Summary of feedback received with optional cross-reference to detailed feedback or other supporting documentation] | [Description of and explanation for any changes made] |

### Final Approval (3.1.5)

Document the final approval of the assessment, including the following information:

|  |  |
| --- | --- |
| Approval Process: | [Description of the approval process with a statement of approval listing the governance body or individuals who approved the assessment] |
| Summary of Final Changes: | [Summary of any changes made during the final review and approval step, the rationale for decisions made, and any supporting evidence used during the decision-making and approval process] |
| Material Topics: | [Final list of the material topics or reference to table or matrix] |

### Materiality Matrix (3.1.5)

This grid template follows the structure of the matrix used in the national assessment to record the final prioritization of topics. Labels and materiality tiers can be updated, as needed, or you can use an alternate format.

The MA Excel file provides a materiality matrix that displays the topics based on topic-level impact and financial significance values you enter. You can insert an image of that matrix in this section.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| FINANCIAL SIGNIFICANCE | Very Significant |  |  | **Topic 4** | **Topic 1**  **Topic 2** |  | **Materiality Tiers:**  **MOST MATERIAL**  **HIGHLY MATERIAL**  **MATERIAL**  IMPORTANT  RELEVANT |
| Significant |  |  | **Topic 5** | **Topic 3** |  |
| Moderate | **Topic 7** | **Topic 6** |  |  |  |
| Low | **Topic 8** |  |  |  |  |
|  |  | Low | Moderate | Significant | Very Significant |  |  |
|  |  | SIGNIFICANCE OF IMPACTS | | | |  |  |

# APPENDIX: TOPIC OVERVIEW & IRO ASSESSMENT DOCUMENTATION

The Topic Summary template provided below supports the development of a comprehensive overview for each assessed topic, including a summary of its key associated IROs and the basis for the assessment decisions. The completed summaries can be used to compile topic-level content within a materiality assessment report and may also serve as ongoing documentation that can be updated over time (see Phase 5. Ongoing Monitoring in the MA Guide).

Refer to Appendix A in the 2025 U.S. Dairy Materiality Assessment report for industry-wide information, which can serve as a starting point.

Throughout the assessment, use the provided prompts to guide documentation, or adapt the format as needed. The following points describe how you can work with the Topic Summary template during the three main phases of the assessment:

* After you complete Phase 1. Identification, create a separate topic summary for each relevant topic by copying the template and updating the topic name accordingly. Alternatively, you can create a file for each topic or group of topics based on this template.
* Populate initial information about the topics and key associated impacts, risks and opportunities in preparation for Phase 2. Assessment.
* During Phase 2, update the sections as you progress through the assessment of IROs.
* During Phase 3. Prioritization, IRO results inform the aggregation and prioritization of topics. If changes are made to assessment results, update the associated section, as needed.

# [TOPIC NAME] SUMMARY

**Description:** [Topic description copied from the *Topics with Descriptions (1.2.3 & 1.2.4)* table.]

**Topic Interconnections:** [List of related topics, as applicable. Refer to Appendix A in the 2025 U.S. Dairy Materiality Assessment report for key interrelated topics where IROs associated with one are connected to or can impact others.]

## Organizational Context

Describe the organizational context related to this topic, including how its managed. Relevant information may include content compiled during Phase 1. Identification, such as the organizational profile, value chain overview and sustainability context, as well as past sustainability reports. This context supports the identification and assessment of the topic and its associated IROs.

The following bullet points provide some prompts to consider.

| **Considerations** | **Responses** |
| --- | --- |
| **Current Materiality Status:**   * *Is the topic already defined as a material topic or area of focus/priority?* * *Is the topic reported in the organization’s sustainability report or similar communications?* |  |
| **Strategic Relevance:**   * *Is the topic identified as a key strategic factor or significant/salient risk or opportunity?* |  |
| **Management Approach:** *Describe whether the topic is covered under formal policies and management systems (refer to GRI 3. Disclosure 3-3 for more context). Topics with more significant impacts and associated risks tend to be more formally managed.*   * *Is the topic covered under a formal management system? If so, describe the maturity of the system.* * *Is the system validated through third-party certification or other external verification process* * *Have performance targets been set related to this target*? |  |
| **Voluntary Agreements/Commitments to External Initiatives:**   * *Is this topic covered in other voluntary agreements or commitments relevant to the organization?* |  |

## Regulatory and Legal Context

Describe the regulatory and legal context for this topic. Areas with recognized adverse impacts or significant risks to workers, public health and the environment tend to be more heavily regulated.

| **Considerations** | **Response** |
| --- | --- |
| * *Regulatory oversight at relevant locations (local, state and federal and any international regulations and laws to which the organization is subject* * *Organization’s compliance record and associated fines, penalties, etc.* * *Compliance record of key suppliers, as applicable for the topic* * *Has there been any history of lawsuits or legal action based on the organization’s activities? Or the activities of key suppliers or entities with which the organization has a relationship.* * *Are there any pending regulatory changes related to this topic?* |  |

## Regional/Location Considerations

Review the Value Chain (1.1.1) table to determine any location-specific considerations with respect to the topic (areas of high risk for impacts to be more severe or risks to be higher).

| **Considerations** | **Response** |
| --- | --- |
| * *Are there regional or location-based considerations that could affect the significance of impacts or present greater risks/opportunities.]* |  |

## Summary of Key Impacts

List and describe the main impacts associated with the topic, using the following table or in an alternative format.

* **Type of Impacts:** Indicate whether the impact is an actual or potential and positive or negative impact. Following guidance for due diligence, consider negative impacts before positive ones. Actual impacts can carry risks/opportunities, and potential impacts represent risks/opportunities. These risks/opportunities get assessed in Step 2.2.
* **Associated VC Activities:** Describe the types of activities along the value chain that causes actual impacts or can cause potential impacts. Refer to the information in the Value Chain (1.1.1) table.
* **Organization’s Relationship to the Impacts:** Specify whether the organization causes, contributes to and/or is linked to the impacts. Refer to the GRI Standards, GRI 3: Material Topics, “Box 3. Causing, contributing, or being directly linked to negative impacts” for additional information.
* **Affected Stakeholders:** Describe the stakeholder(s) directly or indirectly affected by the impacts. Refer to the stakeholders identified and listed in the Stakeholder Identification (1.1.3) table.

**Note:** This table can store a range of impacts and associated information. Those selected for assessment of their significance (2.1.2), which is often a subset of this list, are recorded in the Impact Assessment Results section that follows.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Impact** | **Type of Impact** | **Associated VC Activities** | **Organization’s Relationship to the Impacts** | **Affected Stakeholders** |
|  |  |  |  |  |
|  |  |  |  |  |

## Impact Assessment Results

Describe the assessment discussion and outcomes, including the basis for the criteria ratings, significance categories and the impact materiality status for the topic and associated IROs.

**Note:** Criteria ratings can be recorded in the table and/or impacts grid examples that follow, in the MA Excel file (Impact Assessment table) or another file or method that suits your needs.

**Impact Assessment Table**

| **Sustainability Matter/Topic** | **Impact on People or Environment** | **Impact Classification** | | **Scale** | **Scope** | **Irremediability (For Negative)** | **Likelihood & Time Horizon (For Potential)** | **Material From Impact Perspective?** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Topic | Impact 1 | Negative | Actual | 2 out of 3 (Moderately detrimental) | 4 out of 5 (National) | 2 out of 3 (Remediable with effort) | – | Yes |
| Impact 2 | Negative | Potential | 3 out of 3 (Highly detrimental) | 4 out of 5 (National) | 2 out of 3 (Remediable with effort) | 2 out of 3 (Likely in the medium term) | Yes |
|  |  |  |  |  |  |  |  |

**Criteria Assessment by Type of Impact**

The following grids visualize the application of the impact criteria based on the type of the impact (positive/negative and actual/potential), following the referenced guidance. The five significance categories used in the national assessment provide an example approach to designate low to very significant impact, as noted in the legend. The threshold for materiality includes the significant and very significant categories.

Complete one or more of the impact grids below by recording the impact, criteria ratings and significance category in the bracketed areas, and placing the impact marker (designated with ●) to the appropriate placement in the grid.

**Note:** Because one or more of the criteria can make an IRO/topic material, and organizations can specify their own calculation methods, there is not a single formula for calculating significance/materiality. This reinforces the benefit of clear documentation on the basis of decisions made during the assessment.

Refer to the Impact Assessment table in the MA Excel file for an alternate method of entry, while completing the process narrative, including the basis of decisions in the following section or another file.

Significance Categories

|  |  |
| --- | --- |
|  | *Very significant* |
|  | *Significant* |
|  | *Moderate to significant*  Threshold for impact materiality |
|  | *Low to moderate* |
|  | *Low* |

|  |  |  |  |
| --- | --- | --- | --- |
| **Actual Negative** | **Potential Negative** | **Actual Positive** | **Potential Positive** |
| *[Impact]* | *[Impact]* | *[Impact]* | *[Impact]* |
| * **Scale:** [1 to 3] * **Scope:** [1 to 5] * **Remediability:** [1 to 3] | * **Scale:** [1 to 3] * **Scope:** [1 to 5] * **Remediability:** [1 to 3] * **Likelihood:** [1 to 3] | * **Scale:** [1 to 3] * **Scope:** [1 to 5] | * **Scale:** [1 to 3] * **Scope:** [1 to 5] * **Likelihood:** [1 to 3] |
| **Significance Category:**  [Low to Very Significant] | **Significance Category:**  [Low to Very Significant] | **Significance Category:**  [Low to Very Significant] | **Significance Category:** [Low to Very Significant] |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | SEVERITY (SCALE & SCOPE) | 5 |  |  |  | | 4 |  |  |  | | 3 |  | ● |  | | 2 |  |  |  | | 1 |  |  |  | |  |  | 1 | 2 | 3 | |  |  | IRREMEDIABILITY | | | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | SEVERITY (SCALE & SCOPE x IRREMEDIABILITY) | 5 |  |  |  | | 4 |  |  |  | | 3 |  | ● |  | | 2 |  |  |  | | 1 |  |  |  | |  |  | 1 | 2 | 3 | |  |  | LIKELIHOOD | | | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | SCOPE | 5 |  |  |  | | 4 |  |  |  | | 3 |  | ● |  | | 2 |  |  |  | | 1 |  |  |  | |  |  | 1 | 2 | 3 | |  |  | SCALE | | | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | SCALE & SCOPE | 5 |  |  |  | | 4 |  |  |  | | 3 |  | ● |  | | 2 |  |  |  | | 1 |  |  |  | |  |  | 1 | 2 | 3 | |  |  | LIKELIHOOD | | | |

### Impact Analysis

Provide a statement that summarizes the outcomes of the analysis of impacts associated with the topic.

[Based on the assessment of the significance of the associated impacts, this topic was assessed as being [significance category, if using], which is considered [material/not material].

### Basis for Conclusion

Summarize the basis for the impact assessment decisions, including an overview of the supporting evidence and input considered.

|  |  |
| --- | --- |
| **Supporting Evidence:** | [Description of the objective information used to support your assessment decisions] |
| **Input from Experts:** | [Description of consultation with your own internal and external subject matter experts and their input] |
| **Other Stakeholder Input:** | [Description of consultation with your own internal and external stakeholders and their input] |

## Summary of Key Risks and Opportunities

List and describe the main risks and opportunities associated with the topic, using the follow table or in a narrative format.

* **Source:** Risks and opportunities can arise from associated impacts (such as impacts on worker safety), dependencies related to the topic (such as a dependency on water) or external factors (such as changes in regulatory environment). Describe the source(s) of the identified risks/opportunities.
* **Type of Risks/Opportunities:** Examples include strategic, financial, operational, compliance (regulatory/legal), reputational and commercial
* **Potential Financial Implications:** Describe the financial implication, such as increased costs or loss of revenue, if the risk or opportunity would occur. The Assessment Summary subsection for each topic in Appendix A of the MA Report includes descriptions of financial implications.

**Note:** This table can store a range of risks and opportunities. Those selected for assessment of financial significance (2.2.2), which is often a subset of this list, are recorded in the Financial Assessment Results section that follows.

|  |  |  |  |
| --- | --- | --- | --- |
| **Risk/Opportunity** | **Source** | **Type of R/O** | **Potential Financial Implications** |
|  |  |  |  |
|  |  |  |  |

## Financial Assessment Results

*Describe the assessment discussion and outcomes, including the basis for the criteria ratings, significance categories and the financial materiality status for the topic and associated risks/opportunities.*

***Note:*** *Criteria ratings can be recorded in the table and/or grid examples that follow, in the MA Excel file (RO Assessment worksheet) or in another file or method that suits your needs.*

**Risk/Opportunity Table**

| **Topic** | **Risk/Opportunity** | **Type** | **Magnitude** | **Likelihood & Time Horizon** | **Material From Impact Perspective?** |
| --- | --- | --- | --- | --- | --- |
| Topic | Risk/Opportunity 1 | Risk |  |  |  |
| Risk/Opportunity 2 | Opportunity |  |  |  |

**Criteria Assessment for Risks/Opportunities**

The following grids visualize the application of the R/O criteria following the referenced guidance. The five significance categories used in the national assessment provide an example approach to designate low to very significant financial implications, as noted in the legend. The threshold for materiality includes the significant and very significant categories.

Complete R/O grids below by recording the risk/opportunity, criteria ratings and significance category in the bracketed areas, and placing the R/O marker (designated with the ●) to the appropriate placement in the grid.

Refer to the RO Assessment table in the MA Excel file for an alternate method of entry, while completing the process narrative, including the basis of decisions, in the following section or another file.

Significance Categories

|  |  |  |
| --- | --- | --- |
|  | *Very Significant* |  |
|  | *Significant* | *Threshold for materiality* |
|  | *Moderate to Significant* |
|  | *Low to Moderate* |  |
|  | *Low* |  |

|  |  |
| --- | --- |
| **Risk** | **Opportunity** |
| *[Risk]* | *[Opportunity]* |
| * **Magnitude:** [1 to 3] * **Likelihood:** [1 to 3] | * **Magnitude:** [1 to 3] * **Likelihood:** [1 to 3] |
| **Significance Category:** | **Significance Category:** |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | MAGNITUDE | 3 |  |  |  | | 2 |  |  |  | | 1 |  |  |  | |  |  | 1 | 2 | 3 | |  |  | LIKELIHOOD | | | | |  |  |  |  |  | | --- | --- | --- | --- | --- | | MAGNITUDE | 3 |  |  |  | | 2 |  |  |  | | 1 |  |  |  | |  |  | 1 | 2 | 3 | |  |  | LIKELIHOOD | | | |

### R/O Financial Analysis

Provide a statement that summarizes the outcomes of the analysis of financial risks/opportunities associated with the topic.

Based on the assessment of the financial significance of the associated risks/opportunities, this topic was assessed as being [significance category, if using], which is considered [material/not material].

### Basis for Conclusion

Summarize the basis for the financial assessment decisions, including an overview of the supporting evidence and input considered.

|  |  |
| --- | --- |
| **Supporting Evidence:** | [Description of the objective information used to support your assessment decisions] |
| **Input from Experts:** | [Description of consultation with your own internal and external subject matter experts and their input] |
| **Other Stakeholder Input:** | [Description of consultation with your own internal and external stakeholders and their input] |

1. For more information, please see GRI disclosure standard 2-30. [↑](#footnote-ref-2)