European Sustainability Reporting Standards Double Materiality

The European Sustainability Reporting Standards (ESRS) require companies to identify material impacts, risks and opportunities and report on material sustainability (environmental, social and governance) matters, based on their double-materiality assessment. **Double-materiality is the starting point for companies' sustainability reporting under the requirements of the ESRS.**

What is double materiality?

Double Materiality consists of two dimensions: Impact Materiality and Financial Materiality. If a sustainability matter meets the criteria for either or both, it's considered material.

Impact Materiality

Impact Materiality assesses how your company's actions affect people and the environment. It considers both negative and positive impacts, whether actual or potential, throughout the entire value chain.

Financial Materiality

Financial Materiality refers to sustainability factors that affect your company's financials, performance, cash flows, and access to finance in the short, medium, or long-term. Companies must identify and assess these impacts, risks, and

opportunities throughout their value chain and report material information.

Discover Daato's solution for Double Materiality

Internal Assessment of Sustainability Matters:

Daato streamlines the process by providing the ESRS-listed sustainability matters for your assessment and guides you with key questions.

Validation with External Stakeholders: Generate surveys with Daato and invite stakeholders to share their views. Their input helps validate your assessment, ensuring a comprehensive view.

| Matrix Assessment | Surveys | | | |
|----------------------------------|--|---|-----------------------|--------------------------|
| Overall progress 90 of 100 | Impact materiality progress 93 of 100 | Financial materiality progress 95 of 100 | | |
| | | | | Q 7 |
| Торіс | ESG | Group | Impact materiality | Financial materiality |
| Greenhouse gases | Environmen | ntal Climate change | High | In progress |
| Global warming | Environmen | ntal Climate change | Low | Medium |
| Climate science | Governance | e Climate change | Medium | Non-material |
| Species diversity | Environmen | ntal Biodiversity | In progress | In progress |
| Conservation and protected areas | Social | Biodiversity | Non-material | Non-material |
| Encryption and data security | Governance | e Data privacy and cyber | r Non-material | Non-material |

Prioritisation for Sustainability Disclosures:

Daato automates the assessment of your company's material sustainability matters using a matrix that categorizes impact and financial materiality levels (very low, low, medium, high, and very high). This helps prioritize matters for reporting, setting thresholds for inclusion in sustainability statements.



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