DEMYSTIFYING DOUBLE MATERIALITY

A new model for corporate ESG compliance and leadership

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AUTHORS

Jessica Long
Arushi Gupta
Christine Glatz Rush

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Double materiality is one of the latest sustainability reporting trends making waves across board rooms and business strategy sessions. This is largely spurred by the increasing pressure companies face from government, investors, the general public and employees to play an active leadership role in ESG (or Environmental, Social and Governance activities). In short, ESG is defined as a collective term for a business's impact on the environment and society as well as the robustness and transparency of its governance.

ESG is increasingly recognised as a business imperative. Companies across varied industries are recognising commercial opportunity in ESG beyond mere compliance. Nearly 83% of Chief Sustainability Officers (CSOs) agree to some extent that ESG is challenging the way businesses operate.[1] This means that the role of CSO has evolved considerably as well, with nearly nine in ten stating that their role has become a strategic leadership position within their organisation.[1] With this continuing evolution, integration of ESG into business strategy remains a principal challenge for most CSOs.

Inherent doubts on return on investment for ESG efforts can cloud investment strategy and decision-making, ultimately perpetuating a perceived dichotomy between what's *good for people and planet* and what is *good for the wallet.*

Double materiality assessments are therefore a critical tool to help bridge the perceived divide between the two. Double materiality is a relatively new concept with no universally standardised alignment and many competing frameworks on guidance.

As a result, many businesses and organisations are at risk of conducting a double materiality assessment in a way that does not add meaningful value to investors or to sustainability strategies and efforts.

This paper intends to

1. Demystify the process of carrying out double materiality assessments;
2. Highlight key pitfalls and limitations within the process and recommend best practices for current conventional approaches; and
3. Introduce a new, innovative model that addresses traditional limitations.

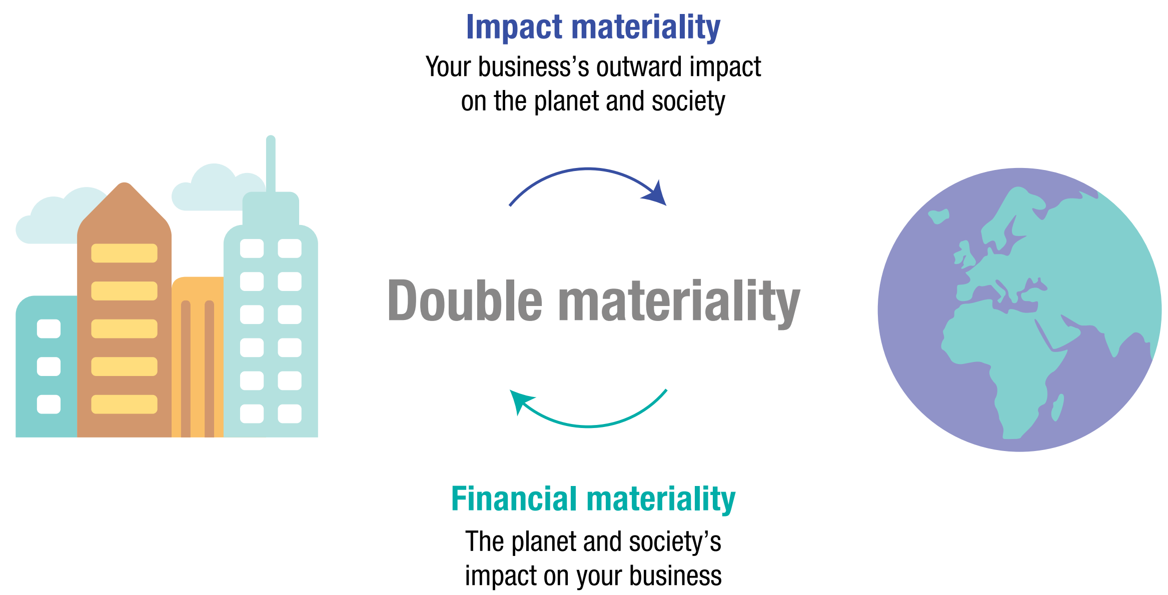
WHAT IS MEANT BY 'DOUBLE MATERIALITY'?

Double materiality assessments seek to ensure that the information a company discloses takes into consideration financial impact, impact on people and planet, and critically, the interconnectedness of the two. Most CSOs back this interconnectedness, with 91% believing there is a link between a company's ESG performance and its attractiveness to investors.[1]

The term 'double materiality' was first coined by the European Commission in 2019 as part of the Non-Financial Reporting Directive (NFRD) and grew in prominence more recently in 2022, when the European Parliament adopted the Corporate Sustainability Reporting Directive (CSRD).[2] The NFRD was adopted in 2014 by the EU and requires organisations to include non-financial disclosure documents in addition to their annual reports.[2] The CSRD introduced builds to the NFRD, increasing reporting requirements and expanding the reach in which companies must comply. Even the Global Reporting Initiative (GRI) has amended the definition of 'materiality' to include areas which have the highest impact on people, planet and the economy, a marked diversion from traditional benefit-led investor mindsets that evaluate economic risks and opportunities irrespective of their ESG impact.[3]

Double materiality assessments necessitate equal consideration and understanding of areas of financial impact as well as areas of impact on people and planet. In theory, by addressing both financial and sustainable materiality, a business can prioritise decision-making and strategy more effectively.

Figure 1: Double materiality



ACKNOWLEDGING LIMITATIONS OF CURRENT APPROACHES

The relative newness of double materiality assessments means that they are open to a host of different interpretations, resulting in pitfalls in their execution. These challenges include:

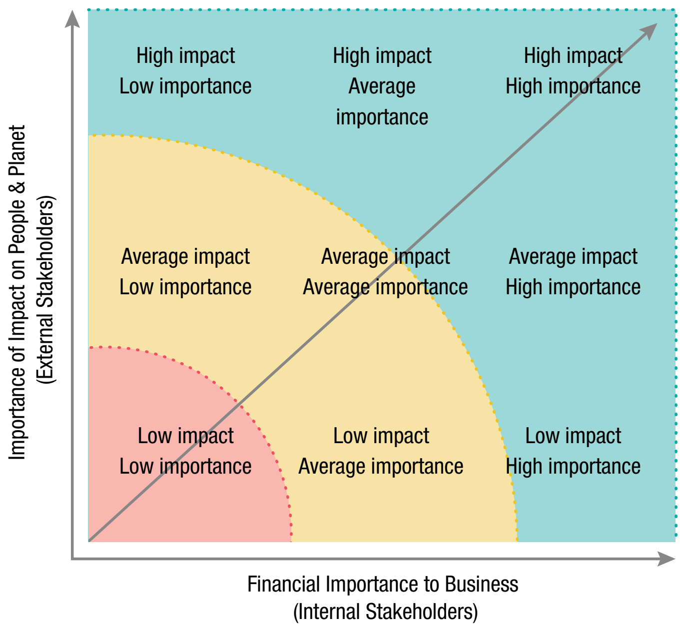
1. Perception-based results
2. Competing, confusing guidelines and frameworks
3. Data manipulation with weighting
4. Lacking objectivity
5. Frequently lacking in a ‘whole business’ approach

In this section we detail each challenge and provide Ipsos’ recommendations on best practices and ways to address them.

CHALLENGE 1: PERCEPTION-BASED RESULTS

Materiality is usually determined by surveying internal stakeholders on the perceived financial impact of pre-determined ESG issues, and external stakeholders on the perceived impact of these same issues on people and planet. The term ‘issue’ refers to the categorisation of the information being disclosed. For example, carbon emissions or transparency of executive pay and renumeration.

Figure 2: Double materiality matrix



Source: Ipsos

Issues are generally selected and agreed by internal stakeholders (e.g., colleagues, C-suite, sustainability teams, suppliers) which can often be a very subjective process. They are then evaluated by wider internal and external stakeholders on a numerical scale of importance. The results are plotted on a matrix where the y-axis may represent financial impact and the x-axis may represent impact on people and planet. Beyond this, the matrix should consider materiality in both the short and long-term. This matrix will then serve as a company’s ‘North Star’ when it comes to strategy and decision-making (see Figure 2).

However, an inherent challenge is that impact materiality is based solely on external stakeholder perceptions, which are frequently inaccurate. The Ipsos term the ‘believe-true gap’ acknowledges that people’s perceptions on what is and isn’t sustainable are frequently wrong. For example, globally, recycling is considered the second most impactful action one can take,[4] when it actually it ranks 60th of a long list of actions in terms of actual impact to cut emissions.[5] If a business is basing decision-making and operational strategy upon false perceptions, there is an innate risk of greenwashing accusations and an ill-aligned strategy.

To mitigate risk of misperceptions and subjectivity around impact materiality, the traditional approach is to survey external stakeholders on perceived impact for only a sub-set of ESG issues that are most relevant to their role rather than have them feed back on the entire list of ESG issues that they may know little about. For example, a technology journalist may be asked questions on ethical use of Artificial Intelligence (AI) whereas an industry expert may be well positioned to discuss about the supply chain issues.

Traditional approaches account for this challenge by asking different stakeholders to rank the most relevant issues in the pre-agreed list by the importance of their impact. In this instance, a journalist might answer a survey based on 12 issues out of a total of 60. The hope is that the journalist will likely produce more credible and accurate rankings on the issues they ‘know about’ versus guestimates on non-relevant issues that could unintentionally skew the results.

> The believe-true gap is still present in professional settings.

While this method does enhance credibility and engagement to some degree, it does present additional challenges on weighting the results across the stakeholder base. This is something we will discuss further in this paper.

It also does not acknowledge the fact that the believe-true gap is still present in professional settings, and evidence shows that misconceptions on ESG issues are rife amongst the general public overall.[4]

SOLUTION: Ensuring credibility and reliability amongst external stakeholders.

We must therefore go beyond stated survey responses and seek to validate external stakeholder responses wherever possible. Ipsos' approach is to therefore scrutinise all findings with trends data to help substantiate external responses.

Let's take an example of ethical use of AI. When asked for their opinion, a politician may likely argue for necessary use of AI, owing to the technology's heightened growth in tackling complex problems, enhancing efficiency and productivity, driving innovation and helping to reshape the world for the better. However, Ipsos' Global Views on AI study, a survey of 22,800+ adults in 31 countries, shows there are mixed feelings of trust among the general public, with 52% of people nervous about the new technology.[6] Fewer than four in ten say AI will improve their health, their job, and their country's economy.[6] The data shows that while many expect that AI will positively impact their life, not all changes are expected to be for the better. The outlook also varies by country. Thus, Ipsos data provides support for external stakeholders' responses and also adds further insight on the false sense of optimism that AI's explosive growth might bring.

Beyond materiality itself, the selection of ESG issues by internal stakeholders may also be biased by false perceptions and omit key disclosure information that is not readily considered within the company. Ipsos' ESG Council Report 2023 highlights this challenge. A common problem experienced by senior executives is the varying levels of ESG expertise among stakeholders.[1] Interest from an organisation's investor community often drives internal changes on sustainability and some institutional investors are being over-emphasised in their importance.

To avoid this overemphasis, their needs should be balanced with those of other stakeholders',[1] as institutional investors are one of many important stakeholders and not the only important stakeholder group. The believe-true gap also exists among stakeholders, with some often misinformed about which actions have the greatest impact on sustainability.

SOLUTION: Double materiality assessments are therefore only as reliable as stakeholder knowledge about the topic. **To mitigate risk, the selection of ESG issues should not rely on internal selection alone.**

An audit of issues should be conducted that pulls from the wider landscape and resources. Three key bodies are integral to informing double materiality protocol and guidelines. These include the Corporate Sustainability Reporting Directive (CSRD), Global Reporting Initiative (GRI), and the International Sustainability Standards Board (ISSB).[7] Thorough consideration of the guidelines of one or more of the above initiatives will be critical as a foundation.

A list of ESG issues should be created with the above considerations in mind. An audit of existing global consumer trends can help businesses to establish a long list of issues that include essential ESG hygiene factors respective to their industry and markets.

The Ipsos Global Reputation Monitor (IGRM) survey provides E, S and G hygiene factors through a consumer lens.[8] Although it is perception-based, it offers a clear indication for consumer-based hygiene factors across Environmental, Social and Governance aspects of sustainability. Further research on actual hygiene factors within the company's respective category can be obtained through external data and competitive analysis. This will help fill in gaps and ensure a more comprehensive list of ESG issues for initial consideration. Ipsos recommends refining this list amongst internal stakeholders with supporting data and evidence in a collaborative workshop setting.

CHALLENGE 2: COMPETING, CONFUSING GUIDELINES AND FRAMEWORKS

Materiality assessments also take into account objective criteria and industry standards. **Navigating through an abundance of frameworks and different advice can be daunting.** It can be difficult for businesses to filter through the vast amount of information and identify relevant, reliable sources.

Another challenge is staying abreast of the latest developments in the space. Frameworks and reporting guidelines are constantly updated, with new frameworks and revisions being introduced regularly. For example, ISSB launched its guidance on Sustainability Disclosure Standards for IFRS in June 2023.[7]

SOLUTION: Organisations struggle to keep a close eye on developments and identify the most suitable approach. As a result, they often may seek external consultation. Clear and standardised guidance is essential to help organisations align their sustainability efforts with their stakeholders' needs as well as with global sustainability standards. But this isn't enough. **Any consultation should be well informed, embedding standard practice from the beginning of the assessment process. All chosen frameworks should feed into the overall design of the materiality assessment to ensure consistency, clarity, and credibility of the process. Additionally, close adherence to latest movements and agility with the design process will be critical moving forward as double materiality assessments become more commonplace.**

CHALLENGE 3: DATA MANIPULATION WITH WEIGHTING

Weighting is one of the more significant challenges of conducting a double materiality assessment, as **there is no standardised approach to how to weight the data.** It is also one of the most subjective aspects of conducting double materiality assessments and lack of rigour and transparency of the process can undermine the credibility of the findings.

SOLUTION: In general, two key principles should apply to the weighting processes:

1. Employing a minimalist and representative approach to weighting. Weighting should be done to provide a fair, reflective, and representative indication of importance from both internal and external stakeholders.

   It is not advisable to upweight financially or reputationally important markets or stakeholder typologies, as this skews the data to be more reflective of financial impact and does not give equitable weighting between ESG, financial risk and opportunity. For example, if a double materiality assessment is carried out between two markets, one being twice as profitable as the other, it is not advisable to upweight the more profitable market. Equitable representation is key.

   There may be instances where a qual-quant approach necessitates weighting of different methodologies. For example, perhaps a company has surveyed 1,000 consumers as part of their external stakeholder sample. At the same, they have spoken to only two industry regulators. In this case, accurate weighting for a representative sample may prove quite difficult. Best efforts to ensure fair representation based upon numbers rather than financial impact will be required.

2. Transparency in weighting decision-making processes. Every double materiality assessment report should include a section on best practices and protocol on weighting. Unadulterated numbers and tables should be provided in the appendix.

   Weighting should be fully justified with a clear articulation of the data challenge and proposed weighting solution. An example of this can be found over the page.

Figure 3: Example section on best practices and protocol on weighting

DATA CHALLENGE	WEIGHTING SOLUTION
External Stakeholder Expertise Bias • External stakeholder bias of dimensions and issues due to a greater knowledge about that dimension. • Not all external stakeholders respond to all dimensions/issues.	To correct this bias, we suggest adjusting the responses to each material issue so that the average evaluation matches the average value attributed to each of the respective dimensions. Dimensions refer to the clustered issues by theme.
In-Market Stakeholder Numbers Bias • Within market, different sample sizes across the different stakeholder groups were consulted – averaging means unweighted would mean that not all stakeholders have equally valued input.	All external stakeholders should be given equal weighting - regardless of their 'financial' influence on the business. However, if you have a quantitative sample (e.g. 1,000 consumers) vs a qualitative sample (e.g. 5 politicians) it will be important to upweight the larger sample to aim to get a reflective read of each group.
Market Stakeholder Numbers Bias • The sample size of stakeholders (barring consumers) was 2x greater in size in market A vs market B – averaging means without weights would dilute impact of market A external input.	We suggest weighting all stakeholders (internal and external) across different markets so they maintain equal input into the overall assessment. It can be helpful to provide an additional revenue-based weighting model in the appendix but this should not be included in the official double materiality matrix.

Source: Ipsos

CHALLENGE 4: LACKING OBJECTIVITY

Many double materiality assessments are being conducted internally within organisations, without consultation from experts in the field. **Often times companies will endeavour to 'chop and change' given protocol,** leaving their basis for foundational decision-making subject to any of the aforementioned challenges and biases addressed above.

SOLUTION: Consultation with objective third party experts lends credibility and validity to the findings. More specifically, objective third party management provides:

a. **A democratised approach to stakeholder selection and engagement.** Competing internal stakeholder interests means that challenges around 'who' to speak to, 'what' to cover and 'how' to interpret results are inherently biased. Commitment to the exercise through a partnership with external, objective experts is therefore a vital and necessary aspect of the assessment process.

b. **Cross-functional representation on issue identification.** Given the strategic importance of the work, it is important to have key business stakeholders in the room to guarantee alignment. These could be from various teams, departments, countries or regions. An external third party would ensure a cross functional representation of the business at key moments of the decision-making process.

c. **Adherence to best practices on result interpretation and weighting.** Objectivity with weighting can be incredibly difficult with senior internal stakeholders leading the assessment. The integrity of the weighting process can therefore 'make or break' the credibility of an assessment. To ensure that certain stakeholders, markets, or issues are not upweighted based on biased strategic interests, an objective third party is recommended to validate and facilitate the interpretation of the results.

> Weighting is also one of the most subjective aspects of conducting double materiality assessments and lack of rigour and transparency of the process can undermine the credibility of the findings. ”

CHALLENGE 5: FREQUENTLY LACKING IN A 'WHOLE BUSINESS' APPROACH

Double materiality assessments fundamentally require a 'whole business' approach including robust representation and involvement from a wide array of internal and external stakeholders. **Many materiality assessments do not capture a 360 view of the organisation's ESG issues, often missing opportunities and risks, which can cause potential harm to an organisation's long-term success.**

SOLUTION: Striking a good balance of stakeholder perspectives is important. Fewer stakeholders can limit scope and bring lack of trust, but too many voices can make the process complex and inefficient.

Creating a map of stakeholders at the start of the design process is usually very helpful. It encourages openness by clearly indicating who is involved, ensuring key inputs and voices are not missed out. For internal stakeholders, think of executive leadership, directors, regional heads, and employees. C-suite leadership and commitment is essential, as is investor interest. Identifying stakeholders' varying degrees of interest and influence and who the champions, sceptics, and nay-sayers are early on in the process enables a smooth journey.

The next step is to identify relevant external stakeholders: customers, NGOs, think tanks, suppliers, media, trade associations, government, and other influencers. Understanding their expectations and opinions is critical to enhancing an organisation's credibility and reputation in the industry.

Following a whole business approach warrants alignment with the organisation's overarching mission, vision, and strategic objectives. It ensures that every decision and action contribute to the company's long-term success.

DOUBLE MATERIALITY + INTEGRATED CONFIDENCE TESTING: A NEW MODEL FOR CONSIDERATION

The validity of the current double materiality approach is contingent upon the knowledge and expertise of both internal and external stakeholders, a critical weakness of conventional approaches. Internal stakeholders are commenting upon the financial impact of an array of agreed ESG issues, which therefore allows for slightly more subjectivity in their responses. However, while external stakeholder responses on ESG issues' impact on people and planet is also subjective, there is also real, objective data on the impact of many of these issues, which can then be compared against external stakeholder responses.

As discussed earlier in this paper, there is significant evidence to demonstrate that the believe-true gap is a global phenomenon. Therefore, it is not advisable for businesses or organisations to structure their ESG strategic priorities principally on public perception. While consultation can be incredibly valuable in understanding public perceptions and priorities of ESG issues, there are three subjectivity biases that can undermine the results.

1. Omitting more impactful actions from the list of ESG issues
2. Inaccurate rankings on impact of ESG issues on people and planet
3. Inaccurate projections of importance of ESG issues in the short and long term

Therefore, we recommend an additional phase to current approaches that would both seek to validate and challenge stakeholder consultations with additional data.

An additional phase of testing would seek to validate ESG issues through a combination of consulting expertise (e.g., ESG specialists, corporate reputation, and industry experts), validation of external data (e.g., trends data, impact data, industry ESG signals) and guidance from various standards and legislatives (e.g., ISSB particularly the industry specific guidance, national government policies, media reports).

This phase is essentially 'confidence testing', and to date, is not readily used or acknowledged in conventional double materiality assessments. True confidence testing would be embedded throughout the duration of the project, starting with an audit up front on what issues should be featured in the compiled list of ESG issues for stakeholder consultation.

KEY TAKEAWAYS

Ipsos' ESG Consulting Practice recommends conducting a thorough insight audit of key themes and ESG issues from the respective markets, industries and as identified in supporting legislation and guidance protocols.

Confidence testing would feature again both before and after Phase 3: Weighting of Results. Providing an authentic, unadulterated read of perceptions in a double materiality matrix can be helpful, but an additional matrix that provides adjusted weighting of external stakeholder responses adjusted for actual impact of issues on people and planet is advisable. It may not be feasible to find actual impact rankings of all ESG issues featured in an assessment, and transparency around source, reliability and availability of the external data will be essential.

External rankings of ESG issues by impact on people and planet can vary by market and industry. Lists on impactful environmental actions outlined by Intergovernmental Panel on Climate Change (IPCC) can serve as a helpful starting point. IGRM data can also be used to help identify potential hygiene factors across the wider ESG pillars by market.

Most double materiality assessments include some aspect of projection in understanding short and long-term perceived significance of the issues. It is often very difficult for either internal or external stakeholders to accurately reflect the importance of ESG issues in 10 years' time, either financially or impactfully.

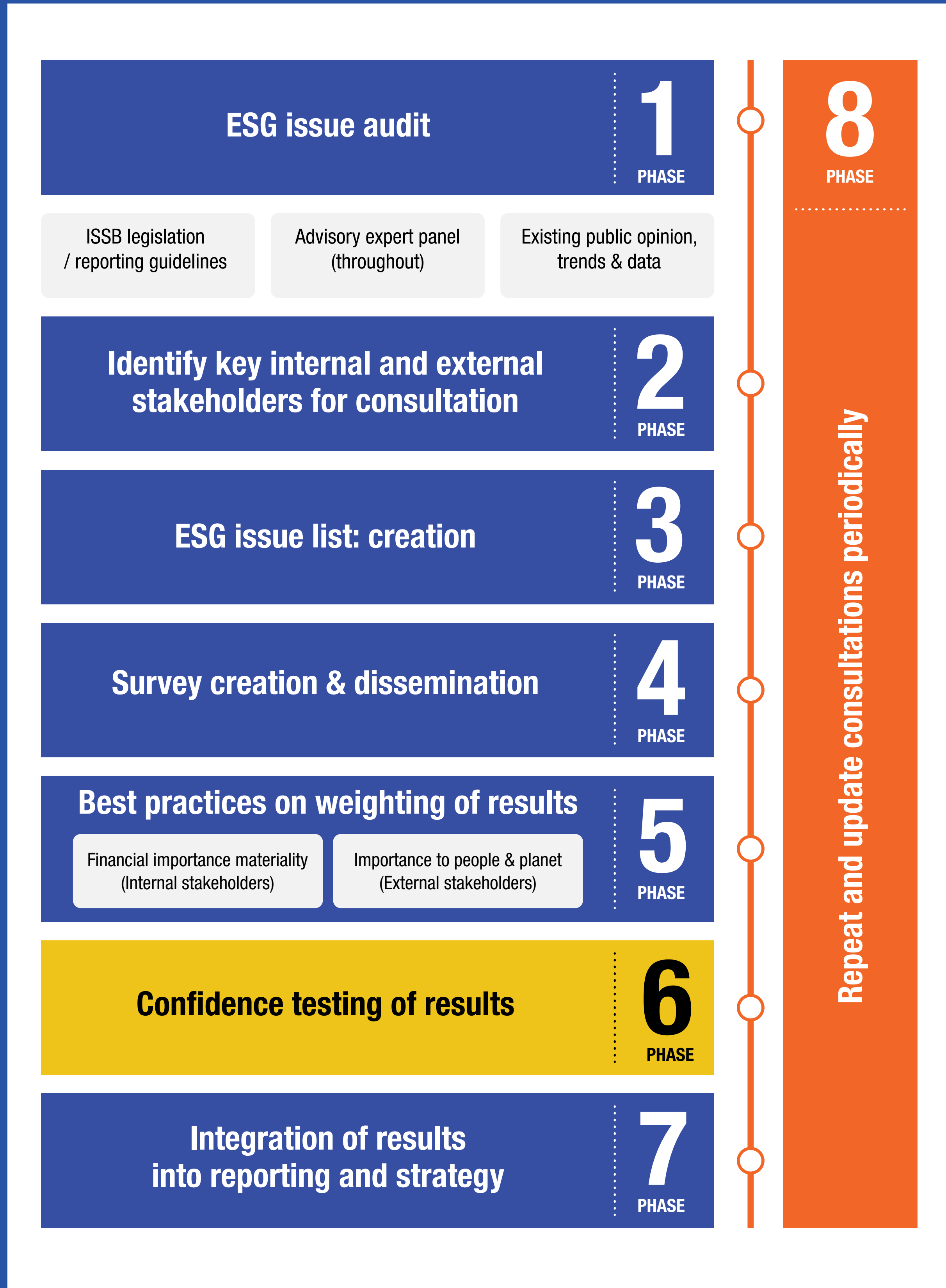
Confidence testing of the results through a combination of external data like trends data and financial modelling can offer further insight on the accuracy of both internal and external stakeholder projections.

Establishing a concrete financial return on investment (ROI) for ESG initiatives remains a challenge for companies seeking to secure additional investments. Often, boardroom discussions are dominated by short-term perspectives and a relentless focus on sales, which may not align with the longer-term nature of ESG endeavours. This predicament becomes even more pronounced in B2B industries or within companies operating in quasi-monopolistic markets, where consumer choices play a marginal role in predicting future revenues. To address this complexity effectively, we must adopt a financial lens that assesses the impact of ESG investments on future cash flows. This perspective hinges on the belief that such investments can bolster brand equity, ultimately securing future cash flows while optimising cost structures. While additional work like this likely sits outside the double materiality assessment itself, it can be featured as a tool in which to further add confidence to internal stakeholder rankings of ESG issues and their financial impact to the business.

CASE STUDY - BRASKEM

Our recent collaboration with Braskem, a Brazilian petrochemical company and one of the leading producers of thermoplastic resins across the Americas provides an interesting example. Braskem's operations span more than 40 countries, encompassing the production of polyethylene, polypropylene, and various other thermoplastic resins, widely used across diverse industries. The commercialisation of such resins has all the characteristics of a commoditised market, being less reliant on immediate client decisions, forcing the board to request demonstration of the tangible returns on their substantial ESG investments. Ipsos embarked on a comprehensive financial analysis, aimed at quantifying the influence of each ESG initiative on stakeholders' perceptions. These stakeholders included not only customers but also employees, suppliers, local communities, government entities, and the media. By isolating the effects of these ESG initiatives on brand equity and the decisions made by these diverse stakeholders regarding Braskem, we were able to craft a compelling business case to justify ongoing investments.

Figure 4: Double materiality assessments process



Source: Ipsos

STEP-BY-STEP PROCESS OF

DOUBLE MATERIALITY ASSESSMENTS

In order to proactively address the limitations described above, Ipsos has designed an iterative, multi-stage approach to double materiality assessments. The approach is as follows:

1
PHASE

ESG ISSUE AUDIT

Conduct a comprehensive audit of relevant legislation, current reporting guidelines and standards, existing public opinion, trends data, and internal ESG initiatives relevant to your industry and respective markets. This will help build guardrails for the upcoming consultation phases by positioning the assessment within current thinking, trends, and compliance frameworks.

Although not essential, an expert panel can play an advisory role throughout the project and strengthen this initial phase of confidence testing. Ensuring the panel comprises of members who have a strong understanding of ESG, regulatory frameworks, and weighting and statistics can add further credibility to the approach.

2
PHASE

STAKEHOLDER IDENTIFICATION

Key project members, along with the advisory expert panel, help identify internal and external stakeholders for upcoming consultation through a stakeholder mapping exercise. For internal stakeholders, ensure they are representative of different areas of the business, key markets, and if feasible, include those with regulatory experience. It is crucial that the C-suite is involved in the consultation process.

There should be an aim for involvement of external stakeholders across the value chain and for a representation of internal stakeholders across departments and levels. For example, external stakeholder selection can be a vast array of industry bodies, regulators, journalists, politicians, investors, partners, suppliers and consumers.

3
PHASE

ESG ISSUE LIST CREATION

Using the insight audit from Phase 1 as a foundation, a list of different ESG issues should be created that speak directly to ESG issues that a) provide financial impact (outside-in approach) and b) impact people and planet (inside-out approach). These issues can subsequently be clustered by wider themes, or dimensions. If feasible, be sure to draw heavily on the advisory expert panel during this selection process, to bolster credibility and maintain a more objective lens.

Once these dimensions have been finalised, review for missing issues and go a level deeper to identify issues that are of a reporting nature. For example, if there is a dimension around ‘Employee Welfare’, it may be expanded out further into issues such as ‘Employee Mental Health Initiatives’, ‘Diversity, Equity and Inclusion in the Workplace’ and ‘Talent Management Investment.’

As mentioned previously, an extra layer of confidence testing at this stage would require you to vet the existing issues list against external data like the IPCC’s list of most impactful actions or Ipsos’ IGRM data on publicly perceived hygiene factors of ESG by market.

4
PHASE

SURVEY CREATION & DISSEMINATION

Build out a stakeholder questionnaire around the decided dimensions and their correlative ESG issues. There should be a minimum of two distinct surveys. For external stakeholders, the survey would require the respondent to numerically rank the ESG issue according to impact on people and planet. For internal stakeholders, the survey would require the respondent to rank the issues by financial impact to the company.

You will likely not ask all ESG issues to all external stakeholders. The external stakeholder not only is likely to be fatigued by a long list of ESG issues, but it is also unlikely they have the expertise to rank all issues in a meaningful way.

It will therefore be important to identify which issues are asked of which external stakeholders. You should aim to only ask them about dimensions that are relevant to their field and where they exhibit high levels of experience and knowledge. This is true for consumers specifically. For example, consumers may not be likely to rank a long list of nuanced ESG issues with any accuracy, so we recommend asking consumers to rank the wider dimensions only.

To help future-proof the findings, ensure that a future lens is being applied to the questionnaire, in addition to the current lens. You may also wish to ask about company performance on the respective issues.

The internal stakeholder survey will likely cover all ESG issues, regardless of length. To address and recognise any knowledge gaps, allow stakeholders the option to respond to issues with ‘I don’t know’.

5
PHASE

WEIGHTING OF RESULTS

Collate the materiality scores from external and internal stakeholders. To ensure a reflective and objective view across the stakeholder group, decide on and implement a best practices method of weighting. Guidance on this can be found earlier in this paper.

Once scores have been analysed and the weighting is complete, begin to map the data points on an impact vs financial importance matrix. Based on this mapping exercise, start to unearth the highest priority issues to the business.

6
PHASE

FINAL CONFIDENCE TESTING

Confidence testing recommendations post-weighting have been outlined above. There can be a host of different avenues in which you can objectively validate your findings. For example, market and industry projection data can give extra credence to perceived stakeholder perceptions on financial and actual impact of ESG issues in the short and long-term. Further tests like financial modelling can validate internal stakeholder responses on financial performance. And external impact data like the IPCC’s most impactful behaviour/actions can offer further consideration to external stakeholder perceptions on impact on people and planet.

7
PHASE

STRATEGIC INTEGRATION

Now that the key issues around impact and financial materiality have been identified from a business perspective, begin to incorporate these results into ESG strategy and reporting practices. Create short and long-term strategy goals grounded in these prioritised issues, so the organisation can measure its progress across the business.

8
PHASE

REPEAT* AND UPDATE PERIODICALLY

Finally, it will be essential to replicate the process and update accordingly, as new ESG issues may emerge and perceptions on impact are likely to change according to a myriad of environmental, social, economic, and political factors. Although, several measures are outlined above to help future-proof the results, ESG is an ever-evolving space. In order to keep pace with these changes, it is important to continue to be reflective when it comes to materiality. Repeatedly gather insights from a well-balanced stakeholder group and continue to evolve strategy based on these results.

*RETURN TO PHASE 1

CONCLUSION

Double materiality assessments are increasing in popularity and yet the nascency of the topic means that businesses are at significant risk of poor practice and undermining the validity of the process. Businesses are at further risk of ill-informed strategy if they rely solely on perception-based assessments of a topic that is widely misunderstood amongst the general public and wider stakeholders alike. The intention of this paper is to leave businesses with a solid understanding of the importance of the topic, best practices and considerations in its execution as well as a new model that incorporates confidence testing in a way that strengthens the credibility of the findings.

Do you have additional questions?
Our ESG Consultancy Practice is on hand to help you navigate your queries and challenges in this space. Please email *Jessica.Long@Ipsos.com* or *UK-S3-ESG-CORE@ipsos.com* for further information.

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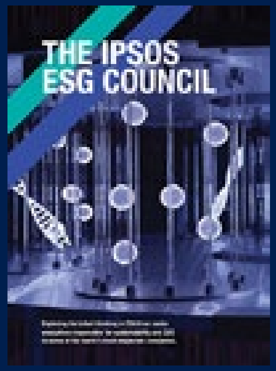
FURTHER READING



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AUTHORS

Jessica Long, Head of ESG Consulting Practice, Strategy3 UK, Ipsos

Arushi Gupta, ESG Manager, Strategy3 UK, Ipsos

Christine Glatz Rush, Consultant, Strategy3 UK, Ipsos

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