

Advances in sustainability reporting: exploring the double materiality perspective in a corporate context.

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Industry / Practice Partner: The company is a leading player in the chemical industry and offers a wide range of chemical products and solutions for various applications.

1. Background, Challenge & Objectives

Background / Context

The EU's new Corporate Sustainability Reporting Directive (CSRD) introduces the concept of double materiality, requiring companies to consider two individual perspectives of reporting.

- Inside-Out / Impact Materiality
- Outside-In / Financial Perspective

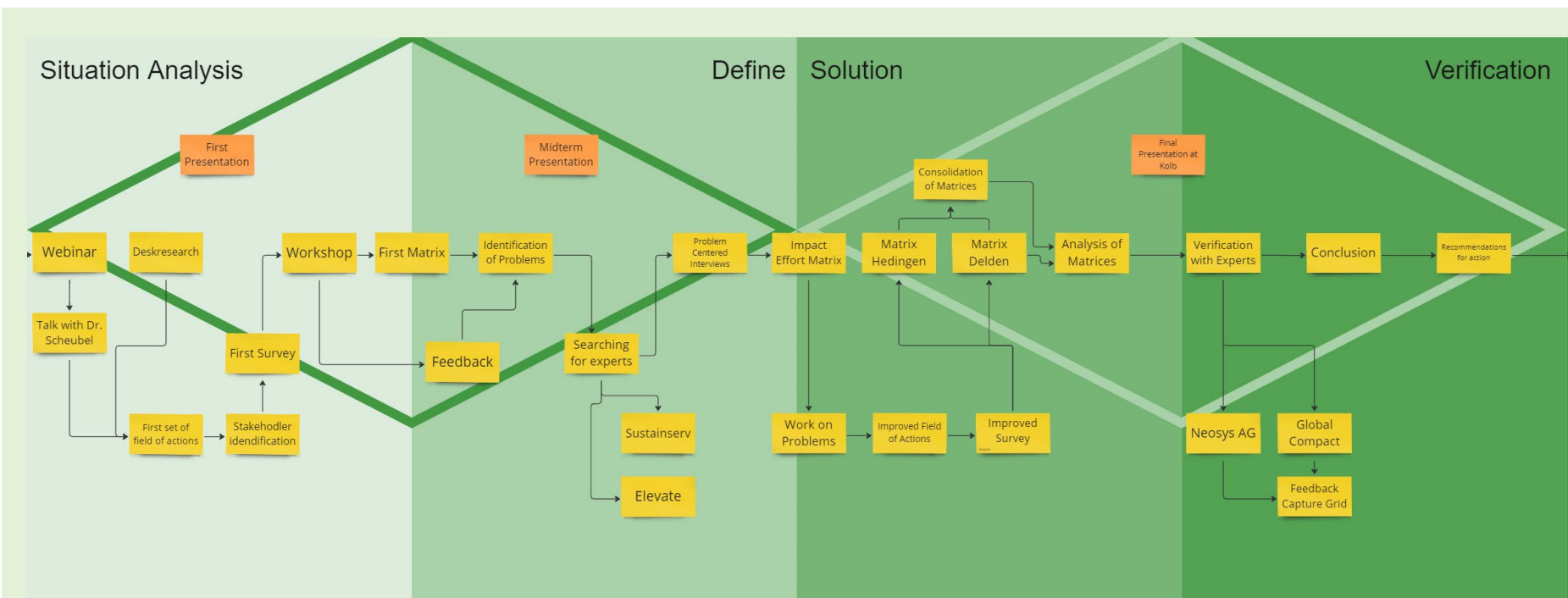
Challenge / Research Questions

With the recent adoption of new guidelines in the fall of 2022, companies are confronted with the task of navigating through the draft documents to find pertinent information. The objective is not only to develop a comprehensive understanding of double materiality within the organization, but also to establish an effective plan on how to develop it by 2024. This entails addressing the challenges of interpreting and integrating the guidelines, as well as ensuring alignment with the company's sustainability reporting practices.

Objectives / Hypotheses

1. What does double materiality mean and what are the implications for the company?
2. How can a materiality matrix be derived for the Hedingen site?
3. How can materiality matrices be consolidated?

2. Methodology / Materials



Methodology

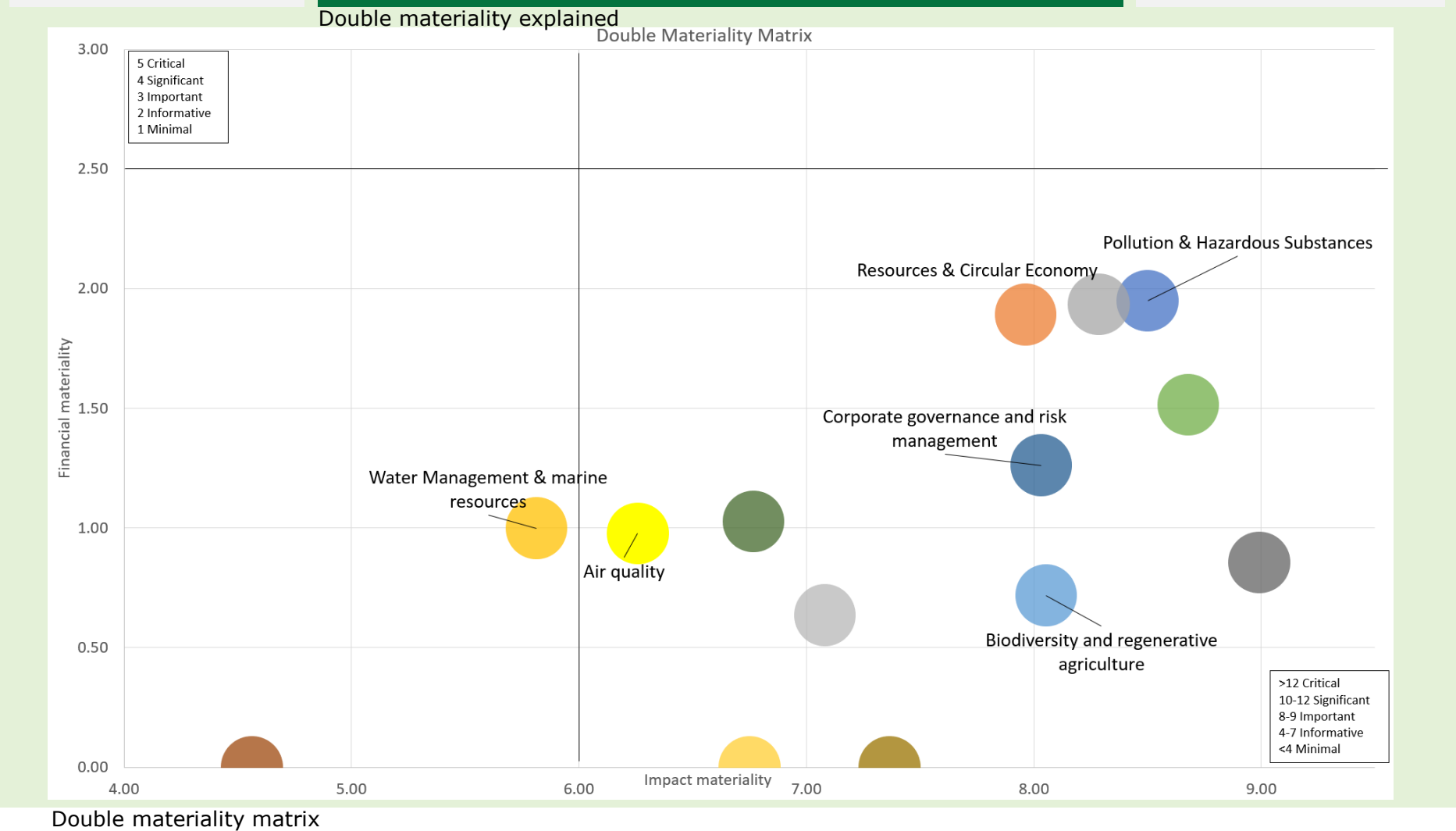
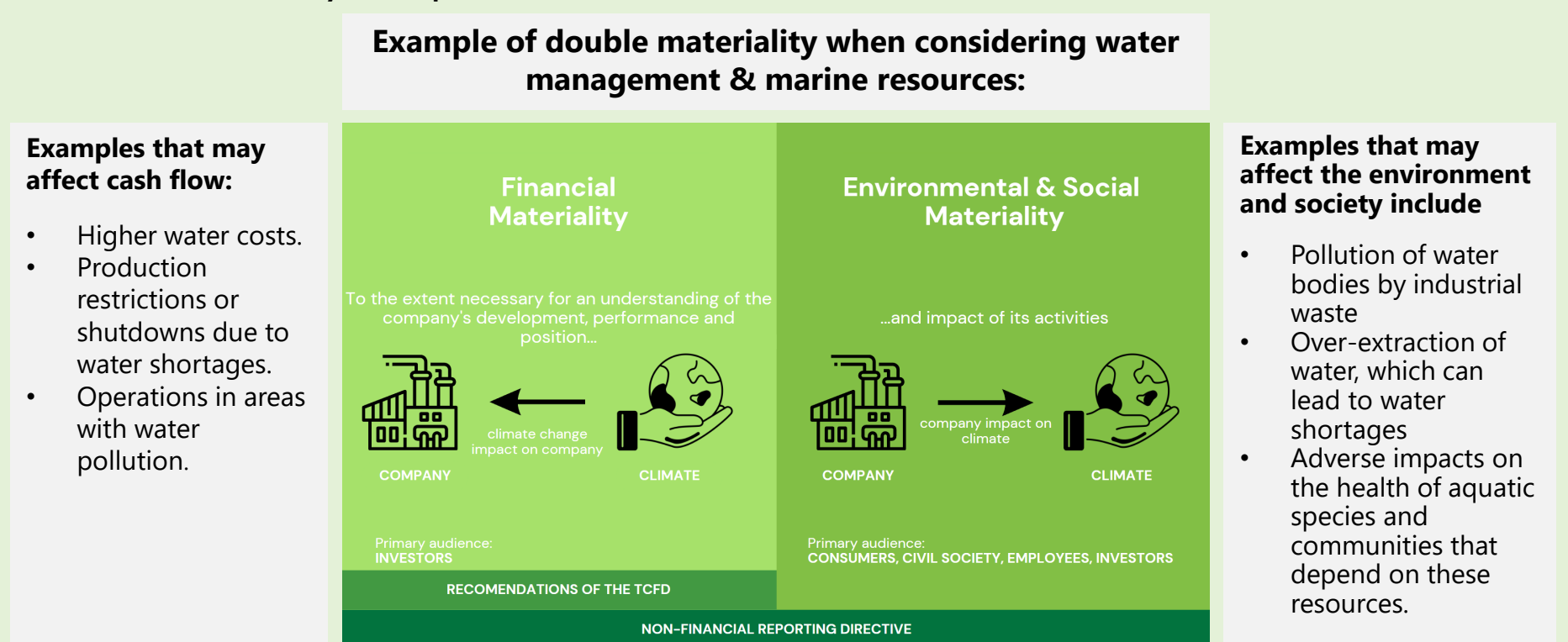
Materials / Data / Tools

- **Sustainability Experts**, necessary to gather knowledge because the topic is new.
- **EFRAG [European Financial Reporting Advisory Group]**, Set the guidelines for the companies
- **GRI [Global Reporting Initiative]**, Advocates for sustainability reporting by organizations worldwide
- **The Design Thinking Toolbox**, Describes proper procedure in the design thinking approach
- **Workshops**, Important tool in this context for feedback and collaboration with the company and stakeholders
- **Microsoft Forms**, Important to query a broad mass, even across countries.

3. Results / Solution / Recommendations

Through this work, the company has a first draft of the **double materiality matrix** and a working procedure for developing the matrix. The approach has also been successfully tested at other sites.

Stakeholder engagement has identified issues within the company that are at risk and need further attention. In general, it is important to bring the entire company up to a sustainability standard, but risky outcomes should be analyzed per site.



4. Discussion, Conclusions & Outlook

Discussion

The process yielded positive results, but greater and earlier stakeholder involvement is recommended. The achieved outcome meets quality standards and provides a solid basis for further development. Ongoing attention is necessary for continuous progress.

Conclusions

The topic is highly relevant for future risk identification and process development in the company. Its complexity exceeds the scope of a bachelor thesis, but valuable insights and approaches are provided for further exploration and implementation.

Outlook

- Risk analysis of the results
- Define KPIs, what do you want to effectively achieve / change?
- Involve consultants for actual implementation by 2024

Literature

- Wollmert, P., & Hobbs, A. (2022). How the EU's new sustainability directive is becoming a game changer. *EY UK*. https://www.ey.com/en_uk/assurance/how-the-eu-s-new-sustainability-directive-is-becoming-a-game-changer
- *First Set of draft ESRS - EFRAG*. (2022, November). <https://www.efrag.org/lab6#subtitle4>