

# CSRD Double Materiality

UNDERSTAND AND SUCCESSFULLY NAVIGATE  
CSRD-RELATED DOUBLE MATERIALITY



## WHAT IS DOUBLE MATERIALITY?

Double materiality focuses on two main areas and is fundamental to Corporate Sustainability Reporting Directive (CSRD) compliance:

1. Your organization's impact on the environment and people (inside-out position)
2. Sustainability-related developments and events that create risks and opportunities for your organization (outside-in position)

Under the CSRD, your organization must disclose its impact on the above and how they could affect your organization going forward.

## WHAT IS DOUBLE MATERIALITY ASSESSMENT?

A double materiality assessment enables you to identify which sustainability aspects are most material to your business and its stakeholders. This assessment:

- Determines the scope of sustainability reporting
- Enables efficient allocation of the resources needed for CSRD compliance
- Provides essential insights for shaping company strategy

Under double materiality, a sustainability topic can be material for an organization when it meets impact materiality and/or financial materiality criteria, hence the use of "double".

## WHAT IS IMPACT MATERIALITY?

Impact materiality looks at your organization's actual or potential material, positive or negative impacts on people and the environment over the short, medium and long term. This includes your organization's full value chain, not just contracted business relationships.

## WHAT IS FINANCIAL MATERIALITY?

Financial materiality looks at the impacts on your organization. These impacts generate or may generate risks or opportunities that have or could have a material influence on your organization's cash flow, development, performance, position, cost of capital or access to finance in the short, medium and long term.

## KEY BENEFITS

- Understand double materiality in detail
- Gain the tools/processes leading up to a double materiality assessment
- Conduct a double materiality assessment to home in on the scope of the required reporting
- Help determine the correct resources and improve your impact strategy
- Determine which topics are material or not, and substantiate choices
- Conclude which reporting standards, disclosures and data points should be included
- Enhance your journey by building better reports and strategy

## WHY SGS?

We have been a leader in sustainability and environmental, social and governance (ESG) services for over 30 years. With expertise in all major industries, we understand each sector's pain points and have the technical expertise and logistical capabilities to ensure realistic sustainability outcomes.

Our global network can support your compliance and efficiency requirements, including:

- An introduction to the CSRD
- Identification of gaps in your current disclosures, processes or controls
- Double materiality assessment support
- Disclosure and report preparation
- Help to formalize sustainability due diligence processes
- Support to gather the ESG information you need before evaluation
- Topic-specific services relating to the European Sustainability Reporting Standards (ESRS), biodiversity and water stewardship, etc.



## FURTHER INFORMATION

For further information, visit [SGS.com/CSRD](https://www.sgs.com/CSRD) now.