

Double Materiality Assessment (DMA) Toolkit for the Electronics Industry

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Introduction

- A double materiality assessment (DMA) under the **Corporate Sustainability Reporting Directive (CSRD)** is a mandatory activity that requires companies to evaluate sustainability issues from two perspectives: impact materiality (how the company's operations affect the environment and society) and financial materiality (how sustainability issues could impact the company's finances).
- The CSRD requires companies to report in alignment with the **European Sustainability Reporting Standards (ESRS)** where they have in-scope entities. The CSRD decides who must report and when and the ESRS say what needs to be reported.
- In 2026, the number of in-scope entities and the timelines with which they must report changed, as outlined in the EU Sustainability Omnibus package. Rather than creating new laws, the “omnibus” package made targeted adjustments to several pre-existing EU sustainability frameworks to simplify reporting obligations.
- The recent changes allow two approaches to conducting a DMA, top-down and bottom-up. This Toolkit can be used for either approach.
- A DMA must be conducted to determine which ESRS topical standards an organization must disclose against.
- A company may choose to conduct a voluntary DMA to understand its most material impacts, risks and opportunities, inform strategy, strengthen risk management, and guide credible, decision-useful sustainability reporting.
- This Toolkit can also support impact materiality assessments focused on identifying and prioritizing significant impacts on people and the environment.
- Refer to the Global Electronics Association's **Materiality Resource Hub** for up-to-date information on the EU Sustainable Omnibus package.

Why use this Toolkit – the requirement

- DMAs are a legal requirement for many electronics industry members under the CSRD. Conducting a DMA is essential to ensure compliance with regulatory requirements, avoid potential penalties, and maintain access to the European market.
- Companies within scope of the CSRD must conduct a DMA as it is the foundation for determining which sustainability topics are material, and therefore must be disclosed in accordance with the ESRS.
- Even companies outside current CSRD scope see that a DMA can be highly beneficial. Stakeholders, including investors, customers, and suppliers are increasingly demanding transparency and responsible business practices.
- Electronics companies face complex sustainability challenges like supply chain fragility and resources management (e.g., scarcity) that may materially affect financial performance.
- By proactively conducting DMAs, companies can align with best practices and prepare for future requests and requirements for transparency. This should help companies to enhance their reputation with stakeholders and better manage risks and opportunities related to sustainability.

Why use this Toolkit – the value of a process

This Toolkit provides a repeatable four-phase process that meets compliance requirements and delivers strategic value.

Context Report

- Maps where value is created or weakened across the value chain
- Flags concentrations of risk, such as high-risk regions or activities
- Closes gaps between internal assumptions and external stakeholder priorities

Impacts, Risks and Opportunities Identification

- Flags material risks before they show up in operations or financial statements
- Uncovers growth opportunities tied to sustainability trends and the peer landscape
- Replaces ad hoc sustainability thinking with a structured risk/opportunity inventory

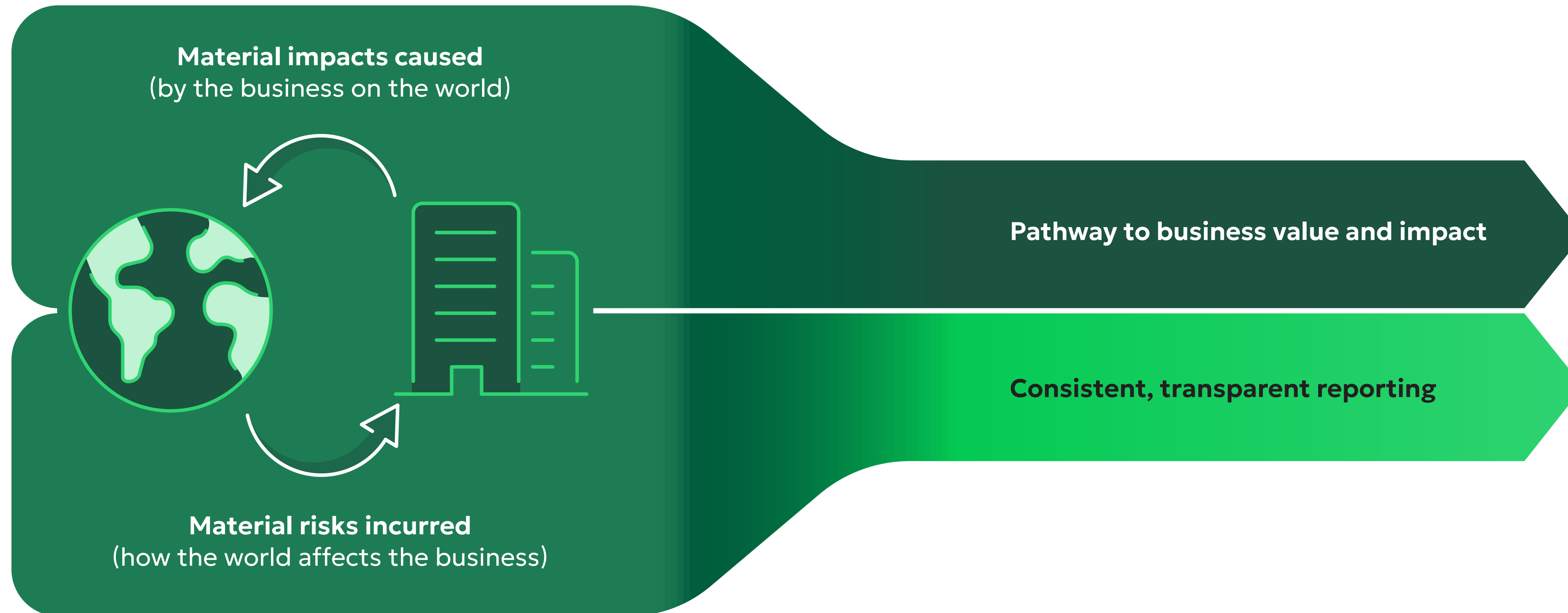
Impacts, Risks and Opportunities Assessment

- Surfaces long-term license-to-operate risks, like community opposition or workforce dissatisfaction
- Grounds strategy in evidence rather than marketing claims
- Aligns sustainability with existing risk frameworks, creating shared language across teams

Threshold Setting

- Narrows focus to a manageable set of high-impact issues
- Shifts emphasis from short-term wins to long-term resilience
- Creates a repeatable process leadership can trust year over year

Double materiality: a process to drive sustainability performance



Materiality overview

CSRD-aligned DMAs identify and assess the actual and potential sustainability impacts caused, as well as the financial risks and opportunities that may affect its performance.

Impact Materiality

Impacts you cause

- The impact a company has on the economy, environment, and people
- Stakeholders – anyone whose interests are or could be affected by a company’s activities
- Includes activities, business relationships, stakeholders, sectors, and sustainability context
- Considers severity and likelihood of the impact matter

Double Materiality

- Looks at both the company’s impact on people and the environment and
- Sustainability matters that have a potential or actual material financial impact on the company.

Financial Materiality

Impacts you incur

- The effect sustainability matters have on a company’s performance and value
- Stakeholders—users of financial information, specifically shareholders and investors
- Includes activities, interactions, relationships, and use of resources along the value chain.

Materiality overview

The CSRD requires companies to report on both impact and financial materiality, and draws from definitions from GRI and ISSB, respectively.

Impact Materiality

Impacts you cause

The Global Reporting Initiative (GRI)'s Universal Standard (GRI 3) defines the standard approach for impact materiality.



Double Materiality

The CSRD is part of the EU Green Deal package and requires companies to report on their sustainability performance through a double materiality assessment (impact and financial)



Financial Materiality

Impacts you incur

The International Sustainability Standards Board's (ISSB's) S1 standard outlines the information a company must disclose about its governance, strategy, and risk management processes, as well as metrics and targets, related to sustainability risks and opportunities.

