

The new ESG: Double materiality



Double materiality describes how sustainability impacts an enterprise company, and how the company impacts sustainability. It shows a growing trend towards combining financial and sustainability assessments to create a clear picture of a company's green positioning.

Double materiality reaches the tipping point

6
years old

Double materiality is not new, it was first described by the European Commission in 2019.¹

45%
enterprise uptake

Almost half of global companies use double materiality in their sustainability reporting.²

73%
de-invest from unsustainable companies

The majority of investors do not want to be aligned with companies with poor ESG metrics.²

Companies benefit from double materiality through:



Increased transparency



Deeper compliance



Better risk assessment



Improved investor and customer relations

Global regulations on double-materiality



The **European Union's** Corporate Sustainability Reporting Directive (CSRD) means companies must report on double-materiality, even those operating but not headquartered in the EU.



Almost half of **China's** listed companies will be subject to mandatory disclosures that take a double-materiality approach.



IFRS S2 Climate-related Disclosures, which include climate-related financial risk, will become mandatory in **Singapore and Australia** in FY2026.

Case studies

Singtel

Singtel considers how external sustainability factors impact the business and how the business activities impact the economy, environment and people. These material topics form a point of view that also incorporates a financial lens.

Nvidia

Although the US-based company is not subject to mandatory compliance relating to double-materiality, it will publish an assessment in early 2025.

Telefónica

To prepare for new EU regulations, the company segmented operations that impact the environment or financial prospects, and those which impact both.

AI is the building block to double materiality



"The successful adoption of AI tools for sustainable development moves the needle in optimised supply chain, energy usage and manufacturing, as well as reporting and compliance."³

Capgemini's Global Executive VP, Sol Salinas

Artificial Intelligence supports double materiality data collection through:



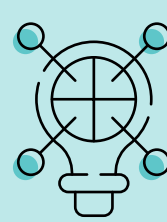
Increased reach

Assess supply chains, energy use and more



Accuracy and speed

Removing manual tasks from specialists



Intelligent insights

Uncover previously unknown impact areas



Singtel's RE:AI, is an AI Cloud Service that will bring these benefits to more companies. By offering affordable access to AI technologies, more companies can gather data for things like double materiality assessments.

RE:AI also will foster a dynamic ecosystem of partners with distinctive capabilities and platforms to accelerate AI adoption to drive innovation and growth in Singapore and the region, sustainably.

Ready for sustainable growth?

Contact us

References

- ¹ Global Reporting Initiative, The double-materiality concept: Application and issues, 2021
- ² Mavarick, Double Materiality - What it Means and How to Assess, 2024
- ³ Sustainability Magazine, Capgemini: What is AI's Double Materiality Assessment Role? 2024