

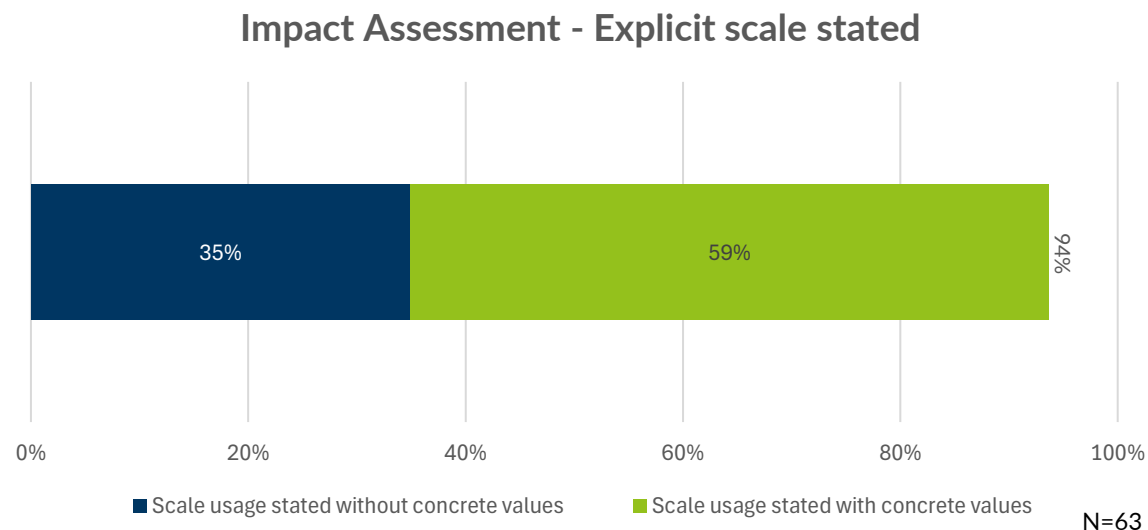
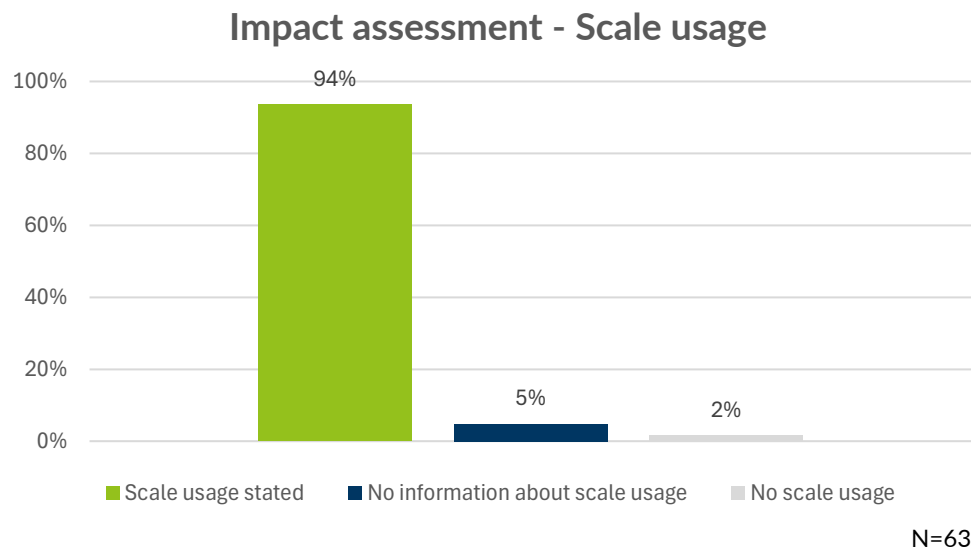
ESRS – First wave of Stoxx 600 firms

Practice insights – Double materiality assessment

Nienhaus / Nienaber / Raphael / Sassenberg

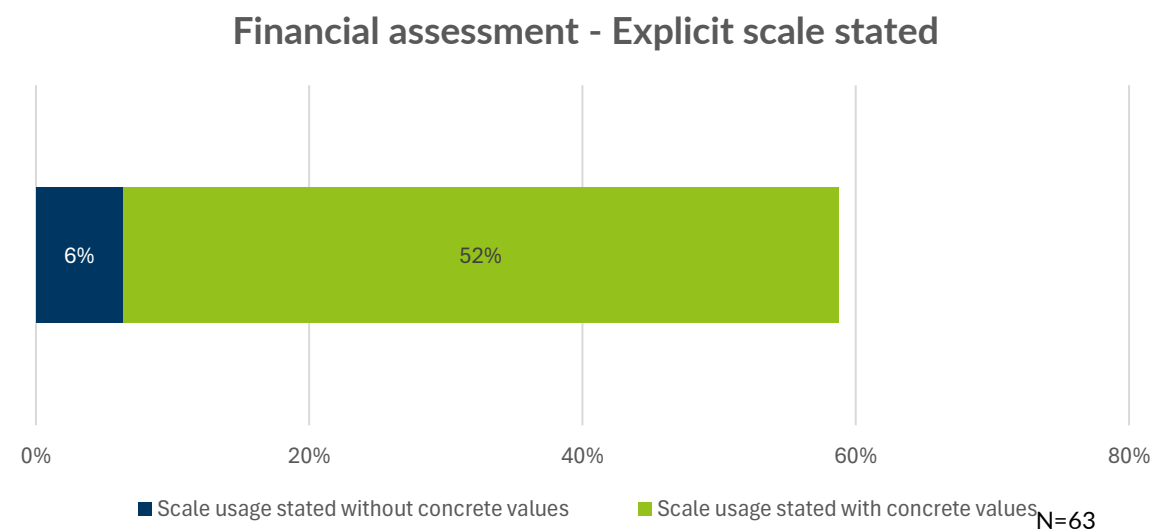
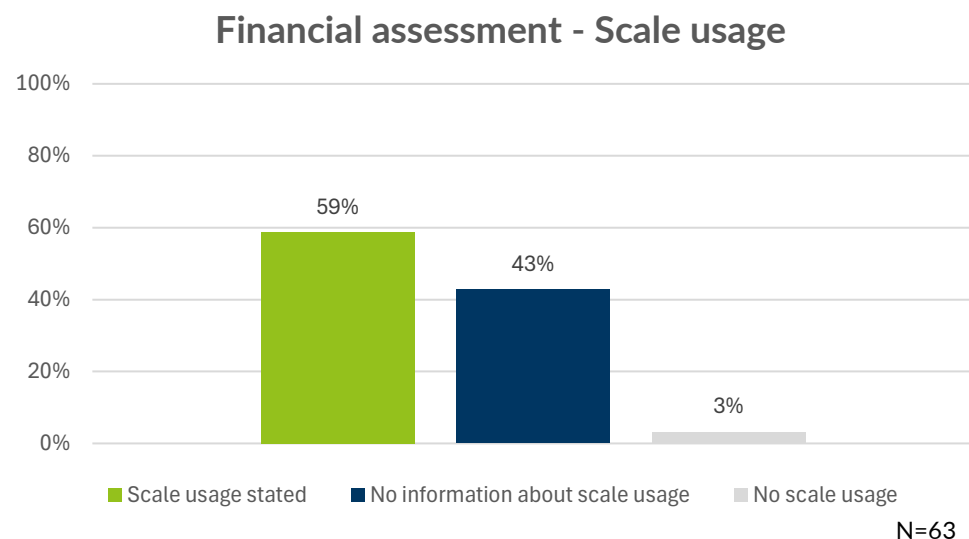
May 2025

How do firms assess their impacts?



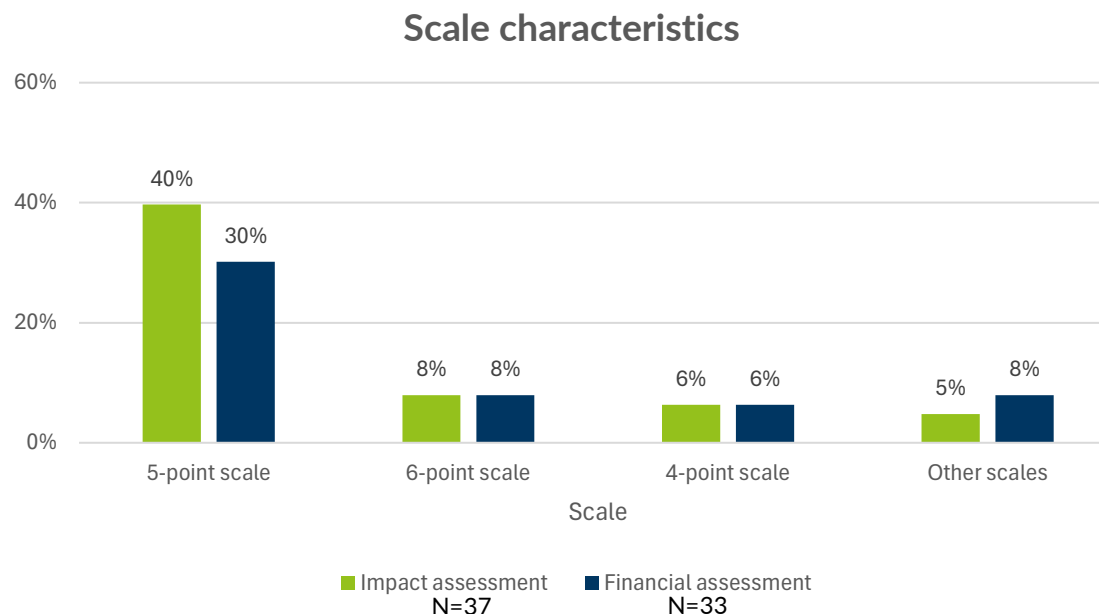
- Scale usage in general is stated in the **vast majority** of cases
- Only around 59% explicitly report the **concrete scale values** used in impact assessments
- Around 35% mention scale usage without specifying
- A small fraction (under 7%) provide no or unclear information on the use of scales
- This **lack of consistent and concrete scale disclosures** limits the transparency and comparability of DMA processes

How do firms assess their financial risks and opportunities?



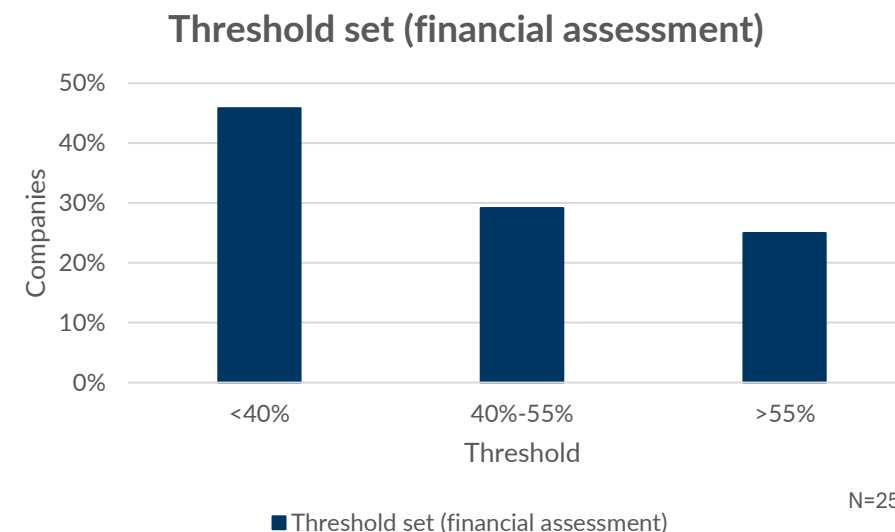
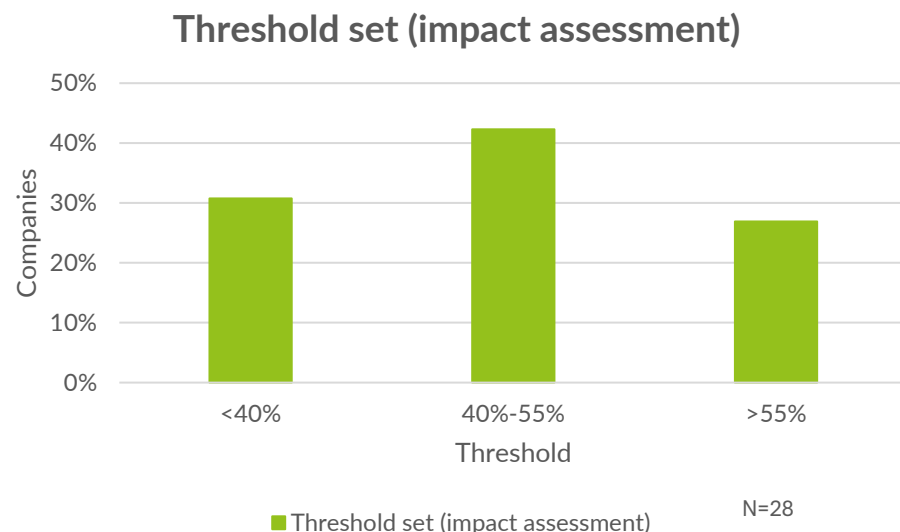
- Scale usage is stated in **less** cases than in **impact assessment**, again **only partially with concrete values**
- Only around **52%** explicitly report the **concrete scale values** used in financial assessments
- Around 6% mention scale usage without specifying
- A **large fraction** (around 45%) provide **no or unclear information** on the use of scales
- This **lack of consistent and concrete scale disclosures** limits the transparency and comparability of DMA processes

What type of scales do firms typically use?



- When firms disclose information about their scale, most use a **5-point scale**, typically ranging from **1 to 5**
- Other scales used are a 6-point scale (8%) and a 4-point scale (6%), both of which were among **the least common**
- However, many firms **do not disclose any information about the scale** at all, and some use entirely **different measurement systems** for their impact and financial assessment
- The use of scale **varies slightly between financial and impact assessments** — both in terms of whether a scale is used at all, and regarding the 5-point scale use

Thresholds tend to be set around the mid-point of the scale with a slight preference for values below 50%



- **Fewer than half** of all firms **report** their **threshold**
- When firms disclose their materiality thresholds, they report a **mean threshold of 46% for impacts**
- The single most often used threshold (**modus**) is **40%** for impacts
- For **risks and opportunities**, the mean threshold is set **at 40%**, also with most firms choosing **40%** as their threshold for financial materiality assessment



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