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Evaluating Double Materiality Reporting in 2022 /Italy:
Insights from 2022 Annual Reports of Italian Listed Companies

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Abstract

This study delves into the application and challenges of double materiality in non-financial reporting among Italian companies listed on the FTSE MIB Index, in response to the European Directive 2022/2464 (CSRD). The research evaluates disclosure practices, the incorporation of material topics, and the extent of stakeholder engagement in these firms. Comparative analysis with smaller Italian companies and Euro Stoxx 50 entities highlights significant variations in reporting approaches, indicating the need for standardized practices. The findings underline the disparities in double materiality reporting, emphasizing the necessity for a unified reporting framework to enhance the reliability, objectiveness, and comparability of non-financial reports.

Key words: Materiality, Italy, Double materiality, CSRD Directive.

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1. Introduction

In the current economic climate, more and more companies are being asked to disclose not only their financial performance, but also the environmental, social, and governance (ESG) impact of their activities. This growing demand for transparency originates from a variety of factors, including global awareness of sustainability issues, pressure from investors and other stakeholders, and the need to comply with increasingly stringent regulatory requirements (Leite, 2023).

Navigating the sea of transparency and ethical consciousness, non-financial reporting (NFR) has emerged into the spotlight, guiding corporate actions toward coherent and responsible disclosure, especially in the European context. The European Directive 2014/95/EU marks a significant turning point in the disclosure of non-financial information. This EU Directive mandates each country to regulate the obligation of public interest entities to issue a new statement including, as a minimum, information related to “environmental, social and employee matters, respect for human rights anti-corruption and bribery matters (European Commission, 2014). In the NFR landscape, the concept of *materiality* serves as a filter that identifies which non-financial information (NFI) is relevant to readers. Despite its increasingly important role since the turn of the century, the concept of materiality still retains a certain degree of ambiguity. In fact, rather than a technical mechanism, it requires the implementation of a social system to be put into practice, one that considers the various temporarily accepted conceptualizations of social responsibility. Assuming the information is material should it impact stakeholder decision-making processes, materiality becomes more concrete and material topics, stakeholders and impacts are defined. Therefore, materiality continues to be an extremely controversial concept. (Puroila, J., & Mäkelä, H. 2019).

Another notable issue is that compliance with directives can be a protracted process for member states. The Italian context is of particular interest due to a noticeable gap in research, especially following Directive (informationEU) 2022/2464. This Work Project explores the effect of European directives on Italian listed companies, assessing compliance to them and the reporting of double materiality in the Italian context. It aims to provide an analysis of the impact of the directives on the Italian response to the European Union's sustainability demands through the analysis of non-financial reports of the FTSE MIB ¹, Italy's main stock index.²

This Working Project is structured as follows. Section 2 discusses the concept of double materiality and introduces the legislation about non-financial reporting and its context, and moreover the Material Assessment Process (MAP) in general. Section 3 reviews both theoretical and empirical research on double materiality, while Section 4 outlines the research questions, sampling and data collection, and preliminary data analysis. Section 5 presents the research findings. Finally, Section 6 concludes, highlighting the contribution of the research, its limitations, and directions for future research.

2. What is double materiality?

2.1 In search of a definition

The notion of *double materiality* was formally introduced by the European Commission in their 2019 supplement to Non-financial Reporting Guidelines, specifically related to climate information. This idea encourages businesses to weigh materiality through two separate prisms (European Commission, 2019, p. 6): (i) “the extent necessary for an understanding of the company’s development, performance and position” and “in the broad sense of affecting the

¹ FTSE MIB (Financial Times Stock Exchange Milano Indice di Borsa) is the benchmark stock market index for the *Borsa Italiana*, the Italian national stock exchange. It represents the performance of the 40 most liquid and capitalized stocks listed on the *Borsa Italiana* and is used to measure the overall performance of the Italian stock market. This index is reviewed quarterly to ensure it accurately reflects the market.

² It was decided to exclude from the scope of the Work Project all financial companies because they have to comply with different regulations.

value of the company”; (ii) the environmental and social consequences of a corporation's activities on an expansive array of stakeholders. Additionally, there is an implied call to scrutinize how these two facets are interlinked. Prior to the formal introduction of the term *double materiality*, the second element had already been established and utilized in a variety of manners. Below some contemporary viewpoints are discussed. GRI (2020) updated its materiality definition in an exposure draft to the following:

“the organization prioritizes reporting on those topics that reflect its most significant impacts on the economy, environment, and people, including impacts on human rights. This definition highlights the importance of identifying and communicating not just the impacts that an organization's activities have on its external environment, but also how these impacts reverberate back on the organization itself. In essence, it's a two-fold view of impacts: an external one, considering how the organization's activities affect the outside world, and an internal one, focusing on how these external impacts are reflected within the organization, both in terms of risks and opportunities. (GRI, 2020, p.8)”

The concept of *double materiality* as defined by the European Financial Reporting Advisory Group (EFRAG) serves as a critical starting point in the discourse on sustainability reporting. EFRAG identifies two pivotal dimensions that should guide the inclusion of sustainability topics in a company's reporting: *impact* materiality and *financial* materiality. Under the impact material lens, a sustainability topic is considered material if it has significant, actual or potential impacts on the environment or human well-being. These impacts would be directly attributed to the company's operations or be associated with its upstream and downstream value chain; they are considered in terms of their short, medium, or long-term implications. On the other hand, *financial* materiality specifically should create risks and opportunities that influence or are likely to influence the company's future cash flows and, consequently, its enterprise value. These financial effects are assessed over the short, medium, or long-term. (European Commission, 2023). A topic fits the double materiality definition if it is significant from either an impact or financial standpoint, or both. The EFRAG defines double

materiality from the perspective of both ‘financial materiality’ and ‘impact materiality’ where EFRAG states that impact materiality involves:

“There are two dimensions to double materiality when identifying the sustainability matters and information to be disclosed: impact materiality and financial materiality. A sustainability matter can be material from an impact perspective or from a financial perspective or from both” (EFRAG, 2023).

To encapsulate both the repercussions of sustainable development on an entity and the entity’s influence on sustainable development, the Sustainable Development Goal Disclosure (SDGD) Recommendations by Adams (2020) describe material sustainable development information as

“any information that is reasonably capable of making a difference to the conclusions drawn by: stakeholders concerning the positive and negative impacts of the organization on global achievement of the SDGs, and providers of finance concerning the ability of the organization to create long-term value for the organization and society” (SDGD, 2020 p.5).

In the Italian context, the implementation of the concept of double materiality finds its basis on the Legislative Decree No. 254, of 30 December 2016. This decree transposed the Directive (EU)2014/95/, of 22 October 2014. It is crucial to stress that, at the time of writing this Work Project, Directive (EU) 2022/2464 had not yet been transposed into the Italian legal system.

2.2 Material Assessment Process

The MAP stands as an essential framework for organizations to effectively comprehend and address their impacts on the economy, environment, and society. At its core, this process integrates a multifaceted approach that encompasses various aspects of organizational operations and their broader implications.

Initially, the process involves a deep dive into the organizational context. This encompasses a thorough examination of the organization's activities, business relationships, sustainability context, and stakeholder dynamics. Key elements like the organization’s mission,

business models, strategies, types of activities, geographic presence, and the demographic details of both employees and non-employee workers are meticulously analyzed. This comprehensive overview is pivotal in laying the groundwork for identifying both the actual and potential impacts that the organization may exert on its external environment.

Following this, the organization embarks on a critical phase of identifying its actual and potential impacts. This step is not just about recognizing the existing impacts but also foreseeing potential future ones. It encapsulates a wide spectrum of impacts, categorizing them based on several dimensions such as nature (positive or negative), temporal scale (short-term or long-term), and consequences (intended or unintended). This stage is integral in creating an impact map that reflects the multifaceted effects an organization has on its immediate and extended environment, including its influence on human rights.

The subsequent phase involves a nuanced assessment of the identified impacts. The organization delves into both quantitative and qualitative analyses to make a judgment about the significance of each impact. This assessment is not a mere exercise in data analysis; it requires a balanced consideration of various factors, such as the scale, scope, and the potential to reverse the impacts. This stage often involves engaging with a range of stakeholders and experts, ensuring a holistic and inclusive approach to understanding the impacts. It is a critical step in the process, determining the prioritization of actions and responses based on the severity and scale of the impacts identified.

The culmination of this process is the prioritization of the impacts for reporting purposes. This is where the materiality matrix becomes a key tool. It serves as a visual representation that aids in mapping and prioritizing the impacts based on their assessed significance. The organization arranges these impacts, setting a threshold to discern the most significant ones that require focused attention in reporting. This not only facilitates a more organized and strategic approach to impact reporting but also enhances transparency and accountability in how the

organization communicates its most significant impacts to stakeholders. Some studies have explored the operational management of MAP, proposing methods for its better application in organizations. Gibassier's (2020) analysis on the materiality debate and highlights the importance of aligning non-financial reporting with internal decision-making and diverse stakeholder expectations. The study underscores a division in the interpretation of double materiality and notes the accelerated transition of issues from non-material to material. This shift is largely driven by the growing influence of non-governmental organizations and civil society, compelling companies to consider broader environmental and social impacts in their decision-making processes.

The concepts on *double materiality* introduced in this section are normative, the definitions given by GRI, EFRAG and SDGD. In this WP, we will use the definition of 'double materiality' as taken from the GRI since, as we will observe in section 5, nearly all Italian companies utilize the GRI standards for their non-financial reporting.

3. Literature Review

Materiality research applied to NFR is witnessing exponential growth in terms of academic contributions. These studies encompass a variety of aspects ranging from theoretical reviews of materiality definitions and its declinations in the MAP, to more practical research into the theoretical impact of materiality itself. This section focusses on the empirical research relevant to the European Union and more specifically Italy.

The concept of double materiality was also explored from an audit perspective, addressing the need to assess both financial accuracy and broader impacts. Appelbaum (2023) delve into this area by examining the interconnection between financial data and ESG factors in audits. The authors suggest an approach to auditing that integrates financial and ESG data, assessing a

company's financial position together with the impact of its activities on various stakeholders. This approach involves extending audit procedures for data collection and verification, recommending criteria for selecting ESG indices, and recognising challenges such as audit independence.

Despite the diversity of approaches, one constant emerging from the literature is the identification of several shortcomings that undermine the quality of disclosure in reporting. These shortcomings include distortions in the way sustainability-related information is presented, a wide range of inaccuracies and lack of transparency in MAP information, and a lack of detailed and comprehensive information on the methods used to identify material topics. In this regard, Guix et al. (2019) found that managers are generally reluctant to explain the decision-making processes and materiality criteria they have adopted, adding another layer of opacity to the materiality reporting.

Baumüller in 2018 stated that the changes in European materiality regulation, including the introduction of the “impact pillar” in the Non-Financial Disclosure Directive (NFDD), seems to have had little or no impact in reporting. In the recent past materiality has often been neglected or given marginal consideration in studies examining NFI disclosures since the release of the NFDD, however in the last years the attention towards this topic increased.

Methodological issues regarding the links between double materiality, financial objectives and risks are also still far from being resolved. The key challenge involves effectively understanding and quantifying how ESG factors impact financial performance. The inherent diversity and intricacy of these ESG elements present difficulties in consistently linking them to corporate outcomes and risk profiles, complicating the establishment of straightforward, universally applicable correlations (Müller, M. 2022).

At the empirical level, few studies have explored the concept of double materiality (DM). The study by Gulenko et al. (2020) on German savings banks' corporate social reporting (CSR)

practices under the NFDD concludes that the banks' CSR reporting is influenced by the interests and information needs of municipal trustees and, to a lesser extent, their clients. They find that the sustainability orientation of mayors or county commissioners, who also serve as supervisory board chairpersons, is related to the banks' CSR reporting. Specifically, affiliations with left-wing or green parties are associated with more extensive CSR disclosures on environmental, employee, human rights matters, and general CSR strategy. A recent empirical contribution on NFR and double materiality examines 58 financial reports from 2021 of European companies, finding scant evidence of double materiality in these reports (Cristofaro and Gulluscio, 2023).

In another study, Slacik and Greiling (2019) examined the reporting practices of electric utility companies in relation to the GRI's materiality principle and found that materiality often does not effectively guide reporting, affecting the transparency and relevance of communication. This aspect is critical for double materiality, as it highlights the challenge of balancing financial and non-financial information. The study suggests the need for a more serious and careful application of materiality in sustainability reporting, a concept that extends beyond the electric sector, emphasizing the importance of reporting both financial and impact aspects. Moreover, Calabrese et al. (2019) propose a method integrating the GRI's materiality matrix with an "adequacy matrix" for materiality analysis in sustainability reporting. This approach aids in prioritizing sustainability issues and enhances the transparency and effectiveness of corporate sustainability communication. It includes a consistency test to reduce subjectivity, offering insights for aligning sustainability strategies and stakeholder accountability, exemplified through an application to a small and medium-sized enterprise.

As regards Italy, the study conducted by Torelli et al. (2019) represents a significant contribution to the understanding of non-financial reporting practices among Italian companies. Focusing on the period between 2013 and 2016, it offers a comprehensive assessment of how these companies apply the principle of materiality in their non-financial disclosures. The

meticulous analysis, which includes a manual review of 148 reports, a detailed statistical approach, and hypothesis testing, sheds light on the interplay between the application level of materiality and stakeholder engagement across various industries.

One of the key findings of Torelli's study is the evident correlation between the type of industry and the extent to which the materiality principle is applied in non-financial reporting. This insight is crucial for understanding sector-specific dynamics and challenges in sustainability reporting. Furthermore, the study highlights the pivotal role of stakeholder engagement in enhancing the quality of non-financial reporting. It underscores the fact that more extensive engagement with stakeholders leads to a higher level of materiality application, suggesting a synergistic relationship between stakeholder involvement and the quality of sustainability disclosures. In 2021, all 151 companies undertook this analysis, marking a turning point in the integration of ESG factors into corporate strategies. The direct involvement of boards of directors in this process highlights a growing commitment to sustainability and social responsibility. The impact of the COVID-19 pandemic has prompted many companies to revise their analyses in order to include the consequences of the health emergency. This is particularly evident in mid-sized companies and in the financial and services sectors.

Companies are relying on advanced and multi-stakeholder methodologies, following GRI and IIRC guidelines, to ensure that their materiality analyses are comprehensive and inclusive. This approach to materiality analysis is becoming a central element in defining corporate strategies, aiming for greater ESG responsibility.

In conclusion, the literature on materiality in NFR is still at an embryonic stage, especially with regard to the concept of DM. However, the debate on this topic is well underway and promises to remain an area of focus for academic research in the near future. This study aims to investigate the application of the double materiality concept in Italy. The focus on Italy stems from the belief that a specific and detailed report on a single country can be more useful than

broad, comparative data across Europe. This approach is particularly relevant given the increasing exploration and depth of the double materiality concept, necessitating equally thorough and detailed research for each individual country.

4. Methodology and Data

4.1 Research questions

This Paper examines double materiality disclosures within non-financial reports of Italian firms. Its aim is to discern characteristics in double materiality disclosure of Italian companies, associated to industry and size. Considering this, the study answers to six research questions (RQ), as outlined below:

RQ1: *Where and how do Italian companies disclose double materiality?*

RQ2: *Does non-financial information provide a definition of double materiality and disclose a materiality assessment process and how it is presented?*

RQ3: *What are the topics considered to be material?*

RQ4: *Are stakeholders, or stakeholder groups, engaged in identifying the material topics? Is the stakeholder selection process disclosed?*

RQ5: *Is a materiality matrix disclosed, as part of the materiality determination process?*

RQ6: *How is “double materiality” quantitatively assessed in non-financial reports?*

The disclosures of double materiality can be characterized by various factors, such as *Location* and *Volume* and *Wording* (RQ1). Location determines if the non-financial information is presented in a separate report or together with financial information, while Volume is proxied by the number of pages dedicated to this information, As regards to Wording, the use of terms like 'double materiality' and 'impact materiality' is analyzed. To deepen this analysis, we will

also compare these aspects with the Euro Stoxx³ Index and the Italian Mid Cap Index⁴. Specifically, the Italian Mid Cap Index will be used to assess whether company size influences these sustainability reporting practices.

Definition and Determination process (RQ2, if the materiality assessment process is disclosed and if an explicit definition of double materiality is given), *Material topics* (RQ3, which non-financial topics are considered material for a company), *Stakeholder engagement*, (RQ4, if stakeholders are involved in the materiality assessment process), *Matrix disclosure* (RQ5, if a materiality matrix is used in the materiality assessment process and displayed in the report).

To answer to RQ1 to RQ5 a univariate descriptive statistics analysis is done.

To answer RQ6, we have developed a index that attempts to quantify the degree of discussion of double materiality in reports in a quantitative manner. The index is explained in the "Data collection" section.

4.2 Sample

The sample of this research comprises companies listed on the FTSE MIB index in Italy. There are 40 companies in this index, both financial and non-financial. Being listed on this stock exchange ensures easier access to required information of the annual reports. Furthermore, listed companies bear greater implications in terms of the information provided to shareholders due to regulatory requirements and heightened scrutiny and stricter auditing requirements.

Thirteen financial companies in the FTSE MIB index were not included in the sample. This criterion lies in the specificity of financial companies, which are subject to specific regulation

³ The Euro Stoxx Index represents a broad spectrum of blue-chip companies across the Eurozone, serving as a crucial benchmark for European corporate health and economic performance.

⁴ The Italian Mid Cap Index, also known as the FTSE Italia Mid Cap Index, focuses on medium-sized companies listed on the Italian stock exchange.

that could introduce confounding variables into the analysis as they have sectorial additional reporting obligations.

Therefore, to ensure the consistency and validity of the results, financial companies were excluded from the sample. The Final sample is composed of 27 listed Italian companies, non-financial companies. Appendix 2 provides the list of companies in the sample. The period of analysis is 2022, the most recent year with complete availability of annual reports.

In this research, we deemed it essential to conduct a comparative analysis using three different samples of companies, in order to assess how size and the context could influence the accuracy of non-financial information reporting. The first sample was selected from the Eurostoxx 50 companies, aiming to place Italy within the European context and identify any distinctive or common characteristics. For this sample, we excluded the financial companies, also those for which non-financial reports could not be obtained, and Italian companies to avoid overlaps. In total 19 companies were excluded ending up with a total of 31 companies (Appendix 3). The second sample was Introduced to explore the extent to which market capitalization influences the ability of companies to accurately provide non-financial information. For this purpose, companies from the Italian mid-cap index were selected, excluding financial companies, resulting in a total sample of 41 companies (Appendix 4). This methodological choice aims to provide a broader and more detailed view of non-financial reporting practices in different corporate contexts and market sizes.

4.3 Data Collection

In the first phase of the research, we performed a preliminary analysis of the financial statements from 2022, published right after the enactment of the EU's Corporate Sustainability Reporting Directive (CRSD) but three years after the formal introduction of the term *double materiality* by the European Commission. We utilized two specific keywords “double

materiality”, “impact materiality” to search for any traces or mentions of “double materiality”. We believe that the presence of these terms in the reports not only serves as formal evidence of its adoption but also indicates an intentional and conscious adoption of the concept. At this stage of the Work Project, an analysis of Non-Financial Reports was done. More specifically, we focused on the structure of these reports, and the way they are presented, investigating whether they are provided as separate documents or integrated within the Annual Report.

In the second phase of our research, we shifted our focus to the material assessment process, which involved a qualitative analysis of 99 non-financial reports (NFRs) from companies across three samples. Initially, we aimed to determine the presence of the material assessment process within the NFRs and, if present, whether it was accompanied by an explanation.

Subsequently, our research homed in on material topics, specifically considering companies from the FTSE MIB sample. This step entailed identifying and categorizing each company's material topics according to the specific sections of the GRI guidelines.

We then proceeded to assess which companies across the three samples acknowledged stakeholder involvement in defining material topics, noting those that provided an explanation. We also compiled a list of the primary stakeholders identified by each company, highlighting the most frequently mentioned.

Our investigation continued with an exploration of the materiality matrix. We gathered data from the NFRs, distinguishing companies that claimed to have used a materiality matrix to assess the significance of material topics. We documented instances where the matrix was actually reported within the disclosures and instances where it was not. Additionally, we identified the materiality tables used as an alternative to the matrix. For the first sample, we further categorized the companies based on the scales used on the axes of the materiality matrix.

As regards the general information, such as the definition of double materiality, references to European regulation or institutions playing a role in the field of double materiality.

In the final phase of this research, we endeavored to undertake a quantitative analysis by assigning a scoring system to each company. This approach aimed to experiment with a cross-sectional reading of the preceding qualitative phase. This further analysis attempts to measure the extent to which the Non-Financial Reports displayed evidence of double materiality. To evaluate the extent of materiality reporting in RQ 6, we designed a Materiality Disclosure Score (MDS). This score is derived from six key factors that define the level of disclosure: the process of determining materiality (di), the definition of materiality (dj), engagement with stakeholders (dk), the process of selecting stakeholders (dl), the application of a materiality matrix (dm), and the presentation of this matrix (dn). Each factor is evaluated using a binary scoring system, either 0 or 1, the latter to indicate the presence and the former the absence of materiality-related information. Thus, each company can achieve a maximum score of six.

The formula calculates the MDS for each company by aggregating these variables.

$$MDS = \frac{\sum_{ijklmn=1}^n di\ m + dj\ m + dk\ m + dl\ m + dm\ m + dn\ m}{6} \quad [1]$$

Data was hand collected from the companies reports retrieved from the companies' websites.

5. Results

RQ1 *Location: Where and how do Italian companies disclose Double Materiality?*

Regarding the publication location, 21 out of the 27 companies (77.8%) analyzed have published their non-financial report in a separate document, while six companies (22.2%) have published it together with annual report. It is worth noting that in Italy, there is no specific obligation to publish the report in a particular way. Compared with companies listed on the Italian Mid Cap Index, we found that the percentage is quite similar. Indeed, out of 41 companies, 35 publish a separate report,

while 6 integrate it within the annual report. Regarding European companies, excluding Italian ones, a notable difference was observed. Upon analyzing 31 companies, the majority, accounting for 52%, published their report alongside the annual financial statement (Appendix 5).

Concerning the location, within the group of 27 companies examined, 13 have referenced “double materiality” or “impact materiality” in non-financial reports. This accounts for approximately 48% of the total companies surveyed. It is particularly noteworthy that all utility companies in the study have mentioned 'double materiality'. The size of the company appears to have had a significant influence on this trend. For instance, in the Italian Mid Cap Index, only 29% of the companies have included either of the two terms in their sustainability reports. Across Europe, 42% of the sampled companies have utilized at least one of these terms in their reporting. The absence of the terms 'double materiality' and 'impact materiality' in the reports does not imply that the respective companies lack a valid non-financial report. Rather, it highlights that not all Italian companies are fully aligned with these emerging concepts. As previously emphasized in Section 2, the European Commission in 2019 explicitly introduced the term 'double materiality', thereby giving renewed momentum and substance to a concept that had not yet been comprehensively developed.

RQ2: *Does non-financial information provide a definition of materiality and disclose a materiality assessment process and how it is presented?*

In the sample of companies listed on the FTSE MIB, we examined their reports to ascertain if the definition of double materiality was explicitly explained and which of the definitions discussed in Section 2 was referenced. Out of the 27 companies analyzed (Appendix 6), only 9 (33%) provided a clear definition, either incorporated within the text or in footnotes. Among these 9 companies, 8 adopted the definition from the GRI, while one referred to the EFRAG. Considering only the 13 companies that had explicitly written the words “double materiality” or “impact materiality” in their reports, in three of these, the term “double materiality” is frequently outlined through initial

statements that may consist of one or more pillars⁵, sections focusing on these pillars, and their aggregation, as well as symbolic icons. In one, the DM is described by a sentence comprising both pillars, a figure dedicated to the DM, and by icons dedicated to the pillars. In one case, DM is described and presented only through a colon, followed by two phrases devoted to the pillars. In four cases, DM is presented by a brief phrase referring to the two pillars, and in four cases, there was no description (Appendix 7).

In this case as well, we compared the results found with those of companies in the European Union and with smaller Italian companies. In the first case, it emerged that 42% of European companies provide a clear explanation of double materiality. As for the smaller Italian companies, a clear definition of double materiality was present in 76% of the cases.

RQ3: *What are the topics considered to be material?*

Ninety-six percent of the companies of the original sample disclosed the material topics. The number of topics disclosed ranges from a minimum of 6 to a maximum of 42⁶ and the most frequent quantity of topics disclosed is 12, while the median is 14 and 42 being the highest. A standard deviation of 7.55 shows a considerable dispersion. The only company which did not disclose the Material Topics was the one which have not adopted GRI standards⁷. In the Italian context, regarding the adopted framework, there is significant harmonization among the companies that have all adopted the GRI standards.⁸ The Italian Legislative Decree 254/2016 does not specifically mandate the use of GRI standards but encourages the adoption of recognized international standards for the disclosure of non-financial information.

The Directive (EU) 2022/2464 mandates that Italian companies as well as those in other EU Member States, include detailed information on four key areas in their non-financial

⁵The pillars of double materiality encompass “financial materiality” (the impact of ESG factors on financial performance) and “impact materiality” (the company's effects on society and the environment).

⁶STMicroelectronics.

⁷ Stellantis.

⁸ The "GRI 3: Material Topics 2021" document provides step-by-step guidance for organizations on determining these material topics and explains the use of Sector Standards in this process.

reporting. These areas are environmental matters, which address the ecological impact of a company's activities; social and employee-related matters, concerning aspects such as rights and working conditions; respect for human rights, focusing on business practices and supply chains; and anti-corruption and bribery matters, highlighting policies and measures in place to prevent corruption and illicit activities. This directive thus emphasizes the importance of extended corporate transparency and accountability, not just in financial performance but also encompassing ethical and sustainability aspects increasingly relevant in today's economic and social context.

The material topics of the FTSEMIB sample, consisting of twenty-seven companies, are classified into the following categories: Environmental Matters, Social and Employee Matters, Anti-corruption and Bribery Matters, Respect for Human Rights, and Cybersecurity. The most identified material topics belong to the first category, with 96% of the sample referencing them. The issues concerning "Social and Employee Matters" are the second most frequent: twenty-two companies include them among their material topics. Equally present are the topics "Respect for Human Rights" and "Cybersecurity," included by 48% of the companies in their lists of relevant topics. 37% of the companies consider the topics of "Anti-corruption and Bribery Matters" relevant (Appendix 8).

Company which disclosed the material topics	Average number of Material Topics	Mode	Standard Deviation	Median	Maximum	Minum
96%	14.52	12	7.35	14	42	6

Table 1: Material topics analysis

RQ4: *Are stakeholders, or stakeholder groups, engaged in identifying the material topics? Is the stakeholder selection process disclosed?*

In the process of determining materiality, 25 out of the 27 companies (93%) included in the original sample engage with stakeholders. All of these 25 companies report an extensive list identifying both internal and external stakeholders, who are primarily grouped into: customers and consumers, employees, business partners, suppliers, investors, non-governmental

organizations (NGOs), regulators, society, and academia. Thirteen companies from different sectors consider the local community as an additional stakeholder, and 12 companies include the Media among their stakeholders. Sector-specific stakeholders are incorporated into the analysis by companies like “Amplifon”, “Recordati”, and “Diasorin” for the healthcare sector, and TERNA for the electrical sector.

The process of stakeholder selection, namely the reasoning behind which stakeholders are involved in determining the material topics, is disclosed by 20 companies 80%.

The analysis proceeded with two other samples: "Eurostoxx" and "Midcap."

The "Eurostoxx" sample is composed of thirty-one companies, of which 84% declared stakeholder involvement in determining material topics. Twenty-six of these companies provided an explanation about their inclusion process, detailing the methodologies employed. In the "Midcap" sample, stakeholder participation in determining materiality was even more pronounced, with 98% of the companies affirming to have engaged in dialogue with stakeholders, and 88% of these providing a description of how this was accomplished (Appendix 9).

In both samples, the stakeholder list appears similar to that of the main Italian sample observed. The analysis of the lists did not reveal any additional entries beyond those previously mentioned, except for sector-specific stakeholders and "OVS," which includes "Pressure Groups" among its stakeholders.

RQ5: *Is a materiality matrix disclosed, as part of the materiality determination process?*

In the materiality determination process, 18 companies in the sample developed a materiality matrix, of which only 12 made the graph available in their sustainability report, corresponding to 44% of the total sample (Appendix 10). The company "Erg" developed both a single materiality matrix and a double materiality matrix. Seven companies decided to use a

materiality table as a graphic aid for explaining the Materiality Assessment Process (MAP).

"Enel," "Iveco," and "Pirelli & Co" have decided to publish both. Common features identified in these tables include the definition of material topics, description of impacts categorized as positive or negative, and current or potential. "Italgas", despite using the materiality matrix, does not represent it in the report but instead shows a barrel graph, distinguishing the impact materiality on the left and the financial materiality on the right.

Companies that decided to graphically represent the matrix did not report consistent terms on the axes, which should represent impacts on the business on the X-axis and impacts on stakeholders on the Y-axis. However, the terminology used on the axes by the companies varies, including terms such as "relevance," "importance," "significance," "financial and not financial materiality," "magnitude," "esg materiality." Additionally, data from the analysis of the sample's graphs confirm Puroila and Makela's (2019) criticism regarding the lack of value measurement. In fact, of the 12 companies that published the Matrix, 75% used an ordered scale from low to high (or synonyms) for describing impacts, and only 17% used a numerical scale (Appendix 11).

No company provided an explanation of the calculations made to obtain the represented conclusions. This is also evident for companies that developed a Materiality table or another type of graph. Of this 41%, eight used a numerical scale typically from one to three to describe the intensity of impacts.

The differences in measurement and the design of the graphs prevent an immediate comparison between the reports, and the positioning of the impacts is rather arbitrary. However, it should be noted that the use of matrices and tables has provided important assistance in the data collection process and in communicating material topics to statement users.

A further comparison was made, relating the data obtained to those of two other samples,

"Eurostoxx" and "Midcap." In the former, 55% of the companies disclose a materiality matrix, and 76% of these published it in the sustainability report. "Schneider Electric," "Prosus", "Saint Gobain," and "Kering" published, in addition to the Matrix, a materiality table indicating the degree of impacts and providing a description. The sample groups a total of thirty-one companies, of which 39% published a materiality table within the reports, of which three companies declared to have produced a matrix, in the development of the MAP of which they did not make the graph available. As for the "MIDCAP" sample, it consists of 41 companies: 56% of them declared to have produced a materiality matrix, however, this was published within the report only by fourteen companies. 41% of the sample made a materiality table available; "Salvatore Ferragamo," "Tod's," and "Seco" published both the matrix and the table. "Seco," of all the companies analyzed in the three samples, was the only one to provide an explanation about the calculations and the attribution of the values of the impacts studied.

"Specifically, each impact was rated from 1 to 5 on severity (risk) or benefit (opportunity), taking into account the probability of occurrence of the event, the scale (magnitude of the risk or benefit generated by the opportunity), the scope (level of impact spread), and, for risks, the degree of irremediability (level of difficulty in counteracting or remedying the harm resulting from the impact)...The materiality threshold, used both for identifying material topics from the perspective of impact and for defining individual impacts deemed to be material, was identified as the median of the ratings, which was 7.62 for topics and 7.68 for impacts." (SECO, Consolidated Non-Financial Declaration 2022, p.64-65)

RQ6: *How is 'double materiality' quantitatively assessed in non-financial reports?*

The MDS is a quantitative indicator of the extent to which companies disclose materiality-related information. A score of 0 indicates no disclosure, while a score of 1 represents complete

disclosure across all variables considered. Using the data provided in the attached image, the disclosure of materiality within the sampled companies is observed as follows. The average MDS of the companies is 0.68 suggesting that, on average, companies disclose over two-thirds of the materiality information considered in the MDS calculation. The median MDS is 0.67, indicating that half of the companies scored below this value and the other half above. The mode of the MDS, or the most frequently occurring value, is 0.5, indicating a common level of disclosure among the companies. The minimum MDS recorded is 0.33, showing that the least extensive disclosure is still above no disclosure at all. The maximum MDS is 1, meaning that at least one company achieved perfect disclosure across all variables. The range of the MDS, which is the difference between the maximum and minimum scores, is 0.66667, reflecting the variability in the completeness of disclosure among the companies. The standard deviation of the MDS is 0.196, quantifying the variation or dispersion of MDS values from the average.

For the EURO STOXX 50 index, the average MDS score is 0.61 with a median of 0.67. The mode here is 0.83, which is higher compared to the FTSE MIB, indicating a more common disclosure level that is higher. The minimum MDS score is 0, implying that there has been at least one company that disclosed no information at all. The maximum score is again 1, and the range is 1, indicating a greater variability in disclosure among the companies compared to the FTSE MIB. The standard deviation is 0.33, suggesting a greater dispersion of MDS values.

For the MIDCAP index, the average MDS score is 0.64 with a median of 0.67. The mode is 0.83, and the minimum MDS score is 0.166667, indicating that the least amount of disclosure is higher compared to the EURO STOXX 50. The maximum score remains 1, and the range of MDS is 0.83, indicating the widest variability in disclosure among the companies compared to the other two indices. The standard deviation is 0.22, which is lower than the EURO STOXX 50 but still higher than the FTSE MIB.

In n summary, the EURO STOXX 50 and MIDCAP show higher variability and a higher mode, suggesting that while some companies do not disclose at all, there are also companies that tend to disclose almost all relevant information.

	Total	Average	Median	Mode	Minimum	Maximum	Range	St. Deviation
MDS FUTSMIB	13	0.68	0.66	0.5	0.33	1	0.66	0.19
MDS EUROSTOX 50	19	0.61	0.66	0.83	-	1	1	0.32
MDS MIDCAP	26	0.63	0.66	0.83	0.16	1	0.83	0.21

Table 2: Materiality Disclosure Index

6. Conclusion

The focus of this Work Project is to provide answers to the challenges concerning double materiality and the material assessment process. The study primarily centers on a sample of 27 Italian companies listed in the FTSE MIB Index, juxtaposed against smaller Italian firms and those within the Euro Stoxx 50. This comparison aims to evaluate the position of Italian companies in terms of their adherence to the directive compared to their European peers.

Double materiality, according with EU Directive 2022/2464, presents complex challenges. Firstly, understanding and applying this concept can be difficult for companies, especially those with less experience in sustainability reporting. This can lead to a variety of interpretations and applications, making the process inconsistent and sometimes confusing. Additionally, the lack of clear and standardized guidelines on how to assess and report information related to double materiality can create uncertainties for companies about what information to include in their reports. This situation can lead to a lack of uniformity in reports, limiting their usefulness for stakeholders.

In parallel, assessing the impact of business activities on environmental and social aspects represents a significant challenge. This assessment requires specific skills and advanced tools, which are not always available or easily accessible for all companies, especially smaller ones.

The findings of this Work Project reveal that the majority of Italian companies publish their

non-financial reports separately from their annual reports, similar to Italian Mid Cap companies, but in contrast to European companies, where reports are often integrated with annual financial statements. Less than half of the FTSE MIB companies explicitly mention "double materiality" or "impact materiality," lower than smaller Italian firms but comparable to European companies in the Euro Stoxx 50. Regarding the definition of double materiality, only a minority of FTSE MIB companies provide a clear explanation, primarily using the GRI's definition. Most companies disclose environmental matters as their primary material topic. Stakeholder engagement in determining material topics is high among FTSE MIB companies, with a significant majority reporting stakeholder involvement. However, less than half disclose a materiality matrix in their reporting, indicating room for increased standardization and clarity in their approach to double materiality.

Like any empirical research, this Work Project has its limitations, which offer directions for further research. The study was conducted over a single year and focused on a limited group of publicly traded companies required to report non-financial information. Although this provides a distinct perspective encompassing a broad European and Italian industry context, it does not fully capture the diversity across all sectors and nations. Therefore, the interpretation of the results should be approached with a degree of caution, considering the scope of the study. Given the growing importance and studies on double materiality, this Work Project provides insights for making comparisons with countries like Italy in culture and economy, such as France, Portugal, Spain, and Germany.

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Appendices

Appendix 1: Abbreviations, Siglas, and Acronyms

Appendix 2: Sample FTSE MIB

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Appendix 6: Definition of Double Materiality and Disclosure of Material Assessment
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Appendix 11: Type of Matrix Scale

Appendix 1: Abbreviations, Siglas, and Acronyms

ESG	Environmental, Social, and Governance
NFR	Non financial reporting
EU	European Union
NFI	Non financial information
MAP	Material assestment process
DM	Double Materiality
EFRAG	European Financial Reporting Advisory Group
SDGD	Sustainable Development Goal Disclosure
GRI	Global reporting iniative
NFDD	Non-Financial Disclosure Directive
CSR	Corporate Sustainability Report
CRSD	Corporate Sustainability Report Directive
FTSE MIB	Financial Times Stock Exchange Milano Indice di Borsa

Appendix 2: Sample FTSE MIB

Company Sample	Industry
A2A	Utilities Diversified
Amplifon	Medical Distribution
Campari	Beverages - Wineries & Distilleries
Cnh Industrial	Farm & Heavy Construction Machinery
Diasorin	Diagnostic and Research
Enel	Utilities Diversified
Eni	Integrated Oil & Gas
Erg	Utilities renewable
Ferrari	Auto Manufacturers
Hera	Utilities Diversified
Interpump	Specialty Industrial Machinery
Inwit	Real Estate Services
Italgas	Utilities - Regulated Gas
Iveco Group	Farm & Heavy Construction Machinery
Leonardo	Aerospace & Defense
Moncler	Apparel & Manufacturing
Nexi	Specialty Business Services
Pirelli &C	Auto - Parts
Prysmian	Electrical Equipment & Parts
Recordati Ord	Drug Manufacturers - General
Saipem	Oil & Gas Equipment & Services
Snam	Utilities - Regulated Gas
Stellantis	Auto Manufacturers
Stmicroelectronics	Semiconductors
Telecom Italia	Telecom Services
Tenaris	Oil & Gas Equipment & Services
Terna	Utilities - Regulated Electric

Appendix 3: Sample Euro Stoxx 50

Company Sample	Industry
Adidas	Footwear & Accessories
Ahold Delhaize	Grocery Stores
Air Liquide	Specialty Chemicals
Airbus	Aerospace & Defense
Anheuser-Busch InBev	Beverages - Brewers
ASML Holding	Semiconductor Equipment & Materials
BASF	Chemicals
Bayer	Drug Manufacturers - General
BMW	Auto Manufacturers
Danone	Packaged Foods
Deutsche Telekom	Telecom Services
EssilorLuxottica	Medical Instruments & Supplies
Flutter Entertainment	Gambling
Hermès	Luxury Goods
Iberdrola	Utilities - Diversified
Inditex	Apparel Retail
Kering	Luxury Goods
L'Oréal	Household & Personal Products
LVMH	Luxury Goods
Mercedes-Benz Group	Auto Manufacturers
Pernod Ricard	Beverages - Wineries & Distilleries
Prosus	Internet Content & Information
Safran	Aerospace & Defense
Saint-Gobain	Building Products & Equipment
Sanofi	Drug Manufacturers - General
SAP	Software - Application
Schneider Electric	Specialty Industrial Machinery
Siemens	Specialty Industrial Machinery
TotalEnergies	Oil & Gas Integrated
Vinci	Engineering & Construction
Volkswagen	Auto Manufacturers

Appendix 4: Sample Midcap

Company Sample	Industry
Acea	Utilities - Diversified
Alerion	Utilities - Renewable
Antares Vision	Security & Protection Services
Ariston Holding	Utilities - Renewable
Ascopiave	Utilities - Regulated Gas
Brembo	Auto Parts
Brunello Cucinelli	Luxury Goods
Buzzi	Building Materials
Carel Industries	Electronic Components
Cembre	Electrical Equipment & Parts
De'Longhi	Furnishings, Fixtures & Appliances
El.En.	Medical Devices
Enav	Airports & Air Services
Eurogroup Laminations	Specialty Industrial Machinery
Fincantieri	Aerospace & Defense
Industrie De Nora	Specialty Chemicals
Intercos	Household & Personal Products
Iren	Utilities - Diversified
Lottomatica Group	Public Gaming
Luve	Building Products & Equipment
Maire Tecnimont	Engineering & Construction
Marr	Food Distribution
Mfe	Broadcasting
Mondadori Edit	Publishing
Ovs	Apparel Manufacturing
Pharmanutra	Drug Manufacturers - Specialty & Generic
Piaggio	Auto Manufacturers
Rai Way	Engineering & Construction
Reply	Information Technology Services
Salcef Group	Engineering & Construction
Salvatore Ferragamo	Luxury Goods
Sanlorenzo	Recreational Vehicles
Saras	Oil & Gas Refining & Marketing
Seco	Computer hardware manufacturing.
Sesa	Information Technology Services
Sol	Industrial and medicinal gases.
Technogym	Leisure
Technoprobe	Semiconductors
Tod'S	Footwear & Accessories
Webuild	Engineering & Construction
Zignago Vetro	Packaging & Containers

Appendix 5: Where and how Italian companies disclose DM

Company Sample	Location	Double Materiality	Impact Materiality
A2A	Separated	3	3
Amplifon	Separated	1	0
Campari	Separated	0	0
Cnh Industrial	Separated	0	0
Diasorin	Separated	0	0
Enel	Separated	27	2
Eni	Integrated	1	1
Erg	Separated	3	10
Ferrari	Separated	0	0
Hera	Separated	1	0
Interpump	Separated	0	0
Inwit	Separated	0	0
Italgas	Integrated	1	3
Iveco Group	Separated	1	12
Leonardo	Integrated	0	0
Moncler	Separated	0	0
Nexi	Separated	0	0
Pirelli &C	Integrated	0	32
Prysmian	Separated	4	0
Recordati Ord	Separated	0	0
Saipem	Separated	0	0
Snam	Separated	12	11
Stellantis	Integrated	1	0
Stmicroelectronics	Separated	0	0
Telecom Italia	Separated	0	0
Tenaris	Separated	0	0
Terna	Integrated	1	1
Separated	78%	Double/Impact Materiality	13
Integrated	22%		27
	100%		

(Continues on next page)

Appendix 5: Where and how Italian companies disclose DM (Continued)

Company Sample	Location	Double Materiality	Impact Materiality
Acea	Separated	3	0
Alerion	Integrated	2	0
Antares Vision	Separated	0	8
Ariston Holding	Separated	17	20
Ascopiave	Separated	0	0
Brembo	Separated	0	0
Brunello Cucinelli	Separated	0	0
Buzzi	Separated	0	0
Carel Industries	Separated	0	0
Cembre	Separated	0	0
De'Longhi	Separated	16	4
El.En.	Separated	0	0
Enav	Separated	0	0
Eurogroup Laminations	Separated	0	0
Fincantieri	Separated	0	1
Industrie De Nora	Separated	1	1
Intercos	Separated	2	2
Iren	Separated	0	6
Lottomatica Group	Separated	0	0
Luve	Separated	0	0
Maire Tecnimont	Separated	0	4
Marr	Separated	0	2
Mfe	Separated	2	0
Mondadori Edit	Separated	0	0
Ovs	Separated	0	0
Pharmanutra	Separated	0	0
Piaggio	Separated	0	0
Rai Way	Separated	0	0
Reply	Separated	0	0
Salcef Group	Integrated	0	0
Salvatore Ferragamo	Integrated	0	0
Sanlorenzo	Separated	0	0
Saras	Separated	0	0
Seco	Separated	0	0
Sesa	Integrated	0	0
Sol	Separated	0	0
Technogym	Integrated	0	0
Technoprobe	Separated	0	0
Tod'S	Integrated	0	0
Webuild	Separated	0	0
Zignago Vetro	Separated	0	0
Separated	85%	Double/Impact Materiality	12
Integrated	15%		41
	100%		

Appendix 5: Where and how Italian companies disclose DM (Continued)

Company Sample	Location	Double Materiality	Impact Materiality
Adidas	Integrated	0	2
Ahold Delhaize	Integrated	3	2
Air Liquide	Separated	0	0
Airbus	Integrated	0	1
Anheuser-Busch InBev	Separated	0	0
ASML Holding	Integrated	0	0
BASF	Integrated	7	3
Bayer	Separated	0	0
BMW	Integrated	0	0
Danone	Integrated	0	0
Deutsche Telekom	Integrated	0	0
EssilorLuxottica	Separated	0	0
Flutter Entertainment	Separated	5	0
Hermès	Integrated	5	0
Iberdrola	Separated	1	0
Inditex	Separated	0	4
Kering	Integrated	1	0
L'Oréal	Intagrato	10	3
LVMH	Integrated	0	0
Mercedes-Benz Group	Separated	0	0
Pernod Ricard	Inetegrato	0	0
Prosus	Integrated	0	0
Safran	Integrated	0	0
Saint-Gobain	Integrated	0	0
Sanofi	Entrambi	1	1
SAP	Integrated	0	0
Schneider Electric	Separated	3	0
Siemens	Separated	1	0
TotalEnergies	Separated	0	0
Vinci	Integrated	3	5
Volkswagen	Separated	0	0

Separated	48%	Double/Impact Materiality	13
Integrated	52%		31
	100%		

Appendix 6: Definition of Double Materiality and Disclosure of Material Assessment

Process

Company	Disclosure of materiality determination process	Materiality definition
A2a	Yes	Yes
Amplifon	Yes	Yes
Campari	Yes	Yes
Cnh Industrial	Yes	No
Diasorin	Yes	No
Enel	Yes	Yes
Eni	Yes	Yes
Erg	Yes	No
Ferrari	Yes	No
Hera	Yes	No
Interpump	Yes	No
Inwit	Yes	No
Italgas	Yes	No
Iveco Group	Yes	Yes
Leonardo	Yes	Yes
Moncler	Yes	No
Nexi	Yes	Yes
Pirelli &C	Yes	No
Prysmian	Yes	Yes
Recordati Ord	Yes	No
Saipem	Yes	No
Snam	Yes	No
Stellantis	No	No
Stmicroelectronics	Yes	No
Telecom Italia	Yes	No
Tenaris	Yes	No
Terna	Yes	No
	27	9
	96%	33%

(Continues on next page)

Appendix 6: Definition of Double Materiality and Disclosure of Material Assessment

Process (Continued))

Company	Disclosure of materiality determination process	Materiality definition
Acea	Yes	Yes
Alerion	No	Yes
Antares Vision	Yes	Yes
Ariston Holding	No	Yes
Ascopiave	Yes	No
Brembo	Yes	No
Brunello Cucinelli	Yes	No
Buzzi	Yes	No
Carel Industries	Yes	No
Cembre	Yes	No
De'Longhi	Yes	Yes
El.En.	No	No
Enav	No	No
Eurogroup Laminations	No	No
Fincantieri	No	Yes
Industrie De Ora	Yes	Yes
Intercos	Yes	Yes
Iren	Yes	Yes
Lottomatica Group	Yes	No
Luve	No	No
Maire Tecnimont	Yes	Yes
Marr	Yes	Yes
Mfe	Yes	Yes
Mondadori Edit	Yes	No
Ovs	No	No
Pharmanutra	Yes	No
Piaggio	Yes	No
Rai Way	Yes	No
Reply	Yes	No
Salcef Group	Yes	No
Salvatore Ferragamo	Yes	No
Sanlorenzo	Yes	No
Saras	Yes	No
Seco	Yes	No
Sesa	Yes	No
Sol	Yes	No
Tech0gym	Yes	No
Tech0probe	Yes	No
Tod'S	Yes	No
Webuild	Yes	No
Zignago Vetro	Yes	No
	41	12
	80%	29%

Appendix 6: Definition of Double Materiality and Disclosure of Material Assessment

Process (Continued)

Company	Disclosure of materiality determination process	Materiality definition
Adidas	Yes	Yes
Ahold Delhaize	Yes	Yes
Air Liquide	No	No
Airbus	Yes	Yes
Anheuser-Busch InBev	Yes	No
ASML Holding	Yes	No
BASF	No	Yes
Bayer	Yes	No
BMW	Yes	No
Danone	Yes	No
Deutsche Telekom	No	No
EssilorLuxottica	No	No
Flutter Entertainment	Yes	Yes
Hermès	Yes	Yes
Iberdrola	Yes	Yes
Inditex	Yes	Yes
Kering	Yes	Yes
L'Oréal	Yes	Yes
LVMH	No	No
Mercedes-Benz Group	Yes	No
Pernod Ricard	No	No
Prosus	Yes	No
Safran	No	No
Saint-Gobain	Yes	No
Sanofi	No	Yes
SAP	Yes	No
Schneider Electric	Yes	Yes
Siemens	Yes	Yes
TotalEnergies	No	No
Vinci	No	Yes
Volkswagen	Yes	No
31	21	14
	68%	45%

Appendix 7: Disclosure of Double Materiality

Variable	Units	Units	% out of 13
The term Double Materiality is frequently outlined through initial statements that may consist of one or more pillars, sections focusing on these pillars and their aggregation, as well as symbolic icons.	Enel, Snam, Pirelli	3	23%
The DM is described by a sentence comprising both pillars, a figure dedicated to the DM, and by icons dedicated to the pillars	A2A	1	8%
DM is described and presented only through colon, followed by two phrases devoted to the pillars	Amplifon	1	8%
DM is presented by a brief phrase referring to the two pillars	Erg, iveco, Prysmian, Terna	4	31%
No description	Eni, Hera, Italgas, Stellantis	4	31%
		13	100%

Appendix 8: Material Topics

Company	Enviromental Matters	Social and Employee Matters	Anti-corruption and Bribery Matters	Respect for Human Rights	Cyber security
A2A	YES	NO	NO	YES	NO
Amplifon	YES	YES	NO	NO	YES
Campari	YES	YES	YES	YES	NO
Cnh Industrial	YES	YES	NO	NO	NO
Diasorin	YES	YES	NO	YES	NO
Enel	YES	YES	NO	NO	NO
Eni	YES	YES	YES	YES	YES
Erg	YES	YES	NO	YES	NO
Ferrari	YES	YES	NO	YES	NO
Hera	YES	YES	YES	NO	NO
Interpump	YES	YES	NO	YES	NO
Inwit	YES	YES	YES	NO	YES
Italgas	YES	NO	YES	YES	YES
Iveco Group	YES	YES	NO	NO	NO
Leonardo	YES	YES	NO	NO	YES
Moncler	YES	YES	NO	NO	YES
Nexi	YES	YES	YES	YES	YES
Pirelli &Co	YES	YES	NO	YES	YES
Prysmian	YES	NO	NO	YES	YES
Recordati Ord	YES	YES	YES	NO	YES
Saipem	YES	NO	NO	NO	NO
Snam	YES	YES	YES	NO	NO
Stellantis	NO	NO	NO	NO	NO
Stmicroelectro nics	YES	YES	YES	YES	YES
Telecom Italia	YES	YES	NO	NO	YES
Tenaris	YES	YES	YES	YES	NO
Terna	YES	YES	NO	NO	YES
TOTAL	26	22	10	13	13

Appendix 9: Stakeholder Engagement

Company	Stakeholder Engagement	Disclosure
A2a	YES	YES
Amplifon	YES	YES
Campari	YES	NO
Cnh Industrial	NO	NO
Diasorin	YES	YES
Enel	YES	YES
Eni	YES	YES
Erg	YES	YES
Ferrari	YES	YES
Hera	YES	NO
Interpump	YES	NO
Inwit	YES	YES
Italgas	YES	YES
Iveco Group	YES	NO
Leonardo	YES	YES
Moncler	YES	YES
Nexi	YES	YES
Pirelli &C	YES	NO
Prysmian	YES	YES
Recordati Ord	YES	YES
Saipem	YES	YES
Snam	YES	YES
Stellantis	NO	NO
Stmicroelectronics	YES	YES
Telecom Italia	YES	YES
Tenaris	YES	YES
Terna	YES	YES
27	25	19
	93%	76%

(Continues on next page)

Appendix 9: Stakeholder Engagement (Continued)

Company	Stakeholder engagement	Disclosed how stakeholder were involved in the process
Acea	YES	YES
Alerion	NO	NO
Antares Vision	YES	YES
Ariston Holding	YES	YES
Ascopiave	YES	YES
Brembo	YES	YES
Brunello Cucinelli	YES	YES
Buzzi	YES	YES
Carel Industries	YES	YES
Cembre	YES	YES
De'Longhi	YES	YES
El.En.	YES	YES
Enav	YES	YES
Eurogroup Laminations	YES	YES
Fincantieri	YES	YES
Industrie De Nora	YES	YES
Intercos	YES	YES
Iren	YES	YES
Lottomatica Group	YES	YES
Luve	YES	YES
Maire Tecnimont	YES	YES
Marr	YES	YES
Mfe	YES	YES
Mondadori Edit	YES	YES
Ovs	YES	YES
Pharmanutra	YES	YES
Piaggio	YES	YES
Rai Way	YES	YES
Reply	YES	YES
Salcef Group	YES	YES
Salvatore Ferragamo	YES	YES
Sanlorenzo	YES	YES
Saras	YES	NO
Seco	YES	YES
Sesa	YES	NO
Sol	YES	NO
Technogym	YES	YES
Technoprobe	YES	NO
Tod'S	YES	YES
Webuild	YES	YES
Zignago Vetro	YES	NO
41	40	35
	98%	88%

Appendix 9: Stakeholder Engagement (Continued)

Company	Stakeholder engagement	Disclosed how stakeholder were involved in the process
Adidas	YES	YES
Ahold Delhaize	YES	YES
Air Liquide	NO	NO
Airbus	YES	YES
Anheuser-Busch InBev	YES	YES
ASML Holding	YES	YES
BASF	YES	YES
Bayer	YES	YES
BMW	YES	NO
Danone	YES	NO
Deutsche Telekom	NO	NO
EssilorLuxottica	YES	YES
Flutter Entertainment	YES	YES
Hermès	YES	YES
Iberdrola	YES	YES
Inditex	YES	YES
Kering	YES	YES
L'Oréal	YES	YES
LVMH	NO	NO
Mercedes-Benz Group	YES	YES
Pernod Ricard	NO	NO
Prosus	YES	YES
Safran	YES	YES
Saint-Gobain	YES	YES
Sanofi	YES	NO
SAP	YES	YES
Schneider Electric	YES	YES
Siemens	YES	YES
TotalEnergies	NO	NO
Vinci	YES	YES
Volkswagen	YES	YES
31	26 84%	23 88%

Appendix 10: Materiality Matrix

Company	Use of Materiality Matrix	Display of materiality matrix	Table
A2a	Yes	No	Yes
Amplifon	Yes	Yes	No
Campari	No	No	No
Cnh Industrial	Yes	Yes	No
Diasorin	Yes	No	Yes
Enel	Yes	Yes	Yes
Eni	No	No	Yes
Erg	Yes	Yes	No
Ferrari	Yes	Yes	No
Hera	No	No	Yes
Interpump	Yes	No	No
Inwit	No	No	Yes
Italgas	Yes	No	No
Iveco Group	Yes	Yes	Yes
Leonardo	No	No	No
Moncler	No	No	No
Nexi	Yes	Yes	No
Pirelli &C	Yes	Yes	Yes
Prysmian	Yes	No	Yes
Recordati Ord	Yes	No	No
Saipem	No	No	Yes
Snam	Yes	Yes	No
Stellantis	Yes	Yes	No
Stmicroelectronics	Yes	Yes	No
Telecom Italia	No	No	No
Tenaris	No	No	No
Terna	Yes	Yes	No
27	18	12	10
	67%	44%	37%

(Continues on the next page)

Appendix 10: Materiality Matrix (Continued)

Company	Use of Materiality Matrix	Display of materiality matrix	Table
Acea	YES	YES	NO
Alerion	NO	NO	NO
Antares Vision	YES	NO	NO
Ariston Holding	NO	NO	NO
Ascopiave	YES	YES	NO
Brembo	YES	YES	NO
Brunello Cucinelli	YES	YES	NO
Buzzi	NO	NO	YES
Carel Industries	YES	YES	NO
Cembre	NO	NO	NO
De'Longhi	NO	NO	NO
El.En.	YES	NO	YES
Enav	YES	NO	YES
Eurogroup Laminations	NO	NO	NO
Fincantieri	YES	NO	NO
Industrie De Nora	NO	NO	YES
Intercos	NO	NO	YES
Iren	YES	YES	NO
Lottomatica Group	YES	YES	NO
Luve	NO	NO	NO
Maire Tecnimont	YES	YES	NO
Marr	YES	YES	NO
Mfe	YES	NO	YES
Mondadori Edit	NO	NO	NO
Ovs	NO	NO	NO
Pharmanutra	NO	NO	YES
Piaggio	NO	NO	NO
Rai Way	YES	YES	NO
Reply	YES	NO	YES
Salcef Group	NO	NO	YES
Salvatore Ferragamo	YES	YES	YES
Sanlorenzo	YES	NO	YES
Saras	NO	NO	YES
Seco	YES	YES	YES
Sesa	YES	YES	NO
Sol	NO	NO	YES
Technogym	NO	NO	NO
Technoprobe	NO	NO	YES
Tod'S	YES	YES	YES
Webuild	YES	NO	NO
Zignago Vetro	YES	NO	YES
41	23 56%	14 61%	17 41%

Appendix 10: Materiality Matrix (Continued)

Company	Use of Materiality Matrix	Display of materiality matrix	Table
Adidas	YES	NO	NO
Ahold Delhaize	NO	NO	YES
Air Liquide	NO	NO	NO
Airbus	YES	YES	NO
Anheuser-Busch InBev	YES	YES	NO
ASML Holding	NO	NO	YES
BASF	NO	NO	NO
Bayer	YES	YES	NO
BMW	NO	NO	NO
Danone	YES	YES	NO
Deutsche Telekom	NO	NO	NO
EssilorLuxottica	NO	NO	NO
Flutter Entertainment	YES	YES	NO
Hermès	YES	YES	NO
Iberdrola	YES	NO	YES
Inditex	YES	YES	NO
Kering	YES	YES	YES
L'Oréal	YES	NO	YES
LVMH	YES	NO	YES
Mercedes-Benz Group	YES	YES	NO
Pernod Ricard	NO	NO	YES
Prosus	YES	YES	YES
Safran	YES	YES	NO
Saint-Gobain	YES	YES	YES
Sanofi	NO	NO	NO
SAP	NO	NO	NO
Schneider Electric	YES	YES	YES
Siemens	NO	NO	YES
TotalEnergies	NO	NO	NO
Vinci	NO	NO	YES
Volkswagen	NO	NO	NO
31	17	13	12
	55%	76%	39%

Appendix 11: Type of Matrix Scale

Variable	Companies	No.	%
Companies that use a numeric scale on the columns	A2A, Diasorin, Enel, Eni, Iveco, Pirelli, Saipem, Italgas	8	73%
Companies that use an ordinary scale (like from low to high) on the columns	Prismian	1	9%
Companies that use non scale on the columns	Hera, Inwit	2	18%
Total		11	100%

Variable	Companies	No.	%
Companies that use a numeric scale on the axes of the Matrix	Iveco, Stellantis	2	17%
Companies that use an ordinary scale (like from low to high) on the axes of the Matrix	Amplifon, CNH, ERG, Ferrari, Nexi, Pirelli, Snam, Stmicroelectronics, Enel	9	75%
Companies that use non scale on the axes of the Matrix	Terna	1	8%
Total		12	100%