

Double Materiality Assessment (DMA) Global Guide for the Jewellery Sector (SME Focus)

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Executive Summary

Why This Guide Matters

The jewellery industry faces increasing pressure to demonstrate responsible practices. Research shows that 80% of consumers prefer companies with environmental commitments, while regulatory requirements and investor demands make ESG part of the 'licence to operate' for businesses. Yet many companies struggle with knowing where to start, including Small and Medium Sized Enterprises (SMEs)..

The Challenge

With hundreds of potential ESG topics and limited resources, businesses need a systematic way to identify what truly matters. Common barriers include overwhelming complexity, lack of in-house expertise, regulatory confusion, and concerns about stakeholder expectations.

The Solution: Double Materiality Assessment

A DMA is a foundational tool that helps you cut through ESG complexity by identifying which sustainability topics have material impacts on stakeholders and material effects on your business performance. Rather than trying to address everything, a DMA enables strategic focus on what matters most.

This guide provides a structured 7-step approach for conducting a DMA, specifically designed for jewellery sector businesses across all value chain stages (upstream, midstream, downstream) with a focus on SMEs.

Connection to CIBJO ESG Framework

This guide builds upon the *CIBJO ESG Principles* (2024) and connects directly to the *CIBJO ESG Measurement Guidelines* (2025), providing a logical pathway from understanding ESG principles, through identifying material priorities (this guide), to measuring and managing performance.

What This Guide Includes:

- Explanation of double materiality and how assessment integrates with CIBJO's ESG Wheel and Measurement Guidelines
- A practical DMA implementation methodology focused on SMEs
- 7-step process with specific inputs, activities and outputs
- Recommendations for different organisation sizes
- Case studies and examples from jewellery sector SMEs and larger companies
- Templates and tools
- Clear criteria for distinguishing effective from ineffective DMAs

Our objective is to provide a clear and pragmatic DMA guide for SMEs in the jewellery industry globally.

How to Use This Guide

This DMA guide is one of three interconnected resources designed to support your materiality assessment:

This Implementation Guide: Provides the detailed methodology, step-by-step instructions, and best practices. Use this as your primary reference document.

Visual Guide: Includes presentation materials, workshop facilitation slides, and visual summaries. Use this for briefings, stakeholder presentations, and workshop sessions.

Assessment Toolkit: Contains interactive templates to support your assessment work. Use this to guide and document your process and results.

1. Double Materiality Definition

This document uses CIBJO's established definition of materiality from the ESG Measurement Guidelines (2025) - "the most relevant industry- and sector-specific matters that a company may impact and or be impacted by, in the broader social, cultural, political, legal, economic, and environmental context". This includes 2 elements:

Impact Materiality -- your organisation's actual or potential, positive or negative impacts on people, the environment, and governance. This includes impacts caused or contributed to by your business, as well as impacts connected to your operations, products or services, and through your business relationships (supply chain). Importantly, this covers both positive impacts (opportunities to be leveraged) as well as negative impacts (risks to be managed).

Financial Materiality -- sustainability matters that influence or are likely to materially influence your organisation's cash flows, cost of capital, or access to finance.

A Simple Way to Think About It:

- **Impact Materiality** = Your company's impact on the world (people, planet, governance)
- **Financial Materiality** = The impact of the sustainability matters on your company's financial health (costs, CapEx, reputation, funding, revenue, market access)

This dual 'inside-out' and 'outside-in' perspective helps clarify a common point of confusion: you're assessing both how your business affects external stakeholders (including nature) AND how internal and external factors impact your performance.

For example, a diamond mining operation might have significant water usage impacts on local communities (impact materiality) while also facing reputational and financial risks if customers perceive these water practices as unsustainable (financial materiality). Both perspectives matter for a complete assessment.

Impact Materiality

Your impact on the world: A sustainability topic or information is material if connected to actual or potential significant impacts on people or the environment over the short, medium or long term.

Financial Materiality

World's impact on your business: A sustainability topic is material if it triggers financial effects on the business, i.e. generates risks or opportunities that influence or are likely to influence future cash flows, and therefore the enterprise value, in the short, medium or long term.

Double Materiality

Combined impact: How ESG and sustainability factors impact a business and how a business impacts ESG and sustainability factors

Key components within the CSRD

- Double Materiality
- Plans and progress
- Forward-looking & retrospective data
- Value chain reporting
- Digital tagging
- External assurance

Throughout this guide, we refer to "sustainability topics" or "material topics." Each topic encompasses multiple potential or actual impacts, risks, and opportunities (IROs). For example, "water use" is a topic that might include:

- **Impacts:** Effect on local water availability for communities
- **Risks:** Regulatory restrictions on water extraction, reputational damage
- **Opportunities:** Cost savings from water efficiency, competitive advantage from water stewardship

When building your topic lists in Steps 3–4, you'll need to articulate whether each topic represents an impact (your effect on stakeholders/environment), a risk (potential negative effect on business), or an opportunity (potential positive effect for stakeholders and/or business). Many topics will encompass all three.

2. How This DMA Guide Connects to CIBJO's ESG Tools

This DMA document is one of several CIBJO tools and guides:

CIBJO ESG Principles (2024) establishes fundamental ESG principles and introduces the ESG Wheel framework that serves as a starting point for identifying sustainability topics relevant to the jewellery sector.

Double Materiality Assessment Guide (This Document) enables you to identify which ESG topics are most material to your specific operations and provides a systematic process for prioritising your ESG focus areas.

CIBJO ESG Measurement Guidelines (2025) provides specific metrics and measurement approaches, enabling data collection and performance tracking once you know your priority areas.

How the Guidelines and Tools Work Together

The three tools and guidelines work together and follow a logical sequence:

INPUT: CIBJO ESG Principles (including "The Wheel") → **PRIORITISATION:** CIBJO Double Materiality Assessment → **MEASUREMENT:** CIBJO ESG Measurement Guidelines

1. **From Principles to Prioritisation:** The ESG Wheel from the ESG Principles document provides sector-relevant sustainability categories that serve as the foundation for generating your long list of potential material topics in Step 3.
2. **From Assessment to Action:** The material topics identified through your DMA become the priority focus areas for applying the Principles and the basis for developing action plans and selecting appropriate metrics from the Measurement Guidelines.
3. **From Action to Measurement:** From an action plan focused on material priorities you can start to measure the impact of your actions using the Measurement Guidelines. The measurement guidelines also enable you to identify specific metrics for your material topics, helping you collect relevant data and track progress.

Note: CIBJO offers many additional responsible sourcing and sustainability tools. This DMA guide specifically connects with the ESG Principles and Measurement Guidelines to provide an integrated approach to ESG strategy and implementation.

3. Strategic Benefits and Core Principles

Strategic Benefits of Conducting a DMA

The overarching objective is to enable your business to take action on ESG that will deliver the greatest impact, focusing on what is most relevant and important. A DMA provides multiple strategic benefits:

Core Strategic Value

- **Foundation for focused action** -- DMA identifies which ESG aspects are most relevant to your specific business context, enabling you to take action where it will have the greatest impact rather than trying to address all topics. You cannot manage what you do not measure - DMA provides the foundation for ESG strategy development and implementation, guiding business leaders on where to invest efforts and which initiatives to prioritise in action plans and roadmaps
- **Risk and opportunity assessment** -- Sustainability-related opportunities and risks often remain hidden. Every business benefits from a complete view of both potential benefits and threats to operations and stakeholder wellbeing, enabling informed decisions about where to invest limited resources
- **Stakeholder-informed process** -- DMA incorporates perspectives from all relevant stakeholders and value chain partners, creating more representative and credible business decisions, and more robust substantiation of sustainability strategy

Regulatory and Investment Alignment

- **Compliance and preparedness** -- DMA can be used to assess ESG regulatory requirements that are subject to materiality, helping ensure compliance while keeping regulatory obligations manageable. Referenced in over 500 policies across 92 countries, with increasing mandatory requirements. Note not all regulation applies a double materiality lens
- **Investment alignment** -- Supports alignment between investment activities, resource allocation, and sustainability risks, impacts and goals

Practical Delivery

- **Efficient resource allocation** -- Prioritised material topics guide where to invest time, money, and effort in ESG initiatives, ensuring your efforts deliver maximum impact
- **Sector relevance** -- Tailored for jewellery sector challenges and opportunities across all company sizes
- **Ongoing development** -- Updated periodically to ensure it reflects latest context

Core Principles

The following principles guide effective Double Materiality Assessments, ensuring they deliver strategic value rather than just compliance documentation:

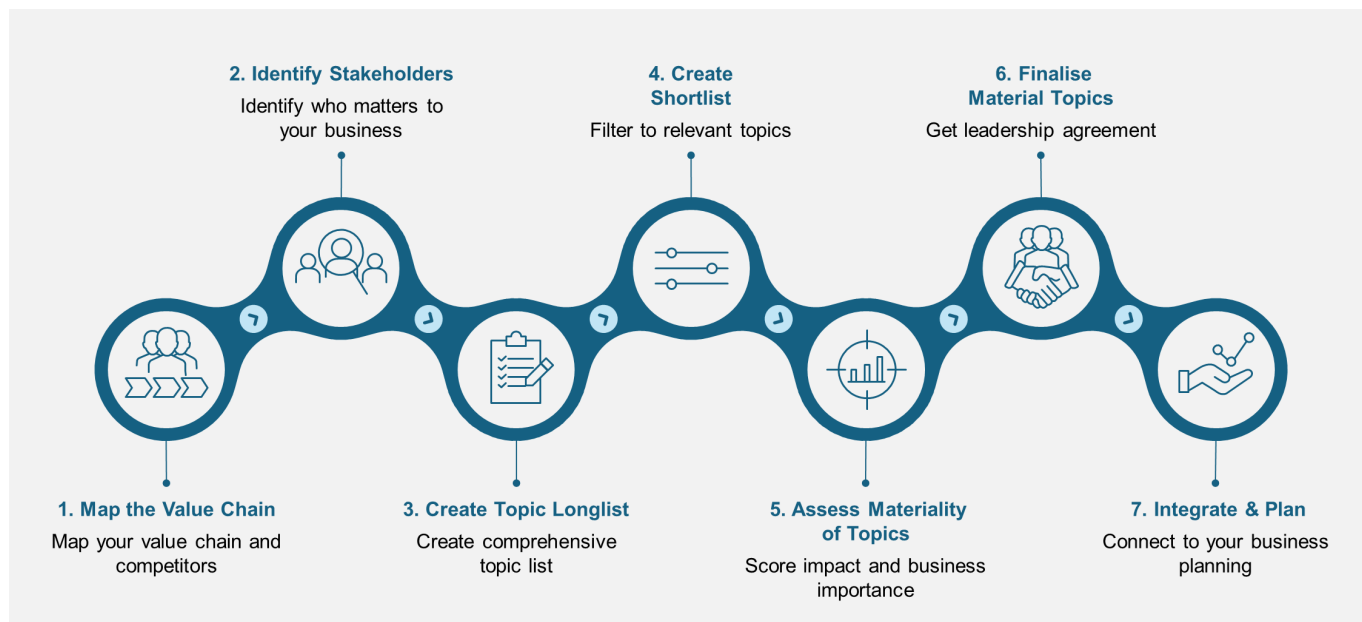
- **Organisation-specific** -- Reflects the needs of your specific operations and business context
- **Stakeholder inclusivity** -- Direct engagement ensures relevance and credibility

- **Value chain coverage** -- Includes upstream and downstream relationships
- **Evidence-based prioritisation** -- Uses objective assessment combining quantitative and qualitative analysis
- **Transparency** -- Maintains clear documentation of criteria, data, and decisions
- **Integration** -- Serves as the foundation for ESG strategy development, guiding leaders on where to focus efforts, which initiatives to include in action plans, and critically, which areas not to prioritise
- **Practical approach** -- Clear and simple process that can be resourced appropriately while delivering what you need without excessive bureaucracy

4. Seven-Step DMA Process

There are many examples of DMAs available. We have developed a simple process that draws on best practices and is tailored for CIBJO members. There are 7 steps to conducting an effective DMA

Figure 2: 7 Step Process Overview



Step 1: Map the Value Chain

What: Define your business model, operations, map upstream/downstream relationships, and prepare foundation for topic generation.

Inputs:

- Business strategy documents, organisational charts
- Existing supplier and customer lists
- Previous sustainability reports or ESG documentation
- Industry sector reports and competitor information
- List of business impacts, risks and opportunities

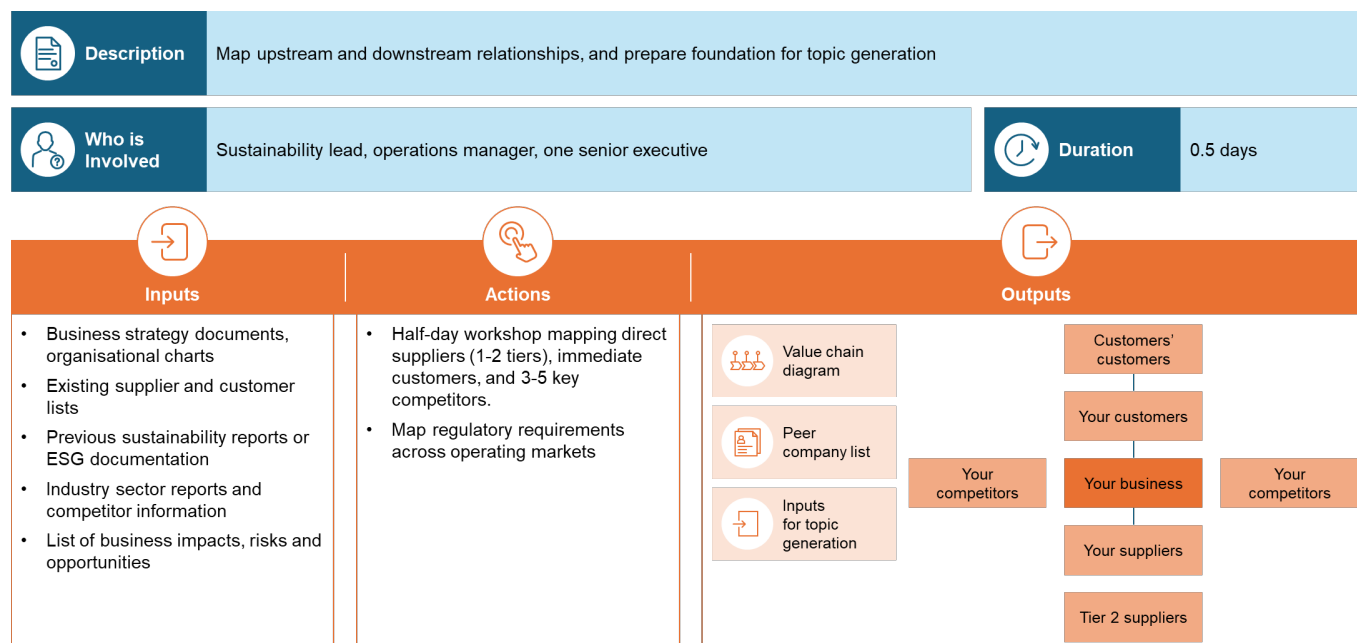
Who Is Involved: Sustainability lead, operations manager, one senior executive

Activities/Actions: Half-day workshop mapping direct suppliers (1-2 tiers), immediate customers, and 3-5 key competitors. Map regulatory requirements across operating markets. **Duration:** 0.5 days

Outputs: Value chain diagram (upstream-operations-downstream), peer company list (3-5), inputs for topic generation

Example: A mid-sized diamond cutting company created a value chain map showing: (Upstream) rough diamond suppliers in Botswana → (Operations) owned cutting facility in India → (Downstream) jewellery manufacturers in Italy and US. The company identified 5 competitor companies for benchmarking. It also mapped regulatory requirements across 4 jurisdictions where it operates.

Figure 3: Step 1 Detail



Step 2: Identify and Map Stakeholders

What: Map all relevant stakeholder groups across your value chain and identify internal representatives for SMEs.

Inputs:

- Value chain map from Step 1
- Organisational chart and business relationships
- Previous stakeholder engagement records or customer feedback
- Industry stakeholder mapping examples

Who Is Involved: Sustainability lead, customer service manager, procurement lead, HR/finance representatives

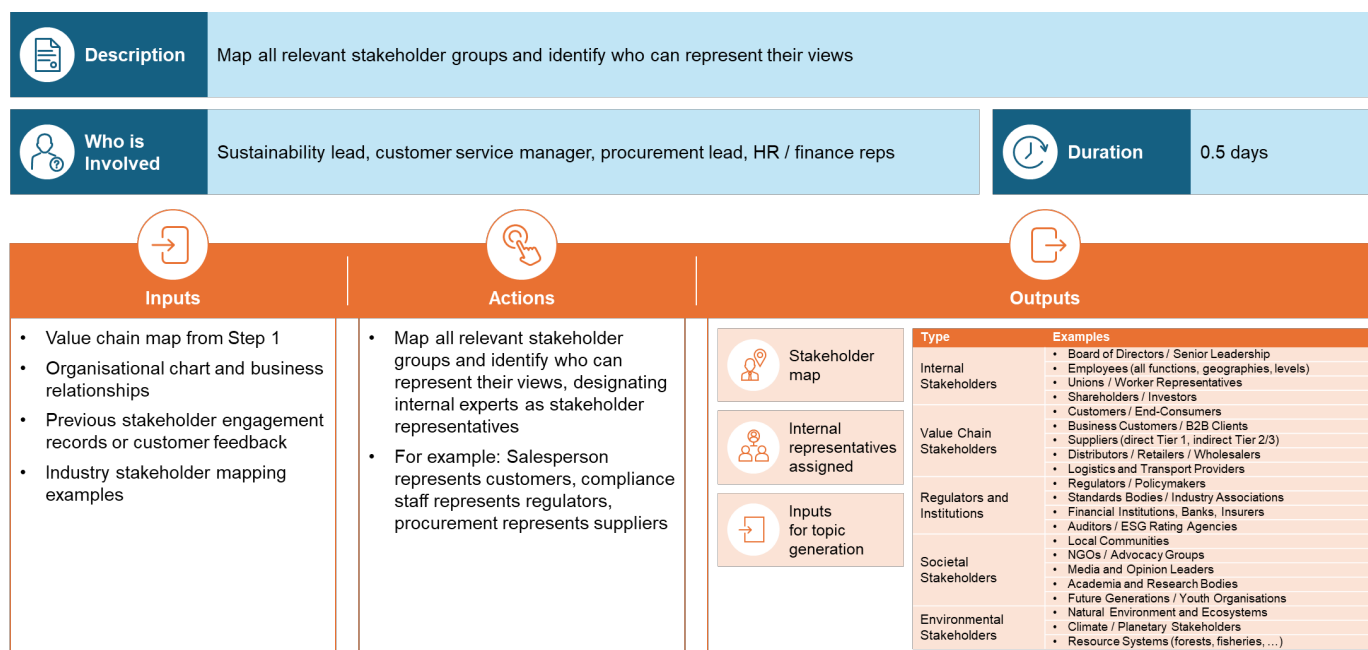
Activities/Actions: Internal workshop identifying your main stakeholder groups (those you impact, those you depend on, those who will read or make decisions based on your ESG disclosures), designating internal experts as stakeholder representatives, planning simple input collection methods. For example: a salesperson represents your customers, the person responsible for compliance represents regulators, procurement represents suppliers, and so on. Be sure to include Nature as a stakeholder.

Duration: 0.5 days

Outputs: Stakeholder map, internal representatives assigned, inputs for topic generation

Example: A gold jewellery retailer identified key stakeholders: (Own operations) employees, investors; (upstream value chain) gold suppliers, logistics providers; (downstream value chain) customers, local community; (other) regulators, NGOs

Figure 4: Step 2 Detail



Step 3: Generate Long List of Potential Topics

What: Create comprehensive list of potential sustainability topics using CIBJO Wheel, competitor analysis, industry news and reports, and regulatory requirements.

Inputs:

- CIBJO ESG Wheel categories (14 principles)
- Value chain map from Step 1
- Stakeholder perspectives from Step 2
- 3-5 competitor sustainability reports
- Regulatory requirements for your jurisdiction
- Industry standards and frameworks

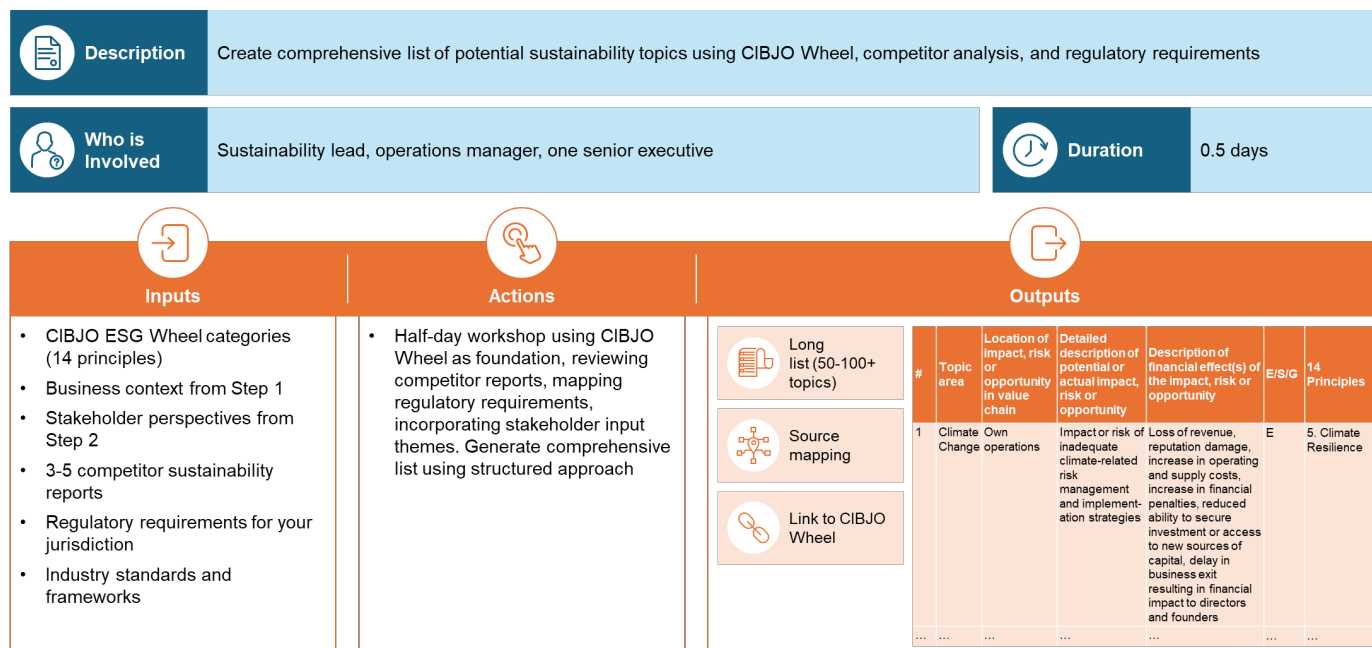
Who Is Involved: Sustainability lead, operations manager, one senior executive

Activities/Actions: Half-day workshop using CIBJO Wheel as foundation, reviewing competitor reports, mapping regulatory requirements, incorporating stakeholder input themes. Generate comprehensive list using structured approach. **Duration:** 0.5 days

Outputs: Long list (50-100+ topics), source mapping, Link to CIBJO Wheel

Example: A diamond polishing company used the CIBJO Wheel and competitor analysis to generate 82 potential longlist topics that encompass worker safety, supply chain transparency, energy and resource consumption, community relations, regulatory compliance, biodiversity impact, and skills development across their India-Botswana-US value chain.

Figure 5: Step 3 Detail



Step 4: Create Shortlist of Potential Topics

What: Review the longlist and select all topics that have a direct or indirect relevance to your organisation and how it operates, as well as those relevant to your supply chain. Include any topics that you aren't yet 100% sure about but are often mentioned in your sector or in industry news. Include any topics that you feel are likely to become more important in the short to medium term but may not be just now.

Inputs:

- Long list of potential topics from Step 3
- Stakeholder perspectives from Step 2 (via representatives)
- Value chain map and competitors identified in Step 1
- Business context and strategic priorities

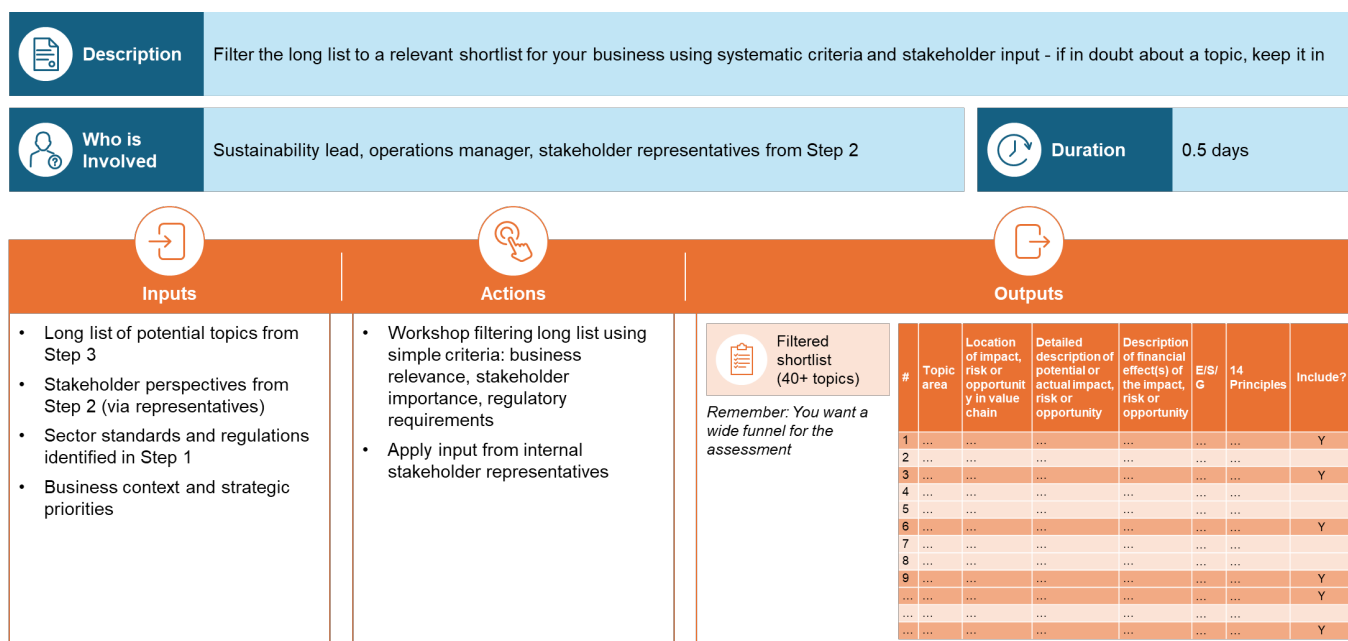
Who Is Involved: Sustainability lead, operations manager, stakeholder representatives from Step 2

Activities/Actions: Workshop filtering long list using simple criteria: business relevance, stakeholder importance, regulatory requirements. Apply input from internal stakeholder representatives. **Duration:** 0.5 days

Outputs: Filtered shortlist (40+ topics). Remember: You want a wide funnel for the assessment

Example: The same diamond polishing company filtered 82 topics down to 48 shortlisted topics. The company excluded topics like "urban pollution" that don't apply to their operations. It Included "marine biodiversity protection," "water quality," and "community relations" based on stakeholder input and business relevance.

Figure 6: Step 4 Detail



Step 5: Assess Topics (Impact + Financial Materiality Combined)

What: Evaluate each shortlisted topic across both impact and financial materiality dimensions using stakeholder input, evidence, and a systematic scoring approach. Ensure more than one person is involved in the assessment.

For detailed assessment methodology including specific scoring criteria, workshop processes, and assessment questions, see Appendix C for detailed methodology.

Inputs:

- Shortlisted topics from Step 4
- Stakeholder input from Step 2 (representatives)
- Business context and value chain understanding from Step 1
- Internal risk assessments and financial data
- External sector research and benchmarking data

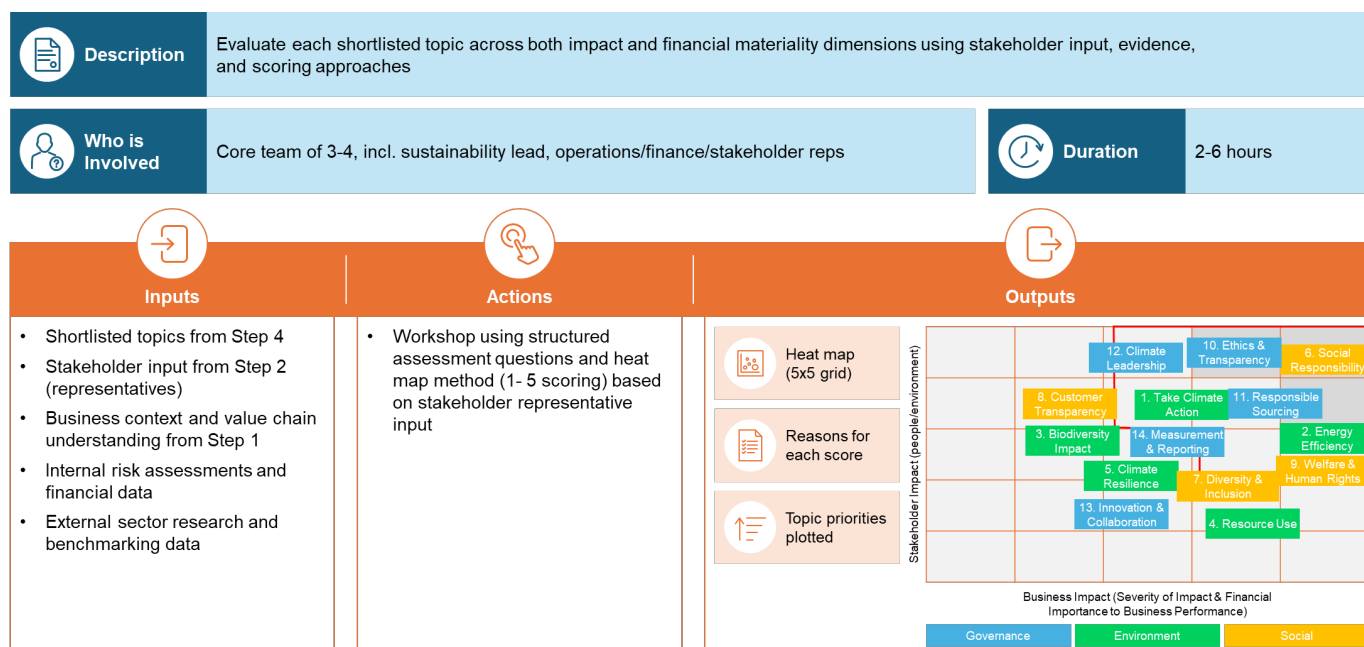
Who Is Involved: Core team of 3-4, including sustainability lead, operations / finance / stakeholder representatives

Activities/Actions: Workshop using structured assessment questions and heat map method (1-5 scoring mechanism), stakeholder representative input, systematic scoring (see Appendix C for detailed methodology). **Duration:** 2-6 hours

Outputs: Heat map (5x5 grid), reasons for each score, topic priorities plotted

Update Frequency: SMEs should repeat comprehensive assessment every 2-3 years or more frequently if acquiring new operations or changing/expanding product range or business model.

Figure 7: Step 5 Detail



Step 6: Set Materiality Thresholds and Finalise Material Topics

What: Determine materiality thresholds through senior leadership review and finalise material topics with clear ownership.

Inputs:

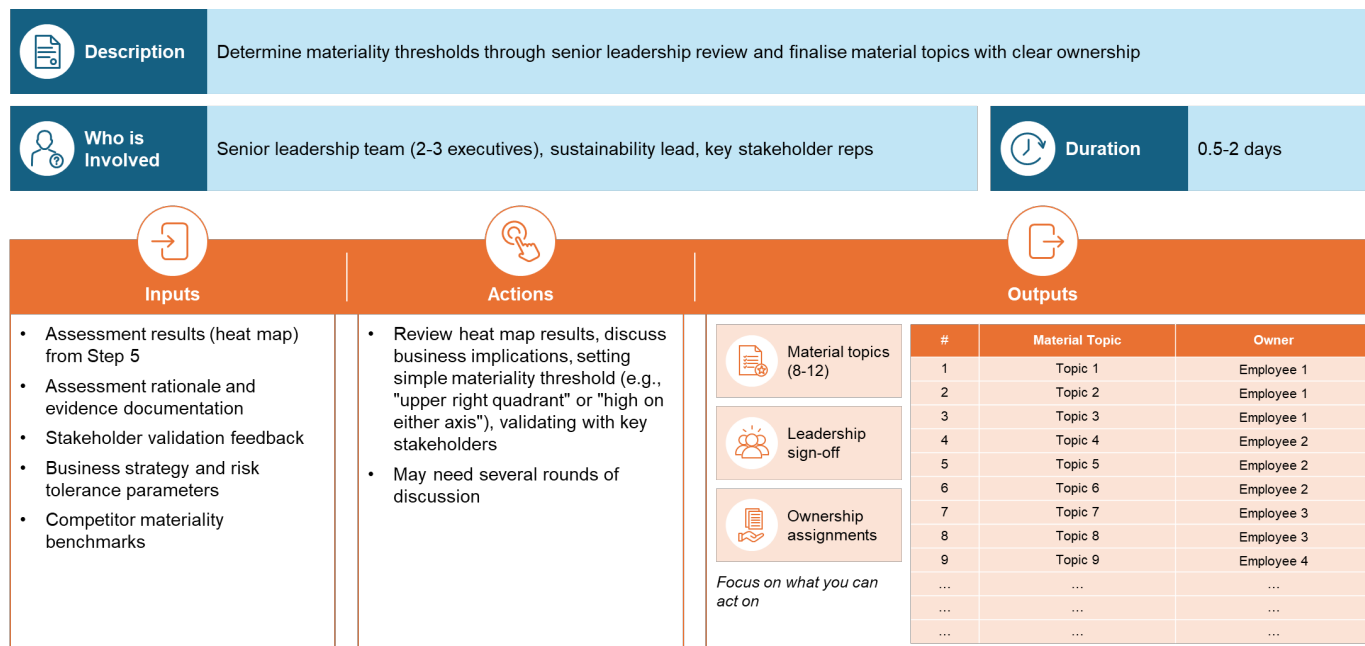
- Assessment results (heat map) from Step 5
- Assessment rationale and evidence documentation
- Stakeholder validation feedback
- Business strategy and risk tolerance parameters
- Competitor materiality benchmarks

Who Is Involved: Senior leadership team (1-3 executives), sustainability lead, key stakeholder representatives

Activities/Actions: 2 hour-half-day leadership session reviewing heat map results, discussing business implications, setting simple materiality threshold (e.g., "upper right quadrant" or "high on either axis"), validating with key stakeholders. May need several rounds of discussion. **Duration:** 0.5-2 days

Outputs: Material topics (8-12), leadership sign-off, ownership assignments. Focus on what you can act on

Figure 8: Step 6 Detail



Step 7: Integrate, Plan Updates, and Connect to Action Planning

What: Integrate findings into business processes, establish review cycles, prepare action plans, connect to CIBJO action planning and measurement frameworks. Assign owners and hold accountable to delivery of positive impacts and opportunities, and mitigation of negative impacts or risks.

Inputs:

- Final list of material topics from Step 6
- Complete DMA documentation from all previous steps
- Business strategy and planning documents
- CIBJO action planning and measurement guidelines
- Existing risk management and reporting frameworks

Who Is Involved: Sustainability lead, senior leadership team, department heads responsible for material topics

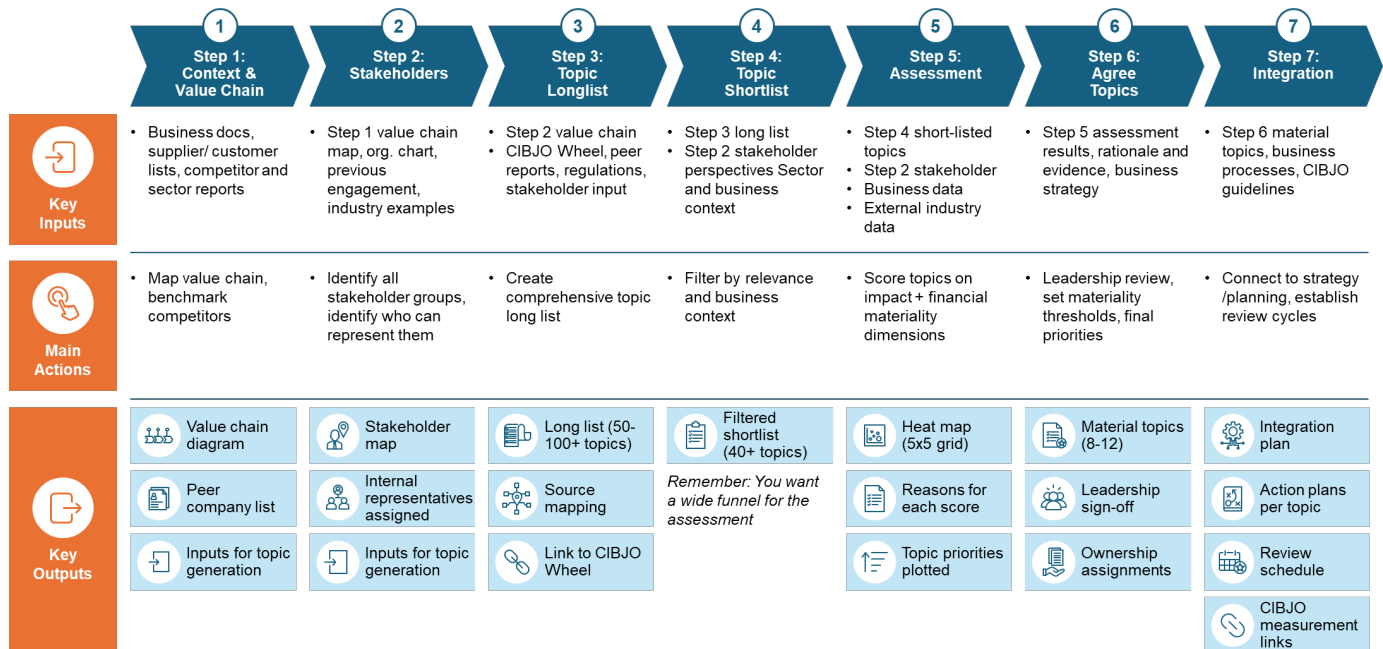
Activities/Actions: Half-day session integrating material topics into business processes, preparing action plans for each topic, connecting to CIBJO measurement guidelines, and establishing review schedule. **Duration:** 3-6 months (ongoing)

Outputs: Integration plan, action plans per topic, review schedule, CIBJO measurement links

Figure 9: Step 7 Detail



Figure 10: 7 Step Process Detail



Quality and Process

Quality Assurance Checklist

To prevent common errors and ensure your DMA delivers actionable results, verify these critical elements before finalising:

Process Completeness

- All 7 steps have been completed in sequence
- Each step's outputs have been documented and validated
- Stakeholder representatives have provided input for their assigned tasks and topics
- All topics have been objectively assessed (not "cherry-picked")
- Leadership has reviewed and approved the final list of material topics

Assessment Quality

- Topics that score 5 on stakeholder impact are prioritized regardless of business impact
- Assessment rationale is documented for each topic with supporting evidence
- Heat map positioning can be explained and defended to external parties
- At least one material topic has been identified under each of the three categories (environmental, social and governance)
- Allow for the possibility that previously unknown or new risks may be assessed as material. This shows the process is working!

Stakeholder Representation

- Internal representatives genuinely reflect their stakeholder group perspectives - Customer, supplier, employee, investors and community voices are all represented
- Conflicting stakeholder views have been documented and resolved with evidence
- Material topics have been clearly communicated and explained to all employees and other stakeholders

Documentation Standards

- Decision rationale is clear and can be communicated to external stakeholders
- Source materials and evidence are referenced and accessible
- Connection to CIBJO measurement guidelines is established for next steps

Evidence and Decision Log

Maintaining clear documentation of your DMA decisions ensures auditability and supports future updates. Create a simple evidence trail using this approach:

Decision Documentation Template

For each material topic, record:

- **Topic Name and description:** Clear description of what this topic covers
- **Assessment Scores:** Stakeholder impact [1-5] and Business impact [1-5]
- **Key Evidence:** Specific incidents, data, regulations, or stakeholder feedback that influenced scoring, information sources
- **Stakeholder Input:** What each representative group said about this topic, names of scorers and stakeholder group they represent
- **Final Decision:** Why this topic was/wasn't deemed material
- **Owner Assignment:** Who is responsible for this topic going forward

Evidence Sources to Retain

- Stakeholder representative consultation notes
- Industry benchmarking data, competitor analysis or reliable news reports
- Internal risk assessments or incident reports
- Regulatory requirements research
- Customer feedback or market research
- Financial impact estimates or cost assessments

Review Process

- Document what has changed since the last assessment
- Record any new evidence that might affect topic materiality
- Note stakeholder feedback on the relevance of current material topics
- Update evidence sources and refresh benchmarking data
- Maintain version control of assessment results and rationale

This documentation approach ensures your DMA can withstand external scrutiny and provides a solid foundation for continuous improvement.

5. Triggers for Conducting a DMA

Establishing Internal Business Justification

Before beginning your DMA process, it's essential to articulate clear internal justification points that are relevant to your specific business context. This foundation enables more effective stakeholder mapping and ensures the DMA delivers value aligned with your business objectives.

Key Internal Justification Questions:

- What specific business opportunities or challenges are driving our need for ESG clarity?
- How can we be sure we are focusing our resources and limited budget on the right ESG activities?
- What internal stakeholders need to be convinced of ESG priorities for successful implementation?
- How do we surface risks we haven't previously thought about?
- What impact will future climate change have on our operations and value chain?
- How does this connect to our existing business planning and risk management processes?

DMA Triggers

Triggers may determine the focus of your DMA. In this context, "triggers" are the reasons why a company initiates a DMA. They help define the scope, urgency, and focus of the process. It is important that you are clear on the trigger or triggers of why you are doing the DMA as it sets the context for how to undertake, and who to involve.

Trigger	What It Means	Example
Regulatory compliance	You need to report under CSRD, ESRS, etc.	EU-based gold supplier
Investor pressure	Investors demand ESG clarity or disclosures	Midstream company with private equity backing
Customer or supplier requirements	Big customers need to understand how our business impacts their ESG goals	Supplier to a luxury jewellery brand
Strategy refresh	Your company is revisiting strategy, values, or product positioning. You want to evolve your company narrative to include ESG.	Small pearl brand repositioning on sustainability
Board or leadership priority	Senior leaders want to sharpen ESG focus and be able to confidently substantiate the prioritisation of ESG to the Board	Leadership-driven initiative at a mining firm

Trigger	What It Means	Example
Threat from competition	Organisation wants to increase or accelerate its ESG progress, generate a return on ESG investment and improve competitive advantage	Family-owned jeweller setting ambitious sustainability targets
Certification or ratings journey	ESG certifications require DMA. Robust DMA process and results strengthen independent ratings of our business	Diamond retailer going for B Corp or Ecovadis rating

Understanding your trigger is essential as it shapes the entire DMA approach and resource allocation:

- Why is my company doing a DMA?
- What level of depth or formality is needed?
- Who needs to be involved?
- When results are needed?

6. Scaling for Organisation Size

We have outlined how this would work for SMEs throughout the 7-step process. Here we provide more guidance on how to tailor the process further based on company sizes, sectors, countries, and jurisdictions.

Microbusinesses (1-9 employees)

For the simplest possible approach, see Appendix E: Micro-Business Quick Start Guide for a complete 2-hour DMA process.

- Use very simple stakeholder mapping approaches with internal representatives
- Focus on small number of material topics typically relevant to your sector (align with peers, customers)
- Use small working sessions rather than workshops or extensive external surveys

Large Enterprises (500+ employees)

Large enterprises require enhanced methodology beyond this 7-step process. See Appendix F: Large Company Considerations for a description of enhanced requirements, key differences from SME approach, when to seek specialised support, and integration with SME framework.

Additional Considerations

The process should be adapted to your specific sector, country, business model, and jurisdiction. Consider local regulatory requirements, cultural context, and sector-specific standards when implementing your DMA approach.

For many organisations, this may be the first time conducting a Double Materiality Assessment. This section includes key do's and don'ts, and important tips.

These practices distinguish successful DMAs from superficial exercises that fail to drive meaningful change:

- **Focus on the overarching objective of enabling ESG action** -- Remember that meaningful action, not just documentation, is the ultimate goal. Consider the triggers (Section 5) that led to your DMA
- **Use clear visual tools** -- Heat maps can make complex ESG assessments simpler and facilitate decision-making and stakeholder communication
- **Avoid box-ticking approaches** -- DMA should drive strategic decisions, not merely fulfil reporting requirements or be a one-and-done exercise never referred to again!
- **Engage hard-to-reach stakeholders** -- Marginalised voices often identify overlooked opportunities and risks
- **Ensure senior sponsorship** -- Without senior leadership commitment, implementation typically stalls
- **Monitor regulatory developments** -- Anticipate changes in reporting standards and regulatory requirements
- **Maintain comprehensive evidence trails** -- Critical for defending sustainability claims, preparing company disclosures or communications, managing external scrutiny, assurance processes and company audits

These requirements ensure robust and defensible DMA outcomes:

- **Apply quantitative approaches** -- Use consistent, objective scoring (1-5 scale) for each topic, risk, or opportunity rather than purely subjective assessment
- **Severity always takes precedence** -- When assessing topics, weight severity above other criteria. If a topic scores 5 for severity, the total score should reflect this maximum severity regardless of other lower-scored criteria
- **Actual impacts or risks receive maximum scoring** -- If a particular impact or risk is currently occurring in your operations or value chain, automatically assign the maximum score of 5
- **Handle stakeholder disagreements systematically** -- When stakeholders have different views on topic importance, document the range of perspectives and use evidence (incidents, data, regulatory requirements) to support decisions. Consider that disagreement itself may signal materiality
- **Plan for material topics you cannot immediately address** -- Not all material topics require immediate action. Create a clear timeline showing quick wins (0-12 months), medium-term priorities (1-2 years), and longer-term commitments (3+ years)

8. What Good Looks Like

Characteristics of effective DMAs

Effective DMAs share these characteristics:

- Scoped and right sized to the organisation's context
- Includes meaningful stakeholder engagement across the value chain
- Uses transparent, evidence-based assessment (quantitative + qualitative)
- Links directly to business strategy, decision-making, and action plans
- Produces outputs that are reusable and auditable
- Clear connection to CIBJO wheel and measurement guidelines
- Clear visual outputs that enable leadership discussion and decision-making

Common Pitfalls to Avoid

These are warning signs of ineffective DMAs:

- Attempting to assess 100+ topics without proper filtering
- Identifying material topics without internal upskilling and communication of lessons learned to colleagues along the way
- Treating DMA as a one-time compliance exercise rather than as a strategic foundation
- Failure to connect material topics to actual business decisions, resource allocation, action plans and spend
- Limiting stakeholder engagement to easily accessible voices while missing key perspectives
- Failing to document decision rationale
- Comparing your company's impacts to much larger organisations to justify inaction or no relevance ("We're too small to matter", "that topic is only relevant to big companies")

9. Global Standards and Regulatory Context

The regulatory landscape varies significantly across jurisdictions, and it is important that you clearly understand which jurisdiction and business entity you are conducting the DMA within or for. Note that companies may be operating in (or have stakeholders in) multiple jurisdictions:

Europe -- CSRD/ESRS mandates double materiality for large companies, with voluntary SME standards (ESRS vSME) available

United States -- SEC rules focus on financial materiality (single materiality), though an increasing number of US firms are beginning to adopt double materiality voluntarily to meet investor expectations and prepare for potential regulatory expansion

Global South and Emerging Markets -- Adoption is often driven by export markets and buyer expectations rather than regulation

ISO Standards -- Some ISO standards require companies to account for their total impact (e.g., climate impact), aligning with the impact dimension of double materiality

Sector-Specific Standards -- Many global standard-setting organisations have developed or are developing sector-specific standards (gold, mining, etc.). The jewellery sector faces heightened scrutiny on sourcing, human rights, and biodiversity, topics that a DMA helps to surface and prioritise.

Key Framework References

These international standards and frameworks provide the foundation for double materiality approaches worldwide:

- **GRI** -- Focuses on outward impacts; used by 14,000+ organisations globally
- **IFRS/ISSB** -- Focuses on inward financial impacts; S1 (general) and S2 (climate) standards in force
- **ESRS** -- EU-specific standards, fully aligned with double materiality
- **Other references** -- OECD Guidelines, UN Guiding Principles, RJC Code of Practices

10. Sources of Support and Guidance

Help is available from various sources when conducting your DMA. This section outlines when to seek external support and where to find it.

When to Seek External Support

Consider external support in these situations:

- Conducting your first DMA and uncertain about methodology
- Operating across multiple jurisdictions with different reporting requirements
- Requiring complex stakeholder engagement processes
- Seeking to integrate DMA into broader strategy development

Global Standards & Frameworks

Key international standards can help guide the selection of topics in your long list:

- **GRI Standards** -- Universal, Sector, and Topic Standards
- **IFRS Sustainability Standards (ISSB)** -- S1 and S2 standards
- **European Sustainability Reporting Standards (ESRS)** -- Including vSME
- **OECD Guidelines for Multinational Enterprises**
- **UN Guiding Principles on Business and Human Rights (UNGPs)**
- **RJC Code of Practices, IRMA Standards** (sector-specific)

Consulting Firms & ESG Specialists

Professional support options include:

- **Global consulting firms** -- e.g. Bain, McKinsey, BCG, KPMG, EY, PwC, Deloitte (global DMA frameworks)
- **Specialist ESG consulting** -- ERM, SLR (value chain focus and forward-looking risk scanning)
- **Professional ESG software platforms** -- Often unaffordable for SMEs except entry-level options

Industry Bodies & Non-Profits

Sector-specific resources include:

- **Industry bodies** -- RJC, CIBJO, OECD National Contact Points
- **Framework providers** -- GRI, IFRS Foundation, OECD Secretariat
- **Non-profit resources** -- SME Climate Hub

Specialist Support

- **Key & Co** -- Authors of this guide. Partners to CIBJO and authors of *CIBJO ESG Principles* (2024) and *CIBJO ESG Measurement Guidelines* (2025). Supporting DMA design, delivery, and strategic integration for SMEs and corporates in the jewellery sector, www.keyandco.org.

Appendices

Appendix A: Integration with CIBJO ESG Measurement Guidelines

This DMA guide specifically supports the first 4 steps of the ESG journey outlined in the CIBJO ESG Measurement Guidelines:

- **Understand Your Business Context** → DMA Step 1: Organisational Context
- **Map Your Stakeholders** → DMA Step 2: Identify and Map Stakeholders
- **Identify Material Topics** → DMA Steps 3-6: Generate Long List, Create Shortlist, Assess Topics, Set Thresholds
- **Set ESG Priorities and Strategy** → DMA Step 7: Integration and Action Planning

The next steps of the measurement framework (Select Metrics, Collect Data, Set Targets, Implement Actions, Monitor Progress, Report and Communicate) follow after DMA completion and use the CIBJO ESG Measurement Guidelines.

Appendix B: Case Studies and Real Examples

Small and Medium Enterprise Examples

Real-world implementations demonstrate practical approaches:

- **Mid-sized diamond polishing company (India)** -- DMA revealed labour conditions and electricity-related carbon footprint as high-impact areas, leading to solar energy installation and improved procurement practices
- **Boutique gold retailer (Europe)** -- Simplified DMA using internal surveys identified customer trust in sourcing as materially important, resulting in investment in traceability platform and customer communication
- **Coral producer cooperative (Pacific Islands)** -- DMA identified marine biodiversity protection and export market reputation as key factors, leading to NGO partnerships and government certification for improved market access

Large Corporate Examples

Enterprise implementations showcase comprehensive approaches:

- **Novo Nordisk** -- Developed double materiality framework integrating patient health impacts with business risks, using stakeholder engagement to justify investment in accessible treatments and low-carbon manufacturing
- **Inditex** -- Applied DMA to global supply chain, finding upstream concerns (labour rights, water use) as significant as downstream concerns (fast fashion waste), leading to enhanced supplier audit programmes
- **Vestas** -- Mapped double materiality across wind turbine lifecycle, balancing environmental impacts with social/economic benefits, influencing both product design and service models

Common factors across successful implementations:

- Small and medium companies frame DMA around trust building and market differentiation
- Large companies focus on compliance requirements and audit readiness
- Stakeholder engagement is consistently central across all organisation sizes
- Value chain analysis proves essential in jewellery sector applications
- Clear visual tools (like heat maps) enable effective communication of results to leadership and stakeholders
- Integration with existing business processes and strategic planning cycles is critical for implementation success

Step 5: Assess Topics (Impact + Financial Materiality Combined)

Participants: 3-4 people including sustainability lead, operations representatives, and stakeholder representatives

For each topic on your shortlist, ask two key questions and assign scores 1-5:

Question 1: Impact on Stakeholders "How severely could or does this impact stakeholders (people, communities, environment, governance)?"

- **5 = Severe/substantial:** Serious harm possible, highly likely to occur or already happening, affects health/safety/rights/environment, widespread or global (multiple countries or ecosystems), very difficult to remedy or takes a long time and/or is costly
- **4 = High:** Moderate harm with lasting effects, affects high number of people, countries, regional ecosystems, difficult to remedy, likely to occur within 1 year or multiple times per year
- **3 = Medium:** could impact moderate number of people or up to two or more countries or regional ecosystems, remediation takes a long time and/or is costly, likely to occur within 1-2 years or already occurring every now and then
- **2 = Low:** Minor local effects, easily managed, remediation takes a short time, may occur in next 2-5 years in certain circumstances or has already occurred in our industry
- **1 = Minimal:** Little to no impact on stakeholders, localised with limited spread, easy to remedy quickly with insignificant costs

Question 2: Impact on Business "How significantly could this affect our financial performance, costs and business continuity?"

- 5 = Severe:** Major threat or opportunity to operations, revenue, cost, or reputation, significant negative or positive impact on the business, has already happened or highly likely to occur

- **4 = High:** revenue increase/decline is high, cost or CapEx increase is high, high positive or negative impact on the business, customer/investor pressure, high competitive advantage/disadvantage, likely to occur or already occurs multiple times within 1 year
- **3 = Medium:** Moderate costs or revenue impact, some stakeholder interest, likely to occur in next 1-2 years or already occurs every now and then in the company
- **2 = Low:** Minor costs, limited pressure, may occur within next 2-5 years or has already occurred in our industry
- **1 = Minimal:** Little business impact, event has not yet occurred in our business or industry

Heat Map Plotting

This visual approach simplifies complex assessments:

1. Plot each topic using Business Impact (X-axis) and Stakeholder Impact (Y-axis)
2. Apply severity rules:
 - Any already occurring impact or risk, or any with the potential to impact human rights should automatically score 5 on stakeholder impact
 - Upper right quadrant (4-5 on both) = high priority
 - Mixed quadrants = medium priority
 - Lower left = low priority

Stakeholder Input Questions

For Each Topic, Ask Your Internal Representatives:

Customer Voice (Sales/Customer Service):

- "Do customers ask or complain about this, or have requirements related to it?"
- "Have they been affected by this impact or risk already?"
- "If this were public knowledge, would this affect their buying decisions?"
- "What do our competitors publicly communicate to their customers about this topic?"
- "If this were to appear as front-page news, how good/bad would our business look?"

Supplier Voice (Procurement):

- "Do we see this topic in our supply chain or the supply chains of our suppliers?"
- "Are suppliers raising concerns about the topic?"
- "Is the topic regularly in the news or has it been in the past?"
- "What opportunities do you see related to this topic?"
- "What is the most negatively impacting aspect of your supplied product or service?"

Employee Voice (HR/Operations):

- "Does this affect our people's rights, wellbeing or productivity?"
- "Does or could this impact our ability to attract talent?"
- "Is it a known topic within our industry, sector or workplace?"
- "What opportunities do you see related to this topic?"

Community/Environment Voice (Operations/Local Manager):

- "How does this affect local relationships or natural ecosystems and services?"
- "Does this infringe or affect the standard of living or access to basic life necessities (e.g. Health, safety, education) of local people?"
- "Will this or has it already impacted water sources, biodiversity or land use?"
- "What aspects of natural or cultural heritage are or may be impacted?"
- "When you google this topic, what negative environmental topics are typically listed?"
- "What opportunities would create a positive impact on nature or the environment?"

Handling Common Assessment Challenges

When Stakeholders Disagree:

- Document the range of perspectives
- Look for evidence (incidents, data, regulatory requirements) to support decisions
- If disagreement persists, consider that the disagreement itself may signal materiality
- Default to the higher score when evidence is insufficient

When You Lack Sufficient Data:

- Use your business knowledge and sector experience
- Reference industry benchmarks or peer practices
- Apply the precautionary principle for potential negative impacts
- Consider scoring conservatively but plan to gather more data

When Everything Seems Important:

- Apply the severity rule first - focus on what could or does cause the most serious harm to stakeholders and/or your business's financial health
- Remember that not everything can be a priority - the goal is focus
- Use the "if we could only address 5 topics" forcing question

When Scores Fall Between Categories:

- Choose the higher score when uncertain
- Document your reasoning for future reference
- Consider external validation through peer benchmarking

Workshop Structure

Structure your assessment session efficiently:

- **45 minutes:** Review shortlisted topics and scoring criteria
- **45 minutes - 2 hours:** Score each topic using the two questions
- **30 minutes:** Plot on heat map and identify priorities
- **15 minutes:** Assign ownership and next steps

Common Scenarios During Assessment

- "We don't know enough": Use your business judgment - you know your operations better than anyone
- "Everything scores high": Apply the severity rule - focus on what could cause the most serious harm to stakeholders first
- "Stakeholders have different views": This often signals the topic is actually important - consider scoring higher
- "We're too small to matter": Focus on what matters to YOUR stakeholders and business context
- "We definitely don't want that topic to become material": Apply the scoring then discuss the outcome of the assessment. If you don't want it to be material, the chances are that it might be!

Advanced Considerations for Complex Situations

Multi-Location Operations

- Assess relevance of each topic in your shortlist to each operational site or business entity. Score based on your operations, contribution to revenue, or where the majority of your supply or stakeholders are based
- Note variations across locations in your rationale
- Consider aggregate impacts across all locations

Seasonal or Cyclical Impacts

- Score based on peak impact periods
- Consider frequency and duration in your assessment
- Document seasonal variations
- Score based on severity and remediability, not just frequency of occurrence

Future vs. Current Impacts

- Score based on reasonably foreseeable future scenarios (short-, medium- and long-term)
- Weight current impacts more heavily than speculative future ones
- Consider regulatory and market trend directions

Understanding the Double Materiality Dimensions

Your Impact on Stakeholders (Impact Materiality) This includes how your business affects:

- **People:** Employees, customers, communities, suppliers
- **Environment:** Air, water, biodiversity, climate, resources
- **Governance:** Transparency, ethics, human rights, fair business practices

Stakeholder/World Impact on Your Business (Financial Materiality) This includes how external factors affect your:

- **Financial performance:** Costs, revenues, access to capital, CapEx
- **Operations:** Supply chain disruptions, regulatory compliance costs, recruitment costs

- **Reputation:** Customer trust, investor confidence, social license to operate
- **Strategic position:** Competitive advantage, market access, innovation requirements

Final Output Summary

Your Material Topics:

- Topics scoring 5 on stakeholder impact
- Topics in upper right quadrant of heat map
- Topics where stakeholder input suggests high importance

Next Steps:

- Assign clear ownership for each priority topic
- Set timeline for action planning (typically 2 weeks - 6 months depending on topic)
- Agree budget to address material topics
- Schedule review date (every 2-3 years for SMEs)
- Connect to CIBJO measurement guidelines for metric selection

Appendix D: Template Usage Instructions

This appendix provides guidance on using the DMA templates effectively. The editable templates are available in the Excel Toolkit (separate file). Each template corresponds to specific steps in the 7-step DMA process.

How the Three Documents Work Together

Implementation Guide (this document): Detailed methodology, step-by-step instructions, and assessment criteria.

Visual Guide (PowerPoint): Presentation materials and workshop facilitation slides.

Assessment Toolkit (Excel workbook): Interactive templates to guide and document your assessment.

Before You Begin

1. Read Section 4 (Seven-Step DMA Process) before starting
2. Download and save the Assessment Toolkit: "DMA_[CompanyName]_[Date].xlsx"
3. Gather: Business documents, supplier/customer lists, competitor reports (3-5), regulatory requirements
4. Assign a lead person to maintain the toolkit

Step-by-Step Template Usage

Step 1: Map the Value Chain

Template: Not tracked in Excel

Action: Follow Section 4, Step 1 to create a value chain diagram (upstream suppliers → your operations → downstream customers) and identify 3-5 competitors.

Step 2: Identify and Map Stakeholders

Template: Sheet "1_Stakeholder Mapping"

Instructions:

1. Review pre-populated stakeholder categories
2. Add your specific stakeholders in each category
3. Assign internal representatives for each group (e.g., procurement manager = suppliers, customer service = customers)
4. Document contact details and input collection methods
5. Include "Nature/Environment" as a stakeholder

Output: Completed stakeholder map with representatives assigned

Step 3: Generate Topic Longlist

Template: Sheet "2_Topic Filter and Assessment" (work left to right)

Instructions:

1. Review the pre-populated topics from CIBJO Wheel and sector standards
2. Add any business-specific topics in blank rows below the pre-populated topics
3. Enter Y (include) or N (exclude) in "Include in Long List?" column
4. Consider: competitor reports, value chain relevance, stakeholder input, regulations, industry news
5. When in doubt, include it - aim for 50-100+ topics

Output: Long list of 50-100+ topics

Step 4: Create Topic Shortlist

Template: Sheet "2_Topic Filter and Assessment" (continue working left to right)

Instructions:

1. Filter the sheet to show only topics marked Y from Step 3
2. Review each topic against: business relevance, stakeholder importance, regulatory requirements
3. Enter Y (include) or N (exclude) in "Include in Shortlist?" column
4. Keep a wide funnel - aim for 40+ topics

Output: Filtered shortlist of 40+ topics

Step 5: Assess Materiality (Heat Map)

Template: Sheet "2_Topic Filter and Assessment" (continue working left to right)

Instructions:

1. Filter to show only shortlisted topics (marked Y in Step 4)

2. Gather core team (3-4 people) for assessment workshop (2-6 hours)
3. For each topic, score 1-5 on two dimensions:
 - **Stakeholder Impact:** How severely does/could this impact people/environment/governance?
 - **Business Impact:** How significantly does/could this affect financial performance?
4. Document rationale in "Assessment Notes" column
5. Heat map auto-populates based on scores

Scoring Quick Reference:

- **5 = Severe:** Major actual or potential impacts, already occurring or highly likely
- **4 = High:** Significant impacts, likely within 1 year
- **3 = Medium:** Moderate impacts, may occur within 1-2 years
- **2 = Low:** Minor impacts, possible within 2-5 years
- **1 = Minimal:** Negligible impact, unlikely

Critical rules:

- Severity takes precedence - topics scoring 5 on stakeholder impact are high priority
- Actual/occurring impacts = score 5
- Refer to Appendix C for detailed scoring criteria

Output: Completed assessment with scores, rationale, and heat map visualization

Step 6: Finalise Material Topics

Template: Sheet "3d_Material Topics Summary" (auto-populated from Step 5)

Instructions:

1. Review heat map - focus on topics scoring 4-5 on either dimension
2. With leadership (2-3 executives), set materiality threshold (e.g., "high on either axis")
3. Select final material topics (typically 8-12 for SMEs)
4. Assign an Owner for each material topic
5. Document leadership sign-off and date

Output: Final list of 8-12 material topics with ownership assignments

Step 7: Integration and Action Planning

Template: Not covered in Excel

Action: Use your regular business planning tools. For each material topic, develop action plans with timelines, budgets, and metrics. Connect to CIBJO Measurement Guidelines for metric selection. Schedule review in 2-3 years.

Troubleshooting

"Too many topics in longlist" → Apply Step 4 filtering criteria rigorously

"Scoring everything as important" → Use forcing question: "If we could only address 5 topics, which ones?"

"No data for some topics" → Use business judgment and note data gaps in rationale

"Leadership wants to exclude high-scoring topic" → Document as material but plan to address in years 2-3

Quality Checks Before Finalizing

- All shortlisted topics have been scored (no blanks)
- Assessment rationale documented for high-scoring topics
- Leadership has approved final material topics
- Owners assigned for all material topics
- At least one material topic from each category (E, S, G)

Need More Help?

- **Methodology:** Section 4 (Seven-Step DMA Process)
- **Scoring criteria:** Appendix C (Assessment Methodology)
- **Micro-business:** Appendix E (Quick Start Guide)
- **Visual overview:** Visual Guide slides 8-17

Appendix E: Micro-Business Quick Start Guide

For businesses with 1-9 employees

Complete DMA Process: 2 Hours Total

This simplified process covers all essential elements of double materiality assessment in a format suitable for the smallest businesses.

Step 1: Value Chain Map (15 minutes)

Write down the basics:

- Company: _____
- What you do: _____
- Main customers: _____
- Key suppliers: _____

Step 2: Pick Your Topics (30 minutes)

Start with topics that might affect your business (tick all relevant):

Essential Topics: ☐ Worker safety and health ☐ Customer trust in products ☐ Supplier reliability ☐
Local community relations ☐ Energy costs and efficiency ☐ Waste management

Jewellery-Specific Topics: ☐ Supply chain transparency ☐ Ethical sourcing of materials ☐
Environmental impact of suppliers ☐ Skills and training needs ☐ Export compliance requirements ☐
Conflict materials avoidance

Add 1-2 others specific to your business: ☐ _____ ☐ _____

Step 3: Simple Assessment (45 minutes)

For each topic you selected, ask two questions:

Question A: "Could this harm people or the environment?"

- High = Serious harm possible
- Medium = Some harm possible
- Low = Little harm likely

Question B: "Could this hurt your business?"

- High = Major impact on sales, costs, or reputation
- Medium = Some business impact
- Low = Little business impact

Step 4: Find Your Priorities (15 minutes)

Your material topics are any that score HIGH on either question. Pick your top 3-5 priorities to focus on first.

Step 5: Make Simple Plans (15 minutes)

For each priority topic, plan basic actions:

Priority Topic 1: _____

- What you'll do: _____
- By when: _____
- Who's responsible: _____

Review and Update

Next review date: _____ (suggest: 2 years)

Review earlier if you launch new products, enter new markets, change major suppliers, or regulations change significantly.

Key Tips

- Don't overthink it - Use your business knowledge
- Focus on what matters - You can't fix everything at once
- Ask your customers - What do they care about?
- Start small - Pick 1-2 priorities to work on first

Need more detailed guidance? Use the full SME process described in Section 4.

Appendix F: Large Company Considerations

For businesses with 500+ employees

Large companies can build on the SME framework but require additional rigor for regulatory compliance, investor requirements, and audit readiness. This appendix outlines key enhancements without changing the fundamental 7-step process.

Enhanced Requirements

- **Stakeholder Engagement:** External surveys and consultations rather than internal representatives only. Direct engagement with customers, suppliers, communities, and NGOs.
- **Assessment Methodology:** Multi-criteria scoring frameworks with weighted dimensions, probability assessments, and quantified impact ranges rather than simple heat maps.
- **Documentation:** Comprehensive audit trails, external verification, and board-level governance rather than basic rationale and leadership review.
- **Team Structure:** Cross-functional working groups (6+ people) with dedicated sustainability committee oversight rather than small core teams.
- **Timeline and Resources:** 10+ weeks with professional platforms and external support rather than several days with templates.

Key Differences from SME Approach

Aspect	SME Approach	Large Company Enhancement
Assessment Method	5 -point scoring / heat map	Multi-criteria weighted scoring
Stakeholder Engagement	Internal representatives	External surveys + consultations
Team Structure	1 lead plus 3+ people	Cross-functional groups (6+)
Documentation	Templates and rationale	Comprehensive audit trails
Governance	Leadership review	Board oversight + external assurance
Technology	Templates/spreadsheets	Professional platforms (£10k-50k)
Timeline	3-5 days	10+ weeks
Update Frequency	2-3 years	Annually with continuous monitoring

When to Seek Specialised Support

Large companies typically benefit from external sustainability consultants who can provide:

- Regulatory compliance expertise (CSRD, ESRS, etc.)
- Stakeholder engagement facilitation
- Industry-specific benchmarking
- Professional assessment platforms
- External assurance and verification

The SME methodology in this guide provides the foundation, but large companies should enhance it with professional support to meet investor and regulatory expectations.

Integration with SME Framework

The 7-step process remains the same - large companies simply need deeper execution at each step, particularly for stakeholder engagement (Step 2) and assessment methodology (Step 5)