

Materiality assessment in sustainability reporting: Empirical evidence from the Europe

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Abstract

This study examines the implementation of materiality assessment in sustainability reporting, using hand-collected data from 104 large, listed firms across Italy, UK, France, and Germany from 2013 to 2020. Our findings reveal that firms adopting broader stakeholder-oriented materiality approaches, particularly impact and double materiality, are more likely to conduct comprehensive materiality assessments. We further find that the comprehensiveness of materiality assessments is positively associated with the breadth of sustainability disclosures, irrespective of the materiality approach adopted. The association between materiality approach and comprehensiveness of the materiality assessment is more pronounced in civil law countries where stakeholder orientation is stronger, and among firms in non-environmentally sensitive industries where stakeholder pressure is less intense. Overall, the findings offer important implications for the materiality debate in sustainability reporting and inform standard-setters seeking to promote more stakeholder-inclusive disclosure practices.