

# CHAOS AMONG STAKEHOLDERS (ESG)



## ESG IMPLEMENTATION UNLOCKED SERIES

### WEEK 3: THE STAKEHOLDER CHAOS: FRAMEWORK, CASE STUDY, BUSINESS STRATEGY

## Framework: The Double Materiality Assessment (DMA)

This is the EU CSRD requirement, however, it's useful for ALL companies to prioritize ESG topics.

### The Two Dimensions:

**Financial Materiality (Impact Inward):** "How do ESG issues affect our financial performance?"

**Impact Materiality (Impact Outward):** "How do our operations affect people and planet?"

### The Process (6-Week Sprint):

#### Week 1: Topic Identification

- Start with SASB for your industry (pre-filtered list)
- Add ESRS topics if applicable
- Add emerging issues (e.g., AI ethics, biodiversity)
- Typical list: 20-30 topics

#### Week 2: Stakeholder Identification

Create comprehensive list:

- Internal: Board, executives, employees, unions
  - External: Investors, customers, suppliers, regulators, NGOs, communities
- Select 30-50 people representing these groups

#### Week 3: Financial Materiality Scoring

Survey question for internal stakeholders: Rate each topic's potential financial impact on our company (1-5):

- Regulatory risk
- Operational efficiency
- Revenue opportunity
- Cost of capital
- Reputation/brand value

#### Week 4: Impact Materiality Scoring

Survey question for all stakeholders: Rate the severity of our actual/potential impact on each topic (1-5):

- Scale (how many people/how much environment affected)
- Scope (how widespread geographically)
- Irremediability (can it be fixed?)"

## Week 5: Plot the Matrix

High Financial Materiality

A	B
C	D

Low Financial Materiality

**Quadrant B (High-High):** Your strategic priorities

**Quadrant A (High Financial, Lower Impact):** Manage for risk/opportunity

**Quadrant D (High Impact, Lower Financial):** Report for transparency

**Quadrant C (Low-Low):** Monitor only

## Week 6: Validation & Disclosure

- Board approval of material topics
- Publish matrix in sustainability report
- Use to structure entire report narrative

## Case Study: Financial Services Firm - Stakeholder Alignment

### Company Profile:

Asset manager, \$50B AUM

Stakeholders: Investors (clients), regulators, portfolio companies, employees

### The Problem:

- Clients wanted ESG fund performance data
- Regulators demanded SFDR Article 8/9 compliance
- Portfolio companies asked for engagement priorities
- Employees wanted firm's own footprint disclosed

### The Chaos:

- 4 teams creating 4 separate reports
- Overlapping data requests
- Inconsistent messaging
- Executive leadership frustrated: "What IS our ESG strategy?"

## **The Solution: Materiality-Led Restructure**

### **Step 1: Double Materiality Assessment (8 weeks)**

#### **Financial Material Topics (to the firm):**

- Regulatory compliance (SFDR, CSRD)
- ESG integration in investment process
- Climate risk in portfolios
- Talent retention

#### **Impact Material Topics (from the firm):**

- Stewardship/voting influence
- Portfolio company emissions (financed emissions)
- Diversity in investment decisions
- Community investment

#### **Strategic Material (Both High):**

- Finance emissions reduction
- ESG integration
- Stewardship & engagement

### **Step 2: Reorganized Reporting Structure**

#### **Create 4 Tailored Outputs:**

##### **1. Client Report (Quarterly)**

- ESG fund performance vs. benchmarks
- Engagement wins with portfolio companies
- Voting record on key shareholder resolutions
- Format: 8-page PDF + data appendix

##### **2. Regulatory Filing (Annual)**

- SFDR Principal Adverse Impacts
- Do No Significant Harm assessments
- Taxonomy alignment
- Format: Standardized regulatory template

### 3. Stewardship Report (Annual)

- Engagement priorities (climate, diversity, governance)
- Voting rationales on controversial issues
- Portfolio company progress on targets
- Audience: Portfolio companies + public
- Format: 30-page report + website

### 4. Employee ESG Report (Biannual)

- Firm's own Scope 1, 2, 3 footprints
- DEI metrics and progress
- Community investment impact
- Pro-bono hours
- Format: Internal presentation + intranet

### Step 3: Create Central Data Hub

All reports pull from same source:

- CRM for engagement tracking
- Portfolio analytics for financed emissions
- HR system for employee metrics
- Finance system for own operations

No more duplicate data collection

### Results (Year 1):

- Reporting hours reduced: 680 → 310 (54% reduction)
- Stakeholder satisfaction surveys:
  - Clients: 6.2/10 → 8.7/10
  - Regulators: Zero findings (vs. 3 minor findings previous year)
  - Employees: 72% → 89% feel firm "walks the talk"
- Executive clarity: One-sentence strategy aligned to material topics
- New business: \$2.3B in ESG-mandated AUM (attributed to credible reporting)

**Key Insight:** "We stopped trying to be everything to everyone. We asked each stakeholder group what they actually needed, then delivered exactly that; nothing more, nothing less."

## Business Strategy: The Materiality Refresh Cycle

This is necessary as material topics change, owing to business and world evolution.

### **The Cadence:**

#### **Annual Light Touch:**

- Review last year's matrix
- Check: Any new regulations? Market shifts? Stakeholder concerns?
- Adjust scores if needed ( $\pm 1$  point)
- Takes 2-3 hours

#### **Every 3 Years: Full Reassessment**

- Complete stakeholder survey
- Rebuild matrix from scratch
- Update strategic priorities
- Budget: 80-120 hours + possible consultant support

#### **Trigger Events for Off-Cycle Review:**

- Major acquisition/divestiture
- New regulation (e.g., CSRD kicks in)
- Reputational incident
- Significant business model change

**Real Example:** Tech company's materiality pre-2023: Data privacy, energy use, diversity post-AI boom  
2023: Added "AI ethics" and "environmental impact of AI training"- moved to Quadrant B

## Gerald Ukor, mMBA



**Gerald Ukor** is a certified ESG Reporting Specialist and Sustainability Evangelist with demonstrated experience supporting ESG design, implementation, and data governance initiatives aligned with Development Finance Institution (DFI) standards. He has contributed to ESG reporting frameworks integrating **GRI, SASB, TCFD, and CDP**, with practical application across data collection, materiality assessment, KPI definition, and assurance readiness.

Gerald has supported multi-stakeholder ESG programmes involving corporates, consultants, and technology teams, enabling structured ESG data aggregation, validation protocols, and investor-grade disclosures. His work emphasizes ESG data reliability, regulatory alignment, and decision-useful reporting to support capital allocation, risk management, and sustainability performance monitoring.

He brings a strong execution focus to ESG strategy, including ESG data architecture design, reporting workflow optimisation, and localization of global ESG frameworks for emerging market contexts—particularly within Africa—supporting scalable, technology-enabled sustainability outcomes.

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