



## 1.2 How to embed the ESG Double Materiality Assessment in Enterprise Risk Management?

STMicroelectronics

Corporate Risk

May 13, 2025

# Today's focus

- 1 ERM @ STMicroelectronics
- 2 Double Materiality Assessment (DMA): Requirements
- 3 Embedding the DMA in ERM in practice

# ST at a glance



One of the world's largest semiconductor companies with a long sustainability track record



**50,000** employees, of which **9,000+** in R&D



**\$13.3 billion** revenues in 2024



**14** main manufacturing sites



Over **80** sales & marketing offices serving over **200,000** customers across the globe



Incorporated in **the Netherlands**  
Listed in **New York, Paris and Milan**



First **Integrated Report** published for FY2024



Oversight of **sustainability strategy** by Sustainability Committee of Supervisory Board



Oversight of **sustainability disclosures** by Audit Committee of Supervisory Board



Managing Board and Executive Committee defining and implementing sustainability strategy



Dedicated **Integrated Reporting Programme** (incl. Board, PMO and cross-functional workstreams)



Signatory of the United Nations Global Compact (UNGC)



Member of the Responsible Business Alliance (RBA)

# DMA in the context of ERM and strategy

Challenge:

Fitting the DMA in the overall Risk Management framework and process



# Impacts, risks & opportunities to be managed ST Universe

## Business environment



## Corporate governance



## Strategy & innovation



## Products



## Operations



## Environment



## Intangible assets



## People & social



## Finance



## Ethics, legal & compliance



## Information systems / cyber security



# “Sustainability matters”

Determining the extent of reporting obligations under the CSRD / ESRS regime

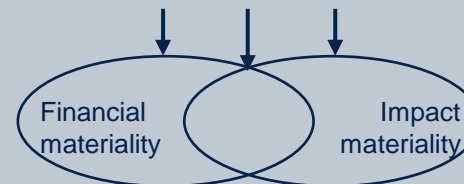
## Sector-agnostic ESRS: 12 reporting standards

Cross-cutting standards

10 Topical standards: Impact, Risk & Opportunity assessments requirements



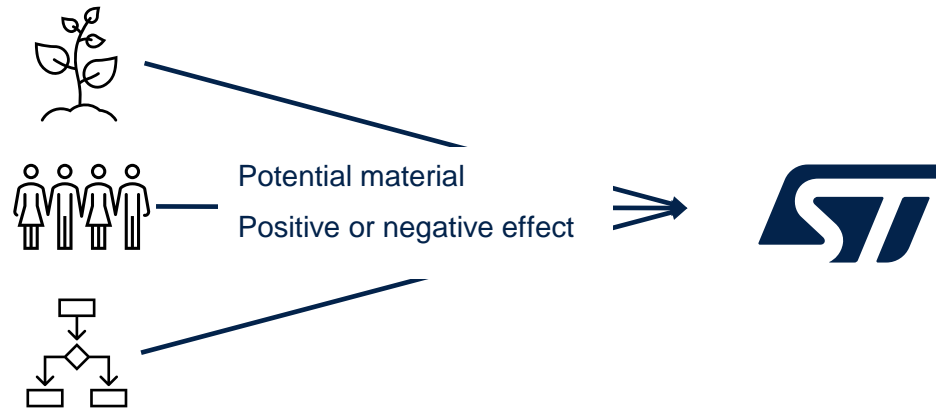
Double materiality



Extent of disclosures  
in integrated reporting

# Context: Double materiality requirements introduced by the CSRD

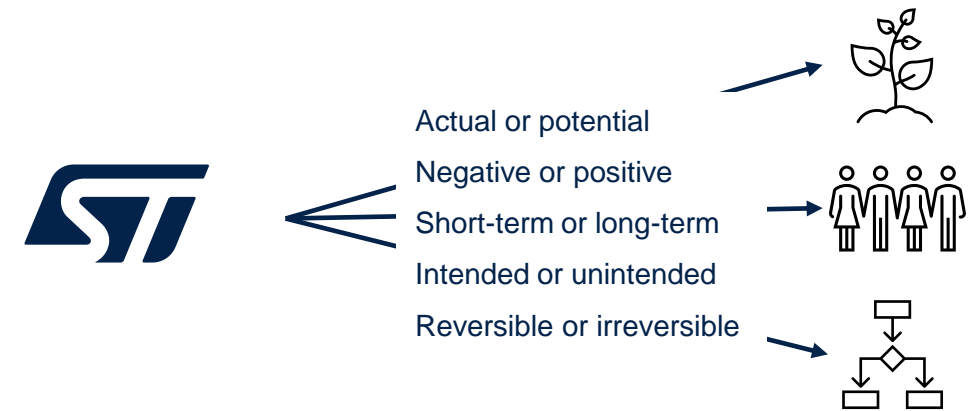
## Risks and Opportunities for ST



### Financial materiality assessment

**Uncertain** environmental, social or governance **events or conditions** that, if they occur could cause a potential material positive or negative **effect on the company** (business model, strategy, capabilities to achieve its goals/targets, value creation)

## ST Impacts on people and the environment



### Impact materiality assessment

The **effect** the company has or could have **on the environment and people**, including effects on their human rights, as a result of the company's activities or business relationships.

Impacts indicate the company's contribution (either negative or positive) to sustainable development

**ERM hosting the Double Materiality Assessment** because the Company shall disclose:

- *“its process to identify the impacts, risks and opportunities and to assess which ones are material.”*
- *“the extent to which and how, the process to identify the impacts, risks and opportunities is integrated into the company's overall risk management process and used to evaluate the company's overall risk profile and risk management processes.”*

Source: ESRS-2

# DMA / ERM schedule

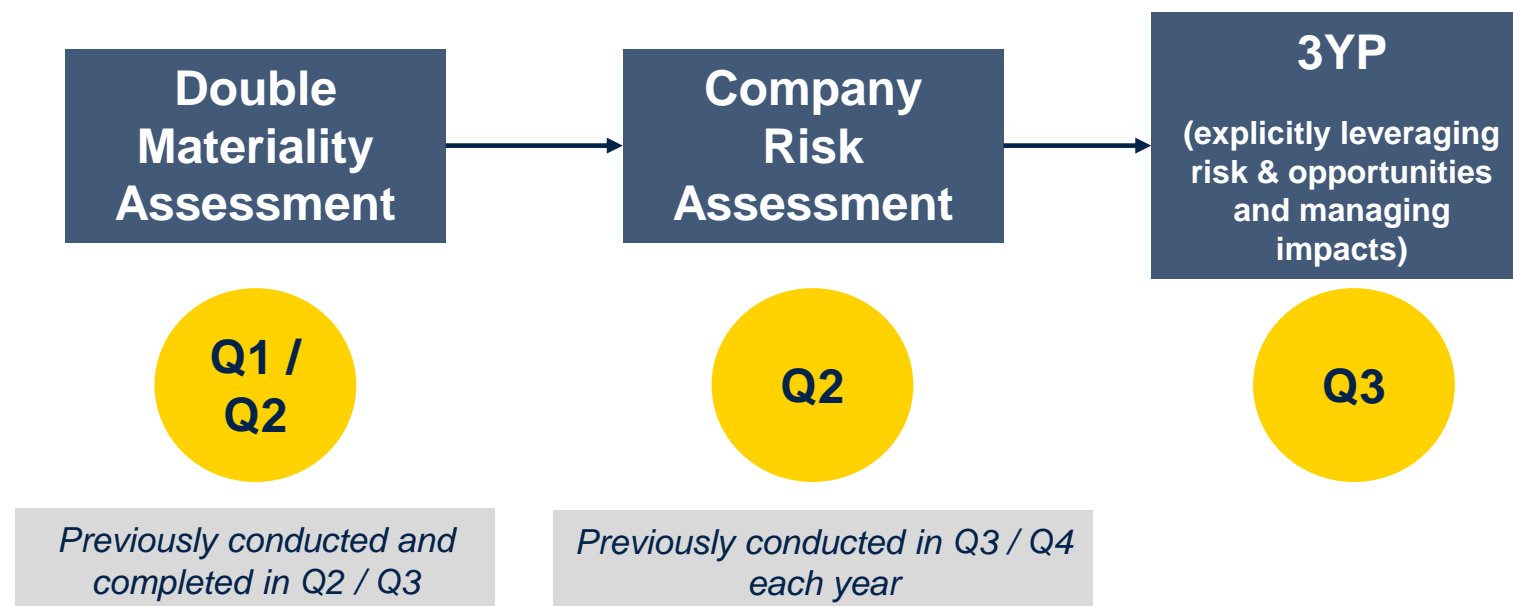
## Corporate ERM Mission

Drive a forward-looking process aiming at a systemic identification, evaluation and treatment of risk scenarios bearing on the achievement of the company's objectives.

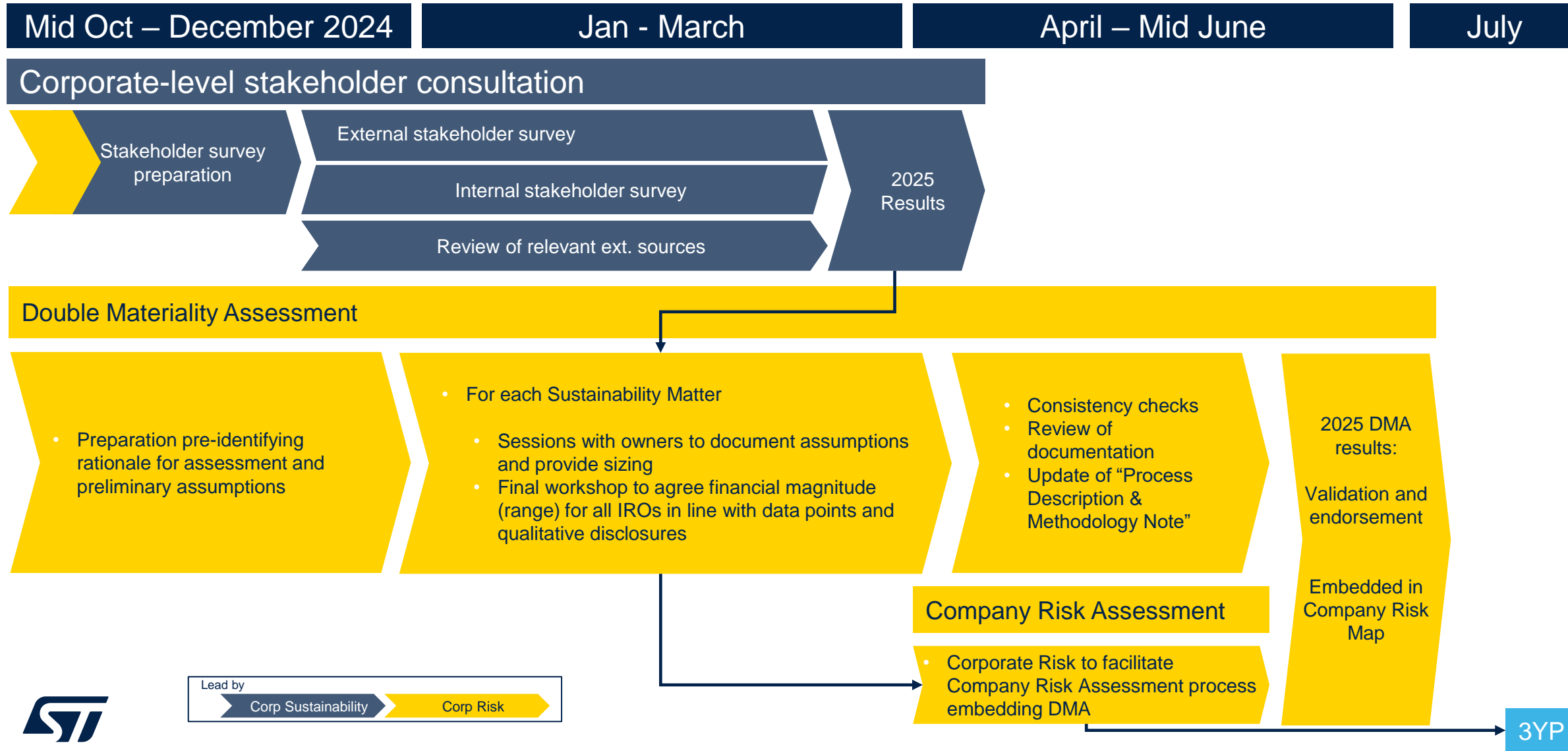
As such, ERM is a key enabler of the company's strategy.

## Re-organising main activities during the calendar year to:

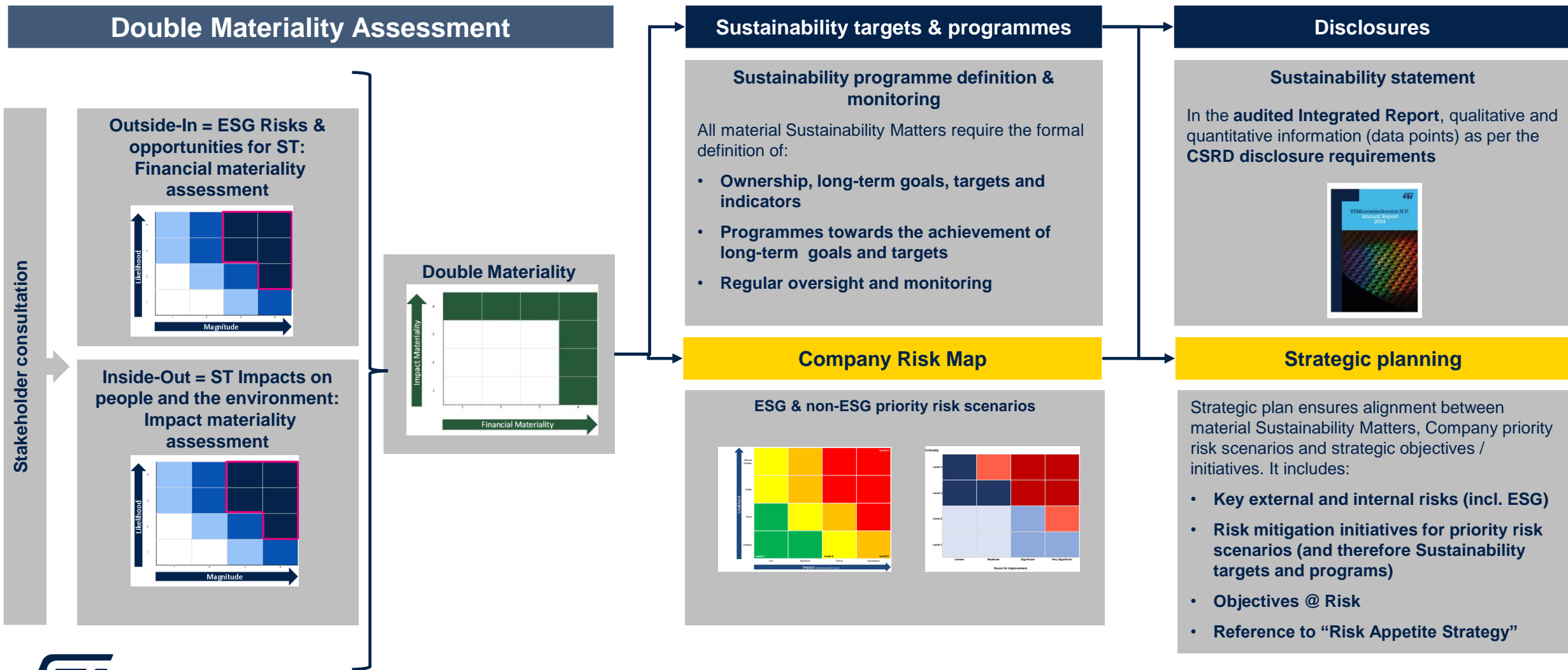
- Secure governance and oversight
- Enable strategic planning and monitor execution
- Ensure compliance and support integrated disclosures



# Structured DMA process



# Double Materiality Assessment: Basis for Sustainability disclosures and input for Company strategy



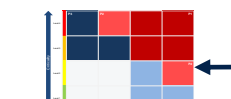
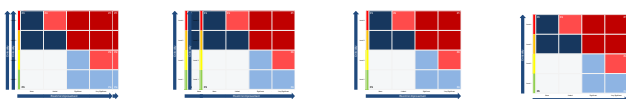
3

Strategic & Transformation Programmes

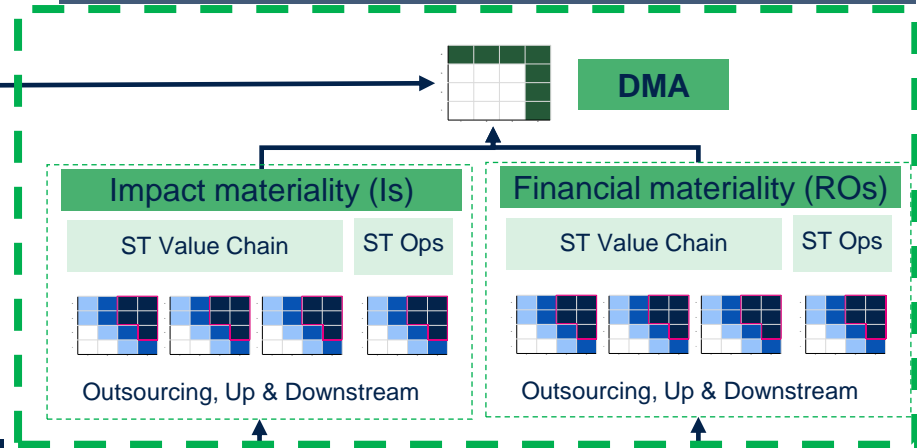
360°

ESG-specific assessments

Company level

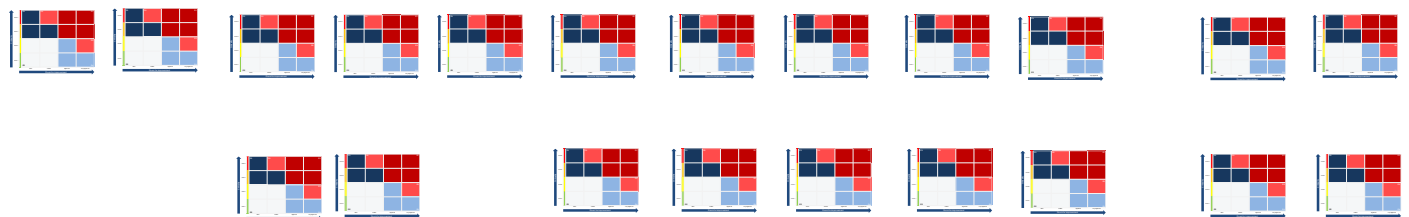


Company Risk Map



Organisation-level

Product Groups    Sales & Marketing    Corporate Functions    Manufacturing



Country level



Site level

<b>Environmental</b>		<b>Social</b>		<b>Gov.</b>	
1. Climate physical risks		6. Own workers		10. Business Conduct	
2. Pollution		7. Workers in SC			
3. Water / marine resources		8. Communities			
4. Biodiversity		9. Consumers / end users?			
5. Circular economy					

Deployment in 26 TBC

# Q&A



# Our technology starts with You



Find out more at [www.st.com](http://www.st.com)

© STMicroelectronics - All rights reserved.

ST logo is a trademark or a registered trademark of STMicroelectronics International NV or its affiliates in the EU and/or other countries.

For additional information about ST trademarks, please refer to [www.st.com/trademarks](http://www.st.com/trademarks).

All other product or service names are the property of their respective owners.

