

# DOUBLE MATERIALITY

ASSESSMENT 2025

IDA FOUNDATION



# INTRODUCTION

IDA Foundation has recently conducted its first Double Materiality Assessment (DMA), in line with the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) where possible. This builds on our initial materiality assessment in 2021, which informed our first set of six material topics and related sustainability targets.

The CSRD requires companies to disclose sustainability information based on the impact of their operations on people and the environment/planet, as well as on how sustainability matters affect the organisation financially in return (see Figure 1). Simply put: if we want to report on IDA's sustainability performance, we first want to make sure we are focusing and reporting on the topics that truly matter, that are material. To us, and to our external stakeholders. That is what we aspired to find out in our DMA.

The DMA provides us with a comprehensive view of sustainability issues that are important to IDA's business (financial materiality) as well as to the people and environment impacted by our products and services (impact materiality). The 'double' in the materiality assessment refers to the dual evaluation of our outward impact – how IDA affects the world and its people – and our inward impact – how global developments affect IDA's financial standing.

By analysing impacts, risks, and opportunities (IROs), the DMA helps us to refine our sustainability priorities, align with evolving stakeholder expectations, and strengthen our ability to deliver quality-assured medicines and health products to low- and middle-income countries (LMICs) at fair prices.

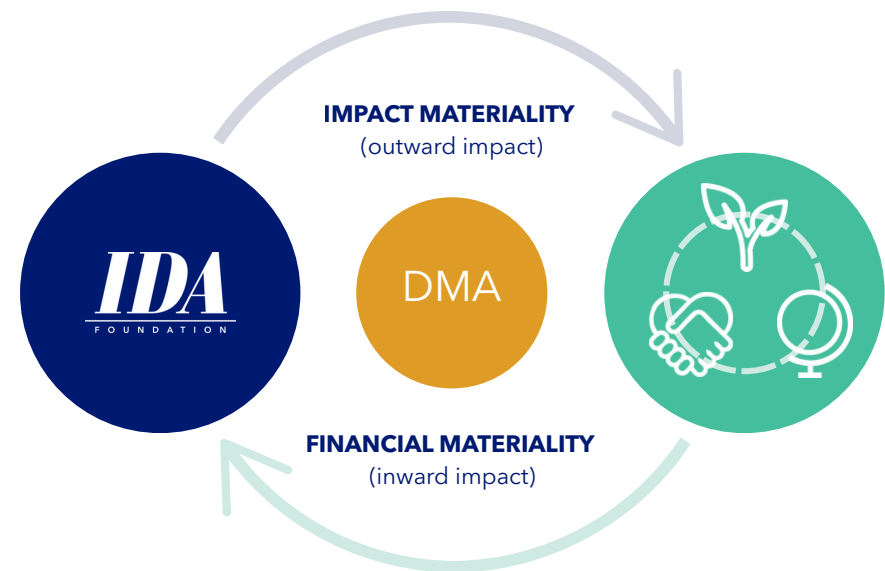


Figure 1 - Double Materiality Assessment (DMA) for IDA Foundation

# METHODOLOGY

## OVERVIEW

We applied a five-step process to identify, assess, and validate material topics:

### 1. VALUE CHAIN AND STAKEHOLDER MAPPING

We mapped our full value chain and identified 50+ stakeholders affected by, or influencing, IDA's operations, including suppliers/manufacturers, clients, logistics partners, funders, strategic partners, regulators, and employees.

### 2. TOPIC IDENTIFICATION

We reviewed 37 sustainability sub-topics using the ESRS framework, conducted a gap analysis against our 2021 materiality outcomes, incorporated findings from our 2024 EcoVadis assessment and 2022 CO<sub>2</sub> baseline calculations. This process resulted in the shortlisting of sixteen topics that are relevant and potentially material to IDA.

### 3. STAKEHOLDER ENGAGEMENT

We surveyed internal and external stakeholders across our value chain, and asked them to rank the impact of our shortlisted 16 topics using a MaxDiff method [1]. A total of 87 respondents from our various stakeholder groups completed the Sustainability Survey, the results of which were used to rank the shortlisted topics based on perceived impact. This resulted in 11 topics being identified as potentially material on outward impact to IDA.

These topics were included in the in-depth analysis to quantify their impact materiality (step 4).

### 4. IMPACT MATERIALITY SCORING AND VALIDATION

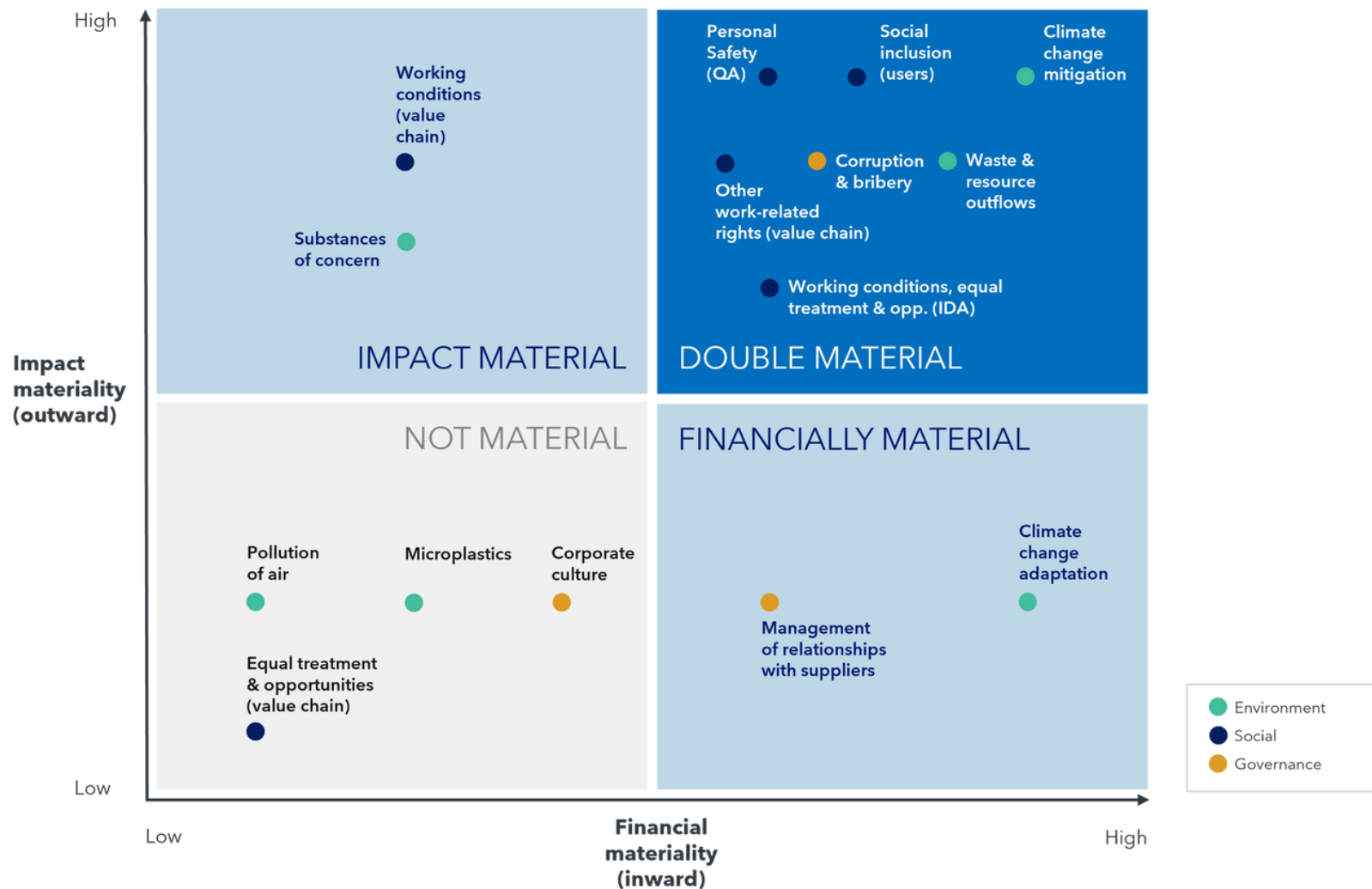
We ran a workshop with IDA employees from different departments to assess and score the environmental and/or social impact of – i.e. scale, scope, irremediability – of each topic. These scores were then validated with key stakeholder groups, including large customers, suppliers, our supervisory board, and global health organisations. We reviewed and validated the results with these groups through online focus groups and meetings.

### 5. FINANCIAL MATERIALITY SCORING

Expert consultation supported the identification of financial risks and opportunities related to each of the shortlisted 16 topics. We ran another internal workshop, now focused on assessing and scoring of the financial materiality – i.e. magnitude and likelihood – of each of the topics. The risk (R) and/or opportunity (O) with the highest score was taken as final score per topic. We held the workshop with representation from IDA Management Team (MT) across key departments: Finance, HR, Quality Assurance and Procurement Services.








# RESULTS IDA'S MATERIAL TOPICS

From 37 initial sub-topics, 16 were short-listed as potentially material to IDA Foundation. Through the described methodology on the previous page, 11 topics were identified as material to IDA Foundation (7 double material, 2 impact material, and 2 financially material). These topics reflect areas where we can make the greatest positive impact and where risks or opportunities are most significant for our business.







# IMPACT, RISK AND OPPORTUNITY (IRO) DISCLOSURE

For the eleven topics identified as material for IDA, the impact (I), risks (R), and opportunities (O) are disclosed in the below table. These topics scored highly on either financial or impact materiality scales, or both (i.e. double materiality).

ESRS ID	Sub-topic	Description	Impact	Financial ROs*
DOUBLE MATERIAL				
ESRS.E1.2	 <b>Climate change mitigation</b>	Actions to reduce the severity of climate change, like lowering greenhouse gas (GHG) emissions from operations, logistics, and other parts of the value chain.	(-) I: Shipping and manufacturing contribute to significant emissions.	O: Emission-lowering strategies (e.g. optimising storage & container loadability) can lead to cost savings in warehousing & transport. O: Increased demand from climate change-driven disruption of health systems and services in LMICs.
ESRS.S1.1 / ESRS.S1.2	 <b>Own workforce - Working conditions Equal treatment and opportunities</b>	Ensuring safe and secure employment, fair wages, and equal opportunities for employees through fair treatment, diversity, equity & inclusion (DEI), training, violence protection.	(+) I: Great Place To Work® certifiedTM; offers fair wages, strong benefits, inclusive work culture.	R: Challenges attracting and/or retaining skilled staff may hinder efficiency and competitiveness.
ESRS.S4.2	 <b>Personal safety (QA)</b>	Ensuring products and services do not harm users and meet safety standards – product quality (QA/QC).	(+) I: Rigorous QA/QC ensures product safety for end-users and incident management.	R: Distribution of sub-standard products may cause harm and damage trust. O: Strong QA positioning differentiates IDA as a trusted partner.
ESRS.E5.3 / ESRS.E5.2	 <b>Waste &amp; Resource outflows</b>	Reducing waste from operations and services, and adopting circular economy practices.	(-) I: High waste levels; limited large-scale circularity initiatives.	O: Minimise packaging, adopt circular strategies, reduce obsolete stock to lower costs and environmental impact.
ESRS.S2.3	 <b>Workers in the value chain - Other work-related Rights</b>	Protecting labour rights across IDA's value chain, including child and forced labour.	(+) I: Supplier/distributor audits enforce Code of Conduct despite limited visibility.	R: Violations may disrupt supply and harm reputation.
ESRS.S4.3	 <b>Social inclusion (users)</b>	Promoting fair access to products and ethical marketing practices.	(+) I: IDA's mission is to bridge access gaps—central to strategy and operations.	R: Lack of donor funding may limit access in high-need regions.
ESRS.G1.6	 <b>Corruption &amp; bribery</b>	Preventing corrupt practices in procurement and sales.	(+) I: Strong anti-corruption policies uphold ethical standards and integrity.	R: Weak controls may lead to fraud, inefficiency, and financial loss.

# IMPACT, RISK AND OPPORTUNITY (IRO) DISCLOSURE

ESRS ID	Sub-topic	Description	Impact	Financial ROs*
<b>IMPACT MATERIAL</b>				
ESRS.S2.1	<b>Workers in the value chain - Working conditions</b> 	Ensuring safe, fair working environments in IDA's value chain (secure employment, adequate wages, health & safety, freedom of association etc.).	(+) I: Despite limited downstream visibility, IDA conducts audits of distributors and suppliers to ensure adherence to its Code of Conduct.	R: Labor condition violations in the value chain may disrupt supply and damage brand reputation.
ESRS.E2.5	<b>Substances of concern</b> 	Use of potentially harmful chemicals in products.	(-) I: Upstream and downstream medical waste, such as large shipments of anti-pesticides for mosquito control, can pose environmental and hazardous risks.	O: Effective management of potentially harmful chemicals in IDA's products can strengthen relationships with clients and funders who prioritise safety and compliance, which creates opportunities to grow our order book and reach more people/fulfilling our mission.
<b>FINANCIALLY MATERIAL</b>				
ESRS.E1.1	<b>Climate change adaptation</b> 	Adjusting practices to better cope with climate change effects.	I: not material under impact.	O: Emission-lowering strategies (e.g. optimising storage & container loadability) can lead to cost savings in warehousing & transport.
ESRS.G1.6	<b>Management of relationships with suppliers</b> 	Practices related to payment and fair treatment of suppliers.	I: not material under impact.	R: Over-reliance on key suppliers poses continuity risks in volatile markets

\* Per ESRS guidelines, impact is identified as either positive '(+)' or negative '(-)'; and only highest scoring risk (R) and/or opportunity (O) per topic is listed.

Besides defining and scoring the IROs for each topic on materiality, the trend per topic's risks and opportunities was also identified. Due to our identification of a strong increasing trend, one risk was identified to be on the materiality 'watch list', even though in current assessment the scoring does not identify it as financially material, IDA expects this to become material in the future:

- Topic: ESRS.S4.3 - Social Inclusion
- Risk: Lack of effective pharmacovigilance may result in undetected side effects, harming users and leading to legal, reputational, and financial impacts.

# OUTCOMES AND NEXT STEPS

The DMA process and its outcomes allow IDA Foundation to:

- Focus our sustainability commitments on areas where we can achieve the greatest combined business and societal impact.
- Establish measurable targets linked to each material topic.
- Strengthen engagement with stakeholders across the value chain.
- Standardise reporting in line with ESRS and CSRD requirements.

In the coming months, we will use the outcomes of the 2025 DMA to refine and update the structure of IDA's Sustainability Report, its strategic framework, and its related targets. This is expected to be released in early 2026.

IDA will do an annual check to determine whether the outcomes of our 2025 DMA remain valid. In the event of significant organisational and/or operational changes, IDA will assess whether (parts of) the DMA need to be redone and will disclose the outcomes if changes are required. This will help us to maintain our focus on sustainability in an ever-changing global health landscape.





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#### **GET IN TOUCH WITH OUR TEAM:**

We value opinions from internal and external stakeholders to help us improve and progress in our approach to sustainability. Please share your feedback with us by sending an email to [sustainability@idafoundation.org](mailto:sustainability@idafoundation.org)