

Double Materiality Assessment: Technical Documentation

The Double Materiality Assessment (DMA), conducted in FY 25/26, identifies and prioritises the sustainability-related impacts, risks and opportunities (IROs) that are material to Luxion Group and its wider value chain. It has been developed using the principles of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), although the Group is not currently required to report under these frameworks.

The decision to adopt the DMA methodology reflects a voluntary commitment to strengthening the Group's sustainability strategy and embedding a more structured, transparent and decision-relevant approach to identifying priority sustainability issues. Rather than operating as a compliance exercise, the DMA is used as a strategic tool to support prioritisation, improve consistency in decision-making, and ensure sustainability considerations are embedded across the business.

The DMA considers materiality from two perspectives:

- **Impact materiality:** the actual and potential impacts of the Group on people and the environment
- **Financial materiality:** the sustainability-related risks and opportunities that could affect the Group's financial performance, position, or long-term resilience

Together, these perspectives ensure that both external impact and internal business relevance are reflected in the final prioritisation of topics and in the subsequent development of the Group's sustainability strategy.

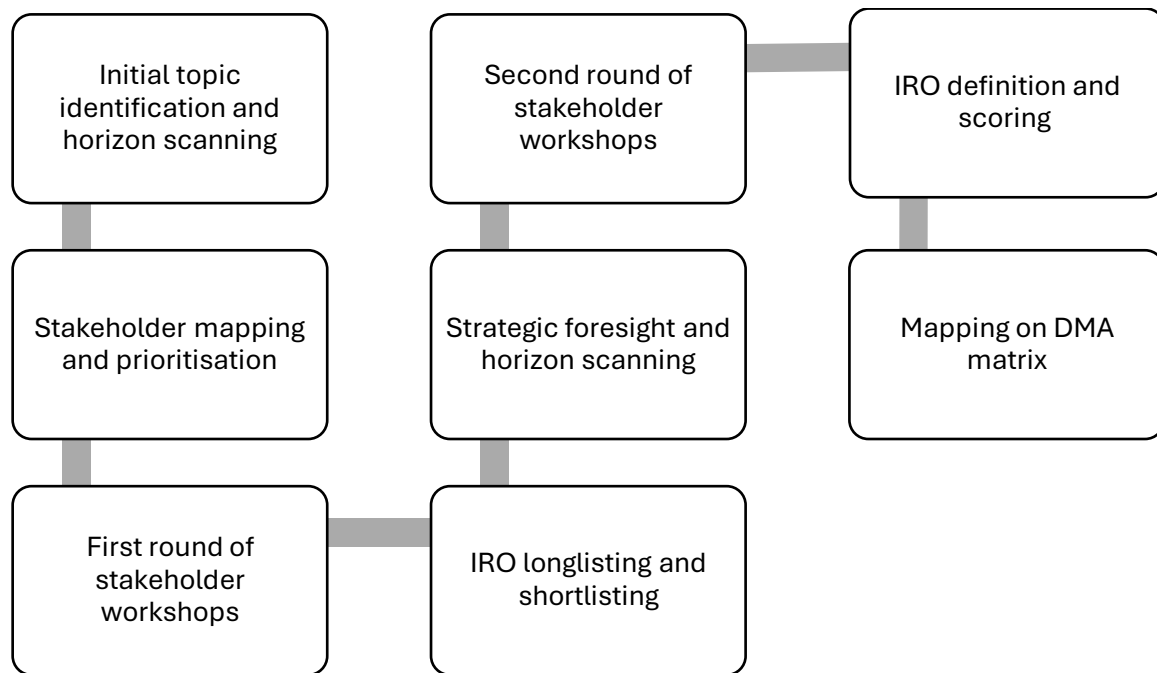
Scope & Approach

The DMA covers sustainability-related impacts, risks and opportunities across Luxion Group's own operations, upstream value chain, and downstream value chain. This reflects the full extent of the Group's operational footprint and the broader ecosystem within which it operates.

The scope includes environmental, social and governance topics aligned with ESRS requirements, alongside issues specific to the Group's activities, including energy supply, infrastructure, technology, customer services, and corporate operations. A forward-looking lens has been applied throughout, incorporating short, medium and long-term time horizons in order to capture both current and emerging sustainability considerations. These include regulatory developments, technological change, market evolution and wider social and environmental trends.

This approach ensures that the DMA is not limited to present-day risks or impacts but also reflects structural shifts that are expected to shape the Group's operating environment over time.

Figure 1: Overview of DMA Process



Stakeholder identification and prioritisation

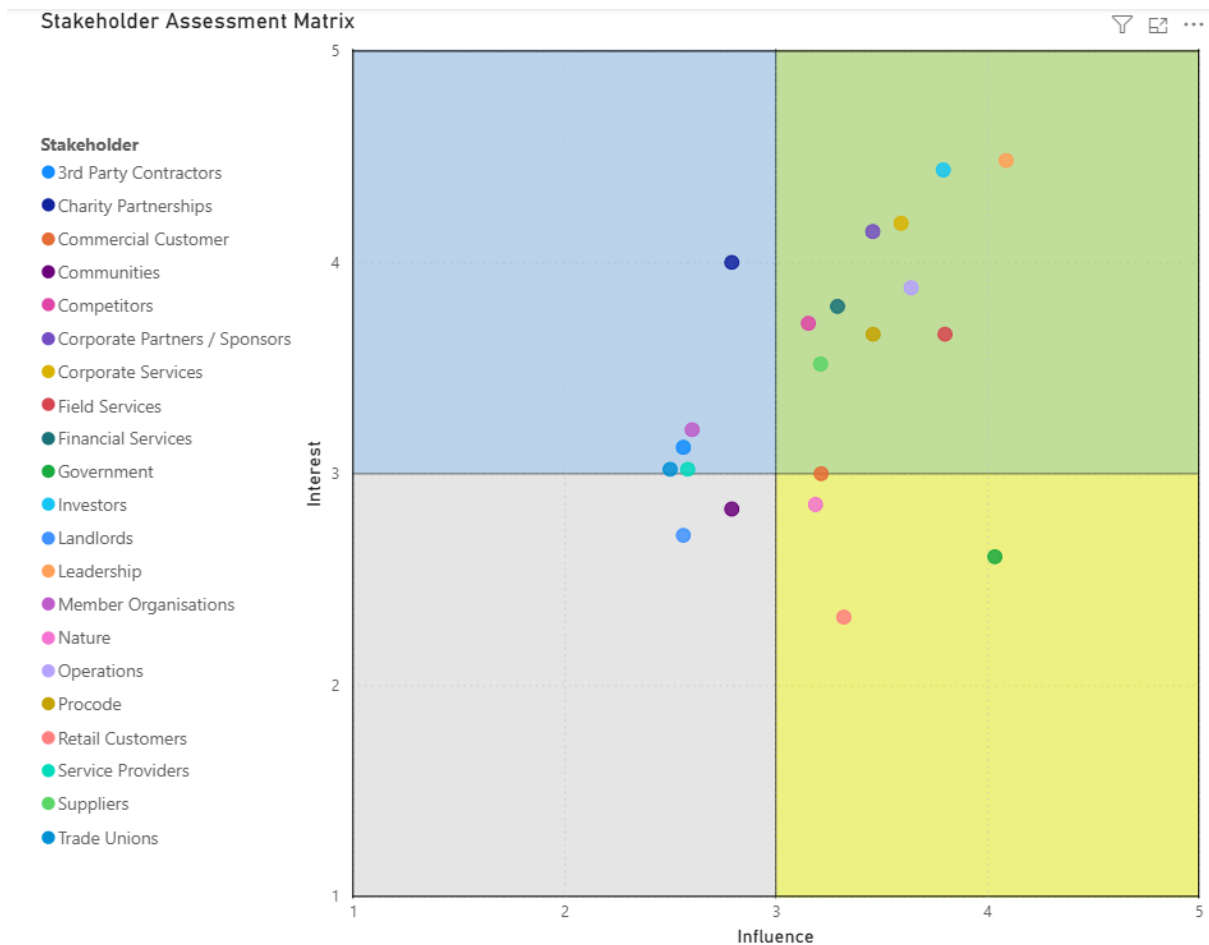
Stakeholders relevant to the Group’s sustainability impacts and financial exposure were identified and grouped into functional categories based on their relationship to the business. This included, for example, regulators and policymakers, customers, suppliers, employees and delivery partners.

Stakeholder groups were then assessed according to two dimensions: their level of influence over the Group and their level of interest in the Group’s sustainability performance. Influence reflects the extent to which stakeholders can affect strategy, operations or compliance, while interest reflects the degree to which stakeholders are affected by, or engaged with, the Group’s sustainability impacts.

This assessment was undertaken through internal workshops with senior stakeholders, supported by value chain analysis and prior engagement activity. The outputs were consolidated into a stakeholder influence and interest matrix.

This matrix informed both engagement prioritisation and the subsequent identification and validation of sustainability-related impacts, risks and opportunities.

Figure 2: Stakeholder Interest and Influence Matrix



Identification of Impacts, Risks and Opportunities (IROs)

The identification of IROs was conducted through a structured process designed to ensure comprehensive coverage of sustainability matters across the Group's value chain. This combined a top-down review of ESRS defined sustainability topics with a bottom-up analysis of the Group's operational activities.

The ESRS framework provided the starting structure for identifying potential sustainability-related impacts, risks and opportunities. This was complemented by a value chain assessment spanning upstream suppliers, internal operations and downstream customer interactions. These inputs were informed by earlier horizon scanning and stakeholder analysis exercises, ensuring that both operational realities and external drivers were reflected.

This process generated a comprehensive longlist of IROs, which was then refined through stakeholder engagement and internal review to ensure relevance and consistency.

Horizon Scanning and Strategic Foresight

A horizon scanning exercise was undertaken to identify emerging external trends that may influence the Group's sustainability-related risks and opportunities over time. This analysis considered approximately 150 external signals across regulatory, technological, economic, environmental and social dimensions using a structured STEEP (social, technological, economic, environmental and political) framework.

The review covered short-term (1-2 years), medium-term (3-5 years) and long-term (5-10 years) horizons. Key themes included developments in energy market regulation, advances in low-carbon technologies, increasing electrification, affordability pressures, demographic change and climate-related physical risks.

The outputs of this exercise were used to refine the initial IRO longlist, including elevating the materiality of certain topics and introducing additional issues where emerging relevance was identified.

Stakeholder Workshop 1: validation of IRO longlist

The first stakeholder workshop focused on validating the completeness, relevance and appropriate level of granularity of the IRO longlist. Participants were selected based on subject matter expertise across the identified topic areas to ensure informed review and challenge.

Ahead of the workshop, participants were provided with supporting context including the methodology, value chain analysis and a summary of the longlist structure. This ensured a consistent baseline understanding across all contributors.

During the workshop, IROs were reviewed systematically by topic. Stakeholders assessed whether each sustainability topic was relevant to the Group, whether it was defined at an appropriate level of granularity, and whether any material issues were missing or incorrectly included. The focus at this stage was not scoring, but validation and refinement of scope.

A key output of this workshop was the consolidation of feedback on relevance and structure, including the identification of overlaps, gaps and areas requiring refinement ahead of formal definition.

IRO consolidation and definition

Between Workshop 1 and Workshop 2, the sustainability team undertook a structured consolidation and definition exercise. This stage translated the validated longlist into a coherent and non-duplicative set of IRO definitions suitable for scoring.

Each IRO was classified as an impact, risk or opportunity and further assessed as either actual or potential. IROs that shared common drivers, business consequences or underlying causes were grouped together into clusters. These clusters were then translated into single, consolidated IRO definitions that captured the full scope of the issue in a clear and decision-useful format.

This process significantly improved consistency and reduced duplication across the dataset. In total, 255 IROs were defined, spanning 22 subtopics across 10 ESRS topics.

Table 1: Topics and Subtopics

ESRS Topic	Subtopic
Climate Change	Climate Change Adaptation
Climate Change	Climate Change Mitigation
Pollution	Upstream Pollution
Pollution	Downstream Pollution
Pollution	Operational Pollution
Water	Upstream Water

Water	Downstream Water
Water	Operational Water
Biodiversity & Ecosystems	Upstream Biodiversity
Biodiversity & Ecosystems	Downstream Biodiversity
Biodiversity & Ecosystems	Operational Biodiversity
Governance	Process and Culture for Policy and Regs
Governance	Engagement and Influence
Governance	Internal Buy-In
Circular Economy	Circular Economy
Customers & End Users	Customer Regs and Policy
Customers & End Users	Response to Market
Customers & End Users	Customer Comms
Own Workforce	Skills Pipeline / Recruitment
Own Workforce	Support for Existing Workforce
Workers in the Value Chain	Workers in the Value Chain
Affected Communities	Affected Communities

Stakeholder Workshop 2: materiality scoring

The second stakeholder workshop focused on assessing the financial and impact materiality of the consolidated IRO definitions. This workshop brought together a more focused group of internal stakeholders with relevant expertise across the defined topics.

The session began with a structured walkthrough of the scoring methodology, including worked examples to ensure consistency of interpretation. Impact materiality was assessed based on severity and likelihood, with severity defined through scale, scope and irremediability for negative impacts and scale and scope for positive impacts. Financial materiality was assessed using a likelihood-impact approach aligned with the Group's enterprise risk framework (Tables 2, 3 & 4).

Following the walkthrough, participants completed scoring using a structured questionnaire. This approach was used to reduce group bias, ensure independent assessment, and enable broader participation from stakeholders who were unable to attend the workshop itself.

Scores were then consolidated and analysed by the sustainability team. Where variation existed between respondents, the modal score was used to ensure consistency and reduce the influence of outliers. Aggregated impact and financial scores were then used to position each subtopic within the double materiality matrix (Figure 3).

Table 2: Impacts Scoring Criteria

Scale: How significant the impact is or could be for affected stakeholders	Scope: How widespread the harm/good would be or is for the relevant stakeholder group	Remediability: How difficult it is to counteract or reverse the harm (<i>negative impacts only</i>)	Likelihood: How likely it is that the impact would occur (<i>potential impacts only</i>)
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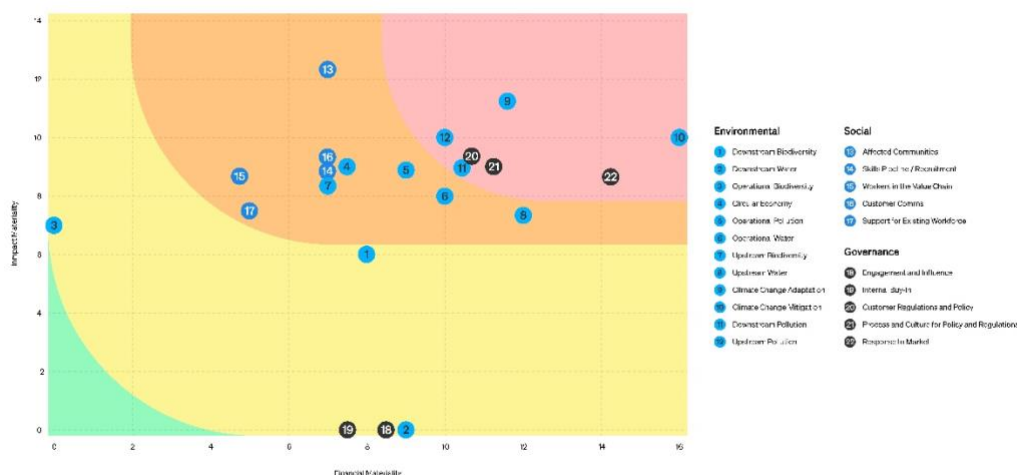
Table 3: Risks and Opportunities Scoring Criteria

Likelihood Score	Impact Score
Likelihood is the probability the risk or opportunity will occur.	Impact is the potential level of consequence or change that would occur if the risk or opportunity materialises.

Table 4: Scoring Summary

Scoring of IROs						
			Severity = Average of:			
<i>IRO type</i>	Likelihood		Scale	Scope	Irremediability	Impact
Potential negative impacts	x	multiplied by	x	x	x	
Actual negative impacts	5		x	x	x	
Potential positive impact	x		x	x		
Actual positive impact	5		x	x		
Risks	x					x
Opportunities	x					x

Figure 3: Double Materiality Matrix



Governance and Oversight

The DMA was delivered under a structured governance framework led by the sustainability function, with oversight from senior leadership and the Board. Senior stakeholders were engaged at key stages of the process, including stakeholder prioritisation, IRO validation and materiality scoring. Outputs were reviewed at each stage to ensure alignment with operational realities and strategic priorities before progressing.

The Board received updates at key milestones, including the final DMA outputs and double materiality matrix. This ensured visibility of findings and provided a basis for integrating results into strategic planning and risk oversight.

Limitations and Assumptions

The DMA reflects a point-in-time assessment based on current business structure, available data and external context. It relies primarily on internal stakeholder input, supported by structured analysis and external scanning. As a result, there is potential for bias toward more operationally visible impacts, particularly in areas of the value chain that are less directly observable. To mitigate this, the process incorporated multiple data sources, structured scoring criteria and cross-functional input.

Materiality scoring is inherently based on informed judgement and reflects the perspectives available at the time of assessment. The DMA will therefore be refreshed periodically to reflect changes in business activity, regulatory context and external conditions.

Use of DMA Outputs

The outputs of the DMA form a foundational input into the development of the Group's sustainability strategy. Material topics identified through the assessment have been used to inform strategic priorities, delivery focus areas and governance structures. These outputs also feed into broader risk management and reporting processes, ensuring that sustainability considerations are embedded within enterprise-level decision-making. At a Group level, the DMA provides a structured basis for aligning sustainability priorities with operational and strategic planning.