

London Stock Exchange Group plc

Double materiality assessment methodology 2025

LSEG

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Our double materiality assessment process

Our double materiality assessment, informed by the European Financial Reporting Advisory Group (EFRAG) guidance, was undertaken in 2025 via a five-step approach as set out further below. The assessment considered the following perspectives:

- **Impact materiality:** the positive and negative impacts of LSEG’s activities on the environment and society.
- **Financial materiality:** the risks and opportunities from sustainability topics on LSEG’s financial performance (including future cash flows or enterprise value).

Throughout the process, we had to work with limitations including maturity of regulation and data availability. The assessment involved judgements, assumptions and estimates which are detailed in the five steps below.

Step 1: Business context

The objective of this step was to gain an understanding of LSEG’s business context, including the identification of legal entities in scope, our operating model, the value chain and key stakeholders. Scoping of the value chain included assessment of our key stakeholders, the geographies we operate in and are exposed to and the services we offer. This was done through the use of key internal and external documentation analysis. To understand and document our own operating landscape, desk-based research was performed, including identifying colleague numbers and locations, key operation geographies, business divisions, corporate functions and governance framework.

LSEG’s broader value chain (from direct and indirect upstream suppliers, our key business functions and divisions, to our downstream customer segments) was mapped through further desk-based assessment. To understand the scale and scope of our stakeholders and exposures, we assessed supplier and customer data against business criticality to ensure completeness. This included activities for indirect upstream key suppliers, i.e., data centres, and downstream customer activities which are directly linked to LSEG’s products and services.

Step 2: Long-list of sustainability topics

To identify a long-list of potentially material topics for LSEG, we undertook desk-based analysis which included reviewing the following: the sustainability topics detailed in the European Sustainability Reporting Standards (ESRS) Set 1 General Requirements; LSEG Group policies, disclosures and the Enterprise Risk Management Framework (ERMF); sector peer analysis; and sector frameworks such as Sustainability Accounting Standards Board (SASB) standards.

This analysis resulted in a long-list of potentially material sustainability topics which we presented to internal and external stakeholders for their input. We used interviews and surveys for this stakeholder engagement, tailored to each stakeholder’s knowledge and expertise (see table below). Proxies were used to represent external stakeholders. The long-list of potentially material sustainability topics was taken through step 3 to develop impacts, risks and opportunities (IROs) for LSEG.

Double materiality assessment stakeholder engagement

Stakeholder group	Engagement type
Customers	Surveys and interviews
Suppliers	Surveys
Internal subject matter experts from: Finance, Operations, People, Sustainability, Strategy, Technology, Investor Relations, Company Secretariat, Risk, Procurement, LSEG Foundation, Operational Resilience, Data Protection, Legal and Compliance and Government Relations and Regulatory Strategy	Interviews
Employees from in-scope legal entities	Surveys
Communities and non-governmental organisations	Interview – internal proxies used
Investors	Interview – internal proxies used
Regulators and government industries	Interview – internal proxies used
Nature	Silent stakeholder based on existing analysis

Our double materiality assessment process continued

Step 3: Impacts, risks and opportunities (IROs)

Based on the list of potentially material topics, and via a working session with sustainability subject matter experts, we identified related IROs deemed to be relevant to LSEG's business context and value chain. When identifying these IROs, we considered any potential dependencies between the impacts and risks. The IROs were reviewed by the CSRD Working Group to add any further IROs to the list to be taken through to scoring in step 4. Based on this discussion, a list of IROs was taken forward for scoring.

Step 4: Financial and impact materiality assessments

Financial and impact materiality assessments were undertaken in parallel and incorporated inputs from internal subject matter experts from Finance, Sustainability, Sustainable Finance, Risk, Operations, People and Investor Relations. Both assessments were based on a scoring methodology we developed, informed by EFRAG guidance and aligned with LSEG's business-defined financial planning and risk thresholds to ensure consistency.

The IROs were scored across specified parameters (set out below), considering short-, medium- and long-term timeframes. Timeframes were defined to align with LSEG's existing risk management framework and business planning cycle. This slightly diverges from the timeframes defined in the ESRS.

- **Short-term:** current reporting period aligned with financial statements (0-1 year)
- **Medium-term:** 1-3 years, in line with LSEG's business planning cycle
- **Long-term:** 3+ years

For the impact materiality assessment, scoring was performed by the CSRD Working Group. The financial materiality assessment was led by LSEG's Financial and Technical Accounting team, with inputs from Group Risk and specific subject matter experts, where appropriate.

Step 5: Validation and conclusion of material IROs

Following the financial and impact assessments of the IROs, the scoring outputs were assessed and validated against LSEG-defined thresholds to determine which IROs were material. The material IROs were then reviewed and validated by subject matter experts and the CSRD Working Group, before being reviewed and approved by the Sustainability Committee (a sub-committee of the Executive Committee and the Board). Following this review and approval process, IROs were deemed material for LSEG across six ESRS topics.

IRO scoring parameters

	EFRAG parameter	LSEG parameter	LSEG definition
Impact materiality	Scale	Magnitude	Magnitude of harm or improvement for people, society and/or the environment
	Scope	Spread	Geographical extent of ecosystems or number of people affected
	Irremediability (for negative impacts)	Degree of recovery	To what extent the impact can be reversed/restored
	Likelihood (for potential impacts)	Likelihood	Likelihood of the occurrence over the time horizon
For negative human rights impacts, severity took precedence over likelihood when scoring (for both potential and actual impacts) to align with ESRS requirements			
Financial materiality	Magnitude	Financial magnitude	Financial impact on bottom line
	Likelihood	Likelihood	Likelihood of the occurrence over the time horizon

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London Stock Exchange Group plc
10 Paternoster Square
London EC4M 7LS
Telephone +44 (0)20 7797 1000