



MITIGATE ESG PLATFORM DOUBLE MATERIALITY ASSESSMENT GUIDELINES

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1. INTRO

Welcome to the guide for navigating the Double Materiality Assessment (DMA) module within our ESG Platform. Recognizing the crucial role that double materiality assessment plays as the starting point for sustainability reporting under the European Sustainability Reporting Standards (ESRS), our DMA module is designed to streamline and enhance this pivotal process.

Understanding the importance of DMA is fundamental to any organization looking to thrive in today's sustainability-focused landscape. A well-conducted DMA not only identifies what is material to your business from both a financial and non-financial impact perspective but also informs strategic decision-making, stakeholder communication, and long-term value creation.

Our Platform simplifies the DMA process by providing a structured, user-friendly workflow to conduct your assessments effectively and efficiently. Whether you are new to sustainability reporting or looking to refine your approach, our module offers the tools and guidance needed to perform a robust DMA that aligns with the rigorous requirements of the ESRS.

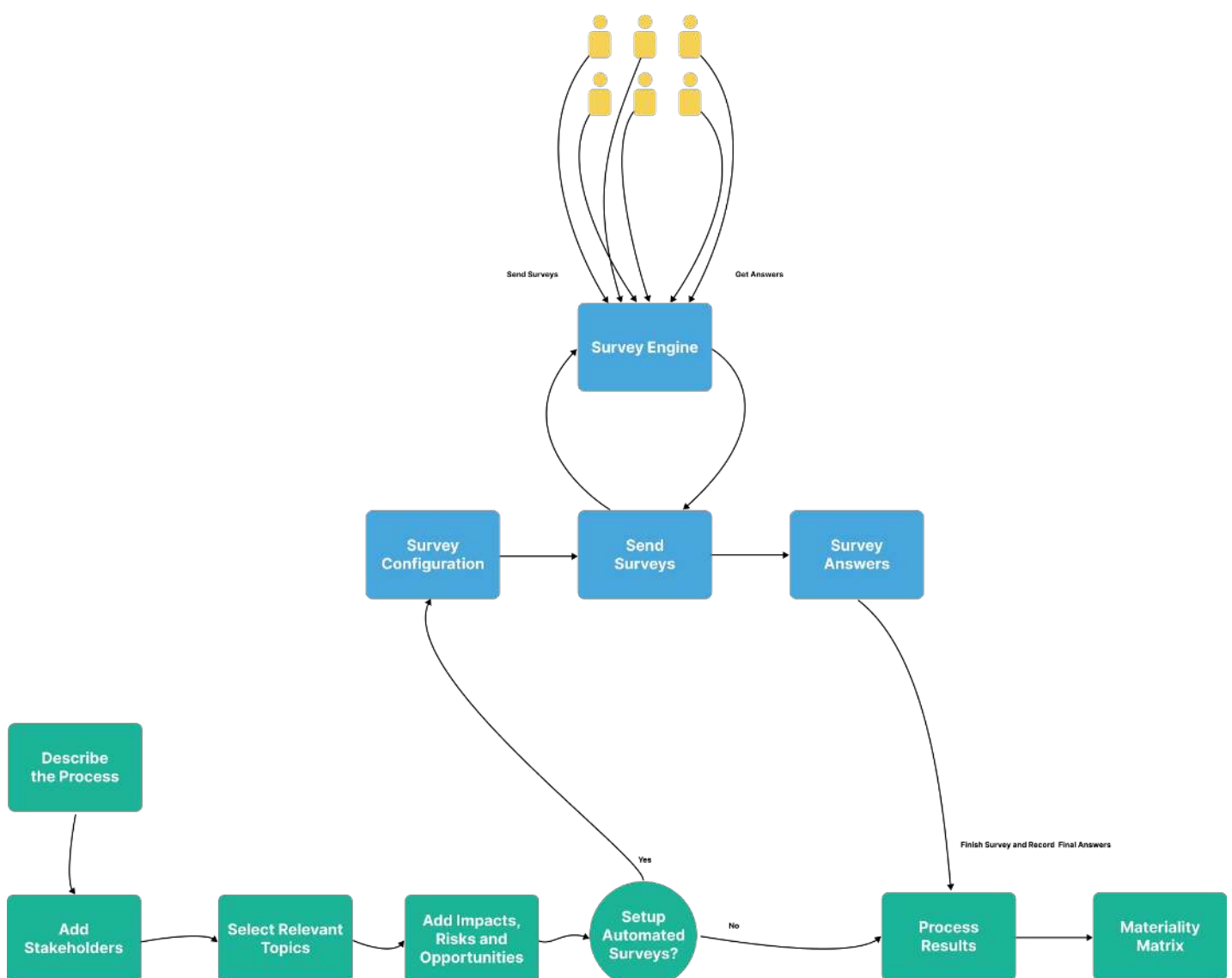
The DMA module encompasses the full spectrum of tasks required for a thorough assessment, from engaging stakeholders and analyzing data to prioritizing material issues and reporting outcomes transparently.

2. WORKFLOW

The Double Materiality Assessment (DMA) module provides a workflow that empowers your organization to conduct a materiality assessment in line with the European Sustainability Reporting Standards (ESRS). The workflow is divided into six key stages:

- 1. General Information:** Begin by establishing the foundation of your DMA with essential background details. Input general information about your organization, including the reporting period, the scope of the assessment, and any specific sustainability goals or frameworks that guide your reporting strategy.
- 2. Add Stakeholders:** Identify and add stakeholders relevant to your sustainability journey. This step involves creating a stakeholder registry, categorizing them (e.g., customers, employees, investors, suppliers), and noting their significance and influence on your organization.
- 3. Potentially Relevant Topics:** Compile a list of sustainability topics that could be material to your organization. This step is crucial for ensuring that no significant area is overlooked. The module will guide you through identifying these topics based on industry standards.
- 4. Identify and describe Impacts, Risks and Opportunities (IROs):** Probably the most important activity is to identify and describe IROs. You will have to fill in general and also ESRS-specific information for each of IRO. This way you can be sure that your descriptions are compliant and well-described.
- 5. Conduct Survey:** Engage with your stakeholders through web surveys to gauge their perspectives on the importance of each potentially relevant topic. The module facilitates the creation, distribution, and management of these surveys, ensuring a seamless data collection process.
- 6. Results:** Analyze the survey results alongside data gathered through offline methods such as workshops and interviews. This integrated approach ensures a holistic view of material topics.
- 7. Materiality Matrix:** Visualize the outcomes with a materiality matrix that plots the significance of each topic against its impact on your organization and stakeholders. This visualization aids in prioritizing topics and identifying those that are essential for inclusion in your ESG report.

The diagram below illustrates the full process of DMA through the software. Users can skip the automated surveys and enter stakeholder assessments and opinions from other sources like seminars, workshops and interviews.



3. CORE FEATURES

3.1. GENERAL INFORMATION

The "General Information" section sets the stage for the Double Materiality Assessment, outlining the framework and intentions of the process. This concise overview provides the necessary context for the ensuing detailed DMA workflow:

- Objective of the Assessment
- Scope and Boundary
- Methodology
- Stakeholder Engagement
- Criteria for Materiality
- Identification of Material Topics
- Review and Validation

Double Materiality Assessment

- General Information**
Overall information
- Add Stakeholders**
Add people who can affect these decisions
- Relevant topics**
Which topics are relevant to your company?
- Conduct survey**
Interact with stakeholders to detect essential topics
- Results**
Review and adjust assessment scores
- Materiality matrix**
See results in graphic and topics that are required in ESG report

General information

Objective of the Assessment:

Explain the purpose of the double materiality assessment, including how it supports the identification of material topics for the company.

The purpose of conducting a double materiality assessment for Mitigate is to comprehensively evaluate the intersection of our business operations with environmental, social, and governance (ESG) factors from two distinct but interconnected perspectives. Firstly, the 'outside-in' perspective assesses how ESG issues can have a material financial impact on our company, influencing our performance, risk profile, and strategic decision-making. Secondly, the 'inside-out' perspective considers the significance of our company's impact on society and the environment. This holistic approach not only ensures that we align with stakeholder expectations and regulatory requirements but also promotes transparency and accountability in our sustainability practices.

By undertaking this dual analysis, we systematically identify and prioritise material topics that are both significant to our stakeholders and have a substantive influence on the economic, environmental, and social aspects of Mitigate. The assessment aids in discerning which ESG topics are integral to our value creation processes and long-term sustainability, allowing us to focus our efforts on areas where we can make the most meaningful contributions and improvements. This, in turn, not only enhances our corporate responsibility but also informs our stakeholders, including investors, customers, and employees, about how Mitigate is actively managing its ESG risks and opportunities.

Scope and Boundary:

Define the scope of the assessment, detailing which areas of the business and value chain are included. Clarify any boundaries or limitations of the assessment, such as geographic or operational limits.

The scope of the double materiality assessment for Mitigate encompasses primary business operations and activities within our organisational boundary, which includes our headquarters, and remote work arrangements situated in Latvia. We extend our assessment to cover the full spectrum of our value chain, from the procurement of resources and services through to the delivery of our software solutions and post-delivery support to our clients. This approach ensures a thorough understanding of the ESG topics that are material across different stages of our products and services lifecycles.

The boundary of our assessment also includes the consideration of foreign client representatives, acknowledging the global nature of our software development services and the varying ESG expectations and requirements of our international stakeholders. While our assessment is comprehensive, we recognise certain limitations, such as the potential variability in data quality and availability across different geographies, and the evolving nature of ESG standards and regulations which may impact comparability. Our focus is primarily on the operations under the direct control of Mitigate, acknowledging that our influence over external stakeholders, such as suppliers and clients, may be more indirect. Nonetheless, we are committed to engaging with these stakeholders to gather relevant insights and data to inform our materiality determination process.

Methodology:

Describe the methodology used to conduct the assessment, including any frameworks or guidelines followed. Provide information on how both impact (impact of the company on sustainability matters) and financial (impact of sustainability matters on the company) perspectives were evaluated.

The methodology employed for Mitigate's double materiality assessment is designed to align with the recommendations set forth by the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). While the ESRS standards do not prescribe a specific process for conducting the assessment, they provide a robust framework for identifying and reporting sustainability information, which we have used to guide our methodology.

Our assessment process begins with a comprehensive review of our business activities and the identification of potential ESG topics that could have a significant impact on our operations and stakeholders. We then collect and analyse both quantitative and qualitative data related to these topics. For the impact perspective, we evaluate the potential and actual effects of Mitigate's operations on the environment and society. This includes assessing our carbon footprint, labor practices, community engagement, and other relevant factors. For the financial perspective, we analyse how sustainability matters, such as

3.2. STAKEHOLDERS

The "Stakeholders" section serves as a register to methodically record and categorize the various groups that have an interest or stake in the company's operations and sustainability practices:

- **Stakeholder Registry:** Provides a systematic listing of stakeholder groups, such as employees, partners, suppliers, and others, relevant to the company's sustainability context.
- **Group Weighting:** Assigns a weight to each stakeholder group to quantify their relative importance in the assessment, which influences the impact of their responses on the overall materiality analysis.

This section ensures a structured approach to capturing stakeholder data, which is pivotal for accurately assessing their perspectives in the materiality process.

Double Materiality Assessment

- General Information**
Overall information
- Add Stakeholders**
Add people who can affect these decisions
- Relevant topics**
Which topics are relevant to your company?
- Conduct survey**
Interact with stakeholders to detect essential topics
- Results**
Review and adjust assessment scores
- Materiality matrix**
See results in graphic and topics that are required in ESG report

Add Stakeholders

Stakeholders are those who will be surveyed in order to understand your company's most essential topics. Usually stakeholders include company's management, core employees, investors and important clients.

Select Group

+ Add

Employee (3)		Impact Weight: 1	☒	^
Ingus Skaltkalns	ingus.skaltkalns@mitigate.dev			...
Roberts Eihmanis	roberts.eihmanis@mitigate.dev			...
Olga Rinke	olga.rinke@mitigate.dev			...
Management (4)		Impact Weight: 1	☐	^
Arvis Zeile	arvis.zeile@mitigate.dev			...
Jana Trapane	jana.trapane@mitigate.dev			...
Edgars Beigarts	edgars.beigarts@mitigate.dev			...
Veronika Kima-Zeile	veronika.kima@mitigate.dev			...

3.3. POTENTIALLY RELEVANT TOPICS

The "Relevant Topics" section is an essential part of the Double Materiality Assessment, designed to list and evaluate sustainability topics that may be material to the company:

- **Comprehensive Topic List:** Features a full array of materiality topics derived from the ESRS, serving as a reference point for the company to consider all possible areas of sustainability impact.
- **Customization of Topics:** Allows users to enhance the standard list by adding specific impacts, risks, and opportunities associated with each topic, tailoring the assessment to the company's unique context.

The topics chosen in this section will form the basis for the subsequent assessment, ensuring that the DMA focuses on areas of utmost importance to the company's sustainability objectives.

1

General Information

Overall information

2

Add Stakeholders

Add people who can affect these decisions

3

Relevant topics

Which topics are relevant to your company?

4

Conduct survey

Interact with stakeholders to detect essential topics

5

Results

Review and adjust assessment scores

6

Materiality matrix

See results in graphic and topics that are required in ESG report

Topics

Impacts, risks and opportunities

Relevant topics:

Select topics that are relevant to your company

Environment Topics (22)

...

▼

Climate change (E1)

▼

Climate change adaptation

Impacts (3)

Risks (2)

Opportunities (1)

Impacts:

- Carbon footprint from energy use in offices and data centers
- Increased energy consumption due to heavy server usage
- Emission of greenhouse gases from company operations

Risks:

- Physical Data Center Vulnerability
- Increased Cooling Requirements

Opportunities:

- Energy Efficient Cloud Services

...

▲

Climate change mitigation

Impacts (1)

Opportunities (1)

...

▲

Energy

Impacts (2)

Risks (1)

...

▲

Pollution (E2)

▼

Pollution of air

Impacts (1)

Opportunities (1)

▼

Pollution of water

Impacts (2)

Risks (1)

□

Pollution of soil

□

Pollution of living organisms and food resources

□

Substances of concern

□

Substances of very high concern

▼

Microplastics

Impacts (2)

Autocomplete

Content can be autocomplete based on your company's operating sector and sub-sector

Your sector:

Technology & Communications, Software & IT Services

Autocomplete

Create new impact

Autocomplete

Climate change adaptation

Title

Impact Topic

Subst. ID

Impact

Positive

Impact

Short term

Description

Scale

Scope

Remediability

1 Global

2 Global

3 Medium

4 Local

5 Material

6 None

1 Global

2 Global

3 Medium

4 Local

5 Limited

6 None

1 Non-remediable, irreversible

2 Remediable, irreversible

3 Difficult to remedy or no-term

4 Remediable, short-term

5 Easy to remedy, short-term

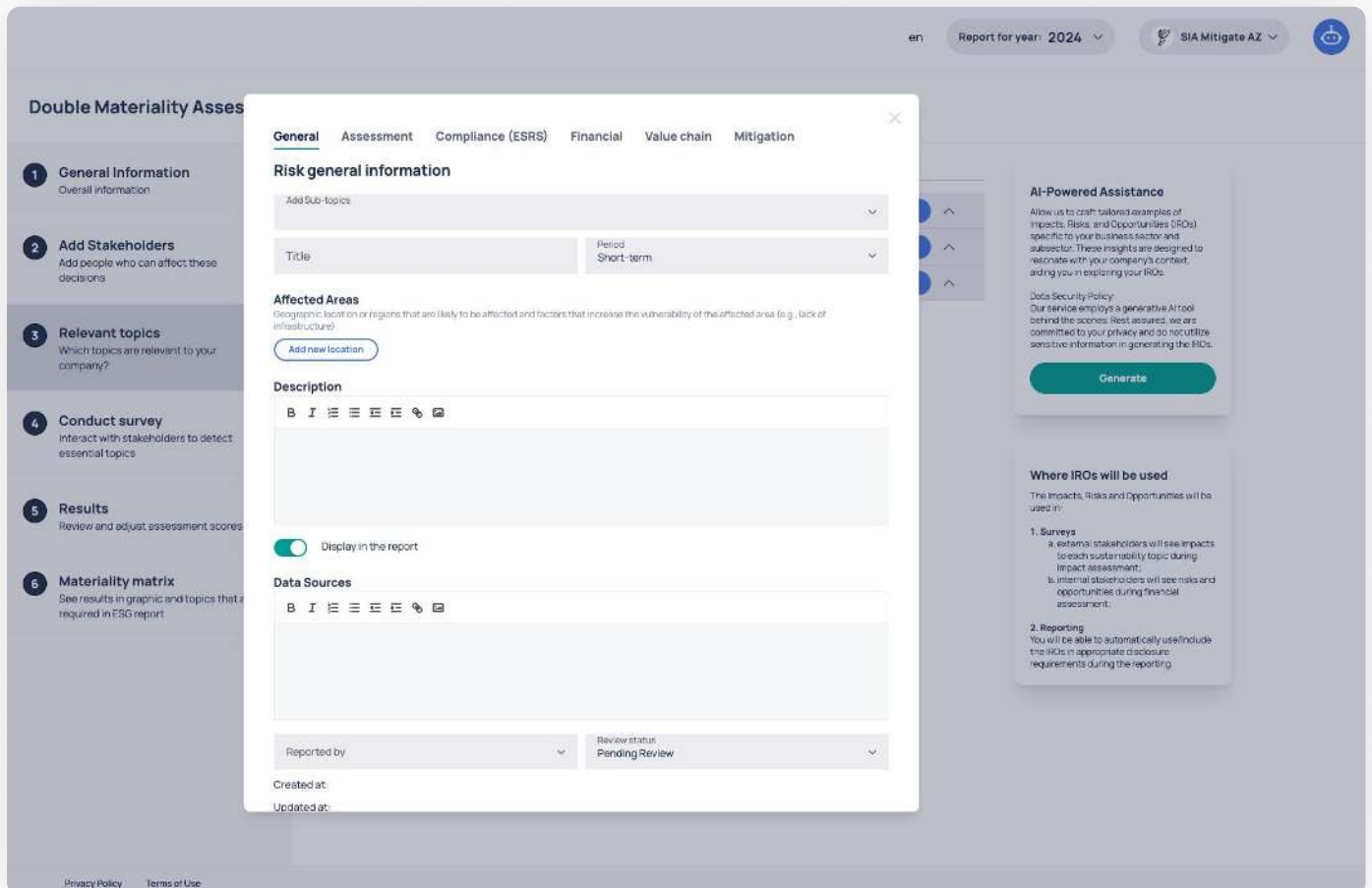
6 Very easy to remedy, short-term

Save

3.4. IMPACTS, RISKS AND OPPORTUNITIES (IROS)

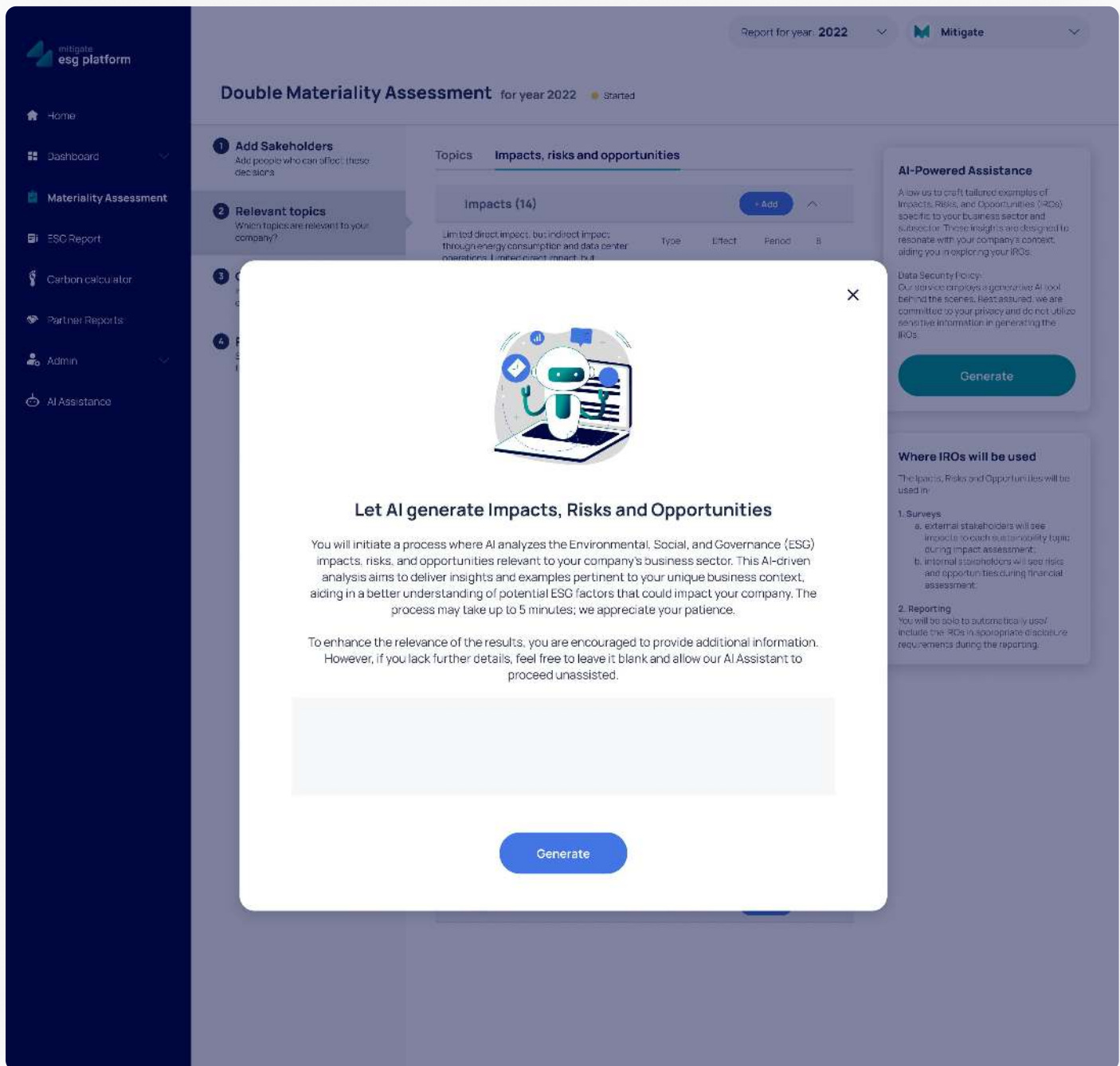
While our IROS AI Assistant can help a lot, still you as a Sustainability expert will have to invest your time in this crucial step - identify and describe IROS. Because in essence that's what matters the most:

- **IROS data input forms:** Provides a user to fill in all the necessary information for each IRO and be sure that nothing is missing. On the one hand, you could describe your IRO in a few paragraphs (non-structured way), but we prefer to do it in a structured way, to be sure that all related information units are covered.



The screenshot displays the 'IROS data input form' within the 'mitigate esg platform'. The form is titled 'Risk general information' and is part of a 'Double Materiality Assessment' workflow. The form is divided into several sections: 'General', 'Assessment', 'Compliance (ESRS)', 'Financial', 'Value chain', and 'Mitigation'. The 'General' section is currently active, showing fields for 'Add Sub-topics', 'Title', 'Period' (Short-term), 'Affected Areas', 'Description', 'Data Sources', 'Reported by', 'Review status' (Pending Review), 'Created at', and 'Updated at'. A 'Generate' button is visible on the right side of the form. The background shows a sidebar with steps: 1. General Information, 2. Add Stakeholders, 3. Relevant topics, 4. Conduct survey, 5. Results, and 6. Materiality matrix. The top right corner shows 'Report for year: 2024' and 'SIA Mitigate AZ'.

AI Assistant allows you to craft tailored examples of Impacts, Risks, and Opportunities (IROs) specific to your business sector and subsector. These insights are designed to resonate with your company's context, aiding you in exploring your IROs.



Double Materiality Assessment for year 2022 Started

1 Add Stakeholders
Add people who can affect these decisions

2 Relevant topics
When topics are relevant to your company?

Topics **Impacts, risks and opportunities**

Impacts (14) + Add

Type	Effect	Period	B
Limited direct impact, but indirect impact through energy consumption and data center operations. Limited direct impact is a			

AI-Powered Assistance

Allow us to craft tailored examples of Impacts, Risks, and Opportunities (IROs) specific to your business sector and subsector. These insights are designed to resonate with your company's context, aiding you in exploring your IROs.

Data Security Policy:
Our service employs a generative AI tool behind the scenes. Rest assured, we are committed to your privacy and do not utilize sensitive information in generating the IROs.

Generate

Where IROs will be used

The Impacts, Risks and Opportunities will be used in:

- 1. Surveys**
 - a. external stakeholders will see impacts to coach sustainability during impact assessment.
 - b. internal stakeholders will see risks and opportunities during financial assessment.
- 2. Reporting**
You will be able to automatically use/ include the IROs in appropriate disclosure requirements during the reporting.

Let AI generate Impacts, Risks and Opportunities

You will initiate a process where AI analyzes the Environmental, Social, and Governance (ESG) impacts, risks, and opportunities relevant to your company's business sector. This AI-driven analysis aims to deliver insights and examples pertinent to your unique business context, aiding in a better understanding of potential ESG factors that could impact your company. The process may take up to 5 minutes; we appreciate your patience.

To enhance the relevance of the results, you are encouraged to provide additional information. However, if you lack further details, feel free to leave it blank and allow our AI Assistant to proceed unassisted.

Generate

3.5. SURVEYS

The "Automated Surveys" section streamlines the process of collecting stakeholder input on materiality topics through a structured approach:

- **Survey Configuration:** Allows companies to configure which topics are to be assessed by each stakeholder group, ensuring that the survey content is relevant and targeted.
- **Survey Distribution:** Facilitates the creation and dispatch of survey forms directly to stakeholders' emails, simplifying the process of collecting their perspectives.

This section ensures that the assessment of materiality topics is conducted smoothly, with stakeholders providing their insights on the issues most pertinent to their relationship with the company.

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Home > Conduct Survey > Configure a topic

< Climate change adaptation

Default description of the sustainability matter:

Climate change adaptation refers to the processes, practices, and initiatives that organizations, communities, and governments implement to manage the risks and harness the opportunities presented by the changing climate. This essential sustainability topic focuses on building resilience against the impacts of climate change, such as extreme weather events, rising sea levels, and shifting agricultural zones. Through climate change adaptation, entities develop and apply strategies to protect infrastructure, preserve ecosystems, ensure water and food security, and support vulnerable populations in adjusting to climate-related changes. Adaptation measures include enhancing flood defenses, adopting water-efficient practices, diversifying crop varieties, and planning for climate-resilient urban development. By prioritizing adaptation, organizations and communities can minimize harm, reduce vulnerability, and improve preparedness for the present and future challenges posed by climate change, thereby securing economic stability and promoting well-being in an increasingly unpredictable environment.

Your description of the sustainability matter:

This description will replace a default description in a survey question. Please use "Preview" to see how it will look like a stakeholder in the survey.

B I

Impact assessment options
To see how the options will look to a stakeholder

☒ Scale, Scope and Remedability

Impact survey recipients

☒ Employee

☐ Partner

☐ Non-profit / NGO representation

☒ Management

Assess from the financial perspective
To see how the options will look to a stakeholder

☒ Likelihood and Potential magnitude

Financial perspective assessment survey recipients

☐ Employee

☒ Partner

☐ Non-profit / NGO representation

Double Materiality Assessment survey for year 2024

Environment Topics (5)

Climate change (E1)

Climate change adaptation

Climate change adaptation refers to the steps a company takes to prepare for the challenges brought about by the changing climate. See how intense storms, rising temperatures, and sea levels. It's about understanding these risks and making changes to ensure the business can keep running smoothly, despite these environmental shifts. If you're assessing a company's adaptation efforts, you'll look at how they're planning to deal with these issues, whether they're adjusting their operations or facilities to handle extreme weather, or changing their products to meet new needs. Essentially, it's checking if the company is ready to face climate change and stay resilient in the face of its impacts.

IMPACTS we make:

- Enhanced emissions from increased Cloud Computing Usage
- Resource Strain from Development of Adaptation Technologies
- Displacement of Workforce Due to Automation in Adaptation Efforts

Evaluate Impact

Scale	Scope	Remediability
☐ 5 Global / Total	☐ 5 Absolute	☐ 5 Non-remediable / Irremediable
☐ 4 Worldwide	☒ 4 High	☐ 4 Very difficult to remedy or long-term
☒ 3 Medium	☐ 0 Medium	☐ 3 Difficult to remedy or mid-term
☐ 2 Concentrated	☐ 2 Low	☐ 2 Remediable with effort (time & cost)
☐ 1 Limited	☐ 1 Minimal	☐ 1 Relatively easy to remedy and short-term
☐ 0 None	☐ 0 None	☐ 0 Very easy to remedy

Pollution (E2)

☒ Pollution of air

3.6. RESULTS

The "Results" section is where the outcomes of the Double Materiality Assessment are collated and analyzed:

- **Assessment Scores Table:** Presents a comprehensive table displaying scores for each potentially relevant topic, assessed from both Impact and Financial perspectives, as per the double materiality principle.
- **Automated Calculations:** The section includes an automated feature that calculates the scores and flags topics as material based on predefined thresholds and criteria, simplifying the identification of key material topics.

This section provides a clear and quantifiable overview of the materiality of each topic, enabling users to easily determine which issues are most significant for the company and its stakeholders.

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Survey status
27 days ago 08.02.2024
Completed


Respondents completed
3 / 3

Survey responses

Material topics

Environmental

- Climate change adaptation
- Pollution of water
- Waste

Social

- Equal treatment and opportunities for all
- Health and safety
- Working conditions
- Other work-related rights
- Social inclusion of consumers and/or end-users

Governance

- Corporate culture
- Management of relationships with suppliers including payment practices

Scores
Comments (0)

Environment topics (8)

Climate change

1 Energy
Completed 3 / 3Impact 0Financial 0

2 Climate change adaptation
Completed 3 / 3Impact 0Financial 0

3 Climate change mitigation
Completed 3 / 3Impact 2.13Financial 1.6

Impact

Scope 2.6Scale 2.2Remediability 1.6Total 2.13

Financial

Likelihood 2Potential magnitude 1.2Total 1.6

Material

Add assessment

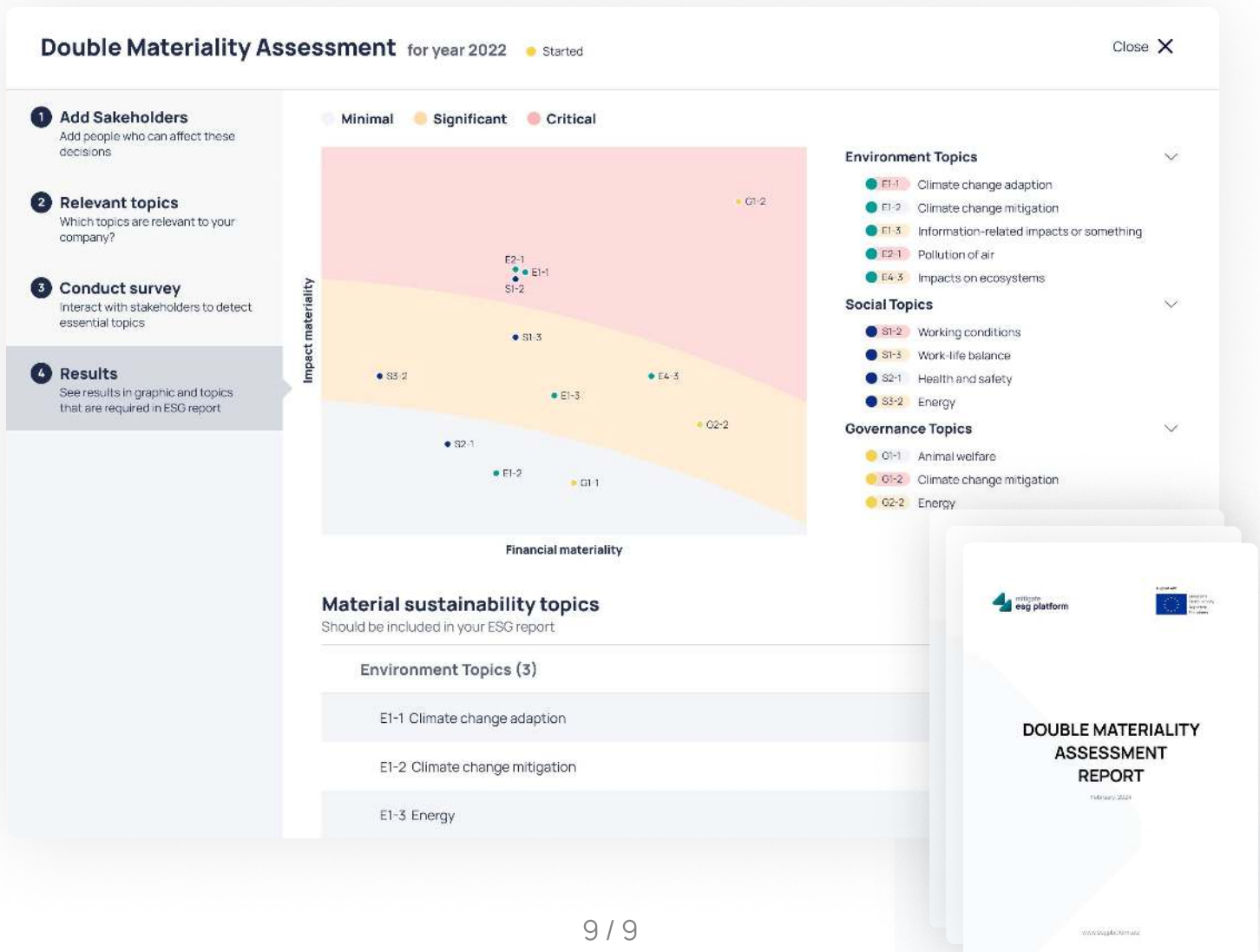
Stakeholder comments(0)

Pollution

3.7. MATERIALITY MATRIX

The "Materiality Matrix" section offers a visual representation and analysis for the results of the Double Materiality Assessment:

- **Visual Matrix:** Displays a graphical materiality matrix where topics are plotted based on their Impact and Financial scores, illustrating their relative materiality to both the company and stakeholders.
- **Material Topics Identification:** Helps users to identify at a glance which topics fall into the category of high materiality and therefore require attention and disclosure in sustainability reporting.
- **PDF Export:** Includes functionality to export the materiality matrix into a PDF document, allowing for easy sharing, presentation, and inclusion in reports.



4. THE DMA REPORT AND DATA EXPORT

After the assessment you can download a PDF report document with all data entered and collected through the DMA process. It can be a valuable asset to share with your stakeholders, including management bodies.

Also, the software provides a data export via Excel file. Where you can get every single detail, including stakeholder assessment details like submitted ratings.



