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Materiality Assessment Implementation Guidance Cover Note

Objective

1. The objective of the session is to seek approval from EFRAG SR TEG members for the draft Materiality Assessment Implementation Guidance (also referred as MAIG). This Guidance forms parts of the Implementation activities whereby EFRAG issues non-authoritative guidance.
2. EFRAG Secretariat will seek approval from the SRB members on the 15 November 2023 meeting.

Important information

3. EFRAG can only issue non-authoritative guidance in its role as technical advisor to the EC.
4. Furthermore, while drafting guidance, EFRAG cannot develop concepts or requirements that go beyond the content of the July 2023 delegated act. The guidance aims to illustrate the delegated act but not go beyond it. For new provisions, separate standard-setting activities in accordance with that process has to be concluded.
5. The content of the guidance presented has not been validated by the ISSB, GRI or FISMA.
6. EFRAG is also in the process of establishing a process to answer questions from constituents (i.e., ESRS access point) that will complement the array of implementation activities being carried out.
7. Following the presentation of the draft MA IG to the SR TEG meeting on the 17 October and SRB on the 25 October 2023, EFRAG Secretariat has updated this Guidance with the comments received in those meetings. The key changes are summarised below, to note that this is not an exhaustive list as the mark-up version (paper 02.03) allows for a comprehensive overview of the changes:
 - a. Addition of visuals refer to figure 1 and 2 in the MA IG have been added to illustrate the double materiality concepts and process;
 - b. Emphasis on the judgement by undertakings in the materiality assessment process and the linkage between transparency of information and judgement; in particular, for thresholds and assessment;



- c. Stakeholder engagement – reflection of SR TEG discussion on ongoing dialogue and no determination of which step of the MA the engagement may take place;
- d. Revised FAQ 25 on Art 8 taxonomy;
- e. Revised FAQ 23 on Environmental impacts (agenda paper 02-04); and
- f. Revised scope of FAQ 5 to financial statements, excluding management commentary.

Next steps

- 8. The EFRAG SRB envisages issuing the guidance in draft after SRB approval for public feedback for a period of four weeks and then issuing the final document.

Additional agenda papers

- 9. In addition to this paper, the EFRAG Secretariat presents the following additional papers:
 - a. Agenda paper 02-02 Updated MA IG (clean);
 - b. Agenda paper 02-03 Updated MA IG (in tracked changes);
 - c. Agenda paper 02-04 Updated text of FAQ 23 -*When an undertaking has already put in place actions to avoid, minimise, mitigate or rehabilitate environmental impacts, shall it nevertheless report on the impacts before the actions?* **LATE UPLOAD**

Questions for EFRAG SR TEG on agenda paper 02-02

- 10. Do EFRAG SR TEG members approve paper 02-02 and 02-04 described above for public feedback release?

