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Strategic session on update to MAIG

Cover note

Objective

1. The objective of this session is to receive strategic direction from the EFRAG SRB with respect to the feedback received on the Draft EFRAG IG on Materiality Assessment (MAIG)

Background

2. On 22 December 2023, the three implementation guidance documents as approved by the SRB were issued for public feedback with comments requested by 2 February 2024.
3. Agenda paper 06-02 provides the inputs for the SRB strategic discussion and agenda paper 06-03 provides the detailed feedback analysis.

For the purpose of the SRB Strategic discussion on Materiality Assessment, Secretariat recommends SRB Board members to read the executive summary of the main comments from agenda paper 06-02; in particular, section 1 and section 2.

Analysis of the feedback received

4. In short, the main categories of comments were on the following topics:

Conceptual points

- (a) MA process: Weighting the results of the subsidiaries materiality assessment at group level for impacts;
- (b) Approach to supportable and objective evidence compared to other inputs;
- (c) Relationship between the materiality assessment and ESRS 1 par. 114.;
- (d) Clarification on the gross vs. net impact approach for environmental matters in the materiality assessment.

Clarification

- (e) De facto introduction of a hierarchy of stakeholder engagement that goes beyond Set 1.
- (f) Conflicting views about suggestion that financial materiality is linked to engagement with users (par. 109).

Scope

- (g) Governance considerations for the materiality assessment to be included.

Further guidance

- (h) Further guidance on value chain, thresholds definition and application, use of judgement in the thresholds;
- (i) Practical examples on the steps of the materiality assessment;
- (j) Engagement with stakeholders (i.e. prioritisation, types of engagement, etc.)

Other support / tools

- (k) Tools and external sources of guidance in relation to the identification of matters for the materiality assessment.

Questions for EFRAG SRB

5. Does SRB members agree with the Secretariat initial orientation as set out in agenda paper 06-02 *MAIG: strategic direction*?
6. Does the SRB have comments on the summary in agenda paper 06-03 *MAIG: feedback analysis*?

Next steps

7. After direction from the EFRAG SRB, the Secretariat will update the MAIG and prepare other issue papers if required for discussion by SR TEG before reverting to the SRB for approval.

Agenda papers

8. In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 06-02 - MAIG: strategic direction (main document for discussion); and
 - (b) Agenda paper 06-03 – MAIG: the feedback analysis (For background reading only)