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MAIG: Feedback and updates
Cover note

Objective

1. The objective of this session is for EFRAG SR TEG to recommend the updated MAIG to the SRB for publication.

Background

2. At the SR TEG meeting of 21 March, Agenda paper 04-03 set out the feedback received in detail and Agenda paper 04-02 described the Secretariat’s orientation to the following topics:

Feedback	Secretariat orientation as agreed by SRB
Conceptual points	
a) MA process: Weighting the results of the subsidiaries materiality assessment at group level for impacts	<p>The orientation was to further develop the principle of unbiased assessment defined in ESRS 1 para 102-104 and consider develop further the concept of significant differences from the subsidiary exemption. The SRB agreed to ask SR TEG for its inputs on the establishment of thresholds at group vs subsidiary level. In addition, SRB also suggested to include examples or illustrations for diverse groups or conglomerates. On 21 March, SR TEG agreed that different methodologies could be needed for the various sustainability matters when performing group materiality assessments with inputs from a wide variety of subs. It also discussed that aggregation was not a solution that would work for social matters, for example; and that the ESRS Delegated Act did not request that aggregation and group thresholds were required for all matters.</p> <p>MAIG References: The newly created section 3.6.3 Considerations for Group and subsidiaries and FAQ 13 <i>Performing the impact materiality assessment when the undertaking operates in different sectors.</i></p>
b) Approach to supportable and objective evidence compared to other inputs	<p>SRB orientation was to fine tune the wording within the context of ESRS 1 Qualitative characteristics of information. On 21 March, SR TEG discussed the consensus reached on the topic with ID185 for consistency with the updated drafting.</p> <p>MAIG References: Para 28 and FAQ 10.</p>

Feedback	Secretariat orientation as agreed by SRB
<p>c) Relationship between the materiality assessment and ESRS 1 par. 114.</p>	<p>SRB orientation was to clarify the architecture of the ESRS approach in the drafting.</p> <p>MAIG References Para 25</p>
<p>d) Clarification on the gross vs net impact approach for environmental matters in the materiality assessment</p>	<p>SRB orientation was to clarify and redraft whether and how to take into account the mitigation actions in the materiality assessment, including revision of examples if necessary.</p> <p>MAIG References FAQ 23</p>
<p>Clarifications</p>	
<p>e) De facto introduction of a hierarchy of stakeholder engagement that goes beyond set 1.</p>	<p>SRB orientation to perform an editorial clarification on the role of consultation as a type of engagement in the guidance.</p> <p>MAIG References Chapter 3.5, para 108.</p>
<p>f) Conflicting views about suggestion that financial materiality is linked to engagement with users</p>	<p>SRB orientation to perform an editorial clarification on the user engagement role within the financial materiality lens.</p> <p>MAIG References Chapter 3.5, para 111 and 112. Also, para 134 for consistency.</p>
<p>Scope</p>	
<p>g) Governance considerations for the materiality assessment to be included (Chapter 3)</p>	<p>SRB orientation to include a mention to ESRS 2 GOV within Chapter 3.</p> <p>MAIG References Chapter 3.4, new para 99 added.</p>
<p>Further guidance</p>	
<p>h) Further guidance on value chain, thresholds definition and application, use of judgement in the thresholds (Chapter 3.6 and 3.7)</p>	<p>SRB orientation to be considered in the future workplan and prioritisation.</p>
<p>i) Practical examples on the steps of the Materiality assessment (Chapter 3)</p>	<p>SRB orientation to be considered in the future workplan and prioritisation.</p>
<p>j) Engagement with stakeholders (i.e. prioritisation, types of engagement.) (Chapter 3.5 and 5.4)</p>	<p>SRB orientation to be considered in the future workplan and prioritisation.</p>
<p>Other support/ tools</p>	
<p>k) Tools and external sources of guidance in relation to the identification of matters for the</p>	<p>SRB orientation to include the use of additional sources, provided that the result is aligned with ESRS requirements, emphasis being on those that are interoperable with the ESRS.</p>

Feedback	Secretariat orientation as agreed by SRB
materiality assessment (Chapter 4.1)	MAIG References Chapter 4. Sub-chapter 4.4 Leveraging other frameworks or sources created.

Changes made to this version

3. In addition to the changes summarised in para 2 above, the following have been included:
 - (a) New examples for positive impacts and the application of the materiality of information have been included in para 37 c) and para 53.
 - (b) The FAQ that has been subject to minor amendments as per Secretariat's orientation to the SRB and are not included in the table of para 2 above is FAQ 2. Minor clarifications have taken place in FAQ 5, 6, 7 and 21.
4. This version does not contain the final text of FAQ23 which will be a late upload.
5. In relation to editorial changes pending at the time of uploading this cover note, these relate to the changes in the figures 1 a), 1 b) 1 c) and 3 that will be sent as a late upload to the SR TEG.

Questions for EFRAG SR TEG

6. Does the SR TEG have any comments on the changes analysed and proposed in the table of para 2?
7. Does the SR TEG have any other comments on the changes to the MAIG?
8. Does SR TEG recommend the MAIG to the EFRAG SRB for publication?

Agenda papers

9. In addition to this cover note, agenda papers for this session are:
 - (a) Agenda paper 04-02 – MAIG: the updated document;
 - (b) Agenda paper 04-03 – MAIG compared to version issued for public feedback;
 - (c) Agenda paper 04-04 – MAIG updated for FAQ23 and editorial changes to the figures described in para 4 above. (Late upload)