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Materiality visual map Issue Paper

Background

- 1 In previous meetings the SRB suggested to explore a visual map of the ESRS contents, as a way to disclose the items that are omitted as not material, in the context of the ongoing discussion on how to revise the general approach to materiality in ESRS ('light explicit approach').
- 2 At the same time, always in the context of that ongoing discussion, it emerged that the same visual map (or matrix or content index) could be used as a tool to support the completeness of the materiality assessment performed by the undertakings in case the rebuttable presumption is replaced by a system whereby the content of sector agnostic ESRS is entirely (or partially) subject to materiality assessment.
- 3 At this stage no decision has been taken on the approach to materiality that will be retained in the standards.
- 4 EFRAG SR TEG discussed the format of a visual map on the 6 September 2022 but did not discuss the content of the alternative maps presented.

Objective of this session

- 5 EFRAG SR TEG members will discuss the content of the visual map, to be used both as a content index (including to mark the items omitted as not material) and as a tool to support the completeness of the materiality assessment.

Visual presentation

- 6 Below, we present two structures of a possible visual presentation to implement the light explicit approach.
- 7 They refer to the content of the EDs, so they will need to be adjusted following the changes to the ESRS EDs that the SRT/SRB are currently discussing. The contents of approach B reflect a careful reading of the EDs (including AGs) and all the aspects in approach B are mentioned in the EDs.
- 8 The underlying assumption is that either list would function as both a context index and as a tool to support the materiality assessment.
- 9 The benefit of approach A is that it is on a higher level and more concise, however, Approach B allows undertakings to be more specific about the aspects to consider in the materiality assessment.

Questions to EFRAG SRT

- 10 Which of the alternatives below would you support as an index and a tool supporting the materiality assessment?

Materiality visual map

Approach A

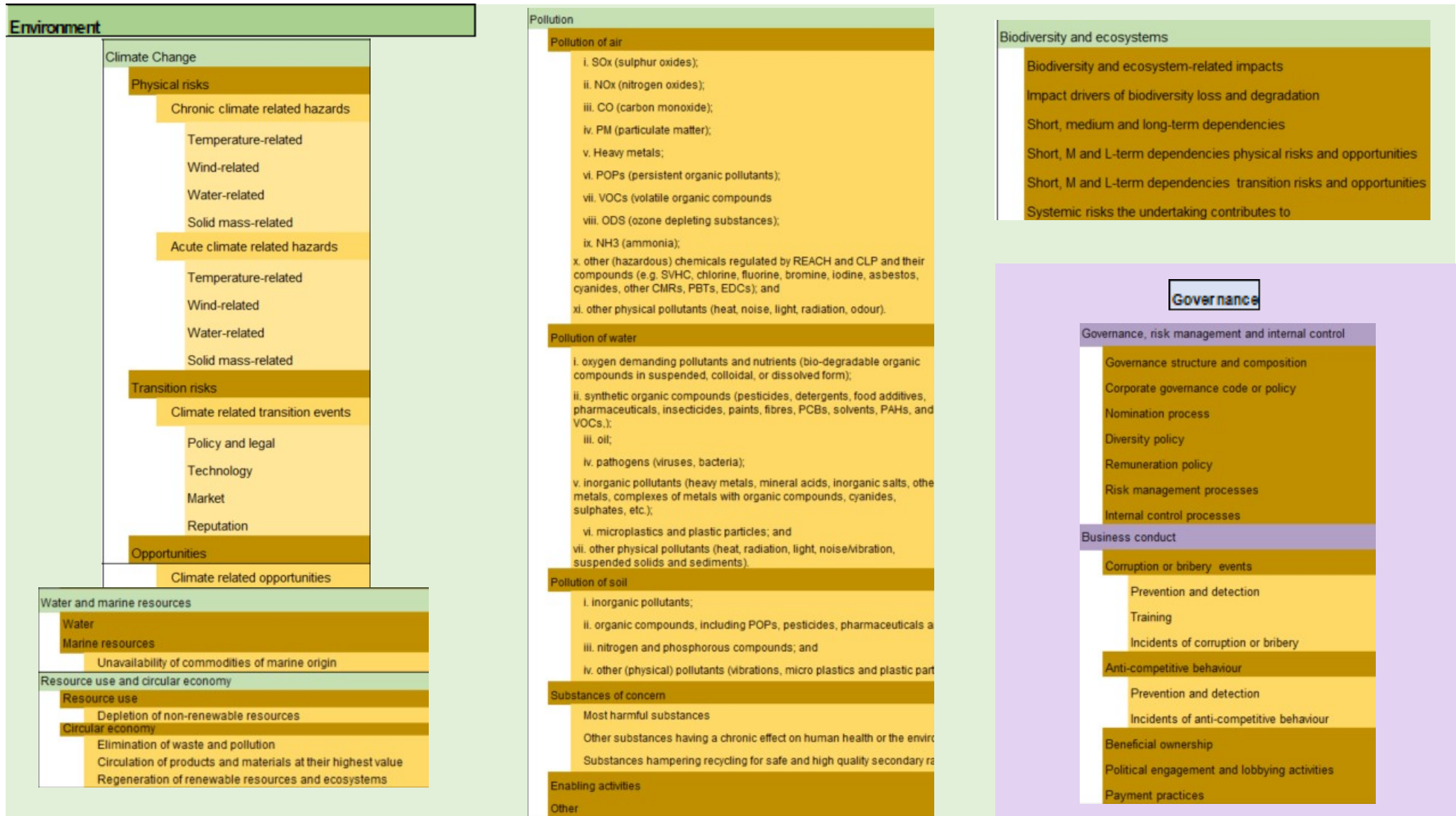
11 The following visual map is based on the sub-subtopics omitted per each subtopic (i.e., standard).

ESRS 1 Climate Change		
	Physical risks	
	Transition risks	
	Opportunities	
ESRS 2 Pollution		
	Pollution of air	
	Pollution of water	
	Pollution of soil	
	Substances of concern	
	Enabling activities	
	Other	
ESRS 3 Water and marine resources		
	Water	
	Marine resources	
ESRS E4 Biodiversity and ecosystems		
ESRS E 5 Resource use and circular economy		
	Resource use	
	Circular economy	
ESRS S1 Own workforce	Working Conditions	
	Access to equal opportunities	
	Other work-related rights	
ESRS S2 Workers in the value chain		
	Working Conditions	
	Equal Opportunities/ Non-discrimination	
ESRS S3 Affected communities		
	Economic, social and cultural rights	
	Civil and political rights	
	Particular rights of indigenous peoples	
ESRS S4 Consumers and end-users		
	Information	
	Personal safety	
	Social Inclusion	
ESRS G1 Governance, risk management and internal control		
	Governance structure and composition	
	Corporate governance code or policy	
	Nomination process	
	Diversity policy	
	Remuneration policy	
	Risk management processes	
	Internal control processes	
ESRS G2 Business conduct		
	Corruption or bribery events	
	Anti-competitive behaviour	
	Beneficial ownership	
	Political engagement and lobbying activities	
	Payment practices	

Materiality visual map

Approach B

12 The following is based on a list of sub-subtopics, sub-sub-subtopics and underlying datapoints as addressed per standard (a subtopic):



Materiality visual map

