

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Mapping AR16 to DRs - Update - Cover note

Objective

- 1 In this session the EFRAG Secretariat will seek comments and feedback from the EFRAG SR TEG members on the revised approach to draft an answer to ID177 which requests a mapping between AR16 matters and disclosure requirements.
- 2 Following the discussions with the SR TEG on April 24, 2024, the Secretariat proposes to reclassify this ID as an explanation rather than a narrow scope Implementation Guidance.

Background information

- 3 On the 24 January 2024, the SRB agreed to continue the drafting of implementation guidance and prioritise the Mapping of ESRS 1 AR16 to the disclosures in the topical standards given that questions had been received in the Q&A platform to this regard (see related Q&A in the appendix) and this had been a request from the business organisations. In addition, we note that this is a theme from the respondents of the draft IG1 public feedback as the disclosures/metrics from the topical standards support the understanding of the boundaries of a sustainability matter being assessed for materiality.
- 4 The ID177 question replicated below was initially categorized as implementation guidance: "Is there a mapping link between the sustainability matters listed in AR 16 and the disclosure requirements in the topical standards or must judgement be used in deciding the disclosures required for a material sustainability matter?"
- 5 Both explanations and implementation guidance form part of the implementation activities whereby EFRAG issues non-authoritative guidance and it responds to some of the questions raised on this subject through the Q&A platform.
- 6 From an ESRS architectural point of view, this mapping is considered a pre-requisite for drafting the sector standards and operationalising the sector materiality.

Analysis of the matter

- 7 On 25 April 2024, a draft version of this explanation was presented to the SR TEG. This version was based on a general rule and a list of exceptions to that general rule. SR TEG

members concluded that the proposed perception was partial and did not provide a full picture of the links between the matters described in ESRS 1 AR16 and the disclosures in the topical standards.

- 8 Several suggestions were discussed, and the Secretariat has amended the explanation of ID177 with these suggestions. These have been summarised below:
- a. Addition of a disclaimer clarifying that some material impacts may be interrelated, and those interrelations should be identified at the materiality assessment stage. Such interrelations may, for example, lead to a sustainability matter connected to two different matters of ESRS 1 AR16 and hence the set of disclosures to be assessed would be for the two interconnected but different matters.
 - b. Addition of a disclaimer clarifying that this mapping does not imply an automatism (i.e., if the matter is material, the related metrics must be disclosed). Judgment is to be exercised to determine the Disclosure Requirements and datapoints to be disclosed for material matters according to the materiality of information.
 - c. Inclusion of a flowchart giving a principle-based process for determining the DRs to be disclosed once the material matters from AR16 have been identified
 - d. Inclusion of ten mapping tables (one per topical ESRS) in the appendix that shows how each of the disclosure requirements relate to each of the matters in AR 16. A column “explanatory note” has been added to the tables in order add contextual information to help preparers perform the selection of relevant disclosure requirements.

Next steps

- 9 Given that this is an explanation, the next step is for the SRB to approve this explanation within the batch it relates to.

Additional agenda papers

- 10 In addition to this paper, the EFRAG Secretariat presents the following additional paper:
Agenda paper 05-02 ID 177 Draft explanation revised

11

Questions to EFRAG SR TEG members on Agenda paper 05-02

- 15. Do EFRAG TEG members agree with the proposed reclassification to an explanation? If not, please explain.
- 16. Do EFRAG TEG members agree with the ID177 draft explanation approach and table? If not, please explain.

Appendix

Other questions from the Q&A platform related to a “AR16 to DRs mapping” covered by this explanation:

ID #	Question asked
ID207:	Can it be clarified which Datapoints are really mandatory if only a sub-topic is material but not the entire topic?
ID828	Will official EFRAG mapping tables (in Excel or another format) be provided to link the data points to the respective topics and sub-topics?
ID859	If I've identified two sub-topics related to climate change (i.e. climate change mitigation and energy) as material which are the datapoints that I must disclose?
ID880	Doubt on how to determine which DRs have to be applied when any topic, sub-topic or sub-sub-topic had been assessed as a sustainability matters by a materiality assessment.