

COMMENTS TO THE EFRAG PUBLIC CONSULTATION ON ESRS MATERIALITY ASSESSMENT IMPLEMENTATION GUIDANCE

Repsol welcomes the implementation guidance on the materiality assessment, which clarifies relevant points included in ESRS standards, making easier for companies the integration of this framework within its organization.

To improve the usability of this document, we would like to highlight some additional suggestions below.

CHAPTER 2

2.6 Considerations for upstream/downstream value chain

We believe further guidance should be provided by EFRAG to better understand how to assess the whole value chain of a company and its associated IROs.

Including the entire value chain in the equation could be challenging: a global company usually works with several local actors and have different lines of business with different value chains. Hence, executing this exercise could be complex and very time and resource consuming.

In this sense, it is not clear how to consolidate results when analyzing IROs from different lines of business (that could lead to different materiality matrices).

CHAPTER 3

3.2 Identification of the actual and potential IROs related to sustainability

We encourage EFRAG to clarify how to use the list of sustainability matters included in ESRS 1 paragraph AR 1 in terms of granularity. It is not clear how to consider this list in the materiality exercise (if companies should evaluate all the sub-subtopics or if can be aggregated at higher levels of topics)

Regarding the list of impacts, risks, and opportunities, it shall be considered that this list will be the basis for consulting our stakeholders; as well as for assessing the financial impact. If the list is too long, it can add considerable complexity to the process. Hence, we encourage EFRAG to clarify if its possible to make a preselection of IROs (based on expert judgment) to reduce this long list to a shorter list, easier to evaluate its materiality.

3.6 Setting thresholds

We understand that the setting of thresholds is left open to companies' leeway, however, we believe that it would be convenient to give more concrete indications to make sure different entities apply thresholds in a comparable and robust way. This is an essential part of the assessment because it will help companies justify which issues are material and should be disclosed, so some additional guidance on this issue, would be beneficial. For instance, examples for financial qualitative thresholds could be useful.

CHAPTER 5

FAQ 5 /FAQ 6 on financial materiality

We would appreciate further clarifications to better understand how to link the report of the anticipated financial effects and the financial materiality assessment, in terms of time horizons, methodology and alignment to financial statements.

FAQ 14 on sector-specific standards

As sector-specific standards will add another layer to this analysis, we ask EFRAG to present these documents as soon as possible. Also, further clarifications could be useful to understand how an entity should account for the expected sector-specific standards in the materiality assessment process.