

EFRAG's (draft) IG 1: Materiality assessment IG (MAIG)

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What type of stakeholder are you?

Preparer of sustainability information

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Additional comments:

Major comments:

- Regarding the FAQ process, we strongly recommend carefully considering which guidance to add; every new guidance, while not legally mandatory, can render interoperability with the ISSB more difficult. At least any guidance repeating the CSRD or ESRS legislative texts should be removed, and any add-on guidance should systematically be challenged against potential challenges for preparers when disclosing under both CSRD and ISSB in a single report.
- The document contains many redundancies, and several passages simply repeat the wording of the ESRS, which does not add any additional information or value (example MAIG, p. 5 (4.)) – precise and concise wording is key, to avoid guidance and regulation becoming even more extensive and complex, as already is (see high # of FAQs). Please also refer to some concrete proposals to streamline below.

Minor comments:

- It is necessary to streamline the document significantly – e.g. the MAIG currently uses three terms/abbreviations to refer to “materiality assessment” – “materiality assessment” or “assessment” or “MA”.
- The use of indefinite (legal) terms, such as “other external reporting” on p. 5 (par. 9) further increases the risk of additional reporting burden and complexity. For example, as to this particular term, it remains unclear what is meant by the term “other external reporting” and if it pertains to voluntary reporting, mandatory reporting, or both.
- General references to soft law, such as the OECD guidelines, further increase legal uncertainty due to their ambiguous and expansive requirements. General references are already included in the CSRD and ESRS, therefore there is no value in adding further such general references; at most, it could be helpful for preparers to refer to very specific aspects of soft law that may be considered. Any remaining general references should be deleted.
- The high degree of judgment in the impact materiality analysis and the not yet developed consistency in undertakings’ practice will lead to divergent reporting results in the first few years of ESRS application – even in case of similar sustainability topics, the same industry sector, or similar economic activities. Implementation guidance can mitigate this up to a certain extent, but by no means completely. Therefore, a certain degree of acceptance and tolerance is required from all parties involved with regard to the differences in application; however, in the medium term, we expect a consistent practice to emerge.