

SECTION 5 Social							
LSME Topic / Par.	Preparers	Users	Other - SNCFIs ²	VSME reference	Feasibility of VSME	Loss of information for users	EFRAG
General comments	<p>One supervisory authority broadly agrees with the simplifications of social DRs, but cautions that those simplifications may not always reflect how listed SMEs currently monitor the related information.</p> <p>One national authority/ standard setter feels that eliminating all specific disclosures from S2, S3 and S4 could lead to LSMES having to look for guidance to the full ESRS; suggest to have at least a few datapoints related to S2/3/4.</p> <p>One NGO objects to one-year phase-in for S1-related disclosures for companies with no more than 50 employees. This would delay harmonised disability-related disclosures at a time when many companies already report this.</p>						
‘Objectives’ chapter	<p>One national authority/standard setter has made the following comments on the ‘Objectives’ section.</p> <ul style="list-style-type: none"> All references and paragraphs that relate to value chain workers, affected communities and consumers should be deleted because the chapter should focus exclusively on own workforce. This would entail modifications to para 1 (a, c), deleting paras 6, 7 and 8 as well as AR 4, 5, 6 and 7 Para 5(d) should be deleted because international guidelines, instruments and conventions related to human rights (e.g., UN Guiding Principles and OECD Guidelines) target large undertakings rather than LSMES. AR 3 (examples of 'non-employees'): should be deleted for reasons of simplification and relevance and because S1-2 (para 15) already contains guidelines on the topic of non-employees. If it isn't deleted, examples should be moved to AR for S1-2. <p>One NGO strongly agrees with EFRAG decision to maintain S4-related requirements with a focus on non-discrimination, access to products and services, and access to quality information.</p>						

² For the public consultation, ‘Others’ includes organisations like NGOs, national or EU standard setters and authorities or consultancies. For the purposes of the field tests, however, ‘Others’ means SNCFI (small and non-complex financial institutions).

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<p>S1-1 – Characteristics of the undertaking’s employees</p> <p>Par. 11, 12 AR 13, 15</p>	<p>FIELD TEST</p>	<p>The largest group of respondents considered this DR “possible to prepare with some efforts”, closely followed by those who felt it was “feasible with available means or already prepared”.</p> <p>No one found it highly challenging and costly.</p> <p>Respondents pointed out that specific metrics like S1-1 are identified as potentially more challenging to verify due to their qualitative nature.</p> <p>Preparers agreed that clear guidance is needed on this DR.</p>	<p>A large majority of users agrees that all social datapoints in the ED are needed. A small minority would like further simplifications.</p> <p>One user suggested that ‘non-guaranteed hours’ employees are not needed, as it might be interpreted the same way as temporary employees.</p>	<p>A majority found this DR “feasible with available means or already prepared”. Some found it “possible to prepare with some efforts”. A small minority found it “highly challenging and costly”.</p> <p>Some respondents said that a clearer definition of ‘employees’ and ‘own workforce’ were needed.</p>	<p>B8 – Workforce – General characteristics</p> <p>Par. 34</p> <p>(Only for LSME par. 11).</p>	<p>Low/Medium</p> <p>The principle of the disclosure requirement is similar, but VSME requirements are much more limited.</p>	<p>The following disclosures in the LSME ED are not included in the VSME ED (B8):</p> <ol style="list-style-type: none"> 1. number or FTE of non-guaranteed hours (and breakdown by gender) employees 2. rate of employee turnover 3. description of methods and 	<p>VSME could serve as a basis for the corresponding DR in Revised LSME insofar as there is a small number of common datapoints. However, the current VSME disclosure would be enhanced with the datapoints in LSME accepted by most respondents and requested for some of the VSME respondents.</p>

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PUBLIC CONSULTATION	<p>Preparers largely agreed upon the DRs despite some suggestions.</p> <p>Para 11(b): Two preparers want more clarity concerning the 'temporary employees' category. Two of them believe that 'temporary' and 'non-guaranteed hours employees' (para 11(b)) are different kinds of precarious employment and should be merged into one datapoint. The two others simply ask for clarification about 'temporary work'. (The table in AR 13 would have to be adjusted if the two categories were to be merged.)</p> <p>Para 11(a): One preparer took issue with the requirement to disclose the total number of employees and breakdowns by gender and country for countries where at least 10% of the company's employees are located. It suggested limiting the breakdown only to countries in which the company has 50 or more employees and which represent at least 10% of its total number of employees.</p>	<p>Most users agreed upon the DRs despite one suggestion.</p> <p>Para 11(b): One user argued that 'temporary' and 'non-guaranteed hours employees' (para 11(b)) are different kinds of precarious employment and requested deletion of non-guaranteed hours item.</p>	<p>Most others agreed upon the DRs, despite a few suggestions.</p> <p>Para 11(b): One national authority argued that 'temporary' and 'non-guaranteed hours employees' (para 11(b)) are different kinds of precarious employment and should be merged into one datapoint. (The table in AR 13 would have to be adjusted if the two categories were to be merged.)</p> <p>Para 11(a): One national authority took issue with the requirement to disclose the total number of employees and breakdowns by gender and country for countries where at least 10% of the company's employees are located. It suggests to delete the 10% threshold and replace it with 'major countries'.</p>			<p>assumptions</p> <p>4. contextual information (voluntary)</p> <p>5. full time/part-time breakdown (voluntary)</p>	

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S1-2 – Characteristics of non-employees in the undertaking's own workforce	FIELD TEST	<p>A majority found this DR “possible to prepare with some efforts”.</p> <p>An equal (small) number of respondents found it “feasible with available means or already prepared” and “highly challenging and costly” respectively.</p> <p>Some said that collecting data on ‘non-employees’ was very challenging for LSMEs & Proxies.</p>	<p>A large majority of users agrees that all social datapoints in the ED are needed. A small minority would like further simplifications.</p> <p>Some claimed that SMEs usually struggle to collect comprehensive data on non-employees, including contractors, suppliers, and temporary workers, especially if they lack direct oversight or control over these individuals.</p>	<p>Most found this DR “possible to prepare with some efforts”.</p> <p>A small minority found it “feasible with available means or already prepared”</p> <p>Some highlighted the difficulties in collecting data - externally & internally – because of the heavy reliance on manual data processing due to the lack of automated systems.</p>	n/a	Low	<p>None if the current proposal for LSME is kept.</p>	<p>There is no equivalent concept/disclosure in VSME, so it cannot serve as a basis here for Revised LSME. We propose starting from the current disclosure with a high level of acceptance amongst the respondents.</p> <p>Further guidance to be included to distinguish non-employees from value chain workers to be added.</p>

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	PUBLIC CONSULTATION	<p>The majority of preparers agreed with the DRs despite a few suggestions.</p> <p>Several respondents from the preparer and 'others' side have asked for more clarity about the terms 'self-employed' and 'non-employees' and to differentiate them more clearly from, or include them in, value chain workers.</p> <p>Some industry associations noted that there could be challenging in data collection. One respondent proposed to have it as voluntary.</p>	<p>All of the users agreed with this disclosure.</p>	<p>The majority of others agreed with the disclosure and a smaller proportion disagreed.</p> <p>Out of disagreement, one national authority/standard setter suggests a different approach for this DR. It should only apply to companies with 'a significant number of non-employee workers' because this 'is a matter of business model rather than a metric'.</p>				

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<p>S1-3 – Collective bargaining coverage</p>	<p>The largest group of respondents found this DR “feasible with available means or already prepared”, closely followed by those who found it “possible to prepare with some efforts”. A small minority found it highly challenging and costly.</p> <p>A preparer mentioned that ‘collective bargaining and social dialogue’ are also very challenging as there are no established processes. Preparers agreed that clear guidance is needed on this DR (unfortunately they did not specify how).</p>	<p>A large majority of users agrees that all social datapoints in the ED are needed. A small minority would like further simplifications.</p> <p>A Rating Agency user commented that SMEs usually do not have established mechanisms for ongoing dialogue with employees and other stakeholders. Another user suggested to only keep paras 19 and 21 within the metrics.</p>	<p>The majority found this DR “feasible with available means or already prepared”. No respondent found it “possible to prepare with some efforts” or highly challenging and costly.</p>	<p>B 10 – Workforce – Remuneration, collective bargaining and training Par. 36 (Only for LSME par. 19).</p>	<p>High B 10 – par. 36 (c) uses exactly the same language.</p>	<p>The voluntary datapoints on the determination of working conditions for those employees without a collective bargaining agreement and if non-employees conditions are influenced by</p>	<p>We can use VSME and add the disclosure template for the % of total employees covered by collective bargaining as well as any other useful guidance from the ARs.</p> <p>The overall support for this DR is strong, so we propose not to reinstate the social dialogue datapoints.</p>

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		A large majority of preparers agreed with this disclosure.	Most users classified this disclosure as essential.	<p>A clear majority of other responders agreed with this disclosure.</p> <p>Four respondents from the financial industry are against the deletion of the social dialogue part from this disclosure (ESRS S1-8, on which this DR is based, included datapoints like 'percentage of employees covered by workers' representatives'.) They argue that there are only two datapoints that are not too complex for SMEs.</p>			collective bargaining agreements.	

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<p>S1-4 – Adequate wages</p>	<p>The largest group of respondents found this DR “feasible with available means or already prepared”, closely followed by those who found it “possible to prepare with some efforts”. No respondent found it highly challenging and costly.</p> <p>Preparers highlighted the availability of IT & Tech tools which are very important for the calculation of certain KPI’s. They also noted that specific metrics like S1-4 are identified as potentially more challenging to verify due to their qualitative nature. Preparers agreed that clear guidance is needed on this DR.</p>	<p>A large majority of users agrees that all social datapoints in the ED are needed. A small minority would like further simplifications.</p> <p>A Rating Agency user commented that SMEs struggle to gather data on wage levels, salary structures, and compliance with minimum wage regulation. Regular audits can help to identify discrepancies in non-compliance.</p> <p>A User of LSME SR (bank or investor) commented that the benchmark required to decide "adequate wage" needs to be clarified.</p>	<p>All respondents found this DR “feasible with available means or already prepared”. None found it “possible to prepare with some efforts” or highly challenging and costly.</p> <p>One respondent commented that clarity on ‘Adequate Salary’ is needed and suggested that AR26 should not be necessary for S1-4.</p>	<p>B-10 Para 36 (a)</p>	<p>Low</p>	<p>VSME has different approach to the wage metric from ESRS set 1 and ED LSME, which leads to incommensurability of information under different EU SR disclosure regimes.</p> <p>Items that would be lost:</p> <ul style="list-style-type: none"> i) Information about countries in which the company's employees are not paid an adequate wage ii) Voluntary disclosures about non-employees in own workforce iii) Guidance for employees located outside 	<p>The current VSME could not serve as the basis for LSME but the revised proposal for VSME is more aligned with LSME and could be a basis. Given the high level of acceptance, no proposal for further streamlining at this stage.</p>

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		The majority of preparers agreed with the DRs, but two preparers took issue with the adequate wage benchmark defined in the DR and the corresponding ARs and suggested using minimum wages as the benchmark.	Although most users agreed with the the disclosure, two respondents would like more clarity about the adequate wage benchmark.	<p>Despite overall agreements, several others made the following suggestions:</p> <p>Adequate wage benchmark: Twelve 'other' respondents suggested using minimum wage as the benchmark in countries with a minimum wage.</p> <p>One 'other' respondent objected and said that 'living wage' was the appropriate wage benchmark because that is a human right.</p>				
S1-5 – Social protection		The majority found this DR “possible to prepare with some efforts”. A minority found it “feasible with available means or already prepared” No respondent found it highly challenging and costly.	<p>A large majority of users agrees that all social datapoints in the ED are needed. A small minority would like further simplifications.</p> <p>A Rating Agency user suggested to drop data points due to challenges in comprehensive social protection benefits such as healthcare, retirement plans, and insurance due to financial constraints or regulatory requirements.</p>	<p>All respondents found this DR “feasible with available means or already prepared”.</p> <p>None found it “possible to prepare with some efforts” or highly challenging and costly.</p> <p>A comment pointed out that the national legal requirements for social protection are highly challenging.</p>	n/a	Low	None if the content of this datapoint is kept in the new module.	This disclosure has a high level of acceptance. However, this matter is not covered in VSME, so we suggest to use the LSME DR, but see how it can be trimmed linguistically to be more in tune with the style of VSME.

Revised LSME – Discussion paper

		<p>A large majority of preparers agreed with this DR. There were no further comments</p>	<p>All users who responded (a large majority) agreed with this DR. There were no further comments</p>	<p>The duty to disclose absence of social protection (para 30) should only be required for 'major countries' and should only apply to material situations, i.e. when a significant number of individuals are concerned.</p> <p>One respondent argued that para 31, which says that companies may also make disclosures about social protection about non-employees in its workforce, should be deleted because information about non-employee workers may be difficult to collect and legally sensitive. Alternatively, it should be moved to AR.</p> <p>One respondent suggested that para 29 should be amended to clarify whether employees need to be covered by social protection for all listed major life events (our understanding) or "any" (wording in par 29) one of them.</p>				
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S1-6 – Training metrics		Most of the respondents agreed that it was “feasible with available means or already prepared”. Some responded that it was “possible to prepare with some efforts” and one respondent found it challenging. A comment highlighted that manual processing of training metrics can be time consuming.	A large majority of users that this disclosure is essential, while the minority indicates that further simplification can be implemented. One user mentioned that data is nice to have but not necessary from a user perspective. Another user highlighted the lack of dedicated training programs or budgets for employee development, resulting in sparse data on training metrics.	Most respondents concluded that S1-6 is “feasible with available means or already prepared” whilst one expressed that it is “possible to prepare with some efforts” A respondent pointed out that manual processing is required for collecting training information.	B 10 – Workforce – Remuneration, collective bargaining and training Par. 36	High B 10 – par 36 (d) requires the average number of annual training hours per employee, broken down by gender.	No loss.	The level of alignment between VSME and LSME is high so the VSME could serve as a basis whilst ensuring minor adjustments for comparability with set 1.

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		<p>Most preparers agree with the disclosure, but one explained that collecting the data for this disclosure is too burdensome for LSMEs and that the information value does not justify the effort and proposed that it should be voluntary.</p>	<p>Most users agree that this disclosure is essential. One user classified it as not essential.</p>	<p>Others generally agree on this disclosure with a few suggestions for improvement.</p> <p>Two business associations and one national standard setter argued that it is not a good indicator of the 'quality of training and skill development' and suggest replacing it with (i) total training expenditure to total payroll or (ii) a more holistic description of training policies and offerings</p> <p>One NGO suggests deleting phase-in for gender breakdown because that data is only marginally harder to provide than the aggregate.</p>				

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S1-7 – Health and safety metrics		<p>For S1-7 most respondents indicated as mostly “feasible with available means or already prepared” and one respondent found it highly challenging and costly.</p> <p>Additional comments highlighted the restricted data collection on illness and sick day due to Data Protection laws.</p>	<p>Most of the users always agree that all the datapoints in the ED are needed, while one user indicates that further simplification can be implemented.</p> <p>A Rating Agency user pointed out the lack of specialized health and safety personnel or expertise to effectively monitor and report on health and safety metrics.</p>	<p>Split responses for this disclosure. Comments made visible the challenges due to data protection laws that restrict the collection of detailed information on employee illnesses and sick days.</p>	<p>B9 – Workforce – Health and Safety Par. 35 (Only for LSME par. 37).</p>	<p>Medium</p> <p>Main difference regarding the number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from</p>	<p>Slightly different method of calculating the rate of work-related accidents means that reconciliation would be required when comparing this disclosure under set 1 with the same disclosure</p>	<p>VSME can serve as a basis for the corresponding DR in REVISED LSME because there are several common datapoints. However, we would need to add the datapoints in LSME that have been accepted by most respondents.</p>

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		A clear majority of preparers agreed with this DR.	All users agree with this DR.	Most of the others agreed that it was essential whilst some comments were received from those that considered that some datapoints from set 1 (i.e., information about the extent to which own workforce is covered by the health and safety management system) were missing and valuable and another with some fine tuning of the scope (non-employees as voluntary) and aligning the definition with GRI.		ill health – required under LSME not VSME.	under LSME/REVISED LSME. Items that would be lost: i) Voluntary disclosure about non-employees in own workforce ii) Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health (SFDR datapoint) iii) Some guidance on what counts as recordable work-related ill health	

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<p>S1-8 – remuneration metrics</p>	<p>The majority of respondent indicated that it is “possible to prepare with some efforts”; some found it “feasible with available means or already prepared” and on respondent found it highly challenging and costly.</p> <p>A preparer raised concerns about contexts for gender pay gap in not considering specific roles and responsibilities may leading to misconceptions.</p> <p>Preparers agreed that clear guidance is needed on this DR.</p>	<p>A large majority of users always agree that all the datapoints in the ED are needed, while the minority indicates that further simplification can be implemented.</p> <p>A Rating Agency user pointed out the lack of SME access to industry benchmarking/ standards for comparing remuneration metrics, making it difficult to assess the competitiveness of their compensation practices.</p>	<p>Split view between “feasible with available means or already prepared”. 2 respondents found it highly challenging and costly. One respondent found it “possible to prepare with some efforts”.</p> <p>Comments called attention to the challenges on gender pay gap, annual remuneration and data evaluation internally and highlighted the issues for comparability of jobs & salaries e.g. lowest wage in a bank.</p>	<p>B 10 – Workforce – Remuneration, collective bargaining and training Par. 36</p>	<p>Medium B 10 – par. 36 (b). Main difference is that the undertaking may omit this disclosure when its headcount is below 150 employees (for VSME). Additionally, VSME, as opposed to LSME, does not require the annual total</p>	<p>Annual total remuneration: ratio of the highest paid individual (SFDR Tab 3 KPI 8) would be lost.</p> <p>Gender pay gap: Requirement to disclose contextual information. Voluntary disclosure on adjusted pay gap or breakdown by job roles would be lost.</p>	<p>This disclosure contains two SFDR datapoints that cannot be amended. VSME could serve as a basis for gender pay gap but the disclosure on highest paid individual (SFDR PAI) is to be included together with the relevant guidance included in AR. The point raised by a number of organisations regarding adjusted pay gap and further split of gender pay gap by job roles will be kept as voluntary.</p>

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	<p>A clear majority of preparers agrees with this disclosure</p> <p>One SNCI sees conceptual problems with the gender pay gap. They argue that the unadjusted pay gap is not relevant because it disregards differences in tasks and job categories.</p> <p>One preparer was concerned that the annual total remuneration ratio disclosure could lead to the public identification of individuals and/or their salaries and felt that this should be voluntary.</p>	<p>Most users agreed with this disclosure being essential.</p>	<p>A very clear majority of others agreed with this disclosure.</p> <p>Three industry associations see conceptual problems with the gender pay gap. They argue that the unadjusted pay gap is not relevant because it disregards differences in tasks and job categories.</p> <p>Five industry associations had concerns about data protection with regard to the annual total remuneration ratio disclosure. Some fear that this could lead to the public identification of individuals and/or their salaries.</p>		<p>remuneration ratio of the highest paid individual to the median annual total remuneration for all employees.</p>		<p>Gender pay gap and highest paid individual: Secretariat proposes to include a minimum threshold of 50 employees for both datapoints. Such proposal will minimise the concerns raised by respondents.</p>

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S1-9 – Incidents and severe human rights impacts		<p>Most of the respondents concluded that this disclosure is “possible to prepare with some efforts”. Some respondents found it “feasible with available means or already prepared”</p>	<p>A large majority of users always agree that all the datapoints in the ED are needed, while one respondent indicates that further simplification can be implemented.</p> <p>A rating agency user called attention to the hesitancy to disclose due to current lack of established processes for this metric, leading to reputational risk.</p>	<p>The responses were 60/40 split between those respondents that concluded that “feasible with available means or already prepared” and “possible to prepare with some efforts”.</p> <p>One comment suggested that data source could be "whistleblower system", complaints or reported cases of discrimination. The commenter also suggested that the reference to European and national law (instead of international references) would be more useful.</p>	<p>Disclosure BP 9 – Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles (including the principles and rights set out in the eight fundamental</p>	<p>Medium, the scope and type of datapoint are different for the connectivity of financial statements and the SFDR discrimination cases PAI.</p>	<p>Under VSME, the corresponding disclosure is only a yes/no datapoint because the company only has to disclose <i>whether</i> there have been violations of the UN Guiding Principles on Business and Human Rights or other relevant conventions.</p>	<p>The current text of VSME could not be the basis for this disclosure but the revised Secretariat proposal for VSME could alternatively be the basis with further enhancements to ensure that the key data set is kept. The financial materiality datapoint would be added to the REVISED LSME module.</p>

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		All preparers agreed with this disclosure requirement.	All users agreed that this disclosure is essential.	<p>The majority within the others agreed with this disclosure with some exceptions.</p> <p>Para 44: One respondent argued that this paragraph should discuss reported incidents in the reporting period.</p> <p>Para 47(a): One respondent would like to avoid reference to international guidelines but include specific requirements instead.</p> <p>Para 47(b): One respondent argued that reconciling the monetary amounts of fines with the most relevant amount presented in the financial statements should not be required.</p>	conventions of the ILO Declaration and the International Bill of Human Rights) Par. 83 (Only for LSME par. 47).		LSME, on the other hand, is broader in scope and requires various numerical datapoints (one of which is an SFDR datapoint), such as the total number of incidents of discrimination. It also contains optional disclosures about the status of incidents and/or complaints and actions taken, as well as detailed guidance.	

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S1-10 – Diversity metrics	<p>The feedback from the majority of respondents is “possible to prepare with some efforts” Some respondents found it “feasible with available means or already prepared”. No respondents found it challenging.</p>	<p>A large majority of users always agree that all the datapoints in the ED are needed, while the minority indicates that further simplification can be implemented.</p> <p>A Rating Agency user pointed out the risk of inadequate data disclosure due to culturally conservative environments around e.g. diversity & inclusion.</p>	<p>The majority of respondents agreed that it was “feasible with available means or already prepared” (5 respondents)</p> <p>One respondent pointed out that the annual report of severely disabled persons is a potential data source (Schwerbehindertenmeldung).</p>	None	Low	<p>Items that would be lost:</p> <ul style="list-style-type: none"> i) Gender distribution at top management in absolute numbers ii) % of persons with disabilities amongst its employees 	<p>The proposal is to keep the disclosure despite the comments from a number of stakeholders (including, standard setters and civil society organisations) that it should expand the diversity characteristics to include age. It will be a new disclosure in the REVISED LSME module.</p> <p>In addition, Secretariat will perform further research to assess if the top management definition is to be adapted to LSME according to their size.</p>
	<p>All preparers agreed with the feasibility of this disclosure.</p>	<p>All users agreed that it is essential.</p>	<p>The majority of respondents agreed with this disclosure. The disagreements related to i) the deletion of the age breakdown from set 1 (a standard-setter), ii) merging two of the set 1 disclosures (ESRS S1-9 and S1-12) rather than being separate and iii) it is considered limited in terms of vulnerable groups included.</p> <p>In addition, a standard-setter suggested to adapt the definition of top management for LSMEs but did not say how.</p>				

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S1-11 – Work-life balance metrics (voluntary disclosure)		For DRs, S1-11 indicated as mostly “possible to prepare with some efforts” (4 respondents) 3 respondents found it “feasible with available means or already prepared” 0 respondent found it highly challenging and costly.	A large majority of users always agree that all the datapoints in the ED are needed, while one indicates that further simplification can be implemented. A Rating Agency user highlighted the lack of formalized policies or practices to support work-life balance for employees, leading to a lack of data.	For DRs, S1-11 indicated as mostly “feasible with available means or already prepared” for the majority of respondents. One respondent called attention to the fact that it seems assumed that the company has knowledge of the family related circumstances when there could be data restrictions in gathering that information.	BP 10 – Work-life balance Par. 84 (Only for LSME par. 53).	High The disclosure is the same in LSME and VSME.	No loss of information, but VSME lacks some of the useful guidance that LSME has.	This is a voluntary disclosure requirement where the majority of respondents indicated that it was feasible and essential in its current state. The current VSME wording could be used as a basis and kept as voluntary for LSME. Secretariat considers that whilst this disclosure could be enhanced adding a datapoint on remote working, this would go beyond the content of Set 1 and proposes not to change the

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		The majority of preparers agreed with the disclosure with one preparer proposing this to be mandatory.	Most users agreed with this DR.	<p>The majority agreed with this disclosure. The others noted that were due to being voluntary rather than mandatory and not covering all aspects of work-life balance.</p> <p>Besides, four respondents (banking associations and standard-setters) suggest adding other aspects of work-time balance concerning remote working options, working time accounts or the number of departures in the reporting period alongside qualitative information to give a fuller work-life balance picture.</p>				current content. To be discussed at SR TEG.

SECTION 6 Business conduct

LSME Topic / Par.		Preparers	Users	Other	VSME reference	Feasibility of VSME	Loss of information for users	EFRAG
G1-1 Management of relationships with suppliers	FIELD TEST	Five of 19 said that this would be highly challenging and costly. The Secretariat notes that this is a PAT-type disclosure and requires in-house information and can relate to informal and unstructured processes.	92% of users considered the datapoints are required. One user considered that no resources to monitor and manage relationships with suppliers (especially wrt to ESG matters (a voluntary data point)).		n/a	n/a no such requirement under VSME	Complete loss of information	As indicated, this is a PAT disclosure, it does not require significant additional tools and no problems with data quality (all the information is in-house). This information was not included for VSMEs as the ED provides information to this exact category of stakeholder. Additional guidance a possibility.
	CONS.	Most (82%) respondents agreed and one thinking it should be voluntary. Datapoint on ESG matters divides opinion.	A majority of 56% agreed. A user considered that SME's do not have robust policies. Concern that not aligned with set 1.	Most (90%) agreed, request to align with VSME				
G1-2 Anti-corruption and anti-bribery	FT	Two of 19 said that this would be highly challenging and costly	83% of users considered the datapoints are required. One proposed to drop the requirement; another indicated lack of resources would result in non-useful data.		B12	Medium as VSME contains part of the LSME disclosures	VSME lacks information about actions taken to breaches in procedures and standards	Additional guidance that conviction or fine denote that the case is no longer pending. If an appeal has been lodged, the undertaking may report this. No delay for reporting while deciding on or waiting for an appeal decision. Given high agreement, reluctant to remove datapoint on actions (would lead to full alignment with VSME).
	CONS.	Most respondents (82%) agreed with the proposals.	Most (78%) agreed	Most (95%) agreed				
G1-3 Political influence and lobbying activities	FT	Four of 19 said that this would be highly challenging and costly	83% of users considered the datapoints are required. Suggestion to make voluntary and concern re quality of data.		n/a	n/a no such requirement under VSME	Complete loss of information	The Secretariat notes that incorporation by reference is allowed (May also be relevant for G1-2). It also notes the contradiction that this DR requires additional help (from field test) and that SMEs do not have these activities and concludes simplification has been achieved. The Secretariat notes that the information requested in LSME is aligned with G1-5 and is unclear how the information would not be comparable.
	CONS.	A majority (76%) agreed. German concern re overlaps between strategic partners and lobbyists.	The majority (63%) agreed. One user disagreed with the simplification as he is concerned that information would not be comparable with set 1.	Most (82%) agreed. Request for guidance on governance-related procedures, e.g., whistleblower policies, not in LSME standard but in the ESRS full set. However, some request removing the DR.				