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Summary and conclusions on feedback received by EFRAG SR TEG members in response to the questions raised in the draft proposal for Voluntary Sustainability Reporting Standard (non-listed SMEs) based on Issues Paper 03-01 presented at SR TEG on 17 November

Summary of the feedbacks

Q1. Do EFRAG SR TEG members agree to use the available draft prepared by the Cluster 8 of EFRAG PTF as a basis for EFRAG VSRS SMEs?

- The majority of the respondents agreed that the draft proposal is a good / positive effort.
- Members in general considered necessary to amend the draft before the consultation. Five of them did not agree to use the draft as a basis for the consultation, as it lacks the necessary alignment with the main ESRS. Two of them agreed to use it as a basis, after certain adjustments.
- 3/10 respondents have not an opinion to express at this stage

Q2. What changes would members recommend to the available draft in order to be used as EFRAG exposure draft ad consultation document in the coming months?

- The majority of the respondents (6/10) recommends certain changes of the draft proposal to achieve more alignment with ESRS and focus on impacts (and sector specific material topics particularly of high impact sectors, e.g. linkages to the Taxonomy in the form of guidance)
- 1/10 only points the need to avoid the introduction of new concepts (other than ESRS principles)
- 3/10 have no clear opinion to express at this stage

Q3. Which of the options presented in par 14 to 25 should be pursued: Option 1 (format and content unchanged), Option 2 (stronger alignment with ESRS)? Both shall be looked as part of the ESRS building block system

- 8/10 select Option 2
- 1/10 select Option 1

- 1/10 no opinion

Q4. Do the SR TEG members agree with the timeline presented in par 26?

- 2/10 no opinion
- **2/10 synchronization of the consultation process with stakeholders for the 2 standards (listed SMEs and VS) should be met**
- 1/10 timeline to be accomplished as proposed
- **5/10 delay the timeline to ensure maturity and alignment of the VS with ESRS**

Q5. Do the SR TEG members agree with the following principles to ensure a proportionate inclusion process for the SMEs that are not listed?

a) The [draft] VSRS SME neither includes provisions of the SFDR and the Taxonomy Regulation nor other sustainable finance regulation.

- 2/10 no opinion
- 1/10 agree
- 1/10 Not sure yet
- 3/10 Disagree
- 3/10 Guidance required

b) The [draft] VSRS SME does not include voluntary sector-specific requirements (sector-specific layer will be part of ESRS listed SMEs)

- 2/10 No opinion
- **5/10 No ready to answer this question yet and need further consideration on this topic**
- 2/10 Only respective guidance should be added
- 2/10 Refer to high impact sectors specifically

c) The voluntary reporting for non-listed SMEs is to be prepared every year or every two years.

- 5/10 no opinion
- 3/10 no need to specify
- 1/10 no important
- 1/10 no relevant

d) The [draft] VSRS SME does not require the digitization of the voluntary disclosures.

- 2/10 No opinion
- 7/10 Yes
- 1/10 Too early

Beside the answers to the above questions, EFRAG SR TEG members also added specific suggestions on the content of the VSRS or other general comments that can be found in Excel file in Annex.

Summary of conclusions

From the feedback assessment as of the 1st of December 2022, a table compiling the 10 answers was created. The responses were organized by question as discussed in the agenda of the TEG meeting on 17 November. The main conclusions are:

1. The draft proposal for VSRS is a good idea, but it does not meet the expectations of the TEG members or the “purpose” as it is stated in the draft.
2. Although a critical percentage for one voluntary standard declares that no opinion is formed yet on a number of questions addressed about the draft proposal of VS, all have agreed that the best option will be the proposed Option 2 which as specified by the Secretariat is that “changes are necessary to create further alignment between the SME VSRS, the ESRS for listed SMEs and the ESRS for large undertaking as follows (list not exhaustive):
 - Align terminology with the ESRS and add a Glossary
 - Review the disclosure requirements of the [draft] SME VSRS to align architecture with the ESRS for listed SMEs
 - Add Application Guidelines”
3. For the above reasons, it is also the majority of the respondents (although split in 5 and 2 members) that also agree to the delay of the revisiting of the draft proposal for VS and/or aim to synchronize the stakeholder consultation for the SMEs related to the standards (both the mandatory and the voluntary ones)
4. Regarding sub-topics under question 5 the responses received confirm the need to allow more time and analysis of the option 2 along with the proposal for improvement sent by 5/10 of the respondents to enable a further consideration of particularly the relevance of the VSRS to other legal instruments and particularly (1) the Taxonomy and (2) SFRD.
5. Moreover, the inclusion of key stakeholders in the consultation process so as to ensure that the VS will meet both the needs of large undertakings (under the scope of CSRD and Taxonomy) and the banking sector primarily (capital lenders for SMEs) should be further examined and covered by the VSRS in the form of guidance to the users of the standard.

