

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

EFRAG SR TEG and SRB internal survey

on [Draft] LSME ESRS V3.1 (continuation of feedback discussion on LSME – focus on Social and Business conduct)

Cover Note

Objective

1. The purpose of this session is to continue the discussion of 12 September with the SR TEG on the LSME ESRS v3.1 written feedback after the internal consultation period, especially **focusing on Section 5 (Social) and Section 6 (Business Conduct)** which were not covered in the previous SR TEG meeting.

Reminder of the Process

2. EFRAG Secretariat launched a complete set of documents that were addressed to the SR TEG and SR Board. The SR TEG was asked to provide detailed line-by-line feedback on the draft LSME v3.1. The SR Board was asked to fill an LSME questionnaire and was provided the opportunity to add detailed comments where appropriate.



3. The internal consultation started in the last week of July and finalised during the third week of August. EFRAG secretariat has analysed the line-by-line comments on LSME v3.1 received from SR TEG and from some SRB members. EFRAG Secretariat has also analysed the SRB replies to the on-line questionnaires on draft LSME v3.1.

Selected Comments to discuss with SR TEG

4. A summarised version of the detailed feedback is included as support documents to the meeting on 18 September in Agenda Paper 06-03 for LSME. EFRAG secretariat suggests that SR TEG discussions focus on the comments of Section 5 and Section 6 in LSME that have been classified as pending, either because i) there are conflicting views, ii) they are new proposals compared to draft text in in LSME or iii) further clarification is needed.

LSME

5. Overview of the number of comments received in relation to LSME with a further breakdown per Section:

LSME	
Total number of comments in LSME¹	602
Total number of selected comments to discuss at SR TEG in LSME	31
Total number of selected comments to inform SR TEG in LSME	14

6. The SR TEG and SRB proposals for discussion on LSME are accompanied by the Secretariat's analysis. The main topics selected are² (SR TEG will **focus on Section 5 and 6** / the other sections covered in SR TEG 12 September):
 - Section 1 (General requirements): i) Entity-specific, ii) Materiality of information, iii) Level of disaggregation;
 - Section 2 (General disclosures): i) GOV-1, ii) GOV-2, iii) SBM-1, iv) SBM-2, v) SBM-3, vi) IR-1, vii) Materiality approach;
 - Section 3 (Policies, Actions, Targets, Engagement and Remediation): i) Approach on MDR for Policies, Actions and Targets, ii) Targets, iii) ARs approach for PAT;

¹ The comments that Secretariat is not sharing in this SR TEG meeting were included in the draft proposal or not included based on previous discussions at SR TEG meetings, the decision tree and the approach taken. This number of comments also includes a small number of detailed comments from the SRB.

² Please refer to paper 06-03 – LSME V3.1 SR TEG and SRB Summary of detailed comments for the detailed overview.

- Section 4 (Environment): i) Energy intensity, ii) E1-2– Gross Scopes 1, 2, 3 and Total GHG emissions, iii) E4-1 – Impact metrics related to biodiversity and ecosystems change, iv) E1-4– Anticipated financial effects from material physical and transition risks and potential climate-related opportunities and vi) E5-2 – Resource outflows,
- **Section 5 (Social): i) S1-1 – Characteristics of the undertaking’s employees, ii) S1-6 – Training and skills development metrics, iii) S1-8 – Remuneration metrics (pay gap and total remuneration), iv) S1-9 – Incidents, complaints and severe human rights impacts;**
- **Section 6 (Business conduct): i) G1-1 – Management of relationships with suppliers, ii) G1-2 –Anti-corruption and anti-bribery, iii) G1-3 – Political influence and lobbying activities.**



Tentative Timetable for LSME and VSME

7. This timetable below was presented at SRB meeting 28 of June 2023 and at SR TEG at 13 of July in the context of launching the internal feedback period on LSME and VSME. **This timetable is subject to change and the effective consultation may start later than what is foreseen here, depending on the effective time needed for SR TEG and SRB to agree on the draft for consultation.**
8. In addition to the scheduled meetings, the SR TEG meeting on 12 September (additional meetings 18 September for LSME and 20 September for VSME discussions) and the SRB meeting on 13 September have been planned to discuss the written feedback received during the internal consultation.



September				October				November				December						
Week starting																		
4	11	18	25	2	9	16	23	30	6	13	20	27	4	11	18	25		
Secretariat working (and holidays) and update for the final DA			SRB latest comments on LSME and VSME		4 October: SRT LSME and VSME Approval (17 fall back)		Secretariat LSME + VSME review		24 October: SRB final Approval		Editorial and linguistic review				LSME ED + VSME ED out for consultation			
5 September: SRT closed session Vienna initiative (banks questionnaire)		22 September: SRB discussion for drafting LSME and VSME (based on 12 and 13)		27 September: Final draft LSME and VSME (upload)		17 October: Final ED LSME and VSME (upload) + fall back SRT approval												
12 September: SRT discussion written feedback																		
13 September: SRB discussion written feedback																		



Agenda Papers

9. In addition to this cover note, agenda papers for SR TEG members in this session are:
 - a. Agenda paper 06-02 – LSME V3.1 Comment log SR TEG and SRB feedback (available in the Sharefile folder for SR TEG [here](#))
 - b. Agenda paper 06-03 – LSME V3.1 SR TEG and SRB Summary of detailed comments

Questions to SR TEG

LSME

1. Comments for discussion: please provide your view on the selected comments for discussion (see Agenda Paper 06-03 - LSME V3.1 SR TEG and SRB Summary of detailed comments LSME pages 21 and 28 for Social and Business conduct respectively)
2. Comments for information: please provide your comments on the selected comments for information, if any (see Agenda Paper 06-03 - LSME V3.1 SR TEG and SRB Summary of detailed comments LSME).

