> 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] VSME ESRS V1.1
Cover Note

Objective

1. The purpose of this session is to discuss with the SR TEG the VSME ESRS v1.1 written feedback after the internal consultation period.

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 VSME v1.1. The SR Board was asked to fill a VSME 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 both draft VSME v.1.1 received from SR TEG and from some SRB members. EFRAG Secretariat has also analysed the SRB replies to the on-line questionnaires on draft VSME v.1.1.

Selected Comments to discuss with SR TEG

4. A summarised version of the detailed feedback is included as support documents to the meeting on 20 September, in Agenda Paper 03-03 for VSME. EFRAG secretariat suggests that SR TEG discussions focus on the comments that have been classified as pending, either because i) there are conflicting views, ii) they are new proposals compared to draft text in VSME or iii) further clarification is needed.

VSME

5. Overview of the number of comments received in relation to VSME:

VSME	
Total number of comments in VSME[1]	**224**
Total number of selected comments to discuss at SR TEG in VSME	14
Total number of selected comments to inform SR TEG in VSME	19

6. The SR TEG and SRB proposals for discussion on VSME are accompanied by the Secretariat's analysis. They concern: i) undue cost and effort, ii) materiality (simplification); iii) potential impacts and errors in previous reporting period/estimation (simplification) iv) governance bodies gender diversity. Six discussion items related to the environmental, social and business conduct metrics.

7. Moreover, the Secretariat suggests to discuss the outcome of the SRB questionnaire on : i) the suggestion to swap step 3 with step 2 in the building block; ii) the newly proposed social metrics on collective bargaining and adequate wage; and the additional metric on placements for trainees for VSME only . The complete overview of the SRB questionnaires results is provided in Agenda paper 03-04 – VSME V1.1 SRB Survey results The topics proposed for discussion are highlighted in yellow in this document.

8. Recent VSME outreach events and meetings with i) SME United and organisation members, ii) Vienna Initiative on SMEs and iii) banking associations and their members. Main outcome of those meetings are related to:

   a. simplifying the language on VSME (in line with former ex-PTF Cluster 8 proposal) vs sticking with Set language and wording, at least for the EU law module (step 3 on building blocks)
   b. review the approach to materiality on VSME

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[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.

Tentative Timetable for LSME and VSME

9. 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.**

10. 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

11. In addition to this cover note, agenda papers for SR TEG members in this session are:
    a. Agenda paper 03-02 – VSME V1.1 Comment log SR TEG and SRB feedback (available in the Sharefile folder for SR TEG here)

b. Agenda paper 03-03 – VSME V1.1 SR TEG and SRB Summary of detailed comments

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Questions to SR TEG

<u>VSME</u>

1. Comments for discussion: please provide your view on the selected comments for discussion (see Agenda Paper 03-03 – VSME V1.1 SR TEG and SRB Summary of detailed comments)
2. Comments for information: please provide your comments on the selected comments for information, if any (see Agenda Paper 03-03 – VSME V1.1 SR TEG and SRB Summary of detailed comments).