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ESRS LSME ED and VSME ED Public Consultation Questionnaires

Cover Note

Objective

- 1 The objective of this session for EFRAG SR Board is to collect the latest key comments on ESRS LSME ED Questionnaire and VSME ED Questionnaire that will be issued for public consultation by mid-January 2024.

Process

- 2 The ESRS LSME ED and VSME ED Questionnaires to be issued for the consultation package in mid-January were shared on the 22 December 2023 with EFRAG SRB to receive feedback and comments. EFRAG SR TEG and EFRAG SRB members were invited to share with EFRAG Secretariat their comments in written by 5 January 2024. The discussion in this meeting will focus on the areas that deserve further clarification on the basis of the written feedback. No editorial comments are expected in this meeting.
- 3 The questions on value chain and sector approach are the same in the two surveys. The respondents are expected to be different with some overlaps that will be treated to avoid duplications.

VSME ED Questionnaire

- 4 The VSME ED Questionnaire is structured in two parts:
 - (a) **Part 1** which is **mandatory** and composed of general questions; and
 - (b) **Part 2** which is **optional** and composed of more detailed questions.
- 5 As a reminder, the following questions were already agreed in the approval process at EFRAG SR TEG and SRB to be asked in the public consultation:
 - (a) Value Chain Cap
 - (b) Approach on sectors
 - (c) Entity specific
 - (d) Preparation on a consolidated basis
 - (e) Subsidiary exemption
 - (f) Materiality approach in the different modules

- (g) The inclusion of financial opportunities
- (h) Scope 3 language as entity specific consideration in BP module
- (i) Disclosure B 2 “Practices for transitioning toward a more circular economy”
- (j) Disclosure B 11 “Workers in the value chain, affected communities, consumers and end-users”
- (k) Disclosure B 12 “Convictions and fines for corruption and bribery”
- (l) Disclosure N 3 “Management of material sustainability matters”
- (m) Disclosure BP 2 “Gender diversity ratio in governance”
- (n) Objective of BP 7, 8 and 9.
- (o) Disclosure BP 10 “Work Life Balance”
- (p) Disclosure BP 11 on “Number of Apprenticeships”
- (q) Potential sub-modules for the Business Partners Module
- (r) Thresholds of coverage of VSME compared to banks/ large corporates questionnaires (are questionnaires addressed to micro-, small or medium-sized companies?)
- (s) What additional datapoints banks/corporates need that are not present in the Business Partners Module
- (t) For each datapoint in BP Module, to assess which ones could be further deleted and/or which ones are missing from the business partners perspective
- (u) Guidance developed for Basic Module and Business Partners Module

ESRS LSME ED Questionnaire

- 6 The ESRS LSME ED Questionnaire is structured into two parts:
 - (a) **Part A** which is **mandatory** to respond and has key questions about ESRS LSME ED
 - (b) **Part B** which is optional to respond and has specific questions for each section of ESRS LSME ED
- 7 As a reminder, the following questions were already agreed in the approval process at EFRAG SR TEG and SRB to be asked in the public consultation:
 - (a) Value Chain Cap
 - (b) Approach on sectors
 - (c) “Report if you have” approach
 - (d) Phase-in (in particular for the threshold of 50 employees)
 - (e) Entity specific
 - (f) Inclusion of climate resilience analysis
 - (g) Merging current and anticipated financial effects in SBM-3
 - (h) Detailed guidance on disclosure breakdown for financed emissions

- (i) SNCI option to deviate from using net revenue in GHG and water consumption ratios

Agenda Papers

- 8 In addition to this cover note, please refer also to agenda papers:
 - (a) Agenda paper 04-02 – ESRS LSME ED Draft Questionnaire (version 22 December)
 - (b) Agenda paper 04-03 – VSME ED Questionnaire (version 22 December)