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VSME Update on Advanced Module Cover Note

Objective

- 1 The objective of this meeting is to update SRB members on the advanced module following the discussion held during the workshop with banks in September 2024.

Background

- 2 Following the public consultation phase, EFRAG Secretariat proposed to SRB and SR TEG a series of changes for the VSME.
- 3 During the SRB meeting of the 10 and 17 July 2024 and the SR TEG meetings of the 16 July 2024, the strategic and technical orientations were discussed. Moreover, EFRAG SR TEG members were invited to send written feedback on the Business Partners Module only during the summer. These have been incorporated in Agenda Paper [07-04](#) (SR TEG 12/09) and [05-04](#) (SR TEG 19/09) which provides an overview of all changes agreed upon from papers [05-02](#) and [05-08](#) of the SRB and SR TEG meetings in July.
- 4 Over the summer, EFRAG Secretariat implemented the changes agreed at SRB and SR TEG level in July along with the SR TEG written comments received over the summer. Following the implementation of these agreed changes, EFRAG SR TEG has discussed the revised version of the VSME on 12, 19, 26 September and 7 October. The revised cross-cutting part of VSME following these has been provided to SRB members in the Sharefile for this meeting.
- 5 In addition, EFRAG Secretariat organised a workshop on 16 September with European and national banking associations to discuss the revised VSME after public consultation. The summary of the workshop has been provided to SRB members in the Sharefile for this meeting. A main outcome of the workshop was that the “Advanced Module” now called “Additional Financial Institutions Module”, to be introduced in VSME because of the requests of additional datapoints by banks in the public consultation, would not be needed at the end. Indeed, the banks suggested to limit the additional module to be the placeholder for the streamlined taxonomy disclosure for SMEs that is currently being developed by the Sustainable Finance Platform. The only additional (i.e. not included in VSME ED) datapoints that banks considered essential to keep are: i) exclusion from EU reference benchmarks (moved to Comprehensive Module); ii) nuclear waste ratio (moved to Basic Module Guidance) and iii) female to male ratio in management bodies for undertaking with more than 50 employees (moved to Comprehensive). **The appendix below, highlights the structural changes that have been suggested by banking associations during the workshop and discussed with SR TEG on 19th September.** These changes are now to be discussed in SR TEG so the final standard may still change.

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- 6 EFRAG SR TEG has discussed/ will discuss the revised VSME in the following meetings:
- (a) [12 September: Discussion of cross-cutting disclosures](#)
 - (b) [19 September: Discussion of Environmental Basic module metrics \(B3-B7\)](#)
 - (c) [26 September: Continuation of the discussion on remaining VSME metrics.](#)
 - (d) [7 October: Continuation of discussion on Comprehensive Module](#)
 - (e) [10 October: Approval initiation of Cross Cutting and Basic Module](#)
 - (f) [17 October: Discussion on Comprehensive Module and approval continuation](#)
- 7 Lastly, EFRAG Secretariat organised a workshop with SMEUnited on 23 September 2024.

Questions for EFRAG SRB

- 8 Does SRB have feedback related to the update provided on VSME? In particular regarding the proposed changes to the additional Financial Institutions Module?

Next steps

- 9 Approval at SR TEG is planned for 10 and 17 October 2024.
- 10 CBA Presentation on LSME and VSME (joint SRB and SR TEG meeting) on 30 October 2024.
- 11 Approval initiation at SRB is planned for 30 October and approval on 13 November 2024.
- 12 Deadline to deliver to the EC is 20 December 2024. Basis for conclusions may be completed in January.

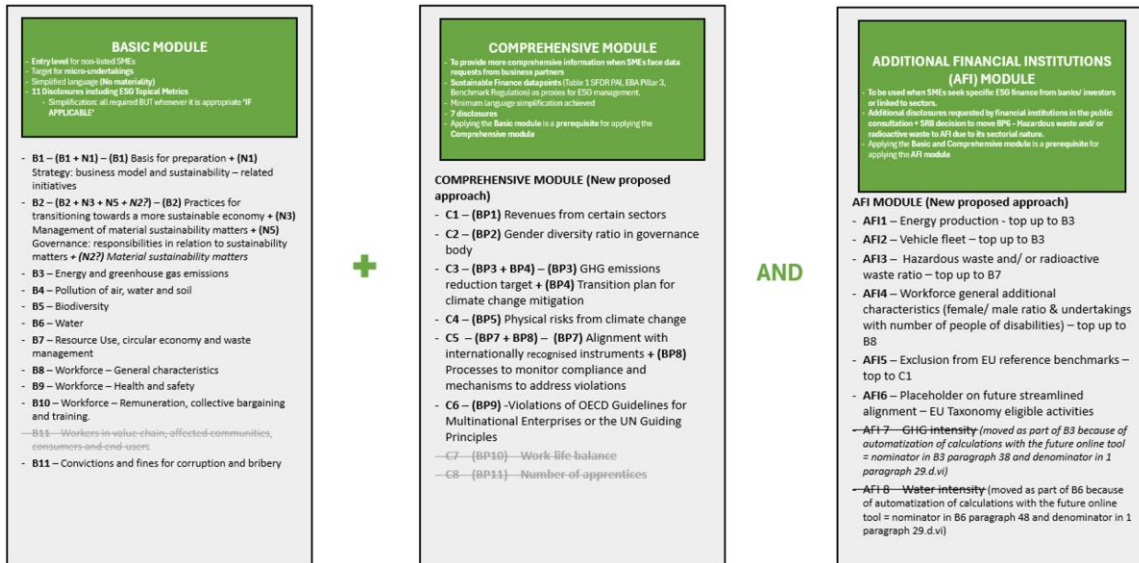
Agenda Papers

- 13 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 08–02 Revised VSME after Public Consultation – clean version (Cross-Cutting only) [CONFIDENTIAL, for SRB members only]
 - (b) Agenda paper 08–03 Revised VSME after Public Consultation – markup version (Cross-Cutting only) [CONFIDENTIAL, for SRB members only]
 - (c) Agenda paper 08–04 Summary of workshop with banks [CONFIDENTIAL, for SRB members only].

Appendix

- 14 Updated VSME Modular Structure after public consultation (agreed in July):

VSME Update on Advanced Module Cover Note



15 Updated VSME Modular Structure after bank workshop and SR TEG on 19 September:

