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Sent via email only

Dear Mr President,

Dear Jean-Paul,

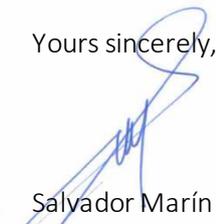
It is my pleasure to send you, below this introductory letter, the response of the European Federation of Accountants and Auditors for SMEs (“EFAA”) to the EFRAG PUBLIC CONSULTATION: DUE PROCESS PROCEDURES ON THE PREPARATION OF EU SUSTAINABILITY INFORMATION STANDARDS.

As on previous occasions, at EFAA we appreciate the opportunity to comment on this Public Consultation Document.

At this point, and as you will see in our response, we ask to pay attention to giving adequate representation to the needs of SMPs and SMEs through consultation mechanisms which are adapted to their particular needs and limits, as well as by recognising the leading role which EFAA plays and will continue to play in voicing the specific needs of SMPs and of their SME clients, a role acquired through our long history and extensive experience in such representation.

EFAA represents accountants and auditors who provide professional services primarily to SMEs in the European Union as well as in Europe as a whole. Its constituents are mostly Small Professionals (“SMPs”), including a significant number of sole professionals. EFAA members are therefore themselves SMEs who provide a range of professional services (eg auditing, accounting, bookkeeping, tax and business advice) to other SMEs. EFAA represents 13 national organisations of tax, auditing and accounting advisers with more than 350,000 individual members that provide services to millions of SMEs in Europe.

Yours sincerely,



Salvador Marín
EFAA President

EFAA RESPONSE EFRAG PUBLIC CONSULTATION: DUE PROCESS PROCEDURES ON EU SUSTAINABILITY REPORTING STANDARD-SETTING

EFAA appreciates the opportunity to provide our comments on your Public Consultation Paper: [EFRAG Due Process Procedures on EU Sustainability Reporting Standard-Setting](#).

The European Federation of Accountants and Auditors for SMEs (“EFAA”) represents accountants and auditors providing professional services primarily to SMEs both within the European Union and Europe as a whole. Constituents are mainly small practitioners (“SMPs”), including a significant number of sole practitioners. EFAA’s members, therefore, are SMEs themselves, and provide a range of professional services (e.g., audit, accounting, bookkeeping, tax, and business advice) to SMEs. EFAA represents 13 national accounting, auditing, and tax advisor organisations with more than 350,000 individual members.

GENERAL COMMENTS

Small- and medium-sized entities (SMEs) collectively account for a significant, if not majority, share of environmental and social impacts by private sector business. Consequently SMEs, and the small- and medium-sized accountancy practices (SMPs) that provide professional services to them, stand to play a vital role in making the EU economy sustainable. SMPs can contribute to achieving a sustainable EU economy in various ways as we describe on [our new website](#). This role extends to helping SMEs prepare sustainability reports. SMPs have traditionally prepared the financial information and reports, both for management and external reporting purposes, of clients that lack the inhouse expertise or capacity to do so themselves. Going forward SMPs can expect increasing numbers of clients to ask them to also prepare sustainability information and reports. Accordingly, it is crucial that the due process around the development of sustainability reporting standards for SMEs facilitates and promotes the participation and input from the SMP and SME constituencies. We welcome the timely publication of this proposed due process and are broadly agreeable with its main provisions. EFAA is also encouraged to see that the proposed due process document includes specific provisions for ‘Sustainability Reporting Standards for SMEs’ in paragraphs 5.6 and 5.7.

SPECIFIC REMARKS

We agree with the proposed due process in particular the mandatory steps listed in paragraph 5.1.

As mentioned above we welcome the inclusion of specific provisions for the development of sustainability reporting standards for SMEs. While we agree in principle with the high importance afforded field testing of the proposals, we have some doubts as to whether there will be sufficient time to do this given the tight deadlines.

In [our response](#) to [your governance consultation](#) of November 2020 EFAA stressed that it is vital that we elicit significant input from SMEs and SMPs, who frequently prepare the financial and non-financial reports of SMEs. These groups have limited technical resources and time to respond to or participate in consultation exercises. To facilitate and encourage their input, simple, quick, and easy ways of providing input are needed, such as online micro surveys and exposure draft (ED) response templates. In its [Comprehensive Review of IFRS for SMEs](#) the IASB provided an optional response document and online user survey. EFRAG might, therefore, wish to consider making explicit reference to such mechanisms in the final due process document.

We greatly appreciate this opportunity to share our views. We look forward to helping EFRAG garner input from SMEs and SMPs as it develops and consults on its sustainability reporting standards for SMEs.



Salvador Marín
EFAA President



Paul Thompson
EFAA Director

EFAA, the European Federation of Accountants and Auditors for Small and Medium-sized enterprises, is the umbrella organisation for national accountants and auditors' organisations whose individual members provide professional services primarily to SMEs. EFAA has 13 members throughout Europe representing over 350,000 accountants and auditors.