

Questionnaire VSME Exposure Draft

EFRAG Public Consultation – January 2024

DISCLAIMER

This questionnaire supports the development of the Exposure Draft for a Voluntary Standard for non-listed SMEs ('VSME ED'). The purpose of this consultation is to collect feedback from a variety of stakeholders on of its content.

The VSME ED is the result of EFRAG SRB and SR TEG discussions and includes inputs from EFRAG Expert Working Group and the EFRAG VSME community as well as stakeholders outreach events. This work benefits from the research conducted by the SME working group "Cluster 8" of the EFRAG Project Task Force on European sustainability reporting standards.

The following background documents are included in the package (Annex 1 and 2 available [here](#)) to help respondents framing their responses:

- **Annex 1: VSME ED**
- **Annex 2: Basis for conclusions for VSME ED** illustrating the reasoning behind the content of the ED.
- **Annex 3: Approach to Value Chain Cap in ESRS LSME ED and VSME ED** ([link](#))

Deadline for answer is 21 May 2024 (EoD)

SURVEY INTRODUCTION

Thank you for taking the time to complete this survey.

The purpose of this survey is to receive feedback from constituents on the VSME ED. The feedback will be collated by EFRAG Secretariat and analysed by EFRAG SR TEG and SRB to finalise the VSME draft for delivery to the European Commission ('EC').

Why VSME? EFRAG's work on a voluntary standard for non-listed micro, small and medium undertakings is outside the Corporate Sustainability Reporting Directive (CSRD).

As specified in the EC Q&A accompanying the adoption of the Delegated Acts ESRS in July 2023, EFRAG is developing a simpler, voluntary standard for use by non-listed SMEs to enable *non-listed SMEs to respond to requests for sustainability information in an efficient and proportionate manner* as well as to facilitate their participation in the transition to a sustainable economy. The EC SME Relief Package of September 2023 refers to the VSME ED as a measure to support SMEs in *accessing sustainable finance* and to reduce the reporting obligations by 25%.

VSME ED will allow non listed SMEs (including micro) to face growing requests for ESG data and to lower the entry barrier to reporting. In addition, undertakings with no company statute (self-employed) are



expected to use this VSME. The benefits of VSME will depend on market acceptance and recognition that the VSME ED is suitable to replace a substantial part of the various questionnaires (from lenders, corporates, investors) currently used to collect such information from SMEs.

Micro, small and medium undertakings are in number the vast majority of enterprises in Europe.

General approach to users' needs: When answering to the questions in this Survey and assessing the appropriateness of the proposed disclosures, respondents are invited to consider the perspective of the users' needs of this particular ED (users being primarily SMEs' business partners, i.e. lenders, other investors, corporates) and to take into account the capacities of the SMEs, especially as they are not in the scope of the CSRD. Such information is also expected to support the perspective of public interest.

In this questionnaire, if not differently specified, the terms "SMEs" and "undertaking(s)" refers to non-listed micro, small and medium undertakings in the scope of VSME ED.

If you have no opinion on a question you can skip the question.

INFORMATION ON SURVEY PARTICIPANT

First Name: Alexia

Last Name: Femia

Name and Type of organization (Preparer, User, Other): European Banking Federation (Preparer)

- **Preparers** are identified as those which choose to prepare a sustainability report under the VSME ED.
- **Users** are identified as those using the sustainability information produced by applying VSME ED (in particular those are investors, lenders, large undertakings as SME's value chain partners).
- **If preparer:**
 - does your undertaking have a company statute? Yes/No.
 - are you subject to requirements to publish annual accounts? Yes/No.
- **If preparer**, please specify whether you are a:
 - Micro undertaking (below 10 employees)
 - Small undertaking (between 10 and 50 employees)
 - Medium undertaking (between 50 and 250 employees)
 - Small practitioner accountant (SMP) working with small and medium-sized enterprises (SMEs)
 - Business / Sector, international/ European or national organizations (as proxy for SMEs)
 - Specify which sector.
- **If user**, please specify whether you are:
 - User of sustainability reporting information (e.g. bank or investor)
 - Large undertaking as SME's business partner
 - Rating Agency (as proxy for user)
 - Public authority in processing sustainability information for tenders
 - Business / Sector, international/ European or national organizations (as proxy for SMEs)
 - Specify which sector.
 - Small and medium sized enterprise (SME) as SME's business partner
- **Other:**
 - National or European authority/Standard Setter
 - Non-Government Organization ("NGO")
 - Unions/Worker representatives
 - Academic or research institution
 - Accountant/Consulting services/Assurance provider
 - Other (please specify)
European trade association



“Other” respondents can choose to respond either as Preparers (proxy) or as Users (proxy). In this case, in addition they can provide complementary comments to cover the other perspective, using the last open question in Part 2 of the questionnaire.

Main country of operations (choose from menu)

Main sector of operations (choose from menu)

Depending on the group you have selected, you will be asked different questions.

SURVEY STRUCTURE

This survey is structured as follows:

A) Part 1: VSME ED – General key questions (**CRITICAL, please consider answering all questions**) (If you only wish to complete Part 3, please page through the questionnaire to there)

B) Part 2: VSME ED – Detailed questions on principles and datapoints in the 3 modules (**ADDITIONAL, please complement your answers in part 1 by answering part 2 as much as possible**) (If you do not wish to complete this part, please page through to Part 3 on the Value chain cap or the submission page as relevant)

C) Part 3: Value chain cap (Separate section on the role of VSME and LSME in respect to the trickle-down effect) value chain cap as determined by the ESRS LSME) (Please note that here you are requested to choose whether you want to respond in brief on this topic or in a more detail. Please note that the questions on the value chain cap here are the same as in the LSME questionnaire in part A2 and if you respond to both questionnaires, you do not need to repeat your answers.)

You can choose to answer any part on its own or combination with the other parts.

Survey instructions

Some questions in the survey will appear depending on your previous answers or choices. You will now be able to save your responses before final submission. **Please note that EFRAG only considers completed surveys - partial submissions cannot be technically processed. You will receive an email with your response on submission.**



QUESTIONS

A) PART 1: General Key Questions (CRITICAL)

a. Objective, simplifications and modules

Please refer to the text of VSME ED in Annex 1 and to the text of Basis for conclusions for VSME ED in Annex 2.

Q1. The objective of this ED is to provide a simple reporting tool, that can credibly replace a substantial part of the questionnaires used by business partners (lenders, investors and corporate clients) in requesting ESG data from SMEs and that can support SMEs in monitoring their sustainability performance. While the ED has been built mainly on the basis of questionnaires from business partners, the resulting information is expected to also benefit SMEs by improving their management of sustainability issues and, in this way, contribute to a more sustainable and inclusive economy.

Do you agree with this standard setting objective?

Yes/No/Please explain your answer.

Yes

The EBF agrees with this standard setting objective, however, it is necessary to start as simply as possible and to request information that can be easily obtained from an SME. The standard should be simple to compile and compact. Overall, the effort required, especially in this initial phase, should be minimized in order to ensure the successful uptake of the standard. Any datapoints that go beyond this general principle could be included at a later stage when SMEs have become more familiar with sustainability reporting.

In its current form, the VSME ED generally covers the main ESG information needs of banks. However, the additional guidance required to implement the standard gives a clear indication that the complexity of the standard should be reduced. The standard should be designed as to ensure that SMEs can prepare their disclosures independently. Some examples of where additional guidance is needed are:

- (If the materiality assessment should remain in the final VSME standard) to help companies perform the materiality assessment both for module 2 and 3;
- to help companies produce the information required by module 2;
- to help companies produce the indicator linked to their scope 3 emissions.

Q2. VSME ED has been structured in three separate modules:

The **Basic Module** is the entry level for SMEs and the target for micro-SME; it is required also in case of use of one of the two other modules.



The **Narrative-Policies, Actions and Targets (PAT) Module** is expected to be used by SMEs that have already in place some formalised policies, actions and targets.

The **Business Partners (BP) Module** is expected to be used when an SME faces data requests from its business counterparties.

The following alternatives for reporting uses are possible under the VSME ED:

- 1) The Basic Module alone;
- 2) The Basic Module with the Narrative-PAT Module;
- 3) **The Basic Module with the Business Partners (BP) Module;**
- 4) All three Modules together.

Do you agree that these alternatives are appropriate to deal with the diversified undertakings in scope (both number of employees and economic sectors) in the context of the objective as stated in Q1 of this questionnaire?

Yes/No/Please explain your answer.

Yes

The preferred solution would be option "3) The Basic Module with the Business Partners (BP) Module". The Narrative-PAT Module, while interesting, does not provide information that can be processed by banks (unlike quantitative data).

While providing flexibility based on the undertaking's material stakeholders, offering alternative reporting options under the VSME may also be a source of confusion for data providers.

In addition, with respect to Module 3, specific indicators relevant for banks' reporting obligations are there included. However, the modular approach proposed may lead to a situation where a financial institution needs information included in module 3, but the SME only produces information required by module 1 because it considers that performing a materiality assessment is too complicated or because the information was not considered material by the SME. For this reason, we propose to modify the standard by deleting the materiality condition for module 3. This suppression will allow SMEs to produce the information required by module 3 if they already have the information, if they can produce it easily or if it is required by their bank. No exhaustivity would be required.



Q3. The Basic Module is written in simplified language to make it easily understandable for micro and SME undertakings, while ensuring clarity in terms defined by the ESRS with 12 disclosures to be reported. There is no need for a materiality analysis. Certain disclosures are required only if the undertaking considers them "applicable".

Do you agree that the **Basic Module** is proportionate, understandable (in terms of language), and has a reasonably complete set of disclosures to be used as a starting point?

Yes/No/Please explain your answer.

If answer is NO, please indicate the relevant disclosure.

Yes

Further guidelines to justify applicability (more details on the specific circumstances that need to hold) may be warranted for completing B3-B12.

Q4. The Narrative-Policies, Actions and Targets (PAT) Module is suggested in addition to disclosures in the Basic Module, to undertakings that have formalised and implemented PAT. Materiality analysis is required to determine and disclose the sustainability matters that are relevant for the undertaking.

Do you agree with the content and approach of the **Narrative-PAT Module**, which is reserved to undertakings that have Policies, Actions and Targets (PAT) in place?

Yes/No/Please explain your answer.

No

While conducting a materiality assessment may be advantageous, it also involves a great deal of effort. Small companies generally do not have the resources available for this. This should be taken into account.

We, therefore, suggest keeping the module voluntary and removing the materiality analysis for the sake of proportionality.

Q5. The Business Partners (BP) Module sets datapoints to be reported in addition to disclosures in the Basic Module, which are likely to be included in data requests from lenders, investors and corporate clients of the undertaking. Materiality analysis is required, in order to determine and disclose the sustainability matters that are relevant for the undertaking.

Do you agree with the content and approach to the **Business Partners (BP) Module**, as a replacement and standardisation of information requests by business partners, being a proportionate but complete set of ESG disclosures?

Yes/No/Please explain your answer.

No



While the BP module includes a number of useful data point needed by banks to comply with their reporting requirements, it cannot replace existing questionnaires that are tailor-made based on the business model and strategies of individual banks (or nationally established questionnaires catering to the specificities linked to national legislation). The VSME, however, provides a useful mapping of ESG data needs stemming from a number of stakeholders and can be considered a starting point for those banks that have not created a questionnaire or that wish to complement their existing questionnaire or replace it entirely.

As mentioned, we would propose removing the materiality assessment requirement for datapoints reported under the BP module. In addition to the reasons mentioned, we would like to add that it is easier for companies to report concrete data that is well itemized rather than to have to first prepare a complex materiality assessment.

In addition, there are some datapoints which are not in the ESRS S1 (e.g., (BP 12 – Number of apprentices). It should be noted that BP 12 is not required by other relevant regulation either (including the SFDR or BMR). As this disclosure requirement is “optional” (“if applicable”), it could be argued that the inclusion will only complicate SME reporting. If a data point has no concrete link to regulatory reporting requirements, it should not be included. This is the case, for example, with disclosure BP 10 – Work-life balance. This datapoint has been included without any related SFDR or BMR requisite, and it’s only documented in one of the questionnaires analyzed by EFRAG. This alone does not merit its inclusion in the BP module.

Another point we would like to highlight is that paragraph 174 (BP3) does not include removals and avoided emissions from the emissions reduction targets. We suggest keeping a broader view. Investing into equipment with substantially lower emissions, should be considered as a relevant emissions reduction target.

Q6. FOR USERS and PREPARERS ONLY: Kindly indicate the proportion of ESG questionnaires or other ESG information requests that are used to collect data from SMEs (both for reporting and managerial purposes) that could be replaced if the SMEs provide the information covered by the three modules of the VSME ED.

- **Below 20%; 20-50%; 50% -80%; above 80%**
- **Please explain what items are missing and your rationale.**



b. Sector guidance

Q7. Sustainability matters may be highly dependent on the specificities of the relevant sector(s) that the reporting undertaking operates in. Please select your recommended course of action for standard setting and guidance purposes on this matter.

[PLEASE SELECT ONE]

1. Undertakings applying VSME ED should apply on a voluntary basis existing reporting practices, without specific EFRAG guidance.
2. Undertakings applying VSME ED should apply on a voluntary basis the content of the future Sector ESRS for large undertakings.
3. Undertakings applying VSME ED should apply on a voluntary basis sector specific guidelines and disclosures designed for non-listed SMEs, to be issued by EFRAG as a non-authoritative annex to the future sector-ESRS.
4. Undertakings applying VSME ED should apply on a voluntary basis sector specific guidelines and disclosures applicable to both listed and non-listed SMEs, to be issued by EFRAG as a non-authoritative annex to the future sector-ESRS.

Please note that your answer will be complemented by question 13 on the additional dimension of reporting including sectors.

Please provide your comments, if any.

We suggest adopting option 3 and excluding any sector-specific request from the current VSME ED, which should consist in a common basis of ESG data relevant to all SMEs. Also, we support having a standardized basis, which is why EFRAG guidelines should be used. Instead requiring SMEs to report against the standards for large undertakings would not be proportionate.



B) PART 2: Detailed questions on principles and datapoints (ADDITIONAL, to complement part 1)

a. Principles for preparation

Please refer to the text of VSME ED in Annex 1.

Q8. Do you agree with the proposed Principles for the preparation of the sustainability report in VSME ED?

Principles for the preparation of the sustainability report (Basic Module, Narrative-PAT Module, Business Partners Module)			
	Agree	Disagree	Comment
a) <i>Complying with this Standard (paragraphs 9 and 10 in VSME ED)</i>		X	Paragraph 9 of the VSME draft states that the Standard sets requirements for reporting about negative impacts on people or the environment. While this surely is one of the outcomes of the ESRS, words with such connotations should be avoided in the VSME, since the VSME is not required by EU law and can thus differ from the ESRS in certain parts. A wording like this might dissuade some of the smaller companies from reporting altogether.
b) <i>Preparation on a consolidated basis (paragraph 12 in VSME ED)</i>	X		
c) <i>Timing and location of the Sustainability Report (paragraphs 13,14 and 15 in VSME ED)</i>	X		
d) <i>Classified and sensitive information, and information on intellectual property, know-how or results of innovation (paragraph 16 in VSME ED)</i>	X		

[PER EACH 'DISAGREE': please explain your reasoning]



Q9. Additional question on Complying with this Standard. Undertakings should indicate which modules or which combination of modules they expect to use. This question aims at better understanding the market acceptance as a fundamental aspect of the standard on the two different sides of users and preparers (please refer to BC5 in Annex 2 *Basis for conclusions for VSME ED*). In this context, how do you anticipate to make use of the modular approach:

[MULTIPLE SELECTION POSSIBLE]

IF PREPARER:	Basic Module	Basic Module + Narrative Module	Basic Module + Business Partners Module	All 3 Modules	Rationale for your answer
Specify which approach(es) you would consider when applying VSME ED					



[MULTIPLE SELECTION ALLOWED]

IF USER:	Basic Module	Basic Module + Narrative Module	Basic Module + Business Partners Module	All 3 Modules	Rationale for your answer
Specify which approach(es) you deem most appropriate to cover the information needs you require			X		<p>The basic module is more fit for purpose with regards to small business companies, whereas the business partners module (besides providing information meeting banks' reporting needs) will help match sustainable finance products to support the client's transition. For more specific - tailor made financial products (like sustainability-linked loans) information from all three modules could be used.</p> <p>We would like to also note that experience has shown that information that companies can obtain from balance sheets, invoices, meter readings, etc. can be ascertained. Everything else (materiality assessment, etc.) is associated with additional effort and should be taken into account in light of the target preparers of the VSME which have limited resources, etc.</p> <p>Moreover, it is important that the reporting is made simple enough for the undertakings. That would encourage more undertakings to start reporting.</p>

Q10. Additional question on Preparation on a consolidated basis. The VSME ED recommends the undertakings that are parent of small and medium sized groups to prepare consolidated reports for their sustainability statement, i.e. to include data of their subsidiary/ies in the report. Do you agree with this approach?

Yes/No/Please explain your answer.

No

Although the VSME provides a mere recommendation, we would like to highlight our suggestion to allow reporting companies to decide for themselves which format is most effective based on their business model.

Q11. Since non listed SMEs are outside the scope of CSRD, the subsidiary exemption (see CSRD Art. 19a9) does not apply to them. One proposal that EFRAG could consider is to include such exemption in VSME ED, as a further incentive to apply consolidated sustainability reporting. Would you consider the inclusion of a subsidiary exemption to VSME ED as pertinent and feasible?

Yes/No/Please explain your answer.

Yes

However, exemptions should not apply to a voluntary standard.

Q12. Additional information component including sectors (VSME ED par. 11, applicable to all the modules)

Depending on the type of activities carried out, the inclusion of additional information about issues that are common to the undertaking's sector supports the provision of relevant, faithful, comparable, understandable and verifiable information. While acknowledging the difficulties that this requirement may raise for SMEs, the inclusion of this additional dimension was considered an important element of VSME ED to fulfil in particular-sector specific disclosures. Do you agree with this approach?

Yes/No/Please explain your answer.

No, As mentioned in our previous responses, the standard should be entry-level and encourage SMEs to start reporting.

b. Basic Module

Q13. The Basic Module is the entry level for non-listed SMEs and has a highly simplified language. Ideally the undertaking should be able to produce these disclosures with limited help of consultants. It comprises 12 disclosures which have been mapped with existing voluntary initiatives (i.e. Nordic Sustainability reporting standards for SMEs, German Sustainability Code, CDP guide for SMEs etc.). These disclosures have been identified as recurring in the questionnaires analysed by the EFRAG Secretariat (please refer to Annex 2 *Basis for conclusions for VSME ED* for more details).

With reference to the proposed disclosure requirements, please include your answer in the table below:

VSME ED	IF PREPARER: Feasible / Difficult to prepare /Already disclosed under other reporting schemes or regulations (i.e. EMAS) If answer is Difficult to prepare: Please explain the challenge and what would help you to prepare this disclosure. Optional Comments.	IF USER: This disclosure is essential/Not necessary Optional Comments.	IF OTHER RESPONDENT: Do you have comments on the inclusion and content of this disclosure?
Disclosure B 1 – Basis for Preparation		Essential	We would suggest providing the possibility to include the NACE sector classification code, economic size in terms of balance sheet, turnover and FTE employees, country of primary operations.
Disclosure B 2 – Practices for transitioning towards a more sustainable economy		Essential	We suggest having the option to include: <ul style="list-style-type: none"> • if there is a formal sustainability policy on ESG issues (and if it is publicly available) as well as any separate environmental, social or governance policy for addressing material risks and opportunities

			<ul style="list-style-type: none"> • Any future initiatives or forward-looking plans the company has identified that are relevant to implement • Any initiatives to either reduce emissions or measures to improve energy efficiency. <p>In addition, we believe that this Disclosure requirement could be further improved by specifying that SMEs can report information on all policies, actions, or targets that they implemented to manage their impacts, risks and opportunities related to all ESG matters.</p> <p>Proposed rewording:</p> <p><i>The undertaking may briefly describe specific practices (ie. policies, actions, or targets) for transitioning towards a more sustainable economy in case it has them in place. Such practices include what the undertaking does to reduce its negative impacts, risks and to enhance its positive impacts linked with all ESG matters included in this standard (that include but are not limited to : climate change, climate mitigation, biodiversity, water, resource use, pollution, any policies regarding its workforce)</i></p>
B 3 – Energy and greenhouse gas emissions		Essential	The following information may also be useful and complement B3: <ul style="list-style-type: none"> • Total consumption of energy from fossil sources (for electricity consider consumption indicated in utility bills for the part from non-renewable sources i.e. without guarantee of origin) • Total consumption of energy from renewable sources (for electricity consider consumption indicated in utility bills for the part from renewable sources i.e. with certificate of origin)
B 4 – Pollution of air, water and soil		Essential	Essential but can be limited to: Indicate measures of company emissions relating to environmental

			pollution other than climate-altering gases (not for micro)
B 5 – Biodiversity		Essential	<p>While B5 is essential, this disclosure is too broad and hence not adapted to the reporting abilities of SMEs.</p> <p>The standard must define metrics that SMEs are expected to publish.</p> <p>As mentioned, the information is essential, but can be limited to:</p> <ul style="list-style-type: none"> • Percentage of land owned, leased and/or managed within legally protected and internationally recognized areas (e.g. UNESCO World Heritage Sites, UNESCO Biosphere Reserves, Ramsar Sites, Key Biodiversity Areas) • Percentage of marine area owned, leased and/or managed within legally protected or internationally recognized areas (e.g. UNESCO World Heritage Sites, UNESCO Biosphere Reserves, Ramsar Sites, Key Biodiversity Areas)
B 6 – Water		Essential	<p>Essential but can be limited to:</p> <ul style="list-style-type: none"> • Annual average amount of water consumed by businesses (in cubic meters) per million EUR of business revenue

VSME ED	IF PREPARER: Feasible / Difficult to prepare /Already disclosed under other reporting schemes or regulations(i.e. EMAS) If answer is Difficult to prepare: Please explain the challenge and what would help you to prepare this disclosure. Optional Comments.	IF USER: This disclosure is essential/Not necessary Optional Comments.	IF OTHER RESPONDENT: Do you have comments on the inclusion and content of this disclosure?
B 7 – Resource use, circular economy, and waste management		Essential	We propose the following change to this DR : <i>The undertaking shall disclose how it manages resource use, its waste management practices and whether it applies circular economy principles.</i> <i>The disclosure may include: [...] (d) the total annual waste diverted to recycling or reuse expressed in units of weight (e.g., kg or tonnes).</i>
B 8 – Workforce – General characteristics		Essential	Proposed reformulation: Composition of staff by type of contract (permanent, fixed-term) and gender. Distribution of employees by country <ul style="list-style-type: none"> • Staff with other types of contracts (contracted and other) • Staff in managerial roles • Number of employee hires by gender • Number of employees promoted by gender • Number of deceased employees Moreover, there should be a clarification if the employee statistics refer to the year average or point in time.

B 9 – Workforce - Health and Safety		Essential	
B 10 – Workforce – Remuneration, collective bargaining, and training		Essential	Proposed reformulation: <ul style="list-style-type: none"> • Pay gap (mens’ pay - women's pay/men's pay) by classification: executives, managers and employees • Is structured training provided? Of which mandatory? • Average number of training hours per employee and by gender • Training on issues related to sustainability
B 11 ¹ – Workers in the value chain, affected communities, consumers and end-users		Essential	
B 12 – Convictions and fines for corruption and bribery		Essential	Essential but possibly, to facilitate compilation by SMEs, the information requested could be limited to the following: <ul style="list-style-type: none"> - Adoption (or not) of active and passive anti-corruption policies - Number of convictions and number of fines imposed for violations of the laws against active and passive corruption - Is there a system in the company to report violations of laws or regulations, crimes and cases of corruption or fraud

¹ This datapoint was not identified in any of the questionnaires analysed by EFRAG Secretariat but was inserted to keep consensus based on the recommendation by some EFRAG SRB members.

Q14. FOR USERS ONLY: Is there any datapoint(s) missing from this module that you consider as essential to meet your information needs?

Yes/No.

Yes

If Yes, please specify the datapoint(s) and provide a rationale for your answer.

Unreasonably incrementing KPIs would create further burden for SMEs especially considering that the basic module is intended for micro-enterprises.

However, there are several data that would be considered useful that are not included in the current basic module:

- B1 NACE sector classification code, Economic size in terms of balance sheet, turnover and FTE employees, country of primary operations (as was included in the original C8 proposal). Also, provision of the link for the public disclosure of the report.
- B2 should also include (as was included in the original C8 proposal) availability of formal sustainability policy on ESG issues (and if it is publicly available) as well as any separate environmental, social or governance policy for addressing material risks and opportunities. Any future initiatives or forward-looking plans the company has identified are relevant to implement. Initiatives to either reduce emissions or measures to improve energy efficiency.

Q15. B3 to B7 require disclosure of environmental performance metrics. There are other schemes used by SMEs requiring reporting of similar metrics, such as the European Eco-Management and Audit Scheme (EMAS – Regulation (EC) No. 1221/2009). Do you see any potential for better alignment with those other reporting schemes?

Yes/No/Please explain your answer.

No

It would, however, be useful to include the possibility for an SME to include information on whether they have been accredited with an environmental quality certification (ISO 14401, ISO 14064, ISO 50001, EMAS).

Q16. The guidance provided for B9 on the number of fatalities as a result of work-related injuries and work-related ill health refers to incidents arising during travel and, outside of the undertaking's responsibility (e.g. regular commuting to and from work). These incidents are subject to the applicable national legislation that regulates their categorisation as to whether these are work-related or not. Is the



practice in your country to include such incidents as work-related fatalities?

Yes/No/ Please explain your answer including references to the relevant legislation.

Q17. B10 (a) requires undertakings to disclose the relevant ratio of the entry level wage to the minimum wage, when a significant proportion of employees are compensated based on wages subject to minimum wage rules. This datapoint deviates from the disclosure requirement on adequate wages established in ESRs S1-10 – Adequate wages (from paragraphs 67 to 71) as a simplification (i.e., easier to collect). Do you consider that this requirement will provide relevant and comparable information?

Yes/No/Please explain your answer.

Yes

It would be preferable to disclose the ratios on both minimum wage and living wage.

Q18. B11 was drafted to cover, in a simplified way, a description of the process to identify material impacts and a description of those for workers in the value chain, affected communities and consumers/end-users. This disclosure is an exception to the general approach in the Basic Module where materiality does not apply. **As a compromise, it was included as a voluntary disclosure.** Do you agree with this approach?

Yes/No/Please explain your answer.

No

The standard should be as clear as possible. Including multiple options for applicability within a particular module may create confusion. Moreover, any data requests that go beyond what is included in the VSME should be reported outside the modules bilaterally.



Q19. In order to help SMEs prepare the sustainability report, specific guidance has been developed for the Basic Module in paragraphs 87 to 167 of VSME ED. Do you think that it is useful for the preparation of the report? Do you think it is sufficient?

Yes/No/Please explain your answer or add suggestions.

Yes

Any support in this context can be helpful. It should be noted however that the guidance itself should be sufficient and simple so that the SME would be able to report independently. It is notable that the guidance for the basic module comprises paragraphs 87-167, spanning approx. 15 pages of the standard. That may be excessive considering that users of such guidance may be 1-10 person micro-companies.



c. Approach to materiality of matters and Principles for preparation (common to Narrative-PAT and Business Partners Modules)

Q20. Do you think that the language and approach to the Principles of Materiality to be applied to the Narrative-PAT Module and Business Partners (BP) Module are proportionate for the undertakings in scope? Please include your feedback in the table below:

VSME ED	Agree/Disagree	Comment
<i>Impact materiality (paragraphs 46-50 in VSME ED)</i>	Disagree	The language should be as clear as possible.
<i>Financial materiality (paragraphs 51-55 in VSME ED)</i>	Disagree	The language should be as clear as possible.
<i>Stakeholders and their relevance to the materiality analysis process (paragraphs 56 and 57 in VSME ED)</i>	Disagree	The language should be as clear as possible.

Q21. The VSME ED requires to perform materiality analysis in order to disclose which of the sustainability matters listed in Annex B of VSME ED (which is the same as AR 16 of ESRS 1 *General requirements*) are material to the undertaking. Therefore, users will understand for which material matters the undertaking does not have Policies Actions and Targets (PAT) in place. This approach (like for ESRS Set 1) is designed to have a reliable depiction of what the undertaking is doing to address sustainability matters, avoiding greenwashing. At the same time, this approach only requires reporting the PAT (Policies, Actions and Targets) that the undertaking has in place. No information is required when they have no PAT in place for a material matter (in addition to the list of material matters itself).

In the VSME ED, the Narrative-PAT and Business Partners Modules require assessing the materiality of the matters, as it considers the disclosure of only material matters as essential information for users. **Do you agree with this approach?**

a) **For all respondents: Yes/No/Please explain your answer.**

No

We disagree with the application of the materiality assessment principle to the VSME.

b) **For users only: Is the list of material matters essential for you? Yes/No/Please explain your answer.**

No



Q22. As a way to simplify the materiality approach, whenever possible the notion of “report only if applicable” has been introduced. This filters information to be reported by undertakings on the basis of relevance. No disclosure is expected for a specific datapoint, when the undertaking’s circumstances are different from those that would trigger disclosure of that specific datapoint, as described by the relevant provision in VSME ED. This is particularly important for the Basic Module, where no materiality analysis is foreseen and all the disclosures are to be reported, if applicable. Disclosures in the Business Partners module are to be reported if they are applicable and for BP 5,7, 8, 9, 10 (for which the



"if applicable" approach would not work) if they are relevant to the undertaking's business and organisation.

Do you agree with this approach?

Yes/No/Please explain your answer.

Yes

However, it should be noted that using "if applicable" may not be interpreted as a synonym for "if relevant", which is what we understand to be the objective.

If this approach is maintained, we would also suggest considering the option for the SME to justify how it has determined "relevance".

Q23. Financial opportunities have been included only on an optional basis in VSME ED since the CSRD focused on negative impact when addressing SMEs. Do you agree?

- a) **Yes, reporting for financial opportunities should be optional**
- b) **No, reporting for financial opportunities is not needed for non-listed SMEs (focus on negative impacts only).**

Yes

Please explain your answer.

Yes, although we believe that the standard should be as compact as possible.

Q24. Do you agree with the proposed principles for the preparation of the sustainability report for the Narrative-PAT and Business Partners Module in VSME ED? Please include your feedback in the table below:

Principles for the preparation of the sustainability report (Narrative-PAT Module, Business Partners Module)			
	Agree	Disagree	Comment
a) <i>Time horizons (paragraph 40 in VSME ED)</i>	X		mostly on the short- and medium-term
b) <i>Coherence and linkages with disclosures in financial statements ((paragraph 41 in VSME ED)</i>	X		

[PER EACH 'DISAGREE': please explain your reasoning]



d. Narrative-Policies, Actions and Targets (PAT) Module

Q25. Do you agree with the content of the disclosures required by the Narrative-PAT Module of VSME ED? Please refer to Annex 2 *Basis for conclusions for VSME ED* for further detail. Please include your feedback in the table below:

VSME ED	USER = This disclosure is essential/Not necessary PREPARER= Feasible/ Difficult to prepare/ Already disclosed under other reporting schemes or regulations	OTHER RESPONDENTS: Do you have comments on this disclosure?
Disclosure N 1 – Strategy: business model and sustainability related initiatives	NOT NECESSARY	The PAT module is not as beneficial to the financial sector user companies as the other modules.
Disclosure N 2 – Material sustainability matters	NOT NECESSARY	The PAT module is not as beneficial to the financial sector user companies as the other modules.
Disclosure N 3 – Management of material sustainability matters	NOT NECESSARY	The PAT module is not as beneficial to the financial sector user companies as the other modules.
Disclosure N 4 – Key stakeholders	NOT NECESSARY	The PAT module is not as beneficial to the financial sector user companies as the other modules.
Disclosure N 5 – Governance: responsibilities in relation to sustainability matters	NOT NECESSARY	The PAT module is not as beneficial to the financial sector user companies as the other modules.

Q26. FOR PREPARERS ONLY: If you anticipate that you will apply the Narrative-PAT module, have you implemented policies, actions and targets (PAT) and/or climate transition plans due to requests of counterparties in the value chain?

Yes /No/Please explain.

Q27. FOR USERS ONLY: Are there any datapoint(s) missing from this module that you consider as essential to meet your information needs?



Yes/No/Please specify the datapoint(s) and provide a rationale for your answer.

Yes

We would suggest considering the following additional points:

- N3 – Include, if applicable, any insurance policies the entity may have in place in order to mitigate potential physical risks.
- N5 - Oversight in sustainability matters and responsibility for the implementation of sustainability objectives, when applicable.

Q28. N3 requires the disclosure of policies, actions and targets to manage material sustainability matters. There are other schemes used by SMEs requiring reporting of similar information, such as the European Eco-Management and Audit Scheme (EMAS – Regulation (EC) No. 1221/2009) regarding environmental policies, actions and targets. Do you see any potential for better alignment with those other reporting schemes?

Yes/No/Please explain your answer.

No

However, it should be possible to have the option to include whether the company has been accredited with an environmental quality certification (ISO 14401, ISO 14064, ISO 50001, EMAS) and for alignment there is potential with regards to EMAS for own operations.



e. Business Partners (BP) Module

Q29. While acknowledging the complexities of this calculation specifically for SMEs, the inclusion of greenhouse gas (GHG) Scope 3 emissions as the entity-specific dimension was considered an important element of disclosure in some sectors. The Business Partners Module includes an entity specific consideration for GHG Scope 3 emissions to guide undertakings in certain sectors and for which Scope 3 GHG emissions are material in addition to the disclosures envisaged in B3 Energy and GHG emissions (Basic Module). Do you agree with the inclusion of GHG Scope 3 emissions **in the Business Partner Module in the paragraph “Entity specific consideration when reporting on GHG emissions under B3 (Basic Module)”**?

Yes/No/Please explain your answer.

Yes

Scope 3 emissions are important to report but currently pose challenges even for large companies and it is not necessary for regulatory purposes as scope 3 emissions can currently be estimated. One option here would be to report Scope 3 emissions only if already available in the company. The option to disclose such information should be independent from whether the entity has set Scope 3 emission reduction targets or not.

FOR PREPARERS ONLY: Is this disclosure feasible? **Yes/No/Please explain your answer.**

Q30. Do you agree with the content of disclosures required by the Business Partners (BP) Module of VSMEED? Please note that you can find the background for each Disclosure in the Annex 2 *Basis for conclusions for VSME ED* (BC130. to BC149). Please include your feedback in the table below:

VSME ED	IF PREPARER: Feasible/Difficult to prepare/Already prepared for other purposes	IF USER: This disclosure is essential/Not Necessary	IF USER: If present in questionnaires, specify to which category of SME (micro, small, medium) the question is asked	IF USER: If present in questionnaires, is this asked only for certain sectors? If yes, which ones?	Comment (FOR ALL CATEGORIES OF RESPONDENTS)
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Disclosure BP 1 – Revenues from certain sectors		Essential	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose.		Proposed reformulation: In relation to points b) e c) of BP1 the data point could be the following: Indicate whether the company is excluded from the EU reference indices aligned with the Paris Agreement pursuant to art.12 par.1, letter. from d) to g), and of the art. 12 par. 2 reg. (EU) 2020/1818) This refers to companies that derive 1% or more of their revenues from the exploration, extraction, distribution or refining of hard coal and lignite; (e) companies that obtain 10% or more of their revenues from the exploration, extraction, distribution or refining of fuel oils; f) companies that obtain 50% or more of their revenues from the exploration, extraction, production or distribution of combustible gases; g) companies that obtain 50% or more of their revenues from electricity production with a greenhouse gas intensity greater than 100 g CO ₂ e/kWh.
Disclosure BP 2 – Gender diversity ratio in governance body		Not necessary	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		According to ESRS VCIG 136., GOV-1 only reflects own operations and there is no coverage of the value chain required by this disclosure. Therefore, we believe that banks do not necessarily require this information from their counterparties. The information is currently also not required for CRR disclosures or a bank's ESG risk management from a regulatory standpoint. If it is maintained, compilation should be further simplified. The information requested could be limited to the following: <ul style="list-style-type: none"> • Average female/male ratio among directors - excluding micro

					<ul style="list-style-type: none"> Percentage of members of the administrative, management and control bodies by gender - excluding micro
Disclosure BP 3 – GHG emissions reduction target		Essential	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		<p>Proposed reformulation:</p> <ul style="list-style-type: none"> Scope 1 GHG emissions Scope 2 GHG emissions Has the company published quantitative carbon emission reduction targets aimed at aligning with the Paris Agreement? If reported, also highlight intermediate objectives [e.g. 2025, 2030, etc..] should be disclosed. This should not apply to micro enterprises. Is the intensity related to GHG emissions measured? (emission intensity, no absolute value but tons of GHG per million of turnover) Change in GHG emissions compared to the last two years or previous year if only that one is available (emission intensity, no absolute value but tons of GHG per million of turnover) <p>While this DR is relevant for CRR prudential disclosures, (e.g. Template 3: Banking book – Climate change transition risk: alignment metrics and might also become relevant for ESG risk management according to 35. a) in EBA/CP/2024/02 with regards to portfolio alignment), the disclosure requirement could become obsolete if the company discloses a transition plan for climate change mitigation. Furthermore, we suggest, that once</p>

					guidelines will be made available on a sector-specific basis, that it is be made clear that GHG emission reduction targets should be disclosed by companies operating in sectors that highly contribute to climate change.
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VSME ED	IF PREPARER: Feasible/Difficult to prepare/ Already prepared for other purposes	IF USER: This disclosure is essential/Not Necessary	IF USER: If present in questionnaires, specify to which category of SME (micro, small, medium) the question is asked	IF USER: If present in questionnaires, is this asked only for certain sectors? If yes, which ones?	Comment(FOR ALL CATEGORIES OF RESPONDENTS)
Disclosure BP 4 – Transition plan for climate change mitigation		Essential	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		<p>Although banks are not yet required to collect transition plans from their counterparties, this disclosure could become relevant for ESG risk management according to 23. a. ix. and 72. e) of EBA/CP/2024/02.</p> <p>We also suggest adding the following question:</p> <ul style="list-style-type: none"> In case the company does not yet have a transition plan in place, does it plan to do so and if yes, by when? <p>This should, however, be accompanied by guidelines on the structure of transition plans, including elements like ambition, implementation strategy, metrics & targets and governance.</p>
Disclosure BP 5 – Physical Risks from climate change		Essential	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option		We consider this DR to be essential, as it is relevant for CRR prudential disclosures, e.g. Template 5: Banking book - Climate change physical risk and Template 2: Banking book -Climate change transition risk, especially BP 5 79. (a) and (e) respectively and 79. (a) - (e) are likely to become relevant from a pillar 2 perspective according to 23. a. i. & iii. & vi., 72. G9 & h), 31. a), EBA/CP/2024/02. Especially in the SME context

			to disclose		physical risks can have a significant influence on a company's present and future ability to conduct business as opposed to large corporates. Physical risks have the potential to cause operational disturbances of e.g. a production plant, which might be more severe for an SME than for larger companies with larger and more geographically diversified production capacities.
Disclosure BP 6 – Hazardous waste and/or radioactive waste ratio		Not necessary	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		This DR is not essential for banks as the ESRS equivalent E5-5 39. only covers the upstream value chain (according to ESRS VCIG) and it is not relevant from a CRR or pillar 2 perspective.
Disclosure BP 7 – Alignment with internationally recognized instruments		Not necessary	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		<p>This DR is not essential for banks as the ESRS equivalent S1-1 21. only covers own operations and no coverage of the VC is required (according to ESRS VCIG). Also from a pillar 2 perspective this information is only advised to be collected from large corporate counterparties (23. b. i. in EBA/CP/2024/02), which are not the target group of the VSME.</p> <p>If the disclosure is maintained we suggest facilitating compilation by limiting to the following:</p> <ul style="list-style-type: none"> • The company has undertaken or intends to undertake action plans aimed at improving working conditions, reducing risks regarding its workforce and any negative impacts on it, including policies for the prevention of accidents at work in addition to what is established by the regulations in force on the

					matter (Yes/No) <ul style="list-style-type: none"> Human rights policies [including workers' rights] (Yes/No)
Disclosure BP 8 – Processes to monitor compliance and mechanisms to address violations		Essential	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		To facilitate compilation by SMEs, the information requested could be limited to the following: <ul style="list-style-type: none"> Presence of a due diligence procedure to identify, prevent, mitigate and address adverse human rights impacts (Yes/No) Presence of procedures and measures to prevent human trafficking (Yes/No) Operations and suppliers at serious risk of child labor in terms of geographic area or type of operation Operations and suppliers at serious risk of child, forced or compulsory labor among workers in the company's value chain, in terms of geographical area and/or type of operation

VSME ED	IF PREPARER: Feasible/Difficult to prepare/ Already prepared for other purposes	IF USER: This disclosure is essential/Not Necessary	IF USER: If present in questionnaires, specify to which category of SME (micro, small, medium) the question is asked	IF USER: If present in questionnaires, is this asked only for certain sectors? If yes, which ones?	Comment(FOR ALL CATEGORIES OF RESPONDENTS)
<p>Disclosure BP 9 – Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles (including the principles and rights set out in the 8 fundamental conventions of the ILO Declaration and the International Bill of Human Rights)</p>		<p>Essential</p>	<p>This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose</p>		<p>To facilitate compilation by SMEs, the information requested could be limited to the following:</p> <ul style="list-style-type: none"> • Number of cases of serious human rights problems and incidents

Disclosure BP 10 – Work-life balance		Not necessary	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		Banks do not require this information to fulfill their regulatory data needs.
Disclosure BP 11 – Number of apprentices		Not necessary	This should apply to medium enterprises only. Small and micro enterprises should in however still have the option to disclose		As this disclosure is not part of the ESRS Set 1 we suggest removing it from the VSME as well. Banks do not require this information for regulatory or portfolio management purposes.

Q31. FOR USERS ONLY: Disclosures in this module are reported if applicable, with the exception of BP 5,7, 8, 9, 10 that are omitted when considered not material. Do you agree with this approach?

Yes/No/Please explain your answer.

No

As mentioned, we suggest removing the materiality assessment and allowing SMEs to report whichever data they have available and are willing to report regardless of whether material.

Q32. With reference to **disclosures BP 7, BP 8 and BP 9**, the objective of these three disclosures is to assess the SME's commitment to respecting human rights. The ED has used the terms in the Sustainable Finance Disclosures Regulation (SFDR), applicable to the financial market participants (for example banks), for consistency purposes. Are there alternative disclosures covering the same objective regarding the human rights of own workforce and that are more suitable than these disclosures?

Yes/No/Please explain your answer including updated/proposed text.

No

Q33. Do you think that it would be beneficial to split the Business Partners (BP) Module into sub-modules depending on the nature of the user (for example “banks”, “investors”, “large corporates”)?

Yes/No/Please explain your answer.

Q34. Some of the questionnaires of banks and other business partners analysed by EFRAG Secretariat included also datapoints related to the EU-taxonomy regulation, despite non-listed SMEs being out of scope. EFRAG considered that preparing this information would be too complex for non-listed SMEs. We note that the EU Platform for Sustainable Finance may in the future make a proportionate tool for EU-taxonomy available. In particular, to meet the technical criteria for inclusion in the climate mitigation taxonomy, large undertakings have to consider the greenhouse gas (GHG) emissions of their various economic activities. These undertakings will need data from their suppliers. Small and medium-sized enterprises (SMEs) playing a crucial role in these undertakings' supply chains may be asked to provide the following information voluntarily to streamline the process for themselves and their clients:

- SMEs whose activities fall under enabling activities of the Climate Delegated Act, e.g., categories 3.6 (Manufacture of renewable energy technologies) or 9.1 (Market research, development and innovation), should disclose the emission savings of their technology compared to the best-performing alternative.

Do you think that VSME ED should include this additional datapoint to cover EU-Taxonomy disclosures?

Yes/No/Please explain your answer.

No

In principle, the VSME should be made to be as simple as possible and we do not believe that these information requests are suitable for the target group of the VSME at this point in time.

The European Commission is currently contemplating the creation of a simplified Taxonomy for SMEs. As it is not currently mandatory for banks to report on the taxonomy-alignment of their SME exposures, we deem this to be an unreasonable request. We would suggest awaiting the European Commission's next steps in the development of the aforementioned simplified Taxonomy.

he standard should provide for the collection of useful information to identify alignment with the current taxonomy, pending a simplified taxonomy for the reporting of banks hypothesized by the Regulator.



However, we would like to highlight that the following information is required by banks to report their EBA Banking Book Taxonomy Alignment Ratio (BTAR) voluntarily:

1. % Turnover aligned with the Taxonomy by NACE and by objective
2. % CAPEX aligned to the Taxonomy by NACE and by objective - excluding micro
3. % OPEX aligned to the Taxonomy by NACE and by objective

Q35. In order to help SMEs prepare their sustainability report, specific guidance has been developed for the Business Partners Module in paragraphs 169 to 193 of VSME ED. Do you think that it is useful in the preparation of the sustainability report? Do you think it is sufficient?

Yes/No/Please explain your answer.

Q36. FOR USERS ONLY: Are there any datapoint(s) missing from this module that you consider as essential to meet your information needs?

Yes/No/Please specify the datapoint(s) and provide a rationale for your answer.

Yes

Nonetheless, further data may be required by banks in their interaction with clients, and especially from those operating in specific sectors. We trust that the sector-specific standards will provide guidance in this respect.



Q37. FOR USERS ONLY: Appendix C of VSME ED reflects the SFDR, Benchmark, Pillar 3 datapoints in VSME ED. This is to support particularly banks and investor to compare the data between SMEs and larger clients and to allow for aggregation. Is Appendix C clear?

Yes/No/Please explain your answer.

Q38. FOR USERS ONLY: Do you think that the ability of VSME ED to replace the existing ESG questionnaires or other ESG information requests can be further increased, if some datapoints were added to VSME ED?

Yes/No.

IF YES: please explain your answer.

IF NO: Why do you think that the ability of VSME ED to replace the questionnaires cannot be increased?

[select one or more]

- Sector-specific data is not suitable for a sector-agnostic VSME ED
- Data demands that are specific to your relationship with the SME and cannot be standardized
 - o In this case: please explain your reasoning.
- Other reasons
 - o In this case: please explain.

No

A VSME that is as complete as possible and suited to the main needs common to the different users is an objective that is fully shared. However, achieving a standard that is fully comprehensive and meets all stakeholders' information needs would result in a questionnaire that would not be suitable for SMEs at this stage. Banks may always require additional information with regards to specific transactions. This information should not be included in a company-level standard, i.e. energy efficiency data for real estate assets. We, therefore, have some hesitations about the objective of making the VSME adequate to "*replace the existing ESG questionnaires or other ESG information requests*". In fact, there are different needs and objectives among the different users which could always make it necessary to carry out additional SME data collection, obviously limited to specific aspects and in any case using the VSME as the primary information base.

Q39. Please provide any further comments not addressed in part 1 or 2 of the questionnaire here:

[Comment box]

Q40. If you want to provide additional comments in a document on aspects not covered in the questionnaire, please upload your file here.

[Browse document]



C) Part 3: Value chain cap (Separate section on the value chain cap as determined by the ESRS LSME)

Non-listed SMEs receive data requests from large undertakings, including due to reporting obligations in the CSRD.

Jointly with the consultation on VSME ED to the consultation on this voluntary standard for non-listed SMEs, EFRAG is also consulting on the content of ESRS for listed SMEs (ESRS LSME ED). While ESRS cannot result in large undertakings having to request disclosures that are not included in ESRS LSME ED (which sets the value chain cap from a legal perspective), the VSME ED is intended to play a key role in supporting SMEs, when they prepare the information needed by large undertakings for ESRS reporting, as well as for other obligations including for business purposes. Therefore, VSME ED includes simplified disclosures that generally correspond to the reasonable expectations of ESRS Set 1 preparers (i.e. large undertakings that prepare their sustainability statement under ESRS). As a consequence, non-listed SMEs that apply VSME ED will in general be able to meet the data requests defined for value chain in ESRS LSME ED, except for very specific cases. These cases correspond to disclosures which are included in ESRS LSME ED (therefore SMEs may receive data requests from large undertakings relating to these disclosures, either due to their ESRS reporting obligations or for other obligations and business purposes), but are not included in the VSME ED, due to their excessive complexity for non-listed SMEs in general. They are principally of a sectorial nature (GHG Removals, substances of concern/high concern, resource inflows), mainly needed for management or specific arrangement purposes. More information is provided on these disclosures in Annex 3 [link].

Please note that the questions on the value chain cap here are the same as in the LSME questionnaire in part A2 and if you respond to both questionnaires, you do not need to repeat your answers.

Q41. Do you agree with the approach taken by EFRAG on the Value Chain Cap?

Yes/No.

Yes

If Yes: Please explain your answer.

If No: Are you willing to provide detailed feedback based on Annex 3?

- **If No:** please explain your answer in brief.
- **If Yes:** Select the areas of disclosure (from the table below) for which you disagree with EFRAG conclusion (For further details please refer to Annex 3 [link])



AREA OF DISCLOSURE	DISAGREE [ALLOW MULTIPLE SELECTION]	IF DISAGREE: EXPLAIN WHY REFERRING SPECIFICALLY TO CONTENT OF ANNEX 3
1. SBM-1,SBM-3, IRO-1: for both LSME and VSME EDs the conclusion is that no undue effect expected from ESRS reporting		
2. Policies, Actions and Targets (PAT): for both LSME and VSME EDs the conclusion is that no undue effect expected from ESRS reporting		
3. Climate Transition plan (Section 3 Actions – AR 6 and AR11): for both LSME and VSME EDs the conclusion is that no undue effect expected from ESRS reporting		
4. GHG emissions (E1-2 GHG emissions – Scope 3): for both LSME and VSME EDs the conclusion is that no undue effect expected from ESRS reporting		
5. GHG removal (E1-3 GHG removals): No undue effect on LSMEs expected from ESRS reporting. Additional information (not for ESRS reporting but for the implementation of possible specific arrangements) may be needed beyond VSME but is too specific to be covered by VSME ED.		
6. Substances of concern and substances of very high concern (E2-2 Substances of concern and substances of very high concern): No undue effect on LSMEs expected from ESRS reporting. Additional information (not for ESRS reporting but for the implementation of possible specific arrangements) may be		



AREA OF DISCLOSURE	DISAGREE [ALLOW MULTIPLE SELECTION]	IF DISAGREE: EXPLAIN WHY REFERRING SPECIFICALLY TO CONTENT OF ANNEX 3
needed beyond VSME but is too specific to be covered by VSME ED.		
7. Resource inflows (E5-1 Resource inflows): for both LSME and VSME EDs the conclusion is that no undue effect expected from ESRS reporting		
8. Entity specific disclosures: For both EDs: Perspective 1: Possible trickle-down effect under specific arrangements to allow Set 1 preparers to cover material sector and/or to disclose entity-specific information including value chain. Perspective 2: not applicable, as the datapoint cannot be defined (due to entity-specific nature of the disclosure).		

Q42. Do you have any other comment on value chain?

