

Name of responding organisation:
Austrian Federal Economic Chamber (WKÖ)

Feedback: Draft EFRAG IG 2 Value chain implementation guidance

February 2, 2024

Chapter 1 - Introduction

- During the consultation phase of the ESRS, it was identified that the requirements are complex and extensive. It is, therefore, crucial that the guidelines are simple, clear and comprehensible, supplemented with **examples**. Undertakings should be able to extract all necessary information for reporting from the guidelines, streamlining the subsequent implementation of the requirements.
- The guidelines for implementing the ESRS are primarily directed towards companies directly impacted by the CSRD sustainability reporting obligation. However, we are especially concerned about the **"trickle-down effect"** of CSRD requirements on SMEs. It is crucial to ensure that the "trickle-down effect" is minimized as much as possible as SMEs often lack sufficient resources. It is of great importance to ensure that SMEs are not disproportionately burdened and that they do not lose business partners when unable to provide certain data. Due to the trickle-down effect, the interaction between SMEs reporting under VSME ESRS and entities reporting under ESRS needs to be clarified. To mitigate the trickle-down effect, it should be stipulated that companies covered by sustainability reporting (ESRS) fully comply with their obligations if they require their SME partners (only) to provide the information that the SMEs are required to collect under the VSME SME (i.e. SME standards as a safe harbor, **shield and information limit**). For the voluntary standard to be widely adopted by SMEs and to fully realize its effect, it is essential that this connection between the VSME ESRS and the ESRS is ensured. In addition, there should be support programs for SMEs, involving the provision of specific tools, best practice examples and financial assistance.
- The use of estimates and approximations is a welcome option. To further support companies, it should be described in more detail under which circumstances this approach can be used and how the process should work.
- The **translation** of the ESRS into other languages has been successfully completed, highlighting the importance of promptly releasing translated versions of the guidelines.
- To identify the impacts, risks, and opportunities in the value chain, there are already helpful tools that can provide guidance. It would be beneficial to compile a list of recognized tools (international/national) for reference.

Chapter 2 - Navigating value chain under CSRD and ESRS:

- Point 33: The examples mainly focus on entities outside the EU. Desirable would be additional examples addressing situations within the EU.

Chapter 3 - FAQ 3:

- Is the implementation of Product Environmental Footprint and Organizational Environmental Footprint mandatory?

Chapter 3 - FAQ 7:

- Point 130: a definition of "insignificant products or services" is requested to assess which companies and SMEs are covered by this exception. It should be clarified whether one-time services can also be considered as "insignificant" products or services in this context.
- Point 131: The fact that estimates and proxies are permissible is welcomed. This can prevent suppliers (SMEs) unable to provide certain data from being excluded from existing contractual relationships.

Chapter 3 - FAQ 9:

- The availability of appropriate databases/emission factors is crucial for the accurate calculation of, for example, Scope 3 emissions. It would be helpful to provide a list of databases and sources (industry average data, secondary emission factors for standard materials, etc.).

Chapter 4 - VC map:

- table in Appendix A: the Anticipated financial effects from pollution-related IROs should be classified as DR E2-6 (not DR E2-5).