

EFRAG  
35 Square de Meeus – 1000 Brussels  
Belgium

Stockholm 20 May 2024

**Re: EFRAG PUBLIC CONSULTATION ON THE EXPOSURE DRAFT ESRS FOR LISTED SMALL AND MEDIUM ENTERPRISES**

Dear Patrick,

The Swedish Corporate Reporting Board is responding to your invitation to comment on *the Public Consultation ESRS LSME Exposure Draft (January 2024)*. In addition to our detailed responses to the Public consultation questionnaire filed on EFRAG's website, we would like to add some overall comments regarding the draft ESRS for SMEs.

Given the constraints regarding the scope of the LSME-standard and also acknowledging EFRAG's efforts to simplify the reporting requirements, we support the overall approach of the ED. According to the CSRD, the sustainability reporting standards for listed SMEs should be proportionate and relevant to the capacities and the characteristics of small and medium-sized undertakings, but also at the same time fulfill users need of relevant and reliable sustainability information. However, given the scale and complexity of the activities of SMEs, we are concerned that the disclosure requirements in the ED are too extensive compared to the capacities of SMEs.

We support the requirement to maintain the materiality concept in the LSME-standard, as defined in the ESRS Set 1. Both in the ED and in the ESRS set 1, there is a requirement to identify and report on entity specific matters. However, to identify entity specific matters and prepare disclosures that fulfil the qualitative characteristics requires resources and experience, not necessarily always at hand for an SME. This is contradictory to the objective to develop proportionate LSME standards. As the material sustainability matters often are sector specific, a preferred solution would be to report in accordance with disclosure requirements in the sector specific standards, once they are finalized. If not introducing such a relief for SMEs, we think that there is a risk that the entity specific disclosures provided may initially be boilerplate and less relevant for users.

It follows from the provisions of the CSRD, that the LSME standard shall be applied for sustainability reports on a legal entity basis. This will result in a lack of comparability

between consolidated sustainability reports prepared under ESRS Set 1 and parent companies in groups reporting under the LSME-standard.

We strongly believe that consolidated sustainability statements provide users with better, more relevant and comparable information than a stand-alone statement for the parent. A parent undertaking that wishes to prepare a consolidated report on a voluntary basis should therefore be encouraged to do so. It should be clear in the standard that this option is available and that a parent undertaking that replaces the individual sustainability statement with a consolidated sustainability statement, is exempted from the requirement to report on a legal entity basis.

If you have any questions concerning our comments, please address our Executive member Fredrik Walméus by e-mail to:  
[fredrik.walmeus@radetforrapportering.se](mailto:fredrik.walmeus@radetforrapportering.se).

Stockholm, 20 May 2024

Yours sincerely



Anders Ullberg  
Chairman