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Global Reporting Initiative (GRI)
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Chiara Del Prete
Chair, Sustainability Reporting TEG
EFRAG
35 Square de Meeûs
1000 Brussels

CC: Patrick de Cambourg, Chair of the Sustainability Reporting Board, EFRAG

Subject: GRI feedback on the LSME standards and Draft IG 2 Value Chain implementation guidance

Dear Ms Del Prete, Chiara,

GRI would like to congratulate EFRAG for taking forward the work on the development of Standards for listed SMEs and implementation guidance on value chain. We appreciate the opportunity to provide our input to this initiative through this public multi stakeholder consultation and through the technical cooperation described in our recent MoU.

In the ESRS LSME ED:

Paragraph 66 of the ESRS LSME ED states that “If an **actor in the value chain** that does not prepare the mandatory ESRS sustainability statement nevertheless publishes sustainability information according to other standards or frameworks (such as any voluntary standard issued in the EU [VSME] or GRI Standards, or IFRS Sustainability Disclosures Standards, or EMAS), the undertaking may rely on and refer to information contained in that sustainability statement provided that such information is subject to at least the same level of assurance as its sustainability statement.”

GRI very much welcomes recognition within the LSME ED that sustainability information published by value chain actors according to the GRI Standards may be relied on and referred to by LSMEs. This will facilitate the collection of value chain data by LSME who will be able to draw on sustainability information published by thousands of GRI reporters globally, including by other SMEs.

GRI would however strongly recommend removing the provision that such information be subject to at least the same level of assurance as the LSME's sustainability statement for the following reasons:

- The need to require an equivalent level of assurance on such value chain information would run the risk of shifting the burden of assurance onto those players in the LSME value chain. Not to mention that the scope (i.e. the information that is assured) and quality of the assurance required



by certain non-European countries might be narrower and not reach the levels of quality and independence in force in the EU.

- Information published according to the GRI Standards even if it is not assured will provide more accurate and reliable information than estimates compiled by the LSME. Therefore, if LSMEs are allowed to estimate value chain data they should also be allowed to use information published according to the GRI Standards even if not assured.
- Noting that most sustainability information that is assured is assured on a limited basis, this provision would exclude most published sustainability information in the case that the LSME opts for reasonable assurance.

IG 3: Value chain implementation guidance:

GRI would also like to propose that this provision (whereby undertakings may rely on and refer to sustainability information published by an actor in the value chain according to the GRI Standards or other standards) be included in IG 2: Value chain implementation guidance, as this provision is also relevant for large undertakings when collecting information from actors in their value chains. Collecting value chain information for large undertakings also remains a challenge, due to often large and complex value chains.

GRI would like to conclude by reiterating the importance of making the standards as easy as possible to comply for companies whether large or SMEs, and we express our support to the EFRAG TEG and SRB in that regard.

We remain available for discussion regarding this submission, and we look forward to following developments of this initiative, of which we will continue to be engaged.

Warm regards,



Carol Adams, Chair Global Sustainability Standards Board, GRI



Peter Paul van de Wijs, Chief Policy Officer, GRI

