

Questionnaire VSME Exposure Draft

EFRAG Public Consultation – January 2024

DISCLAIMER

This questionnaire supports the development of the Exposure Draft for a Voluntary Standard for nonlisted 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 nonlisted 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 PARTICIPANTFirst Name: MariaLast Name: MartinelliName and Type of organization (User): **Italian Association for Financial Analysis**

– **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, as analyst:**

- User of sustainability reporting information (e.g. bank or investor)
X 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.

X 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



X Associate Professor of Financial Accounting at University of Perugia. Italy.

- - Accountant/Consulting services/Assurance provider
 - Other (please specify)
“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): Italy

Main sector of operations (choose from menu): Financial sector: the members of the association are involved in all areas of the financial sector

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, but as a starting point to be improved through a path of development of some parts of the reporting by steps. At the moment asking to Sme's a greater effort could be counter productive for their level of skill and tools and for the scope of their activities to be reported.

In this phase it's important to broaden immediately reporting basis by providing combination of two modules (basic+narrative or basic+business partner) and request more informations for each module.

This approach gives company the opportunity to get gradual but progressive competence on ESG topic and their accountability

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?

No, Basic Model could be requested together with narrative one or business partner one

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.

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

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

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.



- **20-50%.**
- **Please explain what items are missing and your rationale.**
Some detailed informations on environment and, perhaps, governance

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 nonauthoritative 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.



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		
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		

Items 17: for basic modul comparative informations of previous year should be provided by the first year.

[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
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Specify which approach(es) you would consider when applying VSME ED		X	X	X	
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[MULTIPLE SELECTION ALLOWED]

IF USER:	Basic Module	Basic Module + Narrative Module	Basic Module + Business Partners Module	All 3 Modules	Rationale for your answer
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Specify which approach(es) you deem most appropriate to cover the information needs you require		X	X	X	See Part 1 on general objectives
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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.

Due to the complexity of setting up a consolidated sustainability report, we believe that a gradual approach to consolidation (2/3 years timeframe) could be useful and that specific guidelines to perform the consolidation process for SME could be useful



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.



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, if voluntary /No/Please explain your answer.



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	
Disclosure B 2 – Practices for transitioning towards a more sustainable economy		Essential	
B 3 – Energy and greenhouse gas emissions		Essential	
B 4 – Pollution of air, water and soil		Essential	
B 5 – Biodiversity		Essential	
B 6 – Water		Essential	



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	
B 8 – Workforce – General characteristics		Essential	
B 9 – Workforce - Health and Safety		Essential	
B 10 – Workforce – Remuneration, collective bargaining, and training		Essential	
B 11 ¹ – Workers in the value chain, affected communities, consumers and endusers		Essential	
B 12 – Convictions and fines for corruption and bribery		Essential	

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.

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

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.

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?

I'am not sure Yes/No/Please explain your answer.

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.



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.

Partially, more informations on the objectives and framework of the reporting process would be necessary

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>	Agree	
<i>Financial materiality (paragraphs 51-55 in VSME ED)</i>	Agree	
<i>Stakeholders and their relevance to the materiality analysis process (paragraphs 56 and 57 in VSME ED)</i>	Agree	

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

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.

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).**

Please explain your answer.

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) Time horizons (paragraph 40 in VSME ED)	Agree		
b) Coherence and linkages with disclosures in financial statements ((paragraph 41 in VSME ED)	Agree		

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

Please add your comments, if any.



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	<p>USER = This disclosure is essential/Not necessary</p> <p>PREPARER= Feasible/ Difficult to prepare/ Already disclosed under other reporting schemes or regulations</p>	<p>OTHER RESPONDENTS: Do you have comments on this disclosure?</p>
Disclosure N 1 – Strategy: business model and sustainability related initiatives		Essential
Disclosure N 2 – Material sustainability matters		Essential
Disclosure N 3 – Management of material sustainability matters		Essential
Disclosure N 4 – Key stakeholders		Essential
Disclosure N 5 – Governance: responsibilities in relation to sustainability matters		Essential

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.



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.



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.

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 VSME ED? 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)
Disclosure BP 1 – Revenues from certain sectors					Essential
Disclosure BP 2 – Gender diversity ratio in governance body					Essential
Disclosure BP 3 – GHG emissions reduction target					Essential



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
Disclosure BP 5 –Physical Risks from climate change					Essential
Disclosure BP 6 – Hazardous waste and/or radioactive waste ratio					Essential
Disclosure BP 7 – Alignment with internationally recognized instruments					Essential
Disclosure BP 8 – Processes to monitor compliance and mechanisms to address violations					Essential



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 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)					Essential
Disclosure BP 10 – Work-life balance					Essential
Disclosure BP 11 – Number of apprentices					Essential

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.



AIAF agrees with the proposal under the assumption that SMES are provided a clear guidance to identify relevant vs applicable issues

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.

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 bestperforming alternative.

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

Yes/No/Please explain your answer. Not now, it needs a path in several steps

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.



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. **Because it can give a first methodologic approach**

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.

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.

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 entityspecific information including value chain. Perspective 2: not applicable, as the datapoint cannot be defined (due to entityspecific nature of the disclosure).		

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

