



EFRAG
Public Consultation
Questionnaire VSME Exposure Draft

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CNA – the Italian Confederation of Craft Trades and Small- and Medium-Sized Enterprises – has over 621,000 members who employ over 1.2 million people.

The CNA represents artisans, business owners, professionals, the self-employed and small and micro businesses in the tourism, services and industrial sectors.

CNA represents and protects the interests of micro, small and medium-sized enterprises operating in the manufacturing, construction, services, transport, trade and tourism sectors, small and medium-sized industries, and in general the world of businesses and relative associated forms, with particular reference to the crafts sector; of artisans, self-employed, different types of professionals, male and female entrepreneurs, and of those who have retired.

The environmental, social and governance (ESG) performance of organizations is an increasingly central issue. Market demand for information about organizations according to parameters other than just financial has gradually intensified in recent years, thanks in part to a legislative push by the European Union. Within this framework, both legislative and economic, it is becoming increasingly central for companies to integrate ESG criteria into their business.

The current regulatory framework requires only certain categories of companies to disclose information on how they operate and manage social and environmental challenges, with the aim of providing investors, consumers, public authorities and other stakeholders with a tool for assessing non-financial performance and encouraging these companies to develop a responsible approach.

Although micro and small and medium-sized enterprises, are exempt from legislative sustainability reporting requirements, they are increasingly subject to inquiries about their sustainability performance, not only from consumers, but mainly from non-consumer customers and banks. MPIMs operating in complex subcontracting supply chains are also being solicited to provide information on ESG performance.

In this context, it is especially necessary for MPIMs to have reliable information and alternative tools within the reach of their organizational peculiarities and size. Issues that MPIMs face when approaching reporting tools include a lack of transparency about the characteristics of ESG ratings, their methodologies and data sources, and a lack of clarity

about how ESG rating providers operate.

The **EFRAG (VSME) standard**, as a tool harmonized at the European level and recognized by the European Commission, **could play an important role in order to support companies that wish to contribute to a more sustainable and inclusive economy and at the same time begin to monitor and improve the management of their sustainability performance, while at the same time having the possibility of being able to respond, on the basis of a codified and recognized standard, to requests from consumers, customers, banks and investors.**

It is necessary to reiterate that we are moving within a **voluntary framework, and for this reason the EFRAG standard as outlined does not seem to meet the goals of simplicity and accessibility that it sets out to achieve.**

The topics covered by the VSME ED are very complex and, at the moment, it should be noted that especially the disclosures contained in the Narrative PAT Module and the BP Module are difficult for most MPMIs to apply.

As already pointed out in the questionnaire responses, in **our opinion the Basic Module would be sufficient for micro and small enterprises but we believe it should be further implemented both in terms of language and in terms of requiring some quantitative information that is difficult to handle without the support of an external consultant or from the relevant business association.**

Further support for understanding the standard could be provided by the guidance document that has been prepared, but again we believe there is a need for robust simplification on several aspects so as to facilitate use by businesses.

While we acknowledge the consistent effort on the part of EFRAG in developing a standard born on the "fit" of MSMEs that has led to the advantageous result of step-by-step modulation and reporting allowed by the three modules, we emphasize the need for a structuring of the standards, not just the VSME ones.

In particular, there is a need for the various economic actors to **converge and recognize a single joint model**, easily modulated according to business size, which will consequently lead to increased awareness of the benefit of disclosure, a consequent improvement in performance and management systems, and relationships with the value chain.





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