

Questionnaire VSME Exposure Draft

EFRAG Public Consultation – January 2024

DISCLAIMER

This questionnaire supports the development of the Exposure Draft Voluntary Standard for non-listed SMEs (from now on VSME ED). The purpose of this consultation is to collect feedback and comments from a variety of stakeholders with regards to the content of VSME ED, developed as a result of SR Board and SR TEG discussions. VSME ED also takes into account the outcome of the EFRAG EWG (Expert working group) discussions and the input from the EFRAG VSME community as well stakeholders outreach events organised by EFRAG Secretariat between January and November 2023.

The following background documents are included in the package to help respondents framing the questions:

- **Annex 1: VSME ED LINK**
- **Annex 2: Basis for conclusions for VSME** illustrating the reasoning behind the content of the ED. LINK
- **Annex 3: Approach to Value Chain Cap in LSME ESRS ED and VSME ED LINK**

Deadline for answer is {ZZ} 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 stakeholders feedback will be elaborated by EFRAG Secretariat and analysed by EFRAG SR TEG and SRB to finalise the VSME draft by November 2024.

Why VSME? EFRAG's work on a voluntary standard for non-listed micro, small and medium companies (VSME) is outside the Corporate Sustainability Reporting Directive (CSRD). Stakeholders confirmed to EFRAG the need of a voluntary standard for micro, small and medium sized non-listed companies in Europe to enable them in facing growing requests for ESG data and to lower the entry barrier to reporting. The benefits of VSME will crucially depend on market acceptance and recognition that VSME is a suitable standard for replacing a substantial part of the various questionnaires (from lenders, corporates, investors) that are currently used to collect ESG information from SMEs.

In the European Commission (EC) Q&A accompanying the adoption of the Delegated Acts ESRS in July 2023, it is specified that EFRAG is developing simpler, voluntary standards for use by non-listed SMEs.



VSME addresses this request and should enable *non-listed SMEs to respond to requests for sustainability information in an efficient and proportionate manner*, and so facilitate their participation in the transition to a sustainable economy. The EC SME Relief Package of September 2023 refers to **VSME** as a measure to support SMEs in *accessing sustainable finance*.

Micro, small and medium companies are in number the vast majority of companies in Europe. They are in total 24.3 million with the following breakdown. Micro (<10 employees) = 22.7 million (93.5% of total EU companies); Small (<50 employees) = 1.3 million (5.5% of total EU companies); Medium (<250 employees) = 194.400 (0.8% of total EU companies).

General approach to users' needs: When answering to the questions in this Survey and assessing the appropriateness of the proposed disclosures, the respondents are invited not to provide an answer according to their individual sensitiveness, but rather to consider systematically the perspective of the users' needs of this particular draft Standard (users being SMEs' business partners, i.e. lenders, other investors, corporates). What matters is not the usefulness of a given disclosure for a generic user or for the group of users of European Sustainability Reporting Standards (ESRS) sustainability statement, but rather their usefulness for lenders and counterparties in the value chain for which the SME works as supplier. Other perspectives are not the focus of this specific standard.



INFORMATION ON SURVEY PARTICIPANT

First Name: _____

Last Name: _____

Name and Type of organization (Preparer, User, Other): _____

- **If preparer**, please specify whether your company is a:
 - Micro (below 10 employees),
 - Small (between 10 and 50 employees),
 - Medium (between 50 and 250 employees) or
 - Accountant and SMP-small practitioner (as proxy for SMEs)
- **If user**, please specify whether you are:
 - User of sustainability reporting statements (e.g. bank or investor)
 - Large Company as SME's value chain partner
 - Rating Agency (as proxy for user)
- **Other:**
 - National or European authority/Standard Setter
 - Non-Government Organization ("NGO")
 - Academic or research institution
 - Accountant/Consulting services
 - Other (please specify)

Depending on the group you have selected, you will be asked different questions.

Main country of operations (choose from menu)

Main sector of operations (choose from menu)

SURVEY STRUCTURE

This survey is structured as follows:

A) Part 1: VSME ED – General key questions (**MANDATORY**)

B) Part 2: VSME ED – Detailed questions on principles and datapoints in the 3 modules (**OPTIONAL, on top of part 1**)

You can choose to answer only part 1 or also part 2.



QUESTIONS

A) PART 1: General Key Questions (MANDATORY)

a. Objective, simplifications and modules

Please refer to the text of VSME ED in Annex 1 and to the text of Basis for Conclusions VSME ED in Annex 2.

Q1. The objective of this ED is to provide SMEs with a simple reporting tool to start their sustainability journey and offer a replacement for questionnaires from their business counterparties. The logic followed by EFRAG in the standard setting has been to give priority to the identification of a proportionate set of indicators that would be a credible replacement for at least a substantial component of the questionnaires that are currently used by lenders, investors and corporate clients to request ESG data from their SMEs clients or suppliers. The societal angle of standard setting, i.e. providing a picture of the ESG impacts that would inform stakeholders other than business counterparties in keeping the SME accountable for its impacts is not the focus of this standard, is seen as a by-product of this standard.

Do you agree with this standard setting objective?

Yes/No/Please explain your answer.

Q2. VSME ED has been structured in three separate and complementary modules: Basic module is the target for micro-SME and is mandatory also in case of use of one of the two other modules. 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. Business Partners Module is expected to be used when an SME faces data requests from its business counterparties. The following alternative uses are possible: 1) Basic module; 2) Basic module in combination with Narrative-PAT; 3) Basic module in combination with Business Partners module; 4) Basic module in combination with Narrative-PAT and Business Partners module.

Do you agree that this modular structure is the appropriate approach to deal with the diversified entities in scope (from micro below 10 employees to medium with up to 250 employees) and with the different objectives (stated in Q1) of this ED? Are the modules clearly articulated?

Yes/No/Please explain your answer.

Q3. With reference to *Annex 1 VSME ED*, do you agree that the **Basic Module** is proportionate, understandable (language simplified to ensure accessibility of micro and SME undertakings while ensuring



the clarity of defined terms with the ESRS) and has a reasonably complete set of disclosures to be used as a starting point?

Yes/No/Please explain your answer.

Q4. With reference to *Annex 1 VSME ED*, do you agree with the content of the **Narrative-PAT Module**, reserved to entities that have Policies, Actions and Targets (PAT) in place?

Yes/No/Please explain your answer.

Q5. With reference to *Annex 1 VSME ED*, do you agree that the **Business Partners Module** could replace a substantial share of the questionnaires used by lenders/customer clients, being a proportionate but complete set of ESG disclosures?

Yes/No/Please explain your answer.

Q6. ONLY FOR USERS: Kindly indicate the proportion of the current or expected questionnaires that you use to collect data from SMEs (both for reporting and managerial purposes) that you think could be replaced by VSME, in its current form (including Basic, Narrative PAT and Business Partner Module).

- **Below 20%; 20-50%; 50% -80%; above 80%**
- **Please explain your answer. If possible, please specify to which VSME Module the percentage in your answer is associated with.**

b. Value Chain Cap

Q7. *Annex 3 Approach to Value Chain Cap in LSME ESRS ED and VSME ED*, describes the implication of value chain on LSME and VSME ED and shows that the VSME modules, in particular the Narrative (PAT) and Business Partner modules, require disclosures that generally correspond on a simplified basis to the reasonable expectations of Set 1 preparers (large undertaking using ESRS). In a few very specific cases information which is required from listed SMEs are not covered by the VSME standard modules. Those are principally of a sectorial nature (GHG Removals, substances of concern/high concern, resource inflows).

In this context, do you agree that the content of VSME ED strikes a reasonable balance between the need of users of information about value chain of large corporates (ESRS set 1 preparers) and proportionality (SMEs preparers)?

Yes/No/Please explain your answer.



[IF THE ANSWER IS NO, OPTION TO FILL IN THE TABLE IN QUESTION 37]

c. Sector guidance

Q8. Do you think that VSME ED should be supplemented in the future by sector specific disclosures, to be issued by EFRAG as an annex to the future sector-ESRS? The options are listed here in order of resources needed by EFRAG to develop the specific annexes.

[PLEASE SELECT ONE]

1. Listed and non-listed SMEs should have the option to use on a voluntary basis the future sector-specific ESRS for large undertakings.
2. Listed and non-listed SMEs should use the SME-specific annex to the future sector ESRS to be developed by EFRAG.
3. EFRAG should issue SME-specific annex to the future sector ESRS, to be used by non-listed SMEs and listed SMEs should use the future sector-specific ESRS for large undertakings.
4. EFRAG should issue specific annexes to the future sector ESRS, one for listed SME and one for non-listed SMEs.

Please provide your comments, if any.



B) PART 2: Detailed questions on principles and datapoints (OPTIONAL, on top of part 1)

a. Principles for preparation

Please refer to the text of VSME ED in Annex 1.

Q9. 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</i>			
b) <i>Preparation on a consolidated basis</i>			
c) <i>Timing and location of the Sustainability Report</i>			
d) <i>Classified and sensitive information, and information on intellectual property, know-how or results of innovation</i>			

[PER EACH ‘DISAGREE’: please explain your reasoning]

Q10. Additional question on Complying with this Standard. The undertaking shall disclose which of the modules or which combination of them has used. This question aims at better understanding the market acceptance as a fundamental aspect of the standard on the two different sides. On the preparer side this would mean micro and SMEs accepting VSME as a simple reporting tool to start their sustainability journey and monitor their sustainability performance with few indicators while responding to growing request of sustainability data from business partners. On the user side, this would translate in acceptance by business partners, to replace their multiple questionnaires and use instead VSME to gather sustainability data from SMEs clients needed for their own ESRS reporting obligations or to manage the sustainability risks in the lending and investment portfolios or in the supply chain. In this context, how do you anticipate to make use of the modular approach:

[MULTIPLE SELECTION POSSIBLE]

IF PREPARER:	VSME Basic Module	VSME Basic Module	VSME Basic Module	VSME Basic Module	Rationale for your answer



		+ Narrative Module	+ Business Partner Module	+ Narrative module + Business Partner Module	
Specify which approach you would consider when applying VSME					

[MULTIPLE SELECTION ALLOWED]

IF USER:	VSME Basic Module	VSME Basic Module + Narrative Module	VSME Basic Module + Business Partner Module	VSME Basic Module + Narrative module + Business Partner Module	Rationale for your answer
Specify which approach you deem most appropriate to cover the information needs you require					

Q11. Additional question on Preparation on a consolidated basis. VSME ED recommends the undertakings that are parent of small and medium sized groups to use consolidated reporting for their sustainability statement, i.e. to include data of their subsidiary in the report. Do you agree with this approach?

Yes/No/Please explain your answer.

Q12. Since non listed SMEs are outside the scope of CSRD, the subsidiary exemption does not apply to them. One proposal discussed by EFRAG SRB was 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.

Q13. Entity-specific component (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 support the provision of relevant, faithful, comparable, understandable and verifiable information. While acknowledging the difficulties that this judgemental disclosure may raise for SMEs, the inclusion of this entity-specific dimension was considered an important element of this Standard to fulfil in particular-sector specific disclosures. Do you agree?

Yes/No/Please explain your answer.



b. Basic Module

Q14. The Basic Module is the entry level for non-listed SMEs and has a highly simplified language. Ideally the company should be able to produce it without the help of a consultant or with limited help (such as in the first-time reporting). It comprises 11 disclosure requirements which have been mapped in existing voluntary initiatives (i.e. Nordic Sustainability reporting standards for SMEs, German Sustainability Code, CDP guide for SMEs etcetera) and have been identified as highly recurring in the questionnaires analysed by EFRAG Secretariat (please refer to Annex 2 – Basis for Conclusions for more details).

With reference to the proposed disclosure requirements, please include your answer in Table below:

VSME ED	IF PREPARER: Feasible to be prepared / Not feasible / Already disclosed under other reporting schemes or regulations (i.e. EMAS)	IF USER: Must have/Not necessary	WHEN PREPARER ANSWERS: NOT FEASIBLE: Please explain the challenge and would help you to prepare this disclosure	Optional for all: other comments if applicable
Disclosure B 1 – Basis for Preparation				
Disclosure B 2 – Practices for transitioning towards a more sustainable economy				
B 3 – Energy and greenhouse gas emissions				
B 4 – Pollution of air, water and soil				
B 5 – Biodiversity				



VSME ED	IF PREPARER: Feasible to be prepared / Not feasible / Already disclosed under other reporting schemes or regulations (i.e. EMAS)	IF USER: Must have/Not necessary	WHEN PREPARER ANSWERS: NOT FEASIBLE: Please explain the challenge and would help you to prepare this disclosure	Optional for all: other comments if applicable
B 6 – Water				
B 7 – Resource use, circular economy, and waste management				
B 8 – Workforce – General characteristics				
B 9 – Workforce – Health and Safety				
B 10 – Workforce – Remuneration, collective bargaining, and training			Lowest entry wage:	Lowest entry wage:
			Collective Bargaining:	Collective Bargaining:
			Gender pay gap:	Gender pay gap:
			Training:	Training:
B 11 ¹ – Workers in the value chain, affected			Workers in the value chain:	Workers in the value chain:
			Affected communities:	Affected communities:

¹ This datapoint was not identified in any of the 12 questionnaires analysed by EFRAG Secretariat but was inserted to keep consensus and accommodate the recommendation by some EFRAG SRB members.



VSME ED	IF PREPARER: Feasible to be prepared / Not feasible / Already disclosed under other reporting schemes or regulations (i.e. EMAS)	IF USER: Must have/Not necessary	WHEN PREPARER ANSWERS: NOT FEASIBLE: Please explain the challenge and would help you to prepare this disclosure	Optional for all: other comments if applicable
communities, consumers and end-users			Consumers and end-users:	Consumers and end-users:
B 12 – Convictions and fines for corruption and bribery				

Q15. FOR USERS ONLY: Is there any datapoint missing from this Module that you deem a ‘must have’ in order to achieve your purposes?

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 is aligned with the ESRS S1 (set 1). This is that incidents which arise during travel, outside of the undertaking’s responsibility (i.e., regular commuting to and from work), 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 recorded fatalities?

Yes/No/ Please explain your answer

Q17. FOR USERS ONLY: 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 (set 1) as a simplification (i.e., easier to collect). **Do you consider that this requirement will provide relevant and comparable information?**

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 on those for workers in the value chain, affected communities and consumers/end-users. The formulation of this disclosure would be an exception to the general approach of the Basic Module where materiality does not apply. As a compromise, **it was introduced as a voluntary disclosure. Do you agree with this approach?**

Yes/No/Please explain your answer.

Q19. In order to help SMEs prepare the report, specific guidance has been developed for the Basic Module. Do you think that it is useful in the preparation of the report?

Yes/No/Please explain your answer or add suggestions.



c. Approach to materiality of matters and Principles for preparation (common to Narrative-PAT and Business Partners module)

Q.20 Do you agree with the main simplifications on the Principles of Materiality to be applied to the Narrative-PAT Module and BP module? Please include your feedback in the table below:

VSME ED	Agree/ Disagree	Comment
<i>Impact materiality</i>		
<i>Financial materiality</i>		
<i>Stakeholders and their relevance to the materiality analysis process</i>		

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) are material to the undertaking. This will allow users to also understand for which material matters the undertaking does not have Policies Actions and Targets (PAT) in place. This approach leverages on the definitions used in Set 1 ESRS, that are designed to result in balanced and reliable depiction of what the company is doing to address sustainability matters, avoiding greenwashing. At the same time this approach only requires to report the PAT (Policies Actions and Targets) that the company has in place and no information is required when they have no PAT in place for a material matter (in addition to the list of material matters themselves).

In the current VSME ED, the Narrative-PAT and Business Partners Module require to assess materiality of the matters, as it considers the disclosure of material matters as an essential information for users. **Do you agree with this approach?**

- a) **For preparers only: 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 is a filter to guide the relevance of the reporting for the undertakings. No disclosure is expected to be provided 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 provision related to that datapoint in the standard. This is particularly important for the



basic module, where no materiality analysis is foreseen and all the disclosures are to be reported, if applicable. This approach has also been implemented in the other two modules, whenever possible.

Do you agree that this approach?

Yes/No/Please explain your answer.

Q23. Financial opportunities have been included only on a voluntary basis in VSME ED since the CSRD has indicated a focus on negative impact when addressing SMEs. Do you agree?

- a) **Yes, reporting for opportunities should be optional**
 - b) **No, reporting for opportunities is not needed for non-listed SMEs**
- 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?

Principles for the preparation of the sustainability report (Narrative-PAT Module, Business Partners Module)			
	Agree	Disagree	Comment
a) <i>Time horizons</i>			
b) <i>Coherence and linkages with disclosures in financial statements</i>			

[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 further detail. Please include your feedback in the table below:

VSME ED	USER = Must have/Not necessary PREPARER= Feasible/ not feasible/ Already disclosed	Comment
Disclosure N 1 – Strategy: business model and sustainability related initiatives		
Disclosure N 2 – Material sustainability matters		
Disclosure N 3 – Management of material sustainability matters		
Disclosure N 4 – Key stakeholders		
Disclosure N 5 – Governance: responsibilities in relation to sustainability matters		

Q26. FOR USERS ONLY: Is there any datapoint missing from this Module that you deem a ‘must have’ in order to achieve your purpose?

Yes/No/Please explain your answer.



e. Business Partners Module

Q27. While acknowledging the complexities of calculation for SMEs, the inclusion of GHG emissions Scope 3 as the entity-specific dimension was considered an important element of disclosure in some sectors. The Business Partners module has an entity specific consideration for GHG emissions Scope 3 to guide undertakings in certain sectors to add this component on top of the disclosures envisaged in B3 Energy and GHG emissions (Basic Module). Do you agree with the inclusions of **in the Business partner Module of the paragraph “ Entity specific consideration when reporting on GHG emissions under B3 (Basic Module)”**?

Yes/No/Please explain your answer.

FOR PREPARERS ONLY: Is it feasible for an SME? **Yes/No/Please explain your answer.**

Q28. Do you agree with the content of disclosures required by the Business Partners Module of VSME ED? Please include your feedback in the Table below:

VSME ED	IF PREPARER: Feasible/Not Feasible/Already prepared for other purposes	IF USER: Must have/Not Necessary	IF USER: If already present in questionnaires, specify to which category of SME (micro, small, medium) the question is asked	IF USER: If already present in questionnaires, is this asked only for certain sectors? If yes, which ones?	Comment (FOR BOTH)
Disclosure BP 1 – Revenues from certain sectors					
Disclosure BP 2 – Gender diversity ratio in governance body					
Disclosure BP 3 – GHG emissions reduction target					



VSME ED	IF PREPARER: Feasible/Not Feasible/Already prepared for other purposes	IF USER: Must have/Not Necessary	IF USER: If already present questionnaires, specify to which category of SME (micro, small, medium) the question is asked	IF USER: If already present in questionnaires, is this asked only for certain sectors? If yes, which ones?	Comment (FOR BOTH)
Disclosure BP 4 – Transition plan for climate change mitigation					
Disclosure BP 5 –Physical Risks from climate change					
Disclosure BP 6 – Hazardous waste and/or radioactive waste ratio					
Disclosure BP 7 – Alignment with internationally recognized instruments					
Disclosure BP 8 – Processes to monitor compliance and mechanisms to address violations					



VSME ED	IF PREPARER: Feasible/Not Feasible/Already prepared for other purposes	IF USER: Must have/Not Necessary	IF USER: If already present questionnaires, specify to which category of SME (micro, small, medium) the question is asked	IF USER: If already present in questionnaires, is this asked only for certain sectors? If yes, which ones?	Comment (FOR BOTH)
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)					
Disclosure BP 10 – Work-life balance					
Disclosure BP 11 – Number of apprentices					

Q29. When the disclosure is not material to the undertaking, then the undertaking does not have to disclose it. In addition, with the exception of BP 5 where a concept of materiality is embedded in the text of the disclosure, in all the other cases the ‘if applicable’ concept has been included. Do you agree?



YES/NO/Please explain your answer.

Q30. With reference to **Disclosures BP 7, BP 8 and BP 9**, the objective of these three disclosures is to assess the SME' commitment to respect human rights. In the ED the SFDR definitions are maintained, in order to keep proximity with the terms used by the financial market participants. Do you think that there are alternative disclosures that could cover the same objective regarding own workforce's human rights and that are more suitable than these?

Yes/No/Please explain your answer

Proposed text.

Q31. Do you think that it would be beneficial to split the Business Partners Module into sub-modules depending on the nature of the user ("banks", "investors", "large corporates") or depending on the topic (climate/other environmental/social, etc.)?

Yes/No/Please explain your answer.

Q32. Some of the questionnaires included also datapoints related to the EU-taxonomy regulation, despite SMEs being out of scope. EFRAG considered that these datapoints would be too complex for preparation by non-listed SMEs. We note that there are currently ongoing developments at the EU Platform for Sustainable Finance that may in the future make available a proportionate tool for EU-taxonomy. In particular, to meet the technical criteria for inclusion in the climate mitigation taxonomy, large companies must conduct a life-cycle analysis of their greenhouse gas (GHG) emissions across various economic activities. These companies will need data from their suppliers. Small and medium-sized enterprises (SMEs) that play a crucial role in these companies' 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 or 9.1, should disclose the emission savings of their technology compared to the best-performing alternative. This technical information is typically available from the SME and is relevant to their clients."

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

Yes/No/Please explain your answer.

Q33. In order to help SMEs prepare the report, specific guidance has been developed for the Business Partners Module. Do you think that it is useful in the preparation of the report?

Yes/No/Please explain your answer.



Q34. ONLY FOR USERS: With reference to the Business Partners Module, do you think that additional datapoints are needed and are not present in the Business Partners Module?

Yes/No/Please explain your answer.

Q35. ONLY FOR USERS: Appendix C reconciliates the SFDR, Benchmark, Pillar 3 datapoints present in VSME. This is to support banks and investors particularly to compare the data between SMEs and larger clients and to allow for aggregation. Is Appendix C clear?

Yes/No/Please explain your answer.

Q36. ONLY FOR USERS: Do you think that the proportion of coverage of VSME with respect to the existing questionnaires can be further increased, if some datapoints were added to VSME?

IF YES: Kindly indicate the proportion of the current (or expected) questionnaires to collect data from SMEs (both for reporting and managerial purposes) that you think could be replaced by VSME, if some datapoints were added to VSME.

- **Below 20%; 20-50%; 50% -80%; above 80%**
- **Please specify which datapoints should be added to the Basic module**
- **Please specify which datapoints should be added to the Narrative-PAT module**
- **Please specify which datapoints should be added to the Business Partners module**

IF NO: Why you think that the proportion in the previous question cannot be increased?

[select one or more]

- Because of sector-specific data not suitable for a sector-agnostic VSME ED
- Because of 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



ADDITIONAL OPTIONAL QUESTION FOR VALUE CHAIN CAP

Please refer to the text of Approach to Value Chain Cap in LSME ESRS ED and VSME ED in Annex 3.

INTRO: SMEs might face data requests from large corporates in scope of the Corporate Sustainability Reporting Directive (CSRD) that need to comply with the requirements about reporting for the value chain in ESRS. To limit the amount of these requests, the CSRD identifies the ESRS standard for listed SMEs (LSME ESRS) as the point of legal reference in defining the maximum disclosures that large corporates in scope of the CSRD can require to SMEs (listed and non-listed).

EFRAG has scrutinised the datapoints in ESRS Delegated Act Set 1 and has identified nine areas of disclosures (SBM 3, IRO 1, PAT, Climate Transition plan, GHG emissions, GHG removal, Substances of concern and substances of very high concern, resource inflows, entity specific disclosure) that could have a potential trickle-down effect (as they pertain to value chain). EFRAG has concluded that while some requests may derive from specific arrangements between the SME and its corporate clients due to business reasons, there is no trickle-down effect solely due to reporting obligations of large corporates. In addition, EFRAG has concluded that in general the content of VSME covers the value chain datapoints included in LSME, thus there is no additional trickle-down effect, except for very specific cases. These cases correspond to disclosures which are to be reported by listed SMEs but are not included in the VSME ED, due to their excessive complexity for an average non listed SME. They are principally of a sectorial nature (GHG Removals, substances of concern/high concern, resource inflows), mainly needed for management or specific arrangement purposes. You will find further detail in Annex 3.

EFRAG has concluded that there are no datapoints in LSME ESRS that have been added in that standard for the purpose of preserving the integrity of the reporting of large corporates on their value chain, as all the datapoints in LSME ESRS are justified by specific needs of the users of LSME reporting.

Q37. Do you agree that the combination of ESRS Delegated Act Set 1, LSME ED and VSME ED has strike the right balance between users’ needs and proportionality and that it does not impose undue burden on SMEs?

YES/NO => IF NO: [MANDATORY CAMP] Explain the rationale for your answer. Your answer would be in particular helpful if it identifies concrete proposals of amendments, if any.

IF NO [OPTIONAL CAMP]: PROVIDE SPECIFIC INPUT => Select the areas of disclosure for which you disagree with EFRAG conclusion (Refer to Annex 3)

AREA OF DISCLOSURE	DISAGREE [ALLOW MULTIPLE SELECTION]	IF DISAGREE: EXPLAIN WHY REFERRING SPECIFICALLY TO CONTENT OF ANNEX 3
1. SBM 3 and IRO 1		
2. PAT		



3. Climate Transition plan		
4. GHG emissions		
5. GHG removal		
6. Substances of concern and substances of very high concern		
7. Resource inflows		
8. Entity specific disclosure		

Q38. Please provide any other comment on the value chain cap, if any.



