

EFRAG Public Consultation – January 2024 - Questionnaire VSME Exposure Draft

1. DISCLAIMER

This questionnaire supports the development of the Exposure Draft for a Voluntary Standard for non-listed SMEs ('VSME ED'). The purpose of this consultation is to collect feedback from a variety of stakeholders on the content of its content.

The VSME ED is the result of EFRAG SRB and SR TEG 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 to help respondents framing their responses:

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 ESRS LSME ED and VSME ED [link](#)

Deadline for answer is 21 May 2024 (EoD)

2. 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 enterprises 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 simpler, a 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%.

The VSME ED will allow non-listed SMEs (including micro) to face growing requests for ESG data and to lower the entry barrier to reporting. 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 non-listed micro, small and medium undertakings in the scope of VSME ED.

If you have no opinion on a question you can skip the question.

3. INFORMATION ON SURVEY PARTICIPANT

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Organization:

Name of organization:

Institut für nachhaltiges Wirtschaften in der Bau- und Immobilienwirtschaft (inwb)

Type of organization:

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).

Other

Please specify whether you are:

Academic or research institution

“Other” respondents can choose to respond either as 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:

Germany

Main sector of operations:

Real Estate

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

4. Survey structure and instructions

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.

5. A) Part 1: General key 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](#).

1. 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

Please explain your answer:

We agree with the standard-setting objective outlined in the provided ED. Below are the reasons supporting this agreement:

Simplification of Reporting Processes:

The proposed tool aims to simplify the complex and often burdensome process of ESG reporting for SMEs. By streamlining the data collection and reporting processes, SMEs can more efficiently provide the necessary information to their business partners, reducing administrative overhead and focusing more on their core operations.

Consistency and Credibility:

Building the tool based on existing questionnaires from business partners ensures that the data collected is relevant, consistent, and credible. This standardization helps in producing reliable ESG data, which can be trusted by lenders, investors, and corporate clients, thereby enhancing transparency and trust in the sustainability performance of SMEs.

Enhanced Sustainability Management:

The tool is not only for reporting purposes but also serves as a valuable resource for SMEs to monitor and manage their sustainability performance. By having a structured and comprehensive reporting system, SMEs can identify areas for improvement, set sustainability goals, and track progress over time, leading to better environmental, social, and governance outcomes.

Support for Sustainable Development:

By improving how SMEs manage and report their sustainability performance, the tool contributes to broader sustainable development goals. SMEs play a crucial role in the economy, and their enhanced focus on sustainability can lead to more inclusive and environmentally responsible growth, benefiting society as a whole.

Alignment with Stakeholder Expectations:

The tool's design, influenced by questionnaires from various business partners, aligns the reporting standards with the expectations and requirements of key stakeholders. This alignment ensures that the data provided is relevant and actionable, facilitating better decision-making by lenders, investors, and corporate clients.

Economic Benefits for SMEs:

Efficient ESG reporting can open up new opportunities for SMEs, such as attracting responsible investment, securing loans with favorable terms, and building stronger relationships with corporate clients. By demonstrating their commitment to sustainability, SMEs can enhance their reputation and competitive advantage in the market.

In conclusion, the standard-setting objective of the ED offers significant advantages for both SMEs and their business partners. It fosters a more sustainable, transparent, and efficient approach to ESG data reporting and management, contributing to a more sustainable and inclusive economy.

2. 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?

Yes

Please explain your answer:

We agree that the alternatives for reporting uses under the VSME ED are appropriate to address the diverse range of undertakings, considering both the number of employees and the economic sectors. Here are the reasons supporting this agreement:

Scalability and Flexibility:

The modular structure of the VSME ED offers scalability and flexibility, accommodating the varied capacities and needs of SMEs. Micro-SMEs, which often have limited resources, can begin with the Basic Module, ensuring that they can participate in ESG reporting without being overwhelmed by complexity or resource requirements.

Tailored Approach:

The provision of different combinations of modules allows SMEs to tailor their reporting according to their current capabilities and the specific demands of their stakeholders. For instance, SMEs with established sustainability practices can use the Narrative-PAT Module, while those facing specific data requests from business partners can use the BP Module.

Incremental Adoption:

This structure supports incremental adoption of more comprehensive reporting practices. SMEs can start with the Basic Module and gradually incorporate additional modules as their sustainability practices mature and as they face more complex reporting requirements from business partners.

Comprehensive Coverage:

By offering the option to use all three modules together, the VSME ED ensures that SMEs with more advanced sustainability practices and reporting needs can provide a comprehensive view of their ESG performance. This holistic approach can enhance transparency and trust among business partners, investors, and other stakeholders.

Alignment with Reporting Needs:

The different module combinations align well with the varied reporting needs and expectations of SMEs from different sectors and with different sizes. This ensures that all relevant ESG aspects are covered without imposing unnecessary burdens on SMEs that might not yet be ready for full-scale reporting.

Facilitation of Stakeholder Engagement:

The flexibility to choose relevant modules based on specific data requests from business partners fosters better stakeholder engagement. SMEs can provide precise and targeted ESG data that meets the specific needs of their business partners, thereby enhancing relationships and potentially gaining competitive advantages.

Encouragement of Best Practices:

The availability of the Narrative-PAT Module encourages SMEs to formalize and document their sustainability policies, actions, and targets. This not only improves their internal sustainability management but also promotes the adoption of best practices across the SME sector.

Materiality Analysis to Reduce Effort:

The integration of a materiality analysis helps to reduce the reporting burden by ensuring that only specific, material content needs to be reported. This allows for focused and efficient reporting that reflects the actual needs and priorities of the companies.

Industry Standards:

Furthermore, through the materiality analysis, industry standards (standard materiality for specific industries) can be integrated into the VSME model. This ensures that reporting is consistent and comparable within the same industry, benefiting both the companies and their stakeholders.

In conclusion, the proposed alternatives under the VSME ED provide a balanced approach that addresses the diverse capacities and needs of SMEs across various sectors and sizes. The modular structure supports incremental improvement in ESG reporting practices, ensuring that all SMEs can participate meaningfully in sustainability reporting.

3. 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

Please explain your answer:

We agree that the Basic Module in the VSME ED is proportionate, understandable (in terms of language), and has a reasonably complete set of disclosures to be used as a starting point. Here are the reasons supporting this agreement:

Proportionality:

The Basic Module is designed to meet the needs of micro, small, and medium-sized enterprises (SMEs). It takes into account the limited resources and capacities of these businesses, offering an entry-level module that can be used without excessive burden.

Understandable Language:

The use of simplified language in the Basic Module ensures that the requirements are easily understandable. This is particularly important for micro and SMEs that may not have extensive experience in sustainability reporting.

Complete Set of Disclosures:

With twelve disclosures to be reported, the Basic Module covers essential environmental, social, and governance aspects. These disclosures are sufficiently comprehensive to provide a solid starting point for sustainability reporting without overwhelming the businesses.

No Need for Materiality Analysis:

The fact that no materiality analysis is required significantly eases the entry into reporting. This means that companies can simply provide the requested information without having to conduct additional analyses.

Adaptability:

Certain disclosures are required only if the company considers them "applicable." This offers businesses the flexibility to report information relevant to their specific circumstances, preventing unnecessary reporting.

Support for Sustainability Performance:

By providing clearly defined disclosures, the Basic Module helps SMEs monitor and improve their sustainability performance. This can lead to better management of environmental and social issues, contributing to the long-term resilience and competitiveness of the businesses.

In summary, the Basic Module in the VSME ED offers a well-thought-out and practical solution for SMEs to start their sustainability reporting. It is proportionate, understandable, and includes all essential disclosures needed to facilitate the initial steps in sustainability reporting.

If answer is NO, please indicate the relevant disclosure.

4. 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 which sustainability matters are relevant for the undertaking.

Do you agree with the content of and approach to the Narrative-PAT Module, which is reserved to undertakings that have Policies, Actions and Targets (PAT) in place?

Yes

Please explain your answer:

Materiality Analysis to Reduce Effort:

The integration of a materiality analysis helps to reduce the reporting burden by ensuring that only specific, material content needs to be reported. This allows for focused and efficient reporting that reflects the actual needs and priorities of the companies.

Industry Standards:

Furthermore, through the materiality analysis, industry standards (standard materiality for specific industries) can be integrated into the VSME model. This ensures that reporting is consistent and comparable within the same industry, benefiting both the companies and their stakeholders.

****Do you agree with the content of and approach to the Narrative-PAT Module, which is reserved for undertakings that have Policies, Actions, and Targets (PAT) in place?***

****Answer: No.****

****Reasoning:****

It should be noted that many small SMEs today have virtually no formalized policies, even in areas not directly related to sustainability, such as quality management or occupational safety management, unless specifically required by their customers. This lack of formalization extends to sustainability practices, meaning that the Narrative-PAT Module may have limited practical relevance for these companies.

The effort required to formalize sustainability policies, actions, and targets is significant, and many small SMEs may find it overwhelming. As a result, they are likely to rely only on the Basic and Partner modules, which do not require the same level of formalization. This situation is unfortunate because the materiality analysis included in the Narrative-PAT Module could significantly reduce the reporting burden by focusing on the most relevant issues.

Moreover, the materiality analysis helps to prioritize and report on the most critical sustainability matters, enhancing the quality and relevance of the disclosed information. Without this analysis, SMEs might struggle with inefficient and unfocused reporting, potentially missing out on the benefits of targeted and strategic sustainability reporting.

In summary, while the Narrative-PAT Module provides a valuable and structured framework for companies with established sustainability practices, it is likely to see limited adoption among smaller SMEs due to the substantial effort required for formalization. This would be a missed opportunity, as the materiality analysis within this module could help reduce the overall reporting effort and improve the focus and relevance of sustainability disclosures.

5. 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

Please explain your answer:

Yes, the content and approach to the Business Partners (BP) Module are appropriate as a replacement and standardisation of information requests by business partners, being a proportionate but complete set of ESG disclosures:

Alignment with Stakeholder Needs:

The BP Module provides additional datapoints necessary for addressing data requests from lenders, investors, and corporate clients. These datapoints align with the information needs of financial market participants and other business partners, ensuring the disclosures are relevant and useful.

Materiality Analysis:

The requirement for a materiality analysis ensures that the sustainability matters disclosed are pertinent to the specific circumstances of the undertaking. This approach guarantees that the information provided is both relevant and significant, which enhances its utility for business partners in assessing the sustainability profile of the undertaking.

Proportionality and Completeness:

The BP Module is designed to be proportionate to the size and complexity of the undertaking while still providing a comprehensive set of ESG disclosures. This balance ensures that the reporting burden is manageable for SMEs while still meeting the needs of business partners for detailed sustainability information.

Consistency with Larger Standards:

The module's disclosures are consistent with broader sustainability reporting standards, such as those for larger undertakings, but are tailored to be proportionate for SMEs. This consistency helps SMEs meet the expectations of larger business partners and aligns with regulatory requirements, enhancing the credibility and comparability of their sustainability reports.

Reduction of Bureaucratic Effort and Standardization:

As mentioned above, the BP Module can lead to a reduction of bureaucratic effort and standardization within various industries through the implementation of standard materiality. This standardization is highly beneficial, as it streamlines reporting processes and ensures consistency across different sectors.

Overall, the BP Module's structured and tailored approach to ESG disclosures ensures that SMEs can effectively meet the information demands of their business partners, supporting better decision-making and fostering more sustainable business practices.

6. QUESTIONS

A) PART 1: General Key Questions (CRITICAL)

b. Sector guidance

6. 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 note that your answer will be complemented by question 13 on the additional dimension of reporting including sectors.

Please select one:

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.

Please provide your comments, if any:

7. B) Part 2: Detailed questions on principles and datapoints

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](#).

7. 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)

	Please select:		Comment
	Agree	Disagree	
a) Complying with this Standard (paragraphs 9 and 10 in VSME ED)	X		These principles enable the application of double materiality analysis, as outlined in point 9, ensuring a comprehensive understanding of both the impacts and dependencies on sustainability matters. Consequently, this approach ensures that the information provided in the sustainability report is relevant, addressing the requirements of point 10.
b) Preparation on a consolidated basis (paragraph 12 in VSME ED)	X		A consolidated report provides a comprehensive overview of the entire corporate group, enabling a holistic view of sustainability performance by summarizing the impacts and efforts of all subsidiaries. It also facilitates better identification and assessment of risks and opportunities in sustainability, leading to more targeted and effective improvement measures. This approach enhances the overall understanding and management of sustainability within the organization.
c) Timing and location of the Sustainability Report (paragraphs 13, 14 and 15 in VSME ED)	X		Annual reporting helps SMEs maintain a consistent track record of their sustainability performance, enhancing transparency and accountability. It allows for regular assessment and improvement of sustainability practices, keeping the company aligned with its goals. Additionally, it builds trust with stakeholders by providing up-to-date information on the company's environmental and social impact.
d) Classified and sensitive information, and information on intellectual property, know-how or results of innovation (paragraph 16 in VSME ED)	X		This paragraph is beneficial for SMEs as it protects their competitive edge by allowing them to keep sensitive information confidential. It helps avoid financial risks that could arise from disclosing business secrets and strategic know-how. Additionally, it maintains trust in business relationships by safeguarding proprietary information.

If you disagree please explain your reasoning:

Please select a principle:

Explanation:

8. 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

Please explain your answer:

Consolidated reporting provides a comprehensive view of the entire group's sustainability performance, enhancing transparency and accountability. It helps in identifying and managing risks and opportunities across the group, leading to more effective sustainability practices. Additionally, it simplifies reporting processes and ensures consistency in the data presented to stakeholders.

9. 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

Please explain your answer:

Including a subsidiary exemption in the VSME ED could incentivize SMEs to produce consolidated reports, as it would relieve them from reporting for individual subsidiaries. This exemption would simplify the reporting process and reduce costs by allowing group-level reports instead of separate reports for each subsidiary. Additionally, it could make the VSME ED more attractive to SMEs, encouraging more companies to adopt this standard. Consolidated reporting also enables more efficient use of resources by centralizing the reporting process.

10. 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

Please explain your answer:

Including additional sector-specific information in the construction industry, as proposed in VSME ED paragraph 11, is of great importance. It facilitates the entry into sustainability reporting and improves comparability.

8. QUESTIONS

B) PART 2: Detailed questions on principles and datapoints (ADDITIONAL, to complement part 1)

b. Basic Module

11. 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 table below:

	Do you have comments on the inclusion and content of this disclosure?
Disclosure B 1 – Basis for Preparation	
Disclosure B 2 – Practices for transitioning towards a more sustainable economy	SMEs may struggle to systematically collect and present their existing practices and measures. They might need explicitly mentioned topics by impact areas to provide a clear template. This guidance would help them accurately report their sustainability efforts.
B 3 – Energy and greenhouse gas emissions	The biggest challenge in the construction industry currently lies with Scope 3 emissions, as data collection is extremely time-consuming for SMEs and often lacks valid data. Therefore, we support focusing on Scope 1 and Scope 2 emissions.
B 4 – Pollution of air, water and soil	The complexity of emission measurement requires specialized equipment and procedures, which SMEs often lack the technical resources or expertise to conduct. Construction companies release a variety of pollutants, each needing different measurement methods, making identification and quantification time-consuming and technically challenging. Construction projects are often temporary and vary greatly in nature and scope, complicating the continuous tracking and reporting of environmental pollution data. Additionally, SMEs often lack internal environmental experts, and hiring or training personnel for comprehensive environmental measurements is often not economically feasible.
	In paragraph 28. it is unclear how "in or near biodiversity sensitive areas" is defined for the business.

B 5 – Biodiversity	In paragraph 28, it is unclear how "in or near biodiversity sensitive areas" is defined for the business location in Germany. There is a need for clearer definitions of these terms. Paragraph 29 only provides metrics related to land use types. It lacks additional parameters to determine biodiversity and the impacts caused by the company (e.g., DGNB - Criteria Catalog for New Building Construction ENV 2.4 / Biodiversity at the Site).
B 6 – Water	Collecting water usage data is challenging for construction companies. On the company premises, water consumption is often measurable with devices, but on construction sites without fixed water meters, it is more difficult. The availability and accuracy of water consumption data can vary greatly. Construction projects differ significantly in scope, duration, and type of activities, leading to fluctuations in water consumption and making consistent reporting difficult.
B 7 – Resource use, circular economy, and waste management	32. Resource use in the construction industry can be accessed via industry software, but waste management practices vary significantly depending on the projects and client structures. Waste management practices on company premises are reportable. Circular economy principles are partially implemented depending on feasibility, but only a few construction companies have concrete strategies for this. 33. a) Recycling content within implemented projects is not measurable, as the effort for SMEs is too high. b) Recyclable content is not feasible for construction SMEs to track. c) Total annual waste generation can be measured, but it requires significant effort from SMEs. d) Total waste diverted to recycling or reuse is difficult to track due to often small quantities and lack of system recording.
B 8 – Workforce – General characteristics	-
B 9 – Workforce - Health and Safety	-
B 10 – Workforce – Remuneration, collective bargaining, and training	-
B 111 – Workers in the value chain, affected communities, consumers and end-users	The paragraph aims to clarify the company's processes for identifying and addressing severe negative impacts on value chain workers, affected communities, and consumers or end-users. It is particularly relevant for the construction industry, where human rights violations often occur in the upstream supply chain, such as during raw material extraction. Emphasizing this context will help highlight the importance of these disclosures.
B 12 – Convictions and fines for corruption and bribery	-

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.

12. 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?

No

Please explain your answer:

Since quality management standards and systems have not been widely adopted in the SME sector, implementing a powerful system like EMAS is not practical. Instead, it would be more effective to ensure that the measurement standards directly relate to the success factors of the businesses and enable specific resource management.

For example, using financial metrics rather than just kWh can provide more relevant insights. Metrics like depreciation or fuel costs to assess the efficiency of equipment are more meaningful than simply relating kWh to performance, which does not offer valuable information for construction companies.

It is essential to keep the scope and complexity of data collection manageable for SMEs. This approach will facilitate the adoption of reporting practices that are practical and beneficial, aligning closely with the operational realities and strategic objectives of SMEs.

13. 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?

Please explain your answer including references to the relevant legislation.

We are not familiar with the legal framework in this area, so we cannot provide a valid answer.

14. 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?

Yes

Please explain your answer:

The ratio of the entry-level wage to the minimum wage is a key indicator of pay fairness, particularly in sectors where the minimum wage is prevalent. This information helps assess whether companies pay above the legal minimum, indicating good working conditions and social responsibility. Collecting this data is less complex and time-consuming than detailed wage analyses, making it easier for SMEs to provide relevant and comparable information without excessive effort.

15. 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

Please explain your answer:

The approach is generally commendable, as many companies in the construction industry face significant challenges in presenting and collecting the required data. However, a more specific outline of the necessary contents, possibly in the form of a template for B11, is needed to help companies more easily engage with this topic.

16. In order to help SMEs prepare the sustainability report, specific guidance has been developed for the Basic Module in paragraphs 87 to 167 of the VSME ED.

Do you think that it is useful for the preparation of the report? Do you think it is sufficient?

Yes

Please explain your answer or add suggestions:

It is highly relevant that SME users receive as much support as possible in preparing the content. Therefore, the specific guidance is fundamentally useful. However, there should always be a direct link between the reporting content and support (e.g., through references to the appendix). Additionally, it is beneficial to provide even more specific information to the users. Online sources with further information can also be helpful.

9. QUESTIONS

B) PART 2: Detailed questions on principles and datapoints (ADDITIONAL, to complement part 1)

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

17. 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:

	Please select:		Comment
	Agree	Disagree	
Impact materiality (paragraphs 46-50 in VSME ED)		X	The term "material impacts" is not clearly defined, and specific criteria or thresholds to classify an impact as material would be helpful. There is a lack of specific examples for "actual or potential impacts," and concrete case studies could aid in understanding these terms. The term "business relationships" is broad; a clearer definition specifying which relationships are included (e.g., suppliers, customers, partners) would be beneficial. While the criteria for assessing "severity" (scale, scope, irremediability) are useful, practical guidelines or examples on how to apply them are missing. Additionally, guidance on when and how qualitative data is sufficient, along with examples of acceptable qualitative analyses, would be helpful. The text could be better structured to clearly outline the steps for determining materiality, potentially using a step-by-step guide or flowchart.
Financial materiality (paragraphs 51-55 in VSME ED)		X	SMEs face several challenges in assessing financial materiality. The term "material financial effects" is not clearly defined, making it difficult for SMEs to determine thresholds for materiality. The broad definition of "business relationships" adds confusion about which relationships to consider. Evaluating the probability, nature, and potential magnitude of financial risks is complex, and there are no concrete guidelines or examples to assist. Identifying and assessing risks unrelated to material impacts is unclear, as is evaluating dependencies on natural and social resources. While reporting on financial opportunities is optional, there is a lack of guidance on how to do this. Additionally, assessing financial risks and opportunities over short, medium, and long-term horizons presents further difficulties due to uncertainties and the need for long-term forecasts. Finally, conducting comprehensive financial analyses requires specialized knowledge and resources that SMEs may lack.
Stakeholders and their relevance to the materiality analysis process (paragraphs 56 and 57 in VSME ED)		X	The term "stakeholder" is broadly defined; more specific definitions or examples of who qualifies as a stakeholder would be helpful (e.g., specific groups or roles). SMEs may struggle to identify all relevant stakeholders and lack clear guidelines or methods for systematically identifying and prioritizing them. The distinction between "affected stakeholders" and "users of the sustainability report" may not always be clear; examples and scenarios could help, including distinguishing between internal and external stakeholders. The process for engaging stakeholders in the materiality analysis is not detailed, and concrete steps or methods for effective stakeholder engagement are missing. It is unclear to what extent stakeholder opinions should be considered, and detailed guidance on the depth of engagement would be helpful. SMEs may also find it challenging to determine which stakeholders are "most relevant," lacking clear criteria or examples for prioritization.

18. The VSME ED requires performing a 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?

Yes

Please explain your answer.

Requiring a materiality analysis ensures that only relevant sustainability matters are disclosed, providing users with a clear understanding of the undertaking's focus on significant issues and avoiding greenwashing. By disclosing Policies, Actions, and Targets (PAT) only for material matters, the VSME ED simplifies reporting for SMEs while maintaining transparency and relevance. This approach aligns with the principles of double materiality, ensuring that both impact and financial materiality are considered, which is crucial for providing a comprehensive and reliable depiction of the undertaking's sustainability efforts.

Furthermore, this approach allows for the establishment of industry standards through the consistent application of materiality analysis. By focusing on the most pertinent issues, SMEs can develop standardized metrics that are meaningful within their specific sectors. For example, using industry-specific performance indicators such as financial metrics (e.g., depreciation or fuel costs) instead of generic measures like kWh, can provide more relevant insights into the efficiency and sustainability of their operations.

In addition, this method helps reduce the bureaucratic burden on SMEs by ensuring that they only report on the most critical sustainability issues. It also facilitates the integration of industry standards (standard materiality for specific industries) into the VSME model, ensuring that reporting is consistent and comparable across the same industry. This consistency benefits both the companies and their stakeholders by providing clear, focused, and relevant sustainability disclosures.

Overall, the materiality-focused approach of the VSME ED ensures that SMEs can effectively address and communicate their sustainability efforts in a manner that is both practical and aligned with their business objectives, while also contributing to the development of industry-specific reporting standards.

19. 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

Please explain your answer:

Simplifying the materiality approach by introducing the notion of "report only if applicable" helps to ensure that only relevant information is reported, reducing the burden on SMEs. This approach is particularly useful for the Basic Module, where no materiality analysis is required, making it easier for SMEs to comply with reporting requirements. By filtering disclosures based on applicability and relevance, it ensures that the reported data is meaningful and specific to the undertaking's circumstances. This targeted approach helps to avoid unnecessary disclosures and focuses on providing stakeholders with pertinent information. Additionally, specifying that certain disclosures in the Business Partners module must be reported if relevant ensures that critical information is not overlooked.

20. 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?

Yes, reporting for financial opportunities should be optional

Please explain your answer:

SMEs often have limited resources, so optional reporting allows them to focus on mandatory disclosures without being overwhelmed. This approach aligns with the CSRD's focus on addressing and mitigating negative impacts, ensuring that SMEs prioritize material risks. Additionally, optional reporting provides flexibility, encouraging SMEs to disclose financial opportunities when relevant and beneficial. This can enhance their reputation and attract investors without imposing an undue burden. Overall, this ensures the reporting requirements remain proportionate to the capabilities and scale of SMEs.

21. 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)

	Please select:		If you disagree please explain your reasoning:
	Agree	Disagree	
a) Time horizons (paragraph 40 in VSME ED)	X		
b) Coherence and linkages with disclosures in financial statements ((paragraph 41 in VSME ED)	X		

Please add your comments, if any:

10. QUESTIONS

B) PART 2: Detailed questions on principles and datapoints (ADDITIONAL, to complement part 1)

d. Narrative-Policies, Actions and Targets (PAT) Module

22. 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:

	Do you have comments on this disclosure?
Disclosure N 1 – Strategy: business model and sustainability related initiatives	-
Disclosure N 2 – Material sustainability matters	For (a) and (b), it would be better to refer to Impact materiality and Financial materiality.
Disclosure N 3 – Management of material sustainability matters	The term "policies" should be better defined in the context of Disclosure N 3, as it is unclear in point 60. (b). Point 61 is also not self-explanatory; it should clarify why a reference to energy efficiency and emission reduction is made.
Disclosure N 4 – Key stakeholders	-
Disclosure N 5 – Governance: responsibilities in relation to sustainability matters	SMEs may lack formalized governance structures or defined roles and responsibilities for sustainability, making it difficult to provide clear and detailed information. They often do not have specialized staff or resources dedicated to sustainability, complicating the identification and designation of responsible individuals. The documentation and traceability requirements for responsibilities and governance structures can be challenging, especially if these structures are more informal or less documented.

23. 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

Please explain your answer:

There is potential for better alignment, particularly through the connection points with the "Deutscher Nachhaltigkeitskodex" (DNK), which is similarly structured to the VSME draft. Efforts should be made to maximize the alignment between these reporting frameworks.

11. QUESTIONS

B) PART 2: Detailed questions on principles and datapoints (ADDITIONAL, to complement part 1)

e. Business Partners (BP) Module

24. 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)”?

No

Please explain your answer:

Scope 3 emissions are a significant factor in the construction industry because they encompass all indirect emissions along the value chain, including the production of building materials, transportation, waste management, and the use of buildings. These emissions account for a substantial portion of the total carbon footprint of a construction project and therefore cannot be ignored when evaluating the overall environmental impact. However, the construction industry is a provision-based industry where the construction task is typically formulated by the clients (or their planners). As such, the influence of SMEs on these emissions is minimal, and the effort required to measure them is extremely high.

Collecting Scope 3 emissions data is particularly challenging for SMEs. Firstly, obtaining the necessary data requires extensive collaboration and transparency along the entire supply chain, which is often difficult for smaller companies to achieve. Secondly, many SMEs lack the resources and expertise needed to conduct these complex calculations. Thirdly, the available data is often incomplete or inaccurate, leading to unreliable results. Finally, the effort and costs associated with gathering Scope 3 emissions data can be disproportionately high for SMEs, potentially affecting their competitiveness.

Therefore, while the inclusion of Scope 3 emissions in the Business Partner Module is fundamentally reasonable, it is practically unfeasible for SMEs.

25. 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:

	Comment:
Disclosure BP 1 – Revenues from certain sectors	-
Disclosure BP 2 – Gender diversity ratio in governance body	-
Disclosure BP 3 – GHG emissions reduction target	It is recommended that the targets focus on the reduction of Scope 1 and Scope 2 emissions, and that Scope 3 remains optional.
Disclosure BP 4	Disclosure BP 4 presents significant challenges for SMEs in meeting the requirements outlined in paragraphs 178 and 179. Limited resources and specialized expertise hinder their ability to develop and implement comprehensive climate transition plans. The high costs associated with emission reduction measures and data collection pose additional financial burdens. SMEs often

Disclosure BP 4 – Transition plan for climate change mitigation	lack formal organizational structures, making it difficult to assign clear responsibilities and integrate climate goals into business strategies. Measuring and monitoring progress with quantifiable indicators is complex and resource-intensive. Regular stakeholder consultations and plan updates demand time and effort that SMEs may struggle to allocate. Additionally, influencing the entire supply chain to gather necessary data can be challenging due to limited leverage. These constraints highlight the need for tailored support and solutions to enable SMEs to comply with climate transition plan requirements effectively.
Disclosure BP 5 – Physical Risks from climate change	KMUs face several challenges in meeting the requirements of Disclosure BP 5. These include difficulties in data collection and analysis, limited financial and expert resources, and the complexity of assessing both acute and chronic physical risks over different time frames. Identifying and reporting the locations of significant assets exposed to these risks, integrating risk assessments into business processes, and the financial burden of implementing adaptation measures are particularly challenging. Additionally, the need for regular updates and the high level of transparency required in reporting impose further strain on KMUs' limited capacities. To simplify these requirements for KMUs, standardized tools and templates for data collection and risk assessment could be developed. Providing access to shared resources or expert advisory services could help mitigate the resource gap. Simplified reporting frameworks and phased implementation plans could allow KMUs to gradually build their capacity. Financial incentives or subsidies for adaptation measures and clearer guidelines on prioritizing key risks and actions would also be beneficial.
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	-
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	-

26. 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

Please explain your answer including updated/proposed text:

Yes, the "Deutscher Nachhaltigkeitskodex" (DNK) provides criteria that can replace disclosures BP 7, BP 8, and BP 9 from the VSME ED and may be more suitable for SMEs.

Criterion 17 - Human Rights: This requires companies to disclose measures to ensure respect for human rights, covering both internal measures and supply chain practices. This aligns with the objectives of BP 7, BP 8, and BP 9, integrating UN Guiding Principles on Business and Human Rights and ILO standards (Deutscher Nachhaltigkeitskodex) (Deutscher Nachhaltigkeitskodex) .

Criterion 18 - Community: This criterion requires companies to disclose how they avoid negative impacts on communities and contribute positively, including handling potential human rights violations. This parallels the objectives of BP 8 and BP 9 (Deutscher Nachhaltigkeitskodex) .

Criterion 20 - Equal Opportunities, Diversity, and Equal Treatment: This focuses on promoting equality and diversity within the company, addressing aspects of social responsibility and human rights, similar to BP 7 and BP 9 (Deutscher Nachhaltigkeitskodex) (Deutscher Nachhaltigkeitskodex) .

The DNK offers practical guidelines and standardized reporting tools tailored to the needs of SMEs, facilitating easier and more consistent reporting. Using the DNK can thus provide SMEs with a more efficient alternative for disclosing their human rights commitments (Deutscher Nachhaltigkeitskodex) (Deutscher Nachhaltigkeitskodex) .

27. 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")?

Please select:

No

Please explain your answer:

Splitting the Business Partners (BP) Module into sub-modules can introduce several challenges. It risks inconsistency across sectors, making data comparison difficult, and increases complexity in implementation, burdening regulatory bodies and entities with maintaining multiple sub-modules. Higher costs are also a concern, as significant investment is needed for developing and updating these modules, along with additional expenses for staff training. Overlap and duplication of efforts may arise, leading to redundant reporting requirements for companies operating in multiple sectors. Moreover, large multinational corporations might struggle with diverse requirements, finding it challenging to comply with various sub-modules across different regions and sectors. Thus, while customization offers benefits, it could complicate and increase the cost of sustainability reporting for many businesses.

28. 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 best-performing alternative.

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

Yes

Please explain your answer:

Including this datapoint in the VSME ED is a forward-thinking step that aligns SMEs with broader sustainability goals, enhances market opportunities, and prepares them for future regulatory changes, ultimately supporting a more sustainable economy.

29. 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 the ED.

Do you think that it is useful in the preparation of the sustainability report? Do you think it is sufficient?

No

Please explain your answer:

To better support SMEs, clear, step-by-step guides tailored to their needs and capacities should be provided. Standardized templates for data collection and reporting are essential for structuring their reports. While some parts of the VSME ED paragraphs 169 to 193 are highly detailed, there are gaps in definitions, guidance, and practical tips necessary for SMEs to implement the requirements effectively. Addressing these gaps will make it easier for SMEs to produce comprehensive and compliant sustainability reports. Enhanced guidance and tools will reduce the burden on SMEs and improve their ability to meet reporting standards.

30. Please provide any further comments not addressed in part 1 or 2 of the questionnaire here:

31. If you want to provide additional comments on aspects not covered in the questionnaire, please upload your file here.

12. 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](#).

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.

32. Do you agree with the approach EFRAG has taken on the Value Chain Cap?

Yes

33. Please explain your answer, in brief:

We agree with the approach EFRAG has taken on the Value Chain Cap. By ensuring that non-listed SMEs are not overburdened with data requests exceeding those outlined in the ESRS LSME, EFRAG effectively balances the need for sustainability reporting with the capacities of SMEs. This approach helps prevent excessive reporting demands that could overwhelm smaller enterprises, promoting a more feasible and proportional reporting framework. The inclusion of simplified disclosures in the VSME ED aligns with the reasonable expectations of large undertakings, allowing SMEs to meet necessary data requirements without undue complexity. Additionally, the focus on sector-specific disclosures where necessary acknowledges the diversity of business operations while maintaining a manageable reporting scope for SMEs. This method also aims to harmonize ESG data requests, reducing the burden of multiple, uncoordinated questionnaires. Overall, EFRAG's strategy supports SMEs in contributing to sustainability efforts without imposing disproportionate reporting obligations.

34. Please provide other comments on the value chain cap, if any.

13. Thank You!

Thank you for taking our survey. Your response is very important to us.