



Platform Briefing on EFRAG's Consultation on LSME and VSME ESRS

May 2024

Briefing of the Platform's Response to EFRAG's Consultation on LSME and VSME ESRS

EU Platform on Sustainable Finance

May 2024

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Background

On 22 January 2024 the European Financial Reporting Advisory Group (EFRAG) launched the [public consultation](#) on the Exposure Draft ESRS for listed SMEs (ESRS LSME ED) and the Exposure Draft for the voluntary reporting standard for non-listed SMEs (VSME ED).

This briefing summarises the EU Platform's position on the draft LSME and VSME ESRS. It is divided into the Background, Key Messages, Key recommendations regarding VSME, Materiality Assessment, Enabling SMEs access to sustainable (green and/or transition) finance, Modular approach, Usability and Guidance, Reporting templates and data infrastructure, Relevance to financial market participants, Relevance to credit institutions, Key recommendations regarding LSME, Consistency of LSME with the wider sustainable finance framework, followed by four Annexes.

As mentioned, the briefing is supplemented by four annexes. The first annex presents a table featuring three columns: the original text in the proposed standards, the proposed changes recommended by the Platform, and a concise rationale, focusing on the LSME ESRS. The second annex contains a second table detailing the Platform's comprehensive comments on the VSME ESRS. The third annex offers an in-depth analysis of the Business Partners Modules concerning Pillar 3 ITS. Lastly, the fourth annex lists the members and observers of the Platform.

Key messages

Supporting SMEs in their efforts to decarbonise and implement environmentally friendly practices is crucial and should be a policy priority. While reporting may not be the ultimate goal, it serves as a necessary step because what cannot be measured cannot be effectively managed. In this context, the Platform welcomes EFRAG's LSME and VSME ESRS.

Often referred to as the backbone of the European economy, SMEs represent just over 50% of the EU's GDP and constitute an extremely diverse group of over 24 million companies¹.

Collectively, SMEs account for more than 60% of EU GHG emissions of enterprises and are estimated to be responsible for 60-70% of industrial pollution and of total industrial waste.² The environmental footprint of SMEs is therefore substantial in aggregate, underscoring their critical role in reaching Europe's net zero goals and building a more sustainable future. However, it is worth noting that a significant proportion of companies, estimated at 55- 60% of SMEs, have a low impact on the environment.³

The Platform emphasises the importance of targeting SMEs engaged in activities with medium to high environmental impacts. These should start the journey of decarbonisation while greening their activities. In this respect, the Taxonomy can serve as a guiding tool for the development of simplified approaches tailored to SMEs in this regard. For instance, activities such as construction of new buildings can contribute to climate mitigation efforts, and circular economy initiatives; and SMEs can adopt adaptation strategies using the Taxonomy as guidance to build their climate-resilience. It advocates for the use of the Taxonomy to pinpoint the most impactful activities and focus efforts

¹ https://single-market-economy.ec.europa.eu/document/download/b7d8f71f-4784-4537-8ecf-7f4b53d5fe24_en?filename=Annual%20Report%20on%20European%20SMEs%202023_FINAL.pdf

² EU Commission Annual Report on European SMEs 2021/2022.

³ Idem.

accordingly. A simplified demonstration of compliance with Taxonomy criteria and developing a streamlined approach that focuses on one or two key environmental indicators based or inspired by the Substantial Contribution criteria of the Taxonomy, could facilitate SMEs in decarbonising or greening their primary activities. In addition, individual measures to lower their carbon or environmental footprint should be encouraged through the simplification of accessing green finance for those purposes.

Many SMEs are integrated into supply chains of large companies, thereby contributing to the achievement of these companies' net zero and reducing their environmental footprint. Adopting green practices can enhance their appeal to clients, whether large companies or end consumers. Additionally, SMEs face mounting pressure from both large companies and financiers to disclose environmental and social data. Given that the majority of SMEs rely on bank loans for financing, this pressure is expected to intensify as banks prioritise the greening and decarbonisation of their portfolios to meet legal reporting requirements and net zero objectives.

The Platform believes that EFRAG's LSME and VSME ESRS should assist SMEs in the following ways:

1. **Facilitating decarbonisation, resilient and greening activities:** These frameworks should enable SMEs to concentrate on the most impactful environmental objectives related to their primary operations. The Platform therefore recommends that EFRAG design the standards in such a way that would allow reporting SMEs to easily identify which are the most impactful environmental objectives related to their primary operations.
2. **Accessing sustainable (green and/or transition) finance:** The frameworks should streamline SMEs' access to sustainable (green and/or transition) finance, thereby supporting their decarbonisation and green initiatives as well as their efforts to become more resilient to climate and weather shocks. The VSME ESRS, along with the below proposed Taxonomy-inspired module (or Streamlined Approach), should encompass the essential sustainability information for SMEs to allow them to qualify for sustainable loans or sustainable investments when meeting the required performance thresholds.
3. **Addressing trickle-down effects from the sustainable finance regulatory framework:** SMEs should be supported in managing information demands stemming from large corporates required to report under regulations like the Corporate Sustainability Reporting Directive (CSRD). Furthermore, SMEs are confronted with additional sustainability-related data requests from financial institutions. These demands may arise from regulations such as the Benchmark Regulation (BMR), the Sustainable Finance Disclosure Regulation (SFDR), Pillar 3 ESG risk disclosure requirements, ESG-related provisions in the Capital Requirements Regulation (CRR), and any forthcoming sustainability-related banking regulations.

Key recommendations regarding VSME ESRS

The VSME standard must serve as a straightforward and proportional reporting mechanism. It should be capable of replacing a significant portion of the sustainability-related questionnaires often used by business partners when requesting information from SMEs.

In this regard, the Platform recommends that EFRAG specifies, in their standards and accompanying guidance documents, that credit institutions and financial market participants are advised to use the VSME standard for their general appraisal of SMEs and the sustainability profile of their main activity, including in cases where the SME does not publicly disclose any voluntary reporting. This would help to reduce the burden on SMEs when approaching different financial institutions with their loan or investment requests.

The VSME standard should also effectively address the trickle-down effect, ensuring that SMEs can meet the growing demand for sustainability information. Ultimately, it should serve as a tool to assist SMEs in improving their sustainability performance, not least by granting them access to the required financing for their green initiatives.

Topic	Key Platform recommendation
A modular and gradual approach	The Platform supports the adoption of a modular and gradual approach, whereby the basic module serves as the initial starting point for reporting, allowing SMEs to gradually extend their reporting to include modules that are most relevant and of interest to them. These additional modules should be structured according to the type of external financing (bank, investor) or the type of supply chain parties (larger/smaller, manufacturing/services) with whom the SME is engaged. Specifically, the Business Partners (BP) module, intended to address the various sustainability information requests SMEs may encounter, could be divided into three submodules: one for supply chain requirements (linked to CSRD), one for investor needs (related to BMR and SFDR), one addressing banking requirements (CSRD and Pillar 3), and a final one for the Streamlined Approach. .
Materiality Assessment	It will be costly and complicated for SMEs to conduct the materiality assessment, due to a lack of clarity around its components and execution, potentially posing complexity and cost concerns for SMEs adhering to the VSME standards. Instead, it is recommended that SMEs should be encouraged to provide brief explanations for their submodule and sustainability topic selections based on their activities and context. SMEs should clarify which modules they have addressed and why, accompanied by relevant information. SMEs could equally explain briefly why they provided information on one environmental or social subject and not on others. Lastly, the standards should make clear that SMEs should prioritise responding to those indicators which relate to the type of financing (bank lending, private equity) or the type of supply chain partners (larger/smaller, manufacturing/services) that the SME is in business with. Preferably, and as mentioned above, these indicators would be allocated to specific submodules: one for supply chain (CSRD), one for investor needs (BMR and SFDR), one addressing banking requirements (CSRD and Pillar 3) and a final one for the proposed Streamlined Approach. To aid SMEs in this, accessible guidance on materiality, possibly through an interactive online tool drawing from VSME's Appendix B, is proposed. Ideally, such guidance would simplify reporting by automatically generating a Sustainability report, aligning with SMEs' objectives such as accessing green finance. Collaboration with existing national solutions is crucial.

Enabling access to sustainable (green or transition) finance	The Platform alongside the European Commission is working on exploring ways to develop a Streamlined Approach (see below), which focuses on a small number of key metrics aligned with substantial contribution criteria of the Taxonomy to facilitate SMEs in decarbonising or greening their primary activities. This tool should assist non-listed SMEs in accessing sustainable (green or transition) finance and supplying sustainability information to larger companies, especially when such reporting necessitate value chain data. Its use should be entirely voluntary. The Platform recommends the addition of a brief overview of the final Streamlined Approach as a separate module in the Business Partners module once finalised. This summary will highlight key features and benefits, with a link to the related information site for further details and resources. The indicators for the Taxonomy non-eligible activities should also be included. This initiative aims to enhance accessibility to crucial information for unlisted SMEs, aiding their understanding and engagement with the Streamlined Approach. A placeholder should be considered, until the approach is finalised.
Usability and guidance	EFRAG could further enhance usability of the standards by: - Simplifying further the language - Using more close-ended questions where possible - Better distinguishing between entity and product-level disclosures - Facilitating data collection
Credit institutions	There is a genuine tension between the information needed by credit institutions to meet their reporting obligations and the need to minimise reporting burdens for SMEs, focusing only on the most relevant areas. The Platform recommends that the European Commission undertake additional work to define sustainable (green and transition) loans concerning SME lending, as well as how credit institutions should incorporate sustainable SME lending into their reporting requirements. The Platform recommends integrating a data point in the VSME draft requesting information on SMEs' "main activity." This aims to enhance consistency across frameworks and improve banks' access to information in line with Pillar 3 ITS disclosures. In the review of Article 8 of the Delegated Act, particularly under its Article 9 concerning the evaluation for including relevant exposures in the Green Asset Ratio, the Platform suggests the European Commission explore the potential utilization or integration of the simplified approach outlined below.
Financial Market Participants	The Platform highlights the importance of maintaining consistency across data points within the Business Partners module linked to Principal Adverse Impact indicators. Additionally, the Platform advises the European Commission to review and potentially reduce the number of PAIs required from Financial Market Participants (FMPs) investing in private equity. Aligning these requirements with tools like the Streamlined Approach, along with indicators from the Basic Module, would encourage investment in non-listed SMEs while alleviating reporting burdens.

Interaction with other legislation	The Platform recommends specific cross-referencing all relevant EU legislations, including reference to Pillar 3 ITS templates, SFDR datapoints, and EU Taxonomy Regulation KPIs, to facilitate the access of information for all market participants. The cross-referencing should be included in a separate annex for the use by market participants without increasing the complexity of the standard itself or impairing its readability.
Reporting templates	The Platform favours the development of an online reporting tool that could support and facilitate voluntary reporting for unlisted SMEs, and which could be designed to also help them identify opportunities such as for adapting to weather and climate risks. In the absence of an online reporting tool, a unified reporting template and data collection infrastructure will be key for facilitating the preparation and use of the VSME standard. This could be developed as part of the XBRL taxonomy of the ESRS standards, which would reduce cost for large corporates and support the acceptance of VSME. ESAP should aim at including SMEs voluntary reporting data points.

Materiality Assessment

The VSME standards require reporting entities to apply a materiality analysis when preparing the narrative PAT and BP modules. The analysis needs to be performed annually and assess the impacts that the reporting entity has or is likely to have on people and the environment, as well as the financial opportunities and risks that derive or may derive from sustainability matters. Also, in the analysis, various time horizons need to be adopted (short term of 1 year, medium term of 2-5 years and long-term of >5 years) and engagement with stakeholders is encouraged, whereby micro undertakings are expected to only consider the views of the most relevant stakeholders.

First results from Platform members' field testing by SMEs show that conducting the materiality assessment can be particularly challenging due to a lack of clarity around what the assessment should consist of and how it should be carried out. It would therefore be a complicated and potentially costly undertaking for SMEs reporting under the VSME standards.

Instead, SMEs could be encouraged to provide brief explanations for their selection of particular sustainability topics or modules, based on their primary activities and circumstances. The VSME standards should allow the reporting entities to provide an explanation on whether they are in direct control of the sustainability matters included in the requirements or whether it lies outside of their direct control. The Platform suggests that SMEs clarify which modules they have responded to and why.

To assist SMEs in their responses, guidance on materiality — preferably accessible through an interactive online tool — should be provided. This guidance could offer insights into sustainability matters most relevant or material to various sectors and activities, drawing from Appendix B of the VSME standard.

Ideally, such guidance, including guidance for adaptation, would manifest in the form of a tool, streamlining the use of standards for reporting entities. This tool could align with SMEs' objectives, such as accessing sustainable (green and/or transition) finance and simplify reporting by automatically generating a Sustainability report once the information is inputted. In developing this European tool, it is essential to explore synergies and collaborate with existing national solutions.

SMEs seeking banking finance should be encouraged to respond to the proposed bank submodule within the BP module, while those seeking investments should be encouraged to respond to the proposed investor submodule within the BP module, and those receiving supply chain requests should be encouraged to respond to the proposed supply chain submodule.

Enabling SMEs access to sustainable (green and/or transition) finance

The Platform is starting to work simultaneously on two approaches for SMEs to simplify their sustainability efforts:

Simplified Approach (Taxonomy-based Approach):

This approach primarily supports listed SMEs, facilitating its use by SMEs. It would maintain fidelity to existing Taxonomy criteria without overriding the application of the do-no-significant-harm (DNSH) principle. The simplification effort could involve non-regulatory initiatives to enhance data

accessibility; the provision of interpretive guidance, such as FAQs, on demonstrating alignment, and possibly, where necessary, amending specific parts of selected existing Taxonomy criteria to simplify proof of compliance for SMEs (as done in the existing forestry, restoration of wetlands and tourism criteria).

Additionally, the Platform will explore methods to alleviate reporting burdens for listed SMEs required to disclose Taxonomy alignment under Article 8 Delegated Act.

Overall, the objective of the Platform is to address usability issues to facilitate Taxonomy adoption by listed SMEs.

Streamlined Approach

Tailored for unlisted SMEs, this approach centres on a couple of key metrics based or inspired by substantial contribution criteria, enabling substantial environmental performance improvements outside the Taxonomy's regulatory scope. By pinpointing key environmental impacts relevant to their activities, unlisted SMEs can prioritise actions and report on one to three key metrics aligned with Taxonomy thresholds (e.g., 100 g CEO_{2e}/kWh for power generation).

For Taxonomy-eligible activities, prioritising key environmental metrics per economic activity, to some extent inspired by the Taxonomy, and aligned with substantial contribution thresholds, is crucial.

A similar approach could be applied to **individual green investments**. Most SMEs investments in green projects involve specific measures such as retrofitting or insulating an office or purchasing solar panels or electric vehicles. By recognising these green investments using the Taxonomy as guidance - but limiting the requirements to the key Substantial Contribution criteria or characteristics – and EU certification schemes, SMEs could have greater access to sustainable finance.

For non-eligible activities ((that are not 'always significantly harmful')), selecting environmental indicators linked to the voluntary SME sustainability standards can be used as input, incorporating performance thresholds where applicable.

Key Rationale for Focusing on Key Metrics:

Significance of Environmental Impact: Key metrics highlight areas where SMEs can make substantial environmental contributions to the EU objectives, helping them to decarbonise and green their activities.

Consistency and effectiveness: By focusing on the core metrics linked to the environmental impact of their main activity, they are aligning their reporting with large corporate's expectations within their value chains.

These metrics could serve as the foundation for defining sustainable loans, ensuring consistency and effectiveness in promoting sustainable practices.

Overview and Conclusions:

The simplified approach primarily benefits listed SMEs subject to mandatory disclosures and those seeking green loans. Conversely, the Streamlined Approach targets unlisted SMEs, easing compliance burdens and facilitating access to sustainable (green and/or transition) financing. It also assists them in demonstrating their environmental performance in response to requests from larger companies. Both approaches could contribute to defining sustainable (green and-or transition) loans in the future and aid in reducing supply chain reporting for SMEs regarding Taxonomy-related environmental

performance. The Platform envisages the inclusion of a simple and descriptive section as a separate module in the Business Partners module, providing a concise overview of the final Streamlined Approach tailored for Unlisted SMEs, once finalised. The indicators for the non-eligible activities should also be included. This section will offer a summary of the approach, highlighting its key features and benefits. Additionally, it will include a link directing users to the related information site for detailed information and resources. A placeholder should be considered, until the approach is finalised.

This approach aims to facilitate easy access to essential information for unlisted SMEs enabling them to better understand and engage with the Streamlined Approach for Unlisted SMEs.

The Streamlined Approach could also be used by non-listed SMEs to demonstrate their environmental performance for the purposes of responding to potential requests from the big companies who are pursuing the taxonomy approach.

In essence, the approach serves a dual purpose: facilitating non-listed SMEs in the interaction with banks and the financial sector for the access to sustainable finance, while also providing information to larger companies for their compliance with taxonomy criteria, particularly when such criteria demand value chain information.

Modular approach

The structure of the VSME, with its three modules, is helpful because it invites SMEs which have less experience with sustainability reporting to start voluntary reporting under the Basic Module. Other more advanced SMEs can decide to report additional information under the Policies, Targets and Actions (PAT) and Business Partner (BP) modules.

Yet the different modules do not necessarily cater for the different sustainability information requests that SMEs receive from different stakeholders. An SME that is dealing with equity investors would likely be expected to report on the SFDR Principal Adverse Impact indicators (PAIs), whereas another SME receiving a loan from a bank would be faced with information requests related to ESG-risks and product-specific eligibility criteria (the latter originating from different frameworks such as the ECB guide on climate risk management, banking regulation including Pillar 3 disclosures). If the bank granting the loan to an SME is supported by a guarantee backed by an EU, national or local promotional programme, additional specific sustainability-related information would need to be provided to establish the eligibility for the guaranteed coverage.⁴

The Platform recommends that a modular and gradual approach is adopted, whereby the basic module serves as the initial starting point for reporting, allowing SMEs to gradually extend their reporting to include modules that are most relevant and of interest to them. These additional modules should be focusing on the type of external financing (bank, investor) or type of supply chain parties (larger/smaller, manufacturing/services) that the SME is in business with. Specifically, the BP module, which is meant to respond to the various sustainability information requests SMEs may receive, could be split into three submodules: one for the supply chain (related to CSRD), one for investor needs (related to BMR and SFDR) and a last one related to bank needs (CSRD, Streamlined Approach and Pillar 3).

⁴ It would be important to make sure that such programmes in the future take into account the VSME standards.

Not all SMEs are inclined to make the information regarding Sustainability public as it emerged during the outreach sessions the Platform conducted on the VSME standards. With the aim to encourage SMEs to start taking up the VSME standard, the Platform suggests that while making the information public through the publication of a sustainability report should be the preferable option, SMEs should be allowed to provide the information to only some stakeholders, at least for the time being. When the proposed online reporting tool is developed that would support and facilitate voluntary reporting for unlisted SMEs on the basis of the VSME standards, this should provide the reporting SME with the possibility to determine which stakeholder has access to which information.

Given that the provided information would likely be helpful for public authorities to have available in order to monitor the greening of industry and SMEs' access to sustainable finance, public authorities should be granted access to the online information.

Notwithstanding the potential need for some credit institutions and financial market participants to request specific information to assess the particular purpose of a loan/investment, the Platform recommends that EFRAG specifies in their standards and accompanying guidance documents that credit institutions and financial market participants are advised to use the VSME standard for their general appraisal of SMEs and the sustainability profile of their main activity, including in cases where the SME does not publicly disclose any voluntary reporting as they might have the information readily available for key stakeholders and might not wish to make it publicly available. This would help to reduce the burden on SMEs when approaching different financial institutions with their loan/investment request. Furthermore, the Platform recommends EFRAG to advise large enterprises to use the VSME standard for information requests towards SMEs in their supply chain as far as possible.

Usability and Guidance

Accessibility of concepts and wording used

Despite the simplification efforts that EFRAG has undertaken in developing the VSME standards, the language used is still considered to be too complicated by SMEs to use the VSME by themselves without external advice. It should be considered how the text in the standards can be further simplified, without necessarily modifying the content, or how to supplement the VSME with guidance tailored to the SME audience.

Examples include:

- In the Basic Module, it is indicated that indicators B 3 to B 12 are to be provided when they are applicable to the undertaking's specific circumstances. It would be helpful if the standard were more precise or included guidance as to what "specific circumstances" refers to.
- The indicators related to SFDR information are difficult for SMEs to understand. First results from Platform members' field testing of the VSME standards by SMEs show that such SFDR-related information as requested in the Basic Module and especially in the BP module is very complex and not needed for classic bank loans. The Platform's recommendation to integrate a modular approach would help ensure that only those SMEs seeking capital market financing need to report on the SFDR-related indicators.
- References made to regulations, initiatives, or guidance in which certain concepts are being further explained (such as for example, under B 5, the biodiversity-sensitive areas). It will be difficult for the reporting entity to go through all these underlying documents in order to determine the definition of these concepts. It would therefore be recommended to directly

include definitions of the concepts used, rather than references to relating documents where the definitions can be found.

As a general recommendation, the Platform invites EFRAG to ensure that the language used in the VSME is proportionate and as simplified as possible and **recommends for the inclusion of links to definitions of key terms for SMEs that opt to disclose against the set report. The uptake of the VSME is also highly dependent on whether a translation of the standard will be available in the official languages of the EU.**

Close-ended questions

Most of the requirements included in the standards are of an open-ended nature, in that they ask the reporting entity to disclose a narrative to answer to the requirement. Where possible, using some close-ended questions would make it both easier for the SME to report, as well as for the users of the information to grasp the core of the reported information and compare it between reporting entities. For example, when looking at current requirement *N 1 Strategy: business model and sustainability-related initiatives*, rather than having to include a narrative description of all the key elements of the strategy and business model, a drop-down menu could be offered for each of these elements, identifying a pre-set list of groups of product/services offered, significant markets operated in, main business relationships and key strategic elements. To this end, the Invest Europe ESG template could be used as an example.⁵

Entity-level versus product-level disclosures

Currently, the disclosure requirements are a mix of entity-level disclosures, product-level disclosures and disclosure requirements which are formulated in such a way that both the entity-level and product-level could be reported on. Clearly distinguishing between the levels at which the disclosure requirements are required would help clarify the reporting exercise for both preparers and users. The Platform believes that product level reporting should be additional and focused on those key products linked to the main activity that the SME conducts. This more proportional approach to product-level reporting might help SMEs concentrating on their main products as part of their principal activity in line with the proposed simplified approaches made above.

Data collection challenges

Several challenges may arise in implementing the proposed standards by SMEs, particularly concerning data collection. The current proposal includes numerous data points that may necessitate SMEs to engage external consultants, incurring significant costs. To mitigate this challenge, it would be important to ensure, where possible, that indicators are formulated in such a way that the underlying datapoints can be collected without requiring the reporting entity to seek external consulting. In cases where this is not possible, tangible support must be offered wherever external assistance is required, through tools, capacity building, and technical assistance. This ensures that SMEs can effectively navigate data collection processes without incurring prohibitive expenses.

For example, the standards under B 3 necessitate reporting on scope 1 and 2 GHG emissions, with scope 3 also being mentioned as providing valuable insights into the reporting entity's climate change impacts. However, implementing credible and/or science-based target setting, as proposed in the PAT module, is perceived as highly challenging, complex, and potentially costly for SMEs. Obtaining scope 3 data is particularly challenging because SMEs lack the necessary know how and bargaining power to acquire the necessary data from customers and suppliers. Proper support is crucial, starting with

⁵ [Invest Europe](#)

estimating scope 3 emissions upstream and downstream. The Platform recommends that SMEs not located at the far end of a supply chain consider requesting GHG emission data from their own suppliers and incorporating it into their reports.

Internet tools

Additional guidance should be developed to assist reporting entities in meeting reporting requirements. Guidance could be in the form of a tool, further simplifying the use of standards for reporting entities, aligning with SMEs' objectives such as accessing green finance. An example is the previously proposed guidance on material sustainability matters per sector or economic activity, as well as size and other variables. Similarly, an online tool could aid SME reporting by automatically generating a Sustainability Report once relevant information is input. In developing such a European tool, collaboration with existing national solutions should be considered to ensure synergy. One example of capacity building would be that such a tool supports SMEs in building climate resilience based on sectoral and location guidance. Another example would be providing guidance on material GHG emission scopes per sector, or on its biodiversity impact, reducing the need for the reporting entity to conduct its own assessment and instead rely on provided guidance.

Reporting templates/ data infrastructure

The added value of the VSME ED lies in its ability to map data requests that SMEs may face from their counterparts, notably banks, as a result of the disclosure and risk management obligation that the latter face. This mapping is essential for SMEs due to credit institutions disclosure and risk management obligations, enabling SMEs to effectively navigate these requirements.

The Platform acknowledges that the SMEs which choose to report under this standard will do so on a voluntary basis and are not going to be captured by the CSRD scope. As a result, the data produced might not be included in the scope of ESAP (as we have also asked to clarify whether LSME data will be included in the access point). The PSF assumes that the data collection could currently take place at national level (in some cases regional) with the inclusion of the information in national databases (in a similar vein to how EPC certificate data is collected for buildings, which does not help for European comparability).

While this is a useful exercise to start compiling a repository of data from SMEs, it does not bridge the necessary data gap to improve the quality and availability of information for banks and financial market participants to use and simultaneously comply with their own disclosure obligations.

The Platform recommends the European Commission and EFRAG ensure that the information disclosed under the VSMEs ESRS in ESAP and/or other databases are consolidated at EU level, using the collection at national-level as a starting point. Access to this information should be facilitated in the long-term.

Relevance to financial market participants

Non-listed SMEs play a crucial role in the financial market landscape as they receive equity and debt financing directly from Financial Market Participants (FMPs), such as private equity firms, asset managers and institutional investors seeking to diversify their investment opportunities with non-listed assets. Their non-listed status presents challenges in terms of transparency and accountability, especially when it comes to meeting reporting requirements like those stipulated in the Sustainable Finance Disclosure Regulation (SFDR). The introduction of the VSME ESRS offers a pivotal solution in this regard. By providing a structured framework tailored to the specific needs and capacities of non-listed SMEs, the VSME ESRS enables FMPs to improve the data coverage in their SFDR reporting obligations.

The Platform observes that private market investments in non-listed SMEs (both within and outside the EU) and in listed companies outside the EU, often rely more heavily on estimates or proxies due to the absence of reporting obligations for these entities. There is a need for guidance on how to navigate various reporting regimes within the EU.

For new investments, it is possible in some cases for FMPs to receive EU reporting equivalent information, e.g., through negotiating a respective information duty by the investee company. Existing investments often do not cater for such requirement and hence respective data is often not reported nor otherwise available. The Platform recommends evaluating whether the list of SFDR Principal Adverse Impact (PAI) Indicators should be reduced for private market investments, aligning these requirements with tools like the SME Transition Finance Checker or a Streamlined Approach, along with indicators from the Basic Module, as this would encourage investment in non-listed SMEs while alleviating reporting burdens. For FMPs it is important to assure data can be aggregated over different asset classes to provide a comprehensive overview of their Principal Adverse Impacts on sustainability factors.

The Platform conducted an assessment to determine whether the disclosure requirements outlined in the Business Partners Module of the EFRAG Exposure Draft VSME align with the SFDR PAI Framework. While the standard encompasses most relevant and mandatory PAI, there are inconsistencies that could potentially confuse SMEs. For instance, “BP 6 – Hazardous waste and radioactive waste ratio” pertains to the radioactive waste ratio, whereas PAI 9 focuses on the hazardous waste ratio, seeking metric tons to calculate owned hazardous waste at the portfolio level. Another example is disclosure BP 2 – Gender diversity ratio in governance body” is to be calculated as an average ratio of female to male board members, as opposed to PAI 13, which is to be expressed as a percentage of all board members.

The Platform highlights the importance of maintaining consistency across those data points within the Business Partners module which are linked to Principal Adverse Impact indicators and to align the content of these data points with the content of the matching PAIs. It suggests that updates to these indicators, such as those proposed by the ESAs if/when adopted, should prompt corresponding adjustments to the matching indicators in the VSME standards to ensure alignment. Detailed feedback is available in Annex II of this document.

The Platform also evaluated the potential benefit of SMEs reporting on BP 7-9 within the BP module. BP 7-9 encompass the provisions outlined in Article 18 of the Taxonomy Regulation (TR), referred to as Minimum Safeguards (MS). Article 18 TR mandates companies to establish procedures ensuring compliance with OECD guidelines and the United Nations Guiding Principles (UNGP), which necessitate conducting human rights due diligence across the entire value chain, including business

relationships⁶. The OECD guidelines definition of 'business relationships' does not introduce restrictions on SMEs. Consequently, Article 18 TR mandates companies to incorporate SMEs in their human rights due diligence processes when engaging in business with them. Assessing the compliance of business partners with Article 18 TR and its associated principles necessitates access to reported data from SMEs, particularly regarding BP 7-9. Integrating SMEs' reporting on their adherence to minimum safeguards through BP 7-9 within the newly proposed investor sub-module and towards the Bank Transparency and Accountability Regulation would be advantageous. Due diligence requirements on human and labour rights are also at the core of the Corporate Sustainability Due Diligence Directive and part of PAIs.

The above would enhance transparency and accountability across business relationships, fostering a culture of responsible business conduct within SME networks.

It is important that the VSME standards are aligned as much as possible with the (mandatory) SFDR PAI indicators, to make sure that reporting SMEs provide the information that is helpful for FMPs in their PAI reporting. Going forward, it should be ensured that any change or addition to the (mandatory) PAI indicators such as the potential adoption of the new draft RTS published by the ESAs in December 2023 is reflected in the VSME standards.⁷

Relevance to credit institutions

While the information that SMEs will report on the Basic Module of the VSME draft is relevant and useful for credit institutions to comply across the different reporting regimes, it currently does not capture the full extent of datapoints needed to facilitate compliance with the EU Taxonomy and Pillar 3 ITS (reference to template 1, template 3, template 6, template 7, template 8, and voluntary disclosure of template 9).

Ninety percent of the 25 million European SMEs are micro-SMEs that access external finance through bank lending. The VSME should support and improve the access to (sustainable) finance for SMEs, supporting the disclosure of information necessary for credit institutions to identify these opportunities. At the same time, the VSME should be complementary to other frameworks, providing for relevant datapoints that are necessary for credit institutions and financial market participants to thoroughly disclose on a variety of EU sustainable finance frameworks (i.e., Pillar 3 ITS, EU Taxonomy, CSRD).

The datapoints deriving from the combination of the Basic and Business Partner modules are essential for credit institutions to comply with their own disclosure requirements under Pillar 3 ITS. Based on an assessment done on the comparison of the datapoints emerging from the SMEs that choose to report under the VSME, and thus one of the two additional modules, it results that there is

⁶ As per the OECD guidelines, the term 'business relationship' encompasses: *relationships with business partners, sub-contractors, franchisees, investee companies, clients, and joint venture partners, entities in the supply chain which supply products or services that contribute to the enterprise's own operations, products or services or which receive, license, buy or use products or services from the enterprise, and any other non-State or State entities directly linked to its operations, products or services. Relationships with individual consumers, who are natural persons acting for purposes that are unrelated to a business, commercial, or governmental activity, are not generally considered 'business relationships' under the Guidelines although an enterprise can contribute to adverse impacts caused by them. Business relationships include relationships beyond contractual, 'first tier' or immediate relationships.*

⁷ Potential new mandatory indicators from the proposed new draft RTS are: PAI 13 and PAI 16.

a 77% overlap between the datapoints to be disclosed under the Business Partner Module and the datapoints required to comply with Pillar 3 ITS disclosure requirements, across various templates.

There is a real tension between the information necessary for credit institutions to comply with their own reporting requirements and the imperative to minimise the reporting burden of SMEs and limit it to the most impactful and meaningful areas for them.

The Platform recommends that the European Commission undertake additional work to define sustainable (green and transition) loans concerning SME lending, as well as how credit institutions should incorporate sustainable SME lending into their reporting requirements, including lending to micro-SMEs.

In the meantime, the Platform suggests that the Basic Module indicates that 'Micro SMEs seeking bank lending could benefit by also using the proposed bank sub-module within the Business Partner Module for their disclosures'.

Consistency with P3 ITS

As an additional point for consideration, **the Platform has mapped the Business Partner Module with the requirements in the Pillar 3 ITS templates** and assessed that **while a majority of datapoints are already covered in the Business Partner module, there are specific disclosure requirements which have been excluded from the VSME ED and the Business Partner Module**. The disclosure of these datapoints would be useful, even if the module is applied by a minority of SMEs.

- Transition plan for climate change mitigation: this datapoint is currently included as part of Disclosure 4 in the Business Partner Module. However, the disclosure requirement is not as granular as that mandated in the LSME draft and ESRS sector-agnostic standards, which include specific disclosure requirements on setting targets against GHG scope 1, scope 2, and scope 3 emissions disclosure. While the lack of granularity is in line with the proposed simplification of the standards for its voluntary application by SMEs, **the Platform considers the inclusion of some of the specific elements tied to the disclosure on transition plan for climate change mitigation in the ESRS and the LSME ED, into the Business Partner Module (see Annex III). Moreover, the Platform recommends that the Business Partner Module disclosure in BP 3 (GHG emission reduction targets) are explicitly linked to and integrated with the disclosure in BP 4 (transition plan for climate change mitigation).**

These datapoints would further support banks disclosing on Pillar 3 ITS template 1 and template 3. Moreover, they would anticipate the inclusion of elements from the EU Taxonomy framework and related KPIs into the VSME standard.

SMEs information needed for BTAR and GAR

The Platform and the European Commission are currently in the process of exploring options and proposing recommendations to include SMEs in the EU Taxonomy, the Article 8 Delegated Act and Green Asset Ratio. Exposures to SMEs not covered under the CSRD are currently included in the Pillar 3 ITS voluntary reporting template 9, as part of the Banking Book Taxonomy Alignment Ratio (BTAR). For the disclosure of SMEs which are not subject to the CSRD, when assessing general purpose lending, credit institutions are allowed to follow a 'simplified approach' and focus their assessment on the main activity of the SME i.e., main source of turnover, to determine the overall alignment of the exposure with the EU Taxonomy Regulation.

The Platform suggests that the VSME draft should include a provision requesting disclosure of the "main activity" for SMEs voluntarily disclosing their operations. This would enhance consistency across frameworks and facilitate banks' access to information, aligning with disclosures under Pillar 3 ITS (as detailed in X below).

In the evaluation of Article 8 of the Delegated Act, pursuant to its Article 9 concerning the assessment for incorporating pertinent exposures into the Green Asset Ratio, the Platform advises the European Commission to investigate the potential utilisation or integration of the simplified and streamlined approaches outlined above.

Key recommendations regarding LSME

The LSME for SMEs standard should aim to achieve a balance between the requirements of financial market participants and the transparency obligations imposed by regulated markets. It should also apply the principle of proportionality, considering the comparatively limited resources and capabilities of listed SMEs in comparison to larger entities. The Platform believes that reporting requirements (information and datapoints) should be significantly reduced wherever possible. Currently, it requires 460 data points.

Consistency of LSME with the wider sustainable finance framework

Timeline and sequencing

With the amendments introduced in the Accounting Directive, listed SMEs have been included in the scope of reporting and disclosure obligations of the CSRD. While the LSMEs should provide a tool for 'simplified' disclosure requirements, reproducing the CSRD requirements in a proportionate manner, the scope of reporting also includes the Listed SMEs as subject to comply with the reporting requirements under the EU Taxonomy Article 8 Delegated Act.

Considering the phase-ins introduced by the CSRD and ESRS, the reporting timeline for LSMEs is as follows:

	FY 24 (report 25)	FY 25 (report 26)	FY 26 (report 27)	FY 27 (report 28)	FY 28 (report 29)
Listed SME CSRD/ESRS (LSME)	No reporting	No reporting	May opt out*	May opt out*	Full reporting*
Listed SME Taxonomy	No reporting	No reporting	Taxonomy alignment	Taxonomy alignment	Taxonomy alignment

When disclosing on their Green Asset Ratio, banks need to disclose the proportion of their exposures that are aligned with the EU Taxonomy. Within that process, there are certain elements of the inclusion of listed SMEs as CSRD-bound entities that need to report on the EU Taxonomy as specified above, that will require banks to critically include and compute this information. As such, from FY26 (reporting

year 2027) banks will have access to information on the taxonomy-alignment of LSMEs (through Turnover, CapEx or Opex) that they will have to include in their numerator of their GAR. The change in datapoint needs to be clarified and appropriately integrated in the LSME ED, to avoid miscalculations.

In addition to the EU Taxonomy reporting, under the Pillar 3 ITS, banks need to compute a range of datapoints that cover both CSRD, as well as non-CSRD entities, including reporting on the climate change transition risk of their exposures (Template 1), as well as the alignment metrics of exposures in 9 carbon intensive sectors (Template 3). Where both CSRD and non-CSRD bound companies will need to be reported, the Pillar 3 ITS templates also include the Green Asset Ratio and the Banking Book Taxonomy Alignment Ratio (which includes exposures to non-CSRD companies). The BTAR will shift once the reporting requirements come into force and listed SMEs will be required to also report Taxonomy-related information, for which banks will have to disclose this as part of the GAR templates, and no longer the BTAR.

To ensure that the timeline between the different disclosure requirements is consistent, and to ensure the proper sequencing for reporting on the EU Taxonomy Article 8 DA, the Platform recommends the following:

- Provide clarity on the sequencing for listed SMEs reporting under EU Taxonomy Article 8 DA on eligibility and alignment.
- Provide clarity on the timeline and sequencing of the disclosure requirements in Pillar 3 ITS and the LSME, to account for necessary changes to Pillar 3 ITS, BTAR, and GAR;

Annex I – Detailed comments on LSME ESRS

This table integrates Appendix B of the LSME ED, clarifies the reference to paragraphs (as per PSF interpretation) and expands the list of datapoints to include the disclosure of transition plans for climate change mitigation, an integral component of Pillar 3 ITS (template 1 and template 3).

The datapoints below have been identified as essential for banks to fulfil their prudential disclosure requirements under Pillar 3 ITS.

#	Topic	LSME ED (EFRAG proposal)	Proposed change (with recommended wording if possible)	Short rationale
	Pillar 3 ITS datapoint	Section 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 30(c) i	Section 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 30(c) +28:	Datapoint included in Appendix B of draft LSME ED. Reference to paragraph has been corrected. Rationale: Keep the disclosure requirement as it is, including equivalent information referring to the EBA Pillar 3 ITS, to ensure consistency between

				Rationale: Keep the disclosure requirement as it is, including equivalent information referring to the EBA Pillar 3 ITS, to ensure consistency between datapoints in LSME and P3 ITS.
	Pillar 3 ITS datapoint	Section 4 E1-2 Gross Scope 1, 2, 3 and Total GHG <i>emissions</i> paragraph 20 and 21	No text changes.	Datapoint included in Appendix B of draft LSME ED. Rationale: Remove the need for a materiality assessment for this disclosure requirement, to ensure consistency between datapoints in LSME and P3 ITS.
	Pillar 3 ITS datapoint	Section 4 E1-4 Disaggregation of Monetary amounts by acute and chronic physical risk paragraph 29(a) Section 4 E1-4 Location of significant assets at material physical risk paragraph 29(c).	Separate the two points.	Datapoint included in Appendix B of draft LSME ED. Suggestion to separate the two sets of datapoints included. Rationale: Keep the disclosure requirement as it is, including equivalent information referring to the EBA Pillar 3 ITS, to ensure consistency between datapoints in LSME and P3 ITS.
	Pillar 3 ITS datapoint	Section 4 E1-4 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 30(c)	Section 4 E1-4 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 30(c) 32 (c)	Datapoint included in Appendix B of draft LSME ED. Reference to paragraph has been corrected. Rationale: Keep the disclosure requirement as it is, including equivalent information referring to the EBA Pillar 3 ITS, to ensure consistency between datapoints in LSME and P3 ITS.

Annex II – Detailed comments on VSME ESRS

Outline

1. Suggested edits
2. Call for guidance
3. Materiality

1. Suggested edits

# or topic	Text in standards	Proposed change	Rationale
Base Module			
B 3, 24a	The undertaking shall disclose its total energy consumption in MWh, with a breakdown between: (a) fossil fuels; and (b) electricity as reflected in utility billings, along with a breakdown between renewable and non-renewable sources if available.	The undertaking shall disclose its total energy consumption in MWh, with a breakdown between: (a) fossil fuels, and in case the undertaking's activity is related to energy production, the amount of energy production (split between renewable and non-renewable); and (b) electricity as reflected in utility billings, along with a breakdown between renewable and non-renewable sources if available.	If the undertaking's activity is related to energy production, the amount of energy production should be requested. This should be split between renewable and non-renewable (if applicable).
B 5, 29	The undertaking shall disclose, if applicable, metrics related to its impacts on biodiversity, ecosystems and land-use as requested in the following paragraphs. The undertaking shall disclose the number and area (in hectares) of sites that it owns, has leased, or manages in or near biodiversity sensitive areas. The undertaking may disclose metrics related to land-use such as: (a) total use of land; (b) total sealed area; (c) total nature-oriented area on-site; and (d) total nature-oriented area off-site	Suggest making this requirement applicable depending on the location and size (or maturity on EMAS) of the undertaking. It is key for SMEs to report on the total land area negatively affected plus the number of sites in and around the protected area which negatively impact biodiversity. Suggest adding existing definitions/lists for	SMEs will most likely not understand the different forms of land use unless they are somehow familiar with EMAS, which is not likely for the smallest SMEs Reporting on the total nature-oriented area on/offsite will probably be difficult

		these concepts that could be included/cited to make application easier. The requirement does not fully match the SFDR PAI to which it relates (mandatory PAI 7), in that it misses the aspect of 'negatively affecting' those areas. It would be recommended to align the wording with the wording used in the PAI.	
B 6, 30	The undertaking shall disclose its total water withdrawal, i.e., the amount of water drawn into the boundaries of the organisation (or facility); in addition, the undertaking shall separately present the amount of water withdrawn at sites located in areas of high water - stress.	Although the guidance proposed by the WRI Aquaduct Water Risk Atlas (which is referred to in the guidance annex) is quite comprehensive, the threshold to be considered in distress should be further specified (e.g., only extremely high or also high).	Further specification of the threshold is helpful for SMEs as the requirements need to be as specific as possible
B 7, 33c, d	(c) the total annual generation of waste in units of weight (preferably) or volume broken down by type (non-hazardous and hazardous); and (d) the total annual waste diverted to recycling or reuse expressed in units of weight (e.g., kg or tonnes).	Suggest including the definition of hazardous waste also in the guidance (not just in Appendix A) Suggest keeping units of weight, not volume for consistency reasons with SFDR and pollutant measurements in general.	With regards to the first point, this would allow for a better comprehension With regards to the second point, most SMEs do not handle waste disposal themselves but use municipal waste disposal services, and do thus not receive data that would allow them to report on this
B 8, 34c	(c) country if applicable	Suggest specifying if country refers to where the worker is domiciled	Would enhance comprehensibility

		for tax purposes or other	
B9 35a	35. The undertaking shall disclose the following information regarding its employees: (a) the number and rate of recordable work-related accident;	Explicitly ask to report 0 if no work-related accidents were recorded for the reporting year	To enhance comprehensibility
B 10	The undertaking shall disclose the percentage gap in pay between its female and male employees. The undertaking may omit this disclosure when its headcount is below 150 employees.	Suggestion to drop the limitation to report this only from 150 employees onwards	This would be recommended as such 150 employees limitation is not included in the matching PAI 12
Encouraging the application and disclosure of the Business Partner Module datapoints for SMEs		20. Micro SMEs seeking bank lending could benefit by also using the proposed bank sub-module within the Business Partner Module for their disclosures.	Inclusion of new paragraph 20 to encourage Micro SMEs to disclose the datapoints in the Business Partner Module, in order to unlock lending opportunities via engagement with banks. Moreover, this will support banks' own disclosure requirements and complement the above-mentioned, and below-mentioned options.
<i>Narrative and Business Partner modules</i>			
N1-N5		Suggest translating this module into binary and close-ended questions to the extent possible (complemented with additional free text options)	Recommended as otherwise most of the SMEs will just deem this module as not material and will not report on it. Additionally, for those that do report, no comparison would be possible unless some standardisation is implemented

BP 2	If the undertaking has a governance body in place, the undertaking shall disclose the related gender diversity ratio.	The formula included in the guidance on this indicator (# of female members divided by # of male members) does not match the formula of the matching SFDR PAI 13 (ratio of female to male board members expressed as a percentage of all board members). Suggest aligning the formula in the VSME indicator with the formula in the matching SFDR PAI.	Aligning the formulas will make sure that SMEs report the adequate information that is useful to FMPs for their SFDR reporting.
BP 5	The undertaking shall disclose the anticipated financial effects that physical risks from climate change may have on the company. This disclosure is applicable only if the undertaking is exposed to material physical risks. In particular, it shall disclose: (a) the monetary amount and the percentage of the undertaking's total assets that can be subjected to material physical risks over the short-, medium- and long-term before considering climate change adaptation actions disaggregated by acute and chronic physical risk; (b) the proportion of assets at material physical risk addressed by the climate change adaptation actions; (c) the location of the significant assets affected by material physical risks; (d) the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk over the short-, medium- and long-term; and (e) the breakdown of the undertaking's carrying value of its real estate assets by energy efficiency classes.	Suggest that the undertaking provides the most granular information to assess physical risks that it is able to provide, but that the eventual assessment of the risks should be performed by the bank based on the data provided If the location of assets is provided, then banks and financial institutions can conduct that analysis. It is crucial to have the asset location for physical climate risks.	These indicators in their current form will be too complex for most SMEs as they will not be in the position to address this matter on their own. It could be considered for EFRAG to develop, together with real estate experts, an estimation based on simple indicators like size, age, heating, location and insulation of the buildings. To support the building of climate resilience, simple to use, and easily available tools for SMEs to understand the physical risks they face from CC impacts, and how they might address them to reduce their vulnerability would be highly useful.

BP 6	The undertaking shall disclose the total amount of hazardous waste and radioactive waste generated (radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom).	The information included on this indicator in the matching table is slightly confusing because this indicator does not ask for the same ratio that PAI 9 asks for. The actual matching indicator would be B7 in the Basic Module. This should be adjusted.	This would provide for better comprehensibility.
BP 7	The undertaking shall disclose whether its policies pertaining to its own workforce are aligned with relevant internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights	Suggest turning this indicator into a close-ended question: 'Is there a human rights policy in place? Yes/no. If Yes, with which international standards does this policy align? Select, if applicable, from predefined list including the option "other" to specify.'	This would be to simplify the reporting on this indicator as much as possible, as in its current form it will be difficult for SMEs to report on
BP 9	If applicable, the undertaking shall disclose whether there have been any violations of human rights during the reporting year. The UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises provide a comprehensive overview and list of human rights.	Further guidance and support will ensure consistency and efficiency in the implementation and reporting of the international standards.	The Platform believes that the European Commission should ensure that proper guidance and support is provided to SMEs regarding the precise expectations concerning the reporting and consideration of violations of the international standards mentioned. This would ensure consistency and efficiency in reporting and application across EU regulations.

2. Call for guidance

Further guidance is needed on:

- Use of the term “site” and “adjacent” (see B 4, 28)
- Applicability of water consumption indicator (see B 6, 31)
- Guidance on identifying manufacturing and/or packaging processes (p. 134) ahead of the guidance on the rate of recycled and recyclable content (132 & 133) (see B 7, 331a, b); and generally “being active in” a sector (see BP 1)
- Definition of “work related” for injuries and ill health (see B9, 35b)
- What types of training related to the development of skills and competences could be provided, as well as examples on what are formal or informal forms of capacity building and whether both internal and external trainings would qualify to be reported (see B 10, 36d)
- Scope of the value chain and affected communities (see B 11, 37)
- GHG emission reduction targets, specifically on how they are reported in terms of elements covered (type of target, base year, target year, emission types, target reduction) (see BP 3)

Table for detailed reference:

B 4, 28	The undertaking shall disclose, if applicable, the pollutants (with respective amounts) it emits to air, water and soil in its own operations, that it is required by law to report to competent authorities (e.g. under the Industrial Emissions Directive and the European Pollutant Release and Transfer Register) or that it already reports according to an Environmental Management System such as Eco-Management and Audit Scheme (EMAS). If this information is already publicly available, the undertaking may alternatively refer to the document where it is reported, for example, by providing the relevant URL link or embedding a hyperlink.	Provide further details on how to report the location (e.g., country + postal code) Provide the definition of “near” more precisely	The current use of the term “site” is not sufficiently specific With regards to the term “adjacent” that is being used to specify “near” in the guidance, it is not clear whether it refers to it being immediately next to it, or within some distance ratio (e.g., 10 km)
B 6, 31	If applicable, the undertaking shall disclose its water consumption, calculated as the difference between its water withdrawal and water discharge from its production processes.	Specific guidance on water-intensive sectors should also be provided	More specific guidance is needed in line with the overall recommendation that guidance to SMEs should be as comprehensive and clear as possible

B 7, 33a, b	(a) if the undertaking operates manufacturing, construction and/or packaging processes: the recycled content in the products (goods and materials) and their packaging produced by the undertaking; (b) if the undertaking operates manufacturing, construction and/or packaging processes: rates of recycle content in the products and their packaging produced by the undertaking	Suggest including the guidance on how to identify manufacturing and/or packaging processes (p. 134) ahead of the guidance on the rate of recycled and recyclable content (132 & 133)	Guidance provided should be as straight forward as possible, changing the order around would allow for a better comprehension
B 9, 35b	the number of fatalities as a result of work-related injuries and work-related ill health.	the number of externally verified fatalities as a result of work-related injuries and work-related ill health. Explicitly ask to report 0 if no facilities were recorded and externally verified for the reporting year	Number of fatalities should only need to be reported when externally verified, as the causality is often unclear
B 10, 36d	The average number of annual training hours per employee, broken down by gender, which are related to the development of skills and competencies, whether acquired through formal or informal forms of capacity-building	While the other metrics that are part of this standard have guidance on them included, this metric does not. We would suggest adding such guidance on this metric as well. Examples on what types of training related to the development of skills and competences could be provided, as well as examples on what are formal or informal forms of capacity building and a recognition that both internal and external trainings would qualify to be reported	Although assumptions could be made from the current text, the smaller SMEs could benefit from further clarification

B 11, 37	The undertaking may disclose whether it has a process in place for identifying if there are value chain workers, affected communities, or consumers and end-users who are affected or are likely to be affected by severe negative impacts in relation to the undertaking's operations (i.e., its products, services and activities). In that case, the undertaking may describe this process. If identified, the undertaking may also describe the type of impacts, including where they arise and the groups that are affected by them.	No guidance on this standard is included. Further explanation on what is the scope of the value chain (upstream/downstream) and the type of communities that could be subject to being affected would be helpful to include in the guidance. Add references to tools in place under other legislation such as the Regulation to ban products made with forced labour.	Although assumptions could be made from the current text, the smaller SMEs could benefit from further clarification
BP 1	The undertaking shall include a statement indicating if it is active in one or more of the following sectors while disclosing its related revenues	In case the indicator is not applicable or not determinable to the SME, it should be allowed to report 0 revenues which could be translated to 0 exposure Provide clarity on what 'active in' means (included in the guidance)	Revenues from certain sectors are not always determinable for SMEs. Customers buy for various sectors and do not disclose which product is used for what purpose With regards to the third point, it should be clear for the SME that when it is for example repairing vehicles for a tobacco company, it is considered active in the tobacco industry or not
BP 3	If the undertaking has set GHG emission reduction targets, it shall provide its GHG emission reduction targets for: (a) scope 1 emissions; and (b) scope 2 emissions. 77. This disclosure includes Scope 3 emissions, only when they are disclosed under paragraph 71 above and the undertaking has set GHG emission reduction	Suggest including further guidance on how such targets should be reported in terms of elements covered (type of target, base year, target year, emissions covered, targeted reduction, etc.). See CDP SME 2023 Questionnaire and Reporting Guidance ⁸ for inspiration. Also, this question should be	All of this will help to clarify towards SMEs what is expected from them when reporting on this indicator

⁸ https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/004/490/original/SME-questionnaire-and-reporting-guidance.pdf?1680797731

	targets for Scope 3 emissions.	directly linked to the emissions reported in B 3, and only asked if GHG emissions have been reported, as those are the basis for setting a target. Also, suggest including further SME specific guidance such as that provided by the SME Climate Hub ⁹ . Additionally, further guidance on how such targets should be reported in a standardized way should be provided.	
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4. Materiality

The Platform recommends removing the materiality assessment rationale for the Business Partner module. Instead, SMEs should be encouraged to provide brief explanations for their submodule selections. SMEs should clarify which submodules they have addressed and why, accompanied by relevant information. SMEs could equally explain briefly why they provided information on one environmental or social subject and not to others.

The Platform suggests dividing the module into three submodules, one in relation to investor needs (including BMR and SFDR-relevant indicators), one in relation to bank needs (including Taxonomy, Pillar 3 and CSRD-indicators) and one in relation to supply chain needs (including CSRD-indicators):

Topic	VSME ED (EFRAG proposal)	Proposed change (with recommended wording if possible)	Short rationale
Materiality	Modules that constitute this [draft] Standard (page 6) 5. This [draft] Standard includes three modules that the undertaking can use as the basis for preparation of its sustainability report: (c) Business Partners (BP) Module: This module sets datapoints to be reported in addition to disclosures	Modules that constitute this [draft] Standard (page 6) 5. This [draft] Standard includes three modules that the undertaking can use as the basis for preparation of its sustainability report: (c) Business Partners (BP) Module: This module sets datapoints to be reported in addition to disclosures B 1-B 12, which are likely to be included in data requests from lenders, investors and	There is a 77% overlap between the datapoints in the Business Partner Module and Pillar 3 ITS. The requirement introduced to apply a materiality assessment to all standards, including environment, will have significant impact on the quality and data availability for disclosure under the Pillar 3 ITS. Banks disclosing under Pillar 3 ITS require granular

⁹ <https://smeclimatehub.org/>

	B 1-B 12, 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 disclose which of the sustainability matters in Appendix B are relevant for the undertaking's business and organisation (see Principles of Materiality below). If the undertaking also prepares the Narrative (PAT) Module, the material matters are disclosed only once.	corporate clients of the undertaking. Materiality analysis is required in order to disclose which of the sustainability matters in Appendix B are relevant for the undertaking's business and organisation (see Principles of Materiality below). If the undertaking prepares also the Narrative (PAT) Module, the material matters are disclosed only once.	information for their disclosure from all companies and sectors, irrespective of their own materiality assessment. Proposed change is to ensure the interoperability and consistency between the VSME ED and P3 ITS, exempting the Business Partner Module entirely from the Materiality Assessment.
Pillar 3 ITS datapoint	Business Partners Module (page 17) 60. In this module, the materiality analysis described in paragraphs 42 through 57 is required. The undertaking shall disclose the material sustainability matters resulting from its materiality analysis based on the list provided in Appendix B: List of sustainability matters.	Business Partners Module (page 17) 60. In this module, the materiality analysis described in paragraphs 42 through 57 is required. The undertaking shall disclose the material sustainability matters resulting from its materiality analysis based on the list provided in Appendix B: List of sustainability matters.	There is a 77% overlap between the datapoints in the Business Partner Module and Pillar 3 ITS. The requirement introduced to apply a materiality assessment to all standards, including environment, will have significant impact on the quality and data availability for disclosure under the Pillar 3 ITS. Banks disclosing under Pillar 3 ITS require granular information for their disclosure from all companies and sectors, irrespective of their own materiality assessment. Proposed change is to ensure the interoperability and consistency between the VSME ED and P3 ITS, exempting the Business Partner Module entirely from the Materiality Assessment.

Pillar 3 ITS datapoint	Disclosures in the Business Partners Module (page 17) 72. The text below provides the list of disclosures from BP1 to BP 11 to be considered and reported upon if they are applicable or if they are considered relevant to the undertaking's business and organisation, following the materiality analysis performed by the undertaking in line with paragraphs from 42 to 57. When not reported upon, a disclosure shall be assumed to be 'not material' for the undertaking.	Disclosures in the Business Partners Module (page 17) 72. The text below provides the list of disclosures from BP1 to BP 11 to be considered and reported upon if they are applicable or if they are considered relevant to the undertaking's business and organisation, following the materiality analysis performed by the undertaking in line with paragraphs from 42 to 57. When not reported upon, a disclosure shall be assumed to be 'not material' for the undertaking.	There is a 77% overlap between the datapoints in the Business Partner Module and Pillar 3 ITS. The requirement introduced to apply a materiality assessment to all standards, including environment, will have significant impact on the quality and data availability for disclosure under the Pillar 3 ITS. Banks disclosing under Pillar 3 ITS require granular information for their disclosure from all companies and sectors, irrespective of their own materiality assessment. Proposed change is to ensure the interoperability and consistency between the VSME ED and P3 ITS, exempting the Business Partner Module entirely from the Materiality Assessment.
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Annex III- Detailed analysis of the Business Partners Modules in relation to Pillar 3 ITS

ESRS datapoint	LSME ED datapoint	VSME ED datapoint
ESRS E-1 Disclosure Requirement E1-1 – Transition plan for climate change mitigation (page 75): 14. The undertaking shall disclose its transition plan for climate change mitigation. 16. The information required by paragraph 14 shall include: (a) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement;	Appendix A: Application Requirements – Section 3 Policies, Actions and Targets (page 94): AR 16. If the undertaking has set a transition plan for climate change mitigation, it shall include: (a) on GHG emission reduction targets (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement;	Disclosure BP 4 – Transition plan for climate change mitigation (page 18): 78. The undertaking shall provide information about its transition plan for climate change mitigation with an explanation of how GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement. This disclosure is applicable only if the undertaking has adopted such a transition plan. Business Partners Module: Guidance – BP4 transition plan for climate change mitigation (page 37): 178. A climate transition plan is a set of present and future actions meant to align the undertaking's business model, strategy and operations with the key overarching global goal of limiting global warming to 1.5°C. Underpinned by a GHG reduction target compatible with that goal, the importance of having a transition plan in place lies in the ability of understanding the means by which the undertaking will move towards a low-carbon economy while keeping track of the progress made. A transition plan serves as a mechanism for accountability and transparency prompting undertakings to develop credible pathways for

		mitigating climate change through their actions. 179. A credible transition plan should (a) identify clear responsibilities and roles; (b) be integrated in the undertaking's business strategy and financial planning; (c) include information on decarbonisation levers and pathways as well as quantifiable indicators that can be monitored throughout predefined timeframes; (d) allow for regular reviewing and updating after stakeholder consultations when appropriate; and (e) cover the entirety of its own operations and, to the largest possible extent, the value chain or else provide an explanation as to any limitation.
ESRS E1-3 Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies (page 77): 26. The undertaking shall disclose its climate change mitigation and adaptation actions and the resources allocated for their implementation. 27. The objective of this Disclosure Requirement is to provide an understanding of the key actions taken and planned to achieve climate-related	Appendix A: Application Requirements – Section 3 Policies, Actions and Targets (page 94): AR 16. If the undertaking has set a transition plan for climate change mitigation, it shall include: (b) for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation, an explanation of any objective or plans (CapEX, CapEx plans, OpEx) that the undertaking has for aligning its economic activities (revenues, CapEx, OpEx) with the criteria established in those delegated regulations; and	AR16 includes both mitigation and adaption as made clear on (b). Therefore, the text should include adaptation (in bold below): AR 16. If the undertaking has set a transition plan for climate change mitigation and/or adaptation, it shall include:

policy objectives and targets. 28. The description of the actions and resources related to climate change mitigation and adaptation shall follow the principles stated in ESRS 2 MDR-A Actions and resources in relation to material sustainability matters. 29. In addition to ESRS 2 MDR-A, the undertaking shall: (a) when listing key actions taken in the reporting year and planned for the future, present the climate change mitigation actions by decarbonization lever including the nature- based solutions; (b) when describing the outcome of the actions for climate change mitigation, include the achieved and expected GHG emission reductions; and (c) relate significant monetary amounts of CapEx and OpEx required to implement the actions taken or planned to: i. the relevant line items or notes in the financial statements; ii. the key performance indicators required under Commission Delegated Regulation (EU) 2021/2178; and iii. if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178.	(c) if applicable, a disclosure of significant CapEx amounts invested during the reporting period related to coal, oil and gas-related economic activities.	
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ESRS E1-1 linked to ESRS E1-4 Disclosure Requirement E1-1 – Transition plan for climate change mitigation (page 75): 14. The undertaking shall disclose its transition plan for climate change mitigation. 16. The information required by paragraph 14 shall include: (b) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation of the decarbonisation levers identified, and key actions planned, including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, or the upstream and/or downstream value chain; Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation (page 78) 30. The undertaking shall disclose the climate-related targets it has set. 31. The objective of this Disclosure Requirement is to enable an understanding of the targets the undertaking has set to support its climate change	Disclosure Requirement 12 (IR-4) – Targets in relation to sustainability matters (page 113) AR 117. If the undertaking has targets on GHG emission reduction, it shall disclose, if material, the information reported in the table below: AR 118. When disclosing targets related to the prevention or mitigation of environmental impacts, the undertaking may prioritise targets related to the reduction of the impacts in absolute terms rather than in relative terms. When targets address the prevention or mitigation of social impacts, they may be specified in terms of their effects on human rights, welfare or positive outcomes for affected stakeholders. AR 119. The information on progress made towards achieving the targets may be presented in a comprehensive table, including information on the baseline and target value, milestones and achieved performance over the prior periods. AR 120. When disclosing targets related to environmental matters, the undertaking shall identify those that are science-based. AR 121. If the undertaking has targets, it may disclose additional topic specific information defined in the following paragraphs. ENVIRONMENT Guidance / Additional information for Targets on Climate change AR 122. (page 113) Regarding GHG emission reduction targets for Scope 1, 2, and 3, the undertaking may disclose: (a) GHG emission reduction targets in absolute value (either in tonnes of CO₂eq or as a percentage of the	Disclosure BP 4 – Transition plan for climate change mitigation (page 18): 78. The undertaking shall provide information about its transition plan for climate change mitigation with an explanation of how GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement. This disclosure is applicable only if the undertaking has adopted such a transition plan. Business Partners Module: Guidance – BP4 transition plan for climate change mitigation (page 37): 178. A climate transition plan is a set of present and future actions meant to align the undertaking's business model, strategy and operations with the key overarching global goal of limiting global warming to 1.5°C. Underpinned by a GHG reduction target compatible with that goal, the importance of having a transition plan in place lies in the ability of understanding the means by which the undertaking will move towards a low-carbon economy while keeping track of the progress made. A transition plan serves as a mechanism for accountability and transparency prompting undertakings to develop credible pathways for mitigating climate change through their actions. 179. A credible transition plan should (a) identify clear responsibilities and roles;
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mitigation and adaptation policies and address its material climate-related impacts, risks and opportunities. 32. The disclosure of the targets required in paragraph 30 shall contain the information required in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets. 33. For the disclosure required by paragraph 30, the undertaking shall disclose whether and how it has set GHG emissions reduction targets and/or any other targets to manage material climate-related impacts, risks and opportunities, for example, renewable energy deployment, energy efficiency, climate change adaptation, and physical or transition risk mitigation. 34. If the undertaking has set GHG emission reduction targets (32), ESRS 2 MDR-T and the following requirements shall apply: (a) GHG emission reduction targets shall be disclosed in absolute value (either in tonnes of CO₂eq or as a percentage of the emissions of a base year) and, where relevant, in intensity value; (b) GHG emission reduction targets shall be disclosed for Scope 1, 2, and 3 GHG emissions, either	emissions of a base year) and, where relevant, in intensity value; (b) GHG emission reduction targets for Scope 1, 2, and 3 GHG emissions, either separately or combined. The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission Scopes (1, 2 and/or 3) are covered by the target; (c) the current base year and baseline value of the target, and from 2030 onwards, an update of the base year for its GHG emission reduction targets after every five-year period thereafter; (d) whether the GHG emission reduction targets are science-based and compatible with limiting global warming to 1.5°C, including information on which framework or methodology has been used to determine these targets – such as whether they are derived using a sectoral decarbonisation pathway – what the underlying climate and policy scenarios are and whether they have been externally assured; and (e) the expected decarbonisation levers and their overall quantitative contributions towards achieving the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of renewable energy, phase out or substitution of product and process). AR 123. When setting climate change science-based targets or disclosing them, the undertaking may consider indications contained in resources like the Science Based Targets initiative (SBTi) for Small and Medium-Sized Enterprises (SMEs) by CDP, the United Nations Global Compact, the World Resources Institute, the WWF's publications issued by the WWF and BCG (2020) and Beyond Science-Based Targets: A Blueprint for Corporate Action on Climate and Nature.	(b) be integrated in the undertaking's business strategy and financial planning; (c) include information on decarbonisation levers and pathways as well as quantifiable indicators that can be monitored throughout predefined timeframes; (d) allow for regular reviewing and updating after stakeholder consultations when appropriate; and (e) cover the entirety of its own operations and, to the largest possible extent, the value chain or else provide an explanation as to any limitation.
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separately or combined. The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission Scopes (1, 2 and/or 3) are covered by the target, the share related to each respective GHG emission Scope and which GHGs are covered. The undertaking shall explain how the consistency of these targets with its GHG inventory boundaries is ensured (as required by Disclosure Requirement E1-6). The GHG emission reduction targets shall be gross targets, meaning that the undertaking shall not include GHG removals, carbon credits or avoided emissions as a means of achieving the GHG emission reduction targets; (c) the undertaking shall disclose its current base year and baseline value, and from 2030 onwards, update the base year for its GHG emission reduction targets after every five-year period thereafter. The undertaking may disclose the past progress made in meeting its targets before its current base year provided that this information is consistent with the requirements of this Standard; (d) GHG emission reduction targets shall at least include target values for the year 2030 and, if available, for the year	AR 124. When disclosing information related to GHG emission reduction targets, the undertaking may specify the share of the target related to each respective GHG emission Scope (1, 2 or 3). The undertaking may specify the method used to calculate Scope 2 GHG emissions included in the target (i.e., either the location-based or market-based method). If the boundary of the GHG emission reduction target diverges from that of the GHG emissions, the undertaking may disclose the respective percentages of Scope 1, 2, 3 and total GHG emissions covered by the target. AR 125. When disclosing information on base year and baseline value: (a) the undertaking may briefly explain how it has ensured that the baseline value against which the progress towards the target is measured is representative of the activities covered and the influences exerted by external factors (e.g., temperature anomalies in a certain year influencing the amount of energy consumption and the related GHG emissions). This can be done by the normalisation of the baseline value, e.g., by using a baseline value that is derived from a three-year average if this increases the representativeness and allows for a more faithful representation; (b) the baseline value and base year shall not be changed unless significant changes in either the target or reporting boundary occur. In such a case, the undertaking may explain how the new baseline value affects the new target, its achievement and presentation of progress over time. To foster comparability, when setting new targets the undertaking may select a recent base year that does not precede the first reporting year of the new target period by more than three years. For example, with the target year	
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2050. From 2030, target values shall be set after every 5-year period thereafter; (e) the undertaking shall state whether the GHG emission reduction targets are science- based and compatible with limiting global warming to 1.5°C. The undertaking shall state which framework and methodology has been used to determine these targets including whether they are derived using a sectoral decarbonisation pathway and what the underlying climate and policy scenarios are and whether the targets have been externally assured. As part of the critical assumptions for setting GHG emission reduction targets, the undertaking shall briefly explain how it has considered future developments (e.g., changes in sales volumes, shifts in customer preferences and demand, regulatory factors, and new technologies) and how these will potentially impact both its GHG emissions and emissions reductions; and (f) the undertaking shall describe the expected decarbonisation levers and their overall quantitative contributions to achieve the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of renewable energy,	set to 2030 and the target period to between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025; and (c) the undertaking may disclose the progress made in meeting these targets before its current base year when presenting climate-related targets. AR 126. The undertaking may present information during the target period with reference to a sector specific emission pathway if available or else a cross-sector emission pathway compatible with limiting global warming to 1.5°C. For these purposes, the undertaking may calculate a 1.5°C aligned reference target value for Scope 1 and 2 (and, if applicable, a separate one for Scope 3) against which its own GHG emission reduction targets or interim targets in the respective Scopes can be compared. AR 127. The reference target value may be calculated by multiplying the GHG emissions in the base year with either a sector-specific (sectorial decarbonisation methodology) or cross-sector (contraction methodology) emission reduction factor. These emission reduction factors can be derived from different sources. The undertaking should ensure that the source used is based on an emission reduction pathway compatible with limiting global warming to 1.5°C. AR 128. The emission reduction factors are subject to further development. Consequently, undertakings are encouraged to only use updated publicly available information. AR 129. The reference target value is dependent on the base year and baseline emissions of the undertaking's GHG emission reduction target. As a result, the reference target value for undertakings with a recent base year or	
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phase out or substitution of product and process).	from higher baseline emissions may be less challenging to achieve than it will be for undertakings that already have taken ambitious past actions to reduce GHG emissions. Therefore, undertakings that have in the past achieved GHG emissions reductions compatible with either a 1.5°C-aligned cross-sector or sector-specific pathway may adjust their baseline emissions accordingly to determine the reference target value. If the undertaking is adjusting the baseline emissions to determine the reference target value, it shall not consider GHG emission reductions prior to the year 2020, and it should provide appropriate evidence of its past achieved GHG emission reductions. AR 130. When disclosing the information related to expected decarbonisation levers, the undertaking may explain: (a) by reference to its climate change mitigation actions, the decarbonisation levers and their estimated quantitative contributions to the achievement of its GHG emission reduction targets broken down by each Scope (1, 2 and 3); (b) whether it plans to adopt new technologies and the role of these in achieving its GHG emission reduction targets; and (c) whether and how it has considered a diverse range of climate scenarios, including at least a climate scenario compatible with limiting global warming to 1.5°C, to detect relevant environmental-, societal-, technology-, market- and policy-related developments and determine its decarbonisation levers. AR 131. The undertaking may present its GHG emission reduction targets together with its climate change mitigation actions (see paragraph AR 20) in a table or graphical pathway showing developments over time. The following figure and table provide examples combining targets and decarbonisation levers:	
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Annex V - Members, Observers and Rapporteurs of the Platform on Sustainable Finance

a. Chair

Organisation	Name
Comisión Nacional del Mercado de Valores (CNMV)	Helena Viñes Fiestas

a. Rapporteur(s)

Organisation / Subgroup	Name
UNEP FI / SG 1	Elodie Feller
AXA / SG 1	Clémence Humeau
EPA Network / TWG	Astrid Matthey
Orgalim / TWG	Andreas Brunsgaard
Skandinaviska Enskilda Banken (SEB) AB (publ) / SG 3	Karl-Oskar Olming
European Investment Bank (EIB) / SG 3	Bertrand Magné

b. Members

Organisation	Name
Agent Green	Theodor F. Cojoianu
Allianz SE	Jörg Ladwein
Association 2 Degrees Investing Initiative	Hélène Lanier
AXA	Clémence Humeau
BusinessEurope	Erik Berggren
CDP Worldwide (Europe) gemeinnützige GmbH	Hélène Procoudine-Gorsky
Climate Bonds Initiative (CBI)	Sean Kidney
Eurochambres	Jan Greitens
Eurometaux	Mukund Bhagwat
European Alliance for Sustainable Finance in waste management and recycling	Daniel Houska

Organisation	Name
European Banking Federation aisbl	Hans Biemans
International Sustainable Finance Centre z.	Linda Zeilina
Natural Resources Institute Finland	Esa-Jussi Viitala
Orgalim	Andreas Brunsgaard
Skandinaviska Enskilda Banken (SEB) AB (publ)	Karl-Oskar Olming
SMEunited	Gerhard Huemer
Sustainalytics	Anne Schoemaker
Water Europe	Gonzalo de la Cámara
Type A	Agnieszka Slomka-Golebiowska
Type A	Andreas Hoepner
Type A	Bernabé Alonso Farinas
Type A	Camille Leca
Type A	Linda Romanovska
Type A	Ottorino Morresi
Type B	Marie Baumgarts

c. Directly appointed members

Organisation	Name
European Banking Authority (EBA)	Ali Erbilgic
European Environment Agency (EEA)	Beate Hollweg
European Investment Bank (EIB)	Aldo Romani
European Investment Fund (EIF)	Merilin Hörats
European Insurance and Occupational Pensions Authority (EIOPA)	Pamela Schuermans
European Securities and Markets Authority (ESMA)	Angeliki Vogiatzi
EU Agency for Fundamental Rights (FRA)	Adrianna Bochenek

d. Observers

Organisation	Name
European Bank for Reconstruction and Development (EBRD)	Maya Hennerkes
European Central Bank (ECB)	Matthias Rau-Goehring
European Financial Reporting Advisory Group (EFRAG)	Kerstin Lopatta
European Network of the Heads of Environment Protection Agencies (EPA Network)	Natalie Glas
European Stability Mechanism (ESM)	Carlos Martins
Organisation for Economic Co-operation and Development (OECD)	Raphael Jachnik
Principles for Responsible Investment (PRI)	Elise Attal
United Nations Environment Programme Finance Initiative (UNEP FI)	Elodie Feller
Bloomberg L.P.	Nadia Humphreys
Business and Science Poland	Dawid Bastiat-Jarosz
Cassa Depositi e Prestiti SpA	Gaia Ghirardi
CEFIC	Liesbeth Timmermans
European Trade Union Confederation (ETUC)	Marco Cilento
SIG Europe	Filippo Brandolini
WGBC	Julie Emmrich
Type A	Eila Kreivi

Other contributors to this report

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UNEP FI	Daniel Bouzas
UNEP FI	Chiara Magrelli
EBF	Alexia Femia