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AVIS

concernant

LA PROPOSITION DE LA COMMISSION EUROPÉENNE SUR LA DIRECTIVE OMNIBUS I ET LA PUBLICATION VOLONTAIRE D'INFORMATIONS EN MATIÈRE DE DURABILITÉ POUR LES PME (VSME)

(approuvé par le Bureau le 9 juillet 2025,
entériné par l'Assemblée plénière du Conseil Supérieur le 7 octobre 2025)

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Le Conseil Supérieur des Indépendants et des PME a pris connaissance de la proposition de directive du Parlement européen et du Conseil modifiant les directives 2006/43/CE, 2013/34/UE, (UE) 2022/2464 et (UE) 2024/1760 en ce qui concerne certaines obligations relatives à la publication d'informations en matière de durabilité et au devoir de vigilance applicables aux entreprises (directive Omnibus I), émanant de la Commission européenne, ainsi que de la recommandation que celle-ci publiera, dans l'attente d'un acte délégué, sur la publication volontaire d'informations en matière de durabilité pour les PME (VSME).

Après consultation des membres de la commission Politique générale PME et du groupe de travail Entrepreneuriat durable, le Bureau du Conseil Supérieur a émis en urgence le 9 juillet 2025 l'avis suivant, entériné par l'Assemblée plénière du Conseil Supérieur le 7 octobre 2025.

CONTEXTE

Dans le cadre du pacte vert, les règles européennes relatives à la publication d'informations non financières par les entreprises ont été évaluées. Ensuite, le 14 décembre 2022, la directive CSRD a été adoptée par le Parlement européen et le Conseil. Dès 2024, cette directive CSRD oblige davantage d'entreprises à rendre compte de leur impact sur la population, l'environnement et la gestion de l'entreprise.[1] Elle prévoit également que les informations en matière de durabilité publiées par une grande entreprise doivent contenir des informations sur l'ensemble de la chaîne de valeur de l'entreprise, y compris ses propres activités, ses produits et services, ses relations d'affaires et sa chaîne d'approvisionnement. L'objectif est d'améliorer la transparence des informations en matière de durabilité, ainsi que leur qualité et leur comparabilité.

Le 13 juin 2024, le Parlement européen et le Conseil ont également adopté la directive sur le devoir de vigilance des entreprises en matière de durabilité (directive CSDDD).[2]

Le 14 mai 2024, le Conseil Supérieur a émis un avis sur la transposition de la directive CSRD en droit belge.[3]

En février 2025, la Commission européenne a présenté le 'paquet Omnibus de simplification'. L'objectif annoncé de ce paquet est de réduire les charges administratives pesant sur les entreprises et de préserver la compétitivité de l'Europe. La Commission s'est fixé pour objectif clair de déployer un effort de simplification sans précédent, en réduisant d'au moins 25% les charges administratives et d'au moins 35% celles pesant sur les PME d'ici la fin du mandat actuel.

Le paquet Omnibus comprend plusieurs volets. En ce qui concerne la CSRD et la CSDDD, c'est surtout Omnibus I[4] qui est important : ce paquet consiste en une proposition de directive de la Commission européenne visant une simplification de la publication d'informations en matière de

[1] Directive (UE) 2022/2464 du Parlement européen et du Conseil du 14 décembre 2022 modifiant le règlement (UE) no 537/2014 et les directives 2004/109/CE, 2006/43/CE et 2013/34/UE en ce qui concerne la publication d'informations en matière de durabilité par les entreprises.

[2] Directive (UE) 2024/1760 du Parlement européen et du Conseil du 13 juin 2024 sur le devoir de vigilance des entreprises en matière de durabilité et modifiant la directive (UE) 2019/1937 et le règlement (UE) 2023/2859.

[3] Avis nr. 925-2024 sur l'avant-projet de loi relatif au devoir de vigilance, à la publication, par certaines sociétés et groupes, d'informations en matière de durabilité et à l'assurance de l'information en matière de durabilité.

[4] Omnibus I - European Commission

durabilité pour les entreprises (CSRD), du devoir de vigilance (CSDDD) et de la taxinomie[5].[6] La paquet contient également une proposition de directive de la Commission européenne visant la simplification et le renforcement du mécanisme d'ajustement carbone aux frontières[7], ainsi qu'une proposition de directive dite "suspensive" (Stop the clock). Cette dernière reporte l'entrée en vigueur de la CSRD et de la CSDDD.[8]

La directive Omnibus I prévoit notamment les mesures concrètes suivantes concernant la CSRD et la CSDDD :

1. CSRD

- Relèvement du seuil d'application de la CSRD de 250 à 1.000 salariés, ce qui exclura environ 80% des entreprises actuellement soumises aux obligations CSRD.
- Limitation des données que les entreprises soumises à la CSRD peuvent demander à leurs fournisseurs dans la chaîne de valeur, à savoir que seules les données définies dans la norme VSME pourront être exigées, sauf en cas de nécessité stricte d'informations complémentaires.
- Révision et simplification des normes européennes d'information en matière de durabilité (ESRS) afin d'alléger les obligations d'information.
- Il ne sera plus établi de normes sectorielles d'information en matière de durabilité.
- Pour les entreprises qui relèvent actuellement du champ d'application de la CSRD et qui sont tenues de publier des informations à partir de 2026 ou 2027, les obligations d'information seront reportées de deux ans.
- Introduction d'une norme volontaire spécifique pour les PME (VSME), destinée à aider les grandes entreprises, les banques et les investisseurs à obtenir les données nécessaires à leur reporting ESG, sans que cela n'implique une obligation légale..

2. CSDDD

- L'application au plus grand groupe d'entreprises et le délai de transposition par les États membres sont reportés d'un an.
- L'accent est davantage mis sur l'identification des risques chez les partenaires commerciaux directs dans la chaîne de valeur par rapport aux partenaires commerciaux indirects.
- La demande d'informations auprès des entreprises qui ne relèvent pas du champ d'application de la CSRD sera limitée à la norme VSME.

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[5] Règlement (UE) 2020/852 du Parlement européen et du Conseil du 18 juin 2020 sur l'établissement d'un cadre visant à favoriser les investissements durables et modifiant le règlement (UE) 2019/2088.

[6] Proposition de directive du Parlement européen et du Conseil modifiant les directives 2006/43/CE, 2013/34/UE, (UE) 2022/2464 et (UE) 2024/1760 en ce qui concerne certaines obligations relatives à la publication d'informations en matière de durabilité et au devoir de vigilance applicables aux entreprises, COM(2025) 81 final.

[7] Règlement (UE) 2023/956 du Parlement européen et du Conseil du 10 mai 2023 établissant un mécanisme d'ajustement carbone aux frontières.
Proposition de règlement du Parlement européen et du Conseil modifiant le règlement (UE) 2023/956 en ce qui concerne la simplification et le renforcement du mécanisme d'ajustement carbone aux frontières, COM(2025) 87 final.

[8] Proposition de directive du Parlement européen et du Conseil modifiant les directives (UE) 2022/2464 et (UE) 2024/1760 en ce qui concerne les dates à partir desquelles les États membres doivent appliquer certaines obligations relatives à la publication d'informations en matière de durabilité par les entreprises et au devoir de vigilance des entreprises en matière de durabilité, COM(2025)80.

Le 14 avril 2025, la directive dite "suspensive" (Stop the clock) a été publiée. Elle reporte de deux ans l'obligation de publication d'informations pour les entreprises. Ce report vise à éviter que certaines entreprises ne soient tenues de publier des informations relatives aux exercices 2025 (deuxième vague) ou 2026 (troisième vague) mais soient ensuite dispensées de cette obligation. Cette situation entraînerait des coûts inutiles et évitables pour les entreprises concernées. Les États membres de l'Union européenne doivent transposer la directive en législation nationale d'ici le 31 décembre 2025 au plus tard.

Pour les entreprises qui ne sont pas soumises à des obligations en matière de durabilité et pour celles appartenant à la chaîne de valeur, l'EFRAG a élaboré une norme volontaire de publication d'informations en matière de durabilité pour les PME (VSME). Selon la proposition à l'examen, la Commission adopterait cette norme volontaire au moyen d'un acte délégué. Dans l'intervalle, pour répondre à la demande du marché, la Commission a l'intention de publier dès que possible une recommandation sur la publication volontaire d'informations en matière de durabilité, sur la base de cette norme VSME élaborée par l'EFRAG.

POINTS DE VUE

Les PME représentent 99% des entreprises et 70% de l'emploi dans notre pays. Leur engagement dans une transition durable est fondamental afin d'atteindre les objectifs climatiques du Pacte vert pour l'Europe. Les PME belges sont prêtes à assumer leur rôle dans le cadre de la transition durable, pour autant qu'elles aient à leur disposition un cadre clair, des mesures durables et une mise en place simple. Le Conseil Supérieur abordera d'abord la proposition de directive Omnibus I, puis les points essentiels qu'il conviendrait que la Commission européenne adapte encore dans le cadre de la publication volontaire d'informations en matière de durabilité (VSME) afin de réduire les charges administratives pour les PME et de renforcer la compétitivité.

A. DIRECTIVE OMNIBUS I

1. CSRD

a) Critères champ d'application

Les obligations de publication d'informations s'appliqueraient uniquement aux grandes entreprises employant plus de 1.000 salariés (c'est-à-dire les entreprises qui emploient plus de 1.000 salariés et dont le chiffre d'affaires est supérieur à 50 millions d'euros ou dont le bilan est supérieur à 25 millions d'euros). Ainsi, le seuil minimal de salariés passe de 250 à 1.000.

L'augmentation du seuil minimal relatif au nombre de salariés a une incidence sur les entreprises et l'utilisation de la norme VSME. Vu que les obligations d'information CSRD seraient ainsi limitées aux entreprises employant plus de 1.000 salariés, de nombreuses entreprises n'y seront pas soumises. Par conséquent, la norme VSME constitue une alternative attrayante pour les entreprises qui souhaitent partager volontairement des informations ESG avec leurs investisseurs et leurs partenaires commerciaux. En outre, l'augmentation de ce seuil incitera davantage d'entreprises de la chaîne de valeur à utiliser la norme VSME pour répondre de manière structurée aux questions relatives à la durabilité posées par les grandes entreprises soumises aux obligations CSRD et par d'autres parties prenantes (e.a. les institutions financières).

Le Conseil Supérieur soutient le relèvement du seuil minimal à 1.000 travailleurs. En effet, cette augmentation permettra d'aboutir à une publication d'informations en matière de durabilité plus ciblée, et de mieux se focaliser sur les entreprises les plus grandes, réduisant ainsi les obligations indirectes des entreprises de plus petite taille. En effet, le relèvement du seuil minimal réduit l'effet de retombée ("trickle down effect"), qui fait peser de manière indirecte les obligations d'information des grandes entreprises sur les petites. La simplification de la réglementation permettra ainsi aux entreprises de mieux se concentrer sur la croissance et l'innovation et réduira considérablement les charges administratives et financières pour les entreprises, en particulier les PME.

b) Norme VSME

La norme VSME est conçue comme un cadre volontaire et simplifié pour aider les PME qui ne relèvent pas du champ d'application obligatoire de la CSRD à communiquer sur leurs performances ESG. Cette initiative vise à encourager la transparence et à sensibiliser progressivement les PME aux défis de durabilité, tout en évitant de leur imposer des obligations réglementaires lourdes. En outre, les entreprises soumises aux obligations CSRD ne peuvent demander à leurs fournisseurs dans la chaîne de valeur plus d'informations que celles prévues par la norme VSME, sauf si des informations supplémentaires sont strictement nécessaires.

Le Conseil Supérieur fait observer que le relèvement proposé du seuil à 1.000 employés dans le cadre de la directive Omnibus aura pour conséquence que les entreprises employant entre 250 et 1.000 employés ne rentreront pas dans le champ d'application de la CSRD. Dès lors, ces entreprises ne seront plus tenues de publier des informations en matière de durabilité conformément aux normes européennes en la matière, mais elles ne seront plus non plus tenues, en vertu de la réglementation CSRD, d'appliquer la norme VSME. Il existe un risque que les entreprises de plus grande taille qui ne sont plus soumises à la réglementation CSRD demandent à leur tour à leurs fournisseurs - souvent des PME - des informations sur la chaîne de valeur qui vont au-delà des données figurant dans la VSME. Les PME pourraient ainsi être confrontées à des demandes de reporting non standardisées et disparates, ce qui alourdirait les charges administratives plutôt que de les réduire.

Le Conseil Supérieur demande expressément que les entreprises, qu'elles soient soumises ou non à la CSRD, doivent limiter leurs demandes d'informations aux points de données reprises dans la norme VSME.

Il souligne en outre qu'il conviendrait que cette norme constitue le niveau d'information maximal pour toutes les parties prenantes, y compris les institutions financières et les entreprises d'assurance. Par conséquent, le Conseil Supérieur préconise que la proposition de la Commission européenne rende obligatoire l'utilisation de la norme VSME pour toutes les entreprises et administrations publiques qui demandent des informations ESG aux PME, quel que soit leur propre statut CSRD.

c) Suppression des normes sectorielles

La Commission européenne ne pourra plus adopter des normes sectorielles d'information en matière de durabilité. Le Conseil Supérieur soutient l'argument avancé dans la proposition de la Commission européenne selon lequel l'introduction de normes sectorielles venant s'ajouter à la première série d'ESRS compliquerait davantage le processus de publication d'informations en matière de durabilité pour les PME.

d) Transposition de la directive dite "suspensive" (Stop the clock) en droit belge

La directive CSRD a été transposé en droit belge par la loi du 2 décembre 2024 relatif [sic] à la publication, par certaines sociétés et groupes, d'informations en matière de durabilité et à l'assurance de l'information en matière de durabilité et portant dispositions diverses.

Le Conseil Supérieur demande au Gouvernement de transposer la directive "Stop the clock" en droit belge dans les meilleurs délais et pour le 31 décembre 2025 au plus tard. Dans l'intervalle, le Conseil Supérieur attend des orientations claires sur l'obligation de publication d'informations applicable ou non, étant donné que la directive a déjà été transposée en droit belge.

e) Transposition de la directive Omnibus I en droit belge

Concernant la transposition de la directive Omnibus I en droit belge, le Conseil Supérieur demande de veiller aux éléments suivants:

- Limiter la demande d'informations auprès des sociétés et entités non assujetties aux points de données obligatoires figurant dans la norme européenne relative à la publication volontaire d'informations en matière de durabilité spécifique pour les petites et moyennes entreprises.[9]
- Interdire formellement aux sociétés assujetties à la réglementation CSRD d'exiger des PME et des autres entités de la chaîne de valeur une assurance de leurs informations en matière de durabilité.[10]
- Acceptation automatique des certificats existants (CO_2PL, normes ISO) des fournisseurs de la chaîne de valeur par les entreprises qui ne sont pas soumises à la réglementation CSRD.
- Maintenir un équilibre entre la simplification et le besoin de transparence.

2. Devoir de vigilance (CSDDD)

a) Plans de transition

Tant dans le cadre de la CSRD[11] que de la CSDDD[12], les entreprises sont tenues d'élaborer un plan de transition démontrant comment elles alignent leurs activités sur les objectifs climatiques de l'Accord de Paris, notamment limiter le réchauffement climatique à 1,5°C et atteindre la

[9] Article 3:6/4 § 2 CSA : "*Les sociétés et entités qui ne sont pas assujetties à la publication de l'information en matière de durabilité mais qui font partie de la chaîne de valeur visée à l'alinéa 1er, ne peuvent pas être invitées à fournir plus d'informations que ce qui est requis au regard des normes européennes d'information en matière de durabilité applicables aux petites et moyennes entreprises et que ce qui peut être raisonnablement demandé des sociétés et des entités qui sont des fournisseurs ou des clients de la chaîne de valeur.*" Ibid. art. 3:32/3 § CSA.

[10] Article 3:75/2, alinéa 5 CSA : "*Il est interdit d'exiger une assurance de l'information en matière de durabilité pour l'information qui est fournie par les sociétés en tant qu'entités faisant partie de la chaîne de valeur des sociétés et entités visées à l'article 3:6/1, mais qui elles-mêmes ne sont pas soumises aux obligations de publication de l'information en matière de durabilité."* Ibid. art. 3:82/5, alinéa 4 CSA.

[11] Article 19bis, 2,a, iii CSRD : *"les plans définis par l'entreprise, y compris les actions de mise en œuvre et les plans financiers et d'investissement connexes, pour assurer la compatibilité de son modèle commercial et de sa stratégie avec la transition vers une économie durable, la limitation du réchauffement climatique à 1,5 °C conformément à l'accord de Paris conclu au titre de la convention-cadre des Nations unies sur les changements climatiques, adopté le 12 décembre 2015 (ci-après dénommé "accord de Paris"), l'objectif de neutralité climatique d'ici à 2050, tel qu'il est établi dans le règlement (UE) 2021/1119 du Parlement européen et du Conseil (*8), et, le cas échéant, l'exposition de l'entreprise à des activités liées au charbon, au pétrole et au gaz".* Ibid. article 29bis, 2, a, iii CSRD

[12] Article 1,1,c CSDDD : *"l'obligation pour les entreprises d'adopter et de mettre en œuvre un plan de transition pour l'atténuation du changement climatique qui vise à garantir, en déployant tous les efforts possibles, la compatibilité du modèle économique et de la stratégie économique de l'entreprise avec la transition vers une économie durable et avec la limitation du réchauffement climatique à 1,5o C conformément à l'accord de Paris."*

neutralité climatique. Dès lors, il est envisagé dans la proposition de directive Omnibus I d'aligner plus étroitement la disposition relative aux plans de transition climatique de la CSDDD sur le libellé de la CSRD, tout en conservant cette dernière avec une obligation claire d'élaborer un tel plan.[13] Le Conseil Supérieur préconise que les plans de transition dans la CSDDD soient entièrement alignés sur la CSRD. Il demande de remplacer l'obligation de « mettre en œuvre » le plan de transition pour l'atténuation du changement climatique dans la CSDDD par une formulation précisant que le plan doit contenir un aperçu des mesures prévues et déjà prises.

b) Chaîne de valeur

La CSDDD oblige les entreprises à appliquer le devoir de diligence à l'ensemble de leur chaîne de valeur, y compris leurs partenaires commerciaux indirects.[14] Dans la proposition de directive Omnibus I, la Commission européenne prévoit de n'obliger les entreprises à appliquer une diligence raisonnable qu'à leurs partenaires commerciaux directs, sauf s'il existe des soupçons plausibles d'une incidence négative au niveau des partenaires commerciaux indirects.[15] Le Conseil Supérieur est favorable à cette proposition d'adaptation émanant de la Commission européenne. En effet, cette limitation serait plus facile à mettre en œuvre et reflèterait mieux la réelle capacité de contrôle pouvant être exercée par les PME.

c) Harmonisation des directives CSRD et CSDDD

Le Conseil Supérieur estime essentiel que les champs d'application des directives CSRD et CSDDD soient harmonisées, comme le prévoit la proposition de la Commission européenne. En effet, toute divergence entre ces dispositions porterait atteinte à la clarté et à la cohérence du cadre réglementaire. Par conséquent, le Conseil Supérieur soutient l'objectif repris dans la proposition "*visant à simplifier et à rationaliser le cadre réglementaire en vue de réduire la charge découlant de la CSRD et de la CSDDD qui pèse sur les entreprises, sans compromettre les objectifs stratégiques prévus par lesdites directives*."

B. Publication volontaire d'informations en matière de durabilité (VSME)

Le Conseil Supérieur a participé à la consultation organisée en 2024 par l'EFRAG sur les normes volontaires de publication d'informations non financières en matière de durabilité pour les PME non cotées (VSME) et a émis un avis en la matière.[16] Il constate que la VSME a été améliorée à plusieurs égards par rapport à la proposition initiale et se félicite du fait que l'EFRAG mette à disposition, à l'avenir, un outil en ligne.

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[13] Article 4 de la proposition de directive omnibus I modifiant l'article 1,1,c de la directive CSDDD : "*l'obligation pour les entreprises d'adopter un plan de transition pour l'atténuation du changement climatique, y compris des actions de mise en œuvre, qui visent à garantir, <u>en déployant tous les efforts possibles</u>, la compatibilité du modèle économique et de la stratégie de l'entreprise avec la transition vers une économie durable et avec la limitation du réchauffement climatique à 1,5 °C conformément à l'accord de Paris.*".

[14] Article 7, 2, b CSDDD : *"un code de conduite décrivant les règles et principes à suivre dans l'ensemble de l'entreprise et de ses filiales, et par les partenaires commerciaux directs ou indirects de l'entreprise conformément à l'article 10, paragraphe 2, point b), à l'article 10, paragraphe 4, à l'article 11, paragraphe 3, point c), ou à l'article 11, paragraphe 5; et"*.

[15] Article 4,4, b de la proposition de directive omnibus I insérant l'article 8, 2bis dans la CSDDD : "*2 bis. Lorsqu'une entreprise dispose d'informations plausibles suggérant que des incidences négatives au niveau des activités d'un partenaire commercial indirect se produisent ou risquent de se produire, elle procède à une évaluation approfondie. L'entreprise procède toujours à une telle évaluation lorsque la nature indirecte, plutôt que directe, de la relation avec le partenaire commercial résulte d'un montage artificiel qui ne reflète pas la réalité économique, mais qui indique un contournement du paragraphe 2, point b). Lorsque l'évaluation confirme la probabilité ou l'existence de l'incidence négative, celle-ci est réputée avoir été identifiée.*"

[16] Avis nr. 935-2024 du CSIPME relatif à une norme volontaire en ce qui concerne la publication d'informations en matière de durabilité pour les PME non cotées (approuvé par le Bureau le 21 mai 2024, entériné par l'Assemblée plénière du Conseil Supérieur le 10 décembre 2024).

Toutefois, le Conseil Supérieur estime que la VSME peut encore être améliorée dans plusieurs domaines. Il a pris connaissance de l'intention de la Commission européenne d'adopter cette norme volontaire au moyen d'un acte délégué et de publier, dans l'intervalle et dès que possible, une recommandation sur la publication volontaire d'informations en matière de durabilité, sur la base de cette norme VSME élaborée par l'EFRAG.

Par conséquent, le Conseil Supérieur demande qu'il soit procédé à quelques adaptations supplémentaires qui permettraient d'améliorer tant les normes que les lignes directrices de la VSME avant que la norme ne soit adoptée par la Commission européenne sous la forme d'une recommandation.

En annexe du présent avis sont reprises toutes les modifications à la VSME telles que proposées par le Conseil Supérieur, sous la forme d'amendements accompagnés de propositions concrètes d'adaptation de chaque point de données dans la norme, les lignes directrices y afférentes et les annexes A et B. Sont également formulées des propositions en vue d'une extension et d'une utilisation plus aisée de l'outil en ligne. Ci-après, le Conseil Supérieur détaille ses recommandations générales et met en évidence quelques points d'attention figurant à l'annexe.

1. Recommandations générales

Le Conseil Supérieur estime que les normes et explications reprises dans la norme VSME restent trop complexes et peuvent être simplifiées. À cette fin, il formule les propositions suivantes :

- Il subsiste toujours trop de renvois vers des sources, des documents et des prescriptions qui ne sont pas reprises dans la VSME même. Le Conseil Supérieur préconise d'intégrer autant que possible les renvois dans un document unique afin d'éviter de devoir consulter plusieurs documents pour trouver les différentes réglementations.
- Il convient de simplifier encore d'avantage le langage.
- Il convient que la norme et le document d'orientation ne renvoient pas à des documents qui ne sont pas disponibles dans toutes les langues de l'UE, qui sont trop longs, ou qui renvoient à des outils trop complexes qui ne sont pas adaptés aux PME. [17] À tout le moins, il convient de remplacer ces documents par de vraies directives et de les compléter par des outils pratiques et des résumés dans les langues nationales.
- Il convient de supprimer toute référence dans la VSME à d'autres normes (payantes), celles-ci constituant une charge (administrative) supplémentaire.
- Le document d'orientation ajoute un certain nombre d'explications supplémentaires qui ne sont pas demandées dans la VSME (normes) elle-même. Cette situation est due au fait que la révision du document d'orientation n'a pas fait l'objet d'une attention suffisante. Le Conseil Supérieur estime que cela va à l'encontre des bonnes pratiques en matière d'élaboration de normes, qui exigent que les explications nécessaires fassent partie intégrante de la norme elle-même.
- Il conviendrait d'interdire l'exigence d'une "assurance" des informations en matière de durabilité pour les entreprises de la chaîne de valeur qui appliquent les normes volontaires.[18]

[17] À titre d'exemple : Renvoi à CDP Technical Note, GHG Protocol, SME Climate hub, Business Carbon Calculator, Carbon Trust SME Carbon Footprint Calculator, UK Business Climate hub, Carbon Planner, Key Biodiversity Areas, EMAS Guidance, EMAS Reference Document for the Construction sector, CDP 2024, GHG Protocol Land Sector and Removals Guidance 13, WBCSD guidance, TCFD,...

[18] Art. 53, alinéa 5 de la loi du 2 décembre 2024 relatif [sic] à la publication, par certaines sociétés et groupes, d'informations en matière de durabilité et à l'assurance de l'information en matière de durabilité et portant dispositions diverses : "*Il est interdit d'exiger une assurance de l'information en matière de durabilité pour l'information qui est fournie par les sociétés en tant qu'entités faisant partie de la chaîne de valeur des sociétés et entités visées à l'article 3:6/1, mais qui elles-mêmes ne sont pas soumises aux obligations de publication de l'information en matière de durabilité.*"

- Il conviendrait que la VSME soit considérée comme seuil maximal pour la chaîne de valeur et que cela soit explicitement mentionné dans la VSME. Une telle démarche stimulerait l'acceptation de la VSME et serait conforme à l'objectif de la Commission européenne visant à réduire les charges administratives pour les PME et à offrir les garanties légales dont les banques et les grandes entreprises ont besoin.
- La réalisation d'une analyse d'impact (ex ante avant l'adoption de l'acte délégué, et ex post) de la norme VSME : cette approche permettrait d'estimer en amont l'impact attendu de la norme sur les PME, et d'analyser par la suite si la mesure a effectivement produit les effets escomptés, ainsi que d'identifier d'éventuels ajustements nécessaires.

2. Recommandations spécifiques

Ci-après, le Conseil Supérieur énumère déjà quelques points qu'il conviendrait d'adapter dans la VSME (cf. annexe pour l'aperçu complet) :

1. Il conviendrait que la norme prévoie un outil centralisé au niveau européen et disponible dans toutes les langues de l'UE, qui calcule de manière uniforme l'impact en CO2, en opérant une distinction entre les émissions du scope 1 et 2, et qui soit mis à disposition gratuitement. Le Conseil Supérieur souligne que seul le recours à un outil central unique permettrait de garantir des résultats harmonisés. Si plusieurs outils de calcul devaient être autorisées, les PME risqueraient de devoir établir plusieurs rapports en raison des résultats divergents de ces outils, ce qui engendrerait une complexité et une charge de travail supplémentaires.
2. Il conviendrait que la norme n'impose pas les émissions de scope 3. Le Conseil Supérieur signale que pour les PME, le calcul des émissions de scope 3 est trop complexe et trop coûteux, ainsi que difficile à obtenir et à calculer. Lors de la définition du plafond de la chaîne de valeur, il convient de veiller à ce que la demande de données de scope 3 ne soit pas autorisée.[19] Le Conseil Supérieur rappelle que le calcul des émissions de scope 3 n'est pas "proportionné aux capacités et aux ressources des PME" et va dès lors à l'encontre de l'objectif de la directive CSRD selon lequel les normes d'information en matière de durabilité doivent être proportionnées et ne doivent pas imposer une charge administrative inutile aux PME.[20]
3. Il convient d'adapter la définition du personnel propre. En effet, la notion de "non-employés" n'apparaît plus dans le texte. Par conséquent, il convient de supprimer, dans l'annexe A21, la référence aux "non-employés" figurant dans la définition du personnel propre.
4. Le Conseil Supérieur souligne que selon la norme, une PME n'est pas tenue, et à juste titre, de rendre compte des incidences locales directes et indirectes sur la biodiversité, alors que cela est bel et bien exigé dans le document d'orientation (Guidance). Par conséquent, il demande d'aligner le texte du document d'orientation (Guidance) sur celui de la norme.[22]

[19] Cf. 50-53 and Guidance 215 VSME.
[20] Considérant 53 de la directive CSRD (2022/2464) : "[…] *Les normes d'information en matière de durabilité devraient préciser les informations à publier relatives aux chaînes de valeur qui sont proportionnées et adaptées à l'ampleur et à la complexité des activités des entreprises, ainsi qu'aux capacités et aux caractéristiques des entreprises dans les chaînes de valeur, en particulier les capacités et caractéristiques des entreprises qui ne sont pas soumises aux exigences d'information en matière de durabilité prévues par la présente directive modificative. Les normes d'information en matière de durabilité ne devraient pas préciser les informations à publier qui obligeraient les entreprises à obtenir des petites et moyennes entreprises de leur chaîne de valeur des informations qui vont au-delà des informations à publier conformément aux normes d'information en matière de durabilité pour les petites et moyennes entreprises*. […]".
[21] Cf. Annexe A VSME: "*Own workforce/own workers*".
[22] Cf. §34 et Guidance 140 VSME.

5. Le Conseil Supérieur relève la nécessité de disposer d'une source d'information unique et actualisée à un niveau détaillé (par exemple, numéro de parcelle) pour la biodiversité, les "zones sensibles à la biodiversité" et les "zones soumises à un stress hydrique".[23]
6. Le chiffre d'affaires d'une PME ne peut être demandé.[24] En effet, de nombreuses PME belges choisissent d'établir et de déposer des comptes annuels abrégés qui ne mentionnent pas le chiffre d'affaires. Le Conseil Supérieur signale que la demande de publication du chiffre d'affaires va trop loin pour une PME belge. Par conséquent, il demande que le chiffre d'affaires soit rendu public si cette information devait être disponible.

Du reste, le Conseil Supérieur renvoie à l'annexe au présent avis, qui reprend tous les amendements nécessaires à la VSME concernant les points de données repris dans la norme, les lignes directrices qui l'accompagnent et les notions figurant aux annexes A et B. Sont également formulées des propositions concrètes visant à simplifier l'outil en ligne.

C. Concertation, campagnes d'information et opportunités

Le Conseil Supérieur souligne qu’un accès à des outils gratuits et standardisés pour les PME, incluant des éléments sectoriels spécifiques pour les secteurs les plus visés, est nécessaire. Il demande également de prévoir des formations, un soutien (financier), un accompagnement et des campagnes d'information et de sensibilisation à l'intention des entreprises sur la directive Omnibus I et la VSME. Le Conseil Supérieur demande à être informé et consulté à ce sujet.

En effet, sans le soutien précité, les PME seront les dernières à être en mesure de s’adapter (pas d’obligation, pas de cadre, pas de moyens), alors qu’elles devront bel et bien satisfaire aux exigences de leurs clients - les grandes entreprises - sans préparation suffisante.

Le Conseil Supérieur demande à être informé et consulté sur la transposition des directives "Stop the clock" et Omnibus I.

Le Conseil Supérieur relève que la transition vers l’entreprenariat durable, qui tient compte du principe de proportionnalité pour les PME, offre des opportunités de croissance à ces dernières et renforce leur compétitivité. L'adoption d'une approche proactive et le développement d'instruments axés sur les PME permettront notamment à celles-ci de se focaliser sur l'innovation, ce qui pourrait se traduire par des mesures plus rentables et une spécialisation dans des segments de marché spécifiques.

CONCLUSION

Le Conseil Supérieur estime qu’il convient d’ajuster l'initiative Omnibus afin de ne pas rendre la situation davantage complexe pour les PME. Il est favorable à un relèvement du seuil minimal à 1.000 salariés dans le cadre du reporting CSRD. Toutefois, il considère essentiel, de rendre l'utilisation de la norme VSME obligatoire pour toutes les entreprises qui demandent des informations ESG aux PME, quel que soit leur propre statut CSRD.

Le Conseil Supérieur souligne qu'une véritable simplification n'est possible que dans un cadre harmonisé et proportionné, soutenu par des instruments accessibles tels que la norme VSME. C'est la seule façon de permettre aux PME de participer pleinement à la transition durable sans compromettre leur compétitivité.

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[23] Cf. §33 et Guidance 157 VSME
[24] Cf. §24 (e) VSME

Le Conseil Supérieur demande que la directive dite "suspensive" (Stop the clock) soit transposée en droit belge dans les meilleurs délais et que l'insécurité juridique actuelle soit clarifiée de toute urgence pendant la période de transition, étant donné que la directive CSRD a déjà été transposée en droit belge.

Le Conseil Supérieur met également en évidence quelques points d'attention dans le cadre de la transposition de la directive Omnibus I.

En ce qui concerne le devoir de vigilance, le Conseil Supérieur préconise que les plans de transition dans la CSDDD soient entièrement alignés sur ceux de la CSRD et que les entreprises ne soient tenues d'appliquer la diligence raisonnable qu'à leurs partenaires commerciaux directs, sauf s'il existe des soupçons fondés d'une incidence négative au niveau des partenaires commerciaux indirects. De plus, il demande que les deux réglementations (CSRD et CSDDD) soient harmonisées autant que possible.

En ce qui concerne la VSME, le Conseil Supérieur relève qu'il subsiste encore trop de renvois vers des sources, des documents et des réglementations qui ne sont pas reprises dans la norme elle-même. Il convient également de simplifier encore davantage les lignes directrices, le langage et l'outil en ligne. Le Conseil Supérieur estime que les normes VSME doivent rester réalistes et adaptées à la capacité des entreprises à s'y conformer. À l'heure actuelle, le volume de données requis est disproportionné et engendre une charge administrative disproportionnée. En annexe du présent avis, le Conseil Supérieur formule dès lors plusieurs amendements aux normes et aux lignes directrices, qui sont nécessaires afin de tenir compte des charges pesant sur les PME.

ANNEXE

Objectives of this Standard and to which undertakings it applies

1	(b) providing information that will help satisfy data needs from banks and investors, therefore helping undertakings in their access to finance;	"(b) providing information that will help satisfy data needs from banks and investors, ~~therefore helping undertakings in~~ **for** their access to finance;	We still question as stated in Para 1 (b) that the Standard is "therefor helping undertakings in their access to finance". Indeed it is not "helping" them, but it has become in fact an additional condition, an additional requirement to obtain finance.
2	It applies to undertakings[1] whose securities are not admitted to trading on a regulated market in the European Union (not listed). [1] This includes self-employed, non-incorporated undertakings and listed micro undertakings.	It **can be used by all** micro- **not listed** small- and **not-listed** medium -sized undertakings, which include self-employed, **solo-entrepreneurs**, and non-incorporated undertakings." As a consequence of the Omnibus adoption it should be: "It **can be used by all** micro- small- and medium -sized undertakings, which include self-employed, **solo-entrepreneurs**, and non-incorporated undertakings." (Note: to be adjusted if Omnibus 1 is adopted)	Footnote 1 in the VSME states that micro enterprises "... include[s] self-employed, non-incorporated undertakings and listed micro undertakings" This important "addition" should not figure as a footnote but should clearly be mentioned in the main text of "Objectives". In addition, although self-employed are covered, as they are mentioned in the footnote, we recommend to reformulate the text and to add a sentence in the body of the text to clearly mention that the Standard is also covering self-employed and non-incorporated undertakings, which are the overwhelming part of the future users.
3	These undertakings fall outside the scope of the Corporate Social Reporting Directive (CSRD) but are encouraged to use this Standard. This Standard covers the same sustainability issues as the European Sustainability Reporting Standards (ESRS) for large undertakings. However, it is proportionate and therefore takes into account micro-, small- and medium-sized undertakings' fundamental characteristics. Micro-undertakings are welcome to use only certain parts of this Standard as highlighted in paragraph 5(a).	Proposal: to add in para 3: "**Large undertaking, banks, investors and public authorities should use this standard as a value-chain cap for their sustainability data needs**". see Para 5 (a)). Proposal: However it should be clearly mentioned in the text that banks, large enterprises or others do not have to use the full basic and comprehensive module but can or even should skip questions which they do not need or to limit the red tape for the SME. This is only logic.	When adopting the VSME the Commission should recommend strongly the use of the VSME by banks, large companies and also public authorities. Once the Omnibus adopted the VSME should also explicitly mention that it is the value cap, meaning that undertakings are not allowed to ask more from SMEs than the "compulsory" datapoints of VSME.
4	Consistency with ESRS for large undertakings has been carefully considered in the preparation of this Standard while defining proportionate requirements. This Standard has no legal authority unlike the ESRS for large undertakings.	to skip the sentence "This Standard has no legal authority unlike the ESRS for large undertakings" to avoid any misunderstanding.	As it is mentioned that there is consistency with the ESRS for large undertakings, the Commission should make a statement that when the VSME is used to report to banks, large companies and investors, this is fulfilling the ESRS requirements

Structure of this Standard

5		Under Para 3 (for micro's) referring to Para 5 (a); Under Para 5 last alinea : "Para 24....circumstances"; Para 6; Para 22. This issue should be explained better. If, as stated in Para 3, "micros are welcome to use only certain parts of this Standard", this should mean that they do not have to use fully the Basic, but does this mean that they "apply the Basic Module"? We advocate for this.	In general the information given on which parts / modules can / have to be used is very confusedly mentioned under different points
6		Proposal : to be skipped	We are of the opinion that this paragraph (Applying the basic module is a prerequisite for applying the Comprehensive Module) is redundant and could be skipped as in Para 5a it is already mentioned that the Basic Module constitutes a minimum requirement for other undertakings.
7		It should also be applied in the digital version by a "click through" function.	This paragraph and approach - to put terms that are defined in the glossary of definitions - has to be welcomed.

Principles for the preparation of the sustainability report (Basic and Comprehensive Module)

	Principles for the preparation of the sustainability report (Basic and Comprehensive Module)	Proposal: "Principles for the preparation of the **VSME** sustainability report (Basic and Comprehensive Module)".	
8 (a) and (b)	This Standard sets requirements that allow the undertaking to provide relevant information on: (a) how it has had and is likely to have a positive or negative impact on people or on the environment in the short-, medium- or long-term; and (b) how environmental and social issues have affected or are likely to affect its financial position, performance and cash flows in the short-, medium- or long-term.	Proposal We propose the skip this as it is setting new objectives of the VSME while the objectives are already defined in Para 1.	Specifying that the information must be provided for the 'short, medium and long term' makes it more complicated and too detailed for businesses, We recommend to skip this as it is only requested in the Comprehensive Module under Climate Risks (datapoint 57 and 58) C4, as well as the performance and cash flow consequences. Data on Cash-flow is nowhere else mentioned or requested in the VSME. This is a remaining text of previous versions. In addition it seems to be the application of the double materiality principle, which was decided not to apply it in the VSME.

10	Depending on the type of activities carried out by the undertaking, the inclusion of additional information (metrics and/or narrative disclosures) not covered in this Standard is appropriate in order to disclose sustainability issues that are common in the undertaking's sector (i.e. typically encountered by businesses or entities operating within a specific industry or field) or that are specific to the undertaking, as this supports the preparation of relevant, faithful, comparable, understandable and verifiable information. This includes the consideration of information on Scope 3 GHG emissions (see paragraphs 50 to 53 of this Standard). Appendix B provides a list of possible sustainability issues.	Proposal: "Depending...information (**qualitative and or quantitative** metrics and/or narrative disclosures) not covered..."	This point is the recognition of the uniqueness and specificity of many SMEs. It is an important achievement as "standards" and "standardisation" stand for streamlining, generalisation. We always warned in the past that the "standardisation" of CSR activities and business conduct goes against the diversity, particularity and specificity of our SMEs.
11	The undertaking may complement the metrics from the Basic and Comprehensive modules with additional qualitative and/or quantitative information where appropriate in accordance with paragraph 10 above.	Proposal: to skip Para 11.	This point is redundant as it repeats what is already mentioned in Para 10. Proposal: to skip Para 11. See however our proposal to change Para 10 accordingly.

Comparative information

12	The undertaking shall report comparative information in respect of the previous year except for metrics disclosed for the first time. The undertaking shall report comparative information from the second year of reporting.	We propose instead to replace it* by "Comparative information in respect of the previous year shall be included in the report ~~except for metrics being disclosed for the first time~~ **when the report is drafted annually**". The actual text of Para 12 only deals with the situation that an SME will report annually. As this will not always be the case, we suggest to add: "**If the report is not made annually, comparable information in respect of the last reported year shall be included, except when there were no changes**".	As SMEs are not in the scope of the CSRD and reporting remains voluntary, there is also no obligation to draft the report annually. We are of the opinion that mentioning "except for metrics being disclosed for the first time" is obvious and thus redundant. This proposal is fully in line with the spirit of the Standard (see Para 16) and tries to solve an omission. In order to reduce red-tape and as some metrics will not change (e.g. surface,...) the rule should apply that when no comparative information is given, no change took place.

If applicable principle

13	Certain disclosures only apply to specific circumstances[2]. In particular, the instructions provided in each disclosure specify such circumstances and the information that is to be reported only if considered 'applicable' by the undertaking. When one of these disclosures is omitted, it is assumed to not be applicable. [2] For example, the legal requirement to disclose specific information, or already voluntarily disclosing specific information through an Environmental Management System.	Proposal: we would instead recommend to give in the footnote the example of the Social matters, B8-B10 which do not apply to one-person undertakings (self-employed without personnel).	We fully support the application of the "if applicable principle" as we have it always put forward as a fundamental principle to be applied in order to avoid red tape. However the example in footnote 2 gives the impression that this principle is limited to the concrete case of B4 – Pollution of air, water and soil, datapoint 32, - quod non. Also the reference to an Environmental Management System is not very representative as they are in general too burdensome for SMEs and thus not at all informative for 99.999% of the European SMEs....

Inclusion of subsidiaries in the reported data

14 & 15		Proposal: Consequently we suggest to put Para 14 and 15 at the end of this "Principles" part (and thus become 19 and 20).	"General issues", i.c. topics that are common to the majority of micro and / or small enterprises, should always come first in the Standard and less or not common topics at the end. This is a general rule of good practice for drafting forms and/or questionnaires.

Timing and location of the sustainability report

16	If a sustainability report is prepared to meet the needs of large undertakings or banks that require an update annually, it shall be prepared annually. If the undertaking prepares financial statements, the sustainability report shall be prepared with a period of time that is consistent with the preparation of the financial statement. If specific datapoints did not change from the previous reporting year, the undertaking may indicate that no changes occurred and refer to the information provided for that specific datapoint in the previous year's report.	Proposal: It should be allowed, as there is indeed no legal obligation on SMEs, that depending on the circumstances, SMEs can only update information when a real change occurred or/and that SMEs should be able to report in some cases with longer terms, at their own discretion.	The Council fully agrees and accepts that an annual update will allow business partners and banks to valuate better the evolution of sustainability in the SME's strategies and management. If a SME is requested to provide information to business partners/banks it is important that this information fits their needs as they are bound by annual reports. So it seems logical that SMEs are also "bound" by annual reporting in these situations. We also stress that the sustainability report doesn't have to depend on business partners' requests only, but it should be a choice of the SME itself to respond to the "needs/demands" of all other stakeholders. However reporting on an annual basis will be extremely heavy and will not incentivise SMEs to use the VSME in the cases there is no request from business partners, banks or investors.

17	The primary function of this report is to inform actual or potential business counterparties. The undertaking may decide to make its sustainability report available to the public. In this case, the undertaking may present its sustainability report in a separate section of the management report if it has one. Otherwise, the undertaking may present its sustainability report as a separate document.	Proposal: we recommend to add "in the manner most convenient for the undertaking".	This makes it clearer for entrepreneurs

Basic Module

G66	The guidance below is intended as part of an ecosystem that will include also the development of further support guides by EFRAG, further digital tools and implementation support (educational activities, stakeholders' engagement) that aim to facilitate the understanding of some of the technical elements in the guidance.	Proposal: the word "ecosystem" should be skipped and for a better understanding replaced by a plain English word or description	same request for 210.
G67	This guidance supports undertakings that wish to apply the Basic Module.	Proposal: Text has to be changed as follows "This guidance supports undertakings that wish **or have** to apply the Basic Module."	Rationale: undertakings that suffer from the "trickle-down" effect have to apply it as well as undertakings that apply the Comprehensive Module.

Basic Module – General information

B1 - Basis for Preparation (Guidance 68-77)

24	The undertaking shall disclose: (a) which of the following options it has selected: i. OPTION A: Basic Module (only); or	Proposal: In **24 (a) i** : the word "only" should be skipped as well as the word "following" as both are redundant. **24 (c and d)**. Proposal: As already mentioned above (Para 14 - 15) "general issues", i.c.	**24 (a)**. Text needs to be clarified: what if an undertaking has applied Para 22 by providing more comprehensive information with disclosures selected from the Comprehensive Module? Can one declare then that option B has been used? **24 (e) iv. Turnover**: Many SMEs opt to prepare and file abridged accounts which do not include the turnover (this is a consequence

	ii. OPTION B: Basic Module and Comprehensive Module; (b) if the undertaking has omitted a disclosure as it is deemed **classified** or **sensitive information** (see paragraph 19), the undertaking shall indicate the disclosure that has omitted. (c) whether the sustainability report has been prepared on an individual basis (i.e. the report is limited to the undertaking's information only) or on a consolidated basis (i.e. the report includes information about the undertaking and its subsidiaries); (d) in case of a consolidated sustainability report, the list of the subsidiaries, including their registered address4, covered in the report; and (e) the following information: i. the undertaking's legal form; ii. NACE sector classification code(s); iii. size of the balance sheet (in Euro); iv. turnover (in Euro); v. number of **employees** in headcount or full-time equivalents; vi. country of primary operations and location of significant asset(s); and vii. geolocation of **sites** owned, leased or managed.	topics that are common to the majority of micro and / or small enterprises, should always come first in the Standard and less or not common topics at the end. This is a general rule of good practice for drafting forms and/or questionnaires. 24 (c and d) should come after actual point (e). **24 d.** Proposal: Footnote 4 on the definition of "registered address" should be deleted and the content removed to the Annex A 'Defined terms'. **24(e) i**. Proposal: in the online tool the different legal forms of the undertaking should be available in the menu and refer to the national legal forms and companies. **24 (e) iv.**. Proposal: "if available" should be added.	of the simplification of the accounting directives in 2013!). It cannot be that now for a voluntary standard they will have to provide this
G69 (ref **24(e) ii)**.	When reporting on the NACE code(s) of the undertaking under paragraph 24(e)(ii), NACE codes (Nomenclature statistique des Activités économiques dans la Communauté Européenne) are classifications of economic activities used in the European Union. They provide a standardized framework for classifying economic activities into sectors, enabling comparability and a common	Proposal: ~~When reporting on the NACE code(s) of the undertaking under paragraph 24(e)(ii),~~ NACE codes ~~(Nomenclature statistique des Activités économiques dans la Communauté Européenne)~~ are **standardized** classifications of economic activities used in the European Union. ~~They provide a standardized framework for classifying economic activities into sectors, enabling comparability and a common~~	Guidance: Proposal 69 should be merged and shortened as follows

	understanding among the various EU countries.	~~understanding among the various EU countries.~~	
G70 (ref **24(e) ii)**.	The NACE code consists of a number of digits ranging from 2 to 5 depending on the level of specificity with which the economic activity is identified. The list of NACE codes can be found in the following document: REGULATION (EC) No 1893/2006.	Proposal: The NACE code consists of a number of digits ranging from 2 to 5 depending on the level of specificity with which the economic activity is identified. The list of NACE codes can be found in ~~the following document~~:**Annex 1 of** REGULATION (EC) No 1893/2006. Rest skipped.	Guidance: Proposal 70 should be merged and shortened. I have my doubts about the usefulness / need of the table in 70 which explains the structure of a NACE code. In any case, if kept, we propose to add above the table : "**NACE codes are structured as follows**: ... " In the future digital tool the link to the Guidance and the Regulation should be provided trough a click through function in 24 e ii. It would be sufficient to simplify further 69/70 and only refer to the NACE Regulation as in principle every undertaking should know its NACE codes (in any case in Belgium as it has to be mentioned when registering / starting an undertaking).
G71 (ref **24 (e) v**.)	When reporting the number of **employees** under paragraph 24(e)(v), full-time equivalent (FTE) is the number of full-time positions in an undertaking. It can be calculated by dividing an employee's scheduled hours (total effective hours worked in a week) by the employer's hours for a full-time workweek (total hours performed by full-time employees). For example, an employee who works 25 hours every week for a company where the full-time week is 40 hours represents a 0,625 FTE (i.e. 25/ 40 hours).	Proposal : ~~"When reporting the number of **employees** under paragraph 24(e)(v),~~ **F**ull-time equivalent (FTE) is the number of full-time positions in an undertaking. It can be calculated by dividing an employee's scheduled **weekly** hours ~~(total effective hours worked in a week)~~ by the ~~employer's~~ hours for a full-time workweek (total hours **to be** performed by full-time employees). For example, an employee who works 25 hours every week for a**n** ~~company~~ **undertaking** where the full-time week is 40 hours represents a 0,625 FTE (i.e. 25/ 40 hours)."	FTE calculation. Guidance 71: Is confusedly drafted, in addition it does not only apply to paragraph 24 (e) (v) but also to para 39.
G72 (ref **24 (e) v**.)	Headcount is the total number of people employed by the undertaking at a given time.	Proposal : "Headcount is the total number of people employed by the undertaking at ~~a given time~~ **the beginning of the reporting period. "**	While the given definition is correct, it would be better to avoid discussions to be reformulated.
G73 (ref **24 (e) vii)**	When reporting on the country of primary operations and the location of significant assets under paragraphs 24(e)(vi) and (vii), the undertaking shall disclose this information for each of its **sites** using the table below:	Proposal : When reporting on the country of primary operations and the location of significant assets under paragraphs 24(e)(vi) and (vii), the undertaking ~~shall~~ **may** disclose this information for each of its sites using the table below:	It can and should not be the case that the table in 73 has to be used. Text to be changed.

G74 (ref **<u>24 (e) vii)</u>**	The geolocation of an undertaking is expected to be a valuable datapoint for stakeholders for the assessment of risks and opportunities connected to the SME, particularly in relation to the sustainability issues of **climate change adaptation**, water, ecosystems and biodiversity.	Proposal : ~~The geolocation of an undertaking is expected to be a valuable datapoint for stakeholders for the assessment of risks and opportunities connected to the SME, particularly in relation to the sustainability issues of **climate change adaptation**, water, ecosystems and biodiversity.~~	The Standard and the Guidance is not the place to justify the content of the datapoints. Should be skipped.
G75 (ref **<u>24 (e) vii)</u>**	The geolocation shall be provided in spatial points for single units or polygon points defining the boundaries of a larger, less unit-like **site**, such as a farm, mine or facility. The undertaking may also provide a cluster of points to allow for the easy identification of the concerned area. The spatial points shall be provided as coordinates, with five decimal places (e.g. 0° 00′ 0.036″).	Proposal : **<u>The undertaking may use web mapping tools (e.g. google maps, apple maps) to identify the coordinates of sites that it owns, leases or manages. The undertaking may also use any appropriate software tools or platforms to further establish the perimeter or area of larger sites.</u>** The geolocation shall be provided in spatial points for single units or polygon points defining the boundaries of a larger, less unit-like site, such as a farm, mine or facility. The undertaking may also provide a cluster of points to allow for the easy identification of the concerned area. The spatial points shall be provided as coordinates, with five decimal places (e.g. 0° 00′ 0.036″).	It should be logic that the information on where to find the tool to find the geolocation comes first in 75.
G76 (ref **<u>24 (e) vii)</u>**	When disclosing the geolocation of **sites** owned, leased, or managed, the undertaking shall include the coordinates of the sites in the table shown in paragraph 73. The undertaking may use web mapping tools (e.g. google maps, apple maps) to identify the coordinates of sites that it owns, leases or manages. The undertaking may also use any appropriate software tools or platforms to further establish the perimeter or area of larger sites.	Proposal: When disclosing the geolocation of sites owned, leased, or managed, the undertaking shall include the coordinates of the sites in the table shown in paragraph 73. ~~The undertaking may use web mapping tools (e.g. google maps, apple maps) to identify the coordinates of sites that it owns, leases or manages. The undertaking may also use any appropriate software tools or platforms to further establish the perimeter or area of larger sites.~~	It should be logic that the information on where to find the tool to find the geolocation comes first in 75.
G77 (ref 25)	In relation to paragraph 25, sustainability-related certification can include registered eco-labels from an EU, national or international labelling scheme, corresponding	Proposal: [...] ~~The undertaking may consult the EU Ecolabel Product Groups and Product Catalogue for further information~~.	We do not see the added value for an entrepreneur of mentioning and referring to the EU Ecolabel Product Groups and Product Catalogue for further information. These websites are only available

	to the main activity of an SME. For instance, the EU Ecolabel covers specific products, such as textiles and footwear, coverings (e.g. wood floor coverings), cleaning and personal care products, electronic equipment, or furniture. The undertaking may consult the EU Ecolabel Product Groups and Product Catalogue for further information.		in English and only contain the names of the products that have already an Ecolabel. As an Ecolabel is quite difficult to obtain, SME owners do not need the mentioned websites to know if their products have obtained an Ecolabel. In addition the VSME should not be used to give information about the Ecolabel. Last sentence should be skipped:

B 2 – Practices, policies and future initiatives for transitioning towards a more sustainable economy (Guidance 78-80)

26	If the undertaking has put in place specific practices, policies or future initiatives for transitioning towards a more sustainable economy, it shall state so. The undertaking shall state whether it has: (a) practices. Practices in this context may include, for instance, efforts to reduce the undertaking's water and electricity consumption, to reduce GHG emissions or to prevent pollution, and initiatives to improve product safety as well as current initiatives to improve working conditions and equal treatment in the workplace, sustainability **training** for the undertaking's workforce and partnerships related to sustainability projects;	Proposal: "If the undertaking has put in place specific practices, policies or future initiatives for transitioning towards a more sustainable economy, it shall state so. **In that case** **t**~~T~~he undertaking shall state whether it has: (a) ~~practices. P~~**p**ractices **which** in this context may include, for instance, efforts to reduce the undertaking's water and electricity consumption, to reduce G**reen**~~H~~**house** G**ases** **(GHG)** emissions or to prevent pollution, and initiatives to improve product safety as well as…	In order to make it clear that one has not to declare anything if there are no practices etc. in place, the first alinea of Para 26 should be redrafted as well as point a. It would also be better not to use acronyms at all in the Standard and to spell out terms (here GHG) when used for the first time. See also our comments on the Appendix A Defined terms – Greenhous Gases (GHG) and Gross greenhouse gas (GHG) emissions.
27	Such practices, policies and future initiatives include what the undertaking does to reduce its negative **impacts** and to enhance its positive impacts on people and the environment, in order to contribute to a more sustainable economy. Appendix B provides a list of possible sustainability issues that could be covered in this disclosure. The undertaking may use the template found in paragraph 78 to report this information.	Proposal: "~~Such practices, policies and future initiatives include what the undertaking does to reduce its negative impacts and to enhance its positive impacts on people and the environment, in order to contribute to a more sustainable economy~~. Appendix B provides a list of possible sustainability issues that could be covered in this disclosure. The undertaking may use the template found in paragraph 78 to report this information."	The first sentence of this para should be skipped as it is redundant as it repeats what is already mentioned in 26. The use of and the proposal of the template is to be welcomed. However the simple reference to Appendix B (list of possible sustainability issues) is not fit for SME owners, although it is only a suggestion. This Appendix is a long list of words without any further information or explanation about their exact meaning and scope and not apt for use by non-experts

		Proposal: needs more explanation / concrete examples. Proposal Information and examples should be provided what kind of process cause these emissions.	Also the simple enumeration of the GHG in Annex A is not adapted to the knowledge of an average citizen. While most people have an idea what is producing CO2, this is not the case for the other gases.
G78	78. Undertakings may use the following template to report on B2 datapoints. Are they publicly available? [YES/NO]	Proposal: Guidance title of 3rd column should be changed in : "Are **these policies** ~~they~~ publicly available", as in the Standard the "publicly availability" is not requested for.	
G80	In order to understand the sustainability issues that relate to social and human rights, refer to Appendix B for a list of possible sustainability issues. This list could help identify if the policies, practices or future initiatives are aimed at addressing negative human rights **impacts** in a comprehensive way or if they are limited to certain groups of affected stakeholders (for example, workers in the upstream **value chain**). As part of this disclosure undertakings may also disclose whether they have a process to address human rights related complaints.	Proposal: Last sentence: "~~As part of this disclosure undertakings may also disclose whether they have a process to address human rights related complaints.~~" Has to be skipped as this is a request in the Comprehensive Module C6. 61.	Last sentence has to be skipped as this is a request in the Comprehensive Module C6. 61.

Basic Module – Environment metrics

B3 – Energy and greenhouse gas emissions (Guidance 81-109)

29	Electricity (as reflected in utility billings) Fuels	Proposal: has to be added Electricity (other)" to report on e.g. self-generated electricity (e.g. solar, wind,…). Fuels (as reflected in utility bills)"	"as reflected in utility bills" has been added again only for electricity, not for the other energies, contrary to what has been proposed by C8. Utility bills and invoices should be sufficient to fulfill the data needs on energy (and most greenhouse gas emissions.) However in the table given as example under "Electricity (as reflected in utility bills)" there should be another line: "Electricity (other)" to report on e.g. self-generated electricity (e.g. solar, wind,…).
G81	Under paragraphs 29 and 30, the undertaking reports on its climate **impacts**, providing information about its energy use and	"This guidance for disclosure B3 does not constitute an additional datapoint to the disclosures described in paragraphs 29 (on	"This guidance for disclosure B3 does not constitute an additional datapoint to the disclosures described in paragraphs 29 (on energy consumption) and 30 (on GHG emissions) but rather reinstates an

	greenhouse gas emissions. This guidance for disclosure B3 does not constitute an additional datapoint to the disclosures described in paragraphs 29 (on energy consumption) and 30 (on GHG emissions) but rather reinstates an overarching objective and provides context for the Basic disclosure B3.	energy consumption) and 30 (on GHG emissions) but rather reinstates an overarching objective and provides context for the Basic disclosure B3. “. What is the meaning of this statement?	overarching objective and provides context for the Basic disclosure B3. “. What is the meaning of this statement?
G85	When preparing the information on energy consumption required under paragraph 29, the undertaking shall exclude feedstocks and fuels that are not combusted for energy purposes. The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures.	Proposal: ~~The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures.~~	States that feedstocks and fuels that are not combusted for energy purposes should not be included in the energy consumption to be reported on in 29. However it also states that this information can be disclosed “separately from the required disclosures”. This is confusing: 1. where should / can it be reported and 2. this seems in contradiction with what is mentioned in Guidance 81 that the Guidance does not constitute an additional datapoint. To avoid uncertainty, the second sentence of 85 should be better skipped.
G86-89		Proposal: As this does not belong to the normal knowledge of people and it can also vary, there are two suggestions to simplify: 1. The obligation for conversion to MWH is skipped. Preferred option. 2. The electronic tool will do the conversion automatically (for the different types of fuels). I have already suggested this in the EFRAG SME Forum where it has been welcomed by the Secretariat. Proposal: Again the Documentation Source referring to CDP Technical Note should be skipped (13 pages only in English) as not adapted to SMEs.	Guidance 86 – 89: Contains guidance on the conversion between the different energy units of fuels (including gas, biomass, wood, coal...) to be disclosed under para 29. According to **87** a conversion to MWh is necessary for data expressed in other units such as energy content (e.g. kJ, Btu), volume (e.g. litres, m³) or mass (e.g. metric tons, short tons). This conversion requires complex calculations for which for example the density of the fuel needs to be known.
30 G91-97	The undertaking shall disclose its estimated **gross greenhouse gas (GHG) emissions** in tons of CO2 equivalent (tCO2eq) considering the content of the GHG Protocol Corporate Standard (version 2004), including: (a) the Scope 1 GHG emissions in tCO2eq (from owned or controlled sources); and	Proposal: **Guidance 91- 97** should be drastically shortened or even better skipped and replaced by a link to this unique tool.	**30.** Concerning this paragraph 30, Guidance 81 explains “that undertakings are to report on their Scope 1 and Scope 2 emissions. Scope 1 GHG emissions cover direct emissions from owned or controlled sources. Scope 2 emissions are indirect GHG emissions resulting from the activities of the reporting company (as they derive from the undertaking’s consumed energy) which, however, occur at sources owned or controlled by another company.“

	(b) the **location-based Scope 2 emissions** in tCO2eq (i.e. emissions from the generation of purchased energy, such as electricity, heat, steam or cooling).		Data collection of emissions is really complex for a MSME. According to environmental legislation only a few sectors and enterprises are obliged to monitor their emissions. Calculation methods are very complex and external support (consultants) is most often needed. This is not acceptable, as it is costly and has to be avoided, especially in a voluntary standard as there is no legal obligation for SMEs to report. As mentioned already above, para 30 deals only with two datapoints but the Guidance fills 4 (four!) full pages, proof of the complexity of the exercise. This is way too complex for SME's. As for gross greenhouse gas emissions (GHG) arising from the undertaking's activities, the requirement in paragraph 30 builds on the definitions and rules of the GHG Protocol, the leading accounting standard for GHG emissions. While it is positive that the VSME did not went further, this is however a very technical standard, which will oblige the entrepreneur to get acquainted with it. This will need time and investment which has to be avoided. Indeed the Guidance refers to the Protocol see https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf but this is a PDF of more than 116 pages, only in English. Constant reference to all kinds of extensive external annexes is not what SMEs need. Entrepreneurs are not going to keep clicking through to external links or external documents, and if they do, they will give up when they see that they have to read through more than 110 pages! Reference should be made to simple freely available GHG calculation tools and that allow for a simple GHG emission estimate based on consumption data of gas, electricity, fuel oil, etc..... In the Guidance in paragraph 97 several tools are suggested for calculating GHG emissions. However the tools mentioned are not accompanied by a benchmark or explanation of the differences and their quality or output. They are very different from one to another, complex and only in English.[25]

[25] To illustrate a bit the content of the provided tools in the Guidance, herewith a short analysis: The first suggested tool (calculation tools and guidance by the GHG Protocol: https://ghgprotocol.org/calculation-tools-and-guidance) exist only in English and contains many different tools: Cross-sector tools; Country-specific tools; Sector-specific tools: Tools for countries and cities. So searching for the right one is already time-consuming. If you choose the cross sector tools: 9 different tools appear! If you open the first one Emission Factors 10 (!) excel worksheets appear that are not even adapted to the EU. This is not feasible for SMEs and unacceptable that this is presented as a tool for SMEs. In addition the "Disclaimer" states that the authors do not take up any responsibility for " any inaccuracies in numbers generated by the worksheets or variation between predictions and the actual results." The second suggested tool (only English and Spanish) (SME Climate hub: https://smeclimatehub.org/start-measuring/) is not available yet...The third one:

			Which one of these tools will fit a particular situation? There should have been given more explanation and help which tool to use in which situations. Besides this… suggesting different tools gives a certain risk. Big companies in the value chain may use other tools and companies may refer in their information requests and contracts to other (national) tools that fit better with their own calculations and methods and fit national standards in their own language. It should be prevented (as CO2 calculations are very complex) that SME's are forced to use more than one tool. As already requested: <u>**the Standard should provide for ONLY ONE TOOL, at European level that calculates the CO2 impact with a distinction between Scope 1 and 2 and made available for free by the public authorities which will ensure harmonised outcomes.**</u> If different tools can be used, there is the risk that the clients of the SMEs will request them to use different calculation tools which can lead not only to different outcomes, but will oblige SMEs to make different reports. This goes against the aim of the CSRD.
G107	As mentioned, CH4 and N2O emissions add around 1 tCO2e to the CO2 value of 301.5 tCO2, which amounts to about 0.3% of the total. This could be considered well within an acceptable reporting error and so could not have been calculated and reported. Global Warming Potentials for CH4 and N2O are derived from the IPCC's Sixth Assessment Report, Chapter 7SM9.	Proposal: Footnote 9 is not necessary and should be skipped to reduce unnecessary text as there is a link in the text to this document, which is by the way too complex.	Not understandable for an average reader.

B 4 - Pollution of air, water and soil (Guidance 110-133)

G110 (Ref 32)	Paragraph 32 establishes that the undertaking shall disclose the pollutants it emits to air, water and soil in its own	Proposal: ~~However, if the undertaking does not yet report such information (and is not legally~~	However <u>we cannot accept</u> with what is mentioned in the Guidance under para 110. This last sentence of 110 must be skipped. Argument: reduction of red-tape. This request is NOT mentioned in

(Only English) Business Carbon Calculator by Normative : not for free! The <u>fourth</u> one (English and German): Carbon Trust SME Carbon Footprint Calculator is apparently from a service provider, so not a tool that an SME can use itself, probably not for free. The <u>fifth</u> one: UK Business Climate hub (only in English of course...): refers to a webpage that contains 3 tools: 1. The SME Climate hub (see above) not available yet. 2. SME Carbon Footprint Calculator - Calculate your organisation's emissions - for small and medium-sized businesses. Seems easy to use but only in English. 3. Carbon Planner : is free to use for any UK businesses.

	operations if such information is already required to be reported by law to competent authorities or under an Environmental Management System. This means that the undertaking will first assess whether it already reports such information, either as a legal requirement or voluntarily. If it already reports information on pollutants emissions (or is legally required to do so), the undertaking will then provide further information on such emissions according to the requirements in paragraph 32. However, if the undertaking does not yet report such information (and is not legally required to do so), it is simply required to state this to be the case.	~~required to do so), it is simply required to state this to be the case.~~ Proposal: Guidance provided in 110-133 should be probably drastically shortened and simplified. It is also not acceptable that (again…) reference is made to documents that are not available in all EU languages.	the Standard and goes further than what is requested. Goes against the "if applicable principle". I have mentioned this in my comments to the TEG but apparently it was not taken up. In general the Guidance provided in 110-133 (more than 5 pages) is far too complex for those that have to report pollution. I have the impression that the information to be reported on following the Guidance is going further than what is mentioned in the Standard under 32. Also here the risk exist that some business partners will state that this datapoint is in the VSME so it is allowed to ask for it (also the SMEs who are not in the scope of para 32). Therefore it must be ensured, when defining the value-chain cap, datapoint 32 cannot be asked from SMEs not in the scope of 32.

B 5 – Biodiversity (Guidance 134-141)

33 & 34 & G141	33.The undertaking shall disclose the number and area (in hectares) of **sites** that it owns, has leased, or manages in or **near** a **biodiversity sensitive area**. 34.undertaking may disclose metrics related to **land-use**: (a) total use of land (in hectares); … 134. Paragraph 33 stipulates that the undertaking shall disclose the **sites** it operates in that are located in or **near biodiversity-sensitive areas**. Biodiversity sensitive areas are defined as such by special nature protection regulation at European or international level. These comprise areas belonging to the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas	33. Proposal: The undertaking shall disclose the number and area (in hectares **<u>or m²</u>**) of sites that it owns, has leased, or manages in or near **((partially) overlapping or adjacent to)** a biodiversity sensitive area. 34. Proposal: - undertaking may disclose metrics related to land-use: (a) total use of land (in hectares **<u>or m²</u>**); - How to report when an undertaking is located in shared buildings or on a floor (or several floors) in a building needs to be clarified in the Guidance. G 141. Proposal: the text inside the table should mention after "Previous year": "if different"	33 & 34. As most sites of SMEs are below 1 hectare, it should also be allowed to report the number of **<u>m²</u>** (in 33 and **in 34**) instead of hectares. This change should not be problematic as in the Guidance under **141** the table that shows how information on land-use may be presented mentions "Area (hectares <u>or m²</u>)". The possibility to report in **<u>m²</u>** should also be added in 34 (a). (I made already in vain written comments on this in the TEG…) "Near" has been defined in Guidance **136** as to be interpreted as "(partially) overlapping or adjacent to". This should be put in the Standard itself in the text of para 33. If it will not be put in the future Standard, this should, as this is important information, be put as first point in the Biodiversity Guidance. In addition these words need to be better defined, as it leaves still room for interpretation, but this is maybe a language issue. If it is not put in the Standard, "near" in the Standard should have a click trough function to the text in 136. 34. The metrics related to land-use are in principle easy to provide. It is in addition a "may" requirement.

	('KBAs') as well as other protected areas designated as requiring special protection by governmental authorities (e.g. forest-protected areas or areas lying within river basin districts). 135. To identify protected areas and **biodiversity sensitive areas**, the undertaking may refer to databases such as the World Database on Protected Areas (WDPA) (a global database to help identify marine and terrestrial protected areas), the World Database on Key Biodiversity Areas, and the IUCN Red List of Threatened Species. The undertaking may also use tools such as the Integrated Biodiversity Assessment Tool (IBAT). 136. **Near**, in the context of B5 – Biodiversity, shall refer to an area that is (partially) overlapping or adjacent to a **biodiversity sensitive area**. 141. The following table shows how information on how **land-use** may be presented. … **Documentation Sources:** *Data* *Documentation Source* EMAS Guidance EU Commission Regulation 2018/2026	~~**Documentation Sources:**~~ ~~*Data* *Documentation Source*~~ ~~EMAS Guidance EU Commission Regulation 2018/2026~~ G 134 & 135. Proposal: there should be **one updated source** that can be consulted. (Sites in Natura 2000 and KBA do not correspond; Natura2000 is outdated (2022!!; for Denmark 2017; Germany 2019). The future VSME should provide (for example trough a click trough function in the template and digital tool) a direct link to the national/regional biodiversity sensitive areas (eventual to be developed by the national/local authorities) **at PLOT-level**. The PLOT level is absolutely necessary to be able to see if ones' site is near or adjacent. The link to the site of 'Key Biodiversity Areas' is only in English which is not acceptable, not legal and in addition not detailed enough to be able to see if an undertaking site is near a sensitive area. In the Unesco link: for example for Belgium, the sites have nothing to do with biodiversity (for example Grand Place Brussels, Beguinages (and other urban Unesco protected areas)). More local specific information should be made available. It should also be clarified if also regional or national protected nature or woods fall under the definition of biodiversity-sensitive areas.	However it is not clear how to report when an undertaking is located in shared buildings or on a floor (or several floors) in a building. G141. As for most SMEs the land-use will not change often (or never) a table without the columns "previous year" and "% change" should be provided. In addition the actual table could give the impression that one has to give these data even if there are no changes, which is not necessary according to the "if applicable" principle. The Documentation sources referring to the EMAS Guidance should be skipped. It does not bring any additional information and gives the impression that it needs to be consulted, quod non. Para **134 and 135** which aim to give Guidance on how to identify sites in or near biodiversity sensitive areas are not sufficient ! The information on what is a biodiversity sensitive area and the references to public databases, provided in the Guidance para 134 and 135, are absolutely insufficient and too difficult for an average small and medium entrepreneur. The text leads also to the conclusion that there are different and thus diverging sources to define the biodiversity areas. This is not acceptable in a standard.
G138,	138. A **'sealed area'** is to be understood as an area where the original soil has been covered (e.g. roads, buildings, parking lots), making it impermeable and resulting in an **impact** on the environment.	G138. Proposal: It should be made clear that "sealed area" does not include for example a parking permeable with partially open materials. for example, grass boulders, grass concrete tiles, wood chips, shells or gravel	**Guidance 138**: The definition given of what is meant with "nature-oriented area" is not clear at all, not in the Guidance (139) and not in Appendix A, which is not surprising as it comes from the EMAS Regulation.

G138 & Appendix A	139. Green area or '**nature-oriented area**' is an area that primarily preserves or restores nature. Near natural/green areas may be located on the organisation's **site** and may include roofs, facades, water-drainage systems or other features designed, adapted or managed to promote biodiversity. Near-natural areas may also be located off the organisation's site if they are owned or managed by the organisation and primarily serve to promote biodiversity. Appendix A. Land-use (change) The human use of a specific area for a certain purpose (such as residential; agriculture; recreation; industrial, etc.). Influenced by land cover (grass, asphalt, trees, bare ground, water, etc). Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover.	but does include for example artificial grass as it is impermeable. G139. Proposal : **~~nature-oriented area~~**~~'~~ Appendix A: ~~Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover.~~	Maybe the "definition" can be skipped in 139 or the Appendix in order to reduce text. Also the reference to the Documentation Sources: EMAS Regulation on the Commission website should be skipped. EMAS cannot be considered as useful guidance for SMEs. It makes no sense to refer to such a complex document here that in addition is only available in English. It brings no added value. In Appendix A 'Defined terms' in the definition of 'Land-use', the sentence "Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover" should be skipped as it is not relevant. The word "Land-use change" does indeed not appear in the draft Standard.
G140	When disclosing according to paragraph 34, the undertaking shall not only consider local **impacts** but also direct and indirect impacts on biodiversity (e.g. through raw material extraction, procurement, supply chain, production and products, transportation and logistics, and marketing and communications).	140. ~~When disclosing according to paragraph 34, the undertaking shall not only consider local~~ **~~impacts~~** ~~but also direct and indirect impacts on biodiversity (e.g. through raw material extraction, procurement, supply chain, production and products, transportation and logistics, and marketing and communications).~~	Proposal: Para 140 should be skipped as there is no **basis nor justification for in the Standard. In addition para 34 does not request at all to report on impact.** It was part of the consultation documents. It is not feasible for SMEs.
G141	The following table shows how information on how **land-use** may be presented. … The following table shows how information on how **land-use** may be presented.	Proposal: the text inside the table should mention after "Previous year": "if different" The Documentation sources referring to the EMAS Guidance should be skipped.	Cf. accordance with our proposal made on para 12. The Documentation sources referring to the EMAS Guidance does not bring any additional information and gives the impression that it needs to be consulted, quod non.

B6 – Water (Guidance 142-158)

35 G142	35. 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. 142. **Water withdrawal** relates to the amount of water an undertaking draws into its organisational boundaries from any source during the reporting period. In practice, for most undertakings this relates to the amount of water taken from the public water supply network as indicated in the utility bills. However, where applicable, water withdrawal also includes amounts of water taken from other sources such as groundwater from own wells, water taken from rivers or lakes or water received by other undertakings. In the specific case of undertakings operating in agriculture, water withdrawal would include rainwater if collected directly and stored by the undertaking.	35. Proposal: It should be mentioned that when the undertaking is only using water from a public network and has an utility bill, it is not necessary anymore to read the rest of the Guidance on B6 (with the exception on the Guidance on water-stress areas). In the digital tool this could also be taken into account. 35. Proposal: It would be recommendable to formulate in the beginning of the Standard a warning that “Despite efforts to use plain language, some words do not have the same meaning as in the daily use. For a correct interpretation of the Standard the Guidance and the Defined Terms should be consulted.” 35. Proposal: Consequently “If available” should be added at the end of Para 35.	35. For the majority of SMEs B6 will be easy to report on as the data to provide will be the amount of water they have to pay for as mentioned in their utility bills. It is very positive that this is clearly mentioned in the Guidance (142 and 143). To make it even more easier and reduce time for the majority of entrepreneurs, it should be mentioned that when the undertaking is only using water from a public network and has an utility bill, it is not necessary anymore to read the rest of the Guidance on B6 (with the exception on the Guidance on water-stress areas). Although the used terms (water withdrawal and water consumption) are correctly explained in the Guidance and Appendix A, the content of B6 is not very clear as the used terms do not correspond with the daily use and understanding of the words, especially “water consumption”. The text of the Standard (para 35) and the Guidance is not clear about the frequent situation of an undertaking, located in an area of high water stress, that is also obliged to report separately its amount of water when it is taken only from a public water supply network. This water comes often from far away, outside the area of high water stress. The same question remains when the water from a public supply network is withdrawn in an area of high water stress, while the undertaking is not located in such an area. In addition the origin of the water provided by public supply networks do not give any information about the origin.
G148-149	148. An additional possible source that could support the reporting of **water withdrawal** for undertakings operating in shared offices is the JRC Level(s) indicator 3.1: Use stage water consumption user manual as well as additional related documents and calculation sheets (see PG Section Documents | Product Bureau (europa.eu)). Furthermore, the undertaking could consult EMAS Reference Document for the Public Administration sector and EMAS Reference Document for the Construction sector as well as rating	148-149. Proposal: there should be no reference to EMAS in the VSME as it is too complicated for SMEs.	148. B6 refers only to water withdrawal at the undertakings’ site. Consequently water usage by a construction undertaking on the construction site itself should not be reported. (Even if the EMAS document for the construction sector would require it!! See the referred documentation: Water withdrawal in SMEs - EMAS “easy” for small and medium enterprises. This document does not give any additional information about the calculation.) As already stressed this example shows that there should be no reference to EMAS in the VSME as it is too complicated for SMEs.

	systems like the National Australian Built Environment Rating System (NABERS) and certifications like the Building Research Establishment Environmental Assessment Method (BREEM), the Leadership in Energy and Environmental Design (LEED) and the German Sustainable Building Council (DGNB) System for Buildings In Use, which might provide useful indications in their methodologies on how to further refine the calculation for water withdrawal in offices and shared spaces.		
G156-158	156. The undertaking can consult local (e.g. national, regional) water authorities of the place(s) it operates in to inform its assessment of water resources for the specific location(s), including the identification of areas of high-water stress. The undertaking can also consult publicly available and free tools that map out water scarcity globally. One such tool is the WRI's Aqueduct Water Risk Atlas, which provides an interactive map of a water stress indicator (the 'baseline water stress', which measures the ratio of total water demand to available renewable surface and groundwater supplies) at sub-basin level. With the help of this tool, undertakings can consult the water stress baseline set for different river basins globally. Values of the baseline water stress indicator above 40% indicate an area of high-water stress.	G156-158 Proposal: As para 35 also asks to present separately the amount of water withdrawn at sites located in areas of high water-stress, the Guidance on "high water-stress areas" (Guidance for determining whether the undertaking operates in an area of high-water stress 156-158) should come immediately after 142-143, followed by Guidance 155 that present an example on how undertakings may present the data requested in 35. G156. Proposal: Areas of high water-stress" : Most probably what is meant here is that the amount of water pumped by an undertaking from such an 'area of high water-stress' should be mentioned separately as well as the water supplied by the public water supply network. One should provide a detailed map that indicate which ones fall in an area of high water-stress.	"Areas of high water-stress" is European jargon, it will have to be clarified (156) what that means in the local context relevant for the SME entrepreneur.

G157	By way of illustration, the map below shows the main Iberian River basins and their water stress classification according to the WRI Aqueduct.	Proposal. The Guidance and the digital tool should refer to a website were the undertaking can check its water stress situation at **PLOT level**. Text and the illustration of a map of Spain with water stress regions should be skipped. Reference to WRI should also be skipped in "Documentation Sources"	The Guidance and the digital tool should refer to a website were the undertaking can check its water stress situation at **PLOT level**. This is not the case with the WRI's Aqueduct Water Risk Atlas. Text and the illustration of a map of Spain with water stress regions should be skipped as it does not add any useful information for non-Spaniards . Reference to WRI should also be skipped in "Documentation Sources". Skipping will reduce length of Guidance.
G158	Other possible tools that undertakings can consult to determine their location in water stressed areas are the static map (and related dataset) provided by the European Environment Agency (EEA) Water Exploitation Index plus (WEI+) for summer and Urban Morphological Zones (UMZ) and the interactive map Water exploitation index plus (WEI+) for river basin districts (1990-2015), both presenting the water stress indicator WEI+ that measures total water consumption as a percentage of the renewable freshwater resources at sub-basin level. WEI+ values equal or greater than 40% generally indicate situations of high-water stress. It is worth underlining that WRI Aqueduct bases its baseline water stress indicator on water demand, while the EEA indicator of water stress WEI+ is based on water consumption.	Proposal. The Water Exploitation Index plus (WEI+) for summer and Urban Morphological Zones (UMZ) has to be skipped. The reference to the "Water exploitation index plus (WEI+) for river basin districts (1990-2015)" has to be skipped.	Proposal. The Water Exploitation Index plus (WEI+) for summer and Urban Morphological Zones (UMZ) which is referred to is not fitted as it needs to be searched and it does not give immediate access to the necessary information (i.c. water stress at PLOT level). The reference to the "Water exploitation index plus (WEI+) for river basin districts (1990-2015)" is completely useless and outdated as it only gives the situation until 2015. Skipping will reduce length of Guidance. The proposed texts to be skipped in B6 will reduce in total the Guidance with one page without any loss of relevant information!
G144-149		Proposal: para 144 - 149 should be skipped. Alternatively, a list of averages has to be provided on the basis of the number of people working in the office.	The guidance is too complex and not proportionate. It obliges to calculate the water withdrawal per employee but does not take into account the entrepreneur, consequently his/her water withdrawal is not important So as such the suggested calculation is not correct. We also are of the opinion that there must be somebody who receives the utility bill (e.g. the owner of the building) and that this person will pass-on part of the bill, which can be used to report on. If this is not the case the amount of water withdrawal is probably neglectable. Para 148 refers to nearly ten different ways to report on water withdrawal in shared offices. These will probably lead to different results, which leads to the conclusion that the exact amount is not that important, especially not in micro and small enterprises). The time to read these

		Proposal: estimations and industry standards have to be developed and provided at sector level.	documentation and doing the calculation is not proportionate to the amount of water withdrawn. It has to be mentioned that the water consumption in the case of undertakings that use their own water sources (water pumped) do often not have meters and thus cannot calculate it. Also here estimates should be made available (especially in the agricultural sector).
G152	**Water consumption** can therefore be calculated as: Water consumption = Water Inputs – Water Outputs or in other words: Water consumption = (Water withdrawal) – Water discharges. For undertakings that solely withdraw water from the public water network and discharge it into the sewer, water consumption will be close to zero and can therefore be omitted from the report. More broadly, the applicability of the disclosure requirement on water consumption relates to information already requested by law, already reported, and/or appropriate for the sector.	Proposal : "More broadly, the applicability of the disclosure requirement on water consumption relates to information already requested by law, already reported, and/or appropriate for the sector." Is the situation the same in all Member States. If not, this statement can be misleading and should be corrected.	This additional datapoint on water (Guidance 150 -155) applies only to undertakings that have production processes in place which significantly consume water (e.g. thermal energy processes like drying or power production, production of goods, agricultural irrigation, etc.), These undertakings have to disclose their **water consumption** calculated as the difference between its water withdrawal (water input) and water discharge from its production processes (output). Examples of water discharge (given in 151) : in lakes or rivers, public sewer, or to other companies for cascading water use. Guidance 152 mentions that undertakings that solely withdraw water from the public water network and discharge it into the sewer, water consumption will be close to zero and can therefore be omitted from the report. This will exempt a lot of SMEs to report on this datapoint. We have our doubts on the correctness of what is stated further in 152 that "More broadly, the applicability of the disclosure requirement on water consumption relates to information already requested by law, already reported, and/or appropriate for the sector." Is the situation the same in all Member States. If not, this statement can be misleading and should be corrected.
G153	A schematic view of the relationship between **water withdrawal**, **water consumption** and water discharge can be seen in the image below.	Proposal. The schematic view should be skipped.	The schematic view does not provide any additional information to understand the relationship between water withdrawal, consumption and discharge and should consequently be skipped.

B7 – Resource use, circular economy and waste management (Guidance 159 - 174)

G153	A schematic view of the relationship between **water withdrawal**, **water consumption** and water discharge can be seen in the image below.	Proposal. The schematic view should be skipped.	The schematic view does not provide any additional information to understand the relationship between water withdrawal, consumption and discharge and should consequently be skipped.
37 – G167	The undertaking shall disclose whether it applies **circular economy principles** and, if so, how it applies these principles.	Proposal. The problem persist that enterprises might not always have the data requested.	Guidance 167 provides the respective pictograms to help identifying hazardous properties. The problem persist that enterprises might not always have the data requested. Often construction waste is removed by disposal contractors or the building contractor. Thus, enterprises who just perform one part of the construction do not know the waste amount. As this can probably be solved through a request in the contract between the parties, the Guidance should draw attention to this.

<u>Basic Module – Social metrics</u>

39-42	Basic Module – Social metrics	Proposal: It should be mentioned and added in the title: "only applicable to undertakings with personnel". The digital tool should also take this into account meaning that if in the digital tool the information provided in para 24 (e) i. and / or v. has not been filled in and thus if it is an undertaking with no personnel, consequently this part should not appear.	General Remark: B8, 9 and 10 (para 39-42) do not apply to one person undertakings and thus do not need to be filled in by these undertakings.
39	The undertaking shall disclose the number of **employees** in headcount or full-time equivalent for the following metrics: (a) type of employment contract (temporary or permanent); (b) gender; and	Proposal: In any case "<u>If applicable</u>" has to be added Proposal: to skip the gender disclosure. if kept, we would suggest to add "as communicated by the employee to the employer" Proposal: Need for application of "once only principle" and "click-through" function,	In any case "<u>If applicable</u>" has to be added as also self-employed with no personnel are in the scope of the VSME and also to avoid that they have to declare "0". There is no problem to provide this information, but it is normally already reported according to other obligations. The gender disclosure seems to us not necessary. Of kept, we would suggest to add "as communicated by the employee to the employer" to

	(c) country of the employment contract, if the undertaking operates in more than one country.	making the link to other documents/sites where this information is already publicly available. A suggestion for the future digital template to be developed could be that in the beginning of the report the undertaking should indicate if it has subsidiaries in other countries. If you click 'yes', automatically questions dealing with this situation (such as **39** should automatically appear. If one does not reply "yes", these questions should not appear.	avoid discussion on this issue or in any case to add this in the Guidance.
G175	175. Full-time equivalent (FTE) is the number of full-time positions in an undertaking. It can be calculated by dividing an **employee**'s scheduled hours (total effective hours worked in a week) by the employer's hours for a full-time workweek (total hours performed by full-time employees). For example, an employee who works 25 hours every week for a company where the full-time week is 40 hours represents a 0,625 FTE (i.e. 25/ 40 hours).	Proposal : (same as in Guidance 71 concerning paragraph 24 (e) v.) "Full-time equivalent (FTE) is the number of full-time positions in an undertaking. It can be calculated by dividing an employee's scheduled **weekly** hours ~~(total effective hours worked in a week)~~ by the ~~employer's~~ hours for a full-time workweek (total hours **to be** performed by full-time employees). For example, an employee who works 25 hours every week for a**n** ~~company~~ **undertaking** where the full-time week is 40 hours represents a 0,625 FTE (i.e. 25/ 40 hours). "	FTE is confusedly drafted
40	If the undertaking employs 50 or more **employees**, it shall disclose the employee turnover rate for the reporting period.	Proposal: has to be skipped Proposal: In the Guidance: information is missing on how to calculate the average number of employees during the reporting year.	The requested "employee turnover rate over the report period" is not an objective information. In small enterprises, the Employee Turnover Rate figure can, aside from governance reasons, be strongly subjected to personal reasons of employees (changes in private life or preference e.g.). This is out of the entrepreneurs influence and therefore should not be requested. Already some few job changes can decisively downgrade the figure. There is no added value in the answers to para 40 as they are not related to sustainability. An additional argument is that it does not contribute to transparency. Indeed the turnover rate will be a number that does not reveal anything for a normal reader, for example the number 4 as turnover rate can mean 2 workers that died in an undertaking of 50; or 2 that left voluntary; or that moved to another city ; or two that were fired for theft; or 4 that died in an undertaking of 100 or 4 that left voluntary… Is rate 4 good or bad? One cannot

			give a motivated explanation or evaluation from the requested rate.

B 9 – Workforce – Health and safety (Guidance 184 -191)

41	The undertaking shall disclose the following information regarding its **employees**: (a) the number and rate of **recordable work-related** accidents; and (b) the number of fatalities as a result of work-related injuries and work-related ill health.	41.a. Proposal: "If applicable" has to be added as also self-employed with no personnel are in the scope of the VSME. See also our proposal for the digital tool as mentioned under 39. Proposal: this information should be skipped. At the very least, it should be clarified that this refers only to serious workplace accidents	41.a. "If applicable" has to be added as also self-employed with no personnel are in the scope of the VSME. See also our proposal for the digital tool as mentioned under 39. We have strong reservations to include these metrics in the VSME based on the following arguments. This information will vary a lot between sectors and / or activities due to the fundamental difference in accident risks (physical activities - seated activities). This is why this information would only be relevant and objectively comparable <u>within the same sector</u> and should thus not feature in this sector-agnostic reporting standard. Also, no distinction is made between minor and serious workplace accidents. At the very least, it should be clarified that this refers only to serious workplace accidents. A 'minor accident' could then be defined as "an accident that resulted in neither loss of wages nor disability (temporary or permanent) for the victim, but only required care that was administered immediately after the accident at the place of performance of the employment contract." In addition, the concept of an accident at work or work-related ill health is legally defined in each country by the insurance system that compensates claims. Definitions vary widely from one country to another. The more demanding the country in terms of obligations, the more the local insurance system accepts a broad and "generous" definition of accident and illness, the more easily it accepts to recognise declared accidents and illnesses, the more it compensates them, and the "worse" the undertakings' "results". In other words, the more favourable the system is to victims, the worse the statistical results of undertakings will be.

		41.b. Proposal to delete “and work-related ill health” in 41(b.)	41 (b). There is the problem that undertakings cannot prompt information on confidential health consequences from work related-ill health, whose interpretation needs medical expertise. Requesting undertakings to disclose the ”number of fatalities as a result of work-related ill health” would mean making the undertaking to disclose information out of their expertise. We ask to delete “and work-related ill health” in 41(b.)
G184	Based on the assumption that one full-time worker works 2,000 hours per year, the rate indicates the number of work-related accidents per 100 full-time workers over a yearly time frame. If the undertaking cannot calculate directly the number of hours worked, it may estimate this on the basis of normal or standard hours of work.	Proposal: At least commuting accidents should be excluded as the employer has no impact at all on it and they are not at all linked with the activity of the undertaking. Proposal: If our requests are not taken into account, it will be necessary and essential to foresee in the report template in any case that the disclosure of the required information will be preceded by a formal warning to the reader/user pointing out on those two issues (sector relation and that the definition can vary). Proposal: We also strongly advocate to apply the ‘once only principle’ as in some countries some undertakings have already to report on workplace accidents Proposal: in any case only the number of recordable work-related accidents should be asked and not also the rate.	<u>Guidance 184</u> takes the rate per 100 full time workers over a yearly timeframe as reference while they only constitute only less than 2% of all European enterprises. This cannot be a reference in a SME standard. At least commuting accidents should be excluded as the employer has no impact at all on it and they are not at all linked with the activity of the undertaking. ‘Commuting accidents’ have nothing to do with sustainable business practices (bicycle accidents that lead to absences certainly occur more than car accidents, but bicycles are more sustainable). As the national legislations vary on this point, for reasons of comparability commuting accidents should not be included, as this is an internal market directive and furnish comparable data. If our requests are not taken into account, it will be necessary and essential to foresee in the report template in any case that the disclosure of the required information will be preceded by a formal warning to the reader/user pointing out on those two issues (sector relation and that the definition can vary). If this warning is not included, the information disclosed may be misleading and unreliable. We also strongly advocate to apply the ‘once only principle’ as in some countries some undertakings have already to report on workplace accidents (E.g. In Belgium through the annual report of the internal service for prevention and protection at work and minor accidents do not have to be reported…) In any case only the number of recordable work-related accidents should be asked and not also the rate. In the example given in the Guidance, 3 accidents give a rate of 7.5. For somebody who does not know the formula, 7.5 seems

			very high. As mentioned already under 40, one cannot give a motivated explanation or assessment of the requested rate. The rate gives no additional information, and those interested in the rate (the users) can calculate it themselves.

B 10 - Workforce – Remuneration, collective bargaining and training (Guidance 192 - 205)

42.	The undertaking shall disclose: (a) whether the **employees** receive **pay** that is equal or above applicable minimum **wage** for the country it reports in, determined directly by the national minimum wage law or through a **collective bargaining** agreement; (b) the percentage gap in **pay** between its female and male **employees**. The undertaking may omit this disclosure when its headcount is below 150 employees noting that this threshold will be reduced to 100 employees from 7 June 2031; (c) the percentage of **employees** covered by **collective bargaining** agreements; and (d) the average number of annual **training** hours per **employee**, broken down by gender.	Proposal: "If applicable" has to be added to the title 42, b) Proposal **<u>in case the undertaking has more than 150 employees</u>**, the percentage gap in **pay** between its female and male **employees**~~. The undertaking may omit this disclosure when its headcount is below 150 employees~~ noting that this threshold will be reduced to 100 employees from 7 June 2031; 42(d). Proposal: to delete the words: "broken down by gender".	**<u>42.</u>** "If applicable" has to be added as also self-employed with no personnel are in the scope of the VSME. We see here the biggest problems for our undertakings, as this creates pressure to overpay compared to the collective bargaining agreement. Of course, since many countries do not apply a collective bargaining agreement, the picture here is distorted. **<u>42 (b)</u>** as the actual formulation can mislead undertakings below 150 employees, we suggest to formulate it clearer; **<u>42(d).</u>** Breaking down the average number of annual training hours by gender is not relevant, especially in some sectors where the number of male employees is much higher than the one of women employees, e.g. in construction. Furthermore undertakings usually organise training based on the employees' tasks.

<u>Basic Module – Governance metrics</u>

B11 – Convictions and fines for corruption and bribery (Guidance 206-209)

43.	43. In case of convictions and fines in the reporting period, the undertaking shall disclose the number of convictions, and the	Proposal: Skipp content of 43 and replace it by:	**<u>43.</u>** Data shows that 34 % of SMEs see corruption and bribery as a serious problem. The actual datapoint will only be relevant for an extremely tiny minority of undertakings. Moreover we insist on

	total amount of fines incurred for the violation of anti-corruption and anti-bribery laws. 206. **Corruption** and bribery fall under the **business conduct** sustainability issue. 207. Under paragraph 43, the undertaking shall report on the total number of convictions and the total amount of fines incurred for violating anti-corruption and anti-bribery laws. 208. Convictions for the violation of anti-corruption and anti-bribery laws refer to any verdict of a criminal court against an individual or undertaking in respect of a criminal offence related to **corruption** and bribery, for example where these court decisions are entered in the criminal record of the convicting European Union Member State.	"**<u>B 11 Corruption and bribery.</u>** **43. The undertaking shall disclose if and which policy or code of conduct it has in place on corruption and/or bribery."** 206. Proposal: to be skipped. 207. Proposal: to be skipped. 208. Proposal: to skip "for example", if datapoint 42 is kept as it is in the Standard. If not kept, 208 and 209 should be skipped in their integrality. 209. Proposal: cf. above **Appendix A:** It has to be noted that "bribery" has not been taken up in Appendix A - Defined terms. We wonder if the definition of "corruption" given in Appendix A covers the different national legal definitions.	the respect for the legal principle that <u>if a conviction has to be made public, a court has to order this</u>, and thus it cannot be requested by a voluntary Standard. If it is really important information for the business partner/bank/investor to know, the SME can always be asked to provide this information bilaterally and confidential, but the publication is not necessary. This datapoint starts also from the presumption that the SMEs are the perpetrator, while on the contrary in reality they are most of the time the victim of corruption and bribery. Therefor this datapoint should focus on positive actions by SMEs. But most toolkits to help undertakings are not tailored to SMEs. For an SME, there are no off-the-shelf solutions to express its responsibility towards corruption practices. Any SME approach must reflect the personality of the company manager, the company culture and the specifics of its activity sector. It should also be proportionate to the resources of the SME. We recommend to replace it by the undertaking shall disclose if and which policy or code of conduct it has in place on corruption and/or bribery. Guidance 206 states that "Corruption and bribery fall under the business conduct sustainability issue." We do not see the added value of this sentence. Consequently it should be skipped. **<u>Guidance 207</u>**: Should be skipped as it is simply repeating the content of para 43 of the Standard and does not bring any additional information or explanation. **<u>Guidance 208</u>**: We do not see the utility of "for example where these court decisions are entered in the criminal record of the convicting European Union Member State." and especially the words " for example" in the Guidance 208. Proposal: to skip "for example", if datapoint 42 is kept as it is in the Standard. If not kept, 208 and 209 should be skipped in their integrality. It has to be noted that "bribery" has not been taken up in Appendix A - Defined terms. We wonder if the definition of "corruption" given in Appendix A covers the different national legal definitions.

G210	The guidance below is intended as part of an ecosystem that will include also the development of further support guidance by EFRAG, further digital tools and implementation support (educational activities, stakeholders' engagement and so forth), aiming to facilitate some of the technical elements present in the guidance.	Proposal: the word "ecosystem" should be skipped here and for a better understanding replaced by a plain English word or description as it is nowhere explained	the word "ecosystem" should be skipped here and for a better understanding replaced by a plain English word or description as it is nowhere explained (see also 66).

Comprehensive Module – General Information

C1 – Strategy: Business Model and Sustainability – Related Initiatives (Guidance 212)

47	The undertaking shall disclose the key elements of its business model and strategy, including: (a) a description of significant groups of products and/or services offered; (b) a description of significant market(s) the undertaking operates in (such as B2B, wholesale, retail, countries); (c) a description of main business relationships (such as key suppliers, customers distribution channels and **consumers**); and (d) if the strategy has key elements that relate to or affect sustainability issues, a brief description of those key elements.	47. d. Proposal : Any reference to "strategy" in title of C1 should be skipped as well as point 47 (d) in its entirety.	47. d. There is asked for the "disclosure of 1. the key elements of the undertaking's strategy and 2. a brief description of those key elements -if any- that relate to or affect sustainability issues". More Guidance should be given on what could be mentioned under 47 d. if the strategy has key elements that relate to or affect sustainability issues, a brief description of those key elements. This should be part of the implementation support of EFRAG as mentioned and announced in Guidance 210. It is not clear and nowhere explained what "strategy" means, in addition the strategy of an undertaking can be considered as a business secret. We also do not see how the key elements related to or affect sustainability issues could bring additional information or are different from the information requested in C2 "Description of practices, policies and future initiatives for transitioning towards a more sustainable economy". Any reference to "strategy" in title of C1 should be skipped as well as point 47 (d) in its entirety.

C2 – Description of practices, policies and future initiatives for transitioning towards a more sustainable economy (Guidance 213)

48	The undertaking shall disclose the key elements of its business model and strategy, including: (a) a description of significant groups of products and/or services offered; (b) a description of significant market(s) the undertaking operates in (such as B2B, wholesale, retail, countries); (c) a description of main business relationships (such as key suppliers, customers distribution channels and **consumers**); and (d) if the strategy has key elements that relate to or affect sustainability issues, a brief description of those key elements.	47. d. Proposal : Any reference to "strategy" in title of C1 should be skipped as well as point 47 (d) in its entirety.	47. d. There is asked for the "disclosure of 1. the key elements of the undertaking's strategy and 2. a brief description of those key elements -if any- that relate to or affect sustainability issues". More Guidance should be given on what could be mentioned under 47 d. if the strategy has key elements that relate to or affect sustainability issues, a brief description of those key elements. This should be part of the implementation support of EFRAG as mentioned and announced in Guidance 210. It is not clear and nowhere explained what "strategy" means, in addition the strategy of an undertaking can be considered as a business secret. We also do not see how the key elements related to or affect sustainability issues could bring additional information or are different from the information requested in C2 "Description of practices, policies and future initiatives for transitioning towards a more sustainable economy". Any reference to "strategy" in title of C1 should be skipped as well as point 47 (d) in its entirety.
G213	Undertakings may use the following template to report on C2 datapoints. …	Proposal: The word "**ecosystems**" has to be skipped in the table in 213 under "Biodiversity and Ecosystems", Proposal: The words "**and Marine Resources**" should be skipped	The word "**ecosystems**" has to be skipped in the table in 213 under "Biodiversity and Ecosystems", as it is a remnant of the January 2024 and later versions, but it does not figure anymore in the text of the Standard. Consequently it should be skipped. Also the words "**and Marine Resources**" should be skipped as nowhere in the VSME "Marine Resources" have been mentioned. We do not object against reporting on it but those who can are aware of the issue and can decide to report on it (see datapoint 10).
Appendix A	Employees who are in an employment relationship with the undertaking ('employees') and non-employees who are either individual contractors supplying labour to the undertaking ('self-employed people') or people provided by undertakings primarily engaged in 'employment activities' (NACE Code N78). • Worker in the value chain	Appendix A. Own workforce/own workers & Worker in the value chain. Proposal: to skip "non-employees"	The notion "non-employees" does not figure anymore in the text of the Standard as result of the lobby in the TEG and agreed in TEG and Board. However the term is still mentioned in 'Annex A - Defined terms' to define "Own workforce/own workers". It should be skipped there as a consequence of the compromise obtained in the TEG. If it stays there the definition of own workforce/own workers will be too wide and include all self-employed who are working for another company, which is not acceptable. Same remark for definition of "worker in the value chain".

	An individual performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with the undertaking. In the ESRS, the scope of workers in the value chain include all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted by the undertaking. This includes impacts that are connected to the undertaking's own operations, and value chain, including through its products or services, as well as through its business relationships. This includes all workers who are not in the scope of 'Own Workforce' ('Own Workforce' includes people who are in an employment relationship with the undertaking ('employees') and non-employees who are either individual contractors supplying labour to the undertaking ('self-employed people') or people provided by undertakings primarily engaged in employment activities (NACE Code N78).		

Comprehensive Module – Environmental Metrics

Consideration when reporting on GHG emissions under B3 (Basic Module)

50-53, G215	50. Depending on the type of activities carried out by the undertaking, disclosing a quantification of its Scope 3 GHG emissions can be appropriate (see paragraph 10 of this Standard) to yield relevant information on the undertaking's **value chain impacts** on climate change. 51. Scope 3 emissions are **indirect GHG emissions** (other than Scope 2) that derive from an undertaking's **value chain**. They include the activities that are upstream of the	50-53. Proposal. **should be skipped, as well as any reference to Scope 3 in the VSME. An alternative could be that there will be an interdiction to ask Scope 3 data from SMEs when the value-chain cap will be defined.** 215. Proposal. The CDP is only available in English which is not acceptable	**50**. This datapoints mentions some considerations on when disclosing Scope 3 GHG emissions can be appropriate. It states that it depends on the type of activities of the undertaking if it is relevant to report on the value chain impacts on climate change. Positive in this statement is that it accepts that it is not necessary for all SMEs and it does not generalise, meaning that even in certain sectors it leaves the evaluation to the entrepreneur or the ones upstream of the SME (large company, bank,…). However, as the VSME will be the cap, Para 10 and 50 will give large enterprises a reason to ask Scope 3 data from their SME-providers. So while it was intended to give a possibility to SMEs it will become an obligation for them. As it is a mainly sectoral issue

	undertaking's operations (e.g. purchased goods and services, purchased capital goods, transportation of purchased goods, etc.) and activities that are downstream of the undertaking's operations (e.g. transport and distribution of the undertaking's products, use of sold products, investments, etc.). 52. If the undertaking decides to provide this metric, it should refer to the 15 types of Scope 3 GHG emissions identified by the GHG Protocol Corporate Standard and detailed by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. When it reports on Scope 3 GHG emissions, the undertaking shall include significant Scope 3 categories (as per the Corporate Value Chain (Scope 3) Accounting and Reporting Standard) based on its own assessment of relevant Scope 3 categories. Undertakings can find further guidance on specific calculation methods for each category in the GHG Protocol's Technical guidance for Calculating Scope 3 Emissions. 53. When reporting its Scope 1 and Scope 2 emissions, if the undertaking discloses entity-specific information on its Scope 3 emissions, it shall present it together with the information required under B3 – Energy and greenhouse gas emissions. 215. SMEs operating with manufacturing, agrifood, real estate construction and packaging processes are likely to have significant Scope 3 categories (CDP, 2024), which may be considered relevant for reporting in the undertaking's sector.		and as there will be no sectorial standards anymore, this request is not proportionate, especially as Scope 3 is burdensome for SMEs as they have to rely on external datasets. As in the VSME is was accepted as possibility, it also means that the ESRS does not impose it. **Consequently 50-53 should be skipped, as well as any reference to Scope 3 in the VSME. An alternative could be that there will be an interdiction to ask Scope 3 data from SMEs when the value-chain cap will be defined.** **Guidance 215** states: "SMEs operating with manufacturing, agrifood, real estate construction and packaging processes are likely to have significant Scope 3 categories (CDP, 2024), which may be considered relevant for reporting in the undertaking's sector. " So it is limiting substantially the list of reporting undertakings. **However the CDP is only available in English and the Standard itself only in English, French and Spanish, which is not acceptable.** **51**. Gives a concise general understandable definition of what Scope 3 emissions entail: the indirect GHG emissions from the undertakings **up- and downstream** value chain. **52**. Recommends to use the GHG Protocol standard which "supplies the world's most widely used greenhouse gas accounting standards and guidance". Positive is that it refers to one standard to be used but this is a very technical standard, it will request from an average SME owner a lot of preparatory study, efforts and time…. We are of the opinion that t**he VSME should be limited to scope 1 and 2 only.** Most SMEs will not be able to get this information downstream/upstream from their partners. Most SME retailers will somehow be in some kind of high climate impact sectors. For example Scope 3 is not possible for a local supermarket or even other shops as they have up to 20.000 products in the store. **The text of the Yale university on the GHG Protocol also states that it is difficult to obtain and calculate Scope 3 emissions**. Alternative proposal: Interdiction to ask for Scope 3 information and in any case additional simplified high quality guidance to be provided in all EU languages.

C3 – GHG reduction targets and climate transition

55-56	55. If the undertaking that operates in high climate impact sectors[6] has adopted a transition plan for climate change mitigation, it may provide information about it, including an explanation of how it is contributing to reduce GHG emissions. [6] High climate impact sectors are those listed in NACE Sections A to H and Section L as defined in Annex I to Regulation (EC) No 1893/2006. 56. In case the undertaking operates in high-climate impact sectors and does not have a transition plan for climate change mitigation in place, it shall indicate whether and, if so, when it will adopt such a transition plan.	55. Proposal: Datapoint 55 refers in a footnote to the Regulation which defines the 'high climate sectors'. These sectors should be mentioned directly in the Guidance (or in the footnote itself) and through a click through function in the electronic tool. 56. Proposal: This should be a "may" datapoint instead of a "shall". As 55 is a "may",	**55**. **If** undertakings in high climate impact sectors have adopted a transition plan for climate change mitigation, they **may** provide information about it, including how it is contributing to reduce GHG emissions. Positive that it is not an obligation to report on the existence. Datapoint 55 refers in a footnote to the Regulation which defines the 'high climate sectors'. So the entrepreneur is obliged 1. to search for this Regulation and 2. to look in it for searching the different sectors. These sectors should be mentioned directly in the Guidance (or in the footnote itself) and through a click through function in the electronic tool. (This are the high climate impact sectors: Agriculture, forestry and fishing; mining and quarrying; manufacturing; electricity, gas, steam and air conditioning; water supply; sewerage, waste management and remediation activities; construction; wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; real estate activities). **56**. This datapoint obliges (**shall**) undertakings that operate in high-climate impact sectors and which do not have a transition plan to indicate whether and, if so, when it will adopt such a transition plan. This should be a "may" datapoint instead of a "shall". As 55 is a "may", 56 should also be a "may" datapoint. In addition, as there is no obligation for most SMEs to have a transition plan one cannot oblige in a standard to report on its intentions.
218	Removals and avoided emissions shall not be accounted as reduction of the undertaking's gross GHG emissions. This is due to the important distinction between accounting practices for gross GHG emissions (inventory accounting) and GHG removals and avoided emissions (project-based or intervention accounting). Gross GHG emissions of the undertaking are designed to track the actual emissions released to the environment,	Proposal: the GHG Protocol Land Sector and Removals Guidance 13 as well as the WBCSD guidance are only available in English, which is not acceptable	The definitions of "removals and avoided emissions" are not clear and neither the reasons why they cannot be accounted as reductions. 219 states that more information on the concepts related to carbon removals and avoided emissions can be found in the GHG Protocol Land Sector and Removals Guidance 13 as well as the WBCSD guidance. However these two documents are only available in English, which is not acceptable.

	providing a consistent and comparable baseline to set up GHG **targets**. Avoided emissions and carbon removals, on the other hand, relate to specific project activities of the undertaking, which means that their accounting is done separately from gross GHG emissions. 219. To follow this practice, the undertaking needs to distinguish between its gross GHG emissions and other **impacts** which are not captured in it, such as GHG removals and avoided emissions.		
227	To identify manufacturing, construction and/or packaging processes, the undertaking may refer to these activities that fall under Section C – Manufacturing, Section F Construction as well as Class N82.92 'Packaging activities' of Annex I to Regulation (EC) No 1893/2006.	Proposal: It is not acceptable that one has to look up the Regulation 1893/2006. The list of activities should be made available in the Guidance itself and in the electronic tool through a click-through function. Proposal: It would be better to write "Manufacturing, construction and/or packaging processes are defined in Annex…"	It is not acceptable that one has to look up the Regulation 1893/2006. The list of activities should be made available in the Guidance itself and in the electronic tool through a click-through function. Manufacturing is according the Regulation a very broad sector and means all kind of production activity. We are wondering why the Guidance states that one "<u>may</u>" refer to the annex of the Regulation to identify manufacturing, construction and/or packaging processes. It would be better to write "Manufacturing, construction and/or packaging processes are defined in Annex…"

C4 – Climate risks (Guidance 228-230)

57	57. If the undertaking has identified climate-related hazards and climate-related transition events, creating gross climate-related risks for the undertaking, it shall: (a) briefly describe such climate-related hazards and climate-related transition events; (b) disclose how it has assessed the exposure and sensitivity of its assets, activities and **value chain** to these hazards and transition events;	57. Proposal: it should still be clearer explained what is exactly required G.228. Proposal: Reference to Commission delegated regulation 2021/2139 should be skipped. Also reference and last sentence referring to the use of climate scenarios and especially IPCC SSP5-8.5 should be skipped.	This a bit easier to understand for entrepreneurs, but it should still be clearer explained what is exactly required. It is an "if" datapoint. **<u>G228</u>**: Reference to Commission delegated regulation 2021/2139 should be skipped as no entrepreneur will consult it. Also reference and last sentence referring to the use of climate scenarios and especially IPCC SSP5-8.5 should be skipped as it is not adapted to the needs of SME entrepreneurs. More relevant information for entrepreneurs should be provided. It is not acceptable that the Guidance, to identify climate-related physical risks, refers simply to the IPCC SSP5-8.5 (even without a weblink!!). According to the IPCC website SSP5–8.5 represents the <u>high end</u> of the range of future pathways (Cambridge

	(c) disclose the **time horizons** of any climate-related hazards and transition events identified; and (d) disclose whether it has undertaken **climate change adaptation** actions for any climate-related hazards and transition events. 228. **Climate-related hazards** are drivers of climate-related physical risks that arise from the effects that climate change has on the undertaking. They can be classified into acute hazards, which arise from particular events (such as droughts, floods, extreme precipitations and wildfires), and chronic hazards (such as changing temperatures, sea level rise and soil erosion), which arise from longer-term changes in the climate (Commission delegated regulation 2021/2139). Physical risks are a function of climate-related hazards, the exposure of the undertaking's assets and activities to these hazards, and how sensitive the undertaking is to these hazards. Examples of climate-related hazards are heat waves, increased frequency of extreme weather events, sea level rise, glacial lake outburst flood and change in precipitation and wind patterns. Climate-related physical risks can be identified and modelled by using climate scenarios that consider high emissions trajectories such as IPCC SSP5-8.5. 229. **Climate-related transition events** may be (according to TCFD classification) policy- and legal-based (e.g. enhanced emission-reporting obligations), technology-based (e.g.	G229. Proposal: the meaning of "climate related transition **events**" should be more explained and the Reference to TCFD classification should be skipped as it is a more than 60 page document only in English. G230. Proposal: The exact meaning and extend of the word "gross" needs to be specified.	Dictionary: "high-end": intended for people who want very good quality products and who do not mind how much they cost…!). **<u>G229:</u>** Explanation of the meaning of "climate related transition **events**" in the Guidance is welcomed but should be a little bit more explained in order to make it more concrete for an average entrepreneur. Should be part of the implementation support of EFRAG as mentioned and announced in Guidance 210. Reference to TCFD[26] classification should be skipped as it is a more than 60 page document only in English. No references in the Standard or Guidance should be made to documents that are not available in all EU languages. **G230:** The exact meaning and extend of the word "gross" needs to be specified. The Guidance gives a definition of "Gross climate-related risks" as "gross physical risks and gross transition risks" which does not help as it is a circular reasoning. The given information is certainly far too limited. Should be part of the implementation support of EFRAG as mentioned and announced in Guidance 210.

[26] Motivation: As part of the Dialogue's Better Alignment Project, CDP, CDSB, GRI), IIRC and SASB collaborated intensively to assess alignment on the TCFD's disclosure principles, recommended disclosures and illustrative example metrics. It shall be noted that **representative SME organisations have not been involved in these initiatives**. Final Report PROPOSALS FOR A RELEVANT AND DYNAMIC EU SUSTAINABILITY REPORTING STANDARD-SETTING, February 2021. https://www.efrag.org/sites/default/files/2024-07/EFRAG_PTF-NFRS_MAIN_REPORT%5B1%5D.pdf

	costs of transition to lower emissions technology), market-based (e.g. increased cost of raw materials) and reputation-based (e.g. increased stakeholder concern). 230. **Gross climate-related risks** refer to gross physical risks and gross transition risks that may result from exposure of the undertaking's assets and business activities to climate-related hazards.		
58	The undertaking may disclose the potential adverse effects of climate risks that may affect its financial performance or business operations in the short-, medium- or long-term, indicating whether it assesses the risks to be high, medium, low.	Proposal: is not logic that 58 asks for an assessment of the risk to be high, medium or low.	This is a "may" datapoint when one has reported on 57. However there is an inconsistency as 57 refers to "gross" climate-related risks and 58 only to potential adverse effects. As 57 only deals with "gross" risks, it is not logic that 58 asks for an assessment of the risk to be high, medium or low. Distinction between financial performance or business operations seems quite too detailed for an average SME.

Comprehensive Module – Social Metrics (Guidance 231-236; 237; 238)

C5 – Additional (general) workforce characteristics

59, G231-233	59. If the undertaking employs 50 or more **employees**, it may disclose the female-to-male ratio at management level for the reporting period. 231. To determine the gender ratio, divide the number of female **employees** by the number of male employees at management level. This will yield the proportion of women to men in your company. *Gender ratio=number of female employees at management levelnumber of male employees at management level*	59. Proposal: 59 has to be skipped 231. Proposal: 232. To determine the gender ratio, divide the number of female **employees** by the number of male employees at management level. This will yield the proportion of women to men in your company**. is calculated as follows:** *number of female employees at management level* *Gender ratio* = --------------------------------------	This request to disclose the female-to-male ratio at management level should be better skipped as it is not based on any already existing social or sustainability legislation. **<u>Guidance 231-233:</u>** if 59 is not skipped. The Guidance (231-233) should be changed to make it shorter and just mention the essence.

	232. Management level is considered the level below the board of directors unless the undertaking has a specific definition to use. 233. For example, if there are 28 female **employees** and 84 male employees at management level, the gender ratio would be 1:3, meaning that for every woman at management level, there are three men.	*number of male employees at management level* 232. Proposal: 232~~1~~. "Management level is considered the level below the board of directors. ~~unless the undertaking has a specific definition to use. "~~ **233.** Proposal: 233 should be skipped.	**232** should become 231 as first a definition of "management" is needed before one can do the calculation. The sentence "unless the undertaking has a specific definition to use" is not clear. **233.** This example in 233 should be skipped as it is redundant.
60	If the undertaking employs 50 or more **employees**, it may disclose the number of those self-employed without personnel who are working exclusively for the undertaking, and temporary workers provided by undertakings primarily engaged in 'employment activities'.	Proposal: "self-employed without personnel who are working exclusively for the undertaking" must be refined.	Point 60, covers the "temporary workers " (interim labour), which is not a problematic data point, as well as "self-employed without personnel who are working exclusively for the undertaking", which should also not be problematic as it covers in principle bogus-self-employed. In addition it is a "may" disclosure. While the inclusion of temporary workers is not at all problematic, the issue of "self-employed without personnel who are working exclusively for the undertaking" can be probably refined.
G234	Relevant factors for an undertaking to consider in deciding whether or not to disclose the number of self-employed workers and temporary workers under paragraph 60 would be: (1) the ratio of **employees** to self-employed and temporary workers, especially in case of significant and/or increasing reliance or (2) when the risk of negative social **impacts** on self-employed or temporary workers is greater compared to the undertaking's own employees.	Proposal: Relevant factors for an undertaking to consider in deciding whether or not to disclose the number of self-employed workers **without personnel who are working exclusively for the undertaking** and temporary workers under paragraph 60 would be: (1) the ratio of employees to self-employed **without personnel who are working exclusively for the undertaking** and temporary workers, especially in case of significant and/or increasing reliance or (2) when the risk of negative social impacts on self-employed **without personnel who are working exclusively for the undertaking** or temporary workers is greater compared to the undertaking's own employees. Proposal: has to be skipped (2) ~~when the risk of negative social~~ ~~**impacts**~~ ~~on self-employed~~	The actual text could be misleading as it mentions "self-employed" in general, while it should only refer to "self-employed without personnel who are working exclusively for the undertaking": It is a "may" disclosure. Guidance 234 gives some suggestions when to consider to disclose. However, rightly, no further information is given on what is considered a "good" ratio as it depends on the individual situation of the enterprise/sector. The meaning of the second suggestion on risk of social impacts is also not clear and should be skipped.

		~~or temporary workers is greater compared to the undertaking's own employees.~~	
G235	The following table shows how information on self-employed people without personnel that are working exclusively for the undertaking and temporary workers provided by undertakings primarily engaged in employment activities may be presented.	Proposal: To be changed in **<u>Undertakings may use the following template to report on datapoint 60."</u>**	Reduce the text to the essential and always use the same wording (as in 213).
G236	Undertakings can refer to NACE Code N78 for temporary workers provided by undertakings primarily engaged in 'employment activities'.	Proposal: Content of NACE Code N78 should be mentioned and / or made accessible trough a click trough function in the digital tool.	Content of NACE Code N78 should be mentioned and / or made accessible through a click trough function in the digital tool.

Additional own workforce information – Human rights policies and processes

61	The undertaking shall disclose an answer to the following questions. (a) Does the undertaking have a code of conduct or human rights **policy** for its **own workforce**? (YES/NO) (b) If yes, does this cover: i. child labour (YES/ NO); ii. forced labour (YES/ NO); iii. human trafficking (YES/NO); iv. discrimination (YES/NO); v. accident prevention (YES/NO); or vi. other? (YES/NO – if yes, specify). (c) Does the undertaking have a complaints-handling mechanism for its **own workforce**? (YES/ NO)	Proposal : definition of own workforce cf. appendix A to skip "non-employees"	Dropdown menu is a good simple solution and appreciated. It is a "shall" disclosure. Should not be a problem to respond to as it is asking for the existence or not of a code of conduct or a policy and the existence of a complaints mechanism. A lot of large companies are already asking their SME supplier for such code of conducts. Own workforce is mentioned: also here it is **<u>important that the definition is changed in the Annex A - Defined Terms.</u>**

C7 – Severe negative human rights incidents

62, G238	62. The undertaking shall disclose an answer to the following questions: (a) Does the undertaking have confirmed incidents in its **own workforce** related to: i. child labour (YES/ NO); ii. forced labour (YES/ NO); iii. human trafficking (YES/ NO); iv. discrimination (YES/ NO); or v. other? (YES/NO – if yes, specify). (b) If yes, the undertaking may describe the **actions** being taken to address the **incidents** described above. (c) Is the undertaking aware of any confirmed **incidents** involving **workers in the value chain**, **affected communities**, **consumers** and **end-users**? If yes, specify. G238. A "confirmed **incident**" refers to a legal action or complaint registered with the undertaking or competent authorities through a formal process, or an instance of non-compliance identified by the undertaking through established procedures. Established procedures to identify instances of non-compliance can include management system audits, formal monitoring programs, or **grievance mechanisms**.	62. Proposal: It needs to be clarified if every incident needs to be reported on or any severe negative HR incident G238. Proposal: the necessary hands-on guidance should be provided in the Guidance accompanying the VSME. The definition of "confirmed incident" lacks clarity, also in relation with "severe negative human rights".	62. Dropdown menu is a good simple solution and appreciated. Asks for the existence of "confirmed incidents" in relation to own workforce as well as the actions taken as a consequence of the incident. Should not be problematic, but also here the scope can be broad if the definition of "own workforce" is not changed! However while the title mentions "severe negative human rights incidents", para 62 asks more general for "incidents". It needs to be clarified if every incident needs to be reported on or any severe negative HR incident. (Are there by the way "positive incidents"?) A clear definition needs also to be given of "incident". Point c) refers to awareness of confirmed incidents "involving affected communities". The definition of affected communities includes the upstream/downstream value chain. The opinion that the necessary hands-on guidance should be provided in the Guidance accompanying the VSME. References to other support tools have to be avoided. The definition of "confirmed incident" in 238 lacks clarity, also in relation with "severe negative human rights".

Comprehensive Module – Governance Metrics (Guidance 239-241 and 242- 244)

C8 – Revenues from certain sectors and exclusion from EU reference benchmarks

63	If the undertaking is active in one or more of the following sectors, it shall disclose its related revenues in the sector(s): (a) controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons); (b) the cultivation and production of tobacco; (c) fossil fuel (coal, oil and gas) sector (i.e. the undertaking derives revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and the Council 17), including a disaggregation of revenues derived from coal, oil and gas; or (d) chemicals production if the undertaking is a manufacturer of pesticides and other agrochemical products.	Proposal: clarify “is active”.	There is still lacking a clear definition of what “is active” exactly means. Does this apply to businesses producing these goods or also to those who produce machines for the producers?
64	The undertaking shall disclose whether it is excluded from any EU reference benchmarks that are aligned with the Paris Agreement as described in paragraph 241 of the guidance.	Proposal: it should be clarified that it only applies to undertakings active in the sectors mentioned in para 63.	The actual formulation of para 64 obliges all undertakings to respond to this request, while it should only apply to undertakings active in the sectors mentioned in para 63.

C9 – Gender diversity ratio in the governance body

65, G244	65. If the undertaking has a governance body in place, the undertaking shall disclose the related gender diversity ratio. G244. The **governance** body of a certain SME is composed of six members, including three women. The gender diversity ratio is one – for every female member there is one male member.	65. proposal: to be skipped. G244. Proposal: If C9 is kept, Guidance 244 should be skipped as it is redundant:	**65**. Although this request for information is not a difficult one, every additional data request that can be avoided should be avoided. In addition it is not relevant as most SMEs do not have a governance body as only 9 million of the 24 million SMEs are incorporated (Source DG FISMA) Most of the incorporated family-owned companies cannot ensure gender equality in their governance body. (Average family in EU 28 counts 2.3 persons (data 2021)). It is not relevant for the majority of SMEs. Moreover, directive (EU) 2022/2381, on improving the gender balance among directors of listed companies, article 2, clearly states that it **only** **"applies to** **listed companies**" and "This Directive does not apply to micro, small and medium-sized enterprises." The Directive excludes thus explicitly SMEs from the yearly reporting (article 7). The disclosure request information on which SMEs in general do not have an influence as they are very often family businesses or a partnership so they have no choice on whom will be in the board. It is unacceptable that new obligations are introduced trough a standard. There is **NO** legal binding requirement in the actual European sustainability legislation that is asking for the gender diversity in governance bodies. This has been clearly stated in the TEG meeting of 22/10 and mentioned in the SOD of that date. If C9 is kept, Guidance 244 should be skipped as it is redundant.
Appendix A	Appendix A - Defined terms Corruption : Abuse of entrusted power for private gain, which can be instigated by individuals or organisations. It includes practices such as facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the undertaking's business.	Proposal: Defined terms have to be put in the correct alphabetical order: see the words beginning with C, G an I !!! Proposal: Add definition of bribery Proposal corruption: check if the definition of "corruption" covers the different national legal definitions. Proposal Gross greenhouse gas ~~(GHG)~~ emissions: Gross greenhouse gas ~~(GHG)~~ emissions are total GHG emissions released by the undertaking into the atmosphere,	General remark: Defined terms have to be put in the correct alphabetical order: see the words beginning with C, G an I !!! - Bribery: Proposal: definition should be added - Corruption: The Council wonders if the definition of "corruption" given here covers the different national legal definitions. - The definitions given on Greenhouse Gases (GHG) and Gross greenhouse gas (GHG) emissions are confusing as GHG is mentioned as the acronym for Greenhouse Gases as well as for Gross greenhouse gas. Proposal GHG should be skipped. The simple enumeration of the GHG in Annex A is

	This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage. Gross greenhouse gas (GHG) emissions : Gross greenhouse gas (GHG) emissions are total GHG emissions released by the undertaking into the atmosphere, without considering any deductions for carbon removals or other adjustments. Land-use (change) : The human use of a specific area for a certain purpose (such as residential; agriculture; recreation; industrial, etc.). Influenced by land cover (grass, asphalt, trees, bare ground, water, etc). Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover. Own workforce/own workers : Employees who are in an employment relationship with the undertaking ('employees') and non-employees who are either individual contractors supplying labour to the undertaking ('self-employed people') or people provided by undertakings primarily engaged in 'employment activities' (NACE Code N78). Worker in the value chain : An individual performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with the undertaking. In the ESRS, the scope of workers in the value chain include all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted by the undertaking. This includes impacts that are connected to the undertaking's own	without considering any deductions for carbon removals or other adjustments Proposal Land-use: The sentence "Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover" should be skipped. Proposal own workforce/own workers: the definition is too wide as it still mentions the non-employees who are either individual contractors supplying labour to the undertaking Proposal Worker in the value chain: Reference to ESRS should be skipped. "Non-employees" should be skipped. If not the reference to non-employees should be skipped and replaced by "self-employed workers without personnel who are working exclusively for the undertaking" Proposal to be added: Registered address : the official address of the undertaking. Proposal Sealed area : has to be skipped "~~This non-permeability can create environmental impacts.~~ " Strategy: Proposal to ad the term "strategy": strategy should be explained in the Defined terms as there is no Guidance on what it should entail.		not adapted to the knowledge of an average citizen. While most people have an idea what is producing CO2, this is not the case for the other gases. Proposal Information and examples should be provided what kind of process cause these emissions. - Land-use : The sentence "Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover" should be skipped as it is not relevant. - Own workforce/own workers: The definition is too wide as it still mentions the non -employees who are either individual contractors supplying labour to the undertaking ("self-employed people"). This is not acceptable, as indeed the "non-employees" have disappeared from the VSME. - Worker in the value chain : Reference to ESRS should be skipped as the VSME is and should be a self-standing standard In addition, due to the text agreed on in TEG and Board, there is no reference anymore to "non-employees" in the VSME. If not skipped the reference to non-employees should be skipped and replaced by self-employed workers without personnel who are working exclusively for the undertaking - To be added (see our comments on 24 (d)) registered address : the official address of the undertaking. - Sealed area: This non-permeability can create environmental impacts" Is here unnecessary information, reduction of text. - Strategy: The term "strategy" should be explained in the Defined terms as there is no Guidance on what it should entail.

	operations, and value chain, including through its products or services, as well as through its business relationships. This includes all workers who are not in the scope of 'Own Workforce' ('Own Workforce' includes people who are in an employment relationship with the undertaking ('employees') and non-employees who are either individual contractors supplying labour to the undertaking ('self-employed people') or people provided by undertakings primarily engaged in employment activities (NACE Code N78). Sealed area : A sealed area means any area where the original soil has been covered (such as roads) making it impermeable. This non-permeability can create environmental impacts.		

Appendix B

Appendix B' is still too complex for SMEs to apply. It is a simple list of possible sustainability issues not fit for SME owners, although it is only a suggestion. This Appendix is a long list of words without any further information or explanation about their exact meaning and scope and not apt for use by non-experts.