

[draft] LSME V3.1 SRB Survey results

Number of respondents: 10

This document provides the results of the online LSME survey answered by SRB

General comments (from last question):

- I find the Annexes very helpful, and I would advocate for these to go out together with the VSME standard in the same consultation as I believe this illustrate the building block approach.
- In general terms, I still consider the LSME standard as too intense despite efforts made to reduced the reporting burden. Therefore, in particular, I would opt for cutting the decision tree for the disclosures after item (ii) (value chain consideration and C8 proposal).
- PAIs should be included as it would be great orientation for LSMEs and VSMEs. Opportunities are generally excluded, but it could be useful to integrate them as they give sustainability a positive aspect.

Do you agree with the approach to simplify LSME compared to main ESRS described on the “Decision Tree”?

Question: Do you agree with the approach taken?	Agree / Disagree	Further comments / explanations
Decision Tree (10 responses)	Agree: 80% Disagree: 20%	8 SRB members Agree: <ul style="list-style-type: none"> • CSRD introduces the proportionality notion, and states that LSME should be a simplified version of ESRS, the decision tree is adequate for the purpose. Since LSMEs are listed, investors become relevant users, but LSME have the option to follow Set 1 if LSME is perceived as low level. • Need to focus on the mandatory elements of the EU-law, not the optional "PAI"-indicators as a further simplification. On "Related to the value chain", I believe the text should include "cap" (so, "related to the value chain cap") as the footnote 2 SRB members Disagree: <ul style="list-style-type: none"> • LSME should be developed exclusively on the topics required by CSRD for SMEs and the EU datapoints which are relevant to them, while being proportionate. Also not agreeing with criterium iv) C8 was never approved by the SRB • The value chain cap is not fully clear (in terms of who defines that cap),

Question: Do you agree with the approach taken?	Agree / Disagree	Further comments / explanations
		and item (iv) to my mind has no legal basis.
Approach to value chain cap (8 responses)	Agree: 50% Disagree: 50%	4 SRB members Agree 4 SRB members Disagree: <ul style="list-style-type: none"> • If there is a clearly defined limit on value chain information, then the decision tree is acceptable. If on the contrary there is no limit for LSME DRs on value chain, this cannot be accepted. • The large entity reporting under full ESRS is responsible for mapping out the value chain. Thus, I agree to having the step included, but not the way it has been applied. • I read the text in the sense that LSME should only take into account the capacities and the characteristics of such companies. • Before approving, i would need to better understand who defines the vc cap and on what basis
Alignment with ISSB (10 responses)	Agree: 90% Disagree: 10%	9 SRB members Agree: <ul style="list-style-type: none"> • LSME should prioritise alignment with ESRS / TEG has supported including opportunities and targets as voluntary which does not burden SMEs 1 SRB member Disagrees: <ul style="list-style-type: none"> • ISSB alignment is key for listed companies and avoids discrimination against SMEs due to a different level of sust. information • The EFRAG Secretariat notes that the alignment with ISSB is technically not possible, due to the choice of the CSRD not to cover opportunities. Trying to pursue alignment on other points would be costly (would impair the possibility to further simplify the standard) without any concrete benefits, as missing the opportunities in the requirements would anyway impair the alignment. In conclusion, the legislator has made a conscious decision to prioritise simplification over alignment with ISSB for LSME.
Entity-specific disclosures	Agree: 67%	6 SRB members Agree:

Question: Do you agree with the approach taken?	Agree / Disagree	Further comments / explanations
(9 responses)	Disagree: 33%	<ul style="list-style-type: none"> important element and would not make sense to delete this reference. Expectations may however be adjusted to the scope of complexity/granularity <p>3 SRB members Disagree:</p> <ul style="list-style-type: none"> not consistent with other simplifications made should be left to the discretion of the company / voluntary
Sector specific reference (10 responses)	Agree: 60% Disagree: 40%	<p>6 SRB members Agree:</p> <ul style="list-style-type: none"> Under strict condition that this dataset is not mandatory but a guidance tool for LSME Same architecture as for large <p>4 SRB members Disagree:</p> <ul style="list-style-type: none"> Having 40 sectors is very challenging, adding LSME makes it much more difficult Too complex, maybe a voluntary approach to the sector-specific, as guidance
Phase-in provisions approach (9 responses)	Agree: 78% Disagree: 22%	<p>7 SRB members Agree:</p> <ul style="list-style-type: none"> LSME should mirror the EC DA phase-in options <p>2 SRB members Disagree:</p> <ul style="list-style-type: none"> The 2 year delay is already an advantage There was no TEG support on this, it adds complexity On S1, key indicators such as health & safety, incidents & human rights impacts and work-life balance should be reported from the start of the reporting obligation
	<p>For the phase-ins regarding Biodiversity, S1-S4 and additional targeted phase-ins, there is approximately an 80% agreement and 20% disagreement</p>	

Section 1 – General Requirements

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
Materiality (9 responses)	Agree: 89% Disagree: 11%	<p>8 SRB members Agree</p> <p>1 SRB member Disagrees:</p> <ul style="list-style-type: none"> 3.7 Level of disaggregation is too onerous and non applicable on LSME. Suggestion to include just one short consideration that says that only in case material impacts and risks occur in a specific material business of the SME or in a specific

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
		material geography, the SME would be requested/required to mention such impacts and/or risks separately.
Presenting comparative information (8 responses)	Agree: 88% Disagree: 12%	<p>7 SRB members Agree</p> <p>1 SRB member Disagrees</p> <p>Comment: Section 2, BP-2, p. 13 does not require the entity to disclose the difference between the figure disclosed in the preceding period and the revised comparative figure. For transparency reasons this should be included also in the LSME standard</p>
Reporting errors prior period (8 responses)	Agree: 88% Disagree: 12%	<p>7 SRB members Agree</p> <p>1 SRB member Disagrees</p>
Impacts, risks and opportunities (8 responses)	Agree: 88% Disagree: 12%	<p>7 SRB members Agree</p> <p>1 SRB member Disagrees</p> <p>Comment: The change from reasonable effort to impracticable is confusing. Regarding opportunities, as indicated above, I would go for alignment with ISSB</p>
Classified and sensitive information, and information on intellectual property, know-how or results of innovation (8 responses)	Agree: 100%	8 SRB members Agree

Section 2 – General Disclosures

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
BP-1 and BP-2 (8 responses)	Agree: 100%	8 SRB members Agree Comment: Disagree with not requiring to provide explanations when deviating from time horizons or having changes
GOV-1 (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees: <ul style="list-style-type: none"> • Could be further simplified, by requiring only the information required in the draft VSME
GOV-2 (8 responses)	Agree: 100%	8 SRB members Agree
SBM-1 (8 responses)	Agree: 75% Disagree: 25%	6 SRB members Agree 1 SRB member Disagrees Comment: reference to subsidiaries should be deleted as the perspective of LSME is exclusively individual statement
SBM-2 (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees: <ul style="list-style-type: none"> • engagement with stakeholders should be voluntary
SBM-4 (8 responses)	Agree: 100%	8 SRB members Agree
IR-1 (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees: Comments: <ul style="list-style-type: none"> • inconsistency between the LSME main body and the LSME AR on dependencies. How the undertaking has considered the connection of its impacts and dependencies is not required in the main body. However, in the AR this is a 'shall' requirement, see AR 37 on dependencies related to biodiversity. • Some Ars far too complex for LSME

Section 3 – PATs, Engagement and Remediation

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
CSRD art. 19(a)6 letter b and c requires to cover policies and actions. More flexibility for SMEs (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB members Disagrees
Added a specification on policies definition (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB members Disagrees
IR-3 (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB members Disagrees Comment: IR-3 lacks an objective
IR-4 (9 responses)	Agree: 78% Disagree: 22%	7 SRB members Agree 2 SRB members Disagree: <ul style="list-style-type: none"> • approach to targets unclear. In some cases, the reference to targets are deleted, in others targets are treated the same way as policies and actions. • Disclosure on targets should not be mandated when the undertaking has them in place: it is difficult to assess what "having them in place" means. It not possible to link an obligation to disclose to a condition which is not clearly defined. Disclosure on targets should provided on a voluntary basis.
IR-5 (9 responses)	Agree: 67% Disagree: 33%	6 SRB members Agree 3 SRB members Disagree
IR-6 (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees

Section 4 – Environment

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
Main simplification (compared to ESRS set1) proposed for LSMEs: Only metrics covering climate, pollution, water, biodiversity and ecosystems, resources and circular economy (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
The following DR's were deleted compared to set 1 ESRS, based on decision tree:		

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
E1-1 Transition Plan (initially retained and then deleted following SR TEG decision) (9 responses)	Agree: 100%	9 SRB members Agree
E1-8 Internal Carbon pricing (climate) (9 responses)	Agree: 100%	9 SRB members Agree
E4-1 Biodiversity transition plan (9 responses)	Agree: 100%	9 SRB members Agree
Financial effects on pollution, water, biodiversity and circular economy were simplified and centralised, i.e. only one DR for all, the undertaking to specify the content for each topic supported by this centralised DR.. Financial effects for climate were retained as separate simplified DR due to the number of EU datapoints it contains. (9 responses)	Agree: 100%	9 SRB members Agree
The following DRs were simplified where possible compared to set1 (simplifications only applicable to datapoints that do not have value chain dimension or that are not EU datapoints):		
E 1- 5 Energy consumption and mix (reduced granularity breakdown for renewables) (8 responses)	Agree: 100%	8 SRB members Agree
E 1- 6 GHG emissions (reduced breakdowns) (8 responses)	Agree: 100%	8 SRB members Agree
E 1- 7 GHG removals (reduced granularity) (8 responses)	Agree: 100%	8 SRB members Agree
E4- 1 Biodiversity impact metrics (reduced granularity) (8 responses)	Agree: 100%	8 SRB members Agree
The following DRs/ datapoints were deleted following the draft EC DA ESRS set1 (new voluntary disclosures		
E4- 1 Biodiversity impact metrics (reduced granularity) (9 responses)	Agree: 100%	9 SRB members Agree
Metrics on invasive alien species (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
The following DRs/datapoints are same as set1 ESRS because they are either Value chain sensitive or EU datapoints		
Energy intensity based on net revenue (SFDR T1#6)	Agree: 88% Disagree: 12%	7 SRB members Agree

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
(8 responses)		1 SRB member Disagrees
GHG intensity based on net revenue (SFDR T1, #3) (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees
E2-1 Pollution of air, water and soil (SFDR T2, #2, T1 #8, T2, #1 and T2, #3) (8 responses)	Agree: 100%	8 SRB members Agree
E2-2 Substances of concern and substances of very high concern (value chain cap) (8 responses)	Agree: 100%	8 SRB members Agree
E3-1 Water consumption (SFDR T2, #6.2, SFDR T. 2 #6.1) (8 responses)	Agree: 100%	8 SRB members Agree
E4-1 Biodiversity impact metric (land use- life cycle assessment) (8 responses)	Agree: 100%	8 SRB members Agree
E5-1 Resources Inflows (value chain cap) (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees
E5-2 Resources outflow (SFDR T2, #13 and SFDR T1, #9) (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees
General comments on Value chain related datapoints:		
<ul style="list-style-type: none"> • If EC DA ESRS have made some provisions voluntary, this is "may" instead of "shall", there is no need to delete them in LSME. In my view this should be applied in a consistent manner • Value chain cap is not a criterium to be considered 		

Section 5 – Social

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
Policies, actions and targets for S1, S2, S3 and S4 have been centralised in Section 3 as mentioned above. (9 responses)	Agree: 100%	9 SRB members Agree
DR regarding processes to engage with stakeholders about impacts, and DR regarding processes to remediate and channels to	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
raise concerns have been centralised in Section 2 as mentioned above. (9 responses)		
Only metrics (S1) have been kept in Section 5, with the following specific simplifications compared to ESRS set 1 (8 responses)	Agree: 100%	8 SRB members Agree
DR S1-1 Characteristics of employees. The following datapoints were deleted:		
Breakdown by region for the report by headcount or full time equivalent of permanent, temporary and non-guaranteed hours employees (8 responses)	Agree: 100%	8 SRB members Agree
Total number and rate of own employee turnover in headcount (8 responses)	Agree: 100%	8 SRB members Agree
Contextual information (8 responses)	Agree: 100%	8 SRB members Agree
Breakdown by region for the report by headcount or full time equivalent of full-time and part-time employees (8 responses)	Agree: 100%	8 SRB members Agree
DR S1-2 Characteristics of non-employees. The following datapoints were deleted:		
Type of work non-employees perform (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
Contextual information (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
DR S1-2 Characteristics of non-employees. The following datapoints had provision included:		
In case estimates cannot be produced following characteristics of information, it shall state this to be the case. (9 responses)	Agree: 100%	9 SRB members Agree
DR S1-3 Collective bargaining coverage and social dialogue. The following datapoints were deleted:		
Estimate of the coverage rate for non-employees (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
Breakdown for each country where the undertaking has significant employment, of	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
whether it has one or more collective bargaining agreements and the percentage covered by such agreements (9 responses)		
Information in relation to social dialogue. (9 responses)	Agree: 78% Disagree: 22%	7 SRB members Agree 2 SRB members Disagree
DR S1-5 Social protection. The following datapoints changed to may:		
Countries where employees do not have social protection with regard to one or more types of events (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
Type of employees who do not have social protection, for each of those countries. (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
DR S1-6 Training and skills development metrics. The following datapoints were deleted:		
Percentage of employees that participated in regular performance and career development reviews. (8 responses)	Agree: 100%	8 SRB members Agree
Breakdown by employee category on the average number of training hours (8 responses)	Agree: 100%	8 SRB members Agree
The option to provide information for non-employee workers (9 responses)	Agree: 89% Disagree: 11%	8 SRB members Agree 1 SRB member Disagrees
DR S1-7 Health and safety metrics.		
Only SFDR indicators were kept (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees
DR S1-8 Remuneration metrics. The following datapoints were deleted:		
Contextual information (8 responses)	Agree: 100%	8 SRB members Agree
DR S1-9 Incidents, complaints and severe human rights impacts and incidents. The following datapoints were deleted:		
Number of complaints filed for social and human rights matters besides discrimination. (8 responses)	Agree: 100%	8 SRB members Agree
Contextual information (8 responses)	Agree: 100%	8 SRB members Agree
DR S1-10 Diversity metrics:		

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
Merged Diversity indicators and Persons with disabilities (8 responses)	Agree: 100%	8 SRB members Agree
From Diversity indicators, the distribution of employees by age group was moved to AR as a voluntary disclosure. (8 responses)	Agree: 100%	8 SRB members Agree
From Persons with disabilities, the voluntary disclosure of a gender breakdown was deleted. (8 responses)	Agree: 100%	8 SRB members Agree
VR S1 Work-life balance metrics:		
This DR in S1 was changed to a voluntary disclosure for LSME (8 responses)	Agree: 100%	8 SRB members Agree

On Social in general: 100% Agreement on the approach of keeping voluntary the datapoints that changed from “shall” to “may”.

Section 6 – Business Conduct

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
The working paper for Section 6 has been defined according to:		
The decision tree presented previously to the SR TEG, including only DRs that are defined in SFDR PAIs and Benchmark Regulations; (9 responses)	Agree: 100%	9 SRB members Agree
CSRD Art. 29 b (2) provisions. DRs has been included for "protection of whistle-blowers and animal welfare", "lobbying activities", "payment practices" (8 responses)	Agree: 88% Disagree: 12%	7 SRB members Agree 1 SRB member Disagrees
SR TEG meeting held on 02 February 2023 (breakout session) (7 responses)	Agree: 86% Disagree: 14%	6 SRB members Agree 1 SRB member Disagrees
G1-2 and G1-6 defined in ESRS G1 has been simplified and merged in G1-1 of this draft section. (10 responses)	Agree: 90% Disagree: 10%	9 SRB members Agree 1 SRB member Disagrees

Question: Do you agree with the main simplifications?	Agree / Disagree	Further comments / explanations
G1-3 and G1-4 defined in ERSR G1 has been simplified and merged in G1-2 of this draft section. (10 responses)	Agree: 90% Disagree: 10%	9 SRB members Agree 1 SRB member Disagrees