

ESRS LSME ED - EFRAG Field Test

Purpose and content of the field test

EFRAG is consulting on the Exposure Draft of the European Sustainability Reporting Standards for SMEs (ESRS LSME ED – CSRD art. 19 a 6) that are public-interest entities, small non-complex credit institutions (in short, SNCI or SNCIs), and captive insurers and re-insurers (collectively referred to as “LSME” or “LSMEs”).

A questionnaire has been prepared to support the collection of public feedback in the consultation and can be found [\[here\]](#).

This field test is conducted in parallel with the public consultation and intends to complement the outcome of the consultation, with additional fact-based evidence. The purpose is to gather facts and evidence on the challenges and benefits of the content of the ED, from stakeholders that will prepare actual disclosures applying ESRS LSME ED.

From the preparers’ perspective, the participation to the field test may take two forms:

- a) Actual preparation of (or part of) the disclosures in ESRS LSME ED, respond to the Field Test Questionnaire and participation to workshops and/or interviews with EFRAG Secretariat; or
- b) Preparation (such as assessment of the challenges and benefits deriving from the disclosures in ESRS LSME ED, supported by the Field Test Questionnaire) and participation to workshops and/or interviews with EFRAG Secretariat.

While the second approach is less strenuous, EFRAG encourages preparers to follow the first approach as far as possible as it will provide significantly more useful information.

From the users’ perspective, the participation to the field test requires preparation and participation to workshops and/or interviews with EFRAG Secretariat.

The Field Test focuses on the following key elements:

- (a) The costs and challenges associated with each of the disclosures required;
- (b) The proportionality and relevance of the proposed disclosure requirements;
- (c) The understandability of the guidance provided in the ED and its ability to support the implementation of the disclosure requirements;
- (d) The expected benefits of the disclosures.



The questionnaire contains the following modules:

- General, strategy, governance and materiality assessment (ESRS LSME Section 2);
- Policies, actions and targets (ESRS LSME Section 3);
- Environment (ESRS LSME Section 4);
- Social (ESRS LSME Section 5); and
- Business conduct (ESRS LSME Section 6).

The application of Section 1 *General Requirements* form part of the consideration of the modules.

A prerequisite to participation in the field test is the completion of the consultation questionnaire as well as the field test questionnaire. This means that all the questions in the consultation questionnaire related to the selected module(s) need to be answered and may be further discussed in the workshops/interviews.

Mocked- up sections of sustainability statement would be very welcome but are not required (approach a) versus b) on the previous page).

All information provided will be treated confidentially and it may be shared with the consultant assisting with the Cost Benefit Analysis. The results of the Field Test will be published on an anonymised basis.

After analysis of the responses, the results will be discussed at workshops jointly with other preparers and users that participate to the field test discussion to validate the outcomes from the field test, as well as to ensure a full understanding of responses. The workshops are planned for the first half of May 2024. The results from the test will then be presented to the EFRAG SRB and EFRAG SR TEG and considered as part of the consultation material.

EFRAG is looking for preparers (with or without prior experience in sustainability reporting) included in the following categories in scope of the Corporate Sustainability Reporting Directive (CSRD) that can opt for the derogation from ESRS for large undertakings and instead apply the simplified ESRS LSME:

- small undertaking with securities listed in EU regulated markets¹
- medium undertaking with securities listed in EU regulated markets
- small non-complex financial institution²
- captive insurance or reinsurance undertaking as preparer of an ESRS report (LSME)³
- third country listed SMEs that are in scope of ESRS LSME ED as preparer of an ESRS report (LSME)⁴

¹ Small and medium-sized undertaking within the meaning of Article 3(2) and (3) of Directive 2013/34/EU which are public-interest entities as defined in point (a) of point (1) of Article 2 of that Directive and which are not micro-undertakings as defined in Article 3(1) of that Directive

² As defined in point (145) of Article 4(1) of Regulation (EU) No 575/2013

³ As defined in point (2) and (5) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council

⁴ According to Art. 4(5) of the Transparency Directive (as amended by the CSRD)

EFRAG is looking for participants that allow for a balanced coverage of countries in the European Economic Area and sectors.

For further information, please contact LSME@efrag.org.

Please complete the selected modules for this questionnaire and the corresponding questions in the consultation questionnaire by **21 April 2024**.

Survey instructions

Some questions in the survey will appear depending on your previous answers or choices. You will now be able to save your responses before final submission.

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

Please note that EFRAG only considers completed surveys - partial submissions are ignored. You will receive an email with your response on submission.



Field Test Questionnaire

General questions

1) Personal information ^{*5}:

First name: _____

Last name: _____

E-mail: _____

Role in the organization: _____

Name of your company: _____

Sector of your company: _____

Type of organization:

If your organisation is in the scope of ESRS LSME ED (as such you contribute as LSME preparer), please indicate the type of organisation and the number of employees:

- small undertaking with securities listed in EU regulated markets
- medium undertaking with securities listed in EU regulated markets
- small non-complex financial institution
- captive insurance or reinsurance undertaking as preparer of an ESRS report (LSME)
- third country listed SMEs as preparer of an ESRS report (LSME)

If user of ESRS LSME report, please specify whether you (or your organisation) are:

- user of sustainability reporting statements
- large company as SME's value chain partner
- rating agency (as proxy of user)

Country of head office: _____

2) Please indicate whether you want to be contacted for any follow-up questions*:

- Yes, I want to be contacted.
- No, I do not want to be contacted.

3) Please indicate which module(s) you will respond to in this questionnaire* (multiple options allowed):

- General, strategy, governance and materiality assessment
- Policies, actions and targets
- Environment
- Social
- Business conduct

⁵ * Denotes that the information has to be provided.



4) Please indicate if for the purposes of this field test you prepared the disclosures in the selected module(s)*

- () YES – we will provide our feedback based on our activity of preparation of the disclosures in the selected modules (delivery of the actual disclosures/mock-up of it is optional)
- () NO – we will not prepare the disclosures in the selected modules, but we will run preparatory analysis and report during the workshop/interview.



Module 1 – General, strategy, governance and materiality assessment

Section 2 of the ESRS LSME ED *General, strategy, governance and materiality assessment* is composed of 10 disclosure requirements and related application requirements. Please answer the following questions in relation to draft Section 2 (considering both the main text in the standard and the application requirements).

1.1 IF PREPARER: Considering the disclosure requirements covered in this section, please indicate which of the following operational challenges would be relevant in your opinion, if applicable (the items are not mutually exclusive - you can select more than one item):

- Availability of data with appropriate quality
- Availability of IT or supporting tool
- Need to upgrade skills and resources
- Understandability of the requirements and/or needs for practical guidance
- Others (please specify)

Comments – (please also indicate if this is more pertinent to some Disclosure Requirements or data points; if applicable, please refer to the relevant Disclosure Requirement(s) and/or to the paragraphs in main body of the standard or application requirements; if applicable, please indicate your expected lead time for the last item)



1.2 IF PREPARER: Considering Section 2 of this ESRS LSME ED, for each disclosure please indicate if the disclosure is “highly challenging and costly”, or “possible to prepare with some efforts”, or “feasible with available means or already prepared”.

IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related:

ESRS LSME ED – Section 2	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
DR-1 (BP 1) – General basis for preparation of the sustainability statements and DR-2 (BP 2) – Disclosures in relation to specific circumstances				
DR-3 (GOV 1) - The role of the administrative, management and supervisory bodies				
DR-4 (GOV 2) – Due diligence				
DR-5 (SBM 1) - Strategy, business model and value chain				
DR-6 (SBM 2) - Interests and views of stakeholders				
DR-7 (SBM-3) - Material impacts and risks and their interaction with strategy and business model				
Voluntary Disclosure 8 (SBM-4) – Positive impacts and material opportunities				
DR-8: Material opportunities and positive impacts as voluntary content				



ESRS LSME ED – Section 2	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
DR-9 (IR 1) - Processes to identify and assess material impacts and risks				
DR-10 (IR-2) – Disclosure Requirements in ESRS LSME covered by the undertaking’s sustainability statement				

1.2 IF USER: Considering Section 2 of this ESRS LSME ED, for each disclosure please indicate if “all the datapoints in the ED are needed” or “further simplification can be implemented”.
 IF “further simplification can be implemented” please explain how and which datapoints may be dropped.

ESRS LSME ED – Section 2	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
DR-1 (BP 1) and DR-2 (BP 2)			
DR-3 (GOV 1) - The role of the administrative, management and supervisory bodies			
DR-4 (GOV 2) – Due diligence			
DR-5 (SBM 1) - Strategy, business model and value chain			
DR-6 (SBM 2) - Interests and views of stakeholders			
DR-7 (SBM-3) - Material impacts and risks and their interaction with strategy and business model			
DR-8: Material opportunities and positive impacts as voluntary content			
DR-9 (IR 1) - Processes to identify and assess material impacts and risks			
DR-10 (IR-2) – Disclosure Requirements in ESRS LSME			



ESRS LSME ED – Section 2	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
covered by the undertaking’s sustainability statement			

1.3 IF PREPARER Considering the disclosure requirements covered in Section 2 of ESRS LSME ED, please state the estimated total cost to prepare it, with a breakdown as follows:

	First year of preparation	Recurring costs
a) HR/Personnel costs		
b) Consultancy costs		
c) IT costs (e.g. software, online platforms)		
d) Other (please specify)		

Please explain Other costs

1.4 IF PREPARER Considering the disclosure requirements covered in this section, can you indicate the possible internal and external benefits deriving from reporting the required information:

(examples of internal benefits: better understanding of impacts, risks and opportunities that can support decision making processes; improving internal management systems, avoid double reporting, etc)

(example of external benefits to the LSME preparer: improving access to capitals, reducing cost of capitals, reducing reputational risks, improve engagement with stakeholders, competitive advantages, etc)

(example of external benefits to the society: promoting a more sustainable economy)

1.5 IF PREPARER In your assessment, can the disclosure requirements in section 2 of this ESRS



LSME ED be verified/assured?

Yes

No

Comments (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements). Please

include the rationale for your answer.

1.6 IF PREPARER In your assessment, do the disclosure requirements in this section reach a reasonable cost/benefit balance:

Yes

No, please explain

If yes, the following question will appear:

Please explain what particular benefit(s) these disclosure requirement offer (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)

If no, the following additional question will appear:

Please explain why the cost/benefit balance would be unreasonable (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)?

1.7 IF PREPARER Are the Application Requirements sufficiently clear and understandable to allow for appropriate and consistent application (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements)?

Yes

No, please explain

1.7.1 IF PREPARER If relevant, please detail the topics where additional guidance is required and explain why in your opinion the guidance provided is insufficient or not sufficiently clear.



1.8 IF PREPARER Section 2 of ESRS LSME includes 10 disclosure requirements that are to be reported irrespective of materiality consideration, accompanied by related application requirements.

Section 1 of ESRS LSME chapter 3.2 “Material matters and materiality of information” details the approach to the determination of the information to be reported for topical disclosures. This entails the identification of sustainability matters that are material for the undertaking either from financial or from impact materiality perspective and the determination of disclosures to be included for material matters. When the undertaking concludes that climate change is not material it has to provide a detailed explanation; for other topics the explanation is optional. For policies, actions and targets (PAT) pertaining to a material matter, the undertaking shall report the disclosures prescribed in the relevant paragraphs of Section 2, limited to the PAT it has in place. For metrics pertaining to a material matter, the undertaking omits disclosures that are not material.

The undertaking shall establish explicit thresholds and/or criteria to support such assessment. When relevant, such materiality assessment may be performed at a higher level than the individual Disclosure Requirement, such for a group of Disclosure Requirements related to a specific sustainability topic.

Please provide your comments on the application of the materiality assessment process. What specific challenges did you encounter? Comments:

1.9 IF PREPARER What is your expectation on the percentage of data points in the exposure draft that you can omit based on the results of your materiality assessment? What specific challenges did you encounter in assessing the materiality of the specific datapoints (distinguishing between PAT and metrics due to the different treatment)? Please explain.

1.10 IF PREPARER Please refer to Disclosure Requirement 9-IR 1 - Processes to identify material impacts and risks.

What specific challenges did you encounter in performing the materiality assessment for impacts and risks? And in reporting for its process and outcomes?





Module 2 – Policies, actions and targets

The Exposure Draft of Section 3 of ESRS LSME *Policies, actions and targets* contains 2 disclosure requirements and related application requirements. Please answer the following questions in relation to draft Section 3 (considering both the main text in the standard and the application requirements).

2.1 Considering the disclosure requirements covered in this section, please indicate, if applicable, which of the following operational challenges would be relevant in your opinion (the items are not mutually exclusive so you can select more than one item):

- Availability of data with appropriate quality
- Availability of IT or supporting tool
- Skills and resources
- Understandability of the requirements and/or needs for practical guidance
- Others (please specify)

Comments – (please also indicate if this is more pertinent to some Disclosure Requirements or data points; if applicable, please refer to the relevant Disclosure Requirement(s) and/or to the paragraphs in main body of the standard or application requirements; if applicable, please indicate your expected lead time for the last item)



2.2 IF PREPARER: Considering Section 3 of this ESRS LSME ED, for each disclosure please indicate if the disclosure is “highly challenging and costly”, or “possible to prepare with some efforts”, or “feasible with available means or already prepared”.

IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related.

ESRS LSME ED – Section 3	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
MDR ⁶ -P, MDR-A				
Policies and Actions across E1-E5 and S1-S4				
MDR-T				
Targets across E1-E5 and S1-S4				
Processes for engaging with own workforce, workers in the value chain, affected communities, consumers and end-users, and their representatives about impacts				
Processes to remediate negative impacts and channels for own workforce, workers in the value chain, affected communities, consumers and				

⁶ MDR: Minimum Disclosure Requirement.



ESRS LSME ED – Section 3	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
end-users to raise concerns				

2.2 IF USER: Considering Section 3 of this ESRS LSME ED, for each disclosure please indicate if “all the datapoints in the ED are needed” or “further simplification can be implemented”.

IF “further simplification can be implemented” please explain how and which datapoints may be dropped.

ESRS LSME ED – Section 3	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
MDR ⁷ -P, MDR-A			
Policies and Actions across E1-E5 and S1-S4			
MDR-T			
Targets across E1-E5 and S1-S4			
Processes for engaging with own workforce, workers in the value chain, affected communities, consumers and end-users, and their representatives about impacts			
Processes to remediate negative impacts and channels for own workforce, workers in the value chain, affected communities, consumers			

⁷ MDR: Minimum Disclosure Requirement.



ESRS LSME ED – Section 3	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
and end-users to raise concerns			

2.3 IF PREPARER Considering the disclosure requirements covered in Section 3 of ESRS LSME ED, please state the estimated total cost (in euros) to prepare it, with a breakdown as follows:

- a) HR/Personnel costs
- b) Consultancy costs
- c) IT costs (e.g. software, online platforms)
- d) Other

Please distinguish your estimates between first year of preparation and recurring costs.

2.4 IF PREPARER Considering the disclosure requirements covered in this section, can you indicate the possible internal and external benefits deriving from reporting the required information:

(examples of internal benefits: better understanding of impacts, risks and opportunities that can support decision making processes; improving internal management systems, avoid double reporting, etc)

(example of external benefits to the LSME preparer: improving access to capitals, reducing cost of capital, reducing reputational risks, improve engagement with stakeholders, competitive advantages, etc)

(example of external benefits to the society: promoting a more sustainable economy)



2.5 IF PREPARER In your assessment, can the disclosure requirements in section 3 of this ESRS LSME ED be verified/assured?

Yes

No

Comments (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements). Please include the rationale for your answer.

2.6 IF PREPARER In your assessment, do the disclosure requirements in this section reach a reasonable cost/benefit balance:

Yes

No, please explain

If yes, the following additional question will appear:

Please explain what particular benefit(s) these disclosure requirements offer (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)

If no, the following additional question will appear

Please explain why the cost/benefit balance would be unreasonable (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)?

2.7 IF PREPARER Are the application requirements sufficiently clear and understandable to allow for appropriate and consistent application (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements)?

Yes

No, please explain

2.7.1 IF PREPARER If relevant, please detail the topics where additional guidance is required and explain why in your opinion the guidance provided is insufficient or not sufficiently clear.





Module 3 – Environment

The Exposure Draft of Section 4 of ESRS LSME *Environment* contains 13 disclosure requirements and related application requirements. Please answer the following questions in relation to draft Section 4 (considering both the main text in the standard and the application requirements).

3.1 IF PREPARER Considering the disclosure requirements covered in this section, please indicate, if applicable, which of the following operational challenges would be relevant in your opinion (the items are not mutually exclusive so you can select more than one item):

- Availability of data with appropriate quality
- Availability of IT or supporting tool
- Skills and resources
- Understandability of the requirements and/or needs for practical guidance
- Others (please specify)

Comments – (please also indicate if this is more pertinent to some Disclosure Requirements or data points; if applicable, please refer to the relevant Disclosure Requirement(s) and/or to the paragraphs in main body of the standard or application requirement(s); if applicable, please indicate your expected lead time for the last item)



3.2 IF PREPARER: Considering Section 4 of this ESRS LSME ED, for each disclosure please indicate if the disclosure is “highly challenging and costly”, or “possible to prepare with some efforts”, or “feasible with available means or already prepared”.

IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related.:

ESRS Section 4	LSME	ED	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
DR	E1-1	Energy consumption and mix				
DR	E1-1	Energy intensity based on net revenue				
DR	E1-2	Gross Scopes 1, 2, 3 and Total GHG emissions				
DR	E1-2	GHG intensity based on net revenue				
DR	E1-3	GHG removals and GHG mitigation projects financed through carbon credits				
DR	E1-4	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities				
DR	E2-1	Pollution of air, water and soil				
DR	E2-2	Substances of concern and substances of very high concern				
DR	E3-1	Water consumption				
DR	E4-1	Impact metrics related to				

ESRS LSME ED Section 4	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
biodiversity and ecosystems change				
DR E5-1 Resources inflows				
DR E5-2 Resources outflows				
DR E6 – Anticipated financial effects from material environmental-related matters other than climate				

3.2 IF USER: Considering Section 4 of this ESRS LSME ED, for each disclosure please indicate if “all the datapoints in the ED are needed” or “further simplification can be implemented”.

IF “further simplification can be implemented” please explain how and which datapoints may be dropped.

ESRS LSME ED Section 4	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
DR E1-1 Energy consumption and mix			
DR E1-1 Energy intensity based on net revenue			
DR E1-2 Gross Scopes 1, 2, 3 and Total GHG emissions			
DR E1-2 GHG intensity based on net revenue			
DR E1-3 GHG removals and GHG mitigation projects financed through carbon credits			
DR E1-4 Anticipated financial effects from material physical and			



ESRS LSME ED Section 4	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
transition risks and potential climate-related opportunities			
DR E2-1 Pollution of air, water and soil			
DR E2-2 Substances of concern and substances of very high concern			
DR E3-1 Water consumption			
DR E4-1 Impact metrics related to biodiversity and ecosystems change			
DR E5-1 Resources inflows			
DR E5-2 Resources outflows			
DR E6 – Anticipated financial effects from material environmental-related matters other than climate			

3.3 IF PREPARER Considering the disclosure requirements covered in Section 4 of ESRS LSME ED, please state the estimated total cost (in euros) to prepare it, with a breakdown as follows:

- a) HR/Personnel costs
- b) Consultancy costs
- c) IT costs (e.g. software, online platforms)
- d) Other

Please distinguish your estimates between first year of preparation and recurring costs.



3.4 IF PREPARER Considering the disclosure requirements covered in this section, can you indicate the possible internal and external benefits deriving from reporting the required information:

(examples of internal benefits: better understanding of impacts, risks and opportunities that can support decision making processes; improving internal management systems, avoid double reporting, etc)

(example of external benefits to the LSME preparer: improving access to capital, reducing cost of capital, reducing reputational risks, improve engagement with stakeholders, competitive advantages etc)

(example of external benefits to the society: promoting a more sustainable economy)

3.5 IF PREPARER In your assessment, can the disclosure requirements in section 3 of this ESRS LSME ED be verified/assured?

Yes

No

Comments (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements). Please include the rationale for your answer..

3.6 IF PREPARER In your assessment, does the disclosure requirements in this module reach a reasonable cost/benefit balance:

Yes

No, please explain

If yes, explain what particular benefit the disclosure requirements offer (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)

If no, the following additional question will appear:

Please explain why the cost/benefit balance would be unreasonable (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)?



3.7 IF PREPARER Are the application requirements sufficiently clear and understandable to allow for appropriate and consistent application (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements)?

Yes

No, please explain

3.7.1 IF PREPARER If relevant, please detail the topics where additional guidance is required and explain why in your opinion the guidance provided is insufficient or not sufficiently clear.

Module 4 – Social

The Exposure Draft of Section 5 of ESRS LSME *Social* contains 11 disclosure requirements and related application requirements. Please answer the following questions in relation to Fdraft Section 5 (considering both main text in the standard and application requirements).

4.1 IF PREPARER Considering the disclosure requirements covered in this section 5 of ESRS LSME ED, please indicate, if applicable, which of the following operational challenges would be relevant in your opinion (the items are not mutually exclusive so you can select more than one item):

- Availability of data with appropriate quality
- Availability of IT or supporting tool
- Skills and resources
- Understandability of the requirements and/or needs for practical guidance
- Others (please specify)

Comments – (please also indicate if this is more pertinent to some Disclosure Requirements or data points; if applicable, please refer to the relevant Disclosure Requirement(s) and/or to the paragraphs in main body of the standard or application requirements; if applicable, please indicate your expected lead time for the last item)



4.2 IF PREPARER Considering Section 5 of this ESRS LSME ED, for each disclosure please indicate if the disclosure is “highly challenging and costly”, or “possible to prepare with some efforts”, or “feasible with available means or already prepared”.

4.3 IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related

ESRS Section 5	LSME	ED	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
DR		S1-1				
	Characteristics of employees					
DR		S1-2				
	Characteristics of non-employees:					
DR	S1-3	Collective bargaining coverage and social dialogue				
DR	S1-4	Adequate wages				
DR	S1-5	Social protection				
DR	S1-6	Training metrics				
DR	S1-7	Health and safety metrics				
DR		S1-8				
	Remuneration metrics					
DR	S1-9	Incidents and severe human rights impacts and incidents				
DR	S1-10	Diversity				
S1-11	Work-life balance metrics					

4.2 IF USER: Considering Section 5 of this ESRS LSME ED, for each disclosure please indicate if “all the datapoints in the ED are needed” or “further simplification can be implemented”.

IF “further simplification can be implemented” please explain how and which datapoints may be dropped.



ESRS LSME ED Section 5	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
DR S1-1 Characteristics of employees			
DR S1-2 Characteristics of non-employees:			
DR S1-3 Collective bargaining coverage and social dialogue			
DR S1-4 Adequate wages			
DR S1-5 Social protection			
DR S1-6 Training metrics			
DR S1-7 Health and safety metrics			
DR S1-8 Remuneration metrics			
DR S1-9 Incidents and severe human rights impacts and incidents			
DR S1-10 Diversity			
S1-11 Work-life balance metrics			

4.3 IF PREPARER Considering the disclosure requirements covered in Section 5 of ESRS LSME ED, please state the estimated total cost (in euros) to prepare it, with a breakdown as follows:

- a) HR/Personnel costs
- b) Consultancy costs
- c) IT costs (e.g. software, online platforms)
- d) Other

Please distinguish your estimates between first year of preparation and recurring costs



4.4 IF PREPARER Considering the disclosure requirements covered in this section, can you indicate the possible internal and external benefits deriving from reporting the required information:

(examples of internal benefits: better understanding of impacts, risks and opportunities that can support decision making processes; improving internal management systems, avoid double reporting, etc)

(example of external benefits to the LSME preparer: improving access to capital, reducing cost of capital, reducing reputational risks, improve engagement with stakeholders, competitive advantages etc)

(example of external benefits to the society: promoting a more sustainable economy)

4.5 IF PREPARER In your assessment, can the disclosure requirements in section 5 of this ESRS LSME ED be verified/assured?

Yes

No

Comments (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements). Please include the rationale for your answer

4.6 IF PREPARER In your assessment, do the disclosure requirements in this section reach a reasonable cost/benefit balance:

Yes

No

If yes, the following additional question will appear:

Please explain what particular benefit these disclosure requirements offer (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)

If no, the following additional question will appear



Please explain why the cost/benefit balance would be unreasonable and/or (please refer to the relevant Disclosure Requirement(s) and/or relevant paragraphs in the main body of the standard or Application Requirement(s))?

4.7 IF PREPARER Are the application requirements sufficiently clear and understandable to allow for appropriate and consistent application (please refer to the relevant Disclosure Requirement(s) and/or relevant paragraphs in the main body of the standard or application requirement(s))?

Yes

No, please explain

4.7.1 IF PREPARER If relevant, please detail the topics where additional guidance is required and explain why in your opinion the guidance provided is insufficient or not sufficiently clear.

Module 5 – Business conduct

The Exposure Draft of Section 6 of ESRS LSME *Business conduct* contains 3 disclosure requirements and related application requirements. Please answer the following questions in relation to draft Section 6 (considering both the main text in the standard and the application requirements).

5.1 IF PREPARER Considering the disclosure requirements covered in this section 6 of ESRS LSME ED, please indicate, if applicable, which of the following operational challenges would be relevant in your opinion (the items are not mutually exclusive so you can select more than one item):

- Availability of data with appropriate quality
- Availability of IT or supporting tool
- Skills and resources
- Understandability of the requirements and/or needs for practical guidance
- Others (please specify)

Comments – (please also indicate if this is more pertinent to some Disclosure Requirements or data points; if applicable, please refer to the relevant Disclosure Requirement(s) and/or to the paragraphs in main body of the standard or application requirements(s);F)



5.2 IF PREPARER Considering Section 6 of this ESRS LSME ED, for each disclosure please indicate if the disclosure is “highly challenging and costly”, or “possible to prepare with some efforts”, or “feasible with available means or already prepared”.

IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related

ESRS Section 6	LSME	ED	Highly challenging and costly	Possible to prepare with some efforts	Feasible with available means or already prepared	IF “highly challenging and costly” explain your rationale and please specify which specific datapoints the issue is related
DR	G1-1	– Management of relationships with suppliers				
DR	G1-2	Anti-corruption and anti-bribery				
DR	G1-3	– Political influence and lobbying activities				

5.2 IF USER: Considering Section 6 of this ESRS LSME ED, for each disclosure please indicate if “all the datapoints in the ED are needed” or “further simplification can be implemented”.

IF “further simplification can be implemented” please explain how and which datapoints may be dropped.

ESRS Section 6	LSME	ED	All the datapoints in the ED are needed	Further simplification can be implemented	IF “further simplification can be implemented” please explain how and which datapoints may be dropped
DR	G1-1	– Management of relationships with suppliers			
DR	G1-2	Anti-corruption and anti-bribery			
DR	G1-3	– Political influence and lobbying activities			



5.3 IF PREPARER Considering the disclosure requirements covered in Section 6 of ESRS LSME ED, please state the estimated total cost (in euros) to prepare it, with a breakdown as follows:

HR/Personnel costs

- a) Consultancy costs
- b) IT costs (e.g. software, online platforms)
- c) Other

Please distinguish your estimates between first year of preparation and recurring costs

5.4 IF PREPARER Considering the disclosure requirements covered in this section, can you indicate the possible internal and external benefits deriving from reporting the required information:

(examples of internal benefits: better understanding of impacts, risks and opportunities that can support decision making processes; improving internal management systems, avoid double reporting, etc)

(example of external benefits to the LSME preparer: improving access to capital, reducing cost of capital, reducing reputational risks, improve engagement with stakeholders, competitive advantages, etc)

(example of external benefits to the society: promoting a more sustainable economy)

5.5 IF PREPARER In your assessment, can the disclosure requirements in section 6 of this ESRS LSME ED be verified/assured?

Yes

No

Comments (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or application requirements). Please include the rationale for your answer



5.6 IF PREPARER In your assessment, do the disclosure requirements in this section reach a reasonable cost/benefit balance:

Yes

No

If yes, the following additional question will appear

Please explain what particular benefit these disclosure requirements offer (please refer to the relevant Disclosure Requirement and/or relevant paragraphs in the main body of the standard or Application Requirements)

If no, the following additional question will appear

Please explain why the cost/benefit balance would be unreasonable (please refer to the relevant Disclosure Requirement(s) and/or relevant paragraphs in the main body of the standard or Application Requirement(s))?

5.7 IF PREPARER Are the application requirements sufficiently clear and understandable to allow for appropriate and consistent application (please refer to the relevant Disclosure Requirement(s) and/or relevant paragraphs in the main body of the standard or application requirement(s))?

Yes

No, please explain

5.7.1 IF PREPARER If relevant, please detail the topics where additional guidance is required and explain why in your opinion the guidance provided is insufficient or not sufficiently clear.
